

# Hanza Holding

Sector: Industrial Goods &amp; Services

## Handles a Challenging Period

Redeye remains positive to Hanza following a better than expected Q2-report. While the Corona crisis has delayed Hanza's progress in the short term, we still expect increasing margins going forward, and the crisis could very well help long-term growth. We increase our Base Case slightly to SEK 18 (17).

### Sales volumes down ~10% - vast differences between sectors

Net sales came in at SEK 559m (507), about 6% above our forecast. Behind the group average of about -10% in organic growth, the difference between different industries was vast. For example, Hanza's sales to the medtech sectors was higher than ever. On the other hand, many segments saw significant drops in demand. Adj. EBITA – excluding SEK 27.5m in restructuring costs – was SEK 14.9m (20.5). Despite Hanza only receiving SEK 1m in government support, adj. EBITA exceeded our forecasts.

### Small increase in 2021 EBITA forecast – New Base Case SEK 18 (17)

While the Q2-report was better than expected both regarding sales and EBITA, we increase our sales and adj. EBITA forecasts for 2021 by a mere 1% and 2%. Management saw a slight improvement in the latter parts of the quarter relative to the bottom in April. Still, management sticks to its rather cautious outlook and sees a challenging environment going forward. However, we believe it is reasonable to assume a gradual increase in both organic sales and margins during H2 2020 and 2021. We increase our Base Case somewhat to SEK 18 (17).

### Cluster strategy attracts attention

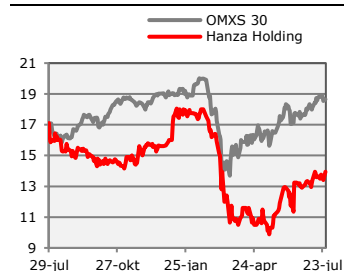
The Corona crisis has highlighted the weakness of today's often complex manufacturing- and supply chains, to which Hanza offers an alternative with its cluster-based "All you need is one"-strategy. As a result, Hanza has seen an increased amount of customer dialogues during Q2, which of some have finalized despite restrictions.

KEY FINANCIALS (SEKm)	2018	2019	2020E	2021E	2022E	2023E
Net sales	1811	2068	2217	2370	2454	2557
EBITDA	118	149	89	174	189	217
EBIT	54	57	21	84	96	120
EPS (adj.)	0.7	0.8	-0.7	1.5	1.8	2.4
EV/Sales	0.4	0.5	0.4	0.4	0.3	0.3
EV/EBITDA	5.8	6.9	10.0	4.8	4.2	3.5
EV/EBIT	12.7	18.0	43.5	9.9	8.4	6.2
P/E	20.6	20.3	-17.8	8.9	7.6	5.6

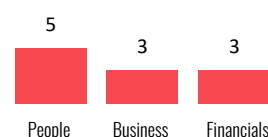
### FAIR VALUE RANGE

BEAR	BASE	BULL
10.0	18.0	30.0

### VERSUS OMXS30



### REDEYE RATING



### KEY STATS

Ticker	HANZA
Market	Small Cap
Share Price (SEK)	13.3
Market Cap (MSEK)	450
Net Debt 20E (MSEK)	442
Free Float	70 %
Avg. daily volume ('000)	520

### ANALYSTS

Fredrik Nilsson  
[fredrik.nilsson@redeye.se](mailto:fredrik.nilsson@redeye.se)  
 Oskar Vilhelmsson  
[oskar.vilhelmsson@redeye.se](mailto:oskar.vilhelmsson@redeye.se)

## Handling the Corona crisis better than expected

Net sales amounted to SEK 559m (507), corresponding to YoY growth of 10%. Organic sales volumes declined by about 10% YoY, according to management. Our forecast was SEK 536, and the outcome beat our estimate by 6%.

Behind the group average of about -10% in organic growth, the difference between different industries was vast. For example, Hanza's sales to the medtech sectors was higher than ever, and the demand from customers in defense and some industry segments remained solid. On the other hand, many segments saw significant drops in demand. Textile-, mining-, and material handling machinery, as well as shop fittings and the food industry, experienced a sharp decline in demand. The picture corresponds well with what we have seen in other Q2-reports, where the impact from the Corona crisis differs substantially from sector to sector.

While management is rather cautious regarding future demand, they saw a gradual increase compared to April during the latter parts of the quarter, although below normal levels. The activity is typically lower during the summer season, and, according to management, August will be the first relevant indicator for H2 2020.

Adj. EBITA was SEK 14.9m (20.5), corresponding to a margin of 2.7% (4.0), and our forecast was SEK 7.4m and 1.4%. EBITA was SEK -12.6m, negatively affected by SEK 27.5m due to restructurings. Despite the adj. EBIT being much higher than we expected, Hanza only received SEK 1m in government support. That is one of the lowest numbers we have seen during Q2 so far.

At first, we found the limited government support rather strange, as Hanza has seen a larger impact from the Corona crisis than most companies in Redeye's universe. However, there are several reasons for the low number. First, Hanza reduced its staff in April, to meet a lowered demand due to the Corona crisis. Second, Hanza has a significant share of personnel from staffing agencies, which Hanza can remove quickly but cannot receive any government support from. Third, in Estonia and Poland, government support is limited relative to Sweden.

### Actuals vs Forecast - Group 2Q20

(SEKm)	2Q19	2Q20	2Q20E	Diff
<b>Net sales</b>	<b>507</b>	<b>559</b>	<b>526</b>	6.3%
<i>Growth YoY</i>	-0.3%	10.3%	3.8%	
<i>Organic</i>			-15.0%	
<i>M&amp;A</i>			18.8%	
<b>Adj. EBITA</b>	<b>20.5</b>	<b>14.9</b>	<b>7.4</b>	101.0%
<i>Adj. EBITA margin</i>	4.0%	2.7%	1.4%	
<b>EBITA</b>	<b>19.3</b>	<b>-12.6</b>	<b>-17.6</b>	-28.4%
<i>EBITA margin</i>	3.8%	-2.3%	-3.3%	

Source: Redeye Research, Hanza

All in all, we argue that the adj. EBITA margin of 2.7% is solid, given the current circumstances. While it is far from Hanza's financial target of 6% at the EBIT level, Hanza managed to achieve positive net earnings (on an adjusted basis) in what seems to have been the worst part of the Corona crisis.

### Increasing number of customer dialogues

The Corona crisis has highlighted the weakness of today's often complex manufacturing- and supply chains, to which Hanza offers an alternative with its cluster-based "All you need is one"-strategy. As a result, Hanza has seen an increased amount of customer dialogues during Q2, which of some have finalized despite restrictions.

For example, a MIG analysis was presented in Finland, resulting in a >10% reduction in manufacturing costs. Also, Hanza invested in manufacturing equipment of SEK ~20m in June due to new sales. Management sees a bigger long-term potential for its offering now relative to before the Corona crisis. We find that reasonable given Hanza's strategy.

While the increased number of dialogues in Q2 is a positive sign, we are not willing to fully discount such a scenario at this point.

### Rebound in Other markets

Both Main Markets (Sweden, Finland, Germany) and Other Markets (Estonia, Central Europe, China) took significant restructuring costs during the quarter. However, looking at the adjusted underlying EBITA, Main Markets halved its Adj. EBITA margin to 3.2% from a strong level last year. On the other hand, Other Markets increase its adj. EBITA margin YoY, although to a rather low level of 1.9%.

#### Main markets 2Q20

(SEKm)	2Q19	2Q20
<b>Net sales</b>	<b>268</b>	<b>306</b>
<i>Growth YoY</i>		14.1%
<b>Adj. EBITA</b>	<b>19.0</b>	<b>9.7</b>
<i>Adj. EBITA margin</i>	7.1%	3.2%
EBITA	19.0	0.2
<i>EBITA margin</i>	7.1%	0.1%

Source: Redeye Research, Hanza

#### Other markets 2Q20

(SEKm)	2Q19	2Q20
<b>Net sales</b>	<b>239</b>	<b>253</b>
<i>Growth YoY</i>		6.0%
<b>Adj. EBITA</b>	<b>1.9</b>	<b>4.9</b>
<i>Adj. EBITA margin</i>	0.8%	1.9%
EBITA	1.9	-13.1
<i>EBITA margin</i>	0.8%	-5.2%

Source: Redeye Research, Hanza

## Financial forecasts

We increase our adj. EBITA forecast for 2020 by 15%, which is mostly a result of the higher adj. EBITA in Q2 relative to our forecasts. For 2021, we increase our sales forecast as well as our margin assumptions slightly. While the Corona crisis has had a less negative impact on Hanza than we expected, we see no reason to change our outlook for 2021 in a major way.

Group - Estimate revisions 2Q2020						
(SEKm)	2020			2021		
	New	Prev.	Change	New	Prev.	Change
<b>Net sales</b>	<b>2217</b>	<b>2163</b>	2.5%	<b>2370</b>	<b>2345</b>	1.1%
<i>Growth</i>	7%	5%		7%	8%	
<i>Organic</i>	-5%	-7%		7%	8%	
<i>M&amp;A</i>	12%	12%		0%	0%	
<b>Adj. EBITA</b>	<b>62</b>	<b>54</b>	15.0%	<b>98</b>	<b>96</b>	2.4%
<i>Adj. EBITA margin</i>	2.8%	2.5%		4.1%	4.1%	
<b>EBIT</b>	<b>21</b>	<b>15</b>	36.7%	<b>84</b>	<b>82</b>	2.9%
<i>EBIT margin</i>	0.9%	0.7%		3.6%	3.5%	

Source: Redeye Research

Management saw a gradual improvement during Q2 relative to the bottom in April. However, volumes are not back to normal. While management has a rather cautious outlook, we find it reasonable to assume a gradual improvement in YoY growth numbers in H2 2020. However, we still assume negative organic growth.

Regarding 2021, we expect organic growth of 7% for several reasons. First, we assume a rebound in worldwide economic activity. Second, the increasing number of customer dialogues should result in slightly higher growth. Typically, a new customer will generate revenue within a few quarters. However, MIG-deals are often even faster.

Management believes that the announced restructurings, which are expected to increase margins in Q4 and forward, combined with a moderate rebound in sales volumes, will be enough to reach Hanza's margin target of 6% at the EBIT level. While we do not discount Hanza reaching 6% over the next few years, we believe that the margins will improve significantly relative to current levels.

Group - Financial forecasts Base-case								
(SEKm)	2019	1Q20	2Q20	3Q20E	4Q20E	2020E	2021E	2022E
<b>Net sales</b>	<b>2068</b>	<b>599</b>	<b>559</b>	<b>518</b>	<b>540</b>	<b>2217</b>	<b>2370</b>	<b>2465</b>
<i>Growth YoY</i>	14.2%	20.4%	10.3%	0.5%	-1.4%	7.2%	6.9%	4.0%
<i>Organic</i>			-8.4%	-6.0%	-1.4%	-4.8%	6.9%	4.0%
<i>M&amp;A</i>			18.8%	6.5%	0.0%	12.0%	0.0%	0.0%
<b>Adj. EBITA</b>	<b>86.1</b>	<b>20.4</b>	<b>14.9</b>	<b>9.0</b>	<b>17.9</b>	<b>62.1</b>	<b>98.3</b>	<b>109.6</b>
<i>Adj. EBITA margin</i>	4.2%	3.4%	2.7%	1.7%	3.3%	2.8%	4.1%	4.4%
<b>EBIT</b>	<b>56.8</b>	<b>16.8</b>	<b>-16.1</b>	<b>5.5</b>	<b>14.4</b>	<b>20.5</b>	<b>84.3</b>	<b>95.6</b>
<i>EBIT margin</i>	2.7%	2.8%	-2.9%	1.1%	2.7%	0.9%	3.6%	3.9%

Source: Redeye Research, Hanza

## Investment case

### Unique take on manufacturing

With its 'All you need is one' cluster-based strategy, Hanza and its experienced management take a unique approach that differentiates it among manufacturing service companies. By gathering several manufacturing technologies in a single location (often near the end-customer), Hanza can reduce costs, lead times and environmental footprint.

Hanza offers consultant services, such as MIG, that help product companies streamline their use of manufacturing services. MIG plays an important role in acquiring new customers but has not yet reached its full potential.

While our meetings with cluster management suggest that 'All you need is one' has yet to be fully implemented, we are positive to Hanza's unique, long-term strategy. While its stock market journey had a bumpy start, industry-leading margins in its Nordic segment and an impressive customer list prove the strength of its concept.

### Expanding into Germany

By the acquisition of Ritter in 2019, Hanza established presence in Germany. Europe's industrial powerhouse, Germany offers Hanza significant growth opportunities with its so-called Mittelstand (Hanza's focus segment). Also, as many German businesses are cautious about entering China directly, Hanza's Chinese factories offer a smooth outsourcing alternative. Some have already moved production to its cluster in China.

### Backsourcing benefit

Hanza benefits from several trends that are moving manufacturing back to Europe, such as Environmental, Social and Governance (ESG) issues, trade wars and increasing labor costs in distant regions. With the bulk of its manufacturing facilities within the EU, we believe Hanza can meet high ESG standards better than most production in distant, often undemocratic regions. Moreover, its cluster strategy has an inherently lower environmental footprint.

## Counter-thesis

### Lack of transferability

Hanza's success in the Nordics may not result from its 'All you need is one' cluster strategy, but rather follow from smart acquisitions and a management team with close connections to several Nordic product companies. If so, it may struggle to achieve solid profitability outside of the Nordics. However, it has already established successful presences outside the Nordics, such as in Tartu, Estonia.

### Unsuccessful expansion

In the summer of 2019 Hanza acquired Ritter in Germany and expanded its central European cluster significantly. As Hanza is aiming for a full integration, the risk and potential reward is higher than on a typical decentralized acquisition. Employees, management and/or customers could oppose Hanza's plans. However, as Hanza has experience of taking over businesses successfully, we view the risk as limited.

## Valuation

### Bear Case 7.0 SEK

Average organic growth of 2% in the  
Terminal growth of 2%

Average EBITA margin of 3.5% in the  
(2020-27)

Terminal group EBITA margin of  
4.1%

### Base Case 17.0 SEK

Average organic growth of 4% in the  
Terminal growth of 2%

Average EBITA margin of 4.5% in the  
(2020-27)

Terminal group EBITA margin of  
5.3%

### Bull Case 30.0 SEK

Average organic growth of 5% in the  
Terminal growth of 2%

Average EBITA margin of 5.5% in the  
(2020-27)

Terminal group EBITA margin of  
6.5%

## Summary Redeye Rating

The rating consists of three valuation keys, each constituting an overall assessment of several factors that are rated on a scale of 0 to 1 points. The maximum score for a valuation key is 5 points.

### Rating changes in the report: None

#### **People:** 5

Hanza receives a high rating for people, as both management and owners have favorable characteristics. CEO Erik Stenfors has vast experience of the manufacturing service industry, including being the founder and CEO of both Note and Hanza. Hanza's largest shareholder is Gerald Engström, the founder and majority owner of Systemair. As a result, Hanza also has the support of a product company veteran.

#### **Business:** 3

Lacking clear differentiators, competition in the manufacturing service industry is typically tough. While Hanza has a unique take on the industry, we believe it is still difficult for it to increase prices for example. All the same, Hanza is a close and important partner for several of its customers. Moreover, it has decent diversification across both sectors and customers. Overall, Hanza receives an average rating for Business.

#### **Financials:** 3

While Hanza's near-term financial performance is strong, the long-term track-record has been weak, which lowers the Financials rating. Its solid financial position is positive, while the low-margin nature of its business is negative for the rating. In summary, Hanza receives an average rating for Financials. Several consecutive years of solid performance would lift the rating, though.

INCOME STATEMENT	2018	2019	2020E	2021E	2022E
Net sales	1,811	2,068	2,217	2,370	2,454
Total operating costs	-1,692	-1,919	-2,128	-2,196	-2,265
EBITDA	118	149	89	174	189
Depreciation	-52	-85	-58	-73	-77
Amortization	-12	-8	-11	-16	-16
Impairment charges	0	0	0	0	0
EBIT	54	57	21	84	96
Share in profits	0	0	0	0	0
Net financial items	-25	-25	-21	-19	-19
Exchange rate dif.	0	0	0	0	0
Pre-tax profit	29	32	0	65	76
Tax	-8	-9	-25	-14	-17
Net earnings	21	24	-25	51	59

BALANCE SHEET	2018	2019	2020E	2021E	2022E
<b>Assets</b>					
<i>Current assets</i>					
Cash in banks	78	67	36	98	119
Receivables	102	122	115	123	128
Inventories	290	423	421	427	442
Other current assets	10	45	45	45	45
Current assets	479	657	617	693	734
<i>Fixed assets</i>					
Tangible assets	270	422	418	441	459
Associated comp.	0	0	0	0	0
Investments	0	0	0	0	0
Goodwill	265	299	299	299	299
Cap. exp. for dev.	66	113	103	86	70
0 intangible rights	0	0	0	0	0
0 non-current assets	0	0	0	0	0
Total fixed assets	600	835	820	827	828
Deferred tax assets	16	31	31	31	31
Total (assets)	1,096	1,523	1,469	1,551	1,593
<b>Liabilities</b>					
<i>Current liabilities</i>					
Short-term debt	131	198	478	486	470
Accounts payable	285	232	343	367	380
0 current liabilities	29	84	84	84	84
Current liabilities	445	514	905	937	934
Long-term debt	207	412	0	0	0
0 long-term liabilities	33	53	53	53	53
Convertibles	0	0	0	0	0
Total Liabilities	686	979	959	990	988
Deferred tax liab	0	46	46	46	46
Provisions	0	0	0	0	0
Shareholders' equity	411	498	465	516	560
Minority interest (BS)	0	0	0	0	0
Minority & equity	411	498	465	516	560
Total liab & SE	1,096	1,522	1,469	1,551	1,593

FREE CASH FLOW	2018	2019	2020E	2021E	2022E
Net sales	1,811	2,068	2,217	2,370	2,454
Total operating costs	-1,692	-1,919	-2,128	-2,196	-2,265
Depreciations total	-64	-92	-68	-89	-94
EBIT	54	57	21	84	96
Taxes on EBIT	-16	-15	-5	-19	-21
NOPLAT	39	42	16	66	75
Depreciation	64	92	68	89	94
Gross cash flow	103	134	84	155	168
Change in WC	-3	-187	119	10	-7
Gross CAPEX	-307	-327	-54	-96	-95
Free cash flow	-207	-380	150	69	67

CAPITAL STRUCTURE	2018	2019	2020E	2021E	2022E
Equity ratio	37%	33%	32%	33%	35%
Debt/equity ratio	82%	123%	103%	94%	84%
Net debt	260	543	442	388	351
Capital employed	671	1,041	907	904	911
Capital turnover rate	1.7	1.4	1.5	1.5	1.5

GROWTH	2018	2019	2020E	2021E	2022E
Sales growth	29%	14%	7%	7%	4%
EPS growth (adj)	0%	13%	-194%	-301%	17%

DCF VALUATION		CASH FLOW, MSEK	
WACC (%)	10.0 %	NPV FCF (2020-2021)	234
		NPV FCF (2022-2028)	348
		NPV FCF (2029-)	580
		Non-operating assets	67
		Interest-bearing debt	-610
		Fair value estimate MSEK	619
Assumptions 2020-2026 (%)			
Average sales growth	4.4 %	Fair value e. per share, SEK	18.2
EBIT margin	3.9 %	Share price, SEK	13.3

PROFITABILITY	2018	2019	2020E	2021E	2022E
RDE	6%	5%	-5%	10%	11%
ROCE	9%	6%	2%	9%	9%
ROIC	9%	6%	2%	7%	8%
EBITDA margin	7%	7%	4%	7%	8%
EBIT margin	3%	3%	1%	4%	4%
Net margin	1%	1%	-1%	2%	2%

DATA PER SHARE	2018	2019	2020E	2021E	2022E
EPS	0.70	0.79	-0.75	1.50	1.75
EPS adj	0.70	0.79	-0.75	1.50	1.75
Dividend	0.25	0.25	0.00	0.45	0.52
Net debt	8.71	18.19	13.02	11.42	10.34
Total shares	29.87	29.87	33.98	33.98	33.98

VALUATION	2018	2019	2020E	2021E	2022E
EV	688.8	1,021.2	892.6	838.2	801.5
P/E	20.6	20.3	-17.8	8.9	7.6
P/E diluted	20.6	20.3	-17.8	8.9	7.6
P/Sales	0.2	0.2	0.2	0.2	0.2
EV/Sales	0.4	0.5	0.4	0.4	0.3
EV/EBITDA	5.8	6.9	10.0	4.8	4.2
EV/EBIT	12.7	18.0	43.5	9.9	8.4
P/BV	1.0	1.0	1.0	0.9	0.8

SHARE PERFORMANCE		GROWTH/YEAR	18/20E
1 month	1.5 %	Net sales	10.6 %
3 month	23.3 %	Operating profit adj	-38.4 %
12 month	-22.5 %	EPS, just	◆
Since start of the year	-15.3 %	Equity	6.4 %

SHAREHOLDER STRUCTURE %	CAPITAL	VOTES
Gerald Engström	19.9 %	19.9 %
Francesco Franzé	10.1 %	10.1 %
Clearstream Banking S.A. W8imy	9.5 %	9.5 %
Ritter Beteiligungs GmbH	8.8 %	8.8 %
Nordnet Pensionsförsäkring	7.8 %	7.8 %
Avanza Pension	7.7 %	7.7 %
Massimiliano Franzé	6.8 %	6.8 %
Håkan Halén	6.1 %	6.1 %
Svenska Handelsbanken AB for PB	5.2 %	5.2 %
Lannebo Fonder	4.6 %	4.6 %

SHARE INFORMATION	
Reuters code	
List	
Share price	13.3
Total shares, million	34.0
Market Cap, MSEK	450.2

MANAGEMENT & BOARD	
CEO	Erik Stenfors
CFO	Lars Åkerblom
IR	
Chairman	Francesco Franzé

FINANCIAL INFORMATION	

ANALYSTS		Redeye AB
Fredrik Nilsson		Mäster Samuelsgatan 42, 101tr
fredrik.nilsson@redeye.se		111 57 Stockholm

Oskar Vilhelmsson	
oskar.vilhelmsson@redeye.se	



## Redeye Rating and Background Definitions

### Company Quality

Company Quality is based on a set of quality checks across three categories; PEOPLE, BUSINESS, FINANCE. These are the building blocks that enable a company to deliver sustained operational outperformance and attractive long-term earnings growth.

Each category is grouped into multiple sub-categories assessed by five checks. These are based on widely accepted and tested investment criteria and used by demonstrably successful investors and investment firms. Each sub-category may also include a complementary check that provides additional information to assist with investment decision-making.

If a check is successful, it is assigned a score of one point; the total successful checks are added to give a score for each sub-category. The overall score for a category is the average of all sub-category scores, based on a scale that ranges from 0 to 5 rounded up to the nearest whole number. The overall score for each category is then used to generate the size of the bar in the Company Quality graphic.

### People

At the end of the day, people drive profits. Not numbers. Understanding the motivations of people behind a business is a significant part of understanding the long-term drive of the company. It all comes down to doing business with people you trust, or at least avoiding dealing with people of questionable character.

The People rating is based on quantitative scores in seven categories:

- Passion, Execution, Capital Allocation, Communication, Compensation, Ownership, and Board.

### Business

If you don't understand the competitive environment and don't have a clear sense of how the business will engage customers, create value and consistently deliver that value at a profit, you won't succeed as an investor. Knowing the business model inside out will provide you some level of certainty and reduce the risk when you buy a stock.

The Business rating is based on quantitative scores grouped into five sub-categories:

- Business Scalability, Market Structure, Value Proposition, Economic Moat, and Operational Risks.

### Financials

Investing is part art, part science. Financial ratios make up most of the science. Ratios are used to evaluate the financial soundness of a business. Also, these ratios are key factors that will impact a company's financial performance and valuation. However, you only need a few to determine whether a company is financially strong or weak.

The Financial rating is based on quantitative scores that are grouped into five separate categories:

- Earnings Power, Profit Margin, Growth Rate, Financial Health, and Earnings Quality.

## Redeye Equity Research team

### Management

**Björn Fahlén**

bjorn.fahlen@redeye.se

**Håkan Östling**

hakan.ostling@redeye.se

### Technology Team

**Jonas Amnesten**

jonas.amnesten@redeye.se

**Henrik Alveskog**

henrik.alveskog@redeye.se

**Havan Hanna**

havan.hanna@redeye.se

**Erika Madebrink**

erika.madebrink@redeye.se

**Fredrik Nilsson**

fredrik.nilsson@redeye.se

**Tomas Otterbeck**

tomas.otterbeck@redeye.se

**Eddie Palmgren**

eddie.palmgren@redeye.se

**Oskar Vilhelmsson**

oskar.vilhelmsson@redeye.se

**Viktor Westman**

viktor.westman@redeye.se

### Editorial

**Eddie Palmgren**

eddie.palmgren@redeye.se

**Mark Siöstedt**

mark.siostedt@redeye.se

### Life Science Team

**Gergana Almquist**

gergana.almquist@redeye.se

**Oscar Bergman**

oscar.bergman@redeye.se

**Anders Hedlund**

anders.hedlund@redeye.se

**Erik Nordström**

erik.nordstrom@redeye.se

**Jakob Svensson**

jakob.svensson@redeye.se

**Ludvig Svensson**

ludvig.svensson@redeye.se

**Niklas Elmhammer**

niklas.elmhammer@redeye.se

**Mats Hyttinge**

mats.hyttinge@redeye.se

## Disclaimer

### Important information

Redeye AB ("Redeye" or "the Company") is a specialist financial advisory boutique that focuses on small and mid-cap growth companies in the Nordic region. We focus on the technology and life science sectors. We provide services within Corporate Broking, Corporate Finance, equity research and investor relations. Our strengths are our award-winning research department, experienced advisers, a unique investor network, and the powerful distribution channel redeye.se. Redeye was founded in 1999 and since 2007 has been subject to the supervision of the Swedish Financial Supervisory Authority.

Redeye is licensed to; receive and transmit orders in financial instruments, provide investment advice to clients regarding financial instruments, prepare and disseminate financial analyses/recommendations for trading in financial instruments, execute orders in financial instruments on behalf of clients, place financial instruments without position taking, provide corporate advice and services within mergers and acquisition, provide services in conjunction with the provision of guarantees regarding financial instruments and to operate as a Certified Advisory business (ancillary authorization).

### Limitation of liability

This document was prepared for information purposes for general distribution and is not intended to be advisory. The information contained in this analysis is based on sources deemed reliable by Redeye. However, Redeye cannot guarantee the accuracy of the information. The forward-looking information in the analysis is based on subjective assessments about the future, which constitutes a factor of uncertainty. Redeye cannot guarantee that forecasts and forward-looking statements will materialize. Investors shall conduct all investment decisions independently. This analysis is intended to be one of a number of tools that can be used in making an investment decision. All investors are therefore encouraged to supplement this information with additional relevant data and to consult a financial advisor prior to an investment decision. Accordingly, Redeye accepts no liability for any loss or damage resulting from the use of this analysis.

### Potential conflict of interest

Redeye's research department is regulated by operational and administrative rules established to avoid conflicts of interest and to ensure the objectivity and independence of its analysts. The following applies:

- For companies that are the subject of Redeye's research analysis, the applicable rules include those established by the Swedish Financial Supervisory Authority pertaining to investment recommendations and the handling of conflicts of interest. Furthermore, Redeye employees are not allowed to trade in financial instruments of the company in question, from the date Redeye publishes its analysis plus one trading day after this date.
- An analyst may not engage in corporate finance transactions without the express approval of management and may not receive any remuneration directly linked to such transactions.
- Redeye may carry out an analysis upon commission or in exchange for payment from the company that is the subject of the analysis, or from an underwriting institution in conjunction with a merger and acquisition (M&A) deal, new share issue or a public listing. Readers of these reports should assume that Redeye may have received or will receive remuneration from the company/companies cited in the report for the performance of financial advisory services. Such remuneration is of a predetermined amount and is not dependent on the content of the analysis.

### Redeye's research coverage

Redeye's research analyses consist of case-based analyses, which imply that the frequency of the analytical reports may vary over time. Unless otherwise expressly stated in the report, the analysis is updated when considered necessary by the research department, for example in the event of significant changes in market conditions or events related to the issuer/the financial instrument.

### Recommendation structure

Redeye does not issue any investment recommendations for fundamental analysis. However, Redeye has developed a proprietary analysis and rating model, Redeye Rating, in which each company is analyzed and evaluated. This analysis aims to provide an independent assessment of the company in question, its opportunities, risks, etc. The purpose is to provide an objective and professional set of data for owners and investors to use in their decision-making.

### Redeye Rating (2020-07-29)

Rating	People	Business	Financials
5p	15	12	3
3p - 4p	108	84	33
0p - 2p	6	33	93
Company N	129	129	129

### Duplication and distribution

This document may not be duplicated, reproduced or copied for purposes other than personal use. The document may not be distributed to physical or legal entities that are citizens of or domiciled in any country in which such distribution is prohibited according to applicable laws or other regulations.

Copyright Redeye AB.

---

### CONFLICT OF INTERESTS

Fredrik Nilsson owns shares in the company : No

Oskar Vilhelmsson owns shares in the company : No

Redeye performs/have performed services for the Company and receives/have received compensation from the Company in connection with this.