A young girl with blonde hair, wearing a dark jacket and a wheelchair, is smiling and looking towards a woman. The woman has long blonde hair and is wearing a light-colored top, smiling back at the girl. They are in a stadium setting with bright lights and a crowd in the background.

Brado AB (publ) – Frösunda Omsorg

Q3'20 Presentation



Company snapshot



Segment information



Financials



Outlook

A Care service provider dedicated to the customer's needs

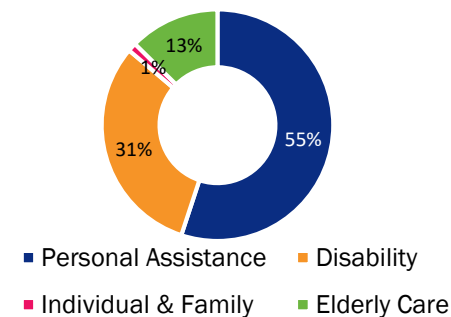
Introduction to Frösunda

- Founded in 1994, Frösunda has become a leading supplier of private care services in Sweden
- Diversified provider with operations in Disability, Personal Assistance, Individual & Family and Elderly Care
- From Q1'21 Individual and Family will be reported within Disability
- 2,128 customers
- A “one strong brand” strategy based on high quality and customer oriented concepts
- Experienced management team and organisation with all necessary central functions in-house
- ~5,000 employees
- Main office in Stockholm (Solna) with services offered throughout Sweden

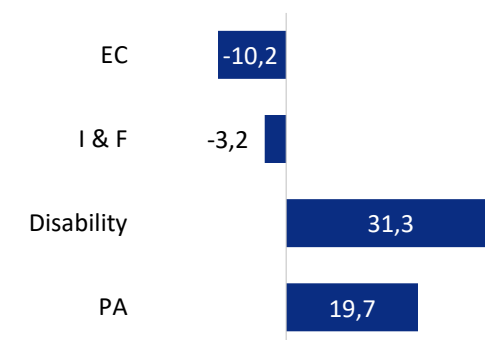
Diversified well balanced portfolio of care services

 <p>Disability</p> <ul style="list-style-type: none"> ▪ Group homes ▪ Activity centres ▪ Guidance services ▪ Short-term homes ▪ Special schools ▪ Coaching 	 <p>Personal Assistance</p> <ul style="list-style-type: none"> ▪ Individually tailored services, taking care of customers' needs 24/7 ▪ Local focus and assistance teams ensuring best possible service for each customer
 <p>Individual & Family</p> <ul style="list-style-type: none"> ▪ Family homes and open treatment ▪ Homes for customers with social or psychiatric disabilities 	 <p>Elderly Care</p> <ul style="list-style-type: none"> ▪ Housing for elderly who are unable to live on their own ▪ Serving needs such as illness, dementia, disabilities or general age weakness

Q3'20 revenue distribution



EBITA distribution

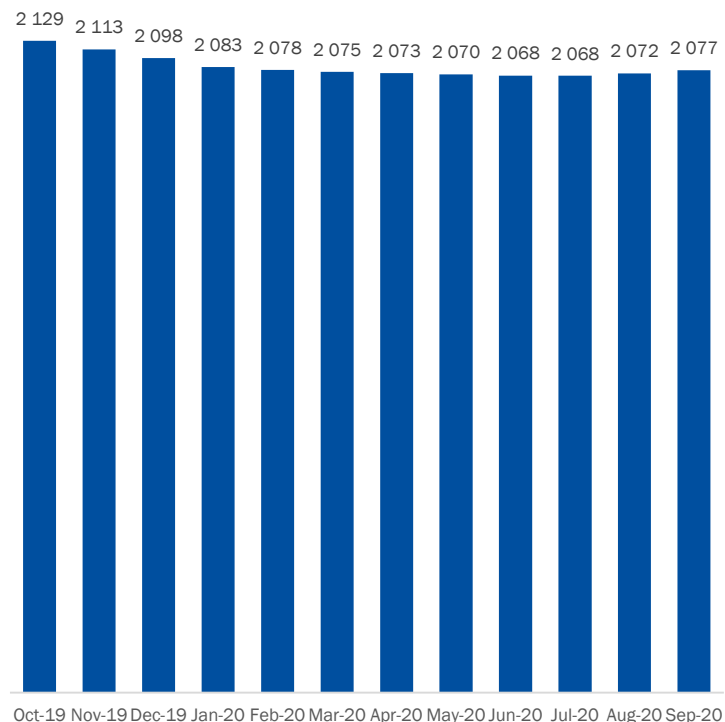


Customer base is stabilized – and profitability continues to improve

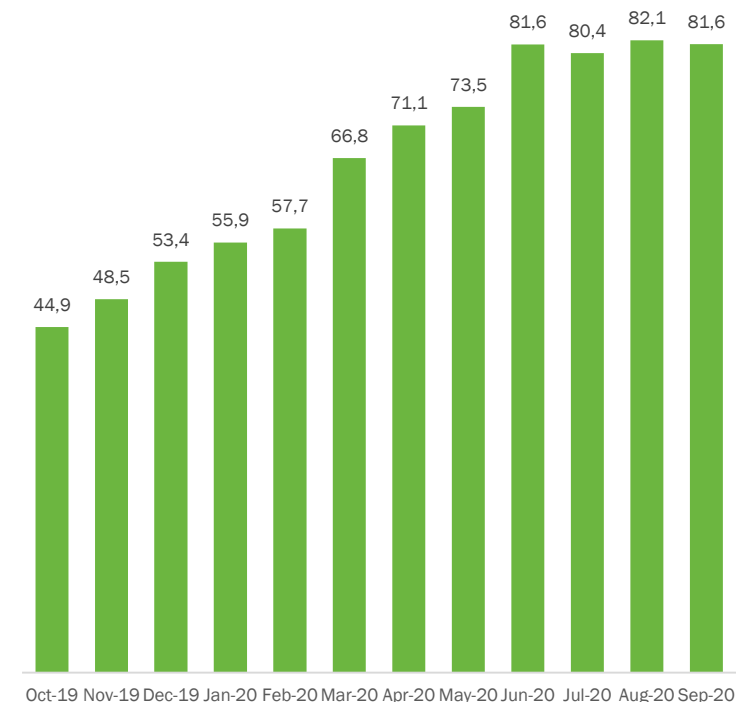
Customers



LTM Revenues (SEKm)*



LTM EBITDA (SEKm)*



* Frösunda level, without IFRS 16

Shifting focus towards more external factors

2018 and 2019 – Internal focus

- Quality ✓
- Culture ✓
- Strategy ✓
- Cost ✓
- Processes/routines

2020 – Coordination and growth

- Quality ✓
- Cost ✓
- Processes/routines ✓
- Growth
- Coordination with NHC ✓

2021 – Growth & profitability

- Quality
- Organic growth
- Profitability
- Cash Flow



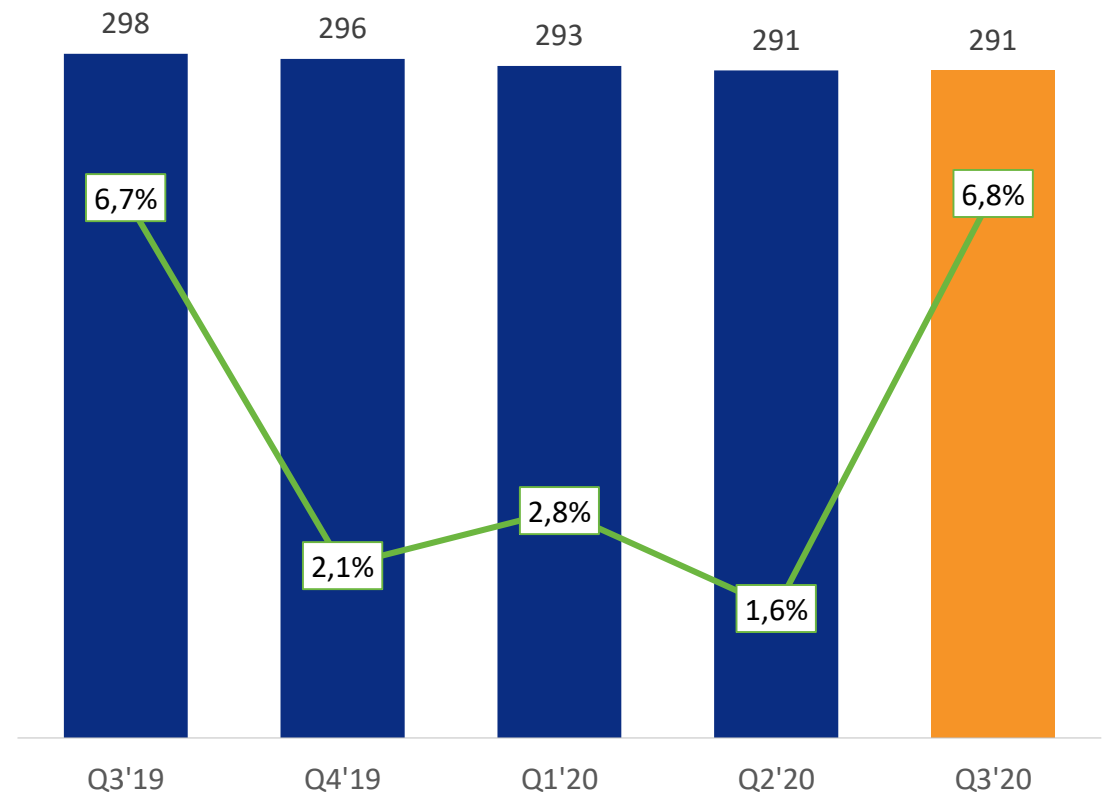
- I Company snapshot
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Personal Assistance – key financials

Comments

- Revenues for Personal Assistance ended at SEK 290.7 million in Q3'20 compared to SEK 297.9 million in Q3'19
- EBITA for Q3'20 ended at SEK 19.7 million (6.8%) compared to SEK 20.0 million (6.7%) in Q3'19
- After a period with high customer churn, Frösunda has managed to stabilize the customer base
- The segment has built a solid market position based on high quality services and high customer satisfaction
- From that position, we strive to enter into growth territory, primarily focusing on organic initiatives
- The industry is still highly fragmented and offers several consolidation opportunities, however, Frösunda has so far chosen not to pursue these opportunities

Revenue (SEKm) and EBITA margin (%)

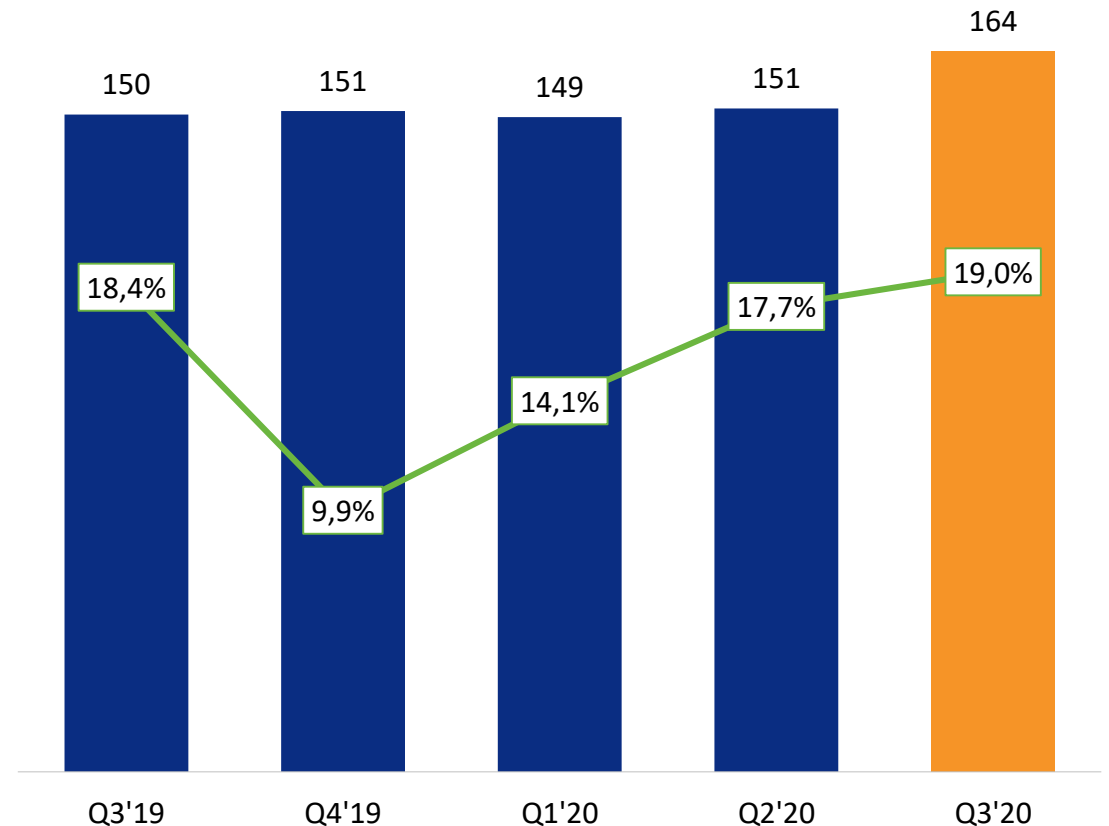


Disability – key financials

Comments

- Revenues within the Disability segment ended at SEK 164.3 million in Q3'20 compared to SEK 151.4 million in Q2'20 and SEK 150.0 million in Q3'19
- EBITA for Q3'20 ended at SEK 31.3 million (19.0%) compared to SEK 26.8 million (17.7%) in Q2'20 and SEK 27.6 million (18.4%) in Q3'19
- The growth in the last quarter is mainly explained by the acquisition of Aberia
- The segment is very well organized with satisfied customers and stable, efficient operation
- From Q4'20 to Q3'21, some relatively large contracts will expire. New contracts and the new growing operations within Aberia will compensate for this in terms of volume. However, margins will be affected somewhat negatively – from high levels

Revenue (SEKm) and EBITA margin (%)

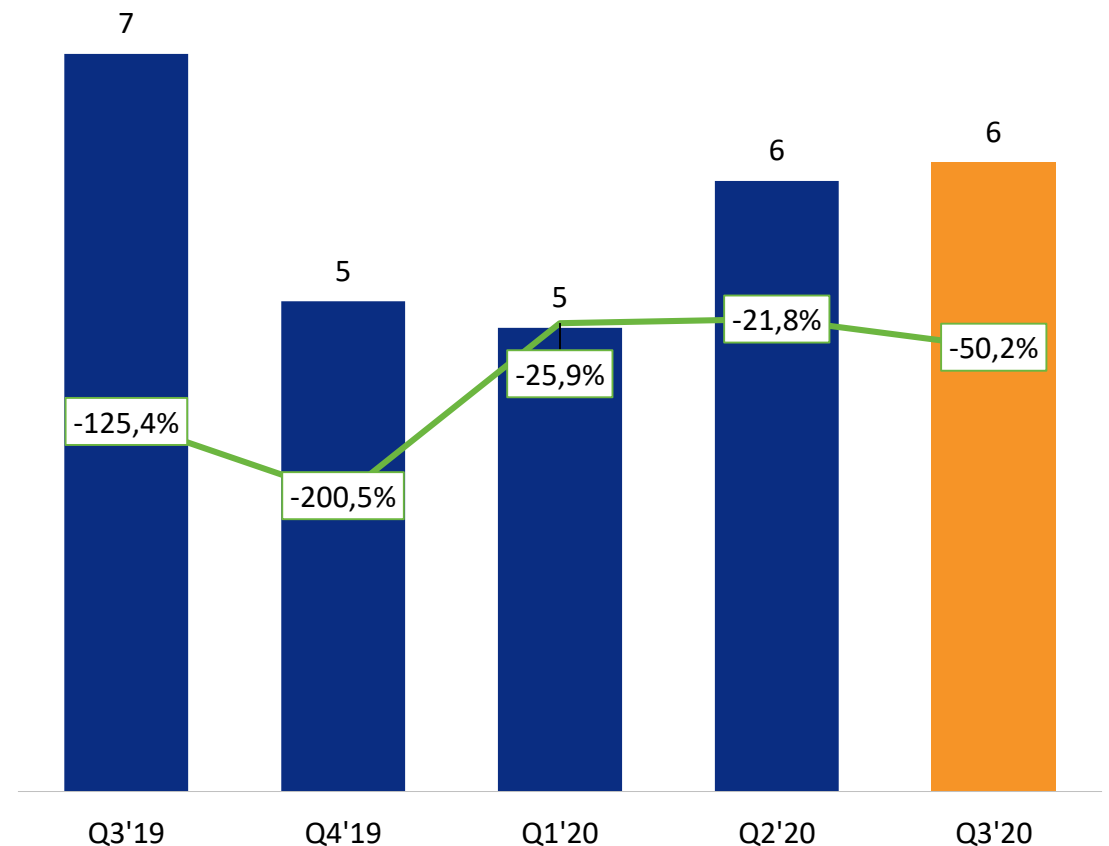


Individual & Family – key financials

Comments

- Revenues for Individual & Family ended at SEK 6.4 million in Q3'20 compared to SEK 6.2 million in Q2'20 and SEK 7.5 million in Q3'19
- EBITA for Q3'20 ended at SEK -3.2 million (-50.2%) compared to SEK -1.3 million (-21.8%) in Q2'20 and SEK -9.4 million (-125.4%) in Q3'19
- The segment has now completed the transformation from HVB homes to family homes and housing according to the Social Services Act. The costs from the old business are now gone
- During the year, a portfolio of framework agreements within family homes was built up. Based on this, the business can now actively process customers and create growth
- As of Q1'21, the segment will be reported as part the Disability segment

Revenue (SEKm) and EBITA margin (%)

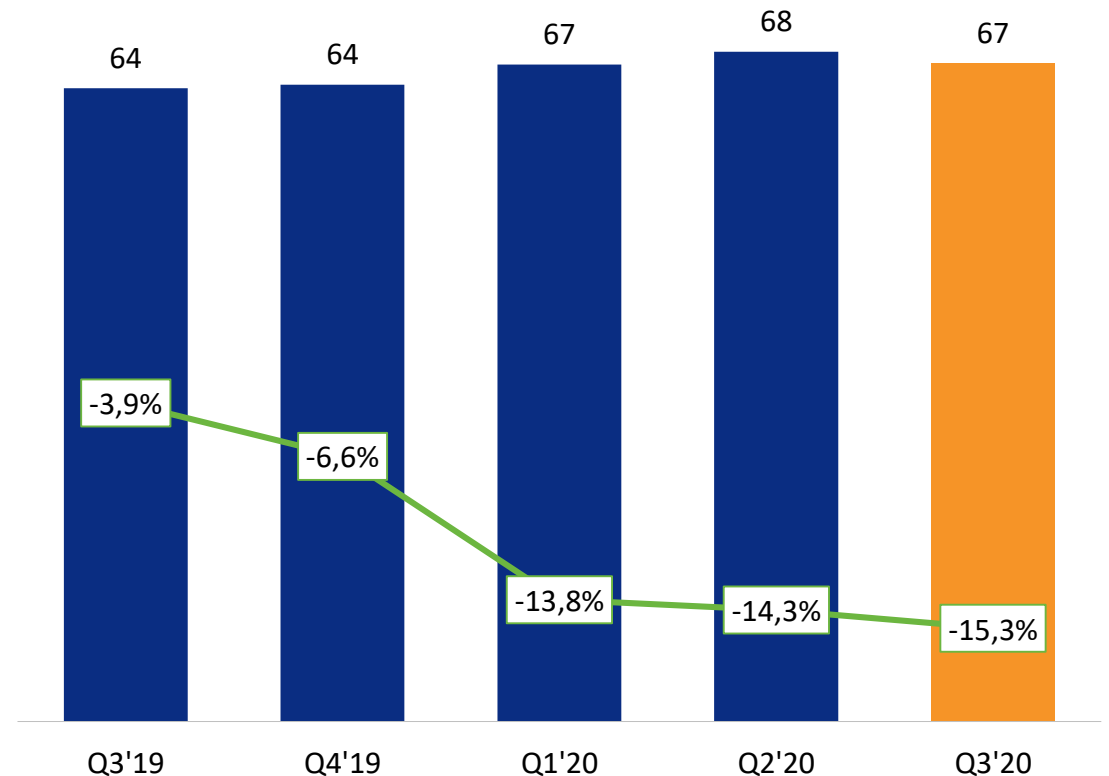


Elderly Care – key financials

Comments

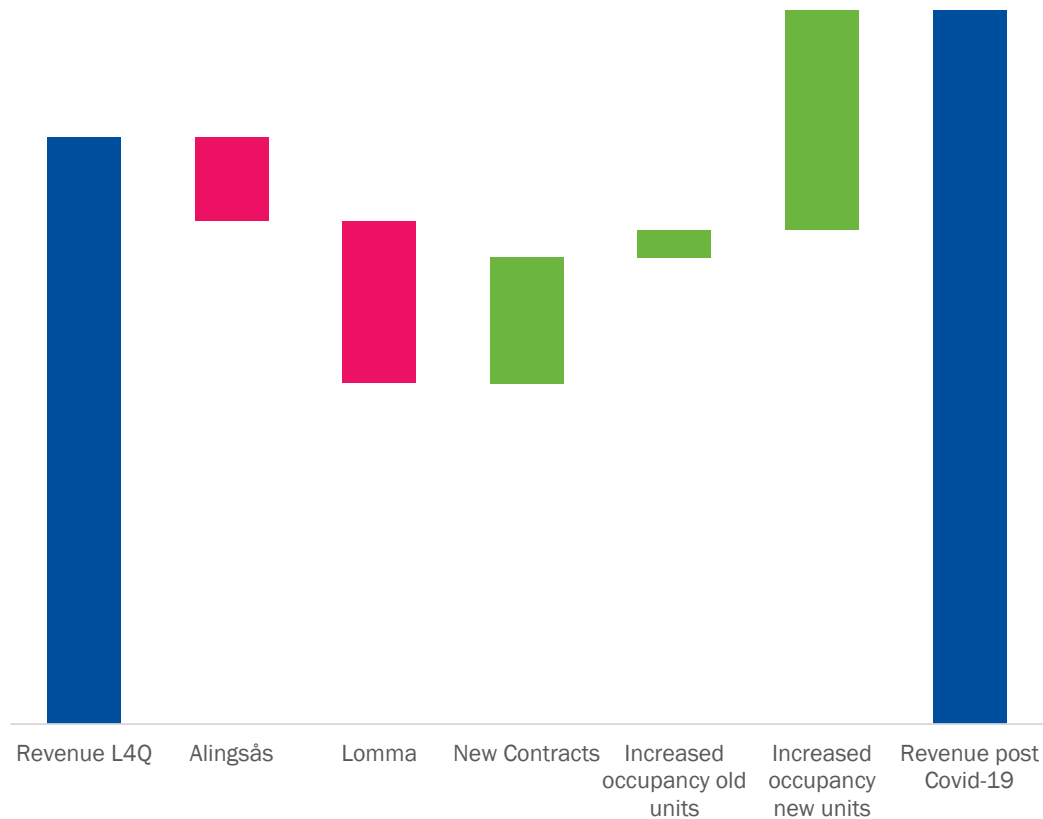
- Revenues for Elderly Care ended at SEK 66.6 million in Q3 '20 compared to SEK 67.8 million in Q2 '20 and SEK 64.1 million in Q3 '19
- EBITA for Q3 '20 ended at SEK -10.2 million (-15.3%) compared to SEK -9.7 million (-14.3%) in Q2 '20 and SEK -2.5 million (-3.9%) in Q3 '19
- The segment has not been affected to any great extent by infection and deceased customers in connection with the pandemic...
- ...however, as the picture of elderly care in the country is now very negative and as there is visitation restrictions, it is very difficult to attract new customers and maintain occupancy at a high level.
- During Q4'20 and Q1'21 the two contracts in Alingsås and Lomma are terminated. This is compensated by two smaller operational contracts and two new own management units in Gävle and Sölvesborg
- Occupancy is expected to return in existing units, however, there is an uncertainty as to how quickly the rate will return to normalized levels

Revenue (SEKm) and EBITA margin (%)



Elderly Care – burdened by Covid-19

Revenue post Covid-19



- During Q1'20 and Q2'20 the company has opened two new units with a total of 126 apartments
- Due to Covid-19, occupancy within the segment has seen a drop and filling the two new units has proven challenging
- Demand is still present, however, families are hesitant to move their relatives into elderly care units in general, in fear of infections
- Frösunda's elderly care units have solid reputation, are well regarded by customers and relatives and are located in areas with steady demand, supporting our belief in a recovery in occupancy rates, once the pandemic subsides
- The new mix with fewer operational agreements and more full responsibility units provides the opportunity to generate higher profitability
- Once occupancy returns to normal, the Elderly Care segment can go from an EBITDA of SEK -40 million to a positive contribution



Company snapshot



Segment information



Financials



Outlook

Income statement

Comments

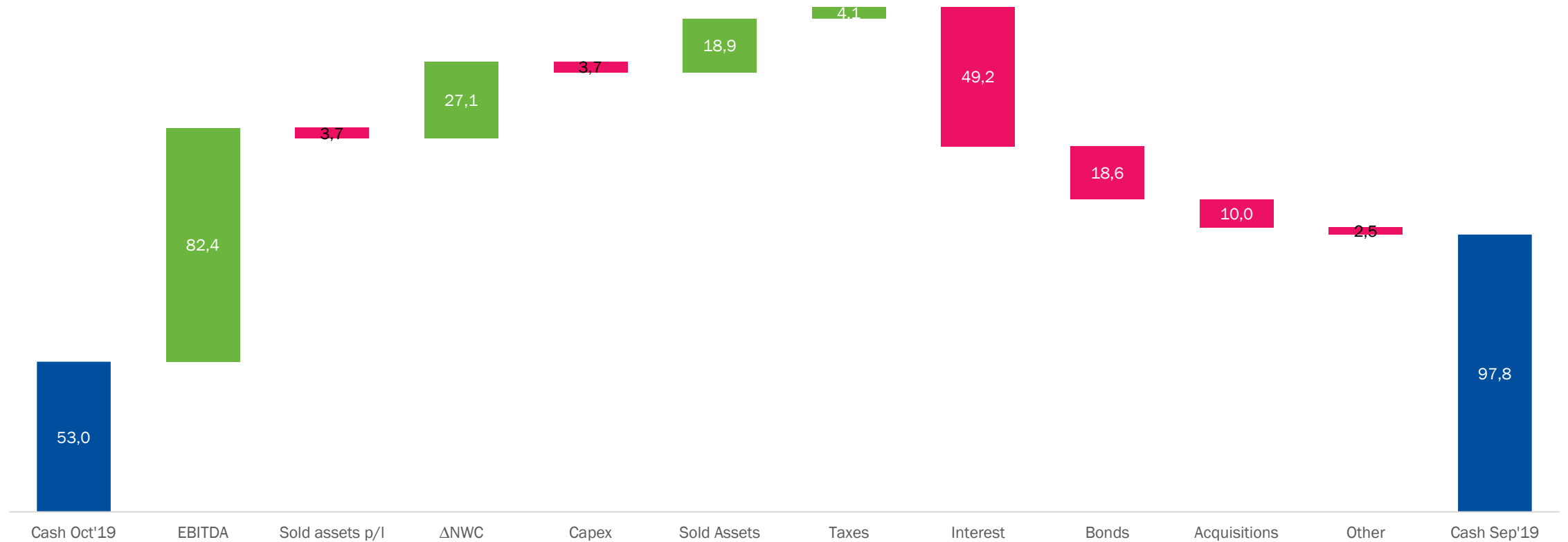
- The Group reported operating revenue of SEK 529.1 million in Q3 '20, compared to SEK 517.0 million in Q2'19 and SEK 520.0 million in Q3 '19
- Total operating expenses in the period ended at SEK 460.4 million compared to SEK 466.9 million in Q2'20 and SEK 462.4 million in Q3'19.
- Staff cost as percent of total operating revenue was 79.8% in Q3'20 compared to 83.7% in Q2'20 and 80.9% in Q3'19
- Finance expenses in Q3'20 amounted to SEK -19.4 million compared to SEK -18.6 million in Q2'20 and SEK -22.0 million in Q3'19. The effect on net finance from IFRS 16 was SEK -6.1 million in Q3'20
- In Q2'19 the company reduced the seller's credit by SEK 161.5 million which affects result YTD 19

Income statement (unaudited)

All figures in SEK million	Q3 20	YTD 20	Q3 19	YTD 19
OPERATING INCOME				
Revenue	518.9	1,531.9	512.1	1,557.9
Other operating revenue	10.2	28.5	7.9	23.6
Total operating revenue	529.1	1,560.4	520.0	1,581.5
OPERATING EXPENSES				
Cost of goods sold	-12.0	-34.8	-13.7	-47.4
Personnel expenses	-422.0	-1,281.5	-420.6	-1,332.1
Other operating expenses	-26.4	-77.7	-28.1	-86.9
EBITDA	68.7	166.4	57.6	115.2
Depreciation & amortization	-31.2	-89.5	-21.7	-70.4
Operating profit/loss (EBIT)-bef Property Sales & impairment	37.6	76.9	35.8	44.7
Property Sales & impairment results (gain/loss)	-0.8	-0.8	-1.6	-0.5
Operating profit/loss (EBIT)	36.8	76.2	34.2	44.2
FINANCE				
Finance income	0.3	8.3	-4.5	157.0
Finance expense	-19.4	-56.0	-22.0	-60.7
Profit/Loss before income tax (EBT)	17.7	28.4	7.7	140.6
Income tax	-12.2	-14.5	-3.1	-12.6
Profit/Loss for the period	5.6	14.0	4.6	128.0

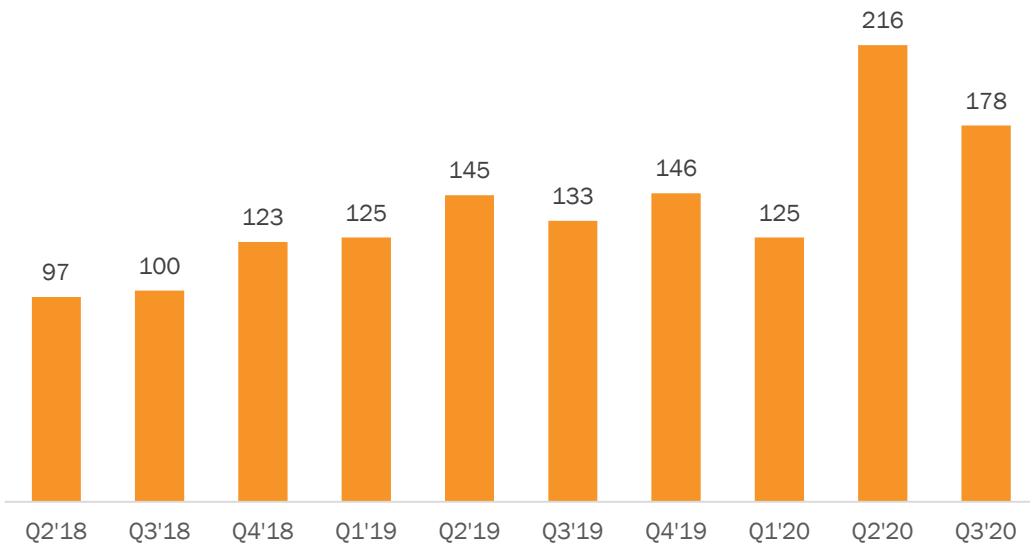
Net cash development LTM

Cash Flow bridge for LTM

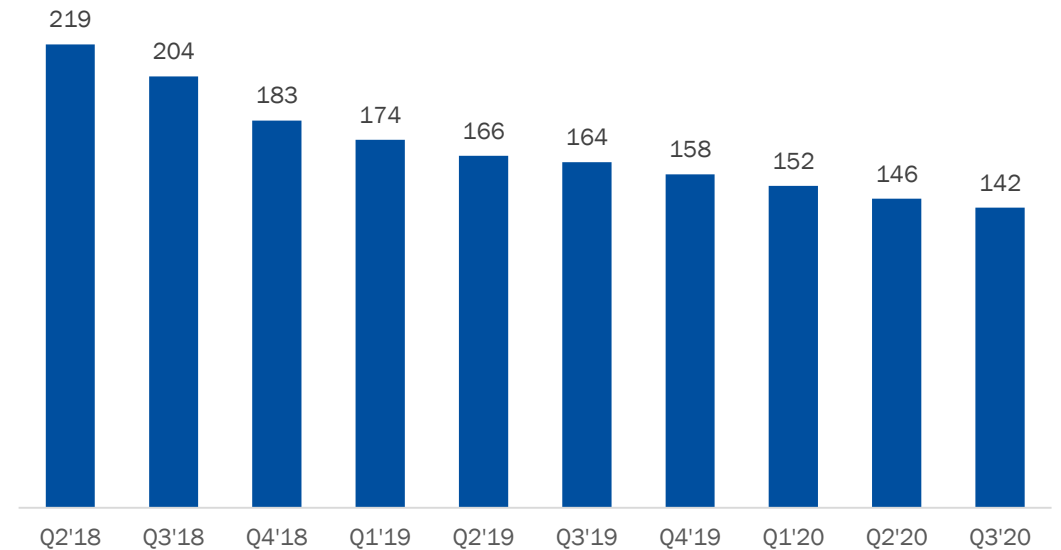


Available cash improving and over-head cost declining

Available cash (SEK million)



OH cost LTM (SEK million)

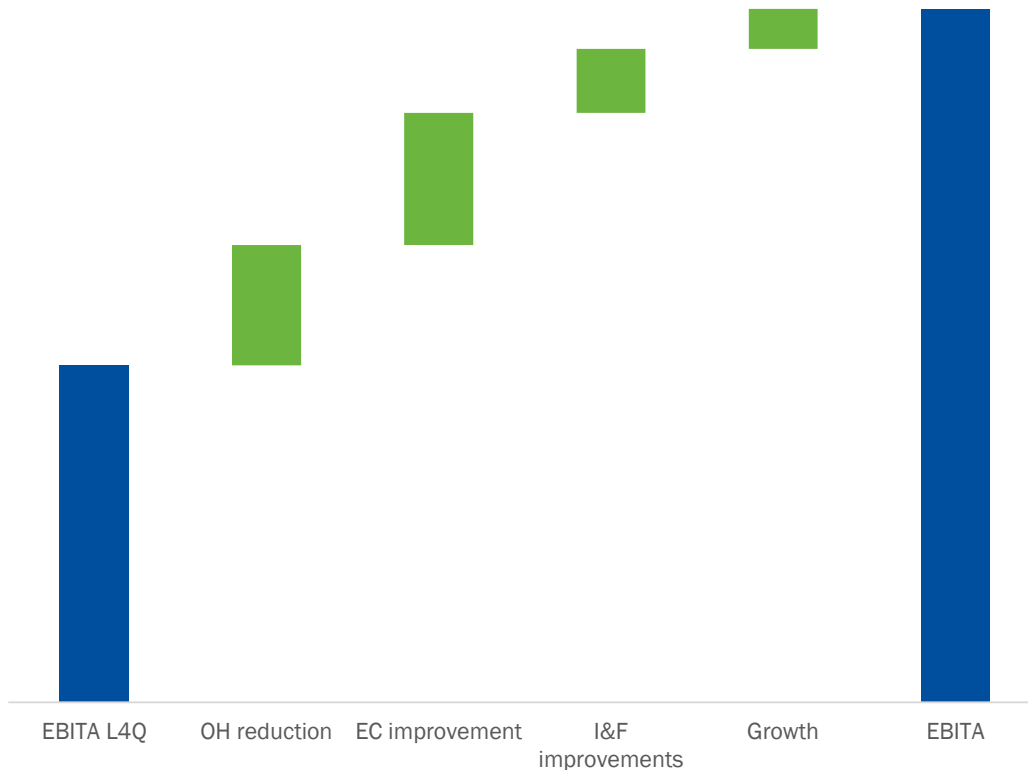


- The cash balance has improved since Q2'18
- In 2020 the RCF has been used 17 days (SEK 10 million)
- In 2020 SEK 29 million was used to buy back bonds and acquisition of Aberia
- In May, the company used the opportunity to defer SEK 55 million in tax as part of the state's corona support, to be repaid in Q2'21

- Over-head cost has decreased continuously since 2018
- Potential for further reductions

Further improvement in cash flow and deleveraging

Focus on refinancing in 2023



- There is room for further reductions on overhead cost. Measures have been taken which will give effect over the coming quarters.
- Individual and Family had incurred costs for closing down the HVB operations and is now growing within current services. The segment is approaching break even and may have a positive contribution in 2021. The chart is assuming a break even result.
- Once passed the Covid-situation, Elderly Care is expected to show improved occupancy and positive EBITA-contribution. The chart is assuming a break even result.
- The company is expected to deliver solid cash flow and deleveraging going forward



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Outlook

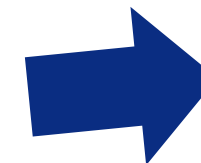
Segment

Outlook and initiative

Trend

Personal Assistance

- The segment has stabilized the operations and is now in a position to grow. However, growth will take place at a slow pace.
- The segment has historically proven to be good at balancing costs based on current volume and will be able to grow profitably



Disability

- Next year, there will be a shift in the portfolio. Some relatively profitable contracts expire and are replaced by new operations with lower expectations of profitability
- The volume will in principle be maintained with good margins, however not as strong as in 2020



Individual & Family

- In 2021, the business is expected to grow and break the trend of losses
- Growth will be relatively slow but with good quality and control
- From Q1'21, Individual and Family will be reported within Disability



Elderly Care

- Elderly Care has attractive units that have historically proved to be the first choice of customers
- The current low occupancy is due to the ongoing pandemic in combination with the segment having two new units. When the pandemic has subsided there are good conditions to refill the units and turn to positive results



Appendix

Pro forma balance sheet statement

Comments

- Total assets ended at SEK 2 396.0 million per 30 September 2020
- The increase is mainly due to new leases
- Goodwill increased due to acquisition of Aberia
- Total cash and equivalents per end of Q4'19 amounted to SEK 97.8 million

Pro forma balance sheet (unaudited)

All figures in SEK million	2020-09-30	2019-12-31	2019-09-30
NON-CURRENT ASSETS			
Goodwill	1,101.3	1,074.6	1,074.6
Other intangible assets	8.2	9.8	10.8
Other property, plant & equipment	891.7	740.1	566.1
Financial assets	3.7	3.8	1.1
Total non-current assets	2,004.9	1,828.4	1,652.6
CURRENT ASSETS			
Property, plant & equipment held for sale	2.5	19.6	
Accounts receivables	218.7	218.5	227.5
Income tax receivables	31.0	19.8	5.5
Receivables from related parties	0.2	0.2	0.2
Other short-term receivables	40.8	38.7	31.4
Cash and cash equivalents	97.8	66.4	52.6
Total current assets	391.1	363.2	317.2
Total assets	2,396.0	2,191.6	1,969.8

Pro forma balance sheet statement

Comments

- Total liabilities ended at SEK 1 938.5 million
- Total equity per end of Q3'20 is SEK 457.3 million

Pro forma balance sheet (unaudited)

All figures in SEK million	2020-09-30	2019-12-31	2019-09-30
EQUITY			
Share capital	0.5	0.5	0.5
Retained earnings including comprehensive income	456.8	442.8	472.9
Equity attributable to owners of the parent	457.3	443.3	473.4
Total equity	457.3	443.3	473.4
NON-CURRENT LIABILITIES			
Deferred tax liability	4.0	3.1	5.8
Bond loans	717.6	741.6	741.0
Other non-current liabilities	772.6	621.4	425.6
Total non-current liabilities	1,494.2	1,366.1	1,172.4
CURRENT LIABILITIES			
Accounts payable	20.7	35.1	23.4
Taxes payable			
Other current liabilities	423.8	347.1	300.6
Total current liabilities	444.5	382.2	324.0
Total liabilities	1,938.7	1,748.3	1,496.4
Total equity & liabilities	2,396.0	2,191.6	1,969.8

Pro forma cash flow statement

Comments

- Total cash and equivalents per end of Q3'20 amounted to SEK 97.8 million
- Total available cash including the RCF was SEK 177.8 million and undrawn amount on the RCF at the end of Q4'19 was SEK 80 million
- During 2020 The Group used the RCF only 15 days

Cash flow statement (unaudited)

All figures in SEK million	Q3 20	Q2 20	YTD 20
CASH FLOW FROM OPERATING ACTIVITIES			
Operating result	36.8	20.4	76.2
Adjustments for items not included in cash flow	33.1	30.3	92.7
	69.9	50.8	168.8
Financial items, paid net	-13.0	-10.8	-31.1
Net interest lease debt	-6.1	-5.5	-16.6
Taxes paid	-31.4	16.6	-23.7
Cash flow from operating activities before changes in working capi	19.4	51.1	97.4
Change in net working capital	-19.6	62.9	40.0
Net cash flow from operating activities	-0.1	113.9	137.4
CASH FLOW FROM INVESTING ACTIVITIES			
Gain/loss from sale of assets	9.8	0.5	10.3
Net investment in shares in subsidiaries	-10.0		-10.0
Net investment in property, plant and equipment	-10.8	7.4	-5.0
Net cash flow from investing activities	-11.1	7.9	-4.8
CASH FLOW FROM FINANCING ACTIVITIES			
Amortization of lease debt	-26.6	-25.5	-75.3
Repayment of interest-bearing debt	-0.0	-6.0	-26.0
Net cash flow from financing activities	-26.7	-31.4	-101.3
CHANGES IN CASH AND CASH EQUIVALENTS			
Net change in cash and cash equivalents	-37.9	90.4	31.4
Effects of changes in exchange rates on cash			
Cash and cash equivalents at the beginning of period	135.6	45.3	66.4
Cash and cash equivalents at end of period	97.8	135.6	97.8