



**mercormercor
group**

DIVESTMENT TRANSACTION

MERCOR | 30 January 2025



MERCOR GROUP TODAY



LEADER

in advanced **technologies**
for the fire protection industry

Providing
safety solutions
for over
36
years

Operating in more than **50** countries worldwide

Sales spanning **4** continents

7 manufacturing plants

over **920**
employees
across the Group



System solution groups

- » natural smoke exhaust systems
- » fire ventilation systems
- » fire protections of building structures
- » fire separations (DFM Doors)
- » active fire protection systems

Dedicated automation and software solutions

Developing safety technologies

- for Industry 4.0 by **MCR TECH LAB**
- for energy storage and quality enhancement by **ELMECH-ASE**



DIVESTMENT TRANSACTION



RATIONALE FOR THE TRANSACTION

The Management Board has decided to explore the divestment of the natural smoke exhaust and fire ventilation segments, based on the following key considerations:

- **Potential to drive the Group's further growth** by implementing an investment programme for the remaining product divisions
- **Benefits to shareholders** (dividends)
- **Relative maturity of the segments to be divested** – their continued growth within the Mercor Group would require substantial investment
- **Expressions of interest received from potential investors**



KEY TERMS OF THE TRANSACTION 1/2

- Agreement entered into on **22 November 2024**
- Under the agreement, the investor will pay the Company a total consideration of **PLN 420 million** for the shares in the Company's subsidiaries being divested.
- Up to **PLN 60 million** of this amount will be deferred and paid contingent upon achieving specified consolidated EBITDA thresholds generated by the demerged business (which will ultimately be operated by the divested companies) in the 12 months ending 31 March 2026 (earn-out).
- If no target EBITDA thresholds are met, no earn-out will be paid to the Company. Reaching the specified thresholds will entitle the Company to an earn-out payment ranging from PLN 15 million to PLN 60 million.



KEY TERMS OF THE TRANSACTION 2/2

- The agreement is expected to be implemented in two stages:
 - Stage 1 – concerning an amount of **PLN 360 million** – expected to be closed in **Q3 2025**
 - Stage 2 – earn-out of up to **PLN 60 million** – expected to be closed in **Q3 2026**
- During the transitional period (**of up to 1 year**), Mercor has agreed to demerge the assets associated with the **natural smoke exhaust and fire ventilation** business into a separate entity, whose shares will be sold to the investor. The new company is called Mercor Light&Vent Sp. z o.o.
 - The shares in **Mercor CUW (Mercor Shared Services Centre)** will also be transferred to Mercor Light&Vent Sp. z o.o.
 - The Hungarian **Mercor Dunamenti** and Spanish **Mercor Tecresa** will be split into two entities. The entity handling the ventilation and smoke exhaust business will be included in the divestment transaction.
- The **Mercor** companies in the **Czech Republic, Slovakia, Romania, Ukraine, and the United Kingdom** will be fully included in the divestment transaction.

DIVESTMENT ASSETS IN FIGURES

Data for 1 April 2023–31 March 2024	CONTINUING OPERATIONS	OPERATIONS TO BE DIVESTED
Revenue	159,954	379,649
Gross profit	33,627	102,608
Gross profit margin	21.03%	27.03%
EBIT excl. administrative expenses	17,925	65,426

Historical data has been restated to reflect the change in the consolidation method for OOO Mercor-Proof (from full consolidation to the equity method).

CONDITIONS PRECEDENT

The closing of the transaction is subject to the fulfilment of the following **conditions precedent**:

- obtaining concentration clearance for the investor from the relevant antitrust authority
- securing approval from the Company's General Meeting to transfer the Company's assets forming an organised part of the business
- completing the demerger process
- obtaining approval from the Company's financing banks for the transaction, including the release of security interests created in favour of those banks over assets to be transferred in the demerger process to the divestment companies.

The Management Board expects all conditions to be met by the end of July 2025.

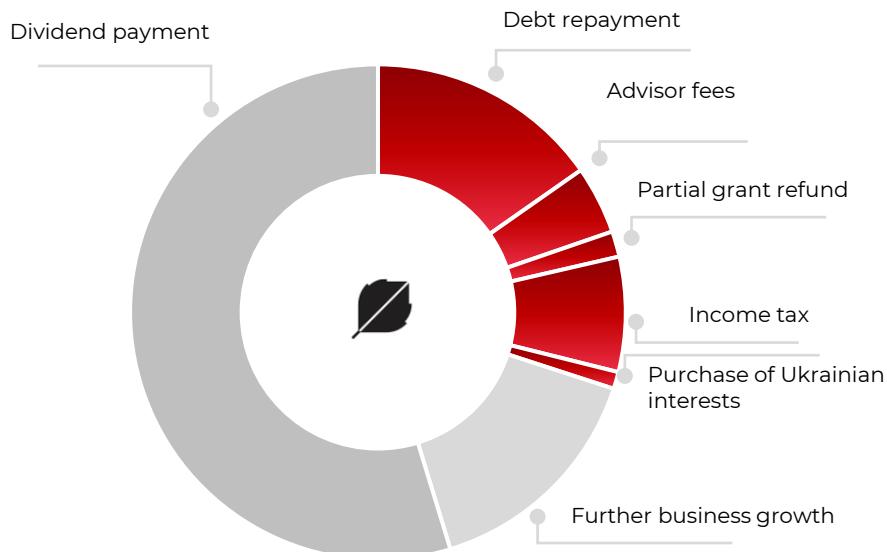
USE OF PROCEEDS

Planned allocation of proceeds

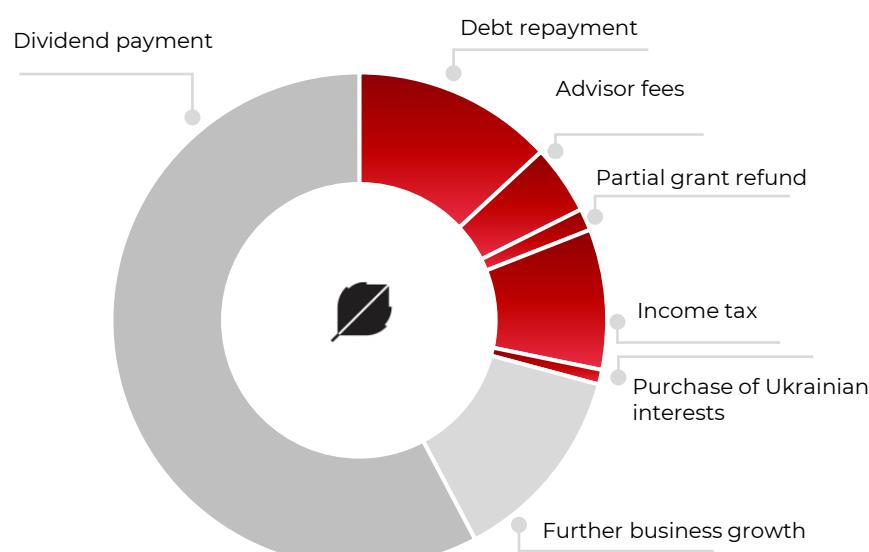
- The Company expects net proceeds from the transaction to be **between PLN 250 million and PLN 300 million** (after debt repayment, advisor fees, grant refund, and transaction tax payments).
- The Management Board of Mercor S.A. plans to propose allocating a **substantial portion of the transaction proceeds to dividend payments**, amounting to PLN 13-15 per share (no earn-out):
- The Company intends to use the remaining funds to support the **growth of the Company's other business operations**.
- **Exact allocations of the proceeds will be disclosed once the transaction is settled.**

INDICATIVE DISTRIBUTION OF TRANSACTION PROCEEDS

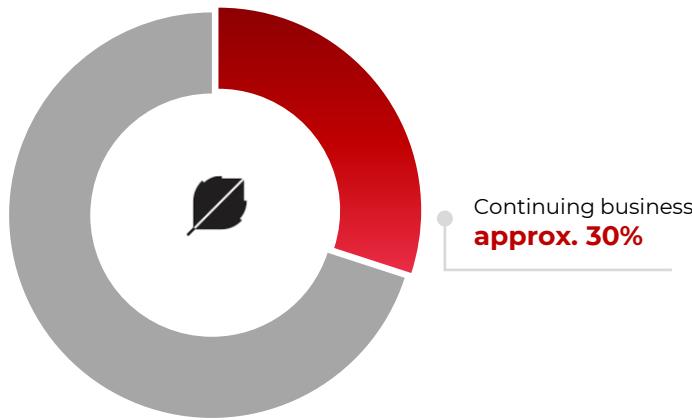
NO EARN-OUT



WITH EARN-OUT



COMPANY PROFILE POST-TRANSACTION



- The Group will focus its operations in the following areas:
 - fire protections of building structures
 - fire partitions, fire-rated doors and gates
 - Industry 4.0 solutions (Mcr Tech Lab)
 - energy storage facilities
 - active fire protection systems – a new and highly promising division.
- The Mercor Group's **revenue** from continuing operations post-transaction for FY 2023/2024 amounted to ca. **PLN 160 million***
- After the transaction, the Mercor Group will have strong growth potential, driven by the expansion of its product portfolio and geographic sales reach (funded by transaction proceeds), as well as relatively low market shares.

* Historical data has been restated to reflect the change in the consolidation method for OOO Mercor-Proof (from full consolidation to the equity method).

COMPANY PROFILE POST-TRANSACTION

Post-transaction, the Mercor Group will have:

5 manufacturing plants

around **350** employees



Manufacturing plants

Poland

1. Dobrzenie Wielki near Opole
2. Miroslaw near Plock

Spain

3. Madrid

Russia

4. Tula near Moscow

Hungary

5. Budapest

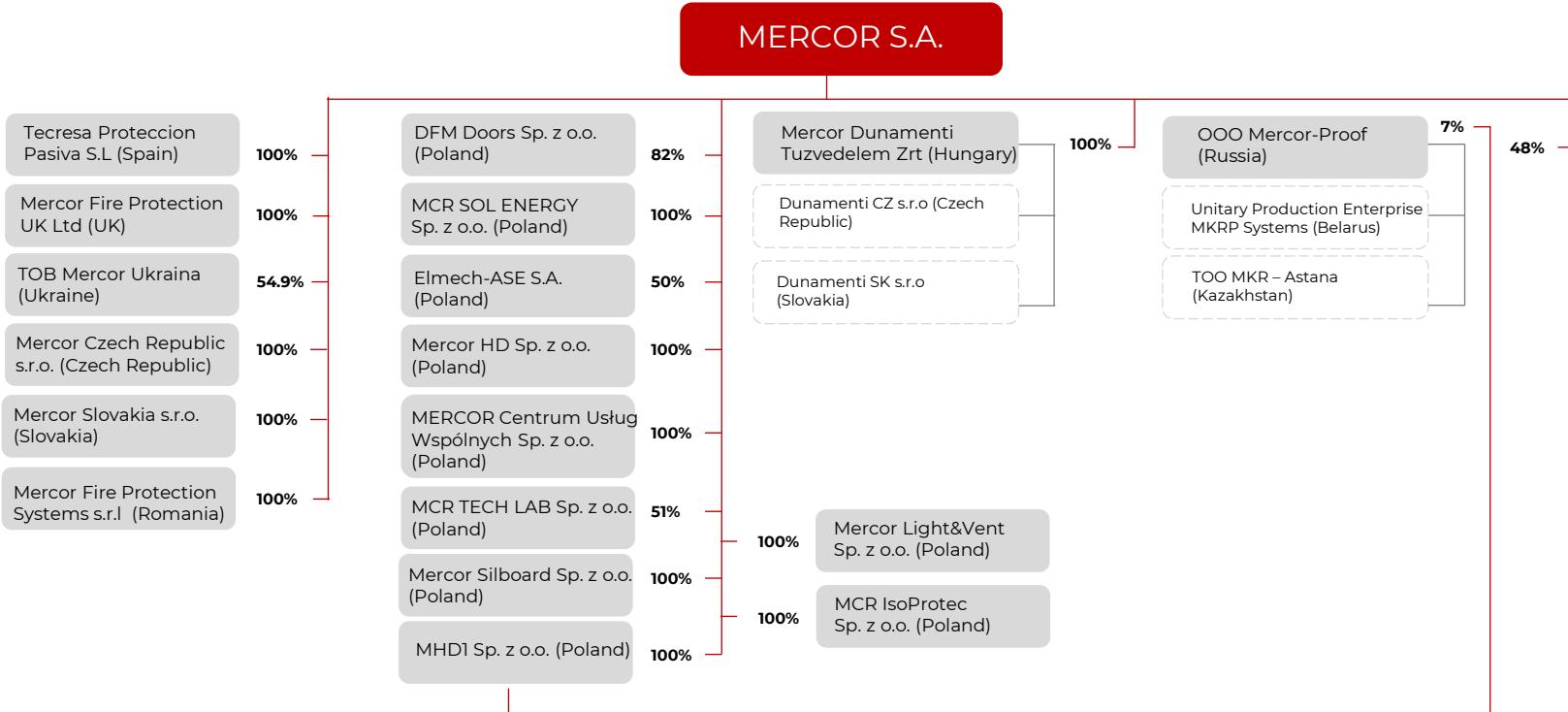


SUMMARY

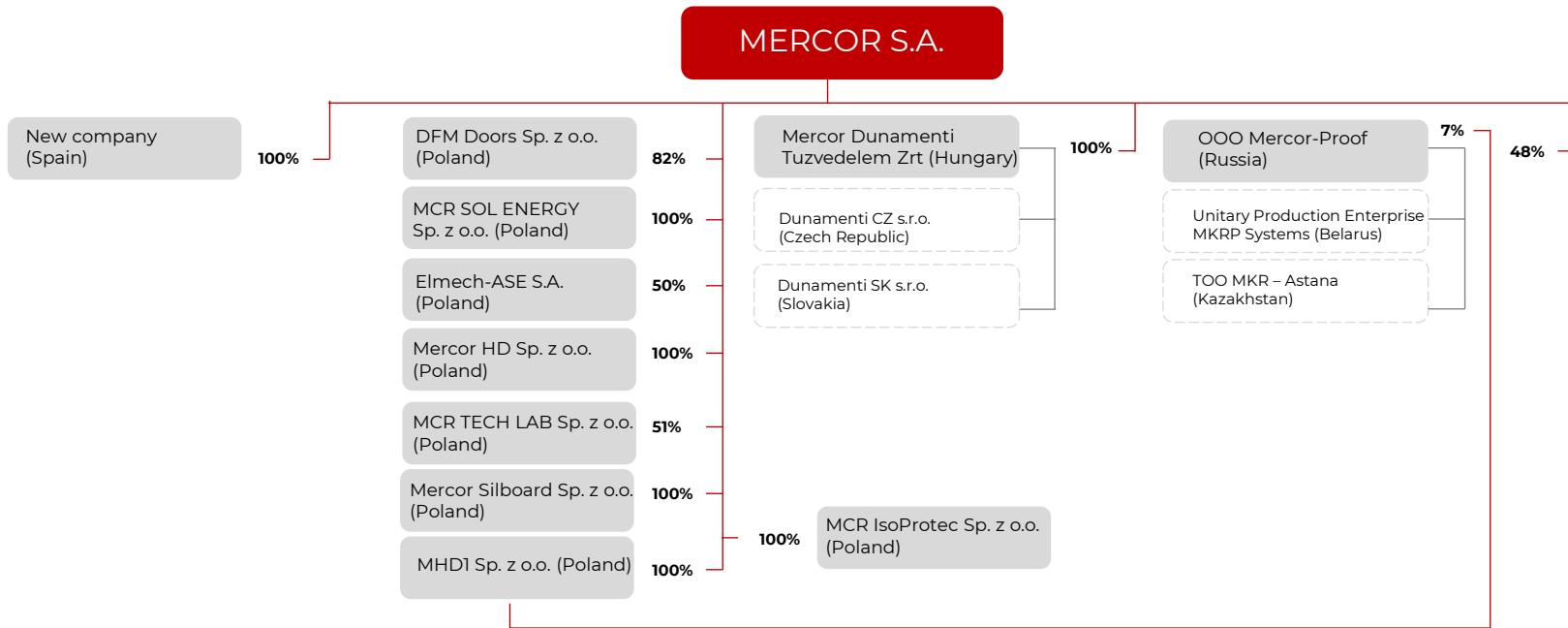
- The transaction involves the divestment of the **natural smoke exhaust and fire ventilation** divisions, which are **relatively mature business segments**. Their continued growth within the Mercor Group would require significant investment.
- **Attractive valuation of the transaction** for Shareholders
- **Potential to drive the Group's further growth** by implementing an investment programme for the remaining product divisions
- The Management Board of Mercor S.A. plans to recommend allocating a substantial portion of the transaction proceeds **to dividend payments**.



GROUP STRUCTURE – CURRENT STATUS



GROUP STRUCTURE – POST-TRANSACTION



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