



Interim report Second Quarter 2023

14 July 2023

Christian Walén, CEO & President



Quarterly Highlights

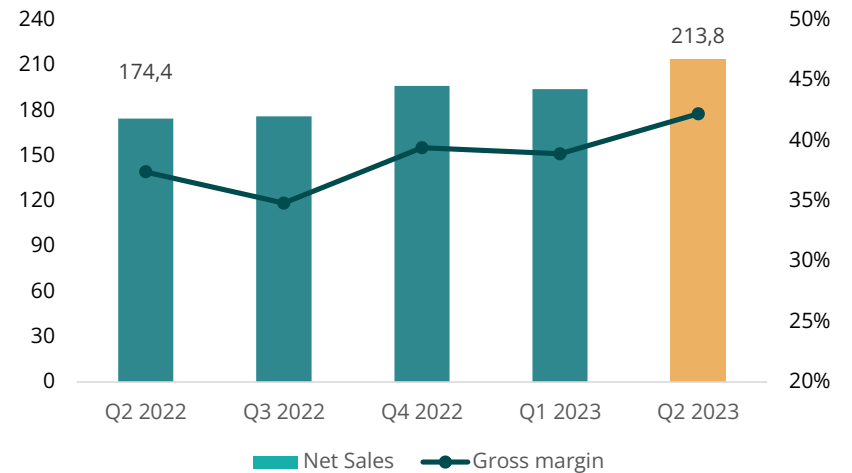
- Strong quarter across sales and EBIT in terms of underlying non-adjusted performance, reflecting a clear connection between action programmes and outcome
- Continued success in winning and implementing new contracts in Sweden and strong product sales across the UK driven by the transition to digital
- Hive-up in the UK complete, with four acquisitions rolled into one company – Careium UK Ltd. Forming a new foundation to drive development and efficiencies across our UK operation.
- Exciting launch for Q3 – The Abby, a key component of the portfolio with increased data generation and a stronger position across our B2C markets



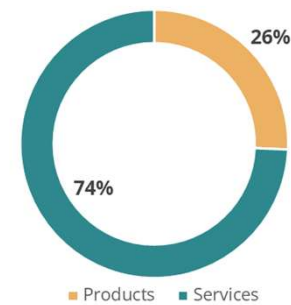
Sales and Gross Margin Q2 2023

- Continued organic sales growth of 22.6%, adjusted for currency effect growth amounted to 18.8%.
- Service sales amounted to SEK 158.9 million (132.0) an increase of 20.3% compared to Q2 2022 and product sales amounted to SEK 54.9 million (42.4) an increase of 29.5%.
- Gross margin of 42.2% in the quarter (37.4%). The positive gross margin development explained by lower cost for service delivery in the alarm receiving centres and more favorable exchange rates relations between GBP and EUR versus USD.

Net Sales (SEKm) & Gross Margin (%)



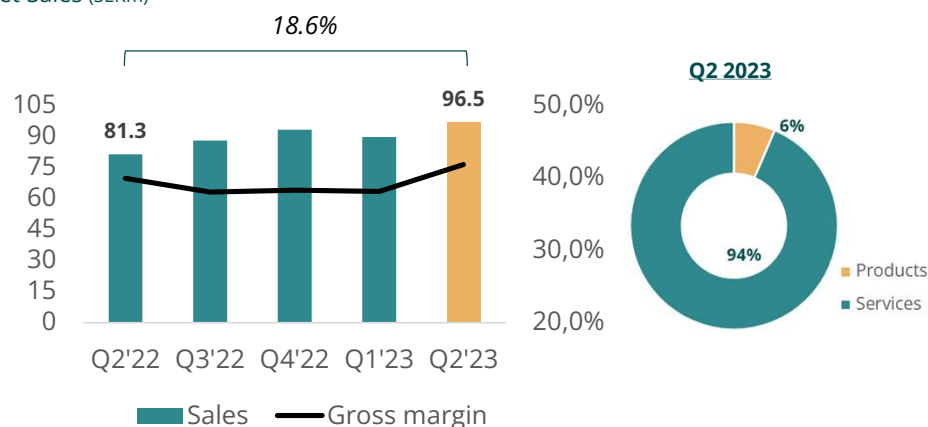
Share of Net Sales, Q2'23



Market Highlights – Nordic & United Kingdom

NORDIC

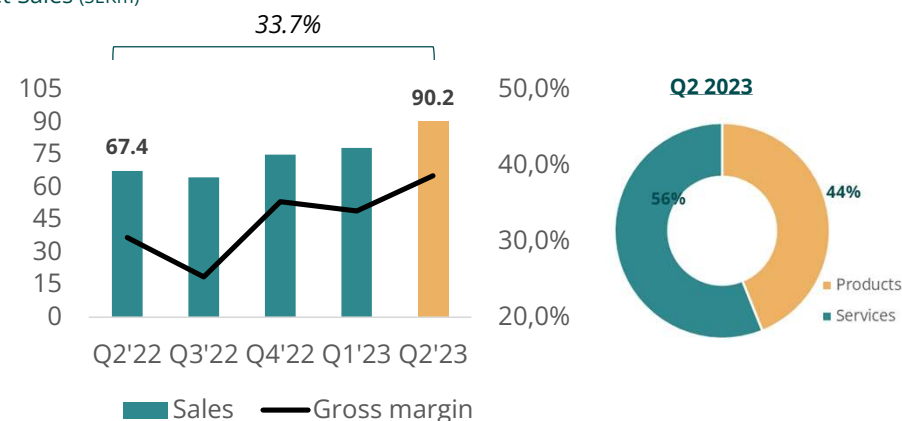
Net Sales (SEKm)



- Sales up 18.6% compared to Q2 2022.
- Several new contracts implemented in the quarter increasing services sales by 20.8%
- Good performance in service delivery following efficiency measures taken, which explains the uptake in Gross margin.

UNITED KINGDOM

Net Sales (SEKm)

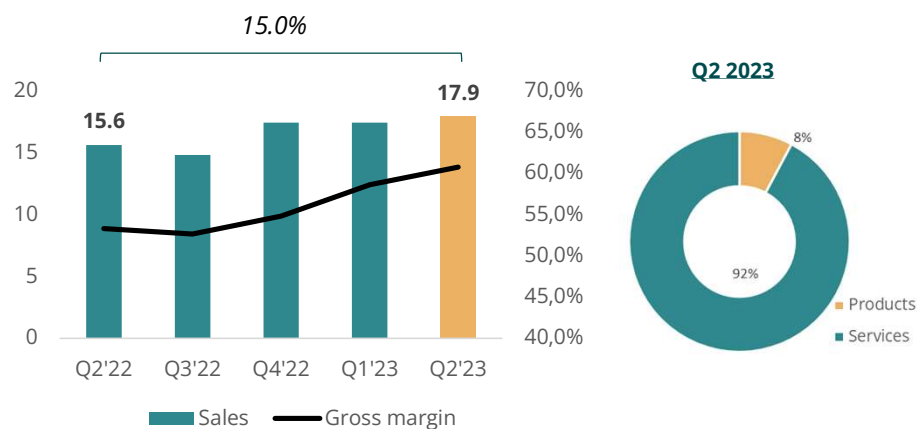


- Sales up 33.7% compared to Q2 2022.
- Product sales up 52.9% compared to Q2 2022. The digital transformation continues to increase demand for Careium's digital devices.
- Gross margin in the quarter was 38.6 percent (30.5). The activities to improve efficiency in the service delivery showed effect the quarter and profitability on product sales improved mainly due to the strengthened GBP in relation to USD.

Market Highlights – Netherlands & Other Markets

NETHERLANDS

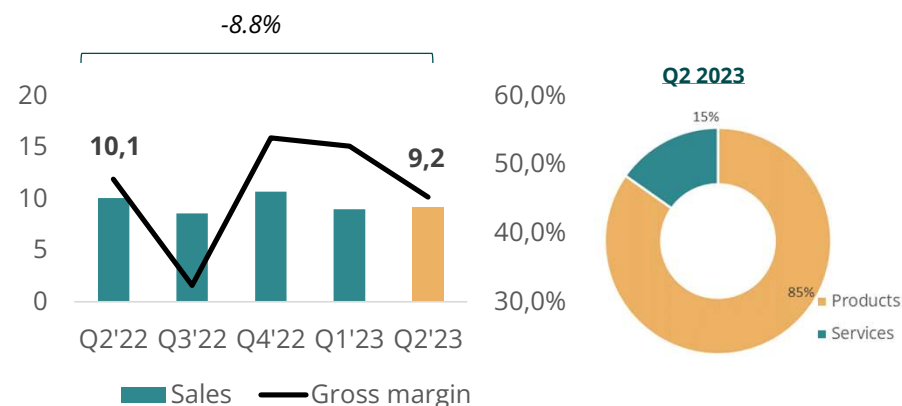
Net Sales (SEKm)



- Sales up 15.0% compared to Q2 2022.
- Service sales increased mainly due to the increase in number of connections and better customer mix.
- The improved gross margin is mainly explained by specific customer projects in the quarter.

OTHER MARKETS

Net Sales (SEKm)

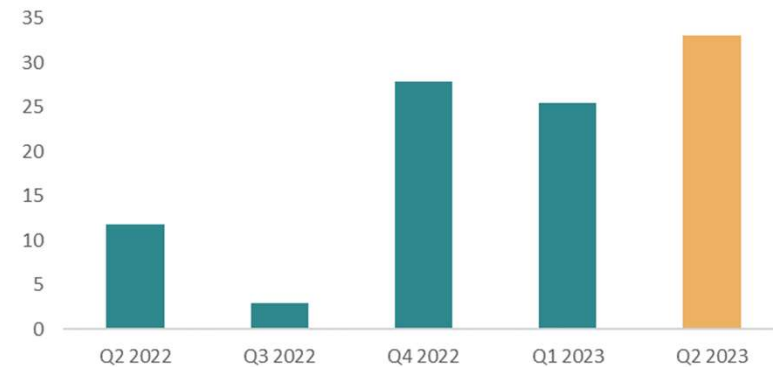


- Sales decreased by -8.8% compared to Q2 2022.
- Sales in the market is mainly driven by product sales in Germany and France.
- Gross margin decreased due to change in product mix.

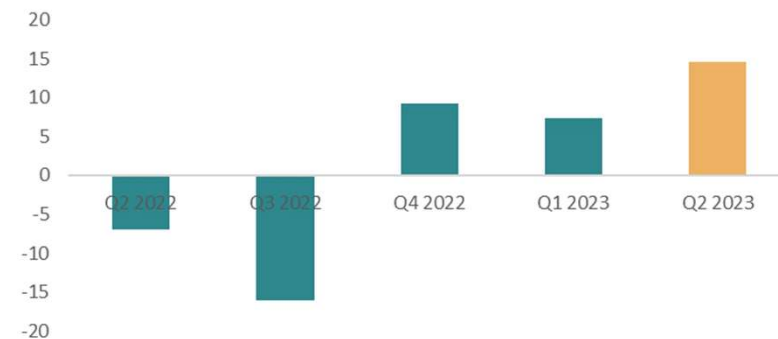
Profitability Q2 2023

- EBITDA amounted to SEK 33.0 million (32.2). EBITDA in Q2 2023 was not affected by any restructuring costs or non-recurring items (last year EBITDA was positively affected by SEK 20.4m).
- EBIT amounted to SEK 14.6 million (13.5). EBIT in Q2 2023 was not affected by any restructuring costs or non-recurring items (last year the EBIT was positively affected by SEK 20.4m).
- The improved profitability is mainly explained by the growth in sales and the cost reductions following the action program put in place last year.

EBITDA excluding restructuring costs and non-recurring items (SEKm)



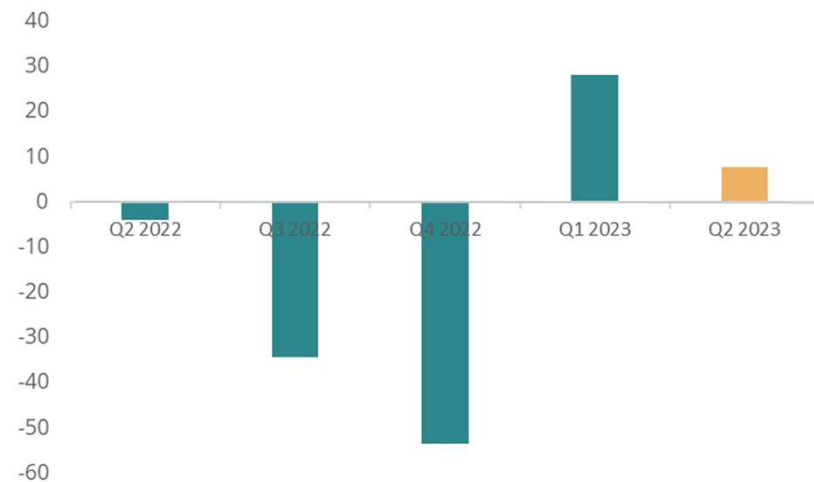
EBIT excluding restructuring costs and non-recurring items (SEKm)



Cash Flow Q2 2023

- Cash flow from current activities during the second quarter 2023 amounted to SEK 18.5 million (10.3)
- Free cash flow of SEK 7.7 million (-3.9).
- Cash totalled SEK 53.7 million (83.9) at end of the second quarter. In addition, the bank overdraft facility showed available cash of SEK 35.2 million (0).
- Net debt amounted to SEK 216.8 million at the end of the second quarter, compared to a net debt of SEK 223.7 million at the end of the previous quarter and a net debt of SEK 167.1 million at the end of the second quarter of 2022.
- At the end of the second quarter, Careium complies with the waiver, as well as original covenants in the bank facility agreement.

Free Cash Flow (SEKm)



Concluding Remarks

Q2 - Positive


- Strong quarter across sales & EBIT
- Strong gross margin due to efficiency measures in alarm receiving centres and favourable exchange rates.
- Delivered free cash flow of SEK 7.7 million.

Q2 - Challenges

- OPEX burdened by additional costs related to changes (Hive-up, etc)
- Seasonality effects evident at end of the quarter – Increased focus on sales activity prior to holidays
- Multiple outages across connectivity providers in markets and across the EU

Q2 – Priorities Ahead

- Continued review of the UK operation following the hive-up to drive greater efficiencies
- Additional attention to inventory management, associated processes & systems and cash flow impact
- Final-stage launch planning, testing, etc for commercial launch of the Abby



Q&A

Next report: October 26, 2023

Disclaimer

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