

Kjell & Company intends to list the company's shares on Nasdaq First North Growth Market

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Kjell Group AB (publ) ("Kjell & Company" or the "Company"), a leading^[1] player in consumer electronics accessories, hereby announces its intention to launch an initial public offering of the Company's shares on Nasdaq First North Growth Market ("the Listing" or "the Offering"). The Offering is expected to consist of a combination of new shares issued by the Company and existing shares offered by the Selling Shareholders (defined below). Kjell & Company has, for over 30 years, achieved strong organic growth and profitability through a seamless omni-channel offering focused on excellent service and customer satisfaction.

Since the Company's inception in 1988, Kjell & Company has become a leading^[1] player in consumer electronics accessories, with presence in Sweden, Norway and Denmark. The Company combines a large product range with a high degree of advice and customer service, which is offered via an omni-channel offering – online, through 130 service points (of which 107 are in Sweden and 23 in Norway) and in partnership with Circle K at 292 stations across Sweden. Through the acquisition of the online player AV-Cables, completed on 29 April 2021, Kjell & Company is also established in the Danish market and further strengthens its position in the Nordics.

Sales from Kjell.com is seamlessly integrated with the service points and during the period April to June 2021, the Company's online sales made up about 35%^[2] of sales. Kjell & Company aims to provide the best possible customer experience irrespective of sales channel and customers are offered personal service and advice, both online and in person. Delivery is swift, with same day delivery in several cities and within one day to about 70% of the Swedish population.

Through Kjell & Company's loyalty club, with approximately 2.4 million members, the Company has an in-depth understanding of people's technology needs, and the Company's approximately 1,200 employees work daily to enhance everyday lives through technology. Kjell & Company's clear focus on the customer experience is evident from the Company's high customer satisfaction and average rating of 9.2 of 10.0 on Prisjakt^[3] and NPS of 75^[4].

Kjell & Company has historically achieved a strong organic growth, with a compound annual growth rate ("CAGR") of 18.8% for the financial years 2000–2020. During the period, Kjell & Company has increased its sales every year. A clear focus on customer satisfaction combined with a curated assortment has, together with the omni-channel platform, contributed to high margins. The adjusted EBITA margin was 7.3% for the financial year 2020 despite negative effects from the Covid-19 pandemic.

The Company's board of directors and management, together with the principal owner FSN Capital IV[5], believe that the Offering and Listing of the Company's shares is a logical and important step in Kjell & Company's continued development that will further increase awareness of the Company and its operations among existing and potential customers and suppliers. The Offering and the Listing will broaden the Company's new shareholder base and provide access to Swedish and international capital markets, which is expected to promote the Company's continued growth and development. Nasdaq Stockholm AB has made the assessment that Kjell & Company fulfils the applicable listing requirements for Nasdaq First North Growth Market subject to customary conditions.

Andreas Rylander, CEO, comments:

"I have had the privilege of being a part of developing Kjell & Company together with all our fantastic employees for 20 years, within sales, in many other positions and now as CEO of Kjell Group. Our mission is to help people use technology in ways they did not think possible and I see every day how our 1,200 employees help improve people's lives through technology. It is with joy and enthusiasm that we now take the next step in the Company's development and offer even more people to be part of our journey."

Ingrid Jonasson Blank, Chairman of the board, comments:

"For several decades, Kjell & Company has built a stable and growing business with a clear and strong culture, a customer focus and a passion for technology that is unique and with a business model where online sales are fully integrated with the business' 130 service points. We look forward to, with an accomplished management team, taking the next step in Kjell & Company's journey and further increase the pace of our development."

The offering in brief

Should the Company choose to complete the Listing, the Offering is expected to comprise of:

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

The Offering is expected to comprise of existing shares in the Company, offered by the principal owner FSN Capital IV as well as a few other shareholders (together with FSN Capital IV, the "**Selling Shareholders**") as well as new shares issued by the Company. Kjell & Company intends to use the net proceeds in full to repay outstanding loans and thereby reduce its leverage and adjust it to the Company's financial targets for the capital structure.

AMF Fonder, Carnegie Fonder, Fosielund Holding, Lazard Asset Management, LMK Venture Partners, RoosGruppen and Strand Kapitalförvaltning have undertaken, subject to certain conditions, to acquire shares in the Offering for an amount of SEK 523m to a price per share of SEK 55, corresponding to a market value for the outstanding shares in the Company of SEK 1,713m.

Full terms, conditions and instructions for the Offering will be included in the prospectus intended to be published by the Company in connection with the Listing and will then be available on the Company's website www.kjellgroup.com.

About Kjell & Company

Kjell & Company was founded in Sundsvall in 1988 by the three Dahnelius brothers and their father Kjell. The oldest brother, Marcus, initially led the company and the father, Kjell, who had worked most of his life in sales, contributed his expertise. The common denominator for all four founders was their great interest in technology combined with a knowledge and solution-centric approach, which also became the core of Kjell & Company's identity. During the financial year 2020, net sales amounted to about SEK 2bn. Kjell & Company had, per 30 June 2021, about 1,200 employees and sales in three countries. Customer service and the customer's technology needs have always, and continues to be, the foundation of Kjell & Company's business.

Financial overview

Between the financial years 2018 to 2020, net sales increased from SEK 1,691m to SEK 1,999m, corresponding to a CAGR of 8.7%. Adjusted EBITA margin amounted to 7.3% during the financial year 2020. Net sales pro forma for 2020, which include the acquisition of AV-Cables, amounted to SEK 2,304m. Adjusted EBITA pro forma in 2020 amounted to SEK 185m. During the first half of 2021, the Company reported net sales pro forma of SEK 1,126m and adjusted EBITA pro forma of SEK 63.7m.

	1 January - 30 June			Financial year			
	2021P [6]	2021	2020	2020P6	2020	2019	2018
Amounts in SEKm unless otherwise stated							
Net sales	1,126.3	990.2	840.9	2,303.9	1,999.0	1,871.0	1,690.9
<i>Net sales growth, %</i>	-	17.8%	n/a	-	6.8%	10.7%	n/a
<i>Comparable growth, %</i>	-	9.7%	n/a	-	5.7%	7.8%	n/a
Adjusted EBITA	63.7[7]	49.0	28.1	185.27	146.9	138.4	130.9
<i>Adjusted EBITA margin, %</i>	5.7%	5.0%	3.3%	8.0%	7.3%	7.4%	7.7%

Strengths and competitive advantages

Kjell & Company consider themselves having a number of strengths and competitive advantages, which the Company assesses have contributed to the positive historical performance and which are assumed to contribute to future capacity in achieving long-term strategic and financial targets:

- Market leading[8] player in an attractive and growing market.
- Integrated omni-channel platform with high degree of convenience for customers.
- Customer-centric offering with a strong focus on service and technical expertise.
- High customer satisfaction from a large and growing loyalty club that enables data-driven improvements.
- Strong corporate culture and experienced Group management that has delivered strong results over time.
- Long history of continuous growth.

Financial targets

In line with Kjell & Company's strategic objectives, the Company has formulated certain long-term financial targets, which are presented below:

- **Growth:** Net sales to reach at least SEK 4bn by the 2025 financial year.
- **Profitability:** Adjusted EBITA margin of 8% in the medium term.
- **Capital structure:** Financial net debt (excl. IFRS 16) in relation to EBITDAaL[g] (rolling 12-months) should be below 2.5x.
- **Dividend policy:** To pay a dividend of at least 60% of net profit, considering the company's financial position, acquisition opportunities and future growth prospects.

Advisors

Carnegie Investment Bank AB (publ) and Nordea Bank Abp, filial i Sverige, are Joint Global Coordinators and Joint Bookrunners. White & Case is legal advisor to the Company and FSN Capital IV. Baker McKenzie is legal advisor to the Joint Global Coordinators and Joint Bookrunners.

FNCA Sweden AB is the company's certified adviser. FNCA can be reached at info@fnca.se or +46 8 528 00 399.

For more information, please contact:

Andreas Rylander
CEO
E-mail: Andreas.Rylander@kjell.com

Niklas Tyrén
CFO
E-mail: Niklas.Tyren@kjell.com

Johan Hähnel
IR
E-mail: Johan.Hahnel@kjell.com

Important information

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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.

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Carnegie Investment Bank AB (publ) ("**Carnegie**") and Nordea Bank Abp, filial i Sverige ("**Nordea**") are acting as financial advisers to the Company and FSN Capital IV, and no one else, in connection with the Offering. Carnegie and Nordea will not consider any other persons as customers in relation to the Offering and are not responsible to anyone other than the Company and FSN Capital IV for providing the protection Carnegie and Nordea offer to their customers, or to provide advice in connection with the Offering or any other transaction, question or arrangement referenced in this press release.

Forward-looking statements

This announcement may contain certain 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 communication speak only as at its date, and are subject to change without notice. The Company does not undertake any obligation to review, update, confirm or release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this announcement.

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 II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Company's 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 II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**EU Target Market Assessment**"). Solely for the purposes of each manufacturer's product approval process in the United Kingdom, the target market assessment in respect of the shares in the Company has led to the conclusion that: (i) the target market for such shares is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600

/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); and (ii) all channels for distribution of such shares to eligible counterparties and professional clients are appropriate (the "UK Target Market Assessment" and, together with the EU Target Market Assessment, the "Target Market Assessment"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the shares in the Company may decline and investors could lose all or part of their investment; the shares in the Company offer no guaranteed income and no capital protection; and an investment in the Company's 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.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II or UK MiFIR; 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 in the Company.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the shares in the Company and determining appropriate distribution channels

[1] Arkwright – Market Study. Kjell & Company and Elgiganten are both market leaders in the Swedish CEA market with a market share of about 11% each.

[2] Includes Click-and-Collect which made up about 9% of sales.

[3] Prisjakt Classic on prisjakt.nu as per 8 August 2021.

[4] Net Promoter Score. A 75 rating implies that 78% has responded 9 or 10 on a scale from 0-10, where 10 is the best rating the customer can give. The share that has responded 0-6 amounts to only 3%.

[5] FSN Capital GP IV Limited acting in its capacity as general partner for and on behalf of each of FSN Capital IV LP, FSN Capital IV (B) LP and FSN Capital IV Invest LP. ("FSN Capital IV").

[6] Pro forma including the acquisition of AV-Cables completed on 29 April 2021.

[7] Adjusted EBITA for pro forma has not been adjusted for one-off items (zero adjustment).

[8] Arkwright – Market Study. Kjell & Company and Elgiganten are both market leaders in the Swedish CEA market with a market share of about 11% each.

[9] Adjusted EBITDA after expenses related to leases.

Attachments

[Kjell & Company intends to list the company's shares on Nasdaq First North Growth Market](#)