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**THIS IS AN ANNOUNCEMENT FALLING UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE") AND DOES NOT CONSTITUTE AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CODE AND THERE CAN BE NO CERTAINTY THAT ANY FIRM OFFER WILL BE MADE EVEN IF THE PRE-CONDITIONS ARE SATISFIED OR WAIVED**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**FOR IMMEDIATE RELEASE**

2 April 2025

**Greencore Group plc and Bakkavor Group plc**

**Agreement in principle on the key financial terms of a Possible Cash and Share Offer for Bakkavor to create a leading UK convenience food business**

The Boards of Greencore Group plc ("Greencore") and Bakkavor Group plc ("Bakkavor") announce that they have reached an agreement in principle on the key financial terms of a possible cash and share offer by Greencore for the entire issued and to be issued share capital of Bakkavor, to create a leading UK convenience food business with a combined revenue of c. £4 billion (the "Possible Offer").

Proceeding with the Possible Offer is conditional on, inter alia, reaching agreement on the other terms and the conditions of any offer, including as to regulatory clearances, and the completion of mutual confirmatory due diligence to the satisfaction of Greencore and Bakkavor. Greencore reserves the right to waive any pre-condition to the making of an offer.

The Board of Bakkavor has indicated to Greencore that the key financial terms represent a value that it would be minded unanimously to recommend to Bakkavor shareholders, should a firm intention to make an offer pursuant to Rule 2.7 of the Code be announced on such financial terms and subject to agreement on all other terms and conditions of such offer and definitive transaction documentation being agreed.

The Board of Greencore has indicated to Bakkavor that it would be minded to unanimously recommend the key financial terms to Greencore's shareholders subject to agreement on all other terms and conditions of the offer and definitive transaction documentation being agreed.

A further announcement will be made when appropriate.

**Key terms of the Possible Offer**

Under the terms of the Possible Offer, Bakkavor shareholders would be entitled to receive for each Bakkavor share:

**85 pence in cash; and**

**0.604 Greencore shares**

Bakkavor shareholders would also remain entitled to receive the Bakkavor FY24 final dividend of 4.8 pence (the "Final Dividend") declared on 4 March 2025 and payable on 28 May 2025 (subject to shareholder approval at Bakkavor's AGM on 22 May 2025).

Based on Greencore's undisturbed closing share price on 13 March 2025 (being the last trading day before the commencement of the offer period) (the "Closing Price"), this implies a value of 200 pence per Bakkavor share (exclusive of the Final Dividend), valuing Bakkavor's issued and to be issued share capital at approximately £1.2 billion on a fully diluted basis and representing a premium of approximately:

- 32.5 per cent. to Bakkavor's undisturbed closing share price of 151 pence per share on 13 March 2025 (being the day prior to the commencement of the offer period);
- 39.8 per cent. to Bakkavor's volume-weighted average closing share price of 143 pence per share for the three months to 13 March 2025; and
- 36.6 per cent. to Bakkavor's volume-weighted average closing share price of 146 pence per share for the six months to 13 March 2025.

Greencore shareholders would own approximately 56% and Bakkavor shareholders would own approximately 44% of the combined group.

In addition, Bakkavor shareholders will receive a contingent value right such that should there be a disposal of Bakkavor's US business (a "US Disposal"), Bakkavor shareholders would be entitled to potential additional value if signing of a US Disposal occurs no later than 30 June 2026 or a US disposal completes within 12 months of completion of the Possible Offer. Such additional value would be equal to the amount by which the aggregate value realised in respect of a US Disposal (net of certain costs) exceeds 9x the EBITDA of the relevant US business (the "CVR Mechanism").

Bakkavor shareholders should note that there can be no certainty of a US Disposal occurring or that any payment will be made under the CVR Mechanism.

The terms and conditions of any CVR Mechanism will be set out in any announcement made under Rule 2.7 of the Code, if and when made.

It is also proposed that upon completion, Agust Gudmundsson and Lydur Gudmundsson, currently non-executive directors of Bakkavor, would join the board of the combined group as non-executive directors.

### **Compelling strategic and financial rationale**

The Boards of Greencore and Bakkavor see compelling strategic, commercial and financial rationale for the Possible Offer and believe it provides a highly compelling value creation opportunity for stakeholders in both Bakkavor and Greencore:

- the combined group would create a leading UK convenience food business with a combined revenue of c. £4 billion, with a diverse product offering, strong commercial relationships, managed by a broader set of customer dedicated teams, and highly competitive capabilities in attractive segments across the UK convenience food landscape, creating significant benefits for customers and consumers as well as a stronger contribution to the overall UK economy;
- the combined group would have enhanced capabilities across innovation, supply chain and operations further benefiting both customers and consumers through enhanced value across a complementary set of categories;
- the combined group would have the potential to benefit from economies of scale in relation to investment in existing infrastructure and systems, sustainability programmes, and the key automation agenda;
- the combined group would have the potential to attract, retain and develop talent at all levels to drive further commercial opportunities, growth, innovation and value, while providing clear benefits to employees with enhanced depth of expertise, increased development opportunities, and a dynamic and innovative workplace;
- there is potential for substantial synergies resulting from a combination of the two businesses, further enhancing growth, investment in innovation and the customer and consumer proposition,

and value creation for Bakkavor and Greencore shareholders (refer to “Expected Synergies” below);

- enhanced cashflow and capability profile of the combined group, supporting continued investment in future growth and innovation, providing the potential for significant value creation for customers and consumers and returns to shareholders; and,
- shareholders of both Bakkavor and Greencore would benefit from the significantly enlarged market capitalisation and ongoing liquidity as a result of the transaction.

### **Expected Synergies**

In reaching agreement in principle on the key terms, both Boards have taken into account the substantial synergies which they believe would arise from combining the two companies, enhancing growth and investment in the combined group’s customer proposition and the consequent significant added value which should accrue to shareholders in the Possible Offer.

These synergies are expected to be generated from the longer-term value of business opportunities which can be fully accessed through the combination of the companies’ complementary businesses, supported by the integration and improved utilisation of their manufacturing, distribution, purchasing and administrative functions.

Greencore and Bakkavor are currently undertaking an exercise to validate the quantity of synergies which they believe will arise from the Possible Offer and intend to publish their estimated quantity of any synergies together with the reports required under the Code in due course.

### **Conditions**

The transaction is intended to be implemented by means of a scheme of arrangement in relation to the entire issued and to be issued share capital of Bakkavor.

The conditions of any transaction will be customary for a combination of this nature, and will include approval by Bakkavor shareholders of the scheme of arrangement, approval by Greencore shareholders of the transaction as a reverse takeover under the UK Listing Rules and the issuance of new Greencore shares as consideration under the transaction, approval by the UK Financial Conduct Authority of the Prospectus to be published by Greencore in connection with the listing of new Greencore shares, approval by the UK Competition and Markets Authority and any other required regulatory approvals.

Further announcements will be made in due course but there can be no certainty that a firm offer will be made even if the pre-conditions referred to are satisfied or waived.

This announcement has been made with the consent of each of Greencore and Bakkavor.

The person responsible for arranging the release of this announcement on behalf of Greencore is Damien Moynagh, Group General Counsel and Company Secretary. The person responsible for arranging the release of this announcement on behalf of Bakkavor is Annabel Tagoe-Bannerman, Group General Counsel and Company Secretary.

### **Important Code notes**

In accordance with Rule 2.6(a) of the Code, Greencore is required, by no later than 5.00 p.m. on 11<sup>th</sup> April 2025, to either announce a firm intention to make an offer for Bakkavor in accordance with Rule 2.7 of the Code or announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline can be extended with the consent of the Panel in accordance with Rule 2.6(c) of the Code.

In accordance with Rule 2.5(a) of the Code, Greencore reserves the right to make an offer for Bakkavor on less favourable terms than those set out in this announcement: (i) with the agreement or recommendation of the Board of Bakkavor; (ii) if a third party announces a possible offer or a firm intention to make an offer for Bakkavor which, at that date, is of a value less than the value implied by the Possible Offer; or (iii) following the announcement by Bakkavor of a Rule 9 waiver transaction pursuant to Appendix 1 of the Code or a reverse takeover (as defined in the Code). Greencore reserves the right to introduce other forms of consideration and/or vary the mix or composition of consideration of any offer. Greencore reserves the right to adjust the terms of the Possible Offer to take account of the value of any dividend or other distribution which is announced, declared, made or paid by Bakkavor after the date of this announcement, other than the Final Dividend.

**Enquiries:**

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### **Inside Information**

The information contained within this announcement is deemed by Greencore and Bakkavor to constitute inside information as stipulated under the Market Abuse Regulation (EU) no. 596/2014 (as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018). On the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

### **Important notice related to financial advisers**

N.M. Rothschild & Sons Limited ("Rothschild & Co"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Greencore and for no one else in connection with the subject matter of this announcement and will not be responsible to anyone other than Greencore for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this announcement.

Goodbody Stockbrokers UC is authorised and regulated by the Central Bank of Ireland and in the United Kingdom, Goodbody Stockbrokers UC is authorised and regulated by the Financial Conduct Authority. Goodbody Stockbrokers UC is acting exclusively for Greencore and no one else in connection with this announcement and shall not be responsible to anyone other than Greencore for providing the protections afforded to clients of Goodbody Stockbrokers UC, nor for providing advice in connection with this announcement or any matter referred to herein. Neither Goodbody Stockbrokers UC nor any of its subsidiaries, affiliates or branches owes or accepts any duty, liability or responsibility whatsoever (whether direct, indirect, consequential, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Goodbody Stockbrokers UC in connection with this announcement, any statement contained herein or otherwise.

Shore Capital and Corporate Limited and Shore Capital Stockbrokers Limited (either individually or collectively "Shore Capital"), which are authorised and regulated by the Financial Conduct Authority in the United Kingdom, are acting exclusively for Greencore and no one else in connection with the matters set out to in this announcement and will not regard any other person as their client in relation to such matters and will not be responsible to anyone other than Greencore for providing the protections afforded to clients of Shore Capital nor for providing advice in relation to the contents of, or any matter referred to in, this announcement or any transaction or arrangement referred to herein. Neither Shore Capital and Corporate Limited nor Shore Capital Stockbrokers Limited, nor any of their subsidiaries or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Shore Capital in connection with this announcement, any statement contained herein, any transaction or arrangement referred to herein, or otherwise.

Citigroup Global Markets Limited ("Citi"), which is authorised by the Prudential Regulatory Authority and regulated in the UK by the Financial Conduct Authority and the Prudential Regulatory Authority, is acting exclusively as financial adviser to Bakkavor and for no one else in connection to the matters described in this announcement, and will not be responsible to anyone other than Bakkavor for providing the protections afforded to its clients or for providing advice in relation to the matters referred to in this announcement. Neither Citi, nor any of its affiliates, directors or employees owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Citi in connection with this announcement, any statement contained herein, the matters described in this announcement or otherwise.

Peel Hunt LLP ("Peel Hunt"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Bakkavor and for no one else in connection with the matters referred to in this Announcement and will not be responsible to any person other than Bakkavor for providing the protections afforded to clients of Peel Hunt, nor for providing advice in relation to the matters referred to herein. Neither Peel Hunt nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any

person who is not a client of Peel Hunt in connection with the matters referred to in this Announcement, or otherwise.

### **Publication on a website**

In accordance with Rule 26.1 of the Code, a copy of this announcement and any documents required to be published under Rule 26 of the Code will be available at [www.Greencore.com](http://www.Greencore.com) and [www.Bakkavor.com](http://www.Bakkavor.com) by no later than 12 noon (London time) on the business day following the date of this announcement. The content of the websites referred to in this announcement is not incorporated into and does not form part of this announcement.

### **Additional Information**

This announcement is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to this announcement or otherwise. Any offer, if made, will be made solely by certain offer documentation which will contain the full terms and conditions of any offer, including details of how it may be accepted. The distribution of this announcement in jurisdictions other than the United Kingdom and the availability of any offer to shareholders of Bakkavor who are not resident in the United Kingdom may be affected by the laws of relevant jurisdictions. Therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom or shareholders of Bakkavor who are not resident in the United Kingdom will need to inform themselves about, and observe any applicable requirements.