

## Svedbergs Group continues the growth journey – expanding to the Netherlands through the acquisition of Thebalux

Svedbergs Group AB (publ), the parent company of Svedbergs Group ("Svedbergs Group" or the "Group"), has entered into an agreement to acquire Thebalux Holding B.V. ("Thebalux"), a well-established Dutch designer, producer and supplier of bathroom furniture and bathroom products, for a purchase price, based on an enterprise value, on a cash and debt free basis, of a maximum of EUR 44.5[1] million (corresponding to approximately SEK 526 million[2]). In addition, an earn-out of a maximum of EUR 2.7 million (corresponding to approximately SEK 32 million[2]) has been agreed upon (the "Transaction"). Through the acquisition, Svedbergs Group takes an important step towards the goal of becoming the leading bathroom group in northern Europe. For the rolling twelve-month period ending on 30 June 2023, Thebalux's net sales amounted to EUR 34.1 million (equivalent to approximately SEK 376 million[3]3), and EBITA amounted to EUR 8.6 million (equivalent to approximately SEK 95 million[3]), which corresponds to an EBITA margin of 25.3 percent. The acquisition is financed through expanded credit facilities. In order to partially amortise the Group's credit facilities and to strengthen its capital structure after the acquisition of Thebalux, Svedbergs Group intends to carry out a rights issue with preferential rights for existing shareholders of a maximum of approximately SEK 400 million during the first quarter of 2024 (the "Rights Issue").

### The Transaction in brief

- Svedbergs Group has entered into an agreement to acquire Thebalux for a purchase price, based on an enterprise value, on a cash and debt free basis, of a maximum of EUR 44.51 million (corresponding to approximately SEK 526 million[2]). In addition, an earn-out of a maximum of EUR 2.7 million (corresponding to approximately SEK 32 million[2]) has been agreed upon. The size of the earn-out is based on Thebalux's financial performance during 2023, 2024 and 2025 and will be paid out in 2026.
- The Transaction is subject to approval by the relevant competition authorities and completion of the Transaction is expected to take place in December 2023. Thebalux is expected to be consolidated into Svedbergs Group as from the completion of the Transaction.
- In order to meet the liquidity needs of the combined operations of Svedbergs Group and Thebalux, as well as to finance the acquisition of Thebalux, Svedbergs Group has secured an expansion of its credit facilities from Nordea Bank Abp, filial i Sverige ("Nordea") amounting to SEK 550 million[4]4.
- In order to partially amortise the Group's credit facilities and to strengthen its capital structure after the acquisition of Thebalux, Svedbergs Group intends to carry out a rights issue with preferential rights for existing shareholders of a maximum of approximately SEK 400 million. The Rights Issue is expected to be completed during the first quarter of 2024.

• The shareholder Stena Adactum AB, who represent approximately 40.6 percent of the shares and votes in Svedbergs Group[5]5, has undertaken to vote in favour of authorising the board to resolve on the Rights Issue at the extraordinary general meeting and to subscribe for its pro rata share of the Rights Issue. Furthermore, If Skadeförsäkring AB, who represent approximately 11.5 percent of the shares and votes in Svedbergs Group5, has expressed its support for the Transaction and its intention to subscribe for its pro rata share of the Rights Issue.

**Per-Arne Andersson, President and CEO of Svedbergs Group**

*"The acquisition of Thebalux represents an important step in Svedbergs Group's growth journey to continue developing the Group in accordance with our goal of becoming the leading bathroom group in northern Europe. Thebalux is a very profitable company with a strong market position and over 25 years of experience in the Dutch bathroom market. Thebalux is also similar to Svedbergs Group's other brand companies in being entrepreneurial with strong brands and innovative products, making it a perfect match for our strategy. We now look forward to continuing to grow together with Thebalux and its management in the Dutch market, which shows an underlying need for new construction and renovation. Svedbergs Group has an active acquisition agenda and will continue to search for companies that complement the Group."*

**Anders Wassberg, Chairman of the board of Svedbergs Group**

*"Through this strategic acquisition, Svedbergs Group takes an important step towards the goal of becoming the leading bathroom group in northern Europe. The acquisition of Thebalux is in line with Svedbergs Group's strategy of acquiring independent and innovative companies that complement the Group. Through Thebalux's size and the expansion to the Dutch market – as well as certain exports to nearby markets – the Group's operations are further risk-balanced and diversified. I look forward to the work ahead and welcoming Thebalux as part of the Group."*

**Background and rationale for the Transaction**

Svedbergs Group has an explicit growth strategy that includes organic growth and strategic acquisitions. The Group focuses on finding acquisitions that complement current operations through wider geographic presence, new products within bathroom furniture and shower solutions or strengthened competence. Acquired companies continue to operate independently under their own brands to build local leaders, while benefiting from the Group's core functions and experience.

Through the acquisitions of Macro Design (2016) and Cassøe (2020), Svedbergs Group took important steps towards becoming the leading bathroom group in northern Europe with a broadened product portfolio and market coverage. In 2021, Svedbergs Group expanded into the UK by acquiring Roper Rhodes and three new brands. The acquisition of Roper Rhodes was the first step outside the Nordic market.

Thebalux is a very profitable company with a strong market position and over 25 years of experience in the Dutch bathroom market. The product offering includes furniture, washbasins, mirrors, mirror cabinets, mixers, lights and other various bathroom accessories offered through the brands Thebalux

and Primabad. For the rolling twelve-month period that ended on 30 June 2023, Thebalux's net sales amounted to EUR 34.1 million (corresponding to approximately SEK 376 million[6]6). Thebalux's EBITA amounted to EUR 8.6 million (corresponding to approximately SEK 95 million6) during the same period.

The acquisition of Thebalux is in line with Svedbergs Group's strategy and constitutes an important step in the Group's goal of becoming the leading bathroom group in northern Europe. Through the acquisition, Svedbergs Group establishes a position in the Netherlands – a large and attractive market characterised by a fragmented retailer structure and with an underlying need for new construction and renovation. Through the size of Thebalux and the expansion to the Dutch market – as well as certain exports to nearby markets – the Group's operations are further diversified while enabling risk balancing. Svedbergs Group intends to maintain its strategy of "*cooperation without confusion*", which means that the brand companies in the Group cooperate in the areas of purchasing and production, digitisation and sustainability while maintaining a high degree of independence. Cooperation within these three areas enables economies of scale, cost efficiency and a joint growth journey for the Group.

Key Transaction rationales:

- **In line with Svedbergs Group's strategy.** Svedbergs Group has a growth strategy that includes organic growth and strategic acquisitions that complement the Group through wider geographic presence, new products in bathroom furniture and shower solutions or strengthened competence. The acquisition is also in line with the Group's strategy "*cooperation without confusion*", which means that Thebalux will continue to operate under its own brand and management, while Thebalux can benefit from the Group's central functions and experience.
- **Perfect match in Thebalux.** Thebalux is a very profitable company with a strong market position and over 25 years of experience in the Dutch bathroom market. Thebalux is also similar to Svedbergs Group's other brand companies in being entrepreneurial with strong brands and innovative products in various sales channels, and with a broad customer base.
- **Strong position in a large and attractive market.** Thebalux has a strong position in a large and attractive market that is characterised by a fragmented retailer structure and shows an underlying need for new construction and renovation. The proximity to the Nordics means similar industry logic and design aesthetics. Through Thebalux's size and the expansion into the Dutch market – as well as certain exports to nearby markets – the Group's operations are further diversified while enabling risk balancing.

### Financial overview

The aggregated financial information presented in the table below is for illustrative purposes only. Thebalux's financial information is prepared in accordance with Dutch GAAP and retrieved from Thebalux's internal accounting system. The aggregated financial information is not financial pro forma and has not been audited or otherwise reviewed by the companies' auditors.

	Rolling twelve-month period, 1 July 2022 – 30 June 2023		
SEK million	Svedbergs Group	Thebalux[7]7	Sum
Net sales	1,805	376	2,181
EBITA*	235	95	330
EBITA-margin, %**	13.0	25.3	15.1

\* Operating profit after depreciation and impairment but before deductions for impairment of goodwill and amortisation and impairment of other intangible assets arising from business combinations, adjusted for items affecting comparability (definition from Svedbergs Group's quarterly report for the second quarter 2023). For Thebalux, EBITA is equivalent to operating profit.

\*\* EBITA as a percentage of net sales (definition from Svedbergs Group's quarterly report for the second quarter 2023). For Thebalux, EBITA-margin is equivalent to operating profit as a percentage of net sales.

### Financing and the Rights Issue

In order to meet the liquidity needs of the combined operations of Svedbergs Group and Thebalux, as well as to finance the acquisition of Thebalux, Svedbergs Group has secured an expansion of its credit facilities from Nordea amounting to SEK 550 million[8]8. In order to partially amortise the Group's credit facilities and to strengthen its capital structure after the acquisition of Thebalux, Svedbergs Group intends to carry out a rights issue with preferential rights for existing shareholders of a maximum of approximately SEK 400 million. The shareholder Stena Adactum AB, who represent approximately 40.6 percent of the shares and votes in Svedbergs Group[9]9, has undertaken to vote in favour of authorising the board to resolve on the Rights Issue at the extraordinary general meeting and to subscribe for its pro rata share of the Rights Issue. Furthermore, If Skadeförsäkring AB, who represent approximately 11.5 percent of the shares and votes in Svedbergs Group9, has expressed its support for the Transaction and its intention to subscribe for its pro rata share of the Rights Issue. The Rights Issue is expected to be completed in the first quarter of 2024 and the terms of the Rights Issue are intended to be decided and published together with the timetable in the fourth quarter of 2023.

### Extraordinary general meeting

An extraordinary general meeting to authorise the board of directors to resolve on the Rights Issue will be held on 7 December 2023. The notice of the extraordinary general meeting will be published later today and will be available at <http://www.svedbergsgroup.se>.

### Advisors

Nordea is financial advisor to Svedbergs Group in connection with the Rights Issue. Mannheimer Swartling Advokatbyrå AB is legal advisor to Svedbergs Group.

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This information is information that Svedbergs Group (publ) is obliged to make public pursuant to the EU's market abuse regulation. The information was submitted for publication, through the agency of the contact persons set out above, 27 October 2023 at 07:00 CEST.

### **About Svedbergs Group**

Svedbergs Group invests long-term in Europe's strongest independent company that designs, manufactures and markets sustainable products and services for bathrooms. We grow through organic growth and acquisitions that complement and strengthen our group through new products in bathroom furniture and shower solutions, geographical spread and new knowledge in marketing, innovation and sustainability. We create value by maintaining the companies' entrepreneurial drive and commitment, as well as by selectively finding synergies within, for example, purchasing. We call this cooperation without confusion.

### **Important information**

The information in this press release does not constitute an offer to acquire, subscribe or otherwise trade in shares, subscription rights or other securities in the Company in any jurisdiction. Any invitation to the persons concerned to subscribe for shares in Svedbergs Group will only be made through the prospectus that Svedbergs Group estimates to publish during the fourth quarter of 2023.

This press release is not intended for, and may not be released, published or distributed, in whole or in part, directly or indirectly, in or into Australia, Canada, Hong Kong, Japan, New Zealand, the United States of America, including its territories and possessions, any state of the United States or the District of Columbia (the "**United States**") or any other jurisdiction where such action is wholly or partially subject to legal restrictions or where such action would require additional prospectus, registration or other actions in addition to what follows from Swedish law. Nor may the information in this press release be forwarded, reproduced or disclosed in a manner that contravenes such restrictions or would entail such requirements. Failure to comply with this instruction may result in a violation of applicable securities legislation.

The securities referred to in this press release have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**"), or under the securities laws of any state or other jurisdiction in the United States and may not be offered, subscribed, used, pledged, sold, resold, allotted, delivered or transferred, directly or indirectly, in or into the United States absent exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with securities laws of the relevant state or other jurisdiction in the United States. All offers and sales of securities in connection with any rights offer by the Company will be made, subject to certain limited exceptions, outside of the United States and in reliance on, and in compliance with, Regulation S under the Securities Act. There will be no public offering in the United States.

Within the European Economic Area (the “**EEA**”), no public offering of securities is made in other countries than Sweden. In other member states of the EEA, such an offering of securities may only be made in accordance with an applicable exemption in the Prospectus Regulation (EU) 2017/1129. What is said about other member states in the EU than Sweden shall also apply to the United Kingdom, where the Prospectus Regulation (EU) 2017/1129 forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

In the United Kingdom, this press release is only directed at “qualified investors” within the meaning of Article 2(e) of the Prospectus Regulation (EU) 2017/1129, as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, and who are (i) persons having professional experience in matters relating to investments who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) other persons to whom this press release may otherwise lawfully be communicated (all such persons together being referred to as “**Relevant Persons**”). Persons who are not Relevant Persons should not take any action on the basis of this press release and should not act or rely on it.

This press release contains certain forward-looking information that reflects the Company’s present view of future events as well as financial and operational development. Words such as “intend”, “assess”, “expect”, “may”, “plan”, “believe”, “estimate” and other expressions entailing indications or predictions of future development or trends, not based on historical facts, constitute forward-looking information. Forward-looking information is inherently associated with both known and unknown risks and uncertainties as it depends on future events and circumstances. Forward-looking information is not a guarantee of future results or development and actual outcomes may differ materially from the statements set forth in the forward-looking information.

[1] Preliminarily calculated as of the contract date. Final purchase price is determined based on enterprise value upon completion of the Transaction.

[2] Applied exchange rate (EUR/SEK) of 11.8076, which corresponds to the exchange rate as of 26 October 2023 (The Riksbank).

[3] 3 Applied exchange rate (EUR/SEK) of 11.0418, the average exchange rate for the period 1 July 2022 – 30 June 2023 (The Riksbank).

[4] 4 Based on enterprise value, adjusted for working capital and net cash, among other things.

[5] 5 Excluding own shares. As of 27 October 2023, Svedbergs Group holds 14,361 own shares of series B, which do not entitle to participation in the Rights Issue.

[6] 6 Applied exchange rate (EUR/SEK) of 11.0418, which corresponds to the average exchange rate for the period 1 July 2022 – 30 June 2023 (The Riksbank).

[7] 7 Applied exchange rate (EUR/SEK) of 11.0418, which corresponds to the average exchange rate for the period 1 July 2022 – 30 June 2023 (The Riksbank).

[8] 8 Based on enterprise value, adjusted for working capital and net cash, among other things.

[9] 9 Excluding own shares. As of 27 October 2023, Svedbergs Group holds 14,361 own shares of series B, which do not entitle to participation in the Rights Issue.

*This information is information that Svedbergs Group 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 2023-10-27 07:00 CEST.*