

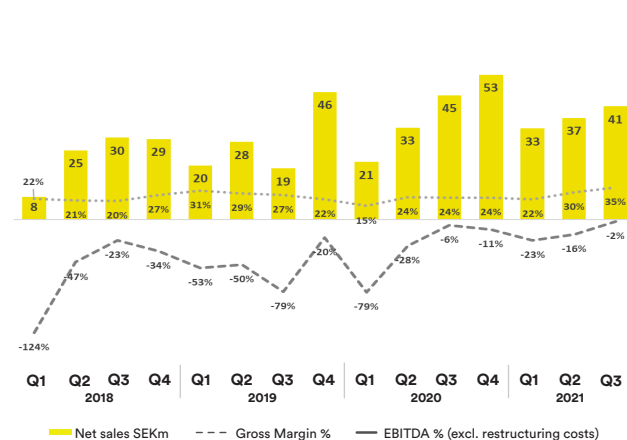
Path towards profitability continues

Financial results for the period

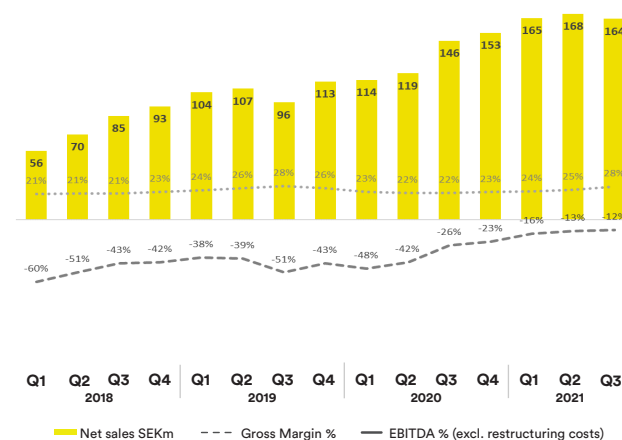
- Number of Hövding helmets sold 23,323 (28,586) (-18%)
- Net sales TSEK 41,228 (45,312) (-9%)
- Gross margin 35% (24%)
- EBITDA TSEK -959 (-6,688)
- Profit before tax TSEK -1,779 (-8,097)
- Profit per share SEK -0,06 (-0,34)
- Cash flow before changes in working capital TSEK -1,344 (-7,907)
- Cash flow after changes in working capital TSEK -11,256 (-3,096)

	JUL-SEP 2021	JUL-SEP 2020	%	JAN-SEP 2021	JAN-SEP 2020	%
Net sales, KSEK	41 228	45 312	-9,0	111 402	99 758	+11,7
Gross profit, KSEK	14 503	10 684	+35,7	32 785	21 783	+50,5
EBITDA, KSEK	-959	-6 688	+85,7	-14 429	-32 850	+56,1
Net income, KSEK	-1 779	-8 097	+78,0	-17 746	-36 860	+51,9
Earnings per share, SEK	-0,06	-0,34	+80,9	-0,64	-1,58	+59,6
Cash flow from operating activities, KSEK	-11 256	-3 096	-263,6	-44 568	-34 796	-28,1

QUARTERLY NET SALES, GROSS MARGIN AND EBITDA



LTM QUARTERLY NET SALES, GROSS MARGIN AND EBITDA



Path towards profitability continues



With continued improvement of the gross margin that was up 11 percentage points compared to last year and 5 percentage points compared to the second quarter this year, we are well on par with our roadmap towards profitability. The gross margin improvements ripple down to the EBITDA that improved to -2% (-959 TSEK) from -15% (-6 689 TSEK) for the third quarter. The gross margin improvement is related to the adjustment of the retail price that now is fully implemented, as well as an improved cost base. While logistics, and the cost of it, continues to be challenging it has not consumed the positive improvements in this quarter.

Price re-positioning now completed

Making the transition to the new consumer price level of €349 came, as expected, with some short-term disruptions in sales. Retailers took the opportunity of pre-loading their stock at the previous price which affected the start of the quarter with a portion of retailers going in with a stock higher than normal. Throughout the quarter this was sold out and the transition to the new price is now, in all significant aspects, complete.

New commercial approach and partner confirmed in Germany

The review of Germany and how we move forward in 2022 and onwards is completed. With recent years build up we have now grown beyond the current business model and will end our current partnership at the end 2021. We see some interim effect on sales during second half of this year in the transition of partners and models.

We will engage ourselves more directly in the market with increased efforts in marketing, improved customer service and opening up sales channels that were previously unavailable due to existing contracts. The setup we are currently implementing for launch in January 2022 is that of an agent model. This enables us to take greater control of the market and make greater impact with our efforts and at higher gross margins than today. In this we have signed a partnership with a market leading partner for the German and Austrian markets. Their sales organisation, with existing strong partnerships in markets previously not addressed fully, will drive sales in the cycle and sporting goods segment while we will start addressing the lifestyle and outdoor segment. The partner will be named to the market closer to January 2022. Key online channels, including hovding.de, will be managed from Sweden.

Positioned for healthy expansion

Throughout 2021 our focus has been to position ourselves for stronger expansion in 2022. Continued growth, improved gross margin and cost control are the main components of this plan. Year-to-date, vs LY, we have 12% growth in net sales, 50% growth in gross profit while reducing cost of operations by -15%. In some ways a year of transition to ensure that as we expand more aggressively, we do it in a sustainable manner.

Sweden and Denmark will continue to play an important role in this expansion. They are still markets with further growth potential. Germany, where we to some extent have been restricted in growth, will be the key market for us in 2022 and beyond. With a new strong partner and ability to engage more directly we aim for this market to overtake sales of all other markets in the medium-term future. We also anticipate to see the result of our increased efforts in France to start bearing fruit as we enter next year.

In doing all of this we continue to be reminded of our purpose. Protecting cyclist's lives. We play our part in the wave of urban cyclists on the increase everywhere. Keeping them safe with the world's best head protection available.

Fredrik Carling, CEO
Hövding Sverige AB (publ)

Sales and results

Net sales amounted to TSEK 41,228 (45,312). The number of helmets sold during the period was 23,323 (28,586). Of these, 20% (31%) were sold through distributors, 78% (62%) through retailers and 2% (7%) through the company website. Sales share by country shows Sweden 51% (40%), Denmark 28% (28%), Germany 19% (27%), France 1% (2%) and other countries 1% (3%). Sales in Germany were negatively affected by an impending change in commercial partner in the German market.

Gross margin for the period amounted to 35% (24%). The increased gross margin was driven by price increases, product development and supply chain improvements. Costs affecting gross margin, as a percentage of net sales, were production 53% (63%), transport and customs 3% (4%), obsolete stock 0% (0%) and warranties 9% (9%). Warranty costs are primarily made up of an estimate based on historical warranty costs during the past 24 months.

Operating expenses during the period reached TSEK 15,468 (19,100). TSEK 8,196 (10,107) were personnel costs. TSEK 6,705 (8,141) were other costs. Other costs are primarily external costs for marketing and product development.

EBITDA for the quarter was TSEK -959 (-6,688). Profit before tax for the period amounted to TSEK -1,779 (-8,097) including amortisation of intangible assets of TSEK -680 (-1,014) and write downs of tangible assets of TSEK -140 (-176).

Investments

During the quarter TSEK 2,006 were invested in a new digital platform for claims handling.

Liquidity and financing

Liquidity at the end of the period amounted to TSEK 14,512 (66,134). Cash flow from operations during the period amounted to TSEK -11,256 (-3,096). The negative cash flow was mainly explained by an increase in accounts receivable caused by a delay in payment processing at the end of the quarter. The delay was of a technical nature and related to a factoring solution.

Employees

As per 30 September 2021 the number of employees was 36 (35).

Risk factors

Risk factors are described in Hövding's annual report on page 52.

Certified Advisers

Västra Hamnen Corporate Finance AB is Hövding's Certified Adviser.

Date of report

After the end of each quarter, Hövding publishes a financial report. The next report is scheduled for publication on

- 18 February 2022 – Year-end report 2021

Accounting principles

This report is presented according to the Annual Accounts Act and BFNAR 2012:1 (K3).

Auditor

This report has not been audited by the company's auditor.

Corporation details

Hövding Sverige AB (publ), organisation number 556708-0303, is a limited liability company located in Malmö. The company's shares are listed on Nasdaq First North Growth Market in Stockholm.

Information

Please direct any queries regarding the content of this interim report to:

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The company board and the CEO confirms that this interim report gives a fair overview of the company operations, position and results.

Fredrik Arp (Chairman)

Helen Richenzhagen

Tony Grimaldi

Sandra Gadd

Petr Zhukov

Fredrik Carling (CEO)

Hövding Sverige AB (publ) is listed on the Nasdaq First North Growth Market since 2015.
Västra Hamnen Corporate Finance AB is Hövding's Certified Advisor.
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High resolution images can be downloaded here: www.mynewsdesk.com/se/hovding

The information herein is provided by Hövding Sverige AB (publ) in accordance with its duties of public disclosure as stipulated by the EU Market Abuse Regulation. The information was made public by Fredrik Carling, CEO of Hövding Sverige AB (publ), on 22 October 2021 at 08.30am CET.

Income statement

(VALUES IN KSEK)	JUL-SEP	JUL-SEP	JAN-SEP	JAN-SEP	JAN-DEC
	2021	2020	2021	2020	2020
Net sales	41 228	45 312	111 402	99 758	152 517
Other operating income	6	1 728	28	1 068	1 172
TOTAL OPERATING INCOME	41 234	47 040	111 431	100 826	153 689
Raw materials and consumables	-26 725	-34 628	-78 617	-77 975	-118 071
Other external costs	-6 705	-8 141	-19 849	-26 077	-35 804
Personnel costs	-8 196	-10 107	-25 601	-28 664	-37 094
Depreciation/amortization	-820	-1 190	-3 253	-3 580	-5 193
Other operating expenses	-567	-852	-1 792	-960	-1 278
TOTAL OPERATING COSTS	-43 012	-54 918	-129 113	-137 256	-197 440
OPERATING PROFIT (LOSS)	-1 779	-7 878	-17 682	-36 430	-43 751
Other interest income and similar profit (loss) items	6	1	10	12	32
Interest expense and similar profit (loss) items	-6	-220	-74	-442	-528
TOTAL FINANCIAL ITEMS	0	-219	-63	-430	-496
PROFIT (LOSS) AFTER FINANCIAL ITEMS	-1 779	-8 097	-17 746	-36 860	-44 247
Tax on profit	0	0	0	0	0
NET PROFIT (LOSS)	-1 779	-8 097	-17 746	-36 860	-44 247
Earnings per share before and after dilution *					
Earnings per share	-0,06	-0,34	-0,64	-1,58	-1,82
Number of shares, average	27 730 100	24 104 622	27 730 100	23 265 295	24 368 053
Number of shares per closing date	27 730 100	27 523 717	27 730 100	27 523 717	27 730 100

Rounding differences may affect the summations.

*) There are warrants that can result in dilution, but since the result for the period is negative no dilution effect occurs (see definition of earnings per share after dilution).

Balance Sheet

ASSETS (VALUES IN KSEK)	2021-09-30	2020-09-30	2020-12-31
FIXED ASSETS			
Intangible assets	12 091	13 465	12 058
Financial assets	52	52	52
Tangible assets	1 492	1 971	1 835
TOTAL FIXED ASSETS	13 635	15 488	13 945
CURRENT ASSETS			
Inventories	38 111	27 792	18 328
Account receivable	24 346	16 029	15 642
Tax assets	877	768	892
Other receivables	4 350	595	2450
Prepaid expenses and accrued income	1 567	506	931
Cash and bank balances	14 512	66 134	62 024
TOTAL CURRENT ASSETS	83 763	111 824	100 267
TOTAL ASSETS	97 399	127 312	114 212
EQUITY AND LIABILITIES (VALUES IN KSEK)	2021-09-30	2020-09-30	2020-12-31
Share capital	13 865	13 762	13 865
Development fund	6 630	10 684	9 671
Accumulated profit or loss	32 561	68 533	73 767
Net profit	-17 746	-36 860	-44 247
TOTAL EQUITY	35 311	56 119	53 056
Other provisions	11 388	8 481	10 143
TOTAL PROVISIONS	11 388	8 481	10 143
Accounts payable	40 957	45 839	38 002
Other liabilities	2 552	6250	4 633
Accrued expenses and deferred income	7 191	10 623	8 378
TOTAL CURRENT LIABILITIES	50 700	62 712	51 013
TOTAL EQUITY AND LIABILITIES	97 399	127 312	114 212

Rounding differences may affect the summations.

Cash flow statement

(VALUES IN KSEK)	JUL-SEP	JUL-SEP	JAN-SEP	JAN-SEP	JAN-DEC
	2021	2020	2021	2020	2020
Cash flow from operating activities before interest and income tax paid	-1 344	-7 907	-13 232	-35 249	-39 485
Changes in inventory	-12 707	1 442	-19 783	-6 944	2 520
Changes in receivables	-8 874	-3 202	-11 240	1 633	-260
Changes in accounts payable	10 664	1 591	2 955	-3 767	-11 604
Changes in other current liabilities	1 005	4 980	-3 268	9 531	5 669
CASH FLOW FROM OPERATING ACTIVITIES	-11 256	-3 096	-44 568	-34 796	-43 160
Aquisition of intangible assets	-2 409	0	-2 812	-1 007	-1 047
Purchase of property, plant and equipment	-60	-48	-131	-36	-66
CASH FLOW FROM INVESTING ACTIVITIES	-2 469	-48	-2 943	-1 043	-1 113
New share issues after issue expenses	0	58 351	0	81 620	85 944
Share warrant	0	0	0	0	0
CASH FLOW FROM FINANCING ACTIVITIES	0	58 351	0	81 620	85 944
CASH FLOW FOR THE PERIOD	-13 725	55 207	-47 512	45 781	41 671
Cash and cash equivalents at the beginning of the year/period	28 237	10 927	62 024	20 353	20 353
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	14 512	66 134	14 512	66 134	62 024

Rounding differences may affect the summations.

Changes in equity

(VALUES IN KSEK)	JUL-SEP	JUL-SEP	JAN-DEC
	2021	2020	2020
EQUITY AT THE BEGINNING OF THE PERIOD	53 056	11 359	11 359
New share issue	0	85 848	90 296
Issue expense	0	-4 228	-4 352
Share warrant	0	0	0
Profit (loss)	-17 746	-36 860	-44 247
EQUITY AT THE END OF THE PERIOD	35 311	56 119	53 056

Rounding differences may affect the summations.

Key figures

	JUL-SEP 2021	JUL-SEP 2020	JAN-SEP 2021	JAN-SEP 2020	JAN-DEC 2020
Net sales	41 228	45 312	111 402	99 758	152 517
Gross margin	14 503	10 684	32 785	21 783	34 446
EBITDA	-959	-6 688	-14 429	-32 850	-38 558
Operating profit/loss (EBIT)	-1 779	-7 878	-17 682	-36 430	-43 751
Balance sheet total	97 399	127 312	97 399	127 312	114 212
Cash equivalents	14 512	66 134	14 512	66 134	62 024
Interest-bearing net debt	N/A	N/A	N/A	N/A	N/A
Net sales growth (%)	-9%	144%	12%	50%	35%
Gross margin (%)	35%	24%	29%	22%	23%
EBITDA margin (%)	-2%	-15%	-13%	-33%	-25%
Operating margin (%)	-4%	-14%	-16%	-33%	-28%
Equity ratio (%)	36%	44%	36%	44%	46%
Debt equity ratio	N/A	N/A	N/A	N/A	N/A
Number of employees at the end of the period	36	35	36	35	35

Definitions

Net sales growth (%)	Change in Net sales in relation to the corresponding period last year.
Cost of goods sold	Cost of production, shipping, customs, if any write-down and warranty cost for helmets sold.
Gross margin	Net sales reduced by Cost of goods sold.
Gross margin (%)	Gross profit as a percentage of Net sales.
Operating profit/loss (EBIT)	Profit (loss) before interest and taxes.
Operating margin (%)	Operating profit as a percentage of total operating income.
EBITDA	Operating profit (loss) (EBIT) before interest, taxes, depreciation and amortization.
EBITDA-margin (%)	EBITDA as a percentage of net sales.
Equity ratio (%)	Equity at the end of the period as a percentage of Total Assets at the end of the period.
Debt equity ratio	Interest bearing liabilities divided by Equity.
Interest bearing net debt	Interest bearing liabilities reduced by Cash and cash equivalents.
Earnings per share before dilution	Net profit divided by the average number of shares.
Earnings per share after dilution	Net profit divided by the average number of shares, where the average number of shares increased by the number of shares that entail dilution effects. Options and share warrants have a dilution effect when they would lead to an issue of ordinary shares at a price that is lower than the average price of ordinary shares during the period. Furthermore, ordinary shares only give rise to dilution effects in the event of a conversion of them leads to a lower profit or higher loss per share.