

A young girl with blonde hair is seated in a wheelchair, looking towards a woman on the right. The woman is smiling warmly at the girl. They are in a sports arena, with a basketball court and spectators visible in the background. The lighting is warm, suggesting an indoor setting with bright overhead lights.

frösunda.
OMSORG

Q3

INTERIM REPORT 2018
BRADO AB

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KEY FIGURES

Pro forma (PF)

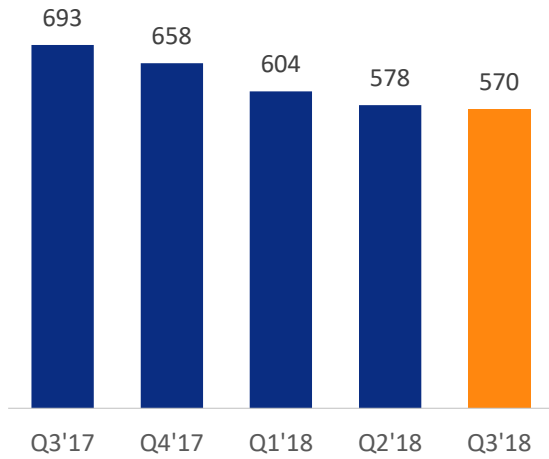
SEK million	Q3 18	Q2 18	YTD 18	Q3 17	Q2 17	YTD 17
Total revenue	570.5	578.1	1 752.7	692.7	723.4	2 140.5
EBITDA	31.2	2.8	28.2	43.7	17.1	82.7
EBITDA (%)	5.5 %	0.5 %	1.6 %	6.3 %	2.4 %	3.9 %
EBITA	27.3	-1.1	16.6	39.0	12.6	69.3
EBITA (%)	4.8 %	-0.2 %	0.9 %	5.6 %	1.7 %	3.2 %
EBIT	27.3	-1.1	16.6	39.0	12.6	69.3
EBIT (%)	4.8 %	-0.2 %	0.9 %	5.6 %	1.7 %	3.2 %
EBT	13.8	-14.9	-20.2	33.0	6.9	51.8
EBT (%)	2.4 %	-2.6 %	-1.2 %	4.8 %	1.0 %	2.4 %

Q3 2018 HIGHLIGHTS

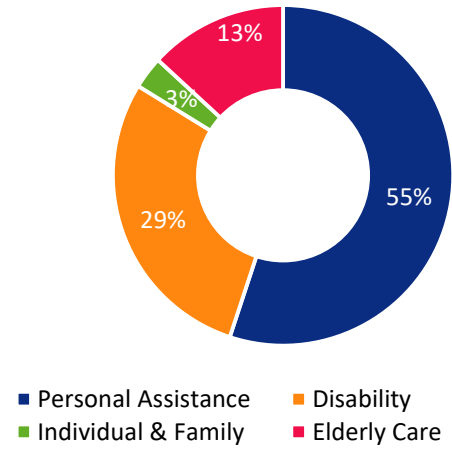
- Q3'18 Pro forma (PF) revenues of SEK 570.5 million
- EBITA (PF) SEK 27.3 million (4.8%)
- Improved performance within Disability and Elderly Care as a result of continued focus on quality of delivery and staffing optimization
- Weak performance within Individual & Family, driven by close-down of units
- The churn in Personal Assistance is showing signs of improvement, however higher than forecasted in Q2'18
- Tender activity has increased, the company has strengthened the bid group to increase the chance of organic growth
- Topline and EBITA in Q3 lower than forecasted, leads to risk for a slightly weaker result (2018) than previously communicated

*Included in the report is pro-forma consolidated Group figures for H1'18, as if the Group existed per 1 January 2018 (marked PF), compared with consolidated group figures for Frösunda Bidco AB for 2017 (the previous owner of Frösunda Group). In addition, the report includes consolidated Group figures for the period from the acquisition date until 31 March 2018. In 2017, the company presented its result before and after items affecting comparability with the purpose to visualize costs occurred outside of normal operations and to highlight the result in the underlying business. To get the best possible comparability, items affecting comparability has been reverted to the segment where they belonged in the PF figures for 2017. As from 2018 no items affecting comparability are reported.

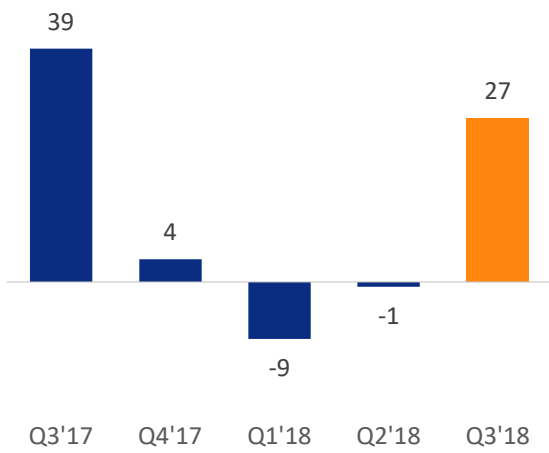
PF Revenue per quarter (SEKM):



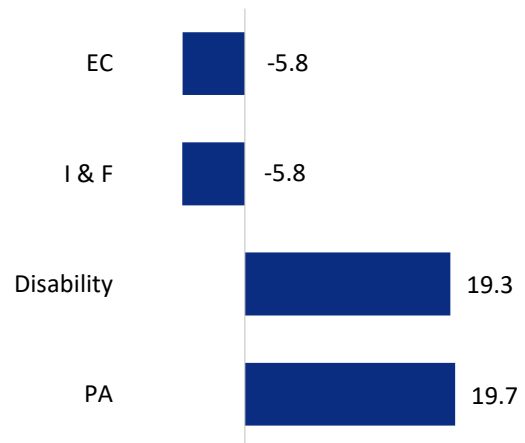
Segment distribution Q3'18 (%):



PF EBITA per quarter (SEKM):

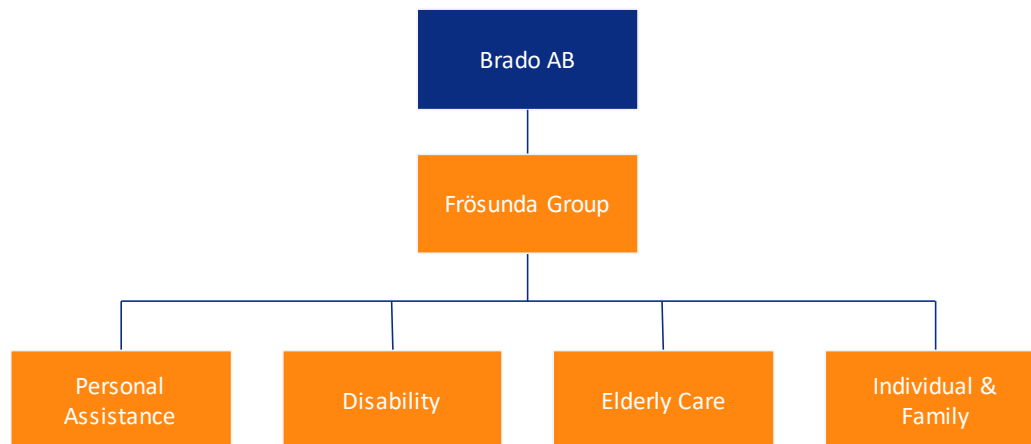


PF EBITA distribution Q3'18 (SEKM)



BRADO AB (PUBL) / FRÖSUNDA OMSORG AB

Brado AB was established in October 2017 and is controlled by Kristian Adolfsen (50%) and Roger Adolfsen (50%). The company acquired 100 percent of the shares in Frösunda Holdco AB and its subsidiaries as per 6 March 2018. Frösunda Holdco AB and its subsidiaries are consolidated as from that date. Frösunda is a leading Swedish private provider of care services. Frösunda Group consists of a number of companies, where operations are conducted within the four segments; Personal Assistance, Disability, Individual & Family and Elderly Care. The below structure offers an overview of the Group and its segments but shall not be regarded as a legal structure.



Brief description of the four segments:

The Personal Assistance segment provides help in the daily life of its customers. Each customer is supported by an assistance team ensuring availability on short notice around the clock. The services are offered in the homes of the customers or wherever they are.

The Disability segment offers a range of services directed towards disabled people in order to support them in living independent lives. The segment employs experienced staff and has several units with customized facilities to assist customers. The services are offered at operational units or at Frösundas own full responsibility units.

The Elderly Care segment offers housing for elderly who are unable to live on their own. Staff and units can support different needs related to illness, dementia diagnosis or age weaknesses. Strong environmental focus to create relaxed surroundings is implemented in full responsibility units.

The Individual & Family segment offers a break, or new start for children and youth with a troubled upbringing. The Group owns and operates several units, in addition to collaborating with several families to provide safe and stable surroundings.

Companies in Frösunda Group (together with Brado AB; the "Group"): Frösunda Holdco AB 556778-0076, Frösunda Bidco AB 556777-9961, Frösunda Group AB 556748-4158, Frösunda LSS I Södra Sverige AB 556386-7398, Frösunda LSS I Väst AB 556435-4834, Frösunda Omsorg AB 556509-2482, Frösunda Omsorg I Uppland AB 556560-1548, Frösunda Social Omsorg AB 556606-2401, Frösunda Omsorg Fastigheter AB 556629-5290, Frösunda Omsorg i Stockholm AB 556597-2352, Frösunda Omsorg i Gävleborg AB 556106-1853, Frösunda Omsorg Arbetsmarknad AB 559158-4635.

GROUP ACTIVITIES

The Group has continued to focus on internal matters during the third quarter of 2018. The reorganization of management functions is completed, the strategy process continues as well as the continuous work on quality and optimization of staffing.

Overall, we see signs of improvement across all segments with revenues bottoming out and profitability improving.

In September 2018, Johan Wewel was appointed CFO.

FINANCIALS

Since this is the third interim report presented by Brado AB (publ) after the acquisition on 6 March 2018, no directly comparable figures exist for the quarter. Included in the report are pro-forma consolidated Group figures per Q3'18, as if the Group existed per 1 January 2018 (marked PF), compared with consolidated Group figures for Frösunda Bidco AB for 2017 (the previous owner of Frösunda Group). In addition, the report includes consolidated Group figures for the period from the acquisition date until 30 September 2018. In 2017, the Company presented its result before and after items affecting comparability, with the purpose to visualize costs occurred outside of normal operations and to highlight the result in the underlying business. To get the best possible comparability, items affecting comparability have been reverted to the segment where they belonged in the PF figures for 2017. As from 2018, no items affecting comparability are reported.

Consolidated Income Statement – per 30 September 2018 (PF, unaudited)

The Group reported PF operating revenue of SEK 570.5 million in Q3'18 compared to SEK 578.1 million in Q2'18 and SEK 692.7 million in Q3'17. The decrease in revenue mainly relates to churn within Personal Assistance and lower volume within the Individual & Family segment.

Total operating expenses in the period ended at SEK 539.3 million compared to SEK 575.3 million in Q2'18 and SEK 649.0 million in Q3'17. The decrease in expenses is explained by lower activity level in Q3'18 resulting in less employees. Staff costs as percent of revenue were 83.3% in Q3'18 compared to 88,2% in Q2'18 and 82.0% in Q3'17.

EBITA in Q3'18 ended at SEK 27.3 million (4.8%) compared to SEK -1.1 million (-0.2%) in Q2'18 and SEK 39.0 million (5.6%) in Q3'17. The growth in profitability compared to Q2'18 can mainly be explained by:

- Seasonal effects due to vacations within OH and among regional leaders, which are not replaced by temporary staff.
- Continued reduction of OH costs.

Finance expenses in Q3'18 amounted to SEK -13.5 million compared to PF SEK -6.0 million in Q3'17. The increase refers to increased interest due to the new financing in connection with Brado's acquisition of Frösunda Holdco AB.

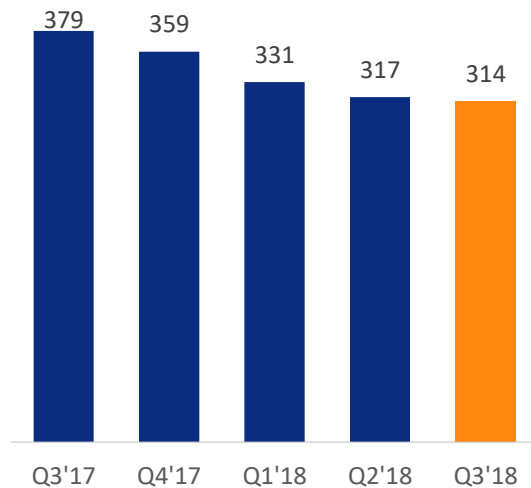
Consolidated Balance Sheet per 30 September 2018 (unaudited)

Total assets ended at SEK 1 601.8 million per 30 September 2018. The purchase price allocation (PPA) supporting the acquisition, identification and valuation of intangible assets, calculation of goodwill and allocation of assets is still preliminary and will be concluded during the year. Total liabilities ended at SEK 1 421.4 million. Total equity per end of Q3'18 ended at SEK 180.4 million. Total cash and equivalents per end of Q3'18 amounted to SEK 69.9 million. Total available cash including RCF was SEK 99.9 million.

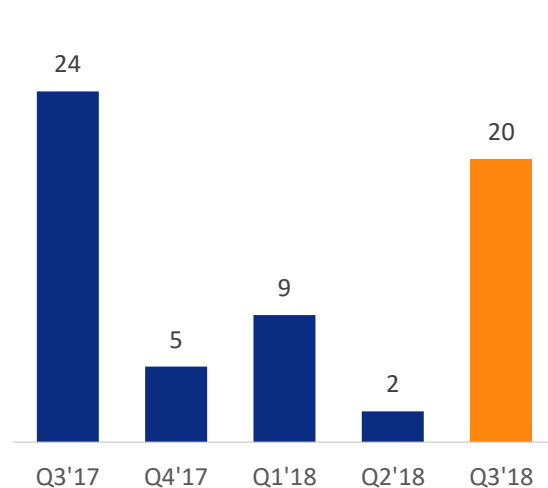
Business Segments

PERSONAL ASSISTANCE

PF Revenue per quarter (SEKM)



PF EBITA per quarter (SEKM)



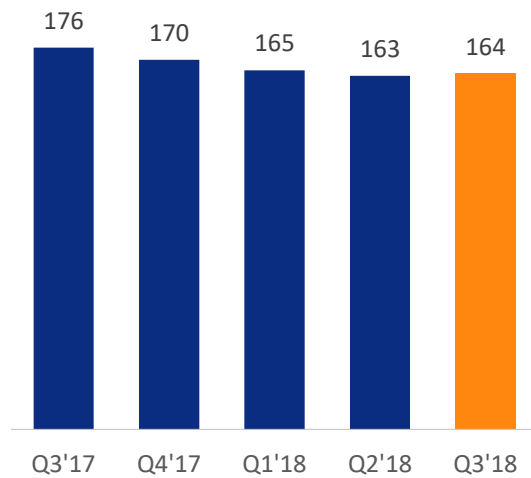
Revenues for Personal Assistance ended at SEK 314.0 million in Q3'18 compared to SEK 317.4 million in Q2'18 and SEK 378.3 million in Q3'17. EBITA for Q3'18 ended at SEK 19.7 million (6.3%) compared to SEK 2.1 million (0.7%) in Q2'18 and SEK 24.2 million (6.4%) in Q3'17.

The number of customers at the end of Q3'18 was 942 (957 at Q2'18). Customer churn is still a problem within the segment, although Q3'18 relative to previous quarters shows an improvement.

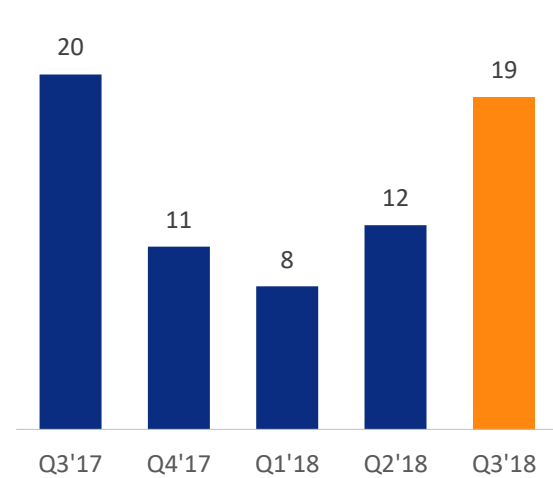
As of Q3'18, sales initiative was conducted. Going forward, revenues and margins are expected to remain fairly stable. Market conditions are stable and sales initiatives are expected to result in lower net churn from late Q1'19.

DISABILITY

PF Revenue per quarter (SEKM)



PF EBITA per quarter (SEKM)



Revenues within the Disability segment ended at SEK 163.7 million in Q3'18 compared to SEK 162.6 million in Q2'18 and SEK 175.4 million in Q3'17. EBITA for Q3'18 ended at SEK 19.3 million (11.8%) compared to SEK 11.7 million (7.2%) in Q2'18 and SEK 20.4 million (11.6%) in Q3'17.

The number of customers at the end of Q3'18 was 958 (907 in Q2'18). The increase mainly relates to the takeover of a new contract in Norrmalm, Stockholm. The startup has been successful and the collaboration with the municipality is good. The personnel cost from the units was significantly higher than expected upon takeover which has affected the numbers negatively. Measures are being taken in order to adjust staffing and reduce cost accordingly.

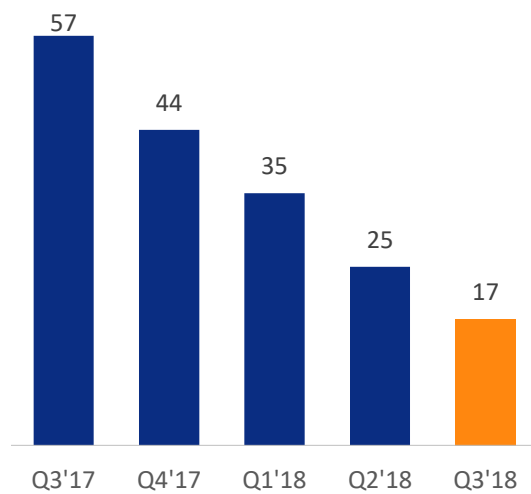
As earlier communicated, a program to reduce staff and food cost was launched in May 2018. The program is now finalized, however the focus on efficiency and increased quality still remains.

During the quarter, an extraordinary loss of SEK 2.2 million was booked based on a new interpretation of contract. The effect refers to delivery of services prior to Q3'18 and will have no future effect.

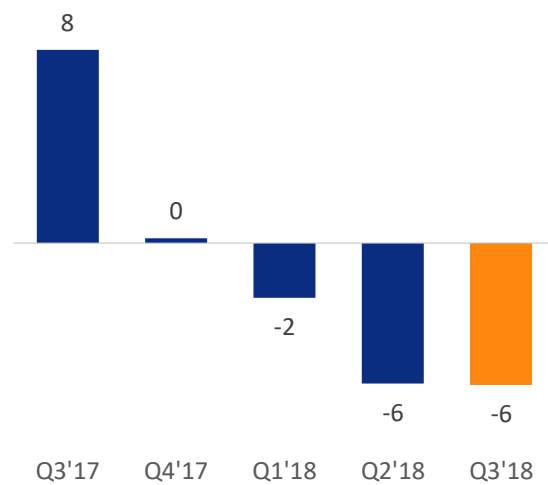
The segment is expected to see an increase in revenues in Q4'18 based on full effect of the Norrmalm units. The expiration of two larger contracts during 2019 will reduce volumes somewhat, however, margins are expected to improve slightly. Tender activity is fairly high, offering attractive opportunities for organic growth.

INDIVIDUAL & FAMILY

PF Revenue per quarter (SEKM)



PF EBITA per quarter (SEKM)



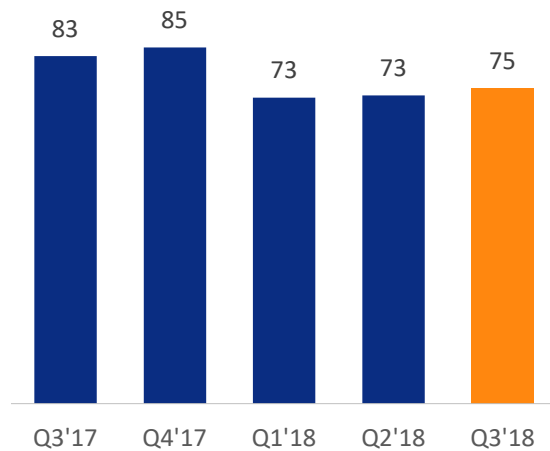
Revenues for Individual & Family ended at SEK 17.5 million in Q3'18 compared to SEK 24.6 million in Q2'18 and SEK 56.4 million in Q3'17. EBITA for Q3'18 ended at SEK -5.8 million (-33.5%) compared to SEK -5.8 million (-23.6%) in Q2'18 and SEK 8.0 million (14.2%) in Q3'17.

The number of customers at the end of Q3'18 was 63 (84 in Q2'18).

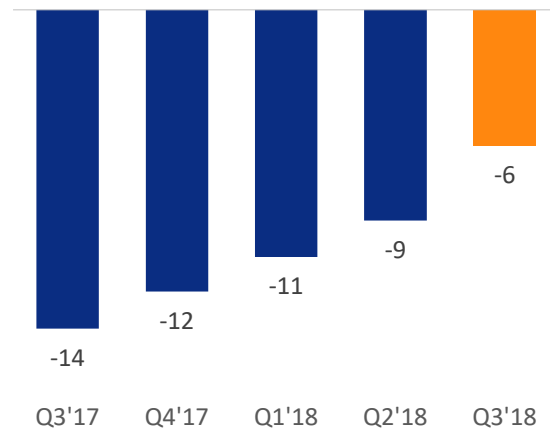
The activity level within the IOF segment is still very low and profitability is still suffering from close down costs and maintenance cost. Revenue is expected to have bottomed out in Q3'18. A plan for reopening a selection of existing units has been established and will be executed from Q4'18 and throughout 2019. Volumes and margins are expected to remain low in Q4'18 while increase going into 2019.

ELDERLY CARE

PF Revenue per quarter (SEKM)



PF EBITA per quarter (SEKM)



Revenues for Elderly Care ended at SEK 75.0 million in Q3'18 compared to SEK 73.3 million in Q2'18 and SEK 82.7 million in Q3'17. EBITA for Q3'18 ended at SEK -5.8 million (-7.8%) compared to SEK -9.1 million (-12.5%) in Q2'18 and SEK -13.7 million (-16.5%) in Q3'17.

The number of customers at the end of Q3'18 was 472 (476 in Q2'18).

The segment continues to show improvements in terms of both efficiency and quality. Temporary effects led to lower utilization on certain units during parts of the quarter. There is further improvement potential within the segment, both in terms of efficiency and utilization.

The tender activity is also high with the elderly care segment, opening for organic growth during 2019.

Outlook and main risk factors

As described earlier, Frösunda had received a formal notice from Sundbyberg Stad with a claim of SEK 27 million in relation to damages caused by the alleged breaches of a contract for the provision of elderly care services. The case is expected to be concluded during Q3'19.

Use of Alternative Performance Measures (APM)

Alternative Performance Measures (APM) is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. Brado AB reports the financial measure "EBITDA", "EBITA" and "EBIT" in its quarterly reports, which are not financial measures as defined in IFRS. The reported numbers are included in the financial statements and can be directly reconciled with official IFRS line items. The APMs are used consistently over time and accompanied by comparatives for the corresponding previous periods.

Statement from the Board of Directors

The interim financial statements are, to the best of our knowledge and based on our best opinion, presented in accordance with International Financial Reporting Standards and the information provided in the financial statements give a true and fair view of the Company's and Group's assets, liabilities, financial position and result for the period. The financial report provides an accurate view of the development, performance and financial position of the Company and the Group, and includes a description of the key risks and uncertainties the Group is faced with.

Stockholm, 22 November 2018

Board of Directors of Brado AB (publ)

Roger Adolfsen
Chairman of the Board

Kristian A. Adolfsen
Member of the Board

Carl Lindstrand
Member of the Board

For more information:

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CFO
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Kristoffer Lorck
CEO
kristoffer.lorck@frosunda.se

Ticker codes:

Brado AB has issued bond loans with the following names:

Brado AB (publ) Senior Secured Callable Floating Rate Notes 2018/2023, ISIN: NO0010816184
Ticker: The bond will be listed on Nasdaq Stockholm during 2018

Brado AB (publ) Junior Secured Callable Floating Rate Notes 2018/2023, ISIN: NO0010816192
Ticker: The bond will be listed on Nasdaq Stockholm during 2018

This report was released for publication on 22 November 2018.

GROUP FINANCIAL STATEMENT

CONSOLIDATED INCOME STATEMENT (PF, Unaudited)

All figures in SEK million	Notes	Q3 18	YTD 18	Q3 17	YTD 17
OPERATING INCOME					
Revenue		563.5	1 731.2	685.0	2 117.6
Other operating revenue		7.0	21.5	7.7	22.9
Total operating revenue		570.5	1 752.7	692.7	2 140.5
OPERATING EXPENSES					
Cost of goods sold		-17.7	-53.7	-28.7	-81.4
Personnel expenses		-469.4	-1 485.7	-561.5	-1 771.9
Other operating expenses		-52.2	-185.1	-58.8	-204.5
EBITDA		31.2	28.2	43.7	82.7
Depreciation & amortization		-3.9	-11.6	-4.7	-13.4
Operating profit/loss (EBIT)		27.3	16.6	39.0	69.3
FINANCE					
Finance income		-	-	-	-
Finance expense	6	-13.5	-36.8	-6.0	-17.5
Profit/Loss before income tax (EBT)		13.8	-20.2	33.0	51.8
Income tax	7	-	-	-4.3	-4.7
Profit/Loss for the period		13.8	-20.2	28.7	47.1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (PF, Unaudited)

All figures in SEK million	Notes	Q3 18	YTD 18	Q3 17	YTD 17
OTHER COMPREHENSIVE INCOME					
Profit/Loss for the period		13.8	-20.2	28.7	47.1
ATTRIBUTABLE TO					
Equity holders of the parent company		13.8	-20.2	28.7	47.1
Non-controlling interest		-	-	-	-
Total compr. income for the period		13.8	-20.2	28.7	47.1

CONSOLIDATED BALANCE SHEET STATEMENT (PF, Unaudited)

The below table shows consolidated balance sheet for Brado AB per 2018-09-30.

ASSETS

All figures in SEK million	Notes	2018-09-30
NON-CURRENT ASSETS		
Goodwill		1 074.6
Other intangible assets		10.9
Property, plant & equipment		80.6
Financial assets		1.1
Total non-current assets		1 167.2
CURRENT ASSETS		
Accounts receivables		308.1
Income tax receivables		10.0
Receivables from related parties		0.2
Other short-term receivables		46.4
Cash and cash equivalents	8	69.9
Total current assets		434.6
Total assets		1 601.8

CONSOLIDATED BALANCE SHEET STATEMENT (PF, Unaudited)

EQUITY AND LIABILITIES

All figures in SEK million	Notes	2018-09-30
EQUITY		
Share capital		0.5
Share premium reserve		202.2
Other reserves		-
Retained earnings		-22.3
Equity attributable to owners of the parent		180.4
Non-controlling interests		-
Total equity		180.4
NON-CURRENT LIABILITIES		
Deferred tax liability		16.2
Bond loans	9	738.4
Other non-current liabilities	10	330.0
Total non-current liabilities		1 084.6
CURRENT LIABILITIES		
Accounts payable		30.1
Other current liabilities		306.7
Total current liabilities		336.8
Total liabilities		1 421.4
Total equity & liabilities		1 601.8

CONSOLIDATED INCOME STATEMENT AND COMPREHENSIVE INCOME (Unaudited)

All figures in SEK million	Notes	Q3 18	YTD 18*
OPERATING INCOME			
Revenue		563.5	1 332.3
Other operating revenue		7.0	16.7
Total operating revenue		570.5	1 349.0
OPERATING EXPENSES			
Cost of goods sold		-17.7	-40.8
Personnel expenses		-469.4	-1 144.0
Other operating expenses		-52.2	-142.5
EBITDA		31.2	21.7
Depreciation & amortization		-3.9	-8.6
Operating profit/loss (EBIT)		27.3	13.1
FINANCE			
Finance income		-	-
Finance expense	6	-13.5	-31.8
Profit/Loss before income tax (EBT)		13.8	-18.7
Income tax	7	-	-1.1
Profit/Loss for the period		13.8	-19.8
OTHER COMPREHENSIVE INCOME			
Profit/Loss for the period		13.8	-19.8
ATTRIBUTABLE TO			
Equity holders of the parent company		13.8	-19.8
Non-controlling interest		-	-
Total compr. income for the period		13.8	-19.8
ATTR. TO EQUITY HOLDERS, ARISING FROM			
Continuing operations		13.8	-19.8
Discontinuing operations		-	-
Equity holders of the parent company		13.8	-19.8

*6 March – 30 September 2018

CONSOLIDATED CASH FLOW STATEMENT (PF, Unaudited)

All figures in SEK million	Notes	Q3 18	YTD 18
CASH FLOW FROM OPERATING ACTIVITIES			
Operating result		27.3	16.6
Adjustments for items not included in cash flow		4.5	8.3
		31.8	24.9
Financial items, net		-13.5	-36.8
Taxes paid		-3.4	-21.5
Cash flow from operating activities before changes in working capital		14.9	-33.4
Change in net working capital		10.3	33.9
Net cash flow from operating activities		25.2	0.5
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in property, plant and equipment		-2.4	-10.4
Net cash flow from investing activities		-2.4	-10.4
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash from acquisition		-	-
Issuance of interest-bearing debt		-	737.0
Repayment of interest-bearing debt		-	-531.4
Net interest paid and other financial items		-	-36.6
Net cash flow from financing activities		-	169.0
CHANGES IN CASH AND CASH EQUIVALENTS			
Net change in cash and cash equivalents		22.8	159.1
Effects of changes in exchange rates on cash		-	-
Cash and cash equivalents at the beginning of period		47.1	-89.3
Cash and cash equivalents at end of period		69.9	69.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

All figures in SEK million	Notes	Share capital	Other restricted equity	Retained earnings	Total equity to holders of the parent
Opening balance as at 6 March 2018		0.5	2.2	-2.5	0.2
Profit/Loss for the period		-	-	-19.8	-19.8
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	-19.8	-19.8
Contributions by and distributions to owners					
Shareholder contribution			200.0	-	200.0
Total contributions by and distributions to owners		-	200.0	-	200.0
Closing balance as at 30 September 2018		0.5	202.2	-22.3	180.4

Stockholm, [22] November 2018
The Board of Directors of Brado AB (publ)

Roger Adolfsen
Chairman of the Board

Kristian A. Adolfsen
Member of the Board

Carl Lindstrand
Member of the Board

NOTES

Note 1 – Accounting policies

The consolidated financial statements of Brado AB comprise the company and its subsidiaries, collectively referred to as the Group. This report and the financial statements for the Group have been prepared in accordance with IAS 34 Interim Financial Reporting along with applicable stipulations of the Swedish Annual Accounts Act. The report for the Parent Company has been prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act – Interim Reports. The interim report does not include all the information required for complete annual consolidated financial statements. The financial statements in this interim report are unaudited.

Note 2 – Basis for preparation

Brado AB acquired 100 percent of the shares in Frösunda Holdco AB and its subsidiaries as per 6 March 2018. Frösunda Holdco AB and its subsidiaries are consolidated as from that date. The purchase price allocation (PPA) supporting the acquisition, identifying and valuation of intangible assets and calculation of goodwill and allocation of assets is still preliminary and will be further focused on during the year.

Included in the report are consolidated Group figures for Q3'18 compared with consolidated group figures for Frösunda Bidco AB for 2017 (the previous owner of Frösunda Group). In addition, the report includes pro-forma consolidated Group figures (marked PF) for the period 1 January – 30 September 2018 as if the Group existed per 1 January 2018.

Note 3 – Estimations and assessments

Preparation of financial statements in accordance with IFRS requires that company management makes assessments and estimations along with assumptions that affect application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual outcome may deviate from these estimations and assessments. Estimations and assumptions are reviewed on a regular basis. Changed estimations are reported prospectively.

Note 4 – Revenue by segment

The Group has identified operation segments in accordance with the reporting requirement in IFRS 8. Based on the internal reporting the reportable segments are; "Personal Assistance", "Disability", "Elderly Care" and "Individual & Family".

SEK million	Q3 18	YTD 18	Q3 17	YTD 17
Revenue by segment				
Personal Assistance	314.0	962.9	378.3	1 164.8
Disability	163.7	491.4	175.4	537.9
Individual & Family	17.5	76.9	56.4	191.7
Elderly Care	75.0	221.1	82.7	246.1
Overhead	0.3	0.4	-	-
Total	570.5	1 752.7	692.7	2 140.5

Note 5 – EBITA by segment

SEK million	Q3 18	YTD 18	Q3 17	YTD 17
EBITA by segment				
Personal Assistance	19.7	30.6	24.2	46.3
Disability	19.3	39.3	20.4	45.3
Individual & Family	-5.8	-13.9	8.0	22.1
Elderly Care	-5.8	-25.5	-13.7	-44.5
Transaction cost	0.0	-13.8	-	-
Total	27.3	16.6	39.0	69.3

Note 6 – Finance income and expense

The finance expense primarily relates to interest paid on bond loans and other long-term borrowings.

Note 7 – Income tax

The income tax is based on preliminary tax calculations and may become subject to change in the annual statements.

Note 8 – Financial covenants

According to the bond agreements signed 7 March 2018, Brado AB and its subsidiaries (the Group) must be in compliance with a financial undertaking in form of Minimum Liquidity (financial covenant). Brado AB shall at all times ensure that the Group retain liquidity in excess of SEK 20 million.

Note 9 – Bond loans

The Group has two bond loans issued in the market, one bond loan amounting to SEK 600 million (maturity date 7 March 2023) and one bond loan amounting to SEK 150 million (maturity date 7 June 2023). The bond loans were issued 7 March 2018 in Brado AB. The bond loans are in process of being listed on the Nasdaq OMX Stockholm Stock Exchange.

Note 10 – Other non-current liabilities

Other non-current liabilities refers to a sellers credit to the former owner, Frösunda Luxco S.a.r.l, in connection with Brado AB's acquisition of the shares of Frösunda Holdco AB and its subsidiaries.

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