



# Interim report Second Quarter 2022

July 15, 2022

Carl-Johan Zetterberg Boudrie, CEO & President



# Quarterly Highlights

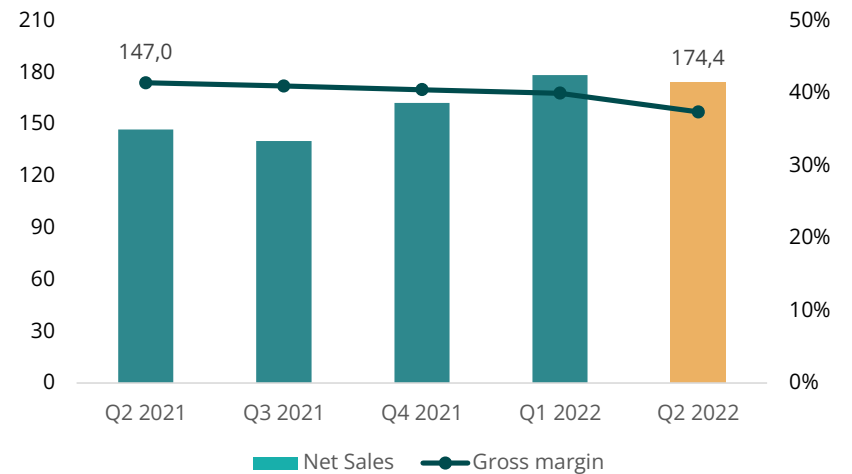
- Strong growth in the quarter and first half year
- Increasing market share in Nordic region with several new contract wins in Sweden
- Demand for our digital offering in the United Kingdom increasing, strong growth in product sales
- UK transformation progressing but still burdening the groups profitability
- Focus to restore profitability through the transformation program and other identified initiatives in the group



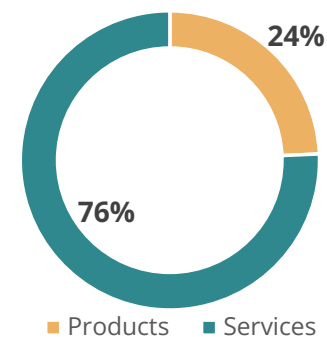
# Sales and Gross Margin Q2 2022

- Strong sales development of 18.7% supported by growth in all our main regions
- Continued organic sales growth, equal to 8.2% in the quarter, adjusted for currency effects 4.4%
- Service sales amounted to SEK 132.0 million (113.8) an increase with 16.1% compared to Q2 2021 and product sales amounted to SEK 42.4 million (33.2) an increase with 27.7% compared to Q2 2021
- Gross margin of 37.4% in the quarter (41.6 %) mainly due to increased costs for components and higher costs for service delivery in the UK
- The number of connections at the end of the period of 401,000 (368,000), an increase of 9.0%

Net Sales (SEKm) & Gross Margin (%)



Share of Net Sales, Q2'22

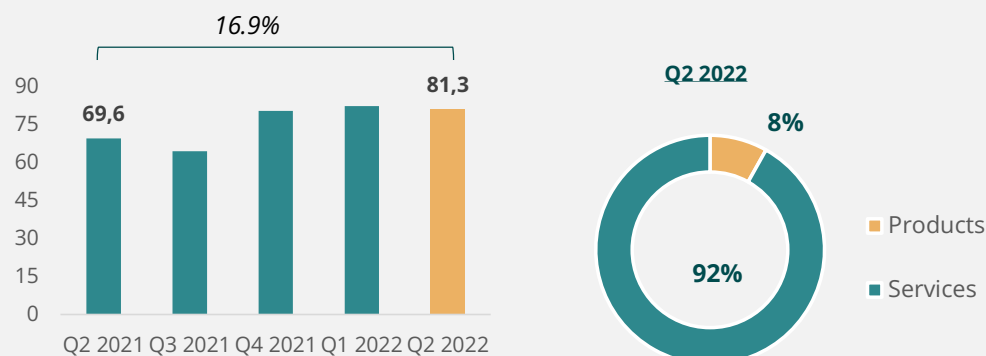




# Market Highlights – Nordic & United Kingdom

## NORDIC

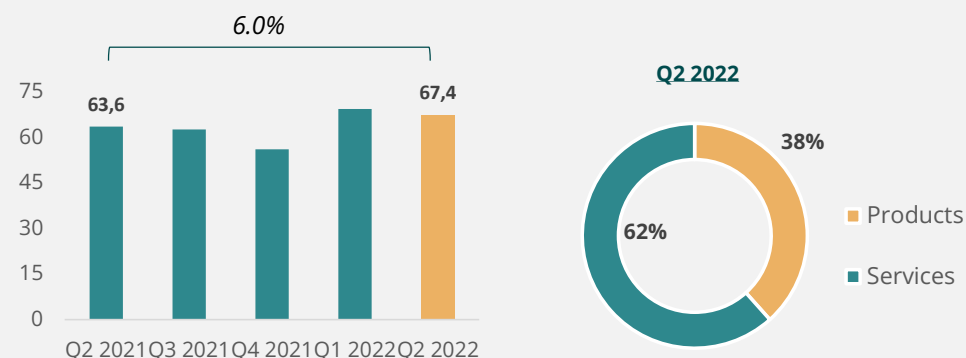
Net Sales (SEKm)



- Sales increased with 16.9% compared with Q2 2021, sales grew mainly in the Swedish market with both renewed and new contracts
- The region was affected by the pandemic in the beginning of the quarter with extra costs for maintaining quality in service delivery
- Connections at the end of the period equalled 130,500 an increase of 5.2% compared to Q2 2021

## UNITED KINGDOM

Net Sales (SEKm)

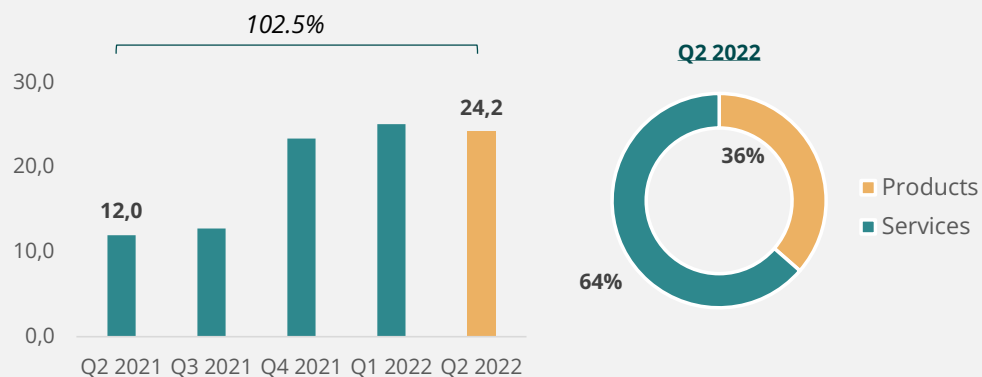


- Sales increased with 6.0% compared with Q2 2021, all from product sales which is inline with the digital transformation the region is undergoing
- Continued work on the restructuring of the region to improve quality and efficiency, full effect during the second half of the year
- Connections at the end of the period equalled 241,900 a decrease of 0.9% compared to Q2 2021, due to lost contracts

# Market Highlights – Central Europe & Other Markets

## CENTRAL EUROPE

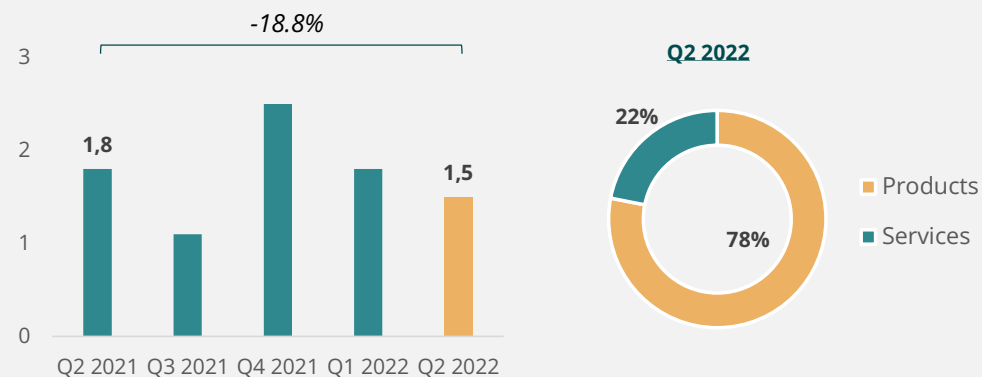
Net Sales (SEKm)



- Sales increased with 102.5% compared to Q2 2021
- Service sales increased due to the acquisition of Innocom in the Netherlands last year
- The number of connections at the end of the period equalled 28,600

## OTHER MARKETS

Net Sales (SEKm)

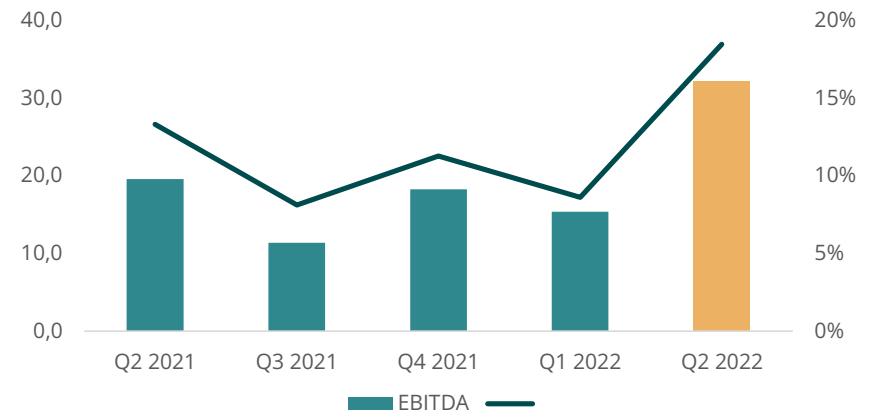


- Sales decreased with 18.8% compared to Q2 2021
- Growth mainly driven by product sales in France

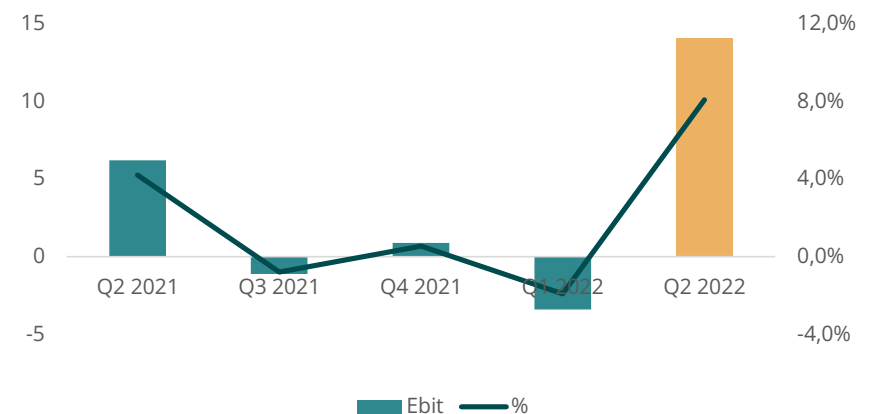
# Profitability Q2 2022

- Adjusted EBITDA amounted to SEK 32.2 million (19.6), including restructuring cost EBITDA amounted to SEK 31.6 million (19.4)
- Adjusted EBIT amounted to SEK 14.1 million (6.2), including restructuring cost EBIT amounted to SEK 13.5 million (6.0)
- The improved profitability is explained by SEK 27.8 million relating to the revaluation of estimated additional purchase price for the acquisition of Victrix, reported as other income
- EBIT was negatively affected by SEK -0.6 million in restructuring costs and SEK -6.8 million from items affecting comparability
- Costs affecting comparability is mainly related to the transformation of UK and includes closing down offices, severance pay, costs for implementing a common system for the service delivery, and costs for reorganization of operations
- EBIT excluding revaluation and transformation costs amounted to SEK -6.9 million in the quarter

Adjusted EBITDA (SEKm)



Adjusted EBIT (SEKm)



# UK Restructuring & Restoring Profitability

**The restructuring of the UK operations, which began in the fourth quarter of 2021, aims to complete the integration of the company's acquisitions and create long-term profitability.**

- Ambition to improve profitability with approximately SEK 35-40 million on yearly basis
- Estimated transformation costs of SEK 15-20 million during 2022 (excluding write-downs of accounts receivable). SEK 7.4 million affecting Q2 and SEK 19.8 million for the first half year.
- To reach the saving target we will, among other activities, merge the business to one legal entity, reallocate and close down offices, increase efficiency in the contact centre and field services, implement one common system for our service delivery, implement a new system for our private pay billing and increase efficiency in administration.
- Focus in the quarter have been to further ensure a strong foundation for improved service delivery and service efficiency in the second half of the year

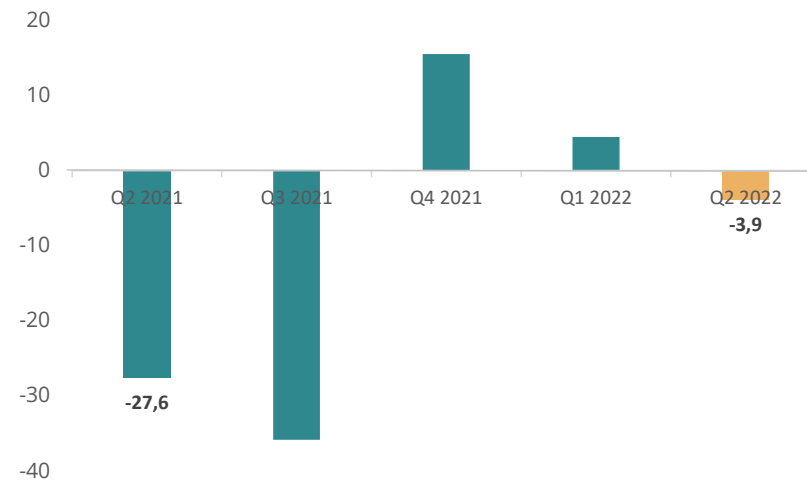
## **Restoring profitability in the group:**

- In addition to the transformation program, initiatives to strengthen the profitability have been identified in the rest of the Group
- This includes measures to both improve gross profit margin as well as reduce operating costs
- Including the UK restructuring we expect to increase operating profit by SEK 60-80 million on annual basis with total transformation costs of SEK 25-30 million.

# Cash Flow Q2 2022

- Cash flow from current activities during the first quarter amounted to SEK 10.3 million (-13.1). The increase is mainly due to a positive change in working capital compared to Q2 2021
- Free cash flow of SEK -3.9 million (-27.6)
- Equity ratio of 56.1 percent (54.7)
- Net debt amounted to SEK 167.1 million at the end of the second quarter, compared with a net debt of SEK 158.4 million at the end of the previous quarter and a net debt of SEK 157.7 million at the end of the second quarter of 2021

Free Cash Flow (SEKm)





# Concluding Remarks

## Q2 - Positive


- Continued strong sales with good organic growth
- Increasing market share in Nordic region with several new contract wins in Sweden
- Demand for our digital offering in the United Kingdom, strong growth in product sales

## Q2 - Challenges

- UK transformation progressing but still burdening the groups profitability
- Increased costs for components and service delivery, mainly in the UK, burdening gross profit margin
- The Nordics was affected by the pandemic in the beginning of the quarter with extra costs for maintaining quality in service delivery

## Q2 - Priorities Ahead

- Finalize the transformation program to improve quality and efficiency in the UK
- Work with initiatives to return to profitability
- Continue to carry out our strategy and purpose to become the market leader in technology enabled care in Europe



Q&A

Next report: October 21, 2022

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