

Fram Skandinavien AB outlines strategic direction

Fram Skandinavien (the "Company", "Fram", "Group") has today finalized its new strategic direction.

As previously communicated, the Company's board perceives its large and persistent discount to NAV as one of its biggest challenges to scale up its investment operations, while also constituting its largest upside potential to address. However, after multiple years of work to reduce the discount within the current structure (including persistent and costly IR-activities; expanded, continuous and detailed reporting on individual holdings along with their respective NAVs; announcements of divestitures at valuation levels meaningfully above NAV; etc.), the board can conclude that the current structure is not suitable for investments into early stage companies in Southeast Asia. Other data points supporting this conclusion are i) the clear trend of drop in total number of shareholders despite long term persistent increase in total NAV of the group, as well as ii) the share price correlating with the steadily decreasing number of shareholders, rather than the growth in total portfolio value. Furthermore, during its external efforts to raise new capital on a group level in order to later deploy into current and new holdings, Fram has met similar fundamental objections with regards to the suitability and preference among larger institutional investors to execute on an early-stage venture capital strategy via a microcap listed structure in Sweden. The team can therefore conclude that the current structure and its significant discount to NAV is unfit for both maximizing the value of its current holdings and for additional group-level capital raisings.

Therefore, the board has evaluated several approaches for maximizing the public shareholder value in the current portfolio. As an outcome, the overarching goal has been set to liquidate the current portfolio in such a manner that the company can return cash and/or publicly traded shares to its shareholders that in total can come as close as possible to the current portfolio NAV. The current ongoing liquidation of the Group's public equity portfolio, as well as the divestiture process in DragonLend constitute initial steps in this direction. The board will also consider other offers for whole or parts of the portfolio. The remainder of the proceeds can be re-invested into more mature and later stage digital companies, which are deemed more suitable to be held in the current listed structure as they would likely trade with lower/no discounts as they could be valued based on generated free cash flows (rather than estimated future exit values).

During the period which the current portfolio is in the process of being liquidated, the Company will also seek to minimize its central operational expenses by meaningfully reducing costs for central overhead and the investment team. As Fram still needs to manage its core holdings during the period up until divestitures are closed, the cost reductions will be done in phases.

With a new reduced cost base, the board can allow the required time to liquidate the holdings - the process may take several years in order to not negatively impact shareholder values. After implementing recently planned cost reductions, the company expects to have a runway well through 2024 without raising new external capital.

"We have been working on the topic of eliminating the discount to NAV for a number of years and by now I believe we have collected enough data and experiences to confidently conclude that this problem is structural for our company and companies of our size with similar activities. Our specific issue might also be further aggravated by the fact that our operations are centered in Southeast Asia, far away from our core Swedish retail investor base, which opens up for misunderstandings and undervaluing our holdings."

On a positive note, I am happy that we now have taken this decision to embark on a concrete path to maximize the total liquid shareholder value close to our total current NAV. If we succeed, we would be delivering a >4x total return on capital invested on the holdings that we now have in the portfolio and offer a >100% upside from current share price.”, says Christopher Beselin

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Briefly about Fram[^]

Fram[^] is a listed investment company focused on the digital consumer, blockchain and other tech in Southeast Asia. The management group and board of Fram[^] have 100 years of joint experience of company building and investments, both in emerging markets and in Europe. The company management's collective experience from global and regional leaders such as Kinnevik, Cevian Capital, Bpifrance, Eurazeo, Boston Consulting Group, Rocket Internet, Ericsson, Lazada and Bima constitutes a multifaceted and necessary foundation for successfully investing in companies in emerging markets and helping them to grow.

This information is information that Fram Skandinavien 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 2024-02-13 08:00 CET.

Attachments

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