

Update: Annual report 2023

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Movinn: Focus on existing markets

- Optimisations improve positioning for 2024
- Strong growth in Sweden during 2023
- We maintain our fair share estimate of DKK 7.85 per share

Analysts

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Ticker: MOVINN
Industry: Hospitality
Listed on: First North Copenhagen
Latest share price (DKK): 1.95
Market cap (MDKK): 32.6
Enterprise Value (MDKK): 47.8
Total number of shares (M): 16.74
- of which free float (M): 2.82

VHCF fair value per share
DCF model DKK 7.85

Movinn A/S
Address: Dronningens Tværgade 9b
DK-1302 Copenhagen K
Webpage: movinn.com
CEO: Patrick Blok

Main owners (31 Dec 2023)

	Capital (%)
Mac-Invest ApS	55.7%
Raymond Blok Holding ApS	16.6%
Dane Capital ApS	10.8%

Stock price history (DKK)



	-1m	-3m	-12m
Change (%)	-13.7	-21.4	-59.5
52 w k range (Low /Hi) - DKK	1.66 / 6.00		

Source: Västra Hamnen Corporate Finance

Movinn's fourth quarter of 2023 concluded a turbulent year. After impressive growth in 2022, the focus for last year was on portfolio optimisation. Due to various external and internal factors, the company was not able to execute its strategic plan. Looking towards 2024, the strategy remains similar to 2023, with a focus on existing markets, portfolio optimisation and fewer added units.

The highlight of 2023 was the progress in Sweden. Movinn ended the year with 55 units in Sweden and a total revenue of almost DKK 5 million, compared to the launch in mid-2022 which generated DKK 860 thousand that year. After year-end, the company launched the fourth Swedish market in Västerås.

To better position itself for 2024, the company has undergone several cost-cutting procedures. We see these measures as positive signs, that the company knows what needs to be done and is willing to act. With a more favourable macro-climate going into 2024, we believe that the company should be able to realise its strategy.

A key area for the increased profitability is the vacancy rate which decreased from 17.3 per cent in Q3 to 14.5 per cent in Q4 in Denmark, although the fourth quarter has historically been the company's weakest. Our fair value remains unchanged as our model includes the new cost savings. However, the value added from these measures is countered by the postponement of launches in new geographical markets.

In summary, we believe the company to be well positioned going into 2024 and we keep our fair value at DKK 7.85 per share.

Table 1: Financial Overview

MDKK	2021	2022	2023	2024e	2025e
Net turnover	56.1	73.3	83.5	87.2	102.6
Growth (%)	55.8%	30.7%	13.9%	4.4%	17.7%
Gross margin (%)	25.4%	26.1%	21.1%	23.6%	28.5%
EBIT	1.8	-0.5	-6.0	-1.1	6.2
EBIT margin (%)	3.4%	neg	neg	neg	6.1%
Cash holdings	23.6	13.2	7.0	5.8	4.9
Total assets	60.2	58.1	53.2	50.7	54.6
Total equity	29.1	26.5	20.4	18.7	22.7
Solidity (%)	48.2%	45.6%	38.3%	36.9%	41.6%
P/E	neg	neg	neg	neg	8.1
ROE	neg	neg	neg	neg	17.7%
EV/EBIT (x)	27.2	neg	neg	neg	7.7
EV/Sales (x)	0.9	0.7	0.6	0.5	0.5

Source: Västra Hamnen Corporate Finance

Progress in Sweden

Turning to Sweden, the company is now active in Malmö, Lund, Ludvika and Västerås, with the latest addition. By the end of 2023, the company had a total of 55 units in Sweden, with 8 more being added as part of the soft launch in Västerås. The company reported revenues in Sweden of almost DKK 5 million and an EBITDA of DKK (837) thousand. This is in line with its initial guidance for Sweden in 2023 with revenues of DKK 3.5-5.0 million and EBITDA of DKK (1)-0 million. The company does not expect any new market launches in 2024. However, we will probably see some incremental additions in the existing markets. Although the Swedish operations could provide some additional growth, the most important area for Movinn is the Danish operations.

Underperformance in Aarhus and Odense

Movinn ended 2023 with 399 units in Denmark, which represents a net increase of 3 units compared to the beginning of 2023. The company has a total of 43 units in Aarhus, 73 in Odense, and 283 in Copenhagen. The main reason for the company's sub-par performance in 2023 relates to the Danish business and more specifically the business in Aarhus and Odense. In Aarhus, Movinn identified an oversupply, which prompted a downsizing of 13 units in the area. This downsizing is estimated to generate annual cost savings of DKK 1.7 million. Moreover, technological developments and a reshaping of the organisation have enabled employee reductions, which are estimated to generate annual savings of an additional DKK 1.7 million.

In Odense, the declining performance was related to some unforeseen correlation in Movinn's client portfolio. Several clients in the area finished their projects or had them cancelled at the same time, leading to higher vacancy rates. Movinn however, believes that the market in Odense will rebound and the company therefore still sees long-term potential.

Technology investments to support sales

During the year, Movinn had to reorganise, which revealed weaknesses in their sales setup. Movinn had been too reliant on key sales representatives which made them vulnerable. To address this, investments were made to digitalise the sales process. Movinn launched a new feature after the end of 2023 by deploying an AI agent to assist clients with purchasing decisions. Since deployment, it has delivered 21 per cent of total bookings made. Movinn is further set to launch its Velocity platform in Q2 2024, creating more sales channels and increasing booking efficiency. If successful, Movinn could create cost savings by automating the sales process which would increase profitability. However, we remain cautious with modelling these improvements until proven.

Higher revenue than estimated

Turning to the financials of the quarter, Table 2 depicts the deviation from our estimates and the actual outcome. Net sales came in DKK 1.6 million higher than estimated, which was a surprise, as Q4 usually is the company's weakest quarter. Variable costs came in higher than expected, leading to a gross margin of about 19 per cent compared to the estimated 22 per cent. Also, personnel expenses came in at DKK 1.3 million higher than our estimate.

Table 2: Estimates vs actual, Q4 '23

TDKK	Q4 '22	Q4 '23e	Q4 '23a	Diff
Net Revenues	19 883	19 497	21 062	1 565
Other operating income	0	0	1 347	1 347
Total Revenues	19 883	19 497	22 409	2 912
Variable costs	-15 602	-15 208	-17 017	-1 809
Gross Profit	4 281	4 289	5 392	1 103
Other Operating Expenses	-2 526	-1 248	-1 537	-289
Personnel Expenses	-2 782	-3 448	-4 790	-1 342
Total OPEX	-5 308	-4 697	-6 327	-1 630
EBITDA	-1 027	-407	-935	-528
Amortisation and Depreciation	-1 541	-1 257	-1 453	-196
EBIT	-2 568	-1 665	-2 388	-723
Net Financial Items	-252	-276	-224	52
EBT	-2 820	-1 941	-2 612	-671
Tax	-565	427	355	-72
Net Profit	-3 385	-1 514	-2 257	-743
Cash and Equivalents	13 165	6 768	6 990	222
Total Equity	26 453	21 132	20 372	-760

Source: Västra Hamnen Corporate Finance

Serviced apartments continue to be the main driver

As for Movinn's three different product lines, no surprises regarding the revenue dispersion were observed. Serviced apartments accounted for 93.6 per cent of the revenue in 2023, followed by Co-living which accounted for 5.8 per cent. Lastly, Collective Yoyo generated sales of DKK 633 thousand during 2023 which represents 0.6 per cent of the total sales. Collective Yoyo is Movinn's newest product line which was "quietly" launched in Q1 2023 and consists of a furniture rental service. Movinn states that Collective Yoyo is a great business, but the company will prioritise serviced apartments and Co-living during 2024.

Movinn guides for sales of DKK 87-92 million in 2024

Looking ahead, Movinn guides for a sales growth of 4-10 per cent in 2024, this is slightly lower than the guidance for 2023 which was 14-20 per cent and we think this is reasonable due to the downsizing and staff reduction. Movinn's sourcing strategy will remain the same with only minor investments, and a focus on bottom-line performance. As mentioned above, the company does not expect to add any new markets during the year except for some incremental unit growth in Sweden. In general, the company expects a rising demand from Q2 and onwards. Movinn estimates that they will generate revenues of DKK 87-92 million and an EBIT of DKK 2.5-6.0 million. Lastly, Movinn expects the Swedish operations to generate a positive EBITDA in 2024.

We forecast sales of DKK 87.2 million in 2024

In our model, we had previously forecasted the launch of two new markets in 2024, Stockholm and Hamburg. Both launches have now been postponed for one year. This further pushes the timeline of any additional new market launches by one year, slightly decreasing revenue in both the short- and long-term. Moreover, we move the launch of the master lease agreement regarding 94 units to Q3 2026 from previously Q1 2026.

These adjustments result in total revenues of DKK 87.2 million in 2024, i.e. just above the lower bound of Movinn's guidance. We further reduce personnel expenses for the year by DKK 1.7 million, in line with the company's projections. These changes result in an EBIT of DKK (1.1) million for 2024 which is significantly different from Movinn's guidance.

Vacancy rates remains a key value driver

The key value driver for Movinn is the vacancy rate as it directly impacts both sales and the gross margin. Apart from operational difficulties such as rebuilding the sales organisation, the company struggled with the vacancy rates during 2023. For the year,

Movinn reported an average vacancy rate of 15 per cent. As a result, the reported gross margin for the year amounted to 22.4 per cent, compared to the 26 per cent reported in both 2022 and 2021. For the company to reach its guided financials we believe that the vacancy rates must decrease to about 9-10 per cent, in line with the goal of vacancies below 10 per cent. With lower vacancy rates we will see higher sales and stronger margins.

Due to the recent developments, we remain cautious in our estimates. However, if Movinn can quickly reduce the vacancy rates, the financial guidance is achievable. We do forecast improved vacancy rates during 2024, only we do not expect them to reach an average of less than 10 per cent until 2025.

**Possible need for
financing in Q4'24
of DKK 3 million**

Other than the vacancy rate, we see a financial risk in Movinn due to its recent performance. Their current cash balance is around DKK 7 million and we estimate that they will need further financing in Q4 2024 of about DKK 3 million. We have modelled this capital injection as a loan on which they will pay similar interest as their current long-term debt. The amount needed is rather small; hence we do not see it as a significant risk. Moreover, the financing can be avoided in its entirety if Movinn can improve its performance and cash flow in the following quarters.

In summary, our changes mainly affect the short-term projection, and the long-term case remains intact. We therefore maintain our estimated share price of DKK 7.85 per share.

**We see potential
for upside in the
share price**

Movinn has continued to grow its sales year on year since launch and we estimate that it will become profitable in 2025, generating a net income of DKK 4 million. Focusing on its core operations and reducing vacancy rates, we think the profitability will follow. The share currently trades at DKK 1.95 per share which is far below our estimated fair value of DKK 7.85. Looking into 2024, potential triggers, apart from vacancy rates, include its technology investments which could boost sales while keeping the cost of sales low.

Income Statement - Annual Data

TDKK	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Net sales	36 003	56 088	73 325	83 542	87 205	102 634	129 407	158 512
Other operating income	142	172	0	0	0	0	0	0
Total revenues	36 145	56 260	73 325	83 542	87 205	102 634	129 407	158 512
Variable costs	-29 357	-41 823	-54 178	-65 913	-66 657	-73 341	-90 585	-110 959
Gross profit	6 788	14 437	19 147	17 629	20 548	29 293	38 822	47 554
Fixed costs	-2 067	-2 578	-5 529	-5 203	-5 325	-5 677	-6 145	-6 651
Personnel costs	-3 916	-5 819	-8 861	-14 103	-12 348	-13 443	-14 662	-15 678
EBITDA (after listing and other costs)	805	6 041	4 757	-330	2 876	10 173	18 015	25 224
Amortisation & depreciation	-2 600	-4 283	-5 251	-5 716	-3 988	-3 957	-4 479	-5 148
EBIT	-1 795	1 758	-494	-6 046	-1 113	6 215	13 536	20 076
Net financial items	-868	-5 183	-1 103	-994	-1 052	-1 060	-956	-856
EBT	-2 663	-3 425	-1 597	-7 040	-2 164	5 156	12 580	19 220
Taxes	580	-235	-944	1 071	476	-1 134	-2 768	-4 228
Net profit	-2 082	-3 660	-2 541	-5 969	-1 688	4 021	9 813	14 992
Earnings per share (SEK)	neg	neg	-0,15	-0,36	-0,10	0,24	0,59	0,90
Growth (%)								
Net turnover	na	55,8%	30,7%	13,9%	4,4%	17,7%	26,1%	22,5%
EBITDA	na	650,5%	-21,2%	na	na	253,7%	77,1%	40,0%
EBIT	na	-197,9%	na	na	na	na	117,8%	48,3%
Net profit	na	na	na	na	na	na	144,0%	52,8%
% of revenues (%)								
Gross margin	18,5%	25,4%	26,1%	21,1%	23,6%	28,5%	30,0%	30,0%
EBITDA margin	2,2%	10,7%	6,5%	neg	3,3%	9,9%	13,9%	15,9%
EBIT margin	neg	3,4%	neg	neg	neg	6,1%	10,5%	12,7%
EBT margin	neg	neg	neg	neg	neg	5,0%	9,7%	12,1%
Profit margin	neg	neg	neg	neg	neg	3,9%	7,6%	9,5%
Personnel costs	10,9%	10,4%	12,1%	16,9%	14,2%	13,1%	11,3%	9,9%
Total OPEX	16,6%	15,0%	19,6%	23,1%	20,3%	18,6%	16,1%	14,1%
Profitability (%)								
ROE	neg	neg	neg	neg	neg	17,7%	30,2%	31,6%
ROIC	neg	5,9%	neg	neg	neg	12,9%	24,3%	34,4%

Source: Västra Hamnen Corporate Finance

Balance Sheet - Annual Data

TDKK	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Cash and cash eq	8	23 638	13 165	6 990	5 771	4 864	6 912	17 883
Inventory	510	538	1 244	2 074	1 710	1 961	2 518	2 828
Trade receivables	1 580	691	284	763	502	913	1 173	1 756
Tax credit	1 479	1 267	322	1 393	1 869	735	0	0
Other receivables	849	1 010	808	1 838	1 146	1 389	1 784	2 003
Prepayments and accrued income	150	769	429	385	461	469	469	469
Total current assets	4 575	27 914	16 252	13 443	11 459	10 330	12 857	24 938
Tangible assets	13 441	15 681	21 509	18 634	16 853	19 058	21 899	22 058
Intangible assets	2 276	4 115	4 145	4 516	5 044	5 521	5 953	6 343
Financial assets	8 995	12 528	16 156	16 645	17 344	19 664	25 089	27 341
Total fixed assets	24 712	32 324	41 810	39 795	39 241	44 243	52 941	55 742
Total assets	29 288	60 238	58 062	53 238	50 700	54 574	65 797	80 680
Short-term debt	2 111	2 934	3 034	2 286	286	0	0	0
Deposits and prepaid income	4 363	5 353	6 757	8 743	7 968	9 829	12 624	14 174
Trade payables	468	1 369	1 372	964	830	952	1 222	1 372
Other short-term liabilities	648	1 635	600	1 000	1 059	1 215	1 560	1 752
Debt to associated companies	2 004	2 106	0	0	0	0	0	0
Total current liabilities	9 594	13 398	11 763	12 993	10 143	11 995	15 406	17 298
Long-term liabilities	16 413	17 782	19 846	19 873	21 873	19 873	17 873	15 873
Total equity	3 280	29 059	26 453	20 372	18 684	22 705	32 518	47 509
Total equity and liabilities	29 288	60 238	58 062	53 238	50 700	54 573	65 797	80 680

Source: Västra Hamnen Corporate Finance

Cash flow statement

TDKK	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Operating activities	117	4 791	3 654	-1 324	1 824	9 113	15 027	20 139
Changes in working capital	4 395	2 957	615	183	391	1 225	2 198	780
Investing activities	-932	-11 955	-14 735	-3 604	-3 434	-8 960	-13 176	-7 949
Financing activities	-1 886	28 729	-7	-799	0	-2 286	-2 000	-2 000
Cash flow for the period	1 694	23 679	-10 473	-5 525	-1 219	-908	2 049	10 970
Beginning cash balance	51	8	23 638	13 165	6 990	5 771	4 864	6 912
Adjustments	51	-42	0	-649	0	0	0	0
Ending cash balance	8	23 638	13 165	6 990	5 771	4 864	6 912	17 883

Source: Västra Hamnen Corporate Finance

Income Statement - Quarterly Data

TDKK	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024e	Q2 2024e	Q3 2024e	Q4 2024e
Net sales	20 632	20 679	21 169	21 062	20 696	21 268	22 325	22 916
Other operating income	0	0	0	0	0	0	0	0
Total revenues	20 632	20 679	21 169	21 062	20 696	21 268	22 325	22 916
Variable costs	-16 121	-16 185	-16 590	-17 017	-16 143	-16 589	-16 967	-16 958
Gross profit	4 511	4 494	4 579	4 045	4 553	4 679	5 358	5 958
Fixed costs	-1 029	-1 413	-1 224	-1 537	-1 273	-1 324	-1 350	-1 377
Personnel costs	-2 865	-3 084	-3 364	-4 790	-3 105	-3 005	-3 080	-3 158
EBITDA (after listing and other costs)	617	-3	-9	-935	175	350	927	1 423
Amortisation & depreciation	-1 370	-1 416	-1 477	-1 453	-1 045	-988	-993	-963
EBIT	-753	-1 419	-1 486	-2 388	-869	-638	-66	461
Net financial items	-229	-241	-300	-224	-277	-268	-258	-249
EBT	-982	-1 660	-1 786	-2 612	-1 146	-906	-324	212
Taxes	186	237	293	355	252	199	71	-47
Net profit	-796	-1 423	-1 493	-2 257	-894	-706	-253	165
Earnings per share (SEK)	-0,05	-0,09	-0,09	-0,13	-0,05	-0,04	-0,02	0,01
Y-o-Y Growth (%)								
Net turnover	27,0%	16,5%	8,9%	5,9%	0,3%	2,8%	5,5%	8,8%
EBITDA	-64,5%	na	na	na	-71,6%	na	na	na
EBIT	na	na	na	na	na	na	na	na
Net profit	na	na	na	na	na	na	na	na
% of revenues (%)								
Gross margin	21,9%	21,7%	21,6%	19,2%	22,0%	22,0%	24,0%	26,0%
EBITDA margin	3,0%	neg	neg	neg	0,8%	1,6%	4,2%	6,2%
EBIT margin	neg	neg	neg	neg	neg	neg	neg	2,0%
EBT margin	neg	neg	neg	neg	neg	neg	neg	0,9%
Profit margin	neg	neg	neg	neg	neg	neg	neg	0,7%
Personnel costs	13,9%	14,9%	15,9%	22,7%	15,0%	14,1%	13,8%	13,8%
Total OPEX	18,9%	21,7%	21,7%	30,0%	21,2%	20,4%	19,8%	19,8%
Profitability (%)								
ROE	neg	neg	neg	neg	neg	neg	neg	0,9%
ROIC	neg	neg	neg	neg	neg	neg	neg	1,0%

Source: Västra Hamnen Corporate Finance

Balance Sheet - Quarterly Data

TDKK	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024e	Q2 2024e	Q3 2024e	Q4 2024e
Cash and cash eq	9 403	11 467	9 123	6 990	6 468	4 496	3 727	5 771
Inventory	1 470	1 632	1 680	2 074	1 628	1 673	1 711	1 710
Trade receivables	291	313	347	763	454	466	489	502
Tax credit	508	746	1 039	1 393	1 645	1 844	1 916	1 869
Other receivables	869	878	897	1 838	1 035	1 063	1 116	1 146
Prepayments and accrued income	759	527	445	385	529	472	458	461
Total current assets	13 300	15 563	13 531	13 443	11 758	10 014	9 416	11 459
Tangible assets	21 547	21 021	19 908	18 634	17 437	17 465	16 792	16 853
Intangible assets	4 293	4 416	4 474	4 516	4 653	4 787	4 917	5 044
Financial assets	16 566	16 641	16 680	16 645	16 241	16 606	16 971	17 344
Total fixed assets	42 406	42 078	41 062	39 795	38 331	38 858	38 680	39 241
Total assets	55 706	57 641	54 593	53 238	50 089	48 872	48 096	50 700
Short-term debt	2 982	2 982	2 286	2 286	1 786	1 286	786	286
Deposits and prepaid income	6 934	7 162	7 629	8 743	7 404	7 593	7 778	7 968
Trade payables	714	792	879	964	790	812	830	830
Other short-term liabilities	545	675	1 326	1 000	1 008	1 036	1 060	1 059
Debt to associated companies	0	0	0	0	0	0	0	0
Total current liabilities	11 175	11 611	12 120	12 993	10 988	10 727	10 454	10 143
Long-term liabilities	18 979	21 945	19 828	19 873	19 623	19 373	19 123	21 873
Total equity	25 552	24 086	22 646	20 372	19 478	18 771	18 519	18 684
Total equity and liabilities	55 706	57 642	54 594	53 238	50 089	48 871	48 096	50 700

Source: Västra Hamnen Corporate Finance

Cash flow statement

TDKK	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024e	Q2 2024e	Q3 2024e	Q4 2024e
Operating activities	388	-244	-309	-1 159	-102	83	669	1 174
Changes in working capital	-1 160	475	1 186	-318	-90	211	127	144
Investing activities	-1 967	-1 151	-434	-52	419	-1 515	-815	-1 524
Financing activities	-1 024	2 966	-2 786	45	-750	-750	-750	2 250
Cash flow for the period	-3 763	2 065	-2 343	-1 484	-523	-1 972	-769	2 045
Beginning cash balance	13 165	9 403	11 467	9 123	6 990	6 468	4 496	3 727
Adjustments	0	0	0	-649	0	0	0	0
Ending cash balance	9 403	11 467	9 123	6 990	6 468	4 496	3 727	5 771

Source: Västra Hamnen Corporate Finance

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