

Update: Report Q4 2021

2022-03-04

## Magle Chemoswed: Resilience amid royalty dip

- Revenues in Q4 missed our estimate due to lagging royalty income
- Other business areas compensated, yielding a more diversified sales mix
- We maintain our valuation interval of SEK 46.60 – 62.80 per share

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Stock ticker: **MAGLE**  
Industry: **Healthcare**  
Listed on: **First North Stockholm**  
Latest stock price (SEK): **22,80**  
Market cap (MSEK): **253,1**  
Enterprise Value (MSEK): **294,6**  
Total number of shares (M): **10,80**  
- of which free float (M): **1,67**

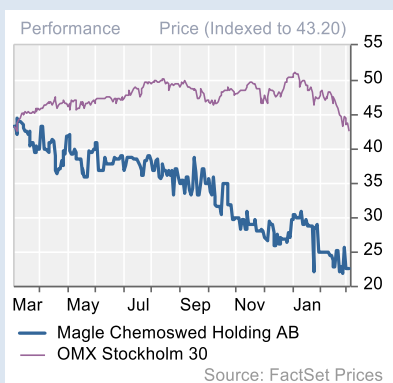
**VHCF fair value per share**  
DCF model **SEK 46.60 - 62.80**

**Magle Chemoswed Holding AB**  
Address: **Agneslundsvägen 27**  
**212 15, Malmö**  
Webpage: **maglechemoswed.com**  
CEO: **Justin Pierce**

**Main owners (31 Dec 2021)**

|                         | <b>Capital (%)</b> |
|-------------------------|--------------------|
| Magle AB (H.H. Lidgard) | 74,0%              |
| Fosielund Holding AB    | 10,5%              |
| Others                  | 15,5%              |

### Stock price history



|                              | <b>-1m</b> | <b>-3m</b>    | <b>-12m</b> |
|------------------------------|------------|---------------|-------------|
| Change (%)                   | -8,8       | -14,6         | -47,2       |
| 52 w k range (Low /Hi) - SEK |            | 20,00 - 44,50 |             |

Source: FactSet

Magle Chemoswed's full year report revealed somewhat lower Q4 revenues and profits compared to our forecast. The reason is found in still subdued royalty fees from Arista in the US, otherwise the business is performing according to our expectations. The focus for 2022 is primarily on the launch of new products from the company's proprietary technology platform, known as DSM products since they are based on so-called degradable starch microspheres. We expect sales of these products to accelerate during the year. For now, we keep our valuation interval unchanged at SEK 46.60 – 62.80 per share.

Magle Chemoswed reported total revenues of SEK 39.4 million in Q4, of which SEK 36.0 million was reported as net sales and SEK 3.4 million as other revenue. Raw materials and consumables including inventory changes constituted a cost of SEK 7.9 million, implying a gross profit of SEK 31.5 million. EBITDA for the quarter came in at SEK 4.4 million, which was higher than the SEK 2.7 million in the same period last year but lower than the SEK 4.9 million in Q3. Net profit for Q4 was reported at SEK 1.2 million. For the full year 2021, Magle Chemoswed reported total revenues of SEK 132.2 million, EBITDA of SEK 16.9 million and a net profit of SEK 4.4 million. Total cash holdings stood at SEK 4.0 million at the close of the year.

2022 promises to be an important and transformative year for Magle Chemoswed, when the company's efforts to evolve from a CDMO business to a marketer of proprietary medtech products should start to bear fruit. In the Q4 report and the following [web conference](#), management highlighted the various initiatives that have been implemented to strengthen profitability and grow sales over the coming years. The most important in a long-time perspective is the increased investment in R&D and preparation for sales of DSM products. These efforts have resulted in an acceleration of the product pipeline according to the company.

**Table 1: Financial Overview**

| MSEK             | 2020  | 2021  | 2022e | 2023e | 2024e |
|------------------|-------|-------|-------|-------|-------|
| Net turnover     | 137,4 | 132,2 | 163,2 | 222,7 | 262,4 |
| Growth (%)       | 7,7%  | -3,8% | 23,4% | 36,5% | 17,8% |
| Gross margin (%) | 77,9% | 83,9% | 82,5% | 83,9% | 83,9% |
| EBIT             | 4,4   | 5,3   | 11,2  | 54,2  | 82,1  |
| EBIT margin (%)  | 3,0%  | 3,7%  | 6,4%  | 23,0% | 29,7% |
| Cash holdings    | 5,9   | 4,0   | 13,6  | 62,4  | 128,3 |
| Total assets     | 197,9 | 233,3 | 232,3 | 285,5 | 352,1 |
| Total equity     | 116,1 | 139,4 | 147,7 | 197,7 | 262,3 |
| Solidity (%)     | 58,7% | 59,8% | 63,6% | 69,2% | 74,5% |
| P/E              | 154,0 | 57,0  | 30,4  | 6,0   | 3,9   |
| ROE              | 1,4%  | 3,2%  | 5,6%  | 21,5% | 24,6% |
| EV/EBIT (x)      | 67,7  | 55,8  | 26,2  | 5,4   | 3,6   |
| EV/Sales (x)     | 2,1   | 2,2   | 1,8   | 1,3   | 1,1   |

Source: Västra Hamnen Corporate Finance

**PharmaCept integrated and strengthened**

Another important step forward is the integration of PharmaCept GmbH into the company's value chain. The acquisition was completed in June last year with the intention of capturing more of the downstream value creation, getting better control of the full distribution chain and interacting directly with customers. This should contribute to improved operating margins. In the past six months, the operations of PharmaCept have been integrated well into the business. According to CEO Justin Pierce, the subsidiary has been strengthened through the addition of personnel primarily on the sales side, in order to fully cover the German market.

Magle Chemoswed is planning to increase the headcount of PharmaCept further, possibly expanding into France, but this decision hinges on the outcome of an ongoing reimbursement evaluation in that country. The outcome of that process should be ready in late Q2 this year. Another possible expansion would be to add a dedicated salesforce oriented towards the Nordic markets. In total, Magle Chemoswed may look to add somewhere in the area of 6-8 headcount in PharmaCept.

**PharmaCept making visible contribution to revenues**

PharmaCept is currently selling the DSM product EmboCept S and the licensed product PlatiCept. According to CFO Petra Jönsson Sjölin, the integration of PharmaCept contributed an extra SEK 11 million to the group's revenues in 2021. PharmaCept was consolidated in the group financial statements in September, so we assume this contribution was made in only four months. This compares well with the company's stated expectation at the time of the acquisition, which said it should contribute extra revenues in the range of EUR 1.7 – 2.5 million annually.

**Further progress in pipeline products**

Beyond the current products, there is continued progress in bringing new proprietary DSM products to market. The status on the emerging products is as follows:

- **SmartGel:** The first commercial order has been received and is currently in manufacturing, it will be delivered either in late Q1 or early Q2. Work is ongoing to complete registrations in Latin America.
- **SmartPan:** A post-market clinical follow-up study in Germany has been approved to start in Q2, which is three months earlier than the company expected.
- **EmboCept M:** Currently in late discussion about a quick observational clinical study while filing for registration is being prepared.
- **EmboCept L:** Roughly in the same stage as the former, which is late-stage development and moving into validation.
- **SmartGel II:** This is through preclinical testing and is moving into validation with registration filings planned for late this year or early next year.

**Russia plans out, marketing towards Americas instead**

Remembering the company's earlier message that Russia was thought to become an important market for SmartGel, we asked the company how it will adapt in light of the Ukraine war and sanctions against Russia. Justin Pierce answered that the plans have been altered in response. Russia is no longer part of the market plan, instead the market focus is reoriented towards the Americas, where Mexico and Canada are the main candidates. This could represent a delay of 6-9 months compared to the original plan.

**Value Creation 2024 to secure profitability and growth**

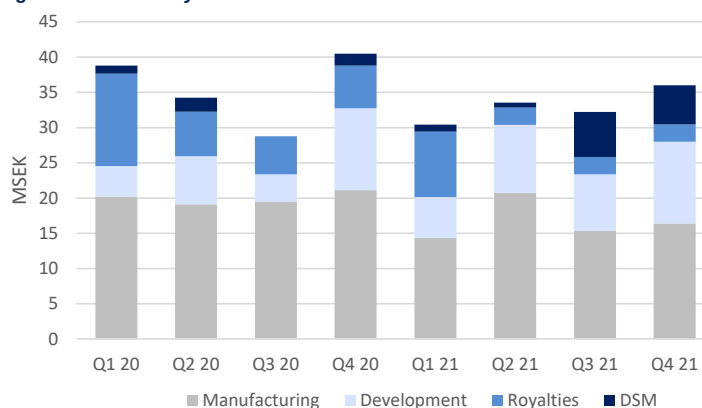
In the CDMO business, Magle Chemoswed has implemented actions in accordance with its Value Creation 2024 programme. That entails a sharpened focus on profitability and growth. During 2021, negotiations with suppliers and customers have secured a healthy operating margin and actions to improve operational efficiency have contributed further.

**Royalties should grow back eventually**

A main takeaway from the Q4 report is that the royalty revenues received from Becton Dickinson, relating to their sales of Arista, continues to be far below historic levels. The company explains this with continued slump in surgical procedures due to COVID-19. Furthermore, there have been some manufacturing disruptions at the production site. The royalty revenue in Q4 totalled SEK 2.5 million which is about one third of the historic average, cf. Figure 1 below. To our question about the outlook for future royalties, the company

expressed an expectation that the situation would normalise over the course of a few quarters while underscoring that the timing is uncertain.

**Figure 1: Revenue by business areas**

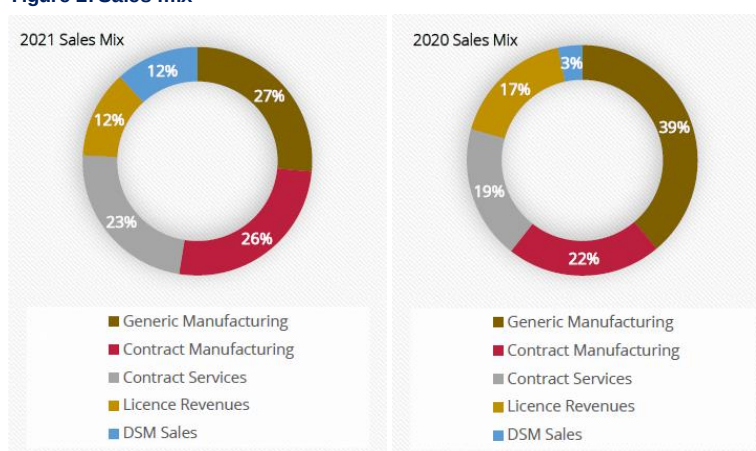


Source: Västra Hamnen Corporate Finance

**2021 sales mix much more diversified than before**

As a consequence of the lagging royalty revenues in 2021, the company has reallocated resources to increase manufacturing revenues in compensation. The result is a much more diversified revenue base, which in our opinion de-risks revenue levels for the future. As illustrated in Figure 2 below, there was a much better balance between the different revenue streams in 2021 compared to 2020, when generic manufacturing stood for a full 39 percent of revenues. A notable change is also the contribution from DSM sales, which we expect to grow to a much higher percentage over the next few years as more products come to market.

**Figure 2: Sales mix**



Source: Magle Chemoswed AB

**Royalty dip explains lower than expected revenues and profits**

In Table 2 on the next page, we show a summary of the reported financials for Q4 next to our forecasts. The overall take is that the quarter turned out close to our expectation when it comes to net profit, while the main discrepancy was to be found in net sales. The difference was almost completely explained by the shortfall of royalty revenues as discussed above. A new accounting procedure for bill-throughs meant that other revenues were slightly higher and net sales correspondingly lower, which we had not fully anticipated.

**Gross margin below our estimate due to sales mix**

The line-item raw materials and consumables was slightly higher than expected, causing a drop in gross margin compared to our estimate and previous periods. The company explains that cost of goods went up due to the sales mix, where more API production and CDMO services led to higher consumption of raw materials and other consumables, as well as higher use of external analysis. Other OPEX items came out below our forecast, largely because the increased staffing of PharmaCept has not yet impacted the reported figures as much as we expected.

Table 2: Estimates vs actual, Q4 2021

| kSEK                          | Q4 '20         | Q4 '21est      | Q4 '21act      | Diff          |
|-------------------------------|----------------|----------------|----------------|---------------|
| Net Revenues                  | 35 614         | 41 991         | 35 992         | -5 999        |
| Other Revenues                | 766            | 2 151          | 3 393          | 1 242         |
| <b>Total Revenues</b>         | <b>36 380</b>  | <b>44 142</b>  | <b>39 385</b>  | <b>-4 757</b> |
| Cost of Goods Sold            | -7 896         | -5 912         | -7 927         | -2 015        |
| <b>Gross Profit</b>           | <b>28 484</b>  | <b>38 231</b>  | <b>31 458</b>  | <b>-6 773</b> |
| Personnel Expenses            | -16 551        | -17 881        | -16 206        | 1 675         |
| Other Operating Expenses      | -9 243         | -12 617        | -10 884        | 1 733         |
| <b>Total OPEX</b>             | <b>-25 794</b> | <b>-30 498</b> | <b>-27 090</b> | <b>3 408</b>  |
| <b>EBITDA</b>                 | <b>2 690</b>   | <b>7 732</b>   | <b>4 368</b>   | <b>-3 364</b> |
| Amortisation and Depreciation | -2 668         | -4 324         | -3 084         | 1 240         |
| <b>EBIT</b>                   | <b>22</b>      | <b>3 409</b>   | <b>1 284</b>   | <b>-2 125</b> |
| Net Financial Items           | -1 005         | -226           | 202            | 428           |
| <b>EBT</b>                    | <b>-983</b>    | <b>3 183</b>   | <b>1 486</b>   | <b>-1 697</b> |
| Tax                           | 118            | -656           | -323           | 333           |
| <b>Net Profit</b>             | <b>-865</b>    | <b>2 527</b>   | <b>1 163</b>   | <b>-1 364</b> |
|                               |                |                |                | 0             |
| Cash and Equivalents          | 5 946          | 7 694          | 3 982          | -3 712        |
| Total Equity                  | 116 121        | 141 294        | 139 398        | -1 896        |

Source: Västra Hamnen Corporate Finance

Cash at the end of 2021 stood at SEK 4.0 million, which is 0.2 million lower than the previous quarter. Cash balances appear to be on the low side, but the company has a bank overdraft facility of SEK 20 million which secures its near-term liquidity needs.

**We regard the capital situation as adequate...**

Looking ahead, CEO Justin Pierce signals that 2022 will be “capital intensive”, given the pipeline development and product registrations in different regions. The recruitment plans will also affect running costs during the year. However, our economic scenario still implies positive free cash flows through 2022 and if so, we think the capital position is sufficient.

**... unless large-scale acquisitions are targeted**

However, it is no secret that Magle Chemoswed, which has been created from the combination of businesses, will be on the lookout for additional acquisition targets. If it were to make a bid for a company of some size, that could possibly be an event that triggers a financing round of some sort.

**Valuation range unchanged**

As for our valuation model, we make very small adjustments this time. We have lowered our forecast of royalty revenues for 2022 as it may take several quarters to bounce back, but the changes are small relative to the whole. Other adjustments are minor and do not interfere with our cash flow or profit estimates in our long-term scenario, consequently our valuation model is little changed. **We maintain our valuation range SEK 46.60 – 62.80 per share for now.**

## Income Statement - Annual Data

| kSEK                            | 2020           | 2021           | 2022e          | 2023e          | 2024e          | 2025e          | 2026e          | 2027e          |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Net sales                       | 137 449        | 132 196        | 163 174        | 222 750        | 262 415        | 294 742        | 322 255        | 346 545        |
| Capitalized development cost    | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Other revenues                  | 8 776          | 12 231         | 12 467         | 13 091         | 13 745         | 14 432         | 15 154         | 15 912         |
| <b>Total revenues</b>           | <b>146 225</b> | <b>144 427</b> | <b>175 641</b> | <b>235 840</b> | <b>276 160</b> | <b>309 175</b> | <b>337 409</b> | <b>362 456</b> |
| Cost of goods sold              | -30 395        | -21 293        | -28 621        | -35 943        | -42 244        | -47 462        | -51 977        | -56 027        |
| <b>Gross profit</b>             | <b>115 830</b> | <b>123 134</b> | <b>147 020</b> | <b>199 898</b> | <b>233 916</b> | <b>261 713</b> | <b>285 433</b> | <b>306 429</b> |
| Other external expenses         | -40 976        | -43 453        | -50 209        | -56 664        | -60 431        | -63 252        | -65 519        | -67 437        |
| Personnel costs                 | -58 833        | -62 779        | -68 569        | -73 043        | -76 367        | -79 842        | -83 474        | -87 272        |
| Other operating expenses        | -3             | -44            | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>EBITDA</b>                   | <b>16 018</b>  | <b>16 858</b>  | <b>28 242</b>  | <b>70 190</b>  | <b>97 118</b>  | <b>118 619</b> | <b>136 440</b> | <b>151 720</b> |
| Amortisation & depreciation     | -11 667        | -11 576        | -17 001        | -15 942        | -14 984        | -14 119        | -13 337        | -12 630        |
| <b>EBIT</b>                     | <b>4 351</b>   | <b>5 282</b>   | <b>11 240</b>  | <b>54 249</b>  | <b>82 133</b>  | <b>104 500</b> | <b>123 103</b> | <b>139 090</b> |
| Net financial items             | -2 093         | 322            | -880           | -800           | -720           | -640           | -560           | -480           |
| <b>EBT</b>                      | <b>2 258</b>   | <b>5 604</b>   | <b>10 361</b>  | <b>53 449</b>  | <b>81 414</b>  | <b>103 860</b> | <b>122 543</b> | <b>138 610</b> |
| Taxes                           | -614           | -1 167         | -2 022         | -11 010        | -16 771        | -21 395        | -25 244        | -28 554        |
| <b>Net profit</b>               | <b>1 644</b>   | <b>4 437</b>   | <b>8 339</b>   | <b>42 438</b>  | <b>64 642</b>  | <b>82 465</b>  | <b>97 299</b>  | <b>110 056</b> |
| <b>Earnings per share (SEK)</b> | <b>0,12</b>    | <b>0,41</b>    | <b>0,77</b>    | <b>3,90</b>    | <b>5,82</b>    | <b>7,43</b>    | <b>8,77</b>    | <b>9,91</b>    |
| <b>Growth (%)</b>               |                |                |                |                |                |                |                |                |
| Net turnover                    | 7,7%           | -3,8%          | 23,4%          | 36,5%          | 17,8%          | 12,3%          | 9,3%           | 7,5%           |
| EBITDA                          | 19,6%          | 5,2%           | 67,5%          | 148,5%         | 38,4%          | 22,1%          | 15,0%          | 11,2%          |
| EBIT                            | 3098,9%        | 21,4%          | 112,8%         | 382,6%         | 51,4%          | 27,2%          | 17,8%          | 13,0%          |
| Net profit                      | 120,0%         | 170,0%         | 87,9%          | 408,9%         | 52,3%          | 27,6%          | 18,0%          | 13,1%          |
| <b>% of revenues (%)</b>        |                |                |                |                |                |                |                |                |
| Gross margin                    | 77,9%          | 83,9%          | 82,5%          | 83,9%          | 83,9%          | 83,9%          | 83,9%          | 83,8%          |
| EBITDA margin                   | 11,0%          | 11,7%          | 16,1%          | 29,8%          | 35,2%          | 38,4%          | 40,4%          | 41,9%          |
| EBIT margin                     | 3,0%           | 3,7%           | 6,4%           | 23,0%          | 29,7%          | 33,8%          | 36,5%          | 38,4%          |
| EBT margin                      | 1,5%           | 3,9%           | 5,9%           | 22,7%          | 29,5%          | 33,6%          | 36,3%          | 38,2%          |
| Profit margin                   | 1,1%           | 3,1%           | 4,7%           | 18,0%          | 23,4%          | 26,7%          | 28,8%          | 30,4%          |
| Personnel costs                 | 42,8%          | 47,5%          | 42,0%          | 32,8%          | 29,1%          | 27,1%          | 25,9%          | 25,2%          |
| Total OPEX                      | 72,6%          | 80,4%          | 72,8%          | 58,2%          | 52,1%          | 48,5%          | 46,2%          | 44,6%          |
| <b>Profitability (%)</b>        |                |                |                |                |                |                |                |                |
| ROE                             | 1,4%           | 3,2%           | 5,6%           | 21,5%          | 24,6%          | 23,9%          | 22,0%          | 19,9%          |
| ROIC                            | 2,4%           | 2,3%           | 5,0%           | 24,4%          | 38,0%          | 49,8%          | 60,3%          | 70,2%          |

Source: Västra Hamnen Corporate Finance

**Balance Sheet - Annual Data**

| kSEK                                | 2020           | 2021           | 2022e          | 2023e          | 2024e          | 2025e          | 2026e          | 2027e          |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Cash and cash eq                    | 5 946          | 3 982          | 13 570         | 62 425         | 128 310        | 211 615        | 309 289        | 420 016        |
| Inventory                           | 18 348         | 19 620         | 18 518         | 21 286         | 24 270         | 26 943         | 29 409         | 31 185         |
| Trade payables                      | 26 271         | 24 942         | 22 607         | 29 743         | 33 925         | 37 625         | 41 000         | 43 323         |
| Other payables                      | 14 271         | 9 851          | 13 753         | 18 094         | 20 637         | 22 889         | 24 942         | 26 355         |
| Prepayments and accrued income      | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Derivative instruments              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Total current assets</b>         | <b>64 836</b>  | <b>58 395</b>  | <b>68 448</b>  | <b>131 547</b> | <b>207 141</b> | <b>299 071</b> | <b>404 640</b> | <b>520 878</b> |
| Tangible assets                     | 104 029        | 103 191        | 99 031         | 95 272         | 91 875         | 88 805         | 86 031         | 83 524         |
| Intangible assets                   | 28 966         | 71 035         | 64 193         | 58 011         | 52 424         | 47 375         | 42 812         | 38 689         |
| Financial assets                    | 56             | 676            | 676            | 676            | 676            | 676            | 676            | 676            |
| <b>Total fixed assets</b>           | <b>133 051</b> | <b>174 902</b> | <b>163 901</b> | <b>153 959</b> | <b>144 975</b> | <b>136 856</b> | <b>129 519</b> | <b>122 888</b> |
| <b>Total assets</b>                 | <b>197 887</b> | <b>233 297</b> | <b>232 349</b> | <b>285 506</b> | <b>352 116</b> | <b>435 927</b> | <b>534 158</b> | <b>643 766</b> |
| Short-term debt                     | 12 723         | 6 776          | 6 776          | 6 776          | 6 776          | 6 776          | 6 776          | 6 776          |
| Trade payables                      | 12 365         | 18 752         | 10 101         | 10 643         | 12 135         | 13 471         | 14 704         | 15 592         |
| Liabilities to Group companies      | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Other short-term debt               | 22 671         | 22 888         | 25 252         | 31 929         | 36 404         | 40 414         | 44 113         | 46 777         |
| Accrued expenses and prepaid income | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Total current liabilities</b>    | <b>47 759</b>  | <b>48 416</b>  | <b>42 129</b>  | <b>49 347</b>  | <b>55 315</b>  | <b>60 661</b>  | <b>65 594</b>  | <b>69 145</b>  |
| <b>Long-term liabilities</b>        | <b>34 183</b>  | <b>45 484</b>  | <b>42 484</b>  | <b>38 484</b>  | <b>34 484</b>  | <b>30 484</b>  | <b>26 484</b>  | <b>22 484</b>  |
| <b>Total equity</b>                 | <b>116 121</b> | <b>139 398</b> | <b>147 737</b> | <b>197 675</b> | <b>262 318</b> | <b>344 783</b> | <b>442 082</b> | <b>552 138</b> |
| <b>Total equity and liabilities</b> | <b>198 063</b> | <b>233 298</b> | <b>232 350</b> | <b>285 507</b> | <b>352 117</b> | <b>435 928</b> | <b>534 159</b> | <b>643 767</b> |

Source: Västra Hamnen Corporate Finance

**Cash flow statement**

| kSEK                            | 2020         | 2021          | 2022e         | 2023e         | 2024e          | 2025e          | 2026e          | 2027e          |
|---------------------------------|--------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| Operating activities            | 16 005       | 14 476        | 25 340        | 58 380        | 79 627         | 96 584         | 110 636        | 122 687        |
| Changes in working capital      | -1 720       | 9 064         | -6 752        | -7 026        | -3 742         | -3 279         | -2 962         | -1 960         |
| Investing activities            | -7 350       | -35 262       | -6 000        | -6 000        | -6 000         | -6 000         | -6 000         | -6 000         |
| Financing activities            | 4 951        | 15 530        | -3 000        | 3 500         | -4 000         | -4 000         | -4 000         | -4 000         |
| <b>Cash flow for the period</b> | <b>2 651</b> | <b>-2 140</b> | <b>9 588</b>  | <b>48 854</b> | <b>65 885</b>  | <b>83 305</b>  | <b>97 674</b>  | <b>110 726</b> |
| Beginning cash balance          | 3 294        | 5 946         | 3 807         | 13 395        | 62 250         | 128 135        | 211 440        | 309 114        |
| Adjustments                     | 1            | 1             | 0             | 0             | 0              | 0              | 0              | 0              |
| <b>Ending cash balance</b>      | <b>5 946</b> | <b>3 807</b>  | <b>13 395</b> | <b>62 250</b> | <b>128 135</b> | <b>211 440</b> | <b>309 114</b> | <b>419 841</b> |

Source: Västra Hamnen Corporate Finance

## Income Statement - Quarterly Data

| kSEK                            | Q1 2021       | Q2 2021       | Q3 2021       | Q4 2021       | Q1 2022e      | Q2 2022e      | Q3 2022e      | Q4 2022e      |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Net sales                       | 30 429        | 33 535        | 32 240        | 35 992        | 36 450        | 38 423        | 42 459        | 45 842        |
| Capitalized development cost    | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| Other revenues                  | 966           | 2 941         | 4 931         | 3 393         | 3 060         | 3 098         | 3 136         | 3 174         |
| <b>Total revenues</b>           | <b>31 395</b> | <b>36 476</b> | <b>37 171</b> | <b>39 385</b> | <b>39 510</b> | <b>41 520</b> | <b>45 595</b> | <b>49 016</b> |
| Cost of goods sold              | -3 912        | -4 948        | -4 506        | -7 927        | -6 736        | -6 902        | -7 303        | -7 681        |
| <b>Gross profit</b>             | <b>27 483</b> | <b>31 528</b> | <b>32 665</b> | <b>31 458</b> | <b>32 774</b> | <b>34 618</b> | <b>38 292</b> | <b>41 335</b> |
| Other external expenses         | -8 943        | -11 328       | -12 342       | -10 840       | -12 032       | -12 277       | -12 759       | -13 142       |
| Personnel costs                 | -15 004       | -16 188       | -15 381       | -16 206       | -16 513       | -16 936       | -17 362       | -17 759       |
| Other operating expenses        | 0             | 0             | 0             | -44           | 0             | 0             | 0             | 0             |
| <b>EBITDA</b>                   | <b>3 536</b>  | <b>4 012</b>  | <b>4 942</b>  | <b>4 368</b>  | <b>4 230</b>  | <b>5 406</b>  | <b>8 171</b>  | <b>10 435</b> |
| Amortisation & depreciation     | -2 754        | -2 787        | -2 951        | -3 084        | -4 356        | -4 284        | -4 215        | -4 147        |
| <b>EBIT</b>                     | <b>782</b>    | <b>1 225</b>  | <b>1 991</b>  | <b>1 284</b>  | <b>-126</b>   | <b>1 122</b>  | <b>3 956</b>  | <b>6 288</b>  |
| Net financial items             | 498           | -257          | -121          | 202           | -227          | -222          | -217          | -212          |
| <b>EBT</b>                      | <b>1 280</b>  | <b>968</b>    | <b>1 870</b>  | <b>1 486</b>  | <b>-353</b>   | <b>899</b>    | <b>3 739</b>  | <b>6 076</b>  |
| Taxes                           | -276          | -212          | -356          | -323          | 73            | -73           | -770          | -1 252        |
| <b>Net profit</b>               | <b>1 004</b>  | <b>756</b>    | <b>1 514</b>  | <b>1 163</b>  | <b>-281</b>   | <b>826</b>    | <b>2 969</b>  | <b>4 824</b>  |
| <b>Earnings per share (SEK)</b> | <b>0,09</b>   | <b>0,07</b>   | <b>0,14</b>   | <b>0,11</b>   | <b>-0,03</b>  | <b>0,08</b>   | <b>0,27</b>   | <b>0,45</b>   |
| <b>Y-o-Y Growth (%)</b>         |               |               |               |               |               |               |               |               |
| Net turnover                    | -21,6%        | -2,1%         | 12,0%         | 1,1%          | 19,8%         | 14,6%         | 31,7%         | 27,4%         |
| EBITDA                          | 23,9%         | -40,1%        | 30,8%         | 62,4%         | 19,6%         | 34,7%         | 65,3%         | 138,9%        |
| EBIT                            | 318,2%        | -59,8%        | 81,8%         | 5985,3%       | na            | -8,4%         | 98,7%         | 389,7%        |
| Net profit                      | 144,9%        | -69,6%        | na            | na            | na            | 9,3%          | 96,1%         | 314,3%        |
| <b>% of revenues (%)</b>        |               |               |               |               |               |               |               |               |
| Gross margin                    | 87,1%         | 85,2%         | 86,0%         | 78,0%         | 81,5%         | 82,0%         | 82,8%         | 83,2%         |
| EBITDA margin                   | 11,3%         | 11,0%         | 13,3%         | 11,1%         | 10,7%         | 13,0%         | 17,9%         | 21,3%         |
| EBIT margin                     | 2,5%          | 3,4%          | 5,4%          | 3,3%          | neg           | 2,7%          | 8,7%          | 12,8%         |
| EBT margin                      | 4,1%          | 2,7%          | 5,0%          | 3,8%          | neg           | 2,2%          | 8,2%          | 12,4%         |
| Profit margin                   | 3,2%          | 2,1%          | 4,1%          | 3,0%          | neg           | 2,0%          | 6,5%          | 9,8%          |
| Personnel costs                 | 49,3%         | 48,3%         | 47,7%         | 45,0%         | 45,3%         | 44,1%         | 40,9%         | 38,7%         |
| Total OPEX                      | 78,7%         | 82,1%         | 86,0%         | 75,3%         | 78,3%         | 76,0%         | 70,9%         | 67,4%         |
| <b>Profitability (%)</b>        |               |               |               |               |               |               |               |               |
| ROE                             | 0,7%          | 0,5%          | 1,1%          | 0,8%          | neg           | 0,6%          | 2,1%          | 3,3%          |
| ROIC                            | 0,4%          | 0,6%          | 0,9%          | 0,6%          | neg           | 0,5%          | 1,7%          | 2,8%          |

Source: Västra Hamnen Corporate Finance

**Balance Sheet - Quarterly Data**

| kSEK                                | Q1 2021        | Q2 2021        | Q3 2021        | Q4 2021        | Q1 2022e       | Q2 2022e       | Q3 2022e       | Q4 2022e       |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Cash and cash eq                    | 23 839         | 12 010         | 4 195          | 3 982          | 8 136          | 8 106          | 8 954          | 13 570         |
| Inventory                           | 18 093         | 18 364         | 20 278         | 19 620         | 20 669         | 19 666         | 19 207         | 18 518         |
| Trade payables                      | 21 750         | 21 786         | 29 851         | 24 942         | 17 975         | 18 948         | 20 939         | 22 607         |
| Other payables                      | 16 858         | 11 012         | 9 361          | 9 851          | 10 935         | 11 527         | 12 738         | 13 753         |
| Prepayments and accrued income      | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Derivative instruments              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Total current assets</b>         | <b>80 540</b>  | <b>63 172</b>  | <b>63 685</b>  | <b>58 395</b>  | <b>57 715</b>  | <b>58 247</b>  | <b>61 838</b>  | <b>68 448</b>  |
| Tangible assets                     | 103 175        | 101 165        | 102 047        | 103 191        | 102 111        | 101 058        | 100 032        | 99 031         |
| Intangible assets                   | 28 932         | 45 644         | 70 896         | 71 035         | 69 259         | 67 528         | 65 839         | 64 193         |
| Financial assets                    | 56             | 56             | 55             | 676            | 676            | 676            | 676            | 676            |
| <b>Total fixed assets</b>           | <b>132 163</b> | <b>146 865</b> | <b>172 998</b> | <b>174 902</b> | <b>172 046</b> | <b>169 262</b> | <b>166 547</b> | <b>163 901</b> |
| <b>Total assets</b>                 | <b>212 703</b> | <b>210 037</b> | <b>236 683</b> | <b>233 297</b> | <b>229 761</b> | <b>227 509</b> | <b>228 385</b> | <b>232 349</b> |
| Short-term debt                     | 10 020         | 7 071          | 8 507          | 6 776          | 6 776          | 6 776          | 6 776          | 6 776          |
| Trade payables                      | 8 427          | 14 206         | 16 020         | 18 752         | 13 287         | 12 102         | 11 204         | 10 101         |
| Liabilities to Group companies      | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Other short-term debt               | 23 179         | 18 790         | 28 213         | 22 888         | 25 098         | 24 204         | 24 009         | 25 252         |
| Accrued expenses and prepaid income | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Total current liabilities</b>    | <b>41 626</b>  | <b>40 067</b>  | <b>52 740</b>  | <b>48 416</b>  | <b>45 161</b>  | <b>43 082</b>  | <b>41 989</b>  | <b>42 129</b>  |
| <b>Long-term liabilities</b>        | <b>33 980</b>  | <b>32 115</b>  | <b>45 174</b>  | <b>45 484</b>  | <b>45 484</b>  | <b>44 484</b>  | <b>43 484</b>  | <b>42 484</b>  |
| <b>Total equity</b>                 | <b>137 125</b> | <b>137 881</b> | <b>138 767</b> | <b>139 398</b> | <b>139 117</b> | <b>139 944</b> | <b>142 913</b> | <b>147 737</b> |
| <b>Total equity and liabilities</b> | <b>212 731</b> | <b>210 063</b> | <b>236 681</b> | <b>233 298</b> | <b>229 762</b> | <b>227 510</b> | <b>228 386</b> | <b>232 350</b> |

Source: Västra Hamnen Corporate Finance

**Cash flow statement**

| kSEK                            | Q1 2021       | Q2 2021        | Q3 2021       | Q4 2021      | Q1 2022e     | Q2 2022e     | Q3 2022e     | Q4 2022e      |
|---------------------------------|---------------|----------------|---------------|--------------|--------------|--------------|--------------|---------------|
| Operating activities            | 3 758         | 3 543          | 2 928         | 4 247        | 4 075        | 5 111        | 7 183        | 8 971         |
| Changes in working capital      | -75           | 8 065          | -2 236        | 3 310        | 1 579        | -2 641       | -3 836       | -1 854        |
| Investing activities            | -2 852        | -18 608        | -8 432        | -5 370       | -1 500       | -1 500       | -1 500       | -1 500        |
| Financing activities            | 17 061        | -4 829         | -250          | -2 399       | 0            | -1 000       | -1 000       | -1 000        |
| <b>Cash flow for the period</b> | <b>17 892</b> | <b>-11 829</b> | <b>-7 990</b> | <b>-213</b>  | <b>4 154</b> | <b>-30</b>   | <b>848</b>   | <b>4 617</b>  |
| Beginning cash balance          | 5 946         | 23 839         | 12 010        | 4 195        | 3 982        | 8 136        | 8 106        | 8 954         |
| Adjustments                     | 2             | 0              | 0             | -1           | 0            | 0            | 0            | 0             |
| <b>Ending cash balance</b>      | <b>23 839</b> | <b>12 010</b>  | <b>4 195</b>  | <b>3 982</b> | <b>8 136</b> | <b>8 106</b> | <b>8 954</b> | <b>13 570</b> |

Source: Västra Hamnen Corporate Finance

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