

SATS LTD.
(Incorporated in the Republic of Singapore)
(UEN / Company Registration No. 197201770G)

**PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF MENZIES WORLD
CARGO (AMSTERDAM) B.V.**

1. INTRODUCTION

- 1.1 Proposed Acquisition.** The Board of Directors (the “**Board**”) of SATS Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s indirect wholly-owned subsidiary, Worldwide Flight Services Holland B.V. (“**WFS Netherlands**” or “**Purchaser**”) has on 30 August 2024 entered into a signing protocol (the “**Signing Protocol**”) with Menzies Aviation (Cargo) B.V. (the “**Seller**” and, together with the Purchaser, the “**Parties**” and each, a “**Party**”), which governs a period up until signing of an agreed form SPA (the “**Agreed Form SPA**”), in relation to the proposed acquisition by WFS Netherlands of the entire issued and paid up share capital of Menzies World Cargo (Amsterdam) B.V. (“**Menzies World Cargo Amsterdam**”) held by the Seller (the “**Proposed Acquisition**”).
- 1.2 Discloseable Transaction.** As described below, based on the unaudited financial information of Menzies World Cargo Amsterdam for the 12 months ended 31 March 2024 (“**FY2024**”), the Proposed Acquisition concerns an acquisition by the Group of a loss-making asset. Accordingly, as the calculation of the relative figure stipulated in Rule 1006(b) of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) involves a negative figure, the Company had consulted the SGX-ST on the Proposed Acquisition pursuant to Rule 1007(1) of the Listing Manual and the SGX-ST has, in its reply, informed the Company that, based on the Company’s submissions and representations, the SGX-ST is of the view that the Proposed Acquisition should be classified as a “Discloseable Transaction” for the purposes of Rule 1010 of the Listing Manual.

2. PROPOSED ACQUISITION

- 2.1 Information on Menzies World Cargo Amsterdam.** Menzies World Cargo Amsterdam is a private limited liability company incorporated under the laws of the Netherlands, which offers dedicated and traditional airline cargo handling services to significant global airline customers and freight forwarders at Amsterdam Schiphol Airport, through a single dedicated on-airport warehouse. The operation sits alongside two of WFS Netherlands’ four existing warehouses at the airport and offers identical services as WFS Netherlands’ existing/core service offering.

2.2 Key Terms of the Proposed Acquisition

2.2.1 Signing Conditions:

- (i) Completion of the Proposed Acquisition (“**Completion**”) is subject to and conditional upon:

- (a) the works council which has authority over the employees of Menzies World Cargo Amsterdam and the employees of the Purchaser having rendered its advice on the Proposed Acquisition in accordance with article 25 of the Dutch Works Council Act and the Signing Protocol;
 - (b) the procedures under the SER Merger Code 2015 having been completed, in accordance with the Signing Protocol;
 - (c) the Seller having delivered to the Purchaser a copy of the lease agreement pertaining to the leased property of Menzies World Cargo Amsterdam at Anhoragelaan 50, 1118 LE Schiphol, the Netherlands (the “**Property**” and the lease agreement, the “**Lease Agreement**”) duly executed by all parties thereto, pursuant to which the Seller has been irrevocably and unconditionally substituted by Menzies World Cargo Amsterdam as lessee of the Property under the Lease Agreement, with effect ultimately as per the date on which Completion is effected (the “**Completion Date**”);
 - (d) the Seller having delivered to the Purchaser a copy of a written waiver in relation to the change of control provisions included in the agreement between Menzies World Cargo Amsterdam and Koninklijke Luchtvaart Maatschappij N.V., to the satisfaction of the Purchaser; and
 - (e) such number of employees of Menzies World Cargo Amsterdam, whose identity will be agreed between the Seller and the Purchaser between the date of the Signing Protocol and Completion, who together represent 19 full-time equivalent (FTEs) and whose aggregate gross annual amounts payable to or in relation to them by Menzies World Cargo Amsterdam (including salary costs, fees, social premiums, holiday allowances, taxes, pension arrangements and bonus entitlements, if any) amount to at least €1,263,000 (approximately equivalent to S\$1.8 million^a) (the “**Out-of-Scope Employees**”), having been irrevocably transferred to another member of the Seller's Group^b, at the latest with effect from Completion, without any residual liability for Menzies World Cargo Amsterdam in relation to such Out-of-Scope Employees' employment with Menzies World Cargo Amsterdam, and the Seller having delivered to Osborne Clarke N.V., as legal advisor to the Purchaser, copies of the deeds of contract takeover within the meaning of section 6:159 of the Dutch Civil Code for each of the Out-of-Scope Employees or such other form of equivalent documentation satisfactory to the Purchaser (acting reasonably),
- (the “**Signing Conditions**”).

^a Unless otherwise stated, the exchange rate used in this Announcement is €1:S\$1.4587, which is solely for illustrative purposes and should not be construed as a representation that the relevant amounts have been or could be converted at this rate or at any other rate.

^b The term “Seller's Group” is defined in the Agreed Form SPA and the Signing Protocol as the Seller and: (a) any of its subsidiaries from time to time; and (b) any of its direct and indirect holdings from time to time, including any direct and indirect subsidiaries of such holdings from time to time, (but always excluding, after Completion, Menzies World Cargo Amsterdam).

- (ii) In the event that not all Signing Conditions are satisfied or waived, as applicable, on or before the date that falls six months after the date of the Signing Protocol, each of the Parties shall, subject to paragraph 2.2.1(iii) below, be entitled not to proceed with the Proposed Acquisition and terminate the Signing Protocol by written notice to the other Party, without any Party being liable towards the other Party for costs, damages or expenses, save for any claims that have arisen prior to such termination.
- (iii) A Party may not give a termination notice as set out in paragraph 2.2.1(ii) above if such Party is in breach of its obligations in Clause 3.7 of the Signing Protocol.^c

2.2.2 Signing of the SPA: Unless otherwise agreed to by the Parties in writing, each Party shall execute and deliver the Agreed Form SPA to the other Party on the date that falls:

- (i) on the first day of the subsequent month after all Signing Conditions have been satisfied or waived, as applicable; or
- (ii) if there are less than 10 Business Days (being a day (other than a Saturday or Sunday), on which banks are open for commercial business in Amsterdam, the Netherlands and in Paris, France) between the first day of the subsequent month after all Signing Conditions have been satisfied or waived, as applicable, and the day on which all Signing Conditions have been satisfied or waived, as applicable, on the first day of the second month after all Signing Conditions have been satisfied or waived, as applicable.

2.2.3 Supplemental Disclosure Letter:

- (i) On or before the date that falls 15 Business Days before the Completion Date, the Seller shall deliver to the Purchaser a letter from the Seller to the Purchaser setting out facts, matters, events, circumstances, omissions and/or information (if any) which have arisen after the date of the Signing Protocol and which would make one or more of the warranties given by the Seller in the Agreed Form SPA ("**Seller's Warranties**") untrue or inaccurate as at the date of the Agreed Form SPA and/or Completion, as applicable (the "**Supplemental Disclosure Letter**").
- (ii) If the Purchaser does not accept one or more of the disclosures contained in the Supplemental Disclosure Letter, the Purchaser shall notify the Seller of its non-acceptance in writing, specifying the reasons for such non-acceptance.
- (iii) If the Purchaser sends notice in conformity with the foregoing, the Purchaser and the Seller shall engage in good faith discussions to address and resolve any issues raised by the Purchaser.

^c Parties are required under Clause 3.7 of the Signing Protocol to act in accordance with the provisions of Schedule 3 to the Signing Protocol and to use their respective reasonable efforts to ensure satisfaction of and compliance with the Signing Conditions, as soon as reasonably practicable after the date of the Signing Protocol.

(iv) If the Purchaser and the Seller cannot reach a resolution satisfactory to both Parties within 10 Business Days following the Purchaser's notice of non-acceptance, and if the matter(s) not resolved:

- (a) would, individually or in aggregate, constitute a breach of the Seller's Warranties (would the Agreed Form SPA be executed) with an impact valued at €250,000 (approximately equivalent to S\$365,000) or more; or
- (b) would constitute a breach of one or more of the Seller's Warranties set out in Part 1 of Schedule 2 to the Agreed Form SPA (would the Agreed Form SPA be executed),

each of the Parties may unilaterally terminate the Signing Protocol and any obligations to proceed with the signing of the Agreed Form SPA by written notice thereof to the other Party, without any Party being liable towards the other (including Menzies World Cargo Amsterdam) for any costs, damages or expenses.

2.2.4 Sale and Purchase of Sale Shares: Subject to the terms and conditions of the Agreed Form SPA, the Seller shall sell to WFS Netherlands, and WFS Netherlands shall acquire from the Seller, the entire issued and paid up share capital of Menzies World Cargo Amsterdam (the "**Sale Shares**").

2.2.5 Purchase Price: Under the terms of the Agreed Form SPA, WFS Netherlands shall acquire the Sale Shares for a nominal sum of €1.00 (approximately equivalent to S\$1.46) (the "**Consideration**") to be satisfied fully in cash. The Consideration was arrived at on a negotiated arm's length basis and determined after taking into account, *inter alia*, the pre-completion undertakings which includes a cash contribution of about €6.25 million to be paid by the Seller to Menzies World Cargo Amsterdam (further details are set out in paragraph 2.4.1 below), Menzies World Cargo Amsterdam's financial performance and financial position.

2.3 Rationale for the Proposed Acquisition

2.3.1 WFS Netherlands has grown rapidly over recent years. In order to support this growth, WFS Netherlands has expanded by taking on new warehouse space at Amsterdam Schiphol Airport. As of today, WFS Netherlands fully utilises all its existing warehouse space and therefore does not have capacity to service its large customer pipeline or support growth in existing customers.

2.3.2 WFS Netherlands has reviewed various opportunities to take on new warehouse space. WFS Netherlands identified the space currently leased by Menzies World Cargo Amsterdam to conduct similar activities as under-utilised and ready to support growth. WFS Netherlands has been granted the opportunity to acquire Menzies World Cargo Amsterdam, along with its customer base, people and the excess capacity available to support growth.

2.3.3 Given the effective extension of WFS Netherlands' existing operations, WFS Netherlands believes it will be able to generate cost and operational synergies from

combining operations, enhance its market position by assuming Menzies World Cargo Amsterdam's existing customer base, position the business for growth by capitalising on WFS Netherlands' strong local customer relations and service levels and derisk its local real estate portfolio in the event of potential airport redevelopment.

2.4 Information on the Sale Shares. Based on the unaudited financial information of Menzies World Cargo Amsterdam for FY2024 as provided by the Seller:

- 2.4.1** the net asset value ("**NAV**") of the Sale Shares is negative €33.3 million (approximately negative S\$48.6 million) as at 31 March 2024.

For the purposes of illustration, the adjusted NAV of the Sale Shares assuming that the Proposed Acquisition had been effected as at 31 March 2024 will be €10.7 million (approximately S\$15.6 million). This is computed based on Menzies World Cargo Amsterdam reported NAV as at 31 March 2024 of negative €33.3 million (approximately negative S\$48.6 million), adjusted for: (i) the reversal of existing Menzies World Cargo Amsterdam and Seller's Group intercompany positions (to be completed before closing) amounting to €37.7 million (approximately S\$55.1 million); (ii) the estimated amount of €6.25 million (approximately S\$9.1 million) to be paid by the Seller to Menzies World Cargo Amsterdam by way of share premium contribution in cash on the shares in Menzies World Cargo Amsterdam immediately before completion of the Proposed Acquisition; and (iii) the consideration for the Proposed Acquisition of €1.00 (approximately S\$1.46).

- 2.4.2** the net tangible asset ("**NTA**") value attributable to the Sale Shares is negative €33.3 million^d (approximately negative S\$48.6 million) as at 31 March 2024; and
- 2.4.3** the net losses attributable to the Sale Shares is €9.6 million (approximately S\$14.0 million) for FY2024.

2.5 Financial Effects of the Proposed Acquisition

The financial effects of the Proposed Acquisition prepared on a proforma basis on the audited financial information of the Group for FY2024 are set out below. The financial effects are purely for illustrative purposes only and are therefore not necessarily indicative of the actual financial position of the Group after the completion of the Proposed Acquisition.

2.5.1 Net Tangible Assets

The financial effect of the Proposed Acquisition on the NTA of the Group as at 31 March 2024 assuming that the Proposed Acquisition had been effected as at 31 March 2024 is as follows:

^d Please refer also to paragraph 2.4.1 in relation to the illustrative adjusted NAV of the Sale Shares.

	Before the Proposed Acquisition	<u>Proforma</u> After the Proposed Acquisition
Net tangible assets/(liabilities) (S\$' million)	(1,136.2)	(1,120.6) ^e
Number of issued shares, excluding treasury shares (million)	1,490.6	1,490.6
Net tangible assets/(liabilities) per share (cents)	(76.2)	(75.2)

2.5.2 Earnings Per Share ("EPS")

The financial effect of the Proposed Acquisition on the EPS of the Group for FY2024 assuming that the Proposed Acquisition had been effected as at 1 April 2023 is as follows:

	Before the Proposed Acquisition	<u>Proforma</u> After the Proposed Acquisition
Profit/(Loss) attributable to Shareholders (S\$' million)	56.4	43.3 ^f
Weighted average number of ordinary shares in issue (million)	1,487.3	1,487.3
Earnings/(Loss) per share (cents) – basic	3.8	2.9

2.6 No Directors' Service Contracts. No person was appointed to the Board as part of the Proposed Acquisition and no director's service contract was entered into by the Company with any person in connection with the Proposed Acquisition.

2.7 Interests of Directors And Substantial Shareholders. To the best of the knowledge of the Board: (i) none of the directors (other than in his/her capacity as director or Shareholder, as the case may be) of the Company has any interest, direct or indirect in the Proposed Acquisition; and (ii) there are no substantial shareholders in the Company who have any interest, direct or indirect, in relation to the Proposed Acquisition.

3. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

3.1 Relative Figures. The relative figures for the Proposed Acquisition computed on the relevant bases set out in Rule 1006 of the Listing Manual are as follows:

^e Based on the adjusted NAV of Menzies World Cargo Amsterdam as at 31 March 2024 of €10.7 million (approximately S\$15.6 million). Please refer to paragraph 2.4.1 of this announcement for further details.

^f Based on the adjusted net loss of Menzies World Cargo Amsterdam for FY2024 of €8.3 million (approximately S\$12.2 million). This is computed based on Menzies World Cargo Amsterdam reported net loss of €9.6 million (approximately S\$14 million), adjusted for the transfer of the Out-of-Scope Employees out of Menzies World Cargo Amsterdam to another member of the Seller's Group and the net impact of International Financial Reporting Standards – 16 Leases to the Group.

Rule 1006	Bases	Relative Figures (%)⁽⁸⁾
(a)	The NAV of Menzies World Cargo Amsterdam, compared with the NAV of the Group ⁽¹⁾	Not applicable
(b)	The absolute value of the net losses ⁽²⁾ attributable to Menzies World Cargo Amsterdam, compared with the absolute value of the net profits of the Group ⁽³⁾	11.5
(c)	The aggregate value of the consideration for the Proposed Acquisition ⁽⁴⁾ compared with the Company's market capitalisation based on the total number of shares in the capital of the Company (" Shares ") (excluding treasury shares) ⁽⁵⁾	0.9
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue ⁽⁶⁾	Not applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves ⁽⁷⁾	Not applicable

Notes:

- (1) Rule 1006(a) of the Listing Manual is not applicable to an acquisition of assets.
- (2) The relative figure is computed based on net losses attributable to Menzies World Cargo Amsterdam of €9.6 million (approximately S\$14.0 million) for FY2024. Net losses is defined as losses including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (3) The relative figure is computed based on net profits of the Group of S\$122.0 million for FY2024. Net profits is defined as profit including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (4) The aggregate value of the consideration for the Proposed Acquisition is based on the aggregate of the nominal consideration of €1.00 (approximately S\$1.46) for the Proposed Acquisition and the absolute value of the NAV of Menzies World Cargo Amsterdam, which, as at 31 March 2024, was negative €33.3 million (approximately negative S\$48.6 million).
- (5) Market capitalisation has been calculated on the basis of 1,495,044,587 Shares in issue as at 29 August 2024 (excluding treasury shares), being the last market day preceding the date of the Signing Protocol, multiplied by the volume weighted average price of the Shares transacted on the SGX-ST on the full market day immediately prior to the date of the Signing Protocol, being S\$3.64.
- (6) Rule 1006(d) of the Listing Manual is not applicable as no equity securities are being issued as consideration for the Proposed Acquisition.
- (7) Rule 1006(e) of the Listing Manual is not applicable as the Company is not a mineral, oil or gas company.
- (8) Any discrepancies between the figures in these notes to the table and the relative figures set out in the table are due to rounding to the nearest one decimal place.

3.2 Classification. As the calculation of the relative figure stipulated in Rule 1006(b) of the Listing Manual involves a negative figure, the Company had consulted the SGX-ST on the Proposed Acquisition pursuant to Rule 1007(1) of the Listing Manual and the SGX-ST has, in its reply, informed the Company that, based on the Company's submissions and representations, the SGX-ST is of the view that the Proposed Acquisition should be classified as a "Discloseable Transaction" for the purposes of Rule 1010 of the Listing Manual.

4. FURTHER INFORMATION

A copy of the Signing Protocol will be made available for inspection during normal business hours at the registered office of the Company for three months from the date of this Announcement.

**For and on behalf of the Board
SATS Ltd.**

Ian Chye
Company Secretary
30 August 2024