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## **HUMBLE ACQUIRES SOLENT AND MERGES SALES NETWORK – A LEADING INTERNATIONAL SUPPLIER OF HEALTHY FOODS AND PERSONAL CARE PRODUCTS**

Humble Group AB (publ) (“Humble”) has signed a binding agreement with the owners of Solent Global Limited (“Solent” or the “Company”) regarding the acquisition of all shares in the Company (the “Transaction”). The total purchase price amounts to maximum SEK 1,384.8 million\*, with a fixed purchase price of SEK 968.4 million (the “Purchase Price”), a deferred compensation of 91.1 million SEK and earn-outs of up to SEK 325.3 million, based on the future EBITDA results of the Company. SEK 802.8 million of the Purchase Price will be paid in cash and the remaining SEK 165.6 million will be paid with 6,311,648 newly issued shares in Humble, which will be issued at a price of SEK 26.19 per share (equal to VWAP 14 trading days prior to signing of the agreement plus a premium of 10 per cent). Solent is a leading provider of branded, licensed and white label products to the consumer sector in the UK and several international markets. The Company has operations in the UK, China, Hong Kong, South Africa, Vietnam and Australia, and a history of strong growth with high profitability. Solent has net revenues and an adjusted EBITDA<sup>1</sup> for the last 12 months ending June 2021 of SEK 963 million and SEK 141 million, respectively. The Company is forecasting net revenues and an adjusted EBITDA for the coming 12 months of SEK 1,153 million and SEK 158 million, respectively. Following the Transaction, there will be a merger between Solent’s and Humble’s sales network, where the group now operates businesses and distribution in more than 10 markets globally.

\* All of the amounts have been recalculated to SEK from GBP (FX GBP TO SEK 11.83)

### **THE TRANSACTION IN BRIEF**

- Solent’s net revenues and adjusted EBITDA<sup>1</sup> for the last 12 months amount to SEK 963 million and SEK 141 million, respectively.
- The Company is forecasting net revenues and adjusted EBITDA for the coming 12 months of SEK 1,153 million and SEK 158 million, respectively.
- Solent is a leading provider of branded, licensed and white label products to the consumer sector. The company has operations in the UK, China, Hong Kong, South Africa, Vietnam and Australia.

- The Company has a vast distribution network and a strong focus on healthy impulse snacking as well as environmentally friendly sustainable products in numerous categories such as Healthy Snacks & Personal Care, Household, and Reusables.
- The Purchase Price amounts to SEK 968.4 million, of which SEK 802.8 million (equal to 83% of the Purchase Price) will be paid in cash and SEK 165.6 million (equal to 17% of the Purchase Price) will be paid with 6,311,648 newly issued shares in Humble. The consideration shares will be issued at a price equal to SEK 26.19 per share (the volume weighted average price (VWAP) during a period of 14 trading days prior to signing of the agreement plus 10 per cent).
- The deferred compensation amounts to SEK 91.1 million, whereby SEK 71 million will be paid provided that the founder has not voluntarily resigned from his employment in the Company and SEK 20.1 will be paid based on sales. SEK 79.2 million of the deferred compensation will be paid in cash and SEK 11.8 million will be paid with newly issued shares in Humble. The earn-out of maximum SEK 325.3 million will be paid out based on the EBITDA results for 2022 and 2023. An amount equal to 95 per cent of the earn-outs shall be paid in cash and 5 per cent shall be paid with newly issued shares in Humble.
- The Transaction is intended to be financed through issuing of consideration shares and Humble's cash position. In order to finance the cash portion of the Purchase Price, Humble will carry out a private placement of shares in Humble through an accelerated book building procedure, as will be announced in a separate press release following the publication of this press release.
- In order to increase Humble's financial preparedness for future acquisitions, Humble intends to explore the conditions of issuing subsequent bonds under its 2021/2025 senior secured bond loan with a framework amount of SEK 1,500,000,000 (ISIN SE0016273742), provided favourable market conditions.
- Solent and the management team in Humble has identified several material potential synergies with increased opportunities within manufacturing, cross-selling and expanded R&D between the current operating companies. Following the Transaction, Solent's sales network will merge with Humble's sales network.
- The combined group will continue to optimize and develop the Company's brands in order to launch further products to the market. Furthermore, the Transaction opens up both the UK and several key international markets with the Company's own business operations by adding many new points of sales to grow the export for Humble's other brands.
- The sellers have entered into lock-up agreements regarding 100% of the shares that the sellers will receive as part of the Purchase Price. The lock-up period comprising two years starting from closing of the Transaction.
- The sellers and the Company's founders have committed to continue to manage and develop the Company for more than three years after the completion of the Transaction.
- The parties' intention is that the completion of the Transaction shall take place as soon as possible and no later than 60 days from today.

*"Through the acquisition of Solent, we acquire a high-quality company with strong profitability as well as a high-performing and entrepreneurial team. Solent has some of Europe's largest store chains as customers and the Transaction opens both the UK and several key international markets around the world by adding many new points of sales to grow the export for Humble's other brands. This acquisition shows our capacity to attract leading industrial players with more than 25 years of operating history and enables a new segment of companies available to us. The M&A pipeline looks very strong and we are well prepared to continue scaling Humble rapidly. It is with great pleasure that we welcome Solent and the team to Humble." says Simon Petrén, CEO of Humble.*

*"I am delighted to announce the exciting development of our merger with Humble Group. This exciting new chapter accelerates our growth ambition to become a market leader in our Personal Care and Beauty, Homecare and Food categories with the aim of creating a £1bn market share by 2025. Simon and the Humble team have a fantastic vision which we share, and we will now contribute to more sustainable products for both humanity and the planet."* says Richard Porter, founder of Solent Global Limited.

*"I am really looking forward to join forces with Humble Group as between our businesses we hold a shared culture and DNA of disrupting markets with innovation that helps our customers to live healthier and more sustainable lives while adding value to our grocery & retail partners. Together we will be able to accelerate our plans and continue to lead the markets in which we serve, and we look forward to working with Simon, Noel and the Humble teams to continue our joint success."* says Ashley Symonds, CEO of Solent.

## **BACKGROUND AND REASONS**

Solent is a leading provider of branded, licensed and white label products to the consumer sector in both the UK and international markets. The Company has a vast distribution network, with a strong focus on healthy impulse snacking as well as environmentally friendly sustainable products in numerous categories such as Healthy Snacks & Personal Care, Household and Reusables. In addition to Solent's head office in the UK, the Company has business operations in China, Hong Kong, South Africa, Vietnam and Australia. Around half of Solent's 145 employees are based in the UK.

## **RESULTS, SYNERGIES AND CONSOLIDATION**

Solent has forecasted net revenues and an adjusted EBITDA for the coming 12 months of SEK 1,153 million and SEK 158 million, respectively. The Transaction strengthens Humble's net revenue and profitability on consolidated EBITDA.

The combined group will continue to optimize and develop the Company's brands in order to launch further products to the market. Furthermore, the Transaction opens up both the UK and several key international markets with its own business operations by adding many new points of sales to grow the export for Humble's other brands. Humble is expecting to realize several other synergies through the acquisition with a greatly improved gross-margin as well as increased growth opportunities within 18 months, starting from the completion of the Transaction.

Humble will consolidate Solent as a subsidiary. The parties' intention is that the completion of the Transaction shall take place as soon as possible and no later than 60 days from today.

## **FINANCING**

The Transaction is intended to be financed through issuing of 6,311,648 consideration shares and Humble's cash position. In order to finance the cash portion of the Purchase Price, Humble intends to carry out a private placement of shares in Humble as will be announced in a separate press release following the publication of this press release. Following completion of the Transaction (including the shares issued for closing of SFG), Humble will have 209,067,355 issued and outstanding shares.

## **ADVISORS**

Rämsell Advokatbyrå AB is the Swedish legal advisor and Ropes & Gray International LLP is the international legal advisor to Humble in connection with the Transaction. Shoosmiths LLP is legal advisor to the sellers of Solent in connection with the Transaction.

<sup>1</sup>In order to normalise the comparison of LTM with historical FY and future development post transaction, the historical adj. EBITDA LTM Q2 2021 has been adjusted for extraordinary high freight cost during Q1 and Q2 2021, with regards to the covid19 and earlier Suez Canal-crisis. The extra incurred cost amounted to 19.9 MSEK, which is

a total increase of +86 % for the period compared to the historical levels in Solent. In order to mitigate future risk of any freight deviances, the Company has now secured contracts that ensure stable and more normalised levels going forward.

**For further information, please contact:**

Simon Petrén, CEO, Humble Group AB

Tel: +46 70 999 94 55

E-mail: [simon.petren@humblegroup.se](mailto:simon.petren@humblegroup.se)

*The information in this press release constitutes inside information that Humble Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation 596/2014. The information was sent for publication, through the agency of the contact persons set out above, at the time stated by Humble's news distributor, Cision, at the publication of this press release.*

**Om Humble**

Humble Group is a Swedish food-tech and FMCG-group, supplying the next generation of products that are good for people and the planet. Humble targets the segments of foodtech, eco, sustainability and vegan to drive high organic growth, acquisitions and utilize synergies in the different operation entities: Brands, Distribution, Manufacturing and Ingredients and R&D. Humble's technology solutions, refined through scientific research and extensive market experience, facilitate new formulations and recipes that improve the taste and texture of the next generation of sugar-reduced, sustainable and vegan products. For more information visit [www.humblegroup.se](http://www.humblegroup.se)

Humble is listed on Nasdaq Stockholm, First North Growth Market, under the ticker HUMBLE FN Sweden AB is Humble's certified adviser. Tel: 08-528 00 399 E-mail: [info@fn.se](mailto:info@fn.se)

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