

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.

Q4

INTERIM REPORT 2019
BRADO AB

CONTENT

CONTENT.....	2
KEY FIGURES	3
Q4 and FY 2019 HIGHLIGHTS	3
BRADO AB (PUBL) / FRÖSUNDA OMSORG AB.....	6
GROUP ACTIVITIES.....	7
FINANCIALS	7
GROUP FINANCIAL STATEMENT	16
FINANCIAL STATEMENT FOR THE PARENT COMPANY.....	21
NOTES.....	23

KEY FIGURES

Pro forma (PF* refers to YTD 18)

SEK million	Q4 19	Q3 19	YTD 19	Q4 18	Q3 18	YTD 18
Total revenue	516.8	520.0	2,098.4	565.6	570.5	2,318.3
EBITDA	32.8	57.6	148.0	-2.9	31.2	25.3
EBITDA (%)	6.3 %	11.1 %	7.1 %	-0.5 %	5.5 %	1.1 %
EBITA	7.2	35.8	51.9	-6.8	27.3	9.7
EBITA (%)	1.4 %	6.9 %	2.5 %	-1.2 %	4.8 %	0.4 %
EBIT - before property sales	7.2	35.8	51.9	-6.8	27.3	9.7
EBIT - before property sales (%)	1.4 %	6.9 %	2.5 %	-1.2 %	4.8 %	0.4 %
EBIT	-9.5	34.2	34.7	-6.8	27.3	9.7
EBIT (%)	-1.8 %	6.6 %	1.7 %	-1.2 %	4.8 %	0.4 %
EBT	-28.7	7.7	111.9	148.1	13.8	127.9
EBT (%)	-5.5 %	1.5 %	5.3 %	26.2 %	2.4 %	5.5 %

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.

Properties within the segment Individual and Family are undergoing a sales process. The effects of the sales are reported separately in accordance with the Alternative Performance Measure (APM) "EBIT before property sales & impairment results (gain/loss)". Effects of the sales in Q4'19 are SEK -16.7 million, whereof impairment results are SEK -12.9 million.

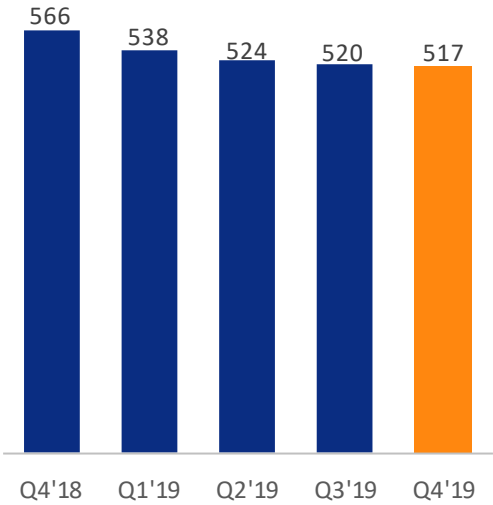
*Included in the report is pro-forma consolidated Group figures for 2018, as if the Group existed per 1 January 2018 (marked PF).

Q4 AND FY 2019 HIGHLIGHTS

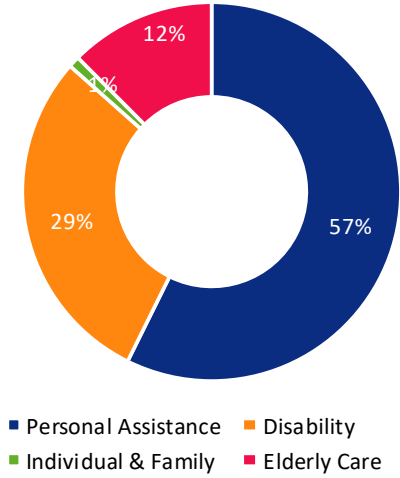
- Q4'19 operating revenues of SEK 516.8 million
- EBITA – before property sales of SEK 7.2 million (1.4 %)
- EBIT of SEK -9.5 million (-1.8%)
- Full year 2019 revenue ended at SEK 2,098.4 million, with EBITDA of SEK 148.0 million (7.1%), EBITA of SEK 51.9 million (2.5%) and EBT of SEK 111.9 million (5.3%)
- In 2019, EBT was positively affected by SEK 161.5 million due to a reduction of the seller's credit
- The previously communicated overhead cost savings program was launched during Q4'19. Costs of SEK 1.1 million related to future salaries for terminated employees were recognized in Q4'19
- Costs of SEK 1.4 million recognized in Q4'19 related to rent of premises for discontinued HVB-operations
- The trend towards improved profitability in the ongoing business, continues during Q4, driven by the segments Personal Assistance and Disability. Elderly Care and Individual & Family show modest improvement. The third quarter is seasonally strong driven by the vacation period during summer

- At the end of Q4'19, total available cash including the RCF was SEK 146.4 million, compared to SEK 132.6 million at the end of Q3'19. The RCF facility of SEK 80 million was undrawn at the end of Q4'19
- In Q4, the value of the remaining properties within Individual & Family was written down by the amount SEK 12.9 million. This affects EBIT Q4'19.

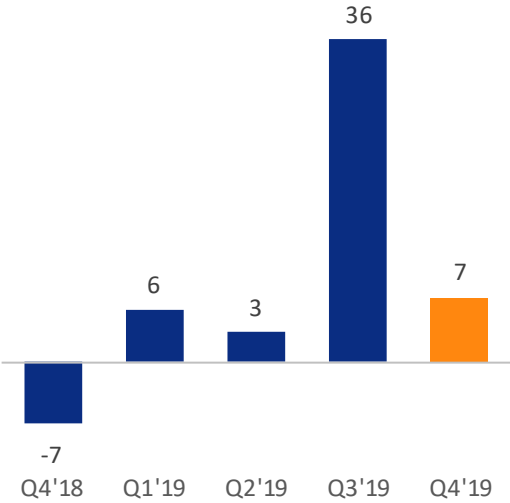
Revenue per quarter (SEKM):



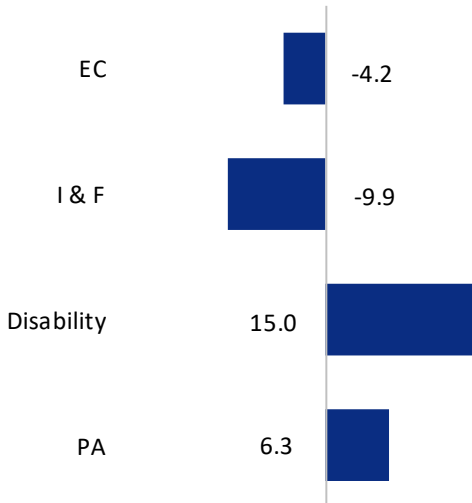
Segment distribution Q4'19 (%):



EBITA per quarter (SEKM):

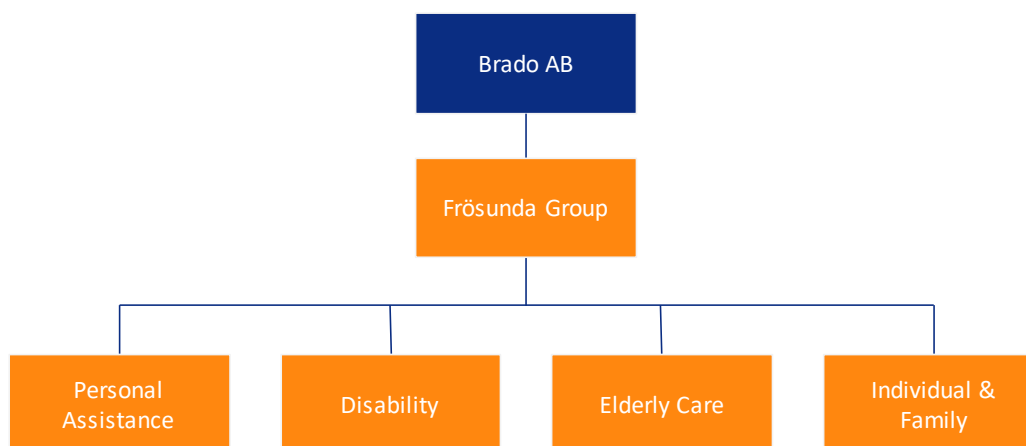


EBITA distribution Q4'19 (SEKM)



BRADO AB (PUBL) / FRÖSUNDA OMSORG AB

Brado AB was established in October 2017 and is controlled by Kristian Adolfsen and Roger Adolfsen. 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 through collaboration with several families to provide safe and stable surroundings. Frösunda also offers housing for customers with social or psychiatric disabilities.

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 overhead cost savings program was launched in Q4'19. The aim of saving approximately SEK 25 million on an annual basis is now considered reachable. The program is expected to reach full effect in Q2'20. Costs of SEK 1.1 million related to future salaries for terminated employees were recognized in Q4'19.

Following the closure of HVB homes, seven properties were sold in 2019. Eight properties remain in our portfolio whereof six are planned to be sold during 2020. In Q4'19, the value of the remaining properties within Individual & Family was written down by the amount SEK 12.9 million, affecting EBIT for Q4'19 negatively. Costs of SEK 1.4 million were recognized in Q4'19, related to rent of premises for discontinued operations.

The joint process with NHC Sweden with the aim of identifying possible synergies, including increased efficiency, reduced cost base and stronger growth, continues. In January 2020, Nathalie Boulas Nilsson took over as CEO of Frösunda Omsorg. Nathalie also maintains the position as Country Manager for NHC Sweden. This will provide opportunities for a faster and more efficient cooperation between the companies. Kristoffer Lorck will continue to work with Frösunda, however, from a position on the Board of Directors and CEO of Brado AB. NHC is a leading Nordic provider of care services operating within the following segments; Preschools, Care, Integration Services, Individual & Family and Real Estate. The Group has operations in Norway, Sweden, Finland, Poland, the Netherlands and Germany. The Group is controlled by the same owners as Brado AB.

FINANCIALS

Since this is the eighth interim report presented by Brado AB (publ) after the acquisition on 6 March 2018, no directly comparable figures exist for the full year 2018. Included in the report is pro-forma consolidated Group figures for 2018, as if the Group existed per 1 January 2018 (marked PF).

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, see note 2.

Consolidated Income Statement – per 31 December 2019

The Group reported operating revenue of SEK 516.8 million in Q4'19, compared to SEK 520.0 million in Q3'19 and SEK 565.6 million in Q4'18.

Total operating expenses in the period ended at SEK 484.0 million compared to SEK 462.5 million in Q3'19 and SEK 568.5 million in Q4'18. In Q4'19, the effect from IFRS 16 was SEK 27.7 million in lower operating expenses. Staff cost as percent of total operating revenue was 85.4% in Q4'19 compared to 80.9% in Q3'19 and 88.0% in Q4'18.

EBITA in Q4'19 ended at SEK 7.2 million (1.4%) compared to SEK 35.8 million (6.9%) in Q3'19 and SEK -6.8 million (-1.2%) in Q4'18. Finance expenses in Q4'19 amounted to SEK -14.2 million compared to SEK -22.0 million in Q3'19 and SEK -13.6 million in Q4'18. The effect on net finance from IFRS 16 was SEK -4.7 million in Q4'19.

Consolidated Balance Sheet per 31 December 2019

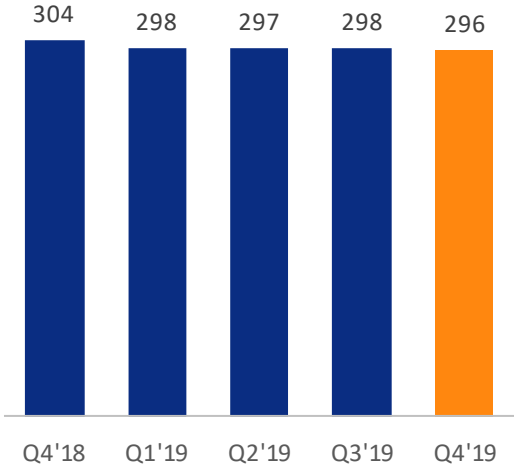
Total assets ended at SEK 2,173.8 million per 31 December 2019 (SEK 1 969.8 million in Q3). The increase is mainly due to new leases, primarily the agreement relating to a new Elderly Care unit in Gävle.

Total liabilities ended at SEK 1 730.5 million. Total equity per end of Q4'19 is SEK 443.3 million. Total cash and equivalents per end of Q4'19 amounted to SEK 66.4 million. Total available cash including the RCF was SEK 146.4 million. Undrawn amount on the RCF at the end of Q4'19 was SEK 80 million. The Group had several clean-downs on the RCF during Q4'19.

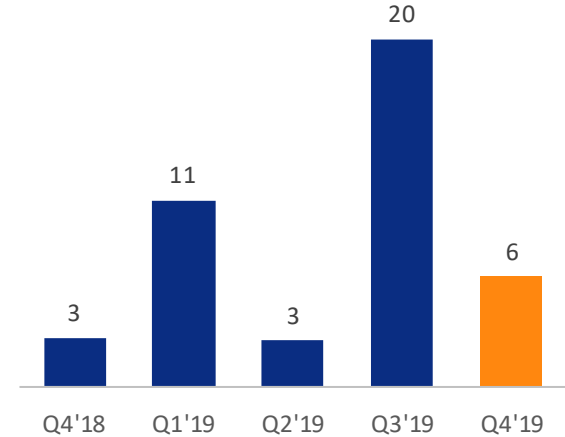
Business Segments

PERSONAL ASSISTANCE

Revenue per quarter (SEKM)



EBITA per quarter (SEKM)



Revenues for Personal Assistance ended at SEK 295.8 million in Q4'19 compared to SEK 297.9 million in Q3'19 and SEK 304.2 million in Q4'18. EBITA for Q4'19 ended at SEK 6.3 million (2.1%) compared to SEK 20.0 million (6.7%) in Q3'19 and SEK 2.8 million (0.9%) in Q4'18.

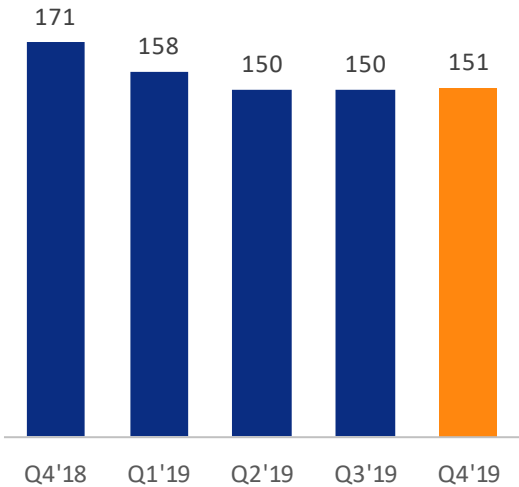
The number of customers at the end of Q4'19 was 890 (904 at Q3'19). The customer loss to competitors is still very low and the customer satisfaction is on a steady rise, giving support to the belief that the segment is closing in on a rebound.

During the autumn, the segment has worked actively with strategy and market analysis, following the strategy work done at company level. During Q1'20 this will be firmly anchored at all levels throughout the segment, which is expected to be a catalyst for future growth.

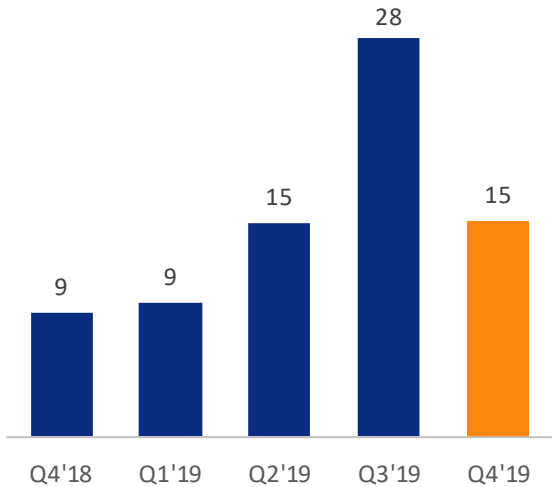
A clear trend is that the number of municipalities wishing to privatize their personal assistance is increasing. This is driven by the vulnerable financial position, which is a reality for many municipalities. This is a real growth opportunity for the segment.

DISABILITY

Revenue per quarter (SEKM)



EBITA per quarter (SEKM)



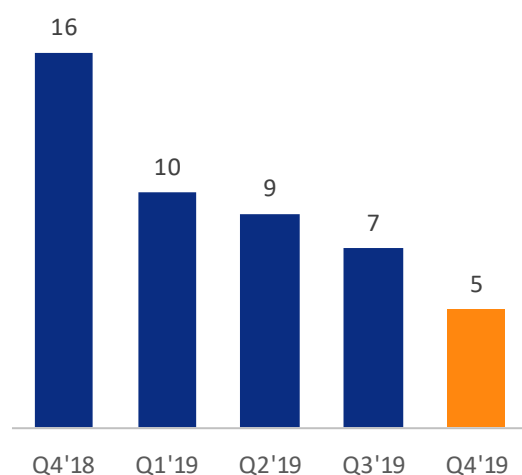
Revenues within the Disability segment ended at SEK 150.8 million in Q4'19 compared to SEK 150.0 million in Q3'19 and SEK 170.7 million in Q4'18. EBITA for Q4'19 ended at SEK 15.0 million (9.9%) compared to SEK 27.6 million (18.4%) in Q3'19 and SEK 8.7 million (5.1%) in Q4'18.

The number of customers ended at 777 (780 at the end of Q3'19).

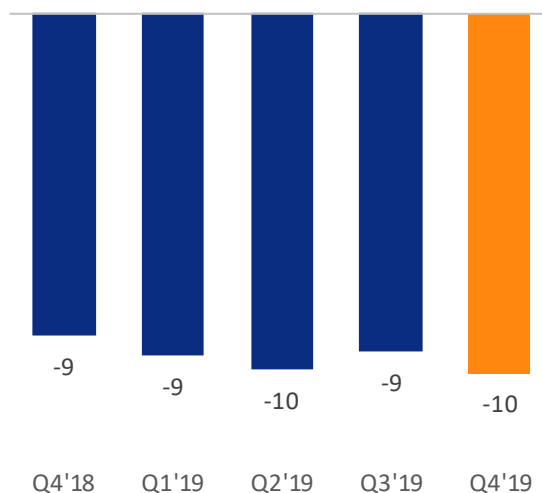
The segment has now reached a level where quality, efficiency and occupancy are very close to the planned status. This allows the focus to shift to growth. The segment will start two new units in March 2020 following tender wins. A number of opportunities to start up new full responsibility units are being explored.

INDIVIDUAL & FAMILY

Revenue per quarter (SEKM)



EBITA per quarter (SEKM)



Revenues for Individual & Family ended at SEK 5.0 million in Q4'19 compared to SEK 7.5 million in Q3'19 and SEK 15.6 million in Q4'18. EBITA for Q4'19 ended at SEK -9.9 million (-200.5%) compared to SEK -9.4 million (-125.4%) in Q3'19 and SEK -8.9 million (-57.2%) in Q4'18.

The number of customers at the end of Q4'19 was 46 (60 in Q3'19).

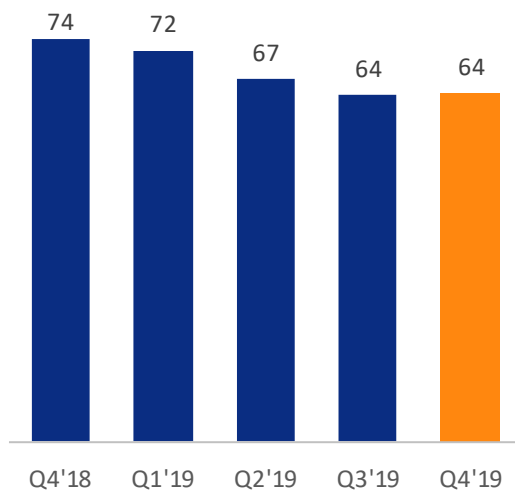
As of Q4'19, all HVB units are closed. There are still eight properties, which continue to generate costs; however, six properties are in process of being sold. The remaining two will be converted to units within Disability. Three properties were sold in Q4'19. In Q4, the value of the remaining properties within Individual & Family was written down by the amount SEK 12.9 million. This affects EBIT Q4'19.

Costs of SEK 1.4 million has been recognized in Q4'19, related to rent of premises for discontinued HVB-operations.

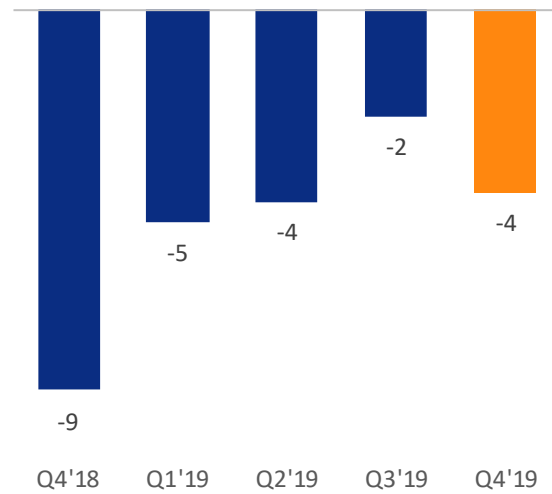
During Q4'19, one new unit was opened. The new unit is a nursing home in accordance with the Social Services Act. It is already generating a positive EBITDA and is expected to reach full occupancy in Q1'20.

ELDERLY CARE

Revenue per quarter (SEKM)



EBITA per quarter (SEKM)



Revenues for Elderly Care ended at SEK 64.5 million in Q4'19 compared to SEK 64.1 million in Q3'19 and SEK 74.4 million in Q4'18. EBITA for Q4'19 ended at SEK -4.2 million (-6.6%) compared to SEK -2.5 million (-3.9%) in Q3'19 and SEK -8.8 million (-11.8%) in Q4'18.

The number of customers at the end of Q4'19 was 381 (378 in Q3'19).

In Q1'20, a new full responsibility unit opened in Gävle. In January, the first customers moved in. In Q4'19 SEK 0.5 million were booked as start-up costs. As previously communicated, occupancy is expected to be low during the first year of operation. This will contribute to lower profitability during 2020.

The next full responsibility unit will be located in Sölvesborg. The project is progressing as planned and the unit is expected to open in May 2020.

From March 2020, the segment will be more closely coordinated with the Care segment within NHC Sweden. The segments will then have a joint management. This is expected to provide opportunities for increased efficiency and stable quality work.

Key events after balance sheet date

In January 2020, Nathalie Boulas Nilsson took over as CEO of Frösunda Omsorg. Nathalie also maintains the position as Country Manager for NHC Sweden. This will provide opportunities for a faster and more efficient cooperation between the companies. Kristoffer Lorck remains in the company in the role of CEO of Brado AB and working Chairman of the board of Frösunda Holdco AB.

Outlook and main risk factors

There are continuing, and increasing, challenges with the municipalities' financial position. For the municipalities, this means an increased need to buy services from the care market. However, this is done with a lower ability to pay. This causes a greater focus from media on the care market.

This gives Brado opportunities to create more and larger businesses, but possibly with a risk of slightly lower margins.

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", "EBIT before property sales & impairment results (gain/loss)" 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, 18 February 2020

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:

Johan Wewel
CFO
+46 10 1304035
johan.wewel@frosunda.se

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 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 on 18 February 2020.

GROUP FINANCIAL STATEMENT

CONSOLIDATED INCOME STATEMENT (PF, refers to YTD 18)

All figures in SEK million	Notes	Q4 19	YTD 19	Q4 18	YTD 18
OPERATING INCOME					
Revenue		508.5	2,066.5	559.0	2,290.3
Other operating revenue		8.3	31.9	6.6	28.1
Total operating revenue		516.8	2,098.4	565.6	2,318.3
OPERATING EXPENSES					
Cost of goods sold		-14.1	-61.6	-17.8	-71.5
Personnel expenses		-441.5	-1,773.5	-491.8	-1,977.5
Other operating expenses		-28.5	-115.3	-58.9	-244.1
EBITDA		32.8	148.0	-2.9	25.2
Depreciation & amortization		-25.6	-96.0	-3.9	-15.5
Operating profit/loss (EBIT)-bef Property Sales & impairment		7.2	51.9	-6.8	9.6
Property Sales & impairment results (gain/loss)		-16.7	-17.2		-
Operating profit/loss (EBIT)		-9.5	34.7	-6.8	9.6
FINANCE					
Finance income	8	-5.0	152.0	168.5	168.5
Finance expense	8	-14.2	-74.8	-13.6	-50.4
Profit/Loss before income tax (EBT)		-28.7	111.9	148.1	127.8
Income tax	9	-1.5	-14.1	17.0	16.9
Profit/Loss for the period		-30.2	97.8	165.1	144.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (PF, refers to YTD 18)

All figures in SEK million	Notes	Q4 19	YTD 19	Q4 18	YTD 18
OTHER COMPREHENSIVE INCOME					
Profit/Loss for the period		-30.2	97.8	165.1	144.8
ATTRIBUTABLE TO					
Equity holders of the parent company		-30.2	97.8	165.1	144.8
Non-controlling interest		-	-	-	-
Total compr. income for the period		-30.2	97.8	165.1	144.8
ATTR. TO EQUITY HOLDERS, ARISING FROM					
Continuing operations		-30.2	97.8	165.1	144.8
Discontinuing operations		-	-	-	-
Equity holders of the parent company		-30.2	97.8	165.1	144.8

CONSOLIDATED BALANCE SHEET STATEMENT

ASSETS

All figures in SEK million	Notes	2019-12-31	2018-12-31
NON-CURRENT ASSETS			
Goodwill		1,074.6	1,074.6
Other intangible assets		9.8	12.3
Property, plant & equipment held for sale	2	19.6	
Other property, plant & equipment	2	740.1	78.9
Financial assets		3.8	1.1
Total non-current assets		1,848.0	1,166.9
CURRENT ASSETS			
Accounts receivables	7	218.5	288.5
Income tax receivables		1.9	8.4
Receivables from related parties		0.2	0.2
Other short-term receivables		38.7	45.5
Cash and cash equivalents	10	66.4	87.7
Total current assets		325.8	430.3
Total assets		2,173.8	1,597.2

EQUITY AND LIABILITIES

All figures in SEK million	Notes	2019-12-31	2018-12-31
EQUITY			
Share capital		0.5	0.5
Retained earnings including comprehensive income		442.8	345.0
Equity attributable to owners of the parent		443.3	345.5
Total equity		443.3	345.5
NON-CURRENT LIABILITIES			
Deferred tax liability		3.1	5.9
Bond loans	11	741.6	739.1
Other non-current liabilities	2, 12	621.4	161.5
Total non-current liabilities		1,366.1	906.5
CURRENT LIABILITIES			
Accounts payable		35.1	39.8
Other current liabilities	2	329.2	305.5
Total current liabilities		364.3	345.2
Total liabilities		1,730.5	1,251.7
Total equity & liabilities		2,173.8	1,597.2

CONSOLIDATED CASH FLOW STATEMENT

All figures in SEK million	Notes	Q4 19	Q3 19	YTD 19
CASH FLOW FROM OPERATING ACTIVITIES				
Operating result		-9.5	34.2	34.7
Adjustments for items not included in cash flow		53.3	21.7	124.1
		43.8	56.0	158.8
Financial items, paid net		-17.2	-13.8	-55.0
Net interest lease debt		-4.8	-5.6	-23.2
Taxes paid		-21.5	7.0	-29.0
Cash flow from operating activities before changes in working capital		0.3	43.6	51.6
Change in net working capital		37.7	-38.9	7.0
Net cash flow from operating activities		38.0	4.7	58.6
CASH FLOW FROM INVESTING ACTIVITIES				
Net investment in property, plant and equipment		-1.4	-1.0	-5.8
Net cash flow from investing activities		-1.4	-1.0	-5.8
CASH FLOW FROM FINANCING ACTIVITIES				
Amortization of lease debt		-22.8	-15.9	-74.1
Net cash flow from financing activities		-22.8	-15.9	-74.1
CHANGES IN CASH AND CASH EQUIVALENTS				
Net change in cash and cash equivalents		13.8	-12.1	-21.3
Effects of changes in exchange rates on cash		-	-	-
Cash and cash equivalents at the beginning of period		52.6	64.8	87.7
Cash and cash equivalents at end of period		66.4	52.6	66.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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
Profit/Loss for the period		-	-	97.8	97.8
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	97.8	97.8
Transactions with Company owners					
Shareholder contribution		-	-	-	-
Total transactions with Company owners		-	-	-	-
Closing balance as at 31 Dec 2019		0.5	-	442.8	443.3

FINANCIAL STATEMENT FOR THE PARENT COMPANY

INCOME STATEMENT

All figures in SEK '000	Notes	Q4 19	YTD 19	Q4 18	YTD 18
OPERATING INCOME					
Revenue		-	-	-	-
Other operating revenue		-	-	-	-
Total operating revenue		-	-	-	-
OPERATING EXPENSES					
Other operating expenses		-606	-1,264	-608	-14,246
EBITDA		-606	-1,264	-608	-14,246
Depreciation		-	-	-	-
Amortization		-	-	-	-
Operating profit/loss (EBIT)		-606	-1,264	-608	-14,246
FINANCE					
Finance income	8	12,738	50,534	12,737	41,257
Finance expense	8	-12,764	-50,681	-12,728	-41,504
Profit/Loss before income tax (EBT)		-632	-1,411	-599	-14,493
Income tax		-	-	-	-
Profit/Loss for the period		-632	-1,411	-599	-14,493

BALANCE SHEET STATEMENT

ASSETS

All figures in SEK '000	Notes	2019-12-31	2018-12-31
NON-CURRENT ASSETS			
Shares in subsidiaries		300,727	462,235
Loans to group companies		586,366	586,366
Total non-current assets		887,094	1,048,601
CURRENT ASSETS			
Receivables to group companies		12,972	12,942
Other short-term receivables		62	-
Cash and cash equivalents	10	29,185	27,947
Total current assets		42,219	40,889
Total assets		929,313	1,089,490

EQUITY AND LIABILITIES

All figures in SEK '000	Notes	2019-12-31	2018-12-31
EQUITY			
Share capital		500	500
Retained earnings		183,819	185,229
Equity attributable to owners of the parent		184,319	185,729
NON-CURRENT LIABILITIES			
Bond loans	11	741,648	739,064
Other non-current liabilities	12	-	161,507
Total non-current liabilities		741,648	900,571
CURRENT LIABILITIES			
Accounts payable		16	0
Other current liabilities		3,330	3,190
Total current liabilities		3,347	3,190
Total liabilities		744,995	903,761
Total equity & liabilities		929,313	1,089,490

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 as of January 1st 2019, been recognized 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. A range of interest rates (between 1.58% and 3.39%) are being used, which varies mainly based on the duration of the lease contract. 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 presented in note 2.

Note 2 – IFRS 16

All figures in SEK million	Notes	Reported Q4 19	IFRS 16	Ex IFRS 16	Reported YTD 19	IFRS 16	YTD 19 Ex IFRS 16
OPERATING INCOME							
Revenue		508.5	-	508.5	2,066.5	-	2,066.5
Other operating revenue		8.3	-	8.3	31.9	-	31.9
Total operating revenue		516.8	-	516.8	2,098.4	-	2,098.4
OPERATING EXPENSES							
Cost of goods sold		-14.1	-	-14.1	-61.6	-	-61.6
Personnel expenses		-441.5	-	-441.5	-1,773.5	-	-1,773.5
Other operating expenses		-28.5	27.7	-56.1	-115.3	97.2	-212.6
EBITDA		32.8	27.7	5.1	148.0	97.2	50.7
Depreciation & amortization		-25.6	-22.0	-3.6	-96.0	-81.3	-14.8
Operating profit/loss (EBIT)-bef Property sales & impairment		7.2	5.7	1.5	51.9	16.0	36.0
Property Sales & impairment results (gain/loss)		-16.7	-	-16.7	-17.2	-	-17.2
Operating profit/loss (EBIT)		-9.5	5.7	-15.2	34.7	16.0	18.7
FINANCE							
Finance income	8	-5.0	-	-5.0	152.0	-	152.0
Finance expense	8	-14.2	-4.7	-9.4	-74.8	-23.2	-51.7
Profit/Loss before income tax (EBT)		-28.7	0.9	-29.6	111.9	-7.2	119.1
Income tax	9	-1.5	-	-1.5	-14.1	-	-14.1
Profit/Loss for the period		-30.2	0.9	-31.1	97.8	-7.2	105.0
Other Comprehensive Income							
Profit/Loss for the period		-30.2	0.9	-31.1	97.8	-7.2	105.0
ATTRIBUTABLE TO							
Equity holders of the parent company		-30.2	0.9	-31.1	97.8	-7.2	105.0
Non-controlling interest		-	-	-	-	-	-
Total compr. income for the period		-30.2	0.9	-31.1	97.8	-7.2	105.0
ATTR. TO EQUITY HOLDERS, ARISING FROM							
Continuing operations		-30.2	0.9	-31.1	97.8	-7.2	105.0
Discontinuing operations		-	-	-	-	-	-
Equity holders of the parent company		-30.2	0.9	-31.1	97.8	-7.2	105.0

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	551.0
Short term leases (expenses in income statement)	14.1
Leases of low value (expenses in income statement)	1.9
Effect of discounting	
Carrying lease liabilities, 1 January 2019	535.0
Estimated carrying lease liabilities, 1 January 2019 -	
Annual Report 2018-12-31	527.0
-Adjustment (mainly index regulation)	-2.9
-Modifications and corrections	10.9
Carrying lease liability, 1 January 2019	535.0

All figures in SEK million	Notes	Reported Q4 19	IFRS 16	Excl IFRS 16
NON-CURRENT ASSETS				
Goodwill		1,074.6	-	1,074.6
Other intangible assets		9.8	-	9.8
Property, plant & equipment held for sale		19.6		
Property, plant & equipment		740.1	718.1	22.0
Financial assets		3.8	-	3.8
Total non-current assets		1,848.0	718.1	1,129.9
CURRENT ASSETS				
Accounts receivables		218.5	-	218.5
Income tax receivables		1.9	-	1.9
Receivables from related parties		0.2	-	0.2
Other short-term receivables		38.7	-18.3	57.0
Cash and cash equivalents		66.4	-	66.4
Total current assets		325.8	-18.3	344.1
Total assets		2,173.8	699.8	1,474.0
EQUITY				
Share capital		0.5	-	0.5
Retained earnings		442.8	-7.2	450.0
Equity attributable to owners of the parent		443.3	-7.2	450.5
Total equity		443.3	-7.2	450.5
NON-CURRENT LIABILITIES				
Deferred tax liability		3.1	-	3.1
Bond loans		741.6	-	741.6
Other non-current liabilities		621.4	621.4	-0.0
Total non-current liabilities		1,366.1	621.4	744.7
CURRENT LIABILITIES				
Accounts payable		35.1	-	35.1
Other current liabilities		329.2	85.6	243.7
Total current liabilities		364.3	85.6	278.8
Total liabilities		1,730.4	707.0	1,023.5
Total equity & liabilities		2,173.7	699.8	1,474.0

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 pro-forma consolidated Group figures for Frösunda Bidco AB (the previous owner of Frösunda Group) for YTD'18 and FY'18 (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". PF; YTD 18

SEK million	Q4 19	YTD 19	Q4 18	YTD 18
Revenue by segment				
Personal Assistance	295.8	1,188.5	304.2	1,266.8
Disability	150.8	608.0	170.7	662.1
Individual & Family	5.0	31.2	15.6	92.5
Elderly Care	64.5	268.0	74.4	295.6
Overhead	0.9	2.7	0.8	1.3
Total	516.8	2,098.4	565.6	2,318.3

Note 6 – EBITA by segment

SEK million	Q4 19	YTD 19	Q4 18	YTD 18
EBITA by segment				
Personal Assistance	6.3	39.8	2.8	33.4
Disability	15.0	66.9	8.7	48.0
Individual & Family	-9.9	-38.7	-8.9	-22.8
Elderly Care	-4.2	-16.1	-8.8	-34.4
Transaction cost	0.0	0.0	-0.6	-14.4
Total	7.2	51.9	-6.8	9.7

Note 7 – Accounts receivable by segment

All figures in SEK million	Reported Q4 19	Reported Q3 19	Reported Q2 19	Reported Q1 19
Personal Assistance	146.4	153.5	160.5	154.5
Disability	46.8	51.2	60.0	67.4
Elderly Care	22.0	17.9	21.9	33.7
Individual & Family	3.6	4.5	5.4	7.8
Other	-0.4	0.4	0.2	0.1
Total accounts receivable	218.5	227.5	247.9	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 tax calculation, using the updated tax rate 21,4%, as will also be presented in the annual report. The tax expense reported in the Balance Sheet is net against preliminary tax paid.

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. Based on such valuation the Sellers's Credit has been valued to 0 SEK.

Note 13 Related party transactions

Transactions with related parties carried out during the year are mainly related to costs invoiced by the Norwegian company Hospitality Invest AS, owned by Kristian and Roger Adolfsen. The increased cooperation with NHC Sweden has also resulted in mainly NHC using Brado Groups specialist resources such as purchasing manager, dietist etc. which has been invoiced by Frösunda Omsorg AB. All transactions taken place are deemed to be based on agreements entered into on an arm's length basis.

Brado AB (publ)

Corp. Reg. Nr: 559127-5176

Affärsvägen 3

457 30 Tanumshede

www.brado.se

Frösunda Omsorg AB

Corp. Reg. Nr: 556509-2482

Råsundavägen 18 A

169 67 Solna

www.frosunda.se