

Storskogen divests business units as part of strategic realignment

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Storskogen has entered into an agreement to divest Detry Group (“Detry”), a constellation of painting companies, and has completed the divestment of Skidsta Hus AB (“Skidstahus”), a house manufacturer. These divestments are part of a continuous group review to ensure alignment with financial targets and strategic objectives.

Established in 2012, Storskogen has experienced substantial growth, with 2022 net sales surpassing SEK 34 billion. In connection with the IPO in 2021, Storskogen set a number of financial targets to support the company's continued development. Regular reviews of the group are made to ensure alignment with Storskogen's strategy and ability to meet the financial targets. The reviews account for parameters such as evolving market conditions, profitable growth strategies, cash flow, earnings volatility and sustainability objectives.

A recent review has led to the divestments of Detry and Skidstahus. Detry has pursued a roll-up strategy under Storskogen's ownership with sales of SEK 743 million (LTM). However, margins in the painting industry are structurally low and a continued buy-and-build strategy would therefore undermine the financial targets of Storskogen, among others the EBITA margin target of 10 percent. Skidstahus, a house manufacturer in northern Sweden, has faced challenges with earnings volatility and is currently contributing with a negative EBITA to the group. Storskogen believes that alternative ownership would be more beneficial for both Detry and Skidstahus to achieve long-term success.

CEO Daniel Kaplan emphasises Storskogen's continued commitment to infinite ownership upon acquisition, while it is nevertheless important to have flexibility to divest businesses that are not in line with financial and strategic objectives.

“The sales of Detry and Skidstahus enable an increased focus on businesses aligning with Storskogen's long-term targets. We are committed to making strategic decisions that benefit both our group of companies and those we divest and believe that Detry and Skidstahus will find greater success under new ownership, allowing them to reach their full potential”, says Daniel Kaplan.

The divested entities¹⁾ have combined net sales of approximately SEK 1,195 million, with an EBITA of approximately SEK 30 million (LTM). The combined enterprise value of the divested businesses amounts to about SEK 450 million on a cash and debt free basis. The divestments are not expected to have a significant impact from financial gains or losses. The proceeds will be used for repayment of debt and hence contribute to a lower leverage ratio.

The share purchase agreement for Detry was signed on 22 May and is expected to close in the second quarter of 2023. The sale of Skidstahus closed on 16 May.

Future divestments will be included in Storskogen's interim reports. Press releases regarding divestments will only be published under certain circumstances.

¹⁾ This includes the divestment of a company that was referred to in the Q1 interim report 2023. The company had sales of SEK 130 million and EBITA of SEK 4 million in the most recent financial year, and the transaction is expected to close on 24 May 2023.

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ABOUT STORSKOGEN

Storskogen is an international group of businesses across Trade, Industry, and Services. We are uniquely positioned to identify, acquire, and develop market leaders with sustainable business models over an infinite ownership horizon. Storskogen creates value by providing access to capital and strategic direction combined with active governance and a decentralised operational model. Storskogen has over 12,900 employees, net sales of SEK 36.5 billion (LTM) across a diversified group of businesses and is listed on Nasdaq Stockholm.