

## Notes to the agenda (toelichtingen)

\* The below notes to the agenda are only available in English

### Explanatory notes to agenda items 3 and 4

#### Background and scope of the Transaction

Amsterdam Commodities N.V. (the **Company** or **Acomo**) has entered into a purchase agreement (the **Purchase Agreement**) with SunOpta Inc. (**SunOpta**) regarding the acquisition of SunOpta's international organic ingredients business comprising The Organic Corporation B.V. and Tradin Organics USA LLC (together, **Tradin**) on the terms and subject to the conditions of a master share purchase agreements entered into on 9 November 2020 (the **Purchase Agreement**) (the **Transaction**).

Completion of the Transaction is subject to customary conditions precedent, including the resolutions proposed under agenda items 3 and 4 of the Extraordinary General Meeting to be held on Tuesday 22 December 2020 (the **EGM**) and competition clearance. Subject to fulfilment of those conditions precedent, the Transaction is expected to close either in December 2020 or in Q1 2021.

#### Rationale for the Transaction

Tradin offers an attractive acquisition opportunity on multiple aspects:

- Tradin is a leader in the fast-growing global market of organic ingredients and is active in more than 100 countries worldwide, offering a full service, diversified organic product portfolio based on its unique sourcing, processing and distribution capabilities;
- Tradin's extensive worldwide network of suppliers, processors and partners make it a strong partner in the organic food industry;
- Tradin will add significant scale and diversification to Acomo's core geographies and end markets;
- Tradin is a leading partner for the organic food industry, benefitting from the rapidly growing global consumer demand for sustainable and healthy foods. Tradin has an attractive financial profile and will continue to be led by a highly experienced management team.
- On a pro forma basis of the combined earnings for 2020, Acomo's earnings per share would be enhanced by 30-40 percent;
- Expected annual revenues of Tradin for 2020 > €450m (subject to commodity price levels) and Tradin is expected to contribute more than €30m to Acomo's combined 2020 EBITDA on a pro forma basis;
- Like Acomo, Tradin has proven to be a resilient COVID-19 proof business that is optimally positioned to benefit from the rapidly increasing consumer awareness for health and related demand for organic and plant-based ingredients;
- The acquisition of Tradin is a perfect fit, fully in line with Acomo's strategy and underlines Acomo's commitments towards Corporate Social Responsibility (CSR) and Environmental, Social and Governance (ESG) goals;
- Sustainability is vital for Tradin and also intertwined with the operations, working with some of the world's most sustainable and socially responsible brands; and
- Acomo can unlock the full Tradin potential by providing the right balance of operational freedom to the highly experienced management team while offering financial and organisational support with opportunities for future synergy benefits.

## The Tradin business

### Description of the company and executive management

Tradin is a global leader in supplying certified organic ingredients. It manages an extensive product portfolio that spans over 230 products. Full traceability of goods at all times is provided, overseeing all aspects of the transportation and storage process. Food manufacturers in Europe, North America and Asia are linked to organic farmers in 80+ countries. Approximately 55 percent of revenue in North America, approximately 40 percent in EMEA and approximately 5 percent in other regions. Tradin has expanded into direct-to-retail sales channel through the integration of private label Premium Juice program.



Tradin is managed by a highly experienced and entrepreneurial management team, led by the CEO Gerard Versteegh and the CFO Bob Kouw.


Tradin in key figures:

- > €450m expected revenue for 2020, subject to commodity price levels;
- Roughly 525 FTEs;
- 95 percent of revenue is certified organic;
- Roughly 215,000mT sold per year;
- Works with over 100,000 growers;
- Over 15 main suppliers;
- More than 400 main customers;
- 100 percent traceability (to the origin);
- Roughly 7 times revenue growth since 2008;
- Operates in 100 countries (denotes countries Tradin sources from and sells to); and
- Active for over 30 years in the organic industry.

### Diverse product offering across dedicated commercial desks

Six main commercial desks can be identified within Tradin:

Desk	Products	Revenue	Volume (mT)	End markets
Dry desk	Grains, rice, pulses, seeds, dried fruits, nuts, animal feed, sugar		> 70,000	Wholesale and retail packing, confectionary (sugar)
Fruit desk	Fruits, vegetables, juices, concentrates, purees		> 45,000	Beverage, yoghurt, fruit preps

Desk	Products	Revenue	Volume (mT)	End markets
Cocoa desk	Cocoa		> 18,000	Confectionary and food processing
Oil desk	Oil		> 20,000	Food processing, cosmetics and pharmaceuticals
Coffee desk	Coffee		> 5,000	Coffee roasters and importers
Premium juice	Premium juice		~ 60,000	Large US club stores and retailers

### Processing facilities

Tradin operates 4 value-add processing facilities allowing for added control and margin capture across the value chain. Crown of Holland is located in Amsterdam, the Netherlands and is focussed on cocoa. Specialised in processing certified cocoa beans into cocoa powder, butter and liquor. Operates whole bean and nib roasting technology. The second facility is Organic Land Corporation which is located in Silistra, Bulgaria and is focused on kernels. This is a strategic supplier for SunOpta Foods Europe, processing sunflower kernels. There are also two facilities in Ethiopia. One being Selet Hulling which is located in Addis Ababa and is focused on sesame seeds. Engaged in sourcing and processing organic sesame from Ethiopia for the food and bakery industries. The other facility in Ethiopia is Sunvado, which is located in the Sidama region and is focused on avocado oils. Engaged in sourcing and processing organic avocados from Ethiopia for use in both the healthy food and cosmetics industries.

### Global sourcing network

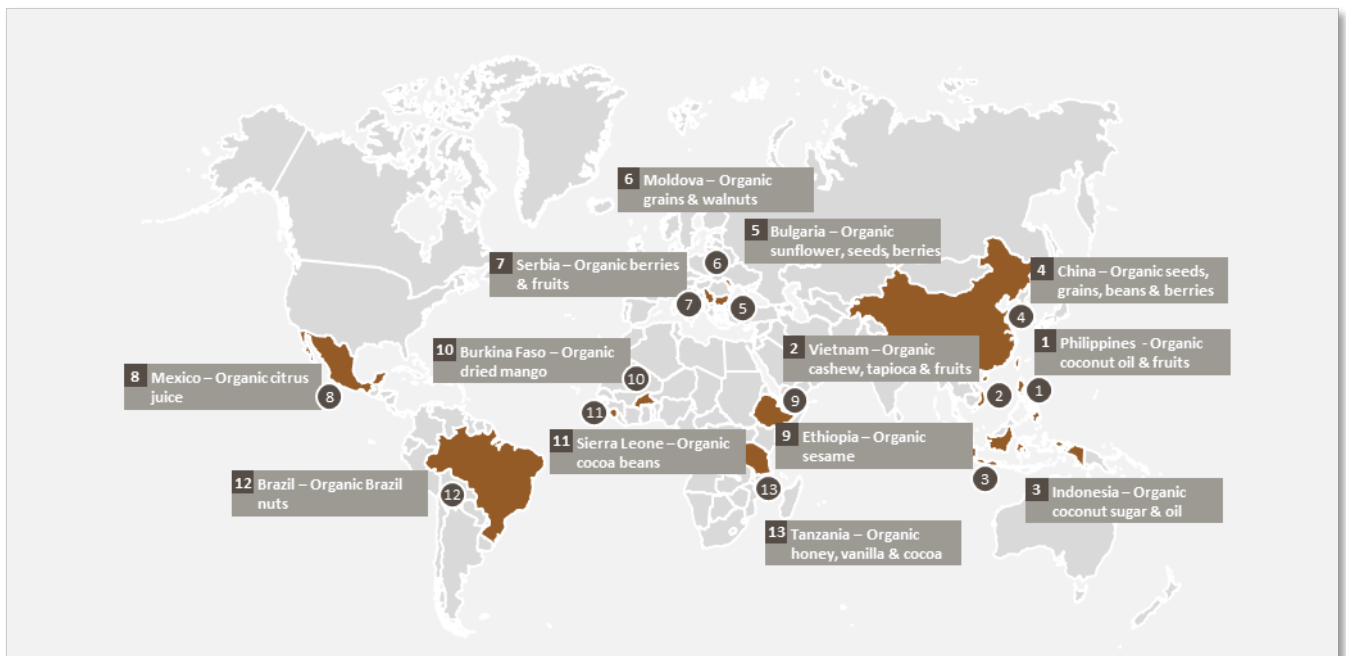
Tradin is a unique sourcing partner due to its one-of-a-kind integrated organic supply chain established over the last 30+ years.



A broad set of certifications is applicable to Tradin, among others:

- USDA organic
- GMP+, food safety assurance
- Fairtrade
- RSPO, certified sustainable palm oil
- UTZ Certified, cocoa
- Bio Suisse organic
- JAS
- BRC, agents & brokers certified
- Fair Trade certified
- KRAV
- SGF
- Naturland

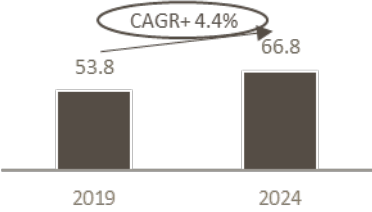
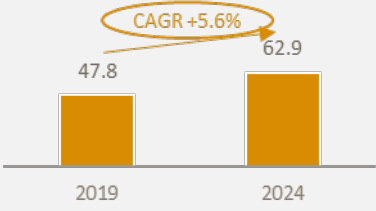
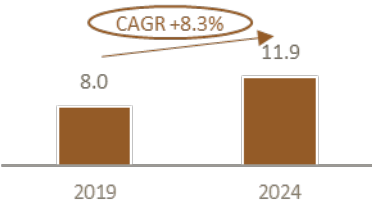
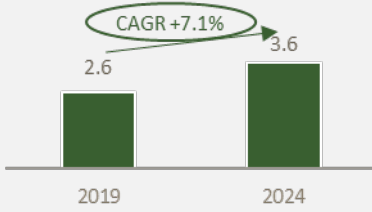
Tradin has a robust sourcing network with many organic sourcing projects, for example:



### The organic market

Organic demand continues to outpace supply, which is further underpinned by the COVID-19 pandemic induced trend towards healthy products. Organic is a sizeable and rapidly expanding market, but it is part of a wider food ingredient market, which includes conventional and organic. Surpassed USD 100bn market size in 2018, and by 2021 expected to be worth around USD 125bn. After, from 2021-2024, the expected CAGR is 5.0 percent. There are a number of key growth drivers for organic. 1) Growing consumer demand for ecological and health foods, 2) widening distribution of organic products in mainstream retailers, and 3) growing popularity of retailer private label products. Lastly, there has been a positive impact on demand for organics because of COVID-19, to which the Organic trade association commented (9 June 2020): “The pandemic has only increased our desire for clean, healthy food [...] The commitment to the Organic label has always resided at the intersection of health and safety, and we expect that commitment to strengthen as we all get through these unsettled times.”

Growth expectations are strong across all regions:

Region	Of total <sup>1</sup>	Expected growth <sup>2</sup>	Observations
North America	48 percent	 <p>53.8 (2019) → 66.8 (2024) CAGR +4.4%</p>	Growth is driven by buoyant consumer demand for organic foods and increasing distribution in mass market retailers
Europe	43 percent	 <p>47.8 (2019) → 62.9 (2024) CAGR +5.6%</p>	Most organic food sales are concentrated in Western Europe. Central and Eastern European countries (i.e. Poland, Ukraine and Hungary) have relatively small markets for organic products but are important producers of organic crops.
Asia	7 percent	 <p>8.0 (2019) → 11.9 (2024) CAGR +8.3%</p>	Rising consumer awareness, increasing investment, and widening availability in large food retailers are driving consumer demand for organic food. Largest producers of organic crops are countries with large agricultures (i.e. India, China, and Indonesia).
Rest of World	2 percent	 <p>2.6 (2019) → 3.6 (2024) CAGR +7.1%</p>	Most growth has been in Australasia and Latin America, notably Australia and Brazil. Australia leads the world in terms of organic land area (51% of global organic land).

### Elevation of the Acomo investment case

The highly attractive investment case of Acomo is further elevated by the acquisition of Tradin through:

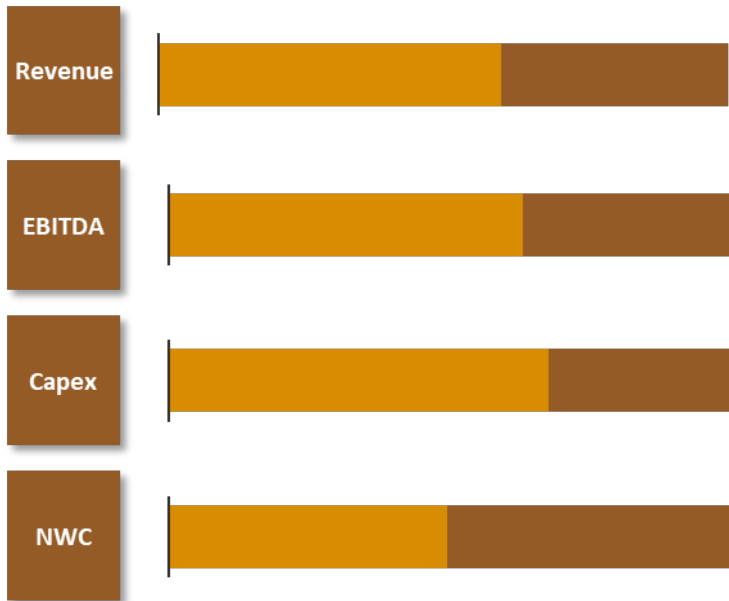
- Expected annual revenue for 2020 > €450m for Tradin (subject to commodity price levels);
- Tradin is expected to contribute more than €30m to Acomo's combined 2020 EBITDA on a pro forma basis
- On a pro forma basis of the combined earnings for 2020, Acomo's earnings per share would be enhanced by 30-40 percent; and
- Tradin represents a high cash generating company (historical cash conversion > 80%<sup>3</sup>).

An indicative financial side-by-side overview shows the expected contribution of Tradin:

<sup>1</sup> As a percentage of total 2019 market size of USD 112.1bn estimated by Ecovia.

<sup>2</sup> Based on Ecovia Intelligence, bars denote the global market for organic food & drinks size in USD bn.

<sup>3</sup> Calculated as ((EBITDA – Capex) / EBITDA), years 2017A-2019A taken into consideration.



### Key terms of the Transaction

The Purchase Agreement has been entered into on customary terms and conditions for the transaction of this size and nature. Certain key elements of the Transaction are summarized below. For the full text of the Purchase Agreement, we refer to the form 8-K that will be published by SunOpta in relation to the Transaction.

#### Total consideration

The envisaged Transaction concerns a total enterprise value of €330m.

#### Conditions precedent to completion of the Transaction

Completion of the Transaction is subject to the satisfaction (or waiver) of the following conditions precedent included in the Purchase Agreement:

- competition clearance having been obtained in the Netherlands, Germany and the United States of America;
- the general meeting of shareholders of Acomo approving the Transaction in accordance with (*agenda item 3*);
- the general meeting of shareholders of Acomo approving the authorisation of the Board of Directors to effect the Transaction Share Issuance (*agenda item 4*);
- completion of the works council consultation process of Tradin; and
- no order, stay, injunction, judgment, ruling or decree being in effect that has the effect of preventing, delaying or otherwise prohibiting completion of the Transaction.

The Purchase Agreement can be terminated if not all conditions precedent have been fulfilled prior to 31 March 2021 or with immediate effect if the general meeting of shareholders of Acomo does not adopt agenda items 3 and 4.

#### Reverse termination fee

To induce SunOpta to enter into the Transaction and to compensate SunOpta for loss of management time and other costs and expenses which it has incurred, a termination fee by way of liquidated damages of €3.3 million is

payable by Acomo to SunOpta if Acomo breaches its obligation to effectuate the completion of the Transaction as a result of which SunOpta terminates the Purchase Agreement.

#### Supply agreement

Both SunOpta and Tradin as well as Acomo wish to continue the professional relationship with Tradin being a strategic organic ingredient supplier to SunOpta going forward. To this end, the parties will enter into a mutually agreed supply agreement according to which Tradin will provide predefined products at a market price which is not to exceed the landed cost plus a certain, agreed, mark-up.

#### **Risks**

##### Pre-completion

As the resolutions referred to in agenda items 3 and 4 are subject to approval by the General Meeting, there is a risk that completion does not occur. This also holds for the other conditions precedent to closing such as the competition clearance and the works council consultation process.

##### Post-completion

Shareholders should, among other risks, consider the following post-completion risks:

- The achievement of the anticipated benefits of the Transaction is subject to a number of uncertainties, including the ability to integrate Tradin, but foremost general competitive factors in the marketplace and commodity price levels;
- Acomo may fail to realize some or all of the anticipated growth opportunities and other benefits of the Transaction, which could adversely affect the value of the Company's ordinary shares;
- It is possible that the process of integrating Tradin in Acomo's existing business takes longer or is more costly than anticipated or could result in the loss of key employees, the disruption of the Acomo businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of Acomo to maintain relationships with customers and employees, to achieve the anticipated benefits of the Transaction or to maintain quality standards;
- The due diligence conducted by Acomo in connection with the Transaction may not have revealed all relevant considerations, liabilities or regulatory aspects in relation to Tradin, including the existence of facts that may otherwise have impacted the determination of the purchase price. Furthermore, information provided during the due diligence process may have been incomplete, inadequate or inaccurate; and
- Acomo has incurred substantial additional indebtedness, described under "Financing of the Transaction", to finance the Transaction. It is possible that Acomo may not be able to make all of the payments due under the new financing.

#### **Recommendation**

In assessing the strategic options available to Acomo, the Board of Directors has thoroughly considered the merits of the Transaction compared to other strategic alternatives. For this purpose, the Board of Directors has frequently conducted discussions with Rabobank as its exclusive financial advisor, Deloitte as its accounting advisor, KPMG as its tax advisor and NautaDutilh N.V. as its advisor as to Dutch law and Latham & Watkins LLP as its advisor as to laws of the United States.

On 9 November 2020, the Board of Directors of Acomo has unanimously determined, on the basis of various considerations (including those set out in the preceding paragraphs) that the Transaction is in the best interest of the sustainable success of the business of Acomo and its stakeholders, such as shareholders, employees,

customers, suppliers and creditors. Consequently, the Board of Directors unanimously recommends to shareholders of Acomo to vote in favour of the Resolutions.

Mr. Jan Niessen, who is both an indirect shareholder and a non-executive director of Acomo, has abstained from the deliberations and decision-making process within the Board of Directors regarding the Transaction Share Issuance.

### **Approval requested**

In addition to the other conditions precedent referred to above, completion of the Transaction is subject to shareholder approval pursuant to section 2:107a Dutch Civil Code.

### **Financing of the Transaction**

In order to finance the acquisition, Acomo has secured a term loan facility of €150 million. In addition, an equity bridge facility is available of up to €90 million with a maturity in December 2021. These facilities are fully committed by ING and Rabobank, subject to customary conditions. ING and Rabobank have agreed on an equity volume underwriting commitment in relation to the committed bridge financing amount, subject to customary conditions. The total facility secured by Acomo for the combined business (including the term loan and a refinancing of Acomo's current facilities) is €425 million.

Acomo intends to issue new common shares up to an amount of €100 million (subject to Acomo's authorised share capital as included in its articles of association) to repay the equity bridge facility, either with or without pre-emptive rights for existing shareholders (the **Transaction Share Issuance**).

It is therefore proposed to appoint the Board of Directors for a period of 18 months as the authorized body to issue new common shares and to limit or exclude pre-emptive rights for existing shareholders for an amount up to €100 million, subject to Acomo's authorized share capital as included in its articles of association.

The requested authorization for the Board of Directors under agenda item 4 will supersede the authorization granted to the Board of Directors in the annual general meeting held on 30 April 2020 to issue common shares and/or grant rights to acquire common shares up to a maximum of 10% of the issued share capital and to restrict or exclude the pre-emptive rights in connection therewith.

Acomo's larger shareholders, together representing over 60 percent of total voting rights and acting independently have expressed their support for the acquisition. Of this group, a total of 34.6 percent has irrevocably committed to vote in favour of the resolutions tabled at the EGM.

The Board of Acomo does not envisage a change in its philosophy on the importance of shareholder dividends. However in order to enable a rapid reduction of the debt assumed through this important acquisition of Tradin, the Board believes it would be prudent not to pay the final dividend in respect of the financial year 2020. Also, the Board temporarily suspends the dividend distribution throughout financial year 2021. The Board anticipates to resume dividend distribution as of 2022.

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