

NOT FOR PUBLICATION, DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA, AUSTRALIA, CANADA, HONG KONG, JAPAN, NEW ZEALAND, SOUTH AFRICA, SOUTH KOREA, SINGAPORE OR ANY OTHER JURISDICTION WHERE PUBLICATION, DISTRIBUTION OR RELEASE OF THE INFORMATION WOULD BE UNLAWFUL OR REQUIRE REGISTRATION OR ANY OTHER MEASURE.

Karnell intends to list on Nasdaq Stockholm

Karnell Group AB (publ) ("Karnell", the "Company" or the "Group"), an active and long-term owner of industrial technology companies, today announces its intention to list its shares of class B on Nasdaq Stockholm, Main Market (the "Listing") and to launch an initial public offering of its shares of class B (the "Offering"). The Offering is expected to include newly issued shares of class B, corresponding to approximately SEK 250 million. The board of directors and management of Karnell consider the Offering and the Listing to be an important step in the Company's development. A listing on Nasdaq Stockholm, Main Market and a diversification of the ownership to broaden the Company's shareholder base will give Karnell further access to the Swedish and international capital markets and thereby support the Company's continued acquisition and growth strategy. The listing is also expected to increase awareness of Karnell and its business among potential acquisition targets as well as among current and potential future partners. In order to capitalise on these opportunities and enable a continued high growth rate, the board of directors assesses that it is the right time to raise capital and list the Company's shares of class B on Nasdaq Stockholm, Main Market.

Nasdaq Stockholm's listing committee has made the assessment that Karnell fulfils the applicable listing requirements. If the Company files an application for admission to trading of Karnell's shares of class B on Nasdaq Stockholm, such an application will be approved by Nasdaq Stockholm subject to the fulfilment of certain customary conditions, including the fulfilment of the distribution requirement. Depending on market conditions, the Offering and the Listing are expected to be completed during the first quarter of 2024.

The Offering in brief

Subject to the Company deciding to proceed with the Listing, the Offering is expected to comprise:

- An offering to the general public in Sweden.
- An offering to institutional investors in Sweden and abroad.

The Offering to institutional investors will only be made to certain institutional investors outside the United States, pursuant to Regulation S under the US Securities Act of 1933, as amended (the "**Securities Act**").

The Offering is expected to consist of newly issued shares of class B in the Company. The Offering is expected to bring gross proceeds of approximately SEK 250 million, before deduction of transaction costs. Karnell intends to use the net proceeds to finance future acquisitions, either in the form of acquisitions of new businesses or add-on acquisitions to existing group companies. Existing shareholders Handelsbanken Fonder, Swedbank Robur Fonder AB and Östersjöstiftelsen have indicated interest to invest in the Offering for a total sum of up to 30 per cent of the offering size.

Full terms, conditions and instructions for the Offering will be included in the prospectus which is expected to be published by the Company in connection with the contemplated Offering, and will, if published, be available on the Company's website www.karnell.se and Skandinaviska Enskilda Banken AB's website www.seb.se.

Petter Moldenius, CEO of Karnell, comments:

Karnell has established itself as a long term and active owner of industrial technology companies with strong market positions and large growth potential. With a systematic and proactive acquisition strategy, we identify and invest in product companies and niched manufacturers at attractive valuations where we see an opportunity to create value with Karnell as owner. I am proud of the journey Karnell has made in recent years and look brightly at the future with good opportunities to apply the historically successful acquisition and ownership model to find more interesting industrial technology companies both within and outside the Nordics. With this as background, a listing is a logical and important next step that enables both increased acquisition pace and increased awareness among successful companies and entrepreneurs that could be interested to join Karnell. Together with our new and existing shareholders, I am looking forward to continuing our growth journey and strengthening Karnell's position as a leading industrial technology group.

About Karnell

Karnell is a growth-oriented industrial technology group. The Company applies a systematic and proactive acquisition strategy to invest in industrial technology product companies and niched manufacturers at attractive valuations and thereafter develop these businesses by leveraging the Group's tools and expertise. Karnell seeks to identify and acquire companies with an attractive financial profile in terms of growth, margin and cash flows where the Company believes there is development potential with Karnell as an owner.

Karnell currently consists of twelve directly owned group companies, with subsidiaries, divided into two business areas: (i) Product companies and (ii) Niched manufacturers. The business area Product companies consists of companies that entirely or predominantly base their business on proprietary products, which may include various rights such as trademarks, patents, etc. The business area Niched manufacturers consists of manufacturing companies with a high degree of specialisation within their competence that manufacture smaller product series, often in close dialogue with their customers, and with a clear niche and market position. Currently, the Group comprises seven companies in the business area Product companies and five in the business area Niched manufacturers.

During the financial years 2021, 2022 and 2023, Karnell generated net sales of SEK 422.3 million, SEK 880.1 million and SEK 1,103.3 million, respectively, which corresponds to a compound annual net sales growth rate (CAGR) of 61.6 per cent[1]. The largest part of the growth is attributable to completed acquisitions of companies with an underlying stable financial history. Further, the Company has increased its EBITA with a compound annual growth rate (CAGR) of 95.6 per cent[2] between 2021 and 2023, resulting in the EBITA margin increasing from 8.5 per cent 2021 to 12.4 per cent 2023. As of 31 December 2023, the Company's leverage ratio (net debt excl. leasing/EBITDA excl. leasing) was 1.2x, which is in line with the historical level and the Company's current target.[3]

Karnell has during 2023 and January 2024 completed a total of five acquisitions, including add-on acquisitions. On a pro forma basis, the Group generated net sales of SEK 1,307.2 million and EBITA of SEK 183.4 million in 2023, corresponding to an EBITA margin of 14.0 per cent.[4]

The group companies have historically been based in Sweden and Finland. In the financial year 2023, 57.6 per cent of the Group's net sales was attributable to the group companies' sales in Finland, 22.2 per cent was attributable to the group companies' sales in Sweden, and 6,2 per cent was attributable to the group companies' sales in other Nordic countries. On 21 December 2023, the Company completed the acquisition of Plalite, which is based in the United Kingdom, and going forward, the Company sees opportunities to apply the historically successful acquisition and governance model to find more opportunities to acquire industrial technology companies within Karnell's business and competence areas also outside the Nordic region in Europe.

Strengths and competitive advantages

Proven business model for industrial technology companies

Karnell has historically had a strong ability to develop and strengthen existing group companies. Karnell is operating with a decentralised governance model, where Karnell acts as a committed development and ownership partner to the respective group companies. Together with each group company's management and entrepreneurs, Karnell identifies and supports initiatives that are deemed to create long-term value. This is done through a competent team and network within Karnell, with extensive experience in investment activities and development of industrial technology companies. In addition, Karnell values co-ownership with the management of the group companies, which is deemed to create strong aligned incentives, making Karnell a natural choice for long-term entrepreneurs.

A thematic investment focus within well-defined business areas

Karnell has a thematic investment focus on industrial technology companies within two well-defined business areas, Product companies and Niche manufacturers, for which industrial technology can be described as the overall sector. The focus on a specific sector contributes to increased competence and knowledge of the market, sector-specific conditions and technical development. In addition, it promotes qualitative information sharing within the Group, which is deemed to contribute to increased network effects and credibility among stakeholders.

Proactive acquisition strategy with clear investment criteria

The basis for Karnell's positive financial development is that the Company has acquired and further developed qualitative companies with a clear niche focus in their sector that have a strong market position^[5] as well as an attractive profitability anchored in global industry trends.

Successful acquisitions are an important element in the Company's strategy for long-term growth. Future growth is expected to be primarily driven by acquisitions of companies with strong cash flows and high underlying margins, at what the Company considers to be attractive valuations.

Another central part of Karnell's acquisition strategy is add-on acquisitions to existing group companies. Through add-on acquisitions, Karnell can act as an industrial buyer with the opportunity to develop the group companies' operations and realise synergies such as cost and revenue synergies. To date, Karnell has completed four add-on acquisitions in the group companies Tekniseri, Rotomon and Timeka.

Karnell has established a number of acquisition criteria that enable a cost-efficient selection process, allowing the Company to only focus on qualitative targets in an early stage. The Company can thus establish early contact with the owners and maintain a dialogue with them until they are interested in selling. Historically, Karnell has generally been in contact with owners of potential acquisition targets for a long time before the relevant target has been acquired, which has contributed to good relationships and established Karnell as the first choice when selling. Karnell participates primarily in bilateral processes, but also, in certain cases, in structured and competitive processes through business brokers.

Stable financial history and low leverage ratio

Since Karnell was founded in 2016, the Company has completed 13 acquisitions, four add-on acquisitions and one divestment. The Group has, from 2021 to 2023, shown a compound average annual net sales growth rate (CAGR) corresponding to 61.6^[6] per cent. The largest part of the growth is attributable to completed acquisitions of companies with an underlying stable financial history. Karnell has grown its net sales organically during each of the past three years; in 2021 with 27.3 per cent, 2022 with 11.3 per cent and 2023 with 1.3 per cent, despite a more challenging macroeconomic climate in 2022 and 2023.

During the period 2021 to 2023, Karnell increased its EBITA with a compound annual growth rate (CAGR) of 95.6^[7] per cent, which has contributed with an increase of EBITA margin from 8.5 per cent in 2021 to 12.4 per in 2023. As of 31 December 2023, the Company's leverage ratio (net debt excl. leasing/EBITDA excl. leasing) was 1.2x, which is in line with the historical level and the Company's current target and means that there is room to continue to carry out acquisitions in accordance with the historical acquisition rate, which on average has been two acquisitions per year. A new central group financing solution consisting of bank financing was established in 2023, which meant that Karnell was able to reduce its interest costs and optimize liquidity within the Group.^[8]

Focus on sustainability

Karnell works actively with sustainable business[9] both in existing group companies and within the framework of the acquisition strategy. This means, among other things, that Karnell integrates sustainability matters into the business strategy and corporate governance to take responsibility for the potential impact the group companies may have on people and the environment. The Company considers businesses that identify and manage business risks and opportunities related to sustainability to be better positioned to create long-term value. Therefore, a long-term and sustainable strategy is an integral part of Karnell's investment criteria and active ownership model. Karnell only invests in companies that operate sustainably or have the potential to develop a sustainable business. Karnell is committed to work in line with the UN Sustainable Development Goals.

Competent and experienced team supported by an accomplished board of directors

The Company's management has solid knowledge and extensive experience from both investments and operational governance and development in the Nordic and the international market, from companies such as Lagercrantz, Ascom, Salcomp and Cargotec. Both the board and management of Karnell have extensive experience from developing businesses in the industrial technology sector, in various roles and companies.

An important part of the Company's strategy for the development of the group companies is that the group companies' existing management have relevant knowledge to execute the respective group company's strategy. Partly by having experience of the sector in which the business operates and partly by having deep knowledge of the company and the business. Both in connection with acquisitions and with management changes, Karnell ensures that each group company has the right key persons in place and that Karnell, through active strategic work, contributes to strengthening the organisation by, among other things, replacing key roles with suitable successors.

Selected financial information[10]

SEK thousand	Proforma 2023[11]	1 January - 31 December		
		2023	2022	2021
Net sales	1,307,231	1,103,302	880,129	422,337
EBITA	183,357	136,661	98,177	35,714
EBITA margin, %	14.0%	12.4%	11.2%	8.5%
EBITA growth, %	-	39.2%	174.9%	114.7%
Return on capital employed, %	-	13.7%	13.0%	7.1%
Net debt excl. leasing / EBITDA excl. leasing	-	1.2	1.7	-1.2
Cash flow from operating activities	-	132,728	56,736	19,138

Financial targets

Karnell's board of directors has adopted the following financial targets for the Group:

- **EBITA growth:** Average annual EBITA growth shall be at least 15 per cent over a business cycle. Growth shall be achieved organically as well as through acquisitions.

- **EBITA margin:** The EBITA margin should be at least 15 per cent in the medium term.
- **Leverage:** Net debt excl. leasing/EBITDA excl. leasing shall generally not exceed 2x. The ratio may temporarily exceed this level in connection with acquisitions.
- **Dividend policy:** Karnell's earnings and generated cash flows shall in the short term (0-3 years) be reinvested in the operations and mainly be used for expansion through new acquisitions. In the medium term (3-5 years), Karnell intends to pay dividends equivalent to 20-30 per cent of the periods result.

Advisor

SEB Corporate Finance ("SEB") is Sole Global Coordinator and Bookrunner in connection with the Offering. Advokatfirman Cederquist is acting as legal advisor to Karnell and Roschier Advokatbyrå is acting as legal advisor to SEB. In connection with the Offering, SEB and Avanza Bank are acting as Retail Distributors.

For more information, please contact:

Petter Moldenius

CEO at Karnell Group AB (publ), +46 8 545 891 00

Important information

This announcement is not and does not form a part of any offer for sale of securities.

Copies of this announcement are not being made and may not be distributed or sent into the United States, Australia, Canada, Hong Kong, Japan, New Zealand, South Africa, South Korea, Singapore or any other jurisdiction in which such distribution would be unlawful or would require registration or other measures. The securities referred to in this announcement have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and accordingly may not be offered or sold in the United States absent registration or an exemption from the registration requirements of the Securities Act and in accordance with applicable U.S. state securities laws. The Company does not intend to register any offering in the United States or to conduct a public offering of securities in the United States.

Any offering of the securities referred to in this announcement will be made by means of a prospectus. This announcement is not a prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (together with any related implementing and delegated regulations, the "**Prospectus Regulation**"). Investors should not invest in any securities referred to in this announcement except on the basis of information contained in the aforementioned prospectus.

In any EEA Member State other than Sweden, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Regulation, i.e., only to investors who can receive the offer without an approved prospectus in such EEA Member State.

This communication and any other materials in relation to the securities described herein is only being distributed to and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, persons in the United Kingdom that are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**") or (ii) high net worth entities, and other persons to whom this announcement may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**Relevant Persons**"). This communication must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Persons distributing this communication must satisfy themselves that it is lawful to do so.

Matters discussed in this announcement may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe," "expect," "anticipate," "intends," "estimate," "will," "may," "continue", "should" and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The information, opinions and forward-looking statements contained in this announcement speak only as at its date and are subject to change without notice.

The timing of the Listing may be influenced by a variety of factors which include market conditions. Karnell may decide not to go ahead with the Offering and there is therefore no guarantee that the Listing will occur. You should not base your financial decision on this announcement. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested.

Persons considering making investments should consult an authorised person specialising in advising on such investments. This announcement does not form part of or constitute a recommendation concerning any offer. The value of securities can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of a possible offer for the person concerned.

Skandinaviska Enskilda Banken AB (publ) (the "**Manager**") is acting exclusively for the Company and no one else in connection with any offering of securities referred to herein. The Manager will not regard any other persons as its clients in relation to any offering of securities referred to herein and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, nor for providing advice in relation to such offering, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

Neither the Manager nor any of its affiliates, or any of their directors, officers, employees, advisors or agents, accepts any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, in relation to the truth, the accuracy or completeness of the information, statements or opinions, whichever their source, contained in this announcement (or whether any information has been omitted from the announcement) or any oral information provided in connection herewith, or any data it generates and accepts no responsibility, obligation or liability (whether direct or indirect, in contract or otherwise) in relation to any of such information.

In connection with the offer or sale of securities referred to herein, the Manager may over-allot securities/conduct stabilization or effect transactions with a view to supporting the market price of the securities at a level higher than that which might otherwise prevail. Any stabilization action or over-allotment will be conducted by the Manager in accordance with all applicable laws and rules.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID 2**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID 2; and (c) local implementing measures (together, the "**MiFID 2 Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the shares have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID 2; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID 2 (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the shares may decline and investors could lose all or part of their investment; the shares offer no guaranteed income and no capital protection; and an investment in the shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Manager will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID 2; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares. Each distributor is responsible for undertaking its own target market assessment in respect of the shares and determining appropriate distribution channels.

[1] Calculated as follows: $(\text{Last year's amount}/\text{First year's amount})^{(1/\text{number of years})-1}$, and based on Karnell's net sales of SEK 1,103.3 million for the financial year 2023, SEK 880.1 million for the financial year 2022 and SEK 422.3 million for the financial year 2021.

[2] Calculated as follows: $(\text{Last year amount}/\text{First year amount})^{(1/\text{number of years})-1}$, and based on Karnell's EBITA of SEK 136.7 million for the financial year 2023, SEK 98.2 million for the financial year 2022, and SEK 35.7 million for the financial year 2021.

[3] Net sales growth, EBITA growth and Net debt excluding leasing/EBITDA excluding leasing constitute unaudited alternative performance measures that are not defined according to IFRS. More information on alternative performance measures, including definitions, reasons for their use, and reconciliation tables, will be presented in the prospectus expected to be published by the Company in connection with the contemplated Offering.

[4] The purpose of the pro forma financial information is to illustrate the hypothetical impact that the acquisitions Suomen Tekniikkapalvelu Oy, Vagnsteknik i Karlshamn AB, Plalite Limited och Sähkö-Jokinen Oy would have had on Karnell's consolidated income statement for the financial year ending 31 December 2023, if the acquisitions had been agreed and completed as of 1 January 2023. Complete pro forma financial information for the financial year that ended on 31 December 2023 will be presented in the prospectus expected to be published by the Company in connection with the contemplated Offering.

[5] A strong market position means a group company that, in the Company's opinion, has a significant share of the market compared to the size of other companies in the same market.

[6] Calculated as follows: $(\text{Last year's amount}/\text{First year's amount})^{(1/\text{number of years})-1}$, and based on Karnell's net sales of SEK 1,103.3 million for the financial year 2023, SEK 880.1 million for the financial year 2022 and SEK 422.3 million for the financial year 2021.

[7] Calculated as follows: $(\text{Last year amount}/\text{First year amount})^{(1/\text{number of years})-1}$, and based on Karnell's EBITA of SEK 136.7 million for the financial year 2023, SEK 98.2 million for the financial year 2022, and SEK 35.7 million for the financial year 2021.

[8] Net sales growth, EBITA growth and Net debt excluding leasing/EBITDA excluding leasing constitute unaudited alternative performance measures that are not defined according to IFRS. More information on alternative performance measures, including definitions, reasons for their use, and reconciliation tables, will be presented in the prospectus expected to be published by the Company in connection with the contemplated Offering.

[9] For Karnell, sustainable business means striving to have a long-term sustainable business model, which includes integrating sustainability issues into the business strategy and corporate governance and taking responsibility for the impact Karnell exposes people and the environment to.

[10] EBITA, EBITA margin, EBITA growth, Return on capital employed and Net debt excluding leasing/EBITDA excluding leasing constitute unaudited alternative performance measures that are not defined according to IFRS. More information on alternative performance measures, including definitions, reasons for their use, and reconciliation tables, will be presented in the prospectus expected to be published by the Company in connection with the contemplated Offering.

[11] The purpose of the pro forma financial information is to illustrate the hypothetical impact that the acquisitions Suomen Tekniikkapalvelu Oy, Vagnsteknik i Karlshamn AB, Plalite Limited och Sähkö-Jokinen Oy would have had on Karnell's consolidated income

statement for the financial year ending 31 December 2023, if the acquisitions had been agreed and completed as of 1 January 2023. Complete pro forma financial information for the financial year that ended on 31 December 2023 will be presented in the prospectus expected to be published by the Company in connection with the contemplated Offering.

Press release, March 4, 2024, at 08:00 CET

Attachments

[Karnell intends to list on Nasdaq Stockholm](#)