

frösunda.
OMSORG

A photograph of two women outdoors, blowing bubbles. The woman on the left is wearing a bright pink jacket and glasses, blowing into a red bubble wand. The woman on the right is wearing a black jacket and a grey sweater, also blowing into a red bubble wand. Several colorful bubbles are floating in the air between them. The background shows bare trees and a cloudy sky.

Q1

INTERIM REPORT 2019
BRADO AB

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KEY FIGURES

Pro forma (PF)

SEK million	Q1 19	Q4 18	YTD 19	Q1 18	Q4 17	YTD 18
Total revenue	537.9	565.6	537.9	604.1	657.5	604.1
EBITDA	29.2	-2.9	29.2	-5.9	8.4	-5.9
EBITDA (%)	5.4 %	-0.5 %	5.4 %	-1.0 %	1.3 %	-1.0 %
EBITA	5.7	-6.8	5.7	-9.7	4.0	-9.7
EBITA (%)	1.1 %	-1.2 %	1.1 %	-1.6 %	0.6 %	-1.6 %
EBIT	5.7	-6.8	5.7	-9.7	4.0	-9.7
EBIT (%)	1.1 %	-1.2 %	1.1 %	-1.6 %	0.6 %	-1.6 %
EBT	-13.6	148.1	-13.6	-19.1	-2.3	-19.1
EBT (%)	-2.5 %	26.2 %	-2.5 %	-3.2 %	-0.3 %	-3.2 %

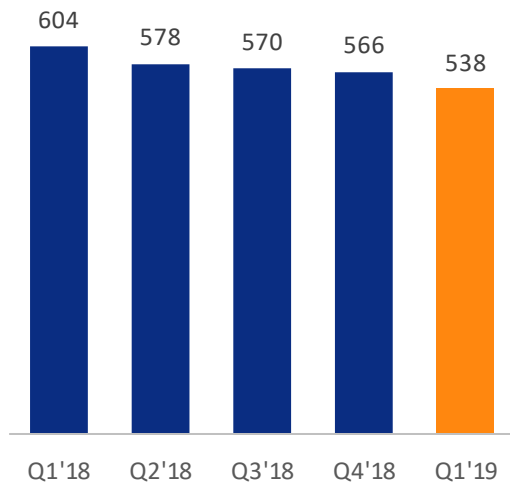
Figures for 2019 and onwards are reported including effects from IFRS 16, whereas all figures from previous periods are reported according to previous standard, IAS 17 and related interpretations IFRIC 4, SIC-15 and SIC-27. For further information, please see note 2.

Q1 2019 HIGHLIGHTS (PF)

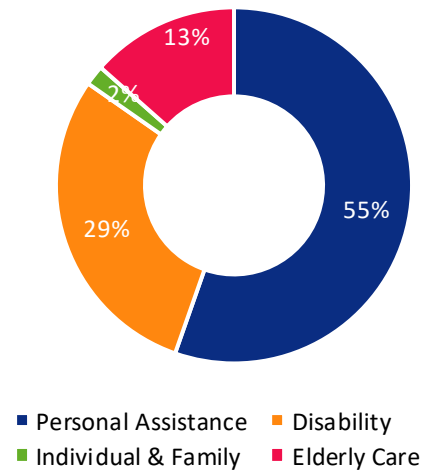
- Q1'19 revenues of SEK 537.9 million
- EBITA SEK 5.7 million (1.1%)
- Personal Assistance continues to show positive development. Q1'19 had the lowest churn ever reported in a quarter. Every month is now showing improvements on number of prospects, new customers and churn
- Occupancy within Disability was in some units lower than expected in the start of the quarter. Sales efforts have resulted in more normalized occupancy. This, combined with more optimized staffing has led to more normal margins in the end of the quarter
- As expected, Individual & Family continue to deliver weak numbers. The overall market within the segment has weakened somewhat, however, we have identified attractive niches in which we want to reopen units in the quarters to come
- Elderly Care continues the positive development. Q1'19 is the first quarter in which all units deliver a positive EBITA- contribution
- At the end of Q1'19, total available cash including the RCF was SEK 125.1 million, compared to SEK 122.7 million at the end of Q4'18. Undrawn amount on the RCF was SEK 55 million.

*Included in the report is pro-forma consolidated Group figures for 2018, as if the Group existed per 1 January 2018 (marked PF). In addition, the report includes consolidated Group figures for the period from the acquisition date until 31 March 2019.

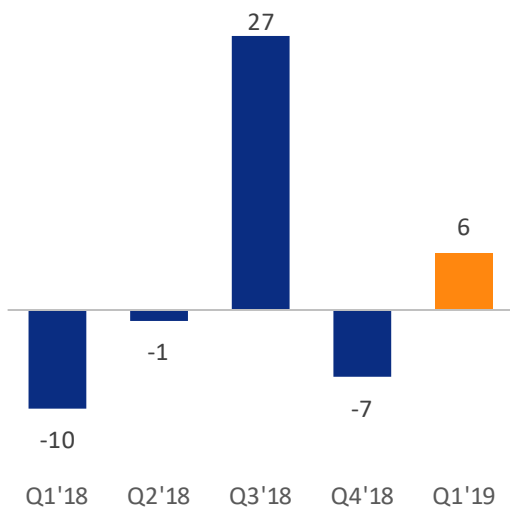
PF Revenue per quarter (SEKM):



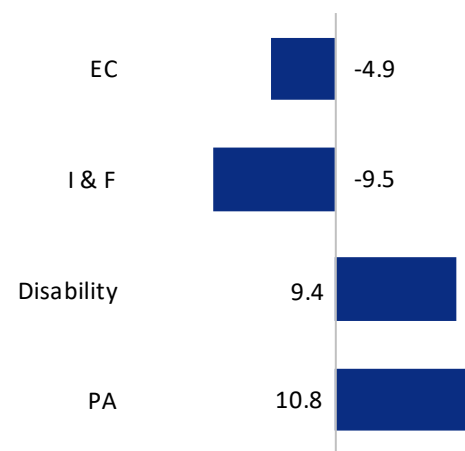
Segment distribution Q1'19 (%):



PF EBITA per quarter (SEKM):

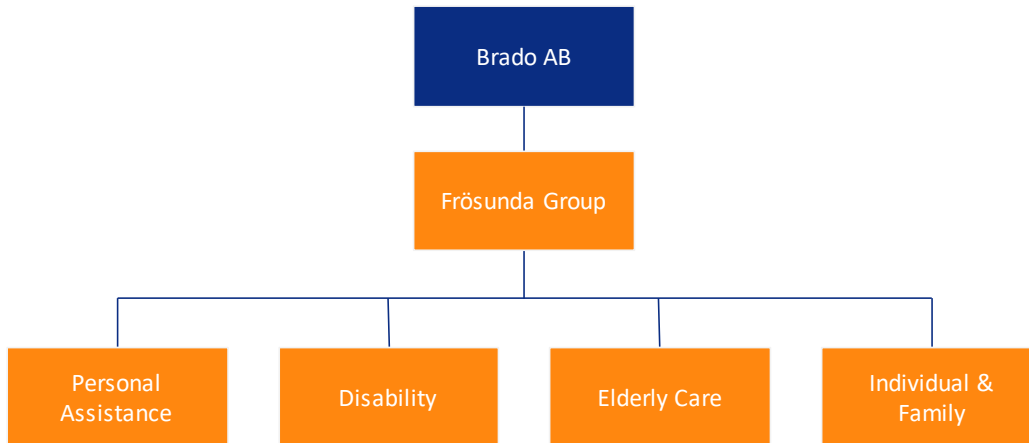


PF EBITA distribution Q1'19 (SEKM)



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

During 2018 the company worked on improving internal routines, quality systems and optimization of operations. This work continues into 2019 but has already given a strong foundation to stand on, which in turn has given the opportunity to become more active in external contacts. The number of social media interactions has increased. The number of meetings with politicians at all levels and officials in the municipalities has increased significantly.

The company has during Q4'18 and Q1'19 established its own organization of nurses in the Stockholm-Uppsala area and replaced hired services. This will increase the quality and in the long run reduce cost primarily within Elderly Care and Disability.

During Q1'19, the company has entered into an agreement with Avida Finance to provide factoring of invoices on a non-recourse basis.

Efforts to realize synergies between Frösunda and NHC are progressing. Cooperation within procurement, IT and HR has been initiated on a small scale. All transactions between the companies are completed on arm's length basis.

FINANCIALS

Since this is the fifth interim report presented by Brado AB (publ) after the acquisition on 6 March 2018, no directly comparable figures exists for the quarter. Included in the report is pro-forma consolidated Group figures for 2018, as if the Group existed per 1 January 2018 (marked PF). In addition, the report includes consolidated Group figures for the period from the acquisition date until 31 March 2019.

Figures for 2019 and onwards are reported including effects from IFRS 16, whereas all figures from previous periods are reported according to previous standard. For further information, please see note 2.

Consolidated Income Statement – per 31 March 2019 (PF, unaudited)

The Group reported operating revenue of SEK 537.9 million in Q1'19 compared to SEK 565.6 million in Q4'18 and PF SEK 604.1 million in Q1'18. The decrease in revenue mainly relates to expired operational contract within the Disability segment.

Total operating expenses in the period ended at SEK 508.7 million compared to SEK 568.5 million in Q4'18 and SEK 610.0 million in Q1'18. In Q1'19, the effect from IFRS 16 was SEK 23.2 million in lower operating expenses. Staff cost as percent of revenue was 86.5% in Q1'19 compared to 88.0% in Q4'18 and 85.9% in Q1'18.

EBITA in Q1'19 ended at SEK 5.7 million (1.1%) compared to SEK -6.8 million (-1.2%) in Q4'18 and SEK -9.7 million (-1.6%) in Q1'18. The increase in profitability compared to Q4'18 can mainly be explained by:

- The effect from IFRS 16 of SEK 3.5 million
- Improvements within Elderly Care of SEK 3.9 million
- Several one-off costs in Q4'18

Finance expenses in Q1'19 amounted to SEK -19.3 million compared to SEK -13.6 million in Q4'18 and PF SEK -9.4 million in Q1'18. The effect from IFRS 16 was SEK -6.4 million in Q1'19.

Consolidated Balance Sheet per 31 March 2019 (unaudited)

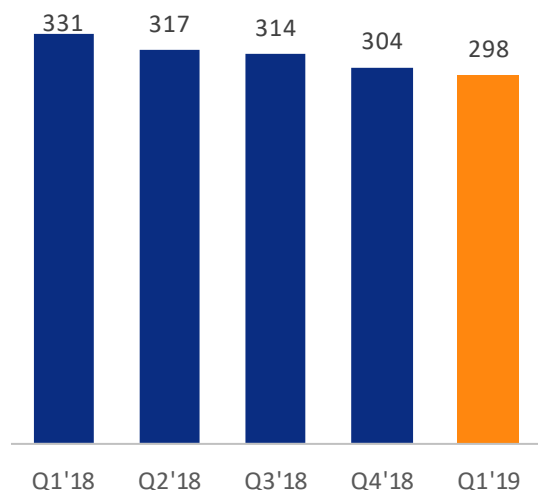
Total assets ended at SEK 2 080.1 million per 31 March 2018.

Total liabilities ended at SEK 1 757.8 million. Total equity per end of Q1'19 is SEK 322.4 million. Total cash and equivalents per end of Q1'19 amounted to SEK 70.1 million. Total available cash including RCF was SEK 125.1 million. Undrawn amount on the RCF at the end of Q1'19 was SEK 55 million. The Group had three clean-downs on the RCF during Q1'19.

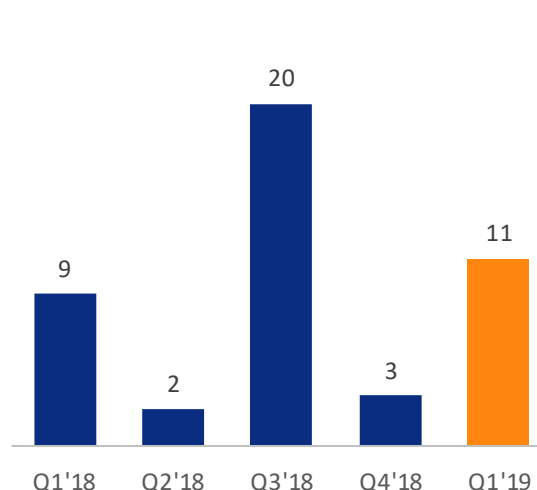
Business Segments

PERSONAL ASSISTANCE

PF Revenue per quarter (SEKM)



PF EBITA per quarter (SEKM)



Revenues for Personal Assistance ended at SEK 297.5 million in Q1'19 compared to SEK 304.2 million in Q4'18 and SEK 331.3 million in Q1'18. EBITA for Q1'19 ended at SEK 10.8 million (3.6%) compared to SEK 2.8 million (0.9%) in Q4'18 and SEK 8.7 million (2.6%) in Q1'18.

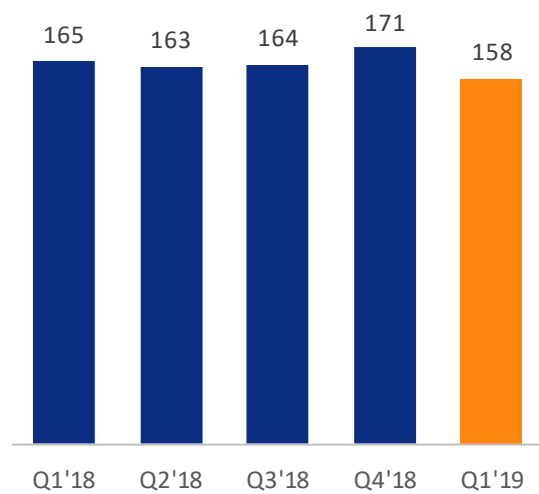
The number of customers at the end of Q1'19 was 905 (916 at Q4'18). This is the lowest churn ever reported in a quarter. The number of customer losses continues to decrease while the number of new customers and prospects are increasing.

During the quarter, for the first time in many years, a new office was established. This happened in southern Sweden and has been very well received by the local market.

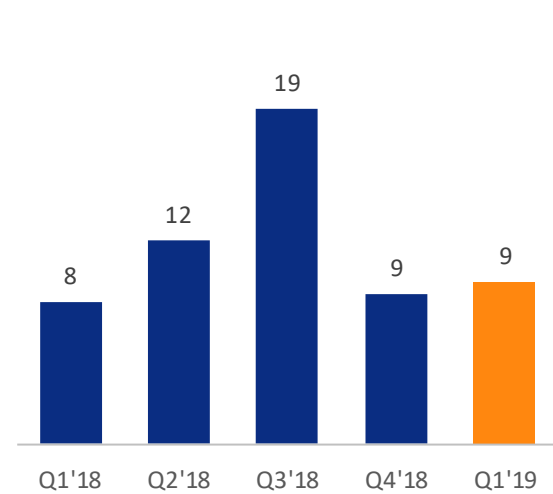
The work with cultural change, carried out over the past year, combined with increased market interest and measured high customer satisfaction, has created a very positive spirit within the segment, which reinforces the belief that the segment will succeed in reversing the many years of negative trend and return to growth in 2H'19.

DISABILITY

PF Revenue per quarter (SEKM)



PF EBITA per quarter (SEKM)



Revenues within the Disability segment ended at SEK 157.6 million in Q1'19 compared to SEK 170.7 million in Q4'18 and SEK 165.1 million in Q1'18. EBITA for Q1'19 ended at SEK 9.4 million (5.9%) compared to SEK 8.7 million (5.1%) in Q4'18 and SEK 8.2 million (5.0%) in Q1'18.

Revenues decreased compared to Q4'18 following the expiration of an operational contract, also resulting in decline in the number of customers in the quarter. The number of customers ended at 806 (882 at the end of Q4'18). The expiration of the contract will have an insignificant impact on EBITA.

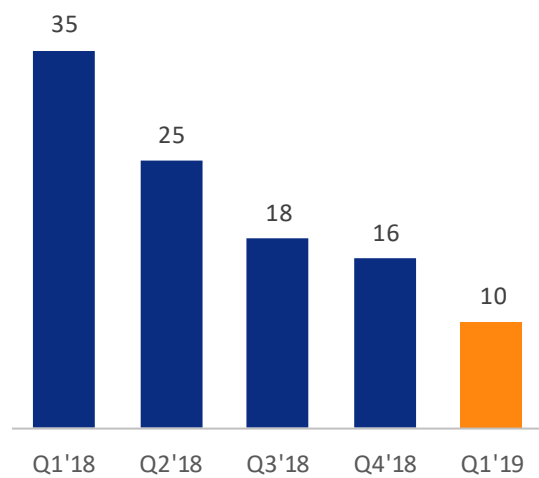
As communicated earlier, the occupancy within the segment had a slight reduction in the start of the quarter, driven by the loss of some customers on select units, combined with slow start-up on full responsibility units opened during Q4'18. In the end of Q1'19, the occupancy is on a more normalized level at the end of the quarter.

Since November'18, the segments Disability and Elderly Care have had high costs relating to inhousing of nursing services. This will give the segment better control, higher quality and, in the long run, lower costs compared to when the service was rented. Extraordinary costs related to this are expected to return to normal during Q2.

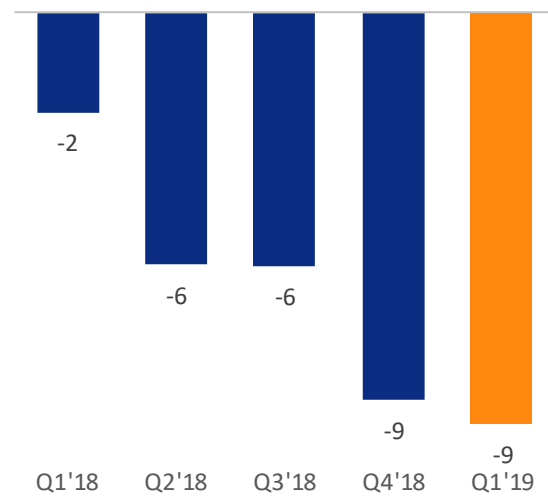
In general, we expect to see the Disability segment returning to a more normalized and steady state in the quarters to come and eventually also see slight growth.

INDIVIDUAL & FAMILY

PF Revenue per quarter (SEKM)



PF EBITA per quarter (SEKM)



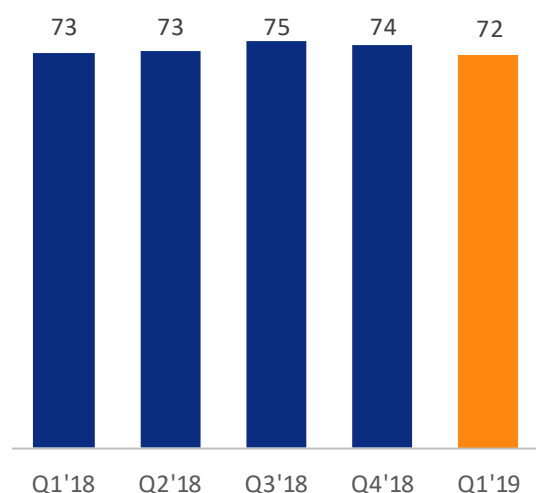
Revenues for Individual & Family ended at SEK 9.8 million in Q1'19 compared to SEK 15.6 million in Q4'18 and SEK 34.8 million in Q1'18. EBITA for Q1'19 ended at SEK -9.5 million (-96.7%) compared to SEK -8.9 million (-57.2%) in Q4'18 and SEK -2.3 million (-6.6%) in Q4'17.

The number of customers at the end of Q1'19 was 57 (80 in Q4'18). One unit with 19 customers was transferred to the Disability segment. There are currently six units in operation, however, occupancy is low.

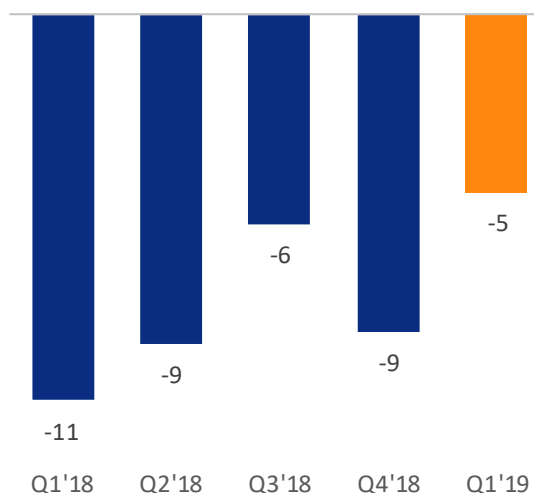
As expected, the segment is still having challenges with volumes at an all time low. A strategy process is ongoing and will lead to restarts of selected units. The overall market has weakened and the municipalities are demanding more specific services. The segment is adapting to the altering market conditions and will reopen three units targeted on select niches of the market during Q2 and Q3'19. During Q2, the start-up plan will be concluded. This may also result in a number of units being closed and/or divested. Any closing cost related to these units will be taken in Q2 and Q3'19.

ELDERLY CARE

PF Revenue per quarter (SEKM)



PF EBITA per quarter (SEKM)



Revenues for Elderly Care ended at SEK 72.4 million in Q1'19 compared to SEK 74.4 million in Q4'18 and SEK 72.8 million in Q1'18. EBITA for Q1'19 ended at SEK -4.9 million (-6.8%) compared to SEK -8.8 million (-11.8%) in Q4'18 and SEK -10.7 million (-14.7%) in Q4'17.

The number of customers at the end of Q1'19 was 416 (488 in Q4'18). One operational contract expired during the quarter. This has a negative affect on topline but will have an insignificant impact on EBITA.

Since November'18, the segments Disability and Elderly Care have had high costs relating to inhousing of nursing services. This will give the segment better control, higher quality and, in the long run, lower costs compared to when the service was rented. Extraordinary costs related to this are expected to return to normal during Q2.

The segment continues to show improvements in terms of both efficiency and quality. We still see an upside potential in continuing to optimize existing business. During Q1'19, the occupancy increased and is expected to improve further. Our latest full responsibility unit is, for the first time in its history, expected to be fully occupied during Q2'19.

As a result of systematic improvement efforts across the segment over a long period, all units are now contributing positively to EBITA. The fact that the result is still negative is mainly due to allocation of overhead costs to the segment, driven by centrally organized growth initiatives which will materialize from 2020.

Outlook and main risk factors

The long-standing discussion of profits in welfare seems to be history, which reducing the political risk significantly. However, the municipalities' financial situation is increasingly being discussed in negative terms. This creates both threats, in terms of pressure on margins, and opportunities, in terms of further privatization and higher volumes.

The strong increase in new units within Elderly Care throughout Sweden can create local over-establishments. Therefore, Frösunda chooses carefully where and when new units will be established. The pace of establishment within Frösunda's segment Elderly Care may be somewhat lower than previously communicated. The focus will be on improving the profitability of existing operations. The segment needs more volume to reach positive margins. The goal is to open two new full responsible units annually from 2020.

Use of Alternative Performance Measures (APM)

Alternative Performance Measures (APM) are understood as financial measures of historical or future financial performance, financial position, or cash flows, other than financial measures defined or specified in the applicable financial reporting framework. Brado AB reports the financial measures "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.

This report has not been reviewed by the company's auditor.

Stockholm, 21 May 2019

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

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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 was listed on Nasdaq Stockholm on 26 November 2018.

Brado AB (publ) Junior Secured Callable Floating Rate Notes 2018/2023, ISIN: NO0010816192
Ticker: The bond was listed on Nasdaq Stockholm on 26 November 2018.

This report was released for publication on 21 May 2019.

GROUP FINANCIAL STATEMENT

CONSOLIDATED INCOME STATEMENT (PF, Unaudited)

All figures in SEK million	Notes	Q1 19	YTD 19	Q1 18	YTD 18
OPERATING INCOME					
Revenue		530.2	530.2	596.6	596.6
Other operating revenue		7.7	7.7	7.5	7.5
Total operating revenue	5	537.9	537.9	604.1	604.1
OPERATING EXPENSES					
Cost of goods sold		-19.4	-19.4	-19.2	-19.2
Personnel expenses		-458.7	-458.7	-512.4	-512.4
Other operating expenses		-30.7	-30.7	-78.4	-78.4
EBITDA		29.2	29.2	-5.9	-5.9
Depreciation & amortization		-23.5	-23.5	-3.8	-3.8
Operating profit/loss (EBIT)	6	5.7	5.7	-9.7	-9.7
FINANCE					
Finance income		0.0	0.0	-	-
Finance expense	8	-19.3	-19.3	-9.4	-9.4
Profit/Loss before income tax (EBT)		-13.6	-13.6	-19.1	-19.1
Income tax	9	-	-	4.5	4.5
Profit/Loss for the period		-13.6	-13.6	-14.6	-14.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (PF, Unaudited)

All figures in SEK million	Notes	Q1 19	YTD 19	Q1 18	YTD 18
OTHER COMPREHENSIVE INCOME					
Profit/Loss for the period		-13.6	-13.6	-14.6	-14.6
ATTRIBUTABLE TO					
Equity holders of the parent company		-13.6	-13.6	-14.6	-14.6
Non-controlling interest		-	-	-	-
Total compr. income for the period		-13.6	-13.6	-14.6	-14.6
ATTR. TO EQUITY HOLDERS, ARISING FROM					
Continuing operations		-13.6	-13.6	-14.6	-14.6
Discontinuing operations		-	-	-	-
Equity holders of the parent company		-13.6	-13.6	-14.6	-14.6

CONSOLIDATED BALANCE SHEET STATEMENT (PF, Unaudited)

All figures in SEK million	Notes	2019-03-31	2018-03-31
NON-CURRENT ASSETS			
Goodwill		1,074.6	1,095.2
Other intangible assets		11.9	9.1
Property, plant & equipment	2	618.6	83.8
Financial assets		1.1	1.3
Total non-current assets		1,706.2	1,189.4
CURRENT ASSETS			
Accounts receivables	7	263.4	328.3
Income tax receivables		1.2	13.2
Receivables from related parties		0.2	0.2
Other short-term receivables		39.0	59.1
Cash and cash equivalents	10	70.1	90.2
Total current assets		373.9	491.0
Total assets		2,080.1	1,680.4

CONSOLIDATED BALANCE SHEET STATEMENT (PF, Unaudited)

EQUITY AND LIABILITIES

All figures in SEK million	Notes	2019-03-31	2018-03-31
EQUITY			
Share capital		0.5	0.5
Share premium reserve		-	202.2
Other reserves			-
Retained earnings		321.9	-15.2
Equity attributable to owners of the parent		322.4	187.5
Non-controlling interests			-
Total equity		322.4	187.5
NON-CURRENT LIABILITIES			
Deferred tax liability		5.9	16.2
Bond loans	11	739.7	737.1
Other non-current liabilities	2, 12	635.1	350.0
Total non-current liabilities		1,380.7	1,103.3
CURRENT LIABILITIES			
Accounts payable		28.9	28.6
Other current liabilities	2	348.2	361.0
Total current liabilities		377.1	389.6
Total liabilities		1,757.8	1,492.9
Total equity & liabilities		2,080.1	1,680.4

CONSOLIDATED CASH FLOW STATEMENT (PF, Unaudited)

All figures in SEK million	Notes	Q1 19
CASH FLOW FROM OPERATING ACTIVITIES		
Operating result		5.7
Adjustments for items not included in cash flow		3.2
		8.9
		-
Financial items, paid net		-12.9
Taxes paid		-7.8
Cash flow from operating activities before changes in working capital		-11.7
		-
Change in net working capital		-4.2
Net cash flow from operating activities		-15.9
		-
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in property, plant and equipment		-1.7
Net cash flow from investing activities		-1.7
		-
CASH FLOW FROM FINANCING ACTIVITIES		
Net cash from acquisition		-
Issuance of interest-bearing debt		-
Repayment of interest-bearing debt		-
Net interest paid and other financial items		-
Net cash flow from financing activities		-
		-
CHANGES IN CASH AND CASH EQUIVALENTS		
Net change in cash and cash equivalents		-17.6
Effects of changes in exchange rates on cash		-
Cash and cash equivalents at the beginning of period		87.7
Cash and cash equivalents at end of period		70.1

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 1 January 2019		0.5	-	345.0	345.5
Adjustment - Opening balance				-9.5	-9.5
Adjusted Opening balance as at 1 January 2019		-	-	335.5	335.5
Profit/Loss for the period		-	-	-13.6	-13.6
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	-13.6	-13.6
Transactions with Company owners					
Shareholder contribution				-	-
Total transactions with Company owners		-	-	-	-
Closing balance as at 31 March 2019		0.5	-	321.9	322.4

Previously reported premium reserve of SEK -202.2 million has been reclassified to retained earnings as this is related to shareholder contribution received as part of funding of the investment in Brado AB.

The tax for the fiscal year has been updated according to actual tax filing figures. The reported amount in the Q4 2018 report was SEK 15.9 million whilst the actual amount is SEK 7.5 million.

FINANCIAL STATEMENT FOR THE PARENT COMPANY

INCOME STATEMENT (Unaudited)

All figures in SEK '000	Notes	Q1 19	YTD 19
OPERATING INCOME			
Revenue			
Other operating revenue			
Total operating revenue			
OPERATING EXPENSES			
Other operating expenses		-50	-50
EBITDA		-50	-50
Depreciation		0	0
Amortization		0	0
Operating profit/loss (EBIT)		-50	-50
FINANCE			
Finance income	8	12,460	12,460
Finance expense	8	-12,450	-12,450
Profit/Loss before income tax (EBT)		-40	-40
Income tax			
Profit/Loss for the period		-40	-40

BALANCE SHEET STATEMENT (Unaudited)

ASSETS

All figures in SEK '000	Notes	2019-03-31
NON-CURRENT ASSETS		
Shares in subsidiaries		462,235
Loans to group companies		586,366
Total non-current assets		1,048,601
CURRENT ASSETS		
Receivables to group companies		12,679
Cash and cash equivalents	10	28,790
Total current assets		41,469
Total assets		1,090,070

EQUITY AND LIABILITIES

All figures in SEK '000	Notes	2019-03-31
EQUITY		
Share capital		500
Share premium reserve		
Retained earnings		185,189
Equity attributable to owners of the parent		185,689
NON-CURRENT LIABILITIES		
Bond loans	11	739,701
Other non-current liabilities	12	161,507
Total non-current liabilities		901,208
CURRENT LIABILITIES		
Accounts payable		2
Other current liabilities		3,170
Total current liabilities		3,172
Total liabilities		904,381
Total equity & liabilities		1,090,070

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.

For an overview of the complete accounting principles, please refer to Brado AB's annual report 2018. The principles are unchanged except for IFRS 16.

IFRS 16 Leases, effective from 1 January 2019

IFRS 16 became effective from 1 January 2019 and replaced IAS 17 Leases and associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard is effective for reporting periods beginning on or after 1 January 2019. Frösunda has taken the opportunity to use the exemption in the IFRS framework permitting the exclusion of low value leases, i.e. below SEK 50 thousand, and leases with terms less than twelve months. Right of Use assets reported in accordance with IFRS 16 comprise only the value of discounted leases for assets that have a lease term longer than twelve month and are not of a lower value. The Company applies the standard with modified retrospective approach, therefore comparative periods are not recalculated.

On 31 December 2018 Frösunda had approximately 250 lease agreements, which have been recognised in the balance sheet as required under IFRS 16. These constitute the majority of the leased assets and liabilities. The leases related to leased premises usually run for 10–15 years and cars for 3 years. The lease for real estate normally also contains one or more extension options. Since the use of an extension requires that an investment decision has first been approved, and the approval is only made if there is a continued operation, the extension option will only be subject for IFRS 16 accounting when a decision on continued operations have been made. Variable costs such as property tax, VAT and other variable property costs such as maintenance costs, electricity, heat and water etc. are excluded from the leasing debt calculation to the extent that the costs can be separated from the rental cost. In order to calculate the leasing debt (the present value of future leasing fees) the interest rate used as discount rate for the purpose of such present value calculation is the unsecured incremental borrowing rate (Revolving Credit Facility Interest – at present 4.85%) The majority of Frösunda's leasing agreements contain some kind of index adjustment clauses, usually based on consumer price index (CPI) and on a yearly basis.

The effects from IFRS 16 accounting in the income statement are recognised in note 2.

Note 2 – IFRS 16

The effects of the implementation of IFRS 16 leases on the income statement are shown below

All figures in SEK million	Notes	Reported Q1 19	IFRS 16 effect	Excl IFRS 16 effect
OPERATING INCOME				
Revenue		530.2		530.2
Other operating revenue		7.7		7.7
Total operating revenue		537.9		537.9
OPERATING EXPENSES				
Cost of goods sold		-19.4		-19.4
Personnel expenses		-458.7		-458.7
Other operating expenses		-30.7	23.2	-53.9
EBITDA		29.2	23.2	6.0
Depreciation & amortization		-23.5	-19.7	-3.8
Operating profit/loss (EBIT)		5.7	3.5	2.1
FINANCE				
Finance income		0.0		0.0
Finance expense	6	-19.3	-6.4	-12.9
Profit/Loss before income tax (EBT)		-13.6	-2.9	-10.7
Income tax	7	-		-
Profit/Loss for the period		-13.6	-2.9	-10.7
All figures in SEK million	Notes	Q1 19	IFRS 16 effect	YTD 19
OTHER COMPREHENSIVE INCOME				
Profit/Loss for the period		-13.6	-2.9	-10.7
ATTRIBUTABLE TO				
Equity holders of the parent company		-13.6	-2.9	-10.7
Non-controlling interest				-
Total compr. income for the period		-13.6	-2.9	-10.7
ATTR. TO EQUITY HOLDERS, ARISING FROM				
Continuing operations		-13.6	-2.9	-10.7
Discontinuing operations				-
Equity holders of the parent company		-13.6	-2.9	-10.7

In January 2016, IASB published a new leasing standard that has replaced IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27.

Reconciliation between operating leases (according to IAS 17) and recognized lease liabilities (according to IFRS 16)

All figures in SEK million	
Obligations for operating leases as of 31 December 2018	537.8
Short term leases (expenses in income statement)	11.1
Leases of low value (expenses in income statement)	1.4
Effect of discounting	
Carrying lease liabilities, 1 January 2019	525.3

BALANCE SHEET (Unaudited numbers)

The effects of the implementation of IFRS 16 leases on the balance sheet are shown below

All figures in SEK million	Notes	Reported Q1 19	IFRS 16 effect	Excl IFRS 16 effect
NON-CURRENT ASSETS				
Goodwill		1,075		1,075
Other intangible assets		12		12
Property, plant & equipment		619	542.1	76
Financial assets		1.1		1.1
Total non-current assets		1,706.2	542.1	1,164.1
CURRENT ASSETS				
Accounts receivables		263.4		263.4
Income tax receivables		1.2		1.2
Receivables from related parties		0.2		0.2
Other short-term receivables		39.0	-2.6	41.7
Cash and cash equivalents		70.1		70.1
Total current assets		373.9	-2.6	376.5
Total assets		2,080.1	539.5	1,540.6
EQUITY				
Share capital		0.5		0.5
Retained earnings		321.9	-2.9	324.7
Equity attributable to owners of the parent		322.4	-2.9	325.2
Total equity		322.4	-2.9	325.2
NON-CURRENT LIABILITIES				
Deferred tax liability		5.9		5.9
Bond loans		739.7		739.7
Other non-current liabilities		635.1	473.6	161.5
Profit/Loss for the period		1,380.7	473.6	907.1
CURRENT LIABILITIES				
Accounts payable		28.9		28.9
Other current liabilities		348.2	68.7	279.5
Profit/Loss for the period		377.1	68.7	308.3
Total liabilities		1,757.8	542.4	1,215.5
Total equity & liabilities		2,080.2	539.5	1,540.6

Note 3 – 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 now in a final version.

Included in the report are consolidated Group figures for Q1'19 compared with consolidated group figures for Frösunda Bidco AB for Q1'18 (the previous owner of Frösunda Group). In addition, the report includes pro-forma consolidated Group figures (marked PF) for the period 1 January – 31 December 2018 as if the Group existed per 1 January 2018.

Note 4 – 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 5 – 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	Q1 19	YTD 19	Q1 18	YTD 18
Revenue by segment				
Personal Assistance	297.5	297.5	331.3	331.3
Disability	157.6	157.6	165.1	165.1
Individual & Family	9.8	9.8	34.8	34.8
Elderly Care	72.4	72.4	72.8	72.8
Overhead	0.5	0.5	0.1	0.1
Total	537.9	537.9	604.1	604.1

Note 6 – EBITA by segment

SEK million	Q1 19	YTD 19	Q1 18	YTD 18
EBITA by segment				
Personal Assistance	10.8	10.8	8.7	8.7
Disability	9.4	9.4	8.2	8.2
Individual & Family	-9.5	-9.5	-2.3	-2.3
Elderly Care	-4.9	-4.9	-10.7	-10.7
Transaction cost	0.0	0.0	-13.8	-13.8
Total	5.7	5.7	-9.9	-9.9

Note 7 – Accounts receivable by segment

All figures in SEK million	Reported Q1 19
Personal Assistance	154.5
Liability	67.4
Elderly Care	33.7
Individual & Family	7.8
Other	0.1
Total accounts receivable	263.4

Following the reporting requirements according to IFRS 8, when it comes to segment follow-up related to the balance sheet, this is mainly focused on monitoring of outstanding accounts receivable, as other assets and liabilities mainly consists of Goodwill and bond loans, reported in the Parent Company.

Note 8 – Finance income and expense

The finance expense primarily relates to interest paid on bond loans and other long-term borrowings. As from 1 January 2019 we also see effects from the new standard IFRS 16 accounting standard, more details are seen in note 2.

Note 9 – Income tax

The income tax is based on preliminary tax calculations and may become subject to change in the annual statements. As we foresee a positive taxable income for the full year 2019 no tax asset has been reported for Q1'19.

Note 10 – 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). The Group shall at all times retain liquidity in excess of SEK 20 million.

Note 11 – 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 and are listed on the Nasdaq OMX Stockholm Stock Exchange. The value of the bonds has initially been reduced by listing cost of SEK 13.1 million. The listing cost is accrued over the life of the bonds. See the consolidated balance sheet statement for the bonds' reported value.

Note 12 – Other non-current liabilities

Other non-current liabilities refers to a seller's 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. As previously described in the investor presentation per February 2018, the value of the seller's credit is dependent on the consolidated EBITDA of the Group over the period 2018-2020. The future value of the Seller's Credit is subject to uncertainty and may fluctuate depending on the Group's EBITDA. Revaluation will be done every quarter.

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