



# W5 Solutions signs Letter of Intent to acquire Kongsberg Target Systems

**W5 Solutions AB (publ) ("W5 Solutions" or the "Company") has signed a Letter of Intent to acquire the Norwegian company Kongsberg Target Systems AS ("KTS"), one of the world's leading suppliers that develops, manufactures, and sells electronic target systems with an international customer base. The initial purchase price amounts to a total of approximately MSEK 45.2, of which MNOK 20 (MSEK 20.2) will be paid in cash, and MSEK 25 will be settled in the form of consideration shares in W5 Solutions. The acquisition is conditional on W5 Solutions conducting satisfactory due diligence of KTS and the parties agreeing to enter into a share purchase agreement. The signing of the share purchase agreement and completion of the acquisition is scheduled for March.**

## **Background and reasons for the acquisition**

W5 Solutions and KTS have been collaborating for several years, and through this acquisition, W5 Solutions reinforces and ensures the future digitalisation within the Live-Fire Training business area. KTS also has a strong international position, with a presence in over 35 countries, including the US, where it has well-established business networks. In addition, KTS has launched a unique software platform for electronic shooting that enables W5 Solutions and KTS to set the global standard for both the military and the civilian market.

## **About KTS**

KTS is one of the leading global suppliers of electronic target systems and has offered quality solutions to customers worldwide since its inception in 1995. The latest unique product from KTS, Kongsberg eScore, was launched in 2021 and is the world's first-ever professional software platform for electronic target shooting. KTS has around 25 employees and is headquartered in Heistadmoen, Norway. After the acquisition is completed, KTS will continue to operate as an independent company with the current management. KTS will continue to operate under the Kongsberg Target Systems brand and supply existing customers. In 2022, KTS had sales of MNOK 43.4 with an EBIT margin of MNOK 1.2 and a strong equity ratio and liquidity.

## **The acquisition in brief**

The purchase price of an initial amount of approximately MSEK 45.2 for 100 percent of the shares in KTS is intended to be paid partly in a cash payment of MNOK 20 (MSEK 20.2) and partly in the form of 357 984 newly issued consideration shares in W5 Solutions (the **"Consideration Shares"**) equal to about MSEK 25.0. The Consideration Shares shall be issued at a subscription price of SEK 69.94 per share, corresponding to the volume-weighted average price of the Company's share during the last ten trading days up to and including 13 March 2023. The Consideration Shares shall be subject to lock-up commitments with effect from the seventh month after the completion of the acquisition until the twelfth month after the completion.

In addition, two additional cash earn-outs may be paid based on the price development of W5 Solutions' shares. The first earn-out shall correspond to 50 percent of the difference between SEK



100 per Consideration Share and the volume-weighted average price of the Company's share during the trading days occurring during the twelfth month after the completion of the acquisition, but not more than MSEK 16. The second earn-out shall correspond to 50 percent of the difference between SEK 150 per Consideration Share and the volume-weighted average price of the Company's share during the trading days occurring during the thirtieth month after the completion of the acquisition, but not more than MSEK 24. The right to earn-out payment is subject to the respective sellers not divesting any Consideration Shares to a greater extent than agreed by the parties during the thirty months following the completion of the acquisition, and that no Consideration Shares are divested during the first twelve months (in respect to the first earn-out). Furthermore, the sellers shall be entitled to an earn-out corresponding to the difference of SEK 150 per Consideration Share and the price of the Company's share in the event that, during the thirty months following the completion of the acquisition, (i) the Company is delisted or (ii) the sellers divest the Consideration Shares in the context of a procedure whereby all shares come into the hands of the same owner.

The Letter of Intent includes an exclusivity period until 30 April 2023. The acquisition is conditional on W5 Solutions conducting satisfactory due diligence and the parties agreeing to enter into a share purchase agreement, which shall include customary warranties and indemnities. The signature of the share purchase agreement and the completion of the acquisition is scheduled for 2023-03-31.

"This is an important strategic step in our acquisition strategy and secures our position in the Nordic market. The acquisition will further accelerate our internationalisation and give us access to several prioritised geographic markets, including the USA, which is of great importance for W5 Solutions' continued expansion and export strategy," says Daniel Hopstadius, W5 Solutions' CEO.

"With this acquisition, we gain access to more international distribution channels, which will impact our overall sales and diversify our sources of revenue. Particularly interesting is the successful business network of KTS in the US, where we can now jointly gear up in this important market and broaden our civilian and military customer base," says Robert Dahlqvist, W5 Solutions' Sales Manager.

"W5 Solutions has been an important customer for us. We have worked together for many years and know each other well. Therefore, I feel confident in continuing to develop KTS within the W5 Solutions Group given the many opportunities and synergies this acquisition will bring," says Toralf Johannessen, KTS' CEO.

**For more information, please contact:**

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**About Kongsberg Target Systems**

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Kongsberg Target Systems is one of the leading global suppliers of electronic target systems and has offered quality solutions to customers worldwide since its inception in 1995. The latest unique product from Kongsberg Target Systems, Kongsberg eScore, was launched in 2021 and is the world's first-ever professional software platform for electronic target shooting. KTS has around 25 employees and is headquartered in Heistadmoen, Norway.

For more information, please visit: [www.kongsbergtargets.com](http://www.kongsbergtargets.com)

**About W5 Solutions**

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W5 Solutions supplies high-technology systems and solutions to government agencies and defence integrators.

We are experts in training and simulation, mission systems, communication, power supply, and integration. W5 Solutions' support & service team ensures high reliability through the longevity of the system.

Learn more at [www.w5solutions.com](http://www.w5solutions.com).

The company is listed on the Nasdaq First North Growth Market Stockholm. Redeye AB is the company's Certified Advisor.

## Forward-looking statements

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This press release contains forward-looking statements that reflect W5 Solutions' intentions, beliefs, or current expectations and goals for the Company's future performance, financial position, liquidity, earnings, prospects, expected growth, strategies and opportunities, and the markets in which the Company operates. Forward-looking statements are statements that are not historical facts and can be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their opposites, or similar expressions. The forward-looking statements in this press release are based on various assumptions, many of which, in turn, are based on additional assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it cannot assure that they will materialise or prove correct. As these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or the outcome may differ significantly from those outlined in the forward-looking statements due to many factors. Such risks, uncertainties, contingencies, and other important factors may cause actual events to differ materially from the expectations expressed or implied in this press release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from error, and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions, and forward-looking statements expressly or implicitly contained in this press release are only valid as of its publication date and may be subject to change without notice. Neither the Company nor anyone else undertakes any obligation to review, update, confirm, or publish revisions of forward-looking statements to reflect events that occur or circumstances that arise concerning the content of this press release unless required by law or the Nasdaq First North Growth Market Stockholm regulations.

*This information is information that W5 Solutions AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2023-03-15 08:00 CET.*

## Image Attachments

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[W5 Solutions Daniel Hopstadius](#)

[W5 Solutions Robert Dahlqvist](#)

[KTS Toralf Johannessen](#)

[W5 Logo](#)

[KTS Logo](#)

Press Release  
15 March 2023 08:00:00 CET

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## Attachments

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[W5 Solutions signs Letter of Intent to acquire Kongsberg Target Systems](#)