



# DEDICARE

## Year End Report

1 January – 31 December 2019

## *"Strong growth of the Norwegian operations does not compensate for decline in Swedish operations"*

### PERIOD 1 OCTOBER – 31 DECEMBER

- Operating revenue SEK 185.1 million (193.4)
- Operating profit SEK 5.9 million (8.2)
- Operating margin SEK 3.2 percent (4.3)
- Profit after financial items SEK 5.7 million (8.0)
- Profit for the period SEK 4.5 million (5.6)
- Cash flow from current operations SEK 32.3 million (12.9)
- Cash flow from current operations per share SEK 3.57 (1.42)
- Earnings per share SEK 0.49 (0.62)
- Equity per share SEK 10.28 (11.30)
- Return on equity SEK 4.9 (5.6)

### PERIOD 1 JANUARY – 31 DECEMBER

- Operating revenue SEK 776.0 million (812.0)
- Operating profit SEK 35.3 million (50.2)
- Operating margin 4.5 percent (6.2)
- Profit after financial items SEK 34.4 million (49.7)
- Profit for the period SEK 26.4 million (38.2)
- Cash flow from current operations SEK 47.0 million (18.6)
- Cash flow from current operations per share 5.19 (2.05)
- Earnings per share SEK 2.92 (4.22)
- Equity per share SEK 10.28 (11.30)
- Return on equity SEK 27.9 (36.6)

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## GROUP CEO KRISTER WIDSTRÖM'S COMMENTS

**The Group's revenue during the fourth quarter amounted to SEK 185.1 million, which is a decrease by 4.3 percent compared to the same period in 2018. The operating revenue amounted to SEK 5.9 million compared to SEK 8.2 million in 2018. The operating margin deteriorated and amounted to 3.2 percent (4.3).**

The lower revenue and decrease in profit compared to last year is attributed to the Swedish operations. This is the same trend we have seen during the year, caused partly by increased salaries and fees to our consultants and partly by the decrease in the market for staffing of social workers. Dedicare has in previous interim reports informed about pressure on operating margins. Our assessment is that the health care staffing industry as a whole has experienced a decrease in profitability. During the fourth quarter a hiring- and recruiting freeze was initiated in the Region Stockholm, which has had a negative impact on the operations.

The operations in Norway is developing well, with growth in both revenue and operating profits. The revenue increased in all business areas and Dedicare continues to win market shares in a

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market with limited growth. The new agreement for nurses, the Sykehusinnkjøp Agreement (previously Hinas), which took effect 1 October 2019 has brought a positive effect with high levels in delivering both nurses and specialist nurses.

Dedicare in Norway was in November nominated to "This year's Service- and Trading Company" by The Confederation of Norwegian Enterprise (NHO)\*. Dedicare was one of fourteen nominated companies with the motivation;

*"Dedicare is a big actor in Norway and the Nordic countries in staffing of health care personell. Dedicare has grown with 20% in a falling market and does at the same time show a high employee satisfaction. Dedicare also has invested in innovative IT-systems, compliance and ethics."*

Unfortunately, our new markets have not grown in the pace we were planning for. Finland and Denmark have generated SEK 0.1 million in revenue and reduced profit for the Group by SEK 0.8 million. Finland has primarily focused on recruiting and supplying nurses to Norway and Sweden. The Danish business has developed well until October 2019, when a hiring freeze was imposed for nurses on Zealand (Sjælland), which was Dedicare's main market. During this period, we have redirected the business and have focused on other regions in Denmark.

During the first Quarter 2020 we have signed a letter of intent (LOI) on the acquisition of the Danish health care staffing company KonZenta Aps that provides health care staff to the Scandinavian health care industry, with focus on specialists. Final negotiations have been initiated and are estimated to be completed during the first Quarter. An acquisition of KonZenta is in line with our strategy and we believe the acquisition would contribute to our current business. It will further strengthen our position in the Nordics, but far most our position in Denmark, where we established business last year.

We are proud to have contributed to Doctors without borders and Icare's operations. The later organization help people in Nepal to regain their eye sight, and during this year 100 people have regained their vision thanks to contributions from Dedicare.

## FINANCIAL INFORMATION

### OCTOBER - DECEMBER 2019

#### Revenue

The Group's revenue for the period decreased by 4.3 percent to SEK 185.1 million (193.4). In Sweden the revenue for the period decreased by 21.0 percent to SEK 104.0 million (131.6). During the fourth quarter the Swedish operations had a decreased revenue in all business areas. In Norway the revenue increased for the period by 30.9 percent to SEK 81.0 million (61.9). The revenue in Norway increased in all business areas.

#### Profit

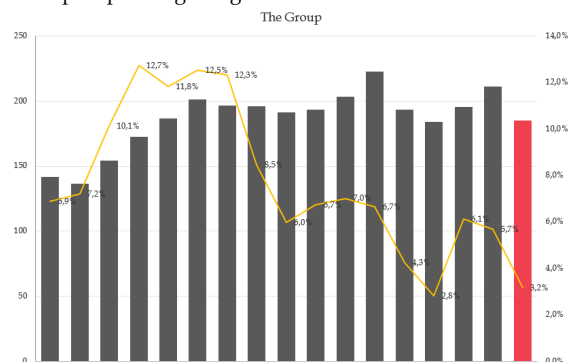
The Group's operating profit for the period amounted to SEK 5.9 million (8.2) with an operating margin of 3.2 percent (4.3). The deteriorated margin is mostly attributed to the Swedish operations. During this period the operations in Denmark and Finland were temporarily reduced somewhat to lower the expends of the establishment.

Staffing Sweden's operating profit for the period decreased to SEK -2.0 million (3.6). The decrease in profit mainly depends on decreased revenue in the market for staffing of social workers and pressed margins in business, but also by the staffing freeze that was imposed in the Stockholm Region during the fourth quarter. Norway's operating profit for the period increased to SEK 8.7 million (4.5). The improved profit is primarily due to the continuation of growth and increased margins in business.

The period's profit amounted to SEK 4.5 million (5.6).

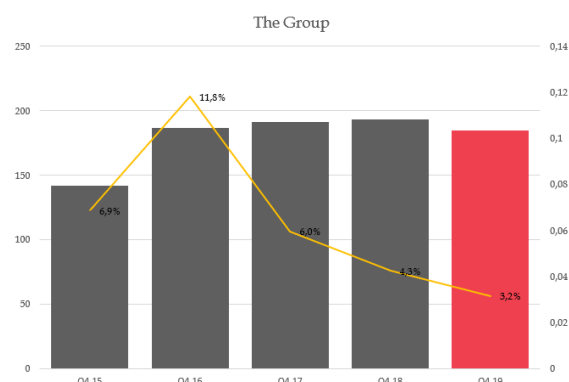
#### Revenue and operating margin per quarter 2015-2019

The bars show the Group's revenue and the line shows the Group's operating margin.



#### Revenue and operating margin for the fourth quarter 2015-2019

The bars show the Group's revenue and the line shows the Group's operating margin.



## JANUARY - DECEMBER 2019

#### Revenue

The Group's revenue for the period decreased by 4.4 percent to SEK 776.0 million (812.0). The Norwegian business are still responsible for the growth. In Sweden the revenue decreased by 16.9 percent to SEK 459.4 million (552.9). The revenue decreased primarily within staffing of social workers. Norway increased its revenue for the period by 21.5 percent to SEK 314.9 million (259.2).

#### Profit

The Group's operating profit for the period amounted to SEK 35.3 million (50.2) with an operating margin of 4.5 percent (6.2). The deteriorated operating margin depends partly on decreased revenue together with increased salaries and pressed prices in customer agreements.

Staffing Sweden's operating profit for the period decreased to SEK 5.75 million (27.9). The lower profit depends mainly on decreased revenue and increased salaries. Staffing Norway's operating profit increased for the period to SEK 33.1 million (22.3) mainly thanks to growth, increased effectivity and increased price levels.

## FINANCIAL POSITION AND LIQUIDITY

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## Liquidity

The Group's liquidity per 31 December amounted to SEK 62.7 million (58.2).

The company has an overdraft facility of SEK 20.0 million (20.0), which had not been used at the end of this period (0). The bank overdraft facilities have been terminated after the balance sheet date.

## Equity

The equity at the end of the period amounted to SEK 93.1 million (102.4), which is the equivalent of 10.28 SEK (11.30) per outstanding share for the period January – December. The decrease in equity depends on a deteriorated profit compared to the same period in the previous year.

## Solidity

The Solidity per 31 December amounted to 38.9 percent (47.4). The reason for the lower solidity is a decrease in operating profit and also an increased balance sheet total as a result of the transition to IFRS 16 Leasing. The transition to IFRS 16 Leasing has increased the balance sheet with SEK 14.6 million.

## CASH FLOW

### Cash flow from operating activities

Cash flow from operating activities for the period January - December amounted to SEK 47.0 million (18.6). The increase is mainly due to an increase in the Group's current liabilities.

### Investments

The Group's investments in intangible and tangible fixed assets for the period January – December amounted to SEK 1.7 million (4.6). Intangible assets primarily refer to investments in a new ERP.

## EVENTS DURING THE PERIOD

During the second quarter Dedicare signed a new agreement with all hospitals in Norway, which is valid for four years. Dedicare has during the last four years been Norway's biggest supplier of health care consultants to the Norwegian hospitals.

During the second quarter we launched a new website, which means that we now have a Nordic totality with four websites. On all websites, consultants can view all vacancies throughout the Nordic region. A big step to consolidate our position as the Nordic region's

leading staffing company in health and social work.

At the Annual General Meeting the 25 April Eva-Britt Gustafsson was elected as new member of Dedicare's board. Resigning board members were Kristian Faeste and Anna-Stina Nordmark Nilsson.

Johanna Eriksson assumed the position as new CFO on 1 September. Jenny Pizzignacco withdrew at the same time as interim CFO, but remains in her roll as business manager for the Group.

As a step towards our overall vision to become one of the leading staffing agencies in health care and social work, Dedicare has during the second quarter established in Denmark. The office is located in Copenhagen and will initially focus on staffing of nurses in Denmark.

During the period a decision was made to close down the office in Umeå. Dedicare will continue to be present and deliver services in the region of Norrland.

The 25 October 2018 the Swedish Tax Agency announced its standpoint that staffing services in health care should be subject to VAT. The new VAT regulation will enter into force 1 July 2019. The new VAT management will have an effect on our private customers who do not have the right to deduct VAT. During the quarter agreements were made with several large private customers for a brokerage model as an alternative to staffing. The regions (formerly the County Councils) have a right to deduct VAT and will not be affected. Dedicare believes that the effect of the new rules on the results will be relatively small, since most of our business comes from the public sector.

## EVENTS AFTER THE PERIOD

Lena Anderberg was hired as business manager for staffing of doctors in Sweden. She will start her employment during February 2020.

During an extra Annual General Meeting on the 23 January, Madeleine Malmqvist Raukas was elected as new member of Dedicare's board.

During an extraordinary general meeting on the 23 January a decision to give authorization for the board to, at one or several occasions

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until the next AGM, with or without preferential rights for shareholders, decide on a new issue of Series B shares. More information is available at Dedicare's website.

Dedicare has during the first Quarter 2020 signed a letter of intent on the acquisition of KonZenta Aps. KonZenta provides health care staff to the Scandinavian health care industry, with focus on specialists. Final negotiations have been initiated and are estimated to be completed during the first Quarter. More information is available on the company website.

## OTHER INFORMATION

### EMPLOYEES

The average number of employees, calculated as full-time equivalents, for the period January – December amounted to 629 persons (658). In this number our sub-consultants are included, which for the period January - December amounted to 101 (99) persons.

### MARKET TRENDS

According to recently published statistics from The Swedish Association of Local Authorities and Regions (SALAR) the hiring of health care personell to the regions increased by 3.7 percent during the first half of 2019 compared to the first half of 2018. The hiring of nurses grew by 17 percent and the hiring of doctors decreased by 2 percent. Dedicare had a slightly stronger growth than the market in terms of delivering health care personell to the regions during the first half of 2019.

According to our assessment the market for staffing of social workers decreased during the first half of 2019 compared to the first half of 2018. However, Dedicare still retains its market share.

According to recently published statistics from The Confederation of Norwegian Enterprise (NHO) the hiring of health care personell in Norway increased by 0.8% during the first half of 2019 compared to the first half of 2018. Dedicare had a stronger growth than the market in terms of delivering health care personell during the first half of 2019.

Statistics of the market trends of the second part of the year will be published during the first quarter of 2020.

### SHARE-BASED INCENTIVE PROGRAMME

Dedicare has no ongoing share-based incentive programme.

### RISKS AND UNCERTAINTIES

The risks that are described below are mainly the same that were described in the Annual Report for 2018 page 19.

#### Political decisions

The markets where Dedicare currently operates are Sweden, Norway, Finland and Denmark. In these countries, health care operations are predominantly publicly financed. Conditions for conducting health care can change quickly. In the long term, self-financed health care and the private market will grow, reducing this political risk in the future.

#### Dependency on customers

Dedicare has a small number of customers who together account for a high proportion of the company's total sales. The biggest customer in Sweden is Region Stockholm, which accounted for approximately 26.4 percent (14.0) of Dedicare Sweden's revenue for the period January – December 2019. Regions and municipalities often procure staffing services for all their operations in one joint tender procedure. This is also true for the public sector in Norway, where the biggest customer is Helse Sør Øst, accounting for approximately 13.9 percent (23.0) of Dedicare Norway's total revenue for the period January - December 2019. These public tenders are strictly regulated by law. Normally a certain number of priority suppliers are selected and ranked, with framework agreements being signed. These agreements are normally for a period of two years, with the option of extending for a maximum of two additional years. If Dedicare does not win tenders with major individual customers or falls down the priority ranking, it can have a major negative impact on Group sales and profitability, at least temporarily.

#### Dependency on agreements



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Most of Dedicare's customers are publicly financed and are therefore covered by the Swedish Public Procurement Act (LOU). This act stipulates the way that tenders are conducted and states that the bigger ones must be published throughout the EU. Public customers in Sweden, Norway, Finland and Denmark normally sign framework agreements with 3-10 suppliers for contracts lasting 2-4 years. This means that there is a risk of being excluded from important markets for a long period of time if a company does not win a procurement. Dedicare continually works on ensuring that the Group has the competence and staff required to maintain the high level of quality in the Group's tenders.

## **Contractual penalties**

The framework agreements with customers in the public sector in Sweden, Norway, Finland and Denmark normally require Dedicare to pay a penalty and in some instances additional costs incurred by a client if Dedicare cannot fulfil an agreement. If Dedicare is not able to fulfil the assignments that the company has undertaken for any reason, there is a risk that the customers will exercise their right to financial compensation or to terminate a contract early.

## **Dependency on people**

As with all service companies, Dedicare is dependent on the employees in its operations. To reduce the dependency on key people, the company's concept and working methodology have been documented in the company's internal quality system. The company's management system is certified in accordance with ISO 9001:2008 and ISO 14001:2004.

## **Liability risks**

Dedicare's staffing assignments involve providing its customers with the competence they request. As a result, Dedicare does not have patient liability or supervisor liability. Hiring takes place in the customer's premises, minimising Dedicare's liability risk. To cover the remaining risks, the Group has adequate insurance cover, adapted to Dedicare's general terms and conditions.

## **Medical errors and criticism**

There is always a risk of making errors and mistakes when providing health care. If healthcare staff supplied by Dedicare commit a

serious error, this could have a negative impact on the company's reputation. This in turn can have a negative impact on the company's operations, sales and profitability.

Other risks and risk management are described in Dedicare's 2018 Annual Report page 19.

## **TRANSACTIONS WITH RELATED COMPANIES**

There were no significant transactions with related parties during the period January - December.

## **ABOUT DEDICARE**

Dedicare is an authorised staffing company that provides doctors, nurses and social workers, and also other personnel in health care and social work. The company is listed on Nasdaq Stockholm and operates in Sweden, Norway, Finland and Denmark. Dedicare has three offices in Sweden (Stockholm, Gothenburg and Örebro), as well as two offices in Norway (Trondheim and Oslo), one office in Finland (Helsinki) and one in Denmark (Copenhagen).

Dedicare is a member of the Swedish Almega Staffing Agencies (Almega Kompetensföretagen) and the Association of Private Care Providers (Vårdföretagarna), so therefore has collective agreements. In Norway Dedicare is a member in The Confederation of Norwegian Enterprise (Næringslivets Hovedorganisasjon). In Denmark Dedicare is a member of Danish Business (Dansk Erhverv) and Staffing agencies' trade association (Vikarbureauernes brancheforening).

The company is quality certified in accordance with ISO 9001:2008 and its environmental work is certified in accordance with ISO 14001:2015.

## **FINANCIAL GOALS:**

### **Growth**

Dedicare strives to grow more quickly than the market in which the company operates. This ambition will be achieved primarily through organic growth. This growth can partly be achieved through acquisitions. Dedicare is also expected to grow by establishing itself on new

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markets in Europe, which will mainly be achieved through acquisitions.

## Operating margin

Dedicare has a target of achieving an operating margin over a business cycle of more than 7.0 percent.

2019 the operating margin amounted to 4.5 percent.

## Solidity

Dedicare should have a strong capital base and its operations should mostly be financed through equity. The capital requirement is

limited due to the nature of the company's operations. Against this background, Dedicare intends to have a solidity level of at least 30 percent.

As of 31 December 2019 the solidity amounted to 38.9 percent.

## Dividend policy

Dedicare's target is for its dividend to amount to at least 50 percent of the net profit over a business cycle.

In May 2019 the dividend was amounted to SEK 4.0 per share, corresponding to SEK 36.2 million. The dividend's amount was 95% of the net profit for 2018.

## SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Operating revenue	185,1	193,4	776,0	812,0
Employee benefit expenses	-113,4	-120,3	-477,6	-505,0
Purchased services	-48,4	-46,9	-194,4	-190,7
Other operating expenses*	-15,6	-17,7	-62,2	-64,9
Depreciation of fixed assets*	-1,7	-0,4	-6,4	-1,2
Operating profit	5,9	8,2	35,3	50,2
Financial items*	-0,2	-0,2	-0,9	-0,5
Profit after financial items	5,7	8,0	34,4	49,7
Income taxes	-1,3	-2,4	-7,9	-11,5
Profit for the period*	4,5	5,6	26,4	38,2
Of which attributable to:				
Parent Company's shareholders	4,5	5,6	26,4	38,2
Other comprehensive income				
Items that may be classified to profit				
Currency differences	-0,9	-0,6	0,5	0,0
Total comprehensive income for the period	3,6	5,0	26,9	38,2
Of which attributable to:				
Parent Company's shareholders	3,6	5,0	26,9	38,2
Earnings per share, SEK	0,49	0,62	2,92	4,22

\*The transition to IFRS 16 has affected other operating expenses positively with SEK 5.2 million, depreciations negatively with SEK 4.9 million, financial items negatively with SEK 0.5 million and profit for the period negatively with SEK 0.17 million.



## SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million	2019-12-31	2018-12-31
<b>Assets</b>		
Goodwill	7,3	6,2
Other intangible assets	2,9	1,8
Other fixed assets	2,6	3,5
Right-of-use asset*	14,4	0,0
Deferred tax assets	0,0	0,0
Other financial assets	4,3	4,3
Current receivables	145,0	141,8
Cash and cash equivalents	62,7	58,2
<b>Total assets</b>	<b>239,2</b>	<b>215,8</b>
<b>Equity and liabilities</b>		
Equity	93,1	102,4
Long-term leasing debt**	10,2	-
Untaxed reserves	10,7	10,9
Current tax debt	7,5	5,5
Current liabilities***	117,7	97,0
<b>Total equity and liabilities</b>	<b>239,2</b>	<b>215,8</b>

\* Leasing assets according to IFRS 16, which is applied from 1 January 2019

\*\* The long-term part of the leasing debt according to IFRS 16, which is applied from 1 January 2019

\*\*\* The current part of the leasing debt according to IFRS 16, which is applied from 1 January 2019, SEK 4.8 million in total.

## SUMMARY CONSOLIDATED CHANGE IN EQUITY

SEK million	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
<b>Equity at beginning of period</b>	<b>89,6</b>	<b>97,5</b>	<b>102,4</b>	<b>109,5</b>
Profit for the period	4,5	5,6	26,4	38,2
<b>Other comprehensive income</b>				
<i>Items that may be reclassified to profit</i>				
Currency differences	-0,9	-0,7	0,5	
<b>Transactions with shareholders</b>				
Dividend			-36,2	-45,3
<b>Equity at the end of the period, attributable to the parent company's shareholders</b>	<b>93,1</b>	<b>102,4</b>	<b>93,1</b>	<b>102,4</b>

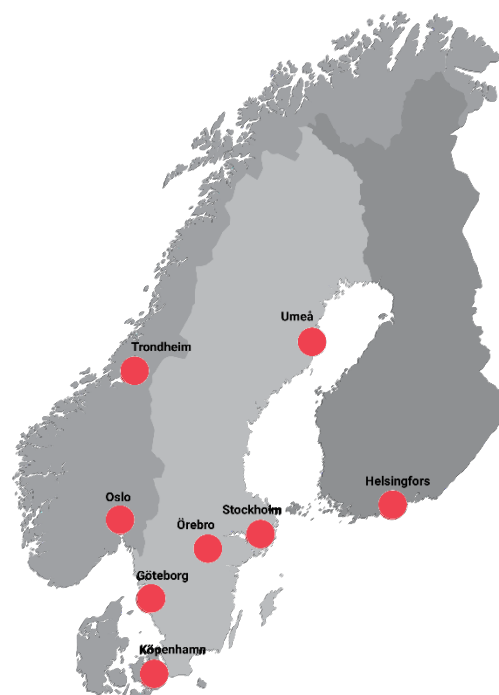
## SUMMARY CONSOLIDATED CASH FLOW STATEMENT

SEK million	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
<b>Operating activities</b>				
	3,5	9,4	24,7	36,8
Cash flow from operating activities before changes in working capital				
Changes in working capital	28,8	3,5	22,2	-18,2
<b>Cash flow from operating activities</b>	<b>32,3</b>	<b>12,9</b>	<b>47,0</b>	<b>18,6</b>
<b>Investing activities</b>				
Acquisition of property, plant and equipment	-0,3	-1,1	-1,7	-4,6
<b>Cash flow from investing activities</b>	<b>-0,3</b>	<b>-1,1</b>	<b>-1,7</b>	<b>-4,6</b>
<b>Financing activities</b>				
Warrants paid	-1,2	-	-4,9	-
Guaranteed deposits and securities	-	-	-	-4,3
Dividend paid	0,0	-	-36,2	-45,3
<b>Cash flow from financing activities</b>	<b>-1,2</b>	<b>0,0</b>	<b>-41,1</b>	<b>-49,6</b>
<b>Cash flow for the period</b>	<b>30,8</b>	<b>11,8</b>	<b>4,1</b>	<b>-35,6</b>
Cash and cash equivalents at beginning of period	32,3	46,8	58,2	93,7
Currency differences in cash and cash equivalents	-0,4	-0,4	0,4	0,1
<b>Cash and cash equivalents at end of period</b>	<b>62,7</b>	<b>58,2</b>	<b>62,7</b>	<b>58,2</b>

## SEGMENT OVERVIEW

Dedicare follows up its operations by dividing them into the business segments Staffing Sweden, Staffing Norway and Staffing New Markets (Finland and Denmark). Staffing includes the following professional categories: health care, social work and education.

Dedicare's segments are reported in the way that best reflects the internal reporting that is reported and followed up by the Group's CEO. The accounting principles that are applied to this segment reporting reflect the principles applied by the Group.



## SWEDEN

SEK million	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Operating revenue	104,0	131,6	459,4	552,9
Operating profit	-2,0	3,6	5,75	27,9
Financial items	27,8	24,8	23,54	15,4
Profit after financial items	25,9	28,3	29,3	43,2
Profit margin, %	-1,9%	3%	1,3%	5,0%
Average number of employees	285	364	322	395
Revenue per employee, SEK thousand	365	361	1 429	1 400

## NORWAY

SEK million	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Operating revenue	81,0	61,9	314,9	259,2
Operating profit	8,7	4,5	33,1	22,3
Financial items	-28,0	-22,7	-24,5	-15,8
Profit after financial items	-19,4	-18,3	8,6	6,5
Profit margin, %	10,7%	7,2%	10,5%	8,6%
Average number of employees	285	237	286	245
Revenue per employee, SEK thousand	284	261	1 103	1 058

## NEW MARKETS

SEK million	Oct-Dec 2019	Jan-Dec 2019
Operating revenue	0,1	1,6
Operating profit	-0,8	-3,5
Financial items	0,0	0,0
<b>Profit after financial items</b>	<b>-0,8</b>	<b>-3,5</b>
Profit margin, %	-1282,3%	-218,4%
Average number of employees	3	4
Revenue per employee, SEK thousand	21	422

In New Markets Finland (established 2018) and Denmark (established 2019) are included.

## PERFORMANCE MEASURES

	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Operating margin, %	3,2%	4,3%	4,5%	6,2%
Profit margin, %	3,1%	4,2%	4,4%	6,1%
Equity/assets ratio, %	38,9%	47,4%	38,9%	47,4%
Equity per share, SEK	10,28	11,30	10,28	11,30
Cash flow from current operations per share	3,57	1,42	5,19	2,05
Number of annual employees, av	590	620	629	658
Revenue per employee, SEK thousand	313	312	1234	1235
Profit per share - basic, SEK	0,49	0,62	2,92	4,22
Share price at end of period	40,9	51,0	40,9	51,0
Average number of shares	9 055 406	9 055 406	9 055 406	9 055 406
Number of outstanding shares	9 055 406	9 055 406	9 055 406	9 055 406

\* The number of employees includes our sub-consultants that have chosen to invoice us and are therefore not employed by Dedicare. During the period January- December these amounted to 101 (99) persons

## ALTERNATIVE PERFORMANCE MEASURES

Dedicare uses Alternative Performance Measures (APM). From 3 July 2016 new guidelines were introduced in the EU for alternative performance measures, which Dedicare applies. Dedicare's alternative performance measures are calculated for the financial reports that are prepared in accordance with the applicable rules for financial reporting. The performance measures that are presented below are not in accordance with IFRS but are intended to make it easier for stakeholders to analyse results and the financial structure.

## RETURN ON EQUITY

	Oct-Dec 2019	Oct-Dec 2018	Oct-Dec △	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec △
Profit for the period	4,5	5,6	-1,1	26,4	38,2	-11,8
Average equity	91,3	99,8	-8,5	94,8	104,3	-9,5
Return on equity	4,9%	5,6%	-0,7%	27,9%	36,6%	-8,7%

## RETURN ON TOTAL CAPITAL

	Oct-Dec 2019	Oct-Dec 2018	Oct-Dec △	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec △
Profit after financial items*	5,7	8,1	-2,4	34,4	50,0	-15,6
Average total capital	237,4	216,0	21,4	232,3	222,0	10,3
Return on total capital	2,4%	3,8%	-1,3%	14,8%	22,5%	-7,7%

\*For definitions, see page 15.



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## THE PARENT COMPANY

Overall Group management, financial management and IT management are carried out in the Parent Company. The Parent Company has a commissioner agreement with a Swedish subsidiary, which means that the results of the subsidiary's operations are recognized in the Parent Company. The revenue for the period January – December amounted to SEK 457.8 million (548.2) and the profit after financial items amounted to SEK 25.3 million (41.7).

## PARENT COMPANY'S SUMMARY STATEMENT OF COMPREHENSIVE INCOME

SEK million	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
<b>Operating revenue</b>	103,0	131,6	457,7	548,2
Employee benefit expenses	-53,6	-74,4	-250,0	-311,3
Purchased services	-45,2	-44,4	-174,6	-178,5
Other operating expenses	-6,7	-8,4	-28,3	-29,9
Depreciation of fixed assets	-0,4	-0,3	-1,3	-1,0
<b>Operating profit</b>	-2,9	4,1	3,5	27,5
Profit from participations in Group companies	24,9	17,4	24,9	17,4
Other financial items	1,7	6,2	-3,1	-3,2
<b>Profit after financial items</b>	23,8	27,7	25,3	41,7
Appropriations	0,8	-4,6	0,8	-4,6
Income taxes	-0,2	-1,5	-0,5	-4,6
<b>Profit for the period</b>	24,4	21,6	25,6	32,6
<b>Other comprehensive income</b>				
<i>Items that may be classified to the profit</i>				
Currency differences	0,0	0,0	-0,1	0,0
<b>Total comprehensive income for the period</b>	24,4	21,6	25,5	32,6

## PARENT COMPANY'S SUMMARY BALANCE SHEET

SEK million	2019-12-31	2018-12-31
<b>Assets</b>		
Shares in subsidiaries	21,6	21,0
Other fixed assets	5,0	4,7
Deferred tax assets	0,0	0,0
Other financial assets	4,3	4,3
Current receivables	89,2	95,3
Cash and cash equivalents	54,9	51,9
<b>Total assets</b>	175,2	177,2
<b>Equity and liabilities</b>		
Equity	41,5	52,2
Untaxed reserves	48,7	49,6
Current liabilities	84,8	75,4
<b>Total equity and liabilities</b>	175,2	177,2

## PARENT COMPANY'S SUMMARY CHANGE IN EQUITY

SEK million	Jan-Dec 2019	Jan-Dec 2018
Equity at beginning of period	52,2	64,9
Profit for the period	25,6	32,6
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit</i>		
Currency differences	-0,1	0,0
<b>Transactions with owners</b>		
Dividend	-36,2	-45,3
<b>Equity at end of period</b>	<b>41,5</b>	<b>52,2</b>

## ACCOUNTING PRINCIPLES

The consolidated accounts for Dedicare have been prepared in accordance with the International Financial Reporting Standards (IFRS).

This year end report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting, and for the Parent Company in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's RFR 2 Accounting for Legal Entities.

The accounting principles and calculation methods applied for the Group and the Parent Company are the same as the accounting principles and calculation methods used when preparing the most recent Annual Report, except for IFRS 16.

The Group applies IFRS 16 Lease contracts since 1 January 2019. IFRS 16 introduces a "right of use model" and implies for the lessee that substantially all leases are to be reported in the balance sheet as right-of-use assets and lease liability. Depreciation of the asset and interest expenses on the liability are reported in the income statement. The Group has chosen to apply the exemption from accounting in the balance sheet for leasing agreements with a lease term of 12 months or less and leasing agreements for which the underlying asset has a low value. The Group

has chosen to apply the partial retroactive method at the transition, which implies that the accumulated effect of the initial application of IFRS 16 is reported as an adjustment of opening retained earnings. Comparative information is not recalculated. The effect on the balance sheet date as of January 1, 2019 is that a right-of-use asset and a leasing debt are reported at SEK 19.4 million.

The marginal loan rate used is 3%.

*Reconciliation between the balance sheet items in accordance with IAS17 and IFRS16*

	Reported value (IAS 17) 2019-01-01	Effect of IFRS 16- transition	Reported value (IAS 17) 2018-12-31
Right-of-use assets	19,4	19,4	0,0
<b>Total right-of-use assets</b>	<b>19,4</b>		<b>0,0</b>

<b>Future commitments as of 2018-12-31</b>	<b>19,5</b>
Discounted with implicit interest rate	-1,2
Deducted, current lease agreement	-1,0
Additional, extension periods	2,0
<b>Future commitments as of 2019-01-01</b>	<b>19,4</b>

## DEFINITIONS

### **Profit after financial items**

Operating profit including financial revenue, deducting financial expenses.

### **Revenue per employee**

Operating revenue divided by the average number of employees. The average number of employees is calculated by taking the total number of hours worked during the period, divided by the standard working hours for a full-time employee. The number of employees includes our sub-consultants.

### **Number of employees, average**

The total number of hours worked during the period, divided by the standard working hours for a full-time employee. The number of employees includes our sub-consultants.

### **Return on equity**

Profit for the period divided by average equity.

### **Return on capital employed**

Profit after financial items plus financial costs divided by the average capital employed.

### **Profit per share – basic**

The profit for the period divided by the average number of shares.

### **Operating margin**

Operating profit as a percentage of operating revenue.

### **Solidity**

Equity including minority interests as a percentage of total capital.

### **Profit margin**

Profit after financial items as a percentage of operating revenue.

# DEDICARE

The board of Dedicare have proposed a dividend of SEK 2.60 per share (4.00), corresponding to SEK 23.5 million (36.2). The distribution policy of the group is that the yearly dividend shall amount at least 50 percent of the net profit during a Business cycle. Proposed dividend corresponds to 89 percent of the yearly net profit, and is justified by the strong financial position of the group, and a trust in the group's future development. Dedicare's solidity amounts after proposed dividend to SEK 32.3 percent, which exceeds the company's long-term goal of 30 percent.

## CALENDAR FOR FINANCIAL INFORMATION

23 April 2020	Annual General Meeting 2019 (The Annual Report is estimated to be available at the website by 2 April.)
23 April 2020	Interim report Jan-Mar 2020
15 July 2020	Interim report Apr-Jun 2020
23 October 2020	Interim report Jul-Sep 2020
9 February 2021	Year-end report 2020

Stockholm 7 February 2020

Krister Widström  
Group President and CEO

The report has been signed by the Group President and CEO after authorization from the Board.

## Audit

This report has not been audited by the company's auditors, Grant Thornton Sweden AB.

## For more information, please contact:

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