

20 September 2024

Volution Group plc

Agreement to acquire Fantech Group in Australasia for AUD\$280 million (£144million¹)

Volution Group plc ("Volution" or the "Group"), a leading international designer and manufacturer of energy efficient indoor air quality solutions, is pleased to announce that it has signed an agreement to acquire the Fantech Group of companies from the owners of the UK based Elta Group Ltd.

Fantech Australasia

The Group has signed an agreement to acquire 100% of the holding company of the Fantech Australasia business ("Fantech" or "the Company") for an initial consideration of AUD\$220 million (£112.9 million¹) on a debt/cash free basis, with further non-contingent consideration of AUD\$60 million (£30.8 million¹) payable twelve months after the completion date.

For the financial year ended 31 March 2024, Fantech reported audited revenue of AUD\$ 177.0 million (£90.8 million¹) and EBITDA of AUD\$ 33.3 million (£17.1 million¹). The transaction is consistent with Volution's long-established strategy of acquiring leading ventilation brands to extend our routes to market and builds on the Group's successful expansion in the region since our first acquisition of Simx in March 2018.

Fantech, which includes the Fantech, Ideal Air, NCS Acoustics, Air Design, Major Air, Systemaire and Burra Steel brands, is a leading provider of both commercial and residential ventilation in Australia and commercial ventilation solutions in New Zealand. Originally formed in 1973 as the Air & Noise Equipment Group and transitioning to the Fantech brand in 1982, Fantech has been one of the leading providers of ventilation equipment in the region for over 50 years. In 2021, the Company moved to a new 20,000m² purpose-built and future-proofed headquarters in Melbourne which has considerable operating footprint capacity available, allowing for the continuation of its strong growth trajectory. Fantech has 13 manufacturing, warehouse and sales locations across Australia and New Zealand, and over 350 employees.

Transaction highlights:

- The acquisition will enhance Volution's market position in the Australasian region through Fantech's highly recognised and market leading brands extending the Group's reach into new end market applications with particular emphasis on the commercial sector.
- Post completion of the transaction and on a pro-forma basis, Australasia will represent over 30% of Volution's revenue.
- In Australia, the Group will combine its existing leading range of low energy ceiling fans, trading as Ventair, with Fantech, a leading provider of commercial and residential ventilation.
- In New Zealand, Fantech activities are primarily focused on the commercial market, whereas Volution's existing Simx and DVS brands are mainly residentially focused.
- The acquisition gives the Group a broad and diversified customer base with access to both distribution and trade contractor customers across Australasia.
- The acquisition will be earnings accretive immediately upon completion, with the Group maintaining its adjusted operating margin post completion above the long-term target of 20%.

Conditions to completion of the transaction include anti-trust approvals which we are optimistic will be satisfied within approximately two to three months.

Refinancing of the Group's Revolving Credit Facility

The Group has recently completed the refinancing of its previous revolving credit facility with a new £230 million multi-currency Sustainability Linked Revolving Credit facility (plus £70 million uncommitted accordion facility).

The new facility has an initial term of three years until September 2027 with options to extend for up to two additional years.

The transaction will be financed using proceeds of the new facility plus cash on the balance sheet. Leverage (see note 3), which is expected to be c0.4x at 31 July 2024, is expected to be in the range of 1.5-1.7x on a proforma basis post completion of the transaction, with the Group's usual strong de-leveraging profile taking effect after the payment of the deferred consideration 12 months post completion.

Ronnie George, Volution Chief Executive Officer, commented:

"This acquisition, our largest to date, gives Volution a great platform to continue our growth in Australasia. We are excited by the opportunities available to us through owning such a well-respected and successful group of brands. Fantech is a leading provider of commercial ventilation solutions in Australia and New Zealand, and complements our existing local market positions in Ventair, Simx and DVS Proven Systems very well.

"I would like to welcome our 350 Fantech colleagues to Volution and I look forward to working closely with them once the acquisition completes. The combination of Fantech's strong and longstanding trading in the region with greater access to Volution's wide product portfolio gives us an enviable platform for growth."

Volution will host a Zoom call for analysts and investors at 9.00am today. Please contact FTI_Volution@fticonsulting.com for details and to register to join.

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Notes:

1. Based on an AUD\$:£ exchange rate of 1.948:1 being the closing rate as at 19 September 2024
2. Cash conversion defined as: Adjusted operating cash flow / (Adjusted operating profit + amortisation).
3. Leverage defined as adjusted EBITDA divided by net debt (excl. IFRS16 liabilities)

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This announcement includes inside information (as defined by Article 7 of the Market Abuse Regulation (EU) No 596/2014, as it forms part of the UK domestic laws by virtue of the European Union (Withdrawal) Act 2018). Upon publication of this announcement, this information is now considered to be in the public domain. The person responsible for arranging the release of this announcement on behalf of Volution is Fiona Smith, Company Secretary.

Volution Group plc Legal Entity Identifier: 213800EPT84EQCDHO768.

Note to Editors:

Volution Group plc (LSE: FAN) is a leading international designer and manufacturer of energy efficient indoor air quality solutions. Volution Group comprises 22 key brands across three regions:

UK: Vent-Axia, Manrose, Diffusion, National Ventilation, Airtech, Breathing Buildings, Torin-Sifan.

Continental Europe: Fresh, PAX, VoltAir, Kair, Air Connection, Rtek, inVENTer, Ventilair, ClimaRad, ERI Corporation, VMI, I-Vent.

Australasia: Simx, Ventair, Manrose, DVS.

For more information, please go to: www.volutiongroupplc.com

Cautionary statement regarding forward-looking statements

This document may contain forward-looking statements which are made in good faith and are based on current expectations or beliefs, as well as assumptions about future events. You can sometimes, but not always, identify these statements by the use of a date in the future or such words as "will", "anticipate", "estimate", "expect", "project", "intend", "plan", "should", "may", "assume" and other similar words. By their nature, forward-looking statements are inherently predictive and speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. You should not place undue reliance on these forward-looking statements, which are not a guarantee of future performance and are subject to factors that could cause our actual results to differ materially from those expressed or implied by these statements. The Company undertakes no obligation to update any forward-looking statements contained in this document, whether as a result of new information, future events or otherwise.