



The pandemic gave Hövding a rude awakening and the company realized that it needed to become more efficient and quicker to adjust when unexpected shocks to the market occurs. This has led to insights and the company is said to have changed the path moving forward. An example is how the company is targeting a new market, Norway.

### Entering the Norwegian market as a pilot project

During the second quarter, the company launched a pilot project for entering the Norwegian market. Before, Hövding had used a partner for entering the Norwegian market but now decided to run the show by themselves. This step was done from a distance, using online meetings to educate and train sales staff in retail stores. By moving the educational process online from physical meetings, the company saves resources both in the form of time and travel costs. It is also significantly more efficient; before one sales representative could visit and train two stores in one day, but online they can meet six stores per day, which enables a faster expansion.

Hövding has a stated strategy to target the biggest cities first when expanding into new markets. The Norwegian market is an exception in this respect due to its small population. However, the approach used when entering of the Norwegian market might be used as an example for how to enter markets moving forward.

### Q2 figures in line with expectations

Looking at the outcome of the second quarter, the results were overall on par with our expectations (see Table 2 below). The number of Sold units came in roughly 2 500 higher than we had estimated which led to the COGS also coming in higher than expected. The gross margin came in at 24.1 percent, higher than our estimate of 22.4 percent. There were several contributing factors that boosted the gross margin during the quarter, making it the highest since the launch of the Hövding 3. These factors include an increasing proportion of online sales and a stronger tilt towards the Swedish market where most sales are done through retailers and not distributors.

Both Personnel and Other Operating Expenses came in somewhat higher than we had foreseen, leading to the Net Loss coming in slightly higher than our expectation. This also impacts the cash situation in the company which was SEK 4.4 million lower than we had foreseen. Aside from the lower than expected result, the cash balance was affected by both the warranty expense and the working capital differing from our estimates. However, since the end of Q2 the company completed a right issue strengthening the cash balance greatly.

**Table 2: Estimates vs actual, Q2 2020**

| kSEK                          | Q2 '19          | Q2 '20est       | Q2 '20act       | Diff    |
|-------------------------------|-----------------|-----------------|-----------------|---------|
| Sold units                    | 18 435          | 18 000          | 20 475          | 2 475   |
| Net Revenues                  | 28 229          | 27 815          | 33 493          | 5 678   |
| Other Revenues                | 30              | 35              | 852             | 817     |
| <b>Total Revenues</b>         | <b>28 259</b>   | <b>27 851</b>   | <b>34 345</b>   | 6 494   |
| Cost of Goods Sold            | (20 122)        | (21 619)        | (25 410)        | (3 791) |
| Personnel Expenses            | (8 808)         | (6 992)         | (8 632)         | (1 640) |
| Other Operating Expenses      | (13 336)        | (8 347)         | (9 845)         | (1 498) |
| <b>Total OPEX</b>             | <b>(42 266)</b> | <b>(36 958)</b> | <b>(43 887)</b> | (6 929) |
| <b>EBITDA</b>                 | <b>(14 007)</b> | <b>(9 107)</b>  | <b>(9 542)</b>  | (435)   |
| Amortisation and Depreciation | (538)           | (887)           | (1 194)         | (307)   |
| <b>EBIT</b>                   | <b>(14 545)</b> | <b>(9 994)</b>  | <b>(10 736)</b> | (742)   |
| Net Financial Items           | 1               | -               | (82)            | (82)    |
| <b>EBT</b>                    | <b>(14 544)</b> | <b>(9 994)</b>  | <b>(10 818)</b> | (824)   |
| <b>Net Profit</b>             | <b>(14 544)</b> | <b>(9 994)</b>  | <b>(10 818)</b> | (824)   |
| Cash and Equivalents          | 38 246          | 15 394          | 10 927          | (4 467) |
| Total Equity                  | 36 813          | 6 690           | 5 866           | (824)   |

Source: Västra Hamnen Corporate Finance

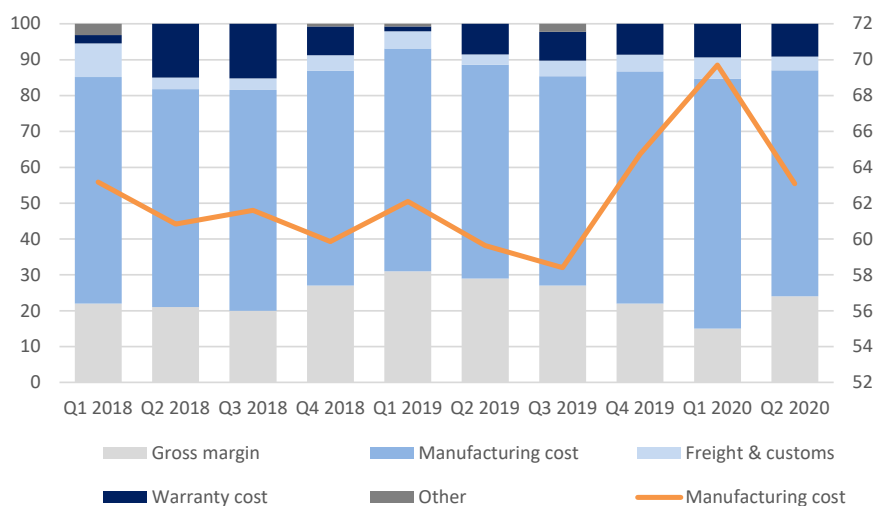
### We expect the gross margin to increase over time

As stated above, the gross margin in Q2 came in better than expected and in our valuation model we have modelled an increasing gross margin in the coming quarters. We believe that the company is on track toward realizing that projection with the sales becoming more tilted toward high margin sales areas. The company's product is maturing in the market which may contribute to more higher margin online sales, since customers are becoming more comfortable with a direct contact with the company. To exploit this trend further, the company has launched a money-back campaign when a purchase is done through Hövding's web shop. The offer allows customers to return their Hövding within three months if they are not entirely happy with the product and, so far, there have been few returns, which proves that the strategy is working.

### Manufacturing cost declining

In Figure 1 below, we have broken down the components driving the gross margin. In the second quarter, the gross margin stood at its highest since the launch of Hövding 3. However, it has not reached the same levels as Hövding 2.0 did during its best quarters. This might have to do with the higher manufacturing cost of the Hövding 3 compared to its predecessor, due to features such as adjustable collar and Bluetooth connection. It is nonetheless encouraging to see the manufacturing cost being at its lowest level and the gross margin at its highest level since the launch of Hövding 3.

**Figure 1: Unit cost by component, percent of selling price**



Source: Hövding, Västra Hamnen calculations

In our latest report, we downgraded the sales forecast to take account for the impact on sales from the corona crisis. The reported Q2 figures were well in line with that revised forecast. However, there were several highlights that make us revise our long-term sales potential:

- The Swedish market saw a 72 percent sales increase from Q2 2019, despite a ravaging pandemic, which made us reflect on the addressable market size. Even in a small country as Sweden, there is a vast sales potential outside the major cities. Previously, we might have underestimated when a market reaches saturation.
- When the company entered the Norwegian market, it gathered valuable insights on how to enter new markets more efficiently. This can be applied to other markets, which has the potential to unlock a faster expansion in new markets ahead.
- As for the Norwegian market, the company ended its distribution agreement and targeted retailers directly. We believe this could pave the way for similar strategies in other markets, in the sense that the company can successfully move from using distributors to going straight for the resellers. This would give Hövding more control of the market expansion, possibly enabling a faster market penetration, and not to forget, higher margins.

We incorporated these assumptions into our valuation model, and we now see a faster sales growth on the horizon. However, we have kept our short-term sales forecast unchanged due to uncertainties relating to the pandemic. As can be seen in Table 3 below, our fair value per share has now increase to SEK 18.40 – 26.30 per share, up from previous SEK 14.40 – 21.30 per share. The long-term sales forecast has a significant effect in our valuation model, which stresses that if the company achieves an even faster sales growth it will have a considerable effect on our estimated fair value per share.

**Table 3: DCF model assumptions**

| MSEK                         | 2020e         | 2021e        | 2022e       | 2023e       | 2024e       | 2025e       | 2026e       | 2027e       |
|------------------------------|---------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total revenues               | 156,5         | 280,7        | 426,5       | 490,2       | 542,8       | 590,3       | 627,5       | 658,9       |
| EBIT                         | (40,7)        | 2,8          | 42,8        | 59,4        | 73,1        | 85,3        | 94,5        | 101,9       |
| EBIT margin                  | -26,0%        | 1,0%         | 10,0%       | 12,1%       | 13,5%       | 14,5%       | 15,1%       | 15,5%       |
| Adj. Taxes                   | -             | -            | -           | -           | -           | -           | (0,5)       | (20,8)      |
| <b>NOPLAT (= EBIT - tax)</b> | <b>(40,7)</b> | <b>2,8</b>   | <b>42,8</b> | <b>59,4</b> | <b>73,1</b> | <b>85,3</b> | <b>93,9</b> | <b>81,1</b> |
| Depreciation                 | 4,0           | 2,8          | 2,4         | 2,0         | 1,7         | 1,5         | 1,3         | 1,1         |
| Capex + Working cap          | (2,5)         | (5,6)        | 4,6         | 1,9         | 1,3         | 1,1         | 0,8         | 0,7         |
| <b>Net cash flow</b>         | <b>(39,2)</b> | <b>(0,0)</b> | <b>49,8</b> | <b>63,3</b> | <b>76,2</b> | <b>87,9</b> | <b>96,0</b> | <b>82,9</b> |

| DCF (MSEK)                    |              |              |
|-------------------------------|--------------|--------------|
| WACC                          | 12,0%        | 12,0%        |
| Enterprise value (EV)         | 728,3        | 728,3        |
| Prob of profitability         | 60%          | 90%          |
| Risk adjusted EV              | 437,0        | 655,4        |
| Options                       | (3,4)        | (3,4)        |
| Net cash                      | 71,9         | 71,9         |
| <b>Fair value market cap</b>  | <b>505,4</b> | <b>723,9</b> |
| Number of shares (M)          | 27,52        | 27,52        |
| <b>Fair value/share (SEK)</b> | <b>18,40</b> | <b>26,30</b> |

| Sensitivity analysis (value per share, SEK) |     |              |              |              |              |
|---|-----|--------------|--------------|--------------|--------------|
| Prob of profitability                       |     |              |              |              |              |
|   |     | 60%          | 70%          | 80%          | 90%          |
| WACC  | 16% | 12,90        | 14,60        | 16,40        | 18,10        |
|   | 14% | 15,20        | 17,30        | 19,40        | 21,50        |
|   | 12% | <b>18,40</b> | <b>21,00</b> | <b>23,70</b> | <b>26,30</b> |
|   | 10% | 23,20        | 26,70        | 30,10        | 33,60        |
|   | 8%  | 31,60        | 36,40        | 41,20        | 46,10        |

Source: Västra Hamnen Corporate Finance

### We raise our fair value per share

All in all, the past quarter has been stressful for Hövding, which faced challenges that forced the company to look over its cost base and becoming more agile in these uncertain times. The sales figures have been hit by the ongoing pandemic, but we are nonetheless positively surprised by the hefty sales increase in the Swedish market. We estimate the newly added capital to be sufficient to take the company to a position where it is financially self-sufficient. The Q2 report contained several promising highlights, and with respect to this we believe the long-term outlook for the company has improved. **The adjustments make our valuation model point at a higher value per share, and we therefore raise our fair value per share to SEK 18.40 – 26.30, up from previously SEK 14.40 – 21.30 per share.**

## Income Statement - Annual Data

| kSEK                            | 2016            | 2017            | 2018            | 2019            | 2020e           | 2021e          | 2022e          | 2023e          |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|
| Net revenues                    | 35 723          | 56 694          | 92 536          | 112 919         | 154 826         | 278 867        | 424 592        | 488 281        |
| Other revenues                  | 9 615           | 10 289          | 2 076           | 571             | 1 682           | 1 850          | 1 884          | 1 913          |
| <b>Total revenues</b>           | <b>45 338</b>   | <b>66 983</b>   | <b>94 612</b>   | <b>113 490</b>  | <b>156 508</b>  | <b>280 717</b> | <b>426 476</b> | <b>490 193</b> |
| Cost of goods sold              | (37 721)        | (44 359)        | (71 535)        | (83 490)        | (118 134)       | (199 877)      | (303 875)      | (349 456)      |
| <b>Gross profit</b>             | <b>7 617</b>    | <b>22 624</b>   | <b>23 077</b>   | <b>30 000</b>   | <b>38 375</b>   | <b>80 839</b>  | <b>122 601</b> | <b>140 738</b> |
| Personnel costs                 | (21 435)        | (25 194)        | (29 651)        | (35 257)        | (35 623)        | (34 992)       | (36 412)       | (37 422)       |
| Other external costs            | (21 249)        | (27 662)        | (31 776)        | (42 801)        | (37 337)        | (39 391)       | (40 185)       | (40 994)       |
| Other operating expenses        | (764)           | (1 571)         | (481)           | (270)           | (2 143)         | (864)          | (864)          | (864)          |
| <b>EBITDA</b>                   | <b>(35 831)</b> | <b>(31 803)</b> | <b>(38 831)</b> | <b>(48 328)</b> | <b>(36 728)</b> | <b>5 593</b>   | <b>45 140</b>  | <b>61 457</b>  |
| Amortisation & depreciation     | (9 417)         | (9 227)         | (2 656)         | (2 654)         | (4 010)         | (2 831)        | (2 380)        | (2 013)        |
| <b>EBIT</b>                     | <b>(45 248)</b> | <b>(41 030)</b> | <b>(41 487)</b> | <b>(50 982)</b> | <b>(40 738)</b> | <b>2 761</b>   | <b>42 760</b>  | <b>59 444</b>  |
| Net financial items             | 137             | 42              | 7               | 53              | (211)           | -              | -              | -              |
| <b>EBT</b>                      | <b>(45 111)</b> | <b>(40 988)</b> | <b>(41 480)</b> | <b>(50 929)</b> | <b>(40 949)</b> | <b>2 761</b>   | <b>42 760</b>  | <b>59 444</b>  |
| Taxes                           | -               | -               | -               | -               | -               | -              | -              | -              |
| <b>Net profit</b>               | <b>(45 111)</b> | <b>(40 988)</b> | <b>(41 480)</b> | <b>(50 929)</b> | <b>(40 949)</b> | <b>2 761</b>   | <b>42 760</b>  | <b>59 444</b>  |
| <b>Earnings per share (SEK)</b> | <b>(5,51)</b>   | <b>(2,77)</b>   | <b>(2,25)</b>   | <b>(2,33)</b>   | <b>(1,66)</b>   | <b>0,10</b>    | <b>1,55</b>    | <b>2,16</b>    |
| <b>Growth (%)</b>               |                 |                 |                 |                 |                 |                |                |                |
| Net revenues                    | na              | 58,7%           | 63,2%           | 22,0%           | 37,1%           | 80,1%          | 52,3%          | 15,0%          |
| EBITDA                          | na              | na              | na              | na              | na              | na             | 707,1%         | 36,1%          |
| EBIT                            | na              | na              | na              | na              | na              | na             | 1448,6%        | 39,0%          |
| Net profit                      | na              | na              | na              | na              | na              | na             | 1448,6%        | 39,0%          |
| <b>% of revenues (%)</b>        |                 |                 |                 |                 |                 |                |                |                |
| Gross margin                    | -5,6%           | 21,8%           | 22,7%           | 26,1%           | 23,7%           | 28,3%          | 28,4%          | 28,4%          |
| EBITDA margin                   | neg             | neg             | neg             | neg             | neg             | 2,0%           | 10,6%          | 12,5%          |
| EBIT margin                     | neg             | neg             | neg             | neg             | neg             | 1,0%           | 10,0%          | 12,1%          |
| EBT margin                      | neg             | neg             | neg             | neg             | neg             | 1,0%           | 10,0%          | 12,1%          |
| Profit margin                   | neg             | neg             | neg             | neg             | neg             | 1,0%           | 10,0%          | 12,1%          |
| Personnel costs                 | 60,0%           | 44,4%           | 32,0%           | 31,2%           | 23,0%           | 12,5%          | 8,6%           | 7,7%           |
| Total OPEX                      | 121,6%          | 96,0%           | 66,9%           | 69,4%           | 48,5%           | 27,0%          | 18,2%          | 16,2%          |
| <b>Profitability (%)</b>        |                 |                 |                 |                 |                 |                |                |                |
| ROE                             | neg             | neg             | neg             | neg             | neg             | 4,8%           | 42,7%          | 37,2%          |
| ROIC                            | neg             | neg             | neg             | neg             | neg             | 81,0%          | -795,3%        | -580,8%        |
| ROCE                            | neg             | neg             | neg             | neg             | neg             | 2,9%           | 26,2%          | 24,4%          |

Source: Västra Hamnen Corporate Finance

**Balance Sheet - Annual Data**

| kSEK                                | 2016          | 2017          | 2018          | 2019          | 2020e          | 2021e          | 2022e          | 2023e          |
|-------------------------------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| <b>Subscr but not paid-in cap</b>   | -             | -             | -             | -             | -              | -              | -              | -              |
| Inventories                         | 7 079         | 12 447        | 6 013         | 20 848        | 24 243         | 37 877         | 57 011         | 65 562         |
| Account receivable                  | 9 159         | 13 602        | 13 977        | 18 019        | 19 719         | 31 707         | 47 795         | 54 965         |
| Tax receivables                     | 422           | 599           | 717           | 775           | 1 181          | 1 900          | 2 863          | 3 293          |
| Prepaid costs & accrued incom       | 3 810         | 5 550         | 1 175         | 159           | 1 523          | 2 450          | 3 692          | 4 246          |
| Other receivables                   | 89            | 1 005         | 151           | 585           | 1 719          | 2 764          | 4 166          | 4 791          |
| Cash and cash equivalents           | 34 082        | 21 634        | 66 464        | 20 353        | 67 927         | 74 246         | 134 200        | 201 970        |
| <b>Total current assets</b>         | <b>54 641</b> | <b>54 837</b> | <b>88 497</b> | <b>60 739</b> | <b>116 313</b> | <b>150 943</b> | <b>249 728</b> | <b>334 827</b> |
| Tangible assets                     | 930           | 960           | 641           | 2 474         | 2 084          | 2 068          | 2 056          | 2 045          |
| Intangible assets                   | 11 683        | 2 874         | 6 526         | 15 499        | 13 024         | 10 608         | 8 640          | 7 038          |
| Financial assets                    | 52            | 52            | 52            | 52            | 52             | 52             | 52             | 52             |
| <b>Total fixed assets</b>           | <b>12 665</b> | <b>3 886</b>  | <b>7 219</b>  | <b>18 025</b> | <b>15 160</b>  | <b>12 728</b>  | <b>10 748</b>  | <b>9 135</b>   |
| <b>Total assets</b>                 | <b>67 306</b> | <b>58 723</b> | <b>95 716</b> | <b>78 764</b> | <b>131 473</b> | <b>163 671</b> | <b>260 476</b> | <b>343 962</b> |
| Accounts payable                    | 8 078         | 10 813        | 15 001        | 49 606        | 50 909         | 68 178         | 102 619        | 118 012        |
| Accrued cost & prepaid income       | 7 496         | 3 196         | 5 653         | 5 865         | 10 796         | 15 431         | 23 260         | 26 749         |
| Other liabilities                   | 987           | 1 082         | 557           | 1 477         | 1 929          | 3 102          | 4 676          | 5 378          |
| <b>Total current liabilities</b>    | <b>16 561</b> | <b>15 091</b> | <b>21 211</b> | <b>56 948</b> | <b>63 635</b>  | <b>86 711</b>  | <b>130 556</b> | <b>150 139</b> |
| <b>Other provisions</b>             | <b>10 727</b> | <b>9 257</b>  | <b>12 371</b> | <b>10 457</b> | <b>13 160</b>  | <b>19 521</b>  | <b>29 721</b>  | <b>34 180</b>  |
| <b>Total equity</b>                 | <b>40 018</b> | <b>34 375</b> | <b>62 134</b> | <b>11 359</b> | <b>54 679</b>  | <b>57 440</b>  | <b>100 200</b> | <b>159 644</b> |
| <b>Total equity and liabilities</b> | <b>67 306</b> | <b>58 723</b> | <b>95 716</b> | <b>78 764</b> | <b>131 474</b> | <b>163 672</b> | <b>260 477</b> | <b>343 963</b> |

Source: Västra Hamnen Corporate Finance

**Cash flow statement**

| kSEK                            | 2016          | 2017            | 2018          | 2019            | 2020e         | 2021e         | 2022e          | 2023e          |
|---------------------------------|---------------|-----------------|---------------|-----------------|---------------|---------------|----------------|----------------|
| Operating activities            | (26 486)      | (33 231)        | (35 710)      | (50 189)        | (34 104)      | 11 953        | 55 341         | 65 915         |
| Changes in working capital      | 4 506         | (14 114)        | 17 290        | 17 384          | (1 445)       | (5 235)       | 5 013          | 2 254          |
| Investing activities            | (1 056)       | (447)           | (5 966)       | (13 460)        | (1 146)       | (400)         | (400)          | (400)          |
| Financing activities            | 38 608        | 35 345          | 69 239        | 153             | 84 269        | -             | -              | -              |
| <b>Cash flow for the period</b> | <b>15 572</b> | <b>(12 447)</b> | <b>44 853</b> | <b>(48 099)</b> | <b>47 574</b> | <b>6 318</b>  | <b>59 955</b>  | <b>67 769</b>  |
| Beginning cash balance          | 18 696        | 34 082          | 21 634        | 66 464          | 18 365        | 65 939        | 72 258         | 132 212        |
| Adjustments                     | (186)         | (1)             | (23)          | -               | -             | -             | -              | -              |
| <b>Ending cash balance</b>      | <b>34 082</b> | <b>21 634</b>   | <b>66 464</b> | <b>18 365</b>   | <b>65 939</b> | <b>72 258</b> | <b>132 212</b> | <b>199 982</b> |

Source: Västra Hamnen Corporate Finance

## Income Statement - Quarterly Data

| kSEK                            | Q3 2019         | Q4 2019         | Q1 2020         | Q2 2020         | Q3 2020e       | Q4 2020e       | Q1 2021e       | Q2 2021e       |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|----------------|
| Net revenues                    | 18 583          | 46 467          | 20 953          | 33 493          | 40 400         | 59 980         | 42 106         | 63 178         |
| Other revenues                  | 13              | 504             | 35              | 852             | 355            | 441            | 425            | 523            |
| <b>Total revenues</b>           | <b>18 596</b>   | <b>46 971</b>   | <b>20 988</b>   | <b>34 345</b>   | <b>40 755</b>  | <b>60 421</b>  | <b>42 531</b>  | <b>63 701</b>  |
| Cost of goods sold              | (13 627)        | (36 264)        | (17 881)        | (25 410)        | (30 600)       | (44 243)       | (30 179)       | (45 283)       |
| <b>Gross profit</b>             | <b>4 969</b>    | <b>10 707</b>   | <b>3 107</b>    | <b>8 935</b>    | <b>10 155</b>  | <b>16 178</b>  | <b>12 351</b>  | <b>18 418</b>  |
| Personnel costs                 | (8 258)         | (9 664)         | (9 926)         | (8 632)         | (8 532)        | (8 532)        | (8 618)        | (8 704)        |
| Other external costs            | (11 325)        | (10 272)        | (8 305)         | (9 629)         | (9 677)        | (9 726)        | (9 774)        | (9 823)        |
| Other operating expenses        | (47)            | -               | (1 495)         | (216)           | (216)          | (216)          | (216)          | (216)          |
| <b>EBITDA</b>                   | <b>(14 661)</b> | <b>(9 229)</b>  | <b>(16 619)</b> | <b>(9 542)</b>  | <b>(8 271)</b> | <b>(2 296)</b> | <b>(6 257)</b> | <b>(325)</b>   |
| Amortisation & depreciation     | (605)           | (980)           | (1 196)         | (1 194)         | (829)          | (791)          | (755)          | (723)          |
| <b>EBIT</b>                     | <b>(15 266)</b> | <b>(10 209)</b> | <b>(17 815)</b> | <b>(10 736)</b> | <b>(9 100)</b> | <b>(3 087)</b> | <b>(7 012)</b> | <b>(1 047)</b> |
| Net financial items             | (52)            | 72              | (129)           | (82)            | -              | -              | -              | -              |
| <b>EBT</b>                      | <b>(15 318)</b> | <b>(10 137)</b> | <b>(17 944)</b> | <b>(10 818)</b> | <b>(9 100)</b> | <b>(3 087)</b> | <b>(7 012)</b> | <b>(1 047)</b> |
| Taxes                           | -               | -               | -               | -               | -              | -              | -              | -              |
| <b>Net profit</b>               | <b>(15 318)</b> | <b>(10 137)</b> | <b>(17 944)</b> | <b>(10 818)</b> | <b>(9 100)</b> | <b>(3 087)</b> | <b>(7 012)</b> | <b>(1 047)</b> |
| <b>Earnings per share (SEK)</b> | <b>(0,69)</b>   | <b>(0,45)</b>   | <b>(0,76)</b>   | <b>(0,46)</b>   | <b>(0,33)</b>  | <b>(0,11)</b>  | <b>(0,25)</b>  | <b>(0,04)</b>  |
| <b>Y-o-Y Growth (%)</b>         |                 |                 |                 |                 |                |                |                |                |
| Net revenues                    | (37,6%)         | 58,3%           | 6,7%            | 18,6%           | 117,4%         | 29,1%          | 101,0%         | 88,6%          |
| EBITDA                          | na              | na              | na              | na              | na             | na             | na             | na             |
| EBIT                            | na              | na              | na              | na              | na             | na             | na             | na             |
| Net profit                      | na              | na              | na              | na              | na             | na             | na             | na             |
| <b>% of revenues (%)</b>        |                 |                 |                 |                 |                |                |                |                |
| Gross margin                    | 26,7%           | 22,0%           | 14,7%           | 24,1%           | 24,3%          | 26,2%          | 28,3%          | 28,3%          |
| EBITDA margin                   | neg             | neg             | neg             | neg             | neg            | neg            | neg            | neg            |
| EBIT margin                     | neg             | neg             | neg             | neg             | neg            | neg            | neg            | neg            |
| EBT margin                      | neg             | neg             | neg             | neg             | neg            | neg            | neg            | neg            |
| Profit margin                   | neg             | neg             | neg             | neg             | neg            | neg            | neg            | neg            |
| Personnel costs                 | 44,4%           | 20,8%           | 47,4%           | 25,8%           | 21,1%          | 14,2%          | 20,5%          | 13,8%          |
| Total OPEX                      | 105,6%          | 42,9%           | 94,1%           | 55,2%           | 45,6%          | 30,8%          | 44,2%          | 29,7%          |
| <b>Profitability (%)</b>        |                 |                 |                 |                 |                |                |                |                |
| ROE                             | neg             | neg             | neg             | neg             | neg            | neg            | neg            | neg            |
| ROIC                            | neg             | neg             | neg             | neg             | neg            | neg            | neg            | neg            |
| ROCE                            | neg             | neg             | neg             | neg             | neg            | neg            | neg            | neg            |

Source: Västra Hamnen Corporate Finance

**Balance Sheet - Quarterly Data**

| kSEK                                | Q3 2019       | Q4 2019       | Q1 2020       | Q2 2020       | Q3 2020e       | Q4 2020e       | Q1 2021e       | Q2 2021e       |
|-------------------------------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| <b>Subscr but not paid-in cap</b>   | -             | -             | <b>12 902</b> | -             | -              | -              | -              | -              |
| Inventories                         | 16 389        | 20 848        | 35 821        | 29 234        | 26 827         | 24 243         | 16 537         | 24 812         |
| Account receivable                  | 11 127        | 18 019        | 5 425         | 11 991        | 13 282         | 19 719         | 13 843         | 20 771         |
| Tax receivables                     | 666           | 775           | 520           | 644           | 796            | 1 181          | 829            | 1 244          |
| Prepaid costs & accrued income      | 549           | 159           | 1 780         | 1 293         | 1 026          | 1 523          | 1 069          | 1 605          |
| Other receivables                   | 330           | 585           | 743           | 645           | 1 158          | 1 719          | 1 207          | 1 811          |
| Cash and cash equivalents           | 26 687        | 20 353        | 5 647         | 10 927        | 65 361         | 67 927         | 56 573         | 62 165         |
| <b>Total current assets</b>         | <b>55 748</b> | <b>60 739</b> | <b>49 936</b> | <b>54 734</b> | <b>108 450</b> | <b>116 313</b> | <b>90 058</b>  | <b>112 408</b> |
| Tangible assets                     | 2 660         | 2 474         | 2 292         | 2 147         | 2 115          | 2 084          | 2 080          | 2 076          |
| Intangible assets                   | 11 975        | 15 499        | 15 445        | 14 431        | 13 709         | 13 024         | 12 373         | 11 754         |
| Financial assets                    | 52            | 52            | 52            | 52            | 52             | 52             | 52             | 52             |
| <b>Total fixed assets</b>           | <b>14 687</b> | <b>18 025</b> | <b>17 789</b> | <b>16 630</b> | <b>15 876</b>  | <b>15 160</b>  | <b>14 505</b>  | <b>13 882</b>  |
| <b>Total assets</b>                 | <b>70 435</b> | <b>78 764</b> | <b>80 627</b> | <b>71 364</b> | <b>124 326</b> | <b>131 473</b> | <b>104 563</b> | <b>126 290</b> |
| Accounts payable                    | 33 207        | 49 606        | 48 646        | 44 248        | 45 271         | 50 909         | 34 727         | 52 106         |
| Accrued cost & prepaid income       | 5 316         | 5 865         | 5 254         | 5 944         | 7 272          | 10 796         | 6 737          | 10 108         |
| Other liabilities                   | 696           | 1 477         | 621           | 5 950         | 1 299          | 1 929          | 1 354          | 2 032          |
| <b>Total current liabilities</b>    | <b>39 219</b> | <b>56 948</b> | <b>54 521</b> | <b>56 142</b> | <b>53 843</b>  | <b>63 635</b>  | <b>42 818</b>  | <b>64 246</b>  |
| <b>Other provisions</b>             | <b>9 720</b>  | <b>10 457</b> | <b>9 422</b>  | <b>9 357</b>  | <b>12 718</b>  | <b>13 160</b>  | <b>14 078</b>  | <b>15 425</b>  |
| <b>Total equity</b>                 | <b>21 496</b> | <b>11 359</b> | <b>16 684</b> | <b>5 866</b>  | <b>57 766</b>  | <b>54 679</b>  | <b>47 667</b>  | <b>46 620</b>  |
| <b>Total equity and liabilities</b> | <b>70 435</b> | <b>78 764</b> | <b>80 627</b> | <b>71 365</b> | <b>124 327</b> | <b>131 474</b> | <b>104 564</b> | <b>126 291</b> |

Source: Västra Hamnen Corporate Finance

**Cash flow statement**

| kSEK                            | Q3 2019         | Q4 2019        | Q1 2020         | Q2 2020       | Q3 2020e      | Q4 2020e      | Q1 2021e        | Q2 2021e      |
|---------------------------------|-----------------|----------------|-----------------|---------------|---------------|---------------|-----------------|---------------|
| Operating activities            | (18 481)        | (8 530)        | (17 528)        | (9 812)       | (4 910)       | (1 854)       | (5 338)         | 1 022         |
| Changes in working capital      | 9 052           | 6 514          | (6 585)         | 2 226         | (1 582)       | 4 496         | (5 916)         | 4 671         |
| Investing activities            | (4 118)         | (4 318)        | (960)           | (36)          | (75)          | (75)          | (100)           | (100)         |
| Financing activities            | -               | -              | 10 367          | 12 902        | 61 000        | -             | -               | -             |
| <b>Cash flow for the period</b> | <b>(13 547)</b> | <b>(6 334)</b> | <b>(14 706)</b> | <b>5 280</b>  | <b>54 434</b> | <b>2 567</b>  | <b>(11 355)</b> | <b>5 592</b>  |
| Beginning cash balance          | 38 246          | 26 687         | 20 353          | 5 647         | 10 927        | 65 361        | 67 927          | 56 573        |
| Adjustments                     | -               | -              | -               | -             | -             | -             | -               | -             |
| <b>Ending cash balance</b>      | <b>26 687</b>   | <b>20 353</b>  | <b>5 647</b>    | <b>10 927</b> | <b>65 361</b> | <b>67 927</b> | <b>56 573</b>   | <b>62 165</b> |

Source: Västra Hamnen Corporate Finance



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