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**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE UK VERSION OF EU REGULATION 596/2014, WHICH FORMS PART OF UK LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("MAR").**

**11 May 2022**

**Norcros plc ("Norcros" or the "Company")**

**Proposed Acquisition of Grant Westfield**

**Acquisition accelerates Norcros' strategy to expand its bathroom product offer through Grant Westfield's market leading position**

Norcros, a market leading supplier of high quality and innovative bathroom and kitchen products, is pleased to announce that it has conditionally agreed to acquire Granfit Holdings Limited ("GHL" and, together with its subsidiary undertakings, "Grant Westfield"), from the Sellers, for an enterprise value of £80 million with an additional potential earnout of up to £12 million based on certain performance criteria (the "Acquisition"). Grant Westfield is a market leading designer, manufacturer and supplier of waterproof bathroom wall panels in the UK.

The Acquisition is expected to be double digit earnings enhancing in the first full financial year post completion of the transaction. The Acquisition will be funded from the Company's debt facilities and the proceeds of a proposed placing of new ordinary shares in the Company, to raise approximately £18 million (the "Placing"). The Placing will partially fund the Acquisition and also ensure that the Group maintains a strong balance sheet to continue to pursue its organic and acquisitive growth strategy.

The Placing is being conducted through an accelerated bookbuilding process, which will be launched immediately following the release of a separate announcement relating to the Placing. Numis Securities Limited ("Numis") is acting as sole bookrunner in connection with the Placing. The Company and Numis have today entered into a sponsor and placing agreement with respect to the Placing and the Acquisition (the "Sponsor and Placing Agreement").

The Acquisition constitutes a Class 1 transaction under the Financial Conduct Authority's (the "FCA") Listing Rules and is therefore conditional upon, among other things, the approval of the Company's shareholders at the General Meeting, which is expected to be held on 30 May 2022, and the Sponsor and Placing Agreement having become unconditional. Further details of the General Meeting and the Acquisition will be set out in a circular that is expected to be sent to the Company's shareholders tomorrow (the "Circular"). Subject to satisfaction or waiver of all conditions to the Acquisition, Completion is expected to occur on 31 May 2022 following the General Meeting.

### **Transaction Highlights**

- The Acquisition is consistent with Norcros' strategy to expand its bathroom product offer

- Complementary to the Group's existing portfolio of products and brands, represents a rare opportunity to add a growing, market leading, profitable, UK focused and well positioned business to its existing portfolio
- Broadens the Group product portfolio towards the aim of providing a 'one stop shop' for bathrooms across Norcros' existing distribution channels
- Increased capability to leverage the Group's products into new housing and modular markets
- Ability to leverage Norcros' expertise to drive operational efficiency gains
- Leading, differentiated and premium product in an attractive growth market
  - The UK bathroom and shower panel market is a growing segment of the broader UK bathroom wall coverings market, which the Board believes represented approximately 30 per cent. of the estimated £330 million market in 2021
    - Grant Westfield has a market share of approximately 12 per cent. of the UK bathroom wall coverings market and approximately 40 per cent. of the UK bathroom shower and panel market
  - Continued growth in domestic bathroom expenditure and new housebuilding spend expected to remain robust
  - Relative to alternatives, panels are easier and faster to install and are a high quality product that is waterproof and durable
  - Low lifetime cost, including low and cost effective maintenance
- Attractive returns from a profitable and cash generative business model operating in preferred channels
  - The Acquisition price represents a multiple of 7.9x Grant Westfield's adjusted EBITDA for the year ended 31 December 2021
  - The Acquisition is expected to be double digit earnings enhancing in the first full financial year post Completion
  - Return on invested capital expected to be in excess of Norcros' cost of capital in the first full financial year post Completion
  - The Company will maintain a conservative capital structure and expects pro forma 2022E post IFRS-16 leverage to be approximately 1.0x
- Significant growth opportunities
  - Ongoing market penetration based on attraction of wall panels through new product development
  - Scope to increase exposure to UK new housing (private and social), modular and DIY channels
  - Geographic expansion of Grant Westfield in the UK and Europe
  - Utilisation of existing manufacturing capacity

## Grant Westfield track record

Grant Westfield's audited financials for the 12 months ended 31 December 2019, 31 December 2020 and 31 December 2021 are shown below:

### For the year ended 31 December, £m<sup>1</sup>

	2019	2020	2021
Revenue	34.2	32.3	42.2
Adjusted EBITDA	5.8	6.5	10.1
Margin %	17%	20%	24%

Grant Westfield has a strong track record of organic revenue and EBITDA growth and demonstrated a resilient performance through COVID-19. EBITDA margin improvement has been driven by enhanced operational gearing through new product development and strong trading. Grant Westfield is highly cash generative (approximately 100%<sup>2</sup> cash conversion average FY19-21) due to low capital intensity.

As at 31 December 2021, Grant Westfield had gross assets of £52.7 million.

### Conditions to the Acquisition

Completion is conditional upon:

- the shareholders of the Company passing the Resolution to approve without amendment the purchase by the Purchaser of the shares in GHIL (on the terms and subject to the conditions of the Acquisition Agreement) on or before 30 June 2022 (or such later date as may be agreed);
- the Sponsor and Placing Agreement not having been terminated or rescinded and having become unconditional in all respects (including as to Admission);
- the Facilities Agreement not having been terminated or rescinded and such amount as the Purchaser requires to borrow under the Facilities Agreement in order to finance that part of the provisional consideration due to the Sellers on Completion that is not being funded from the Purchaser's cash resources, including those raised pursuant to the Placing, being available for draw-down by the Purchaser under the Facilities Agreement; and
- there being no material adverse change in the business or operations of Grant Westfield

Commenting on the acquisition, Nick Kelsall, Chief Executive Officer, said:

'The acquisition of Grant Westfield with its premium Multipanel brand and market leading position is a strategically compelling addition to the Group, broadening our bathroom product offer. Grant Westfield's focus on design, new product development and its standard of customer service will significantly enhance the Group's portfolio. I am looking forward to working with the Grant Westfield Managing Director, Sarah Law, and her team as we work together on the next phase of growth.'

Also commenting on the acquisition, Sarah Law, Managing Director of Grant Westfield, said:

'We are excited to be joining the Norcros family. There are clear opportunities to grow together and, as a leader in the waterproof panel market, our Multipanel brand will be very much at home with their

<sup>1</sup> Grant Westfield unaudited financial information

<sup>2</sup> Cash conversion defined as cash generated from operations / adjusted EBITDA

existing bathroom brands. This represents an exciting opportunity to accelerate our successful strategic growth plan in the UK and internationally through new products and market penetration.’

### **Expected timetable**

	<i>Time and date</i>
Announcement of the Acquisition and the Placing	11 May 2022
Announcement of results of Placing through Regulatory Information Service	12 May 2022
Publication and posting of the Circular	12 May 2022
<b>Admission and commencement of dealings in Placing Shares</b>	8.00 a.m. on 16 May 2022
Placing Shares credited to CREST accounts (uncertificated holders only)	as soon as practicable after Admission
Despatch of definitive share certificates in respect of the Placing Shares (where applicable)	no later than 23 May 2022
Latest time and date for receipt of Forms of Proxy/CREST Proxy Instructions	10.00 a.m. on 26 May 2022
<b>General Meeting</b>	10.00 a.m. on 30 May 2022
<b>Date of Completion</b>	expected on 31 May 2022

### **For further information please contact:**

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For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this Announcement is being made on behalf of the Company by Richard Collins, Group Counsel and Company Secretary. In addition, market soundings (as defined in MAR) were taken in respect of the Placing with the result that certain persons became aware of inside information (as defined in MAR), as permitted by MAR. This inside information is set out in this Announcement. Therefore, those persons that received inside information in a market sounding are no longer in possession of such inside information relating to the Company and its securities.

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### **Cautionary statements**

This Announcement may contain and the Company may make verbal statements containing "forward-looking statements" with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition, performance, strategic initiatives, objectives and results. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "seek", "may", "could", "outlook" or other words of similar meaning. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond the control of the Company. As a result, the actual future financial condition, performance and results of the Company may differ materially from the plans, goals and expectations set forth in any forward-looking statements. Any forward-looking statements made in this Announcement by or on behalf of the Company speak only as of the date they are made. The information contained in this Announcement is subject to change without

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No statement in this Announcement is intended to be a profit forecast and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future years would necessarily match or exceed the historical published earnings per share of the Company.

Neither the content of the Company's website (or any other website) nor the content of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into or forms part of this Announcement.

## Definitions

<b>“Acquisition”</b>	the proposed acquisition of the entire issued share capital of GHIL pursuant to the Acquisition Agreement
<b>“Acquisition Agreement”</b>	the agreement dated 11 May 2022 between the Sellers, the Purchaser and the Company pursuant to which the Purchaser conditionally agreed to acquire the entire issued share capital of GHIL
<b>“Admission”</b>	the admission of the Placing Shares by the FCA to listing on the premium segment of the Official List and by the London Stock Exchange to trading on the Main Market
<b>“Announcement”</b>	this announcement
<b>“Board”</b>	the board of directors of the Company for the time being
<b>“Circular”</b>	the circular which is expected to be sent to the Company's shareholders tomorrow
<b>“Companies Act” or “Act”</b>	the Companies Act 2006, as amended
<b>“Company” or “Norcross”</b>	Norcross plc
<b>“Completion”</b>	completion of the Acquisition in accordance with the terms of the Acquisition Agreement
<b>“Directors”</b>	the directors of the Company or the directors for the time being of the Company, as the context requires, and <b>“Director”</b> shall be construed accordingly
<b>“Facilities Agreement”</b>	the agreement relating to the Company's revolving credit facilities
<b>“FCA”</b>	the UK Financial Conduct Authority

<b>“Form of Proxy”</b>	the form of proxy for use in connection with the General Meeting
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended
<b>“General Meeting”</b>	the general meeting of the Company proposed to be held at the offices of Eversheds Sutherland (International) LLP, Two New Bailey, 6 Stanley Street, Manchester, M3 5GX at 10.00 a.m. on 30 May 2022 to approve the Resolution, the notice of which will be set out at the end of the Circular
<b>“GHL”</b>	Granfit Holdings Limited, incorporated in Scotland with registration number SC021183
<b>“Grant Westfield”</b>	GHL and its subsidiaries and subsidiary undertakings, and, where the context requires, its associated undertakings
<b>“Group”</b>	the Company and its subsidiaries and its subsidiary undertakings and, when the context requires, its associated undertakings from time to time
<b>“IFRS”</b>	International Financial Reporting Standards, as adopted by the EU
<b>“Listing Rules”</b>	the rules of the FCA relating to the admission to the Official List made by the FCA under section 73A(2) of FSMA
<b>“London Stock Exchange”</b>	London Stock Exchange plc or its successor(s)
<b>“Main Market”</b>	the London Stock Exchange’s main market for listed securities
<b>“Notice of General Meeting”</b>	the notice convening the General Meeting which is set out at the end of the Circular
<b>“Numis”</b>	Numis Securities Limited of 45 Gresham Street, London, EC2V 7BF
<b>“Official List”</b>	the Official List of the FCA
<b>“Ordinary Shares”</b>	the ordinary shares of £0.10 in the capital of the Company from time to time
<b>“Placing”</b>	the placing of the Placing Shares by Numis in accordance with the terms of the Sponsor and Placing Agreement
<b>“Placing Shares”</b>	the new Ordinary Shares which are to be issued pursuant to the Placing
<b>“Purchaser”</b>	Norcros Group (Holdings) Limited, a wholly-owned subsidiary of the Company
<b>“Regulatory Information Service”</b>	one of the regulatory information services authorised by the FCA to receive, process and disseminate regulatory information from listed companies
<b>“Resolution”</b>	the resolution set out in the Notice of General Meeting
<b>“Sellers”</b>	Iain MacDonald and Calmeg Limited

**“Sponsor and Placing Agreement”**

the sponsor and placing agreement dated 11 May 2022 between the Company and Numis, details of which will be set out in the Circular

**“subsidiary undertaking”**

the meaning given to it in the Companies Act