



# Interim report Third Quarter 2022

October 21, 2022

Carl-Johan Zetterberg Boudrie, CEO & President



# Quarterly Highlights

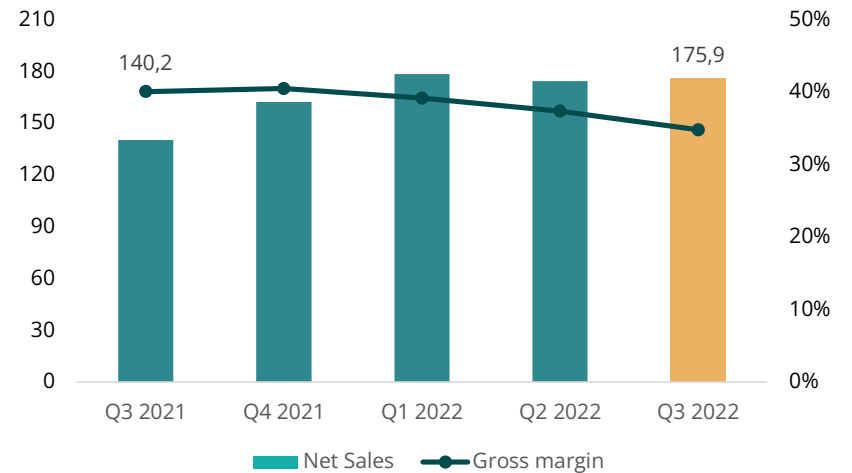
- Strong growth in the quarter and first nine months
- Continued success in winning and implementing new contracts in Sweden
- Strong product sales in in the United Kingdom with good demand for our digital offering
- Launch of the i-care® plus app which connects users, care providers and relatives.
- UK transformation progressing but not satisfactory why still a clear burden to the overall profitability
- Focus will continue to be the transformation of the UK operations and ensuring performance improvements in the rest of the group



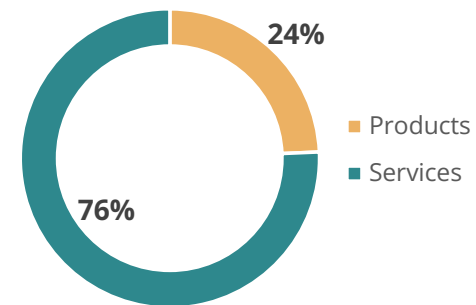
# Sales and Gross Margin Q3 2022

- Strong sales development of 25.5% supported by growth in all our regions
- Continued organic sales growth, equal to 18.6% in the quarter, adjusted for currency effects 15.0%
- Service sales amounted to SEK 134.3 million (111.5) an increase with 20.4% compared to Q3 2021 and product sales amounted to SEK 41.7 million (28.7) an increase with 45.2% compared to Q3 2021
- Gross margin of 34.8% in the quarter (40.1 %) mainly due to high costs in the UK operations, to ensure quality in service delivery
- The number of connections at the end of the period of 407,400 (389,800), an increase of 4.5%

Net Sales (SEKm) & Gross Margin (%)



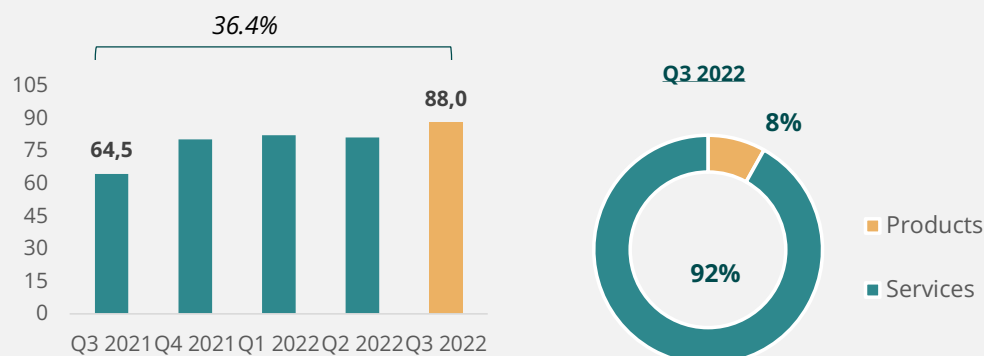
Share of Net Sales, Q3'22



# Market Highlights – Nordic & United Kingdom

## NORDIC

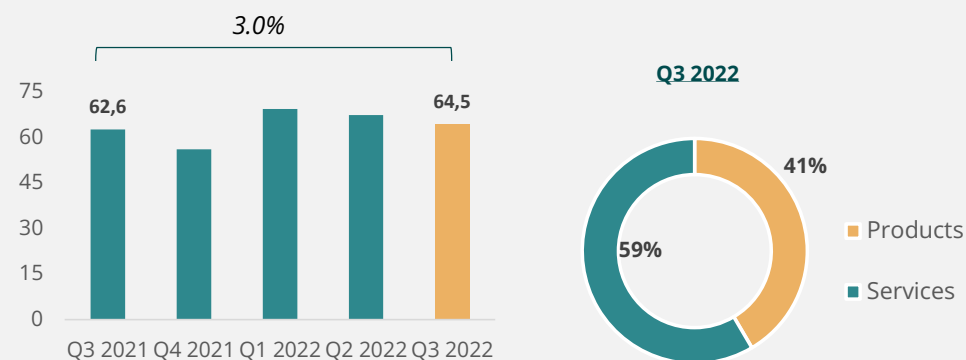
Net Sales (SEKm)



- Sales increased with 36.4% compared with Q3 2021, sales grew mainly in the Swedish market with implementation of new contracts
- Sales of services in Norway increased compared to last year with higher activity in existing contracts, but still low tender activity in the quarter
- Connections at the end of the period equalled 134,600 an increase of 10.4% compared to Q3 2021

## UNITED KINGDOM

Net Sales (SEKm)

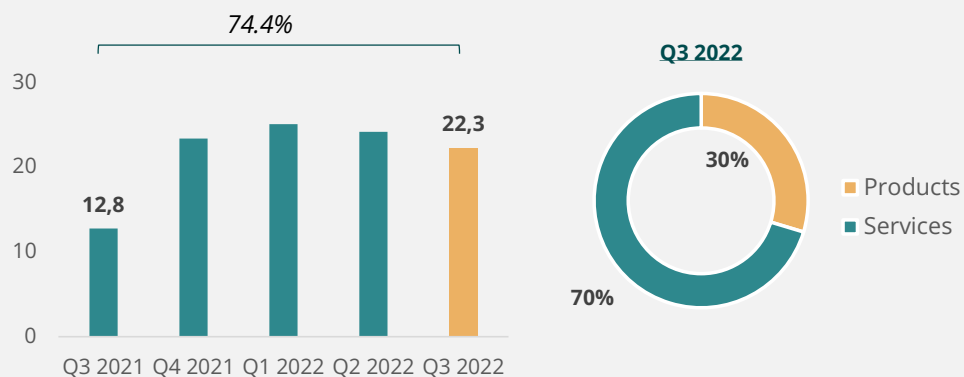


- Sales increased with 3.0% compared with Q3 2021, supported by good product sales inline with the digital transformation in the region
- Continued work on the restructuring of the region to improve quality and efficiency, efforts are taking longer than expected
- Connections at the end of the period equalled 243,900 an increase of 1.3% compared to Q3 2021

# Market Highlights – Central Europe & Other Markets

## CENTRAL EUROPE

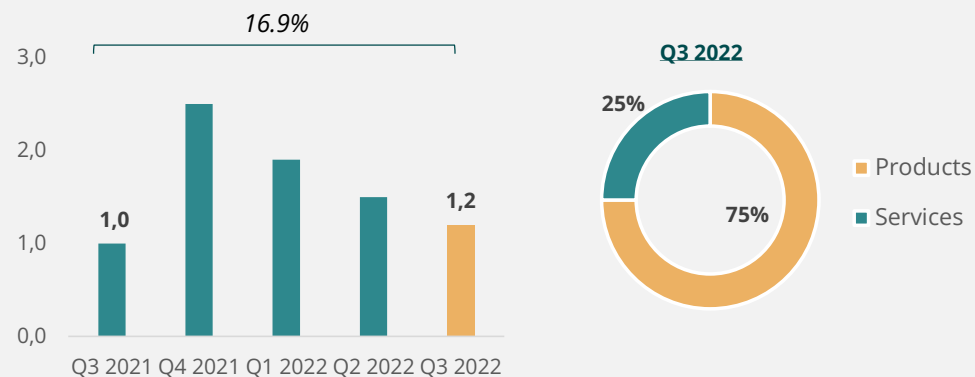
Net Sales (SEKm)



- Sales increased with 74.4% compared to Q3 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 28,900

## OTHER MARKETS

Net Sales (SEKm)

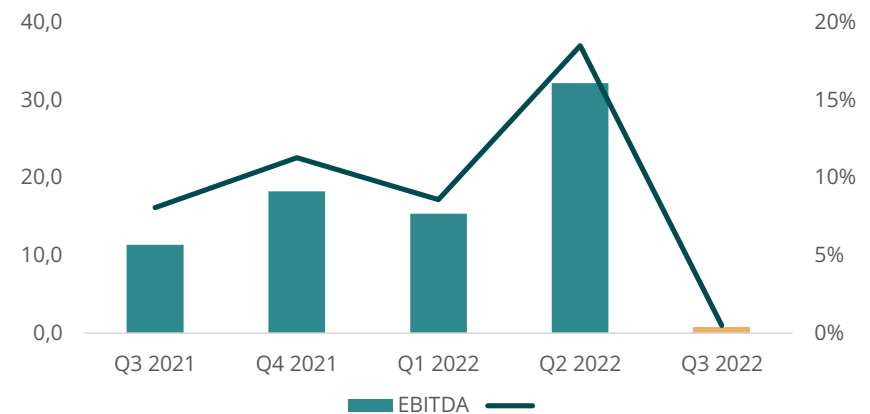


- Sales decreased with 16.9% compared to Q3 2021
- Growth mainly driven by product sales in France

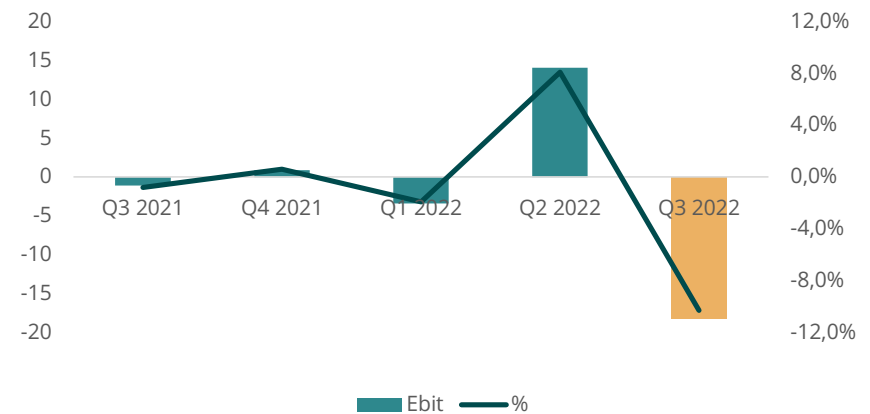
# Profitability Q3 2022

- Adjusted EBITDA amounted to SEK 0.8 million (11.4), including restructuring costs EBITDA amounted to SEK 0.8 million (10.4)
- Adjusted EBIT amounted to SEK -18.2 million (-1.1), including restructuring cost EBIT amounted to SEK -18.2 million (-2.1)
- EBIT was negatively affected by SEK -2.2 million from items affecting comparability
- Costs affecting comparability is mainly related to the transformation in United Kingdom

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 2.2 million affecting Q3 and SEK 22.1 million for the first nine months.
- 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 move all activities to one office and contact centre in the north of England

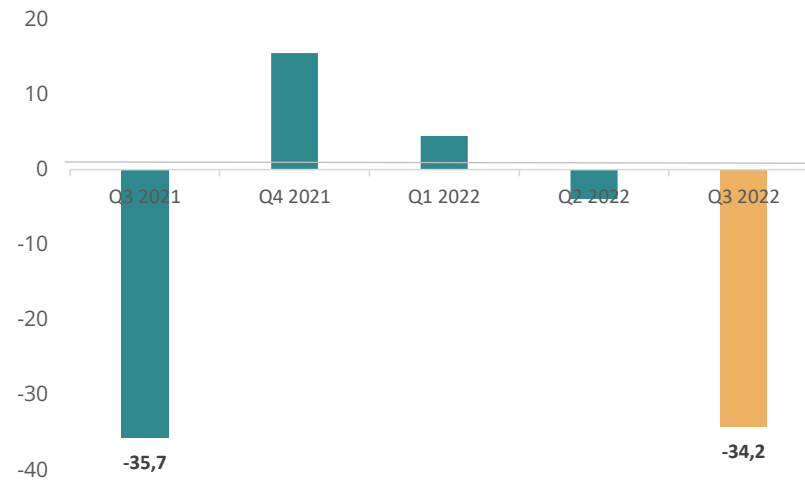
## **Restoring profitability in the group:**

- 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 Q3 2022

- Cash flow from current activities during the third quarter amounted to SEK -20.8 million (-25.8). The increase is mainly due to a positive change in working capital compared to Q3 2021
- Free cash flow of SEK -34.2 million (-35.7)
- Equity ratio of 56.0 percent (57.4)
- Net debt amounted to SEK 204.8 million at the end of the third quarter, compared with a net debt of SEK 167.1 million at the end of the previous quarter and a net debt of SEK 191.0 million at the end of the third quarter of 2021

Free Cash Flow (SEKm)





# Concluding Remarks

## Q3 - Positive


- Good sales with strong organic growth
- We continued to win and implement new contracts in Sweden, achieve high sales growth in the Nordic region
- Strong product sales in the United Kingdom, good demand for our digital offering

## Q3 - Challenges

- Challenges in the United Kingdom continued to disappoint and still burdens the groups profitability
- High costs in UK operations, to ensure quality and service delivery, impacted gross profit margin negatively

## Q3 - Priorities Ahead

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



Q&A

Next report: February 16, 2023

# Disclaimer

This presentation includes forward-looking information and statements including statements concerning the outlook for our businesses. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance, including global economic conditions, and the economic conditions of the markets for Careium. These expectations, estimates and projections are generally identifiable by statements containing words such as “expects,” “believes,” “estimates,” “targets,” “plans,” “outlook,” “on track,” “framework” or similar expressions.

Careium provides financial information adjusted for items such as currency effects and one-off cost items solely as supplemental financial information to help investors and the financial community make meaningful comparisons of Careium’s operating results from one financial period to another. These adjustments might not be in accordance with IFRS.



careium

