

## Grafton Group plc

### THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

#### Agreement to acquire Mercaluz

##### Significant further investment into growing Iberian HVAC market

Grafton Group plc ("**Grafton**"), the leading European multinational distributor of construction related products and solutions, is pleased to announce that it has entered into an agreement, subject to approval from the Spanish National Commission for Markets and Competition, to acquire the entire issued share capital of Componentes Eléctricos Mercaluz, S.A., Mercaluz Hogar, S.L.U., EAS Electric Smart Technology, S.L.U. and Mercaluz Canarias, S.L.U. (together "**Mercaluz**").

Mercaluz is a family-owned Spanish group founded in 1986 and headquartered in the province of Alicante on the Iberian Peninsula. It is predominantly a distributor of domestic and commercial air conditioning equipment to professional SME installers, with c.10,500 customers in 2025. Almost three quarters of sales in 2025 were from own brands, primarily the fast-growing Johnson brand, over which Mercaluz owns the European rights. Approximately 70 per cent of sales are aimed at the professional installer market, either direct or through resellers, with the remainder of sales from appliances and white goods which are almost exclusively sold to wholesalers, resellers and developers.

Mercaluz achieved strong growth in 2025 reporting unaudited revenue of €150.4m and unaudited adjusted operating profit<sup>1</sup> of €22.2m. The total consideration is a maximum of €175m but anticipated to be approximately €165m on a cash and debt free basis<sup>1</sup> which will be determined following completion of the statutory audited results (currently in progress).

The existing management team will remain in place, supported by a team of over 330 employees across 18 locations in Spain.

With growth of 2.6 per cent in 2025, Spain was amongst the best performing economies in Europe last year. The construction sector is expected to grow by 3 – 4 percent in 2026 with the Heating, Ventilation and Air Conditioning ("**HVAC**") sector amongst the fastest growing categories. The acquisition of Mercaluz represents an important step forward in Grafton's strategy to consolidate and grow its presence in the fragmented Iberian distribution market for construction related products and solutions following the acquisition of Salvador Escoda in October 2024. Both businesses operate in the fast-growing HVAC segment and will benefit from purchasing synergies. Each business will continue to operate independently to maximise the growth potential inherent in their different but complementary business models. Mercaluz operates on a direct-to-site delivery model with no branch network, instead using regional delivery hubs to

efficiently serve its customer base with a focused product range (c.9,000 SKUs). In contrast, Salvador Escoda operates a branch-based model with 95 branches supplemented by direct deliveries to sites and a capacity to draw on over 140,000 SKUs across its product range.

The acquisition of Mercaluz is expected to be earnings enhancing in its first full financial year following acquisition and to deliver an attractive return on invested capital over the medium term. Grafton intends to support Mercaluz in its brand development and ongoing organic expansion in the fragmented Iberian marketplace.

**Eric Born, CEO of Grafton Group plc said today:**

*“We are very pleased at the prospect of welcoming this scalable family business and its quality management team into Grafton’s growing presence in Iberia. Mercaluz has all the characteristics we are seeking in an acquisition; from the growth segment and markets it serves to its scalability and reputation in the trade. Subject to regulatory approval, it will further cement our position in the fast-growing Iberian HVAC market with combined annualised sales of some €400m and is a further step in our ambition to build a significant business distributing construction related products and solutions in Iberia”.*

<sup>1</sup> On a post-IFRS 16 (leases) basis, the estimated unaudited adjusted operating profit for the year ending 31 December 2025 is €22.4m and the estimated value of leases at the end of December 2025 is €18.6m.

The person responsible for arranging release of this Announcement on behalf of Grafton is Susan Lannigan, General Counsel and Company Secretary of Grafton.

**Ends**

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## **About Grafton**

Grafton Group plc is a European multinational distributor of construction related products and solutions comprising four geographic segments serving the Island of Ireland, Great Britain, Northern Europe and Iberia. In our home Irish market, we also operate the leading home improvement retailer.

Trading from c. 470 branches with c. 10,000 colleagues, the Group's portfolio of market leading, trusted brands includes:

- Island of Ireland: Chadwicks Group, Woodie's and MacBlair
- Great Britain: Selco, Leyland SDM, T.G. Lynes, CPI EuroMix and StairBox
- Northern Europe: Isero / Polvo (Netherlands) and IKH (Finland)
- Iberia: Salvador Escoda (Spain)

For further information visit [www.graftonplc.com](http://www.graftonplc.com)