SINGAPORE POST LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 199201623M

ANNOUNCEMENT

ACQUISITION OF SHARES IN FREIGHT MANAGEMENT HOLDINGS PTY LTD

RECEIPT OF CONFIRMATION FROM THE SGX-ST

Where capitalised terms are used in this announcement and not otherwise defined, such capitalised terms shall bear the same meanings as ascribed to them in the Circular (as defined below) and in the announcements made by Singapore Post Limited on 19 October 2020, 7 December 2020, 31 December 2020, 5 March 2021, 8 October 2021, 11 November 2021, 26 November 2021, 30 November 2021, 14 March 2022, 2 December 2022 and 11 January 2023 relating to the Acquisition of Shares in Freight Management Holdings Pty Ltd.

1. Introduction

Singapore Post Limited ("**SingPost**" or the "**Company**" and together with its subsidiaries, the "**SingPost Group**") refers to:

(i) the circular (the "**Circular**") despatched electronically to the shareholders of the Company on 11 November 2021, in relation to the SingPost Group's acquisition of shares in Freight Management Holdings Pty Ltd ("**FMH**", and the shares in FMH, the "**FMH Shares**"); and

(ii) the announcement dated 11 January 2023 made by SingPost (the "**11 January 2023 Announcement**") in relation to, among others, the proposed acquisition of a further 6,529 FMH Shares, representing approximately 37.0% of the issued share capital of FMH (the "**Proposed 2023 FMH Acquisition**") and the proposed amendments to the terms of the Offers to Buy and grant of call options in respect of FMH Shares (the transactions contemplated in the 11 January 2023 Announcement, the "**Proposed Transactions**").

2. Receipt of Confirmation from the SGX-ST

SingPost wishes to announce that it has consulted the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on whether the Proposed Transactions would be subject to fresh shareholders' approval, and the SGX-ST has advised that it has no objections to SingPost's views that the Proposed Transactions would not be subject to fresh shareholders' approval, subject to the following conditions:

(i) SingPost announcing the opinion of its board of directors (the "**Board**") that there will be no material change in the risk profile of SingPost arising from the Proposed Transactions, as well as the bases for forming such opinion; and

(ii) SingPost announcing the opinion of the Board that the Proposed Transactions are in the best interests of SingPost, as well as the bases for forming such opinion.

3. Board Opinion

3.1 In connection with the condition in paragraph 2(i), the Board is of the opinion that, on balance, there will be no material change in the risk profile of SingPost arising from the Proposed Transactions, taking into account the following factors:

(i) **No reduction in SingPost Group's Net Profit or Net Asset Value by 20% or more**

Based on the audited consolidated financial statements for the SingPost Group for the financial year ended 31 March 2022 ("**SingPost FY2022 Financial Results**") and assuming that the Proposed 2023 FMH Acquisition had been completed on 31 March 2022, the SingPost Group's Net Profit and net asset value remain unchanged, as FMH is a subsidiary of the SingPost Group and the SingPost Group has consolidated the financials of FMH. Accordingly, it is not expected that the Proposed Transactions will result in a reduction in the SingPost Group's Net Profit or net asset value by 20% or more.

While the pro forma Net Profit for the SingPost Group would not have changed, the Net Profit attributable to shareholders of the SingPost Group would have improved as the Non-Controlling Interest for FMH would have decreased.

(ii) **Increase in SingPost Group's interest in FMH, which is profitable**

The Proposed Transactions will allow the SingPost Group to increase its existing 51% interest in FMH up to a 100% interest. Based on the audited consolidated financial statements of FMH for its financial year ended 30 June 2022 ("**FMH FY2022 Financial Results**"), FMH is profitable, as the profit before tax ("**NPBT**") of FMH and its subsidiaries for FY2022 was approximately A$45.4 million (equivalent to approximately S$41.8 million). FMH has also been consistently and increasingly profitable over the last five years, with NPBT of A$8.0 million (equivalent to approximately S$7.9 million), A$12.6 million (equivalent to approximately S$12.5 million), A$20.3 million (equivalent to approximately S$20.1 million), A$26.1 million (equivalent to approximately S$25.8 million) for its financial years ended 30 June 2018, 2019, 2020 and 2021 respectively.

(iii) **No significant adverse impact on the gearing of the SingPost Group**

The SingPost Group intends to fund the consideration for the Proposed 2023 FMH Acquisition and any acquisition of FMH Shares pursuant to the exercise of any put options or call options from its internal cash resources as well as from existing external borrowings. While drawing from existing available external facilities will increase the gearing of the SingPost Group, it is not expected that the Proposed Transactions will have a significant adverse impact on the gearing of the SingPost Group.

(iv) **Not an expansion into a new jurisdiction that will expose the SingPost Group to significant new risks**

FMH is a leading 4th party logistics ("**4PL**") service company which provides integrated supply chain and distribution solutions to customers in Australia. Australia is not a new jurisdiction for the SingPost Group as it has a significant presence in the Australian logistics business since 2014, through its Australian businesses, which includes

CouriersPlease and Quantium Solutions ANZ. Outside of Singapore, Australia is the SingPost Group's largest revenue contributor. As of H1 FY2022/2023, Australia accounted for 42% and 56% of SingPost Group's revenue and operating profit respectively. Accordingly, the Proposed Transactions will not result in an expansion into a new jurisdiction that will expose the SingPost Group to any significant new risks.

3.2 In connection with the condition in paragraph 2(ii), the Board is of the opinion that the Proposed Transactions are in the best interests of SingPost, for the following reasons:

(i) **Aligned with strategy to transform into a leading eCommerce logistics enterprise**

The Proposed Transactions provides for the acceleration of the SingPost Group's stake in FMH, and is aligned with its strategy to transform into a leading global eCommerce logistics solutions enterprise, focusing on opportunities in the fast-growing Asia-Pacific region and in Australia in particular. FMH has also experienced organic growth and inorganic growth in both 4PL and 3PL businesses. The SingPost Group will aim to leverage FMH's growth momentum to expand in the global logistics space to build a digitally enabled, integrated B2B and B2C logistics business, and leverage the synergies between its Australian businesses.

(ii) **FMH has demonstrated strong financial performance and good growth momentum**

FMH has consistently delivered strong performance since the SingPost Group's investment in 2020. FMH's revenue and operating profit 3-year compound annual growth rate has been approximately 28% and 50% respectively, and FMH continues to have good growth momentum with organic and inorganic growth as FMH expands its network. The Proposed Transactions allow the SingPost Group to increase its stake in FMH at an earlier stage, thereby mitigating the possibility of a higher purchase consideration payable for the acquisition of such interests at later stage at a higher EBITDA.[1] The Proposed Transactions would also allow the SingPost Group to manage its contingent liabilities in respect of the Offers to buy / put options granted to the Degenhardt Shareholders, FMH Non-Management Shareholders and the FMH Management Shareholders, as the SingPost Group will be able to, if it so wishes, exercise the corresponding call options granted to acquire additional FMH Shares.

4. Further Information

SingPost will make a relevant announcement in the event of any further developments in respect of the Proposed Transactions.

Issued by Singapore Post Limited on 30 March 2023.

[1] The valuation formula for the computation of the purchase consideration for any acquisition of FMH Shares is as follows:

[(9.6 x Normalised EBITDA for relevant FY) + Net Debt of relevant FY] x applicable shareholding percentage.