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WITH SENTIMENT ANALYSIS

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Corporate Participants

Patrick Blok - Managing Director

Presentation

Patrick Blok - Managing Director

Jeg er i dag lykkeligh flanked af Anders Egsvang fra Stokk.io som vil agere moderator og det betyder at når jeg har løbet præsentationen igennem så vil han facilitere spørgsmål og måske stille yderligere spørgsmål osv. så vi kommer det hele omkring. Jeg forventer det tager omkring 20 minutter at løbe igennem og så tager vi en Q&A; bagefter og den kan være lige så lang som det kræves for at komme igennem det hele. Men tusind tak til Anders for at være med som moderator og tusind tak til jer som har checket ind og vil lytte så lad os komme i gang. Det skal lige siges at webinarer her bliver optaget og lagt ud på investor portalen bagefter så man behøver ikke at sidde og blive alt for stresset over hvis det går for hurtigt den bliver optaget og lagt ud så den ligger til arkiv fremadrettet. Men vi går i gang. 2022 har været et travlt år for os. Sorry about that. I think actually we mentioned that the working language would be in English, so sorry, but I just totally forgot that. So I'll make a quick switch. 2022 has been a tricky year, a busy year. Sorry. It marked the first year we finalized as a listed company. From our perspective as the executive management team. **We entered the year extremely eager to prove that we could deliver the growth and that we could source the number of units needed to deliver the growth. And that eagerness caught on throughout the year and basically resulted in us adding a substantial amount of units more than we set out to do going into the year. But it is a key value driver for us to add the units and so we were super eager to prove that to the market that we were able to do it.**

Patrick Blok - Managing Director

It was a theme in the general IPO process and it's been a theme throughout the reporting we did. So that has been a massive focus point for us. The other important milestone is obviously getting the new markets launched internationally, which was also a big part of our strategy and long term plan in this rationale of listing the company. **So having successfully launched in Sweden two international markets is also a fairly good indicator that we can be an attractive partner to stakeholders and that we are able to export the concept abroad and internationally. It gives us a long term potential, of course, when we can prove ourselves in new markets and that's an important indicator, I would say, to sustaining our long term growth.** So we've been busy. **Besides doing a commercial launch in Sweden, besides upping revenue in Denmark fairly substantially, we have also laid all the foundational work in Germany.** Germany I'll come back to this a bit later, but Germany is of course the most important market in mainland Europe. Huge domestic economy, huge economy, measured worldwide, a lot of interesting markets. So Germany is important Next focus for us. **You can see that on group level we have increased revenue by 30%. We have taken it up from 56 million in 2021 to 73.3 million in 2022. We have improved our EBITDA on the Danish operations.** Keep in mind that in 2021 we didn't have any subsidiaries. So proper comparison is properly from Denmark to Denmark. **But in Denmark we've improved the EBITDA level up to 9 million from 6 million.** And if you take that on a group level, the operational EBITDA is 7 million and that is due to startup costs in Sweden, where we obviously have to have this maturation process where we will carry an operational loss before we can generate enough revenue to sustain the local organization. **But in general, steep growth, busy year growth, tairing on bottom line metrics, a bit more than we would like, but all in all, we think we've delivered**

some good progress and now focusing, as we've also communicated, focusing a bit more on super efficiency instead of just flooring the speeder and keep the sports car in fifth gear, we are consolidating, we're changing sourcing strategies. We're doing a lot of stuff. **After the experience we've learned in 2022, I've brought this trend slide. You can see that the trends are positive going in the right direction.**

Please forgive the weird trend line in the revenue meter. For some reason it's doing a glitch. **But we've grown revenue substantially over the years, from 20 million in 2018 to 73 or 72 if you only take Denmark in 2022. Likewise, the EBITDA levels from 2018 to 2022 has been grown substantially, just shy of 1 million in 2018 and up to the 9 million point in 2022. You can see there's a dip in 2020 that's due to COVID.**

Hopefully we are not going to discuss COVID anymore in our lifespan. **But that was a bad year for us, as we've also said earlier on.** And again take the unit number, the last trend line to the right side of the screen. **You can see that there's a positive correlation between the three.**

And that is again, to underscore that the unit numbers is an important value driver now and in the long run. We've developed our group structure since we entered the year. We founded two subsidiaries, one in Sweden and one in Germany. The Swedish company initially had its headquarter in Malmö and has since moved to Stockholm, where we have hired a very good managing director as part of the executive management team. She's doing well, she's a Stockholm native. Our commercial activities in Sweden is in the Skåne region, but we have the Danish operations that are able to support the local commercial activity with service and (...) There's also local organizations in place, but if there's any urgent stuff needed, we can be there fairly quickly from our Danish headquarter, which is in Copenhagen. Similarly, we have a German subsidiary in place. There's no commercial activity in Germany, but we've laid a lot of the initial kind of bricks on the path to a commercial launch. **We've secured the trademark in the country, allowing us to use that and operate under our core name, which is great.** We've also had a lot of legal advice in the process where we had to figure out how the business model would work in Germany. And we've also had our legal team supporting us in lease negotiations on some prospective properties that we are currently looking at. So all in all, it's moving along according to plan. We always wanted intended Sweden to be market number one because of the closeness to home and the cultural similarities. And then Germany was the natural next step for us, again due to geography, but also the importance of the German market. Doing a deeper dive into the financial highlights. You can see we've tried to transparently show as many posts as possible. We've tried to transparently show the segmentation so you can kind of keep tabs on the development in Denmark and then you can see how Sweden is evolving, you can see how Germany is evolving, et cetera. And that comes to a group total in one of the columns and that then is comparable to last year. Again, comparing from 2021 to 2022 is not a perfect one because in 2022 we didn't have all these subsidiaries to kind of carry operational losses. But we try to show everything as segmented and transparent as we can. And the financial breakdown is as you see here.

So in general we have a positive result in Denmark but on the bottom line retained earnings wise. But the overall one off costs and startup costs in the two new countries is dragging us to a loss. This was not expected, to be honest. When we came into the year. **We guided on a higher EBITDA result for the year.** The growth It's a combination of growth and inflation, added cost and stuff has kind of hollowed that out a bit. We tried to chase it throughout the year and we didn't quite get there. So we're not happy with that, obviously. And then we've incurred some one off cost that we've just taken on the PnL in one go from both Sweden and Germany. So we just took everything on the PnL and can move on from a clean slate in the years to come. Our balance sheet is more or less unchanged. There are some minor movements but they're nothing substantially. **Our cash flow from compared from last year to this year You can see that we have positive cash flow from operations in the range of 4.3 million.** This is a consolidated number. It hasn't been possible for us to segment this yet. We will work on it and see if we can do that in the future. **It's a deterioration from 2021. That is mainly due to the fact that we had to all the one off cost we've incurred in Germany We have taken that on the operational cash flow but in general positive cash flow from the group.**

We've had a lot of investment activity. **The investment activity is directly linked to the growth in unit numbers and as you remember from earlier, we have added 142 units in the year, which is a lot and way more than we set out to do and that just carries some investments to it, starting off in new countries as well.** A lot of factors has an impact on that and then we also keep developing our IT platforms, which is an important part of our strategy. So that is the major investment items that we've incurred in the year. That comes to a net changing cash flow and a closing balance. As you can see in the bottom. Key ratios, I'm not going to dwell too much about it. There's improvement and there's deterioration. **You can see a general deterioration on group level.** That's, again, because we have the subsidiaries dragging the averages down. **You can see that the ROIC is way lower than we like and that's a direct consequence of the results. There's improvement on EBITDA level in Denmark.** On a group level, there's a deterioration. So it is balancing this expansion strategy, balancing domestic growth with bottom line numbers. It's an exercise that's a bit tricky. We know that there is wear and tear on bottom lines when you kind of set out to do this, but it's also part of the journey that we embarked on, so to say. So it is more or less as planned. Our total unit number or operational data is also something we show in quite detail. **Again, you can see that we've increased on a group level, we've increased our unit number by just below 48%, which is a lot and a lot more than we have been used to. You can see that the revenue per unit is deteriorated.** That is mainly due to two circumstances, one of them being that it's a naive number. So what we do is that we take the units end of year and then we just divide it up by the revenue they've generated. And units coming into the portfolio late in the year They do not have a full year effect. So that will have a tear in the negative direction. And then obviously, Sweden, it being a completely new market, we've had to cultivate it's a mix there between units coming in, say in October or June, and then obviously carrying a high vacancy, as you can see as well. So we have carried an above normal vacancy rate in Sweden, but that is due to the general kind of startup, practical timing. How fast can you get the unit in operations and how fast will they be rented out. The director we hired, we wanted her to there were some timing issues and when she could start it's just some minor practical headaches that we've learned from. But in general, before you get the market maturation, in general, I would say it it's within the boundaries of reason. We've also shown this slide, it's a new slide that we have disclosed. The reason why we did this is to kind of carry on the narrative that we've had all along. When we did the IPO, when we pitched the IPO both to professional investors and the retail market, we estimated that a new market would cost roughly 5 million Danish in investments. That's why we've made this breakdown. **You can see the direct investments we've made into the FF&E; That's a positive one.** We are able to furnish units at a lower point than we are used to and that's due to our it's a strategic measure. I'll come into that a a bit bit later. Another interesting one is that we don't have any cash securities in Sweden. This is an important factor as well. **Going forward we've been able to supplant cash investment or cash securities with guarantee structures. So there's some parent company guarantees in place instead of cash, which is conserving cash better and that's a massive positive.** And other than that we've shown the direct loss from operations, we've shown the other operating cost. That is one of legal advice when setting up the entities and getting the structures in place. And then there are some allocations from the Danish parent because the Danish parent has been managing Sweden and doing a lot of things before. We could kind of hand over the operation to the local director in October. **Touching on our guidance for next year, I would say we are carefully optimistic. So we're still guiding on growth in revenue in in the range of 14% to 20%.** You know, the, the reason why we are not more optimistic is due to the general macroeconomic environment. Everybody is kind of feeling we still have the inflationary pressure, we still have rising interest rates. There's a bit of an unease around us. We have some unease in the banking sector, we have some general stuff so we're trying to manage expectations well already. **I'll call it carefully optimistic with this guidance we're, we're doing now. So so the revenue is expected to increase from 73 to 83 to 88 million Danish.** EBITDA from the Danish

operation is expected to land in the range of 11 to 12. **in Sweden we believe we are close to the break even point which is obviously a pretty good achievement, I would say.** So we are guiding in the range of negative 1 to a break even in Sweden on operations that then trickles down to an EBIT number and comes to a total. **On the group side, our investment is expected to be lower than they were in 2022 and that's due to two things.** One of them I'll come back to in a second. The other is because we've added so many units, we are so far ahead of our investment curve. I would say in our growth curve that we are using this moment to kind of catch our breath, evaluate on what we did well and what we did poorly and then try to super optimize while still planning for the long term growth as I will come back to a bit later. **So that's why investments would be lower.** It's also why the pipeline is not as impressive as it was in the year we've just concluded and I'll explain why in a second. The current product portfolio, this slide has been shown a couple of times we have three main product groups. Adding new products is a good way to utilize synergy effects. **It's also a good way to maintain long term growth if the synergy effects can be achieved.** Sometimes when I have to explain this to my people I say it's like when Coca Cola launched the Fanta. The people who don't like Coca Cola can drink fanta and et cetera. So that's the rationale between doing it we're still staying focused to our core segments and we're not just throwing products out there left, right and center in the eagerness to deliver growth. We are doing it controlled and carefully and if we can see that the synergy effects is present it is something that we will kind of pursue. And you can see the share of the different product groups service departments being the corporate housing segment being the biggest one still, large one still by far it has a 93.9 share and then Co-living has 6.1 share. The furniture rentals currently do not have a share but it is expected to generate a share of course, otherwise we wouldn't brag about having it. **An interesting point is that Co-living has grown a lot since last year 145% year on year in that segment alone and then the core segment has grown 26.5% and that comes to a total of 30.3%.** Yes, the client concentration also an important metric to monitor because we are a big B2B provider servicing A lot of big, big corporations we're always keeping tabs on the share that they symbolize, the revenue they bring and we have an internal risk number that if clients revenue share go above 5% then they become yellow. If they're above 10%, then they're in the red. So there's two major trends here. **One is that we are still well diversified.** We don't have any clients representing a revenue share above 5% so that's good. **However, as you can see, when compared to the last period our client concentration is higher than normal and it's due to larger.** Again, it's due to that because the diversification is so great we can utilize our existing relationships when if we see industries or segments that are a bit more cyclical that might be going down. We can then kind of utilize some of the other clients we have and allowing them to up their share without it being too great of a risk to take while doing it. **So we're not reliant on few clients and we can see that there are client loyalty due to the fact that from the latest period to now the top ten clients has increased their share more or less.** Not all of them, but most. So doing technology development it's something we're actually extremely it's a big thing for us doing this and we are probably not as good on communicating this as we should be. When I look at our Bio's across all sorts of platforms, Nordnet or whatever we could probably make a bigger fod out of this that we are so tech enabled as we are because we are extremely tech enabled. Our entire order flow and service flow and all that is more or less digitalized. We have a lot of products in place platforms, management, software systems, access systems that are integrated into our software systems and we have done everything in house. We've built the computers in house, we've written the software in house. Why are you doing this? Why don't you buy stuff off the shelf? And that's done for two reasons. **We believe that our user experience is going to be way greater when we have a customized system and flow that is only fitting our industry.** And the next thing is that at some point we might be tempted to explore whether we can commercialize our infrastructure to third parties. And that can be a mix of licensing, that can be a mix of delivering traffic. We can do that in different ways. So we are currently making our software as good so that it can become a

standalone piece of product. But it'll take some time and we won't make any promises yet, but it's a focus point for us. The ROIC, we've called this one, we've basically developed our own furniture brand. So we have designed a lot of furniture ourselves and we get it manufactured directly from factories and it's a way for us to keep our investments in check instead of buying it from third party retailers or wholesalers. That has to make a margin as well. We can get it directly from the source and it's our designs. It's totally customized to our industry. So it is good quality stuff. Marble, welded steel, (..) leathers and it's made to be timeless and kind of worn but not look cheap while doing so. **And this is partly why as well that we were able to furnish Sweden with a relatively low per unit investment.** It's because a lot of the stuff that we do, we design in house, get it delivered from factories in Europe and Asia. So we think it's also a bit fun. It makes us different, it makes us stand out from our competitors. We don't go to discount furniture shops and buy cheap furniture. We try to create some really good stuff. The current markets we're in as shown, it's in line with what we've communicated throughout the year. We have the three major cities in Denmark and then we have the two cities in Sweden. And the unit breakdown is as shown as well. So we try to be fairly transparent about how they look, how many in each city and how many across each product. **And as you can see again, we've taken the unit numbers up fairly substantially.** We now have 440 units in total and we entered the year with 298. the next markets in focu. Again, this is part of the long term plan, of course, and we've made a few marks. We obviously have the key cities in Sweden, the Stockholm region being the most important focus for us, but also a city like Göteborg is a fantastic market for us. So that is what we're focusing on in Sweden. **It is less risky to kind of up your reach in the Swedish market because we're already present, so we've incurred a lot of the one off stuff. The market is getting to know us and it's an easier way to grow than doing new markets.** That being said, I've said it before, Germany is by far the most important mainland market in Europe and Germany as an economy has the potential to it has maybe, let's say ten mega cities that has the potential to be bigger than Denmark alone. So getting a foothold into Germany is super important to us and because of synergy and geography, that sort of closeness to home. We are focusing on the north, which is Hamburg and Berlin. We have some good talks in Hamburg but nothing is completely finalized yet. But we expect that Hamburg is going to be the first step for us in Germany. So changing sourcing strategy, this is a bigger one. **It's a completely calculated change for us and it is one of the key learnings I would say we've taken away from 2022 doing this stepwise incremental growth.** Adding 3-4-5-10 whatever units across different cities throughout the year in a successive kind of way is tricky to manage in a profitable way. There's some practical stuff purchasing, planning, purchases. There's people involved. So if deadlines get kind of blown in one of the early stages, it'll also get blown in the later stages. So you'll be chasing it around all year long and it's just inefficient. By changing sourcing strategy we will sacrifice short term kind of reporting on oh, we've added 15 units here and 12 units there. **On the other hand, we believe it will be way more profitable in the long run and when we then do new projects, it'll be larger blox.** So if you look at the image to the right side of the screen you can see a visualization of a product that we are currently in, of a property we are currently in talks with and it's a house committed to the purpose. It's going to be totally conceptual right down to the tile on the bathroom. Everything will be within our control to define. We'll have a fancy logo on the front facing the main street in Hamburg. **It'll have great exposure to our brand and marketing purposes and hopefully we can finalize that one and report some positive stuff before long.** The downside is that there's a lead time to this. It'll take longer before new units will then come into operations, but when they do it'll be bigger bugs. **So in the big scheme of things it should kind of even out and it will allow us to plan everything more efficiently up until these launches, so there's a lot of benefits.** And the trade off is that, yes, we won't be reporting any small increments of units here and there. So the roadmap, this is the same as always, nothing has been changed. It's just to show you that this is still the strategy we are pursuing. This is still the promise that we are working day and night to deliver on. The only kind of change that you could see is the

compounded 20% annual increase. That might get a bit thrown off by this sourcing strategy, but again, if you fast forward to 2025, I would say that in the nominal kind of unit measure, I think we should be at the same goal line. More or less. The weight of the goal is just going to change and that's because we have an added focus on profitability while doing it. If we then track progress compared to the strategy, this is also an exercise we do regularly. You can see that there's some greens and some yellows and some reds, and the green is the new markets. **It's the growth rate more than approved. It's been a great achievement that we could do that. The trade off has been on the bottom line stuff and more or less, all the other value drivers is bottom line value drivers, so they are hurt by this steep growth. Our revenue per unit is deteriorated.** It's outside of the range. Normally it is within the range, but because of Sweden and everything, it's drawing the average down. **Same with the EBITDA It's improving and it's closing to the 15.** Obviously, we want to be better than 15, but it's closing, but it's still deteriorating. **Vacancy is a bit above the guided target, a bit better than last year. We have had vacancy throughout the year of roughly 8 so we have been in the green, but in Q4, Q4 is a seasonal quarter that is weak.** And we also added a lot of units in Q4 which ended up sitting empty for far too long before we could get them out and operating. **And the ROIC, if you look at the Danish business, isolated, the ROIC is improving from 6.4 to 10 We can do way more here and we want to take that up and that is the aim.** And if you then look at it from group level, it's at 8 And again, that's why it's red. We don't like that one. But it can be helped. When you take it all on the operational loss, it can be helped. Just real quick, I'm not going to bore you too much about the ESG, but we launched an impact report, our first version of our impact report. We did that in November in parallel with the operational core stuff. From 2026 and onwards, small listed companies are expected to do this. So we kind of figured we would get a head start and start mapping everything out and then we could make it more scientific as we go. And hopefully when we are required to do this reporting, we have it completely nailed so it doesn't take us by surprise in 2026. **We are doing a lot of good stuff, I would say.** We are very focused on sustainability and the way we consume and the way we produce. We buy all our wind power from, which is from renewable energy sources, roughly close to 1 million kilowatt hours a year. So it's not pennies, it's a bit more expensive, but it's kind of part of our ESG strategy. We also do some philanthropy work. We've carefully kind of formulated our little foundation. It is very little humble contribution, but still it forces us to do stuff and we are focusing on some sources and we are pledging some revenue, we are pledging some different stuff. We are using our networks to kind of be able to donate to some good local courses. And throughout the year we've supported Two, Hellebo which is a fantastic place. It's like this halfway house for young people who are on the verge of homelessness and we've been working with them on some different stuff and we're going to do more with them in the future operated by some fantastic kind of energy bundles of people doing good stuff. Similarly, when the war in Ukraine broke out, we got approached by Aid Ukraine Denmark and and and it it fit perfectly what we wanted to do. **So we were able to house some Ukrainian families that came as refugees and it costs some money, but it makes us feel pretty good and we put our money where our mouth is.** So we're looking for these sort of courses to support and which will up it as we go. So that was it. Thank you for your time. I will hand the baton over to Anders who will then moderate the question session. Thank you for listening.

Questions and Answers

Moderator

Thank you, Patrick, for your presentation. So let's move in to the Q&A; We have received some questions on stokk.io first that was submitted before the event began. So let's

start with some of those questions before we take some of the questions which went in live here. So the first question is from an anonymous investor.

Patrick Blok - Managing Director

It's a great question. **The general market is growing. If you look at industry reports, it's growing at roughly 14% annually and it has been for ten years or so.** It took a dive in when there was a COVID. The market then were stagnant. But it's a growing industry we're in in general. And if you directly translate that to Denmark, I would estimate that Denmark would carry, I don't know, 500 units a year if that growth rate could just be extrapolated indefinitely. And a part of that is, of course, a market share that We want to achieve. If you look at the industry growth rates, in theory it should be able to consume, let's say 500 units a year, new units a year. So for our part, obviously we will be good, We were doing it organically and see if we obviously need a part of that share. But there's also different ways to kind of implement your growth strategy that we're looking into. So maybe we can take over some operations of existing stuff. It's different, but I would say my guess is that it's not like we feel we can grow indefinitely, but I would say we could easily have 900 units in Denmark. That is part of the longer term strategy for us.

Moderator

And what then?

Patrick Blok - Managing Director

Yeah, sorry, Lund and Malmö you can compare it a bit to, let's say, Odense. Of course they're smaller markets than the capital areas and that's also why Stockholm is so massively important for us compared to Lund and Malmö But Lund and Malmö served as a kind of bridgehead. I would say that a unit in total of roughly 100 to 150 would not be unrealistic. If you combine the two markets, that would be my best estimate. But Skåne is more a bridgehead for us for further expansion into Sweden than it is going to be the core focus for our growth strategy in Sweden. If that kind of answers the question.

Moderator

Yeah. So next question is also from an anonymous investor. Blueground had an article in Børsen about their focus on the Scandinavian market. How competitive are you compared to Blueground?

Patrick Blok - Managing Director

Yeah, good question. Blueground is a very big international player. They have launched a lot of new cities and markets the past couple of years. They have raised a lot of capital. So it's not that I love talking about competitors. We like to focus on what we are good at, but it's not that we're blind to the competitive environment and we knew that they were coming. We tried to analyze how that could impact the equilibrium. **And when they launched their first units, we could see that their price points were significantly higher than ours. And also the service level, their apartments look very good and the furniture and all that looks very good.** And kudos to them. **But the service levels in general looks like it's a bit lower than what the corporate clients are normally used to in Denmark. So I would say our service and flexibility is greater.** I would say you could argue that their standards might be a bit higher than ours if I have to be kind of super conservative. But I think the main point is that our price

points on a general basis is lower than Blueground And that's always where you want to be able to compete, in my opinion, because there's a lot of big key stakeholders and clients out there who are extremely cost conscious. So if you can't compete on costs. **You will only be happy when the market is expanding and going up because then there'll be a spillover to whatever substitutes we have out there.** But if a market is either stagnant or shrinking, you don't want to be the one in the far end of the price range. **So it looks like we have a better price point from the time being. I'm happy with that.** And then let's see how they adjust and evolve.

Moderator

Next question is from Kristian Hedegaard it is possible to follow the currently available apartments on your website. According to annual account 2022, the vacancy percentage in Sweden was 40.5% at the end of 2022. Can you confirm that Sweden already has a vacancy percentage which is largely equal to that in Denmark? That is just under 10%.

Patrick Blok - Managing Director

Yeah. **Yes, I can confirm that Sweden is working very well.**

Patrick Blok - Managing Director

A perfect scientific measure because it measures the number of days that a unit sits available. But right now I believe that we have, I don't know, three or four sitting available and then that might get rented out for amount of time and then there's a natural kind of rotation. So we are monitoring the days it's available. On the other hand, why vacancy is an important metric to keep track of is because it has a direct reverse correlation with the revenue we can achieve. **But it looks like that the managing director over there is doing a very good job and getting some attractive kind of prices for the product and the services we deliver. So in general we're happy.** I'm not going to sit here and say, yes, it is below ten, but it is close to where we want to be.

Moderator

Okay. The next question is also about the vacancy and it's from an anonymous investor. How has vacancy developed in Sweden compared to Denmark during the year? On average, vacancy is higher in Sweden, but there's also some time before all units are operating. So if we look at Q4 or December 2022, how was the vacancy in Sweden compared to Denmark?

Patrick Blok - Managing Director

It was higher. Again, the vacancy, if you have 44 units, as we do in the two Swedish markets, if you have four apartments sitting empty, or four to five apartments sitting empty, you'll be at 10% mark. If you have eight, you'll be at 20% mark. So it's a bit of an on, what do you call it? Utaknemmelig If the unit number is not that mature, you can have some high spikes in your vacancy counter. The more units you have, the less important it is that obviously you want everything more or less rented out at the same time. But eight units in a 440 portfolio doesn't matter. But if you measure it locally, it has an impact, of course. **But Sweden was higher.** The director, she had her first day at work on October 1. **Then we kind of come into Q4 which is a bit crappy quarter for us in general.** So the timing in that sense was not great. That's also part of why we're changing sourcing strategy. We want to be able to plan that stuff better out. **It's no**

good kind of launching stuff in November when we know that the demand is like on a general slump. So it was higher than in Denmark, but it's been picking up at a fantastic speed. It's been a combination of getting we had some international clients we knew already that we could take with us and then the director in Sweden has been fantastic at cultivating the relationships needed in our industry. We're very good with the digital presence and those sort of things and people find us and people who walks in from the street and all that, we're good on that. But in our industry it's super important that you keep some stakeholders happy and those stakeholders, if you measure it on a world basis, it's not a big amount of people that you have to keep in the loop. So cultivating that relationship will take time. But when you have convinced them that you can be trusted and that you are providing a good product and a good service, then the inflow of business is constant. And that's totally credit to Johanna, who's over in Sweden, she's second to none.

Moderator

Perfect. Before we move on with the questions from stokk.io maybe let's take some of the questions that went in live here. So the first question is also about vacancy. Let's just take the question so that you can answer it. How is the average vacancy of 10.3% for the Danish market calculated?

Patrick Blok - Managing Director

Empty days. The units are if you take the number of units throughout the year, it's being registered for when they launch and then the days are counted. It's a measure that is kind of borrowed from the hotel industry. In the hotel industry you're working with OCC or an occupancy rate. So that's like the reverse of the vacancy rate. But basically if you have 100 hotel rooms you can rent it and you have 365 days throughout the year, then that gives you your denominator. The downside is when you keep adding units, your denominator is constantly changing. But we have a system in place that is recording everything in real time so we can kind of keep checks on it on a monthly basis. So we have two measures in place. The one is a naive number which is just counting the days per unit, and the other one is a weighted average of the sizes of the apartment. And that's because a larger apartment will cost you more to have empty than a smaller apartment will. So you have to kind of look spare that in the face as well. So we have two in place. The naive one just counting days and the weighted one that is weighting the data based on the apartment size.

Moderator

Next question. Here from the live audience. How much of the costs associated with growing rental capacity is capitalized, putting it in a different way, how and how much is the profit and loss affected by the increase of rental capacity in 2022?

Patrick Blok - Managing Director

Yeah, I would say you can easily track the Swedish one. **And I would say that if you look at our guidance for 2022, which were between ten and twelve, and we've realized nine, in combination with that, we've realized the high end of our revenue guidance.** So let's just stare it in the face and say we were meant to do twelve. I would say two of those is a burn from aggressively growing. **Maybe let's say one and a half of those is a measure of aggressively growing, and the other one and a half is the inflationary pressure we've incurred on energy costs and things like that.** That's my best guess. I don't have the perfect number. **I'll make that better in the future.** Yeah.

Moderator

And next question. Do you have any considerations shifting to an expansion strategy that consumed less cash? Capex in 2022 was negative 10 million.

Patrick Blok - Managing Director

Yes, we do. That's a perfect question. You should almost kind of feel like I ask someone to post that question. Yes, we do. We have been exploring. We've taken it in baby steps. When you start out doing what we do, it makes no sense to do a furniture production in house. It's a ridiculous notion. When you then come to a certain size, you can then start to see, okay, now it kind of makes sense to think about efficiency and kind of bringing that number down without messing with the quality. So that was like step one for us to do that started with one piece of furniture and taking it to a lot of pieces of furniture. It still represents an investment. It still represents this cash cycle where that before you can get stuff in, you have to invest when is the break even point or the payback time, all those sorts of technical measures. So in the future, the current talks we're holding with bigger projects is actually allowing us to disconnect the two. There's the obvious ones just going in and saying, okay, if you are looking at 100 unit project, I'm not saying that we do, but let's just keep that as a nice round figure. Your purchasing power is way greater, so you can go out, you can source unit counts, which is lower. And the other one is that when you're doing deals of that size, there's a lot more stuff that you can kind of negotiate on. So one of them, for example, being who will carry the investment of the FF&E; And it's not uncommon in Germany. It's very common practice, and we kind of took that learning from Germany. Back home, it's very common practice that it's the landlord who does the FF&E; investment. So that kind of takes that off the operator's books. So that's it. Obviously we've always been in that mode where we, okay, we will invest, no worries, let's go. And then it don't are talking to advisers and brokers and all that, that this is actually fairly market conform and we've taken that with us. And so doing these sorts of structured deals, there's a lot more room for negotiation than if someone comes and say, do you want five apartments? If I then go back and say, yes, but you have to invest in the furniture, they will just say, okay, no thank you, don't worry about it. But if you come and say yes, I'll take a house with 100 units, a lot more can be negotiated. So we are trying to disconnect the two and hopefully we can report some stuff on that in the year to come.

Moderator

Perfect. Then there's a question regarding your outlook. What does the pipeline interval mean? It says Denmark pipeline 0 to 20.

Patrick Blok - Managing Director

Yeah. **It's basically just a pessimistic expectation to the number of units that we want to add to the portfolio this year. It's a product of us being so far ahead of the curve and more or less, we're nearly done like two years of growth in one year.** If you measure it just by units, the full year effect has not kicked in on revenue. **That's why we will still be reporting growth in the revenue bracket.** But the reason why we are being fairly conservative on this is because if the right project comes along, we're not going to say, no, thank you. But in the current kind of planning we're doing right now, it does not look like we will get this perfect product that fits our criteria, our kind of updated criteria perfectly. So that's why we are being a bit cautious on that and saying it's in the low range on new units.

Moderator

Okay. How much of your revenue was generated from private customers?

Patrick Blok - Managing Director

Yeah, good question. It's roughly, I would say 15%. Roughly. We have some different segments. Corporate housing is the big one, having the direct relationship with the companies. Then we have insurance clients, so people who is affected by water damages or fire and have these distress sort of moments in their life. **We are very good on that and are delivering to that industry.** And then we have sports clubs. They're using us fairly systematically as well. So I'm not going to name names. We have a no name policy. But if you look at the cities we're in, you can probably guess which sports clubs are using us that plays football. And then we have government, so the United Nations, hospitals, educational facilities, stuff like that. And then there's the private segments of people that walk in from the street. And that's roughly 15% right now.

Moderator

How was the vacancy percentage developed over the year? You have looked into Sweden, but maybe for the entire group.

Patrick Blok - Managing Director

Yeah, good question. It followed the seasonality pattern fairly well. I would say so. A bit higher in Q1 Lower Q2 Lower Q3 Up again in Q4 And then if you then add the number of units we added in Q4 that kind of made an unfortunate combination. And that was a practical thing where we just didn't have the manpower to get it in operations fast enough. We were too far behind throughout the year, so we tried to chase it all around. **But the combination of adding a substantial amount of units in the quarter in combination with the general seasonality made that Q4 vacancy was up.**

Moderator

Did you receive any revenue from the Aid Ukraine project?

Patrick Blok - Managing Director

No. That was a no, yes no question. The answer is no.

Moderator

And then going back to the questions submitted at Stokk.io there's a question from an anonymous investor here. How much time does it usually take from you get a new unit signed till it begins generating profit. You invest quite heavily in the beginning, I assume, in furniture, technology and everything else. So when is the break even point for a unit?

Patrick Blok - Managing Director

Yeah, again, a great question. It depends on when you measure on what kind of level you want to measure it. When we take our new units, we have this calculator, which is

an advanced spreadsheet. You then do all the variables where you have okay, this is the revenue, this one unit is expected to generate. This is the direct cost. This is some of the carry on costs. And then we allocate a share of overheads and you have to do that. We are kind of carving up my wage into like, let's say, 1000 points, or carving up the CFO's wages into 1000 points and then doing an allocation. But the allocations are fitting what we believe is our best guess on the capacity we can take. We also have some variable wages we put in because we know how much cleaning, how much linen, all that stuff will take. We then have some good things in place. But I would say that if a unit cannot generate, again, it being a bit unscientific because you have the capacity cost, you cannot calf that up into 500 points or 400 order. But all units has to generate on like a single allocated measure, an ROIC above 20. If you then measure that in, like, present values and cash cycles, that comes to a payback time of two and a half to three years. **If you just look at it on the investment alone, and that sounds pretty high, but if you look at that sort of return on industry, if you look at that across a lot of industries, it's actually fairly attractive.** Let's take a company like Maersk for example. Before their boom year, they are guiding long term on an ROIC of seven and a half. **So doing 20 or 18 or 15 is actually fairly good. And we've also had so much traction now that we can see that the lifespan of the things we put into this general strategy of what furniture we then put into the unit has been paying off.** We've never gone to a discount furniture shop to buy our stuff. We have a few items like carpets. They're not extremely pricey because if someone spills red wine or whatever, you don't want to upset the client with sending them a bill of a lot of money. **But other than that, the structural big items, they are high quality and we can see that the lifespan is great.** If you think about our depreciations, they're also fairly substantial. But we are starting now to the early stuff we put into operations. We're starting to see that the depreciations have kind of run out. **And we can see that the lifespan is still great on the stuff we put in early in the year. So that's good for us.**

Moderator

The next question is also from an anonymous investor. It's a bit of a long question, so here it comes. In the 2022 report, you state that going forward you will change the sourcing strategy so that you will source units in bulk with a focus on early stage development. This means fewer but larger deals. Does this also mean the developers you work with will have to change going forward? Developers that want to rent one to two units to Movinn might not be the same developers wanting to rent out an entire building to Movinn How do you view this change.

Patrick Blok - Managing Director

It's a great insight. The one asking that question has thought about it hardly. I can hear it's a very good point of view. The answer is yes and no. We work with pension funds, we work with super large asset managers, we work with international investors, with activity in Denmark and Germany and stuff like that. So it's true that maybe some of the early ones that is not embarking on bigger developments, our activity will probably go down on that. But there is still a lot of what do you call it, repeat offenders, so to say, our usual suspects across our current kind of partners. Great insight. The answer is yes. Some of the smaller ones will probably not up our cooperations, but we are pretty good at cultivating the new relationships needed. And we also have some very big partners in the portfolio already.

Moderator

Yeah, perfect. And the last question at your latest report, you expected cost of debt to fall to 4.06%. It is at 4.87% in the 2022 report. What do you expect cost of debt to be in

2022? And how come did cost of debt fall during 2022 when interests are going up?

Patrick Blok - Managing Director

Yeah, let me apply to the latter first. We did some renegotiations on our debt early in the year. **So that's mainly why we were able to bring the cost of debt down and the reason why it's up higher than what we kind of thought it would be is that we had to pay negative interest rates on the cash holdings we had.** And even if the reference rates and all that were going up and we would ask the bank, listen, what is up? Why is the reference rate plus and we are in the negative still? Yeah, we're working on it. It'll be changed at some point, I'm sure. **I'm not the only banking client that has experienced this in 2022, but that's the reason why it's from 4.06% to 4.8% It's because we had to pay negative interest rates on the cash holdings and the reason why it has gone down is because we renegotiated debt early in the year.** So that's the direct kind of response to that. My best guess right now is 5%, as I also put in the guidance. But basically I have no clue, I know what I'm paying, but the way that these loan agreements work is that there's a fixed interest rate and then there's a reference rate that you have to put on it. And we don't know how the reference rate will evolve if interest rates continue to rise, but it is going to be a fairly small portion of the total stuff. So my best guess right now is 5%, but it could be changing if the interest rates continue to rise.

Moderator

Perfect. That was all the questions, both live and from Stokk.io So I will hand the Mic over to you again for final remarks.

Patrick Blok - Managing Director

Yeah, I can see that there's one question about what German region, but I kind of answered that already. But just to underpin it, it's Hamburg. Hamburg is number one. Hamburg is a fantastic city market. I'm not sure if it's still the 7th largest port in the world is in Hamburg. So a lot of our shipping clients have a massive amount of activity in Hamburg and the business activity in general makes Copenhagen look like legoland is my favorite one liner when I'm talking to German stakeholders. So Hamburg, Berlin number two, and then you can take it from there. But a lot of interesting regions in Germany, Frankfurt, Munich, Stuttgart, the whole (...) industry as well. So a lot of interesting markets, but Hamburg being number one.

Moderator

Perfect. Sorry if I missed a question.

Patrick Blok - Managing Director

No worries, I just wanted nobody when people are taking the time to ask us questions, we will answer it. So thank you so much for listening in everybody. This was a good session and thank you to Anders We've had more questions than we are used to, which is fantastic. So it will allow everybody to get a better understanding for what we do and also maybe demystify some stuff. So thank you so much for that, it's been fantastic. We will end this presentation now. We will put it live on the investors portal and then we see you next time. Thank you and bye.