Research update: Q3 2022

ZINZINO AB

Zinzino is a global player in the sale and production of health foods. Today, the company is active in over 100 markets. The company has historically grown rapidly to improved profitability. A key component of its success has been its direct selling distribution method.

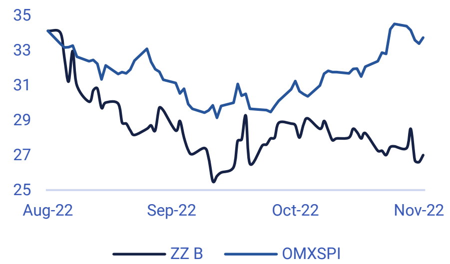
CEO: Dag Pettersen
CoB: Hans Jacobsson
www.zinzino.com

Bloomberg: ZZB:SS
Reuters Eikon: ZZB.ST

List: Nasdaq First North

Last: SEK 37.0
Market cap: SEK 914m

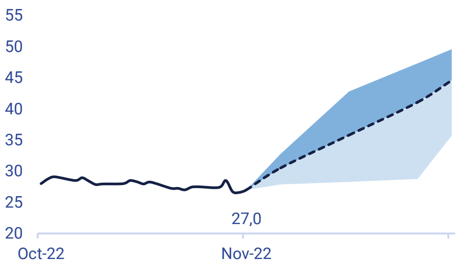
SHARE DEVELOPMENT



	12M	YTD	6M	1M
Development (%)	-58	-53	-32	-4

Source: S&P Capital IQ

VALUATION INTERVAL



	BEAR	BAS	BULL
Share price	35.7	44.4	49.6
Up-/downside (%)	35	68	87

Source: S&P Capital IQ and Carlsquare estimates

CARLSQUARE EQUITY RESEARCH

Markus Augustsson
Head of Equity Research

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Increased growth at an unjust discount

In the past quarter, Zinzino reported accelerating growth with profitability above expectations. Central Europe continues to drive growth, while synergies from the Enhanzz acquisition are starting to show. In a base case scenario, a fair value per share is calculated at SEK 44.4 (41.4).

Increasing growth and profitability above expectations

With total revenues of SEK 350 million in the third quarter of 2022, Zinzino increased its growth rate to 11.6 per cent, compared to 2.2 per cent in the second quarter. Our updated forecast was for SEK 346 million, so the outcome was in line with expectations. Central Europe, which grew by 33.2 per cent, continues to drive the group's overall growth. At the same time, the company's largest submarket, the Nordics, continues to hold back. However, as stated in the quarterly report, activity is increasing in all Nordic countries except for Finland, where targeted efforts are made in the form of digital and physical events for the distributors.

Gross profit came in at SEK 111 million, corresponding to a margin of 31.7 per cent. Our updated forecast was 30.3 per cent, so the result was slightly better than expected. Excluding depreciation and amortisation as well as cost of goods sold, the cost base increased by 27.5 per cent, faster than revenue. The EBITDA result thus fell by 37.2 per cent to SEK 24.5 million, corresponding to a margin of 7.3 per cent. We had expected an EBITDA result of SEK 20.7 million and an EBITDA margin of 6.0 per cent. Nonetheless, the outcome was, therefore, slightly better than expected.

Strong prospects with synergies

As stated in the quarterly report, synergies from the acquisition of Enhanzz have started to be realised. The acquired Enhanzz product range was launched in October to all Zinzino distributors and on the website. In light of that, as well as an accelerating growth rate in the third quarter and continued strong momentum in Central Europe, we believe that the growth prospects are strong, despite the current macroeconomic situation. In 2023, we expect growth of 12.6 per cent. Over the entire forecast period, 2022-2031, we expect an annual average growth rate of 7.4 per cent.

In light of the third quarter outcome, we have slightly adjusted our profitability assumptions upwards. We now expect an EBITDA margin in 2022 of 6.6 per cent. Over time, we expect the EBITDA margin to rise to 9.7 per cent. The company's target is to have an EBITDA margin above nine per cent. We do not include any acquisitions; thus, further acquisitions create potential upside in our forecasts.

Higher justified value with higher profitability

In a base case scenario, a fair value per share is calculated at SEK 44.4 (41.4). The upward revision is mainly due to higher profitability assumptions. Our valuation corresponds to an EV/Sales multiple NTM of 0.9x. The median of the reference group is 0.9x. Today, Zinzino shares are trading at an EV/Sales NTM of 0.5x – an unjust rebate.

Key figures (SEKm)

	2019	2020	2021	2022E	2023E	2024E
Total revenue	771	1 139	1 371	1 443	1 625	1 816
Gross profit	232	349	428	444	511	573
EBITDA	33.5	109	138	95.8	127	147
EBIT	14.8	86.6	116	71.1	103	121
EBT	13.9	85.0	115	69.6	102	120
Earnings per share	0.33	1.96	2.57	1.60	2.37	2.79
Growth, tot. revenue	33.5%	47.8%	20.4%	5.3%	12.6%	11.8%
EBITDA-margin	4.4%	9.5%	10.0%	6.6%	7.8%	8.1%
EBIT-margin	1.9%	7.6%	8.5%	4.9%	6.4%	6.7%
EV/Sales	1.0x	2.1x	1.3x	0.5x	0.5x	0.4x
EV/EBITDA	22.5x	22.5x	13.0x	7.9x	6.0x	5.2x
EV/EBIT	51.0x	28.2x	15.4x	10.6x	7.3x	6.2x
P/E	70.9x	38.8x	22.2x	16.5x	11.2x	9.5x

Source: Company information and Carlsquare estimates

Follow-up and comments

With total revenues of SEK 350 million in the third quarter of 2022, Zinzino increased its growth rate to 11.6 per cent, compared to 2.2 per cent in the second quarter. However, the cost base grew faster than revenues. Consequently, the EBITDA result of SEK 25.4m declined by 37 per cent. However, profitability exceeded our expectations.

Profitability above our expectations

Below is the outcome for the third quarter of 2022 compared to the same quarter last year and our forecasts. In summary, revenue was in line with the updated expectation picture. Profitability declined but, at the same time, slightly exceeded our estimates. That indicates that the company can manage its cost base well in the current market environment.

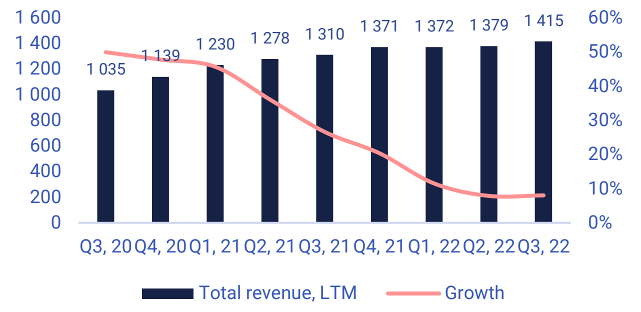
Actuals vs estimates (SEKm)

	Q3 22E	Q3 22A	Q3 21A	Deviation (%)	Growth (%)
Total revenue	346	350	314	1.2%	12%
Gross profit	104.8	111	108	5.8%	3%
Gross profit margin	30.3%	31.7%	34.3%		
EBITDA	20.7	25.4	40.4	23%	-37%
EBITDA margin	6.0%	7.3%	12.9%		
EBIT	15.4	18.4	34.8	20%	-47%
EBIT margin	4.4%	5.3%	11.1%		
EBT	15.0	17.9	34.6	19%	-48%
EPS (SEK)	0.34	0.42	0.80	18%	-48%

Source: Company information and Carlsquare estimates

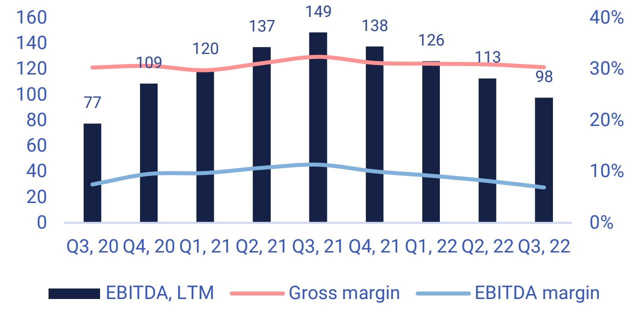
On a last 12-month basis, the slowdown in growth is levelling off, which is clearly positive. With current growth initiatives and inflation, the cost base (excluding cost of goods sold, depreciation and amortisation) has naturally increased. The cost base has grown faster than revenues since the second quarter of 2021, and the EBITDA result continues to fall.

Total revenue (SEKm) and growth (%), LTM



LTM = last twelve months. Source: Company information and Carlsquare

EBITDA result (SEKm) and margins (%), LTM



LTM = last twelve months. Source: Company information and Carlsquare

Improving growth rate

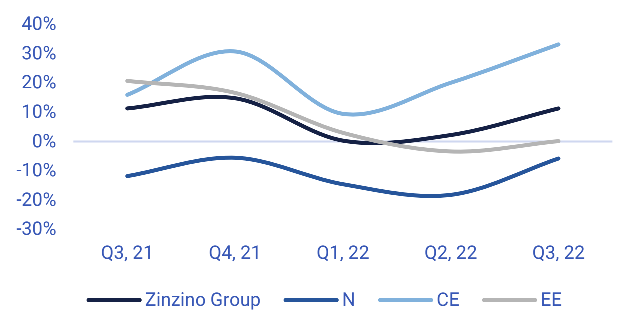
Growth is helped by price increases.

Including the impact of the company's price increase of 6.5 per cent on average implemented in February 2022, Zinzino reported total revenues of SEK 350 million. That represents a growth rate of 11.6 per cent. The growth rate increased sequentially from 2.2 per cent in the second quarter, which is a clearly positive signal. Total revenues were in line with our updated estimate (after announced preliminary sales figures) of SEK 346 million.

The giants weigh heavily, but there are glimmers of light

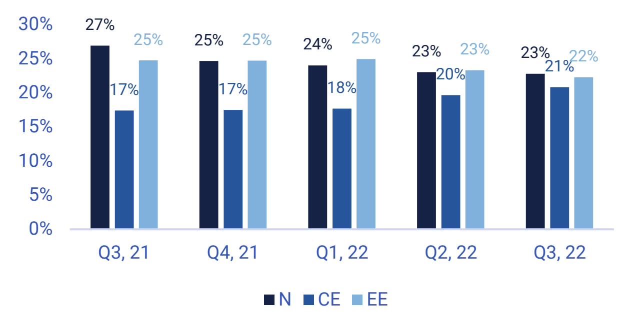
The company's three largest submarkets are the Nordics (N), Eastern Europe (EE) and Central Europe (CE). Growth in the Nordics remains negative. However, activity has increased in all Nordic countries except Finland, where efforts are being made. The group's growth is driven by Central Europe, where the company is now also seeing synergies from the acquisition of Enhanzz. Central Europe's revenue contribution is also increasing with each passing quarter. As shown in the right-hand graph below, this submarket's revenue contribution represented 20.8 per cent in the third quarter, compared to 17.4 per cent in the same quarter of 2021.

Growth (%), submarkets



Källa: Bolagsinformation och Carlsquare

Revenue contribution (%), delmarknader



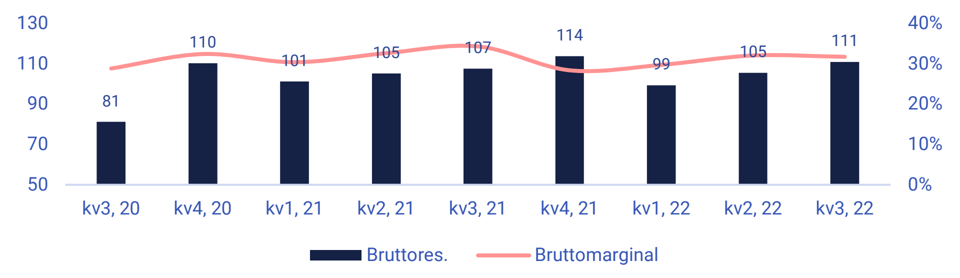
Källa: Bolagsinformation och Carlsquare

Margins above expectations

Gross profit and margin

The group's gross profit increased by 3.2 per cent to approximately SEK 111 million, corresponding to a margin of 31.7 per cent. The gross margin for the third quarter of 2021 was 34.3 per cent. Our forecast was approximately SEK 105 million, corresponding to a gross margin of 30.3 per cent. The outcome was thus slightly better than our expectations.

Gross profit (SEKm) and gross margin (%)

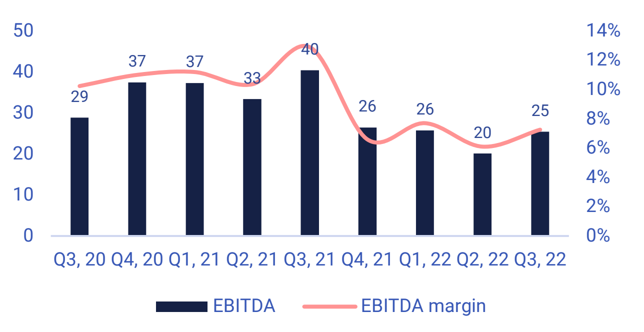


Källa: Bolagsinformation och Carlsquare

EBITDA result and margin

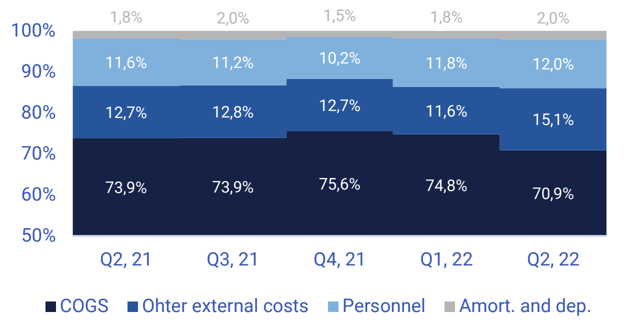
The company's cost base, excluding cost of goods sold, depreciation and amortisation, increased by 27.5 per cent, outpacing revenue growth. That also caused the reported EBITDA to fall by 37.2 per cent to SEK 25.4 million, corresponding to a margin of 7.3 per cent. Our forecast was SEK 20.7 million, corresponding to a margin of 6.0 per cent. The outcome was thus slightly better than expected and is explained by the stronger gross margin.

EBITDA (SEKm) and margin (%)



Source: Company information and Carlsquare

Cost distribution

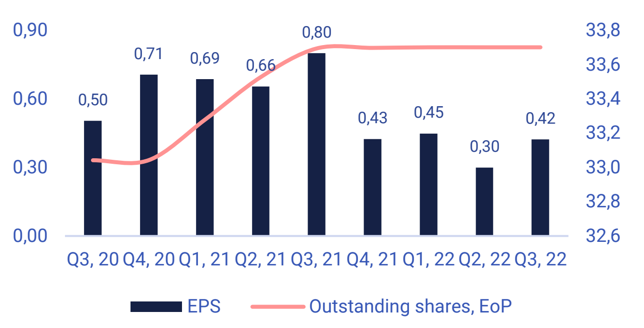


Source: Company information and Carlsquare

Earnings per share and cash flow

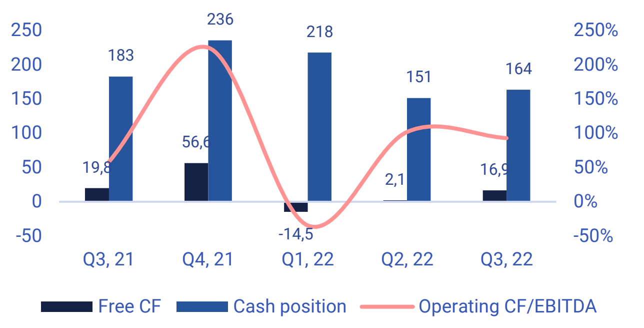
Earnings per share for the quarter were SEK 0.42, compared to our forecast of SEK 0.34 per share.

EPS (SEK) and shares outstanding (millions)



Source: Company information and Carlsquare

Cash flow and cash (SEKm)



Source: Company information and Carlsquare

Cash flow from operating activities amounted to SEK 20.7 million, corresponding to 93 per cent of the EBITDA result. That compares to 58 per cent in the same quarter last year. Free cash flow amounted to SEK 16.9 million during the quarter. Cash and cash equivalents on 30 September 2022 amounted to just over SEK 164 million.

Investment case, estimates and valuation

Zinzino has demonstrated strong historical growth to improved profitability. That demonstrates the strength of the business model, strategy and offering. Historically, Europe has been the main driver of growth and is expected to remain so in the future. With a cost-effective sales model, we believe Zinzino can return to demonstrating revenue growth and margin expansion in parallel over time. In a base case scenario, a fair value per share of SEK 44.4 (41.4) is calculated for the next 6-12 months.

Growth and margin expansion create upside

Since its foundation in 2007, Zinzino has grown into a global player in selling and producing food supplements. We continue to see good prospects for Zinzino to continue to grow in the global market at a fast pace to an increasing profit.

- **A proven growth strategy.** Over the past ten years, Zinzino has grown at an average annual rate of approximately 30 per cent. Efficient and rapid expansion through direct selling and an expanded product offering have been crucial ingredients in the recipe. In parallel to solid growth, the EBITDA margin has increased from 3.2 per cent in 2012 to 10.0 per cent in 2021. The scalability of the business largely explains that. Competition is fierce, with many products with similar formulations and health claims. However, the company's history demonstrates the strength of its offering, business model and growth strategy.
- **Expansion in APAC, a key growth driver.** Over the past few years, expansion into new European countries has been the main growth driver. Despite the billion-SEK turnover, market share in existing markets is minimal, and there is thus room for growth. The acquisition of Enhanzz in Germany has started to provide sales synergies. The first steps have also been taken to replicate the expansion strategy in Asia and the Pacific. So far, the APAC initiative has borne fruit, and more markets will be opened. Overall, we see continued good growth prospects, not least as restrictions in the wake of the pandemic are eased.
- **Upside in margins.** Regarding gross margin after partner costs, Zinzino is well behind its larger sector peers, such as Herbalife and Usana Health. We believe gross margins can increase with a broadened product offering, more of which is produced in-house. However, scalability is the business's main driver of the potential upside in profitability, as common group costs are spread across higher revenues.
- **Historically low valuation levels and undeserved discount.** Today, Zinzino is trading at a 12-month rolling EV/EBIT multiple of 10.4x. That is a historically low level compared to the average of 32.1x since March 2013. Combining two multiple valuation models with a DCF valuation, we calculate a fair value per share of SEK 44.4 (41.4) for the next 6-12 months. That represents an excellent potential upside of 68 per cent compared to the last paid price. Our valuation corresponds to an EV/Sales multiple of 0.9x our next 12 months forecast (NTM). Today, Zinzino trades at an EV/Sales multiple of 0.5x our NTM forecast. That is an undeserved discount compared to our reference group, whose median multiple is 0.9x.

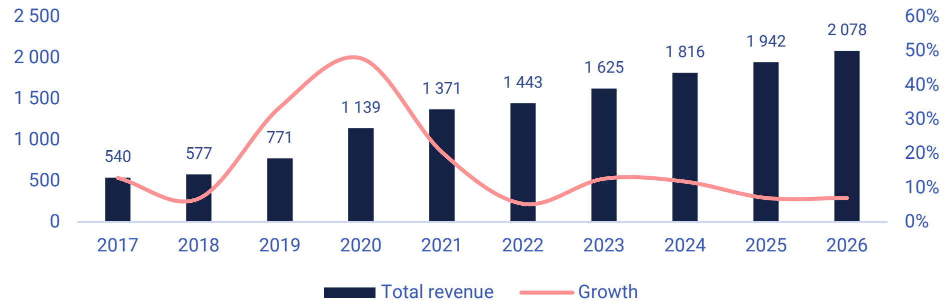
Assumptions and estimates

Solid growth prospects

We have adjusted our sales estimate for 2022 slightly upwards to SEK 1 443 million. Otherwise, we leave our revenue forecasts unchanged with a CAGR, 2021-2026 of 8.7 per cent. We do not include any acquisitions in our projections. Such acquisitions are thus a trigger that could accelerate the growth rate.

Over the entire forecast period, 2022-2031, we expect an average annual growth rate of 7,4 per cent. The company's target over 2022-2025 is to grow at an average rate of at least ten per cent.

Total revenues (SEKm) and growth (%)

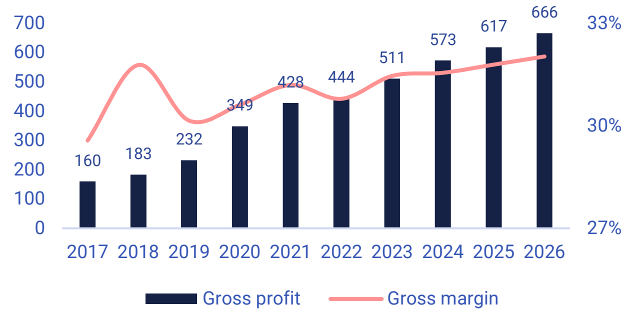


Source: Company information and Carlsquare estimates

Scalability yields margin expansion

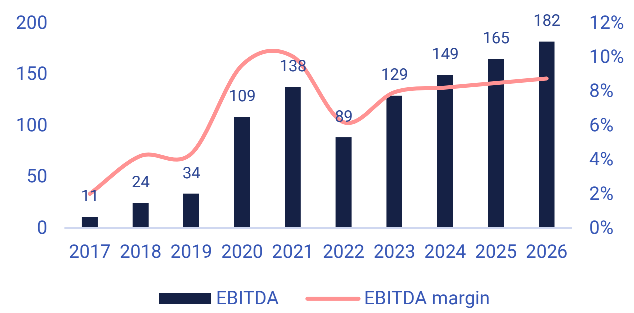
In 2022, we expect a gross profit of SEK 444 million (428), corresponding to a margin of 30.8 per cent (30.4). By the last year of the forecast period, 2031, we expect the gross margin to rise to 32.2 per cent. That is partly due to a change in the product mix, and a higher proportion of goods sold produced in-house. In 2021, Herbalife and USANA Health reported gross margins after distributor costs of 47.0 percent and 37.9 percent, respectively.

Gross profit (SEKm) and margin (%)



Gross profit = total revenue reduced by the cost of goods sold and distribution costs. Source: company information and Carlsquare forecasts

EBITDA (SEKm) and margin (%)



Source: Company information and Carlsquare estimates

With cost-effective growth through direct sales, scalability can be enjoyed despite a relatively high growth rate. In our scenario, the company makes an EBITDA result in 2022 of SEK 96 million (89), corresponding to an EBITDA margin of 6.6 per cent (6.2). However, over time, the EBITDA margin is assumed to increase to 9.7 per cent by the end of 2031.

The company's EBITDA margin target for 2022 is six per cent. By 2025, the target is to increase to an average above nine per cent.

Fair value within a range

Pressured stock with good potential upside

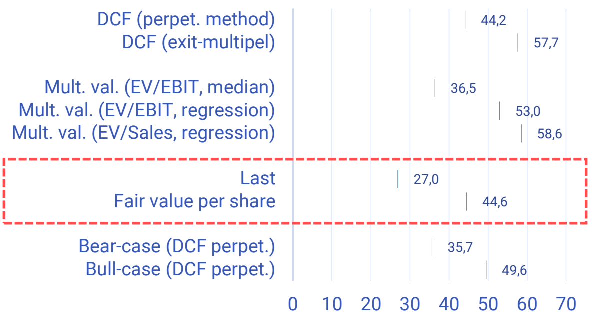
In a base case scenario, a justified value per share of SEK 44.4 (41.4) is calculated for the next 6-12 months. The revised valuation is mainly explained by upwards adjusted profitability assumptions in the short term that increases the multiple valuation. At the same time, the size premium has increased, thus, the discount rate in the DCF model.

Fair value per share (SEK), base case

Multiple valuation (EV/EBIT, median NTM)	36.3
Multiple valuation (EV/EBIT, regress. NTM)	52.6
DCF valuation	44.2
Fair value per share	**44.4**
Potential up-/downside	68%
Shares outstanding, fully financed, and diluted (M)	33.7
Shareholder value	**1 497**
Cash (last rep. Q)	164
Debt (last rep. Q)	-27
PV cash from equity financing	0
EV	**1 360**

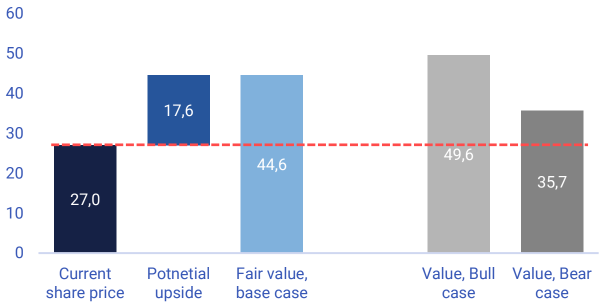
Source: Carlsquare estimates

Fair value within a range (SEK)



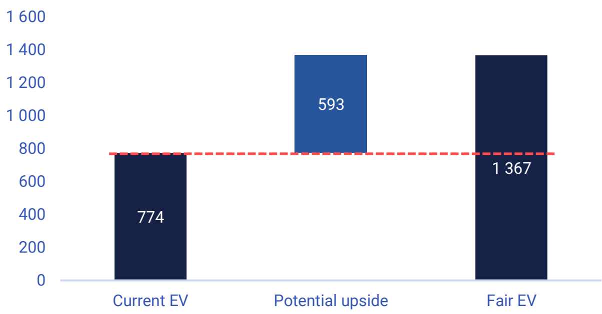
Source: Carlsquare estimates

Fair value per share (SEK), three scenarios



Source: Carlsquare estimate

Visualiering EV, bascenario (MSEK)



Source: Carlsquare estimate

A sanity check, base case

Today, the stock is trading at a valuation equivalent to an EV/Sales multiple NTM of 0.5x. Our justified value corresponds to the implied multiples below. Our benchmark group of pre-corporate health food producers and sellers currently trade at a median EV/Sales multiple NTM of 0.9x and an EV/EBIT multiple NTM of 11.3x.

Impied valuation multiples, base case

	NTM	2021	2022	2023	2024
EV/Sales	0.9x	1.3x	0.9x	0.8x	0.8x
EV/EBITDA	11.4x	13.0x	14.3x	10.8x	9.3x
EV/EBIT	14.2x	15.4x	19.2x	13.2x	11.3x
P/E	20.2x	22.2x	27.8x	18.8x	16.0x

Source: Carlsquare estimates

DCF valuation

By discounting the assumed future cash flow to its present value in a DCF model with a discount rate of 13.2 per cent (13.0), a value of SEK 44.2 per share is calculated.

DCF valuation, base case

DCF-valuation		Discount rate		Assumptions	
PV(UFCF)	698	Risk free rate	1.9%	CAGR. 2021-2031	7.4%
PV(TV)	657	Market risk premium	6.7%	EBITDA margin. 2031	9.7%
Enterprise value	**1 355**	Size premium	2.7%	EBIT margin. 2031	8.4%
Net cash. last Q	136	Beta	1.2x	Tax rate	20.6%
Shareholder value	**1 491**	Req. return on equity	13.2%		
PV(equity financing proceeds)	0			Implied multiples	
Shareholder value. after financing	**1491**	Tax adjust. Int. on debt	2.4%	EV/Sales. NTM	0.9x
Current shares outstanding	33.7	Leverage	0.0%	EV/Sales 2022	0.9x
New shares	0.0	WACC	13.2%	EV/EBITDA. NTM	11.3x
Shares outstanding after financing and dilution	33.7			EV/EBITDA 2022	14.1x
Value per share (before financing and dilution)	44.2	Comp. spec. premium	0.0%	EV/EBIT NTM	14.0x
Value per share (after financing and dilution)	**44.2**	**Discount rate**	**13.2%**	EV/EBIT. 2022	19.1x

Source: Carlsquare estimates

Below on the left is a sensitivity analysis with the variables discount rate and assumed growth rate for the terminal value.

Sensitivity analysis (SEK/share), base case

	2.0%	3.0%	4.0%	5.0%
11.2%	51.8	55.2	59.5	65.1
12.2%	46.6	49.1	52.2	56.2
13.2%	42.3	**44.2**	46.6	49.5
14.2%	38.8	40.3	42.1	44.2
15.2%	35.8	37.0	38.4	40.0

Discount rate on Y-axis and growth perpetuity on X-axis.
Source: Carlsquare estimates

Sensitivity analysis with an exit-multiple (SEK/share)

	10.6x (10%)	11.8x (0%)	13.0x (10%)	14.2x (20%)
11.2%	57.3	60.7	64.1	67.5
12.2%	55.7	59.0	62.4	65.7
13.2%	54.2	**57.5**	60.8	64.1
14.2%	52.8	56.1	59.3	62.5
15.2%	51.5	54.7	57.8	61.0

Discount rate on Y-axis and growth perpetuity on X-axis.
(XX%) = applied rebate on reference group's median value for EV/EBIT.
Source: Carlsquare estimates

On the right is a second sensitivity analysis of the valuation based on a DCF model with an exit multiple as the method to calculate the perpetual value - an alternative to perpetual capitalisation. For this method, we took the median EBIT multiple of the reference group, discounted the multiple by zero per cent and applied it to the assumed EBIT result in 2024. This value is then discounted to its present value and represents the perpetuity value in the DCF model. As can be seen, this model yields a motive-rated value per share of SEK 57.5.

Multiple valuation

Below are multiple valuations based on the reference group's median EV/EBIT NTM. As shown, the value per share calculated by this method is SEK 36.3.

Multiple valuation, base case

	HQ	Mcap (SEKm)	CAGR. 2020-2023	µEBIT-marg.. 2021-2023	EV/EBIT. 2022
Midsona AB (publ)	SE	582	4%	4%	14.4x
Orkla ASA	NO	70 789	7%	12%	12.2x
Probi AB (publ)	SE	2 393	5%	14%	22.0x
Aker BioMarine AS	NO	3 433	21%	9%	33.0x
Herbalife Nutrition Ltd.	US	16 830	1%	11%	7.8x
Nu Skin Enterprises. Inc.	US	19 918	0%	9%	10.3x
USANA Health Sciences. Inc.	US	10 716	-	10%	8.4x
Tupperware Brands Corporation	US	2 162	-3%	9%	8.3x
Median		**7 074**	**4%**	**10%**	**11.3x**
Average		15 853	5%	10%	14.6x
Median					
Discount	0%				
Applied EV/EBIT multiple	**11.3x**				
Exp. EBIT NTM (MSEK)	97				
Enterprise value	**1 088**				
Net cash. last Q	136				
PV(Cash from equity financing)	0				
Shareholder value. after financing	**1 224**				
Current shares outstanding (m)	33.7				
New shares	0.0				
Shares outstanding after financing and dilution	33.7				
Value per share (before financing and dilution)	36.3				
Value per share (after financing and dilution)	**36.3**				

Source: S&P Capital IQ and Carlsquare estimates

Regression

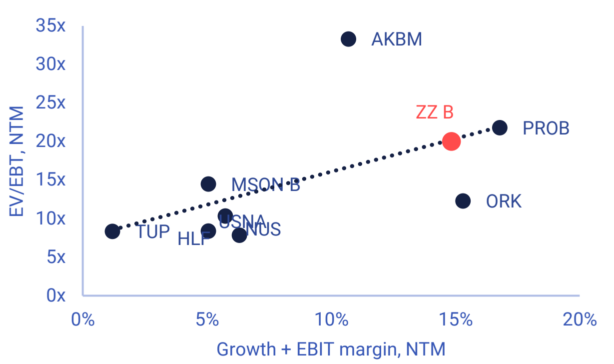
Below is the multiple valuation based on a regression analysis with EV/EBIT multiple NTM and expected growth plus EBIT margin NTM. As shown, the value per share calculated by this method is SEK 52.6.

Multiple valuation EV/EBIT NTM, regression

Slope	86.7
Intercept	7.3
Rsq	29%
Expected growth	11.2%
Expected EBIT margin	6.1%
Implied multiple	**17.0x**
Expeced EBIT	97
EV	1 638
Net cash, last Q	136
PV(Cash from equity financing)	0
Shareholder value, after financing	1 774
Shares outstanding after financing and dilution	33.7
Value per share (before financing and dilution)	52.6
Value per share (after financing and dilution)	**52.6**

Source: S&P Capital IQ and Carlsquare estimates

Implied EBIT multiple, regression



Source: S&P Capital IQ and Carlsquare estimates

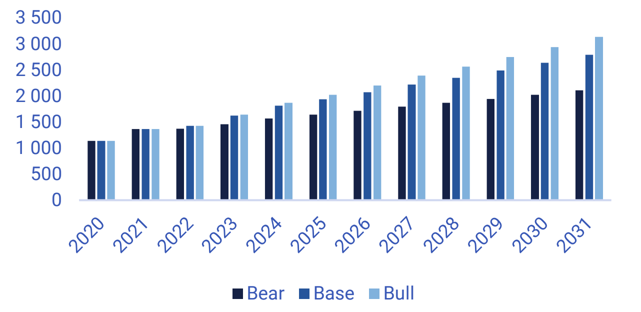
Valuation range

In the Bull and Bear scenarios, we have used our DCF model (perpetual cap.) but developed alternative growth and profitability curves. In the Bull scenario, we model with an average annual growth rate, 2022-2031, of 8.6 per cent (7.4 per cent in the base scenario). The EBIT margin is assumed to increase to 10.8 per cent (9.7 per cent in the base scenario) by 2031. With these assumptions, a value per share of SEK 49.6 is calculated.

We model an average annual growth rate of 4.4 per cent for the Bear scenario. The EBIT margin is assumed to increase to 7.9 per cent by 2031. With these assumptions, a value per share of SEK 35.7 is calculated.

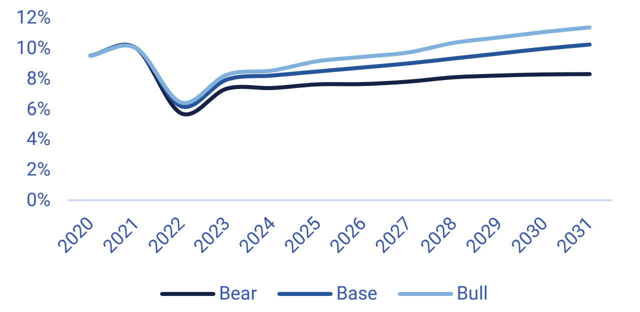
The assumed net sales and EBIT margin development in the three scenarios is shown below.

Total revenue (SEKm), three scenarios



Source: Company information and Carlsquare estimates

EBIT margin, three scenarios



Source: Company information and Carlsquare estimates

Inflation, war and Covid create uncertainty

Ahead of 2022, the company intended to establish itself in the submarkets of Ukraine and Russia. However, the tragic war in Ukraine has caused these expansion initiatives to be cancelled. We have also made provision for reduced activity in neighbouring countries. An even more negative development in Ukraine may impact Zinzino's growth more than we currently anticipate.

The cost of goods sold has and may increase further due to inflation, driven by, among other things, higher transport and energy costs. Delivery times have also lengthened, mainly due to queuing at key ports, including Europe. That could hold back the company's ability to generate revenue but also put more pressure on margins than we had anticipated.

The company has made a price adjustment, which should offset some of the rising costs. Nevertheless, overall we expect gross profit to be negatively impacted by inflation. At the same time, we believe that the cost picture could come down, for example, transport and energy in 2023, but the uncertainty is high. We believe that some clarity on the issue can be achieved in the second half of 2022.

In the beginning of March 2022, the number of registered Covid cases increased sharply in China. That has resulted in the reintroduction of restrictions in the country. Similar developments in other submarkets where the company is active have held back growth in Asia in the first months of 2022. Similar developments in other geographic countries and regions where the company is active (or intends to become active) are a risk that could hold back growth.

However, the company has managed to dodge the Covid pandemic well as partners have adapted their sales methods. The growth in 2020 and 2021 demonstrates this. At the same time, in terms of overall growth, our case is based on the company's ability to operate in more normal conditions without restrictions and benefit from the digitalisation that Covid forced on the direct selling industry. New restrictions in Europe and Asia could thus change the outlook.

We believe that the Covid pandemic has positively impacted demand for the company's products. Now that the Covid pandemic is hopefully coming to an end with a rising vacancy rate, there is some risk that demand will fall back again.

Metrics and financials

Key metrics

	2019	2020	2021	2022E	2023E	2024E	2025E
Per share							
EPS	-0.03	0.15	0.33	1.96	2.57	1.60	1.60
DPS	0.70	0.70	1.25	2.00	2.00	2.25	2.25
BVPS	2.9	2.9	4.7	4.4	4.7	5.3	5.3
TBVPS	0.2	0.2	0.3	0.6	0.6	0.6	0.7
Valuation (curr.)	2019	2020	2021	2022E	2023E	2024E	2025E
P/E	70.9x	38.8x	22.2x	16.5x	11.2x	9.5x	9.5x
P/B	22.2x	9.4x	5.9x	6.2x	5.6x	5.0x	5.0x
EV/Sales	1.0x	2.1x	1.3x	0.5x	0.5x	0.4x	0.4x
EV/EBITDA	22.5x	22.5x	13.0x	7.9x	6.0x	5.2x	5.2x
EV/EBIT	51.0x	28.2x	15.4x	10.6x	7.3x	6.2x	6.2x
Other	2019	2020	2021	2022E	2023E	2024E	2025E
Dividend yield	2.6%	2.6%	4.7%	7.5%	7.5%	8.5%	8.5%
FCF yield	7.2%	9.8%	15.8%	1.8%	12.1%	12.0%	12.0%

Source: Company information and Carlsquare

Income statement (SEKm), quarterly

	Q1, 21	Q2, 21	Q3, 21	Q4, 21	Q1, 22	Q2, 22	Q3, 22	Q4, 22E
Total sales	333	322	314	401	334	329	350	429
Gross profit	101	105	107	114	99	105	111	129
EBITDA	37	33	40	26	26	20	25	25
EBIT	32	28	35	21	20	14	18	19
EBT	32	28	35	21	20	13	18	19
Net profit/loss	24	23	28	15	16	10	14	15
EPS (SEK)	0,69	0,66	0,80	0,43	0,45	0,30	0,42	0,43
Growth	Kv1, 21	Kv2, 21	Kv3, 21	Kv4, 21	Kv1, 22	Kv2, 22	Kv3, 22	Kv4, 22E
Total sales	39%	17%	12%	15%	0%	2%	11%	7%
Gross profit	21%	43%	32%	3%	-2%	0%	3%	13%
EBITDA	42%	109%	40%	-29%	-31%	-40%	-37%	-7%
EBIT	49%	153%	52%	-33%	-37%	-52%	-47%	-9%
EBT	49%	156%	60%	-34%	-37%	-53%	-48%	-10%
Net profit/loss	43%	169%	66%	-40%	-34%	-56%	-49%	1%
Margins	Kv1, 21	Kv2, 21	Kv3, 21	Kv4, 21	Kv1, 22	Kv2, 22	Kv3, 22	Kv4, 22E
Gross margin	30.4%	32.6%	34.3%	28.3%	29.7%	32.0%	31.7%	30.0%
EBITDA margin	11.2%	10.4%	12.9%	6.6%	7.7%	6.1%	7.3%	5.7%
EBIT margin	9.6%	8.8%	11.1%	5.2%	6.0%	4.1%	5.3%	4.4%
EBT margin	9.6%	8.7%	11.0%	5.1%	6.0%	4.0%	5.1%	4.3%
Profit margin	7.2%	7.1%	9.0%	3.6%	4.7%	3.1%	4.1%	3.4%

Source: Company information and Carlsquare

Income statement (SEKm)

	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E
Total revenue	**577**	**771**	**1139**	**1371**	**1443**	**1625**	**1816**	**1942**	**2078**
COGS	-394	-538	-790	-943	-999	-1114	-1243	-1325	-1413
Gross profit	**183**	**232**	**349**	**428**	**444**	**511**	**573**	**617**	**666**
Other operating expenses	-159	-199	-240	-290	-348	-384	-426	-455	-487
EBITDA	**24**	**34**	**109**	**138**	**96**	**127**	**147**	**162**	**179**
Dep. and amort.	-17	-19	-22	-22	-25	-24	-25	-25	-27
EBIT	**7**	**15**	**87**	**116**	**71**	**103**	**121**	**137**	**152**
Net finances	-1	-1	-2	-1	-1	-2	-2	-2	-2
EBT	**6**	**14**	**85**	**115**	**70**	**102**	**120**	**135**	**150**
Tax	-1	-3	-19	-25	-15	-21	-25	-28	-31
Net profit/loss	**5**	**11**	**66**	**90**	**55**	**81**	**95**	**107**	**119**
EPS	**0.15**	**0.33**	**1.96**	**2.57**	**1.60**	**2.37**	**2.79**	**3.14**	**3.49**
Shares, EoP	32.6	32.6	33.0	33.7	33.7	33.7	33.7	33.7	33.7
Shares, avg.	32.6	32.6	32.8	33.4	33.7	33.7	33.7	33.7	33.7

Growth	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E
Total revenue	8%	33%	51%	20%	5%	13%	12%	7%	7%
Gross profit	15%	27%	50%	23%	4%	15%	12%	8%	8%
EBITDA	125%	38%	224%	27%	-30%	33%	16%	10%	10%
EBIT	935%	110%	486%	34%	-39%	45%	17%	12%	11%
EBT	1086%	120%	512%	35%	-39%	46%	18%	13%	11%
Net profit/loss	596%	113%	487%	35%	-39%	47%	18%	13%	11%
EPS	-543%	125%	499%	31%	-38%	48%	18%	13%	11%
Margins	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**	**2025E**	**2026E**
Gross profit	31.8%	30.1%	30.6%	31.2%	30.8%	31.5%	31.5%	31.8%	32.0%
EBITDA margin	4.2%	4.4%	9.5%	10.0%	6.6%	7.8%	8.1%	8.3%	8.6%
EBIT margin	1.2%	1.9%	7.6%	8.5%	4.9%	6.4%	6.7%	7.0%	7.3%
EBT margin	1.1%	1.8%	7.5%	8.4%	4.8%	6.3%	6.6%	6.9%	7.2%
Profit margin	0.9%	1.5%	5.8%	6.5%	3.8%	5.0%	5.2%	5.5%	5.7%

Source: Company information and Carlsquare

Balance sheet (SEKm)

	2020	2021	2022E	2023E	2024E	2025E	2026E
Tot. intangible assets	56	64	123	138	155	173	193
Tot. tangible assets	7	11	18	20	21	24	26
Tot. other fixed assets	47	43	60	61	61	62	62
Total fixed assets	110	118	202	219	237	259	281
Inventories	127	159	164	187	203	218	233
Accounts Receivables	67	58	72	75	86	92	98
Other current assets	37	35	42	44	50	53	57
Cash	143	236	170	192	203	225	259
Total current assets	373	487	448	498	543	588	647
Total assets	**483**	**605**	**650**	**717**	**780**	**847**	**928**
Shareholder equity	95	152	145	158	178	209	252
Total equity	**95**	**152**	**145**	**158**	**178**	**209**	**252**
Debt to creditors	5	5	27	27	27	27	27
Lease liabilities	34	25	38	38	38	38	38
Other long-term liabilities	0	1	3	3	3	3	3
Tot. long-term liabilities	39	31	68	68	68	68	68
Tax liabilities	12	17	6	6	6	6	6
Lease liabilities	10	14	18	18	18	18	18
Accounts payable	55	44	58	59	68	72	78
Other liabilities	163	239	229	272	290	310	332
Accrued expenses and prepaid income	109	109	126	136	152	163	174
Tot. short-term debt	349	423	436	490	534	570	608
Total debt	**389**	**453**	**504**	**558**	**602**	**638**	**676**
Tot. equity and debt	**483**	**605**	**650**	**717**	**780**	**847**	**928**
Liquidity	2020	2021	2022E	2023E	2024E	2025E	2026E
Current ratio	107%	115%	103%	102%	102%	103%	107%
Cash ratio	41%	56%	39%	39%	38%	39%	43%
Leverage	2020	2021	2022E	2023E	2024E	2025E	2026E
Net debt(-)/Net cash(+)	138	231	143	164	176	198	232
Net debt/EBITDA	NM	NM	NM	NM	NM	NM	NM
Net debt/Equity	NM	NM	NM	NM	NM	NM	NM
Equity/Total Assets	20%	25%	22%	22%	23%	25%	27%
Efficiency	2020	2021	2022E	2023E	2024E	2025E	2026E
ROA	1%	2%	10%	13%	7%	10%	10%
ROE	8%	9%	45%	59%	33%	42%	41%
ROIC	6%	8%	40%	50%	28%	35%	35%

Source: Company information and Carlsquare

Cash flow (SEKm)

	2020	2021	2022E	2023E	2024E	2025E	2026E
CF, operating activities b4 delta WC	105	110	66	104	120	133	146
Delta operating capital	-8	43	-14	25	11	12	13
CF operationg activities	97	153	53	129	131	144	159
CF investing activites	-9	-12	-37	-21	-24	-26	-27
CF financing activities	-22	-49	-81	-87	-95	-97	-98
Cash flow	66	93	-65	21	12	22	34
Cash, BoP	77	143	236	170	192	203	225
Cash, EoP	143	236	170	192	203	225	259
Key ratios	2020	2021	2022E	2023E	2024E	2025E	2026E
CF operationg activities/Total revenue	9%	11%	4%	8%	7%	7%	8%
CF operationg activities/EBITDA	90%	112%	55%	102%	90%	89%	89%

Source: Company information and Carlsquare

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