Interim report First Quarter 2024

25 April 2024

Christian Walén, CEO & President

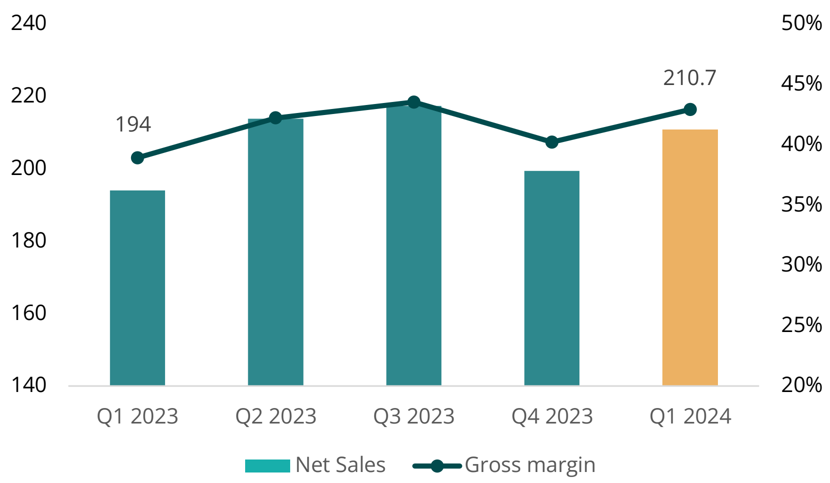
Quarterly Highlights

- Good growth, solid profitability and stable cashflow
- Strong development in “other markets” (DACH & FRA) with 80% growth vs last year with good margins, reflective of our strategy and resource allocation
- Strong market reception to our new mobile social alarm, Abby, breaking all internal records in terms of sales for a new product in its first quarter since hitting the market

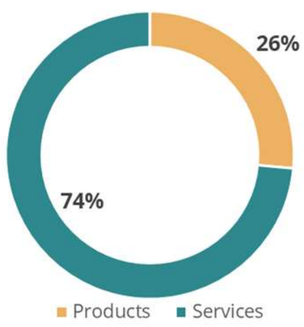
Sales and Gross Margin Q1 2024

- Organic sales growth of 8.6%, adjusted for currency effect growth amounted to 7.7%. Sales growth was markedly strong for products in our "Other" markets, predominantly Germany and France, +80.1%. Nordic and Netherlands also contributed with sales growth while UK was flat due to a slow start on product sales in January impacting the quarter.
- Service sales amounted to SEK 155.0 million (142.5) an increase of 8.8% compared to Q1 2023 and product sales amounted to SEK 55.8 million (51.6) an increase of 8.1%.
- Gross margin of 42.9% in the quarter (38.9%). Gross margin was positively affected by decreased cost of service delivery in the alarm receiving centers, as a result of efficiency improvements, as well a steering of the product mix.

Net Sales (SEKm) & Gross Margin (%)



Share of Net Sales, Q4'24



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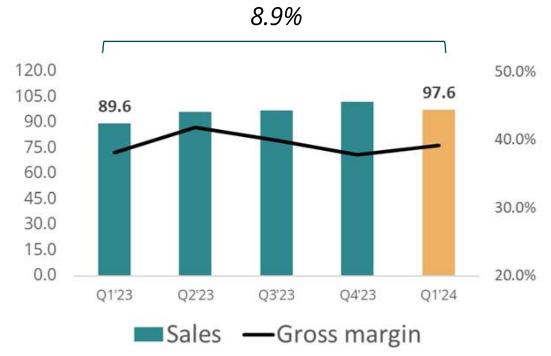
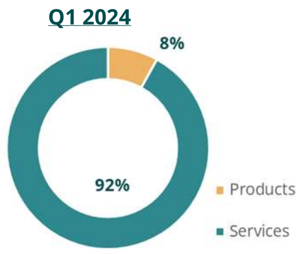
Market Highlights – Nordic & United Kingdom

NORDIC

Net Sales (SEKm)

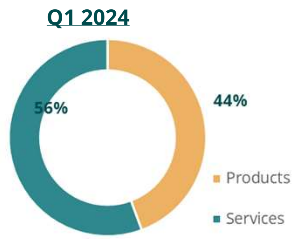




- Sales increased 8.9% compared to Q1 2023.
- Several new contracts implemented together with temporary prolongations of lost contracts, increasing services sales by 11.4%.
- The improvement compared last year was mainly due to the lower cost of service delivery due to improved efficiency in our alarm receiving centers.

UNITED KINGDOM

Net Sales (SEKm)



- Sales decreased by 0.1% compared to Q1 2023.
- The increase of service sales of 2.9 percent compensated for the decrease of product sales. With clarity on the analogue to digital transition in the UK, following clarified governmental timelines, sales of products normalized for February and March following a weak January.
- The implementation of changes to improve the service efficiency explain the improvement in gross margin compared to the first quarter 2023.

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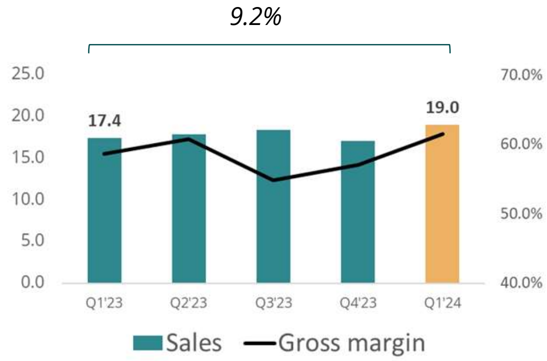
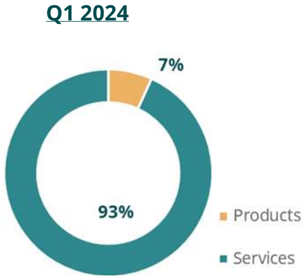
Market Highlights – Netherlands & Other Markets

NETHERLANDS

Net Sales (SEKm)

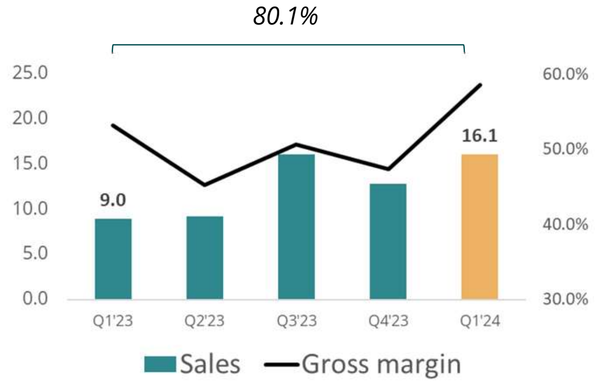


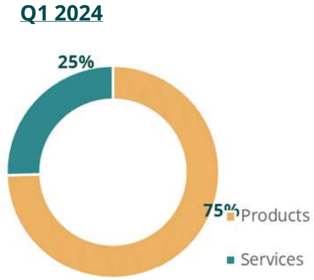


- Sales increased 9.2% compared to Q1 2023.
- The sales increase is related to both increased number of connections, price increases to compensate for inflation and higher product sales.
- The gross margin increased to 61.5% (58.6). The improved gross margin is mainly explained by efficiency improvements in service delivery.

OTHER MARKETS

Net Sales (SEKm)





- Sales increased by 80.1% compared to Q1 2023.
- Our product portfolio shows to be competitive in Germany and France, not at least our newly launched mobile alarm, Abby. The growth is also driven by Careium's updated strategy on putting more emphasis on the major-scale markets in the EU
- Gross margin increase was mainly an effect of steering of the product mix

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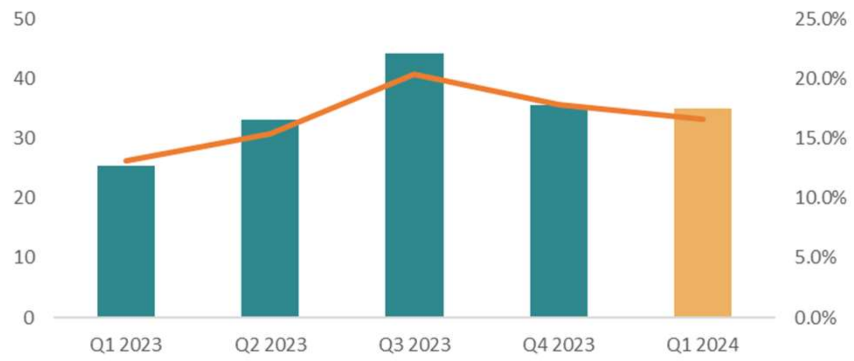
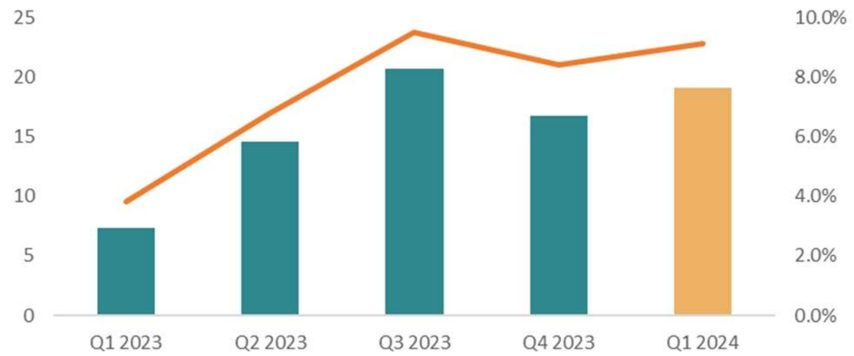
Profitability Q1 2024

- EBITDA amounted to a stable SEK 34.9 million (25.4), corresponding to an EBIDA margin of 16.6% (13.1).
- EBIT amounted to SEK 19.1 million (7.3), corresponding to a EBIT marign of 9.1% (3.8).
- The improved profitability is mainly explained by the growth in sales and the cost reductions following actions taken for a more profitable business.

EBITDA (SEKm) and EBITDA margin (%)



EBIT (SEKm) and EBIT margin (%)



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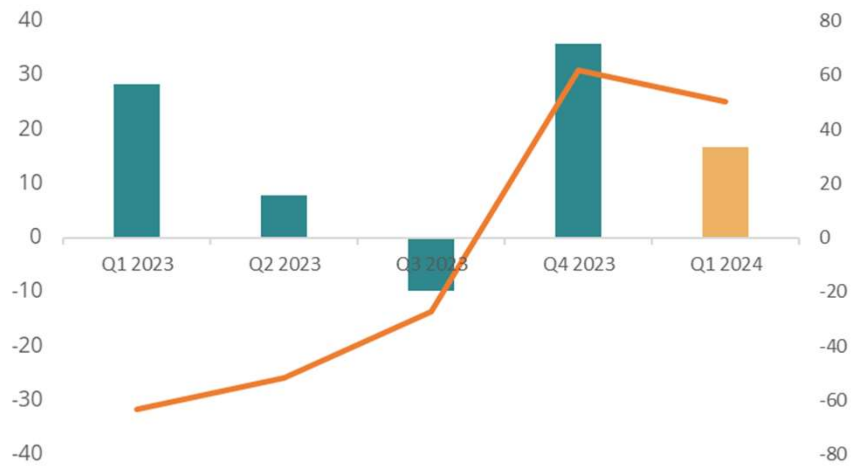
Cash Flow Q1 2024

- Cash flow from current activities during the first quarter 2024 amounted to SEK 32.9 million (37.9)
- Free cash flow of SEK 16.6 million (28.2). With the challenges posed on Q4-23 and Q1-24 from the Chinese new year, the L6M FCF as markedly improved.
- Cash totalled SEK 46.4 million (53.4) at end of the first quarter. In addition, the bank overdraft facility showed available cash of SEK 50.0 million (28.3).
- Net debt amounted to SEK 182.5 million at the end of the first quarter (223.5).

Free Cash Flow (SEKm) per Q and Rolling twelve months



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Concluding Remarks

Q1 - Positive

- In spite of a challenging January in UK, the business delivered good growth, strong profitability and positive cashflow
- Good growth in "other markets" (FRA/DACH), reflecting our increased attention to these future key regions
- Great market response to our new "Abby" mobile social alarm – Important for future mobile solutions and retail/e-com channels

Q1 - Challenges

- Suez canal issues impacting shipping times, forcing an increase in air freight and thus impacting profitability – Closely monitored and planned around

Q1 – Priorities Ahead

- Ensuring Careium captures the full value of the close-down of analogue infrastructure and migration from 2G/3G across multiple markets – Effectively delivering on our guidance
- Increase efforts in both hardware and software offering to deliver state-of-the-art innovation to the field of technology enabled care

Guidance comment: We retain our guidance of "*12-15% growth for the full year, with improved profitability vs 2023*", given the large scale of transition from older connectivity infrastructure and the slow pace of customer adoption as urgency will increase over the year

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Q&A

Next report: July 12, 2024

Disclaimer

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