

Annual Report 2018



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About the Annual Report

The Annual Report describes Humana's operations and financial results for 2018 and includes a Corporate Governance Report and Sustainability Report. The legal Annual Report is on pages 16–25 and 40–98. The statutory Sustainability Report is published to comply with the Annual Accounts Act and is on pages 16–25.



Humana *in brief*

Humana is a leading Nordic care company dedicated to give people a good life. Humana's services include individual and family care, personal assistance, elderly care and housing with special services. In Sweden, Humana is the market leader in individual and family care and personal assistance. In Norway and Finland, Humana is the second largest provider of individual and family care services and in Norway also the second largest provider of personal assistance. Humana also has a small care operation in Denmark since 2018.

Our business areas



Individual & Family

Humana offers a unique dynamic care concept that provides expertise in housing, care and treatment under own management for individuals with psychosocial problems and mental illness. We also offer special service housing under LSS, under contract and under own management.

Percentage of Group revenues:

32%



Elderly Care

Humana provides elderly care through homes for the elderly, either under own management or under contract. The number of places under own management is growing rapidly.

Percentage of Group revenues:

7%



Personal Assistance

Humana provides personal assistance to individuals with disabilities to empower them to live life the way others do. Our clients represent all ages and are spread across 250 different municipalities in Sweden.

Percentage of Group revenues:

40%



Other Nordics

In Norway, Finland and Denmark, most of Humana's operations are in individual and family care for children, adolescents and adults. In Norway, Humana also offers personal assistance through customer choice. In Finland, services such as elderly homes and other residential care homes are also offered.

Percentage of Group revenues:

21%



7,466

customers



14,657

employees



6,725

operating revenue
SEK M



391

operating profit
SEK M

“Everyone is entitled to a good life”

The year *in brief*



Norwegian health minister Bent Høie together with Ola Skavhaug at Humana during Arendalsuka 2018.

Humana Norway in Arendalsuka

We participate in Arendalsuka 2018, Norway's equivalent of the Swedish Almedalsveckan. Humana conducts nine seminars and round table talks with a total of 550 participants to increase awareness of Humana's services and our contribution as a corporate citizen.

TFCO as a method draws attention

The Swedish Agency for Health Technology Assessment and Assessment of Social Services (SBU) presents a report on the Treatment Foster Care Oregon (TFCO) method in family homes and at residential care homes that shows very good treatment results and cost savings for society. Humana holds a license for the method in the Nordic countries.

We Me You



Assistance podcast spreads knowledge

Since personal assistance as a reform is much debated, Humana wants to help sort out the concepts. The assistance podcast, headed by our lawyers Anthony and Antonia, was launched during the year and is released once a month. The podcast is for everyone, regardless of prior knowledge.

High ratings from employees

In WeYouMe, Humana's annual employee survey, employees continue to rate Humana highly as an employer. Employees rated us particularly well on leadership and how our activities connect to our core values.

 We are extremely proud and happy about the high quality rating from customers and clients.

Eva Nilsson Bågenholm,
Director of Quality Assurance



Best sustainable elderly housing in the world

Humana's elderly care home Södra Järnvägs-gatan in Växjö was awarded environmental certification under LEED. This property was ranked second highest as a building in Sweden and was the elderly care home that received the highest score globally. The building is full of sustainable solutions and meets several tough criteria. For example, it is energy self-sufficient through well climate insulated outer walls, rooftop solar panels and environmentally effective faucets.

High ratings from customers and clients The satisfaction among Humana customers and clients during ongoing placement has risen during the year. For 2018, the customer and client satisfaction totalled 84 on a scale of 1–100. This is an increase from last year, when the satisfaction index was 80.



Three new elderly care homes

During the year, Humana took over the operation of three elderly care homes: *Åsengården*, *Sjöstadsgården* and *Riddargården*. Humana operates 15 elderly care homes, where three are under own management. In 2019, two additional homes under own management were opened in Staffanstorp and Kungsängen, Sweden.

Awarded eight contracts

- Personal Assistance: Contractor for Kalmar Municipality
- Elderly Care: Riddargården and Sjöstadsgården
- Individual and Family: Four LSS group homes in Uppsala, one in Ljungby.

Five acquisitions

- Luotsimaja and Matiimi in Finland, with operations in psychosocial problems
- Västgöta Assistans and RIK Assistans, two personal assistance businesses
- StøtteCompagniet in Denmark, which specialises in outpatient care

Humana enters the Danish market

Through the acquisition of StøtteCompagniet, Humana took its first step into the growing care market in Denmark. StøtteCompagniet is a company in the Copenhagen region specialised in individual and family outpatient care. The company's annual revenue is roughly SEK 20 million.



The most gender-balanced listed company in Sweden

For the second consecutive year, Humana won the AllBright Award for the most gender-balanced listed company. We continue to drive an agenda for diversity and gender equality based on Humana's core values.

219

More employees

At the end of 2018 Humana had 14,657 employees, compared to 14,438 employees one year earlier.

3%

Revenue growth: 3%

Individual & Family: -1%
Personal Assistance: 2%
Elderly Care: -12%
Other Nordics: 18%

Key ratios, SEK M

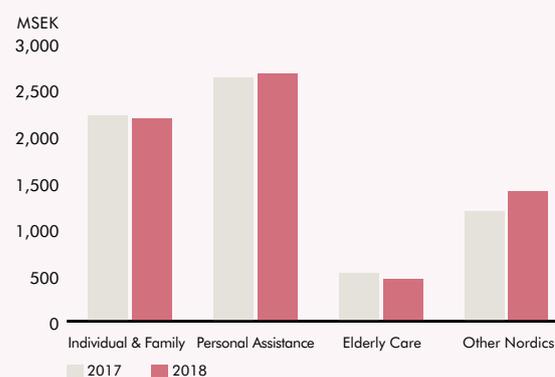
	2018	2017
Operating revenue	6,725	6,556
Operating profit	391	316
Operating margin, %	5.8	4.8
Profit for the year	245	194
Operating cash flow	285	184
Interest-bearing net debt	1,378	1,440
Interest-bearing net debt/adjusted EBITDA ratio	3.0	3.8
Average number of employees, full-time equivalents	9,782	10,003
Average number of customers	7,466	8,316

Operating revenue and operating margin



*Operating profit for 2016 was adjusted for SEK 40 million in IPO expenses. Figures for 2015 include cost adjustments amounting to SEK 27 million. Figures for 2013–2018 comply with IFRS accounting standards.

Operating revenue by business area



A solid 2018 *opens up new opportunities*

We accomplished a lot in 2018 and have used the foundation we built previous year to continue growing and to give more people a better life. This included increasing the pace of acquiring new businesses and starting up more elderly housing units and other operations under own management. Our increased focus on growth in 2018, both organically and through acquisitions, remains for 2019.

GROWTH IS NOT an end in itself, but a larger and stronger Humana can more easily meet tomorrow's challenges and demands in the care sector. There will be greater demand for access to a wider range of services and increased specialisation in the future.

I would say that today our company is better than ever. Whether you are a client, interested in becoming an investor or contributing your time and commitment by becoming one of the more than 80,000 people who apply for a job with us every year, I would say that Humana is a company that holds a strong position in our industry.

There are many reasons why so many people want to work for us. We are convinced that it is mainly because we are a good employer. For the second consecutive year, we received recognition as the most gender-balanced listed company, we are ranked well above average in terms of employee satisfaction and our surveys show that our employees are satisfied with their managers and that our core values are deep-rooted, popular and meaningful. We are proud of how far we have come as an employer.

Business development

During the year we completed five acquisitions. We entered the Danish care market with the acquisition of StøtteCompagniet, which offers highly specialised outpatient care to municipalities primarily in the Copenhagen region. In Finland, we made two important acquisitions that strengthen our position there as a leading provider of individual and family care. One was Luotsimaja, which specialises in treatment of children and adolescents in western Finland, and the other was Matiimi, which offers adolescent social psychiatry. For the first time in quite a while, we also acquired two personal assistance companies: RIK Assistans and Västgöta Assistans.

In Personal Assistance, we provided more assistance in 2018 than in the previous year and helped over 150 customers to obtain a fairer assistance decision. Kalmar Municipality chose Humana as its municipal assistance provider.

We also strengthened our position in Swedish elderly care by opening three elderly housing units: Åsengården, Riddargården and Sjöstadsgården. We spent time planning and constructing elderly housing under own management, and we look forward to opening our new units in Kungsängen and Staffanstorps in 2019. Humana also received great quality ratings from our elderly care customers in the Swedish National Board of Health and Welfare's open comparisons. And significantly better ratings than average for private and public providers.

The overall revenue trend in Individual & Family was weak, however in the long term future growth opportunities look positive. In this complex and diversified market, we have developed efficient work practices and are now well prepared for the years ahead. Humana now offers the largest combined expertise in psychosocial problems and mental illness in the Nordic region.

During the year, our Norwegian operations carried out a major successful restructuring. By increasing efficiency and changing work practices, we managed to turn around a tough position into something highly positive. We also experienced an increase in demand for Humana's services and showed solid growth in our customer base. Our operations in Finland continue to prog-

ress very well. For several years, Humana's Finnish business Arjessa has taken part in a study conducted by the University of Helsinki that examined the correlation between staff productivity and profitability. Briefly, the results show that well-motivated, skilled employees who are given high autonomy over their tasks not only increase productivity but also boost profitability. That Humana is a good employer is a win-win for everyone: customers, employees and shareholders alike.

From a financial perspective, 2018 was a turnaround year for Humana. We still face challenges, but significant restructuring and efficiency improvements have moved both growth and financial performance in a positive direction and have enabled us to focus on opportunities. We saw organic growth increase to 3.4 percent and Humana's total revenue increased by 3 percent to SEK 6.7 billion in 2018. The operating margin increased, and operating profit increased to SEK 391 million. During the year, we also strengthened our financial position and our indebtedness was lowered.

Stronger political support for freedom of choice

In general, the political situation in Sweden has become more favourable over the past year. In the so-called January Agreement, Sweden's new government stated at the outset of 2019 that it will not push for any proposed profit bans or other proposals on profit limits in welfare. It is satisfying that individual freedom of choice has been highlighted as



Humana's mission and business are all about contributing to social and economic sustainability. We do good every day, for real."

a central part of the Swedish welfare model and that governing politicians welcome a multitude of providers and good conditions for private companies that facilitate the individual's active choices. More proposals will be put forward to ensure that all providers in the welfare sector can operate under equal terms regardless of their mode of operation.

At the municipal level, the political climate has not been as challenging as it has been at the national level in recent years. On the contrary, our view is that municipal politicians are accustomed to finding solutions that increase citizens' chances of good care in the most cost-effective way possible. Following the 2018 election, considerably more municipalities are being governed by political coalitions that favour freedom of choice and believe that private providers have an important role to play in welfare.

Finland and Norway have seen similar political debates as in Sweden, and issues related to the perception of private welfare providers were on the agenda this year.

As I look back on 2018, I can also say that we have felt somewhat more regulatory pressure. As a responsible company, we manage – and often welcome – regulatory changes. Clear regulatory frameworks are important and help weed out less serious providers in our industry.

The LSS investigation presented in January 2019 contained many proposals that would worsen the situation for our customers and lead to higher socio-economic costs. Subsequently, however, the new government reversed its stance and pledged to strengthen rights to assistance. As a first step, a change in the LSS legislation is planned for as early as the summer of 2019 that would qualify breathing and tube-feeding needs for the right to assistance.

Sustainability – doing good, for real

Humana's mission and business are all about contributing to social and economic sustainability. We do good every day, for real. We help people live a better life. But we do more than that. Every year, we save taxpayers money – a total of SEK 1,000 million in the Nordics in 2018 – because our services cost less than if the same care was provided by the state, municipalities or regions. And we want what we do to make a positive impact. One example is our municipal surveys: the Children's Barometer, which we conduct in collaboration with Save the Children Sweden, and the Accessibility Barometer. Through the Children's Barometer we highlight the situation of children in social services, and through the Accessibility Barometer we nudge the municipalities forward in terms of everything from adapting outdoor cafés and public spaces to addressing how to



find jobs for people who are far away from the labour market. We are also working on being better at the latter ourselves. Both by collaborating with Samhall and by starting up the company Stöd och matchning, we hope to help many people find a real job. Over the years, we have both developed our own treatment methods and introduced some of the best methods to the Nordic region within our Individual & Family business area. That is something I am very proud of. This year, the Swedish Agency for Health Technology Assessment and Assessment of Social Services (SBU) presented a study that praised the benefits of TFCO, one of the treatment methods that Humana is a guarantor for in the Nordic countries.

I would like to conclude by thanking all

our customers, employees and shareholders for a good year. We leave 2018 behind us with a sense of pride. We have done what we set out to do, that is, becoming an even better care company and making life better for more people. I now look forward to 2019. We have built a platform for the future and our focus is on the many possibilities the future can bring. Although we do face challenges, our success factors are clear: satisfied employees and customers, high-quality operations and good capacity utilisation. Humana strives to deliver all this, every day.

Rasmus Nerman
President and CEO

Our market and strategy for *better care*

Everyone is entitled to a good life. If society wants to meet the growing and increasingly difficult needs of the Nordic welfare system, a wide variety of providers is needed. Humana aims to be the care services provider of choice for customers, clients and buyers with high quality standards. Our strategy for achieving this goal every day is built around four target areas: a qualitative business, long-term and sustainable growth, an attractive employer and a socially responsible provider.



As a modern care company, we are responsive to the need to constantly evolve and improve.

Objective

The provider-of-choice for care services among customers, clients and payers who have high quality standards.

Target areas

- Quality operations
- Long-term, sustainable growth
- Attractive employer
- Socially responsible provider

Core values

Commitment, joy and responsibility are our essential core values. Our corporate culture is characterised by entrepreneurship and individual responsibility.

Vision
Everyone is entitled to a good life

Care is a cornerstone of Nordic welfare

Care is a key cornerstone of Nordic welfare and is fundamentally about ensuring the individual's sense of security throughout different life stages – and in the event of psychiatric and psychosocial problems, functional impairment or old age. The needs as well as the requirements for specialisation and personalisation are increasing in the Nordic market and the private market, where Humana is one of the leading players.

A CENTRAL PART of the care ideology that governs the Nordic care market is the individual's autonomy and influence. The abolition of long-term care hospitals, nursing homes and mental hospitals represented a paradigm shift at the time.

In Sweden, for example, from the 1990s onwards the Ädel Reform and Psychiatric Reform have been crucial reforms that brought major positive changes from the perspective of the individual. Finland and Norway have seen developments like those in Sweden. These countries have transitioned from large central institutions, which served both adults and children with care needs, to placing more responsibility on municipalities, with a focus on the individual and enabling them to live in the local community.

More focus on the individual

In 1986, the Care Act was signed into law in Sweden and was the first law to give individuals the opportunity to appeal an administrative decision. Since then, several acts aimed at regulating the individual's right to care have been implemented and further developed. One example is the Social Services Act, under which society's social services should facilitate people's financial and social security, equal living conditions and active participation in society.

Yet another central act is the Act Concerning Support and Service for Persons with Certain Functional Impairments (LSS), which included the right to personal assistance and took effect in Sweden in 1994. Personal assistance has been the focus of political policy in recent years. The LSS investigation that was finally presented in January 2019 contained proposals for new legislation, which were, however, met with massive criticism. At the

same time, the new government has pledged to strengthen personal assistance and is also anticipating legislative proposals in this direction.

Norway started with Brukerstyrt Personlig Assistanse (BPA) already in 1991, but personal assistance did not become a statutory right until 2015. It is now included in the Health and Care Act, Helse og omsorgsloven. In Finland, a bill for disability services has been presented, Lagstiftningen om funksjonshinderservice. It would take effect from 2021. The starting point is to improve the participation and equality of individuals with disabilities.

Increased diversity of providers

Over the years, several regulations have been put in place that have driven the development towards a greater diversity of providers and freedom for individuals to choose their own providers.

In Sweden, diversity of choice in the welfare sector has improved enormously over the last few decades. The Public Procurement Act (LOU) has resulted in increased opportunities for private providers to engage in care activities on a contractual basis. Another example is the Act on System of Choice in the Public Sector (LOV), which aims to stimulate greater competition between care providers, with a focus on improving the quality and efficiency of care. LOV enables local municipalities and county councils to allow individuals to choose their care provider.

Despite the debate on profit caps in recent years, which is no longer on the political agenda, the right to choose provider is firmly anchored with Swedish citizens.

If we compare the countries, Norway is most restrictive in terms of the public perception of private operations and the

Norwegian market is also more regulated than the Swedish one. Public and non-profit organisations are often given preference in tendering processes. But privatisation is increasing, particularly within personal assistance. In 2008, an act legislating the right to choose one's hospital was introduced. It was extended in 2015 to encompass the right to choose one's own treatment and states that individuals can choose private providers.

Market conditions in Finland are most like those in Sweden in terms of the tendering process and incentives for freedom of choice. The market has undergone significant privatisation to increase quality and productivity. In addition, there is an ongoing debate in Finland on an extensive health care and landscape reform, the so-called Sote Reform. One of its aims is to open more areas of public health care to competition. The debate has, in the run-up to the elections and after several scandals in private care companies, increased in intensity in 2019. In March 2019, the Sote bill was rejected by the Finnish Council, prompting the Finnish government to resign because of the failure. The debate will likely continue, but hopefully the direction for the coming years will become clearer when a new government takes the helm after the elections in April 2019.

In Denmark, non-profit players have long been a large part of the market, but in recent years the market climate has become increasingly attractive for private operators.

An industry in change

The changing perception of care, combined with the laws enacted over the years, have gradually changed the market. Today's mar-



ket includes public, non-profit and private providers that offer a variety of working methods and treatments. This diversity is important when implementing the idea of care that places the individual's needs and autonomy front and centre.

The care industry is growing in all the countries where Humana operates. Several underlying trends are driving developments, such as demographic factors, increased mental illness, financial pressure on the public sector and increased demands for specialisation and personalisation. Read more about the underlying trends for the care market on pages 10–11.

Private care market SEK 144 billion

The private-sector share of the care sector consists of several major health care providers but is still mainly a small-business sector with many thousands of companies in Sweden alone. However, consolidation is underway and is expected to increase in order to keep pace with rising demand from employers, clients and public authorities.

In total, the care market in the Nordic region is estimated to more than SEK 600 billion. This represents public-sector spending on care services either in-house – performed by state, local or regional authorities – or through procurement from private or non-profit providers. The markets in Sweden, Finland and Norway have grown an average of 4–7 percent annually in recent years, with the market in Denmark growing somewhat less.

The private-sector share of the care market in the Nordic region totals SEK 144 billion, with varying shares of private providers both between countries and within different segments. In total, the Swedish care market is worth approximately SEK 233 billion, with 26 percent being tendered from private providers, delivering business worth approximately SEK 61 billion. The percentage of private providers is highest in personal assistance at 68 percent; in individual and family this figure is 32 percent and the lowest figure is in elderly care at 16 percent. The private market for care services in Sweden has grown an average of

3 percent annually over the last three years compared with the total market, which grew 4 percent. The somewhat lower growth rate for private providers is mainly explained by the fact that a lower proportion of elderly care is carried out in private.

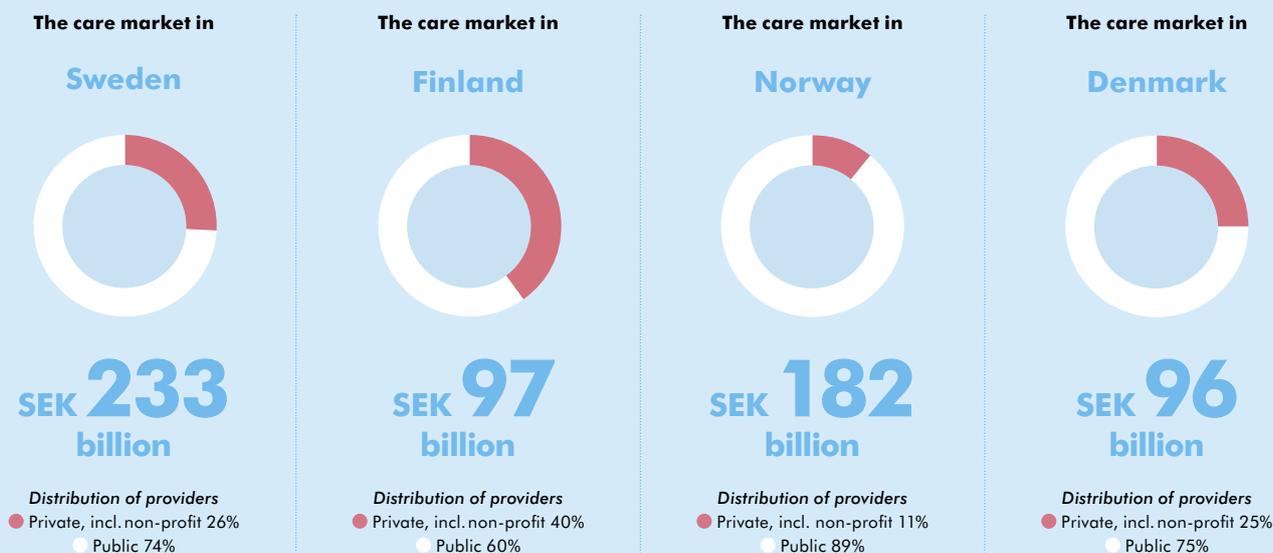
Finland is the country with the highest percentage of privately provided care operations, at 40 percent. The private care market in Finland is worth SEK 39 billion, with elderly care making up slightly less than half.

Norway the least privatised market

Norway has the lowest percentage of private providers in the care market, at 11 percent. Norwegian private providers, including non-profit players, deliver care services amounting to SEK 20 billion.

In Denmark, private and non-profit providers account for 25 percent, the majority refers to non-profit players. They deliver care services for SEK 24 billion.

• The Nordic care market, market size and distribution of providers



Trends affecting the care market

Several underlying trends are behind the growing demand for care services, while the need for innovative, efficient care services is increasing. Nordic welfare will need a multitude of providers to cope with these needs and the major societal challenges that we face. Humana is and wants to remain an important part of the solution.



1. An ageing population and housing shortages

As in other parts of the world, the proportion of elderly people in the Nordic countries is increasing. In Sweden, for example, the number of individuals over the age of 80 is expected to increase by 50 percent, or 255,000 people, over the next ten years. The rising life expectancy is due to better living conditions as well as medical advances. The fact that more people are living longer also means that more people will develop dementia and other diseases linked to old age, further increasing the need for care.

The accelerating housing shortage also applies to special housing. In the 2018 survey conducted by the National Board of Housing, Building and Planning, 116 Swedish municipalities – 40 percent – stated that they will not be able to meet the demand for elderly care housing in five years' time. The Ministry of Finance estimates that roughly 700 new elderly care homes will need to be built in Sweden by 2026. Private providers will play an important role in this development. Today, one third of all new elderly care homes in Sweden are being established by private providers. There is also a huge shortage of housing for individuals with functional disabilities. According to the survey 169 Swedish municipalities – 58 percent – do not have enough housing for these individuals.



2. Mental illness

The growing number of people suffering from mental illness is an alarming trend. In Sweden today mental illness is the main cause of sickness absence. And worrying is

the rising mental illness in children and adolescents as well as in women. The diagnoses that mainly account for this increase are depression and various anxiety disorders. The National Board of Health and Welfare show that the number of cases of mental illness doubled among children and increased 70 percent among adolescents between the years 2006 and 2016. According to the Board, mental illness will continue to increase as new cases of illness risk becoming long-term and accumulating over time. The need for psychiatric and social interventions will remain significant. At the same time, few municipalities can cover their psychosocial intervention needs themselves. They lack both breadth and expertise. As the Nordic region's largest individual and family care provider, Humana helps more people get the help they need.



3. Human resource management

The lack of qualified staff is a growing problem in public care throughout the Nordic region. There is already a great shortage of, for example, nurses with specialist skills, assistant nurses and treatment assistants. In addition, according to Swedish Association of Local Authorities and Region, SKL, the Swedish health care sector will need to recruit, in addition to around 300,000 positions for replacing retirement, another 200,000 positions by 2028 to cope with increasing needs, given that working methods and staffing remain the same. Forecasts that lead in the same direction and show great challenges ahead are also found in Finland, Norway and Denmark. Ensuring the availability of skilled labour is a crucial task if

society wants to be able to deliver the care that its citizens expect in the long run.

In addition to new technologies and digitalisation, the proposals for managing the competence supply are that more people should work full time and retire at a later age in order to meet the need for skilled labour. Humana believes that there are other measures that can have a major impact. These include striving to have more dedicated, happier and healthier employees in health care and creating more entry-level jobs for people who have recently come to Sweden from other countries.



4. Public finances under pressure

The elderly are not only growing in number, they are growing as a percentage of the population. The changed demographic reality applies to all countries in the Nordic region and means that an increasingly smaller proportion of the working-age population will need to support a larger number of people in need of care. At the same time, users are demanding more and higher quality of care. This places tough demands on public resources, as the tax bases do not increase at the same rate as requirements and costs. Until 2022, for example, Swedish municipalities and county councils will have a shortfall of SEK 43 billion if they wish to deliver welfare at the same staffing levels as today, according to SKL. This development will require much more efficient care systems if the public sector is to be able to deliver the care required. To meet this challenge, society depends on private providers for cost-effective solutions and innovative care.



5. Increased demand for specialisation and personalisation

An important trend that is fundamentally changing care is the view of the individual and their right to be involved in decisions regarding their own care. Person-centred care derives from a model in which the client is the passive recipient of a medical or social intervention determined by the care staff. In a person-centred model, an agreement is instead made with the client, often in collaboration with relatives, involving active participation in the planning and implementation of the patient's own care. The National Board of Health and Welfare has developed a model called IBIC that places the individual's needs at the centre of care and supports a needs-driven, methodical approach. IBIC aims to provide the individual with help and support by taking the person's unique needs as the starting point, and not the current offering of solutions.

This is a key trend that also highlights the need for specialised interventions to meet the needs of individuals. Medical interventions as well as care interventions are driven by specialisation.



6. Digitalisation

Properly used, digitalisation can become a powerful tool for reducing recruitment needs and providing a piece of the puzzle for coping with the increasing care needs of an ageing population. It can also be used to develop a more personalised care environment, where digital solutions can give people greater autonomy and new ways to manage their health and illnesses themselves.

Digitalisation has progressed at a slower pace in the care sector than in industry because it revolves around people. Other legal and ethical issues must be considered, for example when implementing new technologies or e-health solutions.

The digitalisation of care is only partly about technology. It is very much about understanding what needs should be met, what should be delivered and whether care providers can do it in the best way. It also involves smarter working methods, higher quality for housing and clients, and a better digital work environment for employees. For several years, Humana's modern alarm systems, keyless doors, digitally signed prescriptions, GPS positioning and various types of sensors are used to record movement and more. We have also won an award for our innovative computer-controlled lighting solution in the elderly housing units we build ourselves.

Everything indicates that digitalisation in care will increase in the future. There are great opportunities ahead. Humana collaborates with technology and software companies, start-ups and global organisations to position itself at the forefront of digitalisation. We collaborate with several colleges and universities on projects and education and we invest in digitalisation so we can offer employees, residents and clients the best available solutions.



7. Politics

Although the tone of politics is often sharp, Nordic politics has been historically characterised by consensus around the biggest issues. The Saltsjöbaden Agreement, with its collective agreements and avoidance of strikes, has been favourable for Sweden. Similar approaches have also existed in the rest of the Nordic countries. In Sweden, party lines have become more blurred. First in the municipalities, where local governments are becoming increasingly multi-partisan, and now after the last elections where a "new old" government gained support across the political divide to get elected.

This has also demanded a shift in government policy towards an ideological centre. The profit limit proposals are off the agenda at the national level, and in the municipalities, there are now more administrations that

take a positive view of private providers than in a very long time. Regardless of whether the positive attitude to privately provided care is due to the crass reality of municipal finances or is based on ideology, the trend is clear: more municipalities will order more care from external providers.

And for the first time in several years, personal assistance is developing in a positive direction in Sweden. There is broad consensus in the Swedish Parliament on improvements in personal assistance in terms of breathing and tube feeding, and an increased awareness of other issues related to assistance.

In the rest of the Nordic countries, long-term demand is increasing. In Norway, a debate is underway about profits in welfare as regards elderly care and interventions for children and adolescents that is very much like the debate in Sweden. The political climate has become less favourable for private care providers. But even though public and non-profit providers have priority in the tendering process and regulations are extensive, there is a great need for private providers because neither the non-profit nor the public providers can deliver what is needed with the required quality.

In Denmark, the regulations have made it difficult for private limited companies to establish themselves within welfare. This has led to the establishment of many non-profit players. The current government is more favourable towards private providers and the opportunities for efficiency they bring.

In Finland, the care market has undergone significant privatisation to increase quality and productivity. In addition, for several years there has been a debate linked to a comprehensive health care and landscape reform, which would increase competition for public health services. The bill was defeated in March 2019, but the debate will likely continue even after the Finnish elections in April 2019.

There are indications that politicians would like to micromanage and gain more control of publicly funded services. This would contribute to more consolidation in the industry. Larger, serious providers like Humana find it easier than smaller providers to adapt to new regulations and meet new administrative procedures.

Strategy for high-quality *personalised care*

Humana’s vision is “Everyone is entitled to a good life”. As a modern care company, we are responsive to the need to constantly evolve and improve to get where we want to go. Our strategy is grounded in our core values and is built around four target areas. This is how we ensure sustained and sustainable growth and continue to strengthen our position in the Nordic care market. And how we can help more people.

SINCE ITS ESTABLISHMENT in 2001, Humana has grown rapidly. Today Humana is a leading care group in the Nordic region with operations in four countries and approximately 15,000 employees who provide care services for about 8,000 individuals. Despite the company’s size, Humana retains a focus on delegated leadership and accountability where decisions are made as close to the customer as possible. This enables high quality care, excellent customer interaction and thus satisfied customers.

Through continued growth, both organic and through acquisitions, we can not only help more people but can continue to provide many job opportunities in an industry that makes a true difference in society.

Humana’s overarching goal is to be the care services provider of choice in the Nordic region for customers, clients and buyers with high quality standards. Operations under own management remain our focus. For us, good quality is essential and is a fundamental requirement for business growth and development as well as sustained profitability over time.

How we perform our care services – and thereby manage trust – is critical, and is dependent on our employees. Attracting, recruiting and retaining employees who share our vision and core values is a fundamental prerequisite for us as a sustainable growth company. Strategic issues in business development, HR, quality, communications, finance, IT and real estate are prominent items on Group management’s agenda. Effective coordination and organisation in these areas will ensure sustainable growth.

Our strategic target areas

Humana’s goal is to continuously improve our work practices and provide taxpayers with more and better care for their money. In this way, we will meet and exceed our payers’ expectations while continuously developing the care we provide to our customers and clients.



1

Quality operations

FOR HUMANA, ACHIEVING our vision “Everyone is entitled to a good life” requires a focus on quality at all stages. Quality is defined by the individual’s own experience and therefore our solutions must also be individualized and unique. Through Humana Quality Model, we have developed a method for following up measurable quality indicators and strengthening the work of ensuring that the individual’s own goals direct the individual plan.

Developments in 2018

- Developed the Humana model for systematic quality monitoring, Humana Quality Model (HQM)
- Continued work with the Parus management system, which will facilitate systematic quality assurance with internal controls, risk analyses and follow-up
- Introduced a new service with online medical consultations (psychiatry). A pilot study is underway. Preliminary data show that both employees and patients are very satisfied
- Introduced data protection of officers to ensure that Humana complies with GDPR requirements. Six personal data incidents have been reported to the responsible authorities in Sweden and Norway (no incidents reported in Finland).
- Five new online training courses in Humana Academy, which now has nearly 50 online courses

2

Long-term, sustainable growth

LONG-TERM, SUSTAINABLE growth means that Humana will continue to grow both organically and through acquisitions. Humana will grow organically by starting up new operations, gaining market share, and broadening and deepening the service content in our segments and markets. In addition, we continuously evaluate new markets in terms of content, geography and potential acquisition opportunities.

Developments in 2018

- Organic growth of 3.4 percent
- Continued efforts to open new businesses under own management: – Planning and construction of new elderly housing properties in Staffanstorps and Kungsängen to open in 2019. Humana’s goal is to open at least 2-3 new elderly housing units under our own management per year. – Establishment of several new housing units in Finland, Norway and within Individual & Family in Sweden
- Continued acquisitions in Sweden
- Continued acquisitions in Finland
- Opened operations in Denmark through the acquisition of a small care company
- A challenging market situation with negative growth has had an impact on Personal Assistance, but we have nevertheless taken market share

3

Attractive employer

HUMANA INTENDS TO be the industry’s most attractive employer and the natural choice for people who want to work in healthcare. We invest in an organisation with strong leadership, high awareness of the Group’s vision and goals, sustainable core values and an inclusive corporate culture as well as a secure, healthy and joyful work environment that enhances our competitiveness. By focusing on skills development and career opportunities, Humana attracts and retains motivated individuals.

Developments in 2018

- A high employee satisfaction index (ESI) of 73 (on a scale of 1–100). This is in line with the previous year and higher than the reference group, which reaches 65 on average
- Leadership index of 80.
- Industry-leading workplace attendance upwards of 95 percent
- For the second consecutive year, received AllBright Award for most gender-balanced listed company in Sweden

4

Responsible care provider

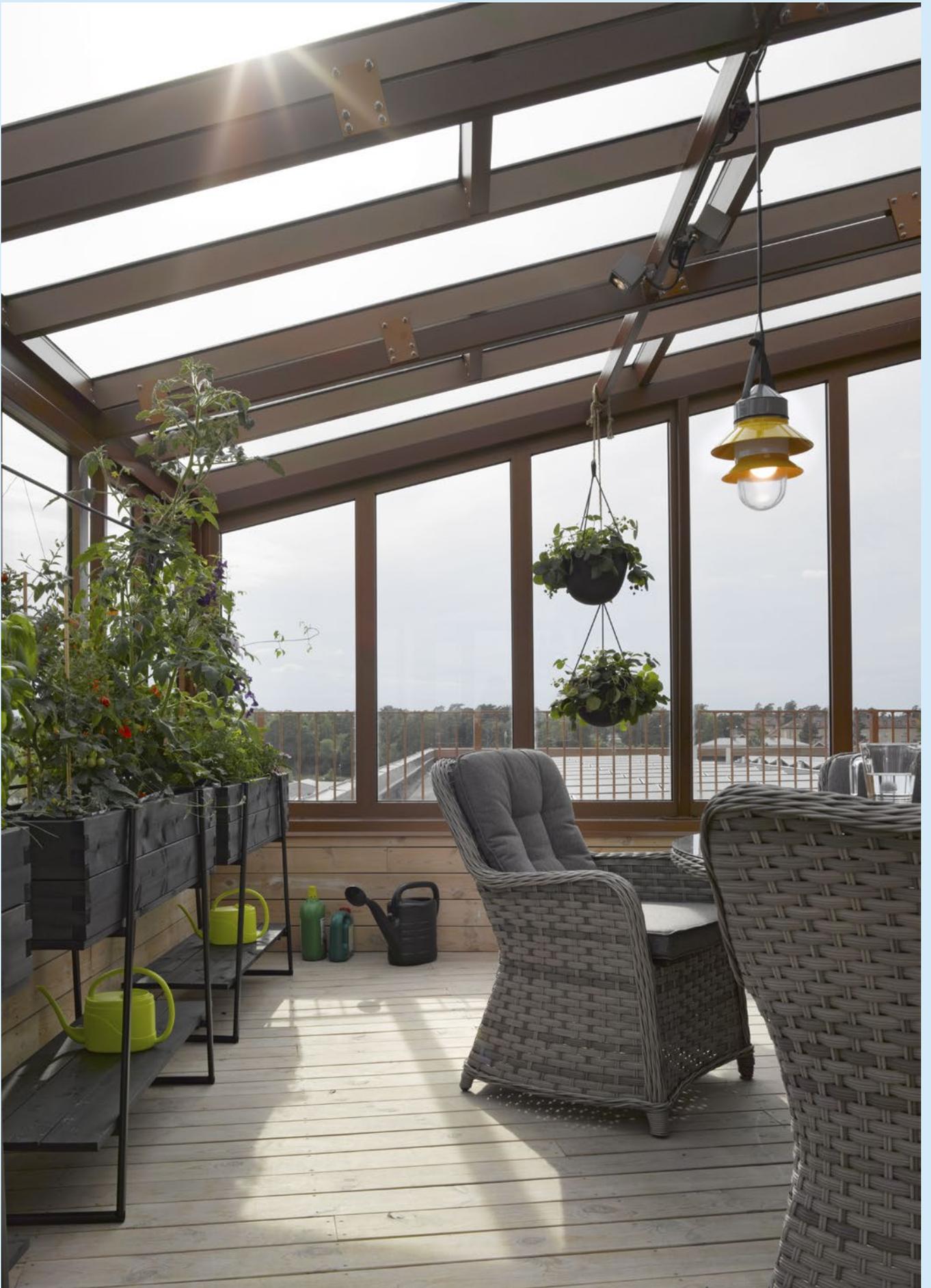
HUMANA IS AN important part of the Nordic welfare system and thus an important part of society in the Nordic region. We are a socially responsible provider and we intend to be a driving force in advancing the care industry by producing and disseminating new knowledge within our business areas and by being a responsible, modern employer. We have a genuine desire to share our experiences and knowledge so that they can benefit more people and contribute to sustainable welfare.

Developments in 2018

- Created 113 entry-level jobs for those farthest removed from the labour market
- Contributed in different ways to the creation of internships at Humana. For example the initiative Café Pâtår in Stockholm, which have resulted in half of the young people getting their first permanent job
- Collaborative project Children’s Barometer together with Save the Children
- Continued involvement in accessibility issues through the annual Accessibility Barometer, this year with SPF Seniors
- Received research funding for innovative light solutions in elderly care
- Contributed information related to the LSS investigation; continued to provide public service information through the Assistance Hotline and newly launched Assistance Podcast

Financial *targets*

Target	Definition	Result 2018	Result 2017	Comments
8-10% Revenue growth	Annual revenue growth of 8–10 percent, achieved through organic growth and bolt-on acquisitions.	5%	3%	Humana's operating revenue was SEK 6,725 million (6,556) in 2018, an increase of 3 percent for the year. Adjusted for the divested home care service business, which contributed the previous year, revenue increased 5 percent. Growth was lower than the Company's target due to fewer completed acquisitions and less demand in parts of Individual & Family.
6% Profitability	An operating margin of approximately 6 percent over the medium term.	5.8%	4.8%	Operating profit increased in 2018 by 24 percent to SEK 391 million (316). The operating margin of 5.8 percent is in line with the Company's medium-term target.
3.0 times Capital structure	Interest-bearing net debt in relation to EBITDA should not exceed three times. However, indebtedness may temporarily exceed the target level, for example in conjunction with acquisitions.	3.0 times	3.8 times	Humana's interest-bearing net debt in relation to EBITDA improved during the period to 3.0 times. The level of indebtedness is in line with the Company's target for the Group's capital structure.
30% Dividend policy	Distribute a dividend totalling 30 percent of the year's profit. The proposed dividend will consider Humana's long-term development potential and financial position.	15%	16%	Humana's Board proposes that the 2019 AGM approve a dividend of SEK 0.70 (0.60) per share. The proposal is below Humana's target, and should be considered based on an assessment of good expansion opportunities.



Our *sustainability work*

With operations in four Nordic countries, Humana plays a natural and instrumental role in developing Nordic care. Ensuring quality for clients, employees and society requires a sustainable approach that guides all our operations. Humana works actively with sustainability issues in several clearly prioritised areas, and our work is followed up through regular controls.



Humana wants to take an active role in society and contribute to sustainable welfare.

84

Customer satisfaction index, 2018

113

Introduction jobs created in 2018

10,194

Courses completed at Humana Academy in 2018

SEK 1,000_M

Taxpayer savings in the Nordics in 2018

ENVIRONMENTAL CERTIFICATION

Elderly housing unit in Väjö LEED certified 2018, with the highest score for an elderly care home in the world

About Humana's sustainability report
Humana's sustainability report covers fiscal year 2018. It can be found on pages 16 to 25. The sustainability report is prepared in accordance with the provisions of Chapters 6 and 7 of the Swedish Annual Accounts Act. Humana AB's Board has approved the sustainability report in connection with signing the annual report and consolidated financial statements.

Value-creating sustainability work

HUMANA'S OVERALL sustainability ambition, derived from our people-centred core business, is to help create a good life for our customers. As one of the leading care providers in the Nordic countries, Humana wants to take an active role in society and contribute to sustainable welfare.

Every day, Humana helps improve the lives of the clients and customers we provide care to. We strive to be a long-term and committed partner to our payers and partners and to contribute to the development of care throughout society. We do this in our work by focusing on the right to a good life for everyone, from customers to employees, and by always maintaining a high-quality service that we can be proud of and share with others. This is what sustainable welfare means to us.

The Group carries out its sustainability work through six different focus areas. We have chosen these areas as a reflection of the kind of company Humana is and the kind of operations we run. In 2018, our focus was on developing target formulations and indicators that can help us measure our progress in each area.

Integrated sustainability work

Humana's sustainability work is an integral part of the business. The work is largely conducted on a decentralised basis in the organisation, with cohesion being achieved through leadership, work towards Humana's goals, including our core values, and a governing policy for each focus area.

Humana's Group management has main responsibility for the Company's sustainability work, and follow-up on the overall work is co-ordinated by the director of marketing and communications.

Our code of conduct and our values are central parts of our business. To ensure that all our employees stay up to date on our core values and code of conduct, each new employee receives compulsory introductory training at Humana Academy. Our code of conduct describes Humana's business relationships both within the Company and with our customers and clients. All new

Focus areas

Example of targets

Outcome 2018

Quality	Humana shall, as part of our quality work, receive high ratings in its annual customer and client satisfaction surveys.	84 Customer satisfaction index (CSI)
Code of conduct & values	Humana shall always apply high standards of quality and safety. A whistleblowing function is available for reporting any nonconformities.	0 reports of serious nonconformities
Work environment	Humana shall aim to have satisfied employees and achieve an industry-leading employee satisfaction index (ESI).	73 Employee satisfaction index (ESI)
Diversity & inclusion	Over time, Humana shall achieve a gender balance among senior executives.	53% women among the approx. 60 most senior managers
Data security	Personal data breaches must be kept to a minimum and Humana must work proactively to prevent recurrences.	6 breaches reported to the Data Inspection Board (these had an insignificant or limited severity level)
Environment	Humana shall reduce the environmental impact of transport. To the extent that cars are used, they should be classified as green vehicles.	13% of our vehicle fleet was replaced in 2018 by modern cars with lower consumption and emissions

employees sign the code of conduct when they sign their employment contracts, and we annually follow up on the number of employees who have completed training in the code of conduct and our core values.

Humana strives to be a learning organisation that demonstrates openness and encourages employees to bring up both the positive and the negative for discussion with their immediate supervisor. Adopting an inclusive approach and a culture that allows for mistakes helps to develop employees as well as the quality of the business. Everything is a clear reflection of our values. We also practice how we manage ethical dilemmas, where staff get to discuss difficult professional situations and together find solutions. In this way, we ensure that the organisation

always benefits from new experiences, views and lessons learned, which can be used to develop work methods and procedures. And we strengthen our culture.

Humana's operations are characterised by high integrity, honest business practices, accountability and fairness. Under the Company's code of conduct, all employees must avoid the risk of bribery and other unsuitable influences in their relationships with external parties. Price collusion, cartels or abuse of the Company's market position are not acceptable. In 2018, no cases of corruption were detected.

No serious incidents in 2018

Humana continuously monitors any nonconformities reported through the whistleblowing

function. In 2018, no serious nonconformities were reported either through the whistleblowing function or any other channel.

Humana's operations are governed by each country's regulations on working conditions, work environment and freedom of association. We strive to have collective agreements in all operations. Equal treatment and respect for human rights are normal practice at Humana. No one may be discriminated against or harassed on the grounds of gender, transgender identity or expression, ethnicity, religious beliefs, functional impairment, sexual orientation or age. Humana believes in a democratic approach, and no colleague should be discriminated against based on their political affiliation as long as it aligns with our core values.

• How Humana contributes to the UN's global sustainable development goals

As part of our internal sustainability efforts, we have affiliated our sustainability efforts with global sustainability goals. Below, we present the goals that are considered most relevant as well as a description of how Humana's initiatives help to achieve these goals. The stories on pages 24–25 showcase some of the Group's activities.



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



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



8 DECENT WORK AND ECONOMIC GROWTH Humana aims to set a new standard of quality in the care industry. Through the development of welfare technology and methods, Humana helps increase efficiency and quality management from the perspective of customers and employees. In Individual & Family, we use method development and quality assurance to ensure that treatment methods are correct and based on scientific and proven methods. Humana has long advocated collective agreements. We are members of Almega and of the Association of Private Care Providers, with representatives in all industry boards including the main board. We conduct annual salary surveys from a gender-equality perspective. We offer entry-level jobs to people furthest from the labour market. In Sweden, we have been collaborating with organisations like Samhall for many years.



10 REDUCED INEQUALITIES 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 their rights to a better quality of life. Humana also drives accessibility issues and highlights the situation of socially vulnerable children in Sweden by using two annual barometers targeted at municipalities.



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

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

Targeted quality assurance *for increased sustainability*

At Humana, quality assurance is a central part of the business and we work with several different key ratios within our own model, the Humana Quality Model, to become better. In care, the individual's own experience is central when defining quality, so we always focus on the individual person in our quality work. This long-term approach to quality is the foundation that justifies our existence as a company.

AS A LEADING PROVIDER in the Nordic care market, Humana must maintain a high level of quality at all levels. Humana's quality organisation constantly strives to make improvements for clients and colleagues alike, as well as for the care industry at large. Humana's customer satisfaction index (CSI) was at a high of 84 in 2018, something we are very proud of. Last year, our CSI was 80.

Humana is growing both organically and through acquisitions thus putting much effort into integrating new businesses. Before Humana acquires a business, it is carefully evaluated in terms of core values, leadership and quality to make sure it is aligned with Humana's vision, which is part of Humana's sustainable business model.

Anchored in research

Humana's day-to-day operations revolve around four main areas that together lay the groundwork for high-quality care: individual solutions, a high level of expertise, our core values and evidence-based practices. This last area means that we base our care as much as possible on scientifically established methods and use practices that are supported by national guidelines, research and quality registries. One example is our use of the Treatment Foster Care Oregon (TFCO) methodology, where we work with specially trained treatment families for adolescents with severe behavioural disorders. When the Swedish Agency for Health Technology Assessment and Assessment of Social Services (SBU) recently conducted a review of alternatives to institutional placement for adolescents with severe behavioural disorders, TFCO was assessed to have positive effects. Placing adolescents with treatment families under the TFCO model likely reduces the

risk of future criminal behaviour and fewer placements in locked wards compared with placement in an institution.

To obtain more scientific data for other methods that we use, such as Connect, Humana collaborates with researchers in various research projects.

Humana's goal is to be a company that provides research for making care more evidence-based. A report from the Swedish Agency for Health and Care Services Analysis shows that the follow-up of outpatient social care for children and adolescents in Sweden has major shortcomings. Humana's involvement in methodology and research helps to reduce these shortcomings.

Humana is also involved in research projects on elderly care, including the external project MotFall, which aims to counteract fall accidents among the elderly. The project was conducted by a consortium of private companies and municipalities led by the Research Institutes of Sweden (RISE). MotFall was co-funded by the innovation agency Vinnova and was completed in 2018. The project resulted in several new solutions aimed at fall prevention, including an app for seniors with workout programmes and tips on fall prevention, a sensor for assessment and monitoring of fall risks and a self-assessment for the risk of falling.

Comprehensive procedures ensure quality

During the year, efforts continued towards implementing the management system Parus. The system, which holds several hundred work procedures, is shared by the entire Group and has helped to harmonise Humana's business processes, policies and procedures. The new management system

enables us to leverage experiences more easily, helping to raise quality throughout the entire company.

In the new system, users can follow a common thread in each process leading up to the task to be performed, where he or she can find the current policies and procedures. Some of these procedures are the same for everyone at Humana, and some are for a specific business area or operation. The system will also have built-in routines for doing risk analyses, following up quality objectives and following up processes through internal controls. In the long term, Parus will be able to link management systems with business plans and quantified targets.

Humana Quality Model

To measure quality within the Group and be able to compare various operations and see changes over time, we have developed the Humana Quality Model (HQM). The model is based on two parallel approaches: quantitative indicators that form an index called the Humana Quality Index (HQI), and the client's individual plan, which focuses on personal goals that determine the interventions. Both perspectives are equally important in creating an overall assessment of quality.

Our aim is to regularly report progress through Humana's quality report. The quantitative approach is based on indicators that are measured on a scale of 1–100, where each indicator has a long-term target that is weighed together with the long-term target for HQI. This way, the index becomes an operational management tool and a simple, transparent way to report on the health status of each area of the company.

The second perspective represents a qualitative assessment based on the client's individual plan, which contains the objectives to be achieved. The goals are formulated in consultation with the client, and the plan is reformulated as the work progresses. The objectives are continuously evaluated, but the results are not measured at an aggregate level since the objectives are created in an individual context. Humana measures the follow-up rate in its operations, meaning the extent to which the client's individual plan is followed up according to schedule. The result shows that the follow-up rate varies

between business areas – some units are close to 100 percent, while others show room for improvement. The follow-up rates are evaluated every quarter, and the goal is for all units to reach at least 98 percent.

Follow-up of indicators

Humana has also made progress on its HQI indicators, such as the CSI and serious deviations. In order to compare CSIs between the company’s different units, Humana has developed a common CSI to be used in all business areas. Each business area also conducts more extensive customer/client satisfaction surveys on a regular basis.

Within elderly care, the National Board of Health and Welfare conducts a national user survey each year. This year’s edition shows that private providers are again ranked higher than public ones and that Humana ranks well among other private providers.

Starting in 2017, Humana publishes all serious deviations such as Lex Sarah and Lex Maria openly on its website. Deviations are natural in all care and care activities, but we do everything we can to learn from them and avoid mistakes being repeated. To benefit from lessons learned and to spread knowledge internally within Humana as well as externally, the quality assurance group analyses and announces all serious deviations. In 2018, Humana also began reporting serious deviations in Norway in the same way as in Sweden and has launched similar efforts in Finland.

Secure data management

Humana takes a proactive approach to information security, for its employees as well as customers and clients. As a result of the new GDPR data regulations, we have appointed a special organisation consisting of data protection officers in each country, as well as a designated coordinating data protection officer for the entire Group. Humana analyses incidents and is obliged to report serious incidents to the Swedish Data Inspection Board within 72 hours.

In 2018 Humana Sweden experienced 18 personal data breaches, of which four were reported to the Data Inspection Board. In Norway two breaches were reported to the responsible authority, and in Finland no breaches were reported. All security breaches in 2018 were due to human factors and had insignificant or limited severity, involving only a few data items and a few data subjects. To minimise future breaches, we have raised awareness and provided targeted training to staff on how to comply with the new requirements in their daily tasks.

26

Lex Sarah

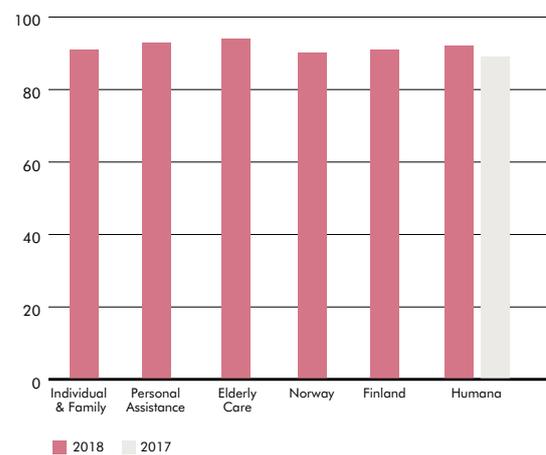
2

Lex Maria

Humana Quality Model

The Humana Quality Model is Humana’s governance model for quality assurance and consists of two components: the Humana Quality Index, which uses seven indicators to measure and weigh overall aspects of quality, and the client’s individual plan, which contains the objectives to be achieved.

Humana Quality Index

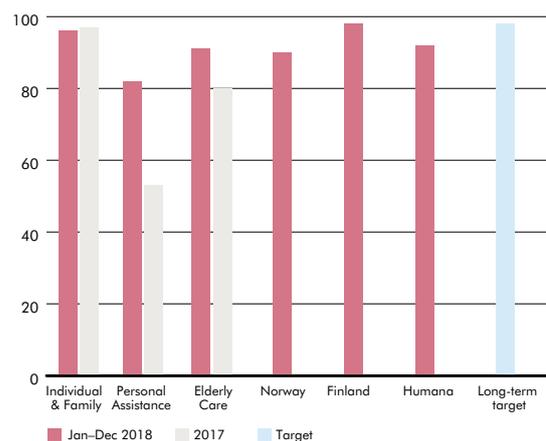


The Humana Quality Index consists of seven indicators: customer satisfaction, serious deviations, employee satisfaction, leadership index, workplace attendance, Humana’s values and training in the Humana Academy.

The indicators are measured on a scale of 1–100 and weighed together in an index with a long-term target for Humana which is 100.

In 2018 Humana’s HQI reached 92, an improvement from the previous year, which was 89.

Clients’ individual implementation plans, percentage followed up



The second component of the Humana Quality Model is based on the client’s individual plan. Humana’s objective is that all clients should have an individual plan in which the client has been involved. The individual objectives are developed together with the client and followed up regularly. It is not possible to do an aggregate measure of these objectives, so we instead measure the proportion of clients that have an individual plan that is followed as scheduled.

The follow-up rate differs between the business areas. The largest positive change in 2018 was measured in Personal Assistance, where the follow-up rate increased to 82 percent. The numbers are followed monthly. The goal is for all operations is to reach at least 98 percent.

A workplace for everyone

Humana's quest for diversity guides the company at all levels. Our goal is to create a workplace where everyone feels welcome and has room to develop. Focused initiatives on inclusion and work environment have resulted in satisfied employees with high workplace attendance and strong commitment to their work.

THE WORK ENVIRONMENT IS A top-priority issue for Humana. Our goal is to create a workplace in which everyone feels included and has a key role to play. And achieving this, in our view, requires a diversity and equality mindset. Something that is often perceived as a small detail by some people can be crucial for others. One example is our adapted workplaces, where employees or visitors with disabilities can always feel that they are part of the community. Humana's success depends on its ability to offer employees a physical work environment with room for differences, as well as a social environment with a positive, collaborative atmosphere.

Humana's annual employee survey indicates that we are on the right track. Of all employees, 78 percent state that they feel very involved at work and 84 percent state that they are very committed at work. Among personal assistants, more than 90 percent state that they feel pride in their work.

Gender equality and diversity

Objectives and guidelines on diversity, inclusion, and occupational health and safety are defined in Humana's diversity and inclusion policy and work environment policy. These policies stipulate that Humana should promote increased awareness of the benefits of diversity at the Company and the opportunities that diverse groups of people bring. The policies also make clear that Humana's workplaces must be free from harassment, victimisation and discrimination. Humana works actively to create an equitable workplace. For example, we always ensure that candidates of different genders are represented in the final phase of recruitment

processes when managers are recruited. This approach has paid off: the gender distribution among our 60 or so top managers in 2018 shows that 53 percent were women.

In the Group, the gender distribution is 68 percent women and 32 percent men. Our goal is to attract more men to areas where the gender distribution is traditionally dominated by women.

Another goal is for at least 20 percent of our managers to have an international background, meaning that they are either born outside the Nordic region, have at least one parent who is born outside the Nordic region, or have lived outside their home country for more than three years. Today our diversity figure for Group management comes in at 20 percent, and at just under 20 percent for the business areas' management teams. Viewed across the company, one third of employees are estimated to be born outside the Nordic region.

Diversity and gender equality also include sexual identity, which is why Humana has worked actively with LGBTQ issues in partnership with the Swedish Federation for LGBTQ Rights. We have already trained our 65 top managers in Sweden, Finland and Norway. Some areas of Humana's operations are certified.

Collaboration with organisations

The need for new employees in the care industry is increasing sharply, and Humana's position is that the industry is attractive and offers great development opportunities. We believe that the generation of young people about to enter the labour market highly values opportunities to make the world a better place. Humana also create career inroads

for people who have ended up outside the labour market. We do this in collaboration with several organisations, including Samhall and the Swedish Public Employment Service. Our goal as a corporate citizen is to create 500 introduction jobs available on the Nordic labour market during 2017–2020. During the first two years we have created 233 jobs with the help of government hiring subsidies only in Sweden.

Development opportunities

One of the secrets behind being a well-liked and competitive employer lies in offering career development opportunities. All new employees at Humana undergo introduction training and, when relevant, management training. In addition, Humana offers one hundred or so different internal courses at Humana Academy. There, employees can educate themselves in areas such as work environment, customer interaction, quality, leadership and legislation. Humana takes a positive view of internal mobility, both within and between our business areas and countries. By facilitating and encouraging development and career paths within the company, we are also able to retain our talented employees for long periods of time.

In 2018, Humana received more than 82,000 job applications. Most candidates were recruited within the occupational categories of personal assistants, treatment staff and assistant nurses. Humana also employs registered nurses, psychologists and psychotherapists, as well as lawyers specialised in LSS legislation. We have a high level of expertise among our employees and are often contacted as a referral body.



A star at promoting gender equality

In 2018, Humana received the AllBright award for the second consecutive year for being the most gender-balanced listed company. This is the first time a company has won the award two years in a row.

The first nomination included all 47 companies on AllBright's list of genderbalanced public companies. Of these, employees and CEOs from 19 companies responded to a survey with questions about everything from work environment to experiences of discrimination. After a thorough selection process, Humana was crowned the winner.

"Winning for the second year in a row is an incredible experience. We're thrilled that the company's efforts around inclusion and diversity are being recognised. It is

an honour just to be in the finals amongst such strong competitors. This is a 'competition' where it feels like everyone wins as more companies improve in terms of gender equality," says Humana's CEO and President Rasmus Nerman. He adds:

"We at Humana are proud but not complacent. As one of Sweden's biggest private employers, we of course also want to be one of the best. This means taking gender equality and inclusion issues seriously."

Amanda Lundeteg, CEO of AllBright, experience that more and more companies view gender equality as important.

"Never before have we had more impressive contributions, something that made the selection that much more difficult. It is a clear sign that more and more companies are viewing gender equality as a strategic priority," she says.



Everyone wins as more companies improve in terms of gender equality.

Rasmus Nerman, CEO and President

Vinnare av
ALLBRIGHTPRISET 2018
Humana

Our *impact* on society

For sustainability efforts to be successful, everyone must be involved. Our positive impact is grounded in local initiatives from dedicated employees throughout the business. Each year Humana has a sustainability week, where we highlight positive examples within the organisation that can inspire employees to act on sustainability issues.

TO GIVE ALL EMPLOYEES an understanding of which areas within sustainability that are relevant for a company such as Humana, an e-learning on Humana's sustainability work has been produced. During 2018 many employees have completed the course and received practical tips on things that

can be done in everyday life. During the year Humana has also created a dedicated forum on its intranet for inspiration. It is however important to keep in mind that the care Humana provides on a daily basis is our most central contribution to a sustainable society; to give our customers the best

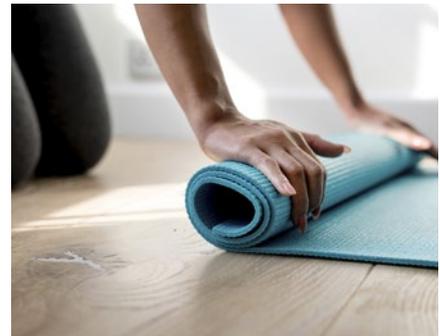
possible conditions to achieve a better life. Below are some examples of what Humana's sustainability initiatives have helped to achieve during the year; divided into social value creation, an environmental focus and economic value creation.

Social value creation



CAFÉ PÅTÅR OPENED in Stockholm in 2015. Each year, about 30 young clients from Humana's Individual & Family operations work there. They are often individuals with functional impairments and/or neuropsychiatric diagnoses. While they work, their individual treatment plans continue. More than 50 percent of the employees were able to find new jobs after gaining work experience at Café Påtår.

DANIEL LIVES AT one of Humana's LSS homes in Västmanland and he is a passionate rapper. Thanks to the commitment of our employees, he got the chance to go to a professional studio one day to record a demo of some of his own songs. Daniel has also performed at a few major events at Humana, including at our internal leadership forum.



YOGA AS A TOOL for residential care homes is a completely new concept that benefits clients and employees alike. It is a tailored programme that the Tiangruppen's residential care homes initiated several years ago. The yoga is evidence-based, is adapted to the target group and has its roots in trauma-sensitive yoga, yoga for teens and yoga at detention facilities. It reduces stress, increases strength and fosters self-awareness, impulse control and mindfulness. In 2018, the Tiangruppen's units participated in yoga three times a month apart from the summer months.

An environmental focus

Environmental initiatives

Humana wants to contribute positively to climate change mitigation and therefore acts at many different levels to reduce its carbon footprint. In our environmental policy, we define two main criteria that specify how we should run our business: climate efficiency (includes energy consumption, transport and food) and resource efficiency (includes circular thinking, waste management and efficient resource management).

Humana's environmental efforts are based on two principles. The substitution principle means that inferior technology and hazardous substances are continuously replaced by more resource-efficient technologies and eco-friendly substances. The precautionary principle seeks to avoid activities or products that may be hazardous to the environment. Some examples of our environmental focus in 2018:



Sustainability mindset for new buildings

At our new elderly housing units, we are installing rooftop solar panels and charging poles for electric cars. All new construction should strive to achieve Silver, the second highest level, in the Swedish environmental certification system Miljöbyggnad. This requires more than simply complying with legislation. Among other things, sun protection, acoustic environment and ventilation must be significantly better. Read also about the environmental certification of our elderly housing unit in Växjö on page 2.

Local initiatives

In our local operations, activities are underway such as environmental certification, sorting and reducing waste, replacing dangerous detergents, meat-free days, saving energy, collecting clothes, carpooling and more.

Virtual meetings

Virtual meetings reduce travel. We are using virtual project teams and making it easier to work remotely.

Economic value creation

Happy employees boost profitability

The University of Helsinki has studied Humana's operations in Finland. The results show that highly motivated, skilled employees who are given high autonomy over their tasks not only increase productivity but also boost profitability.

When Humana is a good employer, both employees and shareholders win.

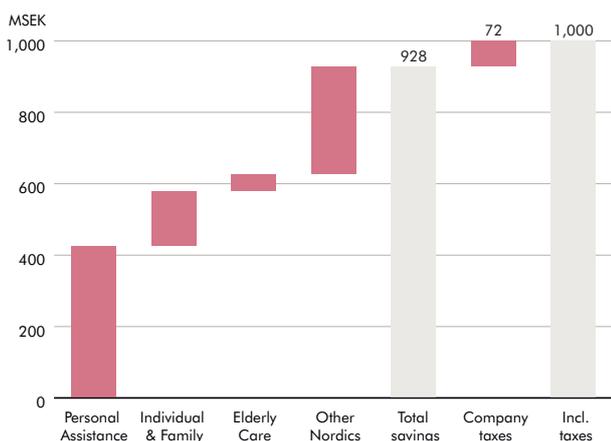
Saving taxpayers money

Humana saved Nordic taxpayers SEK 1,000 million in 2018 compared to if the state, regions and municipalities had run the operations themselves. We can do this through an efficient use of resources and effective treatment methods.

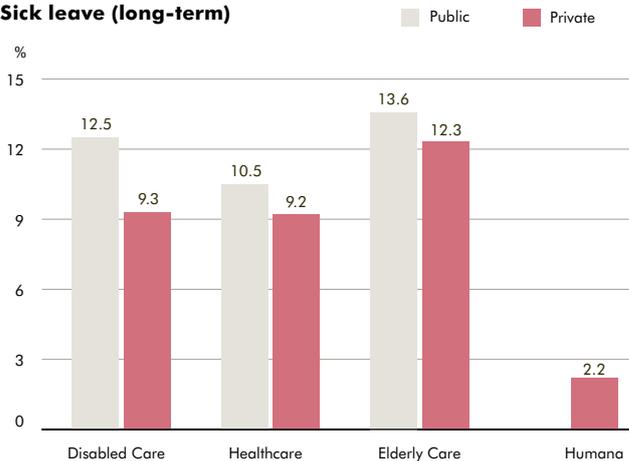
Low sick leave rate

Humana's employees have significantly lower rates of sick leave than in the public sector. The most likely underlying reason is clear leadership and strong employee commitment, as shown in our employee survey.

Savings for Nordic taxpayers



Sick leave (long-term)





We strengthened our position in Swedish elderly care during 2018.

Our *care operations*

Humana's operations encompass all aspects of care. In Sweden, we are market leaders in individual and family care as well as personal assistance, and we are strengthening our position in elderly care. In Norway and Finland, we also hold leading positions in individual and family care and in Norway also in personal assistance. Our operations in Denmark, which specialise in individual and family care, are in their infancy.



SEK **457** M

Operating revenue in
Elderly Care in 2018

SEK **2,668** M

Operating revenue in
Personal Assistance in 2018

SEK **2,188** M

Operating revenue in
Individual & Family in 2018

SEK **1,401** M

Operating revenue in
Other Nordics in 2018

94 %

of Humana's 2018 revenues
were from operations under
own management

Individual & Family

Humana is a leading individual and family care provider in the Nordic region and offers the largest combined expertise in psychosocial disorders and mental illness. Humana offers unique dynamic care – an effective working model that involves providing the right interventions at the right time. By dynamically adapting the form of care and actions in line with the customer's needs, we can help even more people to have a good life.

PRIVATE PROVIDERS play an increasingly important role in the market for individual and family care. Increased cases of mental illness along with psychiatric reforms in the 1990s have increased market needs. In line with this development, new and greater demands are also being placed on specialisation and qualified care, where private providers enjoy greater flexibility and the opportunity to offer cost-effective alternatives.

Children, adolescents, adults and elderly people who need assistance in their daily lives are welcome to Humana's various operations. Many clients suffer from complex psychosocial and neuropsychiatric disorders. The work Humana does is both skills- and labour-intensive and is always based on the individual's needs.

Humana has more than 40 years of experience in psychosocial change management and social psychiatry and has contracts with most of Sweden's municipalities. Our unique dynamic care enables us to offer clients a combination of different measures based on their individual needs and thus provide the right intervention at the right time. The dynamic care model is made possible both by our scale and our broad skills base. It allows us to offer resource-efficient solutions that create added value both for clients and customers on the path to an independent life for the care receiver.

Children and adolescents

Humana can help children and adolescents with psychosocial disorders. We provide residential care homes as well as supported

housing with expertise in areas like abuse, self-harm, neuropsychiatry and trauma. Humana has approximately 600 available bed vacancies for children and adolescents spread across 70 or so residential units.

Adults

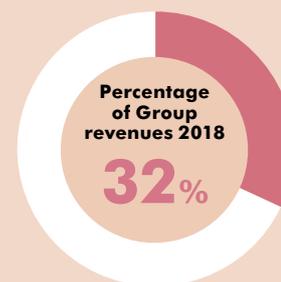
Humana offers short-term and special service housing as well as residential care homes for adult clients in need of interventions in social psychiatry, neuropsychiatry, comorbidity, forensic psychiatry and geriatric psychiatry. Humana has approximately 550 bed vacancies for adults spread across 40 or so units.

Family homes and outpatient care

Humana's outpatient treatment offers the IHF and TFCO methods, which can serve as an alternative to placement in an institution. Humana's temporary and regular family homes are supported by contracted consultants. To meet availability requirements, these operations are geographically dispersed. Humana provides daily assistance for close to 700 children and adolescents through family homes and outpatient care.

Operations under LSS

Operations are run under Humana's own management and under contract on behalf of municipalities. Interventions for children, adolescents and adults with functional impairment are tailored to each individual and are run in the form of housing with special services, daily activities, preschools, schools and short-term activities. Our operations under LSS are expanding.



Operating revenue and operating margin¹



Facts	2018	2017
Operating revenue, SEK M	2,188	2,212
Revenue growth, %	-1%	0
Organic growth, %	-1%	-3
Share of Humana's revenue, %	32	34
Operating profit, SEK M	196	191
Operating margin, %	9.0	8.6
Average number of employees, full-time equivalents	2,396	2,483



For the first time,
I didn't have to explain
how Elias works.



A couple of years ago, Elias was placed at Humana Neuropsyk in Bollnäs. He was 24 years old and for the first time since he was born, his mother Helene felt that she could relax. She had finally met staff who understood Elias. "Maybe even better than I do myself," she says.

Developments in 2018

Revenue was SEK 2,188 million (2,212) in 2018, a decrease of 1 percent. Operating profit was SEK 196 million (191). Our growth focus in 2018 was on housing with LSS special services under own management. We have also expanded professional development opportunities and adapted our offerings at several units to meet the increasingly difficult needs. We have continued our efforts in method development and have invested heavily in training initiatives such as the low-arousal approach. During the year, we opened two newly built units offering special services under LSS in Uppsala.

Outlook

Mental illness in society has increased dramatically, especially among young adults and women. Unfortunately, it is expected to keep on increasing. At the same time, the number of requests from the municipalities involving complex cases that require specialised, qualified care is on the rise. Our ability to provide dynamic care and offer resource-efficient solutions will thus become even more critical. Our investments in housing with special services under LSS will continue. Several new housing units are scheduled to open in 2019.

ELIAS HAS AN unusual combination of functional impairments and a mental capacity equivalent to a small child. Yet he is big and strong, with a temper to match. This meant that Helene had to have round-the-clock service right from the start.

When Elias turned 16, a spark of hope was lit. Elias was granted personal assistance and moved into his own flat. But it didn't work out.

"The assistance company terminated the agreement. At the same time, Elias got evicted. There was no help to be found anywhere. We were left to completely figure it out ourselves," says Helene.

Elias had to move home again. Until then, Helene had been able to work. But now it was impossible. She was forced to request a leave and stayed at home. Helene describes these tough times while speaking warmly of Elias as a person.

"He is sociable and loves to cuddle and eat hot dogs. But by then he was

feeling worse and worse," she says.

In a desperate attempt to get help, Helene managed to get in touch with Humana Neuropsyk, a residence accommodating 15 people that specialises in care for people like Elias. A bit of hope was restored, but a referral was needed.

"It was rock bottom. They wanted to put him in a psychiatric ward at the hospital."

And that's what happened. Helene went with him. But the staff quickly realised that the hospital was not the right place for Elias. Suddenly, the door to Neuropsyk stood open.

"It was wonderful coming here. For the first time, I didn't have to explain how Elias works."

Now two years have gone by and Elias is faring much better. And so is Helene. She is relaxed, gets things done, and has a partner. None of this was possible before.

"Neuropsyk is unique in Sweden. It shouldn't be this way – even the county councils should have operations like this."

Personal Assistance

Humana is the largest provider of personal assistance in Sweden. The right to assistance is an important reform that gives people with functional disabilities the opportunity to have a good life. The personal assistance market has been the focus of political policy in recent years and is currently shrinking. We at Humana are proud of our business, which is efficient and of high quality. We aim to continue to grow and help more people lead an independent life.

PERSONAL ASSISTANCE IS a service within the framework for LSS, the Act Concerning Support and Service for Persons with Certain Functional Impairments. Roughly 19,000 people in Sweden are entitled to receive personal assistance. Humana is the chosen provider amongst 1,800 of them. Personal assistance gives many people the chance to not only live a decent life, but also to contribute to society through work. The industry employs close to 100,000 people.

Personal assistance is a customer-choice market. This means that the customer decides who will perform the assistance. Approximately 75 percent of those entitled to assistance today choose a private alternative such as a company or a cooperative. In recent years, the number of people qualifying for assistance has decreased with each year.

Humana's Personal Assistance business area has 8,800 employees, most of whom are personal assistants. The business operates out of 25 offices across Sweden. Each customer has a customer and assistant manager who coordinates all aspects related to the customer's needs, wishes, finances, recruitment and assistants. Humana's customers also gain access to legal and recruitment specialists. With Sweden's largest legal department specialising in laws and regulations for personal assistance and LSS at our disposal, we at Humana can give our customers the best guarantee for a fair decision. Our recruitment managers ensure that we match the customer's needs with the assistants' qualifications and thus create the foundation for safe and secure assistance.

Humana's assistants get access to qualified training through the Humana Academy portal. Humana is also using digitalisation for even better communication with employees and assistants. In this way, we can create transparency and can secure quality and participation in everything we do.

Developments in 2018

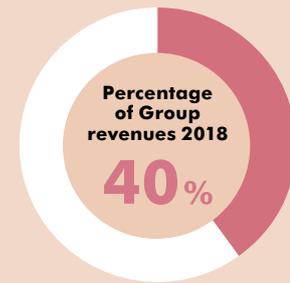
Revenue in the business area increased by 2 percent to SEK 2,668 million (2,621). Operating profit totalled SEK 151 million (160), a decrease of 6 percent and corresponding to an operating margin of 5.7 percent (6.1). The decline in operating profit is primarily attributable to the increase in payroll expenses exceeding the increase in the state reimbursement level.

The number of individuals entitled to personal assistance as decided by Försäkringskassan continued to decline during the year, by 2.5 percent. Some of the people who have lost their right to personal assistance based on Försäkringskassan's decisions have received new decisions via the municipality, but the total number of people qualifying for assistance has decreased anyway. Humana lost a few customers during the year.

In the spring of 2018, the Supreme Administrative Court of Sweden announced that tube-feeding performed as self-treatment could constitute a basic need, and in February 2019 the new government announced that the LSS legislation should be amended to conform with these new directives. This is good news for the many people who previously lost their right to receive personal assistance, as the decision gives more individuals the right to assistance again.

During the year, Humana continued its efficiency programme to offset the impact of cost drivers and of the low upward adjustment of the state reimbursement amount. For some time, Humana has been developing and refining its procedures, which has led to better cash flows.

During the year, Humana was awarded the personal assistance contract for Kalmar Municipality, a contract that was initiated in the autumn. And for the first time in several years Humana completed two selective acquisitions of small assistance companies, RIK Assistans and Västgöta Assistans.



Operating revenue and operating margin¹



Facts	2018	2017
Operating revenue, SEK M	2,668	2,621
Revenue growth, %	2	-1
Organic growth, %	1	-1
Share of Humana's revenue, %	40	40
Operating profit, SEK M	151	160
Operating margin, %	5.7	6.1
Average number of employees, full-time equivalents	5,068	5,097



I can live an independent life, almost like anyone my age.



Outlook

The assistance industry is highly fragmented and is undergoing tough changes. We therefore predict increased consolidation in the industry. Humana's goal remains to help more people and take market share in a currently shrinking market. Growth will be achieved by getting more people to choose Humana and through acquisitions.

Personal assistance has been the focus of political policy in recent years. In January 2019, the LSS inquiry presented proposals for new legislation on assistance. The proposal has been met with sharp criticism from political groups and client associations. The government agreement, dated in the same month, contains promises to strengthen personal assistance. As a first step, a change in the LSS legislation is planned that would qualify breathing and tube feeding needs for the right to assistance. The change in legislation is scheduled to take effect in the summer of 2019. An inquiry is also underway on the profession of personal assistant. It concerns the work environment and professional duties and should be completed in 2020.

Humana will continue to act as the voice of our customers and form public opinion. We believe that personal assistance is a critical reform that can offer a cost-effective, economically viable solution for many individuals with substantial long-term assistance needs. Approximately 90 percent of the costs of personal assistance consist of payroll costs or non-wage labour costs, where a large part goes back to the community via taxes.

Felix studies at university, works out and will soon move away from home, just like many other 21-year-olds. But for such a regular life to be possible, he needs assistance around the clock. "With assistance I can live an independent life, almost like anyone my age," says Felix.

FELIX WAS BORN WITH Duchenne muscular dystrophy, a neurological muscle disorder that means he needs help with most of his daily tasks. To be able to get dressed, eat and move around, he needs personal assistance all hours of the day.

Felix is enrolled in the Swedish School of Sport and Health Sciences in Stockholm. In the beginning, however, he was unsure of how things would go.

"At the lectures I want to sit by myself, but the assistants are always close at hand when I need them," says Felix.

The assistants also help Felix live an active life. He practices a sport called electric hockey and participates in training camps and tournaments around the Nordic region.

"Travelling to Denmark with Felix several times a year is impossible for our family. But with assistants that Felix feels safe with, it's possible. They provide a quality of life that's crucial for a young person's self-esteem," explains Felix's father, Roger, who is also one of Felix's assistants.

Changing assistants often causes anxiety and stress. Therefore, the long-term approach and contact with Humana have been important factors for the family.

"It works out well with Humana. They've helped us find assistants I like and who have stayed for a long time, so it feels secure," says Felix.

Received legal help

Another reason why the family chose Humana is the legal support that customers are offered. Disputes in the application process are common, and few private individuals can manage their own cases themselves.

"Besides finding good assistants for Felix, it was important for us to get help communicating with Försäkringskassan and support with legal matters," says Roger, adding:

"These are areas that are hard for us to understand but that are incredibly important when applying for assistance."

Elderly Care

Humana's Elderly Care business area provides housing for the elderly and is run under own management and under contract. The business area has a clear growth strategy with a focus on building innovative elderly housing units and on winning contracts that prioritise quality.

THE NEED FOR MORE vacancies in elderly housing around Sweden is expected to be great over the next ten years. It represents a major societal challenge that Humana is engaged in, one in which we want to help create the solution. For eight years, Humana has delivered high-quality elderly care services. The satisfaction index among our residents is 87 percent, compared with the national average of 80 percent (2018 national survey from the National Board of Health and Welfare).

Humana has developed its own concept for elderly housing that uses welfare technology and innovation as early as the construction phase, promoting a modern approach to meeting future demands and challenges. The concept involves a unique, pleasant indoor and outdoor environment and a mealtime concept that ensures a pleasant social environment with good, nutritious food.

Those who move into one of Humana's elderly care homes often have several diagnoses, such as dementia, diabetes, heart failure or different types of functional impairments. This places great demands on the skills and experience of Humana's employees who are trained nurses, assistant nurses, physiotherapists and occupational therapists. To secure and maintain a high level of employee knowledge, ongoing training is offered through initiatives like Humana's own training organisation, Humana Academy.

In 2018, Humana's elderly housing units welcomed many study visits from municipalities, universities and welfare technology companies from several countries who wanted to learn more about Humana's unique elderly living concept.

Developments in 2018

Revenue in 2018 was SEK 457 million (521, of which the home care service business

was SEK 178 million). This is a decrease of 12 percent compared with last year and is attributable to the disposal of the home care service business. Organic growth was 33 percent. Operating profit was SEK 9 million (-18). The home care service business accounted for SEK 7 million of the previous year's loss.

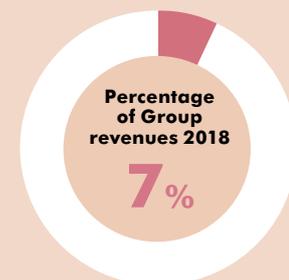
Efforts to improve profitability through a clear focus on resource management, new methods for operational planning and follow-up, and better governance have yielded results.

In 2018, Humana's properties developed in a positive direction. The new units in Växjö and Åkersberga have reached full occupancy, and the unit in Gävle has opened eight more bed vacancies as a result of high demand.

At the end of 2018 Humana was operating 15 elderly housing units, of which three were under own management and twelve were under contract, as well as two day-care operations. In total, Humana offered 800 bed vacancies and employed 1,200 people in our elderly housing units.

The year saw the design and construction of two new units under own management. One is in Staffanstorp and is scheduled for completion in the spring of 2019 and one is in Kungsängen and is scheduled for completion in the autumn of 2019. During the year two new contracts were won in quality procurement procedures, while two contracts expired and were taken over by the municipality again.

The integration project that Humana started in 2017 with the aim of finding more jobs for newly arrived migrants has continued and produced good results. Several



Operating revenue and operating margin¹



Facts	2018	2017
Operating revenue, SEK M	457	521
Revenue growth, %	-12	-10
Organic growth, %	33	12
Share of Humana's revenue, %	7	8
Operating profit, SEK M	9	-18
Operating margin, %	2.0	-3.4
Average number of employees, full-time equivalents	776	1,028



They're going to start a choir, too – I'm looking forward to it.

of the people who received internships discovered that they wanted to continue working with the elderly and started training to become assistant nurses.

Outlook

The proportion of elderly people in the population will continue to increase sharply in the coming years. The number of people older than 80 is expected to increase by 200,000 until 2026, and 15 percent of them will need placement in elderly housing. In the next seven years, an additional 30,000 bed vacancies will be needed in elderly housing, corresponding to roughly 700 new units. In addition, many municipalities have numerous old, outdated elderly housing units that should be closed, which means that the need for more housing is much greater than that.

Currently, 116 of Sweden's 290 municipalities state that they lack enough elderly housing and four out of ten municipalities believe that they cannot meet the need for elderly housing for either two or five years ahead according to the annual housing market survey from the National Board of Housing, Building and Planning. Private care providers therefore have a vital role to play in meeting these needs. And Humana has a leading role in developing the skills and expertise necessary to build and operate elderly housing with a unique concept and high quality.



In the spring, Grethe will turn 90. It's hard to believe. Her eyes shine and she always seems ready for a laugh and says that she is thriving at Humana's elderly care home Södra Centralgatan in Gävle. "I couldn't believe there was anything like this – it's exactly what I wanted," she says.

GRETHE WAS BORN and raised in Denmark. There, she trained as a nurse, worked at the hospital in Copenhagen and met her Swedish husband Lennart, whom she instantly fell for.

"I was about to introduce myself, but I tripped on the threshold and fell smack down," she says, laughing at the memory.

Grethe and Lennart had long planned to move to the United States, but their plans never took off. Four children came at a brisk pace, and instead they made their home in Gävle. She hopes to celebrate her 90th birthday at the old summer cottage where her nephew lives today. Until then, calmer activities await her at home. And there are plenty to choose from.

"I do everything," she says lyrically and continues:

"They're going to start a choir, too – I'm looking forward to it. I've always liked music."

Even gymnastics is a favourite. She was an elite gymnast in her youth and was always interested in keeping her body in shape. Later in life she has done a lot of yoga. She learned to do yoga herself by reading books.

"I was always interested in keeping my body in shape, but now I don't care anymore. These days, I just do what I feel like doing," she says, and laughs again.

It was her sons, Hasse and Nisse, who took her to Humana Södra Centralgatan. They said they had found the perfect place for her. And Grethe agrees.

Other Nordics

Humana's Other Nordics business area is already an integral part of the Group's business, and we see good opportunities to continue developing the operations. During the year, in addition to the established operations in Finland and Norway, we have taken a first step into Denmark.

NORWAY In Norway, Humana operates individual and family care for children and adolescents and provides special services housing and personal assistance.

Today Humana is the second largest provider of individual and family care services in Norway, and the plan is to continue to grow.

The total care market in Norway is valued to SEK 182 billion. The market is challenging for private providers since public and non-profit providers have priority in the procurement process. However, the low degree of privatisation at 11 percent opens future opportunities in the market, which is a fragmented one.

FINLAND In Finland, Humana's primary focus is on delivering care under own management in psychiatric and psychosocial treatment for children, adolescents and families.

Humana also offers care services for persons with functional impairments, care for adults with psychosocial disorders and elderly housing. The total care market in Finland is valued to approximately SEK 97 billion. Humana's operations in Finland have performed robustly, and the goal is to continue building our position as a leading care provider in Finland. In early 2019, Humana entered into an agreement to acquire the care group Coronaria Hoiva, which, when the deal is closed, would double Humana's operations in Finland. The acquisition strengthens Humana's position in social psychiatry for adults, housing with special services for persons with functional impairments and elderly care and makes us

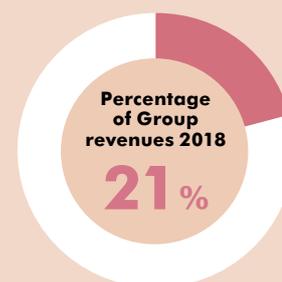
one of the largest care providers in Finland. The acquisition also provides an attractive platform for continued organic growth and good opportunities for quality development and synergies.

DENMARK Humana took its first step into Denmark in 2018 through the acquisition of StøtteCompagniet, a small company specialising in outpatient individual and family care in the Copenhagen region. The Danish care market, valued at SEK 96 billion, is undergoing regulatory changes and experiencing a political climate that is increasingly open to private care providers. The acquisition of StøtteCompagniet enables us to approach this growing market close to home.

Development, Other Nordics 2018

Humana's operations in Other Nordics totalled SEK 1,401 million (1,188), an increase of 18 percent compared with 2017. High demand and good capacity utilisation meant that revenues grew organically by 10 percent. Finnish operations continued to show strong growth during the year. In Norway, the focus during the year was on increasing profitability and organisational efficiency. The efforts were highly successful, and the business also saw a steady growth of the customer base.

Acquisitions contributed SEK 83 million to revenues. During the year, Humana acquired Luotsimaja and Matiimi, two small companies in Finland, both with operations in social psychiatry for adolescents. And in the second half of 2018, Humana expanded into Denmark through the acquisition of



Operating revenue and operating margin¹



Facts	2018	2017
Operating revenue, SEK M	1,401	1,188
Revenue growth, %	18	29
Organic growth, %	10	-5
Share of Humana's revenue, %	21	18
Operating profit, SEK M	122	62
Operating margin, %	8.7	5.2
Average number of employees, full-time equivalents	1,519	1,372



No big difference
having your own kids or
being a family home.



Issifou was single with children who had moved out when he chose to become a family home “parent”. Now his “son” gets all the attention. The solution to most things is love, says Issifou.

StøtteCompagniet, which has annual revenues of approximately SEK 20 million.

Operating profit for the year was SEK 122 million (62), a doubling from the previous year. The sharp increase is explained by higher revenues and the action programme in Norway, which contributed to lower costs. The operating margin was 8.7 percent (5.2).

Outlook

The underlying needs for healthcare and social care are steadily increasing in Norway, Finland and Denmark. Humana has a positive view of the markets and intends to participate in their development and consolidation. We want to continue expanding through organic growth but also through additional acquisitions that will complement our business in a sustainable way. We are also sharing good ideas across national borders to build an even stronger care offering. In both Norway and Finland, a debate about welfare providers is underway. In Finland there is also a debate linked to a comprehensive healthcare and landscape reform, the so-called Sote reform. The reform would expose more parts of public healthcare to competition. In March 2019, the proposed bill fell. After the Finnish elections in April 2019, we should get a picture of how the new Finnish government will proceed with the reform.

ISSIFOU GREW UP in Burkina Faso and came to Norway in 1986. He is an electrician and has extensive experience in politics in a small town on Sørlandet. Issifou became a family home parent by sheer coincidence.

“I saw an advertisement from Humana’s family homes, where families and single people were invited to start family homes. As a single man with adult children, I had a lot of security and love to give and thought that this would suit me perfectly.”

After he was interviewed by the family home unit in Arendal and gave some serious thought to whether this was something he could imagine doing, his next step was to meet a psychologist.

“The conversation with the psychologist was really great, and I understood that I had to dig deeper into myself than I did earlier in the interview process. I have to say that it’s extremely important to be honest in such a conversation. Everyone has strengths and weaknesses, and when your home becomes a family home, your strengths can become weaknesses, and vice versa, in your interaction with the child.”

A new family member

It took some time before Issifou was contacted regarding a 16-year-old Spanish-speaking boy, who would be a good match for him and his family.

“I was so happy – now it was going to happen,” says Issifou.

Shortly afterwards, it was decided that the boy would come for a first visit and see if he wanted to move in with Issifou.

“I myself grew up in a family where you gather around food to get to know each other better, so I invited him and the whole family to a taco night.

They had a nice time and right away the boy decided that he wanted to move in with Issifou.

“It didn’t take long before I got a message that he didn’t want to wait. He wanted to come home.”

Everyday life in a family home

Over time, life has transitioned into routines and day-to-day tasks. Issifou doesn’t think there is such a big difference between having your own children and being a family home parent.

“We live an average family life, with all the things that go along with it. Everything from attending parent-teacher meetings at school to going with him to the dentist. The focus of everyday life is always on the child. I want to make sure he feels loved and welcome. It’s not about me – it’s about the child who has come home to be taken care of.”

Although most daily routines go well, Issifou admits that it is also nice to have a support network.

“After I started a family home with Humana, I’ve gotten to take courses and meet others with family homes. This has given me good tools for managing different situations. The ongoing communication with my contact person is also invaluable. You don’t feel alone.”

When it comes to the future, Issifou is quite certain. He wants to continue to be a family home parent until he grows old.

Humana as *an investment*

Humana is a leading socially responsible provider with a sustainable, growth-oriented business model in the growing Nordic care market. The company holds a strong market position with a clear emphasis on providing high-quality specialised care with the customer in focus.

HUMANA IS A LEADING care company in the Nordic region. Of Humana's 2018 revenues of SEK 6,725 million, 94 percent come from operations under Humana's own management, which means that Humana takes full responsibility for all operations including methodology, properties, staff and care plans. Nearly 80 percent of Humana's revenues come from operations in Sweden, where Humana is the largest provider of personal assistance and individual and family care. The elderly care business is smaller but is growing steadily.

Humana also holds strong positions in other Nordic markets – number two among the private providers of individual and family care and personal assistance in Norway and number two in individual and family care in Finland. The acquisition of Coronaria Hoiva, announced in January 2019, will help further strengthen and expand our position in Finland. Humana has also taken its first step into the Danish care market.

Clear financial targets

Humana has clear financial targets and, following a period of restructuring from 2017 into 2018, is well positioned for the future. Our aim going forward is continued organic growth and selective acquisitions.

The Nordic care market that Humana operates in – Sweden, Norway, Finland and Denmark – is estimated at more than

SEK 600 billion. The share of private providers varies between countries, and today 26 percent of the care market in Sweden consists of private providers, with 40 percent in Finland, 11 percent in Norway and 25 percent in Denmark. In total, the privately-run share of the Nordic care market is valued at SEK 144 billion, of which about SEK 61 billion is in Sweden, SEK 39 billion is in Finland, SEK 20 billion is in Norway and SEK 24 billion is in Denmark.

Several trends behind industry growth

The total care market has grown 4–7 percent annually over the last three years, with a somewhat lower growth rate in Denmark. Several underlying strong trends, such as a growing and ageing population, increased mental illness and increased demand for specialisation and personalisation, as well as rising welfare losses, are behind the market's growth. Therefore, both the wider care market and the private portion of it are expected to see continued growth. There is good growth potential for a quality provider like Humana, both in the current market and in a growing market.

Because of the increased specialisation of care, municipalities in the Nordic countries, which are often small, are not able to provide the breadth of specialisation that is in demand. This increases demand for niche market players. At the same time contracts

have high requirements for specialisation, expertise and compliance, particularly in individual and family care, which means that entry barriers are high for new providers.

The private care market, made up of many thousands of companies in Sweden alone, is also undergoing consolidation. Politicians' desire to micromanage and gain more control of publicly funded services can further increase the drivers behind industry consolidation. Larger, serious providers like Humana find it easier to adapt to new regulations and meet new requirements, and Humana intends to remain active in its consolidation efforts through selective acquisitions. Read more about the care market and the trends that drive it on pages 8–11.

A quality provider

Humana is a quality provider of care services and aims to be the provider of choice for customers and payers with high quality standards. High ambitions regarding quality are vital for sustained and sustainable operations, and quality assurance plays a central role in a sustainable business model. The Humana Quality Model, which we have developed ourselves, helps us to work methodically with different ratios that measure quality so that we can always improve. For 2018, the Humana customer satisfaction index (CSI) is at 84, compared with 80 the previous year. The open comparisons of

Humana's financial targets

8-10 %

Revenue growth

6 %

Profitability

3.0 times
EBITDA

Capital structure

30 %

Dividend policy



The numbers

SEK **608** billion

Size of the Nordic care market

14 %

Average annual revenue growth, last five years

94 %

Percentage of Humana's revenues that come from operations under own management

28

Acquisitions in 5 years

SEK **1,000** M

Savings delivered to Nordic taxpayers in 2018 through more efficient care

the National Board of Health and Welfare are another example, in which Humana achieves outstanding scores in elderly care. Read more about our quality work and our sustainability work on pages 16–25.

Humana sees that there is potential for leveraging care resources more efficiently. In its 2018 report, “Pathways to Sustainable Welfare”, the Confederation of Swedish Enterprise shows that in several areas of Swedish care it is not possible to establish a direct correlation between cost and quality. This means that

skilled care providers can step in and streamline operations to increase profitability, while maintaining or increasing quality.

An investment in Humana is not only an investment in a leading Nordic care company – it is also an investment in a socially responsible provider. Humana takes a social, environmental and financially viable perspective in everything we do. We feel a responsibility to efficiently leverage our public resources to provide more care for taxpayers' money every day.

Humana as an investment in brief

- A socially responsible provider of high-quality care services with the ambition to achieve new, higher standards in the care industry
- Market-leading positions in our business areas
- Growth-oriented company that has completed many successful acquisitions and has also grown organically
- Sustainable business model that adds value to society
- Nearly all operations are run under own management
- Operates in a large market with strong underlying growth, consolidation opportunities and potential for more efficient resource utilisation
- Key partner to many hundreds of municipalities in the Nordic countries. Complexity of services combined with operating license requirements create high barriers to entry
- Clear financial targets and well-positioned for 2019 and beyond

The Humana share on the stock exchange and ownership structure

The Humana share is listed on Nasdaq Stockholm in the Mid Cap segment. Humana's market capitalisation was SEK 3.2 billion at the end of 2018, an increase of 9 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 2018, a total of 13 million shares were traded at a value of SEK 691 million. The average daily share turnover totalled SEK 2.8 million. Of total share turnover, 94 percent were traded on Nasdaq Stockholm. In addition to trading on the Stockholm Stock Exchange, 4 percent were traded on the Cboe CXE marketplace, 1 percent on Cboe BXE and 0.7 percent on Cboe Periodic.

Share price development

The value of Humana's stock increased by 9 percent in 2018 to a share price of SEK 60.00 on the last trading day of the year. This corresponded to a market capitalisation of SEK 3.2 billion and a market capitalisation increase of SEK 266 million during the year.

The highest share price paid for the year was SEK 64.20 on 8 August 2018. The lowest share price paid was SEK 44.20 on 10 April 2018.

Share capital

The total number of shares outstanding on 31 December 2018 was 53,140,064. Each share has a par value of SEK 0.022, which means that share capital amounts to SEK 1,180,879. Humana's share capital consists of one class of shares, with each share having equal voting rights and equal entitlement to receive dividends.

Ownership structure

The number of Humana shareholders was 3,269 at the end of the year. The proportion of share ownership in Sweden was 31.5 percent. Total foreign ownership was 68.5 percent, distributed as follows: shareholders in Luxembourg, 41 percent, in the UK, 12 percent, in Norway, 7 percent, and in the US, 6 percent. The ten largest shareholders held 77 percent of the share capital.

Members of Humana's Group management owned a total of 624,697 shares at 31 December 2018, corresponding to 1.2 percent of the capital and votes in Humana. Humana's Board members owned 3,783,152 shares, corresponding to 5.9 percent of the capital and votes. In addition, board member Lloyd Perry is representing Air Syndication SCA (Argan), which owned 39.2 percent in Humana as of December 31, 2018, in the Board of Directors. In total, Group Management and the Board of Directors thus controlled 46.3 percent of capital and votes.

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.

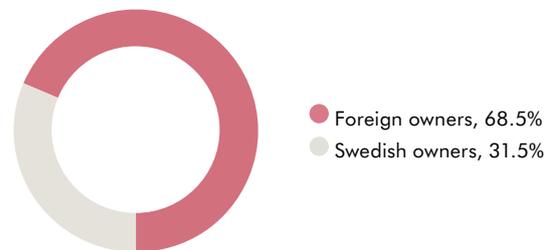
The Board has proposed to the 2019 Annual General Meeting a dividend of SEK 0.70 per share, corresponding to 15 percent of profit for the year, which is in line with the previous year.

Share-based incentive programmes

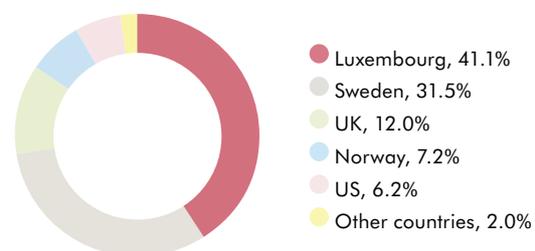
Humana has two long-term incentive programmes: one for eight of the Company's senior executives and another for 150 other Humana leaders. The purpose of the incentive programmes is to encourage a broad shareholding among Humana employees, facilitate recruitment, retain competent employees and increase motivation to achieve or exceed Humana's financial targets.

The programmes comprise a warrant programme and a share savings programme. The warrant programme was initially for eight members of Group management and comprised 1,440,420 warrants. Remaining warrants amount to 960,280, entitling holders to subscribe for the same number of new Humana shares. If the maximum amount is subscribed for, dilution will be about 1.8 percent of the total number of Humana shares. At full allotment, the employee share savings programme will comprise a maximum of 73,000 shares, corresponding to about 0.1 percent of the total number of shares outstanding in the Company.

Distribution of Swedish/foreign ownership



Foreign share ownership by country



Humana's share price performance in 2018

Key ratios

	2018
Number of shares at end of year (millions)	53
Market capitalisation at end of year (SEK million)	3,188
Number of shareholders	3,269
Share price at end of year, SEK	60.00
Price change during the year, %	9
Year high, SEK	64.20
Year low, SEK	44.20
Earnings per share, SEK	4.62
Dividend per share, SEK	0.70
Dividend as % of earnings per share	15
Shares held in Sweden	31.5
Shares held by the 10 largest shareholders, %	75.2

Ten largest shareholders

31 December 2018	Votes %	Capital %
Air Syndication SCA*	39.2	39.2
Incentive AS	9.9	9.9
Nordea Investment Funds	6.3	6.3
Zirkona AB	5.4	5.4
Third Swedish National Pension Fund	4.3	4.3
Lannebo Funds	3.0	3.0
UBS AG London Branch, W8IMY	2.9	2.9
SEB Foundation	2.2	2.2
Catella Fund Management	2.0	2.0
Morgan Stanley & Co Intl PLC, W8IMY	2.0	2.0
Total	77.2	77.2

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

* After December 31, 2018, Air Syndication SCA has reduced its holding to 11.6 percent (reconciled on 6 March 2019). This has resulted in more changes among the ten largest shareholders, for example, Impilo Care AB is a new major owner with 18.5 percent (reconciled on 6 March 2019).

Shareholder structure, 31 December 2018

Number of shares	Number of shareholders	Votes %	Capital %
– 500	2,662	81.4	81.4
501 – 1,000	178	5.4	5.4
1,001 – 5,000	233	7.1	7.1
5,001 – 10,000	72	2.2	2.2
10,001 – 15,000	22	0.7	0.7
15,001 – 20,000	19	0.6	0.6
20,001 –	83	2.5	2.5
Total		100.0	100.0

Shareholder categories, 31 December 2018

	%
Foreign owners	68.5
Financial companies and other legal entities	26.2
Swedish private individuals	5.3
Total	100.0

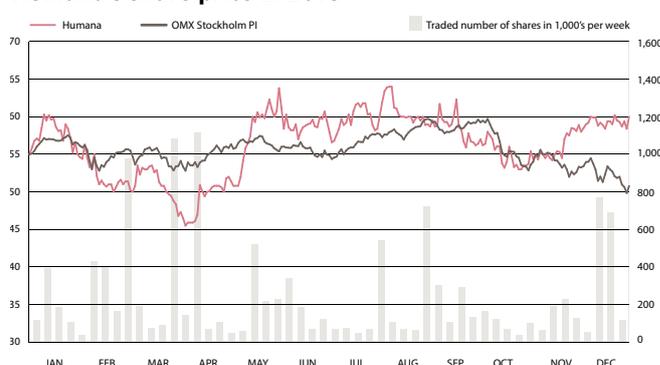
Financial calendar

2019	9 May	Interim Report, January–March
	9 May	Annual General Meeting
	16 August	Interim Report, April–June
	8 November	Interim Report, July–September

Analysts monitoring Humana

Company	Name	E-mail
ABG Sundal Collier	Daniel Thorsson	daniel.thorsson@abgsc.se
ABG Sundal Collier	Victor Forssell	victor.forssell@abgsc.se
Carnegie	Kristofer Liljeberg	kristofer.liljeberg@carnegie.se
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Nordea	-	-
SEB	Carl Mellerby	carl.mellerby@seb.com

Humana's share price in 2018



Source: SIX & Web Financial Group

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About the Annual Report

The Annual Report describes Humana's operations and financial results for 2018 and includes a Corporate Governance Report and Sustainability Report. The legal Annual Report is on pages 16–25 and 40–98. The statutory Sustainability Report is published to comply with the Annual Accounts Act and is on pages 16–25.



Legal annual report

Humana is a leading Nordic care company with operations in Sweden, Norway, Finland and Denmark. The Company provides care services in several areas, including individual and family care, personal assistance, elderly care and special services housing pursuant to the LSS Act. Humana has 15,000 employees who work every day towards a shared vision – *Everyone is entitled to a good life.*

3.0 times

Net debt/adjusted
EBITDA 2018

2017: 3.8 times

50%

Women in Group
management 2018
2017: 60%

SEK 285 M

Operating cash flow 2018

2017: SEK 184 M

57%

Women on the
board 2018
2017: 57%

SEK 391 M

Operating profit 2018

2017: SEK 316 M

Board of Directors' report

Important events in 2018

Q1 January – March

- The Swedish Agency for Health Technology Assessment and Assessment of Social Services (SBU) presents a report on the Treatment Foster Care Oregon (TFCO) method in family homes and at residential care homes that shows very good treatment results and cost savings for society. Humana holds a license for the method in the Nordic countries
- Humana wins the quality procurement for contracted elderly housing at Riddargården in Stockholm
- Andreas Westlund is appointed new business area manager for Personal Assistance



Q2 April – June

- The 2018 AGM adopted a dividend of SEK 0.60 per share for the 2017 financial year, in accordance with the Board's proposal
- Humana wins the quality procurement for contracted elderly housing at Sjöstadgården in Stockholm
- Humana acquires Luotsimaja Oy with operations in psychosocial change management for children and adolescents in Pori in western Finland. Annual turnover about SEK 8 million
- The government's proposal for restrictions on profits in welfare businesses is voted down in the Swedish Riksdag
- The health care reform in Finland (SOTE) is postponed.
- Anders Broberg is appointed as new business area manager for Elderly Care.

Q3 July – September

- Humana acquires Västgöta Assistans, a small personal assistance business with an annual turnover of about SEK 20 million
- Humana expands into Denmark through the acquisition of StøtteCompagniet ApS, a company specialised in individual and family outpatient care with an annual turnover of around SEK 20 million

Q4 October – December

- Humana acquires assistance company RIK Assistans in Härnösand with approximately SEK 65 million in annual turnover
- Humana acquires Matimi, an adolescent social psychiatry company in the Birkaland region of Finland, with annual turnover of SEK 23 million
- An in-depth analysis of the National Board of Health and Welfare's open comparisons shows that Humana's elderly housing units achieve better results than the average for all the elderly housing units in Sweden. Humana receives, among other things, high marks for security and living environment
- Humana is named the most gender equal listed company, winning the AllBright Award for the second consecutive year

 We have become an even better care company and we have improved life for more people.



Key ratios by quarter

	Q1	Q2	Q3	Q4
Operating revenue, SEK million	1,648	1,696	1,677	1,700
Revenue growth 2018 vs. 2017, %	-0.1	1.1	3.9	5.2
Organic revenue growth, %	2.3	3.4	4.4	4.8
Operating profit, SEK million	81	78	151	82
Operating margin, %	4.9	4.6	9.0	4.8
Average number of customers	7,414	7,491	7,294	7,676
Average number of full-time employees	9,481	9,723	10,153	9,770

The Board of Directors and CEO of Humana AB, corporate identity number 556760-8475, registered office in Stockholm, hereby present the annual report and group accounts for the 2018 financial year.

Operations

Humana is a leading care company in the Nordic region. The Company's vision "Everyone is entitled to a good life" permeates the entire business. Humana has approximately 15,000 employees, providing services in the areas of individual and family care, personal assistance, elderly care and special service housing pursuant to the LSS Act. Since its establishment in 2001, Humana has grown from a company providing high-quality services purely within personal assistance to its current market-leading position in individual and family care and personal assistance in Sweden. In Finland and Norway, Humana is the second-largest provider of services in individual and family care. In addition, Humana also offers some elderly care units in Finland and personal assistance in Norway. In Denmark, Humana has a small operation in individual and family care.

Humana's strategy is to provide operations in the care sector which are run under own management. Humana's employees work every day to help give 8,000 customers and clients a better life.

Market

Humana is active in all segments of the Swedish care market, and in the individual and family care and personal assistance segments in Norway. In Finland, Humana is a leader in the individual and family care segment, but also conducts some smaller special services housing and elderly care operations. Humana has a presence in Denmark in the form of a small operation in the individual and family care segment.

Operating revenue and operating profit

Group

The Group's operating revenue was SEK 6,725 (6,556) million, an increase of 3 percent compared with 2017. Adjusted for the home care service business divested in 2017, growth for the year was 5 percent. Acquired operations contributed SEK 110 million to operating revenue. Organic revenue growth for the year was 3.4 percent. Operations under own management accounted for 94 percent of revenue at the end of 2018. Growth was lower than the Group's medium-term target of 8-10 percent due to fewer completed acquisitions and lower demand in parts of Individual & Family.

Operating profit for 2018 increased to SEK 391 (316) million, corresponding to an operating margin of 5.8 (4.8) percent. Operating profit includes acquisition costs of SEK 18 (4) million.

The improvement in earnings of SEK 75 million, an increase of 24 percent, is due to positive effects from implemented action programmes in the Norwegian operations and in Individual & Family and Elderly Care's turnaround from loss to a positive result. Our investments in growth are beginning to help improve profitability. This is most clearly visible in the Other Nordics and Elderly Care business areas. The operating margin is in line with Humana's medium-term

profitability target of an operating margin of approximately 6 percent.

Depreciation increased to SEK 70 (60) million. The increase was due to depreciation in acquired companies and increased investments. EBITDA amounted to SEK 461 (376) million, corresponding to an EBITDA margin of 6.9 (5.7) percent.

Individual & Family

Revenue for the full year amounted to SEK 2,188 (2,212) million, a decline of 1 percent. The decrease is due to lower demand for family homes and outpatient solutions for children and adolescents.

Operating profit for the full year increased by 3 percent and amounted to SEK 196 (191) million. The improved profit for the full year is mainly due to lower costs resulting from implemented action programmes.

Personal Assistance

Revenue for the full year amounted to SEK 2,668 (2,621) million, an increase of 2 percent. Acquisitions contributed SEK 27 million to the year's revenue. The increase in the state reimbursement level of 1.5 percent had a positive effect on revenue. The number of assistance clients at the end of the year was in line with the number of clients at the same time in the previous year, 1,833 (1,866).

Operating profit declined by 6 percent to SEK 151 (160) million. The decline in earnings for the full year is primarily attributable to the increase in payroll expenses exceeding the increase in the state reimbursement level.

Elderly Care

Revenue for 2018 amounted to SEK 457 (521, of which home care service business 178) million, a decline of 12 percent, which was due to the divestment of the home care service business. The organic increase for the full year was 33 percent and is largely due to all elderly housing units under our own management now being fully operational with high capacity utilisation. Two new contracted elderly housing units in Stockholm were serviced during the year: Sjöstadsgården and Riddargården.

Operating profit for the full year amounted to SEK 9 (-18) million. The home care business was responsible for SEK 7 million of the previous year's loss. The improved operating profit is also due to high capacity utilisation in the new operations under own management and better efficiency.

At 31 December 2018, Humana operated 15 elderly housing units, three of them under own management. Another two elderly housing units under our own management, Staffanstorp and Kungsängen, are opening in the second and third quarters of 2019.

Other Nordics

Revenue for the full year amounted to SEK 1,401 (1,188) million, an increase of 18 percent. Acquisitions contributed SEK 83 million to the year's revenue. Organic revenue growth was 9.8 percent during the year. The Finnish operations show continued strong growth due to positive organic growth and contributions from completed acquisitions. The process of stabilising and increasing capacity utilisation in the Norwegian operations continues to yield results.

Operating profit doubled to SEK 122 (62) million. The operating margin for the full year was 8.7 (5.2) percent. The improvement is partly due to revenue growth resulting from high demand and good capacity utilisation and partly due to reduced costs resulting from the action programme in Norway.

Acquisitions/disposals during the year

Acquisitions

Humana is a growth company in the care sector. The goal is for operations to grow through a combination of organic growth, i.e., by the Company's own efforts, and through acquisitions. Humana continues to be active in the ongoing market consolidation. In 2017 and the first half of 2018, the Group focused on unit reorganisation, internal efficiency and profitability improvement. This meant that only one acquisition was made the first half of 2018. Acquisition activities resumed in the second half of 2018 and four minor acquisitions were made. Humana is constantly searching for and evaluating attractive acquisition candidates that fit into the Company's strategy.

Humana has three primary aims in its acquisition strategy:

- to achieve volume and economies of scale
- through additional acquisitions strengthen existing operations, the geographical presence and/or specialisation in the offering
- to drive innovation and complement existing operations with new service areas where Humana sees growth potential, which can help create a broader service offering

Humana has completed 15 acquisitions in the last three years. In 2018, Humana made five acquisitions:

- *June*: Humana acquires Luotsimaja Oy with operations in psychosocial change management for children and adolescents in Pori in western Finland, with annual turnover of SEK 8 million.

- *July*: Humana acquires Västgöta Assistans, a small personal assistance business with an annual turnover of about SEK 20 million.
- *September*: Humana expands into Denmark through the acquisition of StøtteCompagniet ApS, a company specialised in individual and family outpatient care with an annual turnover of approximately SEK 20 million.
- *October*: Humana acquires assistance company RIK Assistans i Härnösand with an annual turnover of approximately SEK 65 million.
- *December*: Humana acquires Matiimi, an adolescent social psychiatry company in the Birkaland region of Finland, with annual turnover of SEK 23 million.

The total purchase consideration, including contingent consideration, for the year's five acquisitions was SEK 47 million.

The five acquisitions contributed SEK 38 million to Humana's revenue in 2018 and SEK -1 million to operating profit. If the five acquisitions had been conducted on 1 January 2018, Humana's assessment is that the Group's revenue would have amounted to SEK 6,818 million (SEK 104 million higher), operating profit would have been SEK 393 million (SEK 2 million higher) and profit after tax would have been SEK 246 million (SEK 1 million higher).

Disposals

Two operations have been disposed of in the last three years. One was in 2017 (home care services). The other, in 2018, was a small operation: Palvelutähti Oy, a Finnish company with operations in elderly care. In 2017, the company had revenue of SEK 19 million and a negative operating profit of SEK 2 million.

Key ratios by business area

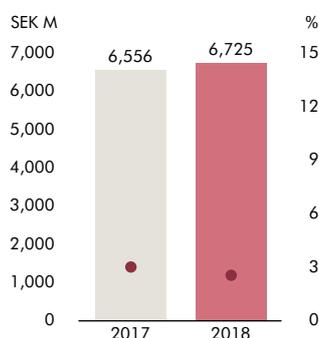
	Individual & Family		Personal Assistance		Elderly Care		Other Nordics	
	2018	2017	2018	2017	2018	2017	2018	2017
Operating revenue, SEK million	2,188	2,212	2,668	2,621	457	521	1,401	1,188
Organic revenue growth, %	-1.3	-2.8	0.7	-0.9	33.4	12.2	9.8	-5.4
Operating profit, SEK million	196	191	151	160	9	-18	122	62
Operating margin, %	9.0	8.6	5.7	6.1	2.0	-3.4	8.7	5.2
Average number of customers/clients	1,955	2,064	1,833	1,866	691	1,946	2,987	2,441
Average number of full-time employees	2,396	2,483	5,068	5,097	776	1,028	1,519	1,372

Operating revenue by segment

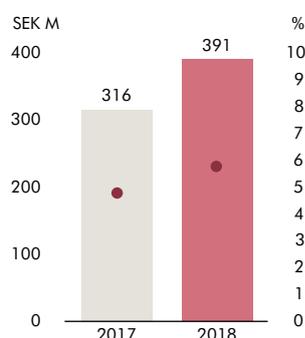
SEK million	2018	2017
Individual & Family	2,188	2,212
Personal Assistance	2,668	2,621
Elderly Care	457	521
Other Nordics	1,401	1,188
Other	11	14
Total operating revenue	6,725	6,556

Operating revenue by country

SEK million	2018	2017
Sweden	5,324	5,368
Finland	648	523
Norway	746	666
Denmark	8	-
Total operating revenue	6,725	6,556

Consolidated operating revenue and growth

■ Operating revenue, SEK million
● Growth, %

Consolidated operating profit and operating margin

■ Operating profit, SEK million
● Operating margin, %

Net financial items

Net financial items are in line with the previous year. The Group's net financial items amounted to SEK -75 (-74) million in 2018. The effect of unrealised changes in the value of derivatives was SEK 1 (9) million.

Profit before tax

Profit before tax was SEK 317 (250) million, an increase of SEK 67 million, corresponding to a profit margin before tax of 4.7 (3.8) percent.

Tax

Recognised tax was SEK -72 (-57) million, corresponding to an effective tax rate of 22.7 (22.6) percent.

Profit for the year and earnings per share

Profit after tax for 2018 was SEK 245 (194) million, an increase of SEK 51 million from the previous year. Basic and diluted earnings per share for the year amounted to SEK 4.62 (3.64).

Balance sheet

Humana's total assets were SEK 5,218 (5,060) million at the end of 2018, an increase of 3 percent from 2017.

Non-current assets

The Group's non-current assets increased by 6 percent to SEK 3,745 (3,535) million during the year. The increase is due to acquisitions. Goodwill of SEK 3,168 (3,104) million was the largest item at 85 percent. The balance sheet item property, plant and equipment amounted to SEK 560 (413) million and consisted of properties, equipment and finance leases (leased cars). The increase of SEK 147 million is attributable to the construction of new operating properties in Falköping and Finland. Other intangible assets consist of systems and licences.

Current assets

Current assets amounted to SEK 1,473 (1,525) million, a decline of SEK 52 million. Trade and other receivables were the largest item, increasing slightly to SEK 847 (842) million during the year. Cash and cash equivalents fell to SEK 514 (584) million during the year.

Financing

Humana has a loan agreement of SEK 2,100 million. The credit facility includes a bank overdraft facility of SEK 200 (200) million, which had not been utilised at 31 December 2018. The annual interest rate for the credit facilities is approximately 2.5 percent, most of which is variable. The loan agreement runs until 2021 and has two associated covenants: net debt/EBITDA and interest coverage ratio.

Equity amounted to SEK 2,147 (1,891) million. The equity/assets ratio was 41.1 (37.4) percent. The Group's interest-bearing net debt was SEK 1,378 (1,440) million at the end of the year, a decline of 4 percent. The net debt to adjusted EBITDA ratio was 3.0 times (3.8), which was in line with the Group's target for a ratio of no more than 3.0 times. The target for the Company's capital structure allows debt to temporarily exceed the target level of 3.0 times.

Financial position

SEK million	31 Dec 2018	31 Dec 2017
Non-current interest-bearing liabilities	1,259	1,345
Current interest-bearing liabilities	633	680
Cash and cash equivalents	-514	-584
Interest-bearing net debt	1,378	1,440
Equity/assets ratio, %	41.1	37.4
Interest-bearing net debt/adjusted EBITDA 12 months, times	3.0x	3.8x

Capital structure

SEK million	2018	2017
Total assets	5,218	5,060
Capital employed	4,039	3,915
Equity	2,147	1,891
Interest-bearing net debt	1,378	1,440

Cash flow

The Group's cash flow from operating activities before changes in working capital was SEK 461 (376) million. Cash flow from operating activities includes acquisition costs of SEK -18 (-4) million.

Change in working capital

The change in working capital in 2018 was SEK -18 (-41) million, an improvement from the previous year.

Cash flow from investing activities

Cash flow from investing activities increased to SEK -240 (-60) million. The increase is partly due to the minor acquisitions during the year, two more than in the previous year, but is mainly due to the previous year being positively affected by the divestment of a property portfolio. The year's acquisitions including settlement of additional consideration for acquisitions in previous years amounted to SEK -86 (-42) million. Investments in other non-current assets amounted net to SEK -158 (-151) million.

Cash flow from financing activities

New loans of SEK 145 (7) million were taken out during the year. The Group's repayment of interest-bearing liabilities had an effect of SEK -279 (-56) million on cash flow. A dividend of SEK 0.60 per share was paid for the 2017 financial year, corresponding to approximately SEK 32 million or 16 percent of profit for 2017. Cash flow from financing activities was SEK -166 (-75) million.

Investments

SEK million	2018	2017
Acquisition of operations, net cash impact	-86	-42
Disposal of operations, net cash impact	4	133
Investments in other non-current assets, net	-158	-151
Total investments	-240	-60

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. Operating profit for the year was SEK 84 (64) million. The Parent Company's equity/assets ratio was 44.4 (44.5) percent.

Seasonality

Distribution of revenue during the year shows that Humana's operations are not significantly affected by any seasonal variations. Changes in revenue between quarters and compared with the preceding year are partly attributable to the point in time at which acquisitions were made in 2017 and 2018. Revenue and earnings are, for example, positively affected by factors such as months with many working days and no long public holidays. In terms of earnings, the Company's third quarter is the strongest, as this is when employees take holidays, resulting in changes in the holiday pay liability.

Employees

Humana's average number of full-time employees in 2018 was 9,782 (10,003), a 2 percent decrease from the previous year. The decline is largely due to the divestment of the home care service business in 2018. The average number of employees working in the Group's central functions was 23 (23). The average number of employees per country is distributed as follows:

- Sweden, 8,263 employees (-4 %) = 84%
- Norway, 742 employees (0%) = 78%
- Finland, 767 employees (+22 %) = 8%
- Denmark, 10 employees (-%) = 0%

Of the total number of employees, 68 (67) percent were women and 32 (33) were men. The proportion of women who were part of the top 60 managers of Humana was 53 (50) percent. The proportion of women in Humana's Group management was 50 (60) percent during the year.

Humana pursues its own initiatives to improve expertise in the Company. The number of employees completing instructor-led and web-based training in Humana Academy in 2018 was 10,194 (5,255), almost twice as many as in 2017. 40 new training courses have been introduced on the learning portal during the year. Training courses in values and sustainability have been most popular.

Value-creating sustainability work

Humana's overall sustainability ambition, derived from our people-centred core business, is to help create a better life for our customers. We strive to be a long-term and committed partner to our clients and partners and to contribute to the development of care throughout society. We want to be a responsible employer, living by our values and other sustainability perspectives. The Group's sustainability work is done through six different focus areas: code of conduct and values, quality, work environment, diversity & inclusion, environment and data security. In 2018, the focus was on developing objectives and indicators that can help us measure our progress in each area. Humana's sustainability work is an integral part of the business. The work is largely conducted on a decentralised basis in the organisation, with cohesion being achieved through leadership, work towards Humana's goals, including our core values, and a governing policy for each focus area. Humana's Group management has main responsibility for the Company's sustainability work.

Humana's Sustainability Report can be found on pages 16-25, and is an integrated part in the legal Annual report.

The future, financial targets and results**The future**

Humana will continue to develop its position as a leading care company in the Nordic region in 2019. The goal is to continue to grow, both organically and through acquisitions, while the Group advances its positions in the day-to-day process of offering a high-quality operation. Humana aims to be an attractive employer and a provider that takes responsibility for society's important care issues. Humana will continue working to promote sustainable development of the sector.

	<i>Financial target</i>	<i>Result</i>
Revenue	<ul style="list-style-type: none"> Annual growth rate of 8–10 percent over the medium term. Growth to be achieved organically and through acquisitions. 	Adjusted for the divested home care service business which contributed in 2017, Humana's operating revenue increased by 5 percent during the year. This was below the Company's target.
Profitability	<ul style="list-style-type: none"> An operating margin of approximately 6 percent over the medium term. 	Operating profit amounted to SEK 391 (316) million, with a margin of 5.8 (4.8) percent, which was in line with Humana's profitability target.
Capital structure	<ul style="list-style-type: none"> Interest-bearing net debt to EBITDA of no more than 3.0 times. However, leverage may temporarily exceed the target level, for example, in relation to acquisitions. 	Humana's interest-bearing net debt to EBITDA was 3.0 (3.8) times, which was in line with the Group's capital structure target.
Dividend policy	<ul style="list-style-type: none"> A dividend corresponding to 30 percent of profit for the year. The proposed dividend shall consider Humana's long-term development potential and financial position. 	The Board's proposal to the 2019 AGM is a dividend payment of SEK 0,70 (0.60) per share. The proposal, which represents a dividend of approximately 15 percent of profit for the year, is below the Company's long-term target. The proposal should be viewed in the context of an assessment of good future growth potential.

The Corporate Governance Report on pages 54–67 contains a detailed description of the Group's governance, the Board's work and internal control.

The Board's proposed guidelines on the remuneration of senior executives for the period from the next AGM are described in the Corporate Governance Report on page 60.

Note G5 on page 86 contains guidelines on the remuneration of senior executives.

Humana's Sustainability Report can be found on pages 16–25.

Appropriation of profits

The Board proposes that the consolidated income statement and balance sheet be submitted for adoption by the AGM on 9 May 2019. The Board recommends that the annual general meeting adopt a dividend of SEK 0,70 per share for the 2018 financial year.

SEK	2018
Share premium reserve	1,093,990,254
Retained earnings	445,889,629
Profit for the year	83,538,657
Total carried forward	1,623,418,540
The Board proposes that the profits be appropriated as follows:	
Dividend of SEK 0,70 per share (total 53,140,064 shares)	37,198,045
Profit carried forward	1,586,220,495
Total	1,623,418,540

Risks and risk management

As is the case with all business, Humana's operations are associated with risks. To facilitate proactive limitation of risk exposure, Humana conducts regular risk analyses in which all risks are graded according to probability and impact. The risks that Humana has identified are classified in four risk categories.

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

Risk management is aimed at preventing, mitigating or precluding risks from materialising or affecting operations in a negative way. Humana endeavours to effectively identify, assess and manage the Company's risk.

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

The purpose of Humana's risk management work is to:

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

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

- A. Sector and market-related risks
- B. Operational risks
- C. Compliance risks related to laws and regulations
- D. Financial risks

A. Sector and market-related risks

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 are still risks that Humana needs to address as a company. There are often two sides to every sector and market-related risk: a downside, i.e., a risk or threat, and an upside, i.e., an opportunity.

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

Increased sector regulation

The care sector is subject to an extensive regulatory apparatus in the form of laws and regulations at the national, regional and local levels. Laws and regulations cover areas such as availability of services, access to services, quality of services, staff qualifications and obligations, and confidentiality rules. Humana works with clear requirement specifications, documentation and quality monitoring to ensure that the services provided fulfil all requirements. Humana welcomes an increase in requirements, as clear regulations enable evaluation and monitoring, which would help raise the quality and status of the care industry and benefit quality providers like Humana.

Dividend and profit-restricting legislative changes in the care sector

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

Other political risks

The political agenda has an impact on the care sector. Humana's operations are funded by the state and municipalities, and policy changes could have consequences for private care providers. Private providers' opportunities are dependent on political decisions made by municipalities, regions and government authorities.

Increased needs for care services in the future and an associated increase in costs are expected to present a challenge to society. Humana has a high level of expertise in care and is also well placed to remain a strong and significant care provider in the event of any changes.

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

Humana's Personal Assistance business area receives an allowance from Försäkringskassan and municipalities. The state reimbursement amount is set annually. While the state reimbursement level for 2019, set in 2018, is an increase, the allowance level is again lower than the increase in personnel costs, which has a negative effect on profitability in the sector.

The report on the LSS investigation, which was presented in January 2019, proposes new legislation to apply from 1 January 2022, with an implementation period of three years. If the entire proposal were to be passed, it would bring significant changes to personal assistance conditions, particularly for children, who would lose their personal assistance and have it replaced by another type of support. The reimbursement model would also be affected. The report also proposes new measures, and it is highly likely that Humana would be able to offer associated services.

Changes in pricing and demand

Prices of publicly funded care services can be set by local, regional and national authorities. This means that the prices are not exclusively controlled by market forces such as supply and demand. A decrease in demand for private care services would have a negative impact on Humana's business. Increased demand may lead to price pressure, as public funds would be allocated to a larger number of recipients.

B. Operational risks

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

The operational risks identified by Humana are set out below:

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

For Humana, the Group's reputation is fundamental for maintaining good relationships with current and potential clients and customers, local, regional and regulatory authorities. There is a risk of an incident occurring in Humana's or another private operator's business, as a result of negligence or deliberate action, which could affect the sector and Humana's operations. Such an event could lead to negative publicity, causing subsequent harm to the sector and company in question. Further, an incident could lead to the loss of customers and therefore revenue. Humana's revenue is based on thousands of individual customer contracts. No individual contract could have a material effect on Humana's total revenue.

Computer system limitations

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. Humana works systematically to minimise the risk of such disruptions with an approach that covers administrative, logical and physical work on IT security.

Dependence on framework agreements

The framework agreements that Humana enters into to conduct operations under own management contain assumptions on volume, entailing that the scope and volume of the services offered under such framework agreements may be uncertain. If Humana cannot fulfil the requirements stipulated in framework agreements, the agreements may be terminated.

As Humana secures long-term leases for premises used in its operations, the Company bears the risk that operating revenue may

be lower than its personnel and rental costs associated with the premises. Humana works daily to optimise its capacity utilisation with respect to care placements in the Group's operations under own management and to match costs effectively.

Future expansion and growth

Humana is a growth company that plans to continue expanding its business through a combination of organic growth and acquisitions. The future success of the Company's acquisition strategy is dependent on several factors, such as Humana's financial position, the Company's ability to identify suitable acquisition candidates, negotiation of the right level of purchase prices and acceptable terms. Future growth is also affected by Humana's capacity and expertise regarding running organic projects, attracting customers and ensuring access to appropriate properties.

Effective integration of acquisitions into existing operations is also of key importance to Humana. The Company may also encounter business risks, tax risks and economic risks associated with the acquisition and integration of companies. In addition, there are increasing requirements to attract the right employees and ensure sufficient central staffing as the business grows.

Expertise and ability to attract employees

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

C. Compliance risks related to laws and regulations

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

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

Violation of data protection laws

Humana's operations are subject to extensive data protection laws. Increased legislative and regulatory requirements, such as new personal data processing legislation, place high demands on processes and security when handling, storing and disposing of personal data, and on correctly informing individuals about how companies handle personal information. Violations of the GDPR can incur a very high penalty (up to 4 percent of annual turnover). Humana works continuously to improve its processes, routines and regular controls.

Dependence on permits and professional qualifications

Humana's operations and growth are dependent on the Company's ability to secure and retain several permits from social services and authorities such as the IVO (Health and Social Care Inspectorate) to conduct care operations. The permits are linked to persons with the right professional expertise. Several of the permits in Humana's businesses are linked to specific properties. If the businesses are sold or moved, Humana will be required to apply for new permits. Permits could also affect Humana's ability to move companies within the Group.

Legal processes and investigations

Humana may be negatively affected by judicial rulings, settlements, and costs associated with legal processes and investigations. In the future, Humana could be party to legal action arising out of alleged malpractice or medication errors. In the event of incorrect processes or practice, Humana could be liable to pay damages or compensation. Humana has patient insurance and third-party liability insurance for clients.

Occupational health and safety

Care and healthcare 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 meeting such regulations could lead to fines or penalties. Humana conducts systematic health and safety work, with regular safety inspections.

Human rights violations

Humana's operations are governed by each country's regulations on working conditions, work environment and freedom of association. Collective agreements are applied in all operations. Equal treatment and respect for human rights are normal practice at Humana, and no one is discriminated against or harassed for any reason.

Corruption

Humana's extensive operations are reflected in a large volume of individual customer 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 payers, primarily municipalities, and this takes place on a decentralised basis. A clear decision-making and certification system facilitates the decentralised responsibility approach for tenders and customer and supplier agreements.

Environment

Humana's impact on the environment is mainly linked to the construction and operation of buildings where care is provided,

procedures for sourcing food and materials, and food waste management. Vehicle use is necessary to carry out our services particularly in the Individual & Family business. The climate smart travel policy applies to all staff.

D. Financial risks

In the course of its operations, the Group is exposed to various types of financial risks, such as financing risk, liquidity risk, credit risk, interest rate risk and currency risk. The Group's financial policy for financial risk management has been formulated by the Board and provides a framework of guidelines and rules in the form of a risk mandate and limits for financing activities.

Responsibility for the Group's financial transactions and risks is managed by the CFO in consultation with the Board and CEO. The overall goal of the finance function is to provide cost-effective financing and minimise adverse effects of market fluctuations 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:

Financing and liquidity

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

Interest rate risk

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

Credit risk

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

Currency risk

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

A. Sector and market-related risks

Risk	Risk level Probability/Impact	Comments (C)/risk management (RM)
Increased sector regulation		C: Humana is far ahead in this area. The Norwegian care market is considered more regulated and centralised than the Swedish and Finnish markets. RM: Humana engages in lobbying for increased sector regulation through, e.g., participation on boards and in sector networks, and internal action plans are implemented accordingly.
Dividend and profit-restricting legislative changes in the care sector		C: In June 2018, the Swedish parliament voted down a bill to cap profits in the welfare sector. The new government of the Social Democrats and Greens, which was formed in January, has also agreed with the Liberals and the Centre Party that a variety of providers are needed. The government will therefore not pursue or continue to propose profit bans or other bills designed to introduce profit limits for private companies in the welfare sector. RM: Dialogue with key stakeholders and influencers.
Other political risks		C: Humana has operations in Sweden, Finland, Norway and, since 2018, also in Denmark. Expansion into other Nordic countries reduces the relative impact of the political risk in Sweden. RM: Continuous knowledge-gathering and relationship-building in public affairs and in the Association of Private Care Providers (Vårdföretagarna) and its counterparts in Norway, Finland and Denmark.
Changes in personal assistance conditions and in the reimbursement model and allowance level		C: The allowance level for personal assistance remains challenging. It is also Humana's assessment that there is low probability of the proposed new personal assistance legislation being fully passed. If this were to happen, both the number of customers and the allowance system could be affected, but Humana believes that the associated financial risks are manageable for the Company. RM: Dialogue with key stakeholders and influencers, and responses to investigations. An internal action plan aimed at increasing flexibility, manoeuvrability and preparedness for changes in the personal assistance conditions.
Changes in pricing and demand		C: Demand and the need for government-funded care is increasing in society. The risk of price pressure due to budgetary constraints is considered unchanged from the previous year in Sweden, Finland, Norway and Denmark. RM: Continuing focus on high service quality and a high degree of specialisation and individualised care.

B. Operational risks

Risk	Risk level Probability/Impact	Comments (C)/risk management (RM)
Negative publicity as a result of operational incidents in the sector or in the Company		C: Polarisation of political debate about profits in the welfare system and a significant increase in the need for care in society is sharpening the focus on the care and health care sector. Interest in the sector is increasing, but so is the risk of negative publicity if something goes wrong. RM: Continuing focus on quality, development and training, core value work and crisis management. Well-grounded internal communication plan. Open and continuous online reporting of serious deviations. Transparent and accessible approach to media and work in the Association of Private Care Providers (Vårdföretagarna) and in equivalent associations in other Nordic countries.
Computer system limitations		C: Work on IT systems and processes has continued during the year. The probability of computer system limitations is considered to have decreased. RM: Continuous system development and monitoring and streamlining of systems. Development of competence, systems, and routines with operating partners.
Dependence on framework agreements		C: Some of Humana's operations are conducted under framework agreements, but the effect on the Company in the event of changes is considered manageable. RM: Focus on high service quality (leading expertise and good therapeutic results), and close work with municipalities.
Future expansion and growth		C: The political situation, fragmented markets, increased sector requirements and an underlying growing market create opportunities for continuing consolidation and growth. Certain market segments, such as personal assistance, have declined in 2018 and competition has increased in some areas in Individual & Family. RM: Careful evaluation and selectivity when making acquisitions, determining organic projects and identifying competent business partners. Focus on effective integration processes. Finding business partners who are effective negotiators and have solid legal and financial skills.
Expertise and ability to attract employees		C: Employee surveys show that employees are happy at Humana. Scope for recruiting managers and middle managers is expected to remain good. The recruitment situation in certain geographical regions and in specific occupational categories may vary and is perceived as more difficult. RM: Clear strategy built on Humana's values, opportunities for training, leadership and future career paths in order to attract new employees.

Probability: low medium high
Impact: low medium high

C. Compliance risks related to laws and regulations

Risk	Risk level Probability/Impact	Comments (C)/risk management (RM)
Violation of data protection laws		C: Increased competence, continuing improvement of processes and routines, and investments in systems are critical to compliance with new laws and regulations in the area. As a result of work performed, the risk is considered slightly lower than in the previous year. RM: Training, processes, routines and systems.
Dependence on permits and professional qualifications		C: Permit processing times continued to increase during the year. This means longer lead times and therefore a higher risk of start-up delays and an associated increase in costs. From 1 January 2019, more care areas are required to obtain permits. Applications are subject to an assessment, which also looks at ownership and management, and an administrative fee is applied for each permit application made to the IVO (Health and Social Care Inspectorate). RM: Intensified efforts to be accessible to government authorities, social services and the IVO to try to speed up the processing time.
Legal processes and investigations		C: The risk is considered unchanged from the previous year. RM: Routines, processes and competence, and the right legal partners.
Occupational health and safety		C: The risk is considered the same as in the previous year and there are no major incidents or issues to report at present. RM: The right internal competence through proactive training, systematic health and safety improvement work, and action plans and control, with regular safety inspections.
Human rights violations		C: Humana's operations, which are regulated by collective agreements, and its suppliers and partners are located exclusively in the Nordic region. The risk is considered very low. RM: Active internal work on values, training, procedures and the whistleblower function.
Corruption		C: Humana has few large procurement processes, and well-functioning authorisation rights with system support significantly limit risks in this area. Humana follows the Swedish Annual Accounts Act and other applicable directives. RM: Procedures, internal control, staff training and the whistleblower function.
Environment		C: We do not consider Humana's activities as a provider of social services to involve any significant environmental impact. However, Humana must conduct its business with climate and resource efficiency by means of continuous improvements. RM: Staff training, environmental sustainability manager, systematic measurement of environmental parameters.

D. Financial risks

Risk	Risk level Probability/Impact	Comments (C)/risk management (RM)
Financing and liquidity		C: Humana's debt level can, if above the financial target, affect the ability to increase financial borrowing capacity in the short term. RM: An increased focus on consolidation and operational efficiency to improve profitability is in progress. The Group's financial policy sets frameworks and guidelines for risk mandates and limits in financing activities. Humana has available overdraft facilities to deal with liquidity fluctuations.
Interest rate risk		C: Humana's financing costs are affected by market interest rates. A lower debt level during the year has helped to reduce interest rate risk slightly. RM: Derivative instruments may be used to manage some of the interest rate risk.
Credit risk		C: Most of Humana's trade receivables are from state, municipal and county council entities, which are considered to have good credit quality. The risk of credit losses is considered low. RM: Humana's liquidity is invested at low risk in deposit accounts and contracts are only entered with banks that have high credit ratings.
Currency risk		C: Humana's main operations are conducted in Sweden and the Company is only exposed to minor risks arising from the translation of Finnish, Norwegian and Danish operations from euros and Norwegian and Danish currencies. RM: Humana takes out loans in foreign currencies in order to offset some of the Company's currency exposure.

Probability: low medium high
Impact: low medium high



Corporate Governance Report

The objective of Humana's corporate governance is to promote sustainability and create value through documented processes and effective control. A foundation of well-functioning governance, efficient decision-making processes and well-established risk assessment means that we can continue to deliver quality care in the long term.

Humana endeavours to provide its owners and other stakeholders with a clear and transparent governance model and division of responsibility. Humana's corporate governance is aimed at long-term and sustainable value creation for shareholders through good risk control and a sound corporate culture. Efficient and well-functioning corporate governance creates better control while providing scope for new business opportunities. The aim is to ensure that Humana is effectively governed and operated in accordance with current laws and regulations.



We see excellent opportunities to take advantage of our current attractiveness as an employer.

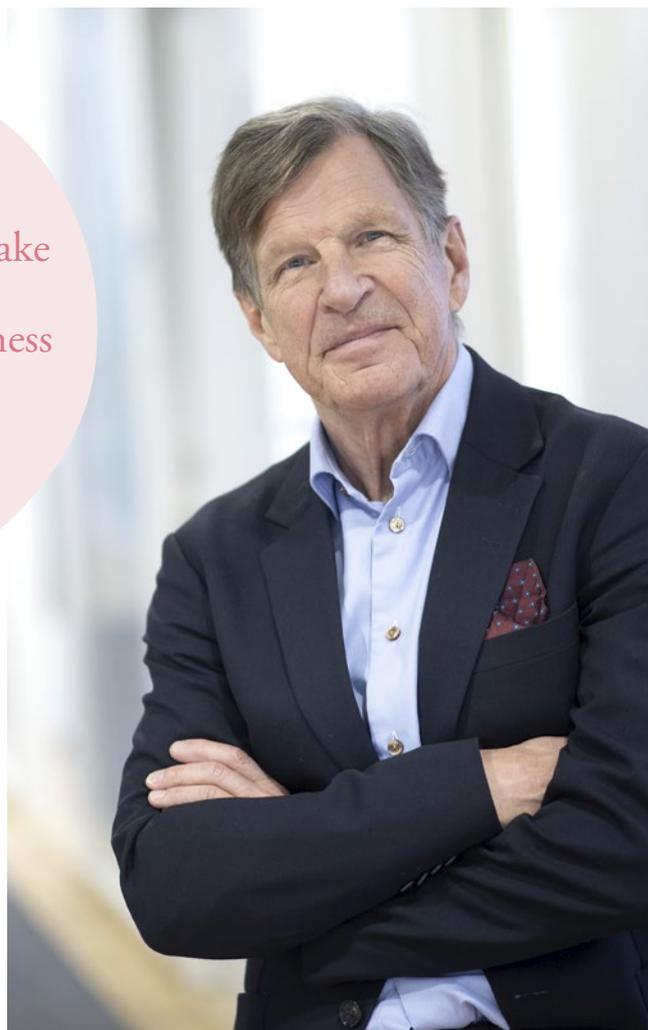
Chairman's statement

Humana had a very good year in 2018. Investments in improved efficiency and a coherent IT infrastructure, in terms of operation, economy and quality, have yielded the desired results. We have considerably better operational control, which will support Humana's continued development and expansion.

Humana's financial capacity has strengthened as profitability has improved. This means that we can better harness opportunities for both organic and acquired expansion that we consider relevant to our future growth. We also note that the investments made in operations under own management in Elderly Care and Individual & Family, provide both the quality and the financial base we require to soon continue expanding somewhat faster. Our concepts are demonstrably very good, and we have solid experience from construction and start-up work, which is crucial to the success of the projects. We also have a clear property strategy, meaning that we can cluster care properties, which we have either built ourselves or acquired, and then divest them to trusted property owners with long leases. This will free up capital for continued expansion.

Humana's operations in Sweden, Norway and Finland developed well in 2018. The Finnish operations have essentially performed just as well as in 2017. The operations in Norway have rallied well during the year in a very competitive market situation, mainly due to the decrease in immigration. The situation in Sweden has similarities to that in Norway, with the reduced influx of refugees in 2016 and 2017 having contributed to an overcapacity of care resources and an adjustment that had a negative effect on profitability last year. We can now see that demand and capacity are more balanced; in other words, the necessary adjustment to the current immigration policies in Sweden and Norway has been effective.

The implementation of a Group-wide quality system has continued during 2018 and we have introduced several new procedures. We are strengthening these efforts in 2019 and supplementing them



with expanded business and operational development to take greater advantage of opportunities, such as those offered by digitalisation and e-health.

The major challenge for the care business in the Nordic region in 2019 and beyond will be the shortage of trained personnel, and this is where we see excellent opportunities to take advantage of our current attractiveness as an employer. We can fill positions and develop skills in a way that public providers find difficult to do without support from staffing agencies. We are investing more resources in training and skills development in 2019 by strengthening Humana Academy, which has proved to be a very effective way of both increasing our attractiveness as an employer and improving the skills and employability of our staff.

The political climate for private care providers in Sweden has also improved in 2018. We find that the public debate is increasingly characterised by problem descriptions of the present situation and a more fact-based discussion when it comes to the need for measures going forward. We hope for a similar political development in 2019 in Norway, where there is still a relatively negative climate for private care providers.

Finally, I would like to thank all staff for their very strong and dedicated contributions in 2018. After serving ten years on Humana's Board, it is with both humility and pride that I am standing down from the chairmanship at the Annual General Meeting in May.

Per Bätelson, Chairman

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 structure and different components of Humana's corporate governance are shown in the illustration below. 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. Humana applies The Code. The Company has previously derogated from The Code on one point:

Derogation from Code Rule 9.7

The Code stipulates a minimum vesting period of three years for share and share-price related incentive programmes. One of Humana's incentive programmes, the Company's warrant programme for eight senior executives, entitles warrant holders to subscribe for shares within two years.

This is a departure from The Code, which states that the vesting period or the period from the commencement of an agreement to the date on which shares may be acquired is not to be less than three years. The part of the incentive program that derogated has expired in 2018.

Explanation

It is the view of the Board and management that the two-year programme is an important complement to the three-year programme, aimed at attracting and encouraging a broad shareholding among senior executives and retaining and attracting employees in the future.

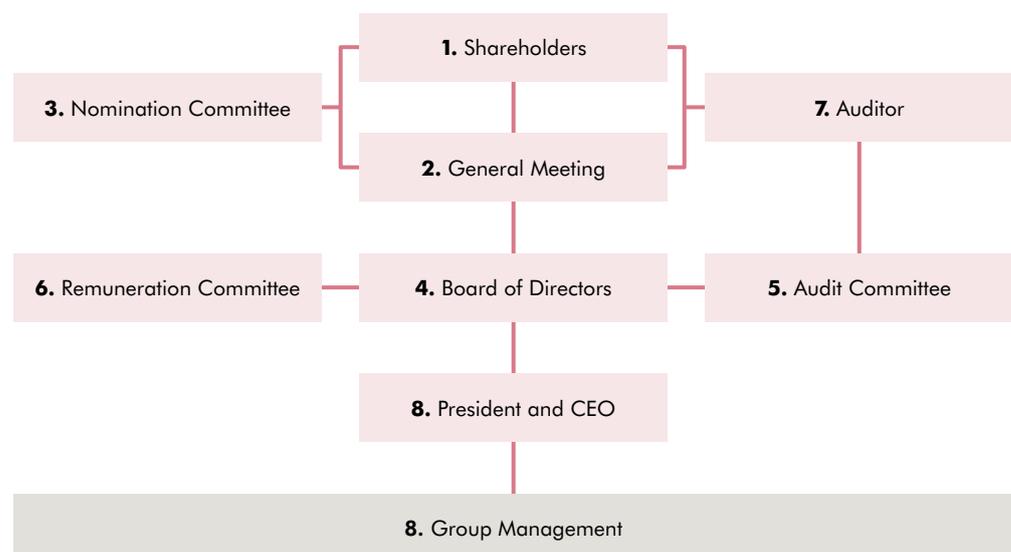
Internal governance instruments

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 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.

Governance model

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



1. Shareholders

The total number of shares outstanding in Humana, which is listed on Nasdaq Stockholm, is 53,140,064. All shares carry the same rights to the Company's earnings and capital. The Company's registered share capital on 31 December 2018 amounted to SEK 1,180,879.

There is no provision in Humana AB's articles of association restricting the transfer of shares. Since the 2018 Annual General Meeting, there has been an outstanding mandate for the Board to decide on a new share issue corresponding to a maximum dilution of 10 percent and an approval to repurchase own shares up to a maximum of 10 percent of the total number of shares outstanding. The 2018 Annual General Meeting also authorised the Board to transfer own shares.

Humana had 3,269 shareholders at the end of the year. The ten largest shareholders registered directly or as an owner group with Euroclear Sweden accounted for approximately 76 percent of the votes and shares in the Company. Swedish investors owned 31.5 percent of the shares. The largest shareholder as at 31 December was Argan Capital, through the company Air Syndication S.C.A., with 39.2 percent of the votes.

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 2018 Annual General Meeting was held in Stockholm on 16 May 2018 at Lindhagen Mat & Möten.

Resolutions passed at the 2018 AGM included:

- a dividend payment of SEK 0.60 per share, totalling approximately SEK 32 million, for the 2018 financial year
- discharge from liability for the Board of Directors and the CEO for the 2018 financial year
- Board composition to be seven ordinary members without deputies
- All Board members were re-elected:
 - Per Bätelson as Chairman of the Board
 - Helen Fasth Gillstedt, Per Granath, Kirsi Komi, Monica Lingegård, Lloyd Perry and Ulrika Östlund as Board members.
- payment of directors' fees totalling SEK 1,997,500
- election of KPMG AB as auditing firm, with Helena Nilsson as chief auditor
- adoption of the guidelines on remuneration of the Company's senior executives in accordance with the Board's proposal
- authorisation for the Board to acquire own shares
- authorisation for the Board to transfer own shares
- authorisation for the Board to issue new shares on one or more occasions before the next AGM, but not exceeding ten percent of the total number of shares outstanding in the Company

2019 Annual General Meeting

Humana's 2019 Annual General Meeting will be held on Thursday, 9 May at 13.00 at Coor Lindhagen, Lindhagensgatan 126, Stockholm. Registration begins at 12.30.

Important dates for the 2019 AGM

3 May	Record date for 2019 AGM and deadline for notifying intention to attend 2019 AGM
9 May	Last day for trading in the share, including right to dividend
9 May	2019 AGM, at 12.30 admission to AGM, at 13.00, AGM begins
13 May	Record date for dividend
16 May	Payment date for dividend

Notice of annual general meeting, notification and attendance

According to the Articles of Association, the notice of the AGM shall be made through advertisement in Post- och Inrikes Tidningar and on the Company's website. An announcement to the effect that a notice has been issued shall be made in Dagens Industri. Documents to be presented at the Annual General Meeting will be available on the Company's website no later than three weeks before the meeting.

Shareholders registered in the share register maintained by Euroclear Sweden AB on or before Friday 3 May 2019, and who have notified the Company of their intention to attend the meeting by 3 May 2019, are entitled to participate in the meeting. Shareholders whose shares are registered in the name of a nominee need to temporarily register the shares in their own name with Euroclear Sweden AB in order to participate in the meeting. To do so, shareholders must contact their nominee in due time before 3 May 2019.

Shareholders wishing to attend the 2019 AGM must notify the Company by telephone on +46 (0)8-402 91 60 between 09.00 and 16.00 weekdays or by post at the address: Humana 2019 AGM, Box 191, SE-101 23 Stockholm.

The notification must have reached the Company no later than Friday 3 May 2019.

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

Proposals for resolution at the 2019 AGM

The Board of Directors proposes a dividend of SEK 0.70 per share for 2018, totalling approximately SEK 37 million and corresponding to approximately 15 percent of profit for the year.

3. Nomination Committee

The Nomination Committee's task is to work 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 a proposal 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 issued.

In accordance with the Swedish Corporate Governance Code, Humana has a set of Nomination Committee instructions. The instructions require the Company to have a Nomination Committee consisting of one representative from each of the four largest shareholders (in terms of votes), based on information from Euroclear Sweden AB on the last banking day in August, and the Chairman of the Board (the convener). The member representing the largest shareholder in terms of votes shall be appointed Chairman of the Nomination Committee. The Chairman of the Board shall not be Chairman of the Nomination Committee. The members of the Nomination Committee prior to the 2019 AGM represented approx. 61 percent of the votes in the Company (as at 31/12/18).

Members of the Nomination Committee do not receive any remuneration for their Committee work.

Members of the Nomination Committee prior to the 2018 AGM:

- Lloyd Perry, *appointed by Argan Capital (through the company Air Syndication SCA), Chair of the Committee*
- Alexander Kopp, *appointed by Incentive AS*
- Katarina Hammar, *appointed by Nordea Funds Ltd*
- Sven-Erik Zachrisson, *appointed by Zirkona AB*
- Per Bätelson, *Chairman of the Board, Humana*

4. Board of Directors

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

Board members

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

The Board consisted of seven elected members without deputies in 2018. President and CEO Rasmus Nerman attends all Board meetings. Ulf Bonnevier, Humana's CFO, attends Board meetings and is Board secretary. The seven Board members are independent of the Company and its management. Six of the Board members are also independent of the Company's major shareholder, the exception being Lloyd Perry. This means that Humana fulfilled Nasdaq Stockholm's requirements for 2018 and the Swedish Corporate Governance Code's rules on the independence of board members. The composition of the Board and a presentation of Board members can be found on pages 64-65.

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 be-

tween Board members, the Chairman and the CEO. The Board also draws up instructions for the Board's committees.

The Board of Humana continuously monitors strategic direction, economic development and the Company's methods and processes in order to maintain well-functioning operations. Humana's Board is also responsible for ensuring good quality financial reporting and internal control and evaluating the business in relation to the goals and guidelines defined by the Board. The Chairman of the Board and the CEO are responsible for monitoring the Company's development, and for preparing and leading Board meetings. The Chairman is also responsible for ensuring that Board members conduct an annual evaluation of their work and that they receive the information they need to perform their duties effectively and satisfactorily.

The Board held 14 meetings in 2018: seven ordinary meetings and seven extra meetings. A report from the CEO and a review of results are permanent items. The Board reviews the interim reports four times during the year, at the meetings in February, May, August and November. The annual report and annual financial statements were dealt with at the February meeting. The Board also adopted and revised several policies and discussed Humana's sustainability work. In September, the Board held its two annual strategy days in the Stockholm area, with a review of the business plans of all business areas. Business visits were also made in connection with this.

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

In 2018, the Board focused on strategic issues in the different business areas, organic expansion initiatives, acquisitions, financing and Humana's sustainability work. In addition to sustainability, the Board's work has focused on Humana's introduction of a common quality management system and future initiatives in the HR, IT and digital areas. The Board also made decisions regarding acquisitions and new expansion investments. Areas that have been discussed on a regular basis by the Board are the political discussions in Sweden and Norway, but the SOTE reform in Finland has also dominated the debate.

Evaluation of the work of the Board

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

Directors' fees

The 2018 AGM adopted fees for Board members, the Chairman of the Board and committee work for assignments up to the 2019 AGM. Directors' fees (AGM year) are shown in the following table:

- Chairman Per Bätelson received SEK 600,000 in his capacity as Chairman of Humana's Board.
- Helen Fasth Gillstedt, Ulrika Östlund, Per Granath, Kirsi Komi and Monica Lingegård each received fees of SEK 230,000.
- The Chair of the Audit Committee, Helen Fasth Gillstedt, received SEK 150,000. Audit Committee members Per Bätelson, Per Granath and Kirsi Komi each received SEK 20,000.
- Remuneration Committee members Per Bätelson Ulrika Östlund and Monica Lingegård were each paid fees of SEK 12,500.
- No directors' fees were paid to Lloyd Perry.

Total remuneration for Board and committee work in 2018-2019 amounted to SEK 1,997,500 (1,947,500).

Remuneration, Board attendance and shareholdings

	Per Bätelson	Helen Fasth Gillstedt	Per Granath	Kirsi Komi	Monica Lingegård	Lloyd Perry	Ulrika Östlund
Director's fee (AGM year)	600,000	230,000	230,000	230,000	230,000	-	230,000
Remuneration for committee work	32,500	150,000	20,000	20,000	12,500	-	12,500
Independent of the Company and its management	yes	yes	no	yes	yes	yes	yes
Independent of the principal owner	yes	yes	yes	yes	yes	no	yes
Attendance at Board meetings (14)	12	14	13	13	14	13	14
Attendance at Audit Committee meetings (5)	5	5	3	5	-	-	-
Attendance at Remuneration Committee meetings (2)	2	-	-	-	2	2	2
Shares held at 31 December 2018 ¹⁾	61,182	35,990	2,894,610	1,956	1,500	-	163,217

¹⁾Total shareholding – own, through related parties, endowment insurance and in companies.

Board diversity policy

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

5. Audit Committee

The Audit Committee's main task is to support the Board in fulfilling its responsibilities in the areas of financial reporting, accounting, auditing, internal control and risk management.

The Audit Committee works according to rules of procedure defined by the Board. The Committee's duties also include reviewing internal audit procedures, and scrutinising and monitoring the auditor's impartiality and independence. The Audit Committee has regular meetings with the auditors in order to keep informed about the focus and scope of the audit and observations arising from the audit.

The Chair of the Committee, Helen Fasth Gillstedt, has the accounting expertise required by the Swedish Companies Act, and all members apart from Per Granath are independent of the Company and its largest owner.

In 2018, the Audit Committee held five minuted meetings. All Audit Committee meetings have been reported to the Board.

Audit Committee members 2018–2019

Helen Fasth Gillstedt, *Chair*
Per Bätelson
Per Granath
Kirsi Komi

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 of the President and CEO, remuneration policies and payments and other conditions of employment for Group management, and to monitor and evaluate current and completed incentive programmes. Remuneration Committee members are also responsible for monitoring and evaluating application of the guidelines for remuneration of senior executives adopted by the AGM.

The Remuneration Committee held two minuted meetings in 2018. The meetings have been reported to the Board.

Remuneration Committee members 2018–2019

Per Bätelson, *Chairman*
Monica Lingegård
Lloyd Perry
Ulrika Östlund

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 a period of one year. Humana's AGM on 16 May 2018 adopted a resolution to elect KPMG AB as the Company's auditor until the end of the 2019 AGM.

In addition to auditing, KPMG AB has provided tax- and accounting consultancy, and acquisition-related advisory 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 after that be elected another 10 years. Authorised public accountant Helena Nilsson has been chief auditor since 2018.

8. President and CEO and Group management

Group management comprises Humana's President and CEO and nine other managers. Group management has a gender distribution of five females and five males. Members of Group management have the following positions:

Rasmus Nerman, *President and CEO*
Ulf Bonnevier, *CFO and Vice President*
Anders Broberg, *Business Area Manager, Elderly Care*
Claus Forum, *Business Area Manager, Individual & Family*
Anna Giertz Skablova, *Director of Human Resources*
Mona Lien, *Country Manager, Norway*
Eva Nilsson Bågenholm, *Director of Quality Assurance*
Helena Pharmanson, *Director of Marketing and Communication*
Johanna Rastad, *Director of Business Development**
Andreas Westlund, *Business Area Manager, Personal Assistance*
* Since 1 January 2019

Remuneration of Group management

The guidelines on remuneration and other conditions of employment for the CEO and other senior executives were adopted at the AGM on 16 May 2018. The guidelines cover remuneration of the CEO and other members of Group management. Remuneration of senior executives shall comprise a fixed salary, variable salary, pension and other

Humana's Group management 2018

Name	Position	Member of Group management since	Employed by Humana since	Shares held 31 December 2018 ²⁾	Number of warrants 31 December 2018
Rasmus Nerman	President and CEO	2014 ¹⁾	2014	154,431	159,744
Ulf Bonnevier	Executive Vice President/CFO	2012	2012	168,436	127,794
Anders Broberg	Business Area Manager, Elderly Care	2018	2018	-	-
Claus Forum	Business Area Manager, Individual & Family	2014	2011	160,436	137,792
Anna Giertz Skablova	Director of Human Resources	2017	2017	-	-
Mona Lien	Country Manager, Norway	2014 ¹⁾	2014	19,098	71,884
Eva Nilsson Bågenholm	Director of Quality Assurance	2015	2015	3,682	15,974
Helena Pharmanson	Director of Marketing and Communications	2010	2010	96,504	76,022
Andreas Westlund	Business Area Manager, Personal Assistance	2018	2009	22,942	-

¹⁾ Rasmus Nerman was previously President and CEO of INOM Group, which was acquired by Humana in 2014. Mona Lien also joined Humana from INOM Group, where she was head of Norwegian operations.

²⁾ Total shareholding – own, through related parties, endowment insurance and in companies.

benefits. Total remuneration shall be market-based and competitive and reflect individual performance, responsibility and the Group's financial performance.

Fixed and variable salary

Variable salary may comprise annual variable cash salary and long-term variable pay in the form of cash, shares and/or share-related instruments in humana AB. Variable salary shall be subject to the fulfillment of defined and measurable targets, and shall be set at a maximum percentage of the annual fixed salary. Long-term variable salary in the form of shares and/or share-related instruments in humana AB may only be paid by means of participation in long-term incentive programmes adopted by a general meeting. Variable remuneration is a maximum of 30 percent of the annual fixed salary paid to the CEO and other senior executives.

In special cases, agreements may be reached on remuneration of a non-recurring nature, provided such remuneration does not exceed an amount corresponding to the individual's annual fixed salary and maximum variable cash salary, and is not paid more than once a year and per individual. Severance pay will normally be paid on termination of employment by humana. Members of the Group management shall normally have a maximum notice period of six months, combined with severance pay corresponding to six months' fixed salary. If the period of service exceeds five years, the notice period in the case of termination by the Company is extended to twelve months, while the notice period remains six months in the case of termination by the senior executive. For the CEO, the notice period for termination by the Company is 6 months, with 12 months' severance pay. No severance pay shall be paid in the case of termination by the employee. Agreements regarding severance pay are reached separately following a decision by the Remuneration Committee.

Other benefits

Other benefits, such as company car, preventive care, health care and health insurance, shall comprise a small portion of total compensation and comply with customary market-based terms.

Pension

Retirement benefits shall be defined-contributed, based on what is customary in their country of employment.

Deviations from the guidelines

The Board is entitled to deviate from the guidelines adopted by the General Meeting if there are particular reasons to do so in an individual case. If the Board deviates from the defined guidelines, it will be required to explain the reason for the deviation at the next AGM.

Board proposals for new guidelines on remuneration of Group management

No changes to the guidelines on remuneration and other conditions of employment for Group management are being proposed to the 2019 AGM.

Sustainability work and governance at Humana

At Humana, the sustainability work is an integral part of the Company's business model and corporate governance. Sustainability is closely connected with how Humana creates value and acts as a quality provider in the care industry. Humana considers this work to be about making a major contribution to society, to the Company's customers, clients, contractors, employees and other stakeholders. The work is based on Humana's core values, our well-defined objectives and our code of conduct. For Humana, sustainability issues are an integral part of the business. 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. To ensure integration of the work, it is important that Humana's individual business areas have their own operational responsibility for driving and following up local sustainability efforts. Read more in Humana's sustainability report on pages 18-25.

Incentive programmes

Humana has two long-term incentive programmes: one for eight of the Company's senior executives and another for 150 Humana leaders. The purpose of the incentive programmes is to encourage a broad shareholding among Humana employees, facilitate recruitment, retain competent employees and increase motivation to achieve or exceed Humana's financial targets. The programmes comprise a warrant programme and a share savings programme.

The warrant programme was originally constructed for eight members of Group management and comprised 1,440,420 warrants. The remaining warrants amount to 960,280, entitling holders to subscribe for the same number of new Humana shares. In the event of full subscription, dilution will be about 1.8 percent of the total number of Humana shares.

The warrants have been issued in three series with different maturities, where the first series has expired.

The share savings programme is for 150 Humana leaders. Participants in the programme have used their own funds to purchase Humana shares at the market price on the stock exchange. Those who retain their savings shares over the programme's three-year period will receive matching shares for each savings share acquired at the end of those three years.

At full allotment, the total number of shares amounts to a maximum of 73,000, corresponding to approximately 0.1 percent of the total number of shares outstanding in the Company.

The Board's report on internal control

The purpose of internal control is to look at the current situation with the help of analyses and monitoring, and to use this as a basis for assessing 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; instead, it 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 bases its work on a model with three lines of responsibility for its control work.



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

First line of responsibility

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

Second line of responsibility

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

Third line of responsibility

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

Internal control system – COSO model

Humana's internal control structure follows the 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.

Facts about COSO

COSO is an abbreviation of Committee of Sponsoring Organizations of the Treadway Commission and is the organisation behind the COSO cube. The cube represents a framework for evaluating and working on an organisation's internal governance and control in terms of operational goals, reporting, and compliance with laws and regulations. It is suitable for any business wanting to evaluate and develop its internal governance and control.

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 that 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 structural capital. 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 continued during the year.
- *Group-wide policies in several key areas such as employees, communication, diversity and transparency*
 - Several policies have been drawn up and integrated into internal control work during the year. Examples of policies that have been further developed and/or introduced during the year include a quality policy, environmental policy, work environment policy, and diversity and inclusion policy.
- *A decentralised organisational structure with clear delegation of authority and responsibility*
 - An ongoing work within HR to harmonize employee processes within the Group, to ensure succession planning for top managers and other key positions and to implement a Group-wide HR system. A Group-wide leadership development program has started.
- *Constant skills supply*
 - Humana Academy provides traditional training and web-based interactive training, both for its own employees and for municipalities and colleagues in the sector.

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

Risk assessment

Risks and risk management in Humana's operations are described in more detail in the section entitled Risks and risk management on pages 48–52. The specific financial risks are described in more detail in note G19.

Humana continuously updates its analysis of risks that may lead to errors in financial reporting. A Group-wide analysis of risks of errors

in financial reporting is conducted annually. The risk reviews identify items in the financial statements and administrative flows and processes where the risk of errors is more substantial.

Control activities

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

Information and Communication

Humana's Board receives monthly financial reports on the Group's financial position and financial performance. The Board deals with all quarterly and annual reports before they are published externally and monitors the audit of internal control and financial reports.

Humana's communication and information channels enable prompt communication of information to relevant employees. Governing documents in the form of policies, guidelines and manuals, in the case of financial reporting, are primarily communicated through the intranet and the Group's financial manual. The financial manual is updated regularly as required.

In addition to written communication, there are also verbal discussions of news, risks, outcomes of controls and other matters during regular meetings. Communication also takes the form of monthly closing accounts meetings which are attended by financial managers. Individual employees have a responsibility to report discrepancies and deviations that are discovered in controls, even if they have been remedied. The aim is to provide a good picture of how the work is conducted and to be able to make improvements to the processes. For communication with internal and external parties, there is a communication policy which provides guidelines on how this communication should take place. The purpose of the policy is to ensure full and correct compliance with all information obligations. Up-to-date information is communicated to external parties on Humana's financial website, with the publication of news and press releases. Quarterly reports are published externally and are supplemented by webcasts, presentations and investor meetings. There is also an agenda for communication with shareholders in connection with the Annual General Meeting.

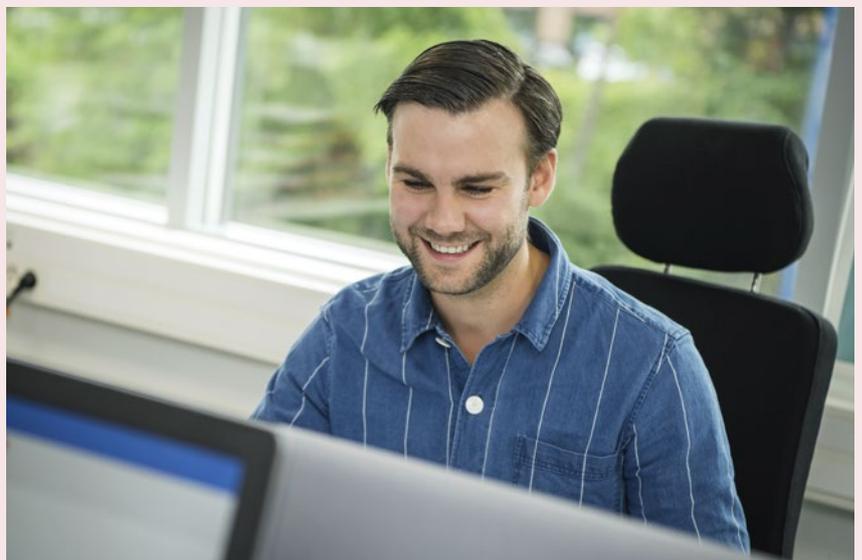
Monitoring

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



The major challenge for the care business will be the shortage of trained personnel, this is where we see excellent opportunities to take advantage of our current attractiveness as an employer.

Per Bätelson, Chairman



Board of Directors

	Position and year of election	Education	Other current assignments	Professional experience and previous assignments
1. Per Båtelson	Born 1950. Chairman of the Board since 2014, Director since 2008. Chair of Remuneration Committee and member of Audit Committee.	Engineering Physics, Chalmers University of Technology. Studies in business economics, University of Gothenburg.	Chairman of Takura AB, Hercare AB and Cellavos AB. Director of Polybi-ocept AB and Imagine Care AB.	Chairman of Apoteket AB (publ) and SCI Innovation AB, IES AB. Director and CEO of Global Health Partner AB. Director of Permobil AB, Mediatech AB and Unilabs Holding AB. Former Director and CEO of Capio AB.
2. Helen Fasth Gillstedt	Born 1962. Director since 2014. Chair of Audit Committee.	M.Sc. Econ., Stockholm School of Economics. Studies in Sustainable Development at Stockholm Resilience Center, Stockholm University and the Royal Institute of Technology.	Director of Munters AB, Handelsbanken Fonder AB and Samhall AB. Member of the nomination committee of Thule, Storytel, Instalco, XM Reality and MAG Interactive.. Own company in business development.	Directorships include Intrum Justitia AB, Academedia AB, NAI Svefa Holding AB, Lindorff AB, Swedesurvey AB, Precise Biometrics and neXus Technology AB. Executive positions in the SAS Group and the Statoil Group.
3. Per Granath	Born 1954. Director since 2006. Member of Audit Committee.	M.Sc. Chemistry, Royal Institute of Technology. Economics studies at the School of Business, Economics and Law, University of Gothenburg, and Stockholm University. Healthcare Management at Harvard Business School, Paris.	Founder and CEO of Broviken Gruppen AB, Chairman of Aktiebolaget Salktennis. Director of Capacent Holding, Svefa Holding AB, Northmill Group AB and G & S Fastigheter i Sverige AB.	President and CEO of Humana 2006–2015. Chairman of Resurs Bemanning AB. Director of Akademiska Hus AB. President and CEO of Intellecta AB, 2003–2006. Vice President Handelsbanken Capital Markets in charge of healthcare and services sectors, 2000–2003. CEO of KF Fastigheter 1998–2000. Deputy CEO of Scandiaconsult (publ) 1991–1998.
4. Kirsi Komi	Born 1963. Director since 2017. Member of Audit Committee.	LL.M Master of Laws, University of Helsinki.	Director of Metsä Board Oyj and Finnvera Oyj. Chairman of Docrates Cancer Centre in Helsinki, Blood Service under the Finnish Red Cross, Lindström Invest Oy and of the Directors' Institute Finland.	Vice chairman of the board of Patria Oyj. Chairman of the Board of Veikkaus Oy. Director of Bittium Oyj, Citycon Oyj and Martela Oyj. Executive positions within the Nokia Group.
5. Monica Lingegård	Born 1962. Director since 2017. Member of Remuneration Committee.	M.Sc. Econ., Stockholm University.	CEO of Samhall. Chairman of Svenska Rymdaktiebolaget and Director of Nobina.	Director of Wireless Maingate, Swedish International Development Cooperation Agency (SIDA) Orio, the Confederation of Swedish Enterprise and Almega. CEO of G4S.
6. Lloyd Perry	Born 1965. Director since 2008. Member of Remuneration Committee.	MBA, University of Chicago, Graduate School of Business. B.A. Economics and History, Northwestern University, Evanston, Illinois.	Managing Partner, Argan Capital Advisors LLP (UK). Chairman of GCE Group AB (Sweden). Member of the Supervisory Board of AAT Holding SA (Poland), DHI Company SAS (France) and Hortex Holding SA (Poland).	Director of IX Europe (UK). Managing Partner of BA Capital Partners Europe. Vice Chairman of BA Partners Inc. Associate at Bear, Stearns & Co.
7. Ulrika Östlund	Born 1968. Director since 2014. Member of Remuneration Committee.	Studies in Systems Science with complementary studies in economics, Mid-Sweden University, Östersund.	Director and owner of Q-it AB.	Chairman of Vårdföretagarna. Director of Almega AB and the Confederation of Swedish Enterprise. Director and CEO of Elina Management AB and Familjeforum Holding AB. Director of Öjebo gruppbostad i Järvsö AB. CEO of INOM – Innovativ Omsorg i Norden AB.



Group management

	Position	Education	Other current assignments	Professional experience and previous assignments
1. Rasmus Nerman	Born 1978. President and CEO since 2015. Deputy CEO since 2014. Former Business Area Manager, Individual & Family.	M.Sc. Econ., Stockholm School of Economics. M.Sc. in International Leadership, CEMS MIM.	-	President and CEO of INOM Group. Management consultant in healthcare, The Boston Consulting Group. Director of Vårdföretagarna Bransch Individ & Familj.
2. Ulf Bonnevier	Born 1964. CFO since 2012. Deputy CEO since 2016.	B.Sc. Econ., specialising in accounting and auditing, Uppsala University. Stockholm School of Economics IFL Executive Education.	Director of Karnov Group AB and member of the audit committee and of the remuneration committee of Karnov Group AB.	Country Manager of Ipsos in Sweden. CFO Western Europe of Synovate. CEO of Wolters Kluwer in Scandinavia.
3. Anders Broberg	Born 1969. Business Area Manager, Elderly Care, since 2018.	Nursing Degree, Örebro University, M.A. Religious Studies, Uppsala University. Leadership development programmes at Ramboll Management.	Board member of Vårdföretagarna Bransch Äldreomsorg, board member of the regional program council for the Care program in Storsthlm.	CEO and President of Temabo AB, Administrative Director Elderly Care City of Stockholm and operational manager at Poolia Vård AB.
4. Claus Forum	Born 1965. Business Area Manager, Individual & Family, since 2014. Former Business Area Manager, Norway.	M.Sc. in international social work and pedagogic leadership, University of Gothenburg. Teaching certificate, Lärarhögskolan i Jelling.	-	Chairman and CEO of Vindora Utbildning AB. CEO of Nordstena AB.
5. Anna Giertz Skablova	Born 1970. Director of Human Resources since 2017.	MBA in General Management at Rotterdam School of Management, Erasmus University (Netherlands) and M.Sc. in linguistics.	-	HR Director for Tieto AB and Teligent AB. Consultant at PA Consulting.
6. Mona Lien	Born 1962. Country Manager, Norway.	M.Sc. in Psychology, Oslo University, Trondheim and New York University. Management programme at BI Norwegian Business School.	Board member of NHO Service.	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.
7. Eva Nilsson Bågenholm	Born 1960. Director of Quality Assurance since 2015.	Nursing Degree, Umeå University. Medical Doctor degree, University of Gothenburg. Licensed physician, specialist in internal medicine.	Director of Oriola and Stiftelsen Danviks Hospital.	Specialist physician at Sahlgrenska University Hospital. Chairman of the Swedish Medical Association. Swedish government national coordinator for the elderly 2011–2014. Government investigator, Plastic Surgery Study (Skönhetsutredningen) 2015.
8. Helena Pharmanson	Born 1966. Director of Marketing and Communications since 2010.	International MBA, Uppsala University. Directors' programme at Stockholm Chamber of Commerce.	-	Sales Director, Pfizer Sverige AB. Various managerial roles within marketing and sales at Pfizer and Pharmacia.
9. Johanna Rastad	Born 1980. Director of Business Development since 2018, member of Group Management since 1 January 2019.	M.Sc. (Econ), Stockholm School of Economics.	Director of Tilleike AB, Hemsehem AB and Camanio Care 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 at Team Oliva and Kry between 2013 and 2017.
10. Andreas Westlund	Born 1978. Business Area Manager, Personal Assistance since 2018.	Trainee program, studies within coaching and leadership at Företagsuniversitetet and Executive Master of Strategy, Mgruppen.	Board member of Vårdföretagarna Bransch Personlig Assistans.	CFO of Humana Assistans. Payroll Manager at Humana. Strålfors AB, Elajo AB and Admit AB. Founder of Effektiv Ekonomi. Professional ice hockey player for Brynäs.



Financial statements

Consolidated income statements

SEK millions (excl. earnings per share)	Note	2018	2017
Operating revenue			
Net revenue	G1	6,714	6,542
Other operating revenue	G2	11	14
Total revenue		6,725	6,556
Operating expenses			
Other external expenses	G4, G6	-1,044	-1,016
Personnel costs	G5	-5,202	-5,145
Depreciation/amortisation of assets	G11-12	-70	-60
Other operating expenses	G2	-19	-19
Operating profit	G1	391	316
Finance income	G7	1	5
Finance expenses	G7	-76	-79
Unrealised changes in value of derivatives	G7	1	9
Profit before tax		317	250
Tax	G8	-72	-57
Profit for the year		245	194
Attributable to:			
Parent Company shareholders		246	194
Non-controlling interests		-1	0
Earnings per share, basic and diluted, SEK	G9	4.62	3.64

Consolidated statements of comprehensive income

SEK millions	Note	2018	2017
Profit for the year		245	194
Other comprehensive income			
Items that have been/may be reclassified to profit or loss:			
Hedges of net investments in foreign operations	G19	-3	-
Exchange differences on translation of foreign operation	G19	26	-4
Total other comprehensive income		24	-4
Comprehensive income for the year		269	190
Attributable to:			
Parent Company shareholders		269	190
Non-controlling interests		-1	0
Comprehensive income per share, basic and diluted, SEK		5.07	3.57

Consolidated balance sheet

SEK millions	Note	2018-12-31	2017-12-31
ASSETS			
Non-current assets			
Goodwill	G3, G10	3,168	3,104
Other intangible assets	G11	8	10
Property, plant and equipment	G12	560	413
Financial assets		9	8
Total non-current assets		3,745	3,535
Current assets			
Current receivables			
Trade receivables	G13	847	842
Tax receivables		21	21
Other receivables		8	7
Prepaid expenses and accrued income	G14	83	70
Total current receivables		960	941
Cash and cash equivalents	G15	514	584
Total current assets		1,473	1,525
TOTAL ASSETS		5,218	5,060
EQUITY AND LIABILITIES			
Equity			
Share capital	G16	1	1
Other paid-in capital		1,094	1,092
Reserves		28	4
Retained earnings, including profit for the year		1,007	793
Total equity attributable to Parent Company shareholders		2,130	1,891
Equity attributable to non-controlling interests		17	0
Total equity		2,147	1,891
Non-current liabilities			
Deferred tax liability	G8	73	73
Interest-bearing liabilities	G17	1,259	1,345
Total non-current liabilities		1,333	1,417
Current liabilities			
Interest-bearing liabilities	G17	633	680
Derivatives	G19	-	1
Trade payables		121	93
Other current liabilities		228	256
Accrued expenses and deferred income	G18	757	722
Total current liabilities		1,739	1,752
TOTAL EQUITY AND LIABILITIES		5,218	5,060

Consolidated statements of changes in equity

SEK millions	Note	Equity attributable to Parent Company shareholders						Non-controlling interests	Total equity
		Share capital	Other paid-in capital	Translation reserve	Retained earnings, including profit for the year	Equity attributable to Parent Company shareholders			
	G16								
Opening equity, 1 Jan 2017		1	1,091	8	626	1,726	-	1,726	
Owner transactions									
Dividend		-	-	-	-27	-27	-	-27	
Share savings programme		-	2	-	-	2	-	2	
Total owner transactions		-	2	-	-27	-25	-	-25	
Profit for the year		-	-	-	194	194	-	194	
Other comprehensive income		-	-	-4	-	-4	-	-4	
Comprehensive income for the year		-	-	-4	194	190	-	190	
Closing equity, 31 Dec 2017		1	1,092	4	793	1,891	-	1,891	
Opening equity, 1 Jan 2018		1	1,092	4	793	1,891	-	1,891	
Owner transactions									
Dividend		-	-	-	-32	-32	-	-32	
Share savings programme		-	2	-	-	2	-	2	
Acquisition of non-controlling interests		-	-	-	-	-	18	18	
Total owner transactions		-	2	-	-32	-30	18	-13	
Comprehensive income for the period									
Profit for the year		-	-	-	246	246	-1	245	
Other comprehensive income		-	-	24	-	24	-	24	
Comprehensive income for the year		-	-	24	246	269	-1	269	
Closing equity, 31 Dec 2018		1	1,094	28	1,007	2,130	17	2,147	

Consolidated statements of cash flows

SEK millions	Note	2018	2017
Cash flow from operating activities			
Profit before tax		317	250
Adjustments for:			
Depreciation/amortisation and impairment		70	60
Finance income		-1	-4
Finance expenses		76	79
Unrealised changes in value of derivatives		-1	-9
Capital gain/loss	G2	1	0
Cash flow from operating activities before changes in working capital		461	376
Changes:			
Decrease (+)/increase (-) in trade receivables		-5	34
Decrease (+)/increase (-) in other operating receivables		-1	-91
Decrease (-)/increase (+) in other operating liabilities		-39	27
Decrease (-)/increase (+) in trade payables		27	-11
Cash flow from operating activities		443	335
Interest received		0	0
Interest paid		-53	-64
Tax paid		-58	-30
Net cash flow from operating activities		332	241
Investing activities:			
Acquisition of subsidiaries, net cash impact	G3	-86	-42
Disposal of subsidiaries, net cash impact	G2	4	133
Disposal of property, plant and equipment		16	0
Investments in intangible assets and property, plant and equipment		-174	-151
Cash flow from investing activities		-240	-60
Financing activities:			
Loans raised	G19	145	7
Repayment of loans	G19	-279	-56
Dividend paid		-32	-27
Cash flow from financing activities		-166	-75
Cash flow for the year		-74	106
Cash and cash equivalents at start of year	G15	584	465
Exchange differences		3	13
Cash and cash equivalents at end of year	G15	514	584

Multi-year overview

SEK millions	2018	2017	2016	2015	2014
Condensed consolidated income statements					
Operating revenue	6,725	6,556	6,362	5,655	5,065
Operating profit before depreciation, amortisation and impairment (EBITDA)	461	376	379	394	339
Operating profit (EBIT)	391	316	329	312	307
Profit before tax	317	250	228	149	156
Profit for the year (attributable to Parent Company shareholders)	246	194	170	114	115
Condensed consolidated balance sheet					
Assets					
Goodwill	3,168	3,104	3,089	2,584	2,565
Other non-current assets	577	432	424	213	305
Current assets	1,473	1,525	1,446	1,040	790
Total assets	5,218	5,060	4,960	3,838	3,660
Condensed equity and liabilities					
Equity	2,147	1,891	1,726	1,093	986
Non-current liabilities	1,333	1,417	1,484	1,616	1,710
Current liabilities	1,739	1,752	1,750	1,129	963
Total equity and liabilities	5,218	5,060	4,960	3,838	3,660
Condensed consolidated statements of cash flows					
Net cash flow from operating activities	332	241	-161	274	156
Cash flow from investing activities	-240	-60	-616	78	-868
Cash flow from financing activities	-166	-75	733	-93	668
Cash flow for the year	-74	106	-44	258	-45

Key ratios

SEK millions	2018	2017
Operating revenue	6,725	6,556
Profit measures		
Operating profit before depreciation, amortisation and impairment (EBITDA)	461	376
Operating profit (EBIT)	391	316
Profit for the year	245	194
Earnings per share, SEK	4.62	3.64
Margin measures		
Operating margin before depreciation, amortisation and impairment (EBITDA), %	6.9	5.7
Operating margin (EBIT), %	5.8	4.8
Capital structure		
Equity/assets ratio, %	41.1	37.4
Return on capital employed, %	9.7	8.2
Interest-bearing net debt	1,378	1,440
Interest-bearing net debt/adjusted EBITDA, times	3.0	3.8
Operating cash flow	285	184
Per-share data		
Number of shares at end of year	53,140,064	53,140,064
Operating cash flow per share, SEK	5.4	3.5
Other		
Number of full-time employees at end of year	9,729	9,503
Average number of customers	7,466	8,316

Parent Company income statements

SEK millions	Note	2018	2017
Operating revenue			
Operating revenue	P1	4	5
Operating expenses			
Other external expenses	P1, P2	-7	-12
Personnel costs	G5	-8	-6
Operating profit/loss		-10	-13
Profit/loss from financial items			
Interest expenses		-29	-46
Profit/loss before tax and appropriations		-40	-59
Appropriations			
Group contributions received		142	150
Change in tax allocation reserve	P4	5	-8
Profit/loss before tax		107	82
Tax		-24	-18
Profit for the year and comprehensive income for the year		84	64

Parent Company balance sheet

SEK MILLIONS	Note	31/12/2018	31/12/2017
ASSETS			
Non-current assets			
<i>Financial assets</i>			
Shares in subsidiaries	P3	1,627	1,625
Total non-current assets		1,627	1,625
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		2,026	1,904
Other receivables		2	-
Prepaid expenses and accrued income		1	2
Total current receivables		2,029	1,905
Cash and bank balances		0	0
Total current assets		2,029	1,905
TOTAL ASSETS		3,656	3,530
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	G16	1	1
<i>Unrestricted equity</i>			
Share premium reserve		1,094	1,092
Retained earnings		446	414
Profit for the year		84	64
Total equity		1,625	1,571
<i>Untaxed reserves</i>			
Tax allocation reserve	P4	174	179
Total untaxed reserves		174	179
Non-current liabilities			
Liabilities to credit institutions	G17, P5	1,231	1,296
Total non-current liabilities		1,231	1,296
Current liabilities			
Liabilities to credit institutions	K17	590	446
Trade payables		2	2
Tax liability		29	32
Accrued expenses and deferred income	MB6	5	5
Total current liabilities		626	485
TOTAL EQUITY AND LIABILITIES		3,656	3,530

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 2017	1	1,090	440	1,532
Profit for the year and comprehensive income for the year	-	-	64	64
Owner transactions				
Dividend	-	-	-27	-27
Share savings programme	-	2	-	2
Total owner transactions	-	2	-27	-25
Closing equity, 31 Dec 2017	1	1,092	478	1,571
Opening equity, 1 Jan 2018	1	1,092	478	1,571
Profit for the year and comprehensive income for the year	-	-	84	84
Owner transactions				
Dividend	-	-	-32	-32
Share savings programme	-	2	-	2
Total owner transactions	-	2	-32	-30
Closing equity, 31 Dec 2018	1	1,094	530	1,625

Parent Company statements of cash flows

SEK millions	2018	2017
Cash flow from operating activities		
Operating profit/loss	-10	-13
Adjustments for non-cash items		
Other non-cash items	26	2
Group contributions received	16	-11
Interest paid	150	155
Tax paid	-47	-40
	-27	0
Cash flow from operating activities before changes in working capital	91	103
Cash flows from changes in working capital		
Decrease (+)/increase (-) in receivables	-2	0
Decrease (-)/increase (+) in current liabilities	0	-7
Decrease (-)/increase (+) in trade payables	0	1
Cash flow from operating activities	89	97
Cash flow from investing activities	-	-
Financing activities		
Loans raised	293	-
Repayment of loans	-222	-50
Loans, Group companies	-128	-20
Dividend paid	-32	-27
Cash flow from financing activities	-89	-97
Cash flow for the year	0	0
Cash and cash equivalents at start of year	0	0
Cash and cash equivalents at end of year	0	0

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 office is Warfvings väg 39, SE-112 51 Stockholm, Sweden. The Company's shares were admitted to trading on Nasdaq Stockholm on 22 March 2016.

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

At 31 December 2018, Humana AB was 39.2 percent owned by Air Syndication S.C.A. (corporate identity number B 133.432, Luxembourg).

The financial statements were approved for publication by the Board of Directors and CEO on 3 April 2019. The annual report will be presented for adoption at the AGM on 9 May 2019.

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 of the financial reports

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 in the financial reports

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

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

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

Goodwill impairment testing

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

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

Fair value measurement in acquisition accounting

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

For more detailed accounting policies, see the Significant Accounting Policies section in Note G4.

Note GA3 New IFRSs not yet effective

Several new and amended IFRSs are not effective until future annual periods and have not been applied early in the preparation of these financial statements. There are no plans for early application of new and amended standards which are effective in future annual periods.

The International Accounting Standards Board (IASB) has introduced a new standard for the accounting of leases, IFRS 16 Leases, effective 1 January 2019. The Group plans to apply the modified retrospective approach. This means that the cumulative effect of the transition to IFRS 16 will be reported in the opening balance sheet at 1 January 2019 without any restatement of comparatives.

IFRS 16 Leases requires lessees to recognise all leased assets and related liabilities in the balance sheet unless the lease term is 12 months or less or the underlying asset has a low value, and to recognise depreciation of these assets and interest expenses associated with the related liabilities in the income statement, in other words, in the same way that finance leases are recognised under the current standard. This differs from the current method, in which operating leases are recognised outside the balance sheet, with information on the liability, and lease payments are recognised as an expense over the lease term on a straight-line basis. For Humana, IFRS 16 will mean that the operating leases described in Note G4 will be recognised in the balance sheet, and lease payments, currently reported under other external expenses, will be replaced by depreciation of the assets in the balance sheet and interest expense associated with the financial liabilities. This does not affect equity and deferred taxes. In 2018, Humana conducted an analysis of the effect of IFRS 16 on its financial position. See also note G12.

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

NOTE GA4 Significant accounting policies

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

New accounting standards applied from 1 January 2018

Humana applies IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from 1 January 2018. The transition has not had any effect on the income statement and balance sheet. The transition methods that Group management has chosen for the transition to IFRS 15 and IFRS 9 mean that comparative information in the financial reports has not been restated to reflect the requirements of the new standards. IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces changes to classification and measurement, impairment, hedge accounting and related disclosures. The Group has had some effects on the disclosures (see note G19 and classification and measurement of financial assets and liabilities on page 81).

With effect from 2018, IFRS 15 Revenue from Contracts with Customers replaces existing IFRSs related to revenue recognition, such as IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. Under IFRS 15, revenue is recognised when control of the service is transferred to the customer. Humana's obligation to its users is to provide personal care at scheduled times. Performance of the care obligation is then invoiced monthly. Humana's assessment is that the new standard does not affect accrual of revenue.

Classification etc.

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

Segment reporting

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

Basis of consolidation and business combinations

Subsidiaries

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

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

Non-controlling interests

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

Foreign currencies in subsidiaries

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

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

Business combinations

Humana recognises business combinations in accordance with the acquisition method from the date on which control is obtained. The consideration paid in connection with an acquisition is recognised at the acquisition-date market 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 family 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 cost 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 recognised at the earlier of the following: when the Company can no longer withdraw the offer of the benefits or when the Company recognises restructuring costs. Benefits expected to be settled after twelve months are recognised at their present value.

Pension benefit obligations

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

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

A defined benefit pension plan is a plan that is not based on defined contributions. Humana's defined benefit obligations for retirement benefits and survivor pensions for salaried employees in Sweden (ITP2) are covered by insurance with

Alecta. In accordance with Statement UFR 10 issued by the Swedish Financial Reporting Board, this is a multi-employer defined benefit plan. Like other Swedish companies, the Group has not had access to information that would make it possible to recognise this plan as a defined benefit plan. Consequently, the ITP pension plan, which is insured through Alecta, is reported as a defined contribution plan.

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

Share savings programme

In January 2017, a share savings programme was launched, enabling leaders 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.

Finance income and expenses

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

Finance expenses consist of interest charges on loans, including accrued transaction costs, 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

Operating leases

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

Finance leases

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

Accounting for sale and leaseback transactions

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

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

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

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

Taxes

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

Note GA4 continued

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, customer contracts or other. In addition, Humana recognises capitalised expenditure on systems development and licences as an asset.

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

Amortisation

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

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

Property, plant and equipment

Property, plant and equipment, consisting primarily of owner-occupied properties, is recognised at cost less accumulated depreciation and impairment.

Property, plant and equipment with sub-components that have different useful lives are treated as separate components of property, plant and equipment.

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

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

Subsequent costs

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

Depreciation

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

Estimated useful lives:

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

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

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

Impairment

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

Impairment of property, plant and equipment and intangible assets

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

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

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

Reversal of impairment losses

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

Earnings per share

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

Provisions

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

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

Onerous contracts

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

Financial assets and liabilities – Financial instruments

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

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

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

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

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

Measurement of financial instruments

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

Classification and measurement of financial instruments

Derivatives: Classified at fair value through profit or loss.

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

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

All the Group's financial assets that are held in debt instruments are recognised at amortised cost. The Group's holdings in debt instruments mainly consist of trade receivables, cash and cash equivalents and accrued income. At initial recognition, financial assets classified at amortised cost are measured at fair value plus transaction costs.

They are subsequently measured using the effective interest method. Under the business model, assets classified at amortised cost are held for collection of contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The assets are covered by a loss allowance for expected credit losses. Trade receivables are initially recognised at the invoiced amount.

Classification and measurement of financial liabilities

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

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

Impairment of financial assets

For all the Group's financial assets that are recognised at amortised cost, the provision for credit losses is based on expected losses as from 2018. First, the assessment for trade receivables is made individually and then for non-individually impaired receivables, based on the degree of delay in payment. The Group's customers are municipalities and county councils, which have very good credit ratings. Bad debt losses have historically been very low, and this is expected to continue. Until 2017, it was presumed that an objective impairment loss event could be observed.

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 gains or losses are accumulated in the translation reserve, a separate component of equity. 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 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).

Income tax

The Parent Company's effective tax rate is 22 percent, which corresponds to the nominal tax rate.

Group contributions

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

Untaxed reserves

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

Notes Group

Note G1 Segment reporting and revenue

The Group's operations are divided into operating segments based on components of the business that are reviewed by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), who are the Company's chief operating decision makers. This is referred to as the management approach. 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 in Sweden 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. Other Nordics has one manager per country. The Group's internal reporting is therefore structured in such a way as to allow the CEO and CFO to review the business areas' performance and results. However, the CEO and CFO only monitor the Group's total assets, not assets by segment.

Individual & Family provides care and treatment in psychiatry and psychosocial change processes to clients of all age groups. This is done through operations such as residential care homes, temporary and regular family 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.

Other Nordics (Norway, Denmark and Finland) provides care and treatment for children, adolescents and adults by offering various forms of housing, family homes, outpatient care and other support. The operations comprise specialist treatment in psychiatry and psychosocial change management. The operations in Norway also include personal assistance (BPA) and special services housing (HOT). Operations in Finland include elderly care and LSS with effect from 2017.

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 businesses.

Income statement by segment

2018 SEK millions	Individual & Family	Personal Assistance	Elderly Care	Other Nordics	Other	Group
Net revenue – external income	2,188	2,668	457	1,401	-	6,714
Other operating revenue	-	-	-	-	11	11
Total revenue	2,188	2,668	457	1,401	11	6,725
Profit before depreciation/amortisation and other operating expenses	226	153	16	152	-68	480
Depreciation/amortisation	-30	-2	-7	-29	-2	-70
Other operating expenses	-	-	-	-1	-18	-19
Operating profit	196	151	9	122	-88	391
Finance income						1
Finance expenses						-76
Unrealised changes in value of derivatives						1
Profit before tax						317

2017 SEK millions	Individual & Family	Personal Assistance	Elderly Care	Other Nordics	Other	Group
Net revenue – external income	2,212	2,621	521	1,188	-	6,542
Other operating revenue	-	-	-	-	14	14
Total revenue	2,212	2,621	521	1,188	14	6,556
Profit before depreciation/amortisation and other operating expenses	221	163	-12	82	-59	395
Depreciation/amortisation	-30	-2	-6	-20	-1	-60
Other operating expenses	-	-	-	-	-19	-19
Operating profit	191	160	-18	62	-79	316
Finance income						4
Finance expenses						-79
Unrealised changes in value of derivatives						9
Profit before tax						250

Breakdown of revenue

Revenue by service	2018	2017
Individual & Family	3,402	3,296
Personal Assistance	2,806	2,725
Elderly Care	507	521
Other	11	14
Total revenue	6,725	6,556

Revenue by geographic area

Group	2018	2017
Sweden	5,324	5,368
Finland	648	523
Norway	746	666
Denmark	8	-
Total	6,725	6,556

Non-current assets¹ by geographic area

Group	2018	2017
Sweden	2,569	2,494
Finland	516	407
Norway	645	626
Denmark	6	-
Total	3,736	3,527

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

Note G2 Other revenue and other operating expenses

Other revenue	2018	2017
Gain on sale of subsidiary [*]	2	14
Remeasurement of contingent consideration	9	-
Other	0	-
Total	11	14

^{*}2018 refers to the sale of the subsidiary Palveluthäti Oy. 2017 refers to the sale of Fastighetsbolagen.

Other operating expenses

	2018	2017
Gain on sale of subsidiary [*]	-	14
Acquisition costs	18	4
Other	1	1
Total	19	19

^{*}Refers to the sale of the subsidiary Humana Hemtjänst in 2017.

Divested companies' net assets on disposal, 2017

	Fastighetsbolagen	Humana Hemtjänst	Total
Non-current assets	115	1	116
Trade and other receivables	-	40	40
Cash and cash equivalents	4	5	10
Trade and other payables	-3	-25	-28
Effect of disposal on individual assets and liabilities	117	21	138
Consideration	132	11	142
Less assets/liabilities above	-117	-21	-138
Transaction costs	-1	-4	-5
Gain/loss on sale	14	-14	0
Consideration received	132	11	142
Cash and cash equivalents in divested companies	-4	-5	-10
Effect on cash and cash equivalents	128	5	133

Note G3 Acquisitions

Humana made 5 (3) acquisitions during the year, continuing its expansion in Other Nordics and Personal Assistance. In 2018, Humana took the first step into Denmark through the acquisition of an individual and family care business. Humana has acquired 100% of the shares in all companies.

Goodwill

The goodwill resulting from the acquisitions in 2017 and 2018 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 2017 and 2018 is tax deductible.

Acquisitions completed in 2018

As all the acquisitions in 2018 have been individually assessed as insignificant from a Group perspective, only aggregated information is presented in the table below.

Luotsimaja Oy (Other Nordics) June 2018

- conducts operations in psychosocial change management for children and adolescents in Pori in western Finland

Västgöta Assistans AB (Personal Assistance) July 2018

- small business providing personal assistance

StøtteCompagniet ApS (Other Nordics) September 2018

- company based in Copenhagen specialising in individual and family outpatient care
- RIK Assistans AB (Personal Assistance) October 2018*
- company engaged in personal assistance in Härnösand.
- Matiimi Oy (Other Nordics) December 2018*
- runs social psychiatry operations for adolescents in the Birkaland region of Finland.

Contingent consideration

The acquisition of RIK Assistans includes a contingent consideration. The contingent portion of the consideration is performance-based, with a maximum payment of SEK 8 million.

Acquisition costs

Acquisition costs of SEK 18 (4) million refer to consulting and legal fees, mainly for financial and legal due diligence in connection with acquisitions. These are recognised as other operating expenses in the income statement.

Receivables acquired

No bad debts were acquired in any of the years.

Acquisitions after the reporting date

In January 2019, Humana entered an agreement on the acquisition of all shares in the Finnish company Coronaria Hoiva Oy (Other Nordics). The transaction is subject to approval by the Finnish competition authority and is expected to be completed during the first or second quarter of 2019.

Net assets in acquired companies at date of acquisition

2018 SEK millions	Minor acquisitions and other, total
Non-current assets	30
Trade and other receivables	15
Cash and cash equivalents	12
Interest-bearing liabilities	-1
Trade and other payables	-4
Deferred tax liability	0
Net identifiable assets and liabilities	53
Goodwill	43
Consideration	
Cash and cash equivalents	83
Contingent consideration	0
Total paid	83
Effect on cash and cash equivalents	
Cash consideration paid	83
Cash and cash equivalents in acquired entities	-12
Total effect on cash and cash equivalents	71
Settlement of contingent considerations attributable to acquisitions in prior years	15
Total effect on cash and cash equivalents	86
Effect on operating revenue and profit 2018	
Operating revenue	38
Operating profit	-1

The acquisition analysis is preliminary since the final settlement has not been calculated.

Humana's acquisitions in 2018 increased the Group's revenue by SEK 38 million and operating profit for the year by SEK -1 million. If the acquisitions had been conducted on 1 January 2018, company management estimates that consolidated revenue would have been SEK 6,818 million (SEK 104 million higher), and profit for the year would have been SEK 246 million (SEK 1 million higher).

Note G3 continued**Acquisitions completed in 2017**

As all the acquisitions in 2017 have been individually assessed as insignificant from a Group perspective, only aggregated information is presented in the table below.

Minor acquisitions

Skellefteå Stöd & Behandling AB (Individual & Family) January 2017

- operates assisted living home Fyren and Lotsen HVB for boys aged 14-18 with psychosocial and neuropsychiatric problems (ADHD).

Nordic Senior Services Oy (Other Nordics) August 2017

- operates in the areas of elderly care and LSS.

Ryhmäkoti Raide Oy (Other Nordics) October 2017

- provides care services for children and adolescents in the Individual & Family area.

Contingent consideration

The acquisition of Ryhmäkoti Raide Oy includes a contingent consideration. The contingent portion of the consideration is performance-based, with a maximum payment of SEK 5 million.

Net assets in acquired companies at date of acquisition

2017 SEK millions	Minor acquisitions* and other, total
Non-current assets	26
Trade and other receivables	23
Cash and cash equivalents	2
Interest-bearing liabilities	-17
Trade and other payables	-23
Deferred tax liability	0
Net identifiable assets and liabilities	11
Goodwill	31
Consideration	
Cash and cash equivalents	38
Contingent consideration	5
Total paid	43
Effect on cash and cash equivalents	
Cash consideration paid	38
Cash and cash equivalents in acquired entities	-2
Total effect on cash and cash equivalents	36
Settlement of contingent considerations attributable to acquisitions in prior years	6
Total effect on cash and cash equivalents	42
Effect on operating revenue and profit 2017	
Operating revenue	44
Operating profit	6

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

Humana's acquisitions in 2017 increased the Group's revenue by SEK 44 million and operating profit for the year by SEK 6 million. If the acquisitions had been conducted on 1 January 2017, company management estimates that consolidated revenue would have been SEK 6,604 million (SEK 48 million higher), and profit for the year would have been SEK 194 million (SEK 0 million higher).

Note G4 Other external expenses

SEK millions	2018	2017
Direct operating expenses*	266	272
Purchased services	73	78
Premises and property costs	375	333
IT expenses	78	82
Marketing expenses	25	25
Other expenses	226	227
Total other external expenses	1,044	1,016

*Direct operating expenses refers to the purchase of food, activities and overhead for clients etc.

Operating leases – Group as lessee

The Group conducts operations in properties that are held under operating leases throughout the country. Future minimum lease payments under operating leases:

SEK millions	2018	2017
Within 1 year	262	192
1-5 years	757	692
After 5 years	901	1,029
Lease payments for the year	239	187

The leases have remaining terms of 2 months to 19 years (2 months to 23 years).

Note G5 Employees, personnel costs and remuneration of senior executives

Personnel costs

Expenses recognised as employee benefits are distributed as follows:

SEK millions	2018	2017
Salaries and benefits	3,864	3,820
Pension costs, defined contribution plans	194	189
Social security contributions	999	1,007
Other personnel costs	145	128
Total	5,202	5,145

Average number of employees

	Average number of employees	
	2018	Men, %
Sweden	8,263	31
Norway	742	43
Finland	767	32
Denmark	10	43
Total	9,782	32
	Average number of employees	
	2017	Men, %
Sweden	8,631	32
Norway	742	43
Finland	629	37
Total	10,003	33

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 86.

Pension benefit obligations

Most salaried employees in Sweden are covered by ITP1. A small number of salaried employees are covered by the ITP2 defined benefit retirement and survivor pension plan, which is secured through insurance with Alecta. The premium for the defined benefit retirement and family pension is individually calculated and is dependent on factors that include salary, previously earned pension and expected

remaining period of service. Expected fees for the next reporting period for ITP 2 insurance policies from Alecta total SEK 19 million (SEK 19 million paid in 2018).

The collective funding ratio is the market value of Alecta's assets as a percentage of insurance commitments calculated according to Alecta's actuarial methods and assumptions, which are not consistent with IAS 19. The collective funding ratio is normally allowed to vary between 125 and 155 percent. If Alecta's collective funding ratio falls below 125 percent or exceeds 155 percent, action should be taken to ensure the funding ratio returns to the normal range. If the ratio is low, one measure that can be taken is to raise the premium of new contracts and reduce existing benefits. If the ratio is high, one measure that can be taken is to introduce premium reductions. Alecta's preliminary collective funding ratio for 2018 was 142 (154) 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. At the reporting date, the value of assets in the endowment insurance policy was SEK 3.6 (3.6) million. No new payments are made in respect of these pension obligations.

Incentive programmes

Humana has two incentive programmes: a warrant programme for members of Group management and a share savings programme for other managers and leaders. The purpose of introducing the incentive programmes is to encourage a broad ownership among Humana leaders, facilitate recruitment, retain competent employees and increase the motivation to achieve or exceed Humana's financial targets.

Warrants

The warrants were issued at the time of Humana's IPO in 2016 and members of Group management have acquired warrants at market value since then. In total, 1,440,420 warrants were issued and warrants not acquired by the current participants may be offered to new senior executives in the future. The warrant programme does not involve any cost to Humana.

Group management's holding of warrants in Humana AB are shown in the table in the Corporate Governance Report on page 60.

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	74.40	3.72
Series 2	480,140	1-31 March 2019	77.50	4.26
Series 3	480,140	1-31 March 2020	80.60	4.54

Valuation requirements

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

Humana share savings programme

In January 2017, a share savings programme was launched, enabling leaders to purchase Humana shares. Participants invest in saving shares over a three-year period, and, subject to continuing employment, are entitled to receive matching shares at the end of the qualification period. Investments are at market value. In addition, performance shares may be allotted to some participants, subject to the achievement of certain pre-defined targets during the qualification period. The share savings programme is recognised directly in equity during the vesting period. The calculation is based on changes in value of matching shares and performance shares and is recognised as a provision. Assuming achievement of the per-

Note G5 continued

formance targets, the total cost of the programme is expected to be SEK 7 million, SEK 2 (2) million of which has been charged to the 2018 financial year. At full allotment, the employee share savings programme will comprise a maximum of 73,000 shares, corresponding to about 0.1 percent of the total number of shares outstanding in the Company.

Annual General Meeting's guidelines on remuneration of senior executives

According to the companies Act, the AGM shall resolve on guidelines for remuneration to the CEO and other senior executives. The group of executives covered by the guidelines includes the CEO and other members of Group management.

The following guidelines have been adopted by the AGM, to apply up until the 2018 AGM. Remuneration of senior executives shall comprise a fixed salary, variable salary, pension and other benefits. Total remuneration shall be market-based and competitive and reflect individual performance, responsibility and the Group's financial performance. Variable salary may comprise annual variable cash salary and long-term variable pay, in the form of cash, shares and/or share-related instruments in Humana AB. Variable salary shall be subject to the fulfilment of defined and measurable targets and shall be set at a maximum percentage of the annual fixed salary. Long-term variable salary in the form of shares and/or share-related instruments in Humana AB may only be paid by means of participation in long-term incentive programmes adopted by a general meeting. Variable remuneration is a maximum of 30 percent of the annual fixed salary paid to the CEO and other senior executives. In special cases, agreements may be reached on remuneration of a non-recurring nature, provided such remuneration does not exceed an amount corresponding to the individual's annual fixed salary and maximum variable cash salary, and is not paid more than once per year and per individual.

Retirement benefits shall be defined -contribution. Severance pay will normally be paid on termination of employment by Humana. Members of Group management shall normally have a maximum notice of 6 months, combined with severance pay corresponding to six months' fixed salary. If the period of service exceeds five years, the notice period in the case of termination by the company is extended to twelve months, while the notice period remains six months in the case of termination by the senior executive. For the CEO, the notice period for termination by the company is 6 months, with 12 months' severance pay. No severance pay shall be paid in the case of termination by the employee. Agreements regarding severance pay are reached separately following a decision by the Remuneration Committee.

Other benefits, such as a company car, preventive care, health care and health insurance, shall comprise a small portion of total compensation and comply with customary market-based terms. The Board is entitled to deviate from the guidelines adopted by the General Meeting if there are particular reasons to do so in an individual case.

Humana has established a warrant programme for eight senior executives in Group management, comprising 1,440,420 warrants that entitle holders to subscribe for the same number of new Humana shares. In the event of full subscription, dilution will be about 1.8 percent of the total number of Humana shares. The warrants have been issued in three series with different maturities. See also Note 9 Earnings per share.

Gender distribution in Board of Directors and Group management, 31 December 2018

The Board of Directors consists of 3 (3) men and 4 (4) women.
Group management consists of 5 (4) men and 4 (6) women.

Remuneration of the Board of Directors and Group management

2018. Salaries and benefits by type of remuneration per Board member and Group management member:

SEK thousands	Salaries and other benefits	Bonus	Other	Pension	Total
Board¹					
Per Bätelson, Chairman ²	707				707
Ulrika Östlund	243				243
Helen Fasth Gillstedt	361				361
Per Granath	244				244
Kirsi Komi	250				250
Monica Lingegård ²	301				301
Total, Board	2,106				2,106
Rasmus Nerman, President and CEO	3,142	900		1,131	5,173
Others (11 individuals, 3 of whom have left)	14,376	2,772		3,587	20,735
Total, Group management	17,518	3,672		4,718	25,908
Total, Group	19,624	3,672		4,718	28,014

¹Pursuant to an AGM resolution, Board member Lloyd Perry does not receive directors' fees.

²Gross salary includes invoiced VAT.

2017. Salaries and benefits by type of remuneration per Board member and Group management member:

SEK thousands	Salaries and other benefits	Bonus	Other	Pension	Total
Board¹					
Maria Nilsson ²	166				166
Per Bätelson, Chairman ²	794				794
Ulrika Östlund	242				242
Helen Fasth Gillstedt ²	411				411
Per Granath	242				242
Simon Lindfors ²	157				157
Kirsi Komi	155				155
Monica Lingegård ²	249				249
Total, Board	2,416	-	-	-	2,416
Rasmus Nerman, President and CEO	2,781	-		823	3,604
Others (9 individuals)	13,695	880		2,866	17,441
Total, Group management	16,476	880		3,689	21,045
Total, Group	18,892	880	-	3,689	23,461

¹Pursuant to an AGM resolution, Board member Lloyd Perry does not receive directors' fees.

²Gross salary includes invoiced VAT.

Note G6 Auditors' fees

SEK millions	2018	2017
KPMG AB		
- audit services	6	7
- tax advisory services	0	0
- other services	2	1
Total	8	8

Audit services consist of the auditor's work associated with the statutory audit, while auditing assistance includes various types of quality assurance services. Other services are services other than audit services or tax advisory services.

Note G7 Finance income and expenses

Finance income

SEK millions	2018	2017
Interest income from cash and cash equivalents	1	0
Unrealised change in value of derivatives	1	9
Exchange gains	0	4
Total finance income	2	13

Finance expenses

Interest expenses for borrowing at amortised cost:

SEK millions	2018	2017
Bank loans	59	65
Finance leases	1	1
Exchange losses	17	13
Total finance expenses	76	79

Note G8 Income tax

The following components are included in tax expense.

SEK millions	2018	2017
Current tax expense (+)/tax income (-)		
Tax expense for the year	72	57
Adjustment of tax relating to prior years	0	6
	72	62
Deferred tax expense (+)/tax income (-)		
Property, plant and equipment	-1	-3
Derivatives	0	2
Tax allocation reserve	0	-6
Other temporary differences	1	1
Total deferred tax expense	0	-6
Recognised tax	72	57

SEK millions	2018	2017
Reconciliation of effective tax		
Recognised profit before tax	317	250
Tax at applicable tax rate (22%)	70	55
Tax effect of:		
Non-deductible expenses	8	10
Non-taxable income	-4	-14
Adjustment of tax relating to prior years	0	6
Increase in loss carryforwards for which no corresponding deferred tax was recognised	-1	2
Standard interest on tax allocation reserve	0	0
Difference in tax rate between Parent Company and foreign subsidiaries	-1	-1
Adjustment for changed tax rate	0	0
Other	-1	-1
Recognised tax	72	57
Deferred tax liability (+)/tax asset (-)		
Property, plant and equipment	0	-5
Derivatives	-	0
Untaxed reserves, tax allocation reserves	73	78
Total deferred tax liability	73	73

The change in deferred tax liability, SEK 0 million, consists of a deferred tax expense of SEK 0 (5) million reported in the income statement and a deferred tax liability of SEK - (-) million in acquired companies.

Unrecognised deferred tax assets

Loss carryforwards and deductible temporary differences for which deferred tax is not recognised in the balance sheet amount to SEK 17 (4) million, corresponding to a deferred tax asset of SEK 4 (1) 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	2018	2017
Profit for the year attributable to Parent Company shareholders	246	194
Profit for the year	246	194
Earnings per share, basic and diluted, SEK	4.62	3.64
Number of shares, average	53,140,064	53,140,064

Instruments that could have future dilutive effects

In 2016, Humana established a warrant programme for eight senior executives, comprising three series of warrants with different maturities, with exercise prices (SEK 74.40, 77.50 and 80.60 per share) that exceeded the average share price (63.31 per share). These warrants therefore do not have any dilutive effects and are excluded from the diluted earnings per share calculation. If the share price exceeds the exercise price in the future, the warrants will have dilutive effects. The warrant programme comprises a total of 1,440,420 warrants entitling holders to subscribe for the same number of new Humana shares. If the maximum amount is subscribed for, dilution will be about 1.8 percent of the total number of Humana shares.

In 2016, the shareholders also adopted the introduction of an incentive programme for 150 of Humana's leaders. The programme was introduced in 2017. At full allotment in 2020, dilution will be 73,000 shares, corresponding to 0.1 percent of the total number of shares outstanding in the Company.

Note G10 Goodwill

Goodwill

SEK millions	2018	2017
Accumulated cost at start of year	3,104	3,089
Acquisition of subsidiaries	43	31
Adjustment of acquisition analysis	-	-3
Disposal of subsidiaries	-1	-
Exchange differences	22	-13
At end of year	3,168	3,104

Impairment testing

Goodwill is allocated to cash-generating units for impairment testing as follows:

SEK millions	31/12/2018	31/12/2017
Personal Assistance	970	964
Individual & Family	1,422	1,422
Elderly Care	18	8
Norway	410	401
Finland	342	308
Denmark	6	-
Total	3,168	3,104

The value of goodwill is tested annually for impairment. The annual impairment test is performed mainly at the segment level, as goodwill is monitored at this level, by calculating the recoverable amount, which consists of value in use. For the Other Nordics segment, annual goodwill impairment testing for Finland and Norway is conducted separately for each country. 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

Key assumptions in calculation	Method for estimating value
Growth	The growth rate during the forecast period is based on specific plans for the next three years using industry data and management estimates from previous experience. The growth rate after the forecast period is in line with cost trends in the industry.
Operating margin	The operating margin was forecast from historical results and expectations of future margins based on previous experience.
Discount rate	The discount rate is obtained through a weighted average cost of capital for the industry and reflects current market assessments of the time value of money and estimated specific risks in each unit.

Assumptions	Long-term growth	Post-tax discount rate	Pre-tax discount rate
Individual & Family	2.0% (2.0%)	7.5% (7.6%)	9.7% (9.8%)
Personal Assistance	1.5% (1.5%)	7.5% (7.6%)	9.7% (9.8%)
Elderly Care	2.0% (2.0%)	7.5% (7.6%)	9.7% (9.8%)
Norway	2.0% (2.0%)	7.5% (7.6%)	9.8% (9.9%)
Finland	2.0% (2.0%)	7.6% (7.7%)	9.5% (9.6%)

Note G11 Other intangible assets

2018	Systems development and licences	Customer relationships	Other	Total
Accumulated cost				
At start of year	17	7	13	37
Investments	-	-	2	2
Exchange differences	-	1	1	1
At end of year	17	8	15	40
Accumulated amortisation				
At start of year	-17	-5	-5	-27
Exchange differences	-	0	0	0
Amortisation for the year	0	-2	-3	-6
At end of year	-17	-7	-8	-32
Carrying amount	0	1	7	8
2017	Systems development and licences	Customer relationships	Other	Total
Accumulated cost				
At start of year	17	8	10	34
Investments	-	-	3	3
Exchange differences	-	0	0	0
At end of year	17	7	13	37
Accumulated amortisation				
At start of year	-16	-3	-2	-21
Exchange differences	-	0	-	0
Amortisation for the year	0	-2	-3	-6
At end of year	-17	-5	-5	-27
Carrying amount	0	2	8	10

Note G12 Property, plant and equipment

2018	Land and buildings	Improvements to third-party property	Finance leases	Equipment	Total
Accumulated cost					
At start of year	146	143	93	168	549
Acquisitions of subsidiaries	26	-	-	2	29
Investments	126	18	19	28	191
Disposals/sales	-9	-4	-20	-18	-51
Reclassifications	-1	1	-	0	-1
Exchange differences	5	1	-	2	8
At end of year	293	158	92	181	724
Accumulated depreciation and impairment					
At start of year	-7	-21	-28	-80	-136
Disposals/sales	1	4	20	13	38
Reclassifications	1	0	-	0	1
Exchange differences	-1	0	-	-1	-2
Depreciation for the year	-5	-13	-18	-23	-58
Impairment	-4	-1	-	-1	-5
At end of year	-16	-31	-26	-91	-164
Carrying amount	276	127	66	90	560
2017	Land and buildings	Improvements to third-party property	Finance leases	Equipment	Total
Accumulated cost					
At start of year	194	89	108	113	502
Acquisitions of subsidiaries	25	-	-	1	26
Investments	35	73	9	40	158
Disposals/sales	-78	-52	-24	-42	-196
Reclassifications	-29	34	-	56	60
Exchange differences	-1	-1	-	0	-2
At end of year	146	143	93	168	549
Accumulated depreciation and impairment					
At start of year	-20	-11	-31	-36	-98
Disposals/sales	17	0	24	34	75
Reclassifications	1	-2	-	-59	-60
Exchange differences	0	0	-	0	1
Depreciation for the year	-5	-9	-21	-19	-54
At end of year	-7	-21	-28	-80	-136
Carrying amount	139	122	64	88	413

Finance leases

Future minimum lease payments are as follows:

Minimum lease payments 31 Dec 2018

	Within 1 year	1-5 years	After 5 years	Total	Present value
Lease payments, cars	40	28	-	68	67

Lease costs during the reporting period amounted to SEK 29 million and were related to minimum lease payments. The leases have terms ranging from 12 to 36 months.

Minimum lease payments 31 Dec 2017

	Within 1 year	1-5 years	After 5 years	Total	Present value
Lease payments, cars	28	38	-	66	64

Lease costs during 2017 amounted to SEK 32 million and were related to minimum lease payments. The leases have terms ranging from 12 to 36 months.

Transition to IFRS 16

Humana has chosen to apply the simplified transition method for the transition to IFRS 16, including the practical expedients allowed in IFRS 16 C10 (c), which means that leases 12 months or shorter are excluded from the calculation and exempt from capitalisation in the balance sheet, as are leases with a low-value underlying asset. Low value is about SEK 50 thousand. Humana rents apartments on short-term leases. These are not included in the calculation as it cannot be established with reasonable certainty whether they will be extended.

Humana lease certain office equipment, such as printers and coffee machines, which are considered of low value.

No transition effect is expected for finance leases.

Note G12 continued*Transition to IFRS 16*

In 2018, Humana evaluated the Group's leases in accordance with IFRS 16. In summary, the transition has the following impact on the financial reports:

Impact on the consolidated balance sheet at 31 December 2018

SEK millions	Closing balance, 31 December 2018, before transition to IFRS 16 Leases	Estimated adjustments due to transition to IFRS 16	Estimated opening balance, after adjustments, 1 January 2019
Non-current assets	3,745	1,524	5,269
Non-current interest-bearing liabilities	1,259	1,312	2,571
Current interest-bearing liabilities	633	211	844

Note G13 Trade receivables

	31/12/2018	31/12/2017
Trade receivables, gross	854	845
Reserve for customer losses	-7	-4
Total	847	842
Receivables not due	707	756
Past due 1-30 days	105	77
Past due 31-60 days	10	5
Past due >60 days	31	7
Total	854	845

Humana's customers consist mainly of state, municipal and county council entities in Sweden, Norway and Finland. The Group is not exposed to any significant credit risks relative to any individual counterparty or group of counterparties.

Note G14 Prepaid expenses and accrued income

	31/12/2018	31/12/2017
Prepaid rents	43	41
Accrued income	13	0
Other	27	29
Total	83	70

Note G15 Cash and cash equivalents

Cash and cash equivalents include the following:

	31/12/2018	31/12/2017
Cash	1	1
Bank balances	513	583
Total	514	584

Cash and cash equivalents consist of cash and demand deposits with banks and corresponding institutions.

Note G16 Equity**Share capital**

Share capital consisted of 53,140,064 B shares at the start and end of 2018. Humana's share capital consists of one class of shares, with each share having equal voting rights and equal entitlement to receive dividends.

	2018	2017
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.

Note G17 Interest-bearing liabilities

Current	31/12/2018	31/12/2017
Bank loans	590	450
Overdraft facilities	-	200
Finance lease liabilities	42	30
Total carrying amount	633	680
Non-current	31/12/2018	31/12/2017
Bank loans	1,236	1,310
Finance lease liabilities	23	35
Total carrying amount	1,259	1,345
After 5 years	-	-

Borrowing is conducted in SEK, NOK and EUR. SEK 1,821 (1,742) million of the bank loans for 2018 relates to the Parent Company.

Bank loan terms and conditions

Humana entered a loan agreement with DNB Sweden AB and Skandinaviska Enskilda Banken AB (publ) in March 2016. Under the loan agreement, the lenders have undertaken to provide credit facilities amounting to SEK 2,200 million for a term of five years. The agreement contains customary contractual conditions and two covenants (ratios), which are reported regularly to the lenders (net debt to EBITDA and interest cover ratio). The credit facilities are not secured but are subject to commitments and warranties and negative covenants, including restrictions on pledging the Company's assets, restrictions on debt in subsidiaries (apart from Humana Group Holding AB) and restrictions on disposals and acquisitions where the total annual amount exceeds a total company value of SEK 500 million, and obligations regarding trade sanctions and anti-corruption. See also Notes G19 and G20.

Note G18 Accrued expenses and deferred income

SEK millions	31/12/2018	31/12/2017
Accrued salaries	295	242
Accrued holiday pay	345	353
Accrued interest expenses	2	2
Accrued pensions	65	65
Other	51	60
Total	757	722

Note G19 Financial instruments and risk management

31/12/2018	Financial assets at amortised cost	Carrying amount	Fair value
Financial assets			
Trade receivables	847	847	847
Other receivables	8	8	8
Accrued income	39	39	39
Cash and cash equivalents	514	514	514
Total	1,408	1,408	1,408

31/12/2018	Financial liabilities at fair value through profit or loss	Other liabilities	Carrying amount	Fair value
Financial liabilities				
Bank loans		1,826	1,826	1,826
Finance lease liabilities		66	66	66
Trade payables		121	121	121
Other current liabilities		7	7	7
Accrued expenses		3	3	3
Liability for contingent consideration	8		8	8
Total	8	2,022	2,030	2,030

31/12/2017	Loans and receivables	Carrying amount	Fair value
Financial assets			
Trade receivables	842	842	842
Other receivables	7	7	7
Accrued income	27	27	27
Cash and cash equivalents	584	584	584
Total	1,460	1,460	1,460

31/12/2017	Financial liabilities at fair value through profit or loss	Other liabilities	Carrying amount	Fair value
Financial liabilities				
Bank loans		1,960	1,960	1,960
Derivatives	1		1	1
Finance lease liabilities		64	64	64
Trade payables		93	93	93
Other current liabilities		9	9	9
Accrued expenses		3	3	3
Liability for contingent consideration	27		27	27
Total	28	2,130	2,158	2,158

The carrying amounts of trade receivables, other receivables, cash and cash equivalents, trade payables and other liabilities are a reasonable approximation of their fair values.

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

Note G19 continued

31/12/2018	Level 1	Level 2	Level 3	Total
Liabilities				
Liability for contingent consideration	-	-	8	8
Fair value	-	-	8	8
31/12/2017				
Liabilities				
Derivatives	-	1	-	1
Liability for contingent consideration	-	-	27	27
Fair value	-	1	27	28

Transfers between levels

There were no transfers between levels in 2018 or 2017.

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	2018	2017
Contingent consideration		
Opening balance	27	28
Cost of acquisition	5	5
Reversed to income statement	-9	0
Settled during the year	-15	-6
Closing balance	8	27

Measurement methods and inputs

The tables below show the methods used for fair value measurement in Levels 2 and 3, and significant non-observable inputs.

Financial instruments at fair value through profit or loss

Type	Measurement method	Significant non-observable inputs	Connection between significant non-observable inputs and fair value calculation
Contingent consideration	EBITDA multiples: The measurement model calculates the value of the contingent consideration based on likely scenarios of future EBITDA outcomes using agreed multiples.	Forecast EBITDA	The estimated fair value would increase (decrease) if: EBITDA was higher (lower)
Interest rate swaps and interest rate options	The fair value of interest rate swaps and interest rate options has been calculated by discounting estimated future cash flows under the contract terms and conditions based on the market rate for similar instruments on the reporting date.		

Sensitivity analysis

The maximum outstanding amount for contingent considerations that can be paid is SEK 16 million. The contingent considerations are performance-based.

Financial instruments not measured at fair value

Type	Measurement method	Significant non-observable inputs	Measurement level
Other financial liabilities	Discounted cash flows	N/A	2

*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 goal of the finance function is to provide cost-effective financing and minimise adverse effects of market risks on consolidated earnings.

Liquidity and financing 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	2018	2017
Unutilised credit facility	200	200
Cash	514	584
Total	714	784

The Group's financial liabilities, which are shown in Note G17, amounted to SEK 1,892 (2,025) million at year-end, comprising current liabilities of SEK 633 (680) million and non-current liabilities of SEK 1,259 (1,345) 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

2018	<3 months	3-12 months	2-5 years	>5 years	Total
Bank loans	50	539	1,237	0	1,826
Interest on bank loans	10	30	38	-	78
Finance lease liabilities	11	32	23	-	66
Trade payables	121	-	-	-	121
Liability for contingent consideration	0	0	8	0	8
Total	192	600	1,307	0	2,099

Maturity analysis for financial liabilities

2017	<3 months	3-12 months	2-5 years	>5 years	Total
Bank loans	50	600	1,310	-	1,960
Interest on bank loans	12	36	79	-	127
Derivatives	0	1	-	-	1
Finance lease liabilities	7	22	35	-	64
Trade payables	93	-	-	-	93
Liability for contingent consideration	4	18	-	5	27
Total	167	677	1,424	5	2,272

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 corporate 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	2018	2017
Trade receivables	847	842
Other receivables	8	7
Cash and cash equivalents	514	584
Total	1,369	1,432

Interest rate risk

The main market risk affecting Humana is interest rate risk, which can result in fair value and cash flow changes. Within the general agreement the Group's borrowings may but does not need to hedge interest rate by entering interest rate-swaps and options. Fixed-rate periods are a significant factor affecting interest rate risk.

The Group's interest rate risk arises mainly through long-term borrowing and is managed by the CFO. The Group's loan agreements have 3-6 month fixed-interest periods.

A 1 percentage point increase in interest rates would affect interest expenses by SEK 18 (20) million at the reporting date.

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). The Group's earnings are affected by translation of 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 387 (359) million, including goodwill. A 5-percentage-point change in the exchange rate would have an effect of SEK 3 (1) million on the income statement and SEK 19 (18) million on consolidated comprehensive income at the reporting date. Net assets in EUR amount to SEK 140 (31) 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 7 (2) million on consolidated comprehensive income at the reporting date.

Net assets in DKK amount to SEK 6 (-) million, including goodwill. A 5-percentage-point change in the exchange rate would have an effect of SEK 0 (-) million on the income statement and SEK 0 (-) million on consolidated comprehensive income at the reporting date.

Hedges of net investments in foreign operations

Interest-bearing loans at 31 December 2018 include loans amounting to EUR 39.7 million and NOK 328.5 million, which comprise part of the net investment in two subsidiaries: Arjessa Oy in Finland and Humana 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.

Reconciliation of liabilities attributable to financing activities – Group

	Closing balance 2017	Cash flows	Non-cash movements			Closing balance 2018
			Acquisitions/disposals of subsidiaries	Exchange differences	Fair value remeasurement	
Overdraft facilities	200	-200	-	-	-	-
Bank loans	1,760	66	1	-1	-	1,826
Total liabilities attributable to financing activities	1,960	-134	1	-1	-	1,826

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	39.5	407.9	-8
Interest-bearing loans in NOK millions	328.5	336.5	5

The hedged items' effect on financial position:

	Translation reserve	Fair value changes used to measure ineffectiveness
Net investment in foreign subsidiaries, SEK millions	26	-3

The hedging loss before tax recognised in other comprehensive income corresponds to the fair value change used to measure efficiency. No inefficiency has been reported in the Group's results.

Hedge accounting's effect on equity and other comprehensive income

	Translation reserve
2017	
At start of year	8
Exchange differences on translation of foreign operations	-4
At end of year	4
2018	
At start of year	4
Exchange differences on translation of foreign operations	26
Exchange differences on translation of interest-bearing loans	-3
Tax effect	1
At end of year	28

Capital management

The Group's policy is to maintain a good financial position, thereby helping to maintain the confidence of investors, lenders and the market, and providing a solid foundation for continuing development of business operations while also generating a satisfactory long-term return for shareholders. The Board aims to achieve a balance between a potential higher return on equity from a high debt to equity ratio and the advantages and security associated with a strong capital base. The objective is to continue to generate returns for shareholders and value for other stakeholders.

Neither the Parent Company nor any of the subsidiaries are subject to external capital requirements (see also Note G17).

Note G20 Pledged assets and contingent liabilities

SEK millions	2018	2017
Pledged assets for bank loans		
Property mortgages	-	-
Pledged assets		
Other	-	-
Contingent liabilities	None	None

Note G21 Related party transactions

The Group's key personnel consists of the Board of Directors, Group management and the CEO, through ownership of Humana and through their roles as senior executives. Related parties also include the principal owner Air Syndication S.C.A., which is represented on the Board by Lloyd Perry. Related party transactions are based on market conditions.

Remuneration of key personnel

Remuneration of key personnel is shown in Note G5.

Note G22 Companies included in these financial statements

Humana AB is the Parent Company of the Group, which includes subsidiaries and sub-subsidiaries as listed below. All companies are wholly owned apart from Sommarsol Holding AB, which is 50% 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%
Arjessa Oy, 2367998-4	11,211,785	Helsinki, Finland	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%
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%
Hallandshem AB, 556699-6129	1,000	Kungsbacka	100%
Hoitokoti Iltatähti Oy, 1012150-0	100	Vantaa, Finland	100%
Humana AS, 997915038	1,000	Tonsberg, Norway	100%
Humana Assistans AB, 556605-3996	100,000	Örebro	100%
Humana Danmark ApS, 39804778	500	Søborg, Denmark	100%
Humana Ekeliden AB, 556891-0508	50,000	Hässleholm	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 Group AB, 556697-0249	1,478,571	Stockholm	100%
Humana Group Holding AB, 556730-0453	1,428,570	Stockholm	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 i Sverige AB, 556754-3912	1,000	Sala	100%
Humana Omsorg AB, 556749-0007	1,000	Stockholm	100%
Humana Sociala Tjänster Sverige AB, 556658-1277	5,000	Stockholm	100%
Humlans HVB AB, 556641-8165	3,000	Ockelbo	100%
HVB Lappetorp AB, 556525-0247	1,020	Trosa	100%
Hyvintipalvelut Arjessa Oy, 2292973-4	240	Lohja, Finland	100%
Häggesta 10:1 AB, 556992-5638	100	Stockholm	100%
Innovativ Assistans i Stockholm AB, 556521-4573	1,000	Norberg	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%
Jokilaakson Perhekodit Oy, 1741579-8	20	Ylivieska, Finland	100%
JOWE AB, 556644-6281	100	Stockholm	100%
Kiinteistö Oy Namika, 2446601-6	1,000	Lahti, Finland	100%
Kilen Akut Behandlingshem AB, 556620-9549	1,000	Skövde	100%

Company name	Number of shares	Registered office	Share of equity %
KOA Helse og Omsorg AS, 991069550	300	Narvik, Norway	100%
KOA Psykisk Helse AS, 994627112	1 54	Narvik, Norway	100%
KOA Ungdomstiltak AS, 890821502	500	Narvik, Norway	100%
K-rehab AB, 556766-2720	6,000	Sandviken	100%
Kvaefjord Opplevelse og Avlastning AS, 888 031 812	9,492	Harstad, Norway	100%
Lastensuojeluyksikkö Leppälintu Oy, 2364613-8	1,000	Kauhajoki, Finland	100%
Lastensuojeluyksikkö Pihakoivu Ky, 1991926-0	-	Seinäjäki, Finland	100%
Lunna Gård AB, 556586-2371	1,000	Stockholm	100%
Luotsimaja Oy, 2036069-5	100	Pori, Finland	100%
Matiimi Oy, 0706096-2	100	Lempäälä, 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%
NSS Hoivahotellit Oy, 2348341-2	22,500	Varkaus, Finland	100%
Nuorisokoti Valokki Oy, 2284728-8	1,250	Kurikka, Finland	100%
Nuorisopsykiatrinen Asumiskoti Puro Oy, 1744507-3	240	Vähäkylä, Vaasa, Finland	100%
Nygårds Vård Gotland AB, 556417-0511	2,000	Gotland	100%
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%
Paavolankoti Oy, 1077276-8	100	Mänttä-Vilppula, Finland	100%
Palvelukoti Hilmarin Oy, 0955759-3	15	Keuruu, Finland	100%
Partnergruppen Svenska AB, 556177-0362	10,000	Stockholm	100%
Perhetalo Arjessa Oy, 2487220-9	1,000	Helsinki, Finland	100%
Pienkotii 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%
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%
Rengsjö Vårdcenter AB, 556383-1857	1,000	Stockholm	100%
Ryhmäkodit Arjessa Oy, 2284729-6	1,250	Seinäjäki, Finland	100%
Ryhmäkoti Raide Oy, 2032776-4	100	Tampere, Finland	100%
Sillanpää-koti Oy, 2216058-2	2,500	Seinäjäki, Finland	100%
Skellefteå Stöd och Behandling AB, 556861-3904	500	Skellefteå	100%
Sommarsol Fastigheter AB, 559144-1828	500	Stockholm	100%
Sommarsol Holding 2 AB, 559170-5412	50	Stockholm	100%
Sommarsol Holding AB, 559163-0875	25	Stockholm	50%
Storsjögårdens HVB AB, 556535-5780	1,000	Gävle	100%
StøtteCompagniet ApS, 31940109	126	Søborg, Denmark	100%
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%
Ungdomshemmet Hajstorp AB, 556618-0369	1,600	Töreboda	100%
Vassbo Behandlingshem AB, 556449-1602	1,000	Uddevalla	100%
Vidablick AB, 556679-3179	1,000	Helsingborg	100%
Wikmansgården AB, 556167-4275	1,000	Stockholm	100%
Västgöta Assistans AB, 556795-6593	1,000	Borås	100%

Note G23 Events after the reporting date

At the end of January 2019, Humana entered into an agreement to acquire all shares in the Finnish company Coronaria Hoiva Oy with its owner Coronaria Oy. The transaction is subject to approval by the Finnish competition authority and is expected to be completed during the first or second quarter of 2019. Coronaria Hoiva is valued (enterprise value) at EUR 71 million, approximately SEK 736 million. The company has about 1,100 employees and the adjusted revenue for 2018

is EUR 54 million, approximately SEK 559 million. Adjusted EBITDA is EUR 4.3 million, approximately SEK 45 million.

Humana has also signed an agreement for a new elderly housing unit under own management in Vallentuna. The unit is scheduled to open in the fourth quarter of 2020.

Notes Parent Company

Note P1 Parent Company's transactions with Group companies

Sales to Group companies amounted to 100 (100) percent in 2018. Purchases from Group companies amounted to 0 (0) percent in 2018.

Note P2 Information on auditors' fees and cost reimbursement

Auditors' fees	2018	2017
KPMG AB		
- audit services	1	2
Total	1	2

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

	31/12/2018	31/12/2017
Opening cost	1,625	1,623
Contribution	2	2
Closing accumulated cost	1,627	1,625

Company name	31/12/2018	31/12/2017
Humana Group Holding AB, 556730-0453	1,627	1,625

Note P4 Untaxed reserves

	31/12/2018	31/12/2017
Allocation reserve, tax year 2013	-	41
Allocation reserve, tax year 2014	53	53
Allocation reserve, tax year 2015	38	38
Allocation reserve, tax year 2016	20	20
Allocation reserve, tax year 2017	27	27
Allocation reserve, tax year 2018	36	-
Total	174	179

Note P5 Non-current liabilities

	31/12/2018	31/12/2017
Non-current liabilities due for payment 1-5 years after the reporting date:	1,231	1,296
Total	1,231	1,296

See Note G17 for loan terms and conditions and Note G19 for financial risk management.

Note P6 Accrued expenses and deferred income

	31/12/2018	31/12/2017
Accrued interest	2	2
Other items	3	3
Total	5	5

Note P7 Proposed distribution of profits

The following profits are available to the AGM

SEK	2018
Retained earnings	1,539,879,883
Profit for the year	83,538,657
Total	1,623,418,540
Distributed as follows:	
Dividend of SEK 0.70 per share (total 53,140,064 shares)	37,198,045
Carried forward	1,586,220,495
Total	1,623,418,540

The Board of Directors and the CEO confirm that the annual accounts have been prepared in accordance with generally accepted accounting standards in Sweden and that the consolidated accounts have been prepared in accordance with the international accounting standards referred to in European Parliament and Council Regulation (EC) no. 1606/2002 of 19 July 2002 on the application of international financial reporting standards. The annual accounts

and consolidated accounts provide a true and fair view of the financial position and financial performance of the Parent Company and the Group. The Board of Directors' Report for the Parent Company and the Group provides a true and fair overview of the development of the operations, financial position and financial performance of the Parent Company and Group, and describes material risks and uncertainties faced by the Parent Company and Group companies.

Stockholm, 3 April 2019

Rasmus Nerman
President and CEO

Per Båtelson
Chairman

Helen Fasth Gillstedt
Board member

Per Granath
Board member

Kirsi Komi
Board member

Monica Lingegård
Board member

Lloyd Perry
Board member

Ulrika Östlund
Board member

Our Audit Report was submitted on
3 April 2019
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 2018, except for the corporate governance statement on pages 54–67 and the sustainability report on pages 16–25. The annual accounts and consolidated accounts of the company are included on pages 16–25 and 40–97 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2018 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 2018 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 54–67 and sustainability report on pages 16–25. 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

Measurement of goodwill

See Note P2 General accounting policies including Accounting estimates and Note K10 Goodwill on page 78, 80 and 88 in the annual and consolidated accounts for detailed information and descriptions of the matter.

Description of key audit matter

The Group's goodwill amounted to SEK 3,168 million at 31 December 2018.

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.

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 1–39 and 101–104. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

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.

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.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Humana AB (publ) for the year 2018 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 the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess 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 54–67 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 16–25, 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 16 May 2018. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2008.

Stockholm 3 April 2019

KPMG AB

Helena Nilsson
Authorised Public Accountant

Reconciliation with IFRS financial statements

In the financial reports that Humana issues, there are alternative performance measures specified that complement the measurements defined or specified in the applicable financial reporting rules. Alternative performance measures are indicated when, in their context, they provide clearer or more detailed information than the measurements defined in the applicable financial reporting rules. The alternative performance measures are derived from the Company's consolidated financial statements and are not IFRS measures.

	Jan-Dec 2018	Jan-Dec 2017
Adjusted operating profit		
Operating profit	391	316
Capital loss on disposal of Hemtjänst	-	14
Capital gain on sale of property	-	-14
Adjusted operating profit	391	316
Adjusted EBITDA		
Operating profit	391	316
Depreciation/amortisation	70	60
Capital loss on disposal of Hemtjänst	-	14
Capital gain on sale of property	-	-14
Adjusted EBITDA	461	376
Organic revenue growth		
Revenue, base	6,333	5,647
Revenue, organic growth	218	-76
Total organic growth, constant exchange rate	3.4%	-1.3%
Operating cash flow, SEK million		
Operating profit	391	316
Depreciation/amortisation	70	60
Change in working capital	-18	-41
Investments in other non-current assets, net	-158	-151
Operating cash flow, SEK million	285	184

	31 Dec 2018	31 Dec 2017
Interest-bearing net debt, SEK million		
Non-current interest-bearing liabilities	1,259	1,345
Current interest-bearing liabilities	633	680
Cash and cash equivalents	-514	-584
Interest-bearing net debt	1,378	1,440
Adjusted EBITDA 12 months	461	376
Interest-bearing net debt/Adjusted EBITDA, 12 months, times	3.0	3.8
Return on capital employed, %		
TOTAL ASSETS	5,218	5,060
Deferred tax liabilities	-73	-73
Trade payables	-121	-93
Other current liabilities	-985	-979
Capital employed	4,039	3,915
Operating profit	391	316
Finance income	1	4
Total	392	320
Return on capital employed, %	9.7%	8.2%
Equity/assets ratio, %		
Total equity	2,147	1,891
TOTAL ASSETS	5,218	5,060
Equity/assets ratio, %	41.1%	37.4%

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.	Adjustment for non-recurring items is made to facilitate a fair comparison between two comparable periods and to show the underlying trend in operating activities excluding non-recurring items.
Operating cash flow	Operating profit including changes in depreciation/amortisation/impairment, working capital and investments in other assets (net).	The exclusion of cash flow from acquisitions and financing facilitates an analysis of cash flow generation in operating activities.
Organic growth	Growth for comparable companies in each segment that Humana owned during the previous comparative period.	The measure shows the underlying sales growth in comparable companies between the different periods.
Interest-bearing net debt	Borrowing excluding interest rate derivatives less cash and cash equivalents and interest-bearing assets.	Net debt is used as a simple way to illustrate and assess the Group's ability to meet financial commitments.
Interest-bearing net debt/EBITDA	Interest-bearing net debt divided by EBITDA.	Indicates consolidated debt in relation to EBITDA. This is used to illustrate the Group's ability to meet financial commitments.
Equity/assets ratio (%)	Equity including non-controlling interests divided by total assets multiplied by 100.	Indicates the proportion of assets that are financed with equity. The aim is to assess the Group's solvency in the long term.
Capital employed	Total assets less non-interest-bearing liabilities.	The measure indicates the portion of the company's assets financed by interest-bearing capital.

Other performance measures

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

Quarterly overview

SEK millions	2018					2017				
	Full year	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4
Operating revenue by segment										
Individual & Family	2,188	551	555	538	540	2,212	553	569	537	553
Personal Assistance	2,668	653	659	666	689	2,621	648	652	667	653
Elderly Care	457	108	108	112	129	521	154	148	128	92
Other Nordics	1,401	336	362	361	341	1,188	293	294	282	319
Other	11	0	11	0	1	14	-	14	-	-
Operating revenue	6,725	1,648	1,696	1,677	1,700	6,556	1,649	1,678	1,614	1,616
Operating profit by segment										
Individual & Family	196	48	40	72	37	191	37	40	70	44
Personal Assistance	151	35	25	51	41	160	36	29	49	46
Elderly Care	9	-1	1	6	4	-18	-2	-6	-1	-8
Other Nordics	122	18	28	40	37	62	13	16	26	7
Other	-88	-18	-16	-17	-36	-79	-18	-5	-33	-22
Operating profit	391	81	78	151	82	316	66	74	110	66
Operating margin by segment										
Individual & Family, %	9.0	8.7	7.1	13.3	6.8	8.6	6.7	7.1	13.0	7.9
Personal Assistance, %	5.7	5.3	3.8	7.6	5.9	6.1	5.6	4.4	7.4	7.0
Elderly Care, %	2.0	-1.2	0.8	5.0	2.9	-3.4	-1.6	-4.0	-1.1	-8.7
Other Nordics, %	8.7	5.3	7.8	11.0	10.7	5.2	4.4	5.4	9.3	2.2
Operating margin, %	5.8	4.9	4.6	9.0	4.8	4.8	4.0	4.4	6.8	4.1

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	2018	2017	2016	2015	2014
Net revenue, SEK million ¹⁾	6,725	6,556	6,362	5,593	5,065
Growth, %	2.6	3.1	13.7	10.4	45.2
Organic growth, constant exchange rate, %	3.4	-1.3	1.1	0.8	7.9
Acquisitive growth (including acquisitions), %	-1.6	5.0	12.4	9.6	37.2
EBITDA, SEK million	461	376	379	394	339
EBITDA margin, %	6.9	5.7	6.0	7.0	6.7
Adjusted EBITDA, SEK million	461	376	419	386	367
Adjusted EBITDA margin, %	6.9	5.7	6.6	6.9	7.2
Operating profit (EBIT), SEK million ¹⁾	391	316	329	312	307
Operating margin, %	5.8	4.8	5.2	5.6	6.1
Adjusted operating profit, SEK million	391	316	369	340	335
Adjusted operating margin, %	5.8	4.8	5.8	6.1	6.6
Profit for the year, SEK million ¹⁾	245	194	170	114	115
Change in working capital, SEK million	-18	-41	-372	38	18
Acquisition of intangible assets and property, plant and equipment, SEK million ¹⁾	-158	-151	-143	-46	-46
Operating cash flow, SEK million	285	184	-134	389	310
Cash flow generation, %	61.8	48.9	-35.3	98.7	91.4
Equity ¹⁾	2,147	1,891	1,726	1,093	986
Interest-bearing net debt, SEK million	1,378	1,440	1,628	1,174	1,484
Interest-bearing net debt/EBITDA, 12 months, times	3.0	3.8	4.3	3.0	4.4
Interest-bearing net debt/adjusted EBITDA, 12 months, times	3.0	3.8	3.9	3.0	4.0
Equity/assets ratio, %	41.1	37.4	34.8	28.5	27.0
Return on capital employed, 12 months, %	9.7	8.2	8.9	11.3	11.4
Average number of customers	7,466	8,316	8,361	7,262	7,324
Average number of full-time employees ¹⁾	9,782	10,003	9,912	9,154	8,619
Full-time employees at end of year	9,729	9,503	10,091	9,231	8,773
Per-share data	2018	2017	2016	2015	2014
Remeasured earnings per share ²⁾	4.62	3.64	2.87	0.61	0.84
Remeasured equity per share, SEK ²⁾	40.08	35.58	32.48	23.82	21.50

¹⁾Information derived from Humana's audited consolidated accounts.

²⁾2014 restated for the number of shares (45,882,000) relating to the split (45:1) registered with the Swedish Companies Registration Office on 7 March 2016.



Satisfied employees and customers, high quality and high capacity utilisation. Humana strives to deliver all this, every day.





Humana

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