

## JOINT PRESS RELEASE

*This is a joint press release by Hydratec Industries N.V. ("**Hydratec Industries**", or the "**Company**") and Hydra Invest B.V. (the "**Offeror**"), a company controlled and fully owned by Ten Cate Investeringsmaatschappij B.V. ("**Ten Cate Investeringsmaatschappij**", or "**TCIM**"), pursuant to the provisions of Section 17, paragraph 1 of the European Market Abuse Regulation (596/2014), as well as Section 4, paragraphs 1 and 3, Section 5, paragraph 1 and Section 7, paragraph 4 of the Dutch Decree on Public Takeover Bids (Besluit openbare biedingen Wft, the "**Decree**") in connection with the intended recommended public offer by the Offeror for all the issued and outstanding shares in the capital of the Company (the "**Offer**"). This press release does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in the Company. Any offer will be made only by means of an offer memorandum (the "**Offer Memorandum**") approved by the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten, the "**AFM**"). This press release is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, in any jurisdiction in which such release, publication or distribution would be unlawful.*

### **HYDRATEC INDUSTRIES AND TEN CATE INVESTERINGSMAATSCHAPPIJ AGREE ON RECOMMENDED PUBLIC CASH OR SHARE OFFER (KEUZEBOOD) AT 142.50 EURO PER SHARE**

- **Intended voluntary public offer for all issued and outstanding shares of Hydratec Industries at a price of EUR 142.50 per share (cum dividend) to be settled in either cash, or non-listed shares in the Offeror, as further described below.**
- **The cash consideration represents a premium of 52.4% to the last traded price of EUR 93.50 as per 18 January 2024, 57.6% premium to the 3-month and 60.8% premium to the 6-month volume weighted average closing Share price prior to this announcement, delivering immediate, certain and attractive value to the shareholders of the Company.**
- **The Offeror currently controls approximately 69% of the issued Hydratec Industries shares.**
- **Hydratec Industries' Boards fully and unanimously support the Offer and envisaged delisting, and consider the Offer to be in the best interest of Hydratec Industries and all of its stakeholders.**
- **TCIM, the investment vehicle of the Ten Cate family, fully supports Hydratec Industries' existing strategy, has no intention to change its management, and is committed to the long-term interests of Hydratec Industries and its stakeholders.**
- **The Offer will be financed from TCIM's available cash resources, providing high deal certainty.**
- **Shareholders that opt for the share settlement may at any time after the settlement of the Offer, offer their non-listed shares in the Offeror to TCIM for a cash consideration determined on the basis of a fixed formula that includes an EV/EBITDA multiple equal to the multiple implied by the cash consideration in the Offer.**

**Amersfoort, the Netherlands, 18 January 2024 – Hydratec Industries, the sustainable producer of systems for a growing and ageing world population and producer of hightech components, and the Offeror, a wholly owned subsidiary of TCIM, the investment vehicle of the Ten Cate family, are pleased to announce that they have reached conditional agreement on an intended recommended public offer for all issued and outstanding shares in the capital of the Company (the "Shares" and the holders of Shares "Shareholders") against: (a) EUR 142.50 (cum dividend) in cash per share (the "Cash Consideration"), or, at the election of each Shareholder, (b) one (1) non-listed ordinary share in de capital of the Offeror (an "Offeror Share") (the "Share Consideration"). The Cash Consideration represents a premium of 52.4% to Hydratec Industries' closing price per Share on 18 January 2024 of EUR 93.50. This delivers immediate, certain and attractive value to the Shareholders. The Offer values 100% of the Shares at approximately EUR 185 million.**

### **Rationale and Strategy**

The Offeror, primarily through TCIM, currently controls approximately 69% of the Shares of Hydratec Industries. TCIM has been the controlling Shareholder of Hydratec Industries since its foundation. The Offeror and Hydratec Industries believe that the current public listing offers limited added value to Hydratec Industries and its stakeholders, and does not outweigh the costs and other disadvantages associated with its listing. The Offeror and Hydratec Industries believe that a non-listed environment with the backing of committed, long term Shareholders, will enhance the sustainable success of the Company's business, and create the ability to implement and focus on achieving the long-term strategic goals of the Company, as opposed to short-term performance driven by periodic reporting and market expectations.

The Offeror fully supports Hydratec Industries' existing strategy and vision. It has no intention to change its management and is committed to the long-term interests and future growth of Hydratec Industries and its business, taking into account the interests of its stakeholders, including its employees, customers and suppliers. Hydratec Industries (or its successor) will continue as a separate legal entity and retain its corporate identity, brand names and culture.

### **Transaction and Process**

Upon the primary expression of interest by TCIM, on behalf of the Offeror, in Hydratec Industries, the management board of Hydratec Industries (the "**Management Board**"), subject to the supervision by the supervisory board of Hydratec Industries, entered into constructive discussions with TCIM on behalf of the Offeror, while assuring a diligent and careful process and taking into account the interests of the Company and its stakeholders.

Mr. E. ten Cate has recused himself from any deliberations and decision-making within the supervisory board of Hydratec Industries in relation to the proposed transaction. Consequently, any reference in this press release to the decision making of the supervisory board of Hydratec Industries in relation to the proposed transaction refers to the supervisory board of Hydratec Industries excluding Mr. E. ten Cate (the "**Supervisory Board**" and together with the Management Board, the "**Boards**").

The Boards have met on a frequent basis throughout the process to discuss the progress, the discussions with TCIM on behalf of the Offeror, and the key decisions in connection with the Offer.

After multiple rounds of discussions, TCIM, on behalf of the Offeror, put forward a conditional non-binding proposal. Consistent with their fiduciary duties, the Boards, with the assistance of their external financial and legal advisors, carefully reviewed and evaluated all aspects of the proposal, including, amongst others, the (strategic) advantages, deal certainty, the financial, non-financial, operational and social aspects, and other terms of the proposal. Subsequent to these reviews, discussions, and evaluations, the Company, with the approval of the Supervisory Board, and the Offeror and TCIM entered into a merger protocol on the date hereof (the "**Merger Protocol**") under the terms and conditions as set out in this press release.

### **Support and unanimous recommendation from the Boards**

After due consideration and evaluation, the Boards believe that the Offeror has made a compelling Offer representing an attractive cash premium to the Shareholders or an attractive opportunity to reinvest in the Offeror after the envisaged delisting of Hydratec Industries, as well as favourable non-financial terms and deal certainty. The Boards consider the Offer to be in the best interest of the Company and all of the Company's stakeholders.

Operating in a non-listed setting supports Hydratec Industries in the next phase of its development, promoting the long-term sustainable success of the Company and enables the management team to accelerate the execution of its business strategy. The headquarters of Hydratec Industries will remain in Amersfoort, the Netherlands, and the Company's corporate identity, core values and culture will be maintained.

The Offeror and Hydratec Industries have agreed that upon completion of the Offer, holders of non-listed Offeror Shares may at any time offer their Offeror Shares to TCIM for a cash consideration determined on the basis of the EV (Enterprise Value) /EBITDA multiple that is implied by the Cash Consideration under the Offer, and on terms that will be specified in more detail in the Offer Memorandum.

Taking all these considerations into account, the Boards unanimously support the Offer and recommend that the Shareholders tender their Shares under the Offer, if and when made, and vote in favour of the resolutions relating to the Offer (the "**Resolutions**") at an extraordinary general meeting of shareholders (an "**EGM**"), each in accordance with the terms set out in the Merger Protocol (the "**Board Recommendation**"). The Board Recommendation will also be included in the position statement of Hydratec Industries which will be published simultaneously with the publication of the Offer Memorandum.

The members of the Management Board, Mr. B.F. Aangenendt and Mrs. E.H. Slijkhuis (holding 72,441 Shares and 1,001 Shares respectively, which together represent approximately 5.7% of the Shares), have agreed to tender their Shares for the Share Consideration.

## **Fairness Opinions**

On 18 January 2024, the Boards received a fairness opinion from ABN AMRO Bank N.V., financial advisor to the Company, and the Supervisory Board received a fairness opinion from AXECO Corporate Finance B.V., financial advisor to the Supervisory Board, consistent with Dutch market practice, that state that, as of such date and based upon and subject to the assumptions, qualifications and limitations set forth therein:

- a) the Cash Consideration to be paid to the Shareholders in the Offer; and
- b) the purchase price to be paid and distributed for the share(s) in the capital of Company Sub under the Merger Share Sale (both as defined below),

are, in their opinion, fair to the Shareholders from a financial point of view (the "**Fairness Opinions**").

The full text of the Fairness Opinions, which set forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinions, will be included in the Company's position statement which will be published simultaneously with the publication of the Offer Memorandum. The Fairness Opinions have been given solely to the Boards and Supervisory Board, respectively, and not to the Shareholders. The opinions do not make any recommendation to the Shareholders as to whether they should tender their Shares under the Offer (if and when made) or how they should vote or act with respect to the proposed Resolutions at the EGM or any other matter.

## **Non-Financial Covenants**

The Company and the Offeror have agreed to certain covenants (the "**Non-Financial Covenants**"), for a duration of three years after Settlement, including:

- *Strategy*  
The Offeror has subscribed to the Company's business strategy as set out in the 2022 annual report (the "**Business Strategy**").
- *Financing, leverage and dividend policy*  
The Offeror shall procure that the Company's group (the "**Group**") will remain prudently capitalised and financed in order to safeguard business continuity and to support the implementation and acceleration of the Business Strategy, including but not limited to sufficient working capital financing and headroom for the Company's capex requirements. The Offeror agrees that the Company shall not amend the current dividend policy.
- *M&A and investments*  
The Offeror will work with, and supports, the Group's strategic and financial strategy to grow the business both organically and through mergers and acquisitions.
- *Structure and corporate governance*  
The Offeror shall procure that the headquarters of the Group shall remain located in Amersfoort, the Netherlands. The Group will maintain its corporate identity, core values and culture. Furthermore, the Offeror shall keep the Group and its business materially intact and

shall not divest or transfer to any third party the Group as a whole (including through a transfer of Shares or Offeror Shares) nor any of the Group's material subsidiaries, material business units or material assets, other than pursuant to the Post-Closing Merger.

- *Employees*

The existing rights and benefits of the Group's employees will be respected, including existing rights and benefits under individual employment agreements, incentive plans, social plans, collective bargaining agreements and pension arrangements. The Offeror agrees that the Company continues to provide attractive career opportunities and training. Additionally, the Company will continue to focus on health and well-being of the Group's employees, as well as diversity and inclusion.

There will be no changes to, or reductions in, the total workforce as a direct consequence of the transaction. The Offeror will retain key managers and (other) employees of the Group as much as reasonably possible to the extent this fits within the Group's strategy and budget. The Offeror will also respect the Group's current employee consultation structure.

- *Protection of minority Shareholders*

As long as the Company has minority Shareholders, or until the Offeror has initiated statutory buy-out proceedings, or until the Post-Closing Merger (if applicable) is completed, the Offeror will procure that no member of the Group will (i) issue additional shares for a cash consideration to persons outside the Group without offering pre-emption rights to minority Shareholders, (ii) enter into related party transactions with the Offeror, its affiliates or any of their respective related persons which are not at arm's length, (iii) take other actions which disproportionality prejudices the value or rights relating to the minority shareholding, or (iv) effect any debt push down to the Group or charge the Group any management fees or other costs.

## **Financing**

The Offeror has confirmed that it can finance the Cash Consideration from its available cash on a "certain funds" basis, providing high deal certainty. In addition, the Offeror has taken all reasonable and required steps to be able to provide the Share Consideration upon settlement of the Offer (the "**Settlement**"). This facilitates a swift and efficient transaction process to completion.

Based on the required steps and subject to the necessary approvals, the Company and the Offeror anticipate Settlement ultimately at the beginning of Q3 2024.

## **Settlement in cash in spite of an election for Share Consideration**

If, excluding the Offeror Shares held by Mr. B.F. Aangenendt and Mrs. E.H. Slijkhuis, the total amount of tendered Shares electing the Share Consideration does not exceed 5% of the Company's issued and outstanding share capital (the "**Outstanding Capital**"), any Shareholder's election of a Share Consideration will be deemed to be an election for the Cash Consideration, and be settled in cash accordingly.

## Acquisition of 100%

The Company and the Offeror believe that the sustainable and long-term success of the Company will be enhanced under private ownership, and acknowledge that the terms of the Offer are predicated on the acquisition of 100% of the Shares or the Company's assets and operations and achieving a delisting in order to execute on the Company's long-term strategy.

The Company and the Offeror intend to terminate the listing of the Shares on Euronext Amsterdam as soon as practicable after Settlement.

After Settlement or settlement of the Shares tendered during the post-acceptance period (if applicable), in order for the Offeror and the Company intend to execute a post-closing restructuring measure for the Offeror to obtain 100% of the operations of the Company.

If, after Settlement or settlement of the Shares tendered during the post-acceptance period (if applicable), the Offeror holds at least:

- a) 95% of the Outstanding Capital, the Offeror shall commence (a) the takeover buy-out procedure in accordance with section 2:359c of the DCC or (b) the compulsory acquisition procedure (*uitkoopprocedure*) in accordance with section 2:92a or 2:201a of the DCC to obtain 100% of the Shares; or
- b) 90%, but less than 95% of the Outstanding Capital, the Offeror may elect to have a triangular merger implemented, involving the Company and two newly to be incorporated subsidiaries of the Company ("**Company Holdco**" and "**Company Sub**"), in which (a) the Company (as disappearing company) merges with and into Company Sub (as acquiring company), with Company Holdco allotting shares to the Company's shareholders, and (b) Company Holdco subsequently sells its shares in Company Sub to the Offeror (the "**Merger Share Sale**"), following which (c) Company Holdco is liquidated to deliver such consideration to its shareholders ((a), (b) and (c) together, the "**Post-Closing Merger**"). The advance liquidation distribution to the shareholders of Company Holdco will be an amount that is to the fullest extent possible equal to the Cash Consideration, without any interest and less any applicable withholding taxes. The Post-Closing Merger is subject to the adoption of certain shareholders' resolutions at the EGM (the "**Post-Closing Merger Resolutions**"). Subject to the terms and conditions of the Merger Protocol and the Offer being declared unconditional, the Company has agreed to procure that the Boards recommend the Shareholders vote in favour of the Post-Closing Merger Resolutions.

## Pre-offer and offer Conditions

The Offeror shall make the Offer subject to the satisfaction or waiver of pre-offer conditions customary for a transaction of this kind, including:

- No material breach of the Merger Protocol having occurred that has not been timely remedied;
- The Merger Protocol not having been terminated in accordance with its terms;
- No material adverse effect having occurred or become known;

- The Offeror having received confirmation from the AFM that it has approved the final draft of the Offer Memorandum as an offer memorandum under section 5:76 of the Wft (*Wet op het financieel toezicht*) and as a prospectus equivalent document for the purpose of offering shares to the public under section 1 (4) point (f) of Regulation (EU) 2017/1129;
- The Boards not having revoked or altered the Board Recommendation;
- No investigation, action or proceeding shall have been commenced or threatened and no law shall have been adopted, revised or interpreted that has or may have the effect of preventing, delaying or prohibiting or otherwise interfering with the Offer or with the Offeror acquiring the Shares;
- No order, stay, judgment or decree having been issued and being in effect, or statute, rule, regulation or executive order having been enacted or enforced, prohibiting or substantially delaying the consummation of the transaction in any material respect;
- Trading in the Shares on Euronext Amsterdam not having been permanently suspended or ended; and
- No notification having been received from the AFM stating that the Offer has been prepared or announced in conflict with any of the provisions of chapter 5.5 Wft (*Wet op het financieel toezicht*) or the Decree, within the meaning of section 5:80 paragraph 2 Wft, that investment firms (*beleggingsondernemingen*, as defined in the Wft) would not be permitted to cooperate with the Offer.

If and when made, the obligation of the Offeror to declare the Offer unconditional, will be subject to the satisfaction or waiver of the following offer conditions customary for a transaction of this kind, including:

- A minimum acceptance level of at least 95% of the Outstanding Capital, or 90% of the Outstanding Capital if the EGM has approved the Post-Closing Merger Resolutions and such resolutions are in full force and effect (“**Acceptance Threshold Condition**”);
- No material breach of the Merger Protocol having occurred that has not been timely remedied;
- The Merger Protocol not having been terminated in accordance with its terms;
- No material adverse effect, having occurred or become known;
- The Boards not having revoked or altered the Board Recommendation;
- No-one having obtained the right to subscribe for Shares;
- No investigation, action or proceeding shall have been commenced or threatened and no law shall have been adopted, revised or interpreted that has or may have the effect of preventing, delaying or prohibiting or otherwise interfering with the Offer or with the Offeror acquiring the Shares;
- No order, stay, judgment or decree having been issued and being in effect, or statute, rule, regulation or executive order having been enacted or enforced, prohibiting or substantially delaying the consummation of the transaction in any material respect;
- Trading in the Shares on Euronext Amsterdam not having been permanently suspended or ended; and
- No notification having been received from the AFM stating that the Offer has been prepared or announced in conflict with any of the provisions of chapter 5.5 Wft (*Wet op*

*het financieel toezicht*) or the Decree, within the meaning of section 5:80 paragraph 2 Wft, that investment firms (*beleggingsondernemingen, as defined in the Wft*) would not be permitted to cooperate with the Offer.

The Offeror may unilaterally waive the Acceptance Threshold Condition and consequently settle the Offer assuming all other conditions are satisfied or waived, if the acceptance level is at least 85% of the Outstanding Capital.

### **Exclusivity and Competing Offer**

As part of the Merger Protocol, the Company has entered into customary undertakings not to solicit any third party offers.

If a bona fide third party makes an unsolicited offer which exceeds the Cash Consideration with at least 10% and which, in the good faith opinion of the Boards, after having considered advice of the Company's outside advisers and taking into account the interests of its stakeholders, is a more beneficial offer for the Company than the Offer, taking into account the identity and track record of the Offeror and its affiliates and that of such third party, certainty of execution (including certainty of financing and compliance with antitrust laws), conditionality, the level and nature of the consideration, the future plans of such third party with respect to the Company and the Company's strategy (a "**Competing Offer**"), the Offeror has the right to match such Competing Offer. If the Offeror does so, and on balance the terms and conditions of such revised offer are, in the good faith opinion of the Boards after having considered advice of the Company's outside advisers, at least equal to those of the Competing Offer, the Merger Agreement will remain in force. However, if a Competing Offer is not matched by the Offeror, the Company as well as the Offeror may terminate the Merger Protocol.

The same conditions apply to any consecutive Competing Offer.

### **Next steps**

The Offeror intends to launch the Offer as soon as practically possible and in accordance with the applicable laws and timetable.

The Company shall convene an EGM in order to provide the Shareholders with the necessary information and to discuss and explain the Offer and the proposed transaction in accordance with the Decree. At the EGM, the Shareholders shall also be requested to vote on the Resolutions.

### **Advisors**

#### Hydratec Industries:

- De Brauw Blackstone Westbroek N.V. - *legal advisor to the Company*
- Squire Patton Boggs (UK) LLP - *legal advisor to the Supervisory Board*
- ABN AMRO Bank N.V. - *financial advisor to the Company*
- AXECO Corporate Finance B.V. - *financial advisor to the Supervisory Board*



## Offeror and TCIM:

- Stibbe N.V. – *legal advisor to the Offeror and TCIM*

## **Information and Contact**

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## **General Restrictions**

*The information in this press release is not intended to be complete. This press release is for information purposes only and does not constitute an offer or an invitation to acquire or dispose of any securities or investment advice or an inducement to enter into investment activity. This press release does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire the securities of the Company in any jurisdiction.*

*Any public offer will be made only on the basis of the formal Offer Memorandum, which will contain the full terms and conditions of the offer, including details of how the offer may be accepted. Shareholders are advised to read the formal Offer Memorandum and related materials carefully once they become available, as they will contain important information.*

*The distribution of this press release may, in certain jurisdictions, be restricted by law or regulations. Accordingly, persons into whose possession this document comes are required to inform themselves about, and to observe, any such restrictions. To the fullest extent permitted by applicable law, the Offeror and the Company disclaim any responsibility or liability for the violation of any such restrictions by any person. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. Neither the Company, nor the Offeror, nor any of their advisors assume any responsibility for any violation by any person of any of these restrictions. The Company shareholders in any doubt as to their position should consult an appropriate professional advisor without delay.*

*This press release may not be published, distributed, or transmitted, in whole or in part, directly or indirectly, in or into any jurisdiction where it is unlawful to do so.*

## **Forward-looking statements**

*Certain statements in this press release may be considered forward-looking statements or indicate trends, such as anticipations and expectations. Although the Company and the Offeror believe that the assumptions upon which the financial information and forward-looking statements are based are reasonable, by their nature, forward-looking statements involve risks and uncertainties and depend on circumstances that may or may not occur in the future. Therefore the Company and the Offeror cannot guarantee the accuracy and completeness of these statements and can give no assurance that their assumptions will prove to be correct. Neither the Company, nor the Offeror, nor any of their advisors accept any responsibility for any financial information contained in this press release relating to the business or operations or results or financial condition of the other or their respective groups and expressly disclaim any obligation or undertaking to publicly update or revise any forward-looking statements.*