



Press release  
November 24, 2022  
Gothenburg, Sweden

## **Hexatronic acquires leading microduct business KNET for an expected USD 63 million**

Hexatronic Group AB (publ) ("Hexatronic") has entered into a definitive agreement to acquire KNET CO., LTD ("KNET") - one of the global leaders within microduct solutions for the telecommunication industry - for an expected enterprise value of USD 63 million.

### **KNET**

KNET is a global leader and pioneer in the development and manufacturing of microduct solutions for the telecommunication industry. Since 2002 the company has delivered to more than 70 countries on 5 continents. Today the main markets are North America followed by Europe and Asia.

KNET is headquartered in Seoul and has a manufacturing plant in Jeongeup-si in the Southern part of South Korea. The company also has offices in the US and Indonesia. The acquisition also includes the land and buildings of the production plant.

KNET will post-closing operate as an independent company with the existing management team and will continue to serve all existing customers under the KNET brand.

The seller who also is the founder will continue in his current position as the chairman for KNET.

### **Overview of the transaction**

The purchase price for KNET is a fixed enterprise value of USD 48 million plus a potential earn-out based on the accumulated EBITDA for the 36-month period post-closing. The potential earn-out is estimated to USD 15 million.

For the current year, ending December 31<sup>st</sup>, KNET is expected to generate an EBITDA of more than USD 10 million. This represents a fixed transaction multiple of approximately 4.6x and an expected transaction multiple, including earn-out, of approximately 6.1x.

The maximum earn-out amounts to USD 36 million and is achieved if KNET performs an accumulated EBITDA for the 36-month period of more than USD 63 million. If the accumulated EBITDA for the same period is less than USD 27 million no earn-out will be paid out.

The fixed purchase price of USD 48 million is to be paid in cash at closing, fully financed with senior debt. The third quarter pro forma Net Debt-to-EBITDA ratio for the Hexatronic Group, following the transaction, including previously announced transactions, is expected to be about 1,8. The acquisition is immediately accretive to earnings and is expected to add 0.28 SEK per Hexatronic share on an annual basis.

The acquisition is expected to close December 1, 2022.

## Comments from Hexatronic CEO

*"We are very pleased to have reached an agreement to acquire KNET. We have been working with the highly skilled team of KNET for more than 10 years and are impressed with the product quality and innovation capabilities. Throughout the years KNET has been an important partner to Hexatronic. Both as a volume supplier managing peaks in demand, but also for products with high technical requirements. The strong support of KNET has been crucial for our strong growth and recent success in North America. Hexatronic is today the largest customer of KNET.*

*We look forward to welcoming the dedicated team of KNET to Hexatronic Group. The technical and innovation capabilities will add great value to Hexatronic. In addition, we will get access to a high quality and high-volume production plant strategically located to serve our businesses in North America, Europe and Oceania",* says Henrik Larsson Lyon, CEO of Hexatronic Group.

## Comments from KNET Chairman

*"Hexatronic has been a long-term strategic partner to KNET and it is a natural and exciting development to join Hexatronic Group. We look forward to continuing to support all our existing customers as well as Hexatronic's ambitious growth aspirations in its key markets",* says Seo Seong Nam, founder and Chairman of KNET.

## Advisor

White & Case and Shin & Kim has acted as legal counsels for the acquisition of KNET.

Gothenburg, November 24, 2022

Henrik Larsson Lyon  
CEO Hexatronic Group

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