

ANNUAL REPORT
FOR THE FINANCIAL YEAR

2019



Brado AB
FRÖSUNDA OMSORG

Annual Report for the financial year 1 January 2019 – 31 December 2019

The Board of Directors and the CEO of Brado AB hereby submit the following annual report.

Contents	Page
Brado and Frösunda in brief	3
CEO comments	4
This is Brado	7
Corporate Governance Report for Brado AB	12
Directors' report	15
Group	
Statement of comprehensive income	19
Statement of financial position	20
Statement of change in equity	21
Cash flow statement	22
Parent Company	
Income statement	23
Balance sheet	24
Statement of changes in equity	25
Cash flow analysis	26
Further disclosures with accounting policies and supplementary information	27

All amounts are given in TSEK, unless otherwise stated.

Brado AB

Brado was established in October 2017 and is controlled via companies owned by Kristian Adolfsen and Roger Adolfsen. The company acquired 100 percent of the shares in Frösunda Holdco AB with its subsidiaries on 6 March 2018. Frösunda Holdco AB with subsidiaries was consolidated as of the same date. Operations are conducted within four business segments:

- Personal Assistance
- Disability
- Individual & Family
- Elderly Care

All activities in all the business segments are pursued under the name Frösunda Omsorg.

The Adolfsen brothers have over 20 years' experience within the social care sector, and Frösunda Omsorg's motivation is for people needing support and assistance to lead better lives and find their place in society and in a future where they themselves have the possibility of determining their everyday lives.

Frösunda Omsorg is a value-driven company that combines the client's focus with effective co-operation. At the centre, there are the concepts of respect, commitment and curiosity, and providing individual care services of high quality.

CEO comments

“I’m proud of what we’ve achieved”

In 2019, all of us at Brado AB and Frösunda Omsorg have been working hard to further develop the company’s strategy, strengthen our quality and implement a substantial number of improvement projects. This has provided us with a solid and stable platform as a company, and created good conditions to enable us to offer even more people needing support and assistance both quality of life and the opportunity to be independent.

A year ago, Frösunda Omsorg announced that 2019 would be a year of investment in development, growth and profitability. This investment has produced positive results. Our financial situation has stabilised and the curves are pointing upwards. For example, we are expanding organically with the construction of new specialised housing for the elderly, new group homes for people with functional impairments, in social psychiatry and in foster care. Systematic quality management has enhanced our services.

During the year our strong commitment, expertise and responsible colleagues have made a difference every day on the job. Together we have taken on numerous challenges, launched even more improvement projects and created a foundation for the future.

When the Norwegian Adolfsen brothers took over ownership in March 2018 via Brado AB it gave Frösunda Omsorg a new lease of life, helping it develop into a stable and profitable care company. The message from the two brothers was as simple as it was challenging. To provide services of the highest possible quality and improve each day the lives of people in need of support and assistance.

We carried out more risk analyses and follow-up work than ever before in 2019 in pursuance of higher quality. We have achieved greater client satisfaction, and clients’ relatives are happier. Our rating in client and relative surveys just gets better and better. However, we have not been able to lift all units to the desired level. Those units that are displaying weaker earnings are of course being monitored more closely and additional measures put in place as required.

It is vital that, as a large care company, we respond to state policy needs and preferences and build closer relationships with politicians so we can contribute to solutions to the challenges facing society. Municipalities that use our services are attracted by our approach to social care. Our focus on individuals taking control of their day in our activities and improving quality of life is appealing, particularly to local politicians and in the Swedish Parliament. Our knowledge of cognitive conditions provokes interest far beyond the company itself.

We inspire greater respect when we provide quality services, we attract attention for our involvement in our clients’ lives and we stimulate interest that opens doors when we refer to our clients as individuals with the right to make their own decisions, and not just as users of welfare services.

Our general feeling is that the political climate for private care companies has improved. Individual freedom of choice has gained significance. Society is demanding a variety of different operators. The debate on profit-making in the welfare sector has settled. Our cooperation with municipalities has strengthened and we are in demand as a partner that is capable of identifying cost-effective and innovative solutions to the welfare challenge.

We assess the need for our services to be generally high. An ageing population combined with many municipalities facing a challenging financial future means that Frösunda Omsorg may seek partnerships with municipalities to establish new social care properties.

Our expertise in cognitive conditions will also create significant opportunities to improve social care. Meanwhile, mental illness is on the rise and more people will be needing effective care services that improve quality of life.

Our aim is to be one of the best workplaces in the social care sector. We have therefore reviewed our vision of employee involvement. The changes are reflected in a new HR strategy, a new leadership policy and a new employee policy. This gives us a solid platform for the future. We are already noticing that we are attracting more skilled employees, that a new leadership approach is emerging, that pride is growing and that sickness absence is in decline.

Our performance in 2019 is clearly evident in the company's stronger financial position, which allows scope for growth and investment in quality and employee involvement. Our results are positive in all business segments.

I would like to take this opportunity to thank all our employees for their sterling work in 2019. They have raised Frösunda Omsorg to a new level.

To essentially restore parts of a company that has been in existence for many years – Frösunda was established in 1994 – is certainly a challenging task that requires determination.

In 2019, for example, we decided to close all remaining residential care homes within the Individual & Family business segment, and to shift the focus to foster care instead. Our residential care homes for young people have now largely been sold.

Today we offer three foster care services that are in demand: emergency homes, foster homes and consultant-supported family care. The services have a broad target group, including children, young people and adults. We expect to see growth in this area in 2020.

In our biggest business sector, Personal Assistance, we have further developed our strategy which has had a clear impact on operations. One effect has been the elimination of previous bad debt losses. We are now investing in net growth, new offerings, improving expertise and maintaining a clearer presence. Developments move fast in this business segment, and energy levels are high. We are progressing from an excellent to an even better position, and we want more people to benefit from Sweden's best and safest assistance services.

The Elderly Care business segment has strengthened its offering provides good quality. Several homes are rated above the national average in open comparisons, while internal surveys reveal that clients and relatives are more satisfied.

Growing clarity – that is the simplest way to describe developments for the Disability business segment in 2019. The quality of the services has clearly improved, clients and relatives are commending our activities in the surveys we carry out, for example in the Swedish Association of Local Authorities and Regions' user questionnaires, where Frösunda is rated well above the national average by clients.

The acquisition by the Adolfsen brothers meant Frösunda Omsorg joined a larger group of companies, Adolfsen Group, which also includes Norlandia Health & Care Group. Collaboration increased in 2019 between Frösunda and the Norlandia companies in areas such as IT procurement and HR. And it is no secret that we aim to work more closely together in the long term.

We are also reinforcing our focus on work with environmental and sustainability issues. For example, our new specialised housing for the elderly, Sätträsen in Gävle, is environmentally certified. We are trying to reduce the amount we travel, and we are increasingly using modern digital solutions throughout the company.

2020 will bring further changes, challenges and opportunities as part of Frösunda

Omsorg's journey towards a stable and future-proof social care company that offers its clients the best possible quality of life. But we are well-equipped to face the future, further hone our services and improve our quality, and get closer to achieving the financial position required to continue to develop our operations.

Frösunda Omsorg has high ambitions and we want to help ensure that all people have quality of life and greater autonomy. We want to be part of efforts to make sure Swedish care of elderly people, vulnerable people and people with functional impairments is developed and strengthened. We also want to help municipalities and society cope with the challenges of an ageing population. And we want to be the natural choice of employer for our employees.

But in the shorter-term perspective, there is a dark cloud of some concern at the same time. Coronavirus is sweeping across the world and has the potential to impact all of 2020. Brado and Frösunda has been fully focused on preventing the spread of Covid-19 in recent months, and the work continues tirelessly. Frösunda has procedures in place to handle the contagion. A crisis organisation has been set up. But Covid-19 requires extensive efforts from us and all of society.

In 2019 we invested in development, growth and profitability, and created the platform we need to create even more benefit for people in need of support and assistance.

We are now ready to face the future.

Kristoffer Lorck

CEO, Brado AB

Frösunda Omsorg's operations

Brado AB's operations are conducted under the brand Frösunda Omsorg within four segments: Disability, Personal Assistance, Elderly Care and Individual & Family. Each business segment has its own unique conditions.

Frösunda Omsorg's overall concept

Frösunda Omsorg's overall care model is called the Client Focus. The model is based on how elderly people and people with functional impairments process information (cognitive expertise), and how it affects the ability to perceive the outside world and their own actions. The model draws on individual knowledge and the fact that the clients themselves get to decide what quality of life and independence mean to them.

Frösunda Omsorg operates based on a salutogenic approach, i.e. that social care should focus on factors that promote fitness, function and health.

Personal Assistance business segment

Personal assistance is part of Frösunda Omsorg's history. The company was established in 1994, the same year that the Law regulating Support and Service to Persons with Certain Functional Disabilities (LSS) came into force.

This law represented huge progress for society. Thousands of people with functional impairments were able to embark on their journey towards living their lives on the same terms as everyone else. The personal assistance service was born, and the concept of quality of life became a reality for a group of people who previously had to endure significant limitations.

The idea that people with functional impairments should have a natural place in society and live independent lives is a constant driving force for Frösunda Omsorg. Personal assistance is Frösunda Omsorg's largest business sector and the objective is to deliver the highest possible quality of life to customers, around the clock and throughout the year.

In the personal assistance segment, Frösunda Omsorg combines the strength, capacity and stability of a large company with a local presence, a bespoke service and values-based leadership. We have a presence where our clients are based.

Our clients have a team of assistants around them and individual implementation plans govern how the services are carried out. Our legal experts and our central staffing function support our 900 plus clients in their contact with the authorities and ensure that the right person is in the right place at the right time. Staffing, client service and availability are the core values of our employees to ensure that we can deliver an individually tailored assistance service for everyone, whatever their needs.

In 2019, strategy, quality and growth were key focal areas for Frösunda Omsorg Personal Assistance. In a climate characterised by fierce competition from small and medium-sized local companies, our work with client satisfaction and enhanced quality in social documentation came to fruition.

The results of our client and relative surveys continue to improve. For example, both our Customer Satisfaction Index (CSI) and Net Promoter Score (NPS) increased. Our existing clients are increasingly satisfied and more and more people are choosing to recommend Frösunda to potential new clients. Many have opted to become ambassadors to help share their experience of using our services.

Continuous quality improvements are a crucial success factor for an assistance company, and during the year we achieved our established quality goals. But that is not enough. We work tirelessly to systematically consolidate our business in accordance

with our model for continuous improvement.

Working as a personal assistant in the home of a client with functional impairments imposes specific requirements in terms of client service, accountability and availability. One important goal for Frösunda Omsorg is therefore to boost our appeal as an employer in order to attract the very best talent.

Companies that work with people as closely as we do rely totally on their employees. To create opportunities for relevant professional development and skills improvement, we worked on our training courses for new personal assistants in 2019. We continued with efforts to strengthen our corporate culture and leadership.

Meanwhile, behind the scenes, the political debate rumbles on regarding the future of personal assistance. The questions are accumulating. Should municipalities or the government be the principal provider? How much do politicians really want to save money at the cost of some of the most vulnerable members of society? How many more need to lose their entitlement to assistance before it starts becoming unethical?

Until the answers are supplied by the legislative powers in society, people with functional impairments will be forced to live in uncertainty and sometimes even fear. It affects their ability to live like other people, to make decisions about their lives.

But for Frösunda Omsorg, it is about so much more than politics and changes in society. Our objective is for clients to have autonomy, and we plan to continue to work towards that goal. We are people who work with people, and we are motivated by the ambition to improve our clients' quality of life.

Key figures:

Share of turnover: 57%

Number of customers: 890

Business segment Disability

Rooted in personal Assistance since 1994, it was natural for Frösunda Omsorg to expand ten years later, in 2004, to the disability segment. Today, Frösunda Omsorg runs more than 100 operations from Vellinge, in the south, to Lycksele, in the north. Currently, we help about 800 customers to have a higher quality of life in group homes, assisted living facilities, short-term housing, daily activities, schools, plus supervision and coaching (housing support).

Over the years, disability has become the company's second largest business segment, accounting for just under 30% of the company's total sales. This volume makes Frösunda Omsorg one of the largest and most versatile private players in the disability segment in the country.

Our customers are children, young people, and adults who need advanced and specialised care due different kinds of disabilities. The operations are primarily focused on residential units and daily activities, done by our company and by contractors. In addition, we operate three schools for children and young people with special needs.

Our goal is to provide high-quality and safe care, as always, thus ensuring that every person can take their place in society and live an independent life.

Our operations in this segment are governed by care-giving laws and regulations, especially the Act to support and service's provision to disable people (LSS), the School Act and the Social Services Act (SoL). These typically concern long-term efforts and support given by employees who are experts in this segment.

To acquire such knowledge, we built our own educational unit, the Frösunda Akademin,

which offers an online learning platform where our employees can be certified in our methods and concepts.

Part of the Frösunda Omsorgs strategy is to give our customers all the freedom to establish collaborations between homes, so that this capacity can be shared between operations, and to increase the offers of our schools and daily activities, among other things.

In 2019, our goal was, among other things, to systematically increase the quality of the work. By constantly reviewing and following up with customers, we are able to provide solid and high-quality services, while being able to develop out methods and concepts even further.

In the Disability segment, we like to that customer satisfaction to another level, therefore, we don't rely only in the traditional way of learning about our customers satisfaction, such as the Customer Satisfaction Index (NKI) or the Net Promoter Score (NPS). Since our goal is to go give our customers more freedom and quality of life, we also measure our customer's views of their own of life using evidence-based methods such as such as Permascore, Cantril ladder and BPSD.

In 2019, we also conducted a user survey developed by the Swedish Association of Local Authorities and Regions (SKR). The results showed a clear improvement and overall strong results, which were well above the national average.

The outlook for the disability segment is excellent. For Frösunda Omsorg, this development means a stronger focus on the construction of new homes under our own management, in a sector where many communities have a shortage of places in group homes and insufficient activities for those who are disabled.

As a whole, Frösunda Omsorg strives to continue to increase the possibilities of a happy and inclusive lives to people with special needs. In the first half of 2020, we are planning to build two new group houses in Uppsala.

Key figures:

Share of turnover:	29%
Number of customers:	777

Business Segment Individual and family

In 2019, the conditions of the individual and family segments were challenging, which made Frösunda Omsorgs re-evaluate the types off services we will offer. At the same time, the development of individual care has created opportunities for starting it and going in a different direction.

Throughout the year, we decided to close all the remaining Frösunda Omsorgs' HVB homes, re-evaluate the company's properties portfolio and sell the ones that don't have an objective function. Residential care homes' operations have been struggling with its turnover and results since 2016.

On the other hand, we are making new investments in the family home segment, which has shown some great opportunities of growth. Our goal is to help children, young people and adults to get away from difficult living conditions characterized by abuse, crime or neuropsychiatric problems, so that they can have a safe and caring life in another family or in a nearby home. This initiative began in 2019. Before we started to invest in family home, we made a comprehensive analysis regarding the needs for such services and the conditions.

Frösunda Omsorg offers three forms of family homes based on evidence-based care. Our goal is to help our customers to get the highest possible quality of life and empower

people so they can cope with their everyday lives and, ultimately, live independent lives.

- **Emergency housing** – immediate housing for those who are waiting for a home, e.g. inquiries, identifying their needs, breakdown and violent events in their biological family.
- **Family homes** – for long-term housing with different types of support, e.g. based on the type of care needed by an individual or a family member needs in their home.
- **Family therapy** – an alternative to the HVB/institutional welfare. We offer therapy options with the help of a mobile highly qualified team. Our families therapists are highly educated and experienced and know how to handle different types of challenging behaviours, such as NPF diagnoses and trauma, knowledge, understanding and patience for particularly challenging behaviours and situations.

These offers are directed to children, young people and adults up to 65 years old – our goal is to create the right conditions to bring a permanent solution.

We want to make the difference for those who need us the most. Frösunda have to be the best alternative when nothing else is working. The Frösundas family team believe that people just need the right support to start over and build a valuable life for themselves.

In order to do that, we provides evidence-based and quality assured care, attention and treatment that give long-term and stable solutions for vulnerable children, young people and adults. Good treatment and high accessibility are crucial factors, and we place great emphasis on letting our care-receivers participate and decide, influence and feel involved, in order to create trust, confidence, and respect.

Our systematic quality management goes hand in hand with the customer’s focus, where checks and follow-ups lead to constant improvements that strengthen our service delivery. Quality assessment is a crucial factor for further development of our services.

In order to handle emergency placement needs, we offer a placement hotline that can be reached 24/7. The hotline is staffed with knowledgeable and service-oriented placement coordinators who are able to quickly assist the social services with adequate, stable and long-term solutions to current situations.

Frösunda Omsorg used the challenges of HVB’s circumstances as stepping stones into the future and as an opportunity to develop competitive family homes services that could make a difference for children, young people, and adults. The future is promising. More people are going to need Frösunda Omsorg’s support and help

In 2019, we opened new accommodations for placements under SoL in Gävle.

Key figures:

Share of turnover: 1.5%

Number of customers: 46

Business Segment Elderly care

The proportion of elderly in the population is already increasing at a rapid pace, and according to the Swedish Municipalities and County Council (SKL), these numbers will grow even faster starting in 2022. At the same time, according to the Swedish National Board of Housing market survey, shows that 2019 144 municipalities of Sweden’s municipalities have a shortage of residential care for the elderly. According to the Ministry of Finance’s calculations we will need as many as 560 new retirement homes to

cope with the increase of elderly residents in the next six years.

However, almost half of the municipalities can't meet this demand in the long run. The SKR reports that about 90 municipalities already have a deficit in that area. Which makes it hard to make substantial savings.

Managing the rapid increase in the number of elderly people while municipalities' budgets are being squeezed is one of society's major challenges. And this is the main reason why Frösunda Omsorgs have to take this opportunity to grow and make its contribution to create a solution for this welfare challenge in the elderly care segment.

Frösunda Omsorg has been running residential care homes for the elderly since 2009, both by being contracted by municipalities and by building and operating its own residential units. Today, there are about 196 places in four residences around the country.

In 2019, we has been characterized by work with higher customer satisfaction and our concept, the customer's focus. We want to break away from the standard approach to care practices and see each individual as an asset. A person should be able to decide for themselves how their life should be and what it should involve, even if the person lives in a retirement home. Every person should have an opportunity to create quality life.

In 2019, we also focused our efforts in systematically employing quality management, where checks and follow-ups lead to constant enhancements that strengthen our service delivery. Quality management is a crucial factor to further develop our concept.

Frösunda Omsorg conversations and collaborations with municipalities, in which we have been questioned for several reasons during this year, led to the restoration of our good relations with the municipalities, customers, and related parties.

We continued with our projects in Gävle and Sölvesborg, and both are on schedule. We starting moving people to Gävle in early 2020. And the facility in Sölvesborg will open in May 2020.

Frösunda's new generation of care- and support homes are imbued with future thinking. Our properties are designed based on our extensive knowledge and understanding of the needs of people with cognitive impairment. The content focuses on adequate treatment and stimulation along with a function-preserving approach. We create a home-like environment where our customers decide over their own lives in order to create the highest possible quality of life.

Elderly care is still one of Frösunda Omsorg's smaller business sectors. The business accounts for around 13 percent of the entire company's turnover. But the prospects for this business segment are considered good. Demand for services will continue to increase along with the number of elderly people.

This does not mean that challenges do not exist. The increasing need for elderly care services, large retirement numbers among existing employees and a lack of younger people who want to work in the care sector mean that new methods must be developed, our concept refined and that welfare technology should play a heavier role in care activities.

In order to achieve this, a company needs to be a long-term provider of high-quality elderly care.

Key figures:

Share of turnover: 13%

Number of customers: 381

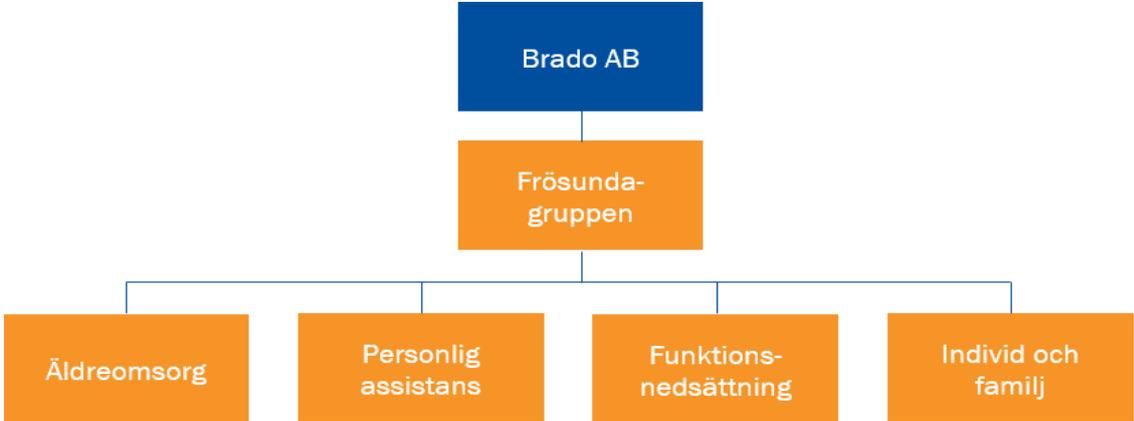
Corporate Governance Report for Brado AB

Brado AB (publ) is a Swedish public limited company with corporate identity number 559127-5176, whose loan bonds are listed on NASDAQ OMX Stockholm’s bond market. Brado is based in Tanum municipality and headquarters are at Råsundavägen 18, 169 27 Solna.

Brado was established in October 2017 and is controlled via companies owned by Kristian Adolfsen and Roger Adolfsen. The company acquired 100 percent of the shares in Frösunda Holdco AB and its subsidiaries on 6 March 2018. (See more information about indirect holdings in note 22)

Frösunda Holdco AB and its subsidiaries was consolidated as of the same date. Operations are conducted within four business segments: Personal assistance, Disability, Individual and family, and Elderly care, under the name Frösunda Omsorg.

This schematic overview represents the Group’s business structures (This overview does not represent the Group’s legal structure):



Brado’s bonds were listed on NASDAQ OMX Stockholm on 26 November, 2018. A senior bond valued at 600 million SEK and a junior bond valued at 150 million SEK. Both bonds have variable interest rates and will mature in 2023. Institutional investors are the majors bondholders.

Corporate Governance

Good corporate governance is crucial for Brado and Brado’s Frösunda Omsorg subsidiaries. In that way, we aim to achieve long-term growth and a healthy corporate culture. Corporate governance is crucial to establish a framework of rules, areas of responsibility, processes and routines that protect the interests of owners, bondholders, customers, employees and other shareholders by minimizing risks and creating good conditions to operate the business.

Brado’s corporate governance is based on current external regulations, such as the Companies Act, the Annual Accounts Act and NASDAQ OMX Stockholm’s rules for bond issuers. Brado is not following the Swedish Code of Corporate Governance because Brado’s shares are not listed. Internal regulations include the rules of procedure adopted by Brado’s Board, which describe the way the Board operates and how the reports addressed to the Board should be prepared.

The Board has also decided on a CEO’s instruction that describes the division of responsibility between the Board and the CEO. The Board is responsible for the company’s organization and administration, and the CEO is responsible for the day-to-day management in accordance with the Companies Act and the Board’s guidelines and instructions. The

Board of Directors works according to an agenda covering each Board meeting, and it's decided by consulting the Chairman of the Board and the CEO. Additionally, the CEO is responsible for continuously keeping the Board informed of Brado's development. The Board members regularly visit Brado's operations within the Frösunda Omsorg Group to get a good insight into the business and to meet with leaders and employees. The Board of Directors is the audit committee whose main task is to monitor the company's financial position, the effectiveness of the company's internal control, internal audit and risk management in order to stay informed about the annual report's audit, and to review and monitor the auditor's impartiality and independence.

The CEO is also responsible for managing every aspect of the day-to-day operations.

The Group's management continuously identify and evaluate the risks that arise in the company's operations and assess how they can be managed. Management carries out a strategic risk assessment, operational and financial risks and presents the that information the Board annually. The CEO is responsible for the presentation, and the management's risk assessment is reviewed by the CFO before being presented to the Audit Committee and the Board. Frösunda Omsorg relies on a well-established control that identifies the risks and ensures a correct and reliable financial reporting.

Number of shares and owners

As of December 31, 2019, Brado AB holds a total of 5,000 shares. Each share corresponds to one vote at the Annual General Meeting and to equal share of the company's assets and earnings. The shares are 100% owned by Abros Invest AB, which, in turn, is controlled indirectly via companies owned by Roger Adolfsen and Kristian Adolfsen. The Annual General Meeting has not yet decided on any authorization to issue new shares or acquire its own shares during the year.

Annual General Meeting

The Annual General Meeting is Brado's highest decision-making entity. All shareholders have the right to participate in the General Meeting and have the right to have one vote per share. The Annual General Meeting, the annual meeting, must be held within six months from the closing of the financial year. Under certain circumstances, the Board may convene an extraordinary general meeting. The Annual General Meeting decides, among other things, on the Articles of Association and deals with the election of the Board of Directors, the Chairman of the Board and the auditor. The Annual General Meeting also establishes the income statement and balance sheet, decided on how the profits will be allocated, as well as decides on the discharge of the Board of Directors and the CEO.

The Board

The Board is the company's highest decision-making body, after the Annual General Meeting, and has the ultimate responsibility for Brado's organization, management and control of the company's financial positions. The Board shall, among other things, appoint, evaluate and, if necessary, dismiss the CEO and ensure that systems for monitoring and controlling the operations are put in place, while assessing the risks for Brado. The Board shall also ensure that there are assessments which ensure that Brado complies with laws and regulations relevant to the company's operations, and to approve internal governing documents that contribute to such compliance.

According to Brado's Articles of Association, the Board of Directors must have, at least three and no more than ten members. The Board of Directors are elected annually at the Annual General Meeting and will run the operations until next year's Annual General Meeting. An extraordinary general meeting is required in order to expel a Board member during the year, or to change the Board in any other way. None of the Board members are employed by Brado. Brado's Board has since the autumn of 2017 consisted of three Board members. At Board meetings, the CEO and Chief Financial Officer participate as rapporteur and, if necessary, other executives and employees. The Board of Directors has decided that the

Board constitutes an Audit Committee. Brado has no other Committees to address specific matters.

The Board's Rules of Procedures

The Board has established rules of procedure with regulations on how the work is divided between the Board members and the Chairman of the Board, and a plan for the matters that the Board shall handle. The rules of procedure are adopted annually.

The Board's Rules of Procedures 2019

In addition to a number of work meetings, the Board convened four times in 2019. The Chairman of the Board approves the agenda for the Board meetings and send it out to all Board members, in advance, together with relevant documentation, before each Board meeting. Brado's auditors will take part in the Board meetings regarding auditing. The Board deals with issues concerning the company's development in areas, such as quality, finance, risk management, internal control, customers, growth and employees. The Board also decides on significant investments and acquisitions, financing and other matters that the Board deems to be outside the scope of the CEO's responsibilities and authority. In Autumn, the Board shall decide on a budget for the next year. In 2019, the Board also appointed a new CEO in Frösunda Omsorg AB.

Board composition and attendance 2019

Name	Title	Owner	Board meetings
Roger Adolfsen	Chairman of the board	Yes (50%)*	4/4
Kristian Adolfsen	Board member	Yes (50%)*	4/4
Carl Lindstrand	Board member	No	4/4

* Indirectly through other companies.

The Chairman of the Board

The Chairman of the Board leads the work of the Board, organizes the work and monitors that decisions are implemented. The Chairman continuously monitors the business through regular contact with the CEO and is responsible for ensuring that all Board members receive the information and documentation they need.

The Board's Evaluation

The Board continuously evaluates the CEO's work and conducts an annual evaluation of the Board of Directors where all members evaluate the Board's work during the year.

The Board evaluate areas such as the constitution, reporting, governance and working procedures. Such evaluation is presented and discussed at a separate Board meeting.

Auditor

At the annual general meeting of 2019, PricewaterhouseCoopers AB (PwC) was elected Brado's auditor for a one year term, with Martin Johansson as the lead auditor.

Management's report

Ownership

Brado AB is owned by Abros Invest AB, corporate identity number 559127-5127, with its office registered in Tanumshede.

Business' Information

Brado AB was established in October 2017 and is controlled via companies owned by Kristian Adolfsen and Roger Adolfsen. On March 6, 2018, the company acquired 100% of Frösunda Holdco AB shares and its subsidiaries. From this date, the company prepares consolidated financial accounts.

Frösunda is the leading Swedish care services provider. The Frösunda Group is covered by a number of operating companies, and the business is focuses in four business segments: Personal assistance, Disability, Individual, Family and Elderly Care.

The business operates under the brand Frösunda Omsorg.

Brado/Frösunda Omsorg aims to be a driving force to develop new standards and procedures within the care industry, to offer people a much better life and a natural place in society. This means that the Group is working to build a future where the elderly, disabled and other people in need of support are given the opportunity to take the reins of their own lives, have good living conditions and a high quality of life.

The development of the company's operations, results and position

Frösunda Omsorg AB has a commission agreement with all of its enterprises, except for the Parent Company, Frösunda Bidco AB, Frösunda Holdco AB, Frösunda Group AB and Frösunda Omsorg Arbetsmarknad AB. This agreement means that the profits or loss of the companies are absorbed by Frösunda Omsorg AB, which is responsible for the company's taxes.

Net sales, results after financial items and key figures - Financial overview:

Group Overview (SEK millions) 31-12-2019

Net Sales	2,066
Profits after the financial item	112
Total Assets	2,192
Equity ratio	20.2%
Average No of employees	3,165

Parent Company Overview (SEK millions) 31-12-2019

Net Sales	0
Profits after the financial item	- 1.4
Total Assets	929
Equity ratio	19.8%
Average No of employees	0

Key definitions

Equity/assets ratio: Adjusted equity as a percentage of total assets.

Significant events during the financial year

In 2019, Frösunda Omsorg focused on the quality of its work. The company continues to improve the quality of its work by making self-assessments, by group assessments and quality advice. The Quality Department, as one of the most important part of this work, performed quality assessments of all social documentation for the Personal Assistance, Individual & Family, Disability and Elderly Care segments.

The Quality Department also carries out targeted follow-ups and, for each individual business segment, do a comprehensive follow-ups to ensure we can reach our goals and to look forward to seeing and driving quality improvements that result in an increased customer satisfaction, contract loyalty and regulatory compliance.

In 2019, we continued to work with customer surveys, including Customer Satisfaction Index, Net Promoter Score and the evidence-based methods Perma Score and Cantril ladder, which measure customers' quality of life. In the Disability Reduction segment, the Swedish Municipalities and Regions' carried out the so-called user survey that brought very good results, in many cases over the country. Frösunda also surveys the family members in order to measure customers' satisfaction. In this way, family members can have their voices heard as well.

Frösunda Omsorg's goal is to be the industry's best employer in order to have and attract the proudest and most committed employees in the sector. To achieve that, we have taken important measures in 2019 such as establishing a new leadership and employee policies.

Last year, the Personal Assistance segment has taken important steps towards growth. We re-evaluated every concept and developed new concept and messages. This segment has shown great stability and has laid grounds for future growth.

In 2019, the conditions of the individual and family segments were challenging, which led to Frösunda Omsorg re-evaluating the types of services we will offer. Throughout the year, we decided to close all the remaining Frösunda Omsorgs' HVB homes, re-evaluate the company's properties portfolio and sell the ones that don't have an objective function.

Instead, we made new investments of the family home segment. Our goal is to help children, young people and adults to get away from difficult living conditions characterized by abuse, crime or neuropsychiatric problems, so that they can have a safe and caring life in another family or in a nearby home.

In 2019, we has been characterized by work with higher customer satisfaction and our concept of customer's focus. We want to break away from the standard approach to care practices and see each individual as an asset. In 2019, we also focused our efforts in systematically employing quality management, where checks and follow-ups lead to enhancements that strengthen our service delivery.

Throughout the year, the development of the two in-house project continued. In Gävle, Frösunda Omsorg is building Sätträåsen according to the company's concept of a new generation of elderly residents. The property in Gävle is environmentally friendly and is located in the Sättra area. In Sölvesborg, a new facility is being built and will be ready to be occupied in May 2020.

In 2019, under the investment of the Social Services Act (SoL) in Gävle, we opened a new accommodation for the individual & Family segment.

During the first half of 2020, we also plan to build new homes for people in the Functional Disability group in Uppsala. Also during this year, we've seen an increase interest in Frösunda Omsorgs private homes.

The Frösunda Omsorg's online learning platform, The Frösunda Academy, was further developed in 2019, and includes a brand new introductory training for personal assistants.

Sustainability Report

In accordance with the Annual Accounts Act, Chapter 6, section 11, Brado has chosen to prepare the sustainability report as a separate report and not as part of the annual report. The Sustainability Report has been sent to the auditor along with the Annual Report.

The Board's Work

In 2019, Brado's Board of Directors held 4 Board meetings.

Expected future development, significant risks and uncertainties

Overall, the company had a good year regarding its operations.

Frösunda's focus area for growth is within the Elderly Care segment, both through its private services or as a contractor. We are seeing an underlying trend among the Elderly Care segment, which means this segment will grow. This growth is due to the increase number of the elderly population, which will increase the demand for more places. According to demographic forecast, from 2030 the elderly will account for 25% of the population.

Sweden's demographic development is a challenge for its municipalities. The need for welfare is increasing while the number of people holding a job is decreasing. The elderly population will create good opportunities for Frösunda Omsorg and we will be able to support the municipalities, to collaborate in order to that help them meet the needs of elderly, especially by building new homes own their own..

The private care providers within the personal assistance segment continue to increase their market share. The private sector presently performs about 70% of all the assistance. In other segments of the healthcare system, this number is around 10-20%.

Therefore, Frösunda Omsorgs see a good opportunity to expand to the Personal Assistance segment.. The company has an extensive experience and a wide range of operations throughout the country.

Frösunda conducts care business that are regulated through political decisions. The dominant part of the business is regulated by LSS. It is a law of rights, unlike, for example, the Health and Medical Services Act and The Social Services Act, which limits the risk of short-term political savings decisions.

At the same time, there is a political interest at all levels in limiting costs for care services, particularly in Personal Assistance. This could affect Frösunda Omsorg's opportunities in this segment.

And the number of people who need support and assistance due to their disability is increasing. Here lies Frösunda Omsorg excellent opportunity to assist people in getting into group and services houses.

In 2009, the Freedom of Choice Act (LOV) was introduced as an addition to the Public Procurement Act (LOU). This law enables management within the healthcare sector to offer health and care so that those in need of such care can choose the provider they see best suited. The provider must ensure that they meet the required quality standards and are accredited by the current governing body.

The introduction of the Freedom of Choice Act (LOV) in the municipalities seems to contribute to Frösunda Omsorg's operations.

Events after the balance sheet date

In March, Sweden was hit by the pandemic caused by the new Coronavirus which causes Covid-19. Brado och Frösunda are putting a lot of effort into preventing the spread of this newly-discovered virus. Procedures are in place to handle the contagion. A crisis

organisation has been set up. The company is ready to make the extensive efforts that we and society can be required to make.

Financial Risks

See Note 3 for information on financial risks.

Proposal for profit's allocation

The following results are available to the Annual General Meeting:

At the disposal at the Annual General Meeting,
the following means of financing are available:

Retained earnings		185,228,927
Net loss of the period		-1,410,511
	SEK	<u>183,818,416</u>

The Board of Directors proposes that the means
of profit be allocated so that:

Brought forward		183,818,416
	SEK	<u>183,818,416</u>

Regarding the Group's and the Parent Company's earnings and financial position in general, we refer to the following income statement and balance sheet with accompanying notes.

Group's statement of comprehensive income (TSEK)

	Note	2019-01-01 -2019-12-31	2018-03-06 -2018-12-31
Remaining operations			
<i>Operating income</i>			
Revenue	5	2,066,460	1,891,306
Other operating income	6	35,143	23,311
Total operating revenue		2,101,603	1,914,617
<i>Operating expenses</i>			
Cost of Goods Sold		-61,574	-58,563
Other external expenses	7.8	-114,484	-200,698
Personnel costs	9	-1,773,511	-1,635,757
Depreciation of Right of Use Assets	8	-81,260	0
Depreciation and write-down of material and intangible fixed assets	14-19	-27,660	-12,504
Other operating expenses	10	-8,430	-732
Total Operating Expenses		-2,066,918	-1,908,254
Operating profit (EBIT)		34,685	6,363
<i>Profit & Loss from financial items</i>			
Finance income	11	152,049	168,561
Finance expenses	12	-74,846	-45,497
Total Financial items		77,203	123,064
Profit/Loss before income tax (EBT)		111,888	129,427
Income Tax	13	-14,053	15,811
Net Profit for the Year		97,835	145,238
Total Comprehensive Income for the Year		97,835	145,238
Profit for the Year Attributable to the Parent Company's Shareholders		97,835	145,238
Total Profit for the Year Attributable to the Parent Company's Shareholders		97,835	145,238

¹⁾IFRS 16 is not applied for the comparative period (2018)

In the Group, no items are otherwise recognised in the comprehensive income, which is why the sum total for profit/loss corresponds to the profit/loss for the year. The profit/loss for the year and the sum total for profit/ loss are entirely attributable to the parent company's shareholders.

Group's statement of financial position (TSEK)

	Note	2019-12-31	2018-12-31
ASSETS			
Non-Current Assets			
<i>Intangible Fixed Assets</i>			
Other intangible assets	14	9,838	12,348
Goodwill	15	1,074,581	1,074,581
Total Intangible Fixed Assets		1,084,419	1,086,929
<i>Tangible Assets</i>			
Land and buildings	16	6,185	42,889
Improvement leasehold	17	4,329	18,477
Equipment, tools, fixtures and fittings	18	11,478	17,573
Right of Use Assets ¹⁾	8	718,105	0
Total Property, Plant & Equipment		740,097	78,939
Income tax receivable	19	3,798	1,073
Total Non-Current Assets		1,828,315	1,166,941
Current Assets			
Assets held for sales	20	19,635	0
<i>Current Receivables</i>			
Accounts receivables	23	218,536	288,490
Tax receivables		19,751	26,873
Other receivables	24	3,447	4,991
Receivables from related parties	21	235	205
Prepaid expenses and accrued income	25	35,253	40,572
Cash and cash equivalents	26	66,413	87,724
Total Current Assets		363,271	448,854
TOTAL ASSETS		2,191,586	1,615,795

¹⁾IFRS 16 is not applied for the comparative period (2018)

Group's statement of financial position (TSEK)

	Note	2019-12-31	2018-12-31
EQUITY AND LIABILITIES			
Equity	27		
Share capital		500	500
Retained earnings including current year's profit		442,796	344,961
Total Equity Attributable to owners of the Parent		443,296	345,461
Long-term liabilities			
Bond loans	28	741,648	739,064
Deferred tax liability	29	3,064	5,918
Leasing debt ¹⁾	8	621,426	0
Other non-current liabilities	35	0	161,507
Total Long-Term Liabilities		1,366,138	906,490
Current Liabilities			
Accounts payables		35,041	39,751
Leasing debt ¹⁾	8	85,563	0
Other current liabilities	30, 35	58,287	110,648
Accrued expenses and prepaid income	31	203,261	213,444
Total Current Liabilities		382,152	363,843
TOTAL EQUITY AND LIABILITIES		2,191,586	1,615,795

¹⁾IFRS 16 is not applied for the comparative period (2018)

Group's statement of changes in equity (TSEK)

	Share Capital	Other restricted equity	Other reserves	Retained earnings	Net profit of the year and also total comprehensive income of the year	Total equity to holders of the Parent
Opening Balance 6 March 2018	500	0	0	199,723	0	200,223
Net profit of the year and also total comprehensive income of the year	0	0	0	0	145,238	145,238
Total transactions with Company owners						0
Closing Balance 31 December 2018	500	0	0	199,723	145,238	345,461
Allocation of earnings according to AGM	0	0	0	145,238	-145,238	0
Net profit of the year and also total comprehensive income of the year	0	0	0	0	97,835	97,835
Total transactions with Company owners						0
Closing balance as at 31 December 2019	500	0	0	344,961	97,835	443,296

Group's statement of cash flow (TSEK)

	Note	2019-01-01 -2019-12-31	2018-03-06 -2018-12-31
Cash flow from Operating Activities			
Operating Result		34,685	6,363
Adjustment for items not included in Cash Flow	34	114,117	-249,254
		148,802	-242,891
Paid interest, leasing contracts ¹⁾	8	-23,163	0
Interest received, other contracts	11	42	40
Interest paid, other contracts	12	-61,183	-45,497
Taxes paid		-12,510	705
Cash flow from the operating activities before changes in working capital			
		51,988	-287,643
Changes in net working capital			
Changes in short-term receivables and other short-term receivables		58,479	71,585
Changes in short-term liabilities		-67,254	40,320
Net cash flow from operating activities		43,213	-175,738
<i>Cash flow from investing activities</i>			
Investment in intangible assets	14	-1,145	-6,287
Investment in tangible fixed assets	16-19	-4,637	-4,927
Divestments of tangible fixed assets	16-19	12,739	33
Divestments of financial fixed assets		0	188
Kassaflöde från investeringsverksamheten		6,958	-10,994
<i>Cash flow from financing activities</i>			
	36		
Issuance of interest-bearing debt		2,583	900,572
Amortization of lease debt ¹⁾		-74,066	0
Repayment of interest bearing-debt		0	-506,546
Net cash flow from financing activities		-71,483	394,025
Net change in cash and cash equivalents		-21,311	207,293
Cash and cash equivalents at the beginning of the year		87,724	-119,569
Cash and equivalents at year end		66,413	87,724

¹⁾IFRS 16 is not applied for the comparative period (2018)

Parent company's income statement (TSEK)

	Note	2019-01-01 -2019-12-31	2017-10-02 -2018-12-31
Remaining operations			
<i>Operating income</i>			
Revenue	5	0	0
Other operating income	6	0	0
Total operating income		0	0
<i>Operating expenses</i>			
Other external expenses	7	-1,264	-16,724
Total Operating expenses		-1,264	-16,724
Operating Profit (EBIT)		-1,264	-16,724
<i>Profit & Loss from financial items</i>			
Finance income	11	50,534	41,257
Finance expenses	12	-50,681	-41,504
Total Financial items		-147	-247
Profit/Loss before income tax (EBT)		-1,411	-16,971
Income Tax	13		
Loss for the period		-1,411	-16,971

Parent company's balance sheet (TSEK)

	Note	2019-12-31	2018-12-31
EQUITY AND LIABILITIES			
Equity	27		
<i>Restricted equity</i>			
Share capital		500	500
Total restricted equity		500	500
<i>Unrestricted equity</i>			
Retained earnings		185,229	202,200
Loss for the period		-1,411	-16,971
Total unrestricted equity		183,818	185,229
Equity attributable to owners of the Parent		184,318	185,729
Non-Current Liabilities			
Bond loans	28	741,648	739,064
Other non-current liabilities	28	0	161,507
Total non-current liabilities		741,648	900,572
Current liabilities			
Accounts payables		16	0
Other current liabilities	31	0	3,190
Accrued expenses and prepaid income	32	3,330	0
Total current liabilities		3,346	3,190
TOTAL EQUITY AND LIABILITIES		929,313	1,089,490

Parent company's statement of changes in equity (TSEK)

	Share Capital	Statutory reserves	Other restricted reserves	Retained earnings	Profit/Loss for the period	Total equity to the holders of the Parent
Subscription of shares 2 October 2017	500	0	0	0	0	500
Loss for the period					-16,971	-16,971
Total contribution to equity					-16,971	-16,971
Shareholders contribution	0	0	0	202,200	0	202,200
Total transactions with company owners	0	0	0	202,200	0	202,200
Closing equity balance as at 31 December 2018	500	0	0	202,200	-16,971	185,729
Transfer of previous year's result				-16,971	16,971	0
Loss for the period					-1,411	-1,411
Total contribution to equity				-16,971	15,560	-1,411
Total transactions with company owners						0
Closing equity balance as at 31 December 2019	500	0	0	185,229	-1,411	184,318

Parent company's cash flow analysis (TSEK)

	Note	2019-01-01 -2019-12-31	2017-10-02 -2018-12-31
Cash flow from operating activities			
Operating result		-1,264	-16,724
Adjustment for items not included in Cash Flow		0	0
		-1,264	-16,724
Interest received		0	0
Paid interest		-147	-247
Taxed paid		0	0
Cash flow from operating activities before changes in working capital		0	0
Changes in net working capital		-1,411	-16,971
Changes in short-term receivables and other short-term receivables		-93	-12,942
Changes in short-term liabilities		157	3,190
Net cash flow from operating activities		-1,346	-26,723
<i>Cash flow from investing activities</i>			
Investment in financial fixed assets	22	0	-462,235
Cash flow from investing activities		0	-462,235
<i>Cash flow from financing activities</i>			
Shareholders contribution	36	0	202,700
Issuance of interest-bearing bond loans		2,584	739,064
Increase other long-term debt		0	161,507
Increased long term lending to Group companies		0	-586,366
Net cash flow from financing activities		2,584	516,905
Net change in cash and cash equivalents		1,238	27,947
Cash and cash equivalents at the beginning of the year		27,947	0
Cash and equivalents at year end		29,184	27,947

Further disclosures

Note 1 General information

Brado AB and its subsidiaries' (together the Group) mission is to improve quality of life for people who are in need of special support. Through its subsidiary – Frösunda Group – Brado AB offers services within areas such as elderly care, accommodation, personal assistance, day-care and schools.

The Parent Company is a limited liability company registered in Sweden and domiciled in Tanumshede. The address of the parent company's head office is Brado AB c/o Frösunda Omsorg AB; Råsundavägen 18A; 169 67 Solna.

On April 27 2020, the Board of Directors approved this consolidated financial statement for publication.

Note 2 Summary of important accounting principles

The most important accounting principles applied when this consolidated financial statement was prepared are set out below. These principles have been applied consistently for all years presented, unless otherwise specified.

The Parent Company's accounting principles follow the Group's unless otherwise specified. The differences that exist are listed at the end of this note.

All amounts in the following notes are in TSEK unless otherwise stated.

Reason for the preparation of the reports

The consolidated accounts for Brado AB have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Group Accounting, as well as International Financial Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. The accounts have mainly been prepared according to the acquisition cost method as the Group has few assets or liabilities that are reported at fair value.

Preparing reports in accordance with IFRS requires the use of some important assumptions for accounting purposes. Furthermore, management must make certain assessments when applying the Group's accounting principles. The areas that include a high degree of assessment, which are complex, or such areas where assumptions and estimates are of significant importance for the consolidated financial statements, are set out in Note 4.

New and amended standards applied by the Group

During the year, a new accounting policy related to accounting for leasing was implemented (IFRS 16).

New accounting principles 2019

The change during the year has had a material impact on the financial statements, mainly in relation to the balance sheet.

Within the Brado Group, there remains only entered into leasing agreements where the Group companies act as lessees.

The effect of implementation of the new rules is reported below. Adjustments primarily concern indexations.

	Closing balance 31 December 2018		Adjustment	Opening balance 1 January 2019
Right of Use Assets	527,066		25,485	552,551
Leasing liabilities, interest-bearing	527,066		7,921	534,987

The leasing contracts entered into mainly concern rental agreements relating to property. These agreements normally run for 10-15 years. In addition to rental agreements for property, leasing agreements are also entered into where the contract period is usually for 3 years. The rental agreements for properties normally also contain one or more extension options. The extension option is reported when it is reasonably certain, which is based on an investment decision.

Variable costs like property tax, maintenance costs, electricity, heating and water etc. are excluded from the lease payables calculation to the extent that such costs can be differentiated from the rental cost.

The Group reports beneficial rights and lease liabilities attributable to all leasing contracts in the balance sheet, with some exceptions. The reporting reflects that at the start of the lease contract, the lessee has the right to use an asset for a certain period of time and in consequence is obliged to pay for that right.

The lease liability is initially calculated as the present value of the lease payments that are not paid on the start date, discounted normally based on the Group's marginal loan rate. The Group's marginal loan rate is regulated by parameters such as the agreement's duration and is based on Swedish government bonds (so-called risk-free interest) Lease payments included in the debt are mainly agreed fixed payments, and any changes that are considered possible are linked to indexes or other adjustment factors.

A clarification about given information is given below in the annual accounts of 2018 concerning estimated contractual lease liability along with the actual leasing liability as seen in the consolidated accounts on 1 January 2019.

All amounts in million SEK	
Estimated contractual lease liability, 1 January 2019 -	
Annual Report 31 December 2018	527.0
-Adjustments (mainly index adjustments)	-2.9
-Modification and correction	10.9
Reported leasing liability, 1 January 2019	535.0
All amounts in million SEK	
Commitments for operating leases as of December 31, 2018	668.7
Discounting by using the Group's weighted average marginal discount rate	-116.4
Low Value leasing contracts	-1.9
Short term lease contracts	-15.4
Reported lease debt as of 1 January 2019	535.0

The right of use is initially measured at acquisition cost, and which at the same time is the same amount that was defined at the initial measurement of the liability, adjusted for any existing lease payments before and at the start date, reduced by any discounts received and any initial direct cost for restoration.

Depreciation occurs linearly and according to the leasing agreement's duration. Longer depreciation periods are mainly observed for the Group's right of use assets that concern leasing of premises/properties and shorter ones for car leasing.

The Group applies the exemption that gives the right not to account for short-term lease contracts as well as for leases with low underlying asset values. For these contracts, linear costing occurs. Interest costs for lease liabilities are presented as a component of the Group's financial costs and are considered separately from reported depreciation of rights of use.

The cash flow statement reports payments attributable to lease liabilities that are reported in accordance with IFRS 16, in financing activities, while payments for short-term leases, or lower-value leases, are reported as part of the cash flow from operations. For more information see also Note 8 Leasing.

Assumptions when calculating the Group's leasing liability

IFRS has had a substantial affect on Brados' financial reporting. When calculating the leasing liability, company management has made a number of estimates and assessments. These estimates and assessments are considered to be of importance for the leasing liability's reported value.

Brado has identified three main types of assets; properties/premises, cars and office equipment (e.g. photocopiers/video conference equipment).

Leasing contracts relating to properties/premises account for approx. 98% of the Group's reported leasing liability as on 31 December 2019.

Contracts for lower values and contracts that have a contract duration that do not exceed a maximum of 12 months are excluded and are not reported in the balance sheet.

The calculation of leasing liability is based on the leasing agreement's contractual agreement period not including any extension options. Quarterly reconciliation takes place to ensure that any extensions that are reasonably sure and decided upon are included in the Group's reported leasing liability.

Principles for consolidated accounts

Subsidiaries are all companies over which the Group has a controlling influence. The Group controls a company when it is exposed to or entitled to variable returns from their holding in the company and has the opportunity to influence performance through its controlling interest in the company. Subsidiaries are included in the consolidated accounts from the date on which the controlling influence is transferred to the Group. They are excluded from the Group accounts as of the date on which the controlling influence ceases.

The acquisition method is used for reporting the Group's business combinations. The purchase price for the acquisition of a subsidiary comprises the fair value of transferred assets, liabilities that the Group incurs to previous owners of the acquired company and the shares issued by the Group. The purchase price also includes a fair value of all assets or liabilities resulting from a contingent consideration agreement. Identifiable acquired assets and assumed liabilities in a business combination are initially measured at fair value at the acquisition date.

For each acquisition – that is, acquisition by acquisition – the Group decides on non-controlling interests in the acquired company and will in such case report at fair value or at the proportionate share of the holding in the carrying amount of the acquired company's identifiable net assets. Acquisition-related costs are expensed when they occur. If the business combination is carried out in several steps, the previous equity shares in the

acquired company are revalued to the fair value applicable at the acquisition date. Any profit or loss that has arisen as a result of the revaluation is recognized in the income statement. Any contingent consideration to be transferred by the Group is recognized at fair value at the time of acquisition.

Subsequent changes in the fair value of a contingent consideration classified as an asset or liability are recognized in the income statement.

Intra-Group transactions, balance sheet items and unrealized gains and losses on transactions between Group companies are eliminated.

Transactions with an owner with a non-controlling interest, that does not lead to loss of control, are reported as equity transactions – i.e. as transactions with the owners in their role as owners. In the case of acquisitions from owners with non-controlling interests, the difference between the fair value of the purchase price paid and the actual acquired share of the carrying amount of the subsidiary's net assets in equity is reported. Gains and losses on disposals to owners with non-controlling interests, are also reported as equity.

There are no non-controlling interests for the 2018 and 2019 financial year.

Principles for foreign currency transactions

Functional currency and reporting currency

Items included in the financial reports for the various units in the Group are valued in the currency which is used in the economic environment in which each company is predominantly active (functional currency). For consolidated accounts – Swedish kronor (SEK) is used and is to be seen as the Group's reporting currency.

Transactions and balance sheet items

Transactions in foreign currency are translated to the functional currency according to the exchange rates that apply on the transaction date on which the items are revalued. Exchange gains or losses arising from payment of such transactions and in the translation of monetary assets and liabilities in foreign currency at the closing day rate, are reported in the income statement. Exceptions to this are when the transactions constitute hedges which fulfil the conditions for the hedge accounting of cash flows or of net investments, in such events, profits/losses from such transactions are reported in other comprehensive income.

Exchange gains and losses related to loans and cash and cash equivalents are reported in the income statement as financial income or expenses. All other foreign exchange gains and losses are reported in the item Other income and Other operating expenses. For the periods reported, the Group has only financial exchange gains and losses.

Cash flow analysis

The cash flow analysis is prepared in accordance with the indirect method. The reported cash flow only shows transactions that resulted in ingoing or outgoing payments. As cash and cash equivalents, the company classifies, in addition to cash, disposable assets, balances with banks and other credit institutions. Blocked funds are not classified as cash and cash equivalents. Changes in blocked funds are reported in the investment activities.

Revenue recognition

All revenue that is reported in the Group is based on an analysis first being done of the reason for such revenue recognition. The analysis is based on 5 principle steps which are presented below.

- Step 1: An agreement between at least two parties is identified and where there is an expressed right and corresponding obligation of service

- Step 2: Performance obligations are identified
- Step 3: Remuneration expected in exchange for goods or services has been determined. For this, consideration shall be given to variable parts as well as any discounts.
- Step 4: Remuneration is broken down for the different performance obligations.
- Step 5: Reporting of income, which first occurs when the performance obligations are fulfilled and control is seen to have been transferred to the client. This all happens at one and the same time.

Revenue is valued at the fair value of what is or will be received, and corresponds to the amounts received for goods and services sold less discounts, returns and VAT. The Group recognizes revenue when the customer is considered to have gained control of the goods or services sold. It is assessed that the Group's performance obligations meet the criteria in order to be fulfilled at a certain time. The majority of the Group's agreements fall within this rule. Payment terms for no matter what type of care service are usually 30 days net.

The Group's operating income is primarily generated by remuneration for performances achieved in Health and care. Health and care services are carried out partly in-house with responsibility for occupancy and the rental of premises, and partly via operational units with multi-year operating and framework agreements. Compensation for operations, regardless of the mode of operation, is based on the number of customers, the number of care days, the number of hours when assistance is provided, the number of accommodations or similar services performed within the Group. Revenue is recognized when the services are performed and invoicing takes place monthly. Interest income is recognized as income using the effective interest method. When the value of a claim in the categories loans and accounts receivable has decreased, the Group reduces the carrying amount to the recoverable value, which consists of the assessed future cash flow, discounted by the original effective interest rate for the instrument, and continues to dissolve the discount effect as interest income. Interest income on written-down loans and accounts receivable is recognized at the original effective interest rate.

The Group's income is reported in the subsidiaries. Income is mainly based on multi-year care agreements. Revenue is mainly linked to care services performed, either on an hourly basis (cf. the business segment Personal Assistance), the number of care days or remuneration for time/services provided to the paying municipality. When a service is performed by Frösunda in own premises, Frösunda receives rental income from the customers who rent their accommodations (business segment Elderly Care and Disability).

Rental income is recognized in the period that use of the premises (flat) occurs. Invoicing of the rental fees occurs in advance and the income is accrued.

Revenue recognition is in accordance with IFRS 15 "Revenue from contracts with customers" which means that revenue is recognized when the customer has gained control over the goods or services sold. Consistent with these rules, revenue is reported broken down by business segment, see further in Note 5.

Full responsibility units

Frösunda's full responsibility units conduct care in premises that are run by Frösunda. Our activities are conducted within the business segments: Elderly Care, Disability and Individual & Family.

Frösunda has a rental agreement with the property owner. Frösunda also owns a number of properties, which are mainly used as a complement to rented accommodations. Traditionally, such accommodations have been used in the business segment Individuals and family. In

our full responsibility units, Frösunda normally receives compensation for care, meals and rent. In a typical full responsibility operation, Frösunda receives compensation from the municipality for care and in many cases also for meals. The customers being cared for normally pay rent directly to Frösunda and in many cases they also pay for meals. There are various compensatory models which differ between municipalities. Compensation for care and meals is based on the number of care days, the rent is however paid monthly.

Operational units

Activities in operational units mean that Frösunda conducts its operations in publicly controlled premises, normally in municipality premises. Operational units are mainly seen within the business segments: Elderly Care, Disability and Individual & Family. The municipality is responsible for the premises. Frösunda normally receives compensation from the municipalities for care and meals. Different remuneration models exist which vary from one municipality to the next.

Price adjustments

Price adjustments are normally based on compensation for cost inflation. An annual notification of the new price for personal assistance is made by the Swedish Social Insurance Agency (Försäkringskassan), which regulates the price for the majority of care customers in the business segment Personal Assistance.

Otherwise, price adjustments are based on compensation for cost increases based on the change in the so-called Care Price Index. Changes in this index are published yearly by the Swedish Municipalities and Regions Council (SKL) and forms the main driver for any price changes seen within the business segments Disability, Individual & Family as well as Elderly Care. There are also price adjustment clauses which are individual and on a contract-by-contract basis, not related to any general price index (OPI). In addition, price adjustments can also be made in accordance with the municipality's price lists which are published each year for the care service in question (level breakdown) – which is mainly seen under RAM or LOV agreements.

The effect of this year's price adjustments is estimated at approximately 1.4% -1.5% of the Group's net sales.

Segment reporting

According to IFRS 8, reporting of the operating segments (within Brado, these must be regarded as the Group's business areas, i.e. Personal Assistance, Disability, Elderly Care and Individual & Family) must be carried out in a manner that is consistent with the internal reporting provided to the highest executive decision maker. The highest executive decision maker is the function that is responsible for allocating resources and for the assessment of the operating segments' results. Within the Group, the Board and the CEO have been identified as the highest executive decision maker.

Within the Group, four operating segments have been defined which are regularly followed up by the highest executive decision maker, who decides on the allocation of resources and on the assessment of operating segments' results.

In order to merge a business segment into a reporting segment, the Standard (IFRS 8) states that the segment shall have similar economic characteristics, that the characteristics are similar to each other with regard to the design of products or services, how the products or the services are produced, the categories of customers that use the products and services offered, and the extent to which the business is affected by different rules and risks. For the Group, this can be seen for the segments Personal Assistance, Disability, Elderly Care and Individual & Family.

The Brado Group and its operations in the Frösunda Group, all of which are care companies

where the nature of the services and the customers to whom these services are offered are equivalent. The services performed and the regulations that they are covered by are equivalent, as well as the processes and routines used to perform such services within each business segment. The segments that can be seen are Personal Assistance, Disability, Elderly Care and Individual & Family. Each reporting segment follows the same accounting principles as the Group as a whole. Segment reporting is primarily focused on revenue recognition and other analysis of the economic performance of each segment. This is consistent with internal reporting and follow-up procedures performed on an ongoing basis, monthly, to the highest executive decision maker in the Group. With regard to segment follow-up related to the balance sheet, this is mainly focused on monitoring outstanding accounts receivable, as other assets and liabilities mainly consist of Goodwill and bond loans, reported in the Parent Company. Trade receivables, on the other hand, are strongly linked to segment operations and business conditions, as seen in business agreements, price models, and which combine in terms of financial risks (mainly credit and liquidity risk).

Financial assets

Capitalized development expenditures

Capitalized development expenditures mainly refer to proprietary software. Software maintenance costs are expensed when they arise. Development expenditures directly attributable to the development and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- It is technically possible to complete the development of the software so that it can be used or sold.
- The company's intention is to complete development of the software for use or sale.
- The conditions are favourable to use or sell the software.
- It can be shown how the software generates likely future economic benefits.
- There are adequate, financial and other resources to complete development and to use or sell the software.
- The expenditures attributable to the software during its development can be calculated in a reliable manner.

Development expenditures, which do not meet these criteria, are expensed when they arise. Development expenditures previously expensed are not recognized as assets in subsequent periods. Capitalized development expenditures are amortized during their estimated useful life, which in all cases is 5 years.

Goodwill

Goodwill arises from the acquisition of subsidiaries and refers to the amount by which the purchase price, any non-controlling interest in the acquired company and fair value at the date of acquisition on the previous equity interest in the acquired company, exceeds the fair value of identifiable acquired net assets. If the amount is less than the fair value of the net assets of the acquired subsidiary, in the event of a low-price acquisition, the difference is recognized directly in the income statement. In order to test impairment, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition. Each unit or group of units to which goodwill has been allocated corresponds to the lowest level in the Group at which the goodwill in question is monitored in the internal governance.

Goodwill is tested for impairment annually or more frequently if events or changes in

conditions indicate a possible decrease in value. The carrying amount of the cash-generating unit to which the goodwill is attributed is compared with the recoverable amount, which is the higher of value in use and the fair value less selling costs. Any write-down is recognized immediately as an expense and is not reversed.

Tangible fixed assets

All tangible fixed assets are recognized at their acquisition value minus depreciation. The acquisition value includes expenditures that are directly attributable to the acquisition of the asset.

Future expenses are added to the asset's carrying amount or reported as a separate asset, whichever is appropriate, only when it is probable that the future financial benefits associated with the asset will benefit the Group and the asset's acquisition value can be measured reliably. The carrying amount of the asset that is replaced is removed from the balance sheet. All other forms of repair and maintenance are recognized as costs in the income statement during the period in which they are incurred. No depreciation is made of land. Depreciation of other assets, in order to allocate their acquisition value down to the estimated residual value over the estimated useful life, is carried out on a straight-line basis as follows:

- Buildings: 33-50 years
- Improvement expenses on another's property: 5-20 years
- Inventory, tools and installations: 3-5 years

The carrying amount of an asset is immediately written down to its recoverable amount if the carrying amount of the asset exceeds its assessed recoverable amount.

Gains and losses on disposals are determined by comparing the sales revenue and the book value and are recognized net in other operating income and other operating expenses respectively.

Fixed assets held for sale

Fixed assets that are seen as divestment groups are classified as assets held for sale when their carrying amount will mainly be recovered via a sales transaction and when a sale is considered very probable. For this to happen, the asset (or disposal group) shall be for immediate sale and the sale must be assumed to be highly probable. In order for the sale to appear highly probable, a decision regarding the sale shall be taken at the appropriate level, the work on the sale shall have started and be expected to be completed within one year, and the sale shall be at a reasonable market price.

When the criteria are met, the asset or the assets and liabilities included in a disposal group shall be separately recognized in the balance sheet.

The assets are reported at the lower of the carrying amount and fair value less selling expenses. However, deferred tax assets, assets attributable to employee benefits, financial assets and contractual rights in insurance contracts are exempt from this valuation requirement. A gain is recognized for each subsequent increase in the fair value after deduction of selling expenses, but not at a higher amount than the accumulated impairment value previously reported. A gain or loss that was not previously recognized when a non-current asset (or disposal group) is sold shall be recognized as of the date the asset or disposal group is removed from the statement of financial position.

Fixed assets (including those that form a part of a divestment group) are not depreciated as long as they are classified as held for sale. Interest and other costs attributable to the liabilities of a divestment group held for sale are reported continuously.

Right-of-use assets

From 1 January 2019, leasing commitments are reported in accordance with the new rules, IFRS 16 Leasing Agreement, which replaces IAS 17 Leasing Agreement and IFRIC 4 Determining whether an agreement contains a lease agreement and related rules. All contracts that meet the definition of a leasing contract are recognized in the Group's financial position as a right of use asset and financial liability. The agreements previously recognized as operating leases are now reported in the balance sheet and as a result, the leasing fee is therefore no longer recognized as part of the Group's operating expense in the income statement, but instead as depreciation and an interest expense.

Based on the new requirements for IFRS 16, the right of use is recognized initially at acquisition value, which is initially the same amount as defined upon initial measurement of the liability, adjusted for any existing lease payments before and at the start date, less any possible discounts received as well as any initial direct cost of restoration.

The Group has utilized the exemption specified in the regulations for IFRS 16 and excluded lease agreements that are considered to have a lower value. In addition, exceptions are also made for such agreements that are considered to be short, i.e. where the lease term is a maximum of 12 months. For these agreements, the leasing cost is reported as before, as part of the Group's operating expenses.

The comparison year according to IAS 17

For the comparison year 2018, leasing is reported according to IAS 17. For the Group, this means that a lease is classified as either financial or operational leasing. Financial leasing is seen when the financial risks and benefits associated with ownership are in effect transferred to the lessee. With financial leasing agreements, the leased assets are reported as assets in the consolidated balance sheet and depreciation takes place in accordance with the depreciation rules that apply according to plan. Obligations for future leasing fees are reported throughout as short-term or long-term liabilities. Other leasing contracts are reported as operating leasing. The Group has only operational leases, thus there are no reported leasing commitments for the comparative year in the consolidated balance sheet.

Write-down of non-financial assets excluding goodwill

Assets that are depreciated are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount is not recoverable. A write-down is made with the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset reduced by selling costs and its value in use. When assessing the need for impairment, assets are grouped at the lowest levels where there are essentially independent cash flows (cash-generating units). For assets (other than goodwill) that have previously been written down, a review is made on each balance sheet date as to whether a reversal should be made. Any reversal of previous impairment can only be made so that the value of the asset corresponds to the value that would have been in accordance with the accounting rules that normally apply for the asset.

Financial assets and liabilities

Financial assets

The Group recognizes all financial assets and liabilities in accordance with IFRS 9. Financial assets and liabilities have been classified into different categories and some are valued at amortized cost and some at fair value. The classification made is based partly on a business model and partly on contractual cash flows.

Rules governing impairment under IFRS 9 are based on expected credit losses.

The impairment model is seen as a three-step model in which the recognition of impairment

is governed by changes in the credit risk of the financial assets. As a consequence, a loss event is no longer required for an impairment to be reported.

Classification

Financial assets recognized at fair value through the income statement

Financial assets, valued at the fair value through the income statement are financial assets acquired for trade purposes. A financial asset is classified in this category if acquired principally for the purpose of being sold shortly afterwards. Derivatives are classified as being held for trading purposes unless they are identified as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise they are classified as fixed assets. The Group has no financial assets held for trading.

Loans and accounts receivable

Loans and accounts receivable are financial assets that are not derivatives, they have fixed or determinable payments which are not quoted in an active market. They are included in current assets, except for items with a maturity date greater than 12 months after the end of the reporting period, which are classified as fixed assets. The Group's loans and accounts receivable consist mainly of accounts receivable, other receivables, accrued income and cash and cash equivalents.

Accounts receivable

Accounts receivable are amounts to be paid by customers for goods sold or services rendered in the day-to-day business operations. If payment is expected within one year (or during the normal business cycle if this is longer), they are classified as current assets. If not, they are listed as fixed assets.

Accounts receivable are reported at fair value and using simplification rules where provision is made for expected credit losses, not dependent on changes in credit risk.

When evaluating the Group's accounts receivable, the expected loss is estimated at SEK 11,234 thousand as of 31 December 2019. For more details see also Note 23 and Note 35.

Factoring – sales of accounts receivable

From 2019, the Group has sold parts of disputed accounts receivable, without the right of redress, and where the debtor is a Swedish municipality. Issued invoices are handed over to the factoring company, Avida Finans AB. The invoice value of the customer's invoice is removed from the balance sheet as soon as payment is received from Avida, normally 2 working days after the invoice is issued. Payment received is a net amount, i.e. invoiced amount reduced by the contractual credit fees. Credit fees are reported as part of the Group's other external costs.

Cash and cash equivalents

Cash and cash equivalents include, both in the balance sheet and in the report on cash flows, cash and bank balances.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative assets where the assets are identified as being available for sale or have not been classified in any of the other categories. They are included in fixed assets if management does not intend to dispose of the asset within 12 months of the end of the reporting period.

Write-down of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence for the impairment for a financial asset or a group of financial assets. A financial asset or group of financial assets have a need for impairment and are written down only if there is

objective evidence for impairment as a result of one or more events occurring after the asset has been recognized for the first time (a “loss event”) and that this event (or events) has an impact on the estimated future cash flows for the financial asset or group of financial assets and which can be estimated in a reliable way.

The Group's financial assets consist of accounts receivable, other current receivables and cash and cash equivalents.

Financial liabilities

The Group's financial liabilities consist of bond loans listed on Stockholm Nasdaq, other long-term liabilities, short-term and long-term lease liabilities (see below), accounts payable and current liabilities.

Valuation of financial liabilities

The Group's financial liabilities are reported at amortized cost (level 3 in accordance with the regulations, more information is available in Note 35), with the exception of the conditional part of the purchase price (seller credit), which is included as part of other non-current liabilities.

Accrued transaction costs related to the Group's bond loans are reversed on a straight-line basis over the term of the bond and are added to the carrying amount of the bond.

Loans

Loans are recognized at amortized cost and any difference between the amount obtained (net of transaction costs) and the repayment amount is recognized in the income statement distributed over the loan period, applying the effective interest method.

Loans are removed from the balance sheet when the obligations have been settled, cancelled or otherwise terminated. The difference between the carrying amount of a financial liability (or part of a financial liability) that has been extinguished or transferred to another party and the consideration has been paid, including transferred non-cash assets or assumed liabilities is reported in profit or loss.

Long-term borrowing

Bond loans: The Group's main borrowing consists of bond loans listed on Stockholm Nasdaq. The loans are divided into senior and junior loans with maturity in March and June 2023 respectively. The loans are recognized at amortized cost adjusted for unrecognized transaction costs.

Other liabilities: Other liabilities include the seller credit granted as part of financing when Brado acquired the Frösunda Group (6 March 2018), see also Note 39. The seller credit can be regarded as a conditional part of the total purchase price. The seller credit is measured at fair value, and is valued in accordance with level 3 (see also further rules for valuation of financial assets and liabilities as specified in Note 35), and any changes are adjusted according to the time when the preliminary allocation of the purchase price (PPA) was determined (in connection with the official reporting of Q3 2018 to Stockholm Nasdaq) via the income statement.

The valuation follows from the terms stated in the acquisition agreement and where the stated expected level of EBITDA during the period 2018-2020 forms the basis. If EBITDA is below the expected value, write-downs must be made. The value of the seller credit cannot be written up to a value that exceeds the original value at the time of acquisition. See also further information in Note 39.

Short-term borrowing: Loans are classified as current liabilities unless the Group has an unconditional right to defer payment of the debt for at least 12 months after the end of the reporting period.

Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as short-term liabilities if they fall due within one year (or during the normal business cycle, if this is longer). If not, they are taken up as long-term liabilities.

Accounts payable are initially recognized at fair value and subsequently at amortized cost using the effective interest method.

For further information on risk management, see Note 3.

Offsetting

Financial assets and liabilities are offset and recognized with a net amount in the balance sheet only when there is a legal right to offset the recognized amounts and an intention to settle them with a net amount or to simultaneously realize the asset and to settle the debt. The legal right may not be dependent on future events and it must be legally binding on the company and the counterparty both in the course of normal business operations and in cases of suspension of payments, insolvency or bankruptcy.

Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new ordinary shares are recognized in equity, net of tax, as a deduction from the issue proceeds.

Lease liabilities

As a result of the implementation of the new rules for accounting for leasing, IFRS 16, the lease liability is reported from 1 January 2019 as the present value of the lease payments that are not paid on the start date. A breakdown is made into long-term and short-term lease liabilities which are recognized in the consolidated balance sheet as part of other long-term liabilities and other current liabilities.

The future contracted cash flows are discounted using the Group's marginal loan rate. The marginal loan rate varies mainly depending on the term of the contract and is based on the Swedish government bond interest rate (risk-free interest rate) for the corresponding term.

The lease payments that form a part of the debt are mainly agreed fixed payments, variable payments mainly affected by indices or other adjustment factors and residual values.

Provisions

A provision is a liability that is uncertain with regard to the due date or amount. A provision is recognized when the Group has an existing or informal legal obligation as a consequence of an event and it is probable that financial resources will be required to pay for the obligation and that a reliable estimate of the amount can be made.

Current and deferred income tax

The tax expense for the period includes current and deferred tax. Tax is recognized in the income statement, except where the tax relates to items recognized in other comprehensive income or directly in equity. In such cases, the tax is also recognized in other comprehensive income and equity respectively.

The tax expense in question is calculated on the basis of the tax rules decided or effectively decided on the balance sheet date in the countries where the Parent Company and its subsidiaries operate and generate taxable income. Management regularly evaluates the claims made in tax returns in respect of situations where the applicable tax rules are subject to interpretation. It makes, when deemed appropriate, provisions for amounts likely to be

paid to the Swedish Tax Agency.

Deferred tax is recognized on all temporary differences that arise between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax liability is not recognized if it arises as a result of the initial recognition of goodwill.

Deferred tax assets are recognized to the extent that future tax surpluses are likely to be available, against which the temporary differences can be used.

Deferred tax assets and liabilities are offset when there is a legal right of set-off for current tax assets and liabilities and when the deferred tax assets and liabilities relate to taxes charged by the same tax authority and relate either to the same taxable entity or to different taxable entities, where there is an intention to settle the balances through net payments.

Remuneration to employees

Pension obligations

A defined-contribution pension plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or informal obligation to pay additional fees if this legal entity does not have sufficient assets to pay all employee benefits related to the employee's service during the current or previous periods. A defined-benefit pension plan is a pension plan that is not based on defined contributions. A characteristic feature of defined-benefit plans is that they indicate an amount of the pension benefit an employee receives after retirement, usually based on one or more factors such as age, seniority and salary.

With the exception of insurance via Alecta, the Group has only defined-contribution plans. Commitments to salaried employees is mainly secured through Alecta. According to a statement from the Financial Reporting Council, UFR 10, the ITP 2 component via Alecta is a multi-employer defined-benefit plan. The Group, like other Swedish companies, has not had access to information that makes it possible to report this plan as a defined-benefit plan. The ITP pension plan secured through insurance with Alecta is therefore reported as a defined-contribution plan.

Short-term remunerations

Liabilities for salaries and remunerations, including non-monetary benefits and paid absences, which are expected to be regulated within 12 months after the end of the financial year, are recognized as short-term liabilities at the undiscounted amount expected to be paid when liabilities are settled. The cost is recognized as the services are provided by the employees. The liability is recognized as an obligation for employee benefits in the balance sheet.

Compensation in the event of termination

Compensation in the event of termination is payable when an employment is terminated by the Group before the normal retirement date or when an employee accepts a voluntary retirement in exchange for such benefits. The Group recognises severance pay when it is demonstrably obliged to terminate the employee according to a detailed formal plan without the possibility of withdrawal.

The Parent Company's accounting policies

The Parent Company prepares its annual report in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board, reporting recommendation RFR 2, Accounting for legal entities and the Emergency Group statement. RFR 2 regulates that the Parent Company shall, in the annual report for the legal entity, apply all IFRS/IAS approved

EU regulations and statements as far as possible within the framework of The Swedish Annual Accounts Act and shall take into account the relationship between accounting and taxation. The recommendation specifies the exceptions to be made from IFRS/IAS.

The Parent Company applies the accounting policies specified for the Group, with the exception of the following:

Reporting of group contributions

Group contributions are reported in accordance with the alternative rule in RFR 2, which means that both the group contributions submitted and received are recognized as appropriations in the income statement.

Leasing costs

Leasing where a significant portion of the risks and benefits of ownership are retained by the lessor is classified as operational leasing. Payments made during the leasing period (net of any incentives from the lessor) are expensed in the income statement on a straight-line basis over the lease term. The Parent company has no financial leases.

Leasing fees are reported as operating expenses. No accounting is made in the Parent Company's balance sheet.

Financial assets and liabilities

Financial assets and liabilities are reported in accordance with the consolidated financial statements, except for the following:

Shares in subsidiaries

Subsidiaries are reported according to the acquisition method, which means that the holdings are recognized in the balance sheet at acquisition value less any impairment losses.

Claim Group companies

Group receivables (long and short-term) are not recognized in accordance with IFRS 9 in the Parent Company. The Parent Company reports Group receivables on the basis of the acquisition value. Impairment testing is carried out in accordance with what applies to the Group.

Format

The Parent Company follows the Annual Accounts Act's profit and loss account and balance sheet format, which means, among other things, a different division of equity.

Note 3 Financial risk management

Through its operations, the Group is exposed to a number of financial risks such as market risk (mainly interest rate risk), credit risk, liquidity risk and cash flow risk. Risk management is conducted in accordance with established principles and the Group's overall risk management policy strives to minimize unforeseen adverse effects on the Group's results and position. Further information on the Group's financial risk management can be seen in Note 35.

Currency risk

The Group has few transactions in foreign currencies, which is why currency risk is very limited.

Interest rate risk

Interest rate risk refers to the risk that fair values or future cash flows fluctuate as a result of changes in market rates.

The Group is financed through the Parent Company's issuing bond loans, the loans are listed on the NASDAQ OMX Stockholm Stock Exchange. The financing solution runs until 2023 and is linked to STIBOR as a reference rate. The effective interest rate for 2019 was 6.9 percent. The effective interest rate on deposits was 0 percent. If the interest rate changed by +/- 1%, the result would have changed by +/- TSEK 7,490

In terms of cash and cash equivalents, the Group's financial policy is followed, which limits investments of cash and cash equivalents to investments in interest-bearing accounts only, in recognized Nordic banks.

Counterparty risk and interest rate risk in the placement of cash and cash equivalents are considered to be very low against this background.

Effective interest rate (paragraph relating to credit risk)

	2019	2018
Effective interest financing	6.9%	4.3%
Effective interest deposits	0%	0%
Effect on interest rate change +/- 1%	7,490 tSEK	7,800 tSEK

Credit risk

Credit risk refers to the exposure of receivables in the form of investments of surplus liquidity and accounts receivable. Surplus liquidity is only invested in a deposit account in Nordea. The risk that the company's clients do not meet their obligations, i.e. that payment is not made for accounts receivable constitutes a customer credit risk. The Group's credit risk is assessed as extremely small. A large part of the Group's turnover concerns sales to the Swedish Social Insurance Agency and municipalities for whom the credit risk is considered as very small. A major concentration of credit risks does not occur either.

The risk of bad debt losses within the Group is considered to be extremely limited. See details in note 23.

Provisions for expected credit losses – financial instruments covered by the simplified method

The Group's counterparties consist essentially of municipalities for whom the credit risk is considered as low. Most of the group's counterparties have adequate credit ratings, which means that the risk of credit losses can be considered as extremely limited. The Group has defined risk default as there are indications that late payment of due receivables are not one-off situations, and in particular when the receivable is more than 90 days late, and the amount at risk is considered to be more substantial.

Of the company's business segments, a need is mainly seen for provisions for anticipated credit losses when this concerns the business segment Personal Assistance, and therefore outstanding receivables from municipalities. A provision's model is used in which several factors are taken into account and furthermore for each individual invoice. Assessment is made of several variables, among which age before maturity, proportion of outstanding residual amount as well as status of targeted requirements.

Concerning the Elderly Care, Disability and Individuals and Family business segments, there are grounds for provisions where the invoiced counterparty is a private individual and when the invoice is more than 90 days overdue. Provisions in 2019 for anticipated credit losses for these business segments total a value of TSEK 811 (TSEK 0).

Maximal exposure for credit risk

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Accounts receivables	218,536	288,490	0	0
Receivables from Group Companies	235	205	599,338	599,308
Other Receivables	3,447	4,991	0	0
Prepaid Expenses and Accrued Income	35,253	40,572	62	0
Cash and Cash equivalents	66,413	87,724	29,185	27,947
Total	323,885	421,981	628,585	627,255

Liquidity risk

Liquidity risk refers to the risk that the Group may have problems in meeting its commitments with regard to the Group's financial liabilities. Financing risk refers to the risk that the Group cannot raise sufficient financing at a reasonable cost. The Group finances its operations with two bond loans, one loan with a value of SEK 600 million (due date 7 March 2023) and another bond loan with a value of SEK 150 million (due date 7 June 2023).

The bond loans were issued on 7 March 2018 in Brado AB and are listed on the NASDAQ OMX Stockholm Stock Exchange. The bond program primarily has a covenant that shall at all times be adhered to, which is that, within the Group and at all times, there shall be at least SEK 20 million in available liquidity. See also the given information in Note 28.

In addition to the bond loans, the Group also has access to a revolving credit with Pareto Bank, with a maximum value of SEK 80 million. This credit is primarily intended to be used to balance fluctuations in cash flow on a monthly basis. Liquidity risk is minimized through coordination of the Group's companies in a cash pool in a joint bank (Nordea). The interest rate on the revolving credit is fixed at 4.85%.

During the year, the company entered into an agreement with the credit market company Avida for the purchase of invoice receivables. The company pays a fixed fee per invoice (8 SEK) and a credit fee (0.3% on the invoice amount incl. VAT) and a commitment fee (0.25% on the credit amount of SEK 12 million).

Only undisputed invoices and invoices issued to a municipality customer in the Disability, Elderly Care and Individuals & Family business segment have been bought by Avida. When invoicing, current invoices are transferred electronically to Avida who then takes care of dispatching them to the end-customer (municipality). Avida normally pays the total invoice amount (including VAT) the following day with a deduction for applicable fees. The fees are reported as part of the Group's operating expenses.

Liquidity risk

Duration analysis regarding contractual payments for financial liabilities

Group

2019-12-31	0-3 months	3-12 months	1-5 years	5- years
Bond Loans	11,780	35,963	857,733	0
Leasing liabilities	26,195	76,804	306,390	395,051
Other liabilities ¹⁾	261,548	0	0	0
Accounts payables	35,041	0	0	0
Debt to Group Companies	0	0	0	0
	334,564	112,766	1,164,123	395,051

2018-12-31	0-3 months	3-12 months	1-5 years	5- years
Bond Loans	11,651	36,094	905,640	0
Other liabilities ¹⁾	324,092	0	161,507	0
Accounts payables	39,751	0	0	0
Debt to Group Companies	0	0	0	0
	375,494	36,094	1,067,147	0

Parent Company

2019-12-31	0-3 months	3-12 months	1-5 years	5- years
Bond Loans	11,780	35,963	857,733	0
Leasing liabilities	0	0	0	0
Other liabilities ¹⁾	3,330	0	0	0
Accounts payables	16	0	0	0
Debt to Group Companies	0	0	0	0
	15,127	35,963	857,733	0

2018-12-31	0-3 months	3-12 months	1-5 years	5- years
Bond Loans	11,651	36,094	905,640	0
Other liabilities ¹⁾	3,190	0	161,507	0
Accounts payables	0	0	0	0
Debt to Group Companies	0	0	0	0
	14,840	36,094	1,067,147	0

1) Other debts include accrued personnel-related costs, other personnel-related liabilities, accrued interest expenses. 2018 also includes a seller credit (see also note 39 Acquisitions) with initially anticipated maturity running until 2023.

The amounts included in the table are the contractual undiscounted cash flows.

Capital

The Group's ambition for capital management is to ensure the Group's ability to continue its operations in order to generate a reasonable return to shareholders and benefit for other stakeholders. The Group's capital is defined as the Group's equity. The Group's current policy is not to pay any dividends. The Group has two bond loans issued on the Swedish financial market, totalling SEK 750 million. The requirement set out in the bond agreements,

(covenants) signed 7 March 2018, is that Brado AB and its subsidiary (i.e. the Group) must meet the requirement for a minimum amount in terms of liquidity. The Group shall at all times be able to report cash and cash equivalents amounting to at least SEK 20 million.

The covenants have been adhered to in 2018 and 2019.

Note 4 Important estimates and assessments for accounting purposes.

The Group's financial statements are prepared in accordance with IFRS. This means that the preparation of financial statements and the application of accounting principles are often based on estimates and assumptions that are considered reasonable and balanced at the time that the assessment is made. However, with other assessments, assumptions and estimates, the outcome may be different, and events may occur that may require a material adjustment to the carrying amount of the asset or liability concerned. The following are the main areas where assessments and assumptions have been made and which are deemed to have the greatest impact on the financial statements.

Further details about the accounting principles that are embraced by Brado can be found in note 2.

Impairment testing for goodwill

The most significant part of the Group's intangible assets concern goodwill which has arisen in connection with business combinations, valued customer contracts and customer relations and, to a lesser extent, other intangible assets. The Group's reported intangible assets are mainly in the form of assets that appeared in connection with Brado acquiring the Frösunda Group in 2018. Goodwill is tested annually for any need for impairment or as soon as indications are seen that suggest that the asset in question has lost value.

The market's analysis in which Swedish municipalities' demographic development is seen as an important parameter and is one of the most important factors included in the assessment of the Group's anticipated future cash flows. Government and municipal decisions have a direct affect on estimates of future development. Intangible assets in the Group total MSEK 1,084 (MSEK 1,087) of which goodwill consists of MSEK 1 074 (1 074).

When assessing the recoverable amount in connection with impairment testing, estimated future cash flows based on a five-year business plan that management has set out for Brado are used. For the period after the forecast period, 2.0 percent (2.0) growth has been assumed and a maintained margin. For discounting of future cash flows to the present value, the weighted average cost of capital constitutes 6.1 percent (7.2–9.3) before tax. Although company management considers that estimated future cash flows are reasonable, other assumptions about cash flow can affect the calculated valuations.

Each year, the Group examines whether there is any need for impairment of goodwill, in accordance with accounting principles described in Note 2. In connection with impairment testing, calculations are made based on assessments and assumptions.

Acquisition analyses

When Brados acquired the Frösunda Group (2018), an acquisition analysis was made in which the fair value on the date of acquisition of acquired, identifiable assets along with contingent liabilities and any obligations were reported, see further details that are presented in note 39. The acquisition analysis was based on essential estimates and assessments of future events. Actual values can consequently differ from those assigned in the acquisition analysis.

The annual analysis has shown that the seller credit that the previous owner of the Frösunda Group, Hg Capital, set out in connection with the acquisition, have been assessed to have a fair value of SEK 0. The basis for this assessment is based on conditions according to the

acquisition agreement. The assessment, which has been made by the Brados Board and management, is that the EBITDA levels for the years 2018-2020 that were given in the acquisition agreement are not going to be achieved. As a consequence of this, the conditions are not seen as fulfilled to justify a reported value for the seller credit. See also Note 39.

Note 5 Segment reporting

Net sales relate in their entirety to Care and healthcare services. All revenues involve performance obligations that were received at a given point in time (unless otherwise identified).

Revenue can be divided into the Group's four main segments, corresponding to the business segments, in accordance with the reporting requirements of IFRS 8. Based on internal reporting, the reporting segments are: Personal Assistance, Disability, Elderly Care and Individual & Family.

In total, 46% of the annual net turnover is considered attributable to invoicing of the Swedish Social Insurance Agency, in the Group's biggest business segment, Personal Assistance.

	Group 2019	Group 2018
Revenue per segment:		
Personal Assistance	1,188,520	1,046,776
Disability	608,021	566,850
Individual & Family	34,398	54,446
Elderly Care	268,013	245,312
Other	2,650	1,233
Total	2,101,603	1,914,617

Accounts receivable per segment (TSEK)

	2019-01-01 -2019-12-31	2018-03-06 -2018-12-31
Personal Assistance	146,440	165,991
Disability	46,839	78,818
Individual & Family	22,007	34,634
Elderly Care	3,635	8,561
Other	-385	487
Total Accounts Receivables	218,536	288,490

Note 6 Other operating income

	2019	2018
Rental	30,228	22,673
Capital gains sold fixed assets	3,247	2
Other income	1,668	636
Total	35,143	23,311

Note 7 Disclosure of auditors' fees and cost compensation

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
<i>Öhrlings PricewaterhouseCoopers</i>				
Auditing services	1,303	1,078	576	250
Auditing activities in addition to the audit assignment	0	435	0	435
Other services	0	0	0	0
Total	1,303	1,513	576	685

Audit assignments include the review of the annual accounts and accounting records, as well as the Boards' and the CEO's administration, and other tasks that are seen reasonably applicable for the Company's auditor. Auditing activities in addition to the audit assignment consist largely of the fees related to the examination of prospectuses in connection with the listing of bond loans. The above-mentioned fees refer to the following: PwC Sweden, audit assignments TSEK 1,303, audit activities in addition to the audit assignment TSEK 0 and other services TSEK 0.

Note 8 Leasing

Brado implemented IFRS 16 on 1 January 2019; IAS 17 was applied in 2018.

The parent company has no leasing contracts. Leasing contracts mainly concern leasing of premises, passenger vehicles, aids, office machinery and computer equipment.

Expensed Amounts

Group	2019
Current year's depreciations	-81,260
Interest costs related to leasing debts	-23,163
Expenses related to Low Value Assets	-806
Expenses related to Short term leases	-12,958
Costs related to variable leasing costs not included in the leasing debt	0
Total expensed amount	-118,186
This years total payments related to leasing expenses	-97,230

Contracts entered into but which have not started yet total MSEK 146.

Right of Use Assets			
Group	Land and Buildings	Equipment	Total
Opening balance 1 January 2019	538,669	13,882	552,551
New acquisitions	193,302	5,089	198,391
Revaluation	48,147	275	48,423
Scrapping/disposals	0	0	0
Reclassifications	0	0	0
Current year's revaluation differences	0	0	0
Closing balance 31 December 2019	780,118	19,247	799,365
Current year's depreciations and amortization	-73,849	-7,410	-81,260
Scrapping/disposals	0	0	0
Reclassifications	0	0	0
Closing balance 31 December 2019	-73,849	-7,410	-81,260
Net Book Value			
Opening balance 1 January 2019	538,669	13,882	552,551
Closing balance 31 December 2019	706,269	11,836	718,105

Leasing debt that is included in the Group's statement of financial position (tSEK)

The amount has been discounted ¹⁾

	2019
Short-term leasing debt	85,563
Total short-term leasing debts	85,563
Long-term leasing debt	621,426
Total long-term leasing debts	621,426

Contractual future cash flows have been discounted by the marginal loan rate.

The discount rates that were used on 31-12-2019 for the discounting of the Group's future cash flows are:

Interest rates	(%)
Short term interest (1-5 years)	1.58%
Medium term interest (5-10 years)	2.33%
Long term interest (10-15 years)	3.39%

Operational leasing with Brado as lessee in accordance with IAS 17.

No comparative figures for the Group in 2019 as Brado has implemented IFRS 16

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Due within 1 year	-	97,143	0	0
Due between one year and five years	-	270,341	0	0
Due after 5 years	-	301,190	0	0
Total	-	668,674	0	0

Note 9 Average number of employees, personnel costs, pensions and other

	Group 2019	Group 2018
Average number of employees:		
Men	983	1,085
Women	2,182	2,477
Total	3,165	3,562

The information above refers to the number of employees converted into full-time employees.

	Group 2019	Group 2018
Salaries and remunerations (incl. Bonus)		
Board of Directors and CEO	4,876	(970)
Other employees	1,292,604	(354)
Total	1,297,480	(1 324)

	Group 2019	Group 2018
Social tax expenses		
Social tax expenses Board members and the CEO	701	(156)
Pension costs Board members and the CEO	0	0
Pension costs other employees	69,525	0
Other social tax expenses according to law and contract	407,305	(111)
Total	477,531	(267)

	Group 2019		Group 2018		Parent Company 2019		Parent Company 2018	
	Men	Women	Men	Women	Men	Women	Men	Women
Gender distribution within management:								
CEO	1	0	1	0	1	0	1	0
Board members	5	0	5	0	3	0	3	0
Other senior executives	4	4	6	3	0	0	0	0
Total	10	4	12	3	4	0	4	0

- 1) Pension costs concern defined-contribution pension plans.

The Group's pension plans with Alecta

As stated in Note 2 Accounting Policies, ITP 2 is a defined-benefit plan where it is not possible to obtain such information whereupon it is possible to determine the plan in accordance with defined-benefit plan rules. Instead, the plan is reported as a defined-contribution plan. This year's total fees were subscribed through Alecta, i.e. all ITP plans amount to TSEK 40,501 (TSEK 39,428). Alecta's surplus can be distributed to policyholders and/or insured persons. At the end of 2019, Alecta's surplus in the form of the collective consolidation level amounted to 148% (142%). The collective consolidation level is the market value of Alecta's assets as a percentage of insurance liabilities calculated according to Alecta's actuarial calculation assumptions.

Remuneration to the Board of Directors and senior executives

Remuneration is paid to the Chairman and members of the Board in accordance with the Board's decision. Remuneration to the CEO is decided by the Board of Directors and

remuneration to other senior executives by the CEO together with the Chairman of the Board.

During 2019, senior executives, as well as the CEO, have had a conventional pension plan (ITP/ITP-K). There are no severance agreements. During the year, the CEO's services were purchased from Hospitality Invest AS. For other senior executives, a mutual notice period of 3-12 months applies. The following summarizes the remuneration and benefits to the Board of Directors and senior executives of the Group.

From January 2020, the Frösunda Omsorg Group have employed a new CEO, the service being shared with the Norlandia Group. The Frösunda Group's share is 50% of the new CEO's total remuneration.

	Group 2019			Total
	Basic Salaries/ Director's fees	Variable remuneration	Pension costs	
<i>Chairman of the Board</i>				
Kristoffer Lorck	3,929	1,126	0	5,055
<i>Board members</i>				
Roger Adolfsen	0	0	0	0
Kristian Arne Adolfsen	0	0	0	0
Yngvar Tov Herbjörnsson	0	0	0	0
Carl Lindstrand ¹⁾	53	0	0	53
Martin Block (from 2019-07-11)	234	0	0	234
David Critchley (until 2019-07-10)	235	0	0	235
<i>Other senior executives (9)</i>	12,346	0	3,467	15,813
Total	16,797	1,126	3,467	21,390

1) Concerns remuneration for legal services.

	Basic Salaries/ Director's fees	Variable remuneration	Pension costs	Total
<i>Chairman of the Board</i>				
Kristian Arne Adolfsen	0	0	0	0
<i>Board members</i>				
Roger Adolfsen	0	0	0	0
Carl Lindstrand	0	0	0	0
Kristoffer Lorck (also CEO)	2,336	112	0	2,448
<i>Other senior executives (12)</i>	12,779	24,477	1,503	38,759
Other remunerations compensation by previous owner	0	-24,477	0	-24,477
Total	15,115	112	1,503	16,730

All board members' fees are invoiced and can be found in the income item other external costs.

Note 10 Other operating expenses

	Group 2019	Group 2018
Loss sold/dispensed fixed assets	-8,430	-179
Total	-8,430	-179

Note 11 Financial income and similar income items

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Interest income	42	40	50,534	41,257
Effect from fair value of other long-term debt (Sellers Credit)	152,007	168,521	0	0
Total	152,049	168,561	50,534	41,257

Note 12 Financial costs and similar income items

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Interest expenses	-48,500	-44,429	-47,938	-39,256
Interest expenses leasing	-23,163	0	0	0
Other financial expenses	-3,183	-1,068	-2,742	-2,248
Total	-74,846	-45,497	-50,681	-41,504

Note 13 Tax on profits for the year

	Group 2019	Group 2018
Current tax expense		
Current tax expense	-4,547	15,875
Adjustment of tax attributable to previous years	-9,376	0
Total current tax expense	-13,923	15,875
Deferred tax expense		
Deferred tax expense attributable to temporary differences	-130	-64
Total deferred tax expense	-130	-64
TOTAL ACCOUNTED TAX EXPENSE	-14,053	15,811
Reconciliation of effective tax		
Profit before tax	111,888	129,427
Tax according to applicable tax rate (21.4% 2019 vs 22% 2018)	-23,944	-28,474
Tax effect of non-deductible costs	-13,156	-1,866
Tax effect of non-taxable income	32,553	37,083
Adjustment for previous years	-9,376	0
Current year's tax expense	-13,923	6,743
Total effective tax in %	-12.4%	5.2%

In information about non-deductible expenses, 2019 includes the effect of the rules introduced that year, which limit tax deductibility in the case of negative net interest.

Note 14 Capitalized development fees

	Group 2019-12-31	Group 2018-12-31
Opening balance acquisition cost	52,132	46,924
Acquisitions	1,145	6,287
Sales/Disposals	-688	-1,079
Closing balance accumulated acquisition cost	52,589	52,132
Opening balance depreciations	-39,784	-38,028
Sales/Disposals	117	1,050
Depreciations and amortizations for the year	-3,083	-2,807
Closing balance accumulated depreciations	-42,750	-39,784
Closing Net Book Value	9,838	12,348

Capitalized development fees refer to proprietary software, licenses and capitalized costs for business systems, management systems and the development of reports.

Note 15 Goodwill

	Group 2019-12-31	Group 2018-12-31
Opening balance acquisition cost	1,074,581	1,074,581
Acquisitions	0	0
Closing balance accumulated acquisition cost	1,074,581	1,074,581
Opening balance depreciations	0	0
Depreciations and amortizations for the year	0	0
Closing balance accumulated depreciations	0	0
Closing Net Book Value	1,074,581	1,074,581

Impairment testing for goodwill

Goodwill is monitored by management and distributed per cash-generating unit where the entire Group constitutes a separate cash-generating unit. For such an analysis and assessment, each group company constitutes a separate cash-generating unit. The recoverable amount for a cash-generating unit has been determined based on calculations of useful value. These calculations are based on estimated future pre-tax cash flows based on financial budgets that have been approved by management covering a five-year period. Cash flows beyond the five-year period are not extrapolated in line with the estimated growth rate. The growth rate does not exceed the long-term growth rate of the segment in which the cash-generating unit operates.

For each cash-generating unit, i.e. subsidiaries to which significant goodwill amounts have been allocated, the material assumptions, sales growth and discount rate used when the

useful value is calculated are specified below. Cash flows after the forecast period are calculated on the assumption of a long-term growth rate after the forecast period of two percent per year.

In the event of a write-down, the recoverable amount is also specified.

Gross margin: 90.7-98.9%

Discount rate before tax 9.7-9.75%

The annual growth rate is used over the five-year forecast period. It is based on past performance and management's expectations of market developments. The gross margin is the average margin, calculated as a percentage of revenue, over the five-year forecast period. It is based on current levels of sales margins and the current composition of sales.

As a part of the analysis and assessment of the cash-generating activities' future cash flows, a sensitivity analysis has also been performed. This analysis confirms that even in the case of a reduction of the operating margin by 5%, the goodwill value would be maintained.

There is no need for impairment of goodwill in 2019.

Note 16 Buildings and land

	Group 2019-12-31	Group 2018-12-31
Opening balance acquisition cost	69,618	69,455
Reclassifications	-37,543	0
Acquisitions	0	163
Sales/Disposals	-15,120	0
Closing balance accumulated acquisition cost	16,955	69,618
Opening balance depreciations	-26,729	-25,343
Reclassifications	13,490	0
Sales/Disposals	4,152	0
Depreciations and amortizations for the year	-1,683	-1,385
Closing balance accumulated depreciations	-10,770	-26,729
Closing Net Book Value	6,185	42,889

Note 17 Improvement expenses on another person's property

	Group 2019-12-31	Group 2018-12-31
Opening balance acquisition cost	43,664	42,131
Reclassifications	-15,711	0
Acquisitions	2,919	2,436
Sales/Disposals	-11,162	-903
Closing balance accumulated acquisition cost	19,710	43,664
Opening balance depreciations	-25,187	-23,739
Reclassifications	7,300	0
Sales/Disposals	5,090	847
Depreciations and amortizations for the year	-2,584	-2,295
Closing balance accumulated depreciations	-15,381	-25,187
Closing Net Book Value	4,329	18,477

Note 18 Inventory, tools and installations

	Group 2019-12-31	Group 2018-12-31
Opening balance acquisition cost	41,320	39,939
Acquisitions	1,718	2,491
Sales/Disposals	-1,185	-1,110
Closing balance accumulated acquisition cost	41,853	41,320
Opening balance depreciations	-23,747	-18,161
Sales/Disposals	852	983
Depreciations and amortizations for the year	-7,425	-6,569
Closing balance accumulated depreciations	-30,320	-23,747
Impairment	-56	0
Closing balance accumulated depreciations	-56	0
Closing Net Book Value	11,478	17,573

Note 19 Deferred tax assets

Tax relating to:

Difference between book value and tax value of improvement expenses on another person's property.

	Group 2019-12-31	Group 2018-12-31
Acquired opening balance	0	1,137
Opening balance	1,073	0
Change reported in the profit or loss	2,725	-64
Closing balance	3,798	1,073

Note 20 Fixed assets held for sale

In 2019, the Board decided to close all of the Group's residential care homes, which belonged to the business segment Individuals and Family. As a consequence, 7 properties out of a total of 15 have been sold during the financial year. Of the remaining 8 properties, 6 are considered suitable properties to sell.

As a consequence and in accordance with the accounting rules, IFRS 5, these properties (land, buildings and reconstructions) are therefore reported separately from the properties that shall be kept (see further note 16 Land and Buildings as well as note 17 Improvement expenses on another person's property).

Property sales are initiated and valuation of the properties has, in the annual accounts on 31-12-2019, been made as a net sales value, (fair value minus a deduction for expected selling costs). The effect of this valuation has entailed a write-down for a total of TSEK 12,829.

	Group 2019-12-31
Opening balance acquisition cost	0
Reclassifications	53,254
Closing balance accumulated acquisition cost	53,254
Opening balance depreciations	0
Reclassifications	-20,790
Closing balance accumulated depreciations	-20,790
Impairment	-12,829
Closing accumulated impairments	-12,829
Closing Net Book Value	19,635

Note 21 Receivables with Group companies

	Group 2019-12-31	Group 2018-12-31	Parent Company 2019-12-31	Parent Company 2018-12-31
Current receivables from other Group companies	235	205	12,972	12,942
Long term receivables from other Group companies	0	0	586,366	586,366
Closing balance	235	205	599,338	599,308

Note 22 Shares in Group companies

Company	Corporated Identity Number	Country	Domicile	Business	Shares of ordinary shares owned by the Parent Company (no)	Capital share	Outgoing carrying value
Frösunda Holdco AB	556778-0076	Sverige	Solna	Holdingbolag	23,408,503	100%	300,727
Closing balance							300,727

	Parent Company 2019-12-31	Parent Company 2018-12-31
Opening value shares in Group companies	462,235	0
Current year's acquired shares in Group companies	0	650,727
Current year's impairments of shares in Group companies	-161,507	-188,492
Closing value shares in Group companies	300,728	462,235

See also details about the valuation followed by the acquisition in a separate note – not 39.

The subsidiary is consolidated in the Group. The voting rights in the subsidiary that are directly owned by the Parent Company, are no different from the ordinary shares that are owned.

Specification of subsidiary holdings of shares in Group companies:

Company	Corporate Identity Number	Country	Domicile	Business	Shares of ordinary shares owned by the Parent Company (no)	Capital Share
Frösunda Bidco AB	556777-9961	Sverige	Solna	Holdingbolag	4,606,872	100%
Frösunda Group AB	556748-4158	Sverige	Solna	Holdingbolag	3,131,330	100%
Frösunda Personlig Assistans AB	556386-7398	Sverige	Malmö	Personlig Assistan	1,000	100%
Frösunda Äldreomsorg AB	556435-4834	Sverige	Göteborg	Äldreomsorg	6,000	100%
Frösunda Omsorg AB	556509-2482	Sverige	Solna	Omsorg	10,000	100%
Frösunda Social Omsorg AB	556606-2401	Sverige	Solna	Holdingbolag	1,000	100%
Frösunda Omsorg i Uppland AB	556560-1548	Sverige	Uppsala	Omsorg	1,177	100%
Frösunda Omsorg Fastigheter AB	556629-5290	Sverige	Uppsala	Fastighetsbolag	1,000	100%
Frösunda Omsorg i Stockholm AB	556597-2352	Sverige	Norrköping	Omsorg	1,000	100%
Frösunda Omsorg i Gävleborg AB	556106-1853	Sverige	Nordanstig	Omsorg	1,000	100%
Frösunda Omsorg Arbetsmarknad AB	559158-4635	Sverige	Solna	Resursförsörjning	500	100%

Note 23 Accounts receivable

The Group applies the simplified method for calculating expected credit losses. The method uses expected losses over the entire life of the receivable as a basis for such loss calculation. Experience shows that there is a need for reservation for expected credit losses in the Personal Assistance business segment. A smaller risk is also seen for other business segments, mainly with respect to rental invoices and therefore to private individuals. In these cases too, the time taken for payment of receivables is an important parameter in assessing the need provisions.

In the case of invoices issued to municipalities within the business segment Personal Assistance, several national cases can be seen, with different assistance providers, where legal proceedings are underway to ensure that the invoiced amount can be recovered. Outcomes in these processes are closely monitored, and based on this experience, the probability is assessed that an unpaid claim will not be paid and therefore should be considered as a probable loss. Another important parameter when assessing the probability of loss is how long the claim has been outstanding. The longer the delay, the larger the provision considered for expected credit losses. The expected loan losses have been valued on the basis of an individual assessment carried out for each customer/municipality and for each individual invoice.

	Group 2019-12-31	Group 2018-12-31
Account Receivables		
Account Receivable	229,771	297,071
Reservation for expected credit loss	-11,234	-8,580
Net account balance	218,537	288,490

Balance by age breakdown – and the ratio of provisions to expected loss (%)

2019-12-31	Reported amounts gross accounts receivables	Expected loss (%)	Bad debt reserve
Not due	173,050	0.1%	231
Due 1-30 days	17,514	0.7%	123
Due 31-60 days	11,359	1.2%	140
Due 61-90 days	4,442	6.1%	273
Due > 90 days	23,405	44.7%	10,467
Total accounts receivables	229,771	4.9%	11,234

2018-12-31	Reported amounts gross accounts receivables	Expected loss (%)	Bad debt reserve
Not due	182,556	0.3%	561
Due 1-30 days	69,049	0.0%	0
Due 31-60 days	16,996	1.1%	180
Due 61-90 days	4,053	3.9%	157
Due > 90 days	24,417	31.5%	7,682
Total accounts receivables	297,071	2.9%	8,580

Change of provisions for expected credit losses are considered in accordance with below.

	Group 2019-12-31	Group 2018-12-31
Opening balance expected credit loss	-8,580	-4,612
Provision for the year regarding expected credit loss	-3,024	-4,219
Current year's confirmed credit losses	-387	253
Adjustment fair value valuation	757	-2
Closing balance	-11,234	-8,580

Note 24 Other receivables

	Group 2019-12-31	Group 2018-12-31
Tax account	122	85
Claims employees	1,554	2,033
Other receivables	1,771	2,873
Closing balance	3,447	4,991

No part of the other receivables were due as of 31 December 2019. Amounts are included at nominal values.

Note 25 Prepaid costs and accrued revenues

	Group 2019-12-31	Group 2019-12-31	Parent Company 2019-12-31	Parent Company 2019-12-31
Accrued customer income	9,878	8,382	0	0
Prepaid rents	10,026	21,928	0	0
Other prepaid expenses	15,350	10,262	62	0
Closing balance	35,254	40,572	62	0

Note 26 Liquid assets

	Group 2019-12-31	Group 2018-12-31	Group 2019-12-31	Group 2018-12-31
Cash and cash equivalent	66,413	87,725	29,185	27,947
Closing balance	66,413	87,725	29,185	27,947

Note 27 Equity

Group

Share capital

Holders of ordinary shares are entitled to dividends that are determined in the course of time and share ownership entitles voting rights at the Annual General Meeting with one vote per share. All shares have the same right to the Group's remaining net assets.

Other contributed capital

Other contributed capital consists in its entirety of amounts paid at issue in addition to the quota value of the issued shares.

Retained earnings including profit for the year

This also includes Group contributions and a tax effect on Group contributions. Shareholder contributions are also included.

Dividends

No dividend payments will be proposed at the 2020 Annual General Meeting.

Parent Company

Share capital

	Parent Company 2019-12-31	Parent Company 2018-12-31
Opening balance	500	0
Subscription of shares	0	500
Current year's change	0	0
Closing balance	500	500

The Parent Company's ordinary shares have a quota value of SEK 100 per share. Each share entitles one vote. The number of shares shall be at least 5,000 and not more than 20,000.

Retained earnings

Consist of the previous year's free equity after a possible dividend has been paid. Together with profit for the year, they make up the total amount of unrestricted equity.

Note 28 Borrowing

Borrowing occurs through bond loans that are listed on the NASDAQ OMX Stockholm Stock Exchange. The loans are divided into Senior with a due date on 7 March 2023 and Junior with a due date on 7 June 2023.

	Group 2019-12-31	Group 2018-12-31	Parent Company 2019-12-31	Parent Company 2018-12-31
Amortization due within 1 year	0	45,000	0	0
Amortization due within 2-5 years				
Bond Loan Junior (interest rate STIBOR + 8,5%)	150,000	150,000	150,000	150,000
Bond Loan Senior (interest rate STIBOR +5,75%)	600,000	600,000	600,000	600,000
Accrued transactions costs	-8,352	-10,936	-8,352	-10,936
Closing balance	741,648	784,064	741,648	739,064

Note 29 Deferred tax liability

Tax relating to:

Difference between book value and tax value of properties.

	Group 2019-12-31	Group 2018-12-31
Acquired opening balance	0	-16,216
Opening balance	-5,918	0
Tax on untaxed reserves	2,509	10,260
Change reported in the profit or loss	345	38
Closing balance	-3,064	-5,918

There are no tax loss deductions in the Group as of 31 December 2019.

Note 30 Other liabilities

Other financial liabilities considered as reported in note 35, only concern the Group for the comparison year 2018.

	Group 2019-12-31	Group 2018-12-31	Parent Company 2019-12-31	Parent Company 2018-12-31
Employee related taxes	26,151	29,394	0	0
Employer's contribution	30,162	33,499	0	0
Value Added Tax	831	810	0	0
Other liabilities	1,142	1,945	0	3,190
Closing balance	58,287	65,648	0	3,190

Note 31 Accrued costs and deferred income

	Group 2019-12-31	Group 2018-12-31	Parent Company 2019-12-31	Parent Company 2018-12-31
Accrued payroll	77,838	82,421	0	0
Vacation pay liability	50,059	54,543	0	0
Social security contribution	37,822	40,527	0	0
Special payroll tax (pension)	16,565	18,596	0	0
Accrued expenses	17,290	12,829	443	0
Accrued interest expenses	2,888	3,243	2,888	0
Prepaid customer income	801	1,285	0	0
Closing balance	203,261	213,444	3,330	0

Note 32 Pledged assets

Collaterals for debt to credit institutions	Group 2019-12-31	Group 2018-12-31	Parent Company 2019-12-31	Parent Company 2018-12-31
Pledged shares in Group companies	883,770	961,270	475,078	475,078
Other pledged assets	0	0	586,366	586,366
Total	883,770	961,270	1,061,444	1,061,444

Other pledged relates to an intercompany loan from Brado AB to the subsidiary Frösunda Holdco AB.

Note 33 Contingent liabilities

	Group 2019-12-31	Group 2018-12-31
Rental guarantees	300	300
Other guarantees	0	0
Total	300	300

Note 34 Items that do not affect cash flow

	Group 2019-12-31	Group 2018-12-31
This year's depreciation and amortization of right of use assets	81,260	0
This year's depreciations and amortization of other assets	14,775	12,504
This year's impairments other assets	12,885	0
Fair value effect in connection with acquisitions	0	-261,621
Capital gains	5,552	177
Change of interest debt	-355	-315
Total	114,117	-249,254

Note 35 Financial assets and liabilities

Valuation of financial assets and liabilities is in accordance with the accounting regulation IFRS 9. This includes the Group's estimates and assessments when determining the fair value of the financial assets and liabilities recognised at fair value in the financial statements.

In order to ensure reliability regarding the input data for such fair value determination, the

Group has classified the financial instruments (financial assets and liabilities) at the three levels described in the accounting standard.

Level 1: The fair value of financial instruments traded on an active market (such as listed derivatives and equity securities) is based on quoted market prices at the balance sheet date. The quoted market price used for the Group's financial assets is the current bid price.

Level 2: Fair value of financial assets that are not traded on an active market (e.g. OTC derivatives) are determined using valuation techniques that are as far as possible based on market information, while company-specific information is used to measure financial assets and liabilities, where these are entered at accrued acquisition value.

Level 3: In cases where unlisted financial instruments are used, and where valuation is not available. Valuation is also carried out at acquisition value in such a case.

Other long-term liabilities, which appear in the Group's balance sheet, are mainly attributable to long-term lease liabilities. Valuation of such debt constitutes discounted future cash flows in accordance with existing contracts. For short-term loans, no revaluation was carried out to ensure that the carrying amount represents a good estimate of fair value due to the short term involved.

See also Note 3 Financial risk management, for more information on risk management.

The following table shows the fair value of financial assets and liabilities compared to the carrying amount. Fair value is the amount to which an asset or liability could be transferred between knowledgeable parties who are independent of each other and who have an interest in carrying out such a transaction.

Analysis 31-12-2019 shows that a calculation of fair value could show a lower value than that reported as it concerns the Group's bond loans. When translating, market prices for existing bond programs listed on the Stockholm Nasdaq are used.

Group

	2019		2018	
	Reported value	Fair value	Reported value	Fair value
Financial assets				
Accounts receivable	218,536	218,536	288,490	288,490
Other receivables	3,447	3,447	4,991	4,991
Accrued income	9,878	9,878	8,382	8,382
Cash and cash equivalents	66,413	66,413	87,725	87,725
Total	298,274	298,274	389,587	389,587
Financial liabilities				
Liabilities to credit institutes	0	0	45,000	45,000
Bond Loans	741,648	648,648	739,064	739,064
Liabilities to former owners of Frösunda Holdco AB (Sellers Credit)	0	0	161,507	161,507
Leasing debt (IFRS 16) ¹⁾	706,989	706,989	0	0
Accounts payable	35,041	35,041	39,751	39,751
Other liabilities	58,287	58,287	65,648	65,648
Total	1,541,966	1,448,966	1,050,971	1,050,971

Parent Company

	2019		2018	
	Reported value	Fair value	Reported value	Fair value
Financial assets				
Cash and cash equivalents	29,185	29,185	27,947	27,947
Total	29,185	29,185	27,947	27,947
Financial liabilities				
Bond Loans	741,648	648,648	739,064	739,064
Liabilities to former owners of Frösunda Holdco AB (Sellers Credit)	0	0	161,507	161,507
Other liabilities	3,346	3,346	3,190	3,190
Total	744,994	651,994	903,762	903,762

In the year, valuation of fair price has been performed of the seller credit received by the previous owner, Hg Capital, in connection with Brado's acquisition of the Frösunda Group on 6 March 2018. For details about how this valuation is performed, see also note 39 Acquisitions.

	Group 2019-12-31	Group 2018-12-31	Parent Company 2019-12-31	Parent Company 2018-12-31
Sellers Credit 2018-03-06		350,000		350,000
Opening balance	161,507		161,507	
Valuation at fair value	-161,507	-188,493	-161,507	-188,493
Total	0	161,507	0	161,507

Valuation of fair value in 2019 has been allocated as income as part of the year's net financial income for a total value of TSEK 161,507. In 2018, a corresponding valuation effect is seen of TSEK 168,521

Carrying amounts in the balance sheet are considered to be in line with fair value except for seller credit. Due to the short maturity of short receivables and liabilities, the carrying amount is assumed to be the best approximation of fair value. The fair value of long-term loans is deemed to be in line with the carrying amount when the interest burden is variable against the indebtedness, the book value is representative of fair value.

Net profit/loss for each category of financial instruments:

	Group 2019-12-31	Group 2018-12-31
Loan receivables and accounts receivables	-3,024	-3,967
Total	-3,024	-3,967

Net profit/loss refers to bad debt losses and foreign exchange effects. Interest income and interest expenses are not included as net profit/loss, but are instead listed individually in Notes 11 and 12.

Note 36 Supplementary disclosures to the cash flow statement

The following supplementary disclosures refer to liabilities whose cash flow changes are reported in financing activities.

Group:

	Items affecting Cash-Flow		Items not affecting Cash Flow			Change long-term leasing debt (IFRS 16)	Closing balance 2019-12-31
	Opening balance 1 January 2019	Amorization of debt	Borrowings	Impairment of debt	Reversal accrued transaction costs		
Long-term funding							
Bond Loans	739,064	0	0	0	2,584	0	741,648
Other debt (Seller's Credit)	161,507	0	0	-161,507	0	0	0
Total liabilities reported in the Financing activities	900,572	0	0	-161,507	2,584	0	741,648

	Items affecting Cash-Flow		Items not affecting Cash Flow			Change long-term leasing debt (IFRS 16)	Closing balance 2018-12-31
	Opening balance 6 March 2018	Amorization of debt	Borrowings	Impairment of debt	Reversal accrued transaction costs		
Long-term funding							
from credit institutes	440,565	-440,565	0	0	0	0	0
Short-term funding							
from credit institutes	65,981	-65,981	0	0	0	0	0
Long-term funding							
Bond Loans	0	0	750,000	0	-10,936	0	739,064
Other debt (Seller's Credit)	0	0	350,000	-188,493	0	0	161,508
Total liabilities reported in the Financing activities	506,546	-506,546	1,100,000	-188,493	-10,936	0	900,572

Parent Company

	Items affecting Cash-Flow		Items not affecting Cash Flow			Closing balance 2019-12-31
	Opening balance 1 January 2019	Amorization of debt	Borrowings	Impairment of debt	Reversal accrued transaction costs	
Long-term funding						
Bond Loans	739,064	0	0	0	2,584	741,648
Other debt (Seller's Credit)	161,508	0	0	-161,508	0	0
Total liabilities reported in the Financing activities	900,572	0	0	-161,508	2,584	741,648

	Items affecting Cash-Flow		Items not affecting Cash Flow			Closing balance 2018-12-31
	Opening balance 6 March 2018	Amorization of debt	Borrowings	Impairment of debt	Reversal accrued transaction costs	
Long-term funding						
Bond Loans	0	0	750,000	0	-10,936	739,064
Other debt (Seller's Credit)	0	0	350,000	-188,493	0	161,508
Total liabilities reported in the Financing activities	0	0	1,100,000	-188,493	-10,936	900,572

Note 37 Related party transactions

Purchase and sales transactions with related parties are conducted on market terms.

Purchase of services is primarily considered as anything connected to the purchase of

CEO services (see also note 9) from Hospitality Invest AS, which is also owned by Kristian och Roger Adolfsen, and some legal counselling from Lindstrand Partners Advokatbyrå AB owned by Board member Carl Lindstrand.

Provided services primarily concern remuneration for staff functions in the Group where the Group has provided services to the affiliate group Norlandia (Norlandia Care AB and Norlandia Förskolor AB).

The following transactions have been made with related parties:

Group

(SEK)

Related party	2019		2018 ¹⁾	
	Sales of services to related parties	Purchase of services from related parties	Sales of services to related parties	Purchase of services from related parties
Key people in executive positions	0	52,500	0	0
Related company	1,375,200	5,117,409	0	3,569,815
Total	1,375,200	5,169,909	0	3,569,815

1) concerns the period 06-03-2018 to 31-12-2018

Parent Company

(SEK)

Related party	2019		2018 ²⁾	
	Sales of services to related parties	Purchase of services from related parties	Sales of services to related parties	Purchase of services from related parties
Key people in executive positions	0	0	0	0
Related company	0	0	0	0
Total	0	0	0	0

2) concerns the period 02-10-2017 to 31-12-2018

Note 38 Profit disposition

At the disposal at the Annual General Meeting, the following means of financing are available:

Retained earnings	185,228,927
Net loss of the period	-1,410,511
	SEK 183,818,416

The Board of Directors proposes that the means of profit be allocated so that:

Brought forward	183,818,416
	SEK 183,818,416

Note 39 Acquisitions

Acquisitions made during the financial year

No acquisitions have been made during the financial year.

Acquisitions made after the end of the financial year

No acquisitions have been made after the end of the financial year

Acquisitions made in 2018

In 2018, Brado AB acquired the Frösunda Omsorg Group. Details about the acquisition can be seen as below.

Goodwill:

In connection with Brado's acquisition of the Frösunda Group (06-03-2018), a goodwill value was recognized which primarily can be considered as expected future cash flows from operational activities in the Group, as well as brands among the subsidiaries that were included in the acquisition.

Goodwill is recognized in connection with acquisitions where the acquisition price exceeds the acquired company's net assets, valued at fair value. The purchase price is calculated based on the acquisition value with a deduction for net debt or an addition for injected cash and cash equivalents.

A definitive acquisition analysis was established in Q4, 2018, which resulted in the assessed fair value for the goodwill recognized following the acquisition being reported as TSEK 1,074.5

Preliminary purchase price allocation (PPA)

Financial assets recognized at a fair value

<u>(tSEK)</u>	<u>2018-03-06</u>
Conditional purchase price (Sellers Credit)	350,000
Unconditional purchase price	280,757
Total	630,757
 <i><u>Identified acquired assets and liabilities</u></i>	
Operating credit	-119,569
Tangible fixed assets	84,282
Intangible fixed assets	8,896
Deferred tax asset	1,137
Other long-term receivables	188
Account receivables and other receivables	405,791
Accounts payable and other liabilities	-846,600
Tax liability	22,051
Total identified net assets	-443,824
Goodwill ¹⁾	-1,074,581

1) No part of the reported goodwill is expected to be tax-deductible.

Acquisition-related costs total TSEK 14,400 and can be considered as recognized parts of the Group's other costs in 2018. All recorded net turnover, after the acquisition date 06-03-2018, can be considered as relating to the acquired companies.

If the acquisition had been made on 01-01-2018 (instead of 06-03-2018), the proforma net turnover for 2018 would have totalled MSEK 2,318 and proforma operating profits for 2018 would then have totalled MSEK 9.6.

The acquisition was financed with equity as well as a seller credit of MSEK 350, which was issued by the seller, Hg Capital. In the case that the company delivers a result other than that expected for 2018-2020, the acquisition loan's fair value will be adjusted. At the end of 2018, the acquisition loan was valued at MSEK 161.5. In 2019, a new valuation has shown that the acquisition loan's fair value is SEK 0.

The real value of the total purchase price is calculated as a multiple of the average annual EBITDA in the period 2018-2020. The multiple is 8.5. The acquisition loan's fair value can at most total MSEK 350. The acquisition loan's fair value in 2020 can total a value between MSEK 0 and 350.

Note 40 Significant events after the end of the financial year

In March, Sweden was hit by the pandemic caused by the new Coronavirus which causes Covid-19. Many of the company's customers find themselves in some of the groups indicated to be at greater risk of serious symptoms if they catch the disease. The company has a crisis organisation that is working well, and which has the skills to handle the situation in a way that minimizes the pandemic's consequences, both for the company and its customers. There are risks of increased personnel costs and falling incomes. Company management feels that these risks are under control and that the company has the right skills to handle the situation. The Board of Directors and the CEO declare that the annual accounts have been prepared in accordance with GAAP and that the consolidated financial statements have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The annual accounts and the consolidated accounts give a true and fair view of the Parent Company's and the Group's position and earnings.

The Annual Report for the Parent Company and the Group provides a true and fair view of the development of the Parent Company's operations, position and results, and describes the significant risks and uncertainties that the Parent Company and the companies that are part of the Group face.

The official version of Brado AB:s annual report is in Swedish. Brado AB:s auditors have reviewed the Swedish version in accordance with Swedish law. The English version of the annual report is translated from the Swedish version and contains the same information.

Solna 27 April, 2020



Kristian Arne Adolfsen
Styrelseordförande



Kristoffer Lorck
Styrelseledamot



Roger Adolfsen
Styrelseledamot



Carl Lindstrand
Styrelseledamot



Martin Johansson
Auktoriserad revisor
Huvudansvarig revisor

Our audit report was submitted on April 2020

Öhrlings Pricewaterhouse Coopers AB

Revisionsberättelse

Till bolagsstämman i Brado AB (publ), org.nr 559127-5176

Rapport om årsredovisningen och koncernredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen och koncernredovisningen för Brado AB (publ) för år 2019. Bolagets årsredovisning och koncernredovisning ingår på sidorna 15-67 i detta dokument.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av moderbolagets finansiella ställning per den 31 december 2019 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Koncernredovisningen har upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av koncernens finansiella ställning per den 31 december 2019 och av dess finansiella resultat och kassaflöde för året enligt International Financial Reporting Standards (IFRS), såsom de antagits av EU, och årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens och koncernredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för moderbolaget och koncernen.

Våra uttalanden i denna rapport om årsredovisningen och koncernredovisningen är förenliga med innehållet i den kompletterande rapport som har överlämnats till moderbolagets och koncernens styrelse i enlighet med revisorsförordningens (537/2014) artikel 11.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till moderbolaget och koncernen enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav. Detta innefattar att, baserat på vår bästa kunskap och övertygelse, inga förbjudna tjänster som avses i revisorsförordningens (537/2014) artikel 5.1 har tillhandahållits det granskade bolaget eller, i förekommande fall, dess moderföretag eller dess kontrollerade företag inom EU.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Vår revisionsansats

Revisionens inriktning och omfattning

Vi utformade vår revision genom att fastställa väsentlighetsnivå och bedöma risken för väsentliga felaktigheter i de finansiella rapporterna. Vi beaktade särskilt de områden där verkställande direktören och styrelsen gjort subjektiva bedömningar, till exempel viktiga redovisningsmässiga uppskattningar som har gjorts med utgångspunkt från antaganden och prognoser om framtida händelser, vilka till sin natur är osäkra. Liksom vid alla revisioner har vi också beaktat risken för att styrelsen och verkställande direktören åsidosätter den interna kontrollen, och bland annat övervägt om det finns belägg för systematiska avvikelser som givit upphov till risk för väsentliga felaktigheter till följd av oegentligheter.

Vi anpassade vår revision för att utföra en ändamålsenlig granskning i syfte att kunna uttala oss om de finansiella rapporterna som helhet, med hänsyn tagen till koncernens struktur, redovisningsprocesser och kontroller samt den bransch i vilken koncernen verkar.

Särskilt betydelsefulla områden

Särskilt betydelsefulla områden för revisionen är de områden som enligt vår professionella bedömning var de mest betydelsefulla för revisionen av årsredovisningen och koncernredovisningen för den aktuella perioden. Dessa områden behandlades inom ramen för revisionen av, och i vårt ställningstagande till, årsredovisningen och koncernredovisningen som helhet, men vi gör inga separata uttalanden om dessa områden.

Särskilt betydelsefullt område

Intäktsredovisning (not 2 och 5)

Verksamheten är från intäktperspektiv transaktionsintensiv och varje affärsområde rymmer olika aspekter. Intäkterna baseras på en mängd avtal och ett flertal ersättningsmodeller. Existens i intäkter har bedömts vara ett signifikant område utifrån risken för fel utifrån komplexiteten i området.

Hur vår revision beaktade det särskilt betydelsefulla området

Vi har i vår revision utvärderat verksamhetens processer för styrning och kontroll av intäktsredovisningen. Vidare har vi stickprovsvist testat intäkterna mot underlag i form av avtal och inbetalning. Vi har även analyserat trenderna för de olika affärsområdena för att identifiera potentiella avvikelser. Ledningens tillämpning av redovisningsprinciper samt lämnade upplysningar i årsredovisningar har granskats för att säkerställa att dessa överensstämmer.

Värdering av goodwill och andelar i koncernföretag (not 2, 4, 15, 22 samt 39)

Goodwill respektive andelar i koncernföretag redovisas till 1.075 MSEK i rapport över finansiell ställning för koncernen och till 301 MSEK i moderbolagets balansräkning per 31 december 2019. Värderingen och redovisning av dessa tillgångar utgjorde ett särskilt betydelsefullt område i vår revision mot bakgrund av de redovisade beloppens materialitet i relation till koncernens och moderföretagets finansiella ställning.

Värderingsperspektivet vad gäller goodwill och andelar i koncernföretag tar sikte på ett eventuellt nedskrivningsbehov. I de fall indikationer på nedskrivningsbehov föreligger prövas de bokförda värdena mot tillgångarnas beräknade återvinningsvärde. En nedskrivning redovisas när en tillgångs redovisade värde varaktigt överstiger återvinningsvärdet. Återvinningsvärdet fastställs genom en beräkning av nyttjandevärdet per kassagenererande enhet och utgörs av nuvärdet av de framtida kassaflödena för enheten. Beräkningen av återvinningsvärdet innehåller flera antaganden och bedömningar bland annat avseende den diskonteringsfaktor som tillämpas samt avseende storleken på de framtida kassaflödena. Som framgår av not 15 i årsredovisningen genomförde koncernen under 2019 nedskrivningsprövningar avseende goodwill, som visade att inget nedskrivningsbehov förelåg.

Värderingen av den förvärvskredit som utgör tilläggsköpeskilling i förvärvet av Frösunda Holdco med dotterbolag har uppdaterats med anledning av uppdaterade prognoser på vilka den baseras. Detta har lett till en finansiell intäkt i koncernen respektive en justering av värderingen på moderbolagets andelar i koncernföretag.

Vi har granskat den slutliga förvärvsanalysen för Frösunda Holdco med dotterbolag, som överensstämmer med den preliminära.

Vad gäller nedskrivningsprövningar har vi utvärderat verksamhetens beräkningsmodeller och rimligheten i gjorda antaganden. Förvärvet skedde under 2018 och indikerade ett marknadsvärde som tagits med i vår bedömning.

Värderingen av förvärvskrediten har analyserats och bedömts uppdaterad

Vi har granskat bedömningen, även omvärderingen av förvärvskrediten, och jämfört detta med ledningens bedömningar och uppföljning av verksamheten för att verifiera att dessa stämmer överens.

Vi har även bedömt huruvida lämnade upplysningar i årsredovisningen ger en rättvisande bild av bolagets arbete med nedskrivningsprövningar.

Annan information än årsredovisningen och koncernredovisningen

Detta dokument innehåller även annan information än årsredovisningen och koncernredovisningen och återfinns på sidorna 1-14. Det är styrelsen och verkställande direktören som har ansvaret för denna andra information.

Vårt uttalande avseende årsredovisningen och koncernredovisningen omfattar inte denna information och vi gör inget uttalande med bestyrkande avseende denna andra information.



I samband med vår revision av årsredovisningen och koncernredovisningen är det vårt ansvar att läsa den information som identifieras ovan och överväga om informationen i väsentlig utsträckning är oförenlig med årsredovisningen och koncernredovisningen. Vid denna genomgång beaktar vi även den kunskap vi i övrigt inhämtat under revisionen samt bedömer om informationen i övrigt verkar innehålla väsentliga felaktigheter.

Om vi, baserat på det arbete som har utförts avseende denna information, drar slutsatsen att den andra informationen innehåller en väsentlig felaktighet, är vi skyldiga att rapportera detta. Vi har inget att rapportera i det avseendet.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen och koncernredovisningen upprättas och att de ger en rättvisande bild enligt årsredovisningslagen och, vad gäller koncernredovisningen, enligt IFRS, så som de antagits av EU, och årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning och koncernredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen och koncernredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets och koncernens förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen och koncernredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen och koncernredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen och koncernredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen och koncernredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen och koncernredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen och koncernredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.

- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen och koncernredovisningen, däribland upplysningarna, och om årsredovisningen och koncernredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.
- inhämtar vi tillräckliga och ändamålsenliga revisionsbevis avseende den finansiella informationen för enheterna eller affärsaktiviteterna inom koncernen för att göra ett uttalande avseende koncernredovisningen. Vi ansvarar för styrning, övervakning och utförande av koncernrevisionen. Vi är ensamt ansvariga för våra uttalanden.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Vi måste också förse styrelsen med ett uttalande om att vi har följt relevanta yrkesetiska krav avseende oberoende, och ta upp alla relationer och andra förhållanden som rimligen kan påverka vårt oberoende, samt i tillämpliga fall tillhörande motåtgärder.

Av de områden som kommuniceras med styrelsen fastställer vi vilka av dessa områden som varit de mest betydelsefulla för revisionen av årsredovisningen och koncernredovisningen, inklusive de viktigaste bedömda riskerna för väsentliga felaktigheter, och som därför utgör de för revisionen särskilt betydelsefulla områdena. Vi beskriver dessa områden i revisionsberättelsen såvida inte lagar eller andra författningar förhindrar upplysning om frågan.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen och koncernredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Brado AB (publ) för år 2019 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till moderbolaget och koncernen enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets och koncernens verksamhetsart, omfattning och risker ställer på storleken av moderbolagets och koncernens egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets och koncernens ekonomiska situation, och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Den verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningskyldighet mot bolaget



- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Öhrlings PricewaterhouseCoopers AB, 113 97, utsågs till Brado AB (publ)s revisor av bolagsstämman den 27 maj 2019 och har varit bolagets revisor sedan 15 oktober 2018.

Stockholm den 30 april 2020

Öhrlings PricewaterhouseCoopers AB

Martin Johansson
Auktoriserad revisor