



Svedbergs continues to develop the group – expands into the UK

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Svedbergs continues to develop the group – expands into the UK and doubles net sales with the acquisition of Roper Rhodes

Svedbergs i Dalstorp AB (publ), the parent company of Svedbergs Group ("Svedbergs") has entered into an agreement to acquire Roper Rhodes Ltd. ("Roper Rhodes"), a well-established supplier and designer of bathroom furniture and products in the United Kingdom, at a purchase price, on a cash and debt free basis of a maximum of GBP 90 million (corresponding to SEK 1,084 million^[1]), comprised of a fixed consideration of GBP 76 million and an earn-out of a maximum of GBP 14 million (the "Transaction"). With the acquisition, Svedbergs establishes a strong market position in the United Kingdom and makes an important step toward the vision of becoming the leading bathroom supplier in selected markets in Europe. To secure an optimal capital structure, Svedbergs intends to carry out a rights issue with preferential rights for existing shareholders of SEK 500 million during the first quarter of 2022.

Background and rationale

- The acquisition is in line with Svedbergs' strategy to grow organically and through strategic acquisitions and let companies operate independently with their own management and strategic focus areas while benefitting from Svedbergs' central functions and experience.
- Roper Rhodes is a well-established and profitable company in the United Kingdom with a strong market position and more than 40 years in the industry. The company has three strong brands with innovative products in different sales channels and a diverse customer base. During the rolling twelve months ending 30 September 2021, net sales of Roper Rhodes amounted to GBP 70.8 million (corresponding to approximately SEK 826 million^[2]). EBITA amounted to GBP 11.6 million (corresponding to approximately 135 million²).^[3]
- With the acquisition, Svedbergs establishes a position in the United Kingdom – a large and attractive market characterised by a fragmented retail structure and pent-up demand for new homes and refurbishment.

- Furthermore, the acquisition can also provide good opportunities for synergies with Svedbergs as Roper Rhodes sources its products from manufacturers.
- The acquisition of Roper Rhodes marks an important step in Svedbergs' active acquisition agenda and vision of becoming the leading bathroom supplier in selected markets in Europe.

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

"Roper Rhodes is a perfect match with Svedbergs Group's strategy and ambition of becoming the leading bathroom supplier in selected markets in Europe. Roper Rhodes is a well-managed and financially strong company with a strong market position and more than 40 years in the industry in the United Kingdom. The company is very similar to the other branded companies of the Svedbergs Group with strong brands and innovative products in different sales channels and a diverse customer base. Together with the experienced Roper Rhodes management team we are looking forward to grow on the British market, which provides clear potential going forward due to its size and underlying demand for new homes and refurbishment. Svedbergs Group will continue to look for additional acquisitions that, similar to Roper Rhodes, match our priorities and ambitions."

Anders Wassberg, Chairman of the Board of Svedbergs Group:

"This strategic acquisition is a logical next step for Svedbergs Group and an important milestone in the journey toward becoming the leading bathroom supplier in selected markets in Europe. With an adapted group structure and a clear division of responsibility between group functions and the independent branded companies, Svedbergs Group is set for growth through acquisitions, and I look forward to the continued work going forward – both in my capacity as Chairman of the Board and as a representative of the main owner."

The Transaction in brief

- Svedbergs has entered into an agreement to acquire Roper Rhodes at a purchase price, on a cash and debt free basis (Enterprise value), of a maximum of GBP 90 million (corresponding to SEK 1,084 million¹), comprised of a fixed consideration of GBP 76 million and an earn-out of a maximum of GBP 14 million. The size of the earn-out is based on Roper Rhodes' performance during the coming three years and will be paid after the end of the period 2022-2024. The Transaction has been completed today and Roper Rhodes is consolidated in Svedbergs as of 1 December 2021.
- In connection with the Transaction, Roper Rhodes' CEO Leigh Leather joins the Group management of Svedbergs.
- In order to meet the liquidity needs of the combined operations of Svedbergs and Roper Rhodes and to finance the acquisition of Roper Rhodes, Svedbergs has increased its credit facilities by SEK 400 million and secured two bridge facilities of SEK 620 million in aggregate from Nordea Bank Abp, filial i Sverige ("Nordea").
- To secure an optimal capital structure, Svedbergs intends to carry out a rights issue with preferential rights for existing shareholders of SEK 500 million (the "Rights Issue") as part of the repayment of the bridge facilities.
- The shareholders Stena Adactum AB and If Skadeförsäkring AB, representing, directly and indirectly, in aggregate 40 per cent of the shares and votes in Svedbergs, have undertaken to vote in favour of the authorisation at the extraordinary general meeting and to subscribe for their pro rata share of the Rights Issue. In addition, Nordea Fonder, representing 13 per cent of the shares and votes in Svedbergs, 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 carried out during the first quarter of 2022.

Transaction rationale

With the acquisition of Macro Design in 2016, Svedbergs made an important step toward becoming the leading bathroom supplier in selected markets with an expanded product portfolio and market coverage. During 2019, Svedbergs set its continued strategy with independent companies that cooperate without confusion. The acquisition of Cassøe in 2020 was in line with this strategy and provided Svedbergs with a third independent brand and an increased exposure to the Danish market.

The acquisition of Roper Rhodes is in line with Svedbergs' strategy to grow organically and through strategic acquisitions and let companies operate independently with their own management and strategic focus areas while benefitting from Svedbergs' central functions and experience. With the acquisition, Svedbergs establishes a position in the United Kingdom – a large and attractive market characterised by a fragmented retail structure and pent-up demand for new homes and refurbishment.

Key Transaction rationales:

- **In line with Svedbergs' strategy.** Svedbergs has a communicated growth strategy comprising organic growth and strategic acquisitions that complement current operations through a broader geographical presence, strengthened competence or new product categories. The acquisition is in line with Svedbergs' strategy of independent companies that operate with their own management and strategic focus areas.
- **Perfect match in Roper Rhodes.** Roper Rhodes is a well-managed and financially strong company with a strong market position and more than 40 years in the industry in the United Kingdom. The company is similar to the other branded companies of Svedbergs Group with strong brands and innovative products in different sales channels and a diverse customer base.
- **Strong market position in a large and attractive market.** Roper Rhodes has a strong position in a large and attractive market characterised by a fragmented retail structure and pent-up demand for new homes and refurbishment.
- **Synergies.** The acquisition can also provide good opportunities for synergies with Svedbergs as Roper Rhodes sources its products from manufacturers.
- **Paving the way for additional acquisitions.** The acquisition of Roper Rhodes is an important milestone in Svedbergs' active acquisition agenda and paves the way for additional acquisitions.

Financials

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

In the United Kingdom, the bathroom industry similar to many other industries has been impacted by the Covid-19 pandemic. The Covid-19 pandemic has brought many challenges but also had a positive effect on demand on the consumer side as consumers have spent more time in the home and more money on their housing, which Svedbergs estimates has affected Roper Rhodes' net sales positively during the period by approximately 10 per cent.

	Rolling twelve months, 1 Oct 2020 - 30 Sep 2021		
SEK million	Svedbergs	Roper Rhodes²	Sum
Net sales	773	826	1,599

EBITA	107	135	242
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Financing and rights issue

In order to meet the liquidity needs of the combined operations of Svedbergs and Roper Rhodes and to finance the acquisition of Roper Rhodes, Svedbergs has increased its credit facilities by SEK 400 million and secured two bridge facilities of SEK 620 million in aggregate from Nordea.

To secure an optimal capital structure, Svedbergs intends to carry out a rights issue with preferential rights for existing shareholders of SEK 500 million, as part of the repayment of the bridge facilities. The shareholders Stena Adactum AB and If Skadeförsäkring AB, representing, directly and indirectly, in aggregate 40 per cent of the shares and votes in Svedbergs, have undertaken to vote in favour of the authorisation at the extraordinary general meeting and to subscribe for their pro rata share of the Rights Issue. In addition, Nordea Fonder, representing 13 per cent of the shares and votes in Svedbergs, 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 carried out in the first quarter of 2022 and the conditions of the Rights Issue will be determined and announced together with a time plan following the announcement of the year-end report, which will be announced on 4 February 2022.

Extraordinary General Meeting

An extraordinary general meeting to authorise the board of directors to resolve on the Rights Issue will be held on 27 December 2021. The notice to the extraordinary general meeting will be published separately today and will be made available at www.svedbergs.se.

Advisors

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

For further information, please contact:

Per-Arne Andersson, President and Group CEO
E-mail: per-arne.andersson@svedbergs.se
Tel: +46 70 638 50 12

Mats Lundmark, CFO
E-mail: mats.lundmark@svedbergs.se
Tel: +46 70 677 05 83

This information is information that Svedbergs i Dalstorp AB (publ) 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 18:00 CET on 1 December 2021.

About Svedbergs

Svedbergs Group is the leading bathroom supplier in the Nordic region with a comprehensive product range for the bathroom including furniture, showers, bathtubs, heated towel rails, mixers, WCs and accessories. Sales are made to both consumers and projects under the strong brands Svedbergs, Macro Design and Cassøe. The Group's main markets are the Nordic countries with exports to other European countries. The parent company is headquartered in Dalstorp, where most of the manufacturing takes place. Svedbergs Group has approximately 250 employees and during the rolling twelve months ending 30 September 2021, net sales amounted to SEK 773 million.

Important information

The information in this press release does not contain or 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 will only be made through the prospectus that Svedbergs estimates to publish during the first quarter of 2022.

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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] Applying exchange rate (GBP/SEK) of 12.0428, the exchange rate as of 30 November 2021 (The Riksbank).

^[2] Applying exchange rate (GBP/SEK) of 11.6634, the average exchange rate for the period 1 October 2020 - 30 September 2021 (The Riksbank).

^[3] Roper Rhodes' financial information is prepared in accordance with UK GAAP and retrieved from Roper Rhodes' internal accounting system. The financial information has not been audited or otherwise reviewed by the company's auditor.