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Press release  
16 November 2022, 17:31

## **SdipTech AB (publ) announces its intention to carry out a directed new share issue**

**SdipTech AB (publ) (“SdipTech” or the “Company”) hereby announces its intention to carry out a directed share issue of approximately SEK 500 million (the “Directed Share Issue”). The Company has engaged ABG Sundal Collier AB and Joh. Berenberg, Gossler & Co. KG (the “Joint Bookrunners”) to explore the conditions to carry out the Directed Share Issue through an accelerated bookbuilding procedure which will commence immediately. The Company intends to use the potential issue proceeds to provide SdipTech with greater flexibility to execute on its strong near and medium-term M&A pipeline.**

The Company’s intention is to carry out the Directed Share Issue of approximately SEK 500 million, directed at qualified investors in Sweden and internationally, with deviation from existing shareholders’ preferential rights, based on the authorisation granted by the annual general meeting held on 18 May 2022. The subscription price and the total number of new shares in the Directed Share Issue will be determined through an accelerated bookbuilding procedure, which will begin immediately after the announcement of this press release. The Directed Share Issue is contingent on a resolution by the board of directors, which, alongside pricing and allocation, is expected to occur prior the commencement of trading on Nasdaq Stockholm on 17 November 2022. The board of directors may, at any time, decide to cancel, shorten or extent the bookbuilding procedure as well as refrain from executing the Directed Share Issue, in part or in full.

The purpose of the Directed Share Issue is to support SdipTech’s ability to deliver its on-going growth strategy, with the net proceeds from the Directed Share Issue being used to provide SdipTech with greater flexibility to execute on its strong near and medium-term M&A pipeline.

SdipTech has a strong M&A pipeline with 12 potential acquisitions in late-stage discussions, with a total revenue on a yearly basis of approximately SEK 1 billion and an EBITA-margin of at least >15%. SdipTech has acquired six companies so far in 2022, adding SEK 135 million in EBITA for 2022 and SEK 185 million since 1 October 2021, compared to SdipTech’s financial target of acquired SEK 120-150 million in EBITA per year. With the recent acquisitions of Patol Ltd and Linesense Fire Detection Ltd building on the Company’s strong track record, the board of directors believes there is a clear opportunity for SdipTech to continue to leverage its position in the market with its acquisition strategy, targeting high-quality businesses that increase the Company’s scale, service offerings, and capabilities, and can accelerate growth.

The board of directors is of the opinion that the proceeds would contribute to a good balance of different sources of financing and that the Directed Share Issue is positive for SdipTech’s capital structure and general risk level. SdipTech has also considered the possibility to raise the required equity through a rights issue. The board of directors of the Company has thereby concluded that a rights issue would be significantly more time-consuming and entail significantly higher costs and increased exposure to potential market volatility compared to the Directed Share Issue. Unlike a rights issue, the Directed Share Issue is expected to broaden the shareholder base and provide the Company with new reputable institutional owners, which the board of directors considers to be of benefit to SdipTech and the general liquidity in the share. In the light of the above, the board of directors has made the assessment that a Directed Share Issue with deviation from the shareholders’ preferential rights is the most favorable alternative for SdipTech and in the best interest of the Company’s shareholders. As the subscription price in the Directed Share Issue will be determined through a bookbuilding procedure, the board of directors assesses that the subscription price will reflect current market conditions and demand.

In connection with the Directed Share Issue, the Company has undertaken, with customary exceptions, not to issue additional shares for a period of 180 calendar days after closing of the Directed Share Issue. Board members and persons of the management holding shares and/or warrants have undertaken not to sell any shares in the Company for a period of 60 calendar days after closing of the Directed Share Issue, with customary exceptions.

## Advisors

ABG Sundal Collier AB and Joh. Berenberg, Gossler & Co. KG have been appointed as Joint Bookrunners in connection with the Directed Share Issue. Baker McKenzie Advokatbyrå KB is legal advisor to Sdipotech and White & Case is legal advisor to the Joint Bookrunners.

## For additional information, please contact:

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Sdipotech's common shares of series B are traded on Nasdaq Stockholm under the short name SDIP B with ISIN code SE0003756758. Sdipotech's preferred shares are traded under the short name SDIP PREF with ISIN code SE0006758348. Further information is available on the Company's website: [www.sdipotech.se](http://www.sdipotech.se)

Sdipotech is a technology group that acquires and develops market-leading niche operations that contribute to creating more sustainable, efficient and safe societies. Sdipotech has approximately SEK 3,200 million in sales and is based in Stockholm.

This is information that Sdipotech AB (publ) is obliged to disclose under the EU Market Abuse Regulation 596/2014. The information was provided by the contact persons above for publication 16 November 2022, 17:31 CET.

## Important information

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This press release does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to herein may not be sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There is no intention to register any securities referred to herein in the United States or to make a public offering of the securities in the United States. The information in this press release may not be announced, published, copied, reproduced or distributed, directly or indirectly, in whole or in part, within or into the United States, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa, Switzerland or in any other jurisdiction where such announcement, publication or distribution of the information would not comply with applicable laws and regulations or where such actions are subject to legal restrictions or would require additional registration or other measures than what is required under Swedish law. Actions taken in violation of this instruction may constitute a crime against applicable securities laws and regulations.

This announcement is not a prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and has not been approved by any regulatory authority in any jurisdiction. Sdipotech has not authorized any offer to the public of shares or other securities in any member state of the EEA and no prospectus has been or will be prepared in connection with the Directed Share Issue. In any EEA Member State, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Regulation.

In the United Kingdom, this document and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, "**qualified investors**" (within the meaning of the United Kingdom version of the EU Prospectus Regulation (2017/1129/ EU) which is part of United Kingdom law by virtue of the European Union (Withdrawal) Act 2018) 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 (all such persons together being referred to as "relevant persons"). In the United Kingdom, any investment or investment activity to which this communication relates is available only to, and will be engaged in only with, 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 announcement does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in the new shares. Any investment decision to acquire or subscribe for shares in connection with the Directed Share Issue must be made on the basis of all publicly available information relating to the Company and the Company's shares. Such information has not been independently verified by the Joint Bookrunners. The Joint Bookrunners are acting for the Company in connection with the transaction and no one else. The Joint Bookrunners will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the transaction or any other matter referred to herein.

This press release does not constitute a recommendation for any investors' decisions regarding the Directed Share Issue. Each investor or potential investor should conduct a self-examination, analysis and evaluation of the business and information described in this press release and any publicly available information. The price and value of the securities can decrease as well as increase. Achieved results do not provide guidance for future results. Neither the contents of the Company's website nor any other website accessible through hyperlinks on the Company's website are incorporated into or form part of this press release.

### **Forward-looking statements**

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's and the Group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company and the Group operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or Nasdaq Stockholm's rule book for issuers.

### **Information to distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "**manufacturer**" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in Sdiptech have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**EU Target Market Assessment**"). Solely for the purposes of each manufacturer's product approval process in the United Kingdom, the target market assessment in respect of the shares in the Company has led to the conclusion that: (i) the target market for such shares is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of such shares to eligible counterparties and professional clients are appropriate (the "**UK Target Market Assessment**" and, together with the EU Target Market Assessment, the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares in Sdiptech may decline and investors could lose all or part of their investment; the shares in Sdiptech offer no guaranteed income and no capital protection; and an investment in the shares in Sdiptech is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target

Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Directed Share Issue. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II or UK MiFIR; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in SdipTech.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in SdipTech and determining appropriate distribution channels.