

Press Release

29 October 2024 16:00:00 CET

Fasadgruppen acquires Clear Line, a specialised full-service contractor in façades and façade fire remediation in the UK

Fasadgruppen Group AB (publ) (“Fasadgruppen”) has today acquired Clear Line Holdings Ltd and its subsidiary companies (together “Clear Line”) for a total consideration of GBP 119.9 million on a cash and debt free basis (the “Transaction”). The consideration consists of a cash consideration of GBP 51.1m, loan notes of GBP 15.3m which the sellers of Clear Line have agreed to set off against new shares in Fasadgruppen, and shares in a newly formed local company in the UK with a value of GBP 53.4m. Clear Line is a specialist full service facades contractor which has built a strong position in the UK property fire remediation market. For the rolling twelve month period ended 30 June 2024, Clear Line generated net sales of GBP 48.9m with an adjusted EBITA of approximately GBP 21.7m. Through the acquisition of Clear Line, Fasadgruppen establishes itself in the UK market for facades with opportunities for future consolidation and growth.

- Established in 1997, Clear Line is a well-established player in the design and installation of facades and building envelopes in the UK. The group has a high procurement capacity and offers its customers a total solution that covers the entire project process from design and planning to execution and documentation. In recent years, Clear Line has completed a number of complex fire remediation projects that have contributed to strengthening the company's market position and earnings. Through its successful business model, Clear Line has built a strong reputation among consultants, property managers and developers. For the rolling twelve-month period ended 30 June 2024, Clear Line generated net sales of approximately GBP 48.9 million (equivalent to approximately SEK 673.5 million^[1]) with an adjusted EBITA of approximately GBP 21.7 million (equivalent to approximately SEK 298.9 million). In the last three financial years, Clear Line had average net sales of GBP 47.7 million (equivalent to approximately SEK 656.9 million) with an adjusted EBITA of GBP 18.4 million (equivalent to approximately SEK 253.4 million). Clear Line has approximately 60 full-time employees, most of whom work in project management, construction and design. Clear Line has been owned by its employees and management.
- The acquisition establishes Fasadgruppen in the UK, where the market for facades is estimated to be worth around GBP 10.5 billion per year. In addition to basic maintenance needs and energy efficiency measures, the underlying renovation market is driven by

specific remediation measures on flammable facades following the catastrophic Grenfell Tower fire in London in 2017. Renovation needs are estimated at around GBP 1.5 billion per year over the next 14 years for those buildings that will need to undergo fire remediation measures. Only for residential properties, roughly 14,600 buildings in the UK were identified to be in need of fire remediation and so far roughly 1,400 buildings have been remediated.

- The UK facade market has many niche players that would fit well into Fasadgruppen's decentralised model. The UK market is therefore an attractive complement to the group's Nordic market with opportunities for consolidation and growth.
- The subscription price per new share in Fasadgruppen to be issued to the sellers to settle the loan notes of GBP 15.3m will correspond to the volume-weighted average price of Fasadgruppen's shares on Nasdaq Stockholm during the period 30 October-5 November 2024. Ahead of the start of this period, Fasadgruppen will today in a separate press release publish an update on the group's financial performance during the third quarter of 2024. The complete interim report will be published as per the company's financial calendar on 31 October 2024.

Martin Jacobsson, CEO of Fasadgruppen, said:

"In Clear Line, we have found a unique player with a proven business model that has built an excellent market position in its clear niche and thereby achieved an attractive financial profile. The company's total solution, which helps the customer all the way from planning to execution and documentation with the support of a sophisticated IT platform, has made Clear Line a sought-after contractor among property owners who need to upgrade their facades. We are confident about Clear Line's growth opportunities and look forward to our future expansion with Clear Line as one of our bright shining stars."

"Clear Line provides Fasadgruppen with a platform for further growth in the UK, whose facade market has many niche players that would fit well into Fasadgruppen's decentralised model. The UK market is an attractive complement to the Nordic region, and the combination of the two gives us very good opportunities to create returns going forward through both value-creating acquisitions and operational progress."

Peter Hebb, Managing Director of Clear Line, said:

"In seeking new ownership, we sought to find a committed owner who understands and has the same passion for the building envelope industry as we do, we also sought scale that matches our ambitions. In both regards, Fasadgruppen provides a perfect fit for Clear Line. With their support we can expand our offering to larger portfolios where turnover limits might otherwise preclude such expansion, enabling us to access more projects with both existing and new clients in the UK. We particularly liked Fasadgruppen's approach in bringing market expertise and

financial strength whilst enabling our own successful business to continue operating as before. Under Fasadgruppen's eternal ownership horizon, we will have a common interest in Clear Line continuing to develop its capabilities in an entrepreneurial environment with a focus on continuous improvement."

Strategic rationale

Since the group's foundation, Fasadgruppen has continually sought to strengthen its position through the acquisition of leading local entrepreneurial and specialised companies. The acquisition of Clear Line is in line with this strategy and further strengthens the group by adding fire remediation to its specialisation in facades and energy efficiency. The acquisition is expected to contribute to the group's value creation through its clear niche, proven business model, experienced management, established customer base and attractive financial profile.

For Clear Line, the company's management believes that its opportunities to gain market share will increase since, as part of a larger group, it will qualify to be awarded more projects. In addition to the improved growth opportunities, Fasadgruppen believes that Clear Line, together with the group's existing subsidiaries, will over time be able to achieve synergies on the purchasing side, especially in materials. Furthermore, through its specialisation, Clear Line possesses significant project management skills with a high degree of IT maturity that can eventually be applied in Fasadgruppen's other operations.

Through Clear Line, Fasadgruppen will be established in the UK, which is one of Europe's largest markets for renovation and measures on the building envelope with a high degree of fragmentation. The long-term opportunities to build a portfolio with several niche subsidiaries are therefore considered strong.

Overall, Clear Line is a value-creating acquisition that complements Fasadgruppen's existing presence and strategy in the Nordic region well. Through the acquisition, the group positions itself to benefit from the extensive renovation, energy efficiency and fire remediation needs of the national property portfolio and the professional business climate that exists in the market, while continuing to develop its Nordic operations.

Financial overview

The summarised financial information presented in the table below is for illustrative purposes only and is based on the rolling twelve month period ended 30 June 2024. Clear Line's financial information has been prepared in accordance with UK GAAP and extracted from Clear Line's

internal accounting system. Clear Line has used GBP as its reporting currency and the financial information presented in the table below is based on an exchange rate (GBP/SEK) of 13.77236. The summarised financial information does not constitute pro forma financial information and has not been audited or otherwise reviewed by the companies' auditors.

R12, 1 July 2023-30 June 2024	Fasadgruppen	Clear Line	Total
Net turnover (SEK million)	5,006	673	5,679
Adjusted EBITA (SEK million)	348	299	647
Adjusted EBITA margin	6.9%	44.4%	11.4%

Purchase price and financing

The purchase price consists of a cash consideration of GBP 51.1 million, loan notes of GBP 15.3 million which the sellers of Clear Line have undertaken to set off against new shares in Fasadgruppen (the “**Loan Notes**”) and shares in a newly formed local company in the UK with a value of GBP 53.4 million (the “**Company Shares**”).

Fasadgruppen is financing the cash part of the acquisition with credit facilities of GBP 48.4 million. The credit facilities are covered by the existing loan facility agreement totalling SEK 2,200 million and GBP 36.3 million that Fasadgruppen has with Nordea, SEB and Svensk Exportkredit. Under the agreement, the lending banks have issued a new loan facility of GBP 36.3 million for the acquisition of Clear Line, which replaces a corresponding amount in the group's revolving credit facility. The remaining amount of GBP 12.1 million is utilised from the revolving credit facility. The new loan facility has the same terms as the other facilities. Following the transaction, Fasadgruppen has a revolving credit facility of SEK 1,100 million and three loan facilities totalling SEK 1,100 million and GBP 36.3 million.

In order to settle the Loan Notes, the Board of Directors will, based on the authorisation from the Annual General Meeting on 15 May 2024, decide on a directed issue of new shares in Fasadgruppen to the sellers. The sellers will pay for the new shares through set-off against the Loan Notes. The subscription price will be an amount corresponding to – and the number of shares to be issued will thus be dependent on – the volume-weighted average price of Fasadgruppen's shares on Nasdaq Stockholm during the period 30 October–5 November 2024. If the subscription price was to correspond to the closing price of Fasadgruppen's shares on

Nasdaq Stockholm of SEK 45.75 on 28 October 2024 and the exchange rate (GBP/SEK) was to amount to 13.77236, the dilution effect for the existing shareholders in Fasadgruppen would be approximately 9.3%. The new shares in Fasadgruppen will be subject to a lock-up for the sellers for three years (subject to certain customary exceptions).

The issue authorisation from the annual general meeting on 15 May 2024 is limited to 4,962,383 shares. If the subscription price (determined as above) should amount to such an amount that Fasadgruppen cannot settle the entire Loan Notes through a share issue based on the issue authorisation, Fasadgruppen has the right to settle the remaining amount through cash payment or through an additional share issue at a later point in time.

The Company Shares consist of preference shares in two classes with a total value of GBP 53.4 million in a newly formed local company in the UK. The final value is determined by the future earnings of Clear Line. Preference share class 1 entitles the holders to a dividend of 1.64% of the net profits of Clear Line for the period between the date of acquisition (which took place today) and the end of 2026. Preference share class 2 entitles the holders to a dividend of 42.90% of the net profits of Clear Line for the period between the date of acquisition and the end of 2028. Any dividend will be payable after the end of the respective period. In addition, following the end of the respective periods, there is an option for both the sellers to sell and for a Fasadgruppen wholly owned UK company to purchase the preference shares at a value based on Clear Line's average earnings (EBITDA) during 2024-2026 and 2026-2028 respectively. The maximum purchase value is GBP 2.95m for preference shares 1 and GBP 77.2m for preference shares 2, excluding accumulated dividends. On purchase of the preference shares, up to 25% of the purchase consideration may constitute new shares in Fasadgruppen. If no party calls for the purchase of the preference shares, they will continue to entitle the holder to an annual dividend of 1.64% for preference shares 1 and 42.90% for preference shares 2 of the net profits of Clear Line. The preference shares will be treated as equity for accounting purposes and will be subordinated to bank and intra-group loans. The call and put options will be recognised as non-interest-bearing liabilities.

Impact of the Transaction on Fasadgruppen's leverage

Based on Fasadgruppen's results for the 12-month period ended 30 September 2024 and taking into account Clear Line's earnings profile, Fasadgruppen's pro forma net debt/adjusted EBITDA would have been around 3.0x. The Group's target leverage is below 2.5x, but may be temporarily higher, for example in connection with major acquisitions.

Extraordinary General Meeting

In light of the fact that the above-mentioned set-off issue, which Fasadgruppen will carry out to settle the Loan Notes, is expected to use up a substantial part of the authorisation to issue

shares from the annual general meeting on 15 May 2024, the board of directors of Fasadgruppen intends to convene an extraordinary general meeting and propose that the board of directors is granted a new authorisation to resolve on issuance of shares up to ten per cent of the total number of shares in Fasadgruppen after the completion of the set-off issue. The purpose of a new authorisation would be to enable the issuance of additional shares and thereby maintain flexibility in relation to the Group's growth strategy and capital allocation. The Group will then be able to continue to take advantage of opportunities for value-creating acquisitions in both the current Nordic market and the UK.

Conference Call

Fasadgruppen invites its stakeholders to a conference call and webcast today 29 October at 17.30 CET at which the Transaction will be presented.

Participation via webcast: <https://fasadgruppen-group.videosync.fi/press-conference-2024>

Register to participate via phone: <https://conference.financialhearings.com/teleconference/?id=5007798>

Capital Markets Day

Fasadgruppen will hold a Capital Markets Day on 7 November 2024 where Clear Line's business will be presented. More information and registration is available on the Group's website <https://corporate.fasadgruppen.se/>.

Advisors

In connection with the Transaction, Fasadgruppen has retained Grant Thornton LLP as financial, tax and commercial advisor, Burges Salmon LLP as legal advisor in the UK and Gernandt & Danielsson Advokatbyrå as legal advisor in Sweden.

[1] Applied exchange rate (GBP/SEK) of 13.77236 per 2024-10-28 (Riksbank)

For more information, please contact:

Adrian Westman, Head of Communications & Sustainability

Mail: adrian.westman@fasadgruppen.se

Tel. +46 (0) 73-509 04 00

About Fasadgruppen

Fasadgruppen Group AB (publ) acquires and develops entrepreneurial specialist companies that care for and create sustainable properties. The Group's subsidiaries possess expertise in all aspects of exterior work on properties, such as façades, windows, balconies and roofs. Common to most services is that they contribute to greater energy efficiency and a better living environment. Fasadgruppen is listed on Nasdaq Stockholm (ticker: FG). For more information, visit www.fasadgruppen.se.

This information is information that Fasadgruppen 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 2024-10-29 16:00 CET.

Attachments

[Fasadgruppen acquires Clear Line, a specialised full-service contractor in façades and façade fire remediation in the UK](#)