

# Bong

Sector: Industrial Goods &amp; Services

## Turn-around in Sight!

Redeye is now more optimistic about a turn-around despite very tough market conditions. Bongs Q3-report clearly indicates that costs have been managed in an excellent way. Envelopes are suffering, but the flip side of the coin is that Bongs point of gravity is shifting faster than ever towards Packaging. We are now raising our earnings estimates and fair value range somewhat.

### Q3: excellent cost containment

Considering the significant sales drop, Bong posted really encouraging earnings in the quarter. Sales declined 19% Y/Y, while EBIT, adjusted for one-offs, was basically unchanged, and remained in the blacks. The impact of cost reductions is quite impressive. Gross margins were restored, 17% is unchanged Y/Y and significantly higher than the rock bottom level of 12% in Q2-20. Sales and admin costs have also been further reduced. At a faster pace than we expected. Bong posted EBIT of SEK 3m. Clearly above our estimate of minus SEK 23m, even if we had included somewhat higher restructuring cost.

### Packaging stable while Envelopes still in free fall

Envelope sales in Q3 were down 25% Y/Y, similar to the second quarter this year. France and UK are again showing the steepest declines, but all major markets took another hit. According to the report Bong has seen a slow but continuous recovery during Q3.

Light Packing continues to perform well, and better than we expected. Q3 sales were basically flat Y/Y and up some 20% Q/Q. Bong seems optimistic about the outlook going in to the seasonally strong Q4. New capacity is added for e-commerce products in Q4.

### Estimates and valuation up

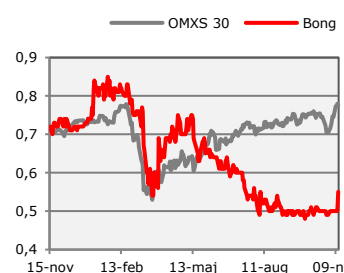
The Q3-report clearly indicates that Bong has handled the tough market conditions well with excellent cost containment. We are now more optimistic about a turn-around for the company in 2021, despite a fair amount of uncertainty regarding the general market outlook. We have now raised our fair value range to SEK 0.2-1.85 per share. It is still very wide due to high operational and financial leverage. Our **Base case fair value is SEK 0.85 per share** (previously SEK 0.7).

KEY FINANCIALS (SEKm)	2018	2019	2020E	2021E	2022E	2023E
Net sales	2220	2166	1833	1874	1837	1782
EBITDA	71	121	103	142	143	136
EBIT	-52	32	11	55	56	53
EPS (adj.)	-0.3	-0.1	-0.2	0.0	0.1	0.1
EV/Sales	0.2	0.3	0.3	0.2	0.2	0.2
EV/EBITDA	7.5	5.0	4.5	3.1	2.8	2.6
EV/EBIT	-10.4	19.1	43.4	7.9	7.0	6.6
P/E	-1.3	-6.3	-2.9	10.7	5.7	5.8

### FAIR VALUE RANGE

BEAR	BASE	BULL
0.2	0.9	1.9

### VERSUS OMXS30



### REDEYE RATING



### KEY STATS

Ticker	BONG
Market	Nasdaq
Share Price (SEK)	0.5
Market Cap (MSEK)	110
Net Debt 20E (MSEK)	460
Free Float	55%
Avg. daily volume ('000)	100

### ANALYSTS

Henrik Alveskog  
[henrik.alveskog@redeye.se](mailto:henrik.alveskog@redeye.se)  
 Viktor Westman  
[viktor.westman@redeye.se](mailto:viktor.westman@redeye.se)

## Turn-around in Sight!

The drop in envelope sales was again more dramatic than we had anticipated, minus 25% Y/Y. Light Packaging sales was however higher than expected. We are quite impressed by the significant cost reductions already feeding through the third quarter. Gross margins were even a little higher Y/Y and opex was clearly lower, both Y/Y and Q/Q. Moreover, according to the report, the main savings effects will come in Q4 and next year. Bong only expects minor restructuring costs in Q4, which is a bit surprising but encouraging.

EBIT includes one-off items of net SEK -4m. Our estimate included SEK -15m, which explains some of the deviation. But the majority is explained by lower costs across the board.

### Bong: Expected vs. Actual

(SEKm)	Q3'19	Q3' 20 Actual	Q3'20E	Diff
Net sales	520	421	445	-5%
Whereof Light Packaging	124	122	115	6%
Gross profit	87	73	62	17%
EBITDA	29	23	-1	n.m.
EBIT	7	3	-23	n.m.
Pre-tax profit	-6	-6	-33	n.m.
Sales growth Y/Y	-7%	-19%	-14%	
Gross margin	16.7%	17.3%	13.9%	
EBITDA margin	5.5%	5.5%	-0.2%	
EBIT margin	1.3%	0.7%	-5.2%	

Source: Bong, Redeye Research

**Envelope** sales in UK and France took the hardest hits in Q3, as well as in Q2. Bong has seen a slow but continuous recovery in the European envelope market during the third quarter.

**Light Packaging** is stable and improving somewhat Q/Q. We note that region South Europe is showing robust growth. Bongs paper carrier bags made a strong comeback, after a weaker Q2. Sales in Q3 increased by 50% Y/Y. E-commerce products are also growing while retail gift bags continue to suffer from the difficulties for some retail chains in Europe.

### Quarterly performance

(SEK m)	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20
Revenues	571	507	520	568	518	399	421
whereof Light Packaging	106	105	124	155	116	99	122
Gross profit	100	82	87	96	96	50	73
EBITDA *	21	4	14	21	22	-14	11
EBIT	15	-3	7	14	5	-20	3
Net financial items	-11	-11	-12	-8	-8	-10	-9
Pre tax profit	5	-15	-6	6	-3	-30	-6
Revenue growth, Y/Y	6%	-7%	-3%	-6%	-9%	-21%	-19%
Gross-margin	17.5%	16.1%	16.8%	16.9%	18.5%	12.4%	17.3%
EBITDA-margin *	3.7%	0.8%	2.7%	3.7%	4.1%	-3.5%	2.5%
Cash flow after investments	42	-11	-7	55	14	1	4
Net debt, excl leasing debt	326	360	394	346	338	351	366

\* Excluding non-recurring items and IFRS 16

Source: Bong, Redeye Research

## Forecasts & Valuation

### Envelopes

2020 will certainly be the worst year ever in terms of declining volumes in the European envelope market. The long-term trend over the last decade is an average annual decline of some 5-6%. 2020 may see a drop of around 20% vs 2019, at least in the markets relevant to Bong. Market segment Direct Mail Marketing is suffering the most since it is typically very sensitive to the business climate. This is a significant part of Bongs envelope business and hopefully it will show a robust recovery over the next couple of years.

The impact of Bongs cost savings in Q3 were already more comprehensive than we expected. And according to the report, the main effects will be seen in Q4 and in 2021. To us this is excellent news. Particularly since Bong, at this point, only expects minor restructuring charges in Q4. We believe goodwill impairment of SEK 20-60m is likely. But since it has no cash flow impact (hence no impact on valuation), we do not include this in our forecasts.

*Better impact from cost savings*

### Light Packaging

Light Packaging continues to perform well in the e-commerce related business as well as products with exposure to retail stores. Most evidently in the comeback for paper carrier bags, which we believe is back on a solid growth track. New clients were acquired during the quarter. The switch from plastic to paper bags throughout Europe still offers good growth opportunities for many years to come. Bongs e-commerce products are also performing well, judging from the expansions plans which includes a new product range and additional production capacity.

*Sales mix improving over time*

We have no insight into Bongs profitability in Envelopes or Light Packaging. But it is reasonable to assume that Light Packaging is much more profitable. Hence, over time the group will gradually improve its sales mix, which should allow for better profitability.

P&L, historic and forecast						
SEK m	2017	2018	2019	2020E	2021E	2022E
<b>Envelopes</b>						
Revenues	1680	1767	1676	1346	1358	1290
Growth, Y/Y	-3%	5%	-5%	-20%	1%	-5%
EBIT *	25	-2	14	-6	34	32
EBIT-margin	1.5%	-0.1%	0.8%	-0.5%	2.5%	2.5%
<b>Light Packaging</b>						
Revenues	415	453	490	487	516	547
Growth, Y/Y	4%	9%	8%	-1%	6%	6%
EBIT *	21	27	29	31	41	44
EBIT-margin	5.0%	6.0%	6.0%	6.4%	8.0%	8.0%
Non-recurring items	0	-77	-11	-14	-20	-20
<b>Total revenues</b>	<b>2095</b>	<b>2220</b>	<b>2166</b>	<b>1833</b>	<b>1874</b>	<b>1837</b>
Growth, Y/Y	-2%	6%	-2%	-15%	2%	-2%
<b>Gross profit</b>	<b>381</b>	<b>367</b>	<b>364</b>	<b>307</b>	<b>324</b>	<b>331</b>
Gross-margin	18.2%	16.5%	16.8%	16.7%	17.3%	18.0%
<b>EBITDA **</b>	<b>92</b>	<b>72</b>	<b>132</b>	<b>113</b>	<b>162</b>	<b>163</b>
D.o. marginal	4.4%	3.2%	6.1%	6.1%	8.6%	8.9%
<b>EBIT</b>	<b>45</b>	<b>-52</b>	<b>32</b>	<b>11</b>	<b>55</b>	<b>56</b>
Net financial items	-44	-57	-42	-38	-37	-35
Pre tax profit	1	-109	-10	-27	18	22

\* Redeyes assessment regarding previous years.

\*\* Excluding non-recurring items (but including IFRS 16)

Source: Bong, Redeye Research

## Valuation

Fair value: ~SEK  
0.85 per share

Our DCF-model indicates an enterprise value of around SEK 520 million. After deducting net debt of SEK 346 m (excluding lease liabilities) our fair value of equity is around SEK 180 million, or **SEK 0.85 per share**. In our most recent update, as of July 2020, the corresponding value was SEK 0.7 per share.

The change in fair value is due to our revisions of 2020-22 estimates. No changes have been made in our assumptions for long term growth or profitability:

- Years 2023-28: zero growth, 3% EBIT-margin
- Terminal year (2028): 2 percent growth, 3% EBIT-margin
- WACC: 12% (derived from our Redeye Rating model)

### Long term assumptions for growth and profitability

As Bongs packaging business expands, the negative growth on group level will abate. For the period 2023-28 we assume zero growth and thereafter 2% annually. We expect sustainable average EBIT-margins of 3.0%. This is based on packaging making up for a larger part of group total, recurring costs for downsizing the envelope business, a general down-turn in the economy or other potential problems during this period.

DCF-value, SEK per share					
Sustainable EBIT-margins	2.0%	2.5%	3.0%	3.5%	4.0%
<b>WACC</b>					
11.0%	0.58	0.83	1.07	1.32	1.57
12.0%	0.41	0.63	<b>0.85</b>	1.07	1.28
13.0%	0.26	0.45	0.65	0.84	1.03

Source: Redeye Research

### Multiples 2021-22E now a bit more attractive

EV/EBITDA is the most useful key ratio to track, since it takes both the high net debt into account and the fact that depreciations are much higher than Capex. Note that we have excluded the impact from IFRS 16 on this key ration, since these items distort the comparison. Bongs EV/EBITDA multiples 2021-22 are now a bit lower than in the previous years.

Earnings multiples						
Share price, SEK: 0.52	2017	2018	2019	2020E	2021E	2022E
P/E	neg	neg	neg	neg	10.7	5.7
EV/EBITDA *	5.4	7.6	8.1	neg	5.8	5.7
EV/EBIT	10.9	neg	20.8	neg	10.7	10.6

\* Excl impact from IFRS 16 as of 2019

Source: Redeye Research

## Scenarios

Our Base case scenario, which is was outlined on the previous page, is what we believe a probable scenario that corresponds to a fair value of approximately **SEK 0.85 per share**. There is certainly a possibility that the company will develop better than we anticipate, but also worse. We have drafted two scenarios that illustrate this down below.

**Bull case** is based on sales returning to sustainable growth and improving profitability. If the expansion within packaging is really strong Bong may be able to show positive top-line growth on group level and higher margins than we anticipate. The green area in the table below shows the impact on DCF-value for different levels of sustainable margins and growth (all else being equal). These do not appear completely unrealistic, yet quite optimistic. Fair value would then be around **SEK 1.85 SEK per share**.

**Bear case** could potentially materialize if the negative trend in the envelope market accelerates causing even tougher squeeze on margins and recurring costs for capacity adjustments. It could also happen as a combination of Bongs packaging business stalling in terms of growth and profitability. The orange colored area indicates possible outcomes in this scenario. Fair value would then be only approximately **SEK 0.2 per share**.

<b>DCF-value, SEK per share</b>					
<b>Sustainable EBIT-margins</b>	<b>1.0%</b>	<b>2.0%</b>	<b>3.0%</b>	<b>4.0%</b>	<b>5.0%</b>
<b>Annual growth rate 2023-28</b>					
-3.0%	-0.02	0.35	0.72	1.09	1.46
<b>0.0%</b>	-0.02	0.41	<b>0.85</b>	1.28	1.72
3.0%	-0.02	0.47	0.97	1.47	1.98
6.0%	-0.03	0.53	1.10	1.66	2.24

Source: Redeye Research

## 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: Some minor changes in People rating.

#### People: 3

Management has several years of experience and knows its markets very well. CEO Kai Steigleder has been with Bong since 2007. Most recently, before taking the position as CEO, he was managing director of the largest business unit, Central Europe. The last few years have been characterized by heavy restructuring measures which have been well managed. On the other hand we cannot assess whether management has the ability to create long-term growth within the Packaging segment, which they have an ambition to do. The public quarterly reports are quite brief in terms of numbers and information. Hence transparency is limited which makes it more difficult to review and understand the company.

#### Business: 3

All-and-all Bong is a little below average in this category. Primarily because of the negative market trend for envelopes where volumes are going down, products are standardized and competition is tough. Bong has economies of scale and probably better stamina than most of its peers. The envelope business will hardly attract new players, but with shrinking volumes and over capacity, price pressure will remain. For Light Packaging the prospects are clearly better and Bong has a good position withing a couple of growing market segments.

#### Financials: 2

Profitability has been weak during the past several years. In spite of substantial cost-cutting programs margins and earnings are very thin. Since depreciation is substantially higher than capex, cash flows are generally stronger than reported earnings. Bongs financial gearing is relatively high but manageable and the debt is primarily long term. The business is diversified in terms of products and customers but to some extent cyclical. Also, for the longer term there is a recurring need for restructuring measures as the envelope market is declining.

INCOME STATEMENT	2018	2019	2020E	2021E	2022E
Net sales	2,220	2,166	1,833	1,874	1,837
Total operating costs	-2,148	-2,046	-1,730	-1,732	-1,694
EBITDA	71	121	103	142	143
Depreciation	-45	-27	-28	-28	-24
Amortization	-2	-62	-60	-58	-63
Impairment charges	-76	0	-4	0	0
EBIT	-52	32	11	55	56
Share in profits	0	0	0	0	0
Net financial items	-57	-42	-38	-37	-34
Exchange rate dif.	0	0	0	0	0
Pre-tax profit	-109	-10	-27	18	22
Tax	-39	-14	-10	-8	-2
Net earnings	-149	-24	-37	10	19

BALANCE SHEET	2018	2019	2020E	2021E	2022E
<b>Assets</b>					
<i>Current assets</i>					
Cash in banks	72	100	84	86	85
Receivables	289	223	202	206	202
Inventories	195	200	202	206	202
Other current assets	99	95	95	95	95
Current assets	655	618	582	593	583
<i>Fixed assets</i>					
Tangible assets	179	209	186	163	143
Associated comp.	0	0	0	0	0
Investments	1	1	1	1	1
Goodwill	518	530	526	526	526
Cap. exp. for dev.	0	0	0	0	0
Intangible rights	17	9	10	11	12
Non-current assets	0	0	0	0	0
Total fixed assets	716	854	828	808	787
Deferred tax assets	110	113	113	113	113
Total (assets)	1,481	1,586	1,524	1,515	1,484
<b>Liabilities</b>					
<i>Current liabilities</i>					
Short-term debt	0	0	0	0	0
Accounts payable	221	182	154	158	154
Other current liabilities	240	299	310	310	310
Current liabilities	461	481	464	468	464
Long-term debt	421	446	438	415	368
Other long-term liabilities	16	14	14	14	14
Convertibles	0	0	0	0	0
Total Liabilities	898	941	916	897	846
Deferred tax liab	14	10	10	10	10
Provisions	0	0	0	0	0
Shareholders' equity	569	529	491	502	521
Minority interest (BS)	0	0	0	0	0
Minority & equity	569	529	491	502	521
Total liab & SE	1,481	1,586	1,524	1,515	1,484

FREE CASH FLOW	2018	2019	2020E	2021E	2022E
Net sales	2,220	2,166	1,833	1,874	1,837
Total operating costs	-2,148	-2,046	-1,730	-1,732	-1,694
Depreciations total	-123	-89	-92	-86	-87
EBIT	-52	32	11	55	56
Taxes on EBIT	11	-7	-2	-12	-6
NOPLAT	-57	25	7	43	50
Depreciation	123	89	92	86	87
Gross cash flow	66	114	99	129	137
Change in WC	-49	14	4	-6	5
Gross CAPEX	-6	-23	-6	-6	-6
Free cash flow	11	105	97	118	136

CAPITAL STRUCTURE	2018	2019	2020E	2021E	2022E
Equity ratio	38%	33%	32%	33%	35%
Debt/equity ratio	74%	104%	111%	104%	91%
Net debt	349	452	460	435	390
Capital employed	918	875	845	830	804
Capital turnover rate	1.5	1.4	1.2	1.2	1.2

GROWTH	2018	2019	2020E	2021E	2022E
Sales growth	6%	-2%	-15%	2%	-2%
EPS growth (adj)	1,105%	-84%	55%	-128%	89%

DCF VALUATION		CASH FLOW, MSEK	
WACC (%)	12.0 %	NPV FCF (2020-2021)	129
		NPV FCF (2022-2028)	204
		NPV FCF (2029-)	192
		Non-operating assets	206
		Interest-bearing debt	-552
		Fair value estimate MSEK	179

Assumptions 2023-2028 (%)			
Average sales growth	0.0 %	Fair value e. per share, SEK	0.8
EBIT margin	3.0 %	Share price, SEK	0.5

PROFITABILITY	2018	2019	2020E	2021E	2022E
ROE	-24%	-4%	-7%	2%	4%
ROCE	-5%	3%	1%	5%	6%
ROIC	-6%	3%	1%	5%	6%
EBITDA margin	3%	6%	6%	8%	8%
EBIT margin	-2%	1%	1%	3%	3%
Net margin	-7%	-1%	-2%	1%	1%

DATA PER SHARE	2018	2019	2020E	2021E	2022E
EPS	-0.71	-0.11	-0.18	0.05	0.09
EPS adj	-0.35	-0.11	-0.16	0.05	0.09
Dividend	0.00	0.00	0.00	0.00	0.00
Net debt	1.65	2.14	2.18	2.06	1.84
Total shares	211.25	211.25	211.25	211.25	211.25

VALUATION	2018	2019	2020E	2021E	2022E
EV	538.7	604.4	463.7	438.7	393.4
P/E	-1.3	-6.3	-2.9	10.7	5.7
P/E diluted	-1.3	-6.3	-2.9	10.7	5.7
P/Sales	0.1	0.1	0.1	0.1	0.1
EV/Sales	0.2	0.3	0.3	0.2	0.2
EV/EBITDA	7.5	5.0	4.5	3.1	2.8
EV/EBIT	-10.4	19.1	43.4	7.9	7.0
P/BV	0.3	0.3	0.2	0.2	0.2

SHARE PERFORMANCE		GROWTH/YEAR	18/20E
1 month	2.0 %	Net sales	-9.1 %
3 month	0.0 %	Operating profit adj	n.m.
12 month	-27.8 %	EPS, just	-32.6 %
Since start of the year	-28.8 %	Equity	-7.1 %

SHAREHOLDER STRUCTURE %	CAPITAL	VOTES
Stéphane Hamelin	25.0 %	25.0 %
Per-Arne Åhlgren	14.9 %	14.9 %
Swolder	7.2 %	7.2 %
Avanza Pension	5.3 %	5.3 %
Theodor Jeansson	4.7 %	4.7 %
Christian Paulsson	4.3 %	4.3 %
John Elvesjö	2.4 %	2.4 %
Dan Drottman	2.3 %	2.3 %
Aktiebolaget Cydonia	1.8 %	1.8 %
Mattias Cramby	1.8 %	1.8 %

SHARE INFORMATION	
Reuters code	BONG.ST
List	Nasdaq Small Cap
Share price	0.5
Total shares, million	211.2
Market Cap, MSEK	109.8

MANAGEMENT & BOARD	
CEO	Kai Steigleder
CFD	Carsten Grimmer
IR	
Chairman	Christian Paulsson

FINANCIAL INFORMATION	
FY 2020 Results	February 11, 2021
Q1 report	May 12, 2021

ANALYSTS		Redeye AB
Henrik Alveskog	henrik.alveskog@redeye.se	Mäster Samuelsgatan 42, 101tr 111 57 Stockholm

Viktor Westman  
viktor.westman@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

**Oskar Vilhelmsson**

oskar.vilhelmsson@redeye.se

**Viktor Westman**

viktor.westman@redeye.se

**Forbes Goldman**

forbes.goldman@redeye.se

**Mark Siöstedt**

mark.siostedt@redeye.se

**Nima Faroghi**

nima.faroghi@redeye.se

### Editorial

**Mark Siöstedt**

mark.siostedt@redeye.se

**Gabriel Höglund**

gabriel.hoglund@redeye.se

### Life Science Team

**Gergana Almquist**

gergana.almquist@redeye.se

**Oscar Bergman**

oscar.bergman@redeye.se

**Anders Hedlund**

anders.hedlund@redeye.se

**Ludvig Svensson**

ludvig.svensson@redeye.se

**Niklas Elmhammer**

niklas.elmhammer@redeye.se

**Mats Hyttinge**

mats.hyttinge@redeye.se

**Forbes Goldman**

forbes.goldman@redeye.se

**Nima Faroghi**

nima.faroghi@redeye.se

**Filip Einarsson**

filip.einarsson@redeye.se

**Fredrik Thor**

fredrik.thor@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 (2020-11-15)

Rating	People	Business	Financials
5p	21	16	3
3p - 4p	106	87	40
0p - 2p	5	29	89
Company N	132	132	132

### 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

Henrik Alveskog owns shares in the company : No

Viktor Westman 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.