

A photograph of two men in a bright, industrial setting. One man, wearing a light blue hoodie and glasses, stands behind the other, who is seated in a wheelchair and wearing a light blue hoodie. Both are smiling broadly. The background is a large, white, curved structure, possibly part of an aircraft or a large machine.

ANNUAL REPORT

2021

**Brado AB**  
FRÖSUNDA



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The CEO comment:

## **“Yet another pandemic year”**

**Following a tough pandemic year in 2020, where the healthcare industry was put to the test with bans on visits, lack of staff, poor initial access to equipment and a wait for the vaccine, yet another pandemic year followed, 2021. There continued to be staffing challenges, high levels of absence due to illness and lower occupancy than normal, primarily within Elderly Care. However, one major difference was that “crisis mode” became the normal mode, with less stress in our businesses.**

Within Elderly Care, which was the business segment that was hit hardest by covid-19, we saw some recovery when it came to occupancy during the autumn, that was until the omicron variant struck our society. But the improved occupancy only had limited results as the State support package was reduced during the year and the last months of 2021 were once again characterised by a high level of absence due to illness and increased staffing costs.

The goal for 2021 was to, after a couple years where the focus was largely on internal quality, process improvements and cost control, once again focus on growth. Because of the pandemic we waited on launching our larger growth initiatives until the second half of the year.

Within Elderly Care, we have worked on launching a niched concept to make our Elderly Care homes more attractive to our target groups. First out was our Hanveden, which is Sweden’s first HBTQI elderly care home. The work we did in collaboration with organisations like The Swedish Federation for Lesbian, Gay, Bisexual, Transgender, Queer and Intersex Rights (RFSL) culminated in a heavily attended grand opening at the end of the summer.

Other examples of growth initiatives are our Friskis & Svettis profile at Sätträåsen in Gävle and yoga in collaboration with YogaYama at Gutasund in Uppsala. A dedicated yoga room will be opening here in spring 2022.

The two large elderly care units that were opened at the start of the pandemic and that represent approx. 30 percent of our total capacity, have matured during the year, albeit at a somewhat slower pace than normal because of the pandemic.

The business segment Personal Assistance has also launched large-scale marketing initiatives during the second half of the year. This was partly to build the brand and partly to strengthen our range of products for identified target groups, primarily children with disabilities.

The campaigns continued throughout the autumn and resulted in a measurably increased influx of prospects. During the last months of the year we could see that it also resulted in an increased influx of customers, which sets the stage for 2022. More and more people are discovering that Frösunda is a safe, competent, experienced and stable assistance provider who takes full overall responsibility for its clients.

Within the Disability business segment there were growth initiatives to increase occupancy in our current group homes, initiatives that generally had good results. Special focus was placed on the relatively new and immature units from the acquisition of Aberia and we succeeded in boosting occupancy.

During 2021, an initiative was also launched to grow within our own activities. This is in accordance with the strategy that was adopted in 2020, which focuses on assuming a property position within the segment and creating increased stability in the business by reducing dependence on bidding activities. Frösunda Omsorg currently works with four

new in-house projects with several more in a built-up pipeline.

We also continued our work with digitalisation in order to facilitate our employees' work and to ensure we have an effective and reliable way of working. Quite a few digitalisation projects have been carried out, among others, to improve our residents' ability to handle different situations outside their group housing, by doing training using virtual reality.

We also continue to roll out our digital implementation plans, medication signing and social record keeping via devices staff can carry with them. In many ways, this has not only made daily life easier for our staff, but it has also had a positive impact on quality. For example, one of the industry's most common deviations, drug management, has significantly decreased.

Digitalisation has contributed to increased quality and is an important component in the active quality work that has been carried out in recent years. During 2021, we also finished implementing a new quality management system that is much easier for staff to access and search. Our new decentralised organisation has also had positive effects on our work with quality.

Because of the pandemic, not all customer satisfaction surveys that are done nationally were carried out during 2021, but within the areas where surveys were carried out, we saw continuous improvement. For example, within the business segment Disability, customer satisfaction has continued increasing and is at a satisfactory level just slightly above the national average. This is a good indicator of the systematic improvements that have been carried out.

During 2021, initiatives continued to coordinate support functions with Norlandia Health & Care Group (NHC). These included the introduction of a common finance function. An active procurement project has also been started to reduce costs and improve processes. These initiatives have meant that we have also continued to lower our overhead costs during 2021, at the same time as we have increased control and quality.

In the year to come we look forward to putting the pandemic behind us and continuing on the path with our growth initiatives. We will continue to work systematically with quality and efficiency and strengthen our key role in contributing to society, in a situation where every SEK paid in tax needs to yield maximum results.

Our driving force is to ensure that citizens are given as much care as possible for the money they invest in welfare for the elderly and disabled – so that they can live their lives just like everyone else, with the highest possible quality of life.

We continue to look to the future with great confidence.

**Kristoffer Lorck**

CEO Brado AB

**Nathalie Boulas Nilsson**

CEO Frösunda

## Frösunda's activities

Brado AB's operations are conducted under the brands Frösunda Personlig Assistans, Frösunda Omsorg and Frösunda Äldreomsorg within three segments: Personal Assistance, Disability for the disabled and Elderly Care. Each business segment has its own unique conditions.

Our operations are conducted based on the UN Universal Declaration on Human Rights, the Convention on the Rights of Persons with Disabilities, the Convention on the Rights of the Child, the Discrimination Act and the Act on Support and Services for Persons with Certain Disabilities (LSS). We focus on opportunities, strengths, aspirations and abilities.

Frösunda's care-model is based on how elderly people and people with disabilities process information (cognitive abilities), and how this affects their ability to perceive the outside world and their own actions. The model is based on knowledge of the individuals, and that the clients get to decide what quality of life and independence mean to them.

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

### Personal Assistance

Frösunda Personal Assistance is one of the country's leading assistance providers with more than 25 years' experience. We provide personal assistance regardless of age, where in Sweden the clients live, what language they speak, what diagnosis they have or what their assistance needs are.

For us, it goes without saying that customers and their loved ones should not have to be experts in assistance in order to have the best possible everyday life. At Frösunda, our organisation is structured to be able to take overall responsibility. This means that you can leave all the responsibilities relating to assistance to us, so that clients can focus on themselves and their daily lives.

Within our organisation, there is a satisfactory level of preparedness and specialist knowledge to ensure that people receive safe assistance, regardless of the nature of the assistance assignment. We offer a well-functioning assistance service that creates the highest possible quality of life for our customers.

When you receive assistance from us, you will be allocated a manager who is responsible for the assistance assignment. The head of operations is the primary contact person and works locally with only a few assistance assignments to ensure that everyone gets the time and help they need. It enables us to go the extra mile, for clients, assistants and family members.

We know how important it is that our customers feel comfortable with their assistants. With us, you choose who will be your assistant. It can be a relative, a friend or we can recruit someone who suits the client. Many choose a combination. Either way, we are organised to adapt the approach to individual needs.

For us, assistance is more than just care. That is why we place immense importance on finding assistants who can create quality of life for our clients. We are responsible for the recruitment process and quality assurance of candidates. During the recruitment process, we introduce candidates and if everything is going well, the assistant is trained in the client's home.

We know that the legal aspects of assistance can be difficult and complicated. At Frösunda, you do not need to know all the laws and regulations. We have our own

experienced lawyers across the country to help clients get the assistance to which they are entitled. We take overall responsibility for the legal issues and are there if needs change.

Everyone has the right to a good life. That is why our most important task is to ensure that customers can live the life they want, based on their own circumstances. To make it happen, we are with you all the way. Together, we continuously adapt and develop assistance to ensure that customers receive the best assistance today, tomorrow and in the future.

Frösunda Personal Assistance is Frösunda's largest business area In Personal Assistance, Frösunda combines the strength, capacity and stability of a large company with a local presence, a personal approach and value-driven leadership. We are where our clients are and our clients' safety and quality of life are at the core of everything we do.

The aim is to deliver an easier day-to-day life where we take care of administrative tasks and assist with the contact with health care and authorities. Our legal experts and our central staffing function support our 800 plus clients in their contact with authorities and ensure that the right person is in the right place at the right time. Staffing, personal treatment and availability are core values for our staff.

Our existing clients are increasingly satisfied and more and more people are choosing to recommend us to potential new clients. Many have opted to become ambassadors to help share their experiences from using our services.

**Key figures:**

|                         |      |
|-------------------------|------|
| Proportion of turnover: | 57 % |
| Number of customers:    | 851  |

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## Disability

It was a natural development for Frösunda to expand into other LSS segments in 2004, after working in personal assistance for ten years. Today, Frösunda Omsorg runs about 100 activities from Vellinge in the south to Lycksele in the north and we support and help about 800 customers in group homes, service residences, short-term homes, daily activities, schools and in coaching (residential support).

Over the years, Disability has grown to become the company's second largest business segment, accounting for almost 30 per cent of Frösunda's total turnover. This volume makes Frösunda 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 to various kinds of disabilities. The operations are primarily focused on residential solutions and daily activities, run by our company and by contractors. In addition, we operate three schools for children and young people with special needs.

Our most important task is to ensure that our residents and participants can live the life they want based on their needs and circumstances. We believe in the importance of self-determination and work with residents and participants to create support on their terms. We listen to those we support and help, look at their individual needs and adapt our support on an ongoing basis, to give people the highest possible quality of life.

We see it as an important part of our mission to inspire, motivate and support people to find joy in a rich everyday life - by themselves or together with others. Our activities

stimulate personal development and we work to enable each individual to be their best self.

As one of Sweden's most experienced stakeholders, we have in-depth knowledge of laws and regulations, conditions and challenges. Our expertise enables respectful treatment and the best possible support, which creates security for residents and participants.

We are a forward-thinking company that uses and develops new ways of working to give people a stimulating everyday life. We follow research and findings and continuously adapt and develop our services. We provide people with tools and aids that enable them to live a more independent life.

One of our most important tasks is to build up clients' self-esteem and self-confidence. They are not their disability and their disability should also not control how clients live their lives.

Our operations in this segment are fundamentally governed by care-giving laws and regulations, especially the Act on support and service for persons with certain functional impairments (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.

An important part of Frösunda Omsorg's strategy is to give our customers maximum autonomy to establish collaborations between homes, so that skills and expertise can be shared between operations, and to increase the offers of our schools and daily activities, among other things, to complement this.

The future prospects of Frösunda Omsorg are good. For Frösunda Omsorg, this development means an even 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 chances of a happy life for people with special needs to enjoy the same experiences as others.

The driving force behind the family home venture is to help children, young people and adults to get away from difficult living conditions characterised by abuse, crime or neuropsychiatric problems, so that they can have a safe and comfortable life in another family or in alternative accommodation near the family homes.

Frösunda Omsorg offers three types of family homes to strengthen people so that they can cope with their everyday lives and ultimately live independent lives.

- **Emergency accommodation:** Immediate housing for those who are waiting for a home, e.g., inquiries, identifying their needs, disasters and emergencies in the biological family.
- **Family homes:** For long-term housing with diverse types of support, e.g., based on the level of care needed or other reasons making it necessary to find a family to live with.
- **Family therapy:** An alternative to residential care homes/institutional welfare. We offer therapy options with the help of a mobile, highly qualified team. Our therapy families are highly educated and experienced and know how to handle diverse types of challenging behaviours, such as NPD diagnoses and trauma, knowledge, understanding and patience for particularly challenging behaviours and situations.

## Key figures:

|                         |     |
|-------------------------|-----|
| Proportion of turnover: | 31% |
| Number of customers:    | 795 |

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## Elderly Care

The proportion of older people in the population is increasing rapidly. At the same time, the housing market survey by the Swedish National Board of Housing, Building and Planning shows that many municipalities have a shortage of places in residential care for the elderly. According to the Ministry of Finance's calculations we will need as many as 560 new elderly care homes to cope with the increase of elderly in society in the next four years.

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 an important reason for Frösunda's chances to grow and contribute to creating a solution for this welfare challenge in the Elderly Care segment.

Frösunda has been running residential care homes for the elderly since 2009, both by being contracted by municipalities and by building and operating its own units.

2021 has been marked by COVID-19, but also by change and work on boosting customer satisfaction. The overall ambition of Frösunda Elderly Care is to break with traditional ways of working and see each individual as an asset. People should be able to decide for themselves how their life should be and what it should involve, even if they live in an elderly care home. Every person should have an opportunity to create quality of life for themselves.

Each person has their own story, interests and desires, and these are important to us. It is about having a dialogue with the elderly. To provide professional care based on each person's needs and circumstances, our employees have knowledge of cognition and dementia.

The fact that each person can decide for themselves about their everyday life is the starting point of our work and treatment. Our employees attend to those who are healthy and work to promote people's abilities based on their circumstances and capabilities - it is about doing things you enjoy and want to keep doing.

A particularly important part of elderly care at Frösunda is food and meals. Everyone who lives with us has the right to healthy food, and our ability to turn that healthy food into a meal is of paramount importance.

For example, experiencing social community at mealtime is crucial and making the whole meal a holistic experience. The meal and the company should encourage a desire to eat and to put another bite in your mouth and dare to taste something that would otherwise be unfamiliar.

We have a responsibility that we take very seriously in providing all the energy and nutrition that our residents need throughout the day. We follow the current recommendations and offer meals and snacks throughout the day.

Frösunda Elderly Care offers a safe, active and meaningful life in old age. Our contact persons have an extra responsibility to assist in all kinds of chores and activities. In all our homes, we offer daily activities and cultural events, as well as professional and responsible care, so that all residents can experience a good life - every day.

Elderly Care is one of Frösunda Omsorg's smaller business segments. The business accounts for around 11 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.

**Key figures:**

Proportion of turnover: 11%

Number of customers: 289

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# Corporate Governance Report 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 its headquarters are at Råsundavägen 18, 169 27 Solna.

This schematic overview represents the Group's business structures (This overview is not to be seen as a reflection of the Group's legal structure):



Brado's bonds were listed on NASDAQ OMX Stockholm on 26 November 2018. One senior bond is valued at MSEK 600 and a one is a junior bond valued at MSEK 150. Both bonds have variable interest rates and will mature in 2023. Institutional investors are the major 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. The aim of corporate governance is to establish a framework for rules, areas of responsibility, processes and routines that protect the interests of owners, bondholders, customers, employees and other stakeholders by minimising risks and creating good conditions for running 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 regulations for bond issuers. Brado does not follow 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 organisation 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 this agenda is set by consulting the Chair of the Board and the CEO. The CEO is also responsible for continuously keeping the Board informed of Brado's development. Board members regularly visit Brado's operations within the Frösunda

Omsorg Group to get a good insight into the business and to meet with managers and employees. The Board of Directors is an 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 audit of the annual report, 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.

Group management continuously identifies and evaluates the risks that arise in the company's operations and assesses how they can be managed. Management carries out a strategic risk assessment, operational and financial risks and presents 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 function that identifies the risks and ensures financial reporting is correct and reliable.

## Number of shares and owners

As of 31 December 2021, the number of shares in Brado AB totalled 5,000. Each share corresponds to one vote at the Annual General Meeting and to equal rights to share in 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 authorisation 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 must be held within six months from the closing of the fiscal 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 organisation, 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 dismiss 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 consists of three members, since 2020. At Board meetings, the CEO and Chief Financial Officer participate as rapporteurs 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 among the Board members and the Chair of the Board, and a plan for the matters that the Board shall handle. The rules of procedure are adopted annually.

### The Board's work in 2021

The Board met five times during 2021. The Chair of the Board approves the agenda for the Board meetings and sends it out to all Board members in advance, together with relevant documentation, in good time 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.

### Board composition and attendance in 2021

| Name              | Title              | Owner                             | Board meetings |
|-------------------|--------------------|-----------------------------------|----------------|
| Roger Adolfsen    | Chair of the Board | Yes, indirectly via company (50%) | 5/5            |
| Kristian Adolfsen | Board member       | Yes, indirectly via company (50%) | 5/5            |
| Carl Lindstrand   | Board member       | No                                | 5/5            |

### Chair of the Board

The Chair of the Board leads the work of the Board, allocates the work and monitors those decisions to ensure they are implemented. The Chair 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 2021, Öhrlings PricewaterhouseCoopers AB (PwC) was elected Brado's auditor for a one-year term, with Martin Johansson as auditor in charge.

# Directors' report

## Ownership

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

## Business Information

Frösunda is a leading Swedish care services provider. The Frösunda Group includes a number of operating companies, and the business is focuses in three business segments: Personal Assistance, Disability and Elderly Care, with their own brands.

Brado/Frösunda 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.

## Development of the company's operations, results and position

Frösunda has an agreement between all companies for the operations of each to be carried out on behalf of the other with all of its enterprises, except for the Parent Company, Frösunda Bidco AB, Frösunda Holdco AB, Frösunda Group AB and Frösunda Omsorg Arbetsmarknad AB, Aberia LSS AB and Billbag AB. This agreement means that the profit or loss is transferred to Frösunda Omsorg AB, where taxation takes place.

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

### Group overview (SEK million)

|                                     | 31.12.2021 | 31.12.2020 | 31.12.2019 |
|-------------------------------------|------------|------------|------------|
| Net Sales                           | 2 008      | 2 039      | 2 066      |
| Profit/Loss before income tax (EBT) | 7          | 22         | 112        |
| Balance sheet total                 | 2 424      | 2 381      | 2 192      |
| Equity ratio                        | 18,8%      | 19,1%      | 20,2%      |
| Average no of employees             | 3 020      | 3 164      | 3 165      |

### Parent Company (SEK million)

|                                     | 31.12.2021 | 31.12.2020 | 31.12.2019 |
|-------------------------------------|------------|------------|------------|
| Net Sales                           | 0          | 0          | 0          |
| Profit/Loss before income tax (EBT) | -1,4       | -1,8       | -1         |
| Balance sheet total                 | 931,6      | 930,4      | 929        |
| Equity ratio                        | 19,4%      | 19,6%      | 19,8%      |
| Average no of employees             | 0          | 0          | 0          |

## Key definitions

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

## Noteworthy events during the fiscal year

In 2021, the global COVID-19 continued to test many companies, organisations and states. But despite many of Frösunda's customers, residents and participants being in a risk group, the

contagion was not as extensive as in 2020. Outbreaks only concerned a few individuals. Furthermore, experiences from 2020 meant that the management of contagion and maintenance of hygiene procedures is now a normal condition. Frösunda's crisis management team was only activated periodically during 2021.

However, the effects of the pandemic remain, primarily in the Elderly Care segment, where occupancy is recovering at a slow pace, likely due to a continued negative picture of elderly care in the media, government investigators' criticism of health care in elderly care and government actions.

Employees in Elderly Care have done a spectacular job throughout the pandemic period and have worked tirelessly to keep our residents healthy. In addition, vaccinations played a crucial role in reducing the spread of infection.

In 2021, cooperation with Norlandia Health & Care Group has continued and has been further strengthened. With shared support capabilities, integrated IT solutions, core overhead costs have fallen by another 0.8 % (from 6.7 % of turnover in 2020 to 5.9 % of turnover in 2021).

The Individual & Family segment was merged with the former Disability segment during 2021 and its name was then changed to Frösunda Disability (Omsorg).

During the year, future growth has been an important focus area, with the development of plans for increased marketing efforts, primarily in the Personal Assistance segment, but also in Elderly Care. Personal Assistance is about several profiled campaigns in social media. In Elderly Care, the efforts have been more local.

The efforts have been part of a shift in focus from internal issues, like cost control, routines and processes, to external activities, like bidding, market work and external contacts. This is aimed at laying the foundation for the growth we expect to start in the current year.

A major decision in the external work was to give the company's business segments its own logos. Nowadays, the Group is only referred to as Frösunda, while the business segments use the same logo but with the subtitles Personal Assistance, Disability and Elderly Care.

The purpose behind the adjustment is simple: To already show in the name what activities the different business segments have.

Behind the scenes, new web pages are also being developed based on the new brand structure.

Early in 2021, four contractor-operated retirement homes were returned to Lomma Municipality and two new contractors were started up, Lindåsa in Kristianstad and Karl Nordström road in Varberg.

## **Sustainability Report**

Brado's board is responsible for submitting sustainability reports. In accordance with the Annual Accounts Act, Chapter 6, Section 11, the Board has chosen to prepare the sustainability report as a separate report and not as part of the annual report. The sustainability report has been submitted to the auditor at the same time as the annual report.

## **The Board's Work**

In 2021, Brado's Board of Directors held 5 Board meetings.

## **Expected future development, significant risks and uncertainties**

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

An important focus area of growth for Frösunda is elderly care, and then primarily focusing on increasing occupancy in existing retirement homes. There are strong underlying trends within the Elderly Care segment, which point to increased growth in this sector. This growth is primarily due to the increased elderly population, which will increase the demand for more care 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 care

services is increasing, while the number of people who are employed is decreasing. The elderly population will create good opportunities for Frösunda and we will be able to support the municipalities, to collaborate in order to that help them meet the elderly care needs, especially by building our own new homes.

However, risks remain after the extensive covid pandemic. Occupancy, for example, has not recovered at the rate we first expected and many people have a reduced confidence in elderly care in general in society.

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's opportunities to expand in Personal Assistance are exceptionally good. Not least due to the Swedish Government Official Report on strengthened assistance, which is expected to give more people the right to personal assistance. 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 The Swedish Act concerning Support and Service for Persons with Certain Functional Impairments [Lagen om stöd och service till vissa funktionshindrade] (LSS). It is a law of rights, unlike, for example, the Swedish Health and Medical Services Act and the Swedish 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's opportunities in this business segment.

And the number of people who need support and assistance due to their disability is increasing. Here, Frösunda has an excellent opportunity to assist people in getting into group and assisted living facilities.

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 believe is best suited. The provider must ensure that they meet the required quality standards and are accredited by the current governing body.

Changes in political opinion, where surveys show that more and more people are having a negative attitude towards private alternatives in certain parts of welfare, is a risk we take into account because 2022 is an election year in Sweden.

## Events after the balance sheet data

After the end of the fiscal year, the world economic situation is much affected by the ongoing conflict following Russia's invasion of Ukraine late February 2022. Inflation in Sweden is significantly higher than the target (2 %), in February 2022 the inflation rate was 4.5 % and the prediction is that it will increase even more. Consequently, the Group is seeing the effects of increased electricity costs and rising food prices.

In addition to increased inflation, financial market analysts flag that interest rates will rise earlier than previously forecasted. In March 2022, STIBOR 3 months is exceeding 0 % (approximately 0.08 % in March 22) and year over year an increase of approximately 0.11 % is seen. The increased interest is expected to have an impact on Group borrowing costs.

The ongoing conflict is also bringing an increasing number of refugees to Europe and they are also seeking protection in Sweden. Over the years, and especially in connection with the previous large-scale immigration wave, the Group has gained extensive experience in housing migrants. The management is in contact with some Swedish municipalities where we have operations and have offered them support in arranging housing for arriving Ukrainian migrants, mainly women and children.

## Financial Risks

See Note 3 for information on financial risks.

## Proposal for the allocation of profits

The following funds are at the disposal of the Annual General Meeting:

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

|                        |                    |
|------------------------|--------------------|
| Retained earnings      | 182 544 345        |
| Net loss of the period | -1 414 220         |
|                        | <hr/>              |
| <b>SEK</b>             | <b>181 130 125</b> |

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

|                 |                    |
|-----------------|--------------------|
| Brought forward | 181 130 125        |
|                 | <hr/>              |
| <b>SEK</b>      | <b>181 130 125</b> |

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.

## The Group's consolidated income statement (SEK Thousand)

|  | Note  | 2021             | 2020             |
|--|-------|------------------|------------------|
| <b>Remaining operations</b>  |       |                  |                  |
| <i>Operating income</i>  |       |                  |                  |
| Revenue  | 5     | 2 007 705        | 2 038 711        |
| Other operating income   | 6     | 41 465           | 38 499           |
| <b>Total Operating revenue</b>   |       | <b>2 049 170</b> | <b>2 077 210</b> |
| <i>Operating expenses</i>  |       |                  |                  |
| Cost of Goods sold   |       | -50 788          | -45 945          |
| Other external expenses  | 7,8   | -104 387         | -105 949         |
| Personnel costs  | 9     | -1 679 593       | -1 712 736       |
| Depreciation of Right of Use Assets  | 8     | -121 033         | -109 926         |
| Depreciation and write-down of material and intangible fixed assets          | 14-19 | -8 595           | -11 371          |
| Other operating expenses   | 10    | -627             | -2 221           |
| <b>Total Operating Expenses</b>  |       | <b>1 965 022</b> | <b>1 988 149</b> |
| <b>Operating profit (EBIT)</b>   |       | <b>84 148</b>    | <b>89 061</b>    |
| <i>Profit &amp; Loss from financial items</i>                                |       |                  |                  |
| Finance income   | 11    | 1 551            | 8 673            |
| Finance expenses   | 12    | -78 383          | -75 628          |
| <b>Profit/Loss before income tax (EBT)</b>                                   |       | <b>7 316</b>     | <b>22 106</b>    |
| Income tax   | 7     | -6 413           | -11 887          |
| <b>Net profit for the Year</b>   |       | <b>902</b>       | <b>10 218</b>    |
| <b>Total Comprehensive Income for the Year</b>                               |       | <b>902</b>       | <b>10 218</b>    |
| <b>Profit for the Year Attributable to the Parent Company's Shareholders</b> |       | <b>902</b>       | <b>10 218</b>    |

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

## Group statement of financial position

|  | Note   | 2021             | 2020             |
|--|--------|------------------|------------------|
| <b>ASSETS</b>                          |        |                  |                  |
| <b>Non-Current Assets</b>              |        |                  |                  |
| <i>Intangible assets</i>               |        |                  |                  |
| Intangible assets                      | 14     | 7 838            | 9 437            |
| Goodwill                               | 15. 38 | 1 101 313        | 1 101 313        |
| <i>Tangible Assets</i>                 |        |                  |                  |
| Land and buildings                     | 16     | 8 946            | 9 120            |
| Improvement leasehold                  | 17     | 7 420            | 5 922            |
| Equipment tools, fixtures and fittings | 18     | 8 901            | 8 094            |
| Right-of-use assets                    | 8      | 812 658          | 841 882          |
| Deferred tax asset                     | 19     | 5 629            | 4 093            |
| <b>Total Non-Current Assets</b>        |        | <b>1 952 705</b> | <b>1 979 860</b> |
| Assets held for sales                  | 20     | -                | 1 235            |
| <i>Current receivables</i>             |        |                  |                  |
| Accounts receivables                   | 23     | 267 215          | 232 850          |
| Tax receivables                        |        | 20 146           | 16 630           |
| Other receivables                      | 24     | 5 184            | 8 649            |
| Receivables from related parties       | 21     | 235              | 235              |
| Prepaid expenses and accrued income    | 25     | 28 806           | 29 869           |
| Cash and cash equivalents              | 26     | 148 892          | 111 254          |
| <b>TOTAL CURRENT ASSETS</b>            |        | <b>470 479</b>   | <b>400 723</b>   |
| <b>TOTAL ASSETS</b>                    |        | <b>2 423 184</b> | <b>2 380 583</b> |

## Group statement of financial position

|  | Note | 2021             | 2020             |
|--|------|------------------|------------------|
| <b>EQUITY AND LIABILITIES</b>                            |      |                  |                  |
| <b>Equity</b>  |      |                  |                  |
| Share capital  | 27   | 500              | 500              |
| Retained earnings including current year's profit        |      | 453 916          | 453 014          |
| <b>Total equity attributable to owners of the Parent</b> |      | <b>454 416</b>   | <b>453 514</b>   |
| <b>Long-term liabilities</b>                             |      |                  |                  |
| Bond loans   | 28   | 720 824          | 718 240          |
| Deferred tax liability                                   | 29   | 3 112            | 4 561            |
| Leasing debt   | 8    | 701 145          | 732 634          |
| Other long-term liabilities                              | 35   | 18 986           | 18 986           |
| <b>Total Long-term Liabilities</b>                       |      | <b>1 444 066</b> | <b>1 474 421</b> |
| <b>Current liabilities</b>                               |      |                  |                  |
| Accounts payables  |      | 42 301           | 24 458           |
| Leasing debt   | 8    | 110 922          | 101 308          |
| Other current liabilities                                | 30   | 165 043          | 115 029          |
| Accrued expenses and prepaid income                      | 31   | 206 435          | 211 854          |
| <b>Total Current Liabilities</b>                         |      | <b>524 701</b>   | <b>452 649</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                      |      | <b>2 423 184</b> | <b>2 380 584</b> |

## Statement of changes in equity

|  | Share capital | Retained earnings | Total equity to holders of the Parent |
|--|---------------|-------------------|---------------------------------------|
| <b>Opening balance 1 January 2020</b>                                  | 500           | 442 797           | <b>443 296</b>                        |
| Net profit of the year and also total comprehensive income of the year | -             | 10 218            | <b>10 218</b>                         |
| <b>Closing balance 31 December 2020</b>                                | <b>500</b>    | <b>453 014</b>    | <b>453 514</b>                        |
| Net profit of the year and also total comprehensive income of the year | -             | 902               | <b>902</b>                            |
| <b>Closing balance 31 December 2021</b>                                | <b>500</b>    | <b>453 916</b>    | <b>454 416</b>                        |

## The Group's consolidated cash flow statement (SEK Thousand)

|  | Note  | 2021            | 2020            |
|--|-------|-----------------|-----------------|
| <b>Operating Activities</b>  |       |                 |                 |
| Operating result   |       | 84 148          | 89 061          |
| Adjustment for items not included in Cash Flow                     | 33    | 131 222         | 124 567         |
| Paid interest, leasing contracts                                   | 8     | -24 165         | -22 829         |
| Interest received, other contracts                                 | 11    | 1 551           | 1 198           |
| Interest paid, other contracts                                     | 12    | -54 218         | -52 800         |
| Taxes paid   |       | -12 914         | -9 829          |
| <i>Changes in working capital</i>                                  |       |                 |                 |
| Changes in short-term receivables and other short-term receivables |       | -29 983         | -629            |
| Changes in short-term liabilities                                  |       | 59 411          | 48 734          |
| <b>Net cash flow from operating activities</b>                     |       | <b>155 052</b>  | <b>177 473</b>  |
| <i>Cash flow from investing activities</i>                         |       |                 |                 |
| Investment in intangible assets                                    | 14    | -1 255          | -2 702          |
| Investment in tangible fixed assets                                | 16-19 | -8 861          | -2 078          |
| Investments in subsidiaries  | 38    | -               | -20 871         |
| Divestments of tangible fixed assets                               | 16-19 | 3 558           | 11 895          |
| Investment in other financial fixed assets                         |       |                 | -254            |
| <b>Net cash flow from investing activities</b>                     |       | <b>-6 558</b>   | <b>-14 010</b>  |
| <i>Cash flow from financing activities</i>                         |       |                 |                 |
| Issuance of interest-bearing debt                                  | 35    | 2 584           | 2 637           |
| Amortization of leasing debt                                       |       | -113 440        | -102 734        |
| Repayment of interest bearing debt                                 |       | -               | -18 525         |
| <b>Net cash flow from financing activities</b>                     |       | <b>-110 856</b> | <b>-118 622</b> |
| <b>Net change in cash and cash equivalents</b>                     |       | <b>37 638</b>   | <b>44 841</b>   |
| <b>Cash and cash equivalents at beginning of year</b>              | 26    | <b>111 254</b>  | <b>66 413</b>   |
| <b>Cash and cash equivalents at end of year</b>                    |       | <b>148 892</b>  | <b>111 254</b>  |

## Income statement for the Parent company (SEK Thousand)

|  | Note | 2021          | 2020          |
|--|------|---------------|---------------|
| <b>Remaining operations</b>  |      |               |               |
| <i>Operating income</i>  |      |               |               |
| Revenue  | 5    | 0             | 0             |
| Other operating income   | 6    | 0             | 0             |
| <b>Total Operating income</b>  |      | <b>0</b>      | <b>0</b>      |
| <i>Operating expenses</i>  |      |               |               |
| Other operating expenses   | 7    | -1 300        | -1 043        |
| <b>Total Operating expenses</b>  |      | <b>-1 300</b> | <b>-1 043</b> |
| <b>Operating Profit (EBIT)</b>   |      | <b>-1 300</b> | <b>-1 043</b> |
| <i>Profit &amp; Loss from financial items</i>                                |      |               |               |
| Finance income   | 11   | 50 534        | 50 675        |
| Finance expenses   | 12   | -50 648       | -51 406       |
| <b>Total Financial items</b>   |      | <b>-114</b>   | <b>-731</b>   |
| <b>Profit/Loss before income tax (EBT)</b>                                   |      | <b>-1 414</b> | <b>-1 774</b> |
| Income Tax   | 13   | 0             | 0             |
| <b>Loss for the period</b>   |      | <b>-1 414</b> | <b>-1 774</b> |
| <b>Total Comprehensive Income for the Year</b>                               |      | <b>-1 414</b> | <b>-1 774</b> |
| <b>Profit for the Year Attributable to the Parent Company's Shareholders</b> |      | <b>-1 414</b> | <b>-1 774</b> |

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

## Parent company's statement of financial position (SEK Thousand)

|                                     | Note | 2021           | 2020           |
|-------------------------------------|------|----------------|----------------|
| <b>ASSETS</b>                       |      |                |                |
| <i>Financial assets</i>             |      |                |                |
| Shares in subsidiaries              | 22   | 300 727        | 300 727        |
| Loans to group companies            | 21   | 586 366        | 586 366        |
| <b>Total Financial Assets</b>       |      | <b>887 094</b> | <b>887 094</b> |
| <b>Total Fixed Assets</b>           |      | <b>887 094</b> | <b>887 094</b> |
| <b>Current Assets</b>               |      |                |                |
| <i>Short-term receivables</i>       |      |                |                |
| Receivables to Group companies      | 21   | 12 972         | 12 972         |
| Prepaid expenses and accrued income | 25   | 65             | 43             |
| <b>Total Short-Term Receivables</b> |      | <b>13 038</b>  | <b>13 015</b>  |
| Cash and cash equivalents           | 26   | 31 441         | 30 327         |
| <b>Total current assets</b>         |      | <b>44 479</b>  | <b>43 343</b>  |
| <b>TOTAL ASSETS</b>                 |      | <b>931 573</b> | <b>930 436</b> |

## Parent company's statement of financial position (SEK Thousand)

|  | Note | 2021           | 2020           |
|--|------|----------------|----------------|
| <b>EQUITY AND LIABILITIES</b>                      |      |                |                |
| <b>Equity</b>                                      | 27   |                |                |
| <i>Restricted equity</i>                           |      |                |                |
| Share capital                                      |      | 500            | 500            |
| <b>Total restricted equity</b>                     |      | <b>500</b>     | <b>500</b>     |
| <b>Unrestricted equity</b>                         |      |                |                |
| Retained earnings                                  |      | 182 044        | 183 818        |
| Loss for the period                                |      | -1 414         | -1 774         |
| Total unrestricted equity                          |      | <b>180 630</b> | <b>182 044</b> |
| <b>Equity attributable to owners of the Parent</b> |      | <b>181 130</b> | <b>182 544</b> |
| <b>Liabilities</b>                                 |      |                |                |
| <b>Non-Current Liabilities</b>                     |      |                |                |
| Bond loans   | 28   | 746 824        | 744 240        |
| <b>Total non-current liabilities</b>               |      | <b>746 824</b> | <b>744 240</b> |
| <b>Current liabilities</b>                         |      |                |                |
| Accounts payables                                  |      | 11             | 14             |
| Accrued expenses and prepaid income                | 31   | 3 608          | 3 639          |
| <b>Total current liabilities</b>                   |      | <b>3 619</b>   | <b>3 652</b>   |
| <b>TOTAL LIABILITIES</b>                           |      | <b>750 442</b> | <b>747 892</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                |      | <b>931 573</b> | <b>930 436</b> |

## Parent company's report on change in equity (SEK Thousand)

|   | Share<br>Capital | Statutory<br>reserves | Other<br>restricted<br>reserves | Retained<br>earnings | Profit/Loss<br>for the period | Total equity<br>to the holders<br>of the Parent |
|---|------------------|-----------------------|---------------------------------|----------------------|-------------------------------|---|
| <b>Opening equity balance 1</b>                           |                  |                       |                                 |                      |                               |   |
| <b>January 2020</b>                                       | <b>500</b>       | <b>0</b>              | <b>0</b>                        | <b>185 229</b>       | <b>-1 411</b>                 | <b>184 318</b>                                  |
| Transfer of previous year's<br>Loss for the period        |                  |                       |                                 | -1 411               | 1 411                         | 0   |
|   |                  |                       |                                 |                      | -1 774                        | -1 774  |
| <b>Total contribution to equity</b>                       | <b>500</b>       | <b>0</b>              | <b>0</b>                        | <b>183 818</b>       | <b>-1 774</b>                 | <b>182 544</b>                                  |
| <b>Shareholders contribution</b>                          | <b>0</b>         | <b>0</b>              | <b>0</b>                        | <b>0</b>             | <b>0</b>                      | <b>0</b>  |
| <b>Closing equity balance as at</b>                       |                  |                       |                                 |                      |                               |   |
| <b>31 December 2020</b>                                   | <b>500</b>       | <b>0</b>              | <b>0</b>                        | <b>183 818</b>       | <b>-1 774</b>                 | <b>182 544</b>                                  |
| Transfer of previous year's<br><b>Loss for the period</b> |                  |                       |                                 | -1 774               | 1 774                         | 0   |
|   |                  |                       |                                 |                      | -1 414                        | -1 414  |
| <b>Total contribution to equity</b>                       | <b>500</b>       | <b>0</b>              | <b>0</b>                        | <b>182 044</b>       | <b>-1 414</b>                 | <b>181 130</b>                                  |
| Total transactions with<br>company owners                 | 0                | 0                     | 0                               | 0                    | 0                             | 0   |
| <b>Closing equity balance as at</b>                       |                  |                       |                                 |                      |                               |   |
| <b>31 December 2021</b>                                   | <b>500</b>       | <b>0</b>              | <b>0</b>                        | <b>182 044</b>       | <b>-1 414</b>                 | <b>181 130</b>                                  |

## Parent company's cash flow (SEK Thousand)

|  | Note | 2021          | 2020          |
|--|------|---------------|---------------|
| <b>Cash flow from operating activities</b>                                 |      |               |               |
| Operating result   |      | -1 300        | -1 043        |
| Adjustments for items not included in cash flow                            |      | -             | -263          |
| <b>Sum</b>   |      | <b>-1 300</b> | <b>-1 307</b> |
| Intrest received   |      | 50 534        | 50 675        |
| Paid interest  |      | -50 648       | -51 143       |
| Taxes paid   |      | -             | -             |
| <b>Cash flow from operating actities before changes in working capital</b> |      | <b>-1 414</b> | <b>-1 774</b> |
| <i>Changes in net working capital</i>                                      |      |               |               |
| Changes in short-term recivables and other short-term receivables          |      | -22           | 19            |
| Changes in short-term liabilities  |      | -34           | 306           |
| <b>Net cash flow from operations activities</b>                            |      | <b>-1 471</b> | <b>-1 449</b> |
| <i>Cash flow from investing activities</i>                                 |      |               |               |
| Investment in financial fixed assets                                       |      | -             | -             |
| <b>Cash flow from investing activities</b>                                 |      | <b>-</b>      | <b>-</b>      |
| <i>Cash flow from financing activities</i>                                 |      |               |               |
| Shareholders contribution  |      |               |               |
| Issuance of interest-bearing bond loans                                    |      | 2 584         | 2 592         |
| Increase other long-term debt  |      | -             | -             |
| Increased long-term lending to Group companies                             |      | -             | -             |
| <b>Net cash flow from financing activities</b>                             |      | <b>2 584</b>  | <b>2 592</b>  |
| <b>Net change in cash and cash equivalentents</b>                          |      | <b>1 113</b>  | <b>1 143</b>  |
| <b>Cash and cash equivalentents at the beginning of the year</b>           |      | <b>30 328</b> | <b>29 185</b> |
| <b>Cash and cash equivalentents at the end of the year</b>                 |      | <b>31 441</b> | <b>30 328</b> |

## Further disclosures

### Note 1 General information

Brado AB (Ltd) 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 – Brado AB offers services within segments such as elderly care, accommodation, personal assistance, day-to-day activities and schools. During 2021 another three subsidiaries were acquired, and the Group consists of eighteen legal entities.

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

The Board of Directors has approved the annual report to be announced on the Annual General Meeting to be held on the 16<sup>th</sup> of May 2022.

### 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 SEK thousand unless otherwise stated.

#### Reason for preparation of the report

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 Interpretation Committee (IFRIC) as adopted by the EU. The accounts have mainly been prepared according to the acquisition cost method as the Group has a 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 are of significant importance for the consolidated financial statements, are set out in Note 4.

#### New and amended standards applied by the Group

No significant new or changed standards have been applied in the Group during 2021.

#### Principles for consolidated accounts

Subsidiaries are all companies over which the Group has controlling influence. The Group controls a company when it is exposed to or entitled to variable returns from their holding in the 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 expenses 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 the 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 interest, 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 without controlling influence are also accounted in the equity.

There are no holdings without controlling interest for 2020 and 2021.

## **Principles for foreign currency transactions**

### Functional currency and reporting currency

Items 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 date, 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, profit/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 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**

In order for revenue to be recognized in the group, a five-step analysis needs to be carried out first. Below is a description of these steps:

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

- 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 disclosures.
- 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 corresponding to the accounts 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 all types of care services and within all three business segments, are usually 30 days.

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 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 receivables are 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 accounted at the original effective interest rate.

All earnings reported in the Group are regarded as originating from those subsidiaries that run operations. Earnings are mainly based on multi-year care agreements. Revenue is mainly linked to care services performed, either on an hourly bases (cf. the business segment Personal Assistance), the number of care days or remuneration for time/services provided for the paying municipality. When a service is performed by Frösunda in own premises. Frösunda receives rental income from the customers who rent the accommodations (business segments 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 and services sold. Consistent with these rules, revenue is reported broken down by segment, see further Note 5.

#### Full responsibility units

Frösunda's full responsibility units conduct care in premises that are run by Frösunda. This is mainly seen within the business segments Elderly Care and Disability.

For these units, Frösunda has a rental agreement with the property owner, landlord or carries out the care in owned properties. Owned properties are seen as a complement to rented accommodations. Traditionally, owned accommodations have mainly been used within Individual & Family (part of the business segment Disability from 2021). 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 provided for the end customers. 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.

#### Contracting business

Activities run on contract means that Frösunda runs the activity in publicly controlled premises, normally in municipalities' premises. Contracting business are run in the segments: Elderly Care and Disability. 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 the business segment Personal Assistance is made by the Swedish Social Insurance Agency (Försäkringskassan), which regulates the price for the majority of care customers in this segment.

Otherwise, price adjustments are based on compensation for cost increases based on the change in so-called Care Price Index (OPI). Changes in this index are published yearly by the Swedish Municipalities and Regions Council (SKR) and forms the main driver for any price changes seen within the business segments Disability (including Individual & Family) and 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 and seen under the related care segment (level breakdown) – this is mainly seen under RAM and LOV agreements.

The effect of this year's price adjustments is estimated at approximately 2.3 %-3.5 % 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 and Elderly Care) 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 segments have been defined that are regularly followed up by the highest executive decision maker, who decides on the allocation of resources and on the assessment of the segment's results.

In order to merge a 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 and Elderly Care.

The Brado Group and its operations in Frösunda Group, all which are care companies where the nature of 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 segment. The segments that can be seen are Personal Assistance, Disability and Elderly Care. 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 account receivables, as other assets and liabilities mainly consists 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 segments, price models, and which combine in terms of financial risk (mainly credit and liquidity risk).

### **Financial assets**

#### Capitalized development expenditures

Capitalized development expenditures mainly refer to proprietary software. Software maintenance costs are expenses 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 the development of the software for use or sale.
- The conditions are favourable to use or sell the software.
- 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. A value that is equivalent to the development expenditures which were capitalized during the year is transferred to a development fund, which constitutes part of the restricted equity. Cancellation from such development fund is done to unrestricted equity in steps with amortization of current development expenditures being done.

#### Goodwill

Goodwill arises from the acquisition of subsidiaries and refers to the amount by which the purchase price, and 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 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 reported directly in the income statement. In order to test impairment, goodwill resulting from a business acquisition is allocated to the cash-generating units or groups of cash-generating units. Each unit or group of units to which goodwill has been allocated to 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 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 to the recoverable amount, which is the higher of value in use and fair value less selling expenses. Any write-down is immediately accounted 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: 5-10 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 IFRS 16 Leasing Agreement, which replaced 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 (leasing liability). The agreements previously recorded as operating leases are now reported in the balance sheet and as a result, the leasing fee is therefore no longer accounted as part of the Group's operating expenses in the income statement, but instead as depreciation and interest expense.

Based on the requirements for IFRS 16, the right of use is recognized 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 on 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 twelve months. For these agreements, the leasing cost is reported as before, as part of the Group's operating expenses.

The leasing contracts entered into, mainly concern property rental agreements. These agreements normally run for 10-15 years. In addition to property rental agreements, leasing agreements are also entered into where the contract period is usually 3 years. Property rental agreements, 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, which affects the valuation of the right of use and also the value of lease liability.

### **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 level 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**

The Group reports 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 loss pursuant to 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 credit risk of the financial assets. As a consequence, a loss event is no longer required for an impairment to be reported.

## **Financial assets**

### **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 twelve months, otherwise they are classified as fixed assets. The Group has not financial assets held for trading purposes.

#### 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 twelve 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 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 consists of accounts receivable, other current receivables and cash and cash equivalents.

## ***Loan receivables and accounts receivables***

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

### ***Accounts receivables***

Accounts receivables are amounts to be paid by customers for goods 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 receivables are reported at fair value and using simplification rules where provision is made for expected credit losses, not dependant on changes in credit risk. When evaluating the Group's accounts receivables in such a way, the expected loss is estimated at SEK thousand 14,222 as of 31 December 2021 (SEK thousand 13,589 as of 31 December 2020). For more details, see also Notes 23 and 35.

#### Factoring – sales of accounts receivable

From 2019, the Group has sold parts of undisputed accounts receivable, for which there is no recourse, 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 two 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 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 cash balances.

#### **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 also below), trade creditors and current liabilities.

#### Valuation of financial liabilities

The Group's financial liabilities are reported at amortized cost (level 3 in accordance with the regulations, see Note 35 for more details), with the exception of the conditional part of the purchase price (seller credit). Transaction costs distributed over the period of time and 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 cost) 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 the income statement.

#### **Long-term borrowing**

##### **Bond Loans**

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

##### **Other long-term liabilities**

Other liabilities include the seller credit granted as part of financing when Brado acquired the Frösunda Group (6 March 2018), see also Note 38. The seller credit can be regarded as 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 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 disclosures in Note 38.

### **Short-term borrowing**

Loans are classified as current liabilities unless the Group has an unconditional right to defer payment of the debt at least twelve months after the end of the reporting period.

### **Accounts payable**

Accounts payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables 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 payables are originally initially recognized at fair value and subsequently at amortized cost using the effective interest method.

For further information regarding risk management see also 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 suspensions of payments, insolvency or bankruptcy.

### **Share capital**

Ordinary share 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 of 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 current liabilities.

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

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

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

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 lease contracts, or low-value lease contracts, 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 16 has had a significant impact on Brado's 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 to the leasing liability's reported value.

Leasing contracts relating to properties/premises account for approx. 97 % (97 %) of the Group's reported leasing liability as of 31 December 2021.

Contracts related to low value lease contracts and contracts that have contract term that does not exceed twelve 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 reconciliations take place to ensure that any extensions that are reasonably certain and agreed are included in the Group's reported leasing liability.

## **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 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 information 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-contributions plans. Commitment 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-benefit contribution plan.

### **Short-term remuneration**

Liabilities for salaries and remunerations, including non-monetary benefits and paid absences, which are expected to be regulated within twelve 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 recognizes 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.

## **Reporting of group companies**

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 expenses 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 impairment losses.

### **Receivables Group companies**

Receivables Group companies (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 Account's Act's profit and loss account and balance sheet format, which means, amongst other things, a different presentation and division of equity vs the Group.

## Note 3 Financial Risk Management

Through its operations, the Group is exposed to a number of financial risks such as market risk (mainly interest risk), credit risk and liquidity 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 a only a few transactions in foreign currencies, which is why currency risk can be seen as limited.

### Interest rate risk

Interest rate risk refers to the risk that the fair values of 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 up to and including 2023 and is linked to STIBOR as a reference rate. The effective interest rate for 2021 was 7.3 % (7.2 %). The effective interest rate on deposit was 0 %. If the interest rate change by +/- 1 %, the result would have been +/- TSEK 7,208 (TSEK 7,222).

In terms of cash and cash equivalents, the Group's financial policy is followed, which limits investments to 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.

|                                     | 2021           | 2020           |
|-------------------------------------|----------------|----------------|
| Accounts receivables                | 267 215        | 232 850        |
| Receivables from Group Companies    | 235            | 235            |
| Other Receivables                   | 5 184          | 8 649          |
| Prepaid Expenses and Accrued Income | 28 806         | 29 869         |
| Cash and cash equivalents           | 148 892        | 111 254        |
| <b>Total</b>                        | <b>450 332</b> | <b>382 857</b> |

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

Most of the Group's revenues are from (public) authorities such as the Swedish Social Insurance Agency and municipalities. Credit risk related to these customers are minimal.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions.

The risk for bad debt losses is considered to be limited, for further details see Note 23.

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

The Group's counterparties consist essentially of municipalities for which the credit risk is considered as being low. Most of the Group's counterparties have adequate credit ratings, which means that the risk of credit losses related to default is deemed to be limited. The Group has defined risk for default of a single counterparty as the situation, when the counterparty is repeatedly late with payments and when the payment has been due for more than 90 days and the amount at risk is considered to be substantial.

Personal Assistance is the business segment, where the Group's main need for provision of anticipated credit losses is seen. Provision is primarily for receivables from municipalities. The provision model used is focused on several factors for assessment, such as time since maturity, proportion of the original invoice remaining unpaid, invoiced amount, and the analysis is also carried out for each and every in-scope invoice.

For Disability and Elderly Care there is grounds for provisions only where the invoiced counterparty is a private individual and where the invoice is more than 90 days overdue. Provisions in 2021 for anticipated credit losses for these segments total thousand SEK 439 (thousand SEK 121).

|  | 2021  | 2020  |
|--|-------|-------|
| Effective interest financing                         | 7.3%  | 7.1%  |
| Effective interest deposits                          | 0%    | 0%    |
| Effect on interest rate change +/- 1% (thousand SEK) | 7 208 | 7 222 |

### 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 million SEK 600 (due 7 March 2023) a second bond loan with a value of million SEK 150 (due 7 June 2023).

The bond programme was issued in March 2018 and by the Parent Company, Brado AB. The listing is at NASDAQ OMX Stockholm Stock Exchange. There is a main covenant that shall be fulfilled at all time, which is that, within the Group and at all times, there shall be at least million SEK 20 in available liquidity. See also details in Note 28.

Since 2019, there is an agreement with the credit market company Avida, whereof Avida purchases undisputed invoices raised with municipalities. The Group legal entity is to pay a fixed fee per invoice (8 SEK) and a credit fee (0.3 % of the total invoice amount including VAT) and a commitment fee (0.25 % on the credit amount of million SEK 12).

Only undisputed invoices issued to a municipality customer within the business segments Disability and Elderly Care will be subject for any such financial transaction against Avida as described previously. When the invoice is issued, it is transferred electronically to Avida who is administrating the distribution to the end customer (municipality). In normal cases, Avida will pay the invoiced amount including VAT deducted for their fees, the following day. Avida fees are reported in the income statement and included in the operating expenses.

## Group

| <b>2021-12-31</b>       | <b>0-3 months</b> | <b>3-12 months</b> | <b>1-5 years</b> | <b>&gt; 5 years</b> |
|-------------------------|-------------------|--------------------|------------------|---------------------|
| Bond Loans              | 11 106            | 34 406             | 734 951          | 0                   |
| Leasing liabilities     | 33 386            | 100 158            | 390 731          | 421 324             |
| Other liabilities       | 371 478           | 0                  | 0                | 0                   |
| Accounts payables       | 42 301            | 0                  | 0                | 0                   |
| Debt to Group Companies | 0                 | 0                  | 0                | 0                   |
| <b>Total</b>            | <b>458 271</b>    | <b>134 564</b>     | <b>1 125 682</b> | <b>421 324</b>      |

| <b>2020-12-31</b>       | <b>0-3 months</b> | <b>3-12 months</b> | <b>1-5 years</b> | <b>&gt; 5 years</b> |
|-------------------------|-------------------|--------------------|------------------|---------------------|
| Bond Loans              | 11 106            | 34 406             | 780 616          | 0                   |
| Leasing liabilities     | 31 194            | 93 583             | 375 064          | 484 973             |
| Other liabilities       | 326 882           | 0                  | 0                | 0                   |
| Accounts payables       | 24 458            | 0                  | 0                | 0                   |
| Debt to Group Companies | 0                 | 0                  | 0                | 0                   |
| <b>Total</b>            | <b>393 640</b>    | <b>127 989</b>     | <b>1 155 680</b> | <b>484 973</b>      |

## Parent Company

| <b>2021-12-31</b>       | <b>0-3 months</b> | <b>3-12 months</b> | <b>1-5 years</b> | <b>&gt; 5 years</b> |
|-------------------------|-------------------|--------------------|------------------|---------------------|
| Bond Loans              | 11 651            | 36 094             | 761 921          | 0                   |
| Leasing liabilities     | 0                 | 0                  | 0                | 0                   |
| Other liabilities       | 3 608             | 0                  | 0                | 0                   |
| Accounts payables       | 11                | 0                  | 0                | 0                   |
| Debt to Group Companies | 0                 | 0                  | 0                | 0                   |
| <b>Total</b>            | <b>15 270</b>     | <b>36 094</b>      | <b>761 921</b>   | <b>0</b>            |

| <b>2020-12-31</b>       | <b>0-3 months</b> | <b>3-12 months</b> | <b>1-5 years</b> | <b>&gt; 5 years</b> |
|-------------------------|-------------------|--------------------|------------------|---------------------|
| Bond Loans              | 11 651            | 36 094             | 809 827          | 0                   |
| Leasing liabilities     | 0                 | 0                  | 0                | 0                   |
| Other liabilities       | 3 639             | 0                  | 0                | 0                   |
| Accounts payables       | 14                | 0                  | 0                | 0                   |
| Debt to Group Companies | 0                 | 0                  | 0                | 0                   |
| <b>Total</b>            | <b>15 304</b>     | <b>36 094</b>      | <b>809 827</b>   | <b>0</b>            |

1) Other debts include accrued employee-related expenses, other employee-related liabilities, and accrued interest expenses.

The amount included in the table are the instruments 'contractual, undiscounted cash flows.

## Capital

The Group's ambition for capital management is to ensure the Group's ability to continue its operation, and 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 that it will not pay any dividends.

The Group is also funding its operations with two bond loans issued on the Swedish financial market place, totalling million SEK 750. Requirements set out in the bond agreement (covenant), signed 7 March 2018, is that Brado and its subsidiaries (i.e. the Group), and must meet the requirement for a minimum amount of available liquidity. At all times, the Group should be able to report cash and cash equivalents amounting to at least million SEK 20.

The covenant were satisfied in 2020 and 2021.

## 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 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 concerns goodwill which has arisen in connection with business acquisitions, assessed 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 arose in connection with Brado acquiring the Frösunda Group in 2018. Goodwill is tested annually for impairment or as soon as indications are seen that suggest that the asset in question has dropped in value.

The market analysis in with 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 expected future cash flows. Government and municipal decisions have a direct effect on estimates of future development. Intangible assets in the Group total million 1,109 SEK (1,111), where of goodwill amounts to million 1,101 SEK (1,101).

When assessing the recoverable amount in connection with impairment testing, estimated future cash flows based on a three-year business plan that management has drawn up for Brado are used. For the period after the forecast period, 2.0 % (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 7.4 % (6.3 %) before tax. Although company management considers that estimated future cash flows are reasonable, other assumptions about cash flows may affect the calculated valuations.

Each year, the Group examines whether there is any requirement 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 analysis

When Brado acquired Frösunda Group (2018), an acquisition analysis was made in which the fair value on the date of acquisition of acquired, identifiable assets along with liabilities assumed and any contingent liabilities were reported, see further Note 38. 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.

Analysis 2020 showed that the Seller credit that the previous owner of the Frösunda Group, Hg Capital, issued in connection with the acquisition, was judged to have a fair value of SEK 0. The basis for the assessment was based on conditions related to the purchase agreement. The assessment made by Brado's Board and Management was that the EBITDA levels for the years 2018 thru 2020 specified in the purchase agreement had not been achieved. As a result, the conditions were not met to justify a carrying amount for the Seller's credit. See further details in Note 38.

On 1 August 2020, two additional acquisitions were made, Aberia LSS AB and Billbag AB. The seller of these two companies was the related company Norlandia Health & Care Group. As part of the terms in

the purchase agreement, a Seller credit, SEK 18.9 million, is reported as part of the Group's non-current liabilities. The Seller's credit is valued based on expected EBITDA levels during the period 2020/2021 thru 2023. No change in the valuation is seen based on the analysis performed in connection with the 2021 financial statements.

## Note 5 Segment reporting

The Group's operations are divided into operating segments based on components of the business that are reviewed by the Chairman, CEO and CFO, who are the company's chief operating decision makers. This is referred to as the management approach. Measurement and reporting are done on an aggregated level. The Group's operations are organised in such a way that the BoD, CEO and CFO review the results of each business area. The business area are also operating segments and an own sub-group.

Based on the reporting requirements in IFRS 8 the Group has three reportable segments (previously four): Personal Assistance, Disability and Elderly Care.

46% of the Group's net revenue is related to income from services to the Swedish Social Insurance Services (Försäkringskassan), which is reported within the Group's largest business segment, Personal Assistance.

### Revenue by segment

|                            | Group<br>2021    | Group<br>2020    |
|----------------------------|------------------|------------------|
| <b>Revenue by segment:</b> |                  |                  |
| Personal Assistance        | 1 169 665        | 1 164 597        |
| Disability                 | 647 123          | 644 827          |
| Elderly Care               | 227 404          | 262 844          |
| Other                      | 4 978            | 4 942            |
| <b>Total</b>               | <b>2 049 170</b> | <b>2 077 210</b> |

### Accounts receivables by

|                     | Group<br>2021  | Group<br>2020  |
|---------------------|----------------|----------------|
| Personal Assistance | 163 021        | 149 982        |
| Disability          | 74 257         | 60 462         |
| Elderly Care        | 27 353         | 21 828         |
| Other               | 2 685          | 578            |
| <b>Total</b>        | <b>267 315</b> | <b>232 850</b> |

## Note 6 Other operating income

|                                    | Group<br>2021 | Group<br>2020 |
|------------------------------------|---------------|---------------|
| Rental income                      | 35 185        | 33 737        |
| Capital gains on sold fixed assets | 2 037         | 346           |
| Other income                       | 4 244         | 4 416         |
| <b>Total</b>                       | <b>41 465</b> | <b>38 499</b> |

## Note 7 Disclosures of auditor's fees and cost compensation

|  | Group<br>2021 | Group<br>2020 | Parent<br>2021 | Parent<br>2020 |
|--|---------------|---------------|----------------|----------------|
| <i>Öhrlings PricewaterhouseCoopers</i>                   |               |               |                |                |
| Auditing services  | -2 060        | -1 303        | -666           | -403           |
| Auditing activities in additions to the audit assignment | 0             | 0             | 0              | 0              |
| Other services   | 0             | 0             | 0              | 0              |
| <b>Total</b>   | <b>-2 060</b> | <b>-1 303</b> | <b>-666</b>    | <b>-403</b>    |

Audit assignments refer to the review of the annual accounts and accounting records, as well as the Board's and the CEO's administration, other tasks that are the responsibility of the company's auditor carrying out such tasks. The above-mentioned fee refers to the following: PwC Sweden, audit assignment tSEK 2,060, audit activities in addition to the audit assignment amount to tSEK 0 and other services tSEK 0.

## Note 8 Leasing

For the Brado Group, leasing contracts are reported according to IFRS 16 as from 1 January 2019. The Parent Company has no leasing contracts. Leasing contracts mainly relate to leasing of premises, passenger vehicles, various care equipment, office machinery and computer equipment.

|   | Group<br>2021   | Group<br>2020   |
|---|-----------------|-----------------|
| <b>Expensed amounts Group</b>                           |                 |                 |
| Current year's depreciations                            | -121 033        | -109 926        |
| Interest costs related to leasing debt                  | -24 165         | -22 830         |
| Expenses related to Low Value Assets                    | -929            | -993            |
| Expenses related to Short term leases                   | -3 264          | -7 185          |
| Costs related to variable leasing costs not included in | 0               | 0               |
| <b>Total expensed amount</b>                            | <b>-149 391</b> | <b>-140 934</b> |
| <b>This years total payments related to leasing</b>     | <b>-137 605</b> | <b>-125 573</b> |

Contract entered but into but which have not started yet amount to 0 MSEK as per 31 December 2021.

|  |                    |                                   | Group                     |
|--|--------------------|-----------------------------------|---------------------------|
|  | Land and buildings | Furniture, fixtures and equipment | Total Right-of-use assets |
| <b>Right of use asset</b>                        |                    |                                   |                           |
| Opening balance 1 January 2021                   | 996 170            | 36 897                            | 1 033 067                 |
| New acquisitions                                 | 21 997             | 12 617                            | 34 614                    |
| Revaluation                                      | 56 338             | 735                               | 57 073                    |
| Scrapping/disposals                              | -                  | -                                 | -                         |
| Reclassifications                                | -                  | -                                 | -                         |
| Current year's revaluation difference            | -138               | 258                               | 121                       |
| <b>Closing balance 31 December 2021</b>          | <b>1 074 368</b>   | <b>50 508</b>                     | <b>1 124 876</b>          |
| Opening balance Accum. depreciations 1 January   | -174 631           | -16 555                           | -191 186                  |
| Current year's depreciations and amortizations   | -109 951           | -11 081                           | -121 033                  |
| Scrapped/disposals                               | -                  | -                                 | -                         |
| Reclassifications                                | -                  | -                                 | -                         |
| <b>Closing balance Accum.deprec. 31 December</b> | <b>-284 582</b>    | <b>-27 636</b>                    | <b>-312 218</b>           |
| <b>Net Book Value</b>                            |                    |                                   |                           |
| <b>Opening balance 1 January 2021</b>            | <b>821 539</b>     | <b>20 342</b>                     | <b>841 882</b>            |
| <b>Closing balance 31 December 2021</b>          | <b>789 785</b>     | <b>22 872</b>                     | <b>812 658</b>            |

|  |                    |                                   | Group                     |
|--|--------------------|-----------------------------------|---------------------------|
|  | Land and buildings | Furniture, fixtures and equipment | Total Right-of-use assets |
| <b>Right of use asset</b>                        |                    |                                   |                           |
| Opening balance 1 January 2020                   | 780 118            | 19 247                            | 799 365                   |
| New acquisitions                                 | 237 949            | 11 264                            | 249 214                   |
| Revaluation                                      | -                  | -                                 | -                         |
| Scrapping/disposals                              | -                  | -                                 | -                         |
| Reclassifications                                | -21 898            | 6 387                             | -15 510                   |
| Current year's revaluation difference            | -                  | -                                 | -                         |
| <b>Closing balance 31 December 2021</b>          | <b>996 170</b>     | <b>36 897</b>                     | <b>1 033 068</b>          |
| Opening balance Accum. depreciations 1 January   | -73 849            | -7 410                            | -81 259                   |
| Current year's depreciations and amortizations   | -100 781           | -9 145                            | -109 927                  |
| Scrapped/disposals                               | -                  | -                                 | -                         |
| Reclassifications                                | -                  | -                                 | -                         |
| <b>Closing balance Accum.deprec. 31 December</b> | <b>-174 631</b>    | <b>-16 555</b>                    | <b>-191 186</b>           |
| <b>Net Book Value</b>                            |                    |                                   |                           |
| <b>Opening balance 1 January 2020</b>            | <b>706 269</b>     | <b>11 836</b>                     | <b>718 105</b>            |
| <b>Closing balance 31 December 2020</b>          | <b>821 539</b>     | <b>20 342</b>                     | <b>841 882</b>            |

## Lease liabilities

|  | <b>Group<br/>2021</b> |
|--|-----------------------|
| <i>Maturity analysis - undiscounted cash flows</i>                       |                       |
| Less than one year   | 133 544               |
| One to five years  | 390 731               |
| More than five years   | 421 324               |
| <b>Total undiscounted lease liabilities 31 December</b>                  | <b>945 598</b>        |
| <b>Lease liabilities incl. in the statement of financial position 31</b> | <b>812 067</b>        |
| Current  | 110 922               |
| Non-current  | 701 145               |

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

|                                     | <b>Group<br/>2021</b> | <b>Group<br/>2020</b> |
|-------------------------------------|-----------------------|-----------------------|
| <b>Average number of employees:</b> |                       |                       |
| Men                                 | 982                   | 949                   |
| Women                               | 2 036                 | 2 215                 |
| <b>Total</b>                        | <b>3 018</b>          | <b>3 164</b>          |

|   | <b>Group<br/>2021</b> |              | <b>Group<br/>2020</b> |              |
|---|-----------------------|--------------|-----------------------|--------------|
| <b>Salaries and remunerations (incl. Bonus)</b> |                       |              |                       |              |
| Board of Directors and CEO                      | 1 964                 | 0            | 1 199                 | (343)        |
| Other employees                                 | 1 231 323             | (237)        | 1 245 800             | (50)         |
| <b>Total</b>                                    | <b>1 233 287</b>      | <b>(237)</b> | <b>1 246 999</b>      | <b>(393)</b> |

|   | <b>Group<br/>2021</b> |             | <b>Group<br/>2020</b> |             |
|---|-----------------------|-------------|-----------------------|-------------|
| <b>Social tax expenses</b>                              |                       |             |                       |             |
| Social tax expenses Board members and the CEO           | 623                   | 0           | 169                   | (48)        |
| Pension costs Board members and the CEO                 | 465                   | 0           | 0                     | 0           |
| Pension costs other employees                           | 65 095                | 0           | 69 290                | 0           |
| Other social tax expenses according to law and contract | 375 440               | (74)        | 395 014               | (16)        |
| <b>Total</b>  | <b>441 623</b>        | <b>(74)</b> | <b>464 473</b>        | <b>(64)</b> |

1) Pension costs concern defined-contribution plans.

|   | Group<br>2021 |          | Group<br>2020 |          |
|---|---------------|----------|---------------|----------|
|   | Men           | Women    | Men           | Women    |
| <b>Gender distribution within management:</b> |               |          |               |          |
| CEO   | 1             | 0        | 1             | 0        |
| Board members                                 | 4             | 1        | 5             | 0        |
| Other senior executives                       | 6             | 4        | 4             | 6        |
| <b>Total</b>                                  | <b>11</b>     | <b>5</b> | <b>10</b>     | <b>6</b> |

|   | Parent<br>2021 |          | Parent<br>2020 |          |
|---|----------------|----------|----------------|----------|
|   | Men            | Women    | Men            | Women    |
| <b>Gender distribution within management:</b> |                |          |                |          |
| CEO   | 1              | 0        | 1              | 0        |
| Board members                                 | 3              | 0        | 3              | 0        |
| Other senior executives                       | 0              | 0        | 0              | 0        |
| <b>Total</b>                                  | <b>4</b>       | <b>0</b> | <b>4</b>       | <b>0</b> |

### The Group's pension plans with Alecta

As stated in Note 2 Accounting Policies, ITP2 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 described through Alecta, i.e. all ITP plans amount to tSEK 32 997 (tSEK 37,890). Alecta's surplus can be distributed to policyholders and/or insured persons. At the end of 2021, Alecta's surplus in the form of collective consolidated level amounted to 172% (148%). The collective consolidated level is the market value of Alecta's assets as a percentage of insurance commitments 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 2021, senior executives, except for the CEO, have had conventional pension plans (ITP/ITPK). There are no agreements for severance pay. During 2021, the CEO's services were purchased once more 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.

|                               | Group 2021                         |                        |               | Total         |
|-------------------------------|------------------------------------|------------------------|---------------|---------------|
|                               | Basic Salaries/<br>Director's fees | Variable remunerations | Pension costs |               |
| <i>Chairman of the Board</i>  |                                    |                        |               |               |
| Roger Adolfsen                | 0                                  | 0                      | 0             | 0             |
| <i>Board members</i>          |                                    |                        |               |               |
| Kristian A Adolfsen           | 0                                  | 0                      | 0             | 0             |
| Carl Lindstrand <sup>1)</sup> | 0                                  | 0                      | 0             | 0             |
| Kristoffer Lorck (CEO)        | 619                                | 0                      | 0             | 619           |
| Nathalie Boulas Nilsson       | 1 345                              | 0                      | 465           | 1 810         |
| Other senior executives (9)   | 10 608                             | 0                      | 2 455         | 13 063        |
|                               | <b>12 573</b>                      | <b>0</b>               | <b>2 920</b>  | <b>15 493</b> |

|                               | Group 2020                         |                        |               | Total         |
|-------------------------------|------------------------------------|------------------------|---------------|---------------|
|                               | Basic Salaries/<br>Director's fees | Variable remunerations | Pension costs |               |
| <i>Chairman of the Board</i>  |                                    |                        |               |               |
| Roger Adolfsen                | 0                                  | 0                      | 0             | 0             |
| <i>Board members</i>          |                                    |                        |               |               |
| Kristian A Adolfsen           | 0                                  | 0                      | 0             | 0             |
| Carl Lindstrand <sup>1)</sup> | 53                                 | 0                      | 0             | 53            |
| Kristoffer Lorck (CEO)        | 856                                | 343                    | 0             | 1 199         |
| Yngvar Tov Herbjörnsönn       | 0                                  | 0                      | 0             | 0             |
| Martin Block                  | 0                                  | 0                      | 0             | 0             |
| Other senior executives (10)  | 13 596                             | 0                      | 3 510         | 17 106        |
|                               | <b>14 505</b>                      | <b>343</b>             | <b>3 510</b>  | <b>18 358</b> |

<sup>1)</sup> Refers to invoiced fee for legal services rendered.

All board member's fees are invoiced and can be found in the income statement item other than external costs.

## Note 10 Other operating expenses

|                                 | Group 2021  | Group 2020    |
|---------------------------------|-------------|---------------|
| Fx losses                       | -8          | -             |
| Loss sold/disposed fixed assets | -595        | -2 221        |
| Other operating expenses        | -24         | 0             |
| <b>Total</b>                    | <b>-627</b> | <b>-2 221</b> |

## Note 11 Financial income and similar income items

|                                       | Group<br>2021 | Group<br>2020 | Parent<br>2021 | Parent<br>2020 |
|---------------------------------------|---------------|---------------|----------------|----------------|
| Interest income                       | 1 551         | 1 198         | 50 534         | 50 675         |
| Capital gains repurchase of own bonds | 0             | 7 475         | 0              | 0              |
| <b>Total finance income</b>           | <b>1 551</b>  | <b>8 673</b>  | <b>50 534</b>  | <b>50 675</b>  |

## Note 12 Financial costs and similar income statement items

|   | Group<br>2021  | Group<br>2020  | Parent<br>2021 | Parent<br>2020 |
|---|----------------|----------------|----------------|----------------|
| Interest expenses                               | -54 218        | -52 799        | -48 064        | -48 815        |
| Interest expenses leasing                       | -24 165        | -22 830        | 0              | 0              |
| Other financial expenses                        | 0              | 0              | -2 584         | -2 592         |
| <b>Total finance expenses and similar items</b> | <b>-78 383</b> | <b>-75 629</b> | <b>-50 649</b> | <b>-51 407</b> |

## Note 13 Tax on profit for the year

|   | Group<br>2021 | Group<br>2020  |
|---|---------------|----------------|
| <b>Current tax expense</b>                          |               |                |
| Current tax expense                                 | -7 880        | -10 936        |
| Adjustment for tax attributable to previous years   | -70           | -215           |
| <b>Total current tax expense</b>                    | <b>-7 950</b> | <b>-11 151</b> |
| Deferred tax expense                                |               |                |
| Deferred tax expense attributable to previous years | 1 536         | -736           |
| <b>Total deferred tax expense</b>                   | <b>1 536</b>  | <b>-736</b>    |
| <b>TOTAL ACCOUNTED TAX EXPENSE</b>                  | <b>-6 413</b> | <b>-11 887</b> |

### Reconciliation effective tax:

|   | Group<br>2021 | Group<br>2020  |
|---|---------------|----------------|
| Profit for the year   | 902           | 10 218         |
| Income tax expense  | -6 413        | -11 887        |
| <b>Profit before income taxes</b>                               | <b>7 315</b>  | <b>22 105</b>  |
| Tax according to applicable tax rate (20.6% 2021 vs 21.4% 2020) | -1 507        | -4 730         |
| Tax effect of non-deductable costs                              | -4 878        | -7 788         |
| Tax effect of non-taxable income                                | -             | 2 060          |
| Adjustment for previous years                                   | -28           | -1 462         |
| <b>Current year's years tax expense</b>                         | <b>-6 413</b> | <b>-11 921</b> |
| <b>Total effective tax in %</b>                                 | <b>-87,7%</b> | <b>-53,9%</b>  |

In 2019, tax regulations were introduced regarding limits on deductability for negative net interest. This is seen as having a material impact on items included in tax effect of non-

expenses both in 2020 and 2021.

## Note 14 Capitalized development expenses

|   | Group<br>2021  | Group<br>2020  |
|---|----------------|----------------|
| Opening balance acquisition cost                    | 54 623         | 52 589         |
| Acquisitions  | 1 255          | 2 718          |
| Sales/Disposals                                     | -              | -684           |
| <b>Closing balance accumulated acquisition cost</b> | <b>55 878</b>  | <b>54 623</b>  |
| Opening balance depreciations                       | -45 186        | -42 750        |
| Sales/Disposals                                     | -              | 669            |
| Depreciations and amortizations for the year        | -2 854         | -3 104         |
| <b>Closing balance accumulated depreciations</b>    | <b>-48 040</b> | <b>-45 186</b> |
| <b>Closing Net Book Value</b>                       | <b>7 838</b>   | <b>9 437</b>   |

Capitalized development expenses refer to proprietary software, licenses and capitalized costs for business systems, management systems and report development.

## Note 15 Goodwill

|   | Group<br>2021    | Group<br>2020    |
|---|------------------|------------------|
| Opening balance acquisition cost                    | 1 101 313        | 1 074 581        |
| Acquisitions  | -                | 26 732           |
| <b>Closing balance accumulated acquisition cost</b> | <b>1 101 313</b> | <b>1 101 313</b> |
| Opening balance depreciations                       | -                | -                |
| Depreciations and amortizations for the year        | -                | -                |
| <b>Closing balance accumulated depreciations</b>    | <b>-</b>         | <b>-</b>         |
| <b>Closing Net Book Value</b>                       | <b>1 101 313</b> | <b>1 101 313</b> |

### Impairment testing for goodwill

Goodwill is monitored by management and distributed by cash-generating entity where the entire Group constitutes a separate cash-generating entity. For such analysis and assessment, each Group company constitutes a cash-generating unit. The recoverable amount for a cash-generating entity has been determined based on calculations of useful value. These calculations are based on estimated future pre-tax cash flows based on financial budgets or forecasts aimed to cover the next five years. Cash flows are estimated to be based on such detailed budgets or and when such details are not available, an estimated 2 % annual

growth is used and with unchanged EBITDA margin. When analysing the cash generating entities, future cash flows before tax, essential assumptions are made regarding, among other things, sales growth and discount rate which constitute important factors when calculating the respective entity's value in use. Cash flows after the forecast period is also calculated on the assumption of a long-term growth rate of 2% annually. In the event of impairment adjustment, the recoverable amount is also specified.

Gross margin: 94-98 %

Discount rate before tax: 8.65 %

The annual growth rate is used over the five-year period, including any more specific budget/forecast assumptions. It is based on 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 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 of 5 %, the goodwill value would maintain. There is not seen any need for impairment of goodwill in 2021.

## Note 16 Land and buildings

|   | Group<br>2021  | Group<br>2020  |
|---|----------------|----------------|
| Opening balance acquisition cost                    | 25 566         | 16 955         |
| Reclassifications                                   | -              | 8 612          |
| Acquisition   | 175            | -0             |
| <b>Closing balance accumulated acquisition cost</b> | <b>25 741</b>  | <b>25 566</b>  |
| Opening balance depreciations                       | -11 066        | -10 770        |
| Reclassifications                                   | -              | 259            |
| Sales/Disposals                                     | 121            | -              |
| Depreciations and amortizations for the year        | -470           | -556           |
| <b>Closing balance accumulated depreciations</b>    | <b>-11 415</b> | <b>-11 066</b> |
| Opening balance impairments                         | -5 380         | -              |
| Reclassification                                    | -              | -5 380         |
| <b>Closing balance accumulated impairments</b>      | <b>-5 380</b>  | <b>-5 380</b>  |
| <b>Closing Net Book Value</b>                       | <b>8 946</b>   | <b>9 120</b>   |

## Note 17 Improvement expenses on leased properties

|   | Group<br>2021  | Group<br>2020  |
|---|----------------|----------------|
| Opening balance acquisition cost                    | 25 593         | 19 710         |
| Reclassifications                                   | -              | 6 617          |
| Acquisition   | 3 821          | 1 831          |
| Sales/Disposals                                     | -2 107         | -2 565         |
| <b>Closing balance accumulated acquisition cost</b> | <b>27 307</b>  | <b>25 593</b>  |
| Opening balance depreciations                       | -19 671        | -15 381        |
| Reclassifications                                   | -              | -4 040         |
| Acquisitions  | -459           | -766           |
| Sales/Disposals                                     | 1 291          | 1 800          |
| Depreciations and amortizations for the year        | -1 048         | -1 285         |
| <b>Closing balance accumulated depreciations</b>    | <b>-19 888</b> | <b>-19 672</b> |
| <b>Closing Net Book Value</b>                       | <b>7 420</b>   | <b>5 922</b>   |

## Note 18 Inventory, tools and installations

|   | Group<br>2021  | Group<br>2020  |
|---|----------------|----------------|
| Opening balance acquisition cost                    | 41 131         | 41 853         |
| Acquisition   | 5 424          | 4 126          |
| Sales/Disposals                                     | -1 667         | -4 849         |
| <b>Closing balance accumulated acquisition cost</b> | <b>44 888</b>  | <b>41 131</b>  |
| Opening balance depreciations                       | -33 006        | -30 320        |
| Acquisitions  | -              | -541           |
| Sales/Disposals                                     | 1 287          | 4 281          |
| Depreciations and amortizations for the year        | -4 238         | -6 426         |
| <b>Closing balance accumulated depreciations</b>    | <b>-35 957</b> | <b>-33 006</b> |
| Opening balance impairments                         | -32            | -56            |
| Impairment  | -              | -              |
| Sales/Disposals                                     | -              | 24             |
| <b>Closing balance accumulated impairments</b>      | <b>-32</b>     | <b>-32</b>     |
| <b>Closing Net Book Value</b>                       | <b>8 900</b>   | <b>8 094</b>   |

## Note 19 Deferred tax assets

Tax related to:

Difference between book value and tax value of improvement expenses owned by third party entity.

|                            | Group<br>2021 | Group<br>2020 |
|----------------------------|---------------|---------------|
| Opening balance            | 4 093         | 3 798         |
| Change reported in current | 1 536         | 295           |
| <b>Closing balance</b>     | <b>5 629</b>  | <b>4 093</b>  |

## 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 Disability (previously Individual & Family). As a consequence, in total 15 owned properties were identified for sale, consistent with the accounting rules, IFRS 5, and these properties were thus reported separately from those identified to be kept (see also Note 16 Land and Buildings as well as Note 17 Improvement expenses on leased properties). Seven of the fifteen buildings were sold in 2019, and another six during 2020. One property has been identified as suitable for running business operation within the segment Disability, whereof this building was reclassified as fixed asset (see further Note 16).

There are no remaining properties held for sales as per December 31, 2021.

|   | Group<br>2021 | Group<br>2020 |
|---|---------------|---------------|
| Opening balance acquisition cost                    | 1 991         | 53 254        |
| Reclassifications                                   | -             | -15 118       |
| Sales/Disposals                                     | -1 991        | -36 145       |
| <b>Closing balance accumulated acquisition cost</b> | <b>-</b>      | <b>1 991</b>  |
| Opening balance depreciations                       | -756          | -20 789       |
| Reclassifications                                   | -             | 3 758         |
| Depreciations                                       | -             | -             |
| Sales/Disposals                                     | 756           | 16 275        |
| <b>Closing balance accumulated depreciations</b>    | <b>-</b>      | <b>-756</b>   |
| Opening balance impairment                          | -             | -12 829       |
| Reclassification                                    | -             | 5 380         |
| Sales/Disposals                                     | -             | 7 449         |
| <b>Closing accumulated impairments</b>              | <b>-</b>      | <b>-</b>      |
| <b>Closing Net Book Value</b>                       | <b>-</b>      | <b>1 235</b>  |

## Note 21 Receivables with Group companies

|  | Group<br>2021 | Group<br>2020 | Parent<br>2021 | Parent<br>2020 |
|--|---------------|---------------|----------------|----------------|
| Current receivables from Related Company to the Parent | 235           | 235           | 235            | 235            |
| Current receivables from other Group companies         | 0             | 0             | 12 737         | 12 737         |
| Long-term receivables from other Group companies       | 0             | 0             | 586 366        | 586 366        |
| <b>Closing balance</b>                                 | <b>235</b>    | <b>235</b>    | <b>599 338</b> | <b>599 338</b> |

## Note 22 Shares in Group companies

| Company                | Corporate<br>Identity<br>Number | Country | Domicile | Business     | Shares of<br>ordinary<br>shares<br>owned by the<br>Parent<br>Company<br>(No) | Capital Share | Outgoing<br>carrying<br>value |
|------------------------|---------------------------------|---------|----------|--------------|--|---------------|-------------------------------|
| Frösunda Holdco AB     | 556778-0076                     | Sweden  | Solna    | Holding Comp | 23 408 503   | 100 %         | 300 727                       |
| <b>Closing balance</b> |                                 |         |          |              |  |               | <b>300 727</b>                |

See also details on valuation of acquisition in separate note – note 38

The subsidiary is consolidated in the group. The voting share in the subsidiary that is owned directly by the Parent company does not differ from the owned share of ordinary shares.

| Company                           | Corporate Identity Number | Country | Domicile   | Business        | Shares of ordinary shares owned by the Parent Company (No) | Capital Share |
|-----------------------------------|---------------------------|---------|------------|-----------------|--|---------------|
| Frösunda Holdco AB                | 556778-0076               | Sweden  | Solna      | Holding Comp    |  | 100 %         |
| Frösunda Bidco AB                 | 556777-9961               | Sweden  | Solna      | Holding Comp    | 4606872  | 100 %         |
| Frösunda Group AB                 | 556748-4158               | Sweden  | Solna      | Group Admin.    | 3131330  | 100 %         |
| Frösunda Personlig Assistans AB   | 556386-7398               | Sweden  | Malmö      | Personal Assist | 1000   | 100 %         |
| Frösunda Äldreomsorg AB           | 556435-4834               | Sweden  | Göteborg   | Elderly Care    | 6000   | 100 %         |
| Frösunda Omsorg AB                | 556509-2482               | Sweden  | Solna      | Care Business   | 10000  | 100 %         |
| Frösunda Social Omsorg AB         | 556606-2401               | Sweden  | Solna      | Holding Comp    | 1000   | 100 %         |
| Frösunda Omsorg i Uppland AB      | 556560-1548               | Sweden  | Uppsala    | Care Business   | 1177   | 100 %         |
| Frösunda Omsorg Fastigheter AB    | 556629-5290               | Sweden  | Uppsala    | Real Estate     | 1000   | 100 %         |
| Frösunda IoF AB                   | 556597-2352               | Sweden  | Solna      | Care Business   | 1000   | 100 %         |
| Frösunda Omsorg i Gävleborg AB    | 556106-1853               | Sweden  | Nordanstig | Care Business   | 1000   | 100 %         |
| Frösunda Omsorg Arbetsmarknad AB  | 559158-4635               | Sweden  | Solna      | Resource supply | 500  | 100 %         |
| Aberia LSS AB                     | 556652-0176               | Sweden  | Stockholm  | Care Business   | 1000   | 100 %         |
| Billbag AB                        | 556426-7440               | Sweden  | Vallentuna | Care Business   | 1000   | 100 %         |
| Frösunda Fastighets-utveckling AB | 559205-3549               | Sweden  | Solna      | Real Estate     | 1000   | 100 %         |
| Frösunda Fastighets-Holding 1 AB  | 559122-7250               | Sweden  | Solna      | Real Estate     | 1000   | 100 %         |
| Frösunda Omsorg Bergby AB         | 559160-8228               | Sweden  | Solna      | Real Estate     | 1000   | 100 %         |

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

## Note 23 Accounts receivables

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 mainly in the business segment, Personal Assistance. A smaller risk is also seen in the other business segments, mainly related to rental invoices which means receivables against private individuals. Also in those cases, the length in time the claim remains unpaid is an important parameter in assessing the need for any provision.

In the case of invoices issued to municipalities within the segment, Personal Assistance, several national legal cases can be seen, cases run by different operating in the Personal Assistance segment. Legal proceedings are taken to ensure that the invoiced amount can be recovered. Outcomes in these processes are closely monitored, and based on the experience, the probability is assessed that unpaid claims 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 loss. The expected loan losses have been valued on the basis of an individual assessment carried out for each individual invoice.

|   | <b>Group<br/>2021</b> | <b>Group<br/>2020</b> |
|---|-----------------------|-----------------------|
| <b>Accounts receivables</b>                   |                       |                       |
| Account receivable                            | 281 437               | 246 439               |
| Provision fo expected credit loss             | -14 222               | -13 589               |
| <b>Net account receivable closing balance</b> | <b>267 215</b>        | <b>232 850</b>        |

**Balance by age breakdown - and related ration for provision of expected loss (%):**

**Group  
31.12.2021  
Maturity**

|                | <b>Reported<br/>amounts<br/>gross acc´s<br/>receivables</b> | <b>Expected<br/>loss (%)</b> | <b>Bad debt<br/>provision</b> |
|----------------|---|------------------------------|-------------------------------|
| Not due        | 178 811   | 0,2%                         | 280                           |
| Due 1-30 days  | 61 697  | 0,2%                         | 149                           |
| Due 31-60 days | 6 693   | 2,5%                         | 170                           |
| Due 61-90 days | 1 387   | 23,4%                        | 325                           |
| Due > 90 days  | 32 849  | 40,5%                        | 13 299                        |
| <b>Total</b>   | <b>281 437</b>  | <b>5,1%</b>                  | <b>14 222</b>                 |

**Group  
31.12.2020  
Maturity**

|                | <b>Reported<br/>amounts<br/>gross acc´s<br/>receivables</b> | <b>Expected<br/>loss (%)</b> | <b>Bad debt<br/>provision</b> |
|----------------|---|------------------------------|-------------------------------|
| Not due        | 167 557   | 0,2%                         | 267                           |
| Due 1-30 days  | 43 384  | 0,3%                         | 142                           |
| Due 31-60 days | 6 212   | 2,6%                         | 162                           |
| Due 61-90 days | 2 140   | 14,5%                        | 310                           |
| Due > 90 days  | 27 146  | 46,8%                        | 12 707                        |
| <b>Total</b>   | <b>246 439</b>  | <b>5,5%</b>                  | <b>13 589</b>                 |

**Change of provision for expected credit loss can be seen below:**

|   | <b>Group<br/>2021</b> | <b>Group<br/>2020</b> |
|---|-----------------------|-----------------------|
| <b>Opening balance expected credit loss</b>     | -13 589               | -11 234               |
| Provision for the year - expected credit losses | -633                  | -2 355                |
| Current year´s confirmed credit losses          | 0                     | -6                    |
| Adjustment fair value valuation                 | 0                     | 6                     |
|   | <b>-14 222</b>        | <b>-13 589</b>        |

## Note 24 Other receivables

|                        | Group<br>2021 | Group<br>2020 |
|------------------------|---------------|---------------|
| Tax account            | 210           | 2 102         |
| Claims employees       | 1 033         | 1 400         |
| Other receivables      | 3 942         | 5 147         |
| <b>Closing balance</b> | <b>5 184</b>  | <b>8 649</b>  |

No part of the other receivables was due for payment as of 31 December 2021. The amounts are stated at nominal values.

## Note 25 Prepaid costs and accrued income

|                         | Group<br>2021 | Group<br>2020 |
|-------------------------|---------------|---------------|
| Accrued customer income | 14 133        | 12 499        |
| Accrued interest income | 100           | 0             |
| Prepaid rents           | 2 416         | 6 118         |
| Other prepaid expenses  | 12 157        | 11 252        |
| <b>Closing balance</b>  | <b>28 806</b> | <b>29 869</b> |

## Note 26 Liquid assets

|                           | Group<br>2021  | Group<br>2020  | Parent<br>2021 | Parent<br>2020 |
|---------------------------|----------------|----------------|----------------|----------------|
| Cash and cash equivalents | 148 892        | 111 254        | 31 441         | 30 327         |
| <b>Closing balance</b>    | <b>148 892</b> | <b>111 254</b> | <b>31 441</b>  | <b>30 327</b>  |

## 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 equity capital

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

#### Retained earnings including profit/loss for the year

This includes the Group contribution and a tax effect on Group contributions. Shareholders

contributions are also included.

#### Dividends

No dividend payments will be proposed at the 2022 Annual General Meeting.

### Parent Company

#### Share Capital

|  | 2021       | 2020       |
|--|------------|------------|
| Opening balance subscription of shares | 500        | 500        |
| New subscription of shares             |            |            |
| Current year's change                  |            |            |
| <b>Closing balance</b>                 | <b>500</b> | <b>500</b> |

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

Consists of the previous year's free equity after potential dividends has been paid. Together with the profit/loss of the year, it sums up to the total amount unrestricted equity.

### Note 28 Borrowing

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

|  | Group<br>2021  | Group<br>2020  |
|--|----------------|----------------|
| Amortization due within 1 year                     | 0              | 0              |
| Amortization due within 2-5 years                  |                |                |
| Bond Loan Junior<br>(interest rate STIBOR + 8.5%)  | 124 000        | 124 000        |
| Bond Loan Senior<br>(interest rate STIBOR + 5.75%) | 600 000        | 600 000        |
| Accrued transaction costs                          | -3 176         | -5 760         |
| <b>Closing balance</b>                             | <b>720 824</b> | <b>718 240</b> |

## Note 29 Deferred tax liability

|                                | Group<br>2021 | Group<br>2020 |
|--------------------------------|---------------|---------------|
| Opening balance                | 4 561         | 3 064         |
| Change in deferred tax related | -1 450        | 460           |
| Change reported in current     | 0             | 1 037         |
| <b>Closing balance</b>         | <b>3 112</b>  | <b>4 561</b>  |

## Note 30 Other liabilities

Other financial liabilities are reported in Note 34, which only applies to the Group for 2020.

|                          | Group<br>2021  | Group<br>2020  |
|--------------------------|----------------|----------------|
| Employee related taxes   | 73 341         | 51 270         |
| Employer's contributions | 84 655         | 58 333         |
| Value Added Tax          | 13             | 532            |
| Other provisions         | 5 384          | -              |
| Other liabilities        | 1 650          | 4 893          |
| <b>Closing balance</b>   | <b>165 043</b> | <b>115 029</b> |

## Note 31 Accrued expenses and deferred income

|                               | Group<br>2021  | Group<br>2020  | Parent<br>2021 | Parent<br>2020 |
|-------------------------------|----------------|----------------|----------------|----------------|
| Accrued payroll               | 73 107         | 78 884         | -              | -              |
| Vacation pay liability        | 57 779         | 57 206         | -              | -              |
| Social security contribution  | 38 426         | 38 979         | -              | -              |
| Special payroll tax (pension) | 15 571         | 17 177         | 458            | 489            |
| Accrued expenses              | 9 247          | 11 057         | 3 150          | 3 150          |
| Accrued interest expenses     | 6 178          | 3 150          | -              | -              |
| Prepaid customer income       | 6 127          | 5 400          | -              | -              |
| <b>Closing balance</b>        | <b>206 434</b> | <b>211 853</b> | <b>3 608</b>   | <b>3 639</b>   |

## Note 32 Pledged Assets

|                                       | Group<br>2021  | Group<br>2020  | Parent<br>2021 | Parent<br>2020 |
|---------------------------------------|----------------|----------------|----------------|----------------|
| <b>Collaterals for debt to credit</b> |                |                |                |                |
| Pledged shares in Group companies     | 718 571        | 657 529        | 300 727        | 300 727        |
| Other pledged assets                  | 0              | 0              | 586 366        | 586 366        |
| <b>Total</b>                          | <b>718 571</b> | <b>657 529</b> | <b>887 093</b> | <b>887 093</b> |

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

## Note 33 Items that do not affect cash flow

|  | Group<br>2021  | Group<br>2020  | Parent<br>2021 | Parent<br>2020 |
|--|----------------|----------------|----------------|----------------|
| Current year's depreciation and amortization of<br>right of use assets | 121 033        | 109 926        | 0              | 0              |
| Current year's depreciations of other assets                           | 8 595          | 11 372         | 0              | 0              |
| Current year's impairment of other assets                              | 0              | 0              | 0              | 0              |
| Fair value effect in connection with acquisitions                      | 0              | 0              | 0              | 0              |
| Capital gains/losses   | -1 440         | 1 875          | 0              | 0              |
| Change impairment  | 0              | 1 498          | 0              | 0              |
| Change of interest receivable  | 6              | -104           | 0              | 0              |
| Change of interest debt  | 3 028          | 0              | 0              | -263           |
| <b>Total liabilities reported in the Financing<br/>activities</b>      | <b>131 222</b> | <b>124 567</b> | <b>0</b>       | <b>-263</b>    |

## Note 34 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 recognized at fair value in the income statement.

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) in 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 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 transactions.

Analysis 2021-12-31, shows that a calculation of fair value could show a lower value than that reported in the case of the Group's bond loans. When converting, the market price for the current bond program listed on the Stockholm Nasdaq is used.

| Group                        | 2021             |                  | 2020             |                  |
|------------------------------|------------------|------------------|------------------|------------------|
|                              | Reported Value   | Fair Value       | Reported Value   | Fair Value       |
| <b>Financial Assets</b>      |                  |                  |                  |                  |
| Accounts receivable          | 267 215          | 267 215          | 232 850          | 232 850          |
| Other receivables            | 5 184            | 5 184            | 8 649            | 8 649            |
| Accrued income               | 14 133           | 14 133           | 12 499           | 12 499           |
| Cash and cash equivalents    | 148 892          | 148 892          | 111 254          | 111 254          |
| <b>Total</b>                 | <b>435 424</b>   | <b>435 424</b>   | <b>365 252</b>   | <b>365 252</b>   |
| <b>Financial liabilities</b> |                  |                  |                  |                  |
| Bond Loans                   | 720 824          | 692 050          | 718 240          | 663 380          |
| Sellers Credit               | 18 986           | 18 986           | 18 986           | 18 986           |
| Leasing debt (IFRS 16)       | 812 067          | 812 067          | 833 942          | 833 942          |
| Accounts payable             | 42 302           | 42 302           | 24 458           | 24 458           |
| Other liabilities            | 165 043          | 165 043          | 115 028          | 115 028          |
| <b>Total</b>                 | <b>1 759 221</b> | <b>1 730 446</b> | <b>1 710 654</b> | <b>1 655 794</b> |

| Parent Company               | 2021           |               | 2020           |               |
|------------------------------|----------------|---------------|----------------|---------------|
|                              | Reported Value | Fair Value    | Reported Value | Fair Value    |
| <b>Financial Assets</b>      |                |               |                |               |
| Cash and cash equivalents    | 31 441         | 31 441        | 30 327         | 30 327        |
| <b>Total</b>                 | <b>31 441</b>  | <b>31 441</b> | <b>30 327</b>  | <b>30 327</b> |
| <b>Financial liabilities</b> |                |               |                |               |
| Bond Loans                   | 746 824        | 715 954       | 744 240        | 685 740       |
| Accounts payable             | 11             | 11            | 14             | 14            |
| Other liabilities            | 3 608          | 3 608         | 3 639          | 3 639         |
| <b>Total</b>                 | <b>3 608</b>   | <b>3 608</b>  | <b>3 639</b>   | <b>3 639</b>  |

Fair value assessment of the sellers credit received from previous owner, Norlandia Health & Care Group, in connection with the acquisition of Aberia LSS AB and Billbag AB, 1 August 2020, has been carried out. No need for impairment adjustment is seen in 2021.

Reported values in the balance sheet are judged to correspond to fair value. 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 borrowing is judged to correspond to the carrying amount as the interest burden is variable against the indebtedness, whereby the book value is representative of the fair value.

#### Net profit/loss for each category of financial instruments:

|   | Group<br>2021 | Group<br>2020 |
|---|---------------|---------------|
| Loan receivables and accounts receivables | -633          | -2 355        |
| <b>Total</b>                              | <b>-633</b>   | <b>-2 355</b> |

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 35 Supplementary disclosures to the cash flow statement

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

### Group

|   | Open balance<br>01.01.2021 | Amortization<br>debt | Borrowings | Impairment<br>of debt | Reversal<br>accrued tran-<br>saction cost | Closing<br>31.12.2021 |
|---|----------------------------|----------------------|------------|-----------------------|---|-----------------------|
| Long-term funding   |                            |                      |            |                       |   |                       |
| Bond Loans  | 718 240                    | 0                    | 0          | 0                     | 2 584                                     | 720 824               |
| Other debt (Seller's credit)                                      | 18 986                     | 0                    | 0          | 0                     | 0   | 18 986                |
| <b>Total liabilities reported in the<br/>Financing activities</b> | <b>737 226</b>             | <b>0</b>             | <b>0</b>   | <b>0</b>              | <b>2 584</b>                              | <b>739 810</b>        |

|   | Open balance<br>43 831 | Amortization<br>debt | Borrowings    | Impairment<br>of debt | Reversal<br>accrued tran-<br>saction cost | Closing<br>44 196 |
|---|------------------------|----------------------|---------------|-----------------------|---|-------------------|
| Long-term funding   |                        |                      |               |                       |   |                   |
| Bond Loans  | 741 648                | -26 000              | 0             | 0                     | 2 592                                     | 718 240           |
| Other debt (Seller's credit)                                      | 0                      | 0                    | 18 986        | 0                     | 0   | 18 986            |
| <b>Total liabilities reported in the<br/>Financing activities</b> | <b>741 648</b>         | <b>-26 000</b>       | <b>18 986</b> | <b>0</b>              | <b>2 592</b>                              | <b>737 226</b>    |

## Parent Company

|   | Open balance<br>01.01.2021 | Amortization<br>debt | Borrowings | Impairment<br>of debt | Reversal<br>accrued tran-<br>saction cost | Closing<br>31.12.2021 |
|---|----------------------------|----------------------|------------|-----------------------|---|-----------------------|
| Long-term funding   |                            |                      |            |                       |   |                       |
| Bond Loans  | 744 240                    | 0                    | 0          | 0                     | 2 584                                     | 746 824               |
| Other debt (Seller's credit)                                      | 0                          | 0                    | 0          | 0                     | 0   | 0                     |
| <b>Total liabilities reported in the<br/>Financing activities</b> | <b>744 240</b>             | <b>0</b>             | <b>0</b>   | <b>0</b>              | <b>2 584</b>                              | <b>746 824</b>        |

|   | Open balance<br>01.01.2020 | Amortization<br>debt | Borrowings | Impairment<br>of debt | Reversal<br>accrued tran-<br>saction cost | Closing<br>31.12.2020 |
|---|----------------------------|----------------------|------------|-----------------------|---|-----------------------|
| Long-term funding   |                            |                      |            |                       |   |                       |
| Bond Loans  | 741 648                    | 0                    | 0          | 0                     | 2 592                                     | 744 240               |
| Other debt (Seller's credit)                                      | 0                          | 0                    | 0          | 0                     | 0   | 0                     |
| <b>Total liabilities reported in the<br/>Financing activities</b> | <b>741 648</b>             | <b>0</b>             | <b>0</b>   | <b>0</b>              | <b>2 592</b>                              | <b>744 240</b>        |

## Note 36 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 management services (see also Note 9) from Hospitality Invest AS and some legal counselling from Lindstrand Partners Advokatbyrå AB owned by the Board member Carl Lindstrand. Hospitality Invest AS has the same real principal and owner as the Group. Also in 2021, purchase of shared central overhead resources, has been made from the affiliated group of Norlandia Health & Care Group (NHC). Provided service, primarily management remunerations for central overhead staff within the Group, where the Group has provided services to the affiliated group, NHC.

The following transactions have been made with related parties:

| Group<br>(SEK)                    | 2021                                    |   | 2020                                    |   |
|-----------------------------------|---|---|---|---|
|                                   | Sales of services<br>to related parties | Purchase of<br>services from<br>related parties | Sales of services<br>to related parties | Purchase of<br>services from<br>related parties |
| <b>Related party</b>              |   |   |   |   |
| Key people in executive positions | 0                                       | 0   | 0                                       | 0   |
| Related company                   | 4 325 771                               | 186 201   | 4 481 622                               | 2 945 960                                       |
| <b>Total</b>                      | <b>4 325 771</b>                        | <b>186 201</b>                                  | <b>4 481 622</b>                        | <b>2 945 960</b>                                |

| Parent Company<br>(SEK)           | 2021                                    |   | 2020                                    |   |
|-----------------------------------|---|---|---|---|
|                                   | Sales of services<br>to related parties | Purchase of<br>services from<br>related parties | Sales of services<br>to related parties | Purchase of<br>services from<br>related parties |
| <b>Related party</b>              |   |   |   |   |
| Key people in executive positions | 0                                       | 0   | 0                                       | 0   |
| Related company                   | 0                                       | 0   | 0                                       | 0   |
| <b>Total</b>                      | <b>0</b>                                | <b>0</b>  | <b>0</b>                                | <b>0</b>  |

## Note 37 Profit disposition

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

|                        |                    |
|------------------------|--------------------|
| Retained earnings      | 182 044 345        |
| Net loss of the period | -1 414 221         |
| <b>SEK</b>             | <b>180 630 124</b> |

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

|                 |                    |
|-----------------|--------------------|
| Brought forward | 180 630 124        |
| <b>SEK</b>      | <b>180 630 124</b> |

## Note 38 Acquisition

### Acquisitions carried out during the financial year

No acquisitions have been made during the financial year.

### Acquisitions carried out after the end of the financial year

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

### Acquisitions carried out 2018 thru 2020

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

On 1 August 2020, the subsidiary Frösunda Omsorg AB acquired the two companies, Aberia AB and Billbag AB, from the affiliated company Norlandia Health & Care Group.

### 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.

A definitive acquisition analysis was established in Q4, 2018, which resulted in the assessed fair value of the goodwill that arose following the acquisition amounting to million SEK 1,074.5

When acquiring Aberia AB and Billbag AB, the acquisition analysis drawn up resulted in a goodwill value of Thousand SEK 26,732 being reported.

### Acquisition of the Frösunda Group (2018)

|                                      |                   |
|--------------------------------------|-------------------|
|                                      | <b>06.03.2018</b> |
| Conditional purchase price ("Sellers | 350 000           |
| Unconditional purchase price         | 280 757           |

|                                    |                  |
|------------------------------------|------------------|
| <b>Total</b>                       | <b>630 757</b>   |
| <i>Identified acquired assets</i>  |                  |
| Operating credit                   | -119 569         |
| Tangible fixed assets              | 84 282           |
| Intangible fixed assets            | 8 896            |
| Deferred tax assets                | 1 137            |
| Other long-term receivables        | 188              |
| Accounts receivables and other     | 405 791          |
| Accounts payables and other        | -846 600         |
| Tax liability                      | 22 051           |
| <b>Total identified net assets</b> | <b>-443 824</b>  |
| <b>Goodwill <sup>1)</sup></b>      | <b>1 074 581</b> |

<sup>1)</sup> No share of the accounted goodwill is expected to be tax-deductable.

Acquisition related costs total TSEK 14,400 and can be considered as accounted 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 date had been 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 of the acquisition loan's fair value resulted in a value of 0 SEK. The valuation carried out in 2019, was confirmed with a new valuation in 2020, i.e. fair value for the acquisition loan was confirmed to 0 SEK.

The fair value of the total purchase price has been calculated as a multiple of the average annual EBITDA in the period 2018-2020. The multiple has been 8.5. The acquisition loan's fair value could at most total MSEK 350. The acquisition loan's fair value in 2020 could amount to a value between MSEK 0 and MSEK 350. The assessment is that the fair value will ultimately amount to SEK 0.

#### Acquisition of Aberia AB & Billbag AB (2020)

#### **Preliminary purchase price allocation (PPA)**

##### *Assets valued at fair value*

|                              |                   |
|------------------------------|-------------------|
|                              | <b>31.12.2020</b> |
| Goodwill                     | 26 732            |
| Tangible fixed assets        | 1 423             |
| Other short-term receivables | 17 509            |
| Cash and cash equivalents    | -10 871           |
| Provisions                   | -7                |

|  |               |
|--|---------------|
| Short-term liabilities                 | -5 800        |
| <b>Total purchase price</b>            | <b>28 986</b> |
| <u>Acquisition effect on cash-flow</u> |               |
| <b>Total purchase price</b>            | <b>28 986</b> |
| Unpaid part of the purchase price      | -18 986       |
| Cash and cash equivalents in the       | 10 871        |
| <b>Total cash flow attributable to</b> | <b>20 871</b> |

<sup>1)</sup> No share of the accounted goodwill is expected to be tax-deductable.

## Note 39 Significant events after the end of the financial year

After the end of the financial year, the world economic situation is greatly affected by the ongoing conflict following Russia's invasion of Ukraine late February 2022. Inflation in Sweden is significantly higher than the target (2 %), in February 2022 the inflation rate was 4.5 % and the prediction is that it could increase even more. As a consequence, the Group is for example seeing effects of increased electricity and food prices.

In addition to increased inflation, financial market analysts flag that interest rates will rise earlier than previously forecasted. In March 2022, STIBOR 3 months is exceeding 0 % (approximately 0.08 % in March 22) and year over year an increase of approximately 0.11 % is seen. The increased interest is expected to have an impact on Group borrowing costs.

The ongoing conflict is also increasing number of refugees in Europe and also those seeking protection in Sweden. Over the years, and especially in connection with the previous larger immigration wave, the Group has built an extensive experience of housing migrants. Management has contacted Swedish municipalities and offered them support to offer housing to the arriving mainly women and children from Ukraine.

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 result, and describes the significant risks and uncertainties that the Parent Company and the companies that are part of the Group face.

## **Solna 20 April 2022**

Brado AB's Board of Directors

**Roger Adolfsen**  
Chairman of the Board

**Kristian Adolfsen**  
Board member

**Kristoffer Lorck**  
CEO

**Carl Lindstrand**  
Board member

Our audit report was submitted on 29 April 2022  
Öhrlings Pricewaterhouse Coopers AB

**Martin Johansson**  
Authorized public accountant  
Auditor in charge

**BRADO AB (PUBL)**

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**FRÖSUNDA OMSORG AB**

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Råsundavägen 18 A  
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