



Fram Skandinavien AB (publ) 556760-2692

Interim Report

2022 Q3



General information

Ticker	FRAM B	Sector	Investments focused on publicly listed and private tech companies, as well as digital assets
Market	Nasdaq First North Stockholm	Geography	Southeast Asia
Activity	Investment company	Investment organization	7 people based in Vietnam, including: <ul style="list-style-type: none">— Hanh Mai, CEO— Son Ngo, Group Finance Director— Christopher B. Beselin, Chairman & Cofounder
Date of IPO	October 2017 at 20 SEK per share		

Key highlights, Q3 2022

Fram Skandinavien continues to focus on its new strategy

- As of 31st of October 2022, the net asset value amounted to **297 mSEK** (82 SEK per share), which was approximately **+111%** above the closing price of the Fram B share on the same day and represents a decrease of **-6%** compared to the previous quarter, driven by lowered listed peer group multiples for Carmudi.
- The **divestment of the IT Development** business was completed by mid-July 2022. With this important cash event and structural improvement, Fram can now more clearly continue to operate as a **pure play tech-focused investment company**.
- As another step to further focus the Company's core business on its investment activities, Hanh Mai joined as the **new CEO of the Group** in September 2022. Fram has now a dedicated investment team of 3 people, backed by Christopher Brinkeborn Beselin (Chairman), as well as a support team of 3 people.
- The current portfolio of Fram consists of **8 holdings**, in which a total amount of 54 mSEK has been invested to date. As of the 31st of October 2022, these holdings were valued at 267 mSEK, rendering in a latent return multiple of **4.9x** on the invested capital.
- The most important company in the portfolio in terms of NAV as of 31st of October 2022 was **Carmudi**, representing nearly 58% of the total NAV, followed by EveHR at 18% and DragonLend at 8%. **Carmudi has experienced strong growth during 2022**, primarily driven by new developments on its car marketplace platform and business model, as well as post-pandemic acceleration in digital adaptation in Vietnam.

Positive outlook for the SEA region despite global turmoil

- **2022 has been a year of contrasts.** Many parts of the economy and the region are rebounding forcefully as a result of the post-pandemic reopening as well as the increased digital adaptation that followed. On the other hand, worrying global macro trends are pulling down sentiment and growth, primarily in the EU and US.
- In the midst of the global turmoil, **Southeast Asia's (SEA) economy remains relatively insulated** from the volatility of the rest of the world, with a robust GDP growth (+5.2% 2022 forecast) and a strong digital economy (est. ca. 200 bnUSD in Gross Merchandise Value in 2022, growing +20% YoY).
- **Vietnam is the region's fastest growing market**, with the projected GDP growth of 7.5% in 2022 and 6.7% in 2023.
- Tech investments in the SEA region continued to grow in deal value during H1 2022 while the number of deals remained constant. **Early stage investments kept growing while later stage investments marked a downtrend** driven by gloomy global stock and IPO markets.
- Investors are more **cautious** in the short term because of global market uncertainties. The easy-money era has been replaced by the search for profitable business models and more reasonable valuations. However, the **dry powder** of the funds in the region remains significant (~15 bnUSD) and will continue to drive the investments throughout the downturn. In general, investors remain confident in the long term prospects of SEA and the attractiveness of its investment opportunities.

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1. Market Overview

Southeast Asia's long-term outlook remains robust

- 2022 has been a **year of contrasts**. Many parts of the economy and the region are rebounding forcefully as a result of the post-pandemic reopening as well as the increased digital adaptation that followed. On the other hand, worrying global macro trends (e.g. war, energy crisis, supply chain disruption, inflation, interest rate rises) are pulling down sentiment and growth, primarily in the EU and US.
- In the midst of the global turmoil, **Southeast Asia's** (SEA) economy is significantly **less impacted** than other regions. Its long-term outlook remains robust with the 2022 GDP growth of 5.2%, outperforming other markets such as the US (1.6%), the EU (1.9%) and even China (3.2%). The inflation rate in the region remains under control: current inflation of 5.4% is projected to decline to 3.3% by the end of 2023, compared to the US currently at 8.1 %, the EU at 9.8%, and India at 6.9%.
- SEA's **digital economy** is expected to reach **200 bnUSD in GMV in 2022**, growing +20% YoY. The 5 leading sectors in the region are **E-commerce, Transport & Food, Online travel, Online media and Financial services**, followed by 4 nascent sectors which are **Healthtech, SaaS, Web3 and Edtech**.
- **Vietnam** is the region's **fastest growing market**. The digital economy is projected to achieve 23 bnUSD GMV in 2022 and ~50 bnUSD by 2025. The economy is leading the charge with the projected **GDP growth of 7.5% in 2022 and 6.7% in 2023**, one of the **highest in the world**. Vietnam's economy continues to grow vigorously post the re-opening in Q4 2021, while its inflation also remains under control at only ca. 3-4% YTD.

Investment panorama

- Tech investments in the SEA region **continued to grow in value terms** during H1 2022, +15% compared to last year, while the number of deals remained constant at around 1200. Early stage investments keep growing, while later stage investments mark a downtrend driven by gloomy global stock and IPO markets.
- In 2021, leading digital players in SEA raised IPO and post-IPO financing rounds representing in total ca. **13 bnUSD** (equivalent to 80% of the digital economy's total public funding). This number went down to **1 bnUSD** in Q1 2022.
- Investors are becoming **more cautious** and trying to leverage the current economic situation as an opportunity to reset valuations back to pre-2021 levels. However, the dry powder from the funds in the region remains significant at ca. **15 bnUSD** and will drive investment activity throughout the downturn. In general, investors remain confident in SEA's long term prospects and attractive investment opportunities.
- **Singapore, Indonesia and Vietnam** remain the top 3 leading investment destinations in the region in 2022. **Vietnam, Indonesia and the Philippines** are set to be the top 3 most attractive countries for investors going forward, while Singapore continues to serve as a regional tech holding company domicile.
- 2022 has shown strong outperformance in the **Fintech** sector (31% of total private funding in H1 2022) over other sectors like E-commerce and Transport in the region, driven by the behavioral shift post-pandemic and the low level of digitalization of the banking system.

Source: World Bank, Google, Bain & Company, Temasek, OECD, IMF, Crunchbase, PwC

2. Significant events during 2022

Q1:
January - March

8 February

Fram^ Board of Directors decided on further development of the Company's strategy

9 February

Fram^ implemented changes in the management team, CFO and COO. In February 2022, the Company repurchased 33,334 non-vested warrants from outgoing CFO, Niklas Berglund.

Q2:
April - June

5 April

Fram^ increased its ownership stake in Carmudi Vietnam from 67% to 82.6%

19 April

DragonLend signed term sheet with leading fintech financier in Southeast Asia

Fram^ published annual report and consolidated accounts for 2021

15 June

Fram^ entered into an agreement to merge Marry.vn and Vdes.vn

Q3:
July - September

14 July

Fram^ divested the entire business area "IT Development" to the IT development group IPS Solutions

23 July

Board members Christopher Beselin and Philip Lindqvist increased their holdings in Fram Skandinavien

2 September

Fram^ appointed new group CEO, Hanh Mai

3. Investment review

Key highlights
on the share price and NAV
as of 31st of October 2022

Share Price (SEK)

39

NAV per share (SEK)

82

Number of shares

3,615,078

% upside NAV / Share price

+111%

Market Cap (mSEK)

141

NAV per share vs June

-6%

Total NAV (Net Asset Value, mSEK)

297

Share price discount to NAV per share

-53%

Allocation of portfolio

Based on the portfolio NAV

by GEOGRAPHY

Vietnam
99%

Southeast
ASIA
1%



by SECTOR

Marketplace
70%

HR Tech
20%

Fintech
9%

Edtech
1%



Portfolio

Portfolio	Revenues (mSEK, last 12 months) (1)	Enterprise Value (mSEK)	% or # shares owned by FRAM	Invested Amount (mSEK)	NAV (mSEK)	Return multiple (NAV / Investment)
Carmudi.vn	56	257 (2)	67%	15.8	171	10.8x
EveHR	1	56	98%	7.1	54	7.6x
DragonLend	3	34	70%	11.9	24	2.0x
Liven Technology	2	33	39%	3.1	13	4.1x
Nordic Coder	n.m	7	30%	6.8	2	0.3x
Wowmelo	n.m	0	99%	6.1	0	0x
Private tech investments				50.8	264	5.2x
SEA (SE:US)		\$49.7 (3)	2,500	2.1	1.4	0.7x
GRAB (GRAB:US)		\$2.6 (3)	40,000	1.3	1.2	0.9x
Public tech investments				3.3	2.5	0.8x
Blockchain-related Investments				0.1	0.1	1x
Total Portfolio				54	267	4.9x
Interest bearing Instruments					0.6	
Net cash					29.6	
TOTAL NAV					297	

(1) last 12 months revenue up to 30 Sep 2022

(2) The multiple used in NAV is 4.6x with a discount of 20% applied to the multiple of peer group of 5.7x. (3) price per share.

3. Investment review

Portfolio at a glance

- As of the 31st of October, the estimated net asset value for Fram B shareholders amounted to a total of **297 mSEK**, which corresponds to approximately **82 SEK per share**. The closing price for the B share was **SEK 39 per share**.
- The NAV per share was approximately **+111%** above the closing price of the Fram B share on the same day and represents a decrease of **-6%** compared to the previous quarter. The closing price per share results in a discount of approximately **-53%** compared to the NAV per share.
- The divestment of the IT development business area to IPS Solutions was completed by mid-July 2022.
- Since the divestiture, Fram has been fully focusing on i) supporting the existing companies in the portfolio that originated from the venture builder or the buyout activities and ii) implementing the new strategy decided early 2022 as a tech-focused investment company in the SEA region.
- The current portfolio of Fram consists of **8 holdings**, including 6 private and 2 public tech companies, for a total invested amount of **54 mSEK**. The **total portfolio NAV reached 267 mSEK**, rendering a latent return multiple of **4.9x**.
- The most important company in the portfolio is **Carmudi** representing nearly 58% of the total NAV, followed by **EveHR** at 18% and **DragonLend** at 8%. In total, these 3 companies stand for 84% of the total NAV.

Valuation of companies in the portfolio

- For **Carmudi**, the valuation has been based on a valuation multiple derived from a relevant listed peer group. The average EV/Sales multiple for the peer companies Carsales.com, Copart Inc, Acv Auctions, Kar Auction Services Inc and Frontier Digital Ventures amounted to 5.7x EV/Sales as of 31st of October 2022. A discount of 20% has then been applied to the multiple of the peer group, resulting in a final valuation multiple of 4.6x EV/Sales applied to Carmudi. The total Equity value of Fram's shares in Carmudi amounts to **171 mSEK**.
- **EveHR** and **DragonLend** successfully went through fundraisings in 2021 and the valuations in these rounds have been used for the net asset value, resulting in values of 54 mSEK and 24 mSEK respectively.
- In the second quarter 2022, Fram developed a new ownership constellation for **Marry** where the company merged with the industry colleague **Vdes.vn** and thereby created a new group, named **Liven Technology**. Post-merger, a net asset value of 13 mSEK is estimated for Fram's stake in Liven Technology.
- A similar solution was developed for **Nordic Coder** in the second quarter of 2022, where the majority ownership in the company was transferred to the former Vietnamese management team. Fram however retains a minority stake of 30% in the company. In connection with the transaction, a conservative net asset value of 2 mSEK is estimated for Fram's stake.
- During the previous quarter, Fram made two new investments in **two public Southeast Asian tech companies, Sea group** (e-commerce and gaming) and **Grab** (super app for mobility, food delivery and financial services). The valuation is marked to market based on the closing price as of 31st of October of these companies' listed shares.

4. Portfolio – Carmudi

General Information

Business description	Online car marketplace
Website	www.carmudi.vn
Location	Vietnam
Segment	Car marketplace
Asset class in portfolio	Private tech company
Management	Vu Anh Duy, CEO
Employees	32
Investment date	2017
Amount invested	15.8 mSEK
Ownership of Fram	67%
Governance influence	Chairman of the Board

Investment thesis	Car penetration in a country is generally driven by income per capita. Vietnam has one of the fastest growing GDP/capita ratios in the world and its car market growth hits an inflection point pre covid. Benchmarking vs other emerging economies' historical car penetrations vs GDP/cap, Vietnam is set to enjoy 15-20% car market growth p.a. for at least a decade ahead. Growth in value terms will be even higher as the consumers trade up. The digital car trading sector will grow faster as it increases in penetration.
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Financial summary

In mSEK	9M YTD 2022	2021	2020	2019
Revenues	48.1	16.1	12.8	5.2
YoY growth %	+416%	+26%	+147%	N/A

Investment performance

Valuation method	Multiple of peer group	
Enterprise Value (Oct 2022)	257 mSEK	
Total investment	15.8 mSEK	
Total Value to Fram	171 mSEK	
Return multiple (Value / Investment)	10.8x	
Realized	Acquisition cost	N/A
	Total proceeds	N/A
Current	Acquisition cost	15.8 mSEK
	NAV	171 mSEK

Key events since investment

Fram executed a management buyout of Carmudi Vietnam from Rocket Internet end 2017.

Later the company merged with classifieds group Otos.vn and thereby welcomed the country's largest offline car retailer, Savico, as shareholder.

Carmudi later transformed from a car classifieds business into an online car marketplace (similar to Carro & Carsome), leading the vertical in Vietnam.

Significant events during Q3 2022

Starting from the post pandemic in Vietnam late 2021, Carmudi has experienced a significant growth in trading volume on its platform, resulting in a meaningful uptick in market share.

4. Portfolio – EveHR

General Information

Business description	Employee engagement and flexible benefit platform (SaaS)
Website	www.evehr.vn
Location	Vietnam
Segment	HR tech
Asset class in portfolio	Private tech company
Management	Bach Tuan Anh, CEO
Employees	18
Investment date	2019
Amount invested	7.1 mSEK
Ownership of Fram	98%
Governance influence	Chairman of the Board
Investment thesis	Vietnam has a low penetration of SaaS in general. 98% of companies in the country are SMEs and only 5–7% of them use SaaS regularly (compared to ca. 70% in global). Global peers are Sodexo-Sponsored ADR and Ten Lifestyle Group Plc, with valuations in the range of 12.5–15.1 bnUSD, which lends indication of what can be built as a market leader in this fast growing tech vertical in Vietnam.

Financial summary

In mSEK	9M YTD 2022	2021	2020	2019
Revenues	0.72	2.65	1.73	0.12
YoY growth %	–64% (*)	+53%	+1332%	N/A

(*) EVE HR changed its revenue recognition from gross to net as of January 2022

Investment performance

Valuation method	Last round valuation	
Enterprise Value (Oct 2022)	56 mSEK	
Total investment	7.1 mSEK	
Total Value to Fram	54 mSEK	
Return multiple (Value / Investment)	7.6x	
Realized	Acquisition cost	N/A
	Total proceeds	N/A
Current	Acquisition cost	7.1 mSEK
	NAV	54 mSEK

Key events since investment

EveHR has been developed from scratch in Fram's venture builder. The company was launched as a SaaS platform primarily targeting enterprise clients.

Already today, EveHR manages a wide range of top tier MNC clients, such as AIA, Nestle, Pepsi, DHL and many more. The next stage of EveHR's journey will be to successfully break into the SME segment with a self-service client acquisition and interaction approach.

Significant events during Q3 2022

The new CEO of the company, **Bach Tuan Anh** (ex-Country Head of Lalamove, same-day delivery & courier service provider and van hire platform originated from Hong Kong) will join mid Nov 2022.

The company was listed as a “top 10 emerging giants blazing the digital trail in Vietnam”, according to a joint report from HSBC and KPMG (*)

(*) Source: Vietcetera

4. Portfolio – DragonLend

General Information

Business description	Lending platform for SME
Website	www.dragonlend.vn
Location	Vietnam
Segment	Fintech
Asset class in portfolio	Private tech company
Management	Max Bergman, CEO
Employees	10
Investment date	2018
Amount invested	11.9 mSEK (of which 3.5 mSEK is debt)
Ownership of Fram	70%
Governance influence	Member of the Board
Investment thesis	The SME client segment is overlooked and underserved by the traditional banks in VN and SEA. The segment is often hard to analyze due to the lack & ambiguity of credit data. Focused on simplifying the client journey with the help of tech & working with non-traditional credit scoring data opens up an attractive segment accessible with a digital approach.

Financial summary

In mSEK	9M YTD 2022	2021	2020	2019
Revenues	2.13	3.27	0.42	0.17
YoY growth %	+88%	+686%	+151%	N/A

Investment performance

Valuation method		Last round valuation
Enterprise Value (Oct 2022)		34 mSEK
Total investment		11.9 mSEK
Total Value to Fram		24 mSEK
Return multiple (Value / Investment)		2.0x
Realized	Acquisition cost	N/A
	Total proceeds	N/A
Current	Acquisition cost	11.9 mSEK
	NAV	24 mSEK

Key events since investment

The company was launched within Fram's venture builder. Initially, DragonLend was a broker that connected borrowers with lenders to perfect its internal credit scoring w. min. risk.

From there, DragonLend developed in partnership with licensed banks in Vietnam in order to be able to build out its own direct loan book with profitable SMEs leveraging its proprietary digital platform and process.

Significant events during Q3 2022

The company continues to expand the credit capital to support the strong growth of its profitable SME client base.

4. Portfolio – Liven

General Information

Business description	Leading digital marketplace for weddings and events
Website	www.liven.asia
Location	Vietnam
Segment	Service marketplace
Asset class in portfolio	Private tech company
Management	Ngoc Nguyen, founder and CEO
Employees	43
Investment date	Sep 2019
Amount invested	3.1 mSEK
Ownership of Fram	39%
Governance influence	Member of the Board
Investment thesis	<p>The Vietnam market for weddings, private celebrations and corporate events is estimated to be worth >2 bnUSD, growing at ca. 20% p.a.</p> <p>Liven Technology holds the leading market position online in this fast growing sector that is rapidly migrating towards digital.</p>

Financial summary

In mSEK	9M YTD 2022	2021	2020	2019
Revenues (*)	3.1	0.26	0.52	0.15
YoY growth %	+1332%	-51%	+245%	N/A

(*) figures of only Marry's revenues before 2022

Investment performance

Valuation method	Last round valuation	
Enterprise Value (Oct 2022)	33 mSEK	
Total investment	3.1 mSEK	
Total Value to Fram	13 mSEK	
Return multiple (Value / Investment)	4.1x	
Realized	Acquisition cost	N/A
	Total proceeds	N/A
Current	Acquisition cost	3.1 mSEK
	NAV	13 mSEK

Key events since investment

As part of its management buyout activities, Fram acquired the leading online wedding platform, Marry.vn, from the Swiss media conglomerate Ringier (owner of Elle Magazine etc).

The wedding and events market came to a complete halt during the Covid lockdowns. Post covid, Fram restarted the business by merging it with Vdes.vn to create a leading online group in the sector.

Significant events during Q3 2022

Revenues in Q3 2022 increased ca. 20% q-on-q vs. Q2 driven by the trial launch of the wedding fair online format in July.

4. Portfolio – Grab

General Information

Business description	Leading SEA super app including mobility, food delivery and financial services
Website	www.grab.com
Location	Singapore
Segment	Mobility, food delivery and fintech
Asset class in portfolio	Public tech company (GRAB:US)
Management	Anthony Tan, founder & CEO
Employees	8,834 in which 224 full -time headcounts
Investment date	Jun 2022
Amount invested	1.3 mSEK
Ownership of Fram	<0.1%
Governance influence	No

Investment thesis	Valuations of public tech companies have corrected significantly (Grab is down ca 90% from peak), which presents attractive long term entry opportunity into this group that offers exposure to market leading positions in the some of the largest SEA tech verticals (mobility, food delivery and financial services). The combination of mobility / ride hailing (similar to Uber) and other digital services offers a natural hedge for swings in online-to-offline consumer behaviors (e.g. mobility GMV goes up when offline movements increases and vice-versa). The cash pile of Grab (ca. 6-7 bnUSD or 50% of market cap at entry) offers an unusually long runway to weather the current market uncertainties. Furthermore, it's interesting to note that Uber serves as a role model for proving the business model's profitability potential.
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Financial summary

In mSEK	H1.2022	2021	2022	2019
Revenues	6,117	7,508	5,217	14,460
YoY Growth %	+39%	+44%	+156%	N/A

(* As of 30 June 2022, Grab's net cash liquidity is ca. 5.5 bnUSD (after deducting loans and borrowings).

Investment performance

Valuation method		Mark to market
Enterprise Value (Oct 2022)		9.4 bnUSD
Total investment		1.3 mSEK
Total Value to Fram		1.2 mSEK
Return multiple (Value / Investment)		0.9x
Realized	Acquisition cost	N/A
	Total proceeds	N/A
Current	Acquisition cost	1.3 mSEK
	NAV	1.2 mSEK

Key events since investment

Ride-hailing witnessed strong growth of ca. +50% in Q2 2022, driven by post-pandemic reopening.

Digital financial services kept growing at ca. +30% q-o-q driven by the increasing in payments volumes.

Fram continues to expect the share price development in Grab to be volatile near term, presenting attractive accumulation opportunities.

Significant events during Q3 2022

Grab kept expanding its pilot of the monthly subscription program "GrabUnlimited" to 5 countries (Indonesia, Malaysia, Singapore, Thailand and Philippines).

The regional partnership launched with Coca-Cola will offer more of its products through Grab's grocery and food delivery platforms.

4. Portfolio – SEA

General Information

Business description	Market leader in ecommerce in SEA and global leader in mobile games.
Website	www.sea.com
Location	Singapore
Segment	Gaming, Ecommerce, Fintech
Asset class in portfolio	Public tech company (SE:US)
Management	Forrest Li, Founder & Group CEO
Employees	67,000
Investment date	Jun 2022
Amount invested	2.1 mSEK
Ownership of Fram	<0.1%
Governance influence	No
Investment thesis	Valuations of public tech companies have corrected significantly (SEA Group is down ca 90% from peak in Oct 2021), which presents attractive long term entry opportunity in this group that offers exposure to market leading positions in the some of the largest SEA tech verticals. The valuation at Fram valuation implied a fair value on the cash flow from the gaming alone, while offering the rest of the group (i.e. ecommerce leader Shopee) "for free".

Financial summary

<i>In mSEK</i>	H1 2022	2021	2020	2019
Revenues	64,093	109,248	48,017	23,872
YoY growth %	+44%	+128%	+101%	+163%

Investment performance

Valuation method		Mark to market
Enterprise Value (Oct 2022)		21.9 bnUSD
Total investment		2.1 mSEK
Total Value to Fram		1.4 mSEK
Return multiple (Value / Investment)		0.7x
Realized	Acquisition cost	N/A
	Total proceeds	N/A
Current	Acquisition cost	2.1 mSEK
	NAV	1.4 mSEK

Key events since investment

Fram continues to expect the share price development in Sea to be volatile near term, presenting attractive accumulation opportunities.

Significant events during Q3 2022

As global growth is slowing and stock market sentiment is deteriorating, especially within the US and European investor bases, Sea has taken ample actions to reduce staff and cost levels, primarily in the E-commerce business. These positive changes should allow better profitability fundamentals for Shopee and the group in the long term.

5. Group consolidation

	Q3			Q1 – Q3		
	2022	2021		2022	2021	
Total income	21,554	7,371	+192%	69,511	27,062	+157%
Net sales 1)	21,461	7,101	+202%	69,181	26,228	+164%
Adjusted EBIT	-4,391	-3,051		-7,918	-8,972	
Adjusted EBIT–margin	-20%	-43%		-11%	-34%	
EBIT	-4,298	-3,389		-8,805	-9,459	
EBIT–margin	-20%	-46%		-12%	-35%	
Profit for the period	16,406	-3,263		12,201	-9,278	
Solidity	86%	85%		86%	85%	
Equity	58,767	41,109		58,767	41,109	
Total assets	68,599	48,514		68,599	48,514	
Number of shares	3,615,078	3,615,078		3,615,078	3,615,078	
Earnings per share	4.5	-0.9		3.4	-2.6	
Number of warrants 2)	298,300	158,300		298,300	158,300	
Earnings per share after dilution	4.2	-0.9		3.1	-2.5	

1) Net sales Q1–Q3 includes the IT Development business until 30 June 2022. The Group does no longer consolidate figures from IT development business starting from third quarter of 2022.

2) 80,000 options of Series 2022/2026:1 with a subscription price of 50 SEK per share, 60,000 options of Series 2022/2026:2 with a subscription price of 50 SEK per share, and the remaining number of options of Series 2020/2023 with a subscription price of 60 SEK per share.

EBIT margin (%) is calculated as EBIT / Total revenue while Adjusted EBIT margin (%) is calculated as Adjusted EBIT / Net sales. The reason is that Adjusted EBIT does not take into account other operating income, other operating expenses and non-recurring costs.

Significant events during Q3 2022

- The Group's net sales increased +202% during the quarter and the EBIT was -4,298 kSEK.
- The divestment of the IT development business was completed in July 2022 and led to a profit for the quarter of 16,406 kSEK. The Group does no longer consolidate figures for the IT development business starting from this quarter.
- The tables below show the group performance on a **like-for-like basis** (excluding IT Development effects, effects from discontinuation/de-consolidations of businesses as well as gross/net revenue effects in EveHR and Dragonlend). The net sales increased by +868% compared to the same period last year (during when Southern Vietnam was in lockdown). The adjusted EBIT–margin improved by +64%–points and reached -20%.

	Q3			Q1 – Q3		
	2022	2021		2022	2021	
Total income	21,554	2,453	+779%	51,432	9,735	+428%
Net sales	21,461	2,217	+868%	51,258	9,096	+464%
Adjusted EBIT	-4,391	-1,979		-11,549	-5,793	
Adjusted EBIT–margin	-20%	-89%		-23%	-64%	
EBIT	-4,298	-1,871		-11,377	-5,700	
EBIT–margin	-20%	-84%		-22%	-63%	

5. Group consolidation – Revenue & earnings by business area

	Q3			Q1 – Q3		
	2022	2021		2022	2021	
Total income	21,554	7,371	+192%	69,511	27,062	+157%
Net sales	21,461	7,101	+202%	69,181	26,228	+164%
Digital Brands	21,461	3,296	+551%	51,258	14,002	+266%
IT Development	–	3,805	–100%	17,923	12,226	+47%
Other operating income	94	270	–65%	331	834	–60%
Digital Brands	2	1		37	251	
IT Development	–	73		157	72	
Group	92	196		137	511	

	Q3		Q1 – Q3	
	2022	2021	2022	2021
Net sales	21,461	7,101	69,181	26,228
Other external costs	–2,818	–1,699	–7,446	–5,463
Raw materials and consumables	–19,419	–1,932	–46,243	–9,621
Personnel cost	–3,041	–5,947	–20,578	–18,421
Depreciation and amortization	–574	–574	–2,831	–1,695
Adjusted EBIT	–4,391	–3,051	–7,918	–8,972
Adjusted EBIT–marginal (%)	–20%	–43%	–11%	–34%
Other operating income	94	270	331	834
Other operating expenses	–	–116	–9	–505
Adjustment for non-recurring costs	–	–491	–489	–816
EBIT	–4,298	–3,389	–8,085	–9,459
EBIT–marginal (%)	–20%	–46%	–12%	–35%

Group consolidation – revenue

- The Group's reported net sales increased by +202% to 21,461 kSEK in the third quarter of the year. The Group growth was mainly driven by strong organic growth in Carmudi (+986%) and Dragonlend (+471%).
- As of January 1, 2022, the Group proactively changed its revenue recognition for EveHR and Dragonlend to be in line with IFRS 15. As a result, the reported net sales during the quarter decreased by 923 kSEK (the company, within the framework of IFRS, would only have to recognize its margin on the sale of vouchers as revenue and not the entire value of the voucher the company sells – however, in terms of cash flow, there is no change). If the accounting policies had not changed, EveHR would have grown by +109% YoY and the Digital brands would have grown by an additional 28% in the third quarter, compared to the same period last year (corresponding to +579% in total).
- The Group has no longer consolidated revenues from the IT development business since this quarter as of the result of the divestment in July 2022.

Earnings by business area

- The Group's EBIT came in at –4,298 kSEK, and adjusted EBIT was –4,391 kSEK. Adjusted EBIT margin for the quarter was –20%, which is a substantial improvement of approximately +23%-points compared to the same period previous year. Costs for raw materials and consumables correlate with revenues and increased by 17,487 kSEK. The personnel expenses decreased during the third quarter as the result of divestment in IT development business.

6. Financial statements

Income Statement

	Note	Q3		Q1 – Q3	
		2022	2021	2022	2021
Net sales		21,461	7,101	69,181	26,228
Other operating income		94	270	331	834
Total income		21,554	7,371	69,511	27,062
Raw materials and supplies		-19,419	-1,932	-46,243	-9,621
Other external expenses		-2,818	-2,088	-7,446	-6,177
Personnel costs		-3,041	-5,947	-20,578	-18,421
Depreciation and amortisation of tangible and intangible fixed assets		-574	-676	-3,320	-1,797
Other operating expenses		-	-116	-9	-505
Operating result		-4,298	-3,389	-8,085	-9,459
Other interest receivable and similar income	5	21,783	126	22,059	361
Interest payable and similar charges		-1,080	-1	-1,496	-180
Profit before tax		16,406	-3,263	12,478	-9,278
Taxes	6	-	-	-277	-
Profit for the period		16,406	-3,263	12,201	-9,278
Earning per shares		4.5	-0.9	3.4	-2.6
Diluted earning per shares		4.2	-0.9	3.1	-2.5

Income Statement

- Total income for the third quarter amounted to 21,554 kSEK and net sales to 21,461 kSEK. The increase in net sales is largely driven by significant volume growth in the group's largest private tech investment, Carmudi (increased by 18,256 kSEK) and Dragonlend (increased by 911 kSEK).
- Carmudi's growth also naturally drives up the cost of raw materials and supplies in line with sales – this cost item came in at 19,419 kSEK, representing 75% of total operating costs. The second largest cost item was personnel expenses, which amounted to 3,041 kSEK (12% of operating costs) during the quarter. The decrease in personnel expenses compared to last year was mainly due to the divestment of the IT development business.
- Other interest receivables and similar income for the period was 21,783 kSEK, and mainly consisted in proceeds from the divestment of the IT development business of ca. 19,389 kSEK (net impact of cash proceeds of approx. 30,668 kSEK received, minus investment costs), and revaluations due to foreign exchange gains amounted to 2,394 kSEK.
- Financial expenses (interest payables and similar charges) amounted to -1,080 kSEK which is mainly interest expenses paid under preferred shares at Fram Venture 7 AB (Dragonlend). The preferred shares is considered as a loan and has an interest rate of 13.5% per annum.
- Profit before tax and net profit for the period is 16,406 kSEK.

6. Financial statements

Balance Sheet

- Total assets as of 30th of September 2022 amounted to 68,599 kSEK.
- Non-current assets amounted to 6,415 kSEK, a decrease of 6,581 kSEK compared to the previous quarter. Goodwill decreased by 9,193 kSEK mainly due to a decrease in Exertus goodwill as result of the divestment of the IT development business. Investments in associate companies represented investments in Liven Technology and Nordic Coder for a total amount of 756 kSEK. Financial investments comprised the investments in the shares of Grab and Sea with a total amount of 3,306 kSEK.
- Short-term receivables amounted to 32,040 kSEK. The increase in this item of 9,719 kSEK was mainly due to additional lending in Dragonlend amounting to 7,629 kSEK, an increase in trade receivables in Carmudi amounting to 5,050 kSEK, as well as a decrease by 3,602 kSEK as a result of the divestiture of the IT development business.
- Trade receivables amounted to 15,183 kSEK. Most of the trade receivables are derived from Carmudi (9,358 kSEK), Dragonlend (4,013 kSEK) and EveHR (969 kSEK).
- Other receivables of 16,570 kSEK sits mainly with DragonLend. Approximately 93% (equivalent to 15,471 kSEK) of other receivables originates from partner bank lending to Vietnamese SMEs. The remaining receivables are deposits for credits issued by partner banks and deposit for office rent.
- As of 30th of September 2022, cash and bank amounted to 30,145 kSEK.
- Shareholders' equity amounted to 58,767 kSEK.
- Current liabilities amounted to 9,833 kSEK, which mainly consists in the payables for car purchases in Carmudi amounting to 3,315 kSEK, and credit capital raised in Dragonlend amounting to 4,528 kSEK.

Balance Sheet

	Note	30/09/22	30/09/21	30/06/22	31/12/21
Assets					
<u>Intangible fixed assets</u>					
Capitalized expenditure on development and similar works		835	237	828	1,071
Concessions, patents, licenses, trademarks and similar rights		1,509	3,520	2,012	3,017
Goodwill		9	63	9,202	10,305
<u>Property, plant and equipment</u>					
Fixtures, tools and installations		-	114	85	115
<u>Financial fixed assets</u>					
Investment in associates		756	-	473	-
Financial investments		3,306	0	396	1
Total non-current assets		6,415	3,934	12,996	14,510
<u>Current assets</u>					
Finished goods and merchandise		-	1	-	294
<u>Short-term receivables</u>					
Trade receivables	7	15,182	5,592	13,224	11,508
Other receivables	8	16,570	6,117	8,811	8,019
Prepaid expenses and accrued income		288	222	513	232
Cash and bank		30,145	32,649	18,081	23,788
Total current assets		62,185	44,581	40,629	43,842
TOTAL ASSETS		68,599	48,514	53,625	58,352
Equity and Liabilities					
<u>Own capital</u>					
Share capital		1,204	1,204	1,204	1,204
Other contributed capital		85,733	49,184	85,579	86,025
Retained earnings		-28,170	-9,279	-49,190	-48,247
Total equity, group		58,767	41,109	37,593	38,982
<u>Non-current liabilities</u>					
Other liabilities		-	30	2,166	2,197
Amounts owed to credit institutions		-	-	4,217	4,892
Total long-term liabilities	9	-	30	6,383	7,089
<u>Current liabilities</u>					
Accounts payable		3,932	618	1,009	1,790
Advances from customers		249	909	1,878	1,061
Other liabilities	10	4,936	2,245	3,591	5,105
Accrued expenses and deferred income		716	3,604	3,171	4,326
Total current liabilities		9,833	7,375	9,649	12,282
TOTAL EQUITY AND LIABILITIES		68,599	48,514	53,625	58,352

6. Financial statements

Change in Equity

	Q3		Q1 – Q3	
	2022	2021	2022	2021
Shareholders' equity at the beginning of the period	37,593	33,275	38,982	38,351
Right issues	122	10,337	122	10,337
Translation difference	4,646	760	7,462	1,699
Profit for the period	16,406	-3,263	12,201	-9,278
Shareholders' equity at the end of the period	58,767	41,109	58,767	41,109

Cashflow

- Cash flow from operating activities before changes in working capital was 15,392 kSEK. Of this, 16,406 can be attributed to the pre tax profit. The remaining -1,014 kSEK is mainly driven by adjustments for non-cash depreciation and amortisation.
- Changes in working capital amounted to a cash outflow of 22,553 kSEK and total cash flow from operating activities amounted to -7,161 kSEK. The change was mostly due to the divestment of the IT development business during the period which triggered an outflow of net working capital with a one-off impact of 12,779 kSEK - i.e. excluding this one-off effect the cash outflow connected to net working capital would have been 9,774 kSEK.
- Cash flow from investing activities amounted to 19,550 kSEK, mainly due to the divestment of the IT development business, which amounted to 22,901 kSEK (net between the cash proceeds received of 30,688 kSEK and the cash in the balance sheet of the IT development business at the date of disposal, amounting to 7,787 kSEK). The remaining investing activities comprised the additional investments in associate companies of 375 kSEK (Liven Technology), additional investments in financial assets of 2,912 kSEK (Sea Group and Grab) as well as investments in technology platforms of 64 kSEK.
- The cash flow from financing activities amounted to 152 kSEK in the form of cash received from warrants issued to management and board of the Group.

Cash Flow Statement

	Q3		Q1 – Q3	
	2022	2021	2022	2021
Current operations				
Result after financial items	16,406	-3,263	12,478	-9,278
Adjustments for items not included in cash flow, etc.	-1,014	676	1,824	1,797
Cash flow from operating activities before changes in working capital	15,392	-2,587	14,302	-7,482
Cash flow from changes in working capital				
Change in inventories	-	2	294	264
Change in trade receivables	-4,534	-509	-6,250	-3,578
Change in short-term receivables	-8,784	640	-9,949	-608
Change in trade payables	1,099	21	318	-1
Change in current liabilities	-10,334	-118	-10,375	950
Cash flow from operating activities	-7,161	-2,552	-11,659	-10,454
Investment activities				
Disposal of subsidiaries	22,901	-	22,901	-
Investments in associated companies	-375	-	-756	-
Investments in intangible assets	-64	0	-429	-
Investments in tangible fixed assets	0	-133	0	-238
Investments in financial assets	-2,912	0	-3,306	0
Cash flow from investing activities	19,550	-133	18,410	-238
Financing activities				
Right issues	152	10,337	122	10,337
Repayment of loans from credit institutions	-	-	-675	-
Cash flow from financing activities	152	10,337	-553	10,337
Cash flow for the period	12,541	7,652	6,197	-355
Cash and cash equivalents at the beginning of the period	18,081	23,769	23,788	30,967
Exchange difference	-477	1,227	160	2,036
Cash at end of the period	30,145	32,649	30,145	32,649

7. Further information

NOTE 1: COMPANY INFORMATION

Fram Skandinavien AB (publ) with registration number 556760-2692 and its subsidiaries are referred to in this report as Fram, Fram^, the Company or the Group.

Company address:
Hälsingegatan 49, 4tr
SE-113 31 Stockholm, Sweden
Web: fram.asia

NOTE 2: ACCOUNTING PRINCIPLES

The quarterly report for the period 1 July – 30 September 2022 has been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Standards Council's general guidance BFNAR 2012:1 Annual Accounts and Consolidated Accounts (K3), unless otherwise stated.

NOTE 3: TRANSACTIONS WITH RELATED PARTIES

During the quarter, transactions amounting to approximately 169 kSEK were carried out with related companies. Christopher Brinkeborn Beselin, Chairman of the Board of Directors, is co-owner of Endurance Capital, Pangara and Norsel Industries Ltd. The transactions were carried out on market terms.

NOTE 4: REVIEW OF THE INTERIM REPORT

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

NOTE 5: OTHER INTEREST RECEIVABLES AND SIMILAR INCOME

Other interest receivable and similar income in kSEK	Q3	Q2
Gains on divestment of IT Development	19,389	-
Foreign exchange gains	2,394	12
TOTAL	21,783	12

NOTE 6: TAX

Tax represents corporate tax calculated for the period at Exertus IT AB with a tax rate of 20.6%.

NOTE 7: TRADE RECEIVABLES

Trade receivables in kSEK	30 Sep 2022	30 Jun 2022
Carmudi	9,358	4,308
Dragonlend	4,013	4,932
EveHR	969	551
IT Development (Fram Ltd & Exertus)	-	2,576
Other companies	842	857
TOTAL	15,182	13,224

NOTE 8: OTHER RECEIVABLES

Other receivables consist mainly of receivables related to DragonLend's lending. In addition, there are for example advances to suppliers, tax receivables (mainly in the parent company) and VAT receivables.

Other receivables in kSEK	30 Sep 2022	30 Jun 2022
Dragonlend	15,471	6,923
Carmudi	241	239
IT Development (Fram Ltd & Exertus)	-	1,026
Other companies	858	623
TOTAL	16,570	8,811

7. Further information

NOTE 9: OTHER LONG-TERM LIABILITIES

Other liabilities (non-current) relate to a loan (acquisition credit) from Swedbank in connection with the acquisition of Exertus IT AB and a liability in the form of earn-out payments to the former owners of Exertus IT AB. Both of these items have been settled by the acquirer of IT Development after the end of the quarter, and as of 14 July 2022 they will therefore be removed from the Company's balance sheet.

NOTE 10 OTHER LIABILITIES

Other liabilities (current) include credit investments in DragonLend from external investors, advance payments from customers, liabilities to trade unions, pension provisions, statutory bonuses and social security contributions.

Other liabilities in kSEK	Q3	Q2
Dragonlend	4,528	1,138
IT Development (Fram Ltd & Exertus)	-	2,242
Other companies	408	211
TOTAL	4,936	3,591

NAV VALUATION PRINCIPLES

- The main principle is to use a multiple valuation based on a group of listed comparable companies.
- Valuations are based on rolling "backward-looking" reported 12 months of turnover (i.e. a conservative approach to market practice of using "12 months forward-looking").
- EV/Sales or EV/EBIT(D)A is used depending on the level of maturity of the companies.
- Fram applies a discount of 20% compared to the valuation multiples that the listed comparison companies have because the companies Fram invests in are at an early stage (as long as they have a turnover of less than 250 mSEK) and an additional discount in relevant cases. This also constitutes a relatively conservative approach, as private companies in early phases are usually valued at significantly higher valuation multiples than their listed benchmarks.
- In the case of a new capital raises with market-based pricing/valuation, this valuation is used instead of multiple valuation.
- Investments that are considered to entail significant uncertainty about whether they can be realized at their full valuation can also be taken up to an additional discount in the net asset value calculation (e.g. WowMelo).

7. Further information- Significant risks and uncertainties

The risks described below are not ranked in any particular order. The presentation below does not claim to be comprehensive, and for natural reasons not all risk factors can be predicted or described in detail. Therefore, each investor must make an overall assessment that also includes the information in the rest of the report as well as a general external assessment. The risks and uncertainties below could have a material adverse effect on the Company's business, financial condition and results of operations. They may also cause a decrease in the value of the Company's stock, which may result in investors losing all or part of their invested capital. Additional risks that are not currently known to the Company may also have a corresponding negative effect.

Inflation and geopolitical developments

Current geopolitical developments due to the Russia-Ukraine conflict and the elevated inflation rates in Europe and the United States do not directly affect the Group as the majority of the Company's activity is in Southeast Asia, centered around Vietnam. Inflation in Vietnam is still at a significantly lower level than in Europe and the US – the CPI for Vietnam only increased by +2.75% during the first 9 months of 2022.

The company's value development

The Company's value is essentially dependent on the development of the investments made by the Company, as well as the result of the Company's handling of cash and cash equivalents. There is a risk that the Company's assets do not increase in value, or that the value does not remain intact, which means that there is a risk that invested capital cannot be recovered in connection with a liquidation of the Company. It should be emphasized that the Company will almost exclusively invest in investment objects that are primarily aimed at investors who are particularly familiar with the venture capital industry and that in some cases these may have a risk picture that differs from the mutual funds that private individuals usually invest in, for example in that the underlying investment objects are fewer and that there is thus a more limited risk spread. There is a risk that the Company will fail to recover the invested capital in the investment object, which could have a negative impact on the Company's business, financial condition and results of operations.

Market

The investment objects may in some cases be highly dependent on the positive development of the markets in which they operate. Should these markets develop in a way that is negative for the Company, there is a risk that the value of individual investments will decrease, which could have a negative impact on the Company's operations, financial condition and results of operations.

Credit risk

Credit risk is defined as the risk that the Company's counterparties cannot meet their financial obligations to the Company. If this happens, there is a risk that the Company will fail to fulfill its own commitments, such as future payments. This entails a concrete credit risk in the event that counterparties have problems fulfilling their commitments to the Company, which may have a negative impact on the Company's operations, financial position and results of operations.

Liquidity risk

There is a risk that the Company will not be able to meet short-term payment commitments as a result of a lack of liquidity. Liquidity shortages could arise if, for example, one or more of the Company's customers do not pay their invoices to Fram on time or that one or more of the Company's customers suddenly terminate their long-term service agreements with Fram. Liquidity shortages could also occur in one or more of the Company's holdings. Failure by the Company or its holdings to meet short-term payment obligations could result in a negative impact on the Company's business, financial condition and results of operations.

Tax risk

The Company's operations, as well as transactions between group companies, are conducted in accordance with the Company's interpretation of tax laws. There is a risk that the Company's interpretation of applicable laws, regulations or of the relevant authorities' interpretation of these or of administrative practices is incorrect, which may adversely affect the Company's operations, financial condition and results of operations.

Dependence on key personnel

The company is dependent on a handful of key personnel in any given subsidiary within Digital Brands. If key employees leave or cannot be employed by the Company in a satisfactory manner, this in turn could adversely affect the Company's operations, financial position and results of operations.

Risk related to the residence of senior executives

As parts of the Board of Directors resident outside the EEA, the Company has received an exemption from the Swedish Companies Registration Office regarding the requirements for the residence of the Board of Directors. A change in this could have a negative impact on the Company.

7. Further information- Significant risks and uncertainties

Ability to manage growth

As the organization grows, effective planning and management processes need to be developed. This risk is even higher in the early operations that the Company invests in. There is a risk that the Company will fail to manage a rapid growth rate, which could have a negative impact on the Company's business, financial condition and results of operations.

Client risk

The company's customer relationships are long-term and generate stable recurring monthly cash flows. It is common for companies in early phases, like the businesses in which the Group invests within the framework of its business area, to have a higher concentration in one or a couple of important clients. In such contexts, the client risk can be considered to be elevated. There is a risk that a customer for some reason chooses to terminate an agreement with the Company, which may have a negative impact on the Company's operations, financial position and results of operations.

Currency risk

The majority of the Group's revenue and cost base is in Vietnamese Dong (VND). The Vietnamese Dong is partly pegged against a basket of currencies where the USD is dominant. If the USD/VND currency ratio develops in an unfavorable direction for the Company (i.e., a strengthening of the VND against the USD), it could have an adverse effect on the Company's operations, financial condition and results of operations.

Economic developments

External factors such as supply and demand as well as recessions and booms can have an impact on operating expenses, selling prices and stock valuation. There is a risk that the Company's future revenues and share valuation may be affected by these factors, which are beyond the Company's control, which could have a negative impact on the Company's business, financial condition and results of operations.

Competition

In addition to this, there is the risk that the Company may have misjudged competition in one or more markets in which it becomes active in. A difficult competitive situation could result in the Company not achieving growth targets due to, among other things, price pressure or reduced order intake, which could have a negative impact on the Company's operations, financial position and earnings.

Political risks

The company's operations are managed and coordinated in Vietnam. Risks may arise from changes in legislation, taxation, duties and fees, exchange rates and other conditions that apply to companies operating in international markets. Government decisions can also have an impact on the Company's operations. The Company will also be affected by factors associated with the political and economic climate of the countries in which it conducts its business, primarily Vietnam, which may adversely affect the Company's operations, financial condition and results of operations.

Disputes

There is a risk that the Company will in the future be involved in court proceedings and/or arbitrations. These types of legal processes can be time- and cost-intensive and there is a risk that they cannot be resolved in a way that is beneficial to the Company. There is also a risk that, in the event of a loss in legal proceedings, the Company will be forced to reimburse the counterparty for litigation costs, which may have a negative impact on the Company's operations, financial position and results of operations.

Risk with the business model

The company has a business model based on cooperation with external actors and business partners. In the event of delays in market launch, or if market acceptance is lower than expected, there is a risk of adverse effects on the Company's or the Company's subsidiaries' operations, financial position and results of operations. Since many of the business models developed within the Group are relatively new and unproven in the markets addressed, there is an increased risk in the market acceptance of these business models during the early phases of the business's development.

Acquisition and sale of holdings

The company's operations mean that potential acquisitions and sales are evaluated on an ongoing basis. It cannot be ruled out that the Company will fail to find suitable acquisition targets in the future or to obtain the necessary financing for future acquisition targets on acceptable terms. Nor can it be ruled out that the Company will fail to divest individual holdings in the future or, if divestments are carried out, to receive a favorable purchase price. The above factors could have a negative impact on the Company's operations, financial condition and results of operations.

7. Further information

Financial Calendar

Interim report October–December 2022: **2 February 2023**

This report, as well as additional information, is available on the Fram's website: investors.fram.asia

This information is information that Fram Skandinavien AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was provided, through the agency of the contact person set out below, at the time indicated in the press release.

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The report is certified by:



Hanh Mai
CEO

On 3 November 2022