

## Statement by the independent bid committee of Cary Group Holding AB (publ) in relation to the public cash offer by Teniralc BidCo AB

The independent bid committee's of Cary Group Holding AB (publ) ("Cary Group or the "Company") recommendation to the shareholders with regards to the Offer (as defined below) is dependent on the time horizon for the investment in Cary Group and how risk tolerating investors in Cary Group are. Because the independent bid committee has a strong belief in Cary Group's growth prospects, the strength of the Company's current strategy, and the value of the platform established by Cary Group, the independent bid committee believes that the Offer does not reflect the long-term fundamental value of the Company and therefore recommends that shareholders with a long-term investment horizon and/or higher level of risk tolerance do not accept the Offer. At the same time, the independent bid committee notes that the Offer is not unreasonable from a short-term financial perspective considering the current uncertain economic environment and recommends shareholders with a short-term investment horizon and/or lower level of risk tolerance to accept the Offer.

This statement is made by the independent bid committee of Cary Group pursuant to Section II.19 of Nasdaq Stockholm's Takeover Rules (the "**Takeover Rules**").

### Background

On 29 June 2022, CVC Funds and Nordic Capital, through Teniralc BidCo AB ("**Teniralc**"), announced a public cash offer to the shareholders of Cary Group to tender any and all shares in Cary Group to Teniralc (the "**Offer**") at a price of SEK 65 in cash per share (the "**Offer Price**"). The Offer Price represents a premium of approximately:

- 60 percent compared to the closing price of SEK 40.6 for the Cary Group share on 28 June 2022 (which was the last trading day prior to the announcement of the Offer);
- 44 percent compared to the volume-weighted average trading price of SEK 45.2 for the Cary Group share during the last 10 trading days prior to the announcement of the Offer; and
- 23 percent compared to the volume-weighted average trading price of SEK 52.9 for the Cary Group share during the last 30 trading days prior to the announcement of the Offer.

The acceptance period in the Offer commenced on 7 July 2022 and expires on 22 August 2022.

The completion of the Offer is conditional upon, inter alia, the Offer being accepted to such extent that Teniralc becomes the owner of shares representing more than 90 percent of the total number of outstanding shares in Cary Group and receipt of all necessary regulatory, governmental or similar clearances, approvals, decisions and other actions from authorities or similar, including from competition authorities, in each case on terms which, in Teniralc's opinion, are acceptable.

The Board of Directors of Cary Group has, within the Board, appointed an independent bid committee, which will represent the Company in connection with the Offer. The independent bid committee consists of Juan Vargues (Chairman), Magdalena Persson and Ragnhild Wiborg. The board member Joakim Andreasson is considered biased, as he is Managing Director in Nordic Capital Advisors. Hence, Joakim Andreasson has not participated in the Board of Directors of Cary Group's handling of matters relating to the Offer.

The independent bid committee has appointed Jefferies GmbH ("**Jefferies**") as financial adviser and White & Case as legal adviser. The advisers have assisted the independent bid committee in its assessment of the Offer.

Further, the independent bid committee has obtained an independent fairness opinion from Handelsbanken Capital Markets ("**Handelsbanken**"), according to which the Offer Price, in Handelsbanken's opinion, is fair to Cary Group's shareholders from a financial point of view. The opinion is attached to this statement and is subject to the assumptions and considerations set out therein. Handelsbanken will receive fixed fees for the assignment regarding the fairness opinion, which is not contingent upon the size or the Offer Price, the acceptance level of the Offer or whether it is completed.

## **The independent bid committee's assessment of the Offer**

### *Background*

Cary Group is one of the European market leaders in sustainable solutions within repair, replacement and calibration of vehicle glass, with a complementary offering in vehicle damage repair. With good accessibility, high-quality products and smart solutions, Cary Group helps its customers make simplified and sustainable choices. In September 2021, Cary Group carried out an initial public offering and listing of the Company's shares on Nasdaq Stockholm (the "**IPO**") at a price per share of SEK 70, corresponding to a market value for all outstanding shares of approximately SEK 9.2 billion. In connection with the IPO, the Board of Directors adopted the following financial targets:

- total revenue growth exceeding 15 percent per annum in the medium-term, of which at least half, shall be organic;
- adjusted EBITA margin of 20 percent in the medium-term; and
- maximum net indebtedness in relation to adjusted EBITDA of 2.5x[1].

### *Assessment*

The independent bid committee's opinion is based on an assessment of a number of factors that the independent bid committee has considered relevant to the evaluation of the Offer. These factors include, but are not limited to, Cary Group's present strategic and financial position as well as the expected future growth and profitability development of the Company in light of current macroeconomic conditions and prospects for the respective markets where the Company operates, and related opportunities and risks. In assessing the Offer, the independent bid committee has analyzed the Offer using methods normally used in evaluating public offers for listed companies, including Cary Group's valuation relative to comparable listed companies and comparable transactions, premiums

in previous public offers, analysts' and the stock market's expectations regarding the development of Cary Group, the Company's share price, as well as the independent bid committee's view on Cary Group's ability to deliver value to shareholders in the long-term based on the updated financial plan prepared by management.

The independent bid committee notes that the Offer is conditional upon the Offer being accepted to such extent that Teniralc becomes the owner of shares representing more than 90 percent of the total number of outstanding shares in Cary Group. In connection with its evaluation of the Offer, the independent bid committee has discussed the view on the Company and the Offer with some of the largest shareholders in the Company.

The independent bid committee has also considered it to be in the shareholders' interest to contact other potential bidders which were believed to have the potential to make a superior offer for the Company. This has been done through contacts to a carefully selected group of potentially interested parties. These contacts have not resulted in any competing offer.

Further, the independent bid committee has considered the fairness opinion from Handelsbanken according to which the Offer Price, in Handelsbanken's opinion, is fair to Cary Group's shareholders from a financial point of view (subject to the assumptions and considerations set out in the fairness opinion).

#### Basis for long-term versus short-term recommendation

The independent bid committee notes that the median value (the "**Consensus**") of the sales and earnings forecasts of the six analysts' teams covering Cary Group (the "**Coverage Analysts**") differs significantly from the financial plan prepared by the Company's management. The financial plan is in line with the Cary Group's financial targets adopted by the Board of Directors. The independent bid committee further notes that the financial plan prepared by management extends beyond the period on which Consensus is based. The independent bid committee also notes that the target price per share amongst the Coverage Analysts before the announcement of the Offer was a median of SEK 67 and an average of SEK 72.

Since the IPO, the Company has continued to demonstrate its ability to execute on its growth plans through the completion of several important strategic acquisitions, including Charles Pugh Holdings Ltd in the United Kingdom and Zentrale Autoglas GmbH in Germany. The acquisitions made in the past year have, as was anticipated, contributed to the decline of the Company's consolidated margins as the profitability in acquired businesses typically was lower compared to the Company's own margin levels. Through continuous implementation of the Company's ambitious M&A agenda, combined with the successful integration of acquired businesses and related margin improvements over time, the Company is well positioned to achieve its long-term objectives, notwithstanding the current challenging market conditions and prevailing economic uncertainties. During the six months ended 30 June 2022, Cary Group generated a total revenue of SEK 1,805 million, representing a total growth of 74 percent and an organic growth of 6 percent compared to the same period last year.

During the first half of 2022, Cary Group was affected by higher input costs for glass and higher cost for electricity and fuel, and the Company has been, and is currently working on, implementing price increases to compensate for the higher costs. These challenges were not unlike the challenges facing many other businesses, both in Cary Group's own industry and more broadly in a global economy, which also incurred inflationary pressures and broad-based disruptions to supply chains. Cary Group continues to implement price adjustments and is gearing up its operational excellence initiatives in order to improve profitability in line with its medium-term margin target. During the six months ended 30 June 2022, Cary Group increased its gross margin to 66.1 percent (65.7 percent in the same period last year) and increased adjusted EBITA to SEK 255 million compared to SEK 176 million the same period last year.

The Company's management and the independent bid committee remains convinced of the Company's ability to achieve the medium-term financial targets adopted by the Board of Directors last year. Notwithstanding the independent bid committee's positive view on Cary Group's ability in the long-term, the shareholders of Cary Group should be alerted to the fact that all assumptions on future growth and profitability are associated with uncertainties regarding a range of factors, which alone or in combination can cause the actual growth or profitability to deviate from the forecasted growth or profitability. Prevailing global market conditions, the economic situation with inflation, rising interest rates and price-surges on energy and fuel, availability of financing, legislation, political decisions, supply chain disruptions, as well as increased competition are examples of factors that could negatively affect Cary Group's growth and profitability and, therefore, impact the Company's ability to deliver value to the shareholders in line with the financial targets.

## **Recommendation**

Taking into consideration the factors outlined above, the independent bid committee is of the opinion that its recommendation with regards to the Offer should depend on the investment time horizon and risk tolerance of the individual shareholder.

Because the independent bid committee has a strong belief in Cary Group's growth prospects, the strength of the Company's current strategy, and the value of the platform established by Cary Group, the independent bid committee believes that the Offer does not reflect the long-term fundamental value of the Company and is therefore recommending that shareholders with a long-term investment horizon and/or higher level of risk tolerance do not accept the Offer.

Because the independent bid committee recognizes (1) that the Company currently operates in an uncertain economic environment and that all operating plans and forecasts are subject to risks and uncertainties; (2) that the Offer represents a significant premium to the trading value of the shares prior to the Offer being announced; and (3) that the Offer is deemed to be fair from a financial perspective by Handelsbanken, the independent bid committee is recommending that shareholders with a short-term investment horizon and /or lower level of risk tolerance accept the Offer.

## **Effects on Cary Group and its employees**

Under the Takeover Rules the Board of Directors is required, on the basis of CVC Funds and Nordic Capital's statements in the announcement of the Offer, to make public its opinion of the effects the implementation of the Offer may have on Cary Group, especially employment, and its views on CVC Funds and Nordic Capital's strategic plans for Cary Group and the effect these may be expected to have on employment and the places where Cary Group conducts its operations. CVC Funds and Nordic Capital has in this respect stated that: "*CVC Funds and Nordic Capital have great respect for the operating structure of Cary Group, including its strong local brands and operating model. Given the consortium's current knowledge of Cary Group, and considering the current market conditions, Teniralc does not intend to implement any material changes to Cary Group's employees and management or to the existing organisation and operations, including the terms of employment and the locations where Cary Group conducts its business.*" The independent bid committee assumes that this description is accurate and has in relevant aspects no reason to take a different view.

*This statement shall in all respects be governed by and construed in accordance with substantive Swedish law. Disputes arising from this statement shall be settled exclusively by Swedish courts. This statement has been made in a Swedish and English version. In case of any discrepancies between the Swedish and the English text, the Swedish text shall prevail.*

**Stockholm, 8 August 2022**  
**Cary Group Holding AB (publ)**  
*The independent bid committee*

Handelsbanken's fairness opinion statement to the independent bid committee is enclosed below and attached as a pdf in this press release.

**For more information, please contact:**

Juan Vargues, Chairman the Board of Directors and Chairman of the independent bid committee

Helene Gustafsson, Head of IR & Corporate Communication  
Tel: +46 708 684 050  
Email: [helene.gustafsson@carygroup.com](mailto:helene.gustafsson@carygroup.com)

**About Cary Group**

Cary Group specialises in sustainable solutions for vehicle glass repair and replacement, with a complementary offering in vehicle damage repair. With good accessibility, high-quality products and smart solutions, we help our customers make simplified and sustainable choices. We call it Smarter solutions for sustainable car care. For more information, please visit [www.carygroup.com](http://www.carygroup.com).

*This information is information that Cary Group Holding AB 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 2022-08-08, 08.30 CEST.*

**About Jefferies**

Jefferies GmbH ("**Jefferies**") is registered in Germany and authorised and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht. Jefferies is acting as financial adviser to Cary Group and no one else for the purposes of the Offer and will not regard any other person as its client in relation to the Offer and will not be responsible to anyone other than Cary Group for providing the protections afforded to clients of Jefferies or its affiliates, nor for providing advice in relation to the Offer or any other matter or arrangement referred to herein.

[1] However, the ratio may temporarily exceed 2.5x in connection with acquisitions.

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**Attachments**

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