



OLAM INTERNATIONAL LIMITED

(Company registration number: 199504676H)

(Incorporated in the Republic of Singapore)

PROPOSED ACQUISITION OF OT HOLDINGS CORP.

1. INTRODUCTION

The board of directors (the "**Directors**") of Olam International Limited (the "**Company**" or "**Olam**", and together with its subsidiaries, the "**Group**") is pleased to announce the proposed acquisition (the "**Proposed Acquisition**") by Olam OT Holdings LLC (the "**Buyer**"), an indirect wholly-owned subsidiary of the Company and part of the Group's Olam Food Ingredients ("**OFI**") operating group, of all of the issued and outstanding capital stock (the "**OT Shares**") of OT Holdings Corp. ("**OT**"), pursuant to a stock purchase agreement ("**SPA**") entered into on 28 April 2021 among the Buyer, OT, OT Holdings LP (the "**Seller**"), Olam Holdings Inc. ("**OHI**") (an indirect wholly-owned subsidiary of the Company and the Buyer's 100% shareholder), and the Company.

Unless indicated otherwise, the indicative US\$-to-S\$ exchange rate to be used for the purposes of this announcement is US\$1: S\$1.3221. The exchange rate as stated herein is used for illustration purposes only and should not be construed as a representation that the relevant numbers have been or could be converted at the rate above or at any other rate. All monetary sums in excess of US\$1 million or S\$1 million reflected in this announcement are approximate and have been rounded to the nearest one decimal point.

2. INFORMATION ON OT AND OT'S BUSINESS

- 2.1 The business operated by OT and its subsidiaries (the "**OT Group**") was founded in 1944 in Delaware, the United States of America (the "**U.S.**") and has grown to be a leading manufacturer of private label-branded spices, seasonings, baking ingredients and spice-related housewares in the U.S., with a track record of consistent growth. OT has a diverse mix of blue-chip retail customers and operates bi-coastal manufacturing facilities located on the west and east coasts of the U.S. Kainos Capital, a US-based private equity fund focused on food and consumer products has held a majority stake in OT since 2018.
- 2.2 Based on the unaudited financial statements of the OT Group as at 31 December 2020 ("**FY2020**"), and such financial statements thereby referred to as the "**Unaudited OT FY2020 Financial Statements**", as provided by the Seller, the book value and net tangible asset value of the OT Shares was approximately US\$379.6 million (approximately S\$501.9 million) and US\$126.4 million (approximately S\$167.2 million), respectively. As OT is a privately held entity, the OT Shares do not have an open market value.

3. MATERIAL CONDITIONS OF THE PROPOSED ACQUISITION

The salient terms of the SPA include the following:

3.1 Consideration

The sums payable by the Buyer for the Proposed Acquisition under the SPA, to be settled in cash on the day of completion of the Proposed Acquisition (the "**Closing**", and such date, the "**Closing Date**"), consist of the following (the "**Total Consideration**"):

- (a) as payment to the Seller for the OT Shares (the "**Closing Consideration**"), the sum of (i) the enterprise value of OT of US\$950.0 million (approximately S\$1,256.0 million), (ii) estimated cash on Closing, and (iii) an estimated working capital adjustment (based on the difference between the estimated working capital and the net working capital peg of US\$94.0 million (approximately S\$124.3 million)), less (x) the estimated debt on Closing, and (y) the Estimated Transaction Expenses and Adjustment Escrow Amount (both as defined below), the foregoing estimates to be based on a written statement reflecting good-faith estimates provided by OT no later than two (2) business days prior to the Closing Date (the "**Estimated Statement**"), based on the accounting books and records of the OT Group;
- (b) payment on behalf of the Seller and the OT Group of transaction expenses as set out in the Estimated Statement (the "**Estimated Transaction Expenses**"); and
- (c) payment of an adjustment escrow amount of US\$5.0 million (approximately S\$6.6 million) (the "**Adjustment Escrow Amount**") in accordance with the terms of the SPA and an escrow agreement to be entered into between the Buyer, Seller and Citibank N.A. as the escrow agent on the Closing Date (the "**Escrow Agreement**").

The Total Consideration is expected to be funded by a combination of the Group's internal accruals and external borrowings.

The Total Consideration was arrived at after arm's length negotiations, on a willing-seller and willing-buyer basis, and taking into account, *inter alia*, the expertise and market position of OT.

3.1.1 Determination of Total Consideration

The amount of the Total Consideration to be paid on Closing can only be determined after the provision of the Estimated Statement by OT. Under the terms of the SPA, OT will provide a preliminary draft of the Estimated Statement, including supporting documentation and data and a detailed funds flow memorandum, at least four (4) days (and in any event three (3) business days) prior to the Closing Date, and will consider the Buyer's comments to its calculations in good faith.

For illustrative purposes only, as at the date of this announcement, based on the Unaudited OT FY2020 Financial Statements as provided by the Seller, it is estimated that the Total Consideration will amount to approximately US\$727.5 million (approximately S\$961.8 million)¹.

¹ This is based on an estimated Closing Consideration of US\$708.5 million (approximately S\$936.7 million), Estimated Transaction Expenses of US\$14.0 million (approximately S\$18.5 million), and the Adjustment Escrow Amount.

3.1.2 Debt Amendment

As at the date of the SPA, OT has entered into an amendment of an existing credit agreement (the "**Debt Amendment**") to, *inter alia*, ensure that the facilities thereunder continue to remain in effect even after the completion of the Proposed Acquisition.

In the event that there is, *inter alia*, a breach of the Debt Amendment or the existing credit agreement, such that, among others: (a) the consummation of the transactions under the SPA will result in a change of control under the existing credit agreement, (b) the debt under the existing credit agreement will not remain outstanding or the facilities under the existing credit agreement will not remain in effect as of and immediately following Closing, or (c) an event of default occurs prior to Closing under the existing credit agreement (each a "**Trigger Event**"), the Buyer shall also pay at Closing on behalf of the OT Group, in addition to the Total Consideration, the Debt Payoff Amount (as defined in the SPA) amounting to approximately US\$236.4 million (approximately S\$312.5 million). Upon the occurrence of a Trigger Event, or if the Company is required by applicable law to seek shareholders' approval at an extraordinary general meeting for the Proposed Acquisition, the Company is required under the SPA to convene an extraordinary general meeting to seek shareholders' approval for the Proposed Acquisition, and to take the relevant steps therefor as promptly as practicable.²

3.1.3 Adjustment to Closing Consideration

The Closing Consideration will be subject to adjustments (either upwards or downwards), based on the closing statement provided by the Buyer to the Seller within 90 days after the Closing Date, setting out prescribed calculations in relation to the Closing Consideration (the "**Adjusted Closing Consideration**"). The Seller has up to the later of (a) 45 days from receipt of the closing statement and (b) the third business day following receipt of all information requested by the Seller to review the closing statement, to raise any dispute regarding the calculations in the closing statement. If any dispute is raised by the Seller, the Buyer and the Seller shall within the next 30 days consult in good faith on the disputed items, and if no agreement can be reached after the expiry of this period, engage a neutral accountant to review and determine the relevant calculations, in accordance with the terms set out in the SPA.

If it subsequently transpires that the Adjusted Closing Consideration is higher than the Closing Consideration, such difference shall be paid to the Seller, provided that such amount does not exceed the Adjustment Escrow Amount. If the Adjusted Closing Consideration is lower than the Closing Consideration, the Buyer shall be entitled to receive the difference out of the Adjustment Escrow Amount, provided that such amount does not exceed the Adjustment Escrow Amount.

3.2 Conditions Precedent

The respective obligations of the Buyer, the Seller and OT to consummate the contemplated under the SPA are subject to certain conditions (the "**Conditions**") having been fulfilled or waived. The Conditions include (and are not limited to) the following:

- (a) there being no order by, or applicable law promulgated by, a governmental body of competent jurisdiction, restraining, enjoining or otherwise prohibiting the consummation of the transactions;

² Unless such requirement is waived by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and by the Seller and OT. Please refer to paragraph 6 and footnote 4 for more information.

- (b) to the extent a Trigger Event has occurred or if required under applicable law, the obtaining of the requisite shareholders' approval of the Company for the Proposed Acquisition;
- (c) in respect of the obligations of the Buyer:
 - (i) the fundamental representations of the Seller and OT contained in the SPA to be true and correct in all material respects, other than the capitalisation representation which shall be true in all but *de minimis* respects, as of the Closing Date (except to the extent limited to a specific date, in which case, as of such date);
 - (ii) the other representations of the Seller and OT contained in the SPA to be true and correct as of the Closing Date (except to the extent limited to a specific date, in which case, as of such date), except as would not have a material adverse effect (as prescribed in the SPA);
 - (iii) the Seller and OT to have performed and complied in all material respects with all obligations and agreements required under the SPA to be performed or complied on or prior to Closing;
 - (iv) no material adverse effect as prescribed in the SPA having occurred; and
 - (v) amendments to certain lease agreements (and the underlying leases) to remain in full force and effect; and
- (d) in respect of the obligations of the Seller and OT:
 - (i) the representations of the Buyer, OHI and Olam contained in the SPA to be true and correct as of the Closing Date (except to the extent limited to a specific date, in which case, as of such date), except as would not have a material adverse effect on the Buyer's, OHI's or Olam's ability to consummate the Proposed Acquisition or would otherwise prevent the Proposed Acquisition; and
 - (ii) the Buyer and Olam to have performed and complied in all material respects with all obligations and agreements required under the SPA to be performed or complied on or prior to Closing.

3.3 Closing

The Closing shall take place on a date to be specified by the parties, which shall not occur prior to 17 May 2021 without the prior written consent of the Buyer and the Seller, but shall be no later than the second business day after the satisfaction or waiver of the Conditions.

3.4 Termination

The termination provisions of the SPA include (but are not limited to) the following:

- (a) termination by OT or the Buyer, by written notice, if:
 - (i) Closing has not occurred on or before 31 July 2021 (the "**Termination Date**"), provided that the right to terminate the SPA will not be available:
 - (A) to OT, if either OT or the Seller, or

(B) to the Buyer, if the Buyer,

is in breach of any material respect of any of its/their respective obligations under the SPA and such breach has been the primary cause of, or resulted in, the failure of the Closing to occur on or before the Termination Date; or

(ii) there shall be in effect a final non-appealable order of a governmental authority of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the Proposed Acquisition, unless such order was primarily due to the failure of the party to perform any of its obligations under the SPA; or

(b) by OT, by written notice to the Buyer, if there is a breach by the Buyer or Olam of any of the representations, warranties, covenants, obligations or agreements in the SPA such that the Conditions to OT's and the Seller's obligations will not be satisfied, and such breach is incapable of being cured by the Termination Date, or has not been cured within 30 business days after written notice has been provided to the Buyer, provided that OT or the Seller is not in breach of the SPA with such breach resulting in the failure of any of the Conditions in relation to the Buyer's obligations; or

(c) by the Buyer, by written notice to OT, if there is a breach by the Seller or OT of any of the representations, warranties, covenants, obligations or agreements in the SPA such that the Conditions to the Buyer's obligations will not be satisfied, and such breach is incapable of being cured by the Termination Date, or has not been cured within 30 business days after written notice has been provided to OT, provided that the Buyer is not in breach of the SPA with such breach resulting in the failure of any of the Conditions in relation to OT or the Seller's obligations.

4. RATIONALE FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Company believes that the Proposed Acquisition will be beneficial to the Company and the Group for the following reasons:

- (a) the Proposed Acquisition provides an opportunity for the acquisition of a leading private label spices and seasonings manufacturer in the U.S.;
- (b) the Proposed Acquisition will also build on the Company's recent two acquisitions in the North American spices sector made in late 2020 of the U.S.-based chilli pepper business of Mizkan America, Inc. and onion ingredients business of Cascade Specialties, and is aligned with OFI's vision and accelerates its growth strategy of delivering sustainable, natural, value-added food and beverage ingredients and solutions to its customers; and
- (c) the Proposed Acquisition will provide for multiple synergies as it will enable OFI to combine its strengths in global origination and sustainable supply chains with OT's capabilities to provide retail spice solutions to offer differentiated value to customers.

5. FINANCIAL EFFECTS

5.1 **For illustrative purposes only**, the financial effects of the Proposed Acquisition on the Company as set out below are prepared based on the audited consolidated financial statements the Group as at 31 December 2020 (the "**FY2020 Financial Statements**") and on the following key assumptions:

- (a) the effect of the Proposed Acquisition on the Company's net tangible assets ("**NTA**") per ordinary share in the capital of the Company ("**Share**") is based on the assumption that the Proposed Acquisition had been effected at the end of FY2020; and
- (b) the effect of the Proposed Acquisition on the Company's earnings per Share ("**EPS**") for FY2020 is based on the assumption that the Proposed Acquisition had been effected at the beginning of FY2020.

5.2 The financial effects as set out below, which are based on the assumptions set out in paragraph 5.1, are theoretical in nature and are therefore not necessarily indicative of the future financial position and earnings of the Company or the Group.

(a) NTA per Share

The Company's consolidated NTA per Share would increase from S\$1.48 to S\$1.53 as a result of the Proposed Acquisition.

(b) EPS³

The Company's consolidated EPS would increase from S\$0.19 to S\$0.21 as a result of the Proposed Acquisition.

6. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

Based on the FY2020 Financial Statements (being the latest announced financial statements of the Group), the relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST (the "Listing Manual") are as follows for the Proposed Acquisition:

Bases under Rule 1006⁽¹⁾		Relative Figure (%)
Rule 1006(b)	Net profits attributable to the OT Shares, compared with the Group's consolidated net profits	8.5 ⁽²⁾
Rule 1006(c)	The aggregate value of the Total Consideration, compared with the Company's market capitalisation	17.5 ⁽³⁾

Notes:

- (1) Rule 1006(a), (d) and (e) of the Listing Manual are not applicable to the Proposed Acquisition. Rule 1006(a) does not apply to an acquisition of assets. Rule 1006(d) does not apply as the Company will not be issuing Shares as consideration for the Proposed Acquisition. Rule 1006(e) does not apply because the Company is not a mineral, oil and gas company.
- (2) The relative figure for Rule 1006(b) was computed based on (a) the Group's net profits after adjustment for non-recurring items of approximately S\$677.8 million; and (b) the net profits attributable to the OT Shares for FY2020 based on the Unaudited FY2020 OT Financial Statements after adjustment for non-recurring items of approximately US\$43.7 million (approximately S\$57.8 million).
- (3) The relative figure for Rule 1006(c) was computed (a) based on the Company's market capitalisation of approximately S\$5,496.5 million, which in turn was based on a total number of 3,195,623,619 Shares in issue (excluding treasury shares), and the closing share price of S\$1.72

³ The EPS computations are based on operational profit of the OT Group and Olam's operational profit after tax and minority interest. The operational profit of the OT Group factor in certain adjustments made to the profit after tax figures by excluding non-recurring items.

per Share as at 27 April 2021, being the market day immediately preceding the date of the SPA; and (b) on the assumption that the Total Consideration is equal to US\$727.5 million (S\$961.8 million) (see paragraph 3.1.1 above).

Based on the relative figures as computed above, the Proposed Acquisition is a discloseable transaction under the provisions of Rule 1010 of the Listing Manual and will not require the approval of shareholders of the Company⁴.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition. No person is proposed to be appointed as a Director of the Company in connection with the Proposed Acquisition.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA will be made available for inspection by the shareholders of the Company at the registered office of the Company at 7 Straits View, Marina One East Tower, #20-01, Singapore 018936 during normal business hours by prior arrangement for a period of three (3) months from the date of this announcement.

By Order of the Board
OLAM INTERNATIONAL LIMITED

Shekhar Anantharaman
CEO – OFI and Executive Director

29 April 2021

⁴ If however, a Trigger Event has occurred after the signing of the SPA and prior to Closing, the amount payable by the Buyer on Closing will comprise the Total Consideration and the Debt Payoff Amount (see paragraph 3.1.2 above), and the Rule 1006(c) figure may therefore increase to above 20%. As the relative figure for Rule 1006(c) will then exceed 20%, the Proposed Acquisition will constitute a "major transaction" as defined under Chapter 10 of the Listing Manual and will require the approval of shareholders at a general meeting to be convened prior to the Closing, unless a waiver has been obtained from the SGX-ST. The Company will update Shareholders should a Trigger Event occur after the date of this announcement.