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April 6, 2020

COVID-19 CAPITAL MARKETS UPDATE

How do Swedish listed companies communicate with their shareholders during the crisis? What happens around the AGMs? When do they issue profit warnings?

Fogel & Partners monitors the capital market communication trends in Sweden and has summarized the main events in this document.



**Fogel &
Partners**

What has happened during the last 72 hours?

Examples of actions



Nilörngruppen announced that the company is withdrawing the proposed dividend and will publish the Q1 financial report earlier than planned.

6 April 2020, 08:00.



Evolution Gaming announced that the floor operations at Evolution Gaming's Tbilisi site will reopen at a limited capacity as of April 4.

4 April 2020, 10:50.



Byggmax encouraged use of proxy-voting at the AGM for shareholders with cold-like or flu-like symptoms, including mild symptoms, and those belonging to a risk group.

3 April 2020, 14:00.



Projektengagemang announced that in order to minimize the impact on financial results of the increased uncertainty affecting the business, short-time work programs, cost savings and postponed investments have been implemented.

3 April 2020, 11:55.



Balder announced that the AGM will be adapted to limit the spread of the virus and the company encourages shareholders to exercise their voting rights through a proxy.

3 April 2020, 15:00.



Lagercrantz Group announced that the operations will be affected by the pandemic and that measures are being taken regarding this, including adjusting the business volume, freezing investments, postponing recruitments, bonuses and salary negotiations as well as decreasing salaries for the Management team.

3 April 2020, 17:45.

Updates related to the capital market:

- The number of reported cases to the National Board for Consumer Disputes (ARN) has increased during the past weeks, of which a large number is due to the corona crisis.
- Companies with a higher sustainability grade have performed better than the average on the stock market during the decline, according to HSBC.
- The Swedish Trade Federation (Svensk Handel) warned that several retail companies will only make it two more months under the current circumstances.
- Voices have been raised that the strict conditions and terms for the loans guaranteed by the Swedish state is discouraging both banks and companies from applying.
- The pressure on the Swedish Public Employment Service is escalating and the situation is getting closer to a breaking point.

The total numbers this far...

#80

companies have communicated negative impact or profit warnings



#25

companies have communicated neutral guidance



#50

companies have implemented or will implement cost savings programs

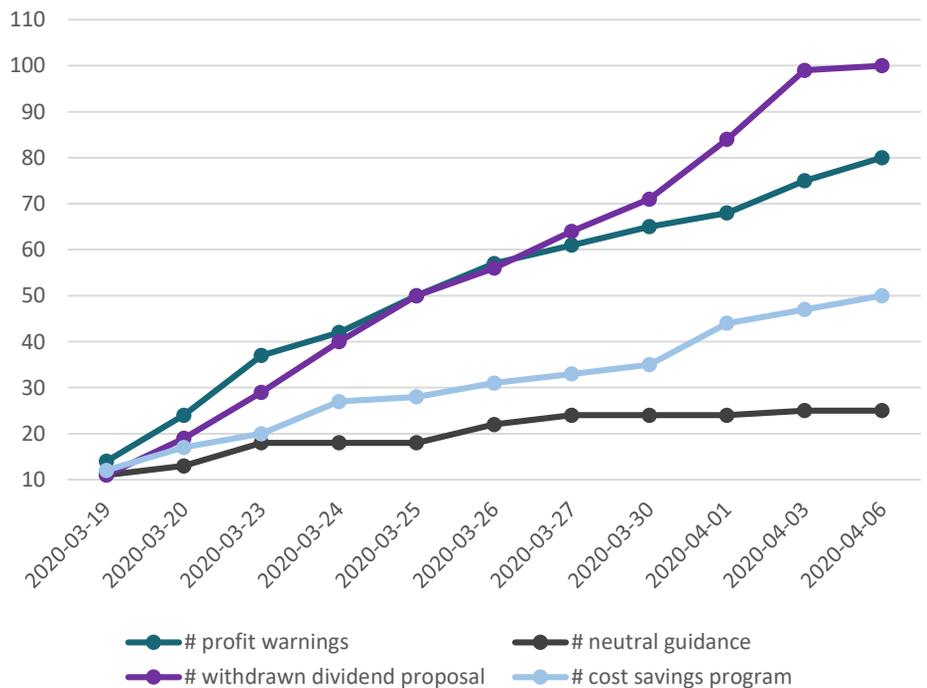


#100

companies have withdrawn or reduced their dividend



Communication activities since March 19





Examples of companies who have issued profit warnings or communicated negative impact on business from covid-19

Examples of guidance

"Regrettably, we have had to start implementing reduced working hours in the markets affected by the corona situation. Globally, this will affect tens of thousands of employees in all parts of the business, although it is not currently possible to specify an exact number. Local legislation has different definitions and conditions for temporary lay-offs or reduced working hours. We are also reviewing the need for any redundancies."

- H&M

"[...] announces that the outbreak of COVID-19 will have a financial impact on the company during the first half of 2020. The ongoing COVID-19 epidemic has led to temporary adjustments and reprioritizations in the health care sector, especially in the countries that are the hardest hit by the virus."

- Bonesupport Holding

"Due to the uncertain macroeconomic situation as a result of the spread of the coronavirus in Europe, the Board of TF Bank has today decided to make an additional loan loss provision of SEK 30 million at the end of the first quarter of 2020."

- TF Bank

F&P comments

#80

profit warnings on Nasdaq Stockholm as of 6 April 2020

In recent days, the number of profit warnings have declined, probably a result of most companies experiencing negative effects already having communicated these.



lundin mining



**KARNOV
GROUP**

Examples of companies who have communicated neutral impact on business from covid-19

Examples of guidance

“Karnov assess that the virus pandemic will have no impact on online revenue on a short-term basis. For the remaining 15% of revenues which is Karnovs non-subscription based offline business, mainly books and sales of legal training courses, it is expected that the virus pandemic will have some effect on a short-term basis. However, the effect is expected to be non-significant which to some extent will be offset by timing during later periods.”

- Karnov Group

“Xlucane is still on track towards regulatory approval ahead of Lucentis® patent expiration in EU July 2022. Despite the global Corona crisis, Xplore remains open for recruitment of new patients and treatment for patients currently in the study.”

- Xbrane Biopharma

F&P comments

#25

neutral comments on Nasdaq Stockholm as of 6 April 2020

Several companies have announced that their operations so far are relatively unaffected. However there are still many companies who haven't commented Covid-19 and are thus likely to not be severely affected.



Examples of companies who have communicated positive impact on business from covid-19

Examples of guidance

"We are overwhelmed by the demand we have met in Sweden, from healthcare providers, authorities, companies and individuals. This also worries me, as it shows that the lack of protective medical equipment is widespread."

- Bactiguard

"Sedana Medical AB today announced that the company sees increased demand for AnaConDa as a result of the Covid-19 pandemic and so far, has had no significant supply chain disruptions. Sedana Medical forecasts a sales increase of about 50 percent for the first quarter of 2020 and about 100 percent for the month of March, compared to the same periods last year."

- Sedana Medical

Getinge has since the outbreak of the COVID-19 pandemic seen an increased global demand for ventilators, extra corporeal life support (ECLS) equipment and advanced monitoring for Intensive Care Units. To meet the global demand Getinge will temporary increase its production of ventilators by 60% in 2020 compared to 2019 at its production facility in Solna, Sweden."

- Getinge

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#5

positive comments on Nasdaq Stockholm as of 6 April 2020

The number of companies issuing positive guidance continues to be low. These companies can to a large extent be found within the health sector.

Companies



Examples of comments

"Kindred has a good financial position with strong liquidity and low leverage. However, due to the uncertainty caused by COVID-19 and to ensure that Kindred is well capitalized for future investment opportunities, the Board has decided to change the previously communicated proposal on the 2019 dividend and will recommend to the AGM that no dividend is paid."
– Kindred

"Due to the increased uncertainty caused by the spread of covid-19 and severe economic effects on society, the board of directors in Ambea has decided to withdraw the dividend proposal to the annual general meeting, which was previously published in the year-end 2019 report."
- Ambea

"The Board intends to wait until the consequences of the Covid-19 pandemic can be better assessed and if circumstances allow, the ambition is to call an Extraordinary General Meeting during the second half of 2020. In the event of an Extraordinary General Meeting, a new proposal will be submitted for a dividend and the size of the dividend."
– Wallenstam

"During the first quarter, Hexatronic had a minor negative impact as a result of Covid-19 and expects continued slightly lower activity in the coming quarter. [...] Based on the very uncertain situation in the world, the Board has decided to withdraw the previously announced dividend proposal of SEK 0.40 per share."
- Hexatronic

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#100

companies have announced that dividend proposals for 2019 will be withdrawn as of 6 April 2020

Many companies have withdrawn their dividend proposals entirely, however in recent days several companies have communicated that they delay the decision on their dividend proposal.

Companies



Examples of comments

"Covid-19 will affect the whole of society and Lagercrantz's operations will also be affected. The extent of this is still difficult to judge but measures are now being taken within the Group to adjust to a significantly lower business volume in the next few months. [...] Measures being implemented include an investment and recruitment freeze, bonus and salary negotiations are being postponed to a future date, and Lagercrantz's Management team has also agreed to waive 15 percent of their salary for 3-6 months."

- Lagercrantz Group

"[...] The level of activity in the market has been affected by covid-19. To minimize the financial effects caused by covid-19, PE conducts a number of activities. Among other things, short-time work will be initiated in certain parts of the business and include both administrative staff and consultants."

- Projektengagemang

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#50

companies have announced cost savings programs as of 6 April 2020

A trend in recent days is the increasing number of companies withdrawing proposals containing increased remuneration to the Board of Directors and management.

F&P comments

Several companies have announced that their annual general meetings will be postponed or reorganized into a digital/hybrid version. Many recommend the shareholders to vote through a proxyholder and will improve the possibilities to attend the AGM digitally.

Digital or hybrid versions of AGM



AGM postponed



Examples of actions around the AGM:

- Webcasting of the entire AGM
- Use of digital identification tools for voting (less common)
- Encouraging and assisting shareholders to use proxy-voting, or voting by mail
- Key company representatives to participate through video link
- Not serving food or refreshments
- Encouraging shareholders who feel ill/belong to a risk group, to not attend the AGM

Examples of comments

“To reduce the risk of the spread of COVID-19 (the corona virus), no food or drink will be served at the AGM and the number of non-shareholders present will be limited.

Shareholders with cold-like or flu-like symptoms, including mild symptoms, are asked to participate via proxy.

Shareholders belonging to a risk group are also invited to participate via proxy instead of in person.”

- Byggmax

“Balder also wants to encourage shareholders to exercise their voting rights through a proxy.

To enable shareholders to vote without physically attending the Annual General Meeting, the registrar Computershare offers a service to shareholders who have registered to attend the Annual General Meeting.”

- Balder

“Due to the extraordinary situation in connection with the coronavirus, which strongly limits the holding of any public or private event in Switzerland. [...] decided that the shareholders of Cavotec SA may exercise their rights at the Annual General Meeting exclusively through the Independent Proxy. The personal attendance at the Annual General Meeting will therefore not be allowed. This measure makes it possible to hold the Annual General Meeting despite the current situation.”

- Cavotec