

A year of transformation

Financial results for the quarter

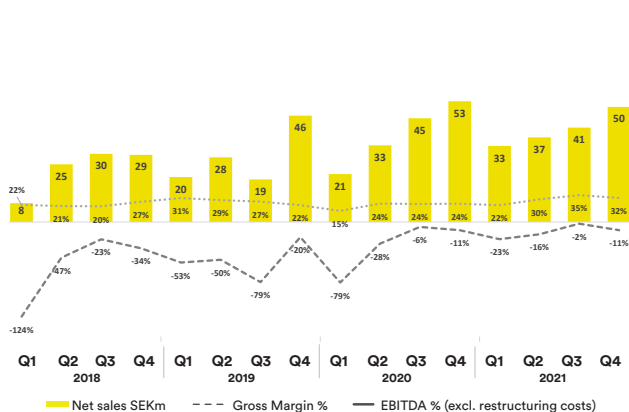
- Number of Hövding helmets sold 29,353 (33,854) (-13%)
- Net sales TSEK 50,284 (52,759) (-5%)
- Gross margin 32% (24%)
- EBITDA TSEK -9,098 (-5,708)
- Profit before tax TSEK -9,934 (-7,387)
- Profit per share SEK -0.36 (-0.27)
- Cash flow before changes in working capital TSEK -9,418 (-4,237)
- Cash flow after changes in working capital TSEK 19,173 (-8,364)
- EBITDA includes items of a non-recurring nature amounting to 5,679 TSEK. These are related to the CEO change and the exit deal with the former German distributor.

Financial results for the year

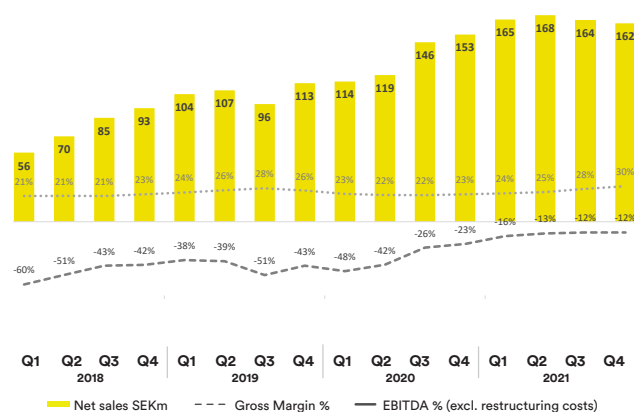
- Number of Hövding helmets sold 96,239 (96,561) (-0%)
- Net sales TSEK 161,686 (152,517) (+6%)
- Gross margin 30% (23%)
- EBITDA TSEK -23,527 (-38,558)
- Profit before tax TSEK -27,680 (-44,247)
- Profit per share SEK -1.00 (-1.82)
- Cash flow before changes in working capital TSEK -22,650 (-39,485)
- Cash flow after changes in working capital TSEK -25,395 (-43,160)
- EBITDA includes items of a non-recurring nature amounting to 6,929 TSEK. These are related to the CEO change and the exit deal with the former German distributor.

	OCT-DEC 2021	OCT-DEC 2020	%	JAN-DEC 2021	JAN-DEC 2020	%
Net sales, TSEK	50 284	52 759	-4,7	161 686	152 517	+6,0
Gross profit, TSEK	15 878	12 662	+25,4	48 663	34 446	+41,3
EBITDA, TSEK	-9 098	-5 708	-59,4	-23 527	-38 558	+39,0
Net income, TSEK	-9 934	-7 387	-34,5	-27 680	-44 247	+37,4
Earnings per share, SEK	-0,36	-0,27	-34,0	-1,00	-1,82	+45,0
Cash flow from operating activities, TSEK	19 173	-8 364	+329,2	-25 395	-43 160	+41,2

QUARTERLY NET SALES, GROSS MARGIN AND EBITDA



LTM QUARTERLY NET SALES, GROSS MARGIN AND EBITDA



A year of transformation

In 2021, Hövding has undergone major changes operationally as well as financially. The changes have resulted in an improved gross margin and lower fixed costs in relation to sales.

The number of Hövdings sold in 2021 is in line with last year, despite a reduction in the number of units sold in Germany by 24%. The agreement with Hövding's German distributor was terminated in May and the collaboration ended in December. The number of Hövdings sold in the fourth quarter decreased 13% compared to last year, explained by weaker Christmas sales than expected. We therefore enter 2022 with higher reseller stock levels than normal.

We will gradually build the new partnership in Germany in 2022 together with ALPINA sports. We are changing business partner and at the same time changing the business model. We go from working through a distributor who is responsible for sales, marketing, distribution, and customer service to an agent model where Hövding takes over these responsibilities and ALPINA Sports is responsible for selling to specific reseller channels.

During the fourth quarter, two non-recurring items are reported in the form of a final agreement with the former German distributor and costs for the CEO change, which totals SEK 5.7 MSEK. EBITDA in the fourth quarter amounts to -9.1 MSEK, and adjusted for these non-recurring items, EBITDA would have been -3.4 MSEK.

It is with great confidence and humility that I have taken on the role as CEO of Hövding. The goal for 2022 is geographical expansion, to ensure Hövding's long-term growth ambitions. The focus is on Western Europe, where France and the Benelux are deemed to have similar conditions as Hövding's home markets Sweden and Denmark.

Sofia Svensson
CEO
Hövding Sverige AB (publ)



Sales and results

Net sales amounted to TSEK 50,284 (52,759). The number of helmets sold during the period was 29,353 (33,854). Of these, 26% (32%) were sold through distributors, 72% (64%) through retailers and 2% (4%) through the company website. Sales share by country shows Sweden 39% (32%), Denmark 34% (34%), Germany 20% (26%), France 5% (5%) and other countries 2% (4%). The agreement with the German distributor was terminated in May and ended in December, which had a negative impact on sales in Germany in the fourth quarter.

Gross margin for the period amounted to 32% (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 58% (61%), transport and customs 2% (3%), obsolete stock 0% (0%) and warranties 9% (11%). Warranty costs are primarily made up of an estimate based on historical warranty costs during the past 24 months.

Operating expenses during the period amounted to TSEK 29,527 (18,475). TSEK 13,749 (8,430) were personnel costs. TSEK 14,487 (9,727) were other costs. Non-recurring items amounted to TSEK 5,679 in the quarter. The CEO change impacted personnel cost in the amount of TSEK 3,726 and the exit deal with the former German distributor impacted other cost in the amount of TSEK 1,953. Investments of TSEK 4,488 have been reported as operating cost and a corresponding revenue has been reported under other income in line with the K3 reporting standards. Excluding items of a non-recurring nature and investments, operating costs were TSEK 19,630, which corresponds to an increase of 5% compared to last year.

Other costs are primarily external costs for marketing and product development.

EBITDA for the quarter was TSEK -9,098 (-5,708). Excluding items of a non-recurring nature EBITDA would have been TSEK -3,419. Profit before tax for the period amounted to TSEK -9,934 (-7,387) including amortisation of intangible assets of TSEK -689 (-1,447) and write downs of tangible assets of TSEK -142 (-166).

Investments

During the quarter TSEK 4,488 were invested in a new digital platform for claims handling.

Liquidity and financing

Liquidity at the end of the period amounted to TSEK 31,028 (62,024). Cash flow from operations during the period amounted to TSEK 19,173 (-8,364). The positive Cash flow is mainly explained by reduced inventory and accounts receivable.

The Board of Directors proposal for appropriations of the company's profit or loss

The Board of Directors does not propose a dividend for the financial year.

Employees

As per 31 December 2021 the number of employees was 38 (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

- 28 April 2022 – Interim report Quarter 1 2022

Accounting principles

This report is presented according to the Annual Accounts Act and BFAR 2012:1 (K3). Accounting principles are unchanged compared to last year. During the period, an activation of development cost has been reported as other cost with a corresponding amount reported as other income.

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

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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

Sofia Svensson (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. E-mail: ca@vhcorp.se, tel: +46 40 200250

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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 and the Securities Markets Act. The information was made public by Sofia Svensson, CEO of Hövding Sverige AB (publ), on 18 February 2022 at 08.30am CET.

Income statement

(VALUES IN TSEK)	OCT-DEC	OCT-DEC	JAN-DEC	JAN-DEC
	2021	2020	2021	2020
Net sales	50 284	52 759	161 686	152 517
Other operating income	4 551	105	4 579	1 172
TOTAL OPERATING INCOME	54 835	52 864	166 266	153 689
Raw materials and consumables	-34 406	-40 097	-113 023	-118 071
Other external costs	-14 487	-9 727	-34 336	-35 804
Personnel costs	-13 749	-8 430	-39 350	-37 094
Depreciation/amortization	-832	-1 613	-4 085	-5 193
Other operating expenses	-1 291	-318	-3 083	-1 278
TOTAL OPERATING COSTS	-64 765	-60 185	-193 877	-197 440
OPERATING PROFIT (LOSS)	-9 929	-7 321	-27 611	-43 751
Other interest income and similar profit (loss) items	1	20	11	32
Interest expense and similar profit (loss) items	-6	-86	-80	-528
TOTAL FINANCIAL ITEMS	-5	-66	-68	-496
PROFIT (LOSS) AFTER FINANCIAL ITEMS	-9 934	-7 387	-27 680	-44 247
Tax on profit	0	0	0	0
NET PROFIT (LOSS)	-9 934	-7 387	-27 680	-44 247
Earnings per share before and after dilution *				
Earnings per share	-0,36	-0,27	-1,00	-1,82
Number of shares, average	27 730 100	27 640 368	27 730 100	24 368 053
Number of shares per closing date	27 730 100	27 730 100	27 730 100	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 TSEK)	2021-12-31	2020-12-31
FIXED ASSETS		
Intangible assets	13 988	12 058
Financial assets	52	52
Tangible assets	1 422	1 835
TOTAL FIXED ASSETS	15 462	13 945
CURRENT ASSETS		
Inventories	24 082	18 328
Account receivable	14 818	15 642
Tax assets	1 020	892
Other receivables	2 823	2 450
Prepaid expenses and accrued income	1 368	931
Cash and bank balances	31 028	62 024
TOTAL CURRENT ASSETS	75 138	100 267
TOTAL ASSETS	90 599	114 212
EQUITY AND LIABILITIES (VALUES IN TSEK)		
Share capital	13 865	13 865
Development fund	11 170	9 671
Accumulated profit or loss	28 021	73 767
Net profit	-27 680	-44 247
TOTAL EQUITY	25 377	53 056
Other provisions	11 216	10 143
TOTAL PROVISIONS	11 216	10 143
Accounts payable	39 017	38 002
Other liabilities	1 115	4 633
Accrued expenses and deferred income	13 876	8 378
TOTAL CURRENT LIABILITIES	54 007	51 013
TOTAL EQUITY AND LIABILITIES	90 599	114 212

Rounding differences may affect the summations.

Cash flow statement

(VALUES IN TSEK)	OCT-DEC	OCT-DEC	JAN-DEC	JAN-DEC
	2021	2020	2021	2020
Cash flow from operating activities before interest and income tax paid	-9 418	-4 237	-22 650	-39 485
Changes in inventory	14 029	9 464	-5 754	2 520
Changes in receivables	11 255	-1 892	15	-260
Changes in accounts payable	-1 940	-7 837	1 015	-11 604
Changes in other current liabilities	5 247	-3 862	1 979	5 669
CASH FLOW FROM OPERATING ACTIVITIES	19 173	-8 364	-25 395	-43 160
Aquisition of intangible assets	-2 585	-40	-5 397	-1 047
Purchase of property, plant and equipment	-73	-29	-204	-66
CASH FLOW FROM INVESTING ACTIVITIES	-2 658	-69	-5 601	-1 113
New share issues after issue expenses	0	4 323	0	85 944
Share warrant	0	0	0	0
CASH FLOW FROM FINANCING ACTIVITIES	0	4 323	0	85 944
CASH FLOW FOR THE PERIOD	16 515	-4 110	-30 997	41 671
Cash and cash equivalents at the beginning of the year/period	14 512	66 134	62 024	20 353
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	31 028	62 024	31 028	62 024

Rounding differences may affect the summations.

Changes in equity

(VALUES IN TSEK)	JAN-DEC	JAN-DEC
	2021	2020
EQUITY AT THE BEGINNING OF THE PERIOD	53 056	11 359
New share issue	0	90 296
Issue expense	0	-4 352
Share warrant	0	0
Profit (loss)	-27 680	-44 247
EQUITY AT THE END OF THE PERIOD	25 377	53 056

Rounding differences may affect the summations.

Key figures

	OCT-DEC 2021	OCT-DEC 2020	JAN-DEC 2021	JAN-DEC 2020
Net sales	50 284	52 759	161 686	152 517
Gross margin	15 878	12 662	48 663	34 446
EBITDA	-9 098	-5 708	-23 527	-38 558
Operating profit/loss (EBIT)	-9 929	-7 321	-27 611	-43 751
Balance sheet total	90 599	114 212	90 599	114 212
Cash equivalents	31 028	62 024	31 028	62 024
Interest-bearing net debt	N/A	N/A	N/A	N/A
Net sales growth (%)	-5%	14%	6%	35%
Gross margin (%)	32%	24%	30%	23%
EBITDA margin (%)	-18%	-11%	-15%	-25%
Operating margin (%)	-18%	-14%	-17%	-28%
Equity ratio (%)	28%	46%	28%	46%
Debt equity ratio	N/A	N/A	N/A	N/A
Number of employees at the end of the period	38	35	38	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.