



Interim report First Quarter 2022

April 29, 2022

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Quarterly Highlights

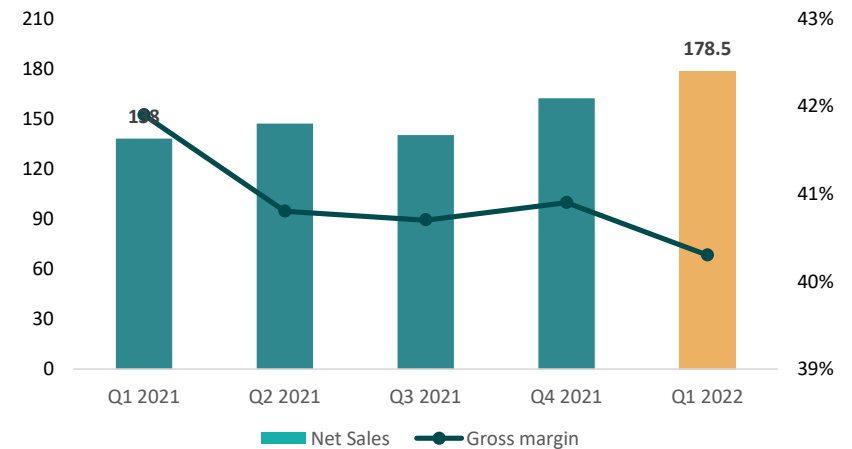
- Strong organic growth in the quarter of 18.4 percent, adjusted for currency 13.6 percent
- Launched several new products – Eliza S, Smoke detector i10 and more
- First external version of our platform ready for customers
- UK restructuring progressing with several activities completed in the quarter



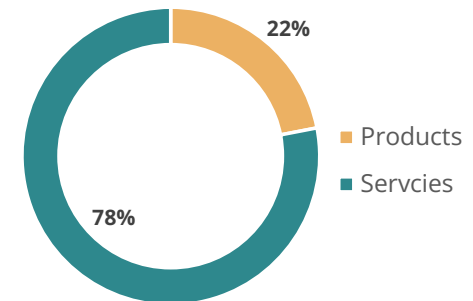
Sales and Gross Margin Q1 2022

- Strong sales development of 29.4 % supported by growth in all regions
- Continued organic sales growth, equal to 18.4 % in the quarter
- Service sales amounted to SEK 139.4 million (112.6) an increase with 23.8 % compared to Q1 2021 and product sales amounted to SEK 39.1 million (25.4) an increase with 54.2 % compared to Q1 2021
- Gross margin of 39.2 % in the quarter (41.9 %) despite increased costs for components and service delivery in the wake of the pandemic
- The number of connections at new all time high at the end of the period of 401,000 (371,000), an increase of 8.1 %

Net Sales (SEKm) & Gross Margin (%)



Share of Net Sales, Q1'22



New products launched

- During the quarter, we launched several new products, including smart detectors for a safer environment in the home, but also our welfare hub Eliza S
- Eliza S is a slim version of Careium's flagship - the digital welfare hub Eliza. It is developed and built on the same powerful platform and is compatible with sensors for today's and future technology enabled care.



SMOKE-detector i10



HEAT-detector i10



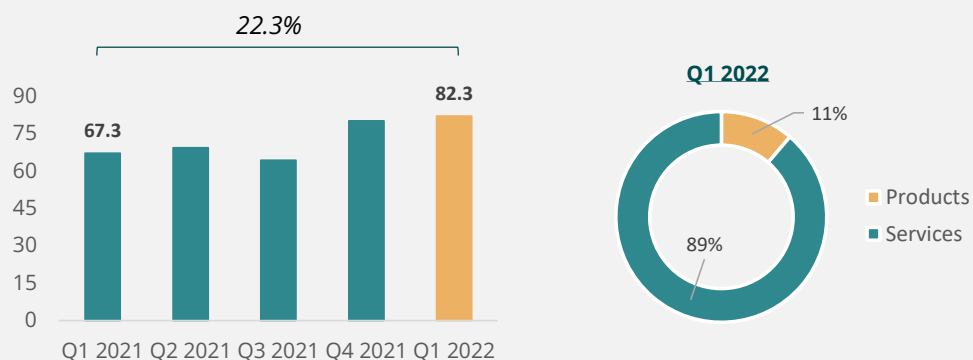
CO-detector i10



Market Highlights – Nordic & United Kingdom

NORDIC

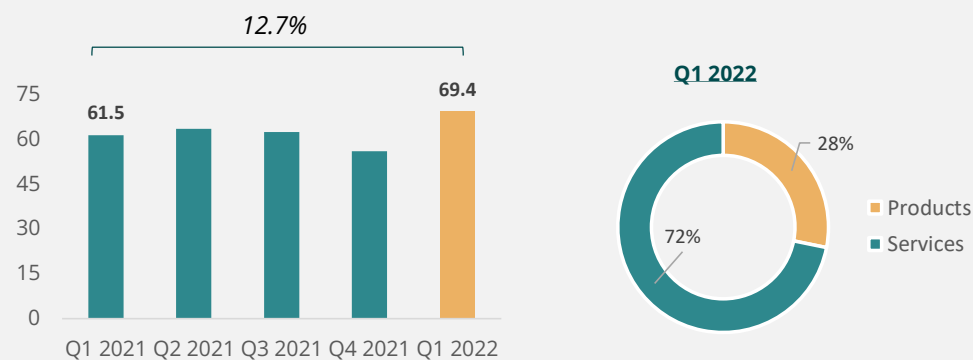
Net Sales (SEKm)



- Sales increased with 22.3 % compared with Q1 2021, services sales increased with 19.0 % and product sales with 57.0 %
- Implemented several new contracts in the quarter
- Service delivery still impacted by the pandemic with high sickness in our alarm receiving centres
- Connections at the end of the period equalled 128,900 an increase of 5.1 % compared to Q1 2021

UNITED KINGDOM

Net Sales (SEKm)

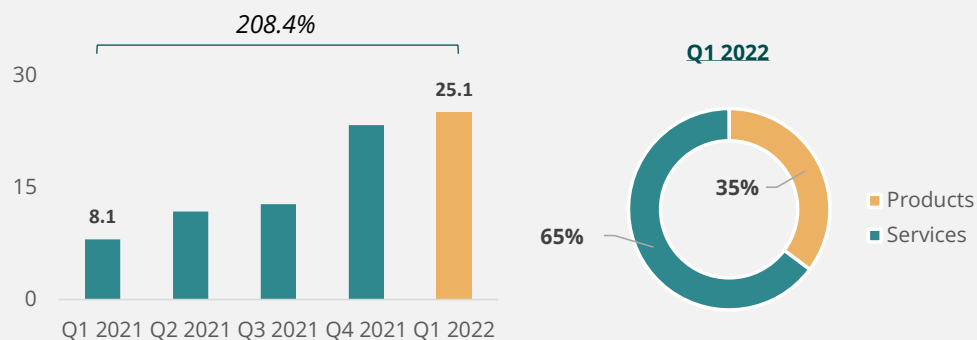


- Sales increased with 12.7 % compared with Q1 2021, service sales decreased with 2.5 % and products sales increased with 87.8 %
- Continued work on the restructuring of the region, including strengthened management team and consolidation of offices
- Connections at the end of the period equalled 244,100 a decrease of 1.6 % compared to Q1 2021

Market Highlights – Central Europe & Other Markets

CENTRAL EUROPE

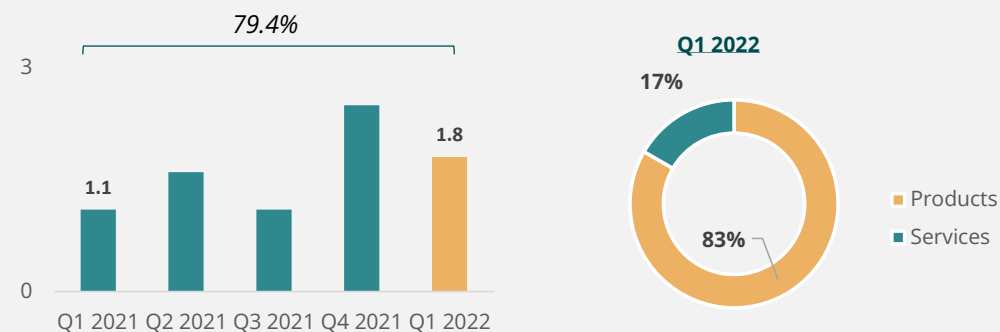
Net Sales (SEKm)



- Sales increased with 208.4 % compared to Q1 2021
- Service sales increased due to the acquisition of Innocom in the Netherlands
- The number of connections at the end of the period equalled 28,300

OTHER MARKETS

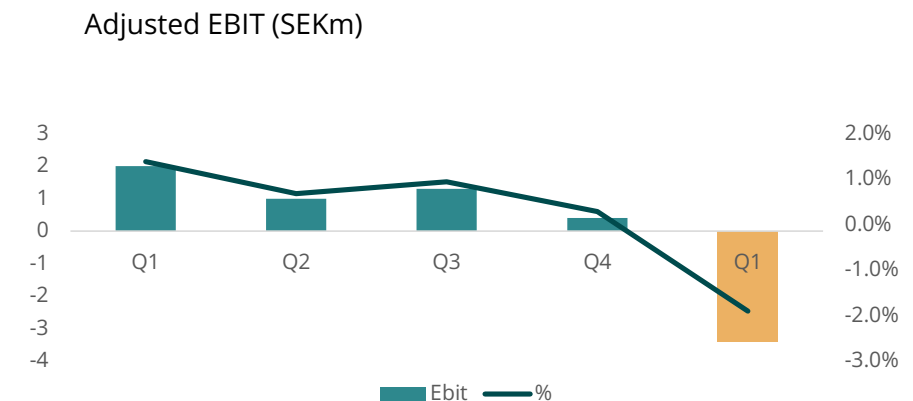
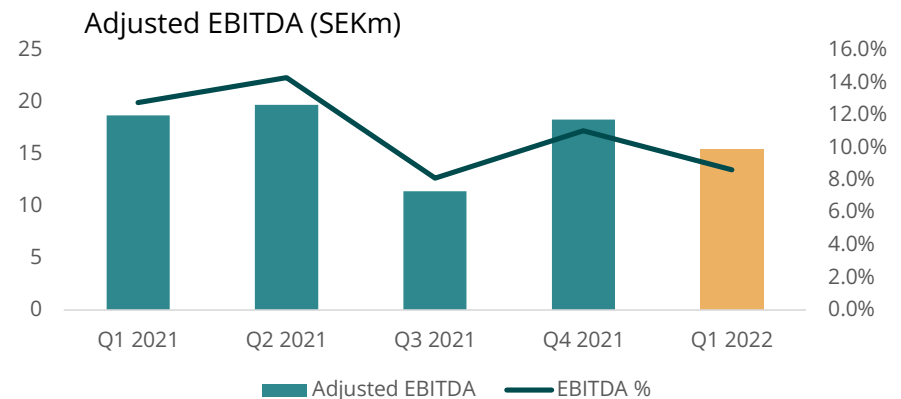
Net Sales (SEKm)



- Sales increased with 79.4 % compared to Q1 2021
- Growth mainly driven by product sales in France

Profitability Q1 2022

- Adjusted EBITDA amounted to SEK 15.4 million (18.8), including restructuring cost EBITDA amounted to SEK -5.4 million (18.5)
- Adjusted EBIT amounted to SEK -3.4 million (5.5), including restructuring cost EBIT amounted to SEK -24.3 million (5.2)
- The lower profitability is mainly explained by the restructuring of United Kingdom with restructuring costs of SEK 20.9 million and costs affecting comparability of SEK 6.9 million
- Costs affecting comparability includes write down of accounts receivable, consolidation of offices, severance pay from change of management team in the region and costs for implementing a common system in the service delivery in order to produce synergies from the acquisitions.



UK Restructuring

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). 12,4 million affecting Q1 and the rest of the restructuring costs planned for Q2 and Q3.
- 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.

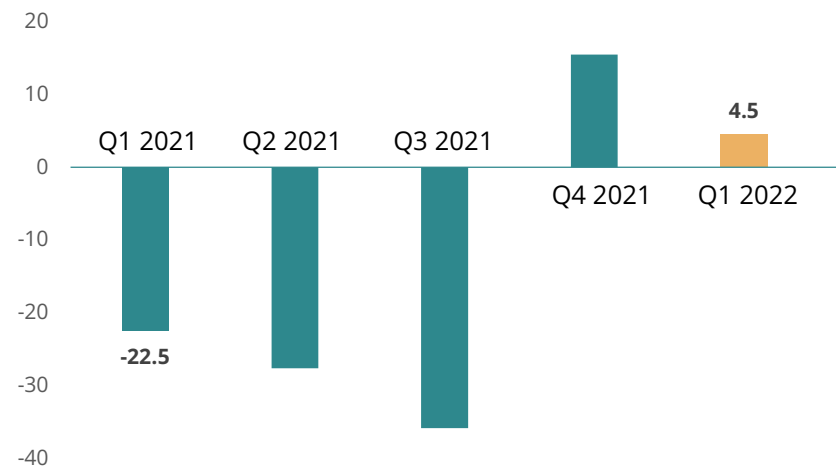
Activities carried out during Q1:

- Consolidation of offices resulting in less sites.
- Implementation of one common system for the service delivery.
- Strengthened the management team with a new sales manager and operations manager.
- Write down of accounts receivable of SEK 15 million after a review of the balance sheet

Cash Flow Q1 2022

- Cash flow from current activities during the first quarter amounted to SEK 22.1 million (-14.4)
- Positive change in working capital compared to Q1 2021
- Free cash flow of SEK 4.5 million (-22.5)
- Equity ratio of 54.1 percent (62.1)
- Net debt amounted to SEK 158.4 million at the end of the first quarter, compared with a net debt of SEK 149.7 million at the end of the previous quarter and a net debt of SEK 109.8 million at the end of the first quarter of 2021.

Free Cash Flow (SEKm)



Concluding Remarks

Q1 - Positive

- Strong sales with good organic growth
- Gross margin maintained despite increased costs for components and service delivery
- Launched several new products, smart detectors for a safer environment in the home, and our welfare hub Eliza S
- Our platform ready for deployment at external customers, market activities initiated

Q1 - Challenges

- Development in UK, challenges with low profitability and synergy extraction from the acquisitions
- Increased costs for components and service delivery
- Non comparable items affecting Q1 result including write down of accounts receivable in UK

Q1 - Priorities Ahead

- Reverse development in the UK, return to solid profitability and finalize the restructuring of the region
- Broaden our offering, build presence in Assisted Living
- Continue to carry out our strategy and purpose to become the market leader in technology enabled care in Europe



Q&A

Next report: July 15, 2022

Disclaimer

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