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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

10th December 2021

Hilton Food Group plc

Hilton agrees to acquire leading international smoked salmon producer, Foppen

Hilton Food Group ("Hilton"), the international multi-protein food business, is pleased to announce that it has agreed to acquire a leading international smoked salmon producer, Dutch Seafood Company B.V., which trades as "Foppen" (the "Acquisition"), expanding its presence in a growing protein category, as well as entering the US, a new geography for Hilton.

Hilton has also today launched an equity placing to raise gross proceeds of approximately £75 million to part fund the Acquisition, as announced separately (the "Placing").

The announcement follows the recent full acquisition of Dalco, a leading vegan and vegetarian food manufacturer, the acquisition of Fairfax Meadow, as well as Hilton's expansion into Hilton Seafood, together with several years of sustained growth in seafood and plant-based foods by the business.

Strategic highlights

Foppen is an attractive business which is highly complementary to Hilton:

- Smoked salmon diversifies Hilton into a protein category with a strong growth outlook.
- Foppen is focused on added value speciality smoked salmon products (e.g. toast salmon) which offer a differentiated portfolio of products.
- Foppen is expected to significantly enhance Hilton's customer base through:
 - a number of new customers in the US, a new strategic market;
 - the development of an important existing customer relationship (Albert Heijn in the Netherlands); and

- significant cross-selling opportunities to both Hilton and Foppen's existing international customer bases.
- Foppen will significantly expand the scale of Hilton's seafood business with potential to deliver procurement and other savings.
- Foppen brings two well-invested, dedicated smoked salmon facilities in Harderwijk, the Netherlands and Preveza, Greece, and an experienced management team and workforce.
- Foppen stands to benefit from Hilton's exceptional seafood standards and record, with 98% of all Hilton fisheries certified to the MSC and active membership of the UN Global Compact and its Sustainable Ocean Business Action Platform, as well as governance roles on leading global standards bodies such as the Marine Trust, Global Gap and the Responsible Fishing Vessel Scheme.

Financial and transaction highlights^[1]

- Foppen's FY 2021 ended 31 March 2021 actual revenue of €139.7 million, adjusted underlying EBITDA of €10 million.
- Enterprise value of €90.0 million including adjustments for net debt and net working capital.
- The transaction will be funded through:
 - equity placing of approximately £75 million, that will predominantly fund the Foppen acquisition and partially refinance the previously announced acquisition of Fairfax Meadow, representing an increase of approximately 8% of the current issued ordinary share capital of the Company, as announced separately.
 - balance funded through a committed acquisition bridge facility.
- The transaction is expected to be accretive to earnings per share in the first twelve months for Hilton while ensuring net leverage remains below 2.0x^[2].
- Completion of the transaction is subject to Dutch competition authority and works council approval.

Hilton's CEO, Philip Heffer, commented:

"The acquisition of Foppen is an exceptional opportunity for Hilton and another step towards our goal of becoming the global protein partner of choice. More and more consumers around the world are seeking affordable, high quality, and sustainable protein, and this acquisition will help Hilton take our offer into new markets and to new global customers for the first time.

"Foppen's premium product portfolio and strong customer relationships are a great fit for Hilton's model, while Hilton's strong ESG credentials in seafood will make sure our future growth plans are sustainable in every sense of the word. We welcome Foppen's management and employees and look forward to delivering profitable growth through the combination of Hilton and Foppen."

Andre van der Padt, Foppen CEO, added:

"We are excited by the future prospects of Foppen under Hilton's ownership and look forward to working with Philip and team. Foppen's offer to customers, suppliers and employees will be enhanced as part of Hilton Food Group."

Notes to editors

About Hilton:

Hilton Food Group plc is a leading international multi-protein producer, serving customers and retail partners across the world with high quality meat, fish, vegan and vegetarian foods and meals.

We are a business of over 5,000 employees, operating from 19 technologically advanced food processing, packing and logistics facilities across 16 markets in Europe and Australasia.

For almost thirty years, our business has been built on dedicated partnerships with our customers and suppliers, many forged over several decades, and together we target long-term, sustainable growth and shared value.

We supply our customers with high quality, traceable, and assured food products, with high standards of technical excellence and expertise.

About Foppen:

Dutch Seafood Company B.V., trading as Foppen, is a leading international manufacturer of branded and private label premium smoked salmon products. The business was founded in 1918 by the Foppen family and remains true to its traditions today by combining craftsmanship and traditional methods of smoking, with the latest state-of-the-art technology. Foppen's key customers are major retailers in the US and the Netherlands. Foppen services its customers from two facilities in the Netherlands and Greece with approximately 500 employees.

Conference call details

A webcast conference call for analysts and investors will be held at 8.00am (UK time) today. The presentation will be followed by an analyst Q&A.

To register for this call, please go to the following link:

<https://www.incommglobalevents.com/registration/client/9548/hilton-food-group-/>

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Footnotes:

[1] The Acquisition constitutes a class 2 transaction under the UK Listing Rules. For the purposes of LR 10.4.1 R (Notification of class 2 transactions): the value of the gross assets of Dutch Seafood Company B.V. was €63.7 million at 31 March 2021; the statutory net loss was €0.2 million for the year ended 31 March 2021; and the sellers are funds managed and controlled by H2 Equity Partners B.V., a European mid-market private equity fund, and Mr A. P. van der Padt.

[2] Note: This is a target only and this statement does not constitute a profit forecast. There can be no assurance that the transaction will be accretive to earnings. Accordingly, this should not be taken as an indication of estimated or actual future results or levels of indebtedness and potential investors should place no reliance on this statement in deciding whether to invest in the Company. The Company's actual results may be positively or negatively affected by factors beyond the control of

the Company.

Further information in relation to the Acquisition

1. Introduction

The Board announces that it has entered into a conditional agreement to acquire the entire issued share capital of Foppen. In accordance with the Listing Rules, Foppen is of such a size relative to the Company that the Acquisition constitutes a class 2 Transaction.

2. Background to and reasons for the transaction

Hilton strategy

Hilton has a simple, clear and well-defined strategy focusing on the following four key elements:

1. Growing volumes and extending product ranges supplied and services provided to existing customers
2. Optimising use of assets and investing in new technology to deliver competitive advantage to our customers
3. Maintaining a vigilant focus on food safety and integrity and reducing unit costs, while improving product quality and service provision
4. Entering new territories and markets either with new customers or in partnership with our existing customers

Throughout Hilton's development it has worked closely and collaboratively with its customers to deliver the strategy outlined above. The Group has grown its capacity and capabilities through disciplined capital investment and continued innovation to meet its customers' commercial needs and expanded its range of services to enhance its customer offering. The Group's successful expansion into international markets, including recent investments in Australia, New Zealand and Portugal, are good examples of this successful strategy in execution. As a result of this strong and growing track record as a trusted and added value partner to its customers, the Group is working with an increasing number of its existing customers on plans to expand Hilton's products, capabilities and capacity.

Historically, the Group had been focused on the processing of meat, principally beef and lamb as well as pork outside the UK, which has continued to remain at the core of the business. However, in more recent years, the Group has substantially broadened its capabilities, customer portfolio and customer reach, through the expansion into other international markets and product categories (including poultry, fish and vegetarian/vegan products). The Board sees this as an attractive and sustainable area to develop and grow Hilton's business, whilst offering significant cross selling potential underpinned by Hilton's operating capabilities.

Reasons for the Acquisition

Foppen represents an attractive opportunity to broaden and deepen Hilton's seafood capabilities and offering to its UK and international customers. The Acquisition expands the

Group's portfolio into smoked salmon with a complete, differentiated portfolio of standard and specialty products and low-cost manufacturing capabilities. In addition, the Acquisition expands Hilton's customer portfolio and geographical reach to North America and Asia including sales to Costco.

Financial effects of the Acquisition

It is anticipated that the Acquisition will be earnings enhancing from the first twelve months with return on invested capital ("ROIC") greater than cost of capital^[2]. The Group believes this is an exciting entry into a new, fast-growing, added-value and high-margin protein category with attractive medium-term opportunity to drive incremental cross-selling revenues.

3. Summary information about Foppen

Background to Foppen

Dutch Seafood Company B.V., trading as Foppen, is a leading international manufacturer of branded and private label premium smoked salmon products with proprietary processing capabilities. The business was founded in 1918 by the Foppen family and remains true to its traditions today by combining craftsmanship and traditional methods of smoking, with the latest state-of-the-art technology. Foppen's key customers are major retailers in the US and the Netherlands. Foppen services its customers from two facilities in the Netherlands and Greece with approximately 500 employees in aggregate.

Since 2020, Foppen has focused exclusively on salmon and increased focus on its specialty products. In 2018 H2 led a merger of Foppen and Klaas Puul, creating the Dutch Seafood Company B.V and in 2020 Klaas Puul was sold to Sykes Seafood resulting in the discontinuation of non-salmon products.

Foppen's leading market position:

- Clear market leader in the US in smoked salmon specialties with 61% of sales in 2021 to US customers.
- Clear market leader in the Netherlands in smoked salmon specialties and semi-specialties and overall #2 in Europe in smoked salmon specialties.
- Long-standing, trusted relationships, built on quality and service, and premium product portfolio cement position with key customers.
- The grocery retail market for smoked salmon in the US grew by 29% from 2019 to 2020 and in the Netherlands grew by 11% in the same period.

Foppen's competitive advantage:

- Greek manufacturing with low-cost labour supports structural cost advantage vs. domestic US processors.
- Volumes allow for economies of scale in procurement and operational cost efficiencies.
- Foppen's management team with significant food industry experience will be supported by Hilton's Benelux operational teams, UK fish processors and Group functional experts.

Financial summary

Foppen has a proven track record of being profitable and cash generative, with underlying performance improvements. This is largely driven by the increased focus on smoked salmon specialties and the discontinuation of non-salmon products, which relate to other seafood species (e.g., shrimp). There has been limited impact on the business from Covid-19.

	Year ended 31 March 2020	Year ended 31 March 2021
	€m	€m
Revenue	141.9 ⁽¹⁾	139.7 ⁽²⁾
Continuing/underlying revenue ⁽³⁾	99.0	118.0
Continuing/underlying EBITDA ⁽³⁾	2.5	10.1
Gross assets ⁽³⁾	59.6	63.7

(1) Dutch Seafood Company BV reported statutory revenue adjusted to exclude the impact of disposals

(2) Reported within the Dutch Seafood Company BV annual report

(3) Adjusted to exclude the impact of disposals and discontinued trading relationships.

Current trading in FY22 demonstrates continued underlying growth, particularly in the US market. Underlying growth continues with volumes accelerating in US customers. Foppen's trading for the year to date has therefore been ahead of last year with EBITDA expected to be in line with our expectations.

4. Principal terms of the Acquisition

The sale and purchase agreement entered into by the Buyer, the Company, and the Seller on 10 December 2021 sets out the terms of the Acquisition pursuant to which the Buyer has agreed to acquire Foppen from the Sellers for an enterprise value of approximately €90 million payable in cash on Completion. Any amount of leakage will be deducted from the purchase price.

Completion of the transaction is subject to Dutch competition authority and works council approval.

5. Financing of the Acquisition

Historically, the Company has built up cash balances through strong cash generation. In addition to the Acquisition, the Board believes there are significant growth opportunities in the medium term. The Group has decided to take a prudent approach to financing the Acquisition, which will be funded as follows:

- Equity placing to raise approximately £75 million, that will predominantly fund the Foppen acquisition (including a £10m cash injection, working capital funding) and

- partially refinance the previously announced acquisition of Fairfax Meadow
- Additional funding drawn from a committed acquisition bridge facility jointly provided by Rabobank and Ulster Bank.
- This transaction and the previously announced acquisition of Fairfax Meadow are expected to be accretive to earnings per share in the first twelve months for Hilton.^[2]
- Ongoing process to refinance the Group's debt facilities of £340 million together with existing net cash balances, which were £96 million at 18 July 2021, in order to provide funds for future capital investment and the Group's working capital requirements.

The Board anticipates making strategic capital investments over the next 3 years:

- Capex to support both growth in the existing business and customer demand for new facilities.
- Net debt as a result of this investment program will be within our historical guidance.

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