

# We drive the future of *welfare*



Humana





MEET IZA

27



MEET GUNILLA

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MEET EDVIN

31

**INTRODUCTION**

This is Humana	2
Humana in 2020	4
Message from the CEO	6

**TRENDS AND MARKET**

Trends	10
Market	12

**SUSTAINABLE STRATEGY**

Strategy for sustainable care	16
– Quality operations	20
– Attractive employer	23
– Profitable growth	26
– Responsible provider	28
Humana supports the UN’s global goals for sustainable development	31

**OFFERING**

Individual & Family	34
Personal Assistance	36
Elderly Care	38
Finland	40
Norway	42

**HUMANA AS AN INVESTMENT**

Humana – a sustainable investment	46
The share	48

**CORPORATE GOVERNANCE**

Corporate governance report	52
– Chairman’s statement	52
– Regulations, control model and internal control	53
– Board of Directors	60
– Group management	62
Risks and risk management	64

**FINANCIAL REPORTS**

Board of Directors’ Report	74
– Appropriation of profits	77
Financial statements	78
Accounting policies	88
Notes	92
Signatures of the Board of Directors	107
Audit report	108

**OTHER**

Reconciliation with IFRS financial statements	111
Financial performance measures	112
Quarterly overview	113
GRI Index	114
Five-year overview	116

The legal annual report is found on pages 14–31, 52–64, 69–70 and 74–107. Humana’s statutory sustainability report is on pages 14–31, 64 and 69–70. Humana also prepares a sustainability report according to the GRI Standards, alternative Core, whose scope is defined on pages 114–115.

# We drive the future of *welfare*

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

With assignments in hundreds of municipalities, 9,000 customers and clients, 16,000 employees and several hundred units in Sweden, Finland, Norway and Denmark, we are a major provider of welfare services in the Nordic region.

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

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

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



# This is Humana!



## Personal assistance

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

## Strong market position in the Nordics

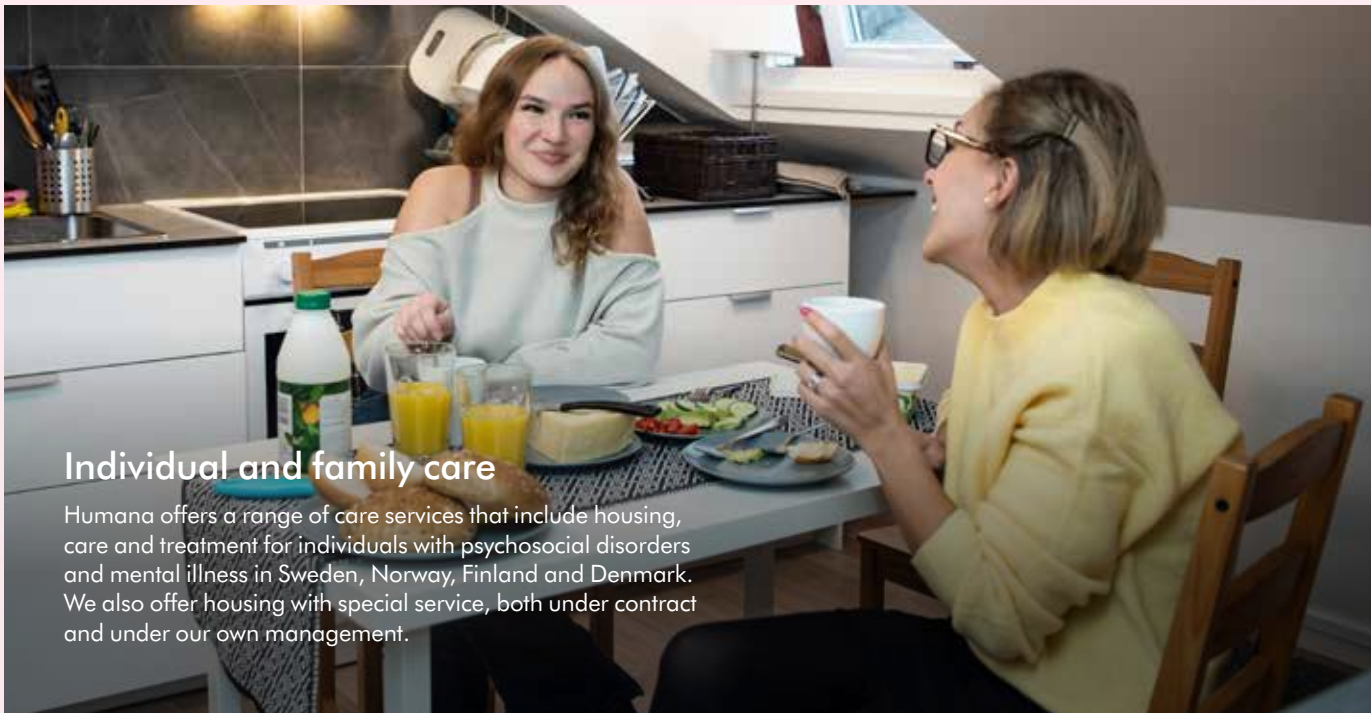
Humana is a Nordic care group with market-leading positions in individual and family care and personal assistance. We are growing in elderly care, where we are building new housing units under own management.

**16,717**  
employees

**8,795**  
customers

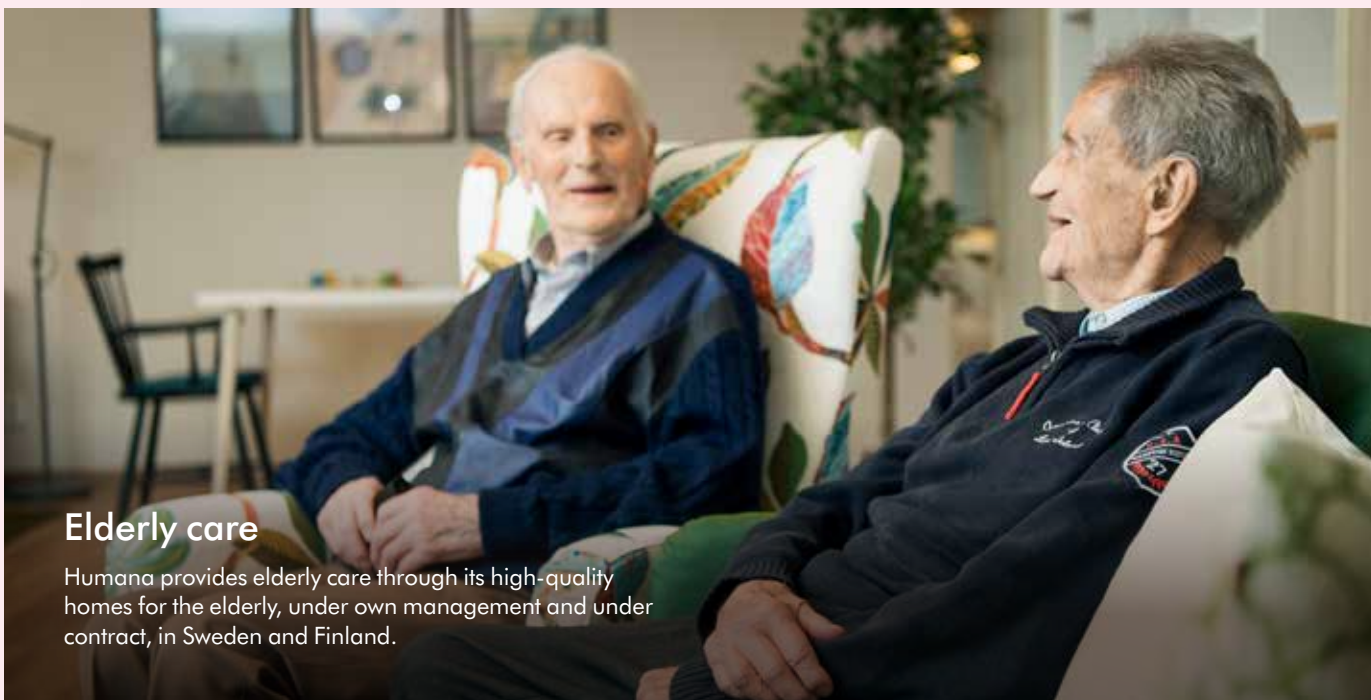
**7,797**  
revenue, SEK million





### Individual and family care

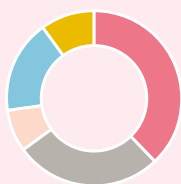
Humana offers a range of care services that include housing, care and treatment for individuals with psychosocial disorders and mental illness in Sweden, Norway, Finland and Denmark. We also offer housing with special service, both under contract and under our own management.



### Elderly care

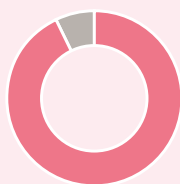
Humana provides elderly care through its high-quality homes for the elderly, under own management and under contract, in Sweden and Finland.

Organised in five business areas<sup>1)</sup>



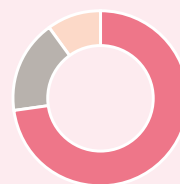
■ Personal Assistance	38%
■ Individual & Family	27%
■ Elderly Care	8%
■ Finland	17%
■ Norway	10%

Focus on operations under own management<sup>1)</sup>



■ Own management	94%
■ Under contract	6%

Operations in four countries<sup>1)</sup>



■ Sweden	73%
■ Finland	17%
■ Norway	10%
■ Denmark	0%

<sup>1)</sup> The diagrams are broken down by revenue

# Humana in 2020



## Hard work managing the pandemic

The Covid-19 pandemic had an impact on all of Humana’s operations. As in society at large, our elderly care operations were especially vulnerable. To ensure good management and minimise transmission, Humana established a crisis management structure early on. The work included regular risk analyses, strict procedures and several precautionary measures such as early visitor restrictions, training in basic hygiene and cohort care along with securing access to protective equipment. Our surveys show that customers and employees felt secure with Humana’s management of the pandemic and transmission of the virus was limited.

> Read about Humana’s elderly care and work during the pandemic on page 38.

**83**  
Customer satisfaction index 2020

**292**  
more customers/clients in 2020

## Humana strengthens its position in Finland

Anu Kallio took over as new manager of the Finland business area in the beginning of March. The new management’s focus is on developing the offering and streamlining operations. Those efforts also include further establishing the Humana brand in Finland.

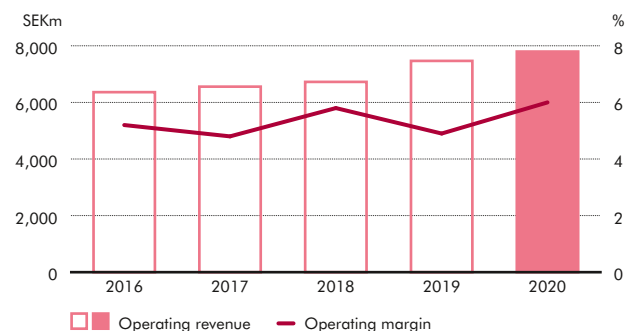
> Read about Humana Finland on page 40.



### Key ratios

	2020	2019
Operating revenue, SEK million	7,797	7,467
Operating profit, SEK million	471	369
Operating margin, %	6.0	4.9
Profit for the year, SEK million	262	187
Operating cash flow, SEK million	779	595
Interest-bearing net debt, SEK million	3,511	3,712
Interest-bearing net debt/adjusted EBITDA, times	4.3	5.4
Average number of employees, full-time equivalents	10,592	10,175
Average number of customers	8,795	8,503

### Operating revenue and operating margin







## Personal Assistance is growing

In November, Humana acquired assistance company RO Omsorg Assistans AB with around 90 employees. The acquisition strengthens Humana’s position in the Stockholm region and also demonstrates Humana’s strong belief in the personal assistance market.

> [Read about Personal Assistance on page 36.](#)

## All-time high for quality despite a challenging year

Humana’s quality index, Humana Quality Index (HQI), rose from 94 to 95 during the year. That is the highest score since the quality index, which weighs seven quality indicators, was introduced in 2017. Systematic efforts to maintain quality throughout the organisation lie behind this result.

HQI is part of Humana’s model for controlling and monitoring the quality of operations. HQI is reported on a quarterly basis. The long-term target is 100.

> [Read about Humana’s quality index on page 20.](#)



## Digital milestones

Humana accelerated the pace of digitalisation in 2020 and launched:

- ▶ A common digital platform for our 10,000 personal assistants
- ▶ A new system for planning and monitoring in Elderly Care
- ▶ Video conferencing services in outpatient care in Finland
- ▶ Automated document management for Individual & Family
- ▶ Group-wide, modern intranet
- ▶ System for digital signing of employment-related documents
- ▶ Many web-based courses via Humana Academy and webinars with more than 5,000 attendees
- ▶ Collaboration between Humana Academy and Bonnier Academy for digital courses
- ▶ Collaboration with Hermods Vocational School on distance learning

## Expansion of Elderly Care

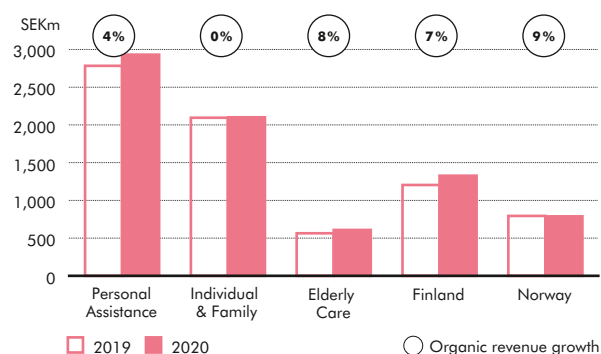
▶ **Won a large procurement.** Humana won a procurement in Kalmar covering three existing and one planned elderly care home. The contract started on 1 November.

▶ **Took over operation.** Humana took over operation of three elderly care homes in Falkenberg. This means that Humana runs all care homes under contract in the municipality.

▶ **Signed a new contract under own management.** Humana signed a contract for a new elderly care home under own management in Täby. The unit will have 90 flats and will open in autumn 2022.

▶ **Built five new homes for 2021.** Humana built and planned for the opening of five new elderly care homes in Falkenberg, Norrtälje, Vallentuna and Ängelholm. All should be ready to open in 2021.

## Operating revenue by business area



# A steady voyage even as the world *was reeling*

2020 will go down in history as the year of the coronavirus. Even for Humana, where we worked day and night to counteract its spread in our operations. At the same time, we increased the pace of our digitalisation journey, improved operational controls and strengthened our position as a Nordic care group. As the focus on sustainability is on the rise, it is increasingly clear that Humana plays an important role in society and that the path forward is a given: to continue to contribute at an individual level in society while our model also contributes to sound public finances and thereby a sustainable welfare system.

I usually end my comments by thanking Humana's 16,000+ employees for the past year. This year I will begin with it. Thank you for your professionalism, perseverance and admirable efforts! I am immensely proud of how the Humana Group has handled and is handling the pandemic with systematic hard work that ensures safe and secure care for our 9,000 customers and clients and a good working environment for our colleagues.

## **Risk analyses and procedures**

In February, before it was even clear that there was no avoiding the spread of Covid-19, we determined that we needed a crisis management structure to be able to make changes quickly and support our operations when necessary. That was the right decision. All of Humana's operations were affected, especially elderly care, of course. The crisis management structure worked with risk analyses, communication, reviewing procedures, training personnel and making decisions on specific measures (like stopping visitors in elderly care early on). The structure also ensured access to protective equipment.

## **A high price**

Humana's operations were not spared but we managed to limit its spread, and where the virus did get in, we could manage it resolutely. A comprehensive internal survey that was done at the end of the year confirms that customers and clients had great confidence in the measures Humana had taken. I would also like to highlight the cooperation of customers, clients and family members – it helped us enormously. Besides those

directly infected by the virus, a price was also paid in terms of mental suffering. While isolating the elderly was important, the loss of socialising and hugs from loved ones was a huge burden for many people.

## **Maintained quality**

Humana measures the Group's quality on a quarterly basis using seven comprehensive indicators, including serious deviations, customer satisfaction and employee attendance rates. Together, the indicators form an index: the Humana Quality Index (HQI). During the pandemic, the HQI rose from 94 to 95, which is the highest score ever. Naturally, we are especially proud of this improvement in a year such as this.

The pandemic took a lot of time and energy during the year but, nevertheless, we stuck to our original plan for 2020: to make better use of the potential in our operations to increase stability and predictability in them and thereby increase value creation.

## **More stable occupancy rates**

In the Individual & Family business area, work continued on improving operational control, resulting in more stable occupancy rates. Operations in the Child and Youth division, where we previously had some overcapacity, were better adapted to demand, and in the Adult division, we were able to increase revenue. These factors, along with 10 new units mainly in LSS, meant that we could report organic growth for the full year.

Humana Finland has new management, and besides the immediate task of handling the pandemic, improvements were made to both operations and profitability. We also continued working with the brand and

gathering all operations in Finland under the Humana name.

Humana Norway took big steps forward in digitalising administrative processes. The business also won a major assistance framework agreement covering 16 municipalities and generally strengthened organic growth in both assistance and care homes.

## **Accelerated digitalisation efforts**

The Personal Assistance business area continued to grow both organically and through the acquisition of RO Omsorg with 90 employees. Even here, we accelerated our digitalisation efforts by investing in a platform for our 10,000 assistants. The decision to raise the state reimbursement level to 3.5 percent for 2021 was very welcome and means that the negative margin-pressure from years of adjustments being lower than pay increases will be reduced.

In Elderly Care, in tandem with regular operations, we worked mainly with taking over operations of four homes in Falkenberg and Kalmar as well as the planning and construction of five new care homes under own management that will open in 2021.

## **Clear focus on targets**

In all, we took a big step forward during the year and our financial position is stronger. Financial outcomes for the year are: revenue of SEK 7.8 billion, organic growth of 4.1 percent, an operating margin of 6.0 percent and a debt to adjusted EBITDA leverage ratio of 4.3 times. This means that we are approaching our financial targets of organic growth of 5 percent and profitability of 7 percent and, due to strong operating cash flow, we are now well in line with the target





*I am very proud of how the Humana Group has handled and is handling the pandemic with systematic hard work that ensures safe and secure care.*

of the leverage ratio not exceeding 4.5 times EBITDA. Renewal and strengthening of Humana's management teams is an important reason behind the progress made during the year. The pandemic mainly had operational effects. Financially, it had a negative effect on margins, but it was manageable. There was a negative impact on occupancy, especially in elderly care and outpatient care in Finland. We also had higher costs for protective equipment and sickness absence. The higher costs were partly covered by state subsidies.

#### **Humana is part of the solution**

Many people worry that we in the Nordics will not be able to handle future health and social care needs. Pressure on public finances, inadequate capacity and access to

personnel with the right skills are all factors. At Humana, we are convinced that private care providers are an important part of the solution to this welfare challenge. Humana's operations often outperform the alternatives when it comes to quality and our continuous efforts to be resource-efficient also means that we contribute to the sustainability of the welfare system. We are also working purposefully to be an attractive employer so we can attract the talent we need in the future. A continued high level of employee satisfaction and the fact that Humana received more than 97,000 job applications during the year testifies to our success in this area.

#### **Thanks again!**

In conclusion, 2020 was perhaps one of the toughest years that many of us who work in

the care sector have been through. I will end as I began with a very warm thank you to all my fellow colleagues. I would also like to thank all our customers and clients and their loved ones for putting their trust in us and for helping improve our operations. I also wish to thank the several thousand shareholders who choose to invest in high-quality care services. Together we help improve society on the individual level while our business model helps support the welfare system financially.

Stockholm, 31 March 2021

Rasmus Nermand  
*President and CEO*







# Trends and *market*

The need for care in the Nordics is driven by demographic factors and increased mental illness. As demand for care services grows, municipalities are struggling with tough financial challenges. High quality, cost-effectiveness, innovation and taking charge over sustainability is required from care market providers.

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## TRENDS AND MARKET

Trends	10
Market	12

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# Several trends drive demand for care services

The need for care is increasing, so also the demand for innovative and cost-effective care services. At the same time, the conditions for providing care services are changing. Several underlying trends are driving this development. If the extensive needs and challenges in the Nordic welfare system are to be met, every provider – private, public and non-profit – will play a vital role.

## ► Demographic changes in the Nordics

The number of elderly people is expected to increase dramatically over the next ten years. The reasons for this are better living conditions, medical advancements and a large group of 1940's baby boomers. This is greatly increasing the need for elderly care. But the population at large is also growing, which on the whole means more people who need care. At the same time, the number of people who are of working age is not increasing to the same extent. A changed demographic composition in which there are fewer people to provide for greater numbers applies to all Nordic countries. However, there are certain differences. For example, due to more immigration of mostly younger people, Sweden's differing age distribution could mean better access to a workforce in areas like the health and social care professions.

Humana Elderly care and Special service housing operations are growing, so we will be able to meet some of the increased needs with our care facilities.

## ► Mental illness and social exclusion on the rise

Cases of serious mental illness, mainly depression and anxiety syndrome, have increased from year to year (from 2006 to 2018). The share of people suffering from poor mental health is higher among adolescents, women and individuals born outside Europe. The need for psychiatric and social services will continue to be substantial, while few municipalities are able to meet every psychosocial need since they often lack breadth and expertise in the area.

Humana has considerable expertise in the Individual & Family area and enables more individuals to get the right help and support through its various care services.

## ► Greater demand for quality, specialisation and personalisation

More prosperity also means more demands on the welfare system, including expectations for high-quality care. One key trend that is changing the very foundation of care is the view of the individual and one's right to participate in decisions about one's own health and social care. Person-centred care represents a transition from

a model in which the client is the recipient of a medical or social intervention determined by the care staff, to one in which an agreement is made with the client, often in collaboration with their family, for active participation in planning and implementation of the patient's own care. The National Board of Health and Welfare has developed a working method called IBIC that entails basing help and support on individual needs, not on the existing selection of services. This increases the need for specialised interventions.

Today, Humana has one of the Nordic region's largest combined offerings of specialist expertise in mental health care and psychosocial change management.

## ► Public finances under pressure and inadequate capacity

Municipalities face major financial challenges, especially in Sweden and Finland. For example, the need for and cost of health and social care are growing. However, tax revenues are not expected to keep pace. The pandemic has had a further negative effect on the economy. So far, the state has compensated the municipalities to avoid them having to make massive cuts. But if unemployment rates were to increase and tax revenues decrease, pressure on both the state and municipalities would rise.

Infrastructure in many municipalities has been neglected, and their property holdings are dated. In Sweden alone, more than 500 new elderly care homes will be needed by 2026, and more than half of the country's municipalities will not be able to meet the need for bed vacancies in special service housing for people with functional impairments. The other Nordic countries have similar needs. The municipalities will not be able to invest in, build and operate the elderly care homes required. The need for innovative and cost-effective care will therefore increase going forward.

Humana contributes to healthy competition and provides cost-effective, high-quality care, thereby saving the national and municipal governments large sums every year. Humana also helps by building new elderly care homes and group homes for individuals with functional impairments.





*Today, the world expects all companies to take considerable responsibility for sustainability, and requirements are increasing continuously.*



### ► Supply of skilled professionals

There is a great need for recruitment in the welfare system, and the lack of qualified care personnel will be a growing problem in the Nordics. We are already facing a great shortage of nurses with specialist skills, assistant nurses and treatment assistants. By 2029, the Swedish welfare system is expected to need to recruit more than 470,000 people, 340,000 of them to replace people retiring. The forecasts for Finland, Norway and Denmark are comparable. In Finland, new legislation is upping requirements for staffing in elderly care, which is further increasing needs. Securing access to qualified workers is crucial if society wants to be able to deliver the care that its citizens need and expect in the long term, and being an attractive employer will be an important success factor in the care sector going forward.

Humana has great potential for attracting employees with the right skills. Surveys show that Humana's employees are more motivated, more satisfied with their managers and healthier than care sector employees in general. In 2020, the Group received 97,000 job applications.

### ► Digitalisation and technological innovation

The Covid-19 pandemic has accelerated digitalisation and driven alternative ways of working, even in the health and social care sector. The right digital tools help people work smarter, travel less and improve their work situations. Technological innovations and digital solutions also mean many opportunities to boost residents' and clients' independence and allow them to influence their own care.

Humana partners with technology and software companies and academia to implement smart technology when constructing new elderly care and group homes and to implement new digital tools in our care operations.

### ► Focus on sustainability

Today, the world expects all companies to take considerable responsibility for sustainability, and requirements are increasing continuously. Pressure is coming from all sides: legislators, contractors, customers and clients, banks, shareholders, investors and employees. The UN's Global Goals for Sustainable Development and the Paris Agreement have been two important catalysts, which have led, for instance, to the EU developing an action plan for sustainable finance that places high demands on investors and companies going forward.

Humana's vision and overarching objective encompass sustainability for individuals and society, and we run our operations based on our strategy for sustainable welfare.

### ► Politics and regulation

Nordic politics are fundamentally characterised by consensus and multi-partisan solutions when it comes to key care issues. The political debate is focused on subjects such as increased requirements for quality and increased control. This means increased regulatory pressure on providers of care services. Tighter regulation, new requirements for permits from government authorities, more extensive procurement requirements and a greater call for monitoring have been a general trend in the Nordic region for several years. In Norway, a similar debate is taking place on welfare profits that has previously been conducted in Sweden. In Finland, previous health care scandals have led to demands for increased staffing in elderly care.

Humana has an ongoing dialogue with politicians and interest groups and regularly acts as a consultative body. As a company, Humana welcomes a development towards increased focus on quality and national economy.

# The care market *continues to grow*

The care sector is a vital component of the Nordic welfare system. The need for care is driven by demographic factors and increased mental illness. This is expected to generate ongoing market growth going forward. The total care sector in the Nordics is worth approximately SEK 640 billion, with the private care providers accounting for SEK 160 billion.

## Sweden

The Swedish care was affected by the Covid-19 pandemic in 2020. This was most evident in elderly care. Due to the spread of the virus in elderly care homes, many planned moves to these homes were deferred. Even though the pandemic and the delayed moves have short-term effects, the underlying need for elderly care continues to be great. The pandemic has also affected other areas of health-care. For example, access to child and adolescent psychiatry deteriorated further. In the long term, this will have a serious effect on public health and may lead to an increased need for interventions.

The political situation in the welfare sector has been stable since the January Agreement was concluded in early 2019. Today, the focus is mainly on the common welfare challenges and cost-effectiveness, driven by the municipalities' increasingly strained finances and the need for streamlining. There is an ongoing political discussion in

personal assistance on mandatorship. Currently, responsibility for assistance is split between the state and the municipalities, but it could be nationalised over the long term. The government's decision to raise the hourly standard amount for attendance allowances by 3.5 percent for 2021 is positive after several years of low increases in relation to wage increases.

The care market in Sweden continues to grow due to demographic factors and

increasing care needs. The share of private care providers remains relatively stable and amounted to 26 percent in 2019. A few major players dominate the private market for care services. In addition, there are several thousand smaller private providers. Both the market as a whole and the private market are expanding by around four percent annually. Consolidation, driven by higher demand from contractors and customers, is expected to continue.

<b>Market size</b>	SEK 250 billion (2019)
<b>Share private providers</b>	26%
<b>Humana's position</b>	#1 in individual and family care as well as personal assistance. Growing provider in elderly care.
<b>Competitors</b>	Ambea, Attendo, Team Olivia

## Finland

The political situation in the welfare area was calmer in Finland during the year after a turbulent 2019. The Sote Reform, as it is known, of health and social care has been under discussion and planning for several years but has been deferred several times. The current government intends to pursue the issue going forward, but it is still uncertain when and in what form it will be implemented. As a consequence of prior years' discussions on quality in elderly care, a bill has now been introduced that would increase staffing requirements in certain parts of elderly care by 2023. The municipalities would be compensated for the higher costs.

In Finland, the care market is also moving towards greater participation, autonomy and freedom of choice for the individual along with more open forms of care. Here, there is a need for more care services due to an ageing population and increased mental illness. For the municipalities, demographic and financial developments also mean requirements for

increased cost-effectiveness and new working methods. Private providers are expected to continue to play an important role. Even though a few providers dominate the market, it is still fragmented and there should be further consolidation going forward.

<b>Market size</b>	SEK 100 billion (2019)
<b>Private providers share</b>	43%
<b>Humana's position</b>	#1-2 in individual & family care, #4 in elderly care
<b>Competitors</b>	Attendo, Mehiläinen, Esperi





## Norway

The political situation in Norway continues to be polarised and certain parties are against the private provision of health and social care services. The government continues to drive opinion against increased choice in both health and social care services. The rate of privatisation in Norway is lower than in the rest of the Nordics. However, the number of private providers varies between different areas. For example, a relatively large portion of 24-hour care for adolescents is provided by private and non-profit providers. As in the other Nordic countries, there is the political will to reduce institutional care in favour of outpatient or home-based care.

Market size	SEK 166 billion (2019)
Private providers share	14%
Humana's position	#2 in individual and family care as well as personal assistance (BPA)
Competitors	Stendi/Ambea, Ecura, Norlandia/Aberia Team Olivia

## Denmark

In 2016, the Danish government introduced what is known as *social mobility*. The vision is for more people to participate in the labour market and for fewer to be socially vulnerable. From this vision, ten social target areas were launched. The targets include children and adolescents, addiction and functional impairment. As in the other Nordic countries, the municipalities are responsible for financing and conducting most of the initiatives. The Danish market has been gradually opened to private providers and a significant share of care services has long been performed by foundations and non-profit organisations. Market growth is relatively low but is estimated to remain stable.

Market size	SEK 123 billion (2018)
Private providers share	25% (including not-for-profit)
Humana's position	Minor provider
Competitors	Altiden/Ambea, Team Olivia





# Sustainable *strategy*

Humana provides high-quality, cost-effective care to the Nordic welfare system. We govern activities using a sustainable strategy that focuses on quality, attractiveness as an employer, profitable growth and societal responsibility. The strategy itself rests on strong core values.

Humana's statutory sustainability report is on pages 14–31, 64 and 69–70. The sustainability report was prepared in accordance with the GRI Standards, Core option. The GRI index is presented on pages 114–115.

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## **SUSTAINABLE STRATEGY**

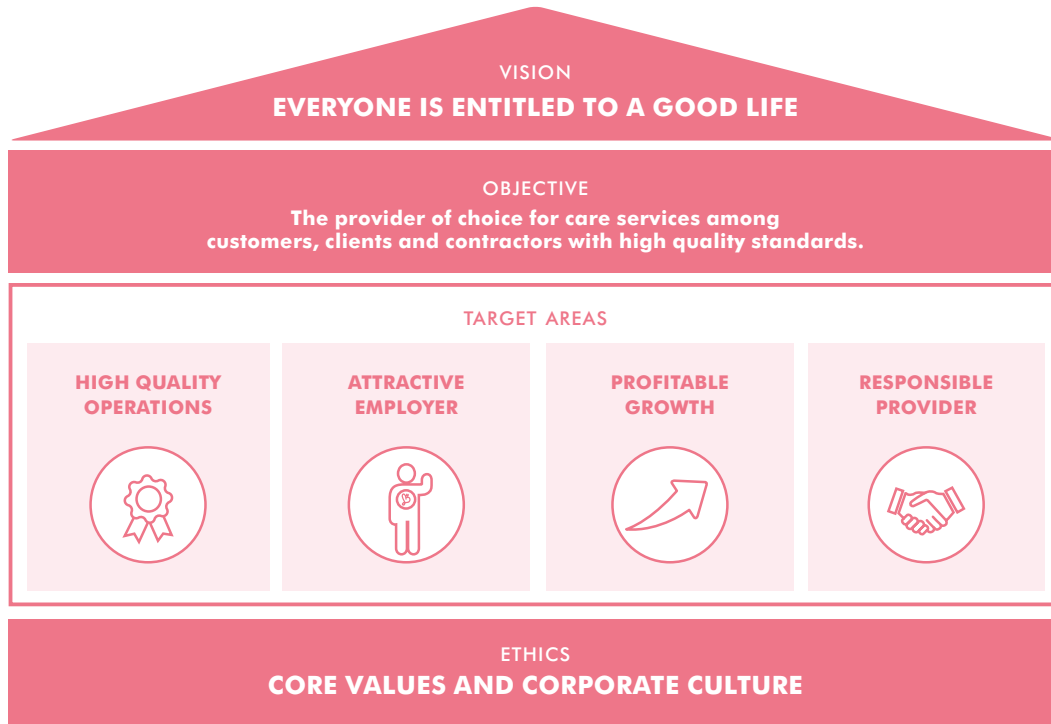
Strategy for sustainable care	16
– Quality operations	20
– Attractive employer	23
– Profitable growth	26
– Responsible provider	28
Humana supports the UN's global goals	31

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# Strategy for *sustainable care*

Humana’s vision and overall objective deal with sustainability at an individual and societal level. Sustainability is therefore integrated into our strategy. Humana has defined four strategic target areas that, together with our core values, steer our business towards the vision that everyone is entitled to a good life.



**The customers – quality operations**

High quality is central to Humana’s strategy and operations. It is only when customers, clients and contractors feel that our care services are of a high standard that we are getting closer to our vision “Everyone is entitled to a good life”. We monitor Humana’s progress towards delivering high-quality care in all operational areas through internal and external surveys. In addition to the opinions of customers, clients and family members, definite quality criteria are included in our own control model for quality assurance – the Humana Quality Model.

**The employees – attractive employer**

Delivering high quality to customers and clients requires knowledgeable and dedicated employees. In order to attract the best employees, attractiveness as an employer is crucial. Humana wants to be the first choice for anyone who works in care and strives to offer all employees a good working

environment, good leadership and exciting career development opportunities.

**The company – profitable growth**

Humana is a growth company with a focus on profitability. By strengthening our position in the care market, we can over time get more customers and thus help more people to a good life. Humana is steered by clear financial goals. To achieve sustainability as a company, we grow with quality and profitability. Being a shareholder in Humana is investing in high-quality care and in a responsible provider in Nordic welfare.

**The society – responsible provider**

Humana adds important values to society through our core business, but we also take responsibility beyond that. Humana wants to contribute to sustainable welfare and a healthy economy. We share our knowledge and experience to contribute to development and improved quality in the care industry.

We demonstrate that high-quality care can be combined with sound public finances. Humana also works to promote diversity and inclusivity. In addition, Humana takes responsibility by decreasing the environmental impact of our own operations.

**Core values and corporate culture**

Humana’s core values form the foundation for our four strategic target areas and they are one of the Group’s most important assets. The key words are commitment, happiness and responsibility. Humana’s operations are strictly regulated, but regulations cannot solve everything. That is why it is important for our employees to be able to take responsibility and make decisions based on their own knowledge and skills, and core values. Our core values affect everything from employment procedures and training to our view of participation in the workplace. It is mainly the commitment, sense of responsibility and our employees that make Humana a leading care provider.

**Stakeholder engagement and material issues**

Humana will help individuals have a better life and will contribute to a more effective economy. Humana’s sustainability efforts in terms of environmental, social and governance issues, (ESG) are based on the company’s clear ambition to contribute to society’s sustainable development. We continuously analyse where and how our operations affect people, society and the environment. The purpose is to be able to integrate the most material areas into our strategy.

Understanding what our stakeholders consider important in their interactions with Humana is central to these efforts. We have an ongoing dialogue with our key stakeholders who are customers and contractors, clients, employees, investors and authorities.

Our monitoring includes internal and external surveys. Focus is on the quality of the care services and how Humana is perceived as an employer. Based on the annual customer surveys, we produce a Group-wide Satisfied Customer/Client Index (CSI). In addition, each business area does its own in-depth surveys. Based on our annual employee survey WeYouMe, we follow the Satisfied Employee Index (NMI). The collected employee observations help Humana evolve as an employer. Through the annual employee survey WeYouMe, we follow the Satisfied Employee Index (NMI). Here we also capture the employees’ views on developing Humana as an employer.



**Our dialogue with our stakeholders**

Stakeholder group	Channel for dialogue	Issues highlighted as especially important
CUSTOMERS AND CLIENTS	Continuous dialogue in operations, annual customer/client surveys, surveys specific to operational areas, comment function on website humana.se	High quality in care services including safety and security of care recipients, choice that meets individual needs, continuous dialogue between caregiver and care recipient.
CONTRACTOR IN MUNICIPALITY, REGION AND STATE	Procurements, meetings, contract follow-ups, website, customer surveys from social services	High quality in care services including safety and security of care recipients, help solve social challenges, systematic work environment management, various environmental requirements, including environmental management system.
EMPLOYEES	Continuous dialogue in operations, annual employee survey and performance appraisal, various manager and meeting forums, intranet	Safe and secure working environment, professional development opportunities, opportunity to contribute to better social welfare, compliance with core values, sustainability.
SHAREHOLDERS AND INVESTORS	Board meetings and the Annual General Meeting. Individual meetings and group meetings with shareholders, investors and the banks’ analysts in conjunction with interim reports and at investor conferences.	High-quality care services, development and innovation to meet society’s increasing needs. Keeping sustainability issues high on the agenda (ESG - environmental, social and governance issues).
AUTHORITIES	Rules and regulations, reports, inspections, reviews, incident reporting, inquiries	Compliance with regulations, high quality and safety in care services, meet individual requirements and needs, transparency.
RESEARCH COLLABORATIONS	Joint meetings and research projects	Development of social services, treatment methods.
SUPPLIERS	Procurements, orders, purchases and meetings with suppliers	Business integrity, highly ethical and objective with procurements and purchases. Transparency with requirements and sustainability aspects.

## Business ethics and anti-corruption approach

### Ethical conduct in all relationships

It is imperative that every individual who represents Humana acts ethically in every relationship and situation. Operations should be characterised by highly ethical and sound business practices, accountability and impartiality.

Humana's Code of Conduct states that employees should always avoid the risk of bribery and other illegal or unsuitable influences in their relationships. Price collusion, cartels or abuse of market position are not acceptable. The Code of Conduct is included in the obligatory introduction for new employees and in every employment contract. Serious breaches and deviations from the Code of Conduct can be reported through Humana's whistle-blower function.



*The Code of Conduct is included in the obligatory introduction for new employees and in every employment contract.*

### New code of conduct for suppliers

In 2020, we developed a Code of Conduct for suppliers. As from 2021, the code will be included in all new major procurements. Humana will also assess our existing supplier base for sustainability risks. The purpose is to apply Code of Conduct for suppliers in ongoing agreements, where we see more significant risks. The long-term goal is to include the code in all procurements.





#### Related sustainability policies:

- ▶ Code of conduct and our values
  - ▶ Code of conduct for suppliers
- Find them on [humanagroup.com](https://www.humanagroup.com)





## Strategic targets

TARGET AREA	INDICATORS	TARGET 2020	OUTCOME 2020
<b>QUALITY OPERATIONS</b> 	<b>Humana Quality Index (HQI)</b> A high quality index that moves over time towards the long-term target value of 100.	95	95
	<b>Follow-up of customers' and clients' individual plans</b> All customers and clients should be offered an individual plan with personal goals that are followed up as scheduled. The long-term target is for 100% to be monitored as scheduled.	90%	88%
<b>ATTRACTIVE EMPLOYER</b> 	<b>Satisfied and loyal employees</b> An industry-leading Employee Net Promoter Score (eNPS), that is, the percentage of employees that answer 9 or 10 on a scale of 1–10 whether they would recommend their company as an employer. The long-term eNPS should be >25%.	17%	15%
	<b>Gender equality</b> Gender balance in senior positions, i.e. line managers at business area level and in Group management.	40–60% women	65%
<b>PROFITABLE GROWTH</b> 	<b>Revenue growth</b> An annual organic revenue increase of 5% over the medium term that can also be complemented with 2–3% from bolt-on acquisitions.	5%	4%
	<b>Profitability</b> An annual operating margin of 7% over the medium term.	7%	6%
	<b>Capital structure</b> Interest-bearing net debt not exceeding 4.5 times EBITDA, i.e. operating profit before depreciation, amortisation and impairment. Debt may temporarily exceed the target level.	4.5 times	4.3 times
<b>RESPONSIBLE PROVIDER</b> 	<b>Inclusiveness</b> Create many employment opportunities annually in the Nordics for people who stand furthest from the labour market.	200	163
	<b>Reduced environmental impact</b> Reduce environmental impact by working with measurable activities. <small><sup>1)</sup> The carbon dioxide index decreased by 11 percent in 2020.</small>	Reduced environmental impact until 2022	-11% <sup>1)</sup>
<b>CORE VALUES AND CORPORATE CULTURE</b>	<b>Vision</b> Employees are well-informed about Humana's vision. It should be at least 95% over the long term.	90%	90%
	<b>Values</b> Employees should be aware that values are what guide Humana. Over time, the value should exceed 4.2 on a scale of 1–5.	4.0	4.0

## READ MORE

QUALITY OPERATIONS

pages 20–22

ATTRACTIVE EMPLOYER

pages 23–25

PROFITABLE GROWTH

pages 26–27

RESPONSIBLE PROVIDER

pages 28–30



# Quality operations



Humana strives to set a new, higher standard of care. Our work is always based on the individual’s circumstances and needs. Our care is grounded in scientific evidence and the best available know-how, and is provided by knowledgeable, dedicated employees. We monitor how we succeed through our own and external surveys. Continuous development to maintain the highest quality is an essential aspect for us.

Humana’s care is always based on the individual’s situation and needs. By using method development and quality assurance, we ensure that treatment methods are correct and based on scientific and proven methods. By developing welfare techniques and treatment methods, Humana helps increase efficiency and quality for customers and clients.

**Four pillars of quality**

Humana feels that it takes engagement and structure in equal measure to achieve good results for our customers and clients and to ensure uniform high-quality services. This work rests on four pillars:

**1. Individualised solutions**

Customers and clients always come first. This is necessary for us to practice what we preach – we believe everyone is entitled to autonomy, integrity and a good life. Furthermore, every person is unique, so our solutions also need to be. Each client should have an individual plan with personal goals and should participate in preparing and reviewing the plan. In elderly care, the targets are aimed mainly at creating quality of life on the individual’s terms. For adolescents in HVB<sup>1)</sup> or foster homes, the targets define goals for the individual’s development. For example, they can be concerned with completing their education or eliminating self-harm behaviours.

**2. Common core values**

Our shared core values are the basis for both our strategic planning and day-to-day contact with customers, clients and contractors. The commitment, sense of responsibility and happiness of our employees help make Humana a leading care provider.

**3. Evidence-based practices**

For Humana, evidence-based work is central to ensuring high-quality care for customers and clients. A common organisational structure for quality and methods ensures that Humana’s specialists provide medical and psychosocial care and treatment based on the best available knowledge and evidence-based

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

methods. (Read more about evidence-based work below.)

**4. A high level of expertise**

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

**Based on studies and evidence**

Two methods that Humana works with are Treatment Foster Care Oregon, TFCO, and Connect, where Humana is the licence holder in the Nordics.

TFCO is designed for adolescents and families with serious problems that may call for placement in a residential care home. Within the framework of Humana’s use of TFCO, a follow-up study is being done in which we follow 50 adolescents from treatment start to treatment finish. We measure school attendance, frequency of doing homework and the person’s mental and physical health.

Connect is a structured programme with the aim of helping parents and other caregivers find a new understanding of the child’s

*“Humana’s method developers play a vital role in collaborations with researchers and projects.”*

and their own behaviours and reactions, and in the long run change their caregiver role. The effects on the children and the foster homes after the foster parents have gone through Connect training are currently being studied in a randomised controlled trial (RCT) of Connect. The project is a collaboration between Humana, Simon Fraiser University in Canada and the School of Social Work at Lund University in Sweden.

Humana also runs and contributes to research projects at other academic institutions to get better scientific data to support the methods we use and to generally help increase knowledge in our areas of expertise. Humana’s own method developers play a vital role in collaborations with researchers and projects. For example, a study is being done at our elderly care homes in which we, together with researchers from Stockholm University, are examining how lighting affects the health and sleep of our residents.

**Management systems for quality every day**

Our quality control work is aided by the management system Parus (process, activity, routine, follow-up, teamwork). In 2020, the implementation of Parus continued in the Finnish and Danish operations. In Sweden and Norway, the system was implemented in 2019. The implementation involves a harmonisation of policies, processes and work procedures. The management system makes it easy for the user to navigate different processes and find the activity that needs to be carried out in each situation. Thanks to Parus, we can develop capacity to perform risk analyses, follow up goals and carry out internal inspections.

**Control with the Humana Quality Model**

Humana uses its control model, the Humana Quality Model, to measure, monitor and enhance quality in all operations. The model

**Humana Quality Model**

Humana uses the Humana Quality Model as its control model. The goal is to measure, monitor and enhance quality in all operations. The model is made up of two dimensions: the Humana Quality Index, HQI, which is an aggregate quality metric for the Group, and the follow-up of individual plans to ensure attainment of the individual customer’s/client’s goals.





is made up of two dimensions. One is the Humana Quality Index, HQI, which is an aggregate quality metric for the Group. The other is the follow-up of individual plans to ensure completion of the individual customer's/client's goals.

The HQI includes customers and employees and combines seven quality indicators, such as serious deviations and customer satisfaction. The index's maximum value and Humana's long-term target is 100. In 2020, the HQI amounted to 95, compared to 94 the year before.

The HQI includes the common Customer/Client Satisfaction Index (CSI) for all of Humana. The main focus during the year was on managing the Covid-19 pandemic, and it is gratifying to see that Humana was able to handle the situation well. The CSI for 2020 is 83, which is the same as for 2019. Each business area also conducts its own more in-depth surveys.

The percentage of clients whose individual plan is followed up according to schedule is monitored monthly. The long-term goal is for all operations to reach at least 98 percent. The total outcome for Humana in 2020 was that 88 percent of individual plans were followed up on time, which is the same as for 2019.

In elderly care, the Swedish National Board of Health and Welfare conducts an

annual national user survey. That Humana came out well in the National Board of Health and Welfare's annual national survey of Sweden's elderly care homes again this year, even though the Elderly care business area was heavily impacted by the pandemic, sends us an important message. In the 2020 survey, customer satisfaction at Humana's elderly care homes was 83 percent (88). That can be compared with 81 percent on average for all elderly care homes in Sweden, both municipal and private providers.

**Quarterly quality reports**

To promote continuous development, our company is meticulous about openly communicating Humana's quality and deviations both internally and externally. Since 2019, the quality of our care is accounted for in quarterly quality reports on our website (humana.se or humanagroup.com) as well as in the company's annual quality report. These documents report on the monitoring of the Humana Quality Model.

Humana's quality management should help reduce serious deviations in operations. Employees are encouraged to report deviations so that events can be analysed, and similar mistakes avoided. Information about serious deviations, Lex Sarah and Lex Maria, is transparently noted on the website (humana.se or humanagroup.com).

**Privacy and information security**

Given Humana's area of operations, information security is critical. Humana has a special organisational structure with data protection officers in each country and a coordinator at the Group level. Humana analyses incidents and has an obligation to report serious incidents to the Swedish Authority for Privacy Protection within 72 hours.

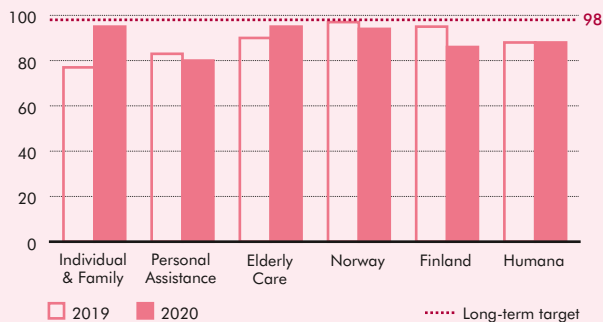
In 2020, Humana experienced 58 personal data breaches in Sweden, of which 3 were reported to the Authority for Privacy Protection. Norway had 42 incidents, Finland 38 and Denmark 0, of which 1, 1 and 0 incidents, respectively, were reported to the responsible authority.

**Related sustainability policies:**

- ▶ Quality policy
- ▶ Data security policy

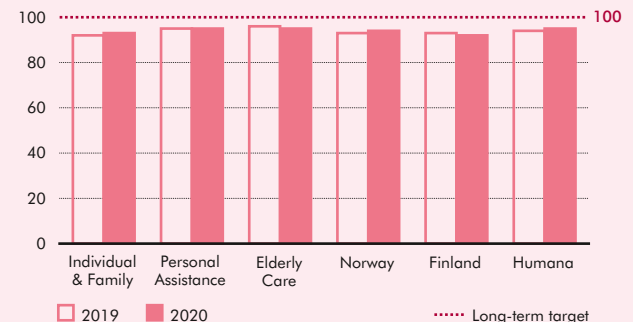
Find them on [humanagroup.com](http://humanagroup.com)

**Share of followed-up plans**



The follow-up rate differs between the business areas. The largest positive change in 2020 was measured in Individual & Family, where the follow-up rate rose to 96 percent. The numbers are monitored monthly. The long-term goal is for all operations to reach at least 98 percent.

**Humana Quality Index, HQI**



Key figures are measured on a scale of 1–100 and are weighted together into an index with a long-term target for Humana of 100. In 2020, Humana's HQI was 95, which is an improvement from last year's 94.



# Attractive employer



Humana's aim is to deliver high quality to customers and clients and our care is provided by skilled and dedicated employees. In order to attract the best employees, attractiveness as an employer is crucial. Humana wants to be the first choice for anyone who works in care and strives to offer all employees a good working environment, strong leadership and career development opportunities.

## Humana's employees

Those who work in the care profession make a real difference for others, every day. Humana has more than 16,000 employees. The most common occupational categories are personal assistant, treatment assistant and nursing assistant. Other categories are nurses, psychologists and psychotherapists. Altogether, Humana has a very broad and in-depth knowledge of care. Contributing and growing both professionally and individually are what employees appreciate most about Humana.

The care industry has a bright future, and Humana as well as the entire industry are in urgent need of new employees. That is why recruitment is central to our continuing to be a successful quality care provider. Humana's ambition is to be the preferred choice for

those who wish to pursue a career in care and help other people have a good life. Each year, more and more people apply for jobs at Humana. In 2020 the Group received 97,600 job applications. This is 4,800 more than in 2019 and a 37 percent increase since 2017. Humana also initiated a partnership with Nordic Choice Hotels, Elite Hotels and SAS to offer job opportunities to people in service positions who lost their jobs due to the pandemic.

## Challenging year

2020 was a challenging year. The Covid-19 pandemic had a considerable impact on Humana's operations and our employees faced difficult challenges. Humana has established procedures for managing transmission of infections in our operations,

since transmission of infections always can happen. However, the extent of the prevailing pandemic required significantly more effort than usual.

When it came to employee health and safety, the focus was mainly on managing risks in the physical workspace and the mental strain of a heavier workload with less social contact and more stress and worry. Humana's annual Sustainability Week in November focused on the effects of the pandemic on the work environment.

To find out what employees thought about how Humana handled the situation as an employer, a comprehensive survey was conducted at the end of the year. It showed that a clear majority of the employees had confidence in Humana's management of the Covid-19 pandemic.

**An inclusive company**

Equality, diversity and inclusion are important factors if a company is to remain sustainable in the long term. Humana works actively with these areas in all operations and processes.

When recruiting managers, the company makes sure there are candidates of different genders in the final phase. At the end of the year, 65 (58) percent of Humana’s senior managers were women. In all, 71 (69) percent of Humana’s employees are women, and 29 (31) percent are men. The goal is to attract more men to areas dominated by women. Humana’s gender equality efforts have attracted attention externally since we were named the stock market’s most gender-balanced company by AllBright in 2017 and 2018 and were one of three finalists in 2020.

When it comes to diversity, Humana aims for at least 20 percent of our managers to have an international background. International background is defined as being born outside the Nordics, having at least one parent who was born outside the Nordics or having lived outside the home country for more than three years. At present, 20 (20) percent of employees in Group management have an international background. We estimate that about one-third of all employees were born outside the Nordics or have parents that come from outside the Nordics.

*“Equality, diversity and inclusion are important factors if a company is to remain sustainable in the long term.”*



Humana works actively to counteract harassment, workplace bullying and discrimination. Humana sees equal treatment as normal practice and believes that nobody should be discriminated against or harassed. Humana’s Code of Conduct is included in the obligatory introduction for new employees and in every employment contract. The efforts to be a more open and inclusive employer also include a collaboration with the Swedish Federation for LGBTQI Rights (RFSL). Parts of the Individual & Family operations have LGBTQI certification.

**Development via Humana Academy**

Through the Humana Academy learning portal, employees have access to quality-assured professional development in areas such as the work environment, customer interaction, quality, leadership and legislation. Around 100 of the courses are web-based and can be taken according to need and individual planning. In addition, instructor-led courses are offered for specific subject areas and roles. All digital courses are available to all employees. In 2020, 19,561 (14,652) courses were completed, many digitally.

For employees to develop professionally, Humana also promotes internal mobility, both within and between business areas and countries. By encouraging development and

offering exciting career paths, we can retain competent employees for a long time.

**Secure and pleasant work environment**

Humana takes systematic steps to offer a secure and pleasant work environment. These efforts are based on the Group’s occupational health and safety policy and are handled within the respective operations.

Our various workplaces are associated with different occupational health and safety risks. Some of us work in one of Humana’s hundreds of units, while Humana’s personal assistants mostly have our 1,900 assistance customers’ homes as their workplace. In employee surveys, the work environment emerges as most important to the assistants’ job satisfaction.

Work safety is part of the introductory training for all employees. Additional professional development in the form of qualified training is provided regularly through the Humana Academy. In all business areas, there are special procedures for risk assessment and risk management. Lastly, our active and structured work with core values contributes to enhancing the work environment, among other things with the help of our core value leaders and by featuring Humana’s values as a standing item on the agenda of workplace meetings. In addition to the physical work environment, we focus on the social dimension by prioritising a good atmosphere and cooperation.

During the year, short-term sick leave totalled 4.1 (2.9) percent and long-term sick leave totalled 2.0 (1.9) percent (excluding Finland). Total sick leave, including Finland, was 7.0 percent in 2020. The increase in short-term sick leave in 2020 is primarily linked to the pandemic. Humana’s employees have a lower rate of long-term sick leave than those in the public sector. This not only benefits the employees, it also benefits customers and clients, the company’s productivity and profitability, and taxpayers.

**Long-term investment in leadership**

Good managers who can lead both people and operations are highly significant to employee job satisfaction and conditions for doing a good job.

In 2020, Humana continued to invest in leadership, mostly through Leadership Lift. Leadership Lift was started in 2019 to further boost leadership. The focus is on attracting and recruiting leaders, motivating, monitoring, developing and retaining the best leaders as well as supporting managers in their daily work.



Leadership Lift includes a Group-wide leadership programme, a web-based manager school, a mentor programme and an introduction for new managers. The leadership programme is a long-term initiative aimed at equipping Humana's managers to deliver on the company's targets, strengthening unity in the Group, securing leadership succession, encouraging managers to stay with the company longer and, not least, providing good conditions for all employees. The leadership programme consists of four modules that run for 9–12 months. The focus is on the attributes that are part of Humana's leader profile: self-awareness, communication, relationship building, results orientation, business acumen and customer focus. During the year, the programme was digitalised and new subjects were added like leadership at a distance, sustainable leadership during a crisis, and the mental and physical work environment during a crisis.

Humana's employees continue to give our leaders high marks – the leadership index for the year was 78 (79). It is gratifying, but we are not resting on our laurels. We are striving further to strengthen both leadership and employee appreciation.

**Cohesive management**

Group Management and, specifically, the Director of Human Resources are responsible for employee management matters. This responsibility is then delegated to the operational managers. The Director of Quality and the quality function are responsible for the Humana Academy and most of the Group's continuing professional development.



In 2020, Humana continued to streamline the HR processes by digitalising administrative procedures and strengthening the digital skills of managers and other employees. For example, we implemented a digital workflow for employment documentation. One of the functions and benefits is digital signatures. More than 7,000 documents have been handled and signed digitally since its introduction last summer. The pandemic and its resultant remote working also helped accelerate our digitalisation processes and adjustment of working methods.

**Humana according to its employees**

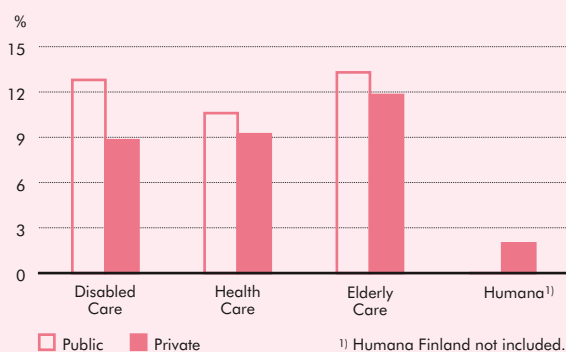
Humana's annual employee survey WeYouMe shows that all initiatives taken to create a welcoming atmosphere and good working environment are reaping rewards and are

appreciated. 74 (74) percent of employees state that they feel they are making a contribution at work and 81 (84) percent are highly committed. Among personal assistants, 95 (94) percent feel pride in their work. The year's result in the Employee Satisfaction Index (ESI) continues to be high at 75 (76). The year's Employee Net Promoter Score (eNPS) is 15 (20) percent.

**Related sustainability policies:**

- ▶ Diversion and inclusion policy
  - ▶ Working environment policy
- Find them on [humanagroup.com](http://humanagroup.com)

**Sick leave (long-term)**



Humana's employees have a lower level of long-term sick-leave than the public sector at 2.0 percent for 2020, excluding Humana Finland. Two possible reasons for this are clear leadership and far-reaching commitment, areas where Humana is given high marks in employee surveys.

**15%**  
Employee Net Promoter Score, 2020

**Age structure**

	> 30	30-50	50<
Total	28%	46%	26%
Managers	5.4%	73.1%	21.6%

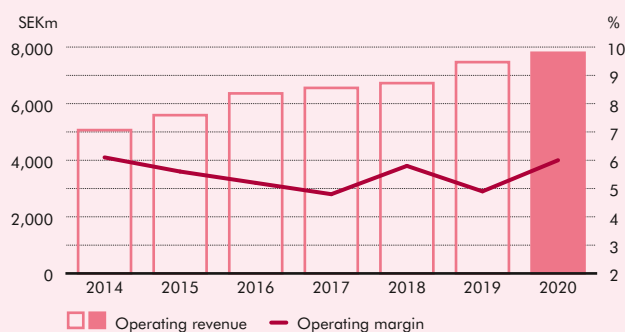
# Profitable growth



## Financial targets, follow-up

	Target	Outcome 2020	(2019)
<b>Profitability</b> (operating margin)	7%	6.0%	(4.9%)
<b>Revenue growth</b> (organic, acquisitions can add 2–3%)	5%	4.1%	(2.0%)
<b>Capital structure</b> (interest-bearing net debt relative to adjusted EBITDA)	4.5 times	4.3 times	(5.4 times)

## A history of revenue growth and stable profitability



Growth at Humana means that we help more people achieve having a good life. The company has clear financial goals and growth presupposes high quality in our care services and profitability. Organic growth will be attained by starting up new operations and developing our services. The company also evaluates opportunities for acquisitions.

### Profitability

Humana is a company with a focus on long-term and profitable growth. Over the years, Humana has maintained stable margins. For the past five years, the Group has had an annual revenue growth of 5.2 percent and an operating margin of 5.4 percent on average. The focus is on growing with profitability and quality going forward. In the medium term, profitability shall amount to 7 percent annually.

### The pandemic had an impact on profit

Emphasis was by and large on managing the Covid-19 pandemic during the year. The pandemic impacted consolidated profit in several ways. Lower occupancy had a negative impact on revenue while increased sickness absence and increased use of PPE increased costs. The increased costs were partially compensated for by state subsidies. Net, the total effect was marginally negative.

### Organic growth

Humana's growth shall primarily be attained in an organic way and in the medium term, organic growth shall amount to 5 percent annually. Humana is growing organically by developing its offering and by starting new

units. All of Humana's five business areas have a clear growth strategy for growing organically.

During the year, five new Humana elderly care homes were being constructed in Sweden (Vallentuna, Ängelholm, Falkenberg and Norrtälje). They will be able to accommodate 320 residents and operations will start up in 2021. We also concluded an agreement for a new elderly care home under own management in Täby with 90 flats. Construction will begin this year and the opening is planned for the autumn of 2022. Ten new units were started by the Individual & Family business area. In Finland, we opened five new units during the year, three institutional care homes for children and youths, one elderly care home and one outpatient care unit.

### Acquisition-driven growth

Humana complements and accelerates organic growth through acquisitions that can increase revenues by 2–3 percent. The acquisition strategy has three primary aims:

- to strengthen geographical presence, existing operations and/or the degree of specialisation in the offering
- to drive innovation and complement existing operations with new service areas where Humana sees growth potential

- to achieve volume and economies of scale. Humana evaluates opportunities for acquisitions in line with the Group's strategy. The company seeks operations that have growth potential and whose core values, leadership and quality are consistent with Humana's.

Humana acquired assistance company RO Omsorg Assistans AB in November. The company has annual revenue of approximately SEK 50 million and 90 employees. The acquired business contributed SEK 9 million to consolidated revenue in 2020.

### Debt

Higher earnings and lower investments have helped to gradually reduce debt. Leverage, measured as interest-bearing net debt in relation to adjusted EBITDA, fell to 4.3 (5.4) times in 2020. According to the financial target the leverage ratio should not exceed 4.5 times, even though it may temporarily be higher, for example in connection with acquisitions.

### Risks

Humana's risk management is described on pages 64–73.

## Economic value created and distributed, SEK million

	2020	Percent	2019	Percent
<b>Economic value created</b>				
Customers	7,803		7,467	
<b>Economic value distributed</b>				
Suppliers <sup>1)</sup>	1,287	16%	1,314	18%
Employees <sup>2)</sup>	6,039	77%	5,784	77%
Lenders	145	2%	121	2%
Public sector <sup>3)</sup>	70	1%	61	1%
Shareholders <sup>4)</sup>	0	0%	0	0%
Economic value retained	262	3%	187	2%

<sup>1)</sup> Amounts paid to suppliers including VAT.

<sup>2)</sup> Employee salaries and pensions including amounts paid to the public sector on behalf of employees through payroll tax, social security fees etc.

<sup>3)</sup> Income tax.

<sup>4)</sup> The Board's proposal to the 2021 Annual General Meeting is that no dividend be paid for the 2020 financial year.

Humana creates sustainable value for its stakeholders. The financial value is generated by revenue from customers. It is then further apportioned to various stakeholders; to suppliers through the purchase of, among other things, food, consumables and other products needed in the operations as well as various services, to employees through salaries, other remuneration and social security fees, to lenders through interest on borrowed capital, to the public sector through taxes and to shareholders through dividends. Part of the earned value is retained by the company for development, acquisitions, capital investments and to maintain a certain amount of independence from fluctuations on the capital market.





# Responsible provider



**In 2020, Humana gave a wide range of webinars with the aim of sharing our knowledge and experiences:**

**Examples of competence areas**

- Low arousal approach (digital)
- What is autism? Lecture on autism spectrum disorder (digital)
- What is anxiety and how can we help our clients manage it in their daily lives?
- Who wants a fully grown drug addict on their sofa? On foster homes for adults.
- TFCO, Treatment Foster Care Oregon. A 20-year-old treatment programme.
- Cohesive cooperation in LSS
- Comorbidity – how does treatment of addiction work when the patient is also mentally ill?
- Connect – dependant-based programme for supporting parents, foster homes and treatment staff
- How does pornography affect us? A summary of the research.
- Culturally adapted parental support – meaning and effect over the short and long terms
- Children that sexually assault

**163**  
jobs to people  
furthest from the  
labour market

Humana adds important values to society through our core business, at the individual level and by us contributing to sound public finances. But we also take responsibility for a sustainable society beyond that. We want to boost the level of quality in the entire care industry and we work to promote diversity and inclusivity. We also take responsibility by decreasing our environmental impact.

Humana’s vision is to help improve quality of life for everyone and create an inclusive society. We do this through our operations – personal assistance, individual and family care and elderly care – but also by offering jobs to people who are furthest from the labour market and by influencing important industry issues.

**Efforts to improve mental health**

As a leading Nordic provider of individual and family care, Humana focuses on providing care and treatment in psychosocial change and social psychiatry to families and individuals of all ages. Humana’s expertise, staff and services support mental health and well-being. This often means that individuals who have felt marginalised and outside society instead becoming part of it – it benefits them, their families and also society at large.

**Shared knowledge to boost standard**

By giving our contractors and others access to Humana’s comprehensive knowledge, we strengthen collective knowledge about care and social work. Our aim is to inspire and help improve the quality of the entire care industry. Some of the courses and lectures within

Humana Academy are open and cost-free to everyone, even outside Humana. External participants may come from social services or the general public. In 2020, we switched from physical events to webinars. Many webinars are available on Humana’s website. During the year, about 4,000 people attended Humana’s Swedish webinars. In addition, Humana conducted around 20 webinars in Norway.

Since 2019, Humana has run the Social channel – Socialenkanalen – on Youtube. It is mainly for those who work in the Swedish social services. Here, Humana shares its knowledge, methods and good examples from municipalities and various authorities. The Social Channel bases its programming on research and practices in social care. Humana also runs an assistance podcast – Assistanspodden – for anyone with an interest in personal assistance.

**Collaboration to spread learning**

During the year, Humana Academy initiated a collaboration with Bonnier Academy on digital learning. The purpose is to give even more people access to Humana’s expertise in care. As a first step, the collaboration includes courses on subjects like Lex Sarah, fall preven-

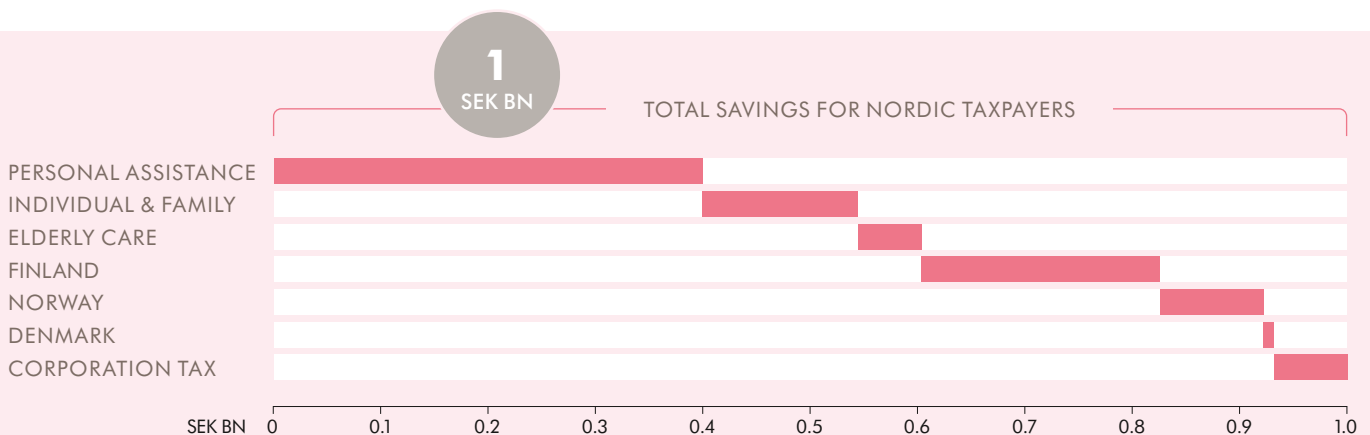
tion and confidentiality. We also started a collaboration with Hermods Vocational School on distance learning. Learning remotely facilitates combining studies with work, for both Humana’s employees and other students.

**Humana’s care saves taxpayers money**

Every effort will be needed to meet future health and social care needs. Humana shows that it is possible to combine high-quality care with cost-effectiveness. Besides our solid expertise in care services, we know how to establish and plan operations for the best results. When we build care homes, we take care to ensure that the homes are optimised logistically to reduce unnecessary transports, for example, and that our employees will have as good a working environment as possible. Our knowledge of good scheduling is also key to planning resources efficiently. In 2020, the public sector – state, regions and municipalities – in the Nordics saved SEK 1.0 billion by using Humana compared with if they had run the operations themselves.

**Working for a good life for everyone**

Humana works to create the right conditions for the company and the industry to take



Humana saved Nordic taxpayers SEK 1.0 billion in 2020<sup>1)</sup> compared to the cost if states, regions and municipalities had run the operations themselves. We can do this through an efficient use of resources and effective treatment methods.

<sup>1)</sup> The calculation is done by using public sources of information to calculate what costs municipalities and states have for various types of care when they offer it themselves and comparing that with what they paid to Humana for equivalent care. The sources used are: Swedish Association of Local Authorities and Regions, Statistics Sweden, NHO Service in Norway, Statistics Norway, The Norwegian Directorate for Children, Youth and Family Affairs, Kuusiko, Swedish Prison and Probation Service, Swedish National Board of Institutional Care, Swedish Agency for Health Technology Assessment and Assessment of Social Services, accessible municipal and regional financial reports and Humana’s own calculations.

action and fulfil its commitments throughout the Nordics. We meet regularly with politicians at a national and local level as well as with municipal and state officials. Humana also participates in trade associations like the Association of Private Care Providers, of which our Quality Director Eva Nilsson Bågenholm is the chairperson. Humana is also active in other associations such as Svenska Vård in Sweden, Proffentlig-nettverket in Norway and Hyvinvointiala HALI ry in Finland.

In Sweden, focus has been on promoting a restoration of the basic idea of personal assistance – in which all individuals with great needs are entitled to personal assistance. Several years of stricter interpretations of the rules by Försäkringskassan and the administrative courts have led to increasingly fewer receiving personal assistance, even though the need has not decreased. Humana has worked to help change both the legislation and its interpretation, this includes being referral body in inquiries into the assistance area.

**Humana offers a path to work**

In Sweden, Humana offers jobs, for example with employment subsidies, to people who are furthest from the labour market. This is done in collaboration with organisations like the Swedish Public Employment Service and Samhall. We reached our target of contributing 500 jobs between 2017 and 2019. Despite the ongoing pandemic, we were able to hire employees within the framework of this continuing initiative and offered 163 people entry-level jobs during 2020. The target was to create 200 jobs.

**Environmental policy steering the work**

Humana's environmental work is based on our environmental policy. Here, climate and resource efficiency are defined as guiding criteria. Our environmental efforts are based on the principles of precaution and substitution. Each of Humana's units strives continuously to work resource-efficiently and to minimise



*“Solar cells must be installed on all new buildings.”*

environmental impact and lower costs. It is compulsory for all employees to undergo the company's digital sustainability training.

Humana's climate impact is mostly through transport by car along with the development and operation of care homes. This includes heating and electricity as well as purchases and handling of food, beverages, consumables and medicine.

**New carbon index accelerates efforts**

Humana endeavours to reduce the climate impact of its operations. We developed a carbon index during the year based on emissions as measured per the Greenhouse Gas Protocol (GHG). The calculations are based on measured and estimated data from all operations and countries in the Group and general emission factors.

The table below illustrates emissions divided according to the GHG Protocol's three scopes. Scope 1 recognises direct emissions from car travel within operations and from heating with fuel oil. Scope 2 recognises indirect emissions from purchased electricity and district heating. Scope 3 recognises indirect emissions from centrally booked air travel. We intend to continue

Humana's carbon footprint, CO <sub>2</sub> e (tonne)	2020	2019
<b>Scope 1</b> Emissions from own vehicles and own energy generation (company cars, oil) <sup>1)</sup>	3,950	4,578
<b>Scope 2</b> Indirect emissions from purchase of electricity and district heating <sup>2)</sup>	1,766	1,766
<b>Scope 3</b> Emissions from business travel (air) <sup>3)</sup>	65	162
<b>TOTAL</b>	<b>5,781</b>	<b>6,505</b>

<sup>1)</sup> Based on measured fuel volumes for own vehicles. The oil consumption is based on measured and estimated volumes, where 2019 estimates are partly based on 2020 data.  
<sup>2)</sup> Based on measured and estimated electricity and district heating consumption, where 2019 estimates are based on 2020 data.  
<sup>3)</sup> Based on travel agencies' emission calculations for air travel, booked centrally in Sweden and Norway.

to collect data so we can report additional indirect emissions, thereby increasing our understanding of how to reduce the Group's negative climate impact.

According to the data collection and delimitations made, Humana's emissions in 2020 total 5,781 tonnes of carbon dioxide equivalents, compared to 6,505 tonnes in 2019, a decrease of 11 percent. The goal is for this to decrease further in 2021.

Humana's travel policy encourages employees to travel climate-smart and to use company vehicles efficiently. Besides reducing travel, Humana wants to facilitate remote working as much as possible through more virtual project teams and online meetings. Compared with 2019, Humana's car travel in 2020 decreased by 14 percent and air travel by 60 percent, mostly due to the pandemic.

The few Humana properties that are still being heated with fuel oil are being retrofitted with more eco-friendly heating methods.

**Environmental criterias for new homes**

Humana requires that the following criteria be met for all newly constructed buildings: energy use should be at least 20 percent lower than required by law, solar cells must be installed if conditions allow and all lighting fixtures should use low-energy technology. All elderly care homes to be opened in 2021 will be equipped with charging points for electric cars, and several existing elderly care and LSS homes already have solar panels and charging points. Humana's elderly care home in Växjö is certified as LEED Platinum and Skanska Dark Green, which means it is a nearly net zero energy building. The new elderly care home in Norrtälje that opens in 2021 will be certified at the Sweden Green Building Council's Silver class. All Humana's operations work to reduce food waste and garbage.

**Certified for quality and environment**

The management teams in the Individual & Family business area have ISO 14001 certification for the environment and ISO 9001 certification for quality. Humana is also working on structures and processes for local units where they use checklists and other aids to develop their own environmental plans.

**Related sustainability policies:**

- ▶ Environment policy
  - ▶ Diversion and inclusion policy
- Find them on [humanagroup.com](http://humanagroup.com)



# Humana supports the UN's global goals for sustainable development



**Humana's objective is to be the provider of choice for care services among customers, clients and contractors with high quality standards. Our vision is an inclusive society where everyone is entitled to a good life:**

### 3.4. Promote mental health and well-being

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

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

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

**Quality operations is a strategic target area for Humana, it is also a prerequisite for the company's existence. As responsible provider, Humana also wants to inspire others and thus contribute to raising the standard of the entire care industry:**

### 8.2. Increased productivity through diversity, technology and innovation

Humana aims to set a new standard of quality in the care industry. By developing welfare techniques and methods, Humana develops operational efficiency and quality. In Individual & Family, we ensure that the right treatment methods are used and that they are based on science and proven experience.

**Humana's core values are rooted in the equal value of all human beings. Being an attractive and good employer is a strategic goal area for Humana:**

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

We are working towards gender balance in all leadership positions in the company. We work with visible and invisible structures in order to unlock our employees' full potential and to reflect our customers and clients in the best way possible.

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

Humana has long advocated collective bargaining. We do annual salary analyses to uncover any unfair wage differences. Several of Humana's businesses offer entry-level jobs to those who are furthest from the labour market.

**Being a responsible provider is a strategic target area and taking environmental considerations into account in our operations is part of it. Humana's ambition is to reduce its negative impact on the environment:**

### 12.5. Substantially reduce waste generation

Humana sets central policies for its environmental initiatives. The work is performed mainly in our local units and care homes throughout the Nordics. The units are encouraged to reduce waste and take other measures.

### 12.8. Promote universal understanding of sustainable lifestyles

Humana encourages employees' knowledge of and commitment to sustainable development through good organisation and communication. Employees, customers and contractors can influence Humana's direction and tempo when it comes to the company's sustainability issues.

### 13. Climate action

Humana strives to reduce the operations' climate impact by, among other things, traveling climate-smart, facilitating teleworking, installing solar panels and switching to more environmentally friendly heating. With our new carbon dioxide index, we will follow up our initiatives.



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# Care is our offering

Humana offers care services in four Nordic countries; Sweden, Finland, Norway and Denmark. Individual and family care is offered in all countries. personal assistance in Sweden and Norway and elderly care in Sweden and Finland.

Our individual and family care operations are broad and highly competent in the areas of psychosocial change management and mental illness. They offer outpatient care and various care and housing formats for children, youths and adults, and housing with special service for persons with functional impairment. Our personal assistance operations help individuals with functional impairment to live independent lives. Our elderly care operations comprise elderlcare homes in safe and social environments.

Humana's operations are split into five business areas that are presented on the following pages.

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## OFFERING

Individual & Family	34
Personal Assistance	36
Elderly Care	38
Finland	40
Norway	42

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# Individual & Family

Humana is a leading individual and family care provider in Sweden. We offer substantial expertise in psychosocial disorders, mental illness and functional impairment. By coordinating and planning the client's health and social care, we work for everyone's right to a good life.

## Offering

Individual & Family's offering is split into three divisions: Young, Family & Open Care and Adult.

### Young

For children and youths with psychosocial disorders and mental health issues, we assist in areas such as self-harm, neuropsychiatric functional impairments, abuse, criminality and substance abuse. We have around 60 active residential care homes and supported housing that can accommodate just over 500 clients in Sweden.

### Family & Open Care

We offer interventions in family homes supported by contracted consultants, in treatment centres and in outpatient care for children and youths from families with difficult challenges and complex needs, or who have problems with criminality and substance abuse. We can accommodate just over 700 children and youths. There are also opportunities for adults in family homes.

### Adult

Humana offers short-term and special service housing as well as residential care homes for adults in need of interventions in social psychiatry, neuropsychiatry, comorbidity, forensic psychiatry and geriatric psychiatry. In all, we have around 30 units with room for just over 600 clients. We also offer housing for adolescents and adults with functional impairment along with occupational initiatives for adults covered by LSS (Act Concerning

Support and Service for Persons with Certain Functional Impairments). Sixteen of our housing units are run under contract and 26 under own management. In addition, we offer three day care operations.

### Dynamic care for customised interventions

The type of support and how much support a person needs varies over time. It is, therefore, of the utmost importance that Humana always offers flexibility to meet the client's needs. This means that each person should receive the right treatment to the right extent at the right time. We call this Humana's "dynamic care". For example, an adolescent can be placed in a residential care home. When it is determined that they are ready, the next step can be a foster home or assisted living with more independence and support as needed.

Dynamic care's purpose is to keep track of all support and make it possible for the client to move easily from one living situation to another as needs change. Humana's size, extensive expertise and internal coordination allow us to customise interventions while while facilitating the planning process for Social services or other authorities.

### Developments in 2020

The Covid-19 pandemic had an enormous impact on the year. Efforts were made to adapt services and working methods to changing conditions, requirements and guidelines. We increased the use of digital tools, introduced emergency stocks on a broad front and initiated collaborations

to ensure adequate staffing. This was all done with great care for the clients and quality in mind, with special accommodations for risk groups.

We created a common organisation for sales support, marketing and tendering, and implemented changes to develop our offering and reach new target groups.

In 2020, we devoted more time to being more involved in individual and family care issues. We developed and gave talks to share our extensive knowledge and helped form opinions on important issues such as methods, working practices and challenges associated with individual and family care. In the second half of the year, we held 17 public lectures online with an average of 150 attendees each. We also invested in data analysis to ensure that we follow the market.

Humana opened ten new units in 2020, mainly in LSS.

### Outlook

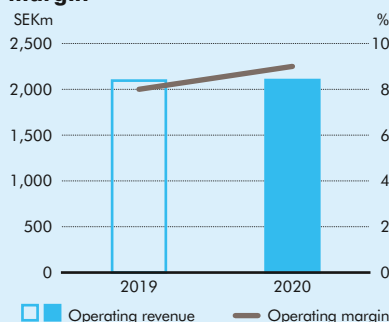
Mental illness continues to increase in society, additionally due to the pandemic. The need and demand for our services is increasing at the same time as municipalities are increasingly trying to come up with their own solutions. We continue to see the greatest increase in demand for more complex cases. The importance of procurements and framework agreements also continues to increase.

In LSS day care, we are aiming for continued organic growth and are planning several start-ups in 2021.

## Percentage of Group revenue 2020

# 27%

## Operating revenue and operating margin



## Key ratios

	2020	2019
Operating revenue, SEK million	2,101	2,095
Revenue growth, %	0	-4
Organic growth, %	0.4	-4.0
Share of Humana's revenue, %	27	28
Operating profit, SEK million	190	168
Operating margin, %	9.0	8.0
Average number of employees, full-time equivalents	2,065	2,026



MEET IZA – HUMANA INDIVIDUAL & FAMILY CLIENT

## “They really wanted to help me”

**Iza recently turned 18.** Despite her young age, she has already experienced more than many people do over a lifetime. Threats, violence, substance abuse and various treatments made up her life. It wasn't until she came to Bellagården that things changed and she began to have a sense of hope.

**Bellagården is one of Humana's residential care homes.** There is room for up to six girls with self-destructive behaviour and problems controlling their emotions.

When Iza arrived, she didn't expect to be there for long. That's how it had always been before – one placement

after another. But she hadn't counted on Peyman, Bellagården's unit manager.

**“Peyman saw something in me** in a way that no other adult had before.”

Still, it wasn't easy. Peyman and the rest of the staff had difficulty reaching Iza. Once, Iza had a major tantrum, breaking things and threatening the staff. That's when she was given an ultimatum.

“Peyman made it clear that she wanted me to stay but that I would have to get treatment so I could control my temper. I asked if I could stay and began the journey to a whole new life.”

**Iza found ways to handle** her emotions. She had bad days, of course, but then she got the support she needed.

“The staff were there for me and I felt like they really wanted to help me.”

This summer, Iza should be able to leave Bellagården for a more independent life at one of Humana's assisted living homes.

**“Things are good for me now;** I'm doing well in school and I have goals for the future. I never thought I would live to be 18 but here I am!”

# Personal Assistance

Personal assistance enables people with functional impairments to live as independently as possible on their own terms. Humana is Sweden's largest provider of personal assistance and has extensive experience and expertise. This means we can affect the daily lives of many people. Humana's ambition is for our assistance operations to continue to grow while maintaining high quality.

## Offering

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

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

Humana provides individualised assistance. Our specialist expertise in recruitment and law is reassuring to the customers and gives the best prospects for receiving the correct number of assistance hours, carried out by a competent team. Besides assistants, the team includes a customer and assistant manager who coordinates all aspects related to the customer's needs, preferences, finances, recruitment and assistants. A lawyer who specialises in LSS and personal assistance and a recruitment expert are also included on the team.

## Developments in 2020

Since fewer people are being granted personal assistance, the total market for personal assis-

tance in Sweden declined over the past year. Despite this, Humana continued to grow and take a bigger share of the market. The industry's margins were also challenged in 2020 since wages increased faster than the standard remuneration increase (1.5 percent compared with around 2–2.5 percent per year).

Humana acquired RO Omsorg Assistenters at the end of the year. This strengthened our presence in the Stockholm region and expanded our offering with a new line of business, namely accompanying person services and relief services. We look forward to developing this business.

All breathing and tube-feeding assistance has been classified as basic needs since 1 July 2020. This amendment to the law is meant to restore the right to personal assistance to certain groups, which is naturally positive for our customers and also for Humana.

At the beginning of the year, a government study on LSS and remuneration was presented. Another study will be done with the purpose of strengthening personal assistance in specific areas. Humana participated in and submitted comments on the first-named study.

During the year, the organisation was focused on customer and employee health and safety due to the Covid-19 pandemic. We had training sessions, kept the channels of communication open and ensured that the right protective equipment was available

at every workplace. Humana conducted a customer survey in September 2020 with external help. Overall, the survey showed that customers were very pleased and would recommend Humana to others. It also showed that customers were happy with how we handled the first wave of the coronavirus.

## Outlook

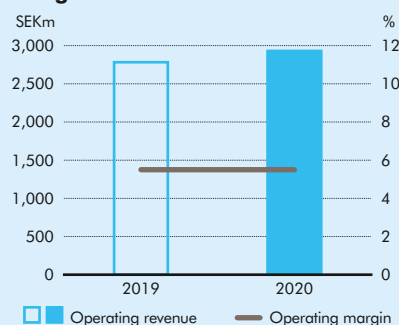
In autumn 2020 it was decided that the state reimbursement level would be raised by 3.5 percent for 2021, which accommodated a better wage agreement for personal assistants.

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

## Percentage of Group revenue 2020

# 38%

## Operating revenue and operating margin



## Key ratios

	2020	2019
Operating revenue, SEK million	2,931	2,783
Revenue growth, %	5	4
Organic growth, %	4.1	0.9
Share of Humana's revenue, %	38	37
Operating profit, SEK million	160	154
Operating margin, %	5.5	5.5
Average number of employees, full-time equivalents	5,099	4,909





MEET GUNILLA – HUMANA PERSONAL ASSISTANCE CUSTOMER

## “My girls enable me to have a life”

**Gunilla has always been** highly engaged, especially when it comes to people like her with functional impairments. In 1994, she helped to raise a government bill on LSS. She is just as engaged with her assistants, and that’s why, after careful consideration, she chose Humana as her assistance provider.

Gunilla is an energetic, positive person who doesn’t let being in a wheelchair stop her. She had polio more than 60 years ago and recovered, but now she suffers from post-polio syndrome, which is gradually getting worse.

“I have no idea where this will end,” she says.

**After studying at an adult education school,** Gunilla discovered the Stockholm

Cooperative for Independent Living (STIL), which had been formed in 1984 inspired by the international Independent Living movement. STIL fought for the right of people with functional impairments to be able to organise their own assistance. There was nothing like it at the time in Sweden and Gunilla and the others at STIL wanted to change that. The idea for the current legislation was born and soon became a reality.

**Gunilla is now retired.** She’s interested in music, literature and being creative. Thanks to her personal assistants, she can fill her days with various activities.

“My girls enable me to have a life. They are the most important things I have in my life! The most important thing about

personal assistance is that you have a group that works together with you. That’s teamwork,” says Gunilla proudly.

**Humana: a secure choice.** Gunilla has had the same assistants for eight years and wants them to be well taken care of. That’s why Gunilla and her assistants did thorough research when she wanted to switch to another assistance company. They were attracted by Humana’s security and core values.

“I used to have a smaller assistance company. It was fine but I wanted to have more control over how the assistance was managed and easier administration. Humana felt like a secure choice.”

# Elderly Care

Humana runs elderly care homes under contract and under own management. Year after year, our customers give Humana's elderly care homes high marks. We are growing by constructing innovative elderly care homes and by winning contracts with a focus on quality.

## Offering

Humana has 17 elderly care homes in 13 municipalities in Sweden. We strive to offer comprehensive care in every home in a safe, secure and comfortable environment. Those who move into our elderly care homes have their own flats. They also have access to a dining room, sitting room and other common areas. Various activities are offered daily. Humana's meal concept includes good, nutritious food eaten together with others.

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

## Developments in 2020

The Covid-19 pandemic hit elderly care homes hard in 2020. Both residents and employees were affected, but thanks to quick adjustments, continuous good access to protective equipment and restricting visitors, Humana was able to keep the number of infections down. We also responded to the pandemic by investing in extra training on basic hygiene procedures, using protective equipment, cohort care and new working methods. Our internal control showed that

the employees are familiar with basic hygiene procedures and know how to use protective equipment and how they should react to suspected infections.

During the year, Elderly care had lower occupancy than normal and higher costs for sickness absence, staff and protective equipment. We received some compensation from the state for the higher costs but, even so, the pandemic had negative financial consequences on the business. The lower occupancy may be partly due to elderly people and their families putting off moving to a care facility for fear of Covid-19 or because they may not be able to meet during visitor restrictions. In addition, municipalities have periodically not permitted moving between care homes. Access to vaccines, less transmission and an easing of restrictions is expected to increase occupancy going forward.

For a while now, our care homes have had mobile-based solutions for alarms, door locks, digital signatures for medicine and documentation. Implementation of new digital tools to increase efficiency and quality continued in 2020, including a digital system for planning and monitoring. The system allows users to enter, assign and sign off work tasks via a mobile phone. This guarantees the right care at the right time and the ability to monitor workloads and resource planning.

During the year, we won a procurement in Kalmar that covered three existing and one planned elderly care home. Two of the

homes will be closed when the new one opens, and the residents will be moved to the new facility. The contract started on 1 November and can run for up to ten years. Humana took over operation of three elderly care homes in Falkenberg. This means that we run all the contracted care homes in the municipality. We also terminated operating a home in Kungsbacka and one in Lerum Municipality.

Two more Humana elderly care homes received Silviahem certification. This means that all staff have taken supplementary courses in good dementia care so they can provide the best possible quality of life for people with dementia and their families.

## Outlook

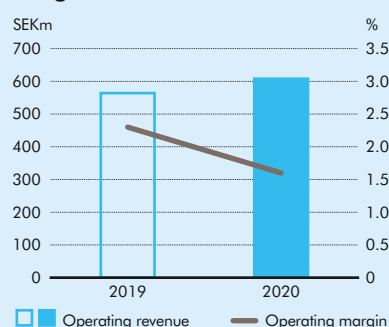
In 2020, Humana built and planned for the opening of five new elderly care homes with 320 bed vacancies in Falkenberg, Norrtälje, Vallentuna and Ängelholm. Contracts were concluded with each municipality and the elderly care homes will open in 2021. Humana and Hemgården will also be building an elderly care home in Täby Municipality, which should be open by the autumn of 2022. It will be operated under our own management and will offer 90 flats to elderly.

Humana plans to expand its elderly care business since the number of people over 80 is expected to increase by approximately 50 percent in less than ten years. The ambition is to grow while retaining quality and strengthening profitability.

## Percentage of Group revenue 2020

# 8%

## Operating revenue and operating margin



## Key ratios

	2020	2019
Operating revenue, SEK million	608	564
Revenue growth, %	8	23
Organic growth, %	7.7	23.3
Share of Humana's revenue, %	8	8
Operating profit, SEK million	10	13
Operating margin, %	1.6	2.3
Average number of employees, full-time equivalents	862	847





MEET EDVIN – HUMANA ELDERLY CARE HOME RESIDENT

## “I am content here”

**Edvin is 90** and has lived at Humana’s Lillsjö Badväg elderly care home in Kungsängen since it opened in September 2019. He was even the person who cut the ribbon at the opening ceremony.

**Today he is sitting** with physiotherapist Maria in the spacious assembly room on the fifth floor of the home. Pine treetops are visible outside the window. Maria sits a little way away from Edvin and both are wearing masks and visors. When asked how it feels to meet with the staff like this during the pandemic, Edvin answers jokingly.

“I’m not going to kiss the staff, so I guess it’s OK.”

**Edvin was born in northern Norway** and his family moved to Sweden in 1942 during the war. He has moved around a lot since then, so it’s easy for him to feel at home.

“I’m happy as long as I feel content with myself, and I feel that way here,” he says.

“I’m cared for from morning to night, food at regular times, help getting to the doctor. Even help with the language if I need it,” he continues with a laugh.

**Lillsjö Badväg has 80 flats and is one of Humana’s** new elderly care homes. It feels more like a home than an institution. Normally, residents meet in the assembly room to sing, play bingo and hold celebrations. If the weather allows, they drink their coffee on the large terrace. Everyone that moves in can do an activity analysis together with the staff. That way, it’s easier to plan the days. Do you want to go to the bathing pier or work in the large garden? All to make the days feel meaningful.

**Edvin has been a widower** for a year but he has two children, five grandchildren and a whole bevy of great-grandchildren.

“My family is kind of far away so they’re installing a telephone with video for me. When they call, I can see them jumping around and such. And that’s enough for me. I don’t think we should have kids around us right now.” But Edvin doesn’t feel particularly affected by the ongoing pandemic.

“I read a lot, watch stuff on the iPad. I think the iPad is great because it’s always lying around with something interesting to read. I’ve been reading up on Nordic history lately.

I really like it here and like the people who take care of us, too,” says Edvin.



# Finland

Humana offers individual and family care as well as elderly care in Finland. In 2020, after several years of substantial expansion in Finland, we concentrated on harmonising working methods and strengthening the brand. The aim going forward is to improve profitability with continued focus on high quality.

**Offering**

In Finland, Humana offers institutional care for children and youths, outpatient care for families and children, as well as housing services for elderly, individuals with disabilities and individuals with mental illness and/or substance abuse problems.

Humana Finland operates approximately 115 care units and has 30 teams providing outpatient care services. In total, Humana Finland serves approximately 4,000 clients and customers.

**Developments in 2020**

The Covid-19 pandemic did not have a wide spread in Finland in 2020. Nevertheless, the pandemic had an impact on Humana’s operations during the year. The focus was on putting procedures and instructions in place to prevent transmission. In elderly care, Humana’s staff adapted its working methods quickly, and in outpatient care, digital services were quickly introduced.

Humana expanded its outpatient care services during the year, and we retained our position as Finland’s largest provider of individual and family outpatient care. The pandemic brought with it a positive digital jump forward, which will create new opportunities in outpatient care services, also going forward.

Humana’s care services for children and youths also continued to grow. The need for care homes for this target group is great in Finland, and specialty care units are especially in demand.

Humana opened several new operations targeted at children and youths during the year. Three new institutional care homes opened in southern Finland and three homes in Ostrobothnia were turned into specialty care units.

Humana’s care services for other target groups also grew organically during the year. A large elderly care home was opened in Kuusamo and a new family rehabilitation unit was opened in Loimaa.

The Finnish business also came under new management during the year. Anu Kallio became the new country manager for Humana Finland in March.

time, it is possible to rectify problems before they require more comprehensive measures. Humana leads the way in this area in Finland.

The need for institutional care for children and youths is expected to continue to be great going forward. There will especially be a need for specialist expertise to support children suffering from neuropsychiatric functional impairment or mental illness, or who show symptoms through drug abuse or violent behaviour. Humana will continue offering extensive services for children with complex problems.

**Outlook**

Humana’s goal is to strengthen its market position as a provider of high-quality care services in Finland. This includes improving growth and profitability.

Humana’s outpatient care services are increasingly important. They include supporting parents with the challenges they face, serious mental illness and substance abuse problems. By providing support in

**Percentage of Group revenue 2020**

17%

**Operating revenue and operating margin**



**Key ratios**

	2020	2019
Operating revenue, SEK million	1,327	1,204
Revenue growth, %	10	86
Organic growth, %	7.4	9.6
Share of Humana’s revenue, %	17	16
Operating profit, SEK million	62	49
Operating margin, %	4.6	4.0
Average number of employees, full-time equivalents	1,669	1,538



MEET HANNAH – HUMANA FINLAND CLIENT

## “I got my zest for life back at the treatment home”

**“Who am I?** My mind is spinning and I can’t get a grip on it. I’m weak. It’s all too much. What if I completely fall apart?” That’s what an entry in Hannah’s diary might say.

Hannah was anxious and depressed. She didn’t have the energy to go to school and some days she couldn’t even get out of bed. To relieve the anxiety, she began drinking. It became a negative spiral that she couldn’t get out of on her own.

**The solution was Humana’s treatment home** in Ylivieska. At the home, young adults between the ages of 18 and 30 with substance abuse problems and psychiatric diagnoses receive coaching and support so they can function in everyday life. This could include

help with school or work and finding a meaningful path forward in life. For Hannah, being at the treatment home was a turning point and her zest for life slowly returned. The first step was sorting out her daily life and routines. Go to bed and get up on time, go to school and do the homework. It was a challenge, but it helped.

“I’m restless and used to doing what I want. It was tough getting used to it at first, especially since I couldn’t drink. But I got used to it after a while and was forced to think about my life.”

**The conversations with the supervisors** at the treatment home were crucial to Hannah’s turnaround. They talked a lot about alcohol at first. Hannah received support when she

came back from her leaves and began to realise that she could have fun without drinking. Something important changed.

**Hannah has now finished school**, begun to play volleyball and dreams of studying at university. She is eager but a little nervous about the future, just like many others her age.

After a couple of years at the treatment home, Hannah feels that it’s time for the next step: an independent life in which she takes responsibility for herself. She is better equipped now than she was.

“I have a network and methods to manage my anxiety and depression. I feel hopeful.”

# Norway

In Norway, Humana provides services in personal assistance and individual and family care as well as special service housing. Every day, Humana Norway helps its customers and clients live a life like everyone else. In 2021, we want to give even more people that opportunity.

## Offering

Humana Norway offers social care services for children and youths, personal assistance (self-directed personal assistance/BPA), foster homes and special service housing for people with functional impairments.

Humana is one of the two largest care providers in Norway with a growing number of customers.

## Developments in 2020

Humana Norway was, as all operations, hit by the Covid-19 pandemic in 2020. Despite this, the business area had a successful year. We have again strengthened both our reputation and position on the demanding Norwegian market. Growth was especially good in the personal assistance segment. Humana won Norway's biggest municipal procurement for personal assistance in November. The framework agreement covers 16 municipalities west of Oslo and gives Humana access to a large market for the next five years.

The segment for special service housing for people with functional impairments is also growing fast. Humana's operations in this sphere have contributed very good results, both qualitatively and financially.

The segment for institutional and foster homes operations continues to be challenging for all providers. This area is also under constant political pressure.

Humana Norway took a big step in digitalisation and modernising administration over the past year, which provides a good foundation for taking a further share of the market and increasing profitability going forward.

## Outlook

Humana's Norwegian operations are stable and profitable. At the same time, there is great growth potential since the need for health and social care in Norway, as in the rest of the Nordics, continues to increase.

Humana's profitability in Norway is still based on a relatively small customer base. Awareness of the Humana brand increased in 2020, which increases opportunities for growth in 2021. The business area has also undergone a reorganisation and strengthened its sales organisation to help grow occupancy in our units.

We work systematically and long-term to develop good managers and satisfied employees. One sign that our investments in professional development, leadership development

and high-quality services have succeeded is that there is increasingly greater interest in the services we advertise.

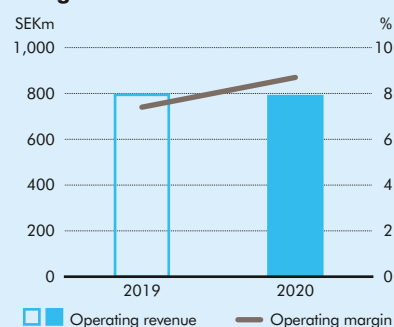
Statistics from our internal controls and user surveys show that Humana Norway has never provided such good quality service as it has in early 2021. This is gratifying and further increases our motivation to continue to develop our services.

As previously also in Sweden, there is an ongoing debate in Norway about the role, scope and possibility of private welfare providers to conduct business in a commercially sustainable manner. This is expected to be an important issue in the parliamentary election in the autumn of 2021. With a business whose growth is driven by quality and cost efficiency, Humana wants to show that we are a trustworthy and important partner for the public sector, and that we have an important contribution to make both on an individual and a societal level.

## Percentage of Group revenue 2020

# 10%

## Operating revenue and operating margin



## Key ratios

	2020	2019
Operating revenue, SEK million	788	794
Revenue growth, %	-1	7
Organic growth, %	8.9	4.2
Share of Humana's revenue, %	10	11
Operating profit, SEK million	69	59
Operating margin, %	8.7	7.4
Average number of employees, full-time equivalents	838	799





MEET KRISTIN – HUMANA NORWAY CUSTOMER

## “Personal assistance has saved my life”

**“I am trying to live** a life like everyone else,” says Kristin, 54. Wife, mother, grandmother and assistance customer at Humana Norway.

Personal assistance in Norway is somewhat different from how it is in Sweden. Only those who can organise their assistants themselves can be granted assistance, so it’s called self-directed personal assistance (BPA). Humana is one of the larger providers in Norway. One of them is Kristin, who was afflicted with a muscle disease 26 years ago.

“Has my life changed since then? Not as much as you might think. Of course, I have to take the lift instead of the stairs, but otherwise everything is pretty much as usual thanks to my personal assistants.”

When Kristin became sick, she contacted the municipality to ask what kind of help she could get. The answer was disheartening. Apart from cleaning help,

she couldn’t get any help at all, and even cleaning was just for a short period. Mostly she needed help with her children, but that wasn’t possible according to the municipality. Kristin joined an association for people with muscular diseases, and at a meeting, she heard about something called BPA.

“I immediately thought that this was something for us. And I mean us, the whole family, not just me!”

The municipality was not convinced, but she didn’t give up.

“I contacted them over and over again until I finally got to meet with the chairman and several members of the social welfare board. They finally saw my needs and I got personal assistance!”

**Kristin is one of those** who has had personal assistance for the longest time in Norway. Today, she is happy to share her experiences with others in the same

situation as she was 26 years ago. She says that BPA saved her life. Strong words, but she is serious.

“Being able to live a normal life means so much. Without BPA, I’m not even sure that I would be married today. Thanks to the assistance, we can live like a married couple; my husband doesn’t have to help me with everything.”

**Partnering with Humana** works and provides the freedom that BPA is supposed to give. The assistants help with things that Kristin would otherwise have done herself. They are there when she’s babysitting her grandchildren, they do the laundry, help with household chores and help Kristin with her personal needs.

“It’s not a good thing always to have to ask for help. Thanks to the assistants, I can make a contribution to society and that feels great.”







# Humana as an *investment*

Humana's share is listed on Nasdaq Stockholm since March 2016. Being a shareholder in Humana is investing in sustainable welfare. Humana creates great values for society, at the individual level and socio-economically. The company is steered by attractive financial targets.

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## HUMANA AS AN INVESTMENT

Humana – a sustainable investment	46
The Humana share	48

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# Humana – a *sustainable* investment

An investment in Humana is an investment in sustainable welfare. Humana creates great value for society, at an individual level and socio-economically. The company has a strong position in the growing care market and a clear strategy for achieving its overall goal of being the obvious provider of care services for customers, clients and contractors in the Nordic countries who demand high quality.

Several underlying trends in the world at large show that the need for care is increasing and is expected to continue to increase over the coming years. Thus, demand for innovative, cost-effective, high-quality care services will also increase. These trends include, among other things, an ageing population, increasing mental illness, old property holdings and increased demand for quality, specialisation and individual adaptation.

Meanwhile, the increased need, combined with a changed demographic structure with fewer people in the labour market, leads to economic pressure on states and municipalities, which in turn increases the need for cost-effective care services.

Another challenge is finding skilled labour in the care industry.

All providers – public, private and non-profit alike – will be essential to meeting the need and coping with this major welfare challenge. As a long-term, high-quality care provider, Humana is part of the solution. The Company has a clear strategy for how its operations will continue to develop and clear financial targets that focus on growing profitably and sustainably – socially, economically and environmentally.



## 1 Care is a stable and growing market

**The market.** The care market in the Nordics totals SEK 640 million, of which about a quarter is private.

**Continued growth.** A growing and ageing population along with increased mental illness is expanding the market.

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

## 2 A quality provider that contributes to sustainable welfare in the Nordics

**A sustainable business concept.** Humana’s vision and mission focus on sustainability at an individual level in society but also socio-economic sustainability. It also encompasses the environmental perspective.

**Social sustainability.** Humana helps more people live a good life by providing high-quality care services. Humana is also a large and attractive employer.

**Socio-economic sustainability.** In 2020, Nordic municipalities and states saved SEK 1 billion through Humana’s cost-effective care services.

## 3 Strong market position in crucial care segments

**Market position.** Humana has a strong market position in personal assistance and individual and family care and is growing in elderly care. This strong market position gives us clear competitive advantages.

**Entry barriers.** Complex care services with advanced specialisation, permit requirements and investments create high entry barriers.

**Consolidation.** The market is fragmented and consists of thousands of companies. The ongoing consolidation creates opportunities for a company like Humana.



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

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

**Growth-oriented.** Humana is a growth-oriented company. We are proud of our business and the care we offer. Growing means that we help more people have a good life. In 2020, Humana gained around 300 customers and clients.

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

#### 5 Humana has shown stable growth and profitability over the years

**Stable business.** Humana has a history of stable growth and stable margins.

**Revenue.** Over the last five years, Humana has had an annual average revenue growth of 5.2 percent.

**Operating margin.** Over the last five years, Humana has had an annual average operating margin of 5.4 percent.

#### 6 Good cash flow generation reduces risk

**Cash flow generation.** Humana's revenues come primarily from national and local governments. They pay on time and are creditworthy. Increasing revenue and stable profitability help to strengthen operating cash flow and to generate cash flow, which is used partly to invest in growth. For the last three years, cash flow generation, that is, operating cash flow divided by EBITDA, amounted to 62 percent in 2018, 85 percent in 2019 and 93 percent in 2020.

#### 7 Attractive financial targets

**Financial targets.** Humana will create good value for its shareholders. Humana will be profitable and have an operating margin of 7 percent. Humana will grow 5 percent organically with an additional 2–3 percent possible from acquisitions. Humana will have a good capital structure with net debt not exceeding 4.5x EBITDA.

**Dividend policy.** Dividends may amount to 30 percent of net profit for the year. For the last three years the dividend has been 16 percent for 2018, 0 percent for 2019 and the Board proposes 0 percent for 2020.

# The Humana share

Humana's share is listed on Nasdaq Stockholm. Market capitalisation was SEK 3.1 billion at the end of 2020, an increase of 3 percent compared with the previous year.

## Trading and market capitalisation

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

In 2020, a total of 23.8 million shares were traded on Nasdaq Stockholm at a value of SEK 1.2 billion. The average daily share turnover totalled SEK 4.9 million.

On all venues, Humana shares traded for a total of SEK 1.6 billion, with 77 percent being traded on Nasdaq Stockholm, 10 percent on Cboe BXE, 5 percent on Cboe APA and 2 percent on Cboe CXE.

## Share price movement

On the last trading day of the year, Humana's share traded at a price per share of SEK 59.20, a decrease of 3 percent in 2020. This corresponded to a market capitalisation of SEK 3.1 billion and a decrease of SEK 90 million for the year. The highest share price paid for the year was SEK 64.80 on 4 February 2020. The lowest share price paid for the year was SEK 34.20 on 26 March 2020.

## Share capital

The total number of shares on 31 December 2020 was 53,140,064. Each share has a quotient value of SEK 0.022, which means that share capital amounts to SEK 1,180,879. Humana's share capital consists of one class of shares, with each share having equal voting rights and equal entitlement to receive dividends.

## Ownership structure

Humana had 4,375 shareholders at the end of the year. The proportion of share ownership in Sweden was 54.5 percent. Foreign ownership totalled 45.5 percent. Shareholders in the UK held 13.2 percent of the votes and capital, shareholders in the US held 9.2 percent, shareholders in Norway held 8 percent and shareholders in Luxemburg held 5.5 percent. The ten largest shareholders held 70.4 percent of the votes and capital.

Members of Humana's Group management owned a total of 318,775 shares as at 31 December 2020, corresponding to 0.6 percent of the votes and capital. Humana's Board members and related parties owned 10,869,954 shares, corresponding to 20.5 percent of the votes and capital, of which Impilo, the principal owner, held 20.2 percent.

## Holdings of own shares

The Company's own shareholdings totalled 2,659,711 as at 31 December 2020, corresponding to 5.0 percent of the votes and capital. See note G17 and note G24 for further information regarding repurchase of shares.

## Dividend and dividend policy

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

situation in 2020 caused by the Covid-19 pandemic, the Board has proposed to the 2021 AGM that no dividend be paid to shareholders from the profit for the year 2020.

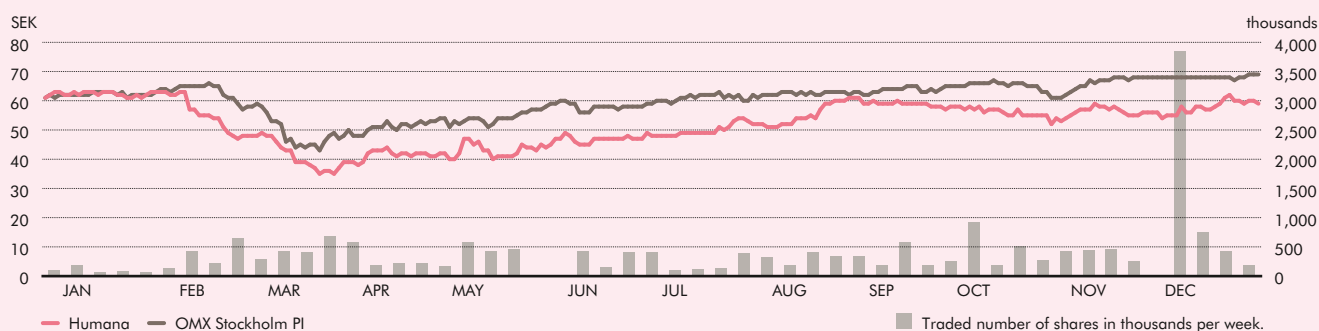
## Share-based incentive programmes

At the end of 2020, Humana had no ongoing long-term share-related incentive programmes for senior executives or other employees.

The company previously had two long-term incentive programmes, but they both expired in the first quarter 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 (see Note G5).

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 the programme will not give rise to any costs for Humana. A total of 461,000 synthetic options were acquired. The total market value of the options on the transaction date is estimated at approximately SEK 1.4 million. 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.

## Humana's share price in 2020





**Key ratios**

	2020	2019
Number of shares at end of year, millions	53	53
Market capitalisation at end of year, SEK million	3,146	3,236
Number of shareholders	4,375	3,746
Share price at end of year, SEK	59.20	60.90
Price change during the year, %	-3	2
Year's high, SEK	64.80	71.80
Year's low, SEK	34.20	41.05
Earnings per share, SEK	4.94	3.54
Dividend, SEK/share	0.00	0.00
Dividend as % of earnings per share	0	0
Shares held in Sweden, %	54.5	49.8
Shares held by the 10 largest shareholders, %	70.4	74.4

**Shareholder structure, 31 December 2020**

Shareholding, number of shares	Number of shareholders	% of votes and capital
1–500	3,494	0.8
501–1,000	329	0.5
1,001–5,000	334	1.5
5,001–10,000	79	1.1
10,001–15,000	16	0.4
15,001–20,000	20	0.7
20,001–	103	95.0
<b>Total</b>	<b>4,375</b>	<b>100.0</b>

**Ten largest shareholders**

31 December 2020	Number of shares	% of votes and capital
Impilo Care AB	10,743,554	20.2
Incentive AS	7,780,434	14.6
Nordea Investment Funds	3,602,552	6.8
Alcur fonder	2,932,629	5.5
SEB Investment Management	2,891,108	5.4
Humana AB	2,659,711	5.0
Zirkona	1,990,127	3.8
Third Swedish National Pension Fund	1,939,935	3.6
Hollyport Capital	1,678,804	3.2
SEB Foundation	1,172,000	2.3
<b>Total</b>	<b>37,390,854</b>	<b>70.4</b>

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

**Shareholder categories, 31 December 2020**

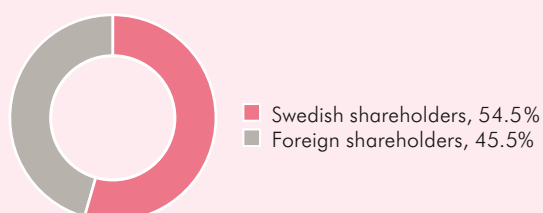
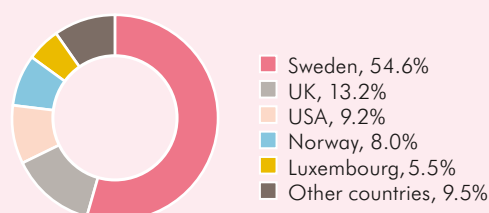
	%
Foreign shareholders	45.5
Swedish shareholders; Financial companies and other legal entities	47.9
Private individuals	6.6
<b>Total</b>	<b>100.0</b>

**Financial calendar**

2021	6 May	Interim report January–March
	11 May	Annual General Meeting
	20 August	Interim report January–June
	11 November	Interim report January–September

**Banks monitoring Humana**

Company	Analyst	Email
ABG Sundal Collier	Victor Forssell	victor.forssell@abgsc.se
Carnegie	Kristofer Liljeberg	kristofer.liljeberg@carnegie.se
DNB, Den Norske Bank	Karl-Johan Bonnevier	k.j.bonnevier@dnb.se
Nordea	Sten Gustafsson	sten.gustafsson@nordea.com
SEB	Mattias Vadsten	mattias.vadsten@seb.se

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





# Corporate governance

The objective of Humana's corporate governance is to establish efficient procedures and effective control, ensuring that shareholders' interests are protected and promoting a sustainable and value-creating business.

The Corporate governance report is part of the Board of Directors' report that is on pages 74–77.

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<b>CORPORATE GOVERNANCE REPORT</b>	52
Chairman's statement	52
Regulations, control model and internal control	53
Board of Directors	60
Group management	62
<b>RISKS AND RISK MANAGEMENT</b>	64

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# Chairman's statement

Humana entered 2020 with new financial targets and a clear plan to take the business to a position where all targets are achieved in the medium term. In addition to the intense focus on the pandemic, the year was marked by the first part of the implementation of the plans and major steps were taken towards the targets. Efforts are now in progress to ensure that the good trend continues, which also means greater predictability.

Of course, what was not included in the plan for 2020 was the pandemic, which started to hit our society early in the year. During these difficult times, Humana has played an extremely important role as a care provider. Our operations have had to deal with a very difficult situation, not only for all those to whom Humana provides care but also for our employees. Before I describe the work of the Board and Humana's progress, I would like to highlight this work in particular. The pandemic surprised us, like everyone else, but in many respects Humana was prepared, with a well-developed quality system and training, and a readiness to introduce more measures. There has been no lack of challenges: initially, the PPE shortage and then continuing uncertainty regarding regional and municipal directives. The pandemic has, of course, been high on the Board's agenda, not only at meetings but also as part of the Board's continuous need to follow developments closely.

## The starting point and the plan

2019 represented a new start with a new principal owner, a changed Board and a strategic review of the Group and this was the basis for the Board's work in 2020. Our starting point was this care group that over several years had built up a leading infrastructure in terms of systematic quality assurance, attractiveness as an employer, work on core values, a uniform brand and a structure for information and governance: a large and serious provider for individuals and society, but which had previously fallen short of its financial targets. We took all these factors with us into 2020, together with new financial targets.

## Implementation and target achievement

In 2020, efforts were focused on implementing the plans that had been drawn up, with clear priorities based on strategic criteria such as underlying needs and market, relative competitiveness, expected profitability, organic growth and capital intensity, and achievement

of all financial targets in the medium term. At Group level, the priority was fewer and more selective acquisitions, focusing instead on developing existing operations. Resources for change management were strengthened, with significant investments in the Group's infrastructure in order to increase digitalisation and strengthen IT systems. Investments were also made in training and management development programs as well as in incentive programs for senior executives.

The strategic plan applies to the Group as a whole, but the business areas and care segments all work with different conditions and starting points. The Personal Assistance and Norway business areas have strong, stable operations. Their priority during the year was to build on this starting point. For several years, Individual & Family had a more difficult starting point. With the help of new management (2019) and proactive measures, the first results were already being seen in 2020. Finland, which made a major acquisition in 2019, worked solidly to set priorities, build new management and develop plans for significantly improved profitability. In addition to the pandemic, Elderly care had to contend with a lack of profitability due to rapid expansion, with the occupancy rate not yet having caught up with capacity. Without commenting in detail on the progress of the various operations, I can summarise the Group's situation as follows: focus, the right resources, a stronger infrastructure and clear action plans have produced results. We still have some way to go to achieve our targets in the medium term, but Humana took a real step forward in 2020, which included increasing the predictability of operations. In terms of results, this meant:

- + An operating margin of 6.0 (4.9) percent, compared with the target of 7.0 percent
- + Organic growth of 4.0 (2.0) percent, compared with the target of 5.0 percent
- + Debt to EBITDA leverage ratio of 4.3 (5.4) times, compared with the target of 4.5 times

With a focus on existing operations, improved results and attention to tied-up



capital, cash flow has exceeded our expectations. This has enabled share repurchasing and debt repayment.

## Summary and outlook

2020 was, then, a year marked by the pandemic and the implementation of our plans.

Considering the prevailing conditions, the pandemic has been handled well, with systematic quality work and a management team and organisation that acted resolutely to provide care and protect our residents and staff. In terms of operations, Humana took significant steps in the right direction with clear programmes and greater predictability. Our goals and plans for the year were largely achieved and all Humana's employees have been involved in our progress. On behalf of Humana's Board, I would like to extend our warm thanks to management and all employees for a job well done in 2020 and not least for the well-conducted handling of the pandemic!

I would like to thank the Board for working so well together during what has been an unusual year, with digital meetings and a lack of opportunities to visit the operations!

Finally, as I see it, what has emerged from 2020 is a legitimate expectation that Humana's journey in 2021 will be about continuing development and further improvements. All good wishes!

Sören Mellstig  
Chairman of the Board

# Regulations, control model and internal control

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

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

## Regulatory framework and governance model

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

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

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

### External governance instruments

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

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

### Internal governance instruments

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

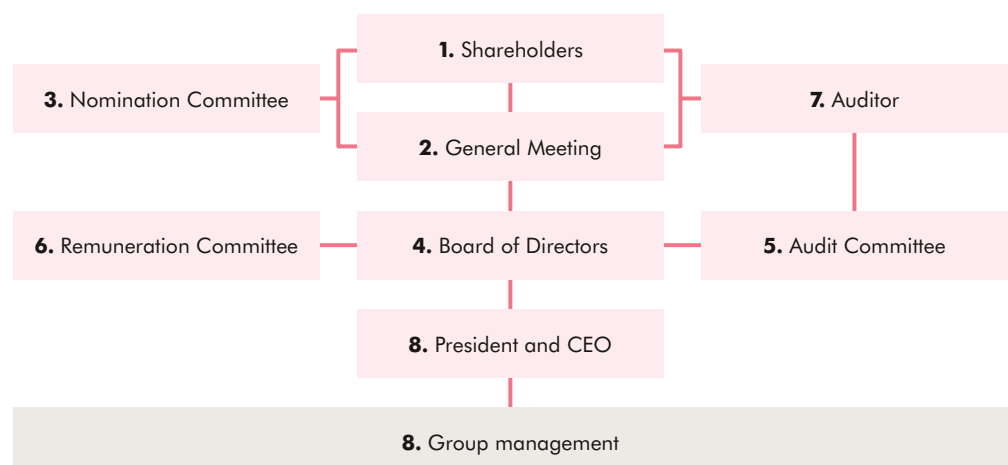
The structure and different components of Humana's corporate governance are shown in the illustration below.

### Sustainability work and governance at Humana

At Humana, sustainability is an integral part of the company's business model and corporate governance. For Humana, sustainability is closely connected with how the company creates value and acts as a quality provider in the care industry. Humana considers this work to be about making a major contribution to society, the company's customers, clients, contractors, employees and other stakeholders. The work is based on Humana's core values, our strategic objectives and our Code of Conduct. Responsibility for overall strategies, objectives, measures and monitoring lies with Group management. Management reports to the Board, which monitors progress and is involved in driving the work forward. Read more in Humana's sustainability report on pages 16–31, 64 and 14–23.

### Governance model

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



## 1 Shareholders

Humana is listed on Nasdaq Stockholm. The total number of shares is 53,140,064. All shares carry the same voting rights and rights to the company's earnings and capital. The company's registered share capital on 31 December 2020 amounted to SEK 1,180,879. There is no provision in Humana AB's Articles of Association restricting the transfer of shares.

Since the 2020 Annual General Meeting, there has been an outstanding mandate for the Board to decide on a new share issue corresponding to a maximum dilution of 10 percent and an approval to repurchase own shares up to a maximum of 10 percent of the total number of shares outstanding. On 4 December 2020, the Board decided to exercise this mandate. During December, Humana repurchased 2,656,860 shares at a price of SEK 154,119,002, corresponding to an average price per share of SEK 58.00. The 2020 Annual General Meeting also authorised the Board to transfer own shares.

Humana had 4,375 shareholders at the end of the year. The ten largest shareholders registered with Euroclear Sweden directly or as an owner group accounted for 70.4 percent of the votes and shares in the company. Swedish investors owned 54.5 percent of the votes and shares. The largest shareholder as at 31 December 2020 was Impilo Care AB with 20.2 percent of the votes and shares.

## 2 General Meeting

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

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

Humana's Annual General Meeting was held at Lindhagen Konferens in Stockholm on 7 May 2020.

Resolutions passed at the 2020 AGM included:

- total available profits to be carried forward, meaning no dividend payment for the 2019 financial year
- the Board of Directors and CEO to be discharged from liability for the 2019 financial year
- the Board to be composed of seven ordinary members without deputies
- Karita Bekkemellem and Anders Nyberg to be elected as new Board members, Sören Mellstig to be re-elected as Chairman of the Board, and Magdalena Gerger, Kirsi Komi, Monica Lingegård and Fredrik Strömholm to be re-elected to the Board
- payment of directors' fees totalling SEK 2,262,000
- KPMG AB to be elected as auditing firm, with Helena Nilsson as chief auditor
- adoption of the guidelines on salaries and other remuneration of senior executives in accordance with the Board's proposal
- authorisation for the Board to acquire own shares
- authorisation for the Board to transfer own shares
- authorisation for the Board to issue new shares on one or more occasions before the next AGM, but not exceeding 10 percent of the total number of shares outstanding in the company.

### 2021 Annual General Meeting

The Annual General Meeting (the "Meeting") of Humana AB will be held on Tuesday, May 11, 2021. Due to the extraordinary situation as a result of Covid-19, the Meeting will be held in a different way than usual. In order to reduce the risk of spreading the new coronavirus and having regard to the authorities' regulations and advice on avoiding public gatherings, the Meeting will be carried out through advance voting (postal voting) pursuant to temporary legislation. No meeting with the possibility to attend in person or to be represented by a proxy will take place, i.e., the Meeting will be held without physical presence.

Information on the resolutions passed at the Meeting will be published on Tuesday, May 11, 2021, as soon as the result of the advance voting has been finally confirmed.

#### Right to attend and notification to the company

Anyone wishing to attend the Meeting must

- be entered as a shareholder in the share register kept by Euroclear Sweden AB as of Monday, May 3, 2021; and
- notify by casting its advance note in accordance with the instructions under the heading Advance voting below so that the advance voting form is received by the company no later than Monday, May 10, 2021.

#### Nominee registered shares

To be entitled to attend the Meeting, holders of nominee registered shares must instruct the nominee to have the shares registered in the holder's own name so that the holder is entered in the share register kept by Euroclear Sweden AB as of Wednesday, May 5, 2021, and the nominee should therefore be notified in due time before said date. Registration in this way may be temporary.

#### Advance voting

The shareholders may only exercise their voting rights at the Meeting by voting in advance.

A special form shall be used for advance voting. The form is available on the Company's website, <https://www.humanagroup.com/>. The advance voting form is considered as the notification of participation.

The completed voting form, including relevant appendices, must be received by Euroclear Sweden AB (administering the forms on the Company's behalf) no later than Monday, May 10, 2021. The form shall in due time be submitted via e-mail to [GeneralMeetingService@euroclear.com](mailto:GeneralMeetingService@euroclear.com), or in original by post to Humana AB, "Annual General Meeting", c/o Euroclear Sweden AB, Box 191, 101 23 Stockholm. Shareholders who are natural persons may also cast their advance votes electronically through BankID verification via Euroclear Sweden AB's website, <https://anmalan.vpc.se/euroclearproxy>. The shareholder may not provide special instructions or conditions in the voting form. If so, the vote (i.e., the advance vote in its entirety) is invalid.

If the shareholder votes in advance by proxy, a signed and dated power of attorney shall be enclosed to the form. If the power-of-attorney is issued by a legal entity, a verified copy of the registration certificate or an equivalent authority document for the legal entity must be appended. Further instructions and conditions are included in the advance voting form.



### 3 Nomination Committee

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

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

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

Members of the Nomination Committee prior to the 2021 AGM:

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

The members of the Nomination Committee prior to the 2021 AGM represented approximately 47 percent of the votes in the company (as at 31 December 2020).

Argan Capital which, through the company Air Syndication SCA, was the third-largest shareholder in Humana (when the Nomination Committee was formed on 30 August 2020) declined to be represented on the Nomination Committee and was no longer a shareholder in the company as at 31 December 2020.

### 4 Board of Directors

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

#### Board members

According to the Articles of Association, the Board of Humana must consist of three to eight members. Together, members of the Board must possess key skills and experience to ensure Humana's optimum development.

In 2020, Humana's Board consisted of seven elected members (four female and three male) without deputies. All Board members are independent of the company and its management. Five of the seven are also independent of the company's principal owner, the exceptions being Chairman Sören Mellstig and Fredrik Strömholm. This means that Humana fulfilled Nasdaq Stockholm's requirements for 2020 and the Swedish Corporate Governance Code's rules on the independence of board members.

A presentation of Board members can be found on pages 60–61. See also the table on page 56.

The President and CEO attends all Board meetings. Humana's CFO also attends Board meetings and is Secretary to the Board.

#### The work of the Board

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

The Board held eleven meetings in 2020: eight ordinary meetings and three extra meetings. A report from the CEO and a review of results are permanent agenda items. The Board approves the interim reports four times during the year, at the meetings in February, May, August and November. The annual report and annual financial statements were dealt with at the February meeting. The Board also adopted and revised several policies, dealt with Humana's sustainability work and discussed acquisition-related matters. The Board held its annual strategy meeting in September, with a review and situation analysis of the market segments in which Humana operates and associated strategic action plans.

The Board regularly evaluates the work of CEO Rasmus Nerman. At the February Board meeting, Humana's chief auditor Helena Nilsson of KPMG reported on her observations and the Board also had a separate agenda item with the auditor during which members of Group management were not present.

In 2020, the Board focused on the implementation of new strategies with a focus on achieving the goals. Strategic issues that has been discussed; organic expansion initiatives, acquisitions, financing, capital structure and Humana's sustainability work. The Board also increased its focus on Humana's digitalisation journey. The coronavirus pandemic and its consequences have been closely followed and discussed by the Board. The Board also made decisions regarding acquisitions and new expansion investments. A regular topic of discussion for the Board is the current political debate in Sweden and Norway, but also in Finland where staffing density in elderly care has particularly dominated the debate.

#### Evaluation of the work of the Board

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

#### Directors' remuneration

Total remuneration for Board and committee work in the period 2020–2021 amounted to SEK 2,278,500 (2,035,000).

#### Board diversity policy

Humana's Board has adopted a diversity policy, which the Nomination Committee considers in the preparation of its proposal for the AGM. The Nomination Committee also bases its work on Section 4.1 of the Swedish Corporate Governance Code.

As a group, members of Humana's Board should have the right expertise, experience and background to contribute to the company's development. The aim is for the Board to consist of members of varying ages, with both male and female representation, from varied geographical and ethnic backgrounds and complementing each other in terms of educational and professional backgrounds. The objective is for the Board to be able to challenge in a independent and critical manner.

In 2017 and 2018, Humana was awarded the AllBright prize for the company's proactive gender equality work. In 2020, Humana was one of the three finalists for the prize.

## 5 Audit Committee

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

In 2020, the Audit Committee held five minuted meetings. All Audit Committee meetings have been reported to the Board.

#### Audit Committee members 2020–2021

- Fredrik Strömholm, Chair
- Kirsi Komi
- Monica Lingegård
- Sören Mellstig

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

#### Humana's Board in 2020 – Remuneration, independence, Board attendance, shareholdings and options

			Independent of		Meeting attendance			31 December 2020	
	Director's fee (annual), SEK	Fees for committee work (annual), SEK	the Company and its management	the principal owner	Board (11)	Audit Committee (5)	Remuneration Committee (4)	Shares, <sup>3)</sup> number	Synthetic options, <sup>4)</sup> number
Sören Mellstig	600,000	49,500	Yes	No	8 of 11	5 of 5	4 of 4	100,000	100,000
Karita Bekkemellem <sup>1)</sup>	230,000	–	Yes	Yes	6 of 7	–	–	0	10,000
Magdalena Gerger	230,000	50,000	Yes	Yes	11 of 11	–	4 of 4	8,900	10,000
Per Granath <sup>2)</sup>	not current year	not current year	No	Yes	4 of 4	2 of 2	–	not relevant	not relevant
Kirsi Komi	230,000	33,000	Yes	Yes	11 of 11	5 of 5	–	10,000	10,000
Monica Lingegård	230,000	49,500	Yes	Yes	10 of 11	2 of 3	4 of 4	1,500	10,000
Anders Nyberg <sup>1)</sup>	230,000	16,500	Yes	Yes	6 of 7	–	1 of 1	6,000	10,000
Fredrik Strömholm	230,000	100,000	Yes	No	11 of 11	5 of 5	–	10,743,554	0

<sup>1)</sup> Joined the Board at the 2020 AGM (7 May).

<sup>2)</sup> Resigned from the Board at the 2020 AGM (7 May).

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

<sup>4)</sup> The synthetic options are issued by Impilo Care AB. Humana did not participate in the offer and will not incur any costs for the programme. The options are related to the Humana share, with a term of three years, and can be exercised in the period 1 April 2023 to 30 June 2023 at an exercise price of SEK 77.90.

## 6 Remuneration Committee

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

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

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

The Remuneration Committee held four minuted meetings in 2020. The meetings have been reported to the Board.

### Remuneration Committee members 2020–2021

- Magdalena Gerger, Chair
- Monica Lingegård
- Sören Mellstig
- Anders Nyberg

All members are independent of the company and its management.

## 7 Auditor

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

The auditor is appointed by the AGM following a proposal from the Nomination Committee and is elected for the period up to the next AGM. Humana's AGM on 7 May 2020 adopted a resolution to elect KPMG AB as the company's auditor until the end of the 2021 AGM.

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

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

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

## 8 President and CEO and Group management

The President and CEO is responsible for day-to-day management of Humana in accordance with applicable laws and regulations, including Nasdaq Stockholm's Rules for Issuers, the Code and instructions and strategies adopted by the Board.

The CEO ensures that the Board receives the information it needs to be able to make fully informed decisions. The CEO monitors compliance with Humana's goals, policies and strategic plans adopted by the Board and is responsible for informing the Board about Humana's performance between Board meetings.

The CEO leads the work of Group management, which is responsible for overall business development.

The CEO's work and performance are regularly evaluated by the Board.

### Composition of Group management

Humana's Group management comprises President and CEO Rasmus Nerman (since 2015), the managers of Humana's five business areas, the CFO, Director of Quality Assurance, Director of Marketing and Communication and Director of Human Resources.

At the end of the year, Group management had a gender distribution of seven females and three males. A presentation of members of Group management can be found on pages 62–63. See also the table below.

### Humana's Group management in 2020 – Shareholdings and options

Name	Position	Member of Group management since	Employed by Humana since	Number of shares, 31 December 2020 <sup>3)</sup>	Number of synthetic options, 31 December 2020 <sup>4)</sup>
Rasmus Nerman	President and CEO	2014	2014	173,761	100,000
Ulf Bonnevier <sup>1)</sup>	Executive Vice President/CFO	2012–2020	2012–2020	not relevant	not relevant
Anders Broberg	Business Area Manager, Elderly Care	2018	2018	780	11,000
Anna Giertz Skablova	Director of Human Resources	2017	2017	0	10,000
Noora Jayasekara <sup>2)</sup>	CFO	2020 <sup>2)</sup>	2018	1,021	15,000
Anu Kallio	Country Manager, Finland	2020	2020	0	25,000
Mona Lien	Country Manager, Norway	2014	2014	19,578	25,000
Eva Nilsson Bågenholm	Director of Quality Assurance	2015	2015	3,682	25,000
Helena Pharmanson	Director of Marketing and Communications	2010	2010	96,504	20,000
Johanna Rastad	Business Area Manager, Individual & Family	2019	2018	250	25,000
Andreas Westlund	Business Area Manager, Personal Assistance	2018	2009	23,199	25,000

<sup>1)</sup> To the end of August 2020.

<sup>2)</sup> From September 2020. Previously Group Finance Director (from 2018).

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

<sup>4)</sup> The synthetic options are issued by Impilo Care AB. Humana did not participate in the offer and will not incur any costs for the programme. The options are related to the Humana share, with a term of three years, and can be exercised in the period 1 April 2023 to 30 June 2023 at an exercise price of SEK 77.90.



## Guidelines on remuneration of senior executives

### Current guidelines on remuneration of senior executives

The guidelines on remuneration of the Board, the CEO and other senior executives were adopted at the Annual General Meeting on 7 May 2020 and apply also for 2021. The guidelines are shown in Note G5.

## The Board’s report on internal control

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

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

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

### Responsibility for internal control

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

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



### First line of responsibility

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

### Second line of responsibility

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

### Third line of responsibility

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

### Internal control system – COSO model

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

### Control environment

The Board is responsible for establishing an effective system of internal control and manages the work through the CEO. Members of Humana’s Group management work within their respective functions and areas of responsibility to spread, influence and increase employees’ knowledge and responsibilities in the area of control. An efficient

control environment involves a clear organisational structure, clear decision-making channels, shared values in terms of ethics, morality and integrity, and authority is clearly defined and communicated through governing documents. Examples of Humana's governing documents include policies, guidelines, manuals, instructions and the Code of Conduct. Humana's quality management work is central to the business and includes quality management systems, systematic monitoring and control. Humana systematically invests in strengthening and developing its capital structure. With regular investments, Humana increases its competitiveness, while the company reduces its level of operational risk.

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

- A strong corporate culture with well-grounded values that permeate the company – Through a well-established corporate culture with shared values, Humana's employees are given a clear direction and mandate to work on personalised interaction with a focus on solutions in everyday life.
- Clear guidelines on ethics and morality – To further strengthen the work, a Group-wide Code of Conduct has been drawn up and implemented.
- Extensive quality-assurance work at all levels of the company – Implementation of a common quality management system continues.
- Group-wide policies in several key areas such as employees, communication, diversity and transparency. These include a quality policy, environmental policy, work environment policy, and diversity & inclusion policy.
- An organisational structure with clear delegation of authority and responsibility – HR is currently working to harmonise employee processes within the Group and ensure succession planning for top managers and key positions. In the period 2019-2020, a Group-wide HR system was implemented. A Group-wide leadership development programme has started.
- Constant skills supply – Humana Academy provides traditional training and web-based interactive training, both for its own employees and for municipalities and colleagues in the sector.

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

#### Risk assessment

Risks and risk management in Humana's operations are described in more detail in the section entitled Risks and risk management on pages 64–71. The specific financial risks are described in more detail in note G20. Humana continuously updates its analysis of risks that may lead to errors in financial reporting. A Group-wide analysis of risks of errors in financial reporting is conducted annually. The risk reviews identify items in the financial statements and administrative flows and processes where the risk of errors is more substantial.

#### Control activities

Humana regularly conducts control activities for the significant risks that have been identified. The company's CFO is responsible for ensuring that identified risks associated with financial reporting at Group level are managed. The control activities follow the structure of the reporting process and financial organisation. Each unit's reporting is validated and checked at the local accounting stage before being transferred to the business areas and Group finance for consolidation. Controllers and financial managers in each business area make budgets, update forecasts and analyse outcomes. The reconciliations and reports may be subject to special investigations where necessary. All business areas submit their financial results in monthly written reports.

#### Information & Communication

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

#### Monitoring

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

# Board of Directors

	<b>Position and year of election</b>	<b>Education</b>	<b>Other current appointments</b>	<b>Professional experience and previous appointments</b>
<b>5</b>	<b>Sören Mellstig</b> Born 1951. Chairman of the Board since 2019. Member of Audit Committee and Remuneration Committee.	Bachelor of Applied Science in Business Administration and General Management from Uppsala University.	Chairman, Cellavision and Remeo. Board member, Ruth and Richard Julin Foundation. Industrial Partner and co-founder of Impilo.	CEO, Gambio; CFO and Vice President, Incentive; managerial positions at Akzo Nobel. Chairman, Trelleborg, Apotek Hjärtat, Aleris, Ellevio, Ferrosan Medical Devices, Textilia and Delivery 1 Ltd.
<b>1</b>	<b>Karita Bekkemellem</b> Born 1965. Board member since 2020.	Studied at Forsvarets Høgskole, Norway.	Since 2010, Managing Director, Legemiddelindustrien (LMI), the Norwegian pharmaceutical industry trade association.	Minister for Gender Equality, Children and Family, and Member of Parliament for the Labour Party in Norway.
<b>2</b>	<b>Magdalena Gerger</b> Born 1964. Board member since 2019. Chair of Remuneration Committee.	MBA and B.Sc. (Econ.), Stockholm School of Economics, with a major in International Economics at McGill University, Montreal.	President and CEO, Systembolaget. Board member, Investor, Swedish Trade Federation and Research Institute of Industrial Economics; Chairman, Business Executive Council of the Royal Swedish Academy of Engineering Sciences.	Senior Vice President, Arla Foods. Various executive positions at Futoria AB, Nestle, ICI Paints, Proctor & Gamble and Diageo in the UK. Directorships: Ahlsell, Husqvarna, Ikea (Ingka Holding) and Svenska Spel.
<b>3</b>	<b>Kirsi Komi</b> Born 1963. Board member since 2017. Member of Audit Committee.	LLM Master of Laws, University of Helsinki.	Chairman, Docrates Cancer Center in Helsinki and Directors' Institute Finland. Board member, Metsä Board Oyj.	Chairman, Lindström Invest Oy, Veikkaus Oy and Blood Service under the Finnish Red Cross; Deputy Chairman, Patria Oyj; Board member, Bittium Oyj, Citycon Oyj, Martela Oyj and Finnvera Oyj. Executive positions within the Nokia Group.
<b>4</b>	<b>Monica Lingegård</b> Born 1962. Board member since 2017. Member of Audit Committee and Remuneration Committee.	MSc (Econ), Stockholm University.	CEO, SJ. Chairman, Swedish Space Corporation Group.	CEO, Samhall and G4S. Board member, Nobina, Wireless Maingate, Swedish International Development Cooperation Agency (SIDA), Orio, Confederation of Swedish Enterprise and Almega.
<b>6</b>	<b>Anders Nyberg</b> Born 1956. Board member since 2020. Member of Remuneration Committee.	Business Administration and Economics at Stockholm University, Diploma of the Swedish Institute of Higher Advertising (IHR).	CEO, Apotek Hjärtat. Chairman, Min Doktor.	Vice President, ICA and Axfood.
<b>7</b>	<b>Fredrik Strömholm</b> Born 1965. Board member since 2019. Chair of Audit Committee.	MBA, Stockholm School of Economics, with studies at the Ecole des Hautes Etudes Commerciales in Paris; studies in French, Russian and East European political science at the universities of Uppsala and Stockholm.	Co-founder of Impilo and Chairman of its investment committee; Board member, Ferrosan Medical Devices, NutraQ, Ortic 3D, the Fertility Partnership and Euro Accident; Chairman, Natur & Kultur; Board member, Swedish School of Sport and Health Sciences (GIH).	Founder of Altor Equity Partners and partner for 14 years; Head of Corporate Finance, Nordic Region, Goldman Sachs International for ten years; and Investment Manager, Nordic Capital.





# Group management

	<b>Position</b>	<b>Education</b>	<b>Other current appointments</b>	<b>Professional experience and previous appointments</b>	
<b>1</b>	<b>Rasmus Nerman</b>	Born 1978. President and CEO since 2015. Formerly Deputy CEO, 2014.	MBA, Stockholm School of Economics. MSc in International Management, CEMS MIM.	Member of the council of the Stockholm Chamber of Commerce.	President and CEO, INOM – Innovativ Omsorg i Norden AB. Management consultant, with focus on healthcare, at the Boston Consulting Group.
<b>2</b>	<b>Anders Broberg</b>	Born 1969. Business Area Manager, Elderly Care, since 2018.	Nursing Degree, Örebro University; MA Religious Studies, Uppsala University. Leadership development programmes at Ramboll Management.	Board member, Association of Private Care Providers in Sweden, Elderly Care; Member, regional programme council for the Care Programme, Greater Stockholm.	President and CEO, Temabo AB, Administrative Director Elderly Care, City of Stockholm, and Consultant Manager, Poolia Vård AB.
<b>3</b>	<b>Anna Giertz Skablova</b>	Born 1970. Director of Human Resources since 2017.	MBA in General Management at Rotterdam School of Management, Erasmus University (Netherlands) and MSc in linguistics.	–	HR Director, Tieto AB and Teligent AB. Consultant at PA Consulting.
<b>4</b>	<b>Noora Jayasekara</b>	Born 1978. CFO since 2020. Group Finance Director from 2018.	MSc (Econ), Business Finance, at Södertörn University, Stockholm.	–	Previously, manager and consultant in accounting for the consulting firm EY.
<b>5</b>	<b>Anu Kallio</b>	Born 1968. Country Manager, Finland, since 2020.	MSc in accounting and finance, Helsinki School of Economics, and eMBA in insurance and finance, University of Tammerfors.	Board member, Local-Tapiola, General Mutual Insurance Company.	CEO, Rinnekoti Foundation; CFO, Helsinki Deacones Institute and other executive positions in finance.
<b>6</b>	<b>Mona Lien</b>	Born 1962. Country Manager, Norway, since 2015.	MSc in Psychology, Oslo University, Trondheim and New York University. Two-year management programme at BI Norwegian Business School.	Board member, Norwegian Federation of Service Industries and Retail Trade.	CEO, Løft AS; Head of Business Development, INOM Norway. Various public sector roles within schools and psychiatry. Four years of self-employment as owner of a training centre.
<b>7</b>	<b>Eva Nilsson Bågenholm</b>	Born 1960. Director of Quality Assurance since 2015.	Nursing Degree, Umeå University. Medical Doctor degree, University of Gothenburg; licensed physician, specialist in internal medicine.	Chairman, Association of Private Care Providers in Sweden; Board member, Almega, Confederation of Swedish Enterprise and Oriola Oy.	Specialist physician at Sahlgrenska University Hospital. Chairman, Swedish Medical Association. Swedish government national coordinator for the elderly 2011–2014. Government investigator, Plastic Surgery Study (Skönhetsutredningen) 2015.
<b>8</b>	<b>Helena Pharmanson</b>	Born 1966. Director of Marketing and Communications since 2010.	International MBA, Business Economics, at Uppsala University and Haute École de Commerce, Bordeaux. Directors' programme at Stockholm Chamber of Commerce.	–	Several years in managerial positions within Life Science, for example at Pfizer and Pharmacia. Latest position Director, Primary care division at Pfizer Sverige AB.
<b>9</b>	<b>Johanna Rastad</b>	Born 1980. Business Area Manager, Individual & Family, since 2019. Formerly Director of Business Development, 2018.	MBA, Stockholm School of Economics.	Board member, Braive AS and Gothia Kompetens AB.	Investment banking at ABN Amro, London, 2005–2008. BC Partners, London, 2008–2010. Procuritas AB, Stockholm, 2010–2013. Several years of operational experience in senior positions in the care sector, including Team Oliva and Kry, between 2013 and 2017.
<b>10</b>	<b>Andreas Westlund</b>	Born 1978. Business Area Manager, Personal Assistance, since 2018. Previously (from 2009), CFO of the Business Area and Humana's Payroll Manager.	Trainee programme, studies at Företagsuniversitetet, Executive Master of Strategy, Mgruppen and Orchestrating Winning Performance, IMD.	Board member, Association of Private Care Providers in Sweden, Personal Assistance.	Various positions in economy and finance at Strålfors AB, Elajo AB and Admit AB. Founder of Effektiv Ekonomi. Professional ice hockey player for Brynäs.







# Risks and risk management



Entrepreneurship means taking business risks and thus enabling a greater return compared with risk-free investments. In addition, every responsible company needs to manage risks for the individual and society. To proactively manage and minimise exposure to the various risks, including risks related to sustainability at the individual and societal level, Humana conducts regular risk analyses.

Risks are a natural part of all business operations and must be managed effectively by the organisation. Humana’s risk management is aimed at preventing, mitigating or precluding risks from materialising or affecting operations in a negative way. A risk is defined as an uncertainty about an event occurring that could affect the company’s ability to achieve defined objectives.

The purpose of Humana’s risk management work can be summarised as follows:

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

In its risk analysis, Humana has identified conceivable events, scenarios and activities that could have an impact on the company’s operations and its ability to achieve defined objectives. These risks have been evaluated and concentrated into a list of the most relevant risks. The risks are graded according to probability of

occurrence and the level of impact should they occur. An increased probability of a risk occurring does not always need to be a negative factor. It can also be positive in some cases, such as when the company believes that a change sharpens requirements, thereby raising standards in the entire industry.

The risks are monitored by Humana’s Group management and in the Board’s work. As Humana conducts operations in Sweden, Finland, Norway and Denmark, the assessment is based on the situation in the local markets and is then compiled into a Group-wide risk description.

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

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

## A Sector and market

	Probability	Impact
Increased sector regulation	○ ● ○	○ ● ○
Political decisions aimed at restricting private welfare providers and other political risks	● ○ ○	○ ○ ●
Other political risks	○ ● ○	○ ● ○
Changes in personal assistance conditions and in the reimbursement model and allowance level	○ ● ○	○ ● ○
Changes in demand and pricing	○ ● ○	○ ● ○

## B Operations

	Probability	Impact
Risk of not being able to recruit qualified employees	● ○ ○	○ ○ ●
Dependence on permits and correct professional qualifications	○ ● ○	○ ● ○
Dependence on framework agreements	○ ● ○	○ ● ○
Risk related to future expansion and growth	○ ● ○	○ ● ○
External cyber threats	○ ● ○	○ ○ ●
IT system limitations and unauthorised access to sensitive personal data	○ ● ○	○ ○ ●
Legal processes and investigations	● ○ ○	● ○ ○
Infectious diseases, epidemics and pandemics	○ ○ ●	○ ● ○
Negative publicity as a result of operational incidents in the company or the sector	○ ● ○	○ ● ○

## C Compliance, responsibility and sustainability

	Probability	Impact
Violation of data protection laws	● ○ ○	○ ○ ●
Quality deficiencies affecting customers/clients	○ ● ○	○ ○ ●
Occupational health and safety	○ ● ○	○ ● ○
Human rights violations	● ○ ○	● ○ ○
Corruption and fraud	● ○ ○	● ○ ○
Environmental risk	● ○ ○	● ○ ○

## D Financial

	Probability	Impact
Financing and liquidity	● ○ ○	○ ● ○
Interest rate risk	● ○ ○	● ○ ○
Credit risk	● ○ ○	● ○ ○
Currency risk	○ ● ○	● ○ ○

Risk levels of probability and impact: ● = low    ● = medium    ● = high

## A Sector and market

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

Risk	Risk management
<p><b>Increased sector regulation</b></p> <p>The care sector is subject to an extensive regulatory apparatus in the form of laws and regulations at the national, regional and local levels. Legislation, rules and regulations, which vary in Humana's countries of operation, cover areas such as availability of services, access to services, quality of services, staff qualifications and obligations, and confidentiality rules. The trend is towards an increase in regulations.</p>	<p>Humana works on documentation, quality monitoring and skills development to ensure that the care services that the company provides fulfil all requirements. Humana is far ahead in this area and, in some cases, engages in lobbying for increased sector regulation. It is Humana's opinion that clear regulations help raise the quality and status of the care sector and benefit quality providers like Humana.</p>
<p><b>Political decisions aimed at restricting private welfare providers and other political risks</b></p> <p>Several political parties in the Nordic region are questioning the privatisation of care and support services and advocating restrictions on the ability to run private care companies for profit. The business model could be adversely affected by the introduction of legislation that limits or prohibits profits or restricts the rate of privatisation or the services eligible for privatisation.</p>	<p>Humana adds important values to society through our core business; at the individual level and by us contributing to sound public finances.</p> <p>Humana maintains regular dialogue with key stakeholders. The company participates actively as a consultation body in government investigations in the Nordic region and engages in active lobbying through the Association of Private Care Providers (Vårdföretagarna) and its counterparts in Norway and Finland. In Denmark, Humana has only a small care operation.</p> <p>In what is referred to as the January Agreement, the Swedish government of the Social Democrats and the Green Party, supported by the Liberals and the Centre Party, has stated that a variety of welfare providers are needed. The sitting government will therefore not draft any bills introducing profit caps for private providers. In Norway, there is ongoing political debate on whether private care providers in certain segments should be restricted. In Finland, the debate largely concerns conditions in welfare, for example, if higher staffing requirements have been introduced.</p>
<p><b>Changes in personal assistance conditions and in the reimbursement model and allowance level</b></p> <p>Humana's Personal Assistance business area (Sweden) receives an allowance from the authority, Försäkringskassan, and municipalities. The state reimbursement allowance is set annually through the budget proposal. There is a risk that the allowance will not compensate for cost increases. There is also a risk of recovery from Försäkringskassan.</p> <p>Several issues related to the policy on defining assistance conditions and the allowance level are also under more general discussion. In 2019, the LSS inquiry presented its report and the report from the personal assistants inquiry came out in 2020. The inquiries have not yet resulted in any changes in the conditions for personal assistance.</p> <p>New political decisions could affect Humana's future profitability and also the company's ability to recruit.</p>	<p>Humana maintains dialogue with key stakeholders and influencers, and submits consultation responses to investigations. The company also works constantly to establish flexibility and manoeuvrability in the organisation to ensure preparedness for significant changes in personal assistance conditions.</p> <p>For 2021, the increase in the personal assistance state reimbursement allowance is 3.5 percent. This is higher than in previous years and is positive for everyone using personal assistance and for Humana and other providers as it reduces the risk of the negative margin pressure we have seen in recent years, which has had an adverse impact on the sector.</p>
<p><b>Other political risks</b></p> <p>Private care providers' opportunities are dependent on political decisions made by municipalities, regions and government authorities, and changes in policies and political administrations may have consequences. Humana is exposed to political risks in all its countries of operation.</p>	<p>Humana works continuously on knowledge-gathering and relationship-building, including through the Association of Private Care Providers (Vårdföretagarna) and its counterparts in Norway and Finland. The company has a high level of expertise in care and is also well placed to remain a strong and significant care provider in the event of any changes.</p>



Risk	Risk management
<p><b>Changes in demand and pricing</b></p> <p>Prices of publicly funded care services can be set by local, regional and national authorities. This means that the prices are not exclusively controlled by market forces such as supply and demand.</p> <p>The need for care services funded by government and local authorities is increasing in society. An increased need for care should bring more demand for private care services and, for many years, purchases from private care companies have increased in nominal amounts each year. There is also a risk of price pressure due to budgetary constraints, as municipalities' tax revenue is not growing in line with their costs of dealing with the increasing needs. A decrease in demand for private care services or price pressure would have a negative impact on Humana's revenue and profitability.</p>	<p>Humana adds important values to society through our core business; at the individual level and by us contributing to sound public finances.</p> <p>Humana focuses on high quality and conducts systematic quality work. The quality is measured on a regular basis through our quality index, Humana Quality Index, HQI.</p> <p>Humana also focuses on a high degree of specialisation and individualised care in order to remain competitive.</p> <p>The company also works to be cost-effective, which brings the public sector in the Nordic region annual savings of SEK 1 billion. This is because we are more cost-effective than the public sector when it provides the same care.</p>

## B Operations

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

Risk	Risk management
<p><b>Risk of not being able to recruit qualified employees</b></p> <p>Humana's operations are highly labour-intensive and the company is dependent on its ability to attract, employ and retain qualified personnel at market conditions. Expertise requirements are often high but vary from business area to business area. In Personal Assistance, the formal expertise requirements are low, while some of the services offered in Individual &amp; Family operations require a high level of expertise and specialisation. Humana's quality is dependent on employees' ability to make the right decisions and have the right attitude in their daily work. At the same time, welfare is facing increasing recruitment needs, as the number of individuals in need of care will increase in the coming years, while the retirement rate is high and the working age population is declining in relative terms. New staffing requirements in elderly care in Finland will increase competition for labour there.</p> <p>Should Humana fail to attract the right personnel, this could affect the quality of the company's services and its growth opportunities.</p>	<p>Humana has a clear strategy for being an attractive employer, which is mainly based on active work on core values, opportunities for training, investments in leadership, autonomy and future career paths in order to attract new employees.</p> <p>Employee surveys show that employees are happy at Humana. In 2020, Humana received 97,000 job applications. At present, Humana's ability to attract employees is considered very good. However, the recruitment situation in certain geographical regions and in specific occupational categories varies. Humana's scope for recruiting managers is considered good.</p>
<p><b>Dependence on permits and correct professional qualifications</b></p> <p>Humana's operations and growth are dependent on the company's ability to secure and retain permits from social services and authorities to conduct care operations. The permits are normally linked to people with the right professional expertise and, if they leave the company, Humana will need to apply for new permits. Several of the permits for Humana's operations are linked to specific properties and if these operations are moved, Humana will need to apply for new permits. In Sweden, applications are subject to an assessment, which also looks at ownership and management, and an administration fee is applied for each permit application made to the Health and Social Care Inspectorate (Inspektionen för vård och omsorg, IVO). Humana's operations in Finland, Norway and Denmark are also subject to permit. Permit processing times by authorities are often long. This means a risk of start-up delays and an associated increase in costs.</p>	<p>Humana works to ensure processes are efficient and works closely with social services and authorities in order to facilitate processing.</p>

Risk	Risk management
<p><b>Dependence on framework agreements</b></p> <p>Humana's operations are often dependent on framework agreements. The assessment is that it has become more important to have framework agreements and that it will become even more important in the future. There is a risk that the structure of the framework agreements include conditions that can be challenging, such as low compensation levels, and agreements can be based on price conditions rather than quality aspects.</p> <p>Humana's framework agreements for operations under own management do not normally contain assumptions on volume by the municipality (although this is not always the case), which means that actual volumes under such framework agreements may be uncertain. The agreements are of limited duration and, if Humana cannot fulfil the requirements stipulated in them, the agreements may be terminated early. As Humana secures long-term leases for premises used in its operations, the company bears a financial risk of its operating revenue being lower than the personnel and rental costs associated with the operations.</p>	<p>Humana participates in tendering processes for framework agreements and prioritises contracts that focus on quality. We have high ambitions in terms of the quality of the services we provide (high expertise and good treatment results) and close collaboration with the customers, the municipalities. Humana works daily to optimise occupancy in the Group's operations under own management and to be cost-effective and provide good care for our taxpayers' money.</p>
<p><b>Risk related to future expansion and growth</b></p> <p>Humana is a growth company that intends to continue expanding its business, mainly through organic growth, but also, to some extent, acquisitions. Humana's future growth is affected by the company's ability and expertise in driving organic growth by attracting customers, attracting employees and successfully running organic growth projects by, e.g., securing access to suitable properties. In parallel, we also need to be able to adapt the operation if the needs and requirements of clients, customers and authorities change, which may involve adjustments to operations.</p> <p>Scope for growth through selective acquisitions is affected by the company's financial position and ability to identify suitable acquisition candidates and negotiate purchase prices and terms. Effective integration of acquisitions into existing operations is also of key importance. There are business risks, tax risks and financial risks associated with growing, acquiring and integrating companies.</p>	<p>Humana works to ensure careful evaluation of organic growth projects and to find competent business partners. We apply selectivity when making acquisitions and focus on effective integration processes.</p> <p>The underlying growth in most of our sub-markets in combination with increased sector requirements and a fragmented care market create opportunities for both organic growth and participation in a continuing consolidation of the sector through selective acquisitions.</p>
<p><b>External cyber threats</b></p> <p>A cyber threat or cyber security threat is a malicious act aimed at damaging data, stealing data or disrupting digital life in general. Cyber threats include viruses, overload attacks, blackmail programs (malware that encrypts files or entire hard drives and then demands a ransom fee for decryption) and other types of cyber attacks. In recent years, the number of cyber attacks and threats to companies' information systems has increased greatly.</p>	<p>Humana's risk management includes work on risk prevention, external monitoring, regular system updates, training of users and monitoring to ensure that suppliers follow agreed security levels. There is also continuous monitoring of logs, external interfaces and the threat scenario.</p>
<p><b>IT system limitations and unauthorised access to sensitive personal data</b></p> <p>Humana handles a large amount of data in the form of personal information, social and medical information journals and business-critical information. Breakdowns or disruptions in IT systems, including such caused by sabotage, computer viruses, operator error or software defects, could have a negative impact on the Group's operations. There is a risk of operational restrictions in the case of IT and system failures.</p>	<p>Humana works systematically to minimise the risk of disruptions by means of administrative, logical and physical work on IT security. This involves regular system development and monitoring, streamlining of systems and procedures with operating partners and skills development. Improved requirements management, project management, testing, administration planning. Logging and random checks are performed to control unauthorised access to sensitive personal data.</p>
<p><b>Legal processes and investigations</b></p> <p>Humana may be negatively affected by judicial rulings, settlements and costs associated with legal processes and investigations. There is a risk that Humana could be party to legal action arising from alleged malpractice or medication errors in its operations. In the event of incorrect processes or practice, Humana could be liable to pay damages or compensation.</p>	<p>Humana has patient insurance and third-party liability insurance for clients and systematic quality assurance, regularly reviews procedures, processes and competence, and checks that it has the right expertise. There are also legal partners if needed.</p>

Risk	Risk management
<p><b>Infectious diseases, epidemics and pandemics</b></p> <p>Infectious diseases happen in society. Common examples are influenza and gastroenteritis (gastric flu or Norovirus). These diseases can infect anyone, but the situation is most severe for people in risk groups: frail older people, people with functional impairments or people with multiple conditions. In Humana's operations, there are customers and clients in risk groups. Infectious diseases may also mean that several employees become sick at the same time, which can lead to difficulties in staffing the operations. If there is an epidemic (more cases of an infectious disease than expected) or a pandemic (an extensive spread of contagious disease in multiple countries, like Covid-19), this increases the risk of individuals being affected and the risk of problems finding skilled labour. In the case of an epidemic/pandemic, there is also a risk of revenue and expenses being negatively affected, for example, as a result of lower occupancy and incurring costs for sick leave.</p>	<p>Humana's management system has guidelines and procedures for how operations will prevent and manage various infectious diseases. The company also has procedures to establish a crisis management structure when needed, in order to further minimise the spread of disease and its impact on individuals and the company.</p> <p>In 2020 and the first half of 2021, Humana has managed the ongoing Covid-19 pandemic primarily through ongoing risk analysis and preventive measures to reduce the spread of the virus and by measures such as cohort care if infection is detected. A special crisis management structure has been established to support the work.</p>
<p><b>Negative publicity as a result of operational incidents in the company or the sector</b></p> <p>Humana's reputation is crucial to good relationships with current and potential clients and customers, and local, regional and regulatory authorities. The reputation of the sector in general also has an impact on Humana. If an incident were to occur in Humana's or another private care operator's business, through negligence or deliberate action, this could result in negative publicity that would harm the sector, Humana or the company in question in the form of damage to the brand and lost clients, and therefore lost revenue.</p>	<p>Humana focuses on high quality, constant improvement, skills development, training and core value work. Well-grounded internal communication plan and preparedness for crisis management. Humana always reports serious deviations on the company's website and has a transparent and accessible media approach. The company also works actively through the Association of Private Care Providers (Vårdföretagarna) and its counterparts in other Nordic countries.</p>

## C Compliance, responsibility and sustainability

Humana's operations are subject to extensive regulatory requirements. The company must comply with national laws, ordinances, rules and other regulations in our countries of operation. In addition, Humana's business is dependent on the company's ability to obtain and maintain different permits. Humana is also covered by, for example, data protection laws such as the General Data Protection Regulation (GDPR), the Swedish Patient Data Act and corresponding legislation in Finland, Norway and Denmark. These regulations require systematised and secure procedures to be in place for handling and storing personal information. The risks associated with compliance, responsibility and sustainability identified by Humana are set out below:

Risk	Risk management
<p><b>Violation of data protection laws</b></p> <p>Humana's operations are subject to extensive data protection laws, such as the General Data Protection Regulation (GDPR) and the Swedish Personal Data Act. Legislative requirements on the processing and protection of personal data place high demands on processes and security when handling, storing and disposing of personal data, and ensuring that registered individuals are properly informed about how the companies handle personal information. Violations of the GDPR can incur a very high penalty and cause reputational damage.</p>	<p>Humana's data security policy sets out the division of responsibilities and guidelines for employees' use of IT and data. Constant work is in progress to improve Humana's processes, procedures and regular controls. This involves, for example, training and systematic improvement of processes and procedures and investments in systems. The company also works actively with suppliers to ensure their compliance.</p>
<p><b>Quality deficiencies affecting customers/clients</b></p> <p>There is a risk of staff not following Humana's procedures, but instead developing their own approach to clients and customers, who do not then receive the treatment or intervention that has been determined. The risk can arise, for example, during high staff turnover, when it is difficult to recruit staff or when there is a lack of leadership.</p>	<p>Humana conducts extensive systematic quality work through our Parus management system. This is followed up by the company's quality management and the guidelines for the quality work can be found in Humana's quality policy. Internal controls are conducted in all operations. All employees have an obligation to report deviations and irregularities, which are then systematically followed up and analysed by the relevant manager. Clients can make complaints, both openly and anonymously. There is a whistle-blower function on Humana's website.</p>



Risk	Risk management
<p><b>Occupational health and safety</b></p> <p>Health and social care are the sectors with the highest number of reported work injuries and illnesses caused by threats and violence. Humana’s operations are covered by regulations on occupational health and safety. Deficiencies in complying with such regulations could lead to fines or penalties. The Covid-19 pandemic increases risks in the work environment and in terms of safety.</p>	<p>Humana conducts systematic health and safety work, with action plans and controls through regular safety inspections. The work is based on Humana’s work environment policy. The company continuously makes risk assessments from a health and safety perspective and trains managers in health and safety issues, including those related to the current pandemic. To manage the pandemic, Humana has also established a special crisis management structure to support the operations.</p> <p>Humana applies collective agreements in all operations in the four countries in which we operate.</p>
<p><b>Human rights violations</b></p> <p>Humana’s operations are governed by regulations on working conditions, occupational health and safety, and freedom of association in our countries of operation. Our commitment to human rights is emphasised in our Code of Conduct and our Supplier Code of Conduct, in which we express our support for, e.g., the Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. The Codes also provide guidance on identifying, preventing and mitigating risks related to human rights.</p>	<p>To reduce the risk of human rights violations, Humana works continuously to ensure compliance with both national legislation and regulations and international human rights provisions. Diversity and respect for human rights are normal practice and outlined in the company’s policy for Diversity and inclusion. Humana conducts active internal core value work, with internal training, established procedures and a whistle-blower function. All operations in Humana’s four countries are regulated by collective agreements and the Group’s Code of Conduct applies to all staff and operations.</p> <p>In our work with suppliers, we have introduced (from 2021) a Supplier Code of Conduct. Most of Humana’s suppliers and partners are in the Nordic region.</p>
<p><b>Corruption and fraud</b></p> <p>Humana’s extensive operations involve a large volume of customer and supplier contracts. Agreements are signed and business decisions are made at different levels in the organisation. Individual customer contracts, framework agreements or construction contracts are signed with the customers, who are often municipalities. Supplier tendering normally arises in strategic purchasing and new construction. There is a risk that employees act unethically in customer and supplier relationships by, for example, taking or giving bribes. There is also a risk that employees act fraudulently. Legal penalties may arise. Humana could suffer both financial and brand damage.</p>	<p>Humana counters corruption, bribery and fraud through procedures and internal control and has, e.g., well-functioning authorisation rights with system support. A clear decision-making and certification system facilitates decentralised responsibility for tenders and customer and supplier contracts, and reduces the associated risk. The Code of Conduct for Humana employees and, since the start of 2021, a Supplier Code of Conduct underpin the anti-corruption work. Humana also has a whistle-blower function.</p>
<p><b>Environmental risk</b></p> <p>Humana’s climate impact is mostly through transport by car along with the development and operation of care homes. This includes heating and electricity as well as purchases and handling of food, beverages, consumables and medicine. Vehicle use is necessary to carry out our services, particularly in the Individual &amp; Family operation.</p>	<p>Humana endeavours to reduce the environmental and climate impact of its operations. This is a strategic Group target. Humana’s environmental work is based on our environmental policy. Here, climate and resource efficiency are defined as guiding criteria. Our environmental efforts are based on the principles of precaution and substitution. Each of Humana’s units strives continuously to work resource-efficiently and to minimise environmental impact and lower costs. A climate-smart travel policy applies to all staff. All staff undergo the company’s digital sustainability training.</p>

## D Financial risks

In the course of its operations, the Group is exposed to various financial risks. The Group's financial policy for financial risk management has been formulated by the Board and provides a framework of guidelines and rules in the form of a risk mandate and limits for financing activities. Responsibility for the Group's financial transactions and risk management is dealt with by the CFO in consultation with the Board and CEO. The overall goal of the finance function is to provide cost-effective financing and minimise adverse effects of market risks on the Group's earnings. The company's aggregate risks and measures are managed by the audit committee, which reports to the Board for assessment and approval. The financial risks identified by Humana are set out below:

Risk	Risk management
<p><b>Liquidity and financing risk</b> Liquidity risk is the risk of the Group being unable to discharge its payment obligations. Financing risk is the risk of the Group encountering problems in meeting its obligations associated with the company's financial liabilities.</p>	<p>The company's CFO manages liquidity and financing risk centrally for the Group. The Group's financial policy sets frameworks and guidelines for risk mandates and limits in financing activities. To facilitate liquidity planning and control, the Group has credit facilities, such as bank overdraft facilities, and a cash pool. Humana also works actively on its liquidity through active working capital measures. Focusing on cash flow and making adjustments in the event of changed market conditions reduces the risk of being unable to discharge obligations under financing agreements.</p>
<p><b>Interest rate risk</b> Humana's finance expenses are affected by market interest rates. Changes in interest rates could increase Humana's borrowing costs, which in turn could adversely affect the Group's earnings and cash flow.</p>	<p>Derivative instruments may be used to manage interest rate risk. A gradually lower debt level during the year has helped to reduce interest rate risk slightly.</p>
<p><b>Credit risk</b> The Group's credit risks and credit losses are largely associated with accounts receivables and Humana's excess liquidity. The credit risk for accounts receivable is the risk of non-payment of outstanding accounts receivables and non-invoiced services performed for Humana's clients. The credit risk for excess liquidity is the risk that the bank is unable to meet its obligations.</p>	<p>Most of the Group's accounts receivables are from state, municipal and county council entities, which are considered to have good creditworthiness. The risk of credit losses is considered low. Humana's surplus liquidity is invested at low risk in deposit accounts and contracts are only entered into with banks that have high credit ratings.</p>
<p><b>Currency risk</b> The Group operates in Sweden, Finland, Norway and Denmark and is therefore exposed to risks related to currency translation from EUR and NOK to SEK, and, to a lesser extent, DKK to SEK. Translation is at the average rate for the financial year (in the balance sheet to the rate of the balance day). Currency risk also arises through business transactions, reported assets and liabilities, and net investments in foreign operations.</p>	<p>Humana's foreign currency exposure is partly offset by borrowing in the local currency.</p>







# Financial reports

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<b>BOARD OF DIRECTORS' REPORT</b>	74
Appropriation of profits	77
<b>FINANCIAL STATEMENTS</b>	78
Consolidated income and comprehensive income statements	78
Consolidated balance sheet	79
Consolidated statement of changes in equity	80
Consolidated statement of cash flows	81
Multi-year overview	82
Key ratios	83
Parent Company income statement	84
Parent Company balance sheet	85
Parent Company statement of changes in equity	86
Parent Company statement of cash flows	87
<b>ACCOUNTING POLICIES</b>	88
<b>NOTES</b>	
Notes, Group	92
Notes, Parent Company	106
<b>SIGNATURES OF THE BOARD OF DIRECTORS</b>	107
<b>AUDIT REPORT</b>	108
<b>OTHER</b>	
Reconciliation with IFRS financial statements	111
Financial performance measures	112
Quarterly overview	113
GRI Index	114
Five-year overview	116

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**About the annual report** The legally required annual report is on pages 14–31, 52–64, 69–70 and 74–107. The statutory sustainability report, presented in accordance with the Annual Accounts Act, is on pages 14–31, 64 and 69–70. The Corporate governance report is part of the Board of Directors' report and is on pages 52–63.

# Board of Directors' Report

The Board of Directors and CEO of Humana AB, corporate identity number 556760-8475, registered office in Stockholm, hereby present the annual report and consolidated accounts for the 2020 financial year.

## Operations

Humana is one of the largest care companies in the Nordic region. The company's vision is "Everyone is entitled to a good life". Humana has approximately 16,000 employees, providing quality services to about 9,000 customers and clients in the areas of individual and family care, personal assistance, elderly care and special service housing. Humana has a market-leading position in individual and family care and personal assistance in Sweden and is growing in elderly care and special service housing. In Finland and Norway, Humana is the second-largest provider of services in individual and family care. In addition to its activities in individual and family care, Humana also offers elderly care in Finland and personal assistance in Norway. In Denmark, Humana has a small operation in individual and family care.

## Market

The Nordic care sector is an important component of Nordic welfare. The total care sector is worth approximately SEK 640 billion, with the private market accounting for SEK 160 billion of this figure. The degree of privatisation differs from country to country and segment to segment.

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

## Covid-19

The pandemic affected Humana's entire care operations and was at the top of the agenda for virtually the whole of 2020. From February onwards, Humana had a crisis management structure in place to support our operational response to the pandemic. The work (which is continuing in 2021) involved conducting risk analyses, ensuring that our procedures are adapted to the current situation, securing access to personal protective equipment and communication with employees, customers, clients and family members. An extensive internal customer survey on Humana's handling of the pandemic was conducted at the end of the year and showed that customers and clients had very

high confidence in the measures taken during the pandemic. Unfortunately, the same survey also showed that the mental health of elderly care home residents was suffering as a result of visiting restrictions and fewer group meals and activities. The effect of Covid-19 on earnings was slightly negative for the full year. Occupancy was adversely affected, notably in elderly care and in outpatient care in Finland. PPE and sick leave costs were higher but were partly covered by government grants.

## Financial overview

### Operating revenue and operating profit

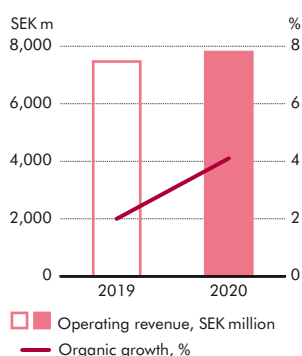
The Group's operating revenue was SEK 7,797 (7,467) million, an increase of 4 percent. Organic revenue growth for the year was 4.1 (2.0) percent. The improved rate of organic growth for the full year compared with the previous year is largely attributable to improved growth rates for Individual & Family and Norway. The Covid-19 pandemic has had an adverse effect on revenue, mainly due to lower elderly care occupancy in Sweden and Finland. Operating profit for 2020 was SEK 471 (369) million, an increase of 27 percent. The operating margin was 6.0 (4.9) percent. The improvement in earnings and margins is due to stabilised occupancy in the Individual & Family business area, increased efficiency in Norway, improvements in Finland and lower central costs. The Covid-19 pandemic has affected the Group's earnings in several aspects. Lower occupancy had an adverse impact on revenue, while higher sick leave and increased use of PPE resulted in increased costs. The increased costs were offset by reduced employer contributions, government support for sick leave and partial compensation for PPE. The pandemic had a marginally negative overall effect on earnings.

Depreciation increased to SEK 371 (327) million. EBITDA amounted to SEK 842 (697) million, corresponding to an EBITDA margin of 10.8 (9.3) percent.

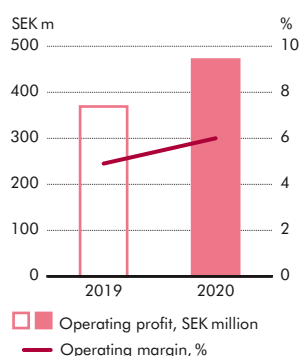
### Individual & Family

Revenue for 2020 amounted to SEK 2,101 (2,095) million. The low growth is due to lower occupancy as a result of lower demand, notably in the market segment for the client group Child and youth. Operating profit was SEK 190 (168) million, an increase of 13 percent

### Operating revenue and growth, Group



### Operating profit and operating margin, Group



### Operating revenue by country

SEK million	2020	2019
Sweden	5,664	5,449
Finland	1,327	1,204
Norway	788	794
Denmark	18	19
<b>Total operating revenue</b>	<b>7,797</b>	<b>7,467</b>

compared with the previous year. The operating margin was 9.0 (8.0) percent. The increase in earnings is due to efficiency improvements.

#### Personal Assistance

Revenue for the year amounted to SEK 2,931 (2,783) million, an increase of 5 percent. Despite the pandemic having some negative effects on the number of assistance hours worked, total assistance hours worked increased. This, along with a higher attendance allowance, accounts for the increase in revenue for the year. Operating profit increased by 4 percent to SEK 160 (154) million. The operating margin was 5.5 (5.5) percent.

#### Elderly Care

Revenue for the year amounted to SEK 608 (564) million, an organic growth of 7.7 percent. The increase in revenue is mainly due to the new elderly care home under own management in Kungsängen, which opened in the third quarter of 2019. Lower occupancy due to the Covid-19 pandemic had a negative effect on revenue for the year. Operating profit fell to SEK 10 (13) million. The operating margin was 1.6 (2.3) percent. The lower operating profit is largely due to start-up costs of SEK 7 million for the care home in Kungsängen. The Covid-19 pandemic had a negative effect on profits due to lower occupancy, increased personnel costs, higher sick leave and higher costs for PPE. The higher costs have been partly compensated for by government grants.

#### Finland

Revenue amounted to SEK 1,327 (1,204) million, an increase of 10 percent. Organic growth was 7.4 (9.6) percent. The increase in revenue is mainly attributable to the previous year's acquisition of Coronaria Hoiva, which has been part of Humana since the second quarter of 2019. The opening of new units also had a positive effect on revenue growth, partly offset by the termination of unprofitable contracts, reducing the revenue.

Operating profit amounted to SEK 62 (49) million, an increase of 27 percent. The operating margin was 4.6 (4.0) percent.

#### Norway

Revenue amounted to SEK 788 (794) million, a decline of 1 percent. Organically revenue increased by 8.9 (4.2) percent. A weaker Norwegian krona had a negative effect on revenue during the year. The organic growth was due to increased openings of units and more

customers. Operating profit for the year increased by 18 percent to SEK 69 (59) million. The operating margin increased to 8.7 (7.4) percent. The improved operating margin is mainly due to higher operational efficiency.

#### Acquisitions during the year

Humana has made eight acquisitions in the last three years, one of them in 2020:

- RO Omsorg Assistans AB (Personal assistance) in November. The company has its registered office in Täby and conducts personal assistance and accompaniment services. The company had annual revenue of approximately SEK 50 million and about 90 employees. The total consideration, including contingent considerations, for the acquisition was SEK 13 million. The acquisition contributed SEK 9 million to Humana's revenue in 2020 and SEK 1 million to operating profit. If the acquisition in 2020 had been conducted on 1 January 2020, the Group's revenue for the year would have amounted to SEK 7,842 million (SEK 45 million higher), with operating profit of SEK 475 million (SEK 4 million higher) and profit for the year after tax of SEK 265 million (SEK 3 million higher).

#### Net financial items

The Group's net financial items for 2020 were SEK -139 (-121) million, an increased cost of SEK 18 million. Financial expenses include IFRS 16 effects of SEK -79 (-71) million and interest expenses of SEK -62 (-62) million.

#### Profit before tax

Profit before tax was SEK 332 (249) million, an increase of SEK 83 million, corresponding to a profit margin before tax of 4.3 (3.3) percent.

#### Tax

The year's recognised tax was SEK 70 (61) million, corresponding to an effective tax rate of 21.1 (24.5) percent.

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

Profit for the year after tax for 2020 was SEK 262 (187) million, an increase of SEK 75 million compared to previous year. Basic and diluted earnings per share for the year amounted to SEK 4.94 (3.54).

#### Key ratios by business area

	Individual & Family		Personal Assistance		Elderly Care		Finland		Norway	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Operating revenue, SEK million	2,101	2,095	2,931	2,783	608	564	1,327	1,204	788	794
Organic revenue growth, %	0.4	-4.0	4.1	0.9	7.7	23.3	7.4	9.6	8.9	4.2
Operating profit, SEK million	190	168	160	154	10	13	62	49	69	59
Operating margin, %	9.0	8.0	5.5	5.5	1.6	2.3	4.6	4.0	8.7	7.4
Average number of customers/clients	1,746	1,829	1,893	1,869	825	794	3,947	3,628	317	300
Average number of employees, full-time equivalents	2,065	2,026	5,099	4,909	862	847	1,669	1,538	838	799



### Balance sheet

Humana's total assets were SEK 8,044 (8,231) million, a decrease of SEK 187 million or 2 percent.

### Non-current assets

Non-current assets include goodwill, property, plant and equipment and right-of-use assets (leased property and cars). Non-current assets amounted to SEK 6,295 (6,401) million, a decline of SEK 106 million or 2 percent. Right-of-use assets amounted to SEK 2,119 (2,089) million and relates to leases recognised as assets under IFRS 16. Goodwill accounted for 61 percent of non-current assets and amounted to SEK 3,815 (3,897) million.

### Current assets

Current assets amounted to SEK 1,749 (1,830) million, a decrease of SEK 81 million. Trade receivables increased slightly to SEK 852 (834) million. Cash and cash equivalents fell by SEK 77 million to SEK 759 (836) million during the year.

### Financing

Humana has a loan agreement of SEK 2,625 million. The credit facility includes a bank overdraft facility of SEK 200 (200) million, which was unused on 31 December 2020. The weighted average interest rate for the credit facilities was 1.5 percent on 31 December 2020, most of which is variable. The loan agreement runs until 2021 and has two associated covenants: net debt/EBITDA and interest coverage ratio.

### Equity

Equity amounted to SEK 2,354 (2,305) million on 31 December 2020. The equity/assets ratio was 29.3 (28.0) percent.

At the 2019 AGM, the Board was authorised to repurchase shares as long as the company's total holdings of own shares does not exceed one-tenth of all shares in the company and to transfer own shares in the company. On 30 March 2020, the Board decided to exercise this mandate in connection with settlement of LTI, see further Note 17. In April, the company repurchased 52,462 shares at a cost of SEK 2 million, which is equivalent to an average price of SEK 39.12 per share. A total of 49,611 shares were distributed in April and May 2020 at an average price of SEK 41.35.

At the 2020 AGM, the Board was authorised to repurchase shares as long as the company's total holdings of own shares does not exceed one-tenth of all shares in the company and to transfer own shares in the company. On 4 December 2020, the Board decided to exercise this mandate. In December, the company repurchased 2,656,860 shares at a cost of SEK 154 million, which is equivalent to an average price of SEK 57.95 per share. Subsequently, Humana's total own shareholding amounts to 2,659,711 shares, which is 5.0 percent of the total number of outstanding shares and 5.0 percent of the total number of votes.

### Capital structure

SEK million	2020	2019
Total assets	8,044	8,231
Capital employed	6,624	6,853
Equity	2,354	2,305
Interest-bearing net debt	3,511	3,712

### Liabilities

The Group's interest-bearing net debt was SEK 3,511 (3,712) million at the end of the year, a decrease of 5 percent compared to previous year. The decrease is mainly due to repayment of borrowings of SEK 250 million.

The debt to EBITDA leverage ratio, i.e. interest-bearing net debt in relation to EBITDA, fell to 4.3 (5.4) times. Without the effects of IFRS 16, the ratio fell to 2.8 (4.0) times. The lower debt to EBITDA leverage ratio was due to repayment of borrowings and improved operating profit. The financial target for the company's capital structure in 2020 was a net debt to EBITDA ratio of no more than 4.5 times. Debt may temporarily exceed the target level, which may happen during acquisitions.

### Cash flow

Cash flow for the year was SEK -42 (322) million. Cash flow from operating activities was SEK 895 (823) million. Most of the increase was due to reduced working capital, which was SEK 71 (126) million, a decrease of SEK 55 million. Cash flow from investing activities amounted to SEK -37 (-323) million. Acquisitions of subsidiaries had an effect of SEK -18 (-483) million on cash flow, while property divestments had an effect of SEK 114 (388) million. Cash flow from financing activities was SEK -667 (14) million, with repayment of borrowings having a negative effect of SEK -251 (-494) million, share repurchases a negative effect of SEK -156 (-) million and proceeds from borrowings a positive effect of SEK 24 (795) million. The year's change in proceeds from borrowings is related to currency effects.

### Seasonality

Distribution of revenue during the year shows that Humana's operations are not significantly affected by seasonal variations. Changes in revenue between quarters and comparative periods are due to factors such as acquisition dates in 2020 and 2019. Revenue and profit are also positively affected by months that have a large proportion of working days and no public holidays. In terms of profit, the company's third quarter is the strongest, as this is when employees take holidays, resulting in changes in the holiday pay liability.

### Employees

Humana's average number of full-time employees in 2020 was 10,592 (10,175), an increase of 4 percent from the previous year. The increase is mainly due to the Finnish care company Coronaria Hoiva, acquired in April 2019, being included for three quarters of 2019 compared with the full year 2020. The average number of employees working in central functions was 36 (29).

The average number of employees per country is distributed as follows:

- Sweden: 8,061 employees (+3 percent) or 76 percent
- Norway: 838 employees (+5 percent) or 8 percent
- Finland: 1,669 employees (+9 percent) or 16 percent
- Denmark: 23 employees (-11 percent) or 0 percent

### Financial position

SEK million	2020	2019
Non-current interest-bearing liabilities	3,457	3,671
Current interest-bearing liabilities	813	878
Cash and cash equivalents	-759	-836
<b>Interest-bearing net debt</b>	<b>3,511</b>	<b>3,712</b>
Equity/assets ratio, %	29.3	28.0
Interest-bearing net debt/adjusted EBITDA, 12 months, times	4.3x	5.4x

Gender distribution for the total number of employees was as follows: 71 (69) percent women and 29 (31) percent men. The proportion of women in Humana's top 65 managerial positions was 65 (58) percent. The proportion of women in Humana's Group Executive Management during the year was 67 (50) percent.

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

The number of employees completing internal training on the Humana Academy training portal in 2020 was 19,561 (14,652), an increase of 34 percent.

### Value-creating sustainability work

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

The statutory corporate governance report, presented in accordance with Chapter 6 of the Swedish Annual Accounts Act, is on pages 14–31, 64 and 69–70. The report includes an in-depth description of the company's quality assurance work.

### Corporate governance

A detailed description of the corporate governance, the work of the Board of Directors and internal control can be found on pages 52–63.

### Risks and uncertainties

In the course of its operations, Humana is exposed to different types of financial risk, such as financing risk, liquidity risk, credit risk and interest rate risk. For a more detailed description, see Note G20.

The main operational risks and uncertainties that could affect the company's performance concern political decisions that may affect private care companies, permits to conduct operations, compliance with quality standards and risks related to implementation of acquisitions.

Humana conducts operations that are financed by state, municipal and county council entities, which means that operations are affected by political decisions. As a result, Humana's opportunities for growth are affected by public opinion and political views on the company's areas of operation. Humana is constantly monitoring the external situation. The purpose is to quickly perceive external changes in order to assess risks and opportunities, as well as adapt operations to external changes. The political situation is evaluated continuously.

### Outlook

Demand for Nordic care services will be affected by factors such as a changing demography, with more older people. At the same time, municipalities are expected to be constrained by weaker finances, which may lead to price pressure and increased demand for cost-effective care services. Recruitment of personnel will be a challenge in the coming years, as more care staff will be needed to cope with the increased demand, while there will also be a need to replace the large number of retirees. An attractive employer has a competitive advantage. Humana still has an important role to play as a sustainable provider of cost-effective, quality care and intends to continue advancing its position as a leading care company in Nordic care. Humana operates in attractive segments. The focus for 2021 will be on strengthening profitability and creating greater stability and predictability in our operations. The goal is to grow organically during the year, although there may also be some growth through acquisitions. Humana's operations will continue to be affected by the ongoing pandemic during 2021. This may have an impact on the company's income and expenses during the year.

### Parent Company

The Parent Company's registered office is in Stockholm. The Parent Company's main business consists of managing shares in subsidiaries. The Parent Company's expenses include expenses for the CEO and Board and costs for the Group's financing. Profit for the year was SEK 69 (70) million. The Parent Company's equity/assets ratio on 31 December was 48.5 (45.8) percent.

### Appropriation of profits

The Board proposes that the consolidated income statement and balance sheet be submitted for adoption by the AGM on 11 May 2021. The Board will recommend to the AGM that no dividend be paid for the 2020 financial year.

SEK	2020
Share premium reserve	1,095,805,650
Retained earnings	405,569,250
Profit for the year	69,471,849
<b>Total available for appropriation</b>	<b>1,570,846,749</b>
The Board proposes that the profits be appropriated as follows:	
Dividend	-
Profit carried forward	1,570,846,749
<b>Total</b>	<b>1,570,846,749</b>

The Corporate Governance Report on pages 52–63 contains a detailed description of the Group's governance, the work of the Board and internal control.

Note G5 on pages 94–96 contains guidelines on the remuneration of senior executives.

The guidelines for remuneration of senior executives were adopted by the 2020 AGM. These apply until new guidelines are adopted or at the latest until the 2024 AGM and are described in Note G5.

Humana's Sustainability Report can be found on pages 14–31, 64 and 69–70. Humana's goals, including financial targets, are also described in the report.

# Financial statements

## Consolidated income statement

SEK millions (excl. earnings per share)	Note	Group	
		2020	2019
Operating revenue			
Net revenue		7,771	7,446
Other operating revenue	G2	26	21
<b>Total revenue</b>	<b>G1</b>	<b>7,797</b>	<b>7,467</b>
<b>Operating expenses</b>			
Other external expenses	G4, G6	-913	-958
Personnel costs	G5	-6,039	-5,784
Depreciation/amortisation and impairment of intangible assets and property, plant and equipment	G11-13	-371	-327
Other operating expenses	G2	-2	-28
<b>Operating profit</b>	<b>G1</b>	<b>471</b>	<b>369</b>
Financial income	G7	6	125
Financial expenses	G7	-145	-246
<b>Profit before tax</b>		<b>332</b>	<b>249</b>
Tax	G8	-70	-61
<b>Profit for the year</b>		<b>262</b>	<b>187</b>
Attributable to:			
Parent Company shareholders		262	188
Non-controlling interests		-	-1
<b>Earnings per share, basic and diluted, SEK</b>	<b>G9</b>	<b>4.94</b>	<b>3.54</b>

## Consolidated statement of comprehensive income

SEK millions	Note	2020	2019
<b>Profit for the year</b>		<b>262</b>	<b>187</b>
<b>Other comprehensive income</b>			
Items that have been/may be reclassified to profit or loss:			
Hedges of net investments in foreign operations	G20	39	-14
Exchange differences on translation of foreign operation	G20	-74	15
<b>Total other comprehensive income</b>		<b>-35</b>	<b>1</b>
<b>Comprehensive income for the year</b>		<b>227</b>	<b>188</b>
Attributable to:			
Parent Company shareholders		227	189
Non-controlling interests		-	-1
<b>Comprehensive income per share, basic and diluted, SEK</b>		<b>4.28</b>	<b>3.56</b>

## Consolidated balance sheet

SEK millions	Note	31/12/2020	31/12/2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	G3, G10	3,815	3,897
Other intangible assets	G11	5	5
Property, plant and equipment	G12	314	377
Right-of-use assets	G13	2,119	2,089
Deferred tax asset	G8	28	25
Financial assets		14	8
<b>Total non-current assets</b>		<b>6,295</b>	<b>6,401</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Trade receivables	G14	852	834
Tax receivables		68	26
Other receivables		9	7
Prepaid expenses and accrued income	G15	62	128
<b>Total current receivables</b>		<b>991</b>	<b>994</b>
Cash and cash equivalents	G16	759	836
<b>Total current assets</b>		<b>1,749</b>	<b>1,830</b>
<b>TOTAL ASSETS</b>		<b>8,044</b>	<b>8,231</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	G17	1	1
Other paid-in capital		1,096	1,096
Reserves		-6	29
Retained earnings, including profit for the year		1,264	1,158
<b>Total equity attributable to Parent Company shareholders</b>		<b>2,354</b>	<b>2,284</b>
Equity attributable to non-controlling interests		-	22
<b>Total equity</b>		<b>2,354</b>	<b>2,305</b>
<b>Non-current liabilities</b>			
Non-current lease liabilities	G18	1,958	1,902
Deferred tax liability	G8	70	71
Other interest-bearing liabilities	G18	1,499	1,769
<b>Total non-current liabilities</b>		<b>3,527</b>	<b>3,741</b>
<b>Current liabilities</b>			
Current lease liabilities	G18	232	270
Other interest-bearing liabilities	G18	581	607
Trade payables		128	129
Other current liabilities		257	256
Accrued expenses and deferred income	G19	965	922
<b>Total current liabilities</b>		<b>2,163</b>	<b>2,185</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,044</b>	<b>8,231</b>



## Consolidated statement of changes in equity

SEK millions	Note	Equity attributable to Parent Company shareholders						Non-controlling interests	Total equity
		Share capital	Other paid-in capital	Translation reserve	Retained earnings, including profit for the year	Equity attributable to Parent Company shareholders			
	G17								
Opening equity, 1 Jan 2019		1	1,094	28	1,007	2,130	17	2,147	
<b>Owner transactions</b>									
Dividend		-	-	-	-37	-37	-	-37	
Share savings programme		-	2	-	-	2	-	2	
Shareholder contributions		-	-	-	-	-	6	6	
<b>Total owner transactions</b>		-	2	-	-37	-35	6	-30	
<b>Comprehensive income for the period</b>									
Profit for the year		-	-	-	188	188	-1	187	
Other comprehensive income		-	-	1	-	1	-	1	
<b>Comprehensive income for the year</b>		-	-	1	188	189	-1	188	
Closing equity, 31 Dec 2019		1	1,096	29	1,158	2,284	22	2,305	
	G17								
Opening equity, 1 Jan 2020		1	1,096	29	1,158	2,284	22	2,305	
<b>Owner transactions</b>									
Sale of operation		-	-	-	-	-	-22	-22	
Share buyback		-	-	-	-156	-156	-	-156	
<b>Total owner transactions</b>		-	-	-	-156	-156	-22	-178	
<b>Comprehensive income for the period</b>									
Profit for the year		-	-	-	262	262	-	262	
Other comprehensive income		-	-	-35	-	-35	-	-35	
<b>Comprehensive income for the year</b>		-	-	-35	262	227	-	227	
Closing equity, 31 Dec 2020		1	1,096	-6	1,264	2,354	-	2,354	

## Consolidated statement of cash flows

SEK millions	Note	2020	2019
<b>Cash flow from operating activities</b>			
Profit before tax		332	249
Adjustments for:			
Depreciation/amortisation and impairment		371	327
Financial income		-6	-125
Financial expenses		145	246
Capital gain/loss on sale of property		-17	0
<b>Cash flow from operating activities before changes in working capital</b>		<b>824</b>	<b>697</b>
Changes:			
Decrease (+)/increase (-) in trade receivables		-22	87
Decrease (+)/increase (-) in other operating receivables		22	-35
Decrease (-)/increase (+) in other operating liabilities		54	81
Decrease (-)/increase (+) in trade payables		16	-7
<b>Cash flow from operating activities</b>		<b>895</b>	<b>823</b>
Interest received		1	1
Interest paid		-144	-121
Tax paid		-90	-71
<b>Net cash flow from operating activities</b>		<b>661</b>	<b>631</b>
<b>Investing activities:</b>			
Acquisition of subsidiaries, net cash impact	G3	-18	-483
Disposal of property, net cash impact		114	388
Investments in intangible assets and property, plant and equipment		-133	-228
<b>Cash flow from investing activities</b>		<b>-37</b>	<b>-323</b>
<b>Financing activities:</b>			
Loans raised	G20	24	795
Repayment of loans	G20	-251	-494
Repayment of lease liability		-284	-250
Dividend paid		-	-37
Share buyback		-156	-
<b>Cash flow from financing activities</b>		<b>-667</b>	<b>14</b>
<b>Cash flow for the year</b>		<b>-42</b>	<b>322</b>
Cash and cash equivalents at start of year	G16	836	514
Exchange difference in cash/cash equivalents		-35	0
<b>Cash and cash equivalents at end of period</b>	<b>G16</b>	<b>759</b>	<b>836</b>

## Multi-year overview

SEK millions	2020	2019	2018	2017	2016
<b>Condensed consolidated income statement</b>					
Operating revenue	7,797	7,467	6,725	6,556	6,362
Operating profit before depreciation, amortisation and impairment (EBITDA)	842	697	461	376	379
Operating profit (EBIT)	471	369	391	316	329
Profit before tax	332	249	317	250	228
Profit for the year (attributable to Parent Company shareholders)	262	188	246	194	170
<b>Condensed consolidated income statement excluding effects of IFRS 16</b>					
Operating revenue	7,797	7,467	6,725	6,556	6,362
Operating profit before depreciation, amortisation and impairment (EBITDA)	499	397	461	376	379
Operating profit (EBIT)	416	323	391	316	329
Profit before tax	356	273	317	250	228
<b>Condensed consolidated balance sheet</b>					
<b>Assets</b>					
Goodwill	3,815	3,897	3,168	3,104	3,089
Right-of-use assets	2,119	2,089	-	-	-
Other non-current assets	361	415	577	432	424
Current assets	1,749	1,830	1,473	1,525	1,446
<b>Total assets</b>	<b>8,044</b>	<b>8,231</b>	<b>5,218</b>	<b>5,060</b>	<b>4,960</b>
<b>Condensed equity and liabilities</b>					
Equity	2,354	2,305	2,147	1,891	1,726
Non-current lease liabilities	1,958	1,902	-	-	-
Other non-current liabilities	1,569	1,839	1,333	1,417	1,484
Current lease liabilities	232	270	-	-	-
Other current liabilities	1,931	1,915	1,739	1,752	1,750
<b>Total equity and liabilities</b>	<b>8,044</b>	<b>8,231</b>	<b>5,218</b>	<b>5,060</b>	<b>4,960</b>
<b>Condensed consolidated statement of cash flows</b>					
Net cash flow from operating activities	661	631	332	241	-161
Cash flow from investing activities	-37	-323	-240	-60	-616
Cash flow from financing activities	-667	14	-166	-75	733
<b>Cash flow for the year</b>	<b>-42</b>	<b>322</b>	<b>-74</b>	<b>106</b>	<b>-44</b>
<b>Condensed consolidated statement of cash flows excluding effects of IFRS 16</b>					
Net cash flow from operating activities	398	402	332	241	-161
Cash flow from financing activities	-383	264	-166	-75	733

## Key ratios

SEK millions	2020	2019
<b>Operating revenue</b>	<b>7,797</b>	<b>7,467</b>
<b>Profit measures</b>		
Operating profit before depreciation, amortisation and impairment (EBITDA)	842	697
Operating profit (EBIT)	471	369
Profit for the year	262	187
Earnings per share, SEK	4.94	3.54
<b>Margin measures</b>		
Operating margin before depreciation, amortisation and impairment (EBITDA), %	10.8	9.3
Operating margin (EBIT), %	6.0	4.9
<b>Capital structure</b>		
Equity/assets ratio, %	29.3	28.0
Return on capital employed, %	7.1	5.4
Interest-bearing net debt	3,511	3,712
Interest-bearing net debt/adjusted EBITDA, times	4.3	5.4
Operating cash flow	779	595
<b>Per-share data</b>		
Number of shares at end of year	53,140,064 <sup>1)</sup>	53,140,064
Operating cash flow per share, SEK	14.7	11.2
<b>Other</b>		
Number of full-time employees at end of year	10,639	10,093
Average number of customers	8,795	8,503

<sup>1)</sup> Of which 2,659,711 owned by Humana.



## Parent Company income statement

SEK millions	Note	2020	2019
<b>Operating revenue</b>			
Operating revenue	P1	2	7
<b>Operating expenses</b>			
Other external expenses	P1, P2	-6	-11
Personnel costs	G5	-11	-12
<b>Operating profit</b>		<b>-15</b>	<b>-15</b>
<b>Profit from financial items</b>			
Financial income		108	48
Financial expenses		-108	-115
<b>Profit before tax and appropriations</b>		<b>-15</b>	<b>-83</b>
<b>Appropriations</b>			
Group contributions received		105	150
Change in tax allocation reserve	P4	4	22
<b>Profit before tax</b>		<b>94</b>	<b>89</b>
Tax		-25	-20
<b>Profit for the year and comprehensive income for the year</b>		<b>69</b>	<b>70</b>

## Parent Company balance sheet

SEK millions	Note	31/12/2020	31/12/2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Financial assets</i>			
Shares in subsidiaries	P3	1,629	1,629
<b>Total non-current assets</b>		<b>1,629</b>	<b>1,629</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Receivables from Group companies		1,610	1,989
Tax asset		4	-
Prepaid expenses and accrued income		1	3
<b>Total current receivables</b>		<b>1,616</b>	<b>1,992</b>
Cash and bank balances		-	-
<b>Total current assets</b>		<b>1,616</b>	<b>1,992</b>
<b>Total assets</b>		<b>3,244</b>	<b>3,621</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	G17	1	1
<i>Unrestricted equity</i>			
Share premium reserve		1,096	1,096
Retained earnings		405	492
Profit for the year		69	70
<b>Total equity</b>		<b>1,572</b>	<b>1,659</b>
<b>Untaxed reserves</b>			
Tax allocation reserve	P4	148	152
<b>Total untaxed reserves</b>		<b>148</b>	<b>152</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	P5	946	1,190
<b>Total non-current liabilities</b>		<b>946</b>	<b>1,190</b>
<b>Current liabilities</b>			
Liabilities to credit institutions		571	600
Trade payables		2	2
Tax liability		-	10
Accrued expenses and deferred income	P6	4	8
<b>Total current liabilities</b>		<b>578</b>	<b>620</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,244</b>	<b>3,621</b>

## Parent Company statement of changes in equity

SEK millions	Share capital	Share premium reserve	Retained earnings, including profit for the year	Total equity
Opening equity, 1 Jan 2019	1	1,094	530	1,625
Profit for the year and comprehensive income for the year	-	-	70	70
<b>Owner transactions</b>				
Dividend	-	-	-37	-37
Share savings programme	-	2	-	2
<b>Total owner transactions</b>	-	2	-37	-35
Closing equity, 31 Dec 2019	1	1,096	562	1,659
Opening equity, 1 Jan 2020	1	1,096	562	1,659
Profit for the year and comprehensive income for the year			69	69
<b>Owner transactions</b>				
Share buyback	-	-	-156	-156
<b>Total owner transactions</b>	-	-	-156	-156
Closing equity, 31 Dec 2020	1	1,096	476	1,572

## Parent Company statement of cash flows

SEK millions	2020	2019
<b>Cash flow from operating activities</b>		
Operating profit	-15	-15
Adjustments for non-cash items		
Other non-cash items	3	28
	-12	13
Group contributions received	105	142
Interest paid	-49	-50
Tax paid	-35	-20
<b>Cash flow from operating activities before changes in working capital</b>	<b>9</b>	<b>85</b>
<b>Cash flow from changes in working capital</b>		
Decrease (+)/increase (-) in receivables	376	0
Decrease (-)/increase (+) in current liabilities	-3	2
Decrease (-)/increase (+) in trade payables	0	0
<b>Cash flow from operating activities</b>	<b>383</b>	<b>87</b>
Cash flow from investing activities	-	-
<b>Financing activities</b>		
Loans raised	24	-
Repayment of loans	-250	-50
Dividend paid	-	-37
Share buyback	-156	-
<b>Cash flow from financing activities</b>	<b>-383</b>	<b>-87</b>
<b>Cash flow for the year</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at start of year</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at end of period</b>	<b>0</b>	<b>0</b>



# Accounting policies

## Note GA1 General information

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

The consolidated financial statements cover the Parent Company and its subsidiaries (see Note G23), together referred to as the Group. The Group runs care operations in the Individual & family, Personal assistance, Elderly care, Finland and Norway segments.

At 31 December 2020, Humana AB was 20.2 percent owned by Impilo Care AB (corporate identity number 559189-7722).

The financial statements were approved by the Board of Directors and CEO for publication on 31 March 2021. The annual report will be presented for adoption at the AGM on 11 May 2021.

## Note GA2 General accounting policies and estimates

### General accounting policies

#### Conformity with standards and laws

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

#### Basis of preparation

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

#### Functional currency and presentation currency

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

#### Accounting estimates

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

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

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

#### Goodwill impairment testing

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

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

#### Fair value measurement in acquisition accounting

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

#### Assumptions when calculating lease liability

When calculating lease liability in accordance with IFRS 16, management has made a number of judgements and estimates which, if done otherwise, would have affected the amount of the lease liability. Humana categorizes lease contracts

based on the nature, for example real estate and cars. Changes in the discount rate affect the size of the liability and the interest expenses attributable to the liability. A new discount rate is set when a new lease is added, when an extension option is used, or when there is a change in the scope of the lease. The basis for the discount rate is obtained from an external party on an annual basis. See note G13 for leases.

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

## Note GA3 New IFRSs not yet effective

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

## Note GA4 Significant Accounting Policies

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

### New accounting policies applied from 1 January 2020

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

### Classification

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

### Segment reporting

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

### Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and that the company will comply with the conditions attached to the grant. The grant is recognised in the income statement over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

### Basis of consolidation and business combinations

#### Subsidiaries

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

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

#### Non-controlling interests

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

#### Foreign currencies in subsidiaries

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

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

### Business combinations

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

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

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

### Revenue

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

### Personnel costs

#### Short-term benefits

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

#### Termination benefits

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

#### Pension benefit obligations

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

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

A defined benefit pension plan is a plan that is not based on defined contributions. Humana's defined benefit obligations for retirement benefits and survivor pensions for salaried employees in Sweden (ITP2) are covered by insurance with Alecta, which is a defined benefit multi-employer plan. For the financial year 2020, Humana did not have access to information enabling the company to recognise these plans as defined benefit, thus leading to them being recognised as defined contribution plans.

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

#### Share savings programme

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

### Financial income and expenses

Financial income consists of interest income and, where applicable, dividend income, as well as gains on the remeasurement or disposal of financial instruments.

Financial expenses consist of interest charges on loans, including accrued transaction costs and lease liability, losses on changes in value or disposal of financial instruments.

Exchange gains and losses are reported on a gross basis.

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

### Leases

#### Leases where the Group is lessee

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

#### Sale and leaseback

The Group applies the revenue recognition rules to determine whether a sale and leaseback transaction should be recognised as a sale. If a transaction qualifies as a sale, the right-of-use asset arising from the leaseback transaction is measured at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group. Accordingly, only the amount of gain or loss that relates to the rights transferred to the buyer/lessor is recognised. To determine the proportion of the asset that is retained and the proportion that is transferred to the buyer, the relationship between the lease liability recognised in connection with the leaseback and the fair value of the sold asset is used. If the sale consideration is higher than the asset's fair value or if future lease payments are lower than market rates, the difference is recognised as a liability. The remaining consideration received for the sale of the asset is used as the basis for calculating any gain or loss on the transaction. In the reverse situation, the difference is recognised as a prepayment. If the transfer of an asset does not meet the requirements for revenue recognition, the Group continues to recognise the transferred asset and a financial liability corresponding to the consideration received.

### Taxes

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

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

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

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

**Intangible assets****Goodwill**

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

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

**Other intangible assets**

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

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

**Amortisation**

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

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

**Property, plant and equipment**

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

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

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

**Subsequent costs**

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

**Depreciation**

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

Estimated useful lives:

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

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

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

**Impairment**

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

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

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

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

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

**Reversal of impairment losses**

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

**Earnings per share**

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

**Provisions**

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

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

**Onerous contracts**

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

**Financial assets and liabilities – Financial instruments**

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

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

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

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

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

**Measurement of financial instruments**

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

## Classification and measurement of financial instruments

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

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

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

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

## Classification and measurement of financial liabilities

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

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

## Impairment of financial assets

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

## Hedge accounting

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

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

## Contingent liabilities

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

## Note PA1 Parent Company accounting policies

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

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

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

## Shares in subsidiaries

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

## Financial instruments and hedge accounting

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

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

## Leased assets

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

## Group contributions

Group contributions are reported in the Parent Company using the alternative rule. Both Group contributions received and paid are recognised as appropriations. Shareholder contributions are recognised directly in the recipient's equity and are capitalised in the issuer's shares and participating interests, to the extent that impairment is not required.

## Untaxed reserves

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



# Notes, Group

## Note G1 Segment reporting and revenue

The Group's operations are divided into operating segments based on components of the business that are reviewed by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), who are the company's chief operating decision makers. This is referred to as the management approach. With effect from Q3 2019, the previous operating segment Other Nordics has been divided into two separate operating segments: Finland and Norway. The Group's operations are organised in such a way that the CEO and CFO review the results of each business area. The business areas are also operating segments. Each operating segment has a manager who is responsible for the day-to-day operations and regularly reports the results of the segment's performance to the CEO and CFO. The Group's internal reporting is therefore structured in such a way as to allow the CEO and CFO to review the business areas' performance and results.

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

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

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

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

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

**Other** refers to the Group's costs for Group-wide functions such as central administration and central project costs. It also includes income and expenses related to the sale and acquisition of companies as well as operations in Denmark. The earnings effect of financial reporting standard IFRS 16 is also reported in this segment.

### Income statement by segment

2020 SEK millions	Individual & Family	Personal Assistance	Elderly Care	Finland	Norway	Other	Group
Net revenue – external income	2,101	2,931	608	1,326	788	17	7,771
Other operating revenue	-	-	-	1	-	26	26
<b>Total revenue</b>	<b>2,101</b>	<b>2,931</b>	<b>608</b>	<b>1,327</b>	<b>788</b>	<b>43</b>	<b>7,797</b>
Profit before depreciation, amortisation and other operating expenses <sup>1)</sup>	225	162	22	83	81	270	844
Depreciation/amortisation	-34	-2	-12	-22	-12	-289	-371
Other operating expenses	-1	-	-	-	-	-1	-2
<b>Operating profit</b>	<b>190</b>	<b>160</b>	<b>10</b>	<b>62</b>	<b>69</b>	<b>-20</b>	<b>471</b>
Financial income							6
Financial expenses							-145
<b>Profit before tax</b>							<b>332</b>

<sup>1)</sup> During the financial year, Humana received public subsidies primarily in the form of salary subsidies, compensation for sick pay and personal protective equipment. The total received was SEK 56 million.

2019 SEK millions	Individual & Family	Personal Assistance	Elderly Care	Finland	Norway	Other	Group
Net revenue – external income	2,095	2,783	564	1,191	794	19	7,446
Other operating revenue	-	-	-	13	-	8	21
<b>Total revenue</b>	<b>2,095</b>	<b>2,783</b>	<b>564</b>	<b>1,204</b>	<b>794</b>	<b>26</b>	<b>7,467</b>
Profit before depreciation, amortisation and other operating expenses	201	156	23	66	67	211	725
Depreciation/amortisation	-33	-2	-10	-18	-9	-256	-327
Other operating expenses	-	-	-	-	-	-28	-28
<b>Operating profit</b>	<b>168</b>	<b>154</b>	<b>13</b>	<b>49</b>	<b>59</b>	<b>-72</b>	<b>369</b>
Financial income							125
Financial expenses							-246
<b>Profit before tax</b>							<b>249</b>

### Breakdown of revenue

Revenue by service

	2020	2019
Individual & Family	3,506	3,715
Personal Assistance	3,125	2,843
Elderly Care	1,140	888
Other	26	21
<b>Total revenue</b>	<b>7,797</b>	<b>7,467</b>

No customer accounted for more than 10 percent of revenue.

### Revenue by geographic area

	2020	2019
Sweden	5,664	5,449
Finland	1,327	1,204
Norway	788	794
Denmark	18	19
<b>Total</b>	<b>7,797</b>	<b>7,467</b>

**Non-current assets<sup>1)</sup> by geographic area**

	2020	2019
Sweden	4,100	4,097
Finland	1,604	1,664
Norway	544	601
Denmark	6	6
<b>Total</b>	<b>6,253</b>	<b>6,368</b>

<sup>1)</sup> Non-current assets do not include financial instruments, deferred tax assets and assets relating to post-employment benefits.

**Note G2** Other operating revenue and other operating expenses**Other operating revenue**

	2020	2019
Gain on sale of property/subsidiaries <sup>1)</sup>	26	9
Remeasurement of contingent consideration	0	12
<b>Total</b>	<b>26</b>	<b>21</b>

<sup>1)</sup> Refers to sales of property in both 2020 and 2019

**Other operating expenses**

	2020	2019
Acquisition costs	1	28
Other	2	-
<b>Total</b>	<b>2</b>	<b>28</b>

**Note G3** Acquisitions

Humana made 1 (2) acquisitions during the year, continuing its expansion in the Personal Assistance business area. Humana acquired 100 percent of the shares in RO Omsorg Assistans AB.

**Goodwill**

The goodwill resulting from the acquisitions in 2019 and 2020 relates to employee expertise in treatment methods, establishment of market position, the synergies expected to arise when the entities are integrated with the rest of the Group and the underlying profitability of the acquired businesses. No portion of the goodwill that arose in 2019 and 2020 is tax deductible.

**Acquisitions completed in 2020****RO Omsorg Assistans AB November 2020**

- The company provides personal assistance

**Contingent consideration**

The acquisition of RO Omsorg Assistans AB includes a contingent consideration. The contingent consideration can amount to a maximum of SEK 1 million and relates to doubtful trade receivables and requested subsidies.

**Acquisition costs**

Acquisition costs of SEK 1 (28) million refer to consulting and legal fees, mainly for financial and legal due diligence in connection with acquisitions. These are recognised as other operating expenses in the income statement.

**Receivables acquired**

Doubtful trade receivables were acquired. They are adjusted in net assets and adjusted through the contingent consideration.

**Acquisitions after the reporting date**

After the reporting date, the Group entered into agreements to acquire the Swedish individual and family company Team J-son.

**Net assets in acquired companies at date of acquisition**

2020 SEK millions	RO Omsorg Assistans AB <sup>1)</sup>
Non-current assets	0
Current assets	9
Non-current liabilities	-
Current liabilities	-5
<b>Net identifiable assets and liabilities</b>	<b>4</b>
Goodwill	9
<b>Total consideration</b>	<b>13</b>
Contingent consideration	-1
Cash and cash equivalents in acquired entities	-1
<b>Effect on cash and cash equivalents</b>	<b>10</b>
	<b>Other</b>
Settlement of considerations attributable to prior acquisitions	8
<b>Total effect on cash and cash equivalents</b>	<b>18</b>

<sup>1)</sup> The acquisition analysis is preliminary as the final settlement has not been calculated.

Humana's acquisitions in 2020 increased the Group's revenue by SEK 9 million and had an effect of SEK 1 million on operating profit. If the acquisitions had occurred as at 1 January 2020, management estimates that consolidated revenue would have been SEK 7,842 million (SEK 45 million higher) and profit for the year would have been SEK 265 million (SEK 3 million higher).

**Acquisitions completed in 2019****Coronaria Hoiva Oy (Finland) April 2019**

- The company is one of the largest private care providers in Finland and provides elderly and LSS housing as well as social psychiatry for adults. The business has 63 units.

**Assistans på Gotland AB (Personal Assistance) June 2019**

- Small business providing personal assistance.

**Contingent consideration**

The acquisitions were not subject to any contingent consideration in 2019.

**Net assets in acquired companies at date of acquisition**

2019 SEK millions	Coronaria Hoiva Oy	Minor acquisitions and other, total	Total
Non-current assets	339	0	339
Current assets	115	10	125
Non-current liabilities	-525	-2	-527
Current liabilities	-108	-9	-117
<b>Net identifiable assets and liabilities</b>	<b>-177</b>	<b>-1</b>	<b>-178</b>
Goodwill	695	7	702
<b>Total consideration</b>	<b>517</b>	<b>6</b>	<b>523</b>
Contingent consideration	0	0	0
Cash and cash equivalents in acquired entities	-38	-4	-42
<b>Effect on cash and cash equivalents</b>	<b>478</b>	<b>1</b>	<b>480</b>
		<b>Other</b>	<b>Total</b>
Settlement of considerations attributable to prior acquisitions	-	3	3
<b>Total effect on cash and cash equivalents</b>	<b>478</b>	<b>5</b>	<b>483</b>

Humana's acquisitions in 2019 increased the Group's revenue by SEK 479 million and had an effect of SEK -16 million on operating profit for the year. If the acquisitions had occurred as at 1 January 2019, management estimates that consolidated revenue would have been SEK 7,634 million (SEK 167 million higher) and profit for the year would have been SEK 185 million (SEK 2 million lower).

**Note G4** Other external expenses

SEK millions	2020	2019
Direct operating expenses <sup>1)</sup>	312	309
Purchased services	66	76
Premises and property costs	182	200
IT expenses	107	108
Marketing expenses	20	25
Other expenses	227	240
<b>Total other external expenses</b>	<b>913</b>	<b>958</b>

<sup>1)</sup> Direct operating expenses refers to the purchase of food, activities and overheads for clients etc.

## Note G5 Employees, personnel costs and remuneration of senior executives

### Personnel costs

Expenses recognised as employee benefits are distributed as follows:

SEK millions	2020	2019
Salaries and benefits	4,590	4,329
Pension costs, defined contribution plans	287	244
Social security contributions	1,053	1,035
Other personnel costs	109	176
<b>Total</b>	<b>6,039</b>	<b>5,784</b>

### Average number of employees

2020	Average number of employees	Men, %
Sweden	8,061	30
Norway	838	43
Finland	1,669	24
Denmark	23	43
<b>Total</b>	<b>10,592</b>	<b>31</b>

2019	Average number of employees	Men, %
Sweden	7,811	30
Norway	799	44
Finland	1,538	23
Denmark	26	38
<b>Total</b>	<b>10,175</b>	<b>31</b>

The Parent Company has only one employee, CEO Rasmus Nerman, whose remuneration is shown in the table "Remuneration of the Board of Directors and Group management" on page 95.

### Pensions

Most salaried employees in Sweden are covered by ITP1. A small number of salaried employees are covered by the ITP2 defined benefit retirement and survivor pension plan, which is secured through insurance with Alecta. The premium for the defined benefit retirement and family pension is individually calculated and is dependent on factors that include salary, previously earned pension and expected remaining period of service. Expected fees for the next reporting period for ITP 2 insurance policies from Alecta total SEK 15 million (SEK 14 million in 2020).

The collective funding ratio is the market value of Alecta's assets as a percentage of insurance commitments calculated according to Alecta's actuarial methods and assumptions, which are not consistent with IAS 19. The collective funding ratio is normally allowed to vary between 125 and 175 percent. If Alecta's collective funding ratio falls below 125 percent or exceeds 175 percent, action should be taken to ensure that it returns to the normal range. If the ratio is low, a measure that can be taken is to raise the premium of new contracts and reduce existing benefits. If the ratio is high, a measure that can be taken is to introduce premium reductions. Alecta's preliminary collective funding ratio for 2020 was 148 (148) percent. The Alecta premiums are determined by assumptions about interest rates, longevity, operating costs and yield tax, and are calculated so that payment of a constant premium until the retirement date suffices for the entire target benefit, which is based on the insured's current pensionable salary and which must be earned. There is no set of rules for how deficits that may arise are to be handled, but the losses should primarily be covered by Alecta's collective solvency capital, and thus should not lead to increased costs through higher contractual premiums. There are also no rules for how any surplus or deficit would be distributed in the event of liquidation of the plan or a company's withdrawal from the plan.

The Group also has certain pension commitments that are secured through endowment insurance, which is pledged in favour of the beneficiaries. None of the commitments concern senior executives. The pension provision is based on the value of the endowment insurance policy and therefore corresponds to the value of the assets in the endowment insurance policy at any given time. The obligation is recognised as a defined contribution plan, as Humana is not obliged to make contributions and the beneficiaries bear the entire risk. In 2019, the endowment insurance was transferred to the beneficiaries and the value of assets in the policy on the reporting date was SEK - (-) million. No new payments are made in respect of these pension obligations.

### LTI 2020–2022

A new LTI program was launched in 2020 in accordance with the decision of the Annual General Meeting. For the financial performance target, the company's earnings per share in 2020, 2021 and 2022 are used and is measured annually with an outcome in the range of 90–100 percent of the targets. The outcome is a maximum of 10–30 percent of the base salary over a total period of three years and where the maximum is a quarter in 2020 and 2021, respectively, and two

quarters for 2022. Regardless of earning year, LTI is paid during the first quarter of 2023 and presupposes continued employment throughout the period.

### Incentive programmes

There were two incentive programmes in 2020: a warrant programme for members of Group management and a share savings programme for other managers, both of which expired. The purpose of introducing the incentive programmes was to encourage a broad ownership among Humana managers, facilitate recruitment, retain competent employees and increase the motivation to achieve or exceed Humana's financial targets.

In 2020 an incentive programme was introduced, comprising synthetic options issued by Impilo Care AB, Humana's principal owner.

### Synthetic options

In June, Board members and senior executives of Humana were invited to acquire synthetic options in Humana issued by Humana's principal owner, Impilo Care AB. Humana did not participate in the offer and it will not give rise to any costs for Humana. A total of 461,000 synthetic options were acquired. The total market value of the options on the transaction date is estimated at approximately SEK 1.4 million. 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. Group management's holding of options in Humana AB are shown in the table in the Corporate Governance Report on page 57.

The options were valued using the Black & Scholes model which gave a market value of SEK 3.00 per option.

### Valuation requirements

Share price	SEK 47
Volatility	31%
Risk-free interest	-0.20%

### Warrants

The warrants were issued at the time of Humana's IPO in 2016 and members of Group management have acquired warrants at market value since then. In total, 1,440,420 warrants were issued. The programme expired on 31 March 2020. The warrant programme has not involved any cost to Humana. The warrants have been issued in three separate series, with the following market value per series:

	Total number	Can be exercised during period	Subscription price, SEK	Market value per series, SEK
Series 1	480,140	1-31 March 2018	74.4	3.72
Series 2	480,140	1-31 March 2019	77.5	4.26
Series 3	480,140	1-31 March 2020	80.6	4.54

### Valuation requirements

Share price	SEK 62 (IPO price)
Volatility	22%
Risk-free interest	-0.42%, -0.33% and -0.22%

	2020	2019
<b>Number of warrants</b>		
Outstanding, 1 January	480,140	960,280
Acquired	-	-
Forfeited	-	-
Exercised	-	-
Expired	-480,140	-480,140
<b>Outstanding, 31 December</b>	<b>0</b>	<b>480,140</b>

See also Note G9 Earnings per share.

### Humana share savings programme

In January 2017, a share savings programme was launched, enabling managers to purchase Humana shares. 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 share savings programme is recognised directly in equity during the vesting period. The calculation is based on changes in value of matching shares and performance shares and is recognised as a provision. The total cost of the programme amounted to SEK 7 million, of which SEK - (2) million was charged to the 2020 financial year. The number of registered saving shares at 31 March 2020 amounted to 44,045, corresponding to an allocation of 49,611 shares. The shares were allotted in April–May 2020.

	2020	2019
<b>Number of shares in programme</b>		
Outstanding, 1 January	61,667	73,000
Acquired	-	-
Forfeited	-12,056	-11,333
Exercised	-49,611	-
Expired	-	-
<b>Outstanding, 31 December</b>	<b>0</b>	<b>61,667</b>

### **Annual General Meeting's guidelines on remuneration of senior executives**

The Board proposed and the annual general meeting 2020 resolved on the following guidelines for salary and other remuneration to directors, the Chief Executive Officer (CEO) and other senior executives. Senior executives refer to senior executives of the group executive management. These guidelines will be valid for agreements entered into after the general meeting's resolution and for changes made to existing agreements thereafter. These guidelines do not apply to any director fees decided by the general meeting or issues and transfers covered by Chapter 16 of the Swedish Companies Act.

#### **Terms of employment for the CEO and senior executives**

The terms of employment for the CEO and other senior executives are in accordance with the guidelines as decided at the Annual General Meeting. Short-term variable remuneration, STI, is based on the same conditions for the CEO and other senior executives, while long-term variable remuneration, LTI, is based on 30 percent of the fixed salary to the CEO and 10–20 percent of the fixed salary for other senior executives. Upon termination, a mutual notice period of 24 months shall apply for the CEO and 6 months for other senior executives. In addition to this, there is no severance pay.

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

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

For more information regarding Humana's business strategy, please see Humana's website.

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

#### **Remuneration and forms of remuneration**

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

#### **Fixed salary**

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

#### **Variable remuneration**

The purpose of the variable remuneration is to create incentives for senior executives to deliver good operating results, and to combine the interests of senior executives with the interests of the shareholders. English translation for information purposes only. If there are differences between the English translation and the Swedish original, the Swedish text will take precedence. The variable remuneration may comprise of a short-term (STI) and a long-term (LTI) variable remuneration, which is paid in cash during one or three years. Variable remuneration shall be subject to the fulfilment of defined and measurable objectives. The short-term variable remuneration shall be maximized to 30 percent in relation to the fixed salary and the long-term variable remuneration shall be maximized to 30 percent in relation to the fixed salary.

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

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

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

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

#### **Pension**

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

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

#### **Other benefits**

Other benefits, such as a company car, compensation for health care, health and health insurance, must comprise a minor part of the total compensation and must correspond to what may be deemed market practice. For employments governed by rules other than Swedish, other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

#### **Special remuneration**

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

#### **Remuneration payable to Directors**

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

#### **Terms for dismissal etc.**

Severance pay shall, normally, be payable upon dismissal by Humana. Members of the group executive management should normally have a notice period of maximum six months in combination with severance pay corresponding to six months' fixed salary. When the employment exceeds five years, the notice period on the part of Humana shall be extended to twelve months, while for the senior executive shall remain six months. For the CEO, upon dismissal on the part of Humana, a notice period of six months and a severance pay of twelve months shall apply. No severance pay shall be paid upon resignation by the employee. Agreements on severance pay are made separately after resolution made by the Remuneration Committee.

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

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

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

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

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

#### **Derogation from the guidelines**

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

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

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



### Gender distribution in Board of Directors and Group management, 31 December 2020

The Board of Directors consists of 3 (3) men and 4 (3) women.  
Group management consists of 4 (5) men and 5 (4) women.

### Remuneration of the Board of Directors and Group management

Salaries and benefits by type of remuneration per Board member and Group management member:

2020 SEK thousands	Salaries and other benefits	STI	Pension	Total	
<b>Board of Directors</b>					
Sören Mellstig, Chairman	644			644	
Karita Bekkemellem	150			150	
Magdalena Gerger	280			280	
Per Granath	88			88	
Kirsi Komi	258			258	
Monica Lingegård	267			267	
Anders Nyberg	160			160	
Fredrik Strömholm	347			347	
<b>Total, Board</b>	<b>2,194</b>			<b>2,194</b>	
Rasmus Nerman, President	5,005 <sup>1)</sup>	1,107	308	1,281	7,701
Others (10 individuals)	14,972	2,489	581	2,895	20,938
<b>Total, Group management</b>	<b>19,977</b>	<b>3,596</b>	<b>889</b>	<b>4,176</b>	<b>28,638</b>
<b>Total, Group</b>	<b>22,171</b>	<b>3,596</b>	<b>889</b>	<b>4,176</b>	<b>30,832</b>

<sup>1)</sup> During the year, vacation days older than 5 years were paid out in accordance with the group policy.

### Remuneration of the Board of Directors and Group management

Salaries and benefits by type of remuneration per Board member and Group management member:

2019 SEK thousands	Salaries and other benefits	STI	Pension	Total
<b>Board of Directors</b>				
Sören Mellstig, Chairman	408			408
Per Bätelson	226			226
Ulrika Östlund	87			87
Helen Fasth Gillstedt	136			136
Per Granath	244			244
Kirsi Komi	250			250
Monica Lingegård	243			243
Fredrik Strömholm	245			245
Magdalena Gerger	181			181
<b>Total, Board</b>	<b>2,020</b>			<b>2,020</b>
Rasmus Nerman, President	4,063	-	1,440	5,503
Others (9 individuals)	14,040	672	3,712	18,424
<b>Total, Group management</b>	<b>18,103</b>	<b>672</b>	<b>5,152</b>	<b>23,927</b>
<b>Total, Group</b>	<b>20,123</b>	<b>672</b>	<b>5,152</b>	<b>25,947</b>

### Note G6 Auditors' fees

SEK millions	2020	2019
KPMG AB		
– audit services	6	6
– tax advisory services	0	0
– other services	1	1
<b>Total</b>	<b>7</b>	<b>7</b>

Audit services consist of the auditor's work associated with the statutory audit, while auditing assistance includes various types of quality assurance services. Other services are services other than audit services or tax advisory services.

### Note G7 Financial income and expenses

#### Financial income

SEK millions	2020	2019
Interest income from cash and cash equivalents	1	1
Exchange gains	5	124
<b>Total financial income</b>	<b>6</b>	<b>125</b>

#### Financial expenses

Interest expenses for borrowing at amortised cost:

SEK millions	2020	2019
Bank loans	62	63
Lease liability, interest expense	79	71
Exchange losses	3	111
<b>Total financial expenses</b>	<b>145</b>	<b>246</b>

### Note G8 Income tax

The following components are included in tax expense:

SEK millions	2020	2019
Current tax expense (+)/tax income (-)		
Tax expense for the year	74	87
Adjustment of tax relating to prior years	1	2
	<b>75</b>	<b>89</b>

#### Deferred tax expense (+)/tax income (-)

<b>Total deferred tax income</b>	<b>-5</b>	<b>-27</b>
<b>Recognised tax</b>	<b>70</b>	<b>61</b>

SEK millions	2020	2019
<b>Reconciliation of effective tax</b>		
Recognised profit before tax	332	249
Tax at applicable tax rate (21.4%)	71	53

#### Tax effect of:

Non-deductible expenses	4	14
Non-taxable income	-5	-11
Adjustment of tax relating to prior years	-1	4
Increase in loss carryforwards for which no corresponding deferred tax was recognised	1	4
Standard interest on tax allocation reserve	1	0
Difference in tax rate between Parent Company and foreign subsidiaries	0	0
Adjustment for changed tax rate	0	-2
Other	-1	-2
<b>Recognised tax</b>	<b>70</b>	<b>61</b>

#### Deferred tax asset

Property, plant and equipment	12	10
Lease liabilities	22	17
Offset	-5	-2
<b>Total deferred tax asset</b>	<b>28</b>	<b>25</b>

#### Deferred tax liability

Untaxed reserves, tax allocation reserves	-75	-73
Offset	5	2
<b>Total deferred tax liability</b>	<b>-70</b>	<b>-71</b>

The change of SEK 4 (27) million in deferred tax liability relates to deferred tax income of SEK 5 (27) million recognised in the income statement and translation differences of SEK 1 (0) million.

**Unrecognised deferred tax assets**

Loss carryforwards and deductible temporary differences for which deferred tax is not recognised in the balance sheet amount to SEK 47 (46) million, corresponding to a deferred tax asset of SEK 9 (9) million.

Deferred tax assets arising from these items are not recognised, as they are subject to Group contribution restrictions and under prevailing legislation cannot be utilised if operations are run in the legal entity.

**Note G9 Earnings per share**

SEK millions	2020	2019
Profit for the year attributable to Parent Company shareholders	262	187
<b>Profit for the year</b>	<b>262</b>	<b>187</b>
Earnings per share, basic and diluted, SEK	4.94	3.54
Weighted average number of outstanding shares	52,994,725	53,140,064

**Instruments with potential future dilutive effects**

Humana has no ongoing long-term share-related incentive programme for senior executives or other employees.

**Note G10 Goodwill****Goodwill**

SEK millions	2020	2019
Accumulated cost at start of year	3,897	3,168
Acquisition of subsidiaries	9	702
Adjustment of acquisition analysis	-	8
Disposal of subsidiaries	-10	-
Exchange differences	-81	19
<b>At end of year</b>	<b>3,815</b>	<b>3,897</b>

**Impairment testing**

Goodwill is allocated to cash-generating units for impairment testing as follows:

SEK millions	31/12/2020	31/12/2019
Individual & family	1,422	1,422
Personal assistance	993	985
Elderly care	8	18
Norway	382	424
Finland	1,004	1,043
Denmark	6	6
<b>Total</b>	<b>3,815</b>	<b>3,897</b>

The value of goodwill is tested annually for impairment. The annual impairment test is performed at the segment level, as goodwill is monitored at this level, by calculating the recoverable amount, which consists of value in use. When there are indications that an individual cash-generating unit is permanently impaired, the test is performed by calculating the value in use for the specific cash-generating unit.

Value in use is based on cash flow calculations that are in turn based on specific financial plans determined by management for the next three years. The cash flows calculated thereafter were based on an annual growth rate according to the assumptions stated below. The estimated cash flows were then discounted to present value using a discount rate as shown below.

The key assumptions in the forecasts and the methods used to estimate values are set out below. The key assumptions and methods used are the same for all cash generating units.

Testing for the year showed that no reasonable changes in the key assumptions would give rise to any impairment.

**Key assumptions in calculation****Method for estimating value**

Growth, %	The growth rate during the forecast period is based on specific plans for the next three years using industry data and management estimates from previous experience. The growth rate after the forecast period is in line with cost trends in the industry.
Operating margin	The operating margin was forecast from historical results and expectations of future margins based on previous experience.
Discount rate	The discount rate is obtained through a weighted average cost of capital for the industry and reflects current market assessments of the time value of money and estimated specific risks in each unit.

Assumptions	Long-term growth	Post-tax discount rate	Pre-tax discount rate
Individual and family	2.0% (20%)	7.8% (7.7%)	9.8% (9.8%)
Personal assistance	1.5% (1.5%)	7.8% (7.7%)	9.8% (9.8%)
Elderly care	2.0% (20%)	7.8% (7.7%)	9.8% (9.8%)
Norway	2.0% (20%)	7.7% (7.7%)	9.9% (9.9%)
Finland	2.0% (20%)	7.8% (7.7%)	9.7% (9.6%)

**Note G11 Other intangible assets**

2020	Systems development and licences	Customer relationships	Other	Total
<b>Accumulated acquisition cost</b>				
At start of year	17	9	16	41
Investments	-	-	3	3
Exchange differences	0	-1	-1	-1
At end of year	17	8	18	43
<b>Accumulated amortisation</b>				
At start of year	-17	-9	-10	-36
Exchange differences	-	1	-	1
Amortisation for the year	-	-	-2	-2
At end of year	-17	-8	-13	-38
<b>Carrying amount</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>5</b>

2019	Systems development and licences	Customer relationships	Other	Total
<b>Accumulated acquisition cost</b>				
At start of year	17	8	15	40
Investments	-	-	1	1
Exchange differences	-	0	0	0
At end of year	17	9	16	41
<b>Accumulated amortisation</b>				
At start of year	-17	-7	-8	-32
Exchange differences	-	0	0	0
Amortisation for the year	0	-1	-2	-3
At end of year	-17	-9	-10	-36
<b>Carrying amount</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>5</b>

**Note G12** Property, plant and equipment

2020	Land and buildings	Improvements to third-party property	Equipment	Total
<b>Accumulated acquisition cost</b>				
At start of year	121	203	211	534
Acquisition of business	-	-	0	0
Sale of business	-119	-	-	-119
Purchases	72	27	32	130
Retirements and disposals	-2	-9	-18	-29
Reclassifications	-19	8	-4	-15
Exchange differences	-3	-4	-5	-12
<b>At end of year</b>	<b>50</b>	<b>225</b>	<b>216</b>	<b>490</b>
<b>Accumulated depreciation and impairment</b>				
At start of year	-9	-46	-104	-159
Retirements and disposals	1	8	13	22
Reclassifications	10	1	4	15
Exchange differences	1	1	3	6
Depreciation for the year	-2	-27	-29	-58
Impairment for the year	-	-2	-	-2
<b>At end of year</b>	<b>1</b>	<b>-65</b>	<b>-113</b>	<b>-177</b>
<b>Carrying amount</b>	<b>51</b>	<b>160</b>	<b>103</b>	<b>314</b>

2019	Land and buildings	Improvements to third-party property	Equipment	Total
<b>Accumulated acquisition cost</b>				
At start of year	293	158	181	632
Acquisition of business	40	10	10	59
Purchases	150	29	48	227
Retirements and disposals	-367	-3	-22	-392
Reclassifications	-1	8	-7	0
Exchange differences	5	1	1	7
<b>At end of year</b>	<b>121</b>	<b>203</b>	<b>211</b>	<b>534</b>
<b>Accumulated depreciation and impairment</b>				
At start of year	-16	-31	-91	-138
Retirements and disposals	11	3	16	30
Exchange differences	-1	0	0	-1
Depreciation for the year	-3	-18	-28	-50
<b>At end of year</b>	<b>-9</b>	<b>-46</b>	<b>-104</b>	<b>-159</b>
<b>Carrying amount</b>	<b>112</b>	<b>157</b>	<b>108</b>	<b>376</b>

## Note G13 Leases

The information presented below is from Humana's perspective as a lessee.

### Right-of-use assets

	Buildings and premises	Cars	Total
<b>2020</b>			
Carrying amount, 31 December 2020	2,093	26	2,119
Additional right-of-use assets during the year	509	22	531
<b>2019</b>			
Carrying amount, 31 December 2019	2,052	37	2,089
Additional right-of-use assets during the year	988	16	1,004

Additional right-of-use assets for premises during the year relate mainly to existing operations. SEK 258 million relates to Individual and Family, SEK 129 million to Finland, SEK 60 million to Norway, SEK 51 million to Elderly Care and SEK 11 million to Personal Assistance. For 2019, SEK 269 million related to the acquisition of the Finnish operations, SEK 313 million to an increase resulting from sale and leaseback transactions and SEK 253 to new elderly care homes. The remaining SEK 153 million was attributable to various new housing units normally found in the segments. The Group does not have any leases with residual value guarantees or any new future leases which the company has undertaken.

### Impact on the consolidated income statement

The income statement shows the following figures related to leases:

	Note	2020	2019
<b>Depreciation of right-of-use assets</b>			
Buildings and premises		288	253
Cars		20	21
<b>Total</b>		<b>308</b>	<b>274</b>
Interest expenses (included in finance expenses)	G7	79	71
Variable lease payments, property tax		2	3
Costs related to short-term leases (included in other external expenses)	G4	44	48
Costs related to low-value leases not recognised as short-term leases above (included in other external expenses)	G4	11	16

In 2020, the total cash outflow for leases was SEK 362 (317) million.

### The Group's leasing activities

The Group leases cars and various types of buildings and premises for offices, residential care homes, compulsory adolescent care homes, flat complexes and elderly care homes.

Leases are normally signed for fixed periods. Non-lease components may be included in the contracts but are invoiced separately and are not therefore included in the calculation of liability and value in use. The average lease term for cars is three years with an extension option. For buildings and premises, the average weighted rental period is 15.2 (14.5) years, also with an extension option. The average weighted interest rate amounts to 3.68 (3.62) percent for buildings and premises and 1.39 (0.95) percent for cars. The conditions for premises are negotiated separately for each lease and include many different contractual conditions. The leases do not contain any special conditions or restrictions that would result in cancellation if not met, but the leased assets may not be used as collateral for loans.

For an analysis of maturity dates for lease liabilities, see Note G20.

### Extension and termination options

Options to extend and terminate the contracts are included in a number of the Group's leases of buildings, premises and cars. The terms and conditions are used to maximise flexibility in managing the contracts. Most of the extension and termination options can only be exercised by the Group, not by the lessors.

Extensions are included in the calculation of the liability and the right-of-use asset when it is considered reasonably certain that the leases will be extended (or not terminated).

### Sale and leaseback

The Group entered an agreement in 2019 with Samhällsbyggnadsbolaget i Norden for the sale of 37 commercial properties in Finland, Sweden and Norway during the year. The value of the property portfolio, transferred through a sale and leaseback transaction, was SEK 468 million. The average lease term for the properties is 14.2 years and the additional annual rents amount to SEK 32 million. Existing properties were transferred to Humana in July 2019. The agreement also covers properties under construction. Properties where construction is in progress will be transferred on completion.

No sale and leaseback transactions were entered into during 2020.

## Note G14 Trade receivables

	31/12/2020	31/12/2019
Trade receivables, gross	855	837
Reserve for bad debt losses	-3	-3
<b>Total</b>	<b>852</b>	<b>834</b>
Receivables not due	763	766
Past due 1-30 days	60	50
Past due 31-60 days	9	5
Past due >60 days	23	16
<b>Total</b>	<b>855</b>	<b>837</b>

Humana's customers consist mainly of state, municipal and county council entities in Sweden, Norway and Finland. The Group is not exposed to any significant credit risks relative to any individual counterparty or group of counterparties.



**Note G15** Prepaid expenses and accrued income

	31/12/2020	31/12/2019
Prepaid rents	18	57
Accrued income	14	37
Other	29	34
<b>Total</b>	<b>62</b>	<b>128</b>

**Note G16** Cash and cash equivalents

Cash and cash equivalents include the following:

	31/12/2020	31/12/2019
Cash	1	2
Bank balances	758	834
<b>Total</b>	<b>759</b>	<b>836</b>

Cash and cash equivalents consist of cash and demand deposits with banks and corresponding institutions.

**Note G17** Equity**Share capital**

Share capital consisted of 53,140,064 B shares at the start and end of 2020. Humana's share capital consists of one class of shares, with each share having equal voting rights and equal entitlement to receive dividends.

	2020	2019
Number of shares		
At start of year	53,140,064	53,140,064
At end of year	53,140,064	53,140,064

	Number of shares	Votes per share	Number of votes
Paid-up subscribed shares			
Share capital, B shares	53,140,064	0.022222	1,180,879

**Other paid-in capital**

Amounts received for issued shares and warrants over and above what has been added to share capital are included in the item "Other paid-in capital". See also Note G9.

**Translation reserve**

The translation reserve includes all exchange differences arising on translation of foreign operations that have prepared their financial statements in a currency other than the Group's presentation currency. The translation reserve also includes the hedging reserve, which consists of hedges of net investments in foreign operations.

**Share buybacks included in the equity item retained earnings including profit for the year**

	Number of shares	Amounts that affected equity
	2020	2020
Opening share buybacks	0	-
Purchases for the year	2,709,322	-156
Disposals for the year	-49,611	-
<b>Closing share buybacks</b>	<b>2,659,711</b>	<b>-156</b>

Share buybacks include the purchase fee for own shares held by the Parent Company, its subsidiaries or associated companies.

At the 2019 AGM, the Board was granted a mandate to acquire shares, contingent on the company's total holding of own shares not exceeding one-tenth of all shares in the company, and to transfer own shares in the company. On 30 March 2020, the Board decided to exercise this mandate in connection with settlement of LTI. In April, the company repurchased 52,462 shares at a cost of SEK 2 million, which is equivalent to an average price of SEK 39.12 per share. A total of 49,611 shares were allotted in April and May 2020 at an average price of SEK 41.35 per share.

At the 2020 AGM, the Board was authorised to acquire shares as long as the company's total holdings of own shares does not exceed one-tenth of all shares in the company and to transfer own shares in the company. On 4 December 2020, the Board decided to exercise this mandate. In December, Humana repurchased 2,656,860 shares at a cost of SEK 154 million, corresponding to an average price of SEK 57.95 per share. Subsequently, the company's total own shareholding amounts to 2,659,711 shares, which is 5.0 percent of the total number of shares and 5.0 percent of the total number of votes.

**Note G18** Interest-bearing liabilities

	31/12/2020	31/12/2019
<b>Current</b>		
Bank loans	581	607
Lease liabilities	232	270
<b>Total carrying amount</b>	<b>813</b>	<b>878</b>
<b>Non-current</b>		
Bank loans	1,499	1,769
Lease liabilities	1,958	1,902
<b>Total carrying amount</b>	<b>3,457</b>	<b>3,671</b>
Of which expires after 5 years	1,161	1,083

Borrowing is conducted in SEK, NOK and EUR. SEK 1,517 (1,790) million of the bank loans for 2020 relates to the Parent Company.

**Bank loan terms and conditions**

Humana entered a loan agreement with DNB Sweden AB and Skandinaviska Enskilda Banken AB (publ) in March 2016. Under the loan agreement, the lenders have undertaken to provide credit facilities amounting to SEK 2,625 million for a term of five years. This term was extended in 2020 by one year for both lenders, and the loan agreements now extend to March 2022. The agreement contains customary contractual conditions and two covenants (ratios), which are reported regularly to the lenders (net debt to EBITDA and interest cover ratio). The credit facilities are not secured but are subject to commitments and guarantees, and negative covenants, including restrictions on pledging the company's assets, restrictions on debt in subsidiaries (apart from Humana Group Holding AB) and restrictions on disposals and acquisitions where the total annual amount exceeds a total enterprise value of SEK 500 million, and obligations regarding trade sanctions and anti-corruption. See also Notes G20 and G21.

**Note G19** Accrued expenses and deferred income

SEK millions	31/12/2020	31/12/2019
Accrued salaries	360	322
Accrued holiday pay	429	419
Accrued interest expenses	3	4
Accrued pensions	79	78
Other accrued personnel costs	1	10
Accrued audit fees	4	5
Other	89	84
<b>Total</b>	<b>965</b>	<b>922</b>

## Note G20 Financial Instruments and risk management

31/12/2020 Financial assets	Financial assets at amortised cost	Carrying amount
Trade receivables	852	852
Other receivables	9	9
Accrued income	14	14
Cash and cash equivalents	759	759
<b>Total</b>	<b>1,634</b>	<b>1,634</b>

31/12/2020 Financial liabilities	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Carrying amount
Bank loans	-	2,079	2,079
Trade payables	-	128	128
Other current liabilities	-	6	6
Accrued expenses	-	3	3
Liability for earn-out payment	6	-	6
<b>Total</b>	<b>6</b>	<b>2,217</b>	<b>2,223</b>

31/12/2019 Financial assets	Financial assets at amortised cost	Carrying amount
Trade receivables	834	834
Other receivables	7	7
Accrued income	78	78
Cash and cash equivalents	836	836
<b>Total</b>	<b>1,755</b>	<b>1,755</b>

31/12/2019 Financial liabilities	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Carrying amount
Bank loans	-	2,376	2,376
Trade payables	-	129	129
Other current liabilities	-	7	7
Accrued expenses	-	4	4
Liability for earn-out payment	13	-	13
<b>Total</b>	<b>13</b>	<b>2,515</b>	<b>2,528</b>

Fair value does not differ materially from the carrying amount of trade receivables, other receivables, cash and cash equivalents, trade payables and other liabilities.

### Financial instruments at fair value

When determining the fair value of an asset or liability, the Group uses observable data as far as possible. Fair value measurement is based on the fair value hierarchy, which categorises inputs into different levels as follows:

- Level 1 – inputs that are quoted prices in active markets for identical instruments
- Level 2 – inputs other than those in Level 1 that are directly or indirectly observable market data
- Level 3 – inputs that are not observable in the market

31/12/2020	Level 1	Level 2	Level 3	Total
<b>Liabilities</b>				
Liability for earn-out payment	-	-	6	6
<b>Fair value</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>6</b>

31/12/2019	Level 1	Level 2	Level 3	Total
<b>Liabilities</b>				
Liability for earn-out payment	-	-	13	13
<b>Fair value</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>13</b>

### Reconciliation of financial instruments measured in level 3

The table below shows a reconciliation between the opening and closing balances for financial instruments measured in Level 3.

SEK millions	2020	2019
<b>Earn-out payment</b>		
Opening balance	13	8
Cost of acquisition	1	20
Reversed to income statement	0	-12
Settled during the year	-8	-3
<b>Closing balance</b>	<b>6</b>	<b>13</b>

### Measurement methods and inputs

The tables below show the methods used for fair value measurement in Levels 2 and 3, and non-observable inputs.

#### Financial instruments at fair value through profit or loss

	Earn-out payment
<b>Measurement method</b>	EBITDA multiples: The measurement model calculates the value of the earn-out payment based on likely scenarios of future EBITDA outcomes using agreed multiples.
<b>Significant non-observable inputs</b>	Forecast EBITDA
<b>Connection between significant non-observable inputs and fair value calculation</b>	The estimated fair value would increase (decrease) if: EBITDA was higher (lower)

### Sensitivity analysis

The maximum outstanding amount for earn-out payments is SEK 6 (17) million.

#### Financial instruments not measured at fair value

Type	Measurement method	Significant non-observable inputs	Measurement level
Other financial liabilities <sup>1)</sup>	Discounted cash flows	N/A	2

<sup>1)</sup> Other financial liabilities refers to bank loans and finance lease liabilities.

### Risks associated with financial instruments

In the course of its operations, the Group is exposed to different types of financial risk,

- Financing and liquidity risk
- Credit risk
- Interest rate risk
- Currency risk

The Group's financial policy for financial risk management has been formulated by the Board and provides a framework of guidelines and rules in the form of a risk mandate and limits for financing activities. Responsibility for the Group's financial transactions and risks is managed centrally by the CFO in consultation with the Board. The overall objective of the finance function is to provide cost-effective financing and minimise adverse effects of market risks on consolidated earnings.

#### Financing and liquidity risk

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

Specification of available liquidity:	31/12/2020	31/12/2019
Unutilised credit facility	200	200
Cash	759	836
<b>Total</b>	<b>959</b>	<b>1,036</b>

Consolidated financial liabilities, which are shown in Note G18, amounted to SEK 4,270 (4,549) million at the year-end, comprising current liabilities of SEK 813 (878) million and non-current liabilities of SEK 3,457 (3,671) million. Humana can use the unutilised revolving facility to roll over parts of the bank loans due within 3–12 months.

**Maturity analysis for financial liabilities**

2020	<3 months				Total
	3-12 months	2-5 years	>5 years		
Bank loans	50	531	1,498	0	2,079
Interest on bank loans	10	30	7	-	47
Lease liabilities	77	155	797	1,161	2,190
Trade payables	128	-	-	-	128
Liability for earn-out payment	-	6	-	-	6
<b>Total</b>	<b>266</b>	<b>723</b>	<b>2,302</b>	<b>1,161</b>	<b>4,451</b>

2019	<3 months				Total
	3-12 months	2-5 years	>5 years		
Bank loans	50	566	1,760	0	2,376
Interest on bank loans	15	43	10	0	67
Lease liabilities	93	282	951	1,414	2,740
Trade payables	129	-	-	-	129
Liability for earn-out payment	0	13	0	0	13
<b>Total</b>	<b>287</b>	<b>904</b>	<b>2,721</b>	<b>1,414</b>	<b>5,325</b>

**Credit risk**

Credit risk refers to exposure to receivables in the form of investments of surplus liquidity, derivatives, and trade receivables. Surplus liquidity is invested in deposit accounts, and derivative agreements are only concluded with the major Nordic commercial banks. Most of the Group's trade receivables are from state, municipal and county council entities, which are considered to have good credit quality. Cash and cash equivalents are only invested in banks with high credit ratings. The risk of credit losses is therefore considered to be minimal.

Maximum exposure to credit risk	2020	2019
Trade receivables	852	834
Other receivables	9	7
Cash and cash equivalents	759	836
<b>Total</b>	<b>1,620</b>	<b>1,677</b>

**Interest rate risk**

The main market risk affecting Humana is interest rate risk, which can result in fair value and cash flow changes. The Group's loans may or may not be hedged, by means of interest rate swaps or interest rate options, within the framework of the loan agreement. Fixed-rate periods are a significant factor affecting interest rate risk.

The Group's interest rate risk arises mainly through long-term borrowing, which is managed by the CFO, and through lease liabilities. The Group's loan agreements have 3–6 month fixed-interest periods.

A one percentage-point increase in the interest rate would have an effect of SEK 21 (24) million on loan interest expenses and SEK 22 (22) million on lease liability interest expenses.

**Currency risk**

As the Group operates in Sweden, Norway, Denmark and Finland, it is exposed to currency risks from exposure to the Norwegian krone (NOK), the Danish krone (DKK) and the euro (EUR). Consolidated profit is affected by translation of the foreign subsidiaries' income statements at the average exchange rate for the financial year. If a foreign subsidiary's local currency changes in relation to SEK, the Group's reported net revenue and earnings would change when translated to SEK. Currency risk also arises through future business transactions, reported assets and liabilities, and net investments in foreign operations. NOK and EUR exposure has therefore been partly financed through borrowing in NOK and EUR.

Net assets in NOK amount to SEK -41 (-6) million, including goodwill. A 5-percentage-point change in the exchange rate would have an effect of SEK 3 (3) million on the income statement and SEK 8 (0) million on consolidated comprehensive income. Net assets in EUR amount to SEK 419 (230) million, including goodwill. A 5-percentage-point change in the exchange rate would have an effect of SEK 3 (2) million on the income statement and SEK 8 (12) million on consolidated comprehensive income.

Net assets in DKK amount to SEK 7 (7) million, including goodwill. A 5-percentage-point change in the exchange rate would have an effect of SEK -0 (0) million on the income statement and SEK 0 (0) million on consolidated comprehensive income.

**Hedging of net investment in foreign operations**

Interest-bearing loans at 31 December 2020 include loans amounting to EUR 39.7 million and NOK 328.5 million, which comprise part of the net investment in two subsidiaries: Arjessa Oy in Finland and Human Care AS in Norway. The loans are used to hedge the Group's currency exposure in EUR and NOK for these net investments. Hedge accounting is applied from 1 January 2018. This means that the effective portion of exchange gains or losses on loans is recognised in other comprehensive income, which is where exchange gains or losses on investments in foreign subsidiaries are recognised.

The hedge becomes ineffective when the amount of the investment in foreign subsidiaries falls below the loan amount.

**The hedging instrument's effect on financial position:**

	Nominal amount	Carrying amount, SEK million	Fair value changes used to measure ineffectiveness during the period
Interest-bearing loans in EUR millions	39.7	398.5	16
Interest-bearing loans in NOK millions	328.5	313.6	34

**The hedged items' effect on financial position:**

	Translation reserve	Fair value changes used to measure ineffectiveness
Net investment in foreign subsidiaries, SEK millions	-74	50

The hedging loss before tax recognised in other comprehensive income corresponds to the fair value change used to measure effectiveness. No ineffectiveness has been reported in the Group's results.

**Hedge accounting's effect on equity and other comprehensive income**

	Translation reserve
<b>2019</b>	
At start of year	28
Exchange differences on translation of foreign operations	15
Exchange differences on translation of interest-bearing loans	-17
Tax effect	3
<b>At end of year</b>	<b>29</b>
<b>2020</b>	
At start of year	29
Exchange differences on translation of foreign operations	-74
Exchange differences on translation of interest-bearing loans	50
Tax effect	-11
<b>At end of year</b>	<b>-6</b>

**Capital management**

The Group's policy is to maintain a good financial position, thereby helping to maintain the confidence of investors, lenders and the market, and providing a solid foundation for continuing development of business operations while also generating a satisfactory long-term return for shareholders. The Board aims to achieve a balance between a potential higher return on equity from a high debt to equity ratio and the advantages and security associated with a strong capital base. The objective is to continue to generate returns for shareholders and value for other stakeholders.

Neither the Parent Company nor any of the subsidiaries are subject to external capital requirements (see also Note G18).

### Reconciliation of liabilities attributable to financing activities – Group

	Opening balance 2020	IFRS16 implementation	Cash flows	Non-cash movements				Closing balance 2020
				Acquisitions/disposals of subsidiaries	Changes to leases	Exchange differences	Fair value remeasurement	
Bank loans	2,376	-	-227	-	-	-69	-	2,079
Lease liabilities	2,172	-	-314	-	368	-37	-	2,190
<b>Total liabilities attributable to financing activities</b>	<b>4,548</b>	<b>-</b>	<b>-541</b>	<b>-</b>	<b>368</b>	<b>-106</b>	<b>-</b>	<b>4,269</b>

	Opening balance 2019	IFRS16 implementation	Cash flows	Non-cash movements				Closing balance 2019
				Acquisitions/disposals of subsidiaries	Changes to leases	Exchange differences	Fair value remeasurement	
Bank loans	1,826	-	301	253	-	-4	-	2,376
Lease liabilities	65	1,423	-250	274	660	0	-	2,172
<b>Total liabilities attributable to financing activities</b>	<b>1,891</b>	<b>1,423</b>	<b>51</b>	<b>527</b>	<b>660</b>	<b>-4</b>	<b>-</b>	<b>4,548</b>

### Note G21 Pledged assets and contingent liabilities

SEK millions	2020	2019
Pledged assets for bank loans		
Property mortgages	-	-
Pledged assets		
Other	-	-
Contingent liabilities	None	None

### Note G22 Related party transactions

The Group's key personnel consists of the Board of Directors, Group management and the CEO, through ownership of Humana and through their roles as senior executives. Related parties also include the principal owner Impilo Care AB, which is represented on the Board by Sören Mellstig and Fredrik Strömholm. Related party transactions are based on market conditions.

#### Remuneration of key personnel

Remuneration of key personnel is shown in Note G5.

### Note G23 Companies included in these financial statements

Humana AB is the Parent Company of the Group, which includes subsidiaries and sub-subsidiaries as listed below. All companies are wholly owned. All subsidiaries and sub-subsidiaries have financial years that correspond with the Parent Company's financial year.

Company name	Number of shares	Registered office	Share of equity, %
Aatuntien toimitalo Oy, 0749474-4	300	Pori, Finland	100%
Adventum Specialpedagogik AB, 556387-6753	1,000	Borlänge	100%
Adventum Vård AB, 556330-3030	1,000	Borlänge	100%
Anna ja Aatu Oy, 1771445-6	30	Oulu, Finland	100%
Arjessa Oy, 2367998-4	11,211,785	Helsinki, Finland	100%
Arkipäivä Oy, 0585203-4	75	Tornio, Finland	100%
Assistans på Gotland AB, 556763-8209	1,000	Gotland	100%
Baggium Vård & Behandling AB, 556747-5230	1,000	Gothenburg	100%
Balanshem AB, 556733-8099	1,000	Höör	100%
Barrebacken AB, 556610-6760	108	Stockholm	100%
Behandlingshemmet Källtorp AB, 556668-5979	1,000	Stockholm	100%
Björkvik-Ringsjöhemmet AB, 556435-1889	1,500	Stockholm	100%
Björkviks Vårdhem AB, 556257-3575	2,000	Stockholm	100%
Björntorps HVB-hem AB, 556740-6219	1,000	Stockholm	100%
Botnia 24h Oy, 2091344-8	10	Tornio, Finland	100%
Cajanuksentienkoti Oy, 2114734-3	100	Kempele, Finland	100%
Cureum AB, 556681-8661	821	Örebro	100%
Davidsbo Fastigheter AB, 556787-3327	1,000	Norberg	100%
Davidsbo Invest AB, 556806-2698	500	Norberg	100%
Davidsbogård AB, 556709-4296	1,000	Norberg	100%
Fabriken Förändringskonsulterna i Skaraborg AB, 556650-8544	1,000	Stockholm	100%
Fuga Omsorg AB, 556897-4371	50,000	Järfälla	100%
Habiliteket AB, 556484-2416	1,000	Täby	100%
Hollandshem AB, 556699-6129	1,000	Kungsbacka	100%
Hoitokoti Iltatähti Oy, 1012150-0	100	Vantaa, Finland	100%
Hoitokoti Sinikello Oy, 1072328-8	250	Taivalkoski	100%
Hoivakoti Joutsenkulma Oy, 2348341-2	22,500	Varkaus, Finland	100%
Humana Care AS, 997915038	1,000	Tonsberg, Norway	100%
Human Care BO AS, 925034657	1	Kvaefjord, Norway	100%
Human Care Eiendom AS, 922597871	1,000	Tonsberg, Norway	100%
Human Care Eiendom 2 AS, 823755872	3,000	Tonsberg, Norway	100%
Human Care Eiendom 3 AS, 925669342	3,000	Tonsberg, Norway	100%
Human Care Holding AS, 923166076	1,000	Tonsberg, Norway	100%



## NOTES

Company name	Number of shares	Registered office	Share of equity, %
Human Care Ung AS, 925036226	1	Tonsberg, Norway	100%
Humana Assistans AB, 556605-3996	100,000	Örebro	100%
Humana BU Holding AB, 559224-2688	1,000	Stockholm	100%
Humana Care Real Estate Finland AB, 559222-3142	1,000	Stockholm	100%
Humana Care Real Estate Norge AB, 559222-3159	1,000	Stockholm	100%
Humana Danmark ApS, 39804778	500	Søborg, Denmark	100%
Humana Ekeliden AB, 556891-0508	50,000	Hässleholm	100%
Humana Familj Holding AB, 559224-1292	1,000	Stockholm	100%
Humana Familjeforum Konsult i Sverige AB, 556687-4227	1,000	Stockholm	100%
Humana Familjeforum Sverige AB, 556589-3764	1,000	Stockholm	100%
Humana Familjestödsgruppen i Sverige AB, 556699-8182	1,000	Stockholm	100%
Humana Familjevårdskonsulenterna i Sverige AB, 556733-7349	1,000	Stockholm	100%
Humana Fastighets Holding AB, 559224-3322	1,000	Stockholm	100%
Humana Fastighetsförvaltning AB, 559222-3126	1,000	Stockholm	100%
Humana Fastighetsutveckling AB, 559222-3118	1,000	Stockholm	100%
Humana Finland AB, 559224-0435	1,000	Stockholm	100%
Humana Finland Oy, 2991142-2	100	Seinäjoki, Finland	100%
Humana Group AB, 556697-0249	1,478,571	Stockholm	100%
Humana Group Holding AB, 556730-0453	1,428,570	Stockholm	100%
Humana Hoiva Oy, 2769452-4	4,379,414	Oulu, Finland	100%
Humana Holding AB, 556645-2206	1,000	Örebro	100%
Humana Jobb & Matchning i Örebro AB, 556665-9149	1,000	Örebro	100%
Humana KBT Mälardalen AB, 556718-7025	1,000	Stockholm	100%
Humana LSS Holding AB, 559223-5807	1,000	Stockholm	100%
Humana LSS Sverige AB, 556754-3912	1,000	Sala	100%
Humana Omsorg AB, 556749-0007	1,000	Stockholm	100%
Humana Omsorgsfastigheter AB, 559192-1282	50	Stockholm	100%
Humana Real Estate Finland AB, 559222-3134	1,000	Stockholm	100%
Humana Sociala tjänster Sverige AB, 556658-1277	5,000	Stockholm	100%
Humana Vuxna Holding AB, 559223-5799	1,000	Stockholm	100%
Humlans HVB AB, 556641-8165	3,000	Ockelbo	100%
HVB Lappetorp AB, 556525-0247	1,020	Trosa	100%
Humana Avopalvelut Oy, 2292973-4	240	Lohja, Finland	100%
Iltautulikoti Oy, 2141642-7	1,200,000	Iitti, Finland	100%
Innovativ Assistans i Stockholm AB, 556521-4573	1,000	Gothenburg	100%
INOM Innovativ Omsorg i Norden AB, 556782-9105	3,524,259	Stockholm	100%
INOM Innovativ Omsorg i Sverige AB, 556739-6725	1,000	Stockholm	100%
Istriana AB, 559020-2452	1,000	Lund	100%
Jakilaakson Perhekodit Oy, 1741579-8	20	Ylivieska, Finland	100%
Joterplan Oy, 1482883-7	50	Saarijärvi, Finland	100%
JOWE AB, 556644-6281	100	Stockholm	100%
Karttusenranta Oy, 1877402-0	1,000	Oulu, Finland	100%
Kiinteistö Oy Seinäjoen Vuokonollila 1, 3133662-3	10	Seinäjoki, Finland	100%
Kiinteistö Oy Seinäjoen Vuokonollila 2, 3133661-5	10	Seinäjoki, Finland	100%
Kilen Akut Behandlingshem AB, 556620-9549	1,000	Skövde	100%
Komian Kranni Oy, 1064768-4	170	Seinäjoki, Finland	100%
K-rehab AB, 556766-2720	6,000	Sandviken	100%
Kristallihovi Oy, 2288773-0	90	Hämeenlinna, Finland	100%
Kristallikartano Oy, 2469221-6	100	Kerava, Finland	100%
Kyrönmaakoti Oy, 1538708-4	1,000	Oulu, Finland	100%
Lakeuden Pojat Oy, 2387295-2	1,000	Oulu, Finland	100%
Lastensuojeluyksikkö Leppälintu Oy, 2364613-8	1,000	Kauhajoki, Finland	100%
Lastensuojeluyksikkö Pihakoivu Ky, 1991926-0	-	Seinäjoki, Finland	100%
Lounatuulikoti Oy, 1013647-0	20	Äänekoski, Finland	100%
Lunna Gärd AB, 556586-2371	1,000	Stockholm	100%
Luotsimaja Oy, 2036069-5	65	Pori, Finland	100%
Matiimi Oy, 0706096-2	100	Lempäälä, Finland	100%
Muhoksen Palvelukoti Oy, 0586645-2	1,000	Muhos, Finland	100%
Namikan Pienryhmäkoti Oy, 2461106-8	1,000	Lahti, Finland	100%
Neuropsyk i Bollnäs AB, 556543-1516	1,000,000	Stockholm	100%
Nordic Care AB, 556658-8710	1,000	Örebro	100%
Nordic Senior Services Oy, 2301404-2	178,846,495	Tampere, Finland	100%
Norrbärke Sjukhem AB, 556564-9778	2,500	Stockholm	100%
Nuorisokoti Valokki Oy, 2284728-8	1,250	Kurikka, Finland	100%
Nuorisopsykiatrinen Asumiskoti Puro Oy, 1744507-3	240	Vähäkyrö, Vaasa, Finland	100%
Nygårds Vård Gotland AB, 556417-0511	2,000	Gotland	100%

Company name	Number of shares	Registered office	Share of equity, %
Oasen HVB & Skola AB, 556420-9608	5,000	Aneby	100%
Oasen Ungdomscenter AB, 556686-2313	1,000	Aneby	100%
Oasen Utbildningscenter AB, 556650-1796	1,000	Aneby	100%
Off.Clinic AB, 556625-9429	1,000	Kristianstad	100%
Orana AB, 556353-3966	1,000	Kristianstad	100%
Orana Kristianstad AB, 556714-8878	1,000	Kristianstad	100%
Orana Vård & Omsorg Holding AB, 559012-0159	50,000	Kristianstad	100%
Paavolakoti Oy, 1077276-8	100	Mänttä-Vilppula, Finland	100%
Palvelukeskus Kaski Oy, 1816473-2	100	Pihtipudas, Finland	100%
Palvelukoti Hilmar Oy, 0955759-3	15	Keuruu, Finland	100%
Palvelukoti Metsärinne Oy, 0711287-3	100	Haapavesi, Finland	100%
Partnergruppen Svenska AB, 556177-0362	10,000	Stockholm	100%
Perhetalo Arjessa Oy, 2487220-9	1,000	Helsinki, Finland	100%
Pienkoti Aura Oy, 1853882-9	10	Jyväskylä, Finland	100%
Pienryhmäkoti Arjen Sydän Oy, 2179372-4	130	Siuntio, Finland	100%
Pienryhmäkoti Puolenhehtaarin Metsä Oy, 2166211-8	270	Lohja, Finland	100%
Pirtakoti Oy, 2203782-4	100	Tornio, Finland	100%
Platea AB, 556697-9729	1,500	Hagfors	100%
Prompting AB, 556606-5990	200	Stockholm	100%
R.I.K. Assistans Aktiebolag, 556765-6797	1,000	Stockholm	100%
Ramlösa Social Utveckling AB, 556266-5520	1,000	Helsingborg	100%
Rehabiliteringsbolaget i Mälardalen AB, 556755-5049	1,000	Örebro	100%
Rehappi Oy, 2397006-9	10,000	Naantali, Finland	100%
Rengsjö Vårdcenter AB, 556383-1857	1,000	Stockholm	100%
RO Omsorg Assistans AB, 556815-6334	500	Stockholm	100%
Ryhmäkodit Arjessa Oy, 2284729-6	1,250	Seinäjoki, Finland	100%
Ryhmäkoti Raide Oy, 2032776-4	100	Tampere, Finland	100%
Sillanpää-koti Oy, 2216058-2	2,500	Seinäjoki, Finland	100%
Skellefteå Stöd och Behandling AB, 556861-3904	500	Skellefteå	100%
Storsjögårdens HVB AB, 556535-5780	1,000	Gävle	100%
StøtteCompagniet ApS, 31940109	126	Søborg, Denmark	100%
Suolahden Palvelukoti Oy, 0767749-5	50	Äänekoski, Finland	100%
Sähkö Oy, 2022074-8	80	Ylivieska, Finland	100%
Södertörns familjevård AB, 556573-0511	1,000	Stockholm	100%
Tiangruppen AB, 556378-5145	2,500	Uppsala	100%
Tibble gård ungdomshem AB, 556632-1757	1,000	Stockholm	100%
Toivolanranta Oy, 0859903-8	100	Oulainen, Finland	100%
Tuulenvirekoti Oy, 2836429-5	18,000	Turku, Finland	100%
Ungdomshemmet Hajstorp AB, 556618-0369	1,600	Töreboda	100%
Vassbo Behandlingshem AB, 556449-1602	1,000	Uddevalla	100%
Vehkakoti Oy, 1591616-9	100	Kaavi, Finland	100%
Veitikanharju Oy, 2011352-0	80	Rovaniemi, Finland	100%
Vidablick AB, 556679-3179	1,000	Helsingborg	100%
Wikmansgården AB, 556167-4275	1,000	Stockholm	100%
Wilhelmiinakoti Oy, 2130102-1	100	Hollola, Finland	100%
Villa Marin Hoitopalvelut Oy, 1903887-7	8,000	Kokkola, Finland	100%
Wisby Assistans AB, 556605-2725	1,000	Gotland	100%
Vivante Oy, 1092297-3	100	Kuusamo, Finland	100%
Västgöta Assistans AB, 556795-6593	1,000	Borås	100%

## Note G24 Events after the reporting date

In February 2021, Humana acquired the Swedish Individual and Family company, Team J-son. The operations include residential care homes, LSS housing homes, a school and a healthcare team. Team J-son's annual revenue is approximately SEK 90 million and the company has about 120 employees.

After the balance sheet date, Humana repurchased own shares as mandated at the 2020 Annual General Meeting. The purpose is to adjust the Group's capital structure and helping to increase shareholder value. During February and

March 2021 2,357,348 shares were repurchased at a total cost of SEK 159m, which is equivalent to an average price of SEK 67.51 per share. Subsequently, Humana's total own shareholding amounts to 5,014,208 shares, which is 9.44 percent of the total number of outstanding shares and 9.44 percent of the total number of votes.

# Notes, Parent Company

## Note P1 Parent Company's transactions with Group companies

Sales to Group companies amounted to 100 (100) percent in 2020. Purchases from Group companies amounted to 0 (0) percent in 2020.

## Note P2 Information on auditors' fees and cost reimbursement

Auditors' fees	2020	2019
KPMG AB		
- audit services	2	2
<b>Total</b>	<b>2</b>	<b>2</b>

Audit services consist of the auditor's work associated with the statutory audit, while auditing assistance includes various types of quality assurance services. Other services are services other than audit services or tax advisory services.

## Note P3 Shares in subsidiaries

	31/12/2020	31/12/2019
Opening cost	1,629	1,627
Contribution	0	2
<b>Closing accumulated cost</b>	<b>1,629</b>	<b>1,629</b>

Company name	31/12/2020	31/12/2019
Humana Group Holding AB, 556730-0453	1,629	1,629

## Note P4 Untaxed reserves

	31/12/2020	31/12/2019
Allocation reserve, tax year 2015	-	38
Allocation reserve, tax year 2016	20	20
Allocation reserve, tax year 2017	27	27
Allocation reserve, tax year 2018	36	36
Allocation reserve, tax year 2019	30	30
Allocation reserve, tax year 2020	35	-
<b>Total</b>	<b>148</b>	<b>152</b>

## Note P5 Non-current liabilities

	31/12/2020	31/12/2019
Non-current liabilities due for payment 1-5 years after the reporting date:	946	1,190
<b>Total</b>	<b>946</b>	<b>1,190</b>

See Note G18 for loan terms and conditions and Note G20 for financial risk management.

## Note P6 Accrued expenses and deferred income

	31/12/2020	31/12/2019
Accrued interest	1	1
Other items	3	7
<b>Total</b>	<b>4</b>	<b>8</b>

## Note P7 Proposed distribution of profits

The following profits are available to the AGM:

SEK	2020
Retained earnings	1,501,374,900
Profit for the year	69,471,849
<b>Total</b>	<b>1,570,846,749</b>
<b>To be distributed as follows:</b>	
Dividend	-
Carried forward	1,570,846,749
<b>Total</b>	<b>1,570,846,749</b>

The Board of Directors and the CEO confirm that the annual accounts have been prepared in accordance with generally accepted accounting standards in Sweden and that the consolidated accounts have been prepared in accordance with the international accounting standards referred to in European Parliament and Council Regulation (EC) no. 1606/2002 of 19 July 2002 on the application of international accounting standards. The annual accounts and consoli-

dated accounts provide a true and fair view of the financial position and financial performance of the Parent Company and the Group. The Board of Directors' Report for the Parent Company and the Group provides a true and fair overview of the development of the operations, financial position and financial performance of the Parent Company and Group, and describes material risks and uncertainties faced by the Parent Company and Group companies.

Stockholm, 31 March 2021

**Rasmus Nerman**  
*President and CEO*

**Sören Mellstig**  
*Chairman*

**Karita Bekkemellem**  
*Board member*

**Magdalena Gerger**  
*Board member*

**Kirsi Komi**  
*Board member*

**Monica Lingegård**  
*Board member*

**Anders Nyberg**  
*Board member*

**Fredrik Strömholm**  
*Board member*

Our Audit Report was submitted on  
31 March 2021  
**KPMG AB**

**Helena Nilsson**  
Authorised Public Accountant



# Auditor's Report

To the general meeting of the shareholders of Humana AB (publ), corp. id 556760-8475

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Humana AB (publ) for the year 2020, except for the corporate governance statement on pages 52–63 and the sustainability report on pages 16–31, 64 and 69–70. The annual accounts and consolidated accounts of the company are included on pages 16–31, 52–64, 69–70 and 74–107 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 52–63 and sustainability report on pages 16–31, 64 and 69–70. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

### Valuation of goodwill

See Note GA2 General accounting policies including Accounting estimates in the financial reports, Note GA4 Significant accounting policies and Note G10 Goodwill on the pages 88–90 and 97 in the annual and consolidated accounts for detailed information and descriptions of the matter.

### Description of key audit matter

The Group's goodwill amounted to SEK 3,815 million at 31 December 2020. Goodwill is tested annually for impairment. Annual impairment testing is of significance to the audit as it involves a significant element of judgement from the Group, including assumptions about the future performance of the business and market conditions.

Another important assumption is the discount rate to be used to reflect market assessments of the specific risks that the business faces.

### Response in the audit

We have examined whether the impairment tests performed were prepared in accordance with the methods prescribed by IAS 36 Impairment of Assets.

We have also evaluated the Group's assumptions about future cash flows, such as sales growth and operating margin development, and the discount rate. This has been done by, among other things, obtaining and evaluating written documentation and checking assumptions in the impairment testing against plans. We have also evaluated the Group's historical forecast performance and challenged assumptions about future growth and margins.

We have also assessed the content of the information about impairment tests performed, as provided in the annual and consolidated accounts.

## Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–51, 64–73 and 111–116. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

#### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions. We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

#### Report on other legal and regulatory requirements

##### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Humana AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

##### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

**Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

**Auditor's responsibility**

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions

taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

**The auditor's examination of the corporate governance statement**

The Board of Directors is responsible for that the corporate governance statement on pages 52–63 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

**The auditor's opinion regarding the statutory sustainability report**

The Board of Directors is responsible for the sustainability report on pages 16–31, 64 and 69–70, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Humana AB (publ) by the general meeting of the shareholders on the 7 May 2020. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2008.

Stockholm 31 March 2021

KPMG AB

Helena Nilsson  
Authorized Public Accountant

# Reconciliation with IFRS financial statements

In the financial reports that Humana issues, there are alternative performance measures specified that complement the measurements defined or specified in the applicable financial reporting rules. Alternative performance measures are indicated when, in their context, they provide clearer or more detailed information than the measurements defined in the applicable financial reporting rules. Alternative performance measures derive from the company's consolidated accounts and are not measured in accordance with IFRS.

	2020	2019
<b>Adjusted operating profit</b>		
Operating profit	471	369
Capital gain on sale of property	-17	-4
<b>Adjusted operating profit</b>	<b>453</b>	<b>365</b>
<b>Adjusted EBITDA</b>		
Operating profit	471	369
Depreciation	371	327
Capital gain on sale of property	-17	-4
<b>Adjusted EBITDA</b>	<b>824</b>	<b>692</b>
<b>Organic revenue growth</b>		
Revenue, base	6,968	6,660
Revenue, organic growth	289	134
<b>Total organic growth, constant exchange rate</b>	<b>4,1%</b>	<b>2,0%</b>
<b>Operating cash flow, SEK million</b>		
Operating profit	471	369
Depreciation	371	327
Change in working capital	71	126
Investments in other non-current assets, net	-133	-228
<b>Operating cash flow, SEK million</b>	<b>779</b>	<b>595</b>

	31/12/2020	31/12/2019
<b>Interest-bearing net debt, SEK million</b>		
Non-current interest-bearing liabilities	3,457	3,671
Current interest-bearing liabilities	813	878
Cash and cash equivalents	-759	-836
<b>Interest-bearing net debt</b>	<b>3,511</b>	<b>3,712</b>
Adjusted EBITDA, 12 months	824	692
<b>Interest-bearing net debt/Adjusted EBITDA, 12 months, times</b>	<b>4.3</b>	<b>5.4</b>
<b>Return on capital employed, %</b>		
Total assets	8,044	8,231
Deferred tax liabilities	-70	-71
Trade payables	-128	-129
Other current liabilities	-1,222	-1,178
<b>Capital employed</b>	<b>6,624</b>	<b>6,853</b>
Operating profit	471	369
Finance income	1	1
<b>Total</b>	<b>471</b>	<b>371</b>
<b>Return on capital employed, %</b>	<b>7.1%</b>	<b>5.4%</b>
<b>Equity/assets ratio, %</b>		
Total equity	2,354	2,305
Total assets	8,044	8,231
<b>Equity/assets ratio, %</b>	<b>29.3%</b>	<b>28%</b>



# Financial performance measures

## Financial performance measures

	Definition	Purpose
Return on capital employed (%)	Operating profit and finance income divided by total capital employed multiplied by 100.	Indicates the operating return on the capital that owners and lenders have made available. The intent is to show consolidated returns, regardless of the financing.
EBITDA	Operating profit before depreciation, amortisation and impairment.	The measure is used to monitor the company's profit/loss generated by operating activities and facilitate comparisons of profitability between different companies and industries.
Adjusted operating profit and adjusted EBITDA	Operating profit and EBITDA adjusted for items affecting comparability.	An adjustment for items affecting comparability 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 assets (net).	The exclusion of cash flow from acquisitions and financing facilitates an analysis of cash conversion in operating activities.
Organic growth	Growth in local currency 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.
Interest-bearing net debt/adjusted EBITDA	Interest-bearing net debt divided by adjusted EBITDA.	The measure indicates consolidated debt in relation to adjusted EBITDA. This is used to illustrate the Group's ability to meet financial commitments.
Equity/assets ratio (%)	Equity including non-controlling interests divided by total assets multiplied by 100.	Indicates the proportion of assets that are financed with equity. The aim is to assess the Group's solvency in the long term.
Capital employed	Total assets less non-interest-bearing liabilities.	The measure indicates the portion of the company's assets financed by interest-bearing capital.

## Other performance measures

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

# Quarterly overview

SEK millions	2020					2019				
	Full year	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4
<b>Operating revenue by segment</b>										
Individual & family	2,101	519	532	522	528	2,095	512	535	529	518
Personal assistance	2,931	719	733	736	743	2,783	684	685	708	707
Elderly care	608	146	155	150	157	564	134	142	146	143
Finland	1,327	350	338	318	321	1,204	179	341	336	348
Norway	788	194	201	200	193	794	194	210	194	196
Other	43	10	22	5	5	26	5	5	14	1
<b>Operating revenue</b>	<b>7,797</b>	<b>1,938</b>	<b>1,980</b>	<b>1,931</b>	<b>1,948</b>	<b>7,467</b>	<b>1,708</b>	<b>1,918</b>	<b>1,928</b>	<b>1,912</b>
<b>Operating profit by segment</b>										
Individual & family	190	33	49	70	38	168	28	41	72	27
Personal assistance	160	40	29	57	34	154	39	26	52	37
Elderly care	10	0	1	5	4	13	4	0	8	0
Finland	62	17	11	24	10	49	15	5	19	9
Norway	69	13	16	21	19	59	9	16	21	13
Other	-20	-5	-7	-5	-4	-72	-18	-42	4	-16
<b>Operating profit</b>	<b>471</b>	<b>98</b>	<b>100</b>	<b>172</b>	<b>101</b>	<b>369</b>	<b>77</b>	<b>45</b>	<b>176</b>	<b>71</b>
<b>Operating margin by segment</b>										
Individual & family, %	9.0	6.4	9.3	13.4	7.1	8.0	5.5	7.6	13.7	5.1
Personal assistance, %	5.5	5.6	4.0	7.7	4.5	5.5	5.8	3.7	7.4	5.2
Elderly care, %	1.6	-0.3	0.7	3.3	2.8	2.3	2.8	0.3	5.6	0.3
Finland, %	4.6	4.7	3.2	7.6	3.1	4.0	8.6	1.4	5.7	2.7
Norway, %	8.7	6.7	7.9	10.5	9.9	7.4	4.5	7.5	10.7	6.8
<b>Operating margin, %</b>	<b>6.0</b>	<b>5.1</b>	<b>5.1</b>	<b>8.9</b>	<b>5.2</b>	<b>4.9</b>	<b>4.5</b>	<b>2.3</b>	<b>9.1</b>	<b>3.7</b>

# GRI Index

## General disclosures

GRI standard	Disclosure	Page	Comments
<b>GRI102: GENERAL DISCLOSURES</b>			
Organisational profile	102-1	Name of the organisation	76
	102-2	Activities, brands, products, and services	2-3, 33-43
	102-3	Location of headquarters	76
	102-4	Location of operations	3, 33-43
	102-5	Ownership and legal form	48-49
	102-6	Markets served	3, 33-43
	102-7	Scale of the organisation	2
	102-8	Information on employees and other workers	2, 23-25, 76-77
	102-9	Supply chain	
	102-10	Significant changes to the organisation and its supply chain	4-5
	102-11	Precautionary Principle or approach	30
	102-12	External initiatives	No
	102-13	Membership of associations	30
Strategy and analysis	102-14	Statement from senior decision-maker	8-9
Ethics and integrity	102-16	Values, principles, standards, and norms of behaviour	16-19
Governance	102-18	Governance structure	53
Stakeholder engagement	102-40	List of stakeholder groups	17
	102-41	Collective bargaining agreements	Involves everyone except CEO
	102-42	Identifying and selecting stakeholders	17
	102-43	Approach to stakeholder engagement	17
	102-44	Key topics and concerns raised	17
Reporting practice	102-45	Entities included in the organisation's consolidated financial statements	76-79
	102-46	Defining the report content and topic boundaries	16-17
	102-47	List of material topics	16-17
	102-48	Restatements of information	No changes
	102-49	Changes in reporting	First year reporting in line with GRI standards: Core option
	102-50	Reporting period	1 January – 31 December 2020
	102-51	Date of most recent report	Thursday, 2 April 2020
	102-52	Reporting cycle	Annual
	102-53	Contact person for questions regarding the report	anna.sonne@humana.se
	102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option
	102-55	GRI Index	114-115
	102-56	External assurance	No

## Specific disclosures

GRI standard	Disclosure	Page	Comments
<b>QUALITY OPERATIONS</b>			
<b>High quality of care services</b>			
GRI 103: Governance	103-1	Explanation of the material topic and its boundary	16, 20-22
	103-2	The management approach and its components	20-22
	103-3	Evaluation of the management approach	19, 20-22
Company-specific topic/indicator		CSI, Customer satisfaction index, for Humana as a whole	22
Company-specific topic/indicator		Share of customers/clients whose individual plans have been followed up on schedule	22

## Specific disclosures cont'd

GRI standard	Disclosure	Page	Comments
<b>ATTRACTIVE EMPLOYER</b>			
<b>Satisfied and loyal employees:</b>			
GRI 103: Governance	103-1	Explanation of the material topic and its boundary	16, 23–25
	103-2	The management approach and its components	23–25
	103-3	Evaluation of the management approach	19, 25
Company-specific topic/indicator		eNPS, Employee Net Promoter Score	19, 25
<b>Secure and pleasant work environment</b>			
GRI 103: Governance	103-1	Explanation of the material topic and its boundary	16, 23–25
	103-2	The management approach and its components	23–25
	103-3	Evaluation of the management approach	
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	24
	403-2	Hazard identification, risk assessment, and incident investigation	24
	403-3	Occupational health services	All who work at the care homes that Humana is contracted to manage are employed by Humana
	403-4	Worker participation, consultation, and communication on occupational health and safety	29
	403-5	Worker training on occupational health and safety	29
	403-6	Promotion of worker health	29
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	All who work at the care homes that Humana is contracted to manage are employed by Humana
	403-8	Workers covered by an occupational health and safety management system	All employees are covered
<b>Equal gender distribution among senior managers</b>			
GRI 103: Governance	103-1	Explanation of the material topic and its boundary	16, 23–25
	103-2	The management approach and its components	23–25
	103-3	Evaluation of the management approach	19
GRI 405: Diversity and equal opportunities 2016	405-1	Diversity of governance bodies and employees	24–25
<b>PROFITABLE GROWTH</b>			
GRI 103: Governance	103-1	Explanation of the material topic and its boundary	16, 26–27
	103-2	The management approach and its components	26–27
	103-3	Evaluation of the management approach	19, 26–27
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	27
<b>RESPONSIBLE PROVIDER</b>			
GRI 103: Governance	103-1	Explanation of the material topic and its boundary	28–30
	103-2	The management approach and its components	28–30
	103-3	Evaluation of the management approach	29, 28–30
GRI 203: Indirect economic impacts 2016	203-2	Significant indirect economic impacts	29
Company-specific topic/indicator		Number of introductory jobs created	30
<b>Reduced environmental impact</b>			
GRI 103: Governance	103-1	Explanation of the material topic and its boundary	30
	103-2	The management approach and its components	30
	103-3	Evaluation of the management approach	30
Company-specific topic/indicator		CO <sub>2</sub> -index	30
<b>VALUES-DRIVEN HUMANA</b>			
GRI 103: Governance	103-1	Explanation of the material topic and its boundary	18, 20
	103-2	The management approach and its components	20
	103-3	Evaluation of the management approach	19
Company-specific topic/indicator		Employees' awareness that values are what guide Humana.	19
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Number of people who received information, training or similar



# Five-year overview

## Key ratios and per-share data

Note that the tables and calculations below have not been audited, unless otherwise stated.

Key ratios	2020	2019	2018	2017	2016
Net revenue, SEK million <sup>1)</sup>	7,797	7,467	6,725	6,556	6,362
Growth, %	4.4	11.0	2.6	3.1	13.7
Organic growth, constant exchange rate, %	4.1	2.0	3.4	-1.3	1.1
Inorganic growth (including disposals), %	1.7	8.5	-1.6	5	12.4
EBITDA, SEK million	842	697	461	376	379
EBITDA margin, %	10.8	9.3	6.9	5.7	6.0
Adjusted EBITDA, SEK million	824	692	461	376	419
Adjusted EBITDA margin, %	10.6	9.3	6.9	5.7	6.6
Operating profit (EBIT), SEK million <sup>1)</sup>	471	369	391	316	329
Operating margin, %	6.0	4.9	5.8	4.8	5.2
Adjusted operating profit, SEK million	453	365	391	316	369
Adjusted operating margin, %	5.8	4.9	5.8	4.8	5.8
Profit for the year, SEK million <sup>1)</sup>	262	187	245	194	170
Change in working capital, SEK million	71	126	-18	-41	-372
Acquisition of intangible assets and property, plant and equipment, SEK million <sup>1)</sup>	-133	-228	-158	-151	-143
Operating cash flow, SEK million	779	595	285	184	-134
Cash conversion, %	92.5	85.4	61.8	48.9	-35.3
Equity <sup>1)</sup>	2,354	2,305	2,147	1,891	1,726
Interest-bearing net debt, SEK million	3,511	3,712	1,378	1,440	1,628
Interest-bearing net debt/EBITDA, 12 months, times	4.2	5.3	3	3.8	4.3
Interest-bearing net debt/adjusted EBITDA, 12 months, times	4.3	5.4	3	3.8	3.9
Equity/assets ratio, %	29.3	28.0	41.1	37.4	34.8
Return on capital employed, 12 months, %	7.1	5.4	9.7	8.2	8.9
Average no. of customers	8,795	8,503	7,466	8,316	8,361
Average number of full-time employees <sup>1)</sup>	10,592	10,175	9,782	10,003	9,912
Full-time employees at end of year	10,639	10,093	9,729	9,503	10,091
<b>Per-share data</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Earnings per share	4.94	3.54	4.62	3.64	2.87
Equity per share, SEK	44.43	42.97	40.08	35.58	32.48

<sup>1)</sup> Information derived from Humana's audited consolidated accounts.



Everyone  
is entitled to  
*a good life*

