Ascension Capital Limited

Independent Adviser's Report and Appraisal Report

In respect of the:

- acquisition of AGE Limited, Send Global Limited, and Being Consultants Limited, and
- capitalisation of debt owing to Excalibur Capital Partners Limited and directors of Ascension Capital Limited

11 March 2024

Statement of independence

Armillary Limited confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report and,
- has no direct or indirect pecuniary or other interest in the proposed transaction considered in the report, including any success or contingency fee or remuneration, other than to receive a fixed cash fee for providing this report.

Armillary Limited has satisfied the Takeovers Panel, on the basis of the material provided to the Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.

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1 Glossary and Defined Terms

In this Report the following terms have the following meanings (unless otherwise specified). Except where indicated otherwise all $ references are to New Zealand dollars.

ACE or the Company	Ascension Capital Limited
Acquisition Allotment(s)	Each of, and collectively, the AGE Allotment, BCL Allotment, Joyce Allotment and Send Allotment
Act	The Companies Act 1993
AGE	AGE Limited
AGE Allotment	The allotment of 270 million new Shares to 2061 and 250 million new Shares to Te Turanga Ukaipo as consideration for the purchase of 86.7% of AGE
AI	Artificial Intelligence
Allsop-Smith	Katherine Allsop-Smith
Armillary	Armillary Limited
BCL	Being Consultants Limited
BCL Allotment	The allotment of 200 million new Shares at Completion to 2384 as consideration for the purchase of BCL (and the potential future issue of Earn-In Shares in relation to the Contingent Consideration for BCL)
Being AI / BAI	Being AI Limited (the name that ACE will adopt from the Completion Date) and the NZX ticker code for Being AI
Board	The board of directors of ACE
Business Acquisition(s)	The acquisition(s) of AGE, Send, and BCL
CapIQ	S&P Capital IQ financial database
Christian	Evan Christian
Code	The Takeovers Code
Completion and Completion Date	The date on which the Transaction is implemented. Expected to be on, or around, 28 March 2024
Contingent Consideration	An adjustment to the price paid to 2384 for the purchase of BCL linked to the future share price performance of ACE
DCF	Discounted cash flow valuation
Debt Capitalisations	Each of the Excalibur Debt Capitalisation and the Directors' Fees Capitalisation
Directors' Fees Capitalisation	The capitalisation of unpaid directors' fees (via the issue of new Shares)
Directors' Fees Capitalisation Shares	15.8 million new Shares issued to capitalise $395,000 of accrued, but unpaid, directors' fees
Earn-In Shares	Any new Shares (up to a maximum of 1,399,992,000) issued to 2384 pursuant to the Contingent Consideration
EAT	Exponentially Accelerating Technologies
EBITDA	Earnings before interest, tax, depreciation and amortisation
Employee Option Grant	The issue of up to 132 million options to buy new Shares to employees, contractors and non-executive directors
ESOP Options	Options to purchase new Shares issued in the Employee Option Grant
EV	Enterprise Value is the total value of a business irrespective of how it is funded. EV is the sum of the market value of the equity of a company plus the value of debt minus the amount of cash.
Excalibur	Excalibur Capital Partners Limited
Excalibur Debt Capitalisation	The capitalisation of advances from Excalibur (via the issue of new Shares)
Excalibur Debt Capitalisations Shares	30.72 million new Shares issued to Excalibur to capitalise $768,000 of advances
Filecorp	Filecorp NZ Limited, a 100% owned operating subsidiary of Send
FMCA	Financial Markets Conduct Act 2013
FME	Future maintainable earnings (an estimate of the 'normal' or average level of earnings on a forward looking basis)
Guidance Note	NZX Guidance Note "Backdoor and Reverse Listing Transactions" dated 10 December 2020
Independent ACE Shareholders	All of ACE's current shareholders excluding any of the Company's directors
Independent Directors	Those directors of ACE who are not, and not associated with, a relevant associated person in respect of the Transaction.
IPO	Initial Public Offering

Joyce	Sean Joyce, non-executive director and shareholder of ACE and 100% owner of Excalibur
Joyce Allotment	The issue of 80.0 million new Shares to Joyce as consideration for the purchase of 13.3% of AGE
Listing Rules	The NZX Listing Rules
LTM	Last 12 Months i.e. LTM revenue is revenue for the most recent 12 month historic period
McDonald	David McDonald
NAV	Net asset value
Notice of Special Meeting	The notice of the Special Meeting as sent to shareholders
NTA	Net tangible assets
NZ Mail	New Zealand Mail Limited, a 100% owned operating subsidiary of Send
NZX	NZX Limited
Placement	Proposed issue of up to 120 million new Shares in ACE
Placement Shares and Placement shareholders	Any new Shares, and the holders of the new Shares, issued pursuant to the Placement
Post Completion Shares	Up to 280 million new Shares to be issued in the year after Completion, approval for which will be sought at the Special Meeting
Profile	The Listing Profile provided to ACE shareholders in respect of the Transaction (as sent with the Notice of Special Meeting)
Report	This combined Independent Adviser's Report (in accordance with the Code) and Appraisal Report (in accordance with the Listing Rules)
RTO	Reverse takeover transaction
RTO Agreement	The agreement, dated 9 December 2023, between ACE, 2061 and BCL covering all details of the Transaction
SDL	Solution Dynamics Limited, an NZX listed company operating in broadly similar industry segments to Send
Send	Send Global Limited
Send Allotment	The allotment of 1,000 million new Shares to 2061 as consideration for the purchase of 100% of Send
Shares	Fully paid ordinary shares in ACE, including both currently existing fully paid ordinary shares and any other new fully paid ordinary shares to be issued as part of, or following, the Transaction
Share Issue Price	$0.025 (the price at which all new Shares are being issued as part of the Transaction)
Special Meeting	The Special Meeting of shareholders pursuant to the Notice of Special Meeting to be held on 28 March 2024 to consider the Transaction Resolutions (along with an additional resolution to change the auditor of the Company)
Te Turanga Ukaipo	Te Turanga Ukaipo Charitable Trust, an education focused charitable foundation for the Christian family (i.e. Christian and Allsop-Smith)
Transaction	The combined transactions, as announced to NZX on 11 December 2023, of the proposed Business Acquisitions, the Debt Capitalisations, the Placement and the Employee Option Grant (and any other matters needed to affect these transactions)
Transaction Resolutions	The 12 conditional resolutions (resolutions numbered 1 to 12) covering the Transaction, to be voted on at the Special Meeting
Vendors	2061 and 2384
van Wijk	J van Wijk, a former director of ACE
VWAP	Volume Weighted Average Price (of share trading over a specific period on the NZX Main Board)
YTD	The "year to date" period within the current financial year
2061	2061 LP, a Limited Partnership representing interests of Allsop-Smith and Christian
2384	2384 LP, a Limited Partnership representing interests of McDonald

2 Overview & Executive summary

2.1 Background

Ascension Capital Limited ("**ACE**" or the "**Company**") is a New Zealand incorporated investment holding company. ACE's most recent financial results, for the interim period ending 30 September 2023, disclosed a net loss for the six month period of $86,000 and as at 30 September 2023 Total Assets of $38,000 and Total Equity of negative $819,000.

ACE's fully paid ordinary shares ("**Shares**") are listed on the NZX Main Board financial product market operated by NZX Limited ("**NZX**"). Based on the last traded price of $0.015 per Share on 11 December 2023, the date at which the Shares were suspended from trading, ACE had a market capitalisation of approximately $0.32 million.

ACE currently has no trading operations and has been actively investigating opportunities to acquire one or more existing business operations via a Reverse Takeover Transaction ("**RTO**").

Further information on the Company is set out in section 6.

2.2 Proposed RTO and Associated Transactions

On 11 December 2023 ACE announced that it proposed to undertake a significant operational and capital restructure comprising the acquisition of several businesses, capitalisation of debts and an additional capital raising (collectively the "**Transaction**"). Each of the elements of the Transaction are detailed in an agreement that ACE entered into on 9 December 2023, namely a *Reverse Listing Agreement in Respect of Send Global Limited, AGE Limited, Being Consultants Limited and Ascension Capital Limited* ("**RTO Agreement**").

Under the Transaction it is proposed that ACE:

- Purchases 100% of the share capital of:
  - AGE Limited ("**AGE**")
  - Send Global Limited ("**Send**")
  - Being Consultants Limited ("**BCL**")

  each a "**Business Acquisition**" and collectively the "**Business Acquisitions**".
- Capitalises existing debts:
  - $768,000 of advances (see 6.6.1) from Excalibur Capital Partners Limited ("**Excalibur**") will be capitalised into new Shares ("**Excalibur Debt Capitalisation**")
  - The Company will issue 15.8 million new Shares to the current directors, and one former director, of the Company in full satisfaction of accrued, and unpaid, directors' fees ("**Directors' Fees Capitalisation**")

  collectively the "**Debt Capitalisations**".
- Raises $3.0 million of capital via the issue of new Shares ("**Placement**").

- Issues up to 132 million options to buy new Shares (“**ESOP Options**”) to employees, contractors and non-executive directors of ACE and its subsidiary companies (“**Employee Option Grant**”).

The other parties to the RTO Agreement are:

- 2061 LP (“**2061**”), a Limited Partnership representing interests associated with Katherine Allsop-Smith (“**Allsop-Smith**”) and Evan Christian (“**Christian**”), which owns 100% of Send and 86.7% of AGE.

- David McDonald (“**McDonald**”), a tech entrepreneur who has strong credentials in Artificial Intelligence (“**AI**”) / Exponentially Accelerating Technologies (“**EAT**”), who is the sole shareholder of BCL. Following signing of the RTO Agreement, and in accordance with the terms of the RTO Agreement, McDonald novated his interests in that agreement to 2384 LP (“**2384**”) which is a newly formed Limited Partnership representing his interests.

  2061 and 2384 are collectively the “**Vendors**”.

The remaining 13.3% of AGE is owned by Sean Joyce[1] (“**Joyce**”) who is a non-executive director of the Company and 100% owner of Excalibur (ACE’s second largest shareholder, holding 10.87% of the Shares). Although he is not a party to the RTO Agreement Joyce will sell his AGE shares to ACE as part of the Transaction.

While not a shareholder of AGE, nor a party to the RTO Agreement, Te Turanga Ukaipo Charitable Foundation (“**Te Turanga Ukaipo**”), which is an education focused charitable foundation associated with Allsop-Smith and Christian, will be nominated by 2061 LP as an allottee of some of the Shares that 2061 receives as consideration for selling its shareholding in AGE.

As well as shareholder and other regulatory approvals each element of the Transaction is effectively conditional on all of the other elements being completed (or, in the case of the Placement, authorised) at the same time.

2.2.1 Special Meeting of Shareholders

ACE is holding a Special Meeting of shareholders on 28 March 2024 (“**Special Meeting**”) to vote on a series of resolutions in relation to the Transaction.

As part of the Special Meeting there is the requirement for an Independent Adviser’s Report on the “merits” of the Proposed Transactions in accordance with the Takeovers Code (“**Code**”) and an Independent Appraisal Report on the “fairness” of the Proposed Transactions in accordance with the NZX Listing Rules (“**Listing Rules**”) which together forms this report (“**Report**”). Armillary Limited (“**Armillary**”) has been engaged by Ascension to prepare the Report.

Full details of the Special Meeting will be in the Notice of Special Meeting (“**Notice of Special Meeting**”) that will be sent to shareholders along with the Report and a Listing Profile on the Transaction (“**Profile**”) prior to the Special Meeting.

[1] 2061 LP is currently the registered owner of Joyce’s shares in AGE (which are being held on trust for Excalibur).

ACE expects that the Transaction will be completed ("**Completion**") on or around 28 March 2024 ("**Completion Date**").

2.2.2 The Business Acquisitions

The collective purchase price for the three Business Acquisitions is a total of $45 million to be paid at Completion, together with a future adjustment of the purchase price of BCL, linked to the future share price performance of ACE, of up to a maximum of $35 million.

The operations of each of the three Business Acquisitions can briefly be described as follows:

- AGE operates an innovative school in Takapuna, Auckland for children from years 1 to 13. It has been operating since 2018 and currently has a roll in the order of 100 learners.
- Send, which was previously known as the G3 Group, owns and operates various mail, filing and logistics businesses.
- BCL is an early stage AI consulting business with an associated Ventures arm (to focus on venture investment and to act as a transformation accelerator) and Labs function (to serve as the R&D engine to advance AI technologies).

A profile of the each of the businesses being acquired is set out in sections 7, 8, and 9.

Each element of the total consideration is to be satisfied by the issue of new Shares at an issue price of $0.025 per share ("**Share Issue Price**"). The price, and method of payment, for each Business Acquisition is:

- AGE: $15.0 million to be satisfied via the issue of 600 million new Shares with 270 million new Shares allotted to 2061 and 250 million new Shares to Te Turanga Ukaipo (the combined total of 520 million new Shares is collectively the "**AGE Allotment**") and 80.0 million new Shares to Joyce ("**Joyce Allotment**")

  Joyce acquired 13.3% of AGE from 2061 after the announcement of the Transaction on 11 December 2023 for a cost of $2.0 million (equivalent to $15.0 million for 100%). Send advanced Joyce the funds to purchase the shares on the basis of a 5-year, secured, interest free loan.

- Send: $25.0 million to be satisfied via the issue of 1,000 million new Shares to 2061 ("**Send Allotment**")
- BCL: $5.0m to be satisfied via the issue of 200 million new Shares to 2384 ("**BCL Allotment**"). There are provisions in the RTO Agreement for an adjustment to the BCL purchase price ("**Contingent Consideration**"), linked to the future share price of ACE, to be satisfied via the issue of additional new Shares to 2384. The provisions are complex but in summary the BCL purchase price could be increased by up to $35.0 million, to a total of $40.0 million, via the issue of up to additional 1,399,992,000 new Shares ("**Earn-In Shares**"). For the maximum number of Shares to be issued the future ACE share price would need to be at least $0.15 per Share, or 6x the Share Issue Price, within three years from the Completion Date. Further details of the Contingent Consideration are in section 9.8.

(each an "**Acquisition Allotment**" and collectively the "**Acquisition Allotments**").

2.2.3 Excalibur Debt Capitalisation

Excalibur is ACE's second largest shareholder, holding 10.87% of the Shares. Excalibur is 100% owned by Joyce who is a non-executive director of the Company.

Since late 2021 Excalibur has been the primary provider of funds to ACE with a current principal balance outstanding of circa $500,000. Excalibur has agreed to fund the costs associated with the Transaction so at the Completion Date the amount owing to Excalibur is expected to be circa $768,000. See section 6.6.1 for additional information.

As part of the Transaction $768,000 of this debt will be capitalised into 30.720 million new Shares ("**Excalibur Debt Capitalisation Shares**") at an issue price of $0.025 per Share.

20.06 million of the Excalibur Debt Capitalisation Shares will be allotted to third parties and be subject to a six month embargo on transfer. For the purposes of this Report, we have classified these third parties as associates of Joyce (as that term is defined in the Code) and considered them part of one holding i.e. Joyce and associates.

2.2.4 Directors' Fees Capitalisation

ACE currently has four directors, including Joyce, and total directors' fees of $80,000 per annum. Given the constrained financial position of the Company no fees have been paid for several years with the directors agreeing to forego payment until such time as the Company has sufficient funds to make such payments. The amount outstanding at 31 March 2023 was $270,000, at 30 September 2023 it had increased to $310,000, and by the Completion Date it is expected to be $350,000. In addition, $45,000 of accrued directors' fees remain payable to former director J van Wijk ("**van Wijk**"), who resigned as a director in 2020.

The current and former directors have collectively agreed, subject to shareholder approval, to have the amounts owing to them satisfied via the issue of up to 15.8 million new Shares at an issue price of $0.025 per Share ("**Directors' Fees Capitalisation Shares**").

At Completion Joyce will be owed $75,000 of the total of $395,000 meaning he will receive 3.0 million of the Directors' Fees Capitalisation Shares.

2.2.5 Placement

ACE may undertake a capital raising to help fund the growth of the Company, in particular BCL. If undertaken ACE would look to raise $3.0 million through the issue of up to 120.0 million new Shares ("**Placement Shares**") at an issue price of not less than $0.025 per Share to investors ("**Placement shareholders**"). The Placement would only proceed if the Transaction occurs.

Shareholder approval of the resolution authorising the Placement is a necessary precondition for the Transaction to proceed however completion of the Placement is not a precondition for Completion. However, our analysis of the impact of the Transaction assumes that the Placement is completed.

2.3 Overall Impact

There are a lot of individual elements of the Transaction which collectively will have a material impact on the Company. The Transaction will see ACE's operations transformed into a diversified AI services, development and investment business along with the ownership of two existing operating businesses. These businesses are proposed to be enhanced through the introduction of a combination of AI / EAT solutions along with more traditional growth strategies and initiatives.

The Transaction will result in:

- AGE and Send being wholly owned subsidiaries of ACE, and
- BCL, and its two wholly owned subsidiary companies (Being Ventures Limited and Being Labs Limited), being a wholly owned subsidiary of ACE.

Following completion of the Transaction ACE plans to change its name to Being AI Limited (“**Being AI**” or “**BAI**”) and its NZX ticker code will change to BAI[2].

Post Completion the board of ACE will consist of five directors:

- two founders of the various Being AI businesses, namely McDonald and Allsopp-Smith (alternate Christian)
- Joyce (who will be an Executive Chair)
- Roger Gower, an existing independent director will remain on the board, and
- a new independent director, Joe Jensen who will be appointed following Completion.

The Acquisition Allotments, the Debt Capitalisations, the Placement and the Employee Option Grant will each see additional new Shares (or options to buy new Shares) issued and all (except the Excalibur Debt Capitalisation) will bring new shareholders into ACE. These Share issues will result in the shareholdings of the Company’s current independent shareholders (i.e. all current shareholders excluding van Wijk and any of the Company’s directors or “**Independent ACE Shareholders**”) being significantly diluted (see section 2.4).

[2] For simplicity, and ease of reference, we refer to the Company throughout as ACE, whether it is pre-Completion or post-Completion (at which point it would be referred to as BAI).

2.4 Impact on shareholding levels

ACE currently has 21.5 million Shares on issue with 16.9 million (78.4%) of those held by the Independent ACE Shareholders with the balance held by directors and van Wijk. As shown in the following table the effect of the Transaction is to increase the total number of Shares, including the ESOP Options but excluding any Earn-In Shares, to 2,120 million.

Following the Transaction, and assuming no other changes (in particular no allowance for the potential issue of any Earn-In Shares), the key shareholding blocs (with the % holdings shown excluding the impact of the ESOP Options) would be:

- Independent ACE Shareholders down from 78.4% to 0.85% (a dilution factor of 98.9%)
- Joyce and associates holding 5.8% (Joyce individually will hold 96.0 million Shares or 4.83% of the issued Shares and 4.53% of the diluted Shares)
- Other directors and van Wijk collectively holding 0.8%
- Placement shareholders at 6.0%
- 2061, the largest single shareholder, at 63.9% with Te Turanga Ukaipo (an associate of 2061) holding 12.6%, and
- 2384 at 10.1%.

ACE Shareholding Levels

(millions)	**Current**		**The Transaction**	**Post Completion Date**			
	Number	**%**		**Issued Shares**	**%**	**Fully Diluted**	**%**
Independent ACE Shareholders	16.86	78.40%	-	16.86	0.85%	16.86	0.80%
Joyce and associates	2.34	10.9%	113.72	116.06	5.8%	116.06	5.5%
Other (incl. former) Directors	2.31	10.7%	12.80	15.11	0.8%	15.11	0.7%
Placement Shareholders	-	0.0%	120.00	120.00	6.0%	120.00	5.7%
2061 LP	-	0.0%	1,270.00	1,270.00	63.9%	1,270.00	59.9%
Te Turanga Ukaipo	-	0.0%	250.00	250.00	12.6%	250.00	11.8%
2384 LP	-	0.0%	200.00	200.00	10.1%	200.00	9.4%
ESOP Options	-	0.0%	132.00	-	0.0%	132.00	6.2%
Total	**21.50**	**100.0%**	**2,098.52**	**1,988.02**	**100.0%**	**2,120.02**	**100.0%**

The table on the next page shows the respective impact of each element of the Transaction on the post Completion shareholding levels.

Impact of each Share issuance on post Completion shareholding levels				
	Number (million)	**% of Issued Shares**	**% of Fully Diluted**	**Comment**
Current shares on issue				
: Independent ACE Shareholders	16.86	0.85%	0.80%	
: Joyce / Excalibur	2.34	0.12%	0.11%	
: Other (incl. former directors)	2.31	0.12%	0.11%	
AGE Allotment				
: to 2061	270.00	13.58%	12.74%	
: to Te Turanga Ukaipo	250.00	12.58%	11.79%	
Joyce Allotment	80.00	4.02%	3.77%	for the purchase of 13.3% of AGE
Send Allotment	1,000.00	50.30%	47.17%	issued to 2061
BCL Allotment	200.00	10.06%	9.43%	issued to 2384
Excalibur Debt Capitalisation	30.72	1.55%	1.45%	
Directors Fees Capitalisation				
: to Joyce / Excalibur	3.00	0.15%	0.14%	
: to all others	12.80	0.64%	0.60%	
Placement	120.00	6.04%	5.66%	
Total Issued Shares	**1,988.019**	**100.00%**	**93.77%**	
ESOP Options	132.00		6.23%	
Total Diluted Shares on issue	**2,120.02**		**100.00%**	

Section 9.8 details the potential impact of the Contingent Consideration and the issue of Earn-In Shares to 2384 on these shareholding percentages.

2.5 Summary of opinion

Takeovers Code

Our evaluation of the merits of the Acquisition Allotments, as required under the Code, is presented in section 4. In brief summary, in our opinion the key positive aspects are:

- The rationale for the Transaction is sound. ACE has explicitly stated it is looking for RTO opportunities and believes that Being AI is an attractive opportunity. Implementing the Transaction achieves the Board's objective of using the ACE listed shell for a backdoor listing of a meaningful business.

- In reverse, the outlook for ACE without the Transaction is uncertain. It has minimal cash, negative equity and no income generating assets. If the status quo were to remain ACE would need to secure additional funding to ensure it could pay its debts as they fall due. That funding may not be available or may only be available on unfavourable terms.

- The prices being paid for AGE and Send are reasonable (albeit at the top end of our assessed value range). More importantly, the relative percentages of the enlarged share capital that are owned by the Independent ACE Shareholders and the Vendors are reasonable.

- The Debt Capitalisations see almost all of ACE's existing debts and other liabilities capitalised into Shares.

- The Transaction materially improves ACE's financial position and provides it with a platform, and financial flexibility, to grow in a large and rapidly growing sector.

In our opinion, the key negative aspects are:

- Independent ACE Shareholders will be significantly diluted from 78.4% to 0.85% of the issued capital (a dilution factor of 98.9%).

- While the Contingent Consideration for BCL is based on increases in shareholder wealth in our opinion it is too high in proportion to the potential value accretion.

- The Vendors individually, and collectively, will be the largest shareholders in ACE and will be able to exercise a significant level of control over ACE.

- As ACE transforms itself from a listed shell company to a diversified AI services, development and investment company its risk profile will change materially.

In our opinion, having regard to the interests of those shareholders who are eligible to vote to approve the allotments and taking into account all of the relevant factors, the positive aspects of the Transaction outweigh the negative aspects.

NZX Listing Rules

Our evaluation of the fairness of the Transaction, as required under the Listing Rules, is presented in section 5. A brief summary of our evaluation is:

- The terms and conditions of the Business Acquisitions and Acquisition Allotments in respect of AGE and Send are fair (in particular the prices paid for each of these businesses is within our assessed value range).

- In respect of the BCL Business Acquisition and Acquisition Allotment we consider the initial price paid for the business lies within a reasonable valuation range, and the terms of the RTO Agreement relating to the sale are broadly in line with market practice, so we find these elements to be fair but we consider that the Contingent Consideration represents too large a proportion of the potential value accretion to the Company and accordingly we consider this unfair to the Independent ACE Shareholders.

- The Acquisition Allotments have a material impact on the ownership and control of ACE. Immediately after Completion 2061 and its associates have over 75% of the issued capital. Depending on how many Earn-In Shares are issued to 2384, it and 2061 (and associates), could collectively own around 90% of the issued Shares. Over time, due to additional new Share issues (e.g. the Post Completion Shares) this percentage could be expected to reduce thus limiting the degree of control that 2061 (and its associates) and 2384 (and its associates) have on ACE. Noting too the constraints on this control contained within the Listing Rules, the Act, the Code and Company's Constitution we do not consider this level of ownership and control to be unfair to the Independent ACE Shareholders.

- Weighing up the relative importance of each of the Business Acquisitions, the ratio of the Shares held by the Vendors relative to the Shares held by the Independent ACE Shareholders, the likelihood of the Contingent Consideration being a material factor in the future and the returns that Independent ACE Shareholder would have before it does become a material factor, we consider that overall the Business Acquisitions and Acquisition Allotments are fair to the Independent ACE Shareholders.

In our opinion, after giving due regard to all of the relevant factors, while we consider that there are individual components of the Transaction that we do not consider fair, when viewed as a whole we consider that the terms and conditions of the Transaction are fair to the Independent ACE Shareholders.

3 Regulatory and Approval Matters

3.1 Special meeting of shareholders

Shareholders, subject to their eligibility, will vote at the Special Meeting on 28 March 2024 on a total of 14 resolutions to give full effect to the Transaction although resolutions 13 (amendment to constitution) and 14 (appointment of auditor) are separate to the extent that they are not dependent on the other 12 being approved. Resolutions 1 to 12 ("**Transaction Resolutions**") are all linked in that implementation of each of them is conditional on all 12 of the Transaction Resolutions being approved.

Full details of the Transaction Resolutions will be contained in the Notice of Special Meeting:

1. Acquisition of 100% of the shares on issue in Being Consultants Limited, AGE Limited and Send Global Limited (the three initial constituents of the Being AI Group) – Special Resolution – Listing Rules 4.14.1, 5.1.1 and 5.2.1, and Section 129 of the Companies Act 1993

2. Issue of 1,800,000,000 ordinary fully paid shares to the shareholders of the Being AI Group (the Acquisition Allotment Shares) – Ordinary Resolution – Listing Rules 4.1.1 and 5.2.1, and Rule 7(d) of the Takeovers Code

3. Issue of up to 1,399,992,000 additional ordinary fully paid shares to the shareholders of Being Consultants Limited (the Earn-In Shares) – Ordinary Resolution – Listing Rule 4.1.1 and Rule 7(d) of the Takeovers Code

4. Authorise the issue of up to 120,000,000 new ordinary fully paid shares to wholesale investors (the Placement Shares) – Ordinary Resolution – Listing Rule 4.1.1

5. Issue of 30,720,000 new ordinary fully paid shares to Excalibur Capital Partners Limited (the Excalibur Debt Capitalisation Shares) – Ordinary Resolution – Listing Rules 4.1.1 and 5.2.1

6. Issue of 15,800,000 new ordinary fully paid shares to all existing ACE Directors and one former ACE director (the Directors' Fees Capitalisation Shares) – Ordinary Resolution – Listing Rule 4.2.1 and 5.2.1

7. Appointment of David McDonald as Director – Ordinary Resolution

8. Appointment of Katherine Allsopp-Smith as Director – Ordinary Resolution

9. Appointment of Joe Jensen as Director – Ordinary Resolution

10. Approval of Directors' Fees (authorising the maximum pool of directors' fees to be increased from $80,000 p.a. to $300,000 p.a.) – Ordinary Resolution

11. Authorise the issue of up to 132,000,000 Options to Employees, Contractors, and Non-executive Directors (the ESOP Options) - Ordinary Resolution – Listing Rule 4.2.1

12. Authorise the issue of up to 280,000,000 new ordinary fully paid shares to third parties ("**Post Completion Shares**"[3]) – Ordinary Resolution – Listing Rule 4.2.1

13. Revocation of existing constitution and adoption of new constitution (amendments required to comply with the current version of the Listing Rules) – Special Resolution

14. Appointment of William Buck as auditor and authorisation of the Board to fix the auditor's remuneration – Ordinary Resolution

Transaction Resolutions 1 to 12 are linked in that implementation of each resolution is conditional on each of the other 11 resolutions also being approved.

Resolutions 13 (amendments to constitution) and 14 (appointment of auditor) are not conditional upon all of resolutions 1 to 12 being approved and will be put to the meeting regardless of the outcome of the Transaction Resolutions.

Resolution 1 and 13 are special resolutions (requiring a majority of 75% of the eligible votes cast on the resolution in person or by proxy) while Resolutions 2 – 12 and 14 are ordinary resolutions (requiring a simple majority of the eligible votes cast on the resolution in person or by proxy).

If all 12 Transaction Resolutions are passed, any shareholder that has cast all of their votes against resolution 1 is entitled to require Ascension to purchase their shares in accordance with section 110 of the Companies Act 1993 ("**Act**"). Further details on these minority buy-out provisions are included in the Notice of Special Meeting and section 4.2.15.

3.1.1 Voting restrictions

In accordance with the Code and the Listing Rules there are several provisions which limit the ability of some shareholders to vote on certain resolutions.

- Any shareholders of the Company, and their Associated Persons (as that term is defined in the Listing Rules), who are to receive any of the Shares, as referred to in resolutions 2, 3, 4, 5, 6, 11 or 12, are not entitled to vote in respect of those resolutions.

- The shareholders of the Being AI Group of Companies and any associates (as that term is defined in the Code) of those persons who are to receive any of the Shares referred to in resolution 2 or 3 are not entitled to vote in respect of that resolution in accordance with Rule 17(2) of the Code.

- No director of the Company, or their Associated Persons are entitled to vote on resolution 6 or 10 by virtue of Listing Rule 6.3. Those persons are restricted from acting as discretionary proxies although they can act as a non-discretionary proxy.

- Excalibur Capital Partners Limited and its Associated Persons are not entitled to vote on resolution 2 or 5 by virtue of Listing Rule 6.3. Those persons are restricted from acting as discretionary proxies although they can act as a non-discretionary proxy.

[3] Issuance of the Post Completion Shares does not directly form part of the Transaction, and these Shares are not included in our analysis of the impact of the Transaction on shareholding levels. However, we understand that this resolution is included in the Notice of Special Meeting to provide the directors with the flexibility to raise further capital (280 million new Shares at the minimum allowable issue price of $0.025 would raise $7.0 million).

3.2 Regulatory requirements

3.2.1 NZX Listing Rules

Business Acquisitions and Acquisition Allotments

Listing Rule 5.1.1 states that an Issuer must not enter into any transaction, or a related series of transactions, to acquire, sell, lease, exchange, or otherwise dispose of assets where the transaction, or related series of transactions,

- would significantly change, either directly or indirectly, the nature of the Issuer's business, or
- involves a Gross Value (as defined in the Listing Rules) above 50% of the Average Market Capitalisation (as defined in the Listing Rules) of the Issuer.

unless the transaction, or related series of transactions, is approved by an ordinary resolution (or a special resolution if approval is required by section 129 of the Act).

The Business Acquisitions will significantly change the nature of ACE's business and have a Gross Value above 50% of the Company's Average Market Capitalisation. The Business Acquisitions are for a value which is more than half the value of the Company's assets so are classified by the Act as major transactions (as that term is defined in the Act) so a special resolution is required.

Listing Rule 4.1.1 requires that the issue of the Allotment Shares, the Earn-In Shares (along with the Placement Shares and the ESOP Options) be approved by an ordinary resolution of the existing shareholders of the Company.

Listing Rule 4.14.1 allows an Issuer to buy back and cancel its own shares if that has been approved by an ordinary resolution of shareholders. This approval is required because if ACE makes a warranty claim under the terms of the RTO Agreement, the relevant Vendor may elect to satisfy payment of the amount owing to ACE by the sale of some of their Shares to the Company. Any Shares purchased in this manner would subsequently be cancelled.

Listing Rule 5.2.1 states than an Issuer must not enter into a Material Transaction (as defined in the Listing Rules) if a Related Party (as defined in the Listing Rules) is, or is likely, to become a direct party to the Material Transaction, unless that Material Transaction is approved by an ordinary resolution of non-associated shareholders.

The Business Acquisitions, and Acquisition Allotments, are Material Transactions (a value in excess of 10% of ACE's Average Market Capitalisation) and Joyce (a direct party to the Transaction as the seller of 13.3% of AGE) is a Related Party as he is a director of ACE.

Debt Capitalisations

Listing Rule 4.1.1 requires that the issue of the Directors' Fees Capitalisation Shares and the Excalibur Debt Capitalisation Shares be approved by an ordinary resolution of the existing shareholders of the Company.

Listing Rule 5.2.1 also applies to each of the Excalibur Debt Capitalisation and Directors' Fees Capitalisation as they are with Related Parties (Excalibur because it holds more than 10% of the Shares and also because its shareholder and director is Joyce, who is also a director of ACE) and are Material Transactions as they each have a value in excess of 10% of ACE's Average Market Capitalisation.

Requirement for an Appraisal Report

Listing Rule 7.8.2 states that each notice of meeting must include sufficient explanation, reports, valuations, and other information, as to enable a reasonable person entitled to vote to understand the effect of each resolution proposed. The NZX Guidance Note *Backdoor and Reverse Listing Transactions* dated 10 December 2020 ("**Guidance Note**") states that "NZX considers that in order to meet this standard [of Listing Rule 7.8.2], a Notice of Meeting in relation to a backdoor or reverse listing transaction must include an independent appraisal report prepared in accordance with Rule 7.10."

Listing Rule 7.8.5 states that a notice of meeting to consider a resolution in respect of the issue of Financial Products (as defined in the Listing Rules) where more than 50% of the Financial Products to be issued are intended or likely to be acquired by Directors or Associated Persons of Directors must be accompanied by an Appraisal Report. The Shares issued pursuant to the Debt Capitalisations are primarily being issued to directors of the Company meaning an Appraisal Report is required.

Listing Rule 7.8.8(b) states that any notice of meeting including a resolution required by Listing Rule 5.2.1 (Material Transaction with a Related Party) must be accompanied by an Appraisal Report.

Listing Rule 7.10.2 requires an Appraisal Report to state the appraiser's opinion, with supporting reasons, as to whether or not the terms and conditions of the proposed transaction are fair to shareholders not associated with the Issuer or its directors, or with any parties to the transaction. In this Report that means the Independent ACE Shareholders.

3.2.2 Takeovers Code

ACE's Shares are listed on the NZX Main Board and as an Issuer the Company is classified in the Code as a code company.

Rule 6 of the Code, the Fundamental rule, prohibits:

- A person who holds or controls less than 20% of the voting rights in a code company from increasing its holding or control of voting rights beyond 20%; and

- A person holding or controlling 20% or more of the voting rights in a code company from increasing its holding or control of voting rights,

unless that person complies with the exceptions to the Fundamental rule.

One of the exceptions, set out in Rule 7(d) of the Code, enables a person to increase their holding or control of voting rights by an allotment of shares if the allotment is approved by an ordinary resolution of shareholders of the code company (on which that person, and its associates, are not entitled to vote).

The Acquisition Allotments will, at the Completion Date, result in 2061 holding or controlling 63.9% of the voting rights of the Company. Te Turanga Ukaipo is an associate of 2061 so the two parties voting rights need to be considered as one i.e. a combined total of 76.5% of the voting rights.

2384 will, at Completion Date, hold or control 10.1% of the voting rights of the Company. However, the future allotment of Earn-In Shares to 2384 as Contingent Consideration could see it ultimately holding or controlling up to 47.2% of the voting rights of the Company.

Therefore, in accordance with the Code, shareholders not associated with 2061 or 2384[4] will vote at the Special Meeting on ordinary resolutions in respect of the issue of the relevant Acquisition Allotments and the Earn-In Shares i.e. resolutions 2 and 3.

Rule 18 of the Code requires the directors of a code company to obtain an Independent Adviser's Report on the merits of an allotment under Rule 7(d).

Pursuant to Rule 16(h) of the Code the Independent Adviser's Report is to be included in, or accompany, the Notice of Special Meeting.

3.3 Purpose of the Report

ACE's board of directors ("**Board**") has engaged Armillary to prepare:

- An Appraisal Report on the fairness of the Transaction in accordance with the Guidance Note and the Listing Rules. Armillary was approved by NZ RegCo on 13 December 2023 to prepare the Appraisal Report.

- An Independent Adviser's Report on the merits of the Acquisition Allotments in accordance with Rule 18 of the Code. Armillary was approved by the Takeovers Panel on 13 December 2023 to prepare the Independent Adviser's Report.

Collectively these form the Report.

Armillary issues this Report to those directors of the Board who are not, and are not associated with, a relevant Associated Person ("**Independent Directors**") for the benefit of the Independent ACE Shareholders to assist them in forming their own opinion on whether (subject to any voting restrictions which may apply to them) to vote for or against the Transaction Resolutions at the Special Meeting on 28 March 2024.

We note that each shareholder's circumstances and objectives are different. Accordingly, it is not possible to report on the merits and fairness of the Transaction in relation to each individual shareholder. This Report, on the merits and fairness of the Transaction, is therefore necessarily general in nature.

This Report is not to be used for any other purpose without our prior written consent.

3.4 Listing profile

Listing Rule 7.3.1(b)(iii) requires ACE to provide a listing profile in relation to the Business Acquisitions. The Profile contains information on each of the companies in the Transaction and accompanies the Notice of Special Meeting that ACE will provide to shareholders.

The Profile discloses particulars of the businesses of AGE, Send and BCL as if the Transaction is approved. It also provides financial information in respect of the businesses being acquired pursuant to the Transaction and identifies key risk factors associated with the Transaction and its constituent businesses.

This Report should be read in conjunction with the Profile.

[4] As stated in the Notice of Special Meeting, to the best of ACE's knowledge the only existing ACE shareholder that is restricted from voting on Resolution 2 by virtue of the Takeovers Code is Excalibur.

4 Evaluation of the Merits of the Transaction

4.1 Basis of evaluation

Rule 18 of the Code requires an evaluation of the merits of the Acquisition Allotments to 2061, Te Turanga Ukaipo and 2384 with regards to the interests of the Independent ACE Shareholders.

There is no legal definition of the term "merits" in New Zealand in either the Code or in any statute dealing with securities or commercial law. In the absence of an explicit definition of merits, guidance can be taken from:

- the Takeovers Panel Guidance Note on Independent Advisers and the Takeovers Code dated 1 November 2023
- definitions designed to address similar issues within New Zealand regulations which are relevant to the Transaction
- overseas precedents, and
- the ordinary meaning of the term "merits".

The Transaction (other than completing the Placement) is conditional upon the Acquisition Allotments and vice versa. As such to assess the merits of the Acquisition Allotments we must also assess the merits of the other components of the Transaction.

In our opinion, an assessment of the merits of the Acquisition Allotments and the Transaction as a whole, should consider:

- the rationale for the Transaction
- the process undertaken by ACE in formulating the Transaction
- the terms and conditions of the Transaction
- the impact of the Transaction on the ownership and control of ACE
- the impact of the Transaction on ACE's financial position
- the impact of the Transaction on ACE's financial prospects and risk profile
- the impact on ACE's share price and liquidity
- the benefits and disadvantages to the key parties in the Transaction
- alternatives to the Transaction
- the likelihood of the Transaction Resolutions being approved
- the implications of the Transaction Resolutions not being approved, and
- options for shareholders who do not want to retain their investment.

Our opinion should be considered as a whole. Selecting only portions, without considering all of the factors and analysis together, could create a misleading view of the factors and process underlying the opinion.

4.2 Summary of the evaluation of the merits of the Acquisition Allotments and the Transaction

Our evaluation of the merits of the Acquisition Allotments, and the Transaction, is set out, in detail, in sections 4.2.1 to 4.2.15.

In summary the positive aspects are:

- The rationale for the Transaction is sound. ACE has explicitly stated it is looking for RTO opportunities and believes that, in Being AI, it has found an attractive opportunity. Implementing the Transaction achieves the Board's stated objective of using the ACE listed shell for a backdoor listing of a meaningful business.

- The process that ACE has undertaken to formulate the Transaction is sound.

- We consider the prices being paid for AGE and Send to be reasonable (albeit at the top end of our assessed value ranges). More importantly, the relative percentages of the enlarged share capital that are owned by the Independent ACE Shareholders and the Vendors are reasonable. In our opinion, this is one of the key factors that Independent ACE Shareholders should consider when assessing their voting intentions.

- The Debt Capitalisations see almost all of ACE's existing debts and other liabilities capitalised into Shares at the same Share Issue Price as other elements of the Transaction. This would see the Company with no debt at the parent company level and, if the Placement is completed, sufficient cash reserves to start implementing the Being AI growth initiatives.

- The terms of the Employee Option Grant are broadly in line with market practice and having key executives owning ESOP Options will help align interests between management and external shareholders.

- The Transaction materially improves ACE's financial position.

- Operating in a large and rapidly growing sector, with a flexible business model and a mandate to grow, means ACE will have fewer constraints, and many more opportunities to grow, than it currently has.

- With more freely tradeable shares on issue once the Placement is completed, and a higher profile, we would expect that liquidity of the Shares will improve.

- ACE currently has minimal cash, negative equity and no income generating assets. If the Transaction Resolutions are not approved, and the *status quo* remains, the Company would need to secure additional funding to ensure it could pay its debts as they fall due. That funding may not be available or may be on less advantageous terms than the current unsecured funding from Excalibur. Independent ACE Shareholders would, at best, face dilution of their current holdings and subsequent returns to, at worst, liquidation of the Company (and in that scenario they would, most likely, receive no return at all).

In summary, the negative aspects are:

- While we consider the initial purchase price for BCL to be reasonable our view is that the Contingent Consideration for BCL is too high in proportion of the potential value accretion. Accordingly, we consider the Contingent Consideration to not be fair to Independent ACE Shareholders although in the wider context of the Transaction it is reasonable.

- Independent ACE Shareholders' holding will be significantly diluted from 78.4% to 0.85% of the issued capital (a dilution factor of 98.9%). Depending on the number of Earn-In Shares issued to 2384, and the number of ESOP Options that are exercised, their holding could be diluted to as low as 0.48% (a dilution factor of 99.4%).

- Immediately following Completion Christian and Allsop-Smith will, through their control of 2061 and Te Turanga Ukaipo, be able to exercise a significant level of control over ACE and control the outcome of any ordinary or special resolution at a shareholders meeting. 2061 on its own will be able to control the outcome of ordinary resolutions and so will have significant control over the composition of the board.

- Over time, depending on the number of Earn-In Shares issued to 2384, 2061 and its associates' level of control may fall although 2384 may be able to exercise an increasing level of control over the Company.

- As ACE transforms itself from a listed shell company to a diversified AI services, development and investment company its risk profile will change materially and it will be exposed to a wide range of new risks both within, and outside of, its control.

There are a number of positive and negative features of the Transaction and each shareholder will place differing levels of emphasis on each of them. **In our opinion, having regard to the interests of those shareholders who are eligible to vote to approve the allotments and taking into account all of the relevant factors, the positive aspects of the Transaction outweigh the negative aspects.**

4.2.1 Rationale for the Transaction

ACE is a listed shell company listed on the NZX Main Board. It does not currently have any trading operations or material assets (other than a term deposit in support of its listing). In order to maximise the value of that listing the focus of the Company has, for several years, been to identify a suitable business opportunity to invest in and / or acquire through an RTO.

The Company has advised us that while they have been looking for RTO opportunities since the Company's restructuring in June 2020 (see section 6.1) the first 18 months or so were relatively quiet as ACE was internally focused on consolidating and 'tidying up' its structure. at the same time many other companies, that could otherwise have been RTO candidates, were focused on navigating their way through the various challenges that COVID 19 presented.

Since the start of 2023 however, the general level of business confidence and activity picked up and ACE has informed us that they were approached by at least 10 parties in relation to an RTO. These approaches spanned the property, manufacturing, infrastructure and resources sectors but none was deemed attractive enough to progress further. In the Board's opinion the Being AI proposal represents the most attractive opportunity considered by the Company and it will transform ACE into a diversified AI services, development and investment company that also owns two established operating businesses.

In our opinion, the rationale for the Transaction is sound. The Business Acquisitions achieve the Board's objective of using the ACE listed shell for the backdoor listing of a meaningful business while the Debt Capitalisations and Placement (if it is completed), along with the potential issue of the Post Completion Shares, should provide the Company with sufficient financial flexibility to achieve at least its near term objectives.

4.2.2 Process undertaken by ACE

We understand that ACE commenced discussions with Christian and 2061 in respect of the Transaction in around August 2023, following an approach from Christian. Detailed discussions were then held between the parties with Joyce the key person representing ACE.

Christian then introduced McDonald to the Company and negotiations continued.

The parties signed a non-binding indicative terms sheet in October 2023.

A mutual due-diligence process then followed with the ACE team led by Joyce with support from the other directors. 2061 undertook a due-diligence review of ACE which was led by the accounting firm BDO[5].

The Board then negotiated and entered into the RTO Agreement with 2061 and McDonald on 9 December 2023. This negotiation was completed on an arm's length basis with each party separately advised by their own legal counsel.

The Company has informed us that a professional rapport between the parties was established quickly and that negotiations were conducted in a professional and cordial manner. That approach to negotiations helps explain how all of these matters could be concluded within what, in our experience, is a relatively short timeframe.

Subsequent to entering into the RTO Agreement, the NZX announcement and the suspension of Share trading, Joyce entered into an agreement with 2061 whereby he purchased 13.3% of AGE for a consideration of $2.0 million (the same pro-rata price as the Business Acquisition). Send advanced Joyce the $2.0 million to fund the purchase on the basis of a 5-year, secured, interest free loan.

4.2.3 Terms and conditions of the Transaction

The RTO Agreement details each element of the Transaction which we summarise, with our assessment of the key terms and conditions, in this section.

Business Acquisitions

The table below the commentary sets out the pricing of each of the Business Acquisitions alongside Armillary's valuation assessment.

Commentary:

- The price for AGE sits within the range of our assessed value, albeit at the top end. Accordingly, our opinion is that the price is fair to the Independent ACE Shareholders.

[5] BDO Wellington are the Company's current auditors so the work on behalf of 2061 was undertaken by BDO's Auckland office (with all appropriate internal approvals obtained and controls implemented).

- The price for Send sits within the assessed valuation range, albeit at the top end. Accordingly, our opinion is that the price is fair to the Independent ACE Shareholders.

- The initial consideration for BCL is considered fair to the Independent ACE Shareholders. The Contingent Consideration for BCL is considered to be unfair to the Independent ACE Shareholders but, in the wider context of the Transaction, reasonable.

Company	**Price** **Consideration** **% of Issued Capital post Completion**	**Armillary Valuation Assessment**
AGE	$15 million 600 million Shares 30.2% of issued capital	Range of $9.8 million to $15.7 million and a mid-point of $12.8 million (see section 7.5.6)
Send	$25 million 1,000 million Shares 50.3% of issued capital	Range of $22.0 million to $25.6 million and a mid-point of $23.8 million (see section 8.6.5)
BCL	$5 million 200 million Shares 10.1% of issued capital Plus, Contingent Consideration of up to $35 million / c.1,400 million Shares (see section 9.8 for impact on ownership)	No formal valuation assessment has been undertaken (see section 9.7.3)

Purchase Price

No cash is being paid by ACE for the Business Acquisitions as 100% of the consideration is being satisfied via the issue of new Shares (the Business Acquisition Allotments). Accordingly, when considering the merits and fairness of the Transaction, particularly when considering the purchase price of each of the businesses, we consider it appropriate to place emphasis on the relative percentage holdings of the Independent ACE Shareholders and the Vendors.

As the Transaction is structured, with total consideration for the three businesses of $45 million and a Share Issue Price of $0.025, the Independent ACE Shareholders end up with 0.85% of the issued share capital (excluding the impact of any Earn-In Shares or the exercise of any ESOP Options) and the Vendors and Te Turanga Ukaipo collectively own 86.5% i.e. 102.0x as many shares as the Independent ACE Shareholders.

In theory, the Transaction could have been structured differently. We considered two such scenarios using a Share Issue Price of $0.015 (i.e. the last traded price).

- In the first scenario we assumed the same number of new Shares being issued in the Acquisition Allotments, the same amount of debt capitalised and the same amount of new capital raised in the Placement (only these last two components based on the lower price). In this scenario the headline price for the three businesses would be AGE $9.0 million, Send $15.0 million and BCL $3.0 million i.e. at, or well below, the bottom end of assessed valuation ranges and seemingly putting the Independent

ACE Shareholders in a more favourable position. The Vendors would collectively still own 102.0x as many Shares as the Independent ACE Shareholders, however, the Independent ACE Shareholders would only own 0.80% of the issued share capital (and the Vendors and Te Turanga Ukaipo combined would own 81.9%) as more new Shares would have been issued in the Placement and for the Debt Capitalisations.

- In the second scenario we assumed that all components of the Transaction were as announced except that the Share Issue Price was $0.015. This scenario is the same as the previous paragraph except more new Shares would be issued in the Business Allotments (as the prices are assumed to be unchanged on the announced collective $40.0 million). In this scenario the Vendors and Te Turanga Ukaipo combined would own 170.1x as many Shares as the Independent ACE Shareholders who would only hold 0.51% of the issued share capital.

We consider that any assessment of the purchase price for the three businesses needs to consider the relative percentage holdings of the parties as, in our opinion, this approach contributes to a fuller picture of the merits of the Transaction.

We also note that, *inter alia*, the Transaction is conditional upon the issue of new Shares to the following parties:

- Joyce, pursuant to the Excalibur Debt Capitalisation and the Joyce Allotment (for the purchase of 13.3% of AGE), and
- Joyce, the other current ACE directors and van Wijk, pursuant to the Directors' Fees Capitalisation.

In addition, while the Transaction is not conditional on the Placement, we assume that the Company will look to complete it. Assuming that is the case the Placement would introduce new investor shareholders on to the Company's Share register.

We consider that each of these components, in particular the Placement if it is undertaken, provides an element of external and / or independent validation that the overall terms of the Transaction, of which the Business Acquisitions are the pivotal part, are reasonable.

Conditions

Completion of the sale and purchase of each of the three businesses, and issue of the Acquisition Allotment Shares, is conditional on:

- ACE shareholders approving the Transaction Resolutions
- NZX approvals as required to effect the Transaction
- consent to the proposed transfer of AGE and Send shares from 2061 from:
    - each creditor in respect of any general security agreements registered over AGE or Send (or its subsidiaries)
    - each landlord in respect of each deed of lease entered into by either AGE or Send (or its subsidiaries)
    - each counterparty to each material contract entered into by either AGE or Send (or its subsidiaries)

- a letter of offer of employment being issued by ACE to McDonald as Group CEO of BAI
- no fall in the S&P/NZX 50 or S&P/ASX200 of at least 12.5% from the level of the close on 8 December 2023
- none of Christian, Allsopp-Smith or McDonald dying or becoming permanently incapacitated, and
- McDonald being able to novate his interests in the RTO Agreement to a newly incorporated limited partnership (which he will do, prior to Completion, to 2384).

The date for satisfaction, or waiver, of the conditions is no later than 31 March 2024.

The implications of one, or more, of the conditions not being met depends on the commercial importance of that condition. If Shareholder or NZX approval is not obtained the Transaction couldn't proceed however each of the other conditions are capable of being waived by the party who benefits from it. The matter of whether to waive any condition (thus enabling the Transaction to proceed) or not (thus meaning that the Transaction couldn't proceed as proposed) is a commercial decision for either the Company, the Vendors or McDonald (depending on which condition is not met).

In our opinion the conditions of the Transaction, considered in aggregate, are broadly in line with market practice for transactions of this nature. Accordingly, we consider them to be reasonable from the point of view of Independent ACE Shareholders.

Warranties & Indemnities

As is standard in business sale agreements each of the parties has given various warranties and indemnities in support of the information provided in formulating the Transaction.

ACE has provided warranties in respect of its capital structure and corporate authorities, information provided in due diligence, compliance with laws and regulations and litigation and legal & regulatory proceedings. ACE has also provided a warranty in respect of its compliance with all applicable tax obligations and legislation.

ACE has indemnified 2061 and 2384 in respect of its compliance, prior to the Completion Date, with the Listing Rules, the FMCA, the Code and the Act.

2061 has provided separate warranties in respect of each of AGE and Send. The warranties cover corporate structure and approvals, information disclosure, accounts, assets, books and records, statutory compliance, proceedings, employees, intellectual property, contracts, and taxation.

In respect of BCL, 2384 has given similar warranties to those provided by 2061 for AGE and Send i.e. they cover corporate structure and authority to transact, information disclosure, accounts, assets, books and records, statutory compliance, proceedings, employees, intellectual property, contracts and taxation.

Each party's liability under the warranties is limited to claims made within 12 months of Completion and an aggregate amount limited to:

- 50% of the purchase price in respect of AGE and Send (for 2061) and 40% of the purchase price for BCL (for 2384), and

- $1.0 million in respect of ACE.

In our opinion the warranties and indemnities provided in the RTO Agreement, when considered in aggregate, are broadly in line with market practice for transactions of this nature. Accordingly, we consider they are not unreasonable from the point of view of the Independent ACE Shareholders.

Debt Capitalisations

As part of its Completion obligations ACE will undertake two separate debt capitalisations:

- The Excalibur Debt Capitalisation under which an amount of $768,000 owing to Excalibur (a company 100% owned by Joyce) will be capitalised into 30.72 million new Shares.

- The Directors' Fees Capitalisation under which an amount of $395,000 owing to all of the Company's directors (including Joyce) and van Wijk will be capitalised into 15.8 million new Shares.

The effect of these transactions is that all of the Company's current debt, and a longstanding payable due to the directors (and van Wijk), will be converted into equity. ACE will have no debt at the parent company level and, reflecting its minimal level of activity, only a small balance of Trade and Other Payables.

The Debt Capitalisations are being done at the same Share Issue Price ($0.025) as the other elements of the Transaction and accordingly we consider them fair and reasonable from the point of view of the Independent ACE Shareholders.

Placement

ACE intends to get shareholder authorisation to subsequently undertake a capital raising to help fund the growth of the Company, in particular BCL. If these plans progress ACE would look to raise $3.0 million through the issue of up to 120 million new Shares to investors. Due to the regulatory framework associated with reverse listing transactions ACE is restricted from raising new capital via an offer to all existing shareholders, or other members of the public, in conjunction with the completion of the Transaction.

The Placement would be undertaken at a price not less than the Share Issue Price ($0.025) for other elements of the Transaction and accordingly we consider it reasonable from the point of view of the Independent ACE Shareholders.

Whilst the Placement would assist in funding the growth of the Company, in particular BCL, it would not provide sufficient capital for the Company to fully implement all of its business strategies.

We note that the Company is also seeking approval for the issue of up to a further 280 million new Shares, at any time in the first year after Completion, at a price of not less than $0.025 to raise at least $7.0 million. How, or if, this authority is implemented is unknown however, at this point in time, we consider it reasonable on the basis that the price is no less than the Share Issue Price and having the authority to issue the Shares would provide the Company greater flexibility to implement its growth initiatives.

Employee Option Grant

The principal terms of the ESOP Options will be:

- the ESOP Options will be issued within 12 months of the Completion Date
- each ESOP Option will entitle the holder to subscribe for one new Share
- the exercise price for each ESOP Option will be not less than $0.025
- the ESOP Options will vest with the holder over a five-year period in five equal tranches with the first vesting on the first anniversary of the date of their issue
- the ESOP Options must be exercised within five years of the relevant vesting date
- the ESOP Options are not transferable, and
- in the event that the holder leaves the employment of ACE, or any subsidiary, any unvested ESOP Options would lapse and any vested, but unexercised, ESOP Options must be exercised within 30 days of the cessation of employment or those ESOP Options would also lapse.

Depending on the number of Earn-In Shares issued to 2384, and assuming no other Share issues, the ESOP Options will represent between 3.75% and 6.23% of the fully diluted share capital.

Although details of the recipients of the ESOP Options has not been finalised the Company has informed us that McDonald will not be granted any. The Profile notes that the two independent directors are, over time, expected to receive up to 16 million ESOP Options although our understanding is that the majority of the ESOP Options are intended to be issued to employees.

Having key executives owning shares in the business is generally regarded as a positive feature in that it helps ensure alignment with external shareholders. In the absence of full details (e.g. the exercise price and the spread of recipients are unknown) we are unable to undertake a detailed review of the Employee Option Grant, however, our preliminary assessment is that the terms are broadly in line with market practice and accordingly we do not consider it to be unreasonable from the point of view of the Independent ACE Shareholders.

4.2.4 Impact of the Transaction on the ownership and control of ACE

Share Capital and Shareholders

The Company currently has 21,498,828 ordinary shares on issue held by 770 shareholders. Details of the 10 largest shareholders is shown in section 6.4.1. Upon Completion, the capital structure will be totally transformed with the Company having circa 1,988 million issued Shares or including the exercise of the ESOP Options: 2,120 million (see section 2.4).

Dilutionary Impact

The Transaction will see the Independent ACE Shareholders shareholdings being diluted from 78.4% to 0.85% of the issued capital (including the exercise of the ESOP Options: 0.80%) and, dependent on the number of Earn-In Shares that are issued, their collective holding could potentially be as low as 0.48%.

This is a very significant level of dilution. However, in our view the Independent ACE Shareholders should place greater focus on the overall value of their shareholdings rather than the relative percentage ownership level.

As detailed in sections 4.2.3, in conjunction with 10.7, we consider that the prices paid in each of the Business Acquisitions, and in particular the relative shareholdings of the Independent ACE Shareholders and the Vendors, to be reasonable from the point of view of the Independent ACE Shareholders.

Shareholder Voting

Following Completion of the Transaction, 2061 and its associates will be able to exercise a significant level of control over ACE. 2061's 63.9% of the Company's voting rights will enable it to singlehandedly pass, or block, any ordinary resolution (which require the approval of more than 50% of the votes cast by shareholders). When combined with Te Turanga Ukaipo's 12.6% Christian and his associates will control 76.5% of the voting rights and so would be able to pass any special resolution (which require the approval of at least 75% of the votes cast by shareholders) which they're eligible to vote on.

The combined ability of Christian, Allsop-Smith and their associated parties to exercise this control will be constrained by legislation and regulation (e.g. the Listing Rules, the Act, the Code and the Company's Constitution may make it ineligible to vote on certain resolutions) however, at least initially, no other shareholding bloc comes close to have any ability to pass, or block, either ordinary or special resolutions.

2061's and its associates' level of control can be expected to reduce over time as the Company issues more Shares e.g. the Post Completion Shares, the Earn-In Shares and exercise of the ESOP Options:

- Before considering the Earn-In Shares but assuming all 280 million of the Post Completion Shares are issued 2061's share of the voting rights would reduce to 52.9% (63.3% when combined with Te Turanga Ukaipo)

- Depending on the number of Earn-In Shares issued Christian's and Allsop-Smith's share of the voting rights, including all associates of theirs, excluding any impact from the Post Completion Shares but including the exercise of all of the ESOP Options, would be between 43.2% and 71.7%. Including the Post Completion Shares their combined holding would range between 40.0% and 63.3%.

There is a wide range of possible outcomes but from this analysis we conclude:

- In the long term 2061 and its' associates are unlikely to retain the ability to pass special resolutions, however, they are most likely to retain the ability to block special resolutions.

- On the basis that a proportion of shareholders tend not to vote at shareholder meetings 2061 on its own (before any consideration is given to Te Turanga Ukaipo's shareholding) is, for the foreseeable future, likely to be able to singlehandedly pass, or block, any ordinary resolutions.

The Earn-In Shares have the potential to influence the level of voting control that 2384 and its' associates has. Excluding the Post Completion Shares, but allowing for exercise of the ESOP Options, 2384 will end up with a holding in the range of 9.4% to 45.5% of the voting rights (see section 9.8). Depending on where it ends up in that range 2384, even allowing for less than full participation by other shareholders in voting at shareholder meetings, would be unable to singlehandedly pass any ordinary or special resolutions but would potentially be able to block any ordinary or special resolutions.

We have not considered in detail the possibility of 2061, Te Turanga Ukaipo and 2384 formally being classified as a single shareholding bloc i.e. the three parties agreeing to act in concert. Under most foreseeable scenarios the combined votes of those parties would remain above 75% and therefore under this scenario they would have significant voting control (albeit subject to constraint of legislation and regulation). We note that this scenario is hypothetical. We have been advised that there are no ongoing shareholder agreements between the Vendors, or the partial nominees of the Vendors, as to how they may deal in, or vote, their distinct shareholdings. Similarly, the table of interests in the Profile does not record any relevant interests as between the Vendors go-forward shareholdings, other than the disclosed connection between 2061 and Te Turanga Ukaipo.

Board Control

The RTO Agreement provides that upon Completion the Company will have five directors:

- McDonald and Allsop-Smith (representing BCL and 2061 respectively)
- Joyce (existing director and substantial shareholder) and Roger Gower (an existing independent director with the other two current directors resigning at Completion), and
- Joe Jensen (a new independent director to be appointed at the Special Meeting).

The appointment and removal of directors is by ordinary resolution so, in theory, 2061 controls the composition of the Board. However, Independent ACE Shareholders should note that its level of control is limited by requirements of the Listing Rules (e.g. as to the minimum number of independent directors) and the Act.

Management

It is planned that the ESOP Options will be issued to senior executives (excluding McDonald) of the Company in the first 12 months after Completion.

Until exercised the ESOP Options carry no voting rights so have no impact on the level of voting control of the Company. When exercised they will represent no more than 6.2% of the voting rights of the Company (and down to 3.7% if the maximum number of Earn-In Shares were issued) so we do not consider them a material factor in assessing the effect of the Transaction on the ownership and control of ACE.

Ability to Creep

Upon Completion of the Transaction 2061 will control more than 50% of the voting rights in the Company meaning it will be able to utilise the creep provisions of Rule 7(e) of the Code. These provisions enable shareholders holding more than 50%, and less than 90%, of the voting securities in a code company to buy up to an additional 5% of that company's shares in any 12 month period without the need for shareholder approval. In this case that means that 2061 could buy additional shares from the date 12 months after the Completion Date. The creep provisions do not aggregate the holdings of associates so as 2061's shareholding is diluted (e.g. from the Post-Placement Shares, exercise of the ESOP Options and the potential issue of Earn-In Shares) it is likely that it would lose the ability to utilise the creep provisions (i.e. if / when its shareholding dropped below 50%).

In contrast 2384 will not be able to utilise the creep provisions. While it holds under 20% of the voting rights (i.e. on Completion he will hold 10.1% of the voting rights) it will be able to buy additional Shares but only if it remains under 20%. If the issue of Earn-In Shares results in it owning somewhere in the range of 20% to 50% it would only be able to increase its shareholding by other provisions of the Code (e.g. a full or partial offer, or an acquisition or allotment of shares approved by an ordinary resolution).

Prospect of a Subsequent Change of Control

We do not know whether 2061 has investigated alternative methods of selling some, or all, of AGE or Send. In any event, within ACE they will no longer be focused, single sector companies rather they will be part of diversified group. Accordingly, it is difficult to hypothesise as to attractiveness of ACE as a takeover target.

We assume that 2061 would not be interested in making a takeover offer for ACE as that would essentially see it unwinding the RTO. Similarly, we consider 2384 or its associates as unlikely acquirers of 100% of ACE.

As a listed company, and the only AI focused company listed on the NZX, ACE will have a higher profile than it does currently. This may increase the likelihood of a takeover offer for the Company in the future, however, this is more likely to be influenced by the results of the Company and its ability to realise value from AI / EAT and transform the existing business operations of AGE and Send.

We note that the concentrated ownership of the Company (i.e. the Vendors and their associated allottees owning circa 80%) may make it more attractive to a potential acquirer as it would be relatively easy to get certainty as to the success, or otherwise, of any offer. Independent ACE Shareholders have some protection in this scenario as any future offer for more than 20% of ACE would need to comply with the provisions of the Code and the Listing Rules.

4.2.5 Impact on ACE's financial position

A summary of ACE's financial position is in section 6.6.

The Company's Total equity at 30 September 2023 was negative $0.8 million with only $2,530 cash.

The Transaction will materially improve ACE's financial position. The Debt Capitalisations will extinguish most of the Company's liabilities and if the Placement is completed it would mean that ACE had cash of close to $3.0 million at the parent company level[6]. If the Post Completion Shares are also issued via a subsequent placement, and assuming no other material movements in cash, ACE would have close to $10 million in cash, and no debt, in the parent company.

The existing debt within AGE and Send which is currently provided by Wilshire Treasury (a related party of 2061) will be refinanced directly with the ANZ Bank. ACE has also arranged a standby credit facility with 2061 to provide it with additional financial flexibility. This facility will be for a maximum of $5.0 million, subject to ACE having in place other direct funding arrangements from a bank lender (see section 8 of the Profile).

[6] At any point in time there will be cash and/or overdrafts within each of the subsidiary companies. We do not have full visibility over a consolidated group balance sheet so our comments are confined to the parent company.

4.2.6 Impact on ACE’s financial prospects & risk profile

As a listed shell company with no operating business, and no income generating assets, ACE is reliant on raising capital (e.g. either issuing new Shares or additional borrowings/ debt) to fund its ongoing operations. As such, the Company is constrained in what it is realistically able to do.

The Transaction will dramatically transform the Company. It will own several operating businesses that either are, or are expected to become, cash generating. It will have cash on hand and, as a listed company, easier access to additional capital. ACE will be operating in the large, and rapidly growing, AI sector. With a flexible business model and a mandate to grow ACE will most likely have many opportunities to expand.

The reverse of this is that ACE currently faces very few business risks. After Completion of the Transaction ACE will face a wide range of new, and large, business risks. These risks are covered in section 6 of the Profile (*Risks to the Being AI Group’s Business and Plans)* and summarised in sections 7.3, 8.4 and 9.4 of this Report. The key risks addressed in the Profile are:

- Being Consultants, in particular, faces the risk of securing significant contracts
- Each of the acquired businesses has a dependence on key personnel
- Send, in particular, faces a high level of competitive activity
- Each of the acquired businesses will face increased risks from managing their growth opportunities
- Being Consultants and Send, in particular, face risks from entering new geographic markets and new verticals
- All business divisions within the Being AI Group will face the risk of the failure of being able to raise sufficient capital to support ongoing business operations and their respective growth strategies, and
- AGE and Being Consultants, in particular, are exposed to legal and regulatory changes.

In addition, general risks such as changes in economic conditions, new legislation, tax reform, changes in interest and inflation rates may also have an adverse impact on Being AI’s business and activities, and on its ability to fund its ongoing business operations.

Independent ACE Shareholders need to be aware of, and understand the implications of, these increased risks as there is no guarantee that ACE will be successful in implementing its business plan.

4.2.7 Impact on ACE’s share price and liquidity

Details of the history of ACE’s share trading on NZX are in section 6.8. In accordance with NZX regulations ACE’s Shares were suspended from trading on 11 December 2023 at the same time as the announcement of the Transaction.

The Shares are illiquid with only sporadic trades. In the 12 month period prior to being suspended, there were only seven trades of Shares, with a total of just under 300,000, or 1.39% of the total Shares on issue, trading at a VWAP of $0.020.

Completion of the Transaction may lead to a re-rating of the Company's shares. ACE's business operations will be transformed and it will be the only AI focused company listed on the NZX. In addition, if the Placement is completed the number of shares held by independent shareholders would increase dramatically (i.e. from 16.9 million to 136.9 million) and by virtue of having been done at a price higher than the 12-month VWAP (i.e. the Placement will be done at not less than $0.025) it is likely to lead to both increased share trading volumes and, at least initially, a share price above the last traded price of $0.015.

Over time we would expect that at least some of the Shares held by current directors of the Company, in particular those held by directors resigning upon Completion, could be offered for sale. This would increase the number of freely tradeable shares although at the time it could act to suppress the price.

There is no embargo on the Shares that 2384 receives as consideration for selling BCL although any Earn-In Shares will be subject to a 12-month lock up period. McDonald and 2384 are heavily incentivised to maximise the ACE share price so we assume that they will not look to sell any Shares until at least the end of the period in which the Contingent Consideration is calculated.

Independent ACE Shareholders should note that this increased focus on the Company, increased number of Shares held by independent parties, and the general level of interest in AI and related technologies, could also be expected to lead to increased volatility in the Company's share price meaning the price could go up or down.

Overall, with more freely tradeable shares, and a higher profile, we would expect that liquidity for the Shares will improve. If the Placement is completed, Independent ACE Shareholders will own less than 15% of the freely tradable shares so we would expect that their ability to trade their shareholdings will be increased.

4.2.8 Key advantages and disadvantages to the Independent ACE Shareholders

Advantages

The Independent ACE Shareholders currently own 78.4% of a listed shell company which has not made a profit since FY20, has negative equity of $0.8 million, doesn't own any income generating assets and has a market capitalisation at the last traded price of $322,000. There were only seven trades of ACE's Shares on the NZX in all of 2023. The audit report from the Company's 2023 Annual Report drew attention to a material uncertainty relating to ACE's ability to continue as a going concern.

After the Transaction the Independent ACE Shareholders will own under 1.0% of the enlarged capital base, however, the Company will own businesses which collectively generated over $40 million of revenue in their latest financial years[7] and it will have total equity of a similar amount.

Accordingly, we consider the main advantages to the Independent ACE Shareholders being increased liquidity for their shareholdings and owning shares in a company with operating businesses and cash flows, fewer constraints, and more opportunities, than currently.

[7] In the year ending March 2023 Send reported revenue of $41.8 million while in the year ending December 2022 AGE reported revenue of $3.3 million, for a combined total of $45.1 million.

Disadvantages

The main disadvantages for the Independent ACE Shareholders is the significant dilution in their holdings as they go from 78.4% of the issued capital to 0.85%.

Another disadvantage is that while the financial and solvency risks that the Company is currently exposed to will reduce the operating business risks that the Company faces will increase substantially.

In our opinion however, the positive factors of the Transaction outweigh these negative factors.

4.2.9 Key advantages and disadvantages to 2061 (and its associated parties)

Advantages

The Transaction will result in 2061 moving from 100% ownership of two, single industry private businesses to, at Completion, owning 63.9% (combined with its associate the holding will be 76.5%) of a diversified, NZX listed AI focused investment and operating company.

The NZX listing should enable a greater profile for the constituent businesses, give them greater ability to raise debt and equity as well as providing the ability to use Shares as consideration in acquisitions.

Accordingly, we see the main advantages to 2061 as being increased liquidity for its investment (subject to constraints, both express and implied, on a major shareholder selling shares) and a reduced reliance on it to fund all of the cash requirements of AGE and Send.

Disadvantages

The main disadvantage that we see for 2061 is that the cash generated within Send will no longer be available for dividends or alternative uses within 2061 as it will be retained within ACE to fund that company's growth initiatives. Over the three financial years ending March 2023 Send paid 2061 dividends of $1.46 million as well as making subvention payments of $4.58 million to other companies in the same tax group. ACE has not formally disclosed its proposed dividend policy, however, the Profile notes that "the Vendors have no current plans for the Company to pay dividends following the RTO" so we consider it unlikely that there will be any dividends for some time. This will adversely impact 2061's cash flow.

The other disadvantage for 2061 is that being the major shareholder of an NZX listed company is likely to lead to increased market, and media, scrutiny and exposure.

4.2.10 Key advantages and disadvantages to 2384 (and its associated parties)

Advantages

In our opinion McDonald currently faces two main choices. He could develop the BCL concept in a private company setting (using VC and private equity funding to grow) or in a NZX listed company (as proposed in the Transaction).

Private capital markets have grown rapidly and there is now a lower advantage in terms of accessing capital from being listed. Nevertheless, we consider a key advantage for McDonald from the Transaction as being an increased ability to rapidly grow, and scale, the BCL business (for example it is less likely that BCL would be able to buy AGE and Send if it remained as a private company). Other advantages of going public are that 2384's investment in NZX listed ACE is likely to be more liquid than if it retained its interests in a private company; the ESOP Options are probably more attractive as a retention tool for employees by offering to purchase shares in a listed company and it is easier to use a listed company's shares as consideration in future acquisitions.

Disadvantages

We consider the main disadvantage for 2384 and McDonald is that in transitioning from a private company to being the CEO of an NZX listed company McDonald is likely to face increased market, and media, scrutiny and exposure.

4.2.11 Alternatives to the Transaction

Immediately prior to its Shares being suspended from trading ACE had a market capitalisation of $322,000. At 30 September 2023 it had negative $0.8 million of equity and amounts owing to both current and former directors and Excalibur. With no material income generating assets it will continue to operate at a loss. To date the Company has been almost solely reliant on related parties via Excalibur to fund these losses. Excalibur has committed to provide funding to the Company through to the Completion of the Transaction but there is no commitment of any additional funding from it beyond that.

While the RTO Agreement does not include exclusivity provisions the Company has confirmed that it is not evaluating any alternative proposals, nor has it received any other approaches in respect of RTO opportunities since the announcement of the RTO and Transaction on 11 December 2023. Given the time it took to identify this RTO opportunity, and formulate the Transaction, we consider the prospect of any alternative transaction emerging in the near term as low.

4.2.12 Other issues for the Independent ACE Shareholders to consider

Independent Shareholder Approval Required

The Transaction is not a *fait accompli*. It is being proposed and recommended by the Board but pursuant to provisions of the Code, and the Listing Rules, the Transaction must be approved by Independent ACE Shareholders (see section 3 for the regulatory requirements and voting restrictions).

The Transaction will not occur unless a sufficient majority (more than 50% of the votes cast for the ordinary resolutions and at least 75% of the votes cast for the special resolution) approve all of the Transaction Resolutions.

Funding of Restructure Costs

Excalibur has committed to continue making loan advances to ACE to enable the Company to meet its ongoing compliance costs (e.g. NZX listing) and its costs relating to the Transaction (e.g. costs for legal fees, NZ RegCo and Takeovers Panel, this Report and the Special Meeting).

The amount owed to Excalibur at 31 October 2023 was circa $490,000 with the amount owing at Completion expected to be circa $768,000.

Future Requirements for Capital

Resolutions 4 (the Placement) and 13 (the Post Completion Shares) authorise Share issues of $3.0 million and at least $7.0 million respectively. If completed the funds from these two placements are expected to be applied to the Company's strategic plan and growth opportunities, including:

- corporate costs relating to ongoing operations and growth
- the ongoing working capital and capital expenditure requirements of AGE, Send and BCL for both their existing operations and any organic growth opportunities, and
- investing in new businesses (e.g. either the initial cost of acquisition and/or supporting ongoing funding requirements of any such businesses).

It is important for Independent ACE Shareholders to realise that in the future the Company may well undertake issues of Shares beyond the Placement and the Post Completion Shares, and that these issues could be material in size. The Notice of Special Meeting outlines how the Company may seek to use issues of new Shares in support of its growth strategies, *viz*.:

- raise new capital to apply towards funding the cash component of any acquisition or new investment
- be used as consideration to partially fund a potential acquisition of a new business, and
- fund the development of any new proprietary technology.

While such Share issues would be expected to be at a higher price than the Share Issue Price of $0.025 per share there is the possibility that the future price is lower. To the extent that Independent ACE Shareholders either do not or, due to regulatory requirements, cannot participate in any future capital raises their percentage holding in the Company would be diluted further.

4.2.13 Likelihood of the Transaction Resolutions being approved

The Board has unanimously recommended the approval of the Transaction Resolutions. Directors Joyce (2,336,412 or 10.9%) and Keith Jackson (359,407 or 1.7%) collectively control 12.5% of the Company's voting securities. Subject to the voting restrictions on the two directors (see section 3.1.1) we assume that they will vote in favour of the Transaction Resolutions that they are eligible to vote on.

The Company's largest shareholder, the Lindsey Investment Trust controlling 15.5% of the voting securities, acquired its Shares in a placement in July 2020. That placement coincided with the name change to Ascension and an NZX announcement that the funds raised would be utilised to cover funding requirements while ACE continued to investigate finding a suitable business to acquire via a reverse takeover transaction. We assume that having invested in the Company on the basis that it was seeking an RTO that the Lindsey Investment Trust will vote in favour of the Transaction Resolutions.

Trinity Portfolio Limited, a company controlled by van Wijk, owns 9.1% of ACE's voting rights. While unable to vote on resolution 6 (Directors' Fees Capitalisation) we assume that Trinity will vote in favour of all of the resolutions that it is able to.

Other shareholders in the top 10 own 26.4% of the Company's Shares and the next 10 largest shareholders own a further 16.9%. We are unaware of any of their voting intentions, however, in addition to the 37.1% owned by directors, the Lindsey Investment Trust and van

Wijk, these votes will have a significant influence on the results of the voting at the Special Meeting.

4.2.14 Implications of the Transaction Resolutions not being approved

If any one of the 12 Transaction Resolutions is not approved the Transaction will not proceed and ACE will remain as a listed shell company seeking RTO opportunities.

The Board has informed us that despite considering a relatively large number of RTO opportunities the current Being AI proposal is the only one that it has considered prospective enough to develop to a stage at which it can be put to shareholders for a vote. Extrapolating this experience, there can be no certainty as to when, or if, an alternative transaction could be identified.

Ahead of identifying an alternative transaction ACE would continue to incur costs to maintain its NZX main board listing. Total operating expenses for the Company have been in the order of $160,000 for each of the last two years and we do not expect that there would be any material reduction to that going forward.

With only $2,530 cash on hand at 30 September 2023 ACE would be reliant on share issues and / or further borrowing to fund these expenses. Excalibur has been the primary source of funding and while it might be expected to continue supporting ACE there is no guarantee that they will be willing, or able, to provide funding on terms acceptable to ACE. If no alternative sources of funding could be arranged in time the Board would need to consider its options very carefully. These options could include seeking a liquidation of the Company, which is a scenario that we do not consider likely to deliver any returns to Independent ACE Shareholders.

If funding were available it would likely be in a similar form of the Excalibur funding to date i.e. funding that would ultimately be capitalised into Shares at the time of a future RTO. The more such debt there is to be capitalised the greater the future dilution of the Independent ACE Shareholders.

If additional funding were not available, the directors may have to seek shareholder approval to put the Company in liquidation. In that scenario, our view is that the current ACE shareholders would, most likely, receive no return at all.

Independent ACE Shareholders should also consider the possible flow on effects of not approving the Transaction Resolutions. Future possible RTO counterparties, and / or investors, may be less willing to enter into transactions with ACE that require shareholder approval as there could be less certainty that such approval would be obtained. In addition, the Company's auditors would most likely have little alternative but to continue noting the material uncertainty that exists which may cast significant doubt on ACE's ability to continue as a going concern.

4.2.15 Options for shareholders not wishing to retain their investment

Sell on-market

Independent ACE Shareholders who do not wish to retain their investment in ACE after the Transaction is completed could, once the suspension from trading is lifted, look to sell their Shares on-market.

We note that about 660 of the 770 current shareholders have a holding which, at the Share Issue Price, is worth less than $250. The ability to cost effectively sell those Shares may be limited. For other shareholders, there is no guarantee that there will be an immediate increase in share trading volumes and the price at which any shareholder may be able to sell Shares could be above, or below, the Share Issue Price.

Minority buy-out rights

If all of the Transaction Resolutions are passed, those Independent ACE Shareholders who voted all of their shares against special resolution 1 will be entitled to require the Company to buy their Shares in accordance with the provisions of the Act.

A shareholder entitled to exercise these rights may give written notice to the Company, within 10 working days of the passing of the special resolution, requiring the Company to purchase their Shares.

The Company's Board then has 20 working days to agree to purchase the shares, arrange for someone else to purchase the shares, seek a court exemption from the obligation to purchase the shares or not implement the special resolution. In either of the first two alternatives the price is determined by the Company albeit on the basis that it must be fair and reasonable and that the selling shareholder can object to the price, in which case the price is determined by arbitration.

More detail on the minority buy-out provisions is set out in Appendix 3 of the Notice of Special Meeting.

4.3 Voting for or against the restructure resolutions

At the Special Meeting there are a total of 14 resolutions being put to shareholders however, our analysis is focused on the 12 Transaction Resolutions (although within those 12 we have not focused on resolution 10 (Directors' fees) as other than its interlinked conditionality it is not material to the Transaction). In any event, Shareholders have three alternatives in respect of their voting:

- Vote in favour of all 12 Transaction Resolutions and the other two resolutions. If the Transaction Resolutions are all approved the Company will implement the Transaction and ACE will be transformed into a diversified AI services, development and investment business.

- Vote against any or all of the resolutions:

    - In the event that any of the Transaction Resolutions is not passed the Transaction will not proceed and ACE will remain as a listed shell company looking for other RTO opportunities.

    - There are scenarios in this alternative of a shareholder having minority veto buy-out rights. See section 4.2.15 and Appendix 3 of the Notice of Special Meeting for details.

- Abstain from voting. In this case the votes of all of the other shareholders who do vote will determine the outcome.

Voting for or against the Transaction Resolutions is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Shareholders will need to consider these consequences and consult their own professional adviser.

5 Evaluation of the Fairness of the Transaction

5.1 Basis of evaluation

Listing Rule 7.10.2 requires an Appraisal Report to state whether or not, in the opinion of the Appraiser, the terms and conditions of the proposed transactions are fair to the holders of equity securities other than those associated with the proposed transaction (and any associated persons of them), and the grounds for that opinion.

There are specific elements of the Transaction that require an Appraisal Report (e.g. the resolutions in relation to the issue of Shares to directors) however, we have focused more on the omnibus requirement of the Guidance Note to consider the fairness of the Transaction as a whole. Accordingly, we state our opinion, and the grounds for that opinion, on the fairness of each of the major elements of the Transaction:

- the Business Acquisitions and Acquisition Allotments
- the Debt Capitalisations, and
- the Placement and the Employee Option Grant.

This Report is addressed to the Independent Directors of ACE. This Report is for the benefit of the Independent ACE Shareholders, being those shareholders who are not Associated Persons (as that term is defined in the Listing Rules) with ACE, Joyce, 2061, Te Turanga Ukaipo or 2384.

There is no legal definition of the term “fair” in New Zealand in either the Listing Rules or in any statute dealing with securities or commercial law.

The accepted convention in Australian M&A practice is that ‘fair and reasonable’ is not a compound phrase and that the expert needs to consider whether it is ‘fair’ and whether it is ‘reasonable’. Under this convention, an offer is ‘fair’ if the value of the consideration is equal to or greater than the value [of the securities] the subject of an offer. This is extended to outline how an offer is ‘reasonable’ if it is fair and also how it might also be ‘reasonable’ if, despite being ‘not fair’, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

We incorporate that approach, and the ordinary meaning of the term “fairness”, into our analysis which is also based on the generally accepted principle that an assessment of the fairness of a transaction (as required under Listing Rules) is a narrower test than an assessment of the merits of a transaction (as required under the Code).

Accordingly, our evaluation of the fairness of the Transaction has focused on:

- the terms and conditions of the Transaction, and
- the potential impact on the ownership and control of ACE.

However, we have also given regard to:

- the rationale for the Transaction
- the likelihood of the Transaction being approved and the implications of it not being approved, and

- benefits and disadvantages to key parties to the Transaction.

In our opinion, after giving due regard to all of the relevant factors, while we consider that there are individual components of the Transaction that we do not consider fair, when viewed as a whole we consider that the terms and conditions of the Transaction are fair to the Independent ACE Shareholders.

Our opinion should be considered as a whole. Selecting only portions, without considering all the factors and analysis together, could create a misleading view of the factors and process underlying the opinion.

5.2 Evaluation of the fairness of the Transaction

The basis for our opinion is expanded upon in section 4.2. In summary, the key points we considered in reaching this conclusion are as follows:

5.2.1 The Business Acquisitions and Acquisition Allotments

The terms and conditions of the Business Acquisitions and Acquisition Allotments in respect of AGE and Send are fair:

- The prices paid for each of these businesses is within our assessed value range.
- The terms of the RTO Agreement relating to the sale of these two businesses are broadly in line with market practice for a transaction of this nature.

In respect of the BCL Business Acquisition and Acquisition Allotment we consider:

- The initial price paid for the business lies within a reasonable valuation range, and the terms of the RTO Agreement relating to the sale are broadly in line with market practice, so we find these elements to be fair.
- That the Contingent Consideration represents too large a proportion of the potential value accretion to the Company and accordingly we consider this unfair to the Independent ACE Shareholders.

The Acquisition Allotments have a material impact on the ownership and control of ACE. Immediately after Completion 2061 and its associates have over 75% of the issued capital. Depending on how many Earn-In Shares are issued to 2384, it and 2061 (and associates) could collectively own around 90% of the issued Shares. Over time, due to additional new Share issues (e.g. the Post Completion Shares) this percentage could be expected to reduce thus limiting the degree of control that 2061 (and its associates) and 2384 (and its associates) have on ACE. Noting too the constraints on this control contained within the Listing Rules, the Act, the Code and Company's Constitution we do not consider this level of ownership and control to be unfair to the Independent ACE Shareholders.

Weighing up the relative importance of each of the Business Acquisitions, the ratio of the Shares held by the Vendors relative to the Shares held by the Independent Shareholders, the likelihood of the Contingent Consideration being a material factor in the future and the returns that Independent ACE Shareholder would have before it does become a material factor, we consider that overall the Business Acquisitions and Acquisition Allotments are fair to the Independent ACE Shareholders.

5.2.2 The Debt Capitalisations

The debts to Excalibur and the directors (both current and former), which have been provided at either 0% of 5% p.a. interest rates, are to be repaid via the issue of new Shares at the same Share Issue Price as the other elements of the Transaction. Section 10 details our analysis which finds the Share Issue Price to be fair.

In the overall context of the Transaction there is minimal impact on the ownership and control of ACE from the Debt Capitalisations as the Shares to be issued will represent 2.34% of the Shares at Completion.

Combining these factors, we consider the Debt Capitalisations to be fair to the Independent ACE Shareholders.

5.2.3 The Placement and the Employee Option Grant

Terms and Conditions

The terms and conditions of the Placement and the Employee Option Grant are in line with market practice for these types of issues.

Impact on Ownership and Control

By diluting the interests of 2061 and 2384 we consider that the Placement and the ESOP Options have a positive impact on the ownership and control of ACE.

We assume that these Shares will be owned by a range of independent professional investors and senior executives, respectively. Such a spread would generally be seen as positive to the Independent ACE Shareholders in respect of increased investor interest in the Company with potential positive implications for share price performance and liquidity of the Shares.

5.2.4 Other Factors Considered

The Transaction comprises a large, multi-faceted set of individual transactions. As such, to assess the fairness of it we consider that a wide range of factors need to be assessed. Other matters that we have incorporated into forming our opinion are:

- The rational for the Transaction is sound as it achieves the Board's long stated objective of using the ACE listed shell for a backdoor listing of a meaningful business.

- The process that ACE has undertaken to formulate the Transaction is sound.

- The positive impact that the Transaction has on the Company's financial position.

- Operating in a large, and growing, market means that ACE will have more opportunities than ACE currently has.

- As evidenced by the time it has taken to identify an RTO opportunity suitable to be put in front of shareholders there would (in the absence of this Transaction) be considerable uncertainty as to when, or if, the directors would be in a position to formulate an alternative RTO transaction.

- There are material implications for the Independent ACE Shareholders if the Transaction Resolutions are not approved. At best their holdings (and possible future returns) would be diluted further while at worst the Company could end up in liquidation (which would likely mean no return to them at all).

5.3 Voting for or against the restructure resolutions

Voting for or against the Transaction Resolutions is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Shareholders will need to consider these consequences and consult their own professional adviser.

6 Profile of Ascension Capital Limited

6.1 Background

ACE was incorporated on 21 January 2000 as E-Analyst Limited (which was a subsidiary of Heritage Gold NZ Limited). Within three weeks it had changed its name to E-cademy Holdings Limited which then listed on the NZX Main Board on 18 April 2000 through the issue of 40,000,000 shares at a price of $0.09 per share. Subsequent name changes have been to:

– Training Solutions Plus Limited on 16 July 2003

– TRS Investments Limited on 31 Jan 2007, and

– Ascension Capital Limited on 10 July 2020.

E-cademy Holdings Limited's, and later Training Solutions Plus Limited's, principal activities were the selling of training and education services through different media including e-learning.

In February 2007 the Company divested its training businesses and became an investment company, focused on investment in small cap stocks listed on the ASX. In 2010 the Company divested its ASX investments and became a shell company focused on RTO opportunities. Several transactions were explored between 2010 and 2016, however, none came to fruition.

On 22 August 2016 HuaHun International Holdings acquired a 52.25% shareholding in the Company and transformed the Company into a listed investment company, focusing on investment opportunities in:

– exporting products to China

– real estate development in New Zealand, and

– acquisition of Chinese assets.

Between 2016 and 2020 one transaction with LIDA Agricultural International Holdings Limited was explored in detail although that transaction did not eventuate.

In June 2020 the Company undertook a capital reconstruction. This included:

– The major shareholder selling its shareholding to several new investors, including Excalibur.

– The issue of new shares to new investors.

– Recording the assignment of a c.$360k loan facility from HuaHun International Holdings to Excalibur.

– The renaming of the Company to Ascension Capital Limited and the change of its NZX ticker code from TRS to ACE.

Following these changes ACE has continued to operate as a shell company on the NZX Main Board seeking RTO opportunities.

Further information on ACE can be found at:

- The Company's own website: https://ascensioncapital.co.nz/
- NZX's website: https://www.nzx.com/companies/ACE

6.2 Nature of current operations

ACE is a shell company listed on the NZX Main Board and it does not currently have any trading operations.

6.3 Directors

ACE's current directors are:

- Keith Jackson, chair
- John Cilliers, independent director
- Roger Gower, independent director, and
- Sean Joyce, non-independent director.

6.4 Capital structure and shareholders

6.4.1 Equity

The Company currently has 21,498,828 ordinary shares on issue held by 770 shareholders. The table below provides a breakdown of the ten largest shareholders as at 6 December 2023.

ACE top ten shareholders

Name	Shares held	% Held
Forsyth Barr Custodians Limited Account 1E	3,331,781	15.5%
Excalibur Capital Partners Limited	2,336,412	10.9%
Trinity Portfolio Limited	1,947,227	9.1%
Forsyth Barr Custodians Limited Account 1-Custody	1,451,440	6.8%
Ilakolako Investments Limited	1,044,350	4.9%
Foster Capital NZ Limited	890,000	4.1%
Li Da Yang	666,660	3.1%
Beconwood Superannuation Pty Limited	600,000	2.8%
Chao Wang	533,340	2.5%
Belinda Anne Edmond	500,000	2.3%
Sub-total top ten	**13,301,210**	**61.9%**
Other shareholders	8,197,618	38.1%
Total	**21,498,828**	**100.0%**

Source: Company Share Register, as at 6 December 2023

6.4.2 Debt

For the last two financial years Excalibur has provided funds to ACE to enable the Company to meet its cash flow requirements. At 30 September the outstanding balance of these loans amounted to $482,000. This amount is expected to increase as Excalibur has committed to fund the costs associated with the Transaction and at the Completion Date the amount owing to Excalibur is expected to be circa $768,000.

In conjunction with completion of the Transaction $768,000 of this debt will be capitalised into 30.720 million new Shares at an issue price of $0.025 per Share.

6.5 Financial performance

A summary profit and loss statement of ACE is presented below.

ACE Statement of Financial Performance

FYE 31 March	**FY20**	**FY21**	**FY22**	**FY23**	**YTD**
					30-Sept
NZ$000's	**audited**	**audited**	**audited**	**audited**	**unaudited**
Interest Income	1.6	0.4	0.2	0.5	0.4
Other Income	93.8	-	-	-	-
Revenue	**95.3**	**0.4**	**0.2**	**0.5**	**0.4**
Directors' Fees	(40.0)	(70.0)	(80.0)	(80.0)	(40.0)
NZX Fees	(18.7)	(23.5)	(16.6)	(21.0)	(8.5)
Legal Fees	7.0	(13.0)	(1.5)	(4.1)	(2.8)
Audit Fees	(16.3)	(19.2)	(25.5)	(23.9)	(14.1)
Other	(12.4)	(25.2)	(47.2)	(27.8)	(19.0)
Total Operating Costs	**(80.4)**	**(150.9)**	**(170.8)**	**(156.8)**	**(84.4)**
EBIT	**14.9**	**(150.5)**	**(170.7)**	**(156.3)**	**(84.0)**
NPBT	**14.9**	**(150.5)**	**(171.2)**	**(160.5)**	**(86.4)**
Tax	-	-	-	-	-
NPAT	**14.9**	**(150.5)**	**(171.2)**	**(160.5)**	**(86.4)**

Source: ACE financial statements

Commentary:

- Revenue is primarily interest earned on deposits. The large Other Income amount in FY20 relates to a non-refundable payment received in relation to a transaction that did not reach completion.
- Expenses primarily relate to listing and governance costs.

6.6 Financial position

A summary balance sheet for ACE is presented below the commentary.

Commentary:

- As a shell company ACE's only material asset is a term deposit with ANZ Bank that supports a bond issued in favour of the NZX.

- ACE's Directors have agreed to accrue their fees instead of receiving cash payment. These fees, shown as a separate line item in the balance sheet, will be capitalised into Shares as part of the Transaction. In addition, the $45,000 owing to van Wijk (included within Trade and Other Payables in the balance sheet) is to be capitalised into new Shares.

- The Related Party Unsecured Advances are amounts owing to Excalibur. The interest rate on the loans is a mix of either 0% or 5% p.a. (see 6.6.1).

- ACE has reported a negative equity position in each of the last four years. While the Directors acknowledge material uncertainties with respect to the going concern assumption Sean Joyce, through Excalibur, confirmed that he is willing and able to provide all reasonable financial support to the Company to ensure that Ascension is able to meet its obligations as they fall due for at least 12 months from the date the FY23 financial statements were approved.

- The large balance of negative retained earnings reflects the long period that ACE, and its predecessors, have been operating at a loss.

ACE Statement of Financial Position

As at 31 March	**FY20**	**FY21**	**FY22**	**FY23**	**30-Sep-23**
NZ$000's	**audited**	**audited**	**audited**	**audited**	**unaudited**
Current Assets	4.4	4.9	4.4	4.8	13.8
Trade and Other Payables	(39.4)	(68.7)	(69.0)	(72.5)	(64.4)
Accrued Directors' Fees	(100.0)	(110.0)	(190.0)	(270.0)	(310.0)
Net Working Capital	**(135.1)**	**(173.8)**	**(254.6)**	**(337.7)**	**(360.6)**
Term Deposit - NZX Bond	**20.2**	**20.6**	**20.7**	**21.1**	**21.5**
Total Net Operating Assets	**(114.8)**	**(153.2)**	**(233.9)**	**(316.6)**	**(339.0)**
Capital Employed					
(Cash) / Overdraft	(15.7)	(49.1)	(4.1)	(0.6)	(2.5)
Related Party Unsecured	359.9	359.9	405.4	479.6	482.0
Net Debt	**344.2**	**310.8**	**401.4**	**479.1**	**479.5**
Share Capital	15,926.0	16,071.5	16,071.5	16,071.5	16,135.1
Retained Earnings	(16,385.1)	(16,535.6)	(16,706.8)	(16,867.3)	(16,953.6)
Total Shareholders' Funds	**(459.1)**	**(464.0)**	**(635.2)**	**(795.7)**	**(818.5)**
Net Debt and Shareholders' Funds	**(114.8)**	**(153.2)**	**(233.9)**	**(316.6)**	**(339.0)**

Source: ACE financial statements

The 2023 financial statements noted that the Company had $783,000 of tax losses for which no deferred tax asset had been recognised. Utilisation of those losses is subject to compliance with income tax legislation on continuity of shareholders and / or business activities and the availability of future taxable income.

6.6.1 Excalibur Debt

The initial Excalibur Debt arose in 2020 when the former major shareholder of ACE assigned its advance (of c. $360,000) to Excalibur as part of a wider capital reconstruction. Subsequently to that assignment Excalibur advanced a further $20,000 under the Loan facility agreement. That loan ($379,910 at 30 September 2023) is unsecured and non-interest bearing. Additional funds have been advanced on several occasions by Excalibur pursuant to a Working Capital Loan Facility Agreement (unsecured, 5.0% p.a. interest rate) with the balance outstanding (including c.$6,500 of accrued interest) at 30 September 2023 of $102,106. Further advances have been made since 30 September 2023, and will be made up until Completion, to cover ACE's ongoing compliance costs and the costs of the Transaction. The balance outstanding at Completion is expected to be c. $768,000.

6.7 Cash flows

A summarised cash flow statement for ACE is presented below.

ACE Statement of Cash Flows

FYE 31 March NZ$000's	FY21 audited	FY22 audited	FY23 audited	YTD 30-Sept unaudited
NPAT	(150.5)	(171.2)	(160.5)	(86.4)
(Increase) / Decrease in Net Working Capital	38.7	80.8	83.1	22.8
Total Operating Cash Flows	**(111.8)**	**(90.4)**	**(77.4)**	**(63.6)**
(Purchase) / Sale of Investments	(0.3)	(0.2)	(0.4)	(0.4)
Total Investing Cash Flows	**(0.3)**	**(0.2)**	**(0.4)**	**(0.4)**
(Decrease) / Increase in Debt	-	45.5	74.2	2.4
(Decrease) / Increase in Share Capital	145.5	-	-	63.6
Total Financing Cash Flows	**145.5**	**45.5**	**74.2**	**65.9**
Net Cash Flows	**33.4**	**(45.0)**	**(3.5)**	**2.0**
Opening Cash	15.7	49.1	4.1	0.6
Closing Cash	**49.1**	**4.1**	**0.6**	**2.5**

Source: ACE financial statements

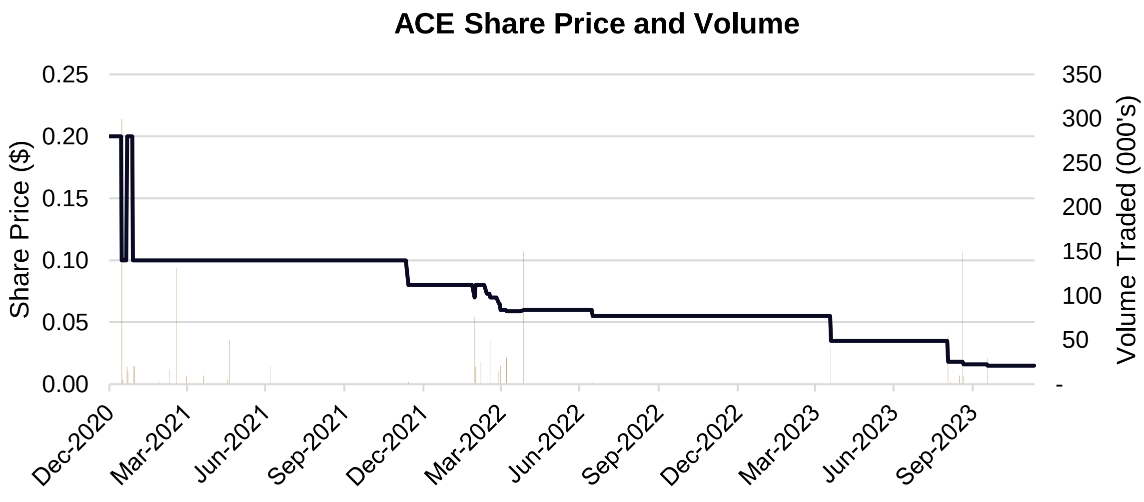
Commentary:

- As ACE is not a trading entity operating cash flows are minimal, with the exception of paying expenses in relation to maintaining its NZX listing.
- Operating losses have been funded through related party debt (Excalibur) and share issues.

6.8 Share price history

The chart below presents ACE's daily closing share price over the last three years up to 10 December 2023. ACE undertook a 100:1 share consolidation on 5 November 2021 with trading prior to that date adjusted for the consolidation.

No shares have traded since 17 October 2023. On 11 December 2023, and in accordance with the Guidance Note, NZ RegCo suspended trading in ACE shares at the same time as the announcement of the Transaction.



Source: S&P Capital IQ

Over the full three year period shown in the chart, ACE's shares have traded between $0.015 and $0.20 at a Volume Weighted Average Price ("**VWAP**") of $0.074.

The chart shows a steadily declining share price and increasingly sporadic trading over the period. Share prices, volume, and liquidity[8] for the most recent 1-month, 3-month, 6-month, and 12-month periods are set out below. The analysis shows that ACE's shares have been illiquid over the period.

ACE Share Trading

Period Ending 10 December 2023	Low ($)	High ($)	VWAP ($)	Volume Traded	Liquidity (%)
1-month	0.015	0.015	n.a.	-	0.00%
3-months	0.015	0.018	0.017	199,768	0.93%
6-months	0.015	0.035	0.018	257,768	1.20%
12-months	0.015	0.055	0.020	299,768	1.39%

Source: S&P Capital IQ

[8] Liquidity is measured as volume traded as a percentage of current shares outstanding.

7 Profile and Valuation of AGE Limited

7.1 Overview of AGE

The Profile provides a comprehensive overview of AGE, we therefore provide only a summary of AGE's business and operations below.

AGE was incorporated on 22 June 2017 and began operating a boutique urban school located in Takapuna, Auckland in 2018. The school is designed for children from year 1 to 13 who thrive in smaller class sizes.

AGE's vision is to help students become curious, creative and compassionate learners by making their education meaningful and highly relevant to the changing world they live in. AGE School's learning coaches (teachers) team up with NZ innovators and business people (including Christian and McDonald) to mentor students on projects that stretch them well beyond the four walls of a classroom. This helps students understand how important technology, entrepreneurial thinking, and creativity are in the world they're growing up in and gives their learning that much more meaning. More information about AGE can be found at the school's website https://www.age.school.nz/

7.2 Growth strategies

With the current site at full capacity of 100 students AGE is considering a possible expansion into another site at Takapuna that will have a focus on the senior school i.e. years 9 to 13. This expansion is intended to allow both the senior and junior schools to grow significantly. We understand that AGE is currently investigating expanding the existing school's footprint and opening at another site however it is too early in the process to provide any details around potential costs and timeframes.

In addition, AGE is in the course of expanding its online teaching platform which will be supported by access to EAT and AI expertise held and developed by BCL. AGE is also exploring opportunities provided through the intended upcoming reforms to the Education Act 1989 as provided for in the Coalition Agreement between the National Party and Act New Zealand.

7.3 Key business risks

Section 6 in the Profile sets out a description of the key risks relating to the businesses being acquired. The risks that are particularly relevant to AGE are summarised below:

- Dependence on key personnel. AGE is heavily reliant on certain key personnel (in particular the principal, Andrea Tong) and if any of them were to leave its operations and financial performance could be adversely affected.

- Management of growth opportunities. ACE intends to expand its business through organic growth and strategic acquisitions. Should it not successfully identify the right opportunities its operational and financial performance will be adversely affected.

- Legal and Regulatory changes. AGE is subject to the Education Act 1989 (specifically Schedule 7), Building Act 2004 and Health and Safety at Work Act 2015. AGE faces the ongoing risk of failing to comply with any of these regulations while there is also a risk that any material changes to these, or other, regulations will interfere with its ability to implement its business growth strategies.

7.4 Financial information

AGE has provided audited financial accounts for FY22 and an audited income and expenditure account for FY21[9]. Unaudited financials for FY20, FY21 (including balance sheet and cash flow), and year to date ("**YTD**") period for the 9 months to September 2023 have also been provided. No prospective financial information has been provided in the Profile.

7.4.1 Financial performance

A summarised statement of financial performance is presented below.

AGE Statement of Financial Performance				
FYE 31 December	**FY20**	**FY21**	**FY22**	**YTD FY23**
				30-Sept
NZ$000's	**unaudited**	**unaudited**	**audited**	**unaudited**
Revenue excl. Subvention Payment Income	721	1,155	1,852	1,749
EBITDA	**(860)**	**(1,109)**	**(923)**	**(68)**
EBIT	(929)	(1,326)	(1,115)	(229)
NPBT	(1,040)	(1,471)	(1,331)	(360)
Subvention payments	1,065	1,579	1,423	360
NPAT	25	108	91	-

Source: AGE financial statements

Commentary:

- AGE's financial year is January to December which lines up with the school year.
- As a relatively newly established business, only opening at its current site in Term 1 of 2021, AGE's revenue has grown consistently over the period.
- As an independent school AGE receives no funding from the Government with all of its revenue from fees from its pupils.
- At around 50% of all costs Salaries and Wages are the single largest expense item.
- Operating a school requires a high level of fixed costs which must be incurred irrespective of the level of revenue. This means that losses are to be expected in the early years of operation as student numbers, and therefore revenue, is still growing. Accordingly, we are not overly surprised to see that AGE has been operating at a loss. We note that the amount of the loss has been declining and in the 9 months to

[9] As per Ministry of Education requirements AGE is only required to prepare audited income and expenditure accounts.

September 2023 the EBITDA loss was only $68,000 (equivalent to $91,000 on an annualised basis).

- AGE has received Subvention Payment income from other members of the same tax group. In our presentation of the income statement this has been excluded from Revenue (and so also from EBITDA, EBIT and NPBT) with the impact shown in the row between NPBT and NPAT.

7.4.2 Financial position

A summarised statement of financial position is presented below.

AGE Statement of Financial Position

As at 31 December	**FY21**	**FY22**	**30-Sept**
NZ$000's	**unaudited**	**audited**	**unaudited**
Current Assets	2,564	2,104	2,111
Current Liabilities	(1,479)	(1,935)	(1,676)
Net working capital	**1,085**	**168**	**434**
Property, Plant & Equipment	2,746	2,814	2,660
Other Non-current Assets	6	5	4
Non-current Liabilities (Non-interest Bearing)	-	(70)	(113)
Net Non-current Assets	**2,752**	**2,749**	**2,552**
Net Operating Assets	**3,837**	**2,917**	**2,986**
(Cash) / Overdraft	(99)	(209)	(293)
Debt	24	20	13
Related-party Debt	3,699	2,803	2,963
Net Debt	**3,624**	**2,614**	**2,683**
Total Shareholders' Funds	**213**	**303**	**303**
Total shareholders' funds & net debt	**3,837**	**2,917**	**2,986**

Source: AGE financial statements

Commentary:

- Current Assets are primarily receivables related to Subvention Payments from other entities in the same tax group.

- Current Liabilities are primarily amounts payable to related entities and student fees recorded as Income in Advance[10].

- Property, Plant & Equipment is predominantly Leasehold Improvements relating to the school building in Takapuna.

[10] This is the appropriate accounting treatment for income received in advance of providing the service with income recognised over time (as the service is provided) and a corresponding reduction in the Income in Advance liability.

- Related-party Debt represents loans from Wilshire Treasury Limited (the funding arm for 2061 LP's business interests). It is planned that in conjunction with Completion these advances will be re-financed directly with ANZ Bank.

7.4.3 Cash flows

A summarised statement of cash flows is presented below.

AGE Statement of Cash Flows			
FYE 31 December	**FY21**	**FY22**	**YTD FY23**
			30-Sep
NZ$000's	**unaudited**	**audited**	**unaudited**
Net Operating Cash Flows	n.a.	1,270	(63)
Net Investing Cash Flows	n.a.	(259)	(7)
Net Financing Cash Flows	n.a.	(901)	154
Net Cash Flows	**n.a.**	**110**	**84**
Opening Cash	n.a.	99	209
Closing Cash	**99**	**209**	**293**

Source: AGE financial statements

Commentary:

- Despite incurring operating losses AGE had positive operating cashflows in FY22 largely as a result of the receipt of subvention payments.
- With substantial investment in the current school site prior to opening at the start of 2021 (primarily in Leasehold Improvements) AGE might be expected to have several years of reduced capital expenditure (i.e. lower Investing Cashflows) in relation to its current premises.
- Net Financing Cashflow primarily reflects movements in advances from the parent company.

7.5 Valuation of AGE

7.5.1 Concept of value

The concept of value that we have adopted is one of a market value being the price at which a willing but not anxious vendor would sell, and a willing but not anxious purchaser would buy. This assumes both parties are adequately informed of the relevant facts, and neither is under any compulsion to buy or sell.

7.5.2 Approach to valuation

Valuation methodologies can generally be categorised into one of two types, namely a valuation based on future financial performance or a valuation on the realisation of assets.

The key differentiating assumption for the former is the assumption that the business will remain operating.

AGE is a business which will continue operating, meaning a valuation based on the realisation of assets is not appropriate. However, a valuation based on future financial performance is problematic:

- There are no forecasts or other prospective financial information in the Profile.
- As an early stage business AGE was loss making in each of the 2021 and 2022 financial years and is only expected to be marginally profitable in FY23.

Accordingly, we do not have the requisite information to construct a forward looking discounted cash flow ("**DCF**") valuation model nor is there a current earnings figure that could assist in forming an estimate of Future Maintainable Earnings ("**FME**") for a multiple based valuation. To assess the reasonableness of the price being paid for AGE our analysis is based on methodologies that are commonly used to value early stage businesses, namely:

- revenue multiples
- cost to replicate, and
- multiples of invested capital.

7.5.3 Valuation methodology

Using the S&P Capital IQ ("**CapIQ**") financial database we analysed the current trading multiples for 70 listed companies, in global developed markets, which are categorised as having a primary industry classification of 'Schools'. Full information was not available on all of the companies but there were still over 50 companies from which we could assess trading valuation multiples. See section 15 (Appendix 3) for more information.

The primary factors of any valuation multiple are future estimated growth rates, reinvestment requirements (i.e. how much capital needs to be reinvested in the business to support growth) and the variability, or riskiness, of the future earnings of the business. All other things being equal the higher the growth rate the higher the appropriate multiple and the lower the amount of investment required, and the lower the variability of the business' earnings, the higher the appropriate multiple.

With such a large number of comparable companies in our data set it was not appropriate to do a detailed review of each of them however, our underlying assumption is that AGE compares favourably with them and thus an appropriate multiple is towards the top end of the observed range. The main factors behind this assumption are:

- Growth rates are assumed to be higher for AGE than the comparables as it is a younger business which is starting from a smaller base, it has more of a unique proposition (i.e. has less direct competition) and the new Government's policy supporting partnership, or charter, schools may provide AGE with additional opportunities.
- Reinvestment requirements for AGE, for any level of growth, are assumed to be lower than the comparables as AGE's general business model is an asset light one (e.g. not necessarily owning large amounts of bricks and mortar infrastructure) and in addition the future strategies include virtual and remote learning opportunities.

- The variability of AGE's earnings, and cashflows, are assumed to be in line with, if not lower than, the average of the comparables. AGE's niche market offering leaves it less exposed to competition and its asset light business model reduces the likelihood of major capital expenditure requirements in future.

Based on these assumptions we adopted a range of the trading multiples of the comparable companies broadly represented by the band between the 75th percentile and the 90th percentile. That is, the low end of the multiple range is higher than 75% of all the observed multiples while the top end of the range is higher than 90% of all the observed multiples.

7.5.4 Revenue multiples

As AGE is a young growing company we consider it appropriate to use the most recent revenue figures available. We disregarded FY22's $1.85 million figure and instead use an estimate based on annualising the revenue for the 9 month YTD period ending September 2023. Operating revenue in that period was $1.749 million and assuming revenue is evenly spread across the financial year we calculated an annualised estimate of this figure of $2.33 million. This is classified as Last Twelve Months ("**LTM**") revenue.

The comparable companies have an average Enterprise Value ("**EV**") / LTM revenue multiple of 1.5x, a 75th percentile of 1.9x and a 90th percentile of 3.4x. Using a multiple range of 2.0x to 3.5x results in values for 100% of the equity of AGE of between $1.98 million and $5.48 million.

We noted this value range but ultimately disregarded it as we consider it an unrealistic estimate of current market value given the costs to establish a school, the fact that AGE is only in its first few years of operation and the scope of opportunities in front of it.

We note that the top three companies in the sample had EV/LTM revenue multiples of between 6.0x and 7.6x. Applying these multiples to AGE would result in values for 100% of the equity between $11.31 million and $15.04 million.

7.5.5 Cost to replicate / multiples of Invested Capital

These two approaches to value are both based on a similar premise and consider the amount that has been invested in the business to date (i.e. to establish the school and fund operating losses in the early years) and then assess a market value as some multiple of that amount. In this case the multiple is a reflection, among other things, of the stage of the business, the opportunities the business has and how scalable the business model is.

Invested Capital is defined as the amount of capital contributed, either by way of equity or debt, that has been invested in the business. In AGE's case we have adopted a modified measure reflecting that as well as debt and equity the business has been funded in other ways i.e.

- it has received subvention payments (from other companies owned by the same shareholder), and

- some related party (non-interest bearing) accounts payables appear to be more debt like (i.e. they look to be being provided on extended payment terms).

These amounts are both genuine cash contributions to the business by the major shareholder and could have been put into AGE in the form of shares or debt however, reflecting the historic position of being 100% owned by a single private owner, the funds have been able to be provided in this manner. On this basis we calculate adjusted Invested Capital at 30 September 2023 to be $6.58 million.

AGE Calculation of Adjusted Invested Capital	
as at 30 September 2023	
NZ$000's	
Share Capital	1
Debt	13
Related Party Debt	2,963
Cash received from Subvention Payments	2,644
Related Party Payables (on Extended Terms)	955
Adjusted Invested Capital	**6,576**

source: AGE financial statements

The comparable companies we reviewed had a median Price (or Equity Value) / Invested Capital multiple of 0.8x, a 75th percentile of 1.6x and a maximum of 6.8x. The corresponding figures for the Enterprise Value / Invested Capital were 0.9x, 1.4x and 7.0x.

Reviewing the multiples of the comparable companies, and considering AGE's assumed relative competitive position we have adopted the following multiple ranges:

- Price / Invested Capital: 1.5x to 2.5x, and
- Enterprise Value / Invested Capital: 1.4x to 2.8x

Using these approaches we derive ranges for the value of 100% of the equity of AGE of between $9.9 million and $16.4 million (with an average of $13.2 million) and between $6.5 million and $15.7 million (with an average of $11.1 million). Details are shown in the following two tables.

AGE Price / Invested Capital Based Valuation		
NZ$000's	**Low**	**High**
Price / Invested Capital	1.50 x	2.50 x
Adj. Invested Capital (30 Sept 2023)	6,576	
Equity Value (Equal to Price)	**9,864**	**16,441**

AGE Enterprise Value / Invested Capital Based Valuation		
NZ$000's	**Low**	**High**
Ent Val / Invested Capital	1.4 x	2.8 x
Adj. Invested Capital (30 Sept 2023)	6,576	
Enterprise Value	9,207	18,414
Net Debt	(2,683)	
Equity Value	**6,524**	**15,731**

7.5.6 AGE valuation conclusion

It is generally accepted that the valuation of early stage businesses, which can be loss making and / or yet to achieve critical mass, is difficult and can be prone to a wide range of outcomes. AGE is an early stage business which is yet to make profits and no prospective financial information has been provided.

In assessing the value of AGE we considered multiples of the capital invested in the business as the most appropriate method. Using that approach, and disregarding the lowest and the highest of the four figures we calculated, we derive a value range for 100% of the equity of AGE to be between **$9.9 million and $15.7 million with an average of $12.8 million**. This compares with a sale price of $15.0 million which sits within, albeit at the top end of, our assessed valuation range.

8 Profile and Valuation of Send Global Limited

8.1 Overview of Send

Send was incorporated on 15 December 2003 as Mail Holdings Limited. It has subsequently changed its name several times:

- in 2012 to SEND Group Limited
- in 2015 to G3 Group Limited, and
- in 2023 to Send Global Limited

Send is the parent company for two operating companies:

- New Zealand Mail Limited (“**NZ Mail**”), and
- Filecorp NZ Limited (“**Filecorp**”)

The Profile provides a comprehensive overview of Send, we therefore provide only a summary of Send’s business and operations below.

The principal services provided by Send are:

- mail, parcel and logistics
  - business mail services
  - domestic courier and freight
  - pickup and delivery services
  - unified logistics
- outsourced business solutions
  - filing and consumables
  - mail house services
  - mail room management
  - consultancy services
  - over printing

Under Send’s operating model all of NZ Mail’s services are provided by third parties.

8.2 Growth strategies

Send has separate growth strategies for its two operating subsidiaries NZ Mail and Filecorp.

8.2.1 NZ Mail

The growth strategies for NZ Mail are:

- Continue to lower discounts for all customers to maximise pricing for profit.
- Acquire more bulk mail customers to improve NZ Mail's market awareness and profile.
- Expand on NZ Mail's direct entry gateway into Australia Post, thus allowing NZ Mail to bypass New Zealand Post's commercial pricing for magazine mail destined for delivery into Australia.
- Develop capability that allows customers to access freight requirements using an online booking system that will provide multi service and carrier options.
- Expand NZ Mail's offering into new cloud-based logistics offerings (courier) via third party platforms or through an internally developed platform.

8.2.2 Filecorp

The growth strategies for Filecorp are:

- A three-phase initiative to gain a share of filing products across the Ministry of Justice under a preferred supplier arrangement.
- Secure supply to schools not currently covered in Samoa. Build archiving capability and infrastructure in Samoa in a possible joint venture with Samoa Stationery or the Samoa Government.
- A two stage approach to expanding its business with Te Whatu Ora of securing existing hospital files for FY24, add additional DHBs not currently being supplied and implement volume pricing to centralised procurement.
- Target growth in Australia through an identified major reseller group. Target sectors with legislated requirements to maintain hard copy files.

8.3 Key people

- **Paul Forno – CEO.** Paul has worked in government, not for profit, media and education sectors as well as running his own consultancy business. As well as experience as a senior executive Paul has also been a director of several New Zealand companies.

In addition to Paul Forno the other key executive with experience in Send is Mike Dunshea who will be the group CFO and who was, until recently, CFO for Send (see section 9.3).

8.4 Key business risks

Section 6 in the Profile sets out a description of the key risks relating to the businesses being acquired. The risks that are particularly relevant to Send are summarised below:

- Dependence on key personnel. Send is heavily reliant on key personnel, in particular Paul Forno (Director and CEO). If Send were to lose the services of these key individuals it could have a material adverse effect on future performance.

- Competition. The logistics, courier and file management sectors in NZ are highly competitive. The actions of current, or the emergence of new, competitors could impact the price at which Send can sell its services and / or reduce the demand for Send's services which could adversely impact Send's financial performance.

- Management of Growth Opportunities. Growth is planned both organically and through strategic acquisitions. However, there is no assurance that ACE will be successful in securing future acquisitions to accelerate its growth.

- Entry into new geographic markets and new verticals. ACE believes that there are substantial opportunities in both NZ and Australia and accordingly has ambitions to expand into other geographic markets and other market verticals. There is a risk that ACE will fail to successfully execute its strategy in respect of growth in this manner.

8.5 Financial information

Audited financial information for the FY22 and FY23 years, and unaudited financial information for the FY20, FY21, and YTD periods has been provided by Send. No prospective financial information has been included or provided in the Profile.

8.5.1 Financial performance

A summary profit and loss statement of Send is presented below.

Send Statement of Financial Performance					
FYE 31 March	**FY20**	**FY21**	**FY22**	**FY23**	**YTD FY24**
					30-Sept
NZ$000's	**unaudited**	**unaudited**	**audited**	**audited**	**unaudited**
Revenue	37,681	32,475	37,030	41,907	18,709
Gross margin	7,945	5,327	5,928	5,963	2,974
EBITDA	**1,753**	**1,076**	**3,290**	**2,907**	**1,278**
EBIT	1,282	602	2,714	2,353	1,001
NPBT	902	395	2,355	1,943	917
NPAT	695	(548)	2,224	281	660
Normalisations	-	1,081	(154)	735	50
Normalised EBITDA	**1,753**	**2,157**	**3,136**	**3,642**	**1,328**
Margins					
Gross Margin %	*21.1%*	*16.4%*	*16.0%*	*14.2%*	*15.9%*
EBITDA margin %	*4.7%*	*3.3%*	*8.9%*	*6.9%*	*6.8%*
Normalised EBITDA margin %	*4.7%*	*6.6%*	*8.5%*	*8.7%*	*7.1%*
EBIT margin %	*3.4%*	*1.9%*	*7.3%*	*5.6%*	*5.4%*

Source: Send financial statements

Commentary:

- In the YTD FY24 results Depreciation & Amortization has not been separated out in the financial statements. The EBIT figure was reported however, EBITDA for the period is an estimated figure.

- NZ Mail is Send's primary revenue generating business, accounting for circa 90% of total revenue.

- Excluding the decline in FY21 (which we assume was COVID lockdown related) revenue has been relatively stable since FY20. Revenue is seasonal with sales typically experiencing a boost in the March to July period each year.

- On a normalised basis earnings have grown over the period. This has primarily been driven by decreasing expenses as opposed to revenue growth.

- After dropping in FY21 the Gross Margin % ratio has been relatively stable.

- Send's expenses are primarily related to the provision of its services (i.e. cost of goods sold), employee costs are the second largest expense item and account for over 50% of Send's overheads.

- Subvention payments are excluded from both Reported and Normalised EBITDA. Over the FY20 – FY23 period circa $4.6m of subvention payments have been made to other entities in the same tax group (i.e. other companies with the same shareholder). These payments are the primary reasons for the low reported NPAT figures in FY21 and FY23.

To assist in valuing Send we have made the following normalisations to the historic reported results:

- Management fees paid to the shareholder in the FY23 and YTD FY24 periods have been added back.

- $243,000 has been added to FY23 reflecting one-off shut down costs of G3 medical

- $154,000 has been added to FY23 reflecting expenses from the previous financial year expensed in FY23.

- Charitable donations have been added back in FY21.

- FY23 saw $138,000 of rental expense incurred. Send prepares its financial statements in accordance with the IFRS accounting standards so rental costs would normally be reclassified as leases with the expense showing as a mix of amortisation and interest (i.e. below EBITDA). The exception is leases with a duration of 12 months or less meaning that this short term rental agreement either won't be renewed or will be renewed for a longer period. In both cases it would not be within Normalised EBITDA so we add this amount back to FY23 reported earnings.

- We understand that in the six months to September 2023 there were some costs incurred ahead of the RTO process, however, we have not been provided with details. The effect of adjusting for these expenses would be to increase Normalised EBITDA in YTD FY24 period.

8.5.2 Financial position

A summary balance sheet for Send is presented below the commentary.

Commentary:

- The negative Net working capital balance in FY23 was due to a commitment to purchase additional inventory which had not been paid for at 31 March 2023. Shortly after balance date this inventory was paid for with Current Liabilities (i.e. Accounts Payable) falling and being offset by an increase in bank debt.
- In FY23 Send completed a sale and lease back transaction for its buildings and property. As an IFRS16 reporting entity the Right of Use assets reflect these assets with an offsetting amount of Lease Liabilities.
- Net Debt has decreased over time from both Operating Cashflows and the sale of the property. At 30 September 2023 interest bearing debt comprised of $1.5m of bank debt and $0.6m of related party debt.
- Loans are primarily from Wilshire Treasury Limited (the funding arm for 2061 LP's business interests). It is planned that in conjunction with Completion these advances will be re-financed directly with ANZ Bank.

Send Statement of Financial Position

As at 31 March	FY20	FY21	FY22	FY23	30-Sep-23
NZ$000's	unaudited	unaudited	audited	audited	unaudited
Current Assets	6,385	9,863	12,470	11,829	7,820
Current Liabilities	(6,042)	(9,439)	(11,520)	(13,416)	(5,499)
Net working capital	**343**	**424**	**950**	**(1,587)**	**2,321**
Property, Plant & Equipment	5,218	5,074	5,118	212	191
Intangibles	6,211	5,501	6,625	6,297	6,128
Right of Use Assets	-	-	-	1,458	1,325
Total non-current assets	**11,429**	**10,575**	**11,743**	**7,967**	**7,644**
Other Non-current Assets / (Liabilities)	(141)	32	68	226	170
Net operating assets	**11,631**	**11,031**	**12,761**	**6,606**	**10,135**
(Cash) / Overdraft	(2,408)	(2,641)	(1,463)	(3,133)	(445)
Bank Debt	1,000	1,000	1,700	-	1,542
Related Party Debt	6,669	7,690	5,856	1,309	600
Lease Liabilities	-	-	-	1,481	1,367
Net debt	**5,261**	**6,049**	**6,093**	**(343)**	**3,064**
Total shareholders' funds	**6,370**	**4,982**	**6,668**	**6,949**	**7,071**
Total shareholders' funds & net debt	**11,631**	**11,031**	**12,761**	**6,606**	**10,135**

Source: Send financial statements

8.5.3 Cash flows

Statement of Cash Flows - Send Global Limited					
FYE 31 March	**FY20**	**FY21**	**FY22**	**FY23**	**YTD FY24**
					30-Sept
NZ$000's	**unaudited**	**unaudited**	**audited**	**audited**	**unaudited**
Net Operating Cash Flows	5,349	1,468	2,073	5,199	(3,139)
Net Investing Cash Flows	(496)	(143)	(1,760)	6,021	117
Net Financing Cash Flows	(4,133)	(1,092)	(1,491)	(9,550)	334
Net Cash Flows	**720**	**233**	**(1,178)**	**1,670**	**(2,688)**
Opening Cash	1,688	2,408	2,641	1,463	3,133
Closing Cash	**2,408**	**2,641**	**1,463**	**3,133**	**445**

Source: Send financial statements

Commentary:

- With the exception of the YTD FY24 period Send has generated positive operating cash flows.
- In the period to September 2023 Send was profitable (i.e. NPAT of $0.66 million) but Net working capital increased by $3.9 million resulting in the negative Operating cash flows. Working capital is expected to reduce over the balance of FY24 leading to a reversal of this feature.
- The positive investing cash flow in FY23 is due to the property sale and lease back, with the proceeds of this transaction largely applied to the repayment of debt.

Financing cash flows primarily reflect the drawing and repayment of debt.

8.6 Valuation of Send Global Limited

8.6.1 Concept of value

The concept of value that we have adopted is one of a market value being the price at which a willing but not anxious vendor would sell, and a willing but not anxious purchaser would buy. This assumes both parties are adequately informed of the relevant facts, and neither is under any compulsion to buy or sell.

We have valued 100% of the shares of Send without explicit regard for any premium for control nor do we explicitly incorporate any discount to reflect that Send is currently privately held. While the Transaction is in essence a takeover, our view is that a premium for control should not be explicitly incorporated in the valuation given that:

- Following the Transaction the Vendors will own 87% of ACE's Shares, meaning control is effectively remaining with the current owners.
- ACE's existing shareholders hold minority positions, and therefore will not receive any control benefit from the Company's purchase of Send.

8.6.2 Approach to valuation

Valuation methodologies can be distinguished into two general types. The first methodology is focused on future financial performance and the second on assets realisation. Future financial performance methodologies generally have a base assumption that the business will be ongoing, while asset realisation methodologies generally assume the cessation of trading in its current form.

Future financial performance valuation method include, but are not limited to, a capitalisation of future maintainable earnings and a DCF:

- A capitalisation of maintainable earnings valuation approach is a common methodology used in assessing the value of a business like Send. The capitalisation rate, or valuation multiple, can be derived from share market trading multiples for similar companies and / or from observed transactions within the sector.

- A DCF valuation is theoretically the best way to value a business. The DCF valuation assesses the value of the business by discounting its future cash flows at an appropriate discount rate given the riskiness of the business i.e. the weighted average cost of capital.

While the DCF approach is generally considered to be the preferred method to value a business it relies on forecasts of future financial performance. As no prospective financial information is being provided in the Profile we have assessed the market value of Send using the capitalisation of earnings approach. As Send has a relatively stable pattern of earnings and cashflows we are comfortable using this approach and we do not think the DCF approach would necessarily result in a materially different valuation.

8.6.3 Capitalisation of earnings valuation

Future maintainable earnings

Send FME Estimate	
NZ$000's	**FY23 / FME**
Reported EBITDA	**2,907**
Add back:	
Management fees	200
G3 medical close down	243
Timing issues	154
Reclassify rent	138
Total normalisations	**735**
Normalised EBITDA / FME	**3,642**

It is preferable that a valuation based on multiples uses an estimate of FME although that estimate can be based on historic results. Accordingly, and as Send operates in a mature industry with relatively consistent earnings, we have adopted the last full financial year (i.e. FY23) as our estimate of FME. We have opted to use FY23 instead of the twelve month period to September 2023 as, unlike the interim period to September 2023, the FY23 full year financial statements are audited and include details of the one-off and extraordinary items that have been adjusted for in our calculation of normalised earnings.

We have used EBITDA as our measure of earnings as it excludes the impact of financial leverage and accounting policies relating to depreciation and amortisation. Our estimate of FME is $3.61m. A reconciliation of our FME estimate with FY23 Reported EBITDA is presented in the table below.

Multiples

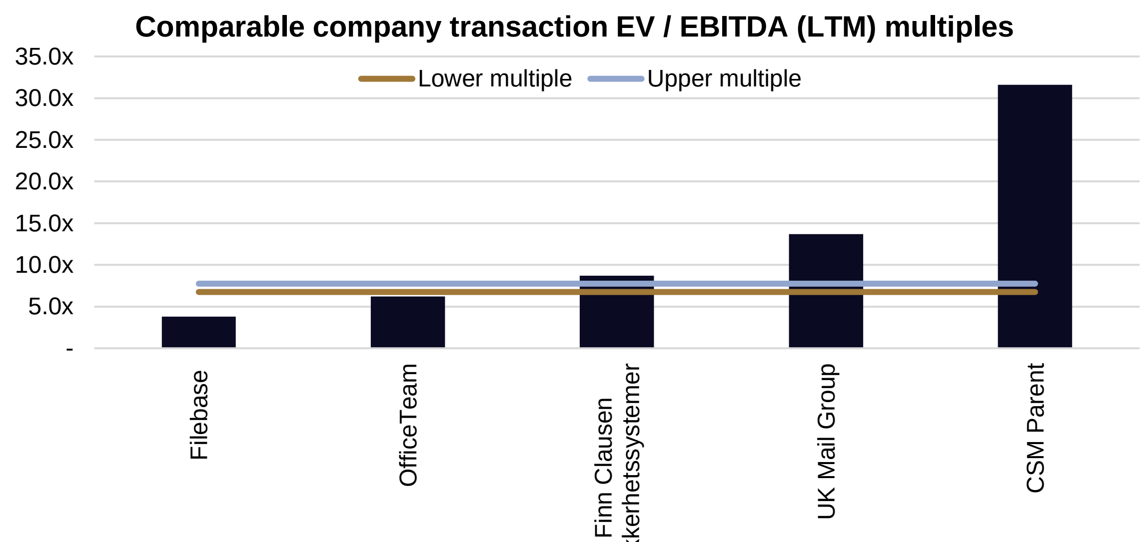
A capitalisation of earnings approach requires an earnings multiple that is then applied to our FME estimate. We have reviewed transaction and trading multiples for companies that operate within the same and similar sectors, which has informed our view on the range of multiples selected.

As Send's mail operations is the dominant segment we have focused primarily on global mail and postal service providers in our multiples analysis. While these companies are not directly comparable in terms of business operations, we consider that the underlying drivers and industry conditions are similar enough to Send that the multiples are relevant.

Transaction multiples

There are very few transactions directly involving postal companies, so we have identified several transactions involving companies from the broader outsourced office solutions industry which we believe are broadly comparable. Section 13 (Appendix 1) provides analysis of these transactions.

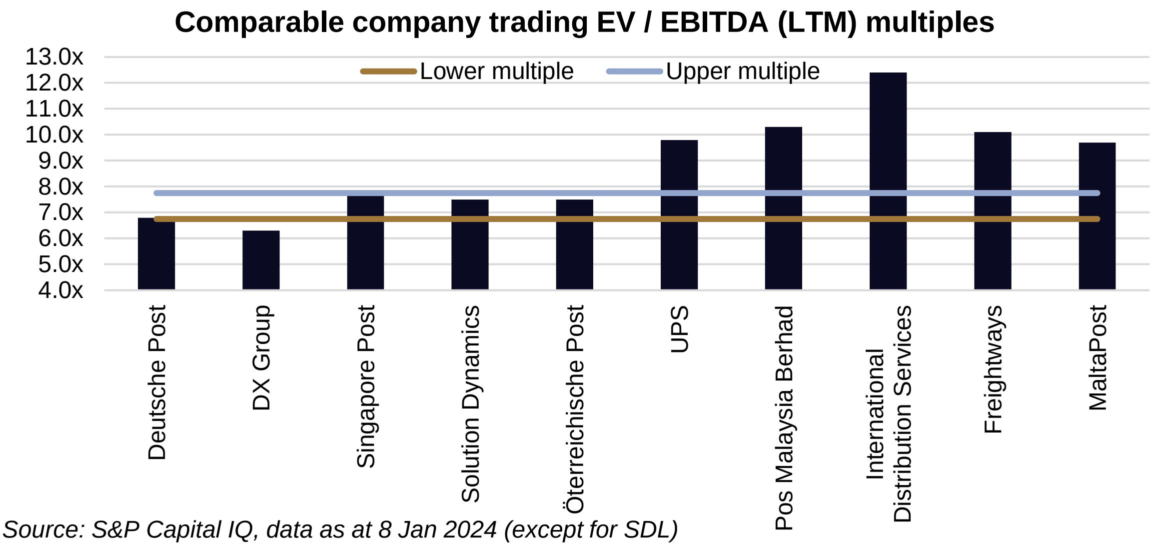
The transaction multiples, based on multiples of trailing 12 months, or LTM, EBITDA, are displayed in the chart below. They range from 3.8x to 31.6x, with a median of 8.7x and an average of 12.8x. Overlaid on the chart is our selected multiple range of 6.75x – 7.75x (discussed below).



Source: S&P Capital IQ (data as at 8 Jan 2024)

Trading multiples

Our selected listed comparable companies are a range of global postal operators, with the addition of NZX listed Solution Dynamics ("**SDL**") and Freightways. The following chart shows the multiples as at 8 January 2024 except for SDL which is from 23 August 2023[11]. Section 14 (Appendix 2) provides further analysis and detail on the comparable company trading multiples.



Source: S&P Capital IQ, data as at 8 Jan 2024 (except for SDL)

The chart above shows EV / EBITDA multiples for the selected comparable companies. This shows a range of 6.3x to 12.4x with a median of 8.7x and an average 8.8x. Overlaid on the chart is our selected multiple range of 6.75x to 7.75x (discussed below).

We consider SDL to be the single best listed comparable and have therefore examined its trading multiples more closely. In the year to August 2023 (i.e. excluding the period impacted by the potential material customer loss) SDL's EV / LTM EBITDA multiple ranged from 6.8x to 9.2x with an average of 7.9x (compared to our selected range for Send of 6.75x to 7.75x).

Selected multiples

To value Send we have adopted an EBITDA multiple range of 6.75x to 7.75x. In selecting this range we considered:

- A majority of the selected listed companies are significantly larger, more diversified, and have higher EBITDA margins than Send.

- There are several listed companies which we have placed more reliance on, in particular SDL, as we view these companies as more comparable to Send.

- In the comparable company transaction multiples we placed much less reliance on the bottom end of the range (a very small transaction nearly 10 years ago) and the top end of the range (larger transactions which, presumably, had some level of synergy for the acquirer).

[11] On 17 July 2023 SDL announced that a "very material" customer had informed it that it intended to issue a request for proposal (RFP) tender for the communications programmes that SDL supplies. While there was minimal immediate impact on the SDL share price the price fell materially following SDL's release of its FY24 results, despite those results showing record results and a solid cash position. We do not consider this more recent trading representative so use SDL's multiple the day before the profit announcement.

- Listed company trading multiples are based on trading for minority shareholdings and therefore are assumed to implicitly have a minority discount attached to them.

8.6.4 Valuation of Send's shares

Based on the capitalisation of earnings approach we assess the enterprise value of Send to be in the range of $24.6 million to $28.2 million.

Send Enterprise Value		
NZ$000's unless otherwise stated	**Lower**	**Upper**
FME	3,642	
EV / EBITDA multiple	6.75x	7.75x
Enterprise Value	**24,584**	**28,226**

To calculate an equity value for Send's shares, we deduct the amount of net debt / cash, including lease liabilities, from the enterprise value. In calculating the net debt position we have made a *pro-forma* adjustment to reported debt as at 30 September 2023. In its interim results Send reported that it was still carrying excess debt from the purchase in April 2023 of a significant amount of inventory ahead of a NZ Post price increase on 1 July 2023. Send noted that $3.8 million of that loan had been repaid by 30 September 2023 with the additional comment "the cash position will continue to improve through the rest of the financial year as the large inventory purchase is sold down". We assume that a normalised / average debt level is $0.5 million lower than reported at September 2023 (i.e. that amount is added to the value).

Valuation of Send shares		
NZ$000's	**Lower**	**Upper**
Enterprise value	**24,584**	**28,226**
Debt	(2,142)	
Cash	445	
adj. to Normalised Debt level	500	
Lease Liabilities	(1,367)	
Net Debt at 30 September 2023	**(2,564)**	
Equity value	**22,020**	**25,662**

8.6.5 Send Valuation Conclusion

Based on the capitalisation of earnings approach we assess the value of 100% of the shares of Send to be in the range of **$22.0 million to $25.6 million with an average of $23.8 million**. This compares to the sale price of $25.0 million which sits within, albeit at the very top, of our assessed value range.

9 Profile and Valuation of Being Consultants Limited

9.1 Profile of BCL

BCL is an early-stage business that has recently been formed[12] by several successful technology entrepreneurs and executives who each have proven track records in multiple settings. BCL has already launched its business operations and is actively pursuing new engagements with potential clients. More information can be found at BCL's website at https://www.beingconsultants.ai/

9.2 Overview of BCL

BCL seeks to position itself at the cutting edge of digital transformation, specialising in leveraging AI and EAT to revolutionise business operations. Its core competency is said to lie in integrating AI into the fabric of business practices, enabling companies to navigate and excel in the digital era. Being operates in three main areas:

- Being Consultants. Focused on helping clients navigate the complexities of AI and Web3, providing strategic guidance and implementation.
- Being Ventures. A division dedicated to being a transformation accelerator for early stage companies that it invests in by providing the capital, scaling support and operations overhaul. Being Ventures will also look to acquire traditional companies to implement cutting edge AI / EAT capabilities seeking to transform them into agile industry leaders.
- Being Labs. The R&D arm, which explores new ventures and looks to develop new cutting-edge AI technologies.

While BCL is headquartered in Auckland its key employees have substantial international experience so the company plans to operate on a global basis with an initial focus on NZ, Australia and Singapore. Expanding into different geographic markets is not without risk or additional cost (see section 9.4) so Independent ACE Shareholders need to consider the ability of BCL to successfully undertake expansion into markets other than New Zealand.

9.3 Key people

As a recently established, people based, business the key asset of BCL is its employees. Brief profiles of BCL's leadership term are provided below (see the Profile for extra information):

- **David McDonald - Group CEO and Founder.** With a background in engineering and technology spanning two decades, David founded Altered State Machine, which achieved NZ's largest seed funding round, comprising the largest piece in the formation of Futureverse. His expertise in AI and technology development will be crucial in keeping BCL at the cutting edge of AI advancements.
- **Nyssa Waters – CEO.** Nyssa's background includes significant roles at major tech firms including most recently Google where she was at the forefront of driving digital transformation. Prior to that Nyssa had several roles at Telstra and Spark NZ. Nyssa's vision for BCL is centred around harnessing AI to create transformative

[12] Being Consultants Limited was incorporated as a company on 30 October 2023.

business solutions, and her leadership will be pivotal in positioning BCL as a leader in AI consultancy.

- **Mike Dunshea – Group CFO**. Mike is a chartered accountant who qualified with KPMG in Auckland. He has over 20 years of experience in operations management and finance both in NZ and offshore. His most recent role is CFO of Send, a position he has held since 2020.

- **Erin Zink – COO.** Erin has experience in building effective AI R&D and development teams. Her expertise lies in operational management and execution, helping to ensure that BCL's strategic initiatives are effectively translated into tangible client solutions.

- **Nicolas Fourrier – CTO.** Nicolas is a data scientist with a PhD in applied mathematics from the University of Virginia with over 70 published papers in the specialised fields of predictive analysis, machine learning, inverse problems and differential equations. With over 15 years industry experience in fields from aerospace to the metaverse Nicolas will provide BCL the technical leadership as it seeks to be the leader in this space.

- **Paul Shale – Chief Marketing Officer.** With his early career in legal, accounting Paul has more recently worked in senior roles in advertising and growth marketing for several technology companies across Australasia.

At Completion Date BCL will have 6 FTE. We understand that they are currently negotiating with third parties in both New Zealand and Australia as either additional employees or as providers of contracting services. BCL has a pool of contractors it can call upon to provide specialist contracting support as its' workflows require. We understand too that BCL has a strategic relationship with Futureverse who has a large team of researchers and engineers who could be available on a contracted basis.

9.4 Key business risks

Section 6 in the Profile sets out a description of the key risks relating to the businesses being acquired. The risks that are considered particularly relevant to BCL are summarised below:

- Reliance on securing significant contracts. The success of Being Consultants is largely reliant on its ability to grow new customer relationships and develop new business. There is no guarantee that new contracts for services will be secured which would have an adverse impact on its ongoing revenues and cashflows.

- Dependence on key personnel. BCL's operations are heavily reliant on certain key personnel (in particular David McDonald, Nyssa Waters, and Nicolas Fourrier) and if any of these key people were to leave its operations and financial performance could be adversely affected.

- Failure to effectively manage growth opportunities. The Being AI Group intends to expand organically and through strategic acquisitions. It may not successfully identify the right opportunities, or manage its growth, which could lead to adverse operational and financial performance.

- Entry into new geographic markets and verticals. Expansion into new vertical markets is difficult, and there is a risk that BCL will fail to successfully implement its strategy in new markets and new verticals.

- Significant legal and regulatory changes. There is a risk that legal and regulatory changes to the AI sector will interfere with the ability of BCL to implement its growth strategies. This risk is increased by BCL planning on operating within several different geographic jurisdictions.

9.5 Growth strategies

The current market landscape presents a significant opportunity for AI and digital transformation services. As businesses across multiple sectors recognize the need to integrate AI into their operations, the demand for expert consultancy in this field is expected to grow rapidly. BCL aims to strategically position itself to capitalise on this trend, offering comprehensive AI solutions that cater to a wide range of industry needs. Specific avenues for growth for BCL include:

- expanding into professional services (possibly via strategic partnerships)
- additional partnerships with firms specialising in areas such as IT infrastructure, cloud services, data management and business process optimisation
- broadening its service portfolio and expanding its service offerings, and
- offering an enhanced client value proposition.

9.6 Financial information

We understand that BCL has entered into its first commercial engagements with customers however, given that it has only existed a few months as a corporate entity there is no meaningful financial information available. No prospective financial information has been provided in the Profile.

9.7 Valuation of BCL

In the absence of any financial information, either historic or prospective, we are unable to use any traditional valuation methods to assess the value of BCL. The inability to prepare a detailed valuation analysis of BCL means that we are unable to form any definitive conclusions as to the current value of BCL. Accordingly, to assess the reasonableness of the price being paid for BCL we have considered:

- pre-money values for seed and other early stage companies, and
- the structure, and price setting dynamics, of the Transaction.

9.7.1 Values for seed and other early stage companies

Given the wide range of data sources including a spread of geographies and timeframes, definitional issues as to exactly what stage each company is at and the inability to consider company specific factors it is difficult to draw definitive conclusions from the published aggregate data outlining the pre-money value at which early-stage companies have raised new capital.

BCL is a very early-stage business, it is pre-revenue and with no established product or service in the market. This is not uncommon in venture capital markets which is why investors, when considering the value of an early-stage business, will typically place greater emphasis on:

- The background, experience and pedigree of the management team
- The potential size, and the competitive dynamics, of the market that the early-stage business seeks to compete in.

Our assessment is that BCL would rate favourably on the matter of the management team and the potential size of the market in which it competes. However, our preliminary view is that the AI market is, or at least will be, relatively competitive with a large number of other businesses competing in that space.

We have reviewed recent data for angel and seed stage investments in both the NZ and global markets. There is a wide range of between $0.3 million and $20 million, however, by excluding the outliers, and generally placing less emphasis on the higher valuations in the US market, we observed a range of $2 million to $14 million. This compares to the $5 million price ascribed to BCL in the Transaction.

9.7.2 Price setting in the Transaction

2061, as vendors of both AGE and Send, will be the largest single shareholder in ACE i.e. excluding any shares issued for the contingent consideration for the purchase of BCL it will hold 63.9% of the issued capital compared to 2384 at 10.1%. In formulating the Transaction there was an incentive for the 2061 interests to ensure that the relativity between the price ascribed to its two businesses and the price for BCL was realistic.

2061 will be better informed as to BCL's capabilities and prospects, and its abilities to add value to ACE, and so we think that it is relevant to incorporate 2061's explicit acceptance of the BCL price into any assessment of the reasonableness of the Transaction.

9.7.3 BCL valuation conclusion

For the reasons outlined above we have not been able to undertake a detailed valuation analysis of BCL. We are therefore unable to provide definitive statements as to our assessment of value. However, to assess the reasonableness of the $5m value ascribed to BCL we considered:

- The published data on the pre-money values at which a wide range of other early stage companies have raised money at. We consider that this provides support for the $5 million price.
- The dynamics of the price setting negotiations in the Transaction. We are unsure of the precise details how the Transaction was formulated but we do think, that in assessing the reasonableness of the price being paid for BCL, that 2061's explicit acceptance of the price should be considered.

We do not have a valuation range to compare the $5 million with however, on balance, we consider the price being paid for BCL as within the bounds of what we would consider reasonable.

This assessment is focused on the initial $5 million price being paid for BCL rather than the additional Contingent Consideration which may be paid in the future. As detailed in the following section that consideration is all based on the future share price performance of ACE and essentially reflects a profit / return sharing arrangement.

9.8 BCL price adjustment / Contingent Consideration

There are provisions in the RTO Agreement for an adjustment to the BCL purchase price linked to the future share price of ACE, to be satisfied via the issue of additional new Shares to 2384. The key details of the Contingent Consideration are as follows:

- If, in any period between 9 months and 3 years after the Completion Date, the 90 day VWAP of ACE Shares is between \$0.04 and \$0.05 the BCL purchase price shall be increased, on a sliding scale, by between \$9.333 million and \$11.667 million *via* the issue of between 373.331 million and 466.66 million additional Shares at an issue price of \$0.025 per Share.

- If, in any period between 18 months and 3 years after the Completion Date, the 90 day VWAP of ACE Shares is between \$0.08 and \$0.10 the BCL purchase price shall be increased further, on a sliding scale, by between \$9.333 million and \$11.667 million via the issue of between 373.331 million and 466.66 million additional Shares at an issue price of \$0.025 per Share.

- If, in any period between 24 months and 3 years after the Completion Date, the 90 day VWAP of ACE Shares is between \$0.12 and \$0.15 the BCL purchase price shall be increased further, on a sliding scale, by between \$9.333 million and \$11.667 million via the issue of between 373.331 million and 466.66 million additional Shares at an issue price of \$0.025 per Share.

- If, in any period up to 3 years after the Completion Date, the 6 month VWAP of ACE Shares exceeds \$0.30 the BCL purchase price shall be increased by a further \$34,999, 800 (less any additional amounts already triggered under the earlier provisions) and ACE shall satisfy that increased purchase price via the issue of a further 1,399,992,000 Shares (less any additional Shares already issued under the earlier provisions) at an issue price of \$0.025 per Share.

The following table shows several possible scenarios based on the following assumptions:

- 2384 either being issued no shares in each of the three tranches, being issued the minimum of 373.33 million shares in each of the tranches or being issued the maximum of 466.66 million shares at each tranche.

- No additional share issues by ACE, beyond what is directly contemplated in the Transaction, in the three year period. We make this as a simplifying assumption but consider it unlikely to be the actual position e.g. the Post Completion Shares could be issued and 2384's shareholding would be a lower percentage than shown.

As shown in the table on the following page there is a wide range of possible scenarios which result in 2384 holding somewhere between 10.06% and 47.23% of the issued capital[13] (i.e. including the Placement Shares but excluding the Post-Completion Shares and the impact of the exercise of any ESOP Options).

[13] There are additional scenarios where 2384 gets issued some, or all of the possible, shares at first tranche but none in any of the others however it is difficult to show all possible scenarios. If 2384 is issued any Shares in Tranche 1, but nothing in future tranches, its shareholding would be between 24.3% and 27.2%.

ACE Shareholding Levels Including Contingent Consideration for the Purchase of BCL								
	Independent ACE Share-holders	**Joyce and associates**	**Other (incl. former) directors**	**Placement Share-holders**	**2061 LP**	**Te Turanga Ukaipo**	**2384 LP**	**Total**
Post Settlement shareholdings (excl. ESOP Options)								
No. of Shares	16.86	116.06	15.11	120.00	1,270.00	250.00	200.00	**1,988**
% of Total	0.85%	5.84%	0.76%	6.04%	63.88%	12.58%	10.06%	**100%**
No. of Shares Issued Under Each Tranche								
Low	-	-	-	-	-	-	373.33	**373**
High	-	-	-	-	-	-	466.66	**467**
End Position: Based on Number Issued in Each of Three Tranches (No. of Shares)								
Nil	16.86	116.06	15.11	120.00	1,270.00	250.00	200.00	**1,988**
Low	16.86	116.06	15.11	120.00	1,270.00	250.00	1,319.99	**3,108**
High	16.86	116.06	15.11	120.00	1,270.00	250.00	1,599.99	**3,388**
End Position: Based on Number Issued in Each of Three Tranches (% of Total)								
Nil	0.85%	5.84%	0.76%	6.04%	63.88%	12.58%	10.06%	**100%**
Low	0.54%	3.73%	0.49%	3.86%	40.86%	8.04%	42.47%	**100%**
High	0.50%	3.43%	0.45%	3.54%	37.49%	7.38%	47.23%	**100%**

The largest dilution occurs to 2061, as the largest single shareholder, as its shareholding could be diluted from 63.9% down to 37.5% although the combined shareholding of the Vendors (i.e. 2061 and 2384) and Te Turanga Ukaipo could rise from 86.5% to 92.1%.

The numbers involved are large but it is necessary to consider the potential share issues in context. If the ACE share price increases to $0.15 in the next three years 2384 could be issued up to 1.40 billion new Shares, which would be worth $210 million. Assuming that many were issued, ACE would have at least 3.39 billion Shares on issue with a market capitalisation of at least $508 million and the ACE share price would be at least 6x higher than the Share Issue Price and at least 10x higher than the last traded price in October 2023. There can be no assurance that the ACE share price will increase to be at least 6x higher than the Share Issue Price or any other multiple. However, the structure of the Contingent Consideration has been designed to seek to align the interests of 2384 with the interests of all other shareholders.

As shown in the table on the next page, which considers the situation in 3 years' time (i.e. at the time of the calculation of the third tranche of Earn-In Shares) our analysis indicates that 2384 could effectively receive up to 31.4% of the total gross value added to the Company over the three year period.

It is difficult to benchmark this figure against anything directly comparable however we note that the management agreements for private equity and venture capital funds, which BCL could be considered as being broadly analogous to, typically provide for up to around 20% of the value added to their portfolios. However, there are some important differences in those agreements compared to the Contingent Consideration:

- The Contingent Consideration is calculated over a fixed, and finite, time frame vs. the evergreen nature of most management agreements.

- The Contingent Consideration is linked to net returns not gross returns like most management agreements, which does make the criteria relatively harder to achieve.

For example, if the share price was on the cusp of a trigger point (e.g. just below $0.12 in 24 months' time) any further share price gains could be expected to make explicit allowance for the potential share issue and subsequent dilution of all shareholders other than 2384, thus limiting share price gains at that time and making achievement of the Contingent Consideration hurdle that much harder.

Analysis of Contingent Consideration		
NZ$m unless specified		
Price (in 3 years, at Calculation of 3rd Tranche)	$0.150	
Immediately Prior to the Issue of Tranche 3 Consideration		
Number of Shares on Issue Including Tranches 1 & 2	2,921	million
Market Capitalisation	438.2	
Contingent Consideration (Tranche 3)		
Value	11.7	
Number of Shares (Issued at $0.025)	466.7	million
Immediately After the Issue		
Number of Shares on Issue	3,388	million
Market Capitalisation	508.2	
Total (Cumulative) Amount of Contingent Consideration		
Number of Earn-In Shares Issued	1,400	million
Value of Earn-In Shares Issued	210.0	
Increase in Market Capitalisation (Future Date vs. at Completion Date)	458.3	
Total Gross Value Add	668.3	
2384's Share of Total Gross Value Add	31.4%	

Notwithstanding these differences we do, in isolation, consider 31% to be an unreasonably high proportion of the potential value gains. However, Independent ACE Shareholders need to balance that against:

- the likelihood of achieving the various share price hurdles
- the return, versus the current Share price, that any issue to 2384 would imply to the value of their current holding, and
- the majority of the dilution coming from 2061's shareholding.

Armillary's view is that while in isolation the Contingent Consideration is an unfairly high proportion of the potential value added to the business, when considered in the wider context of the Transaction it is reasonable.

10 Reasonableness of the Share Issue Price

10.1 Basis of establishing the share issue price

Each of the separate elements of the Transaction is linked to the same Share price. In total the Business Acquisition Allotments, the Debt Capitalisations and the Placement will result in 1,966,520,000 new Shares being issued. The Business Acquisition Allotments and the Debt Capitalisations are to be done at the Share Issue Price of $0.025 and the Placement is to be undertaken at a price not less than the $0.025 Share Issue Price.

The Company has advised us that the price of $0.025 was based on the last price that Shares were issued at and was then accepted as a negotiated value with both 2061 and McDonald. In the Board's view it is a fair representation of the value of ACE as an NZX listed shell company in the context of the Transaction.

10.2 Assessment of the reasonableness of the share issue price

We have considered the reasonableness of the Share Issue Price of $0.025 per Share with respect to:

- the prices at which the Company has issued new Shares in the past
- the prices at which the Company plans to issue new Shares as part of the Transaction
- the prices from recent Share trading on the Main Board of the NZX, and
- an adjusted Net Asset Value of the Shares

10.3 Past share issues

Since its name change to Ascension Capital in July 2020 ACE has undertaken three share placements raising a collective total amount of circa $214,000. On a post Share Consolidation basis the weighted average issue price has been $0.0262 with the most recent issue, in April 2023, at $0.029.

ACE Share Issues (July 2020 onwards)

	Pre-share Consolidation		Post-share Consolidation[1]		NZ$000's Raised
	Number	Issue Price	Number	Issue Price	
10 July 2020	333,177,621	$ 0.000250	3,331,776	$0.0250	83
13 November 2020	249,000,000	$ 0.000250	2,490,000	$0.0250	62
17 April 2023			2,350,000	$0.0290	68
Total / Weighted Average			**8,171,776**	**$0.0262**	**214**

[1] *Calculated on a 100:1 basis*

The Share Issue Price is marginally below the weighted average price of Shares issued over the period, it is below the price of the most recent issue but equal with the price of the initial Share issues in 2020.

Considering this factor in isolation we consider the Share Issue Price to be reasonable from the perspective of the Independent ACE Shareholders.

10.4 Share Issues as part of the Transaction

Aside from the Shares being issued to 2061, Te Turanga Ukaipo and 2384 as consideration for the Business Acquisitions the RTO Agreement details how the Transaction is conditional upon the issue of new Shares to the following parties:

- Joyce, pursuant to the Excalibur Debt Capitalisation and the Joyce Allotment (for the purchase of 13.3% of AGE), and

- other current (and one former) ACE directors, pursuant to the Directors' Fees Capitalisation.

While the Transaction is not conditional upon the Placement if the Placement is completed it would introduce new investor shareholders on to the Company's Share register.

We consider that each of these components, in particular the Placement if it is undertaken, provides an element of external and / or independent validation that the Share Issue Price is a reasonable price for the Shares.

10.5 Share trading

As shown in section 6.8 trading of ACE shares on the NZX is thin and sporadic. Over the course of 2023 there have only been seven trades with a total turnover of just under 300,000 shares or 1.39% of the total Shares on issue.

Over that period the Share price has steadily fallen from an initial trade (in April 2023) at $0.035 per Share to the most recent trade (in October 2023) at $0.015 per Share. The VWAP over the last 12 months is $0.020.

The Share Issue Price is well above the last traded price of the Company's Shares and above the VWAP of the last 12 months. While trading of the Shares on the Main Board of the NZX is thin, and not a factor that we place an undue level of reliance on, we do consider the Share Issue Price is reasonable when compared to recent Share trading.

10.6 Adjusted net assets per Share

At 30 September 2023 ACE's Net Tangible Assets ("**NTA**"), as represented by the Total Equity in the Company's balance sheet, was negative $818,000 or negative $0.0381 per Share. If the amounts owing to Excalibur and the Directors (including van Wijk) at that date, being $482,016 and $354,999 respectively, had been capitalised (in line with what is proposed as part of the Transaction) NTA would have been positive $18,000 or $0.0003 per Share.

The Company's only material intangible asset is its NZX Main Board listing. In broad terms the value attributable to an NZX Main Board listing is a factor of the avoided costs from a business using an RTO to get a listing rather than undertaking an Initial Public Offering ("**IPO**") or a compliance listing.

While the implied value is difficult to accurately isolate our analysis of recent backdoor listings and reverse listings suggests they have implicitly ascribed a value of between $0.25 million and $0.75 million to a NZX Main Board listing and this is the range have adopted in our analysis of ACE.

Added to ACE's reported NTA at 30 September 2023 this still results in a negative Net Asset Value ("**NAV**") of between negative $69,000 and negative $569,000 or negative $0.0032 to negative $0.0264 per Share.

Although the Debt Capitalisations form elements of, and are conditional upon, the Transaction being implemented the following table shows the impact on the NAV position if the Debt Capitalisations had been undertaken at 30 September 2023. Note that this table is based on capitalising the amount of debt outstanding at that time. In the period up until Completion there will be additional directors' fees capitalised and Excalibur will advance the Company more funds to cover its normal operating expenses and the costs of implementing the Transaction.

Adjusted Net Asset Value of ACE Shares

	Total ($'000)		**per Share ($)**	
	Low	**High**	**Low**	**High**
Net Assets as at 30 September 2023	(819)	(819)	(0.0381)	(0.0381)
Value of NZX Main Board Listing	250	750	0.0116	0.0349
Adjusted NAV (pre Debt Capitalisations)	***(569)***	***(69)***	***(0.0264)***	***(0.0032)***
Debt Capitalisations	837	837		
Adjusted NAV of ACE Shares	**268**	**768**	**0.0049**	**0.014**

This analysis suggests that the value of the ACE Shares, prior to the Transaction (albeit incorporating some elements of it), and in the absence of any alternative transaction, is between $0.0049 and a maximum of $0.014 per Share.

The Share Issue Price of $0.025 per Share implies a value of $1.36 million for ACE's NZX Main Board listing as at 30 September 2023. Based on the estimated values at Completion Date the implied value for the Main Board listing is closer to $1.68 million which is above our estimate of the value of a listing implied in other RTO transactions. Accordingly, from the point of view of the Independent ACE Shareholders, we consider the Share Issue Price to be fair and reasonable relative to values based on ACE's NTA and Adjusted NAV.

10.7 Conclusion

We assess that the Share Issue Price, being the common price to be used in each separate element of the Transaction, is:

- broadly in line with the price that the Company has previously undertaken Share issues
- the same price as Shares are being issued to other parties, independent of the Business Acquisitions, as part of the Transaction
- at a premium to the price at which the Shares have recently traded at on the NZX Main Board, and
- at a material premium to an assessed per Share value, on either an NTA or Adjusted NAV basis.

Accordingly, we consider that the Share Issue Price is fair to the Independent ACE Shareholders.

11 Sources of Information, Reliance on Information, Disclaimer and Indemnity

11.1 Sources of information

The statements and opinions expressed in this Report are based on the following primary sources of information:

- Reverse Listing Agreement in respect of Send, AGE, Being and ACE (i.e. the RTO Agreement)
- Due Diligence Report Prepared for Ascension Capital Limited in respect of the AI Industries Initiative (dated 23 November 2023)
- Draft versions of the Notice of Special Meeting and Listing Profile
- ACE FY20, FY21, FY22, and FY23 annual reports and ACE interim reports covering 1HFY21 to 1HFY24
- AGE special purpose financial statements for FY21 and FY22 plus financial statements for the 9 month period ending 30 September 2023
- Send annual financial statements for FY21, FY22 and FY23 plus interim financial statements for 1HFY24
- ACE Share Register as at 6 December 2023
- ACE Annual Meeting materials for years 2020 - 2023
- ACE NZX announcements
- Companies Office filings, and
- S&P Capital IQ.

During the course of preparing this Report, we have had correspondence and discussions with and / or received information from the Company and its legal advisers.

The Board has confirmed that, for the purpose of this Report, we have been provided with all information relevant to the Company and the proposed Transaction that is known to them and that all the information provided is true and accurate in all material aspects and is not misleading by reason of omission or otherwise.

Including this confirmation, we have obtained all the information that we believe is necessary for the purpose of preparing this Report.

In our opinion, the information to be provided by ACE to the Independent ACE Shareholders is sufficient for them to understand all relevant factors and to make an informed decision in respect of the Transaction and the Transaction Resolutions.

11.2 Reliance on information

In preparing this Report we have relied upon and assumed, without independent verification, the accuracy and completeness of all publicly available information along with all of the information that was provided to us by ACE and its advisers.

We have evaluated that information through analysis, enquiry and examination for the purposes of preparing this Report, but we have not verified the accuracy or completeness of any such information or conducted an appraisal of any assets. We have not carried out any form of due diligence or audit on the accounting or other records of ACE. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

11.3 Disclaimer

We have prepared this Report with care and diligence and the statements in the Report are given in good faith and in the belief, on reasonable grounds, that such statements are not false or misleading. However, in no way do we guarantee or otherwise provide any warranty or representation that any forecasts of future profits, cash flows or the financial position of ACE will be achieved. Forecasts are inherently uncertain. They are predictions of future events that cannot be assured. They are based upon assumptions, many of which are beyond the control of ACE, its directors and management. Actual results will vary from the forecasts and these variations may be significantly more or less favourable.

We assume no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for negligence) for the preparation of this Report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in this Report or assumptions reasonably taken as implicit, provided that this shall not absolve Armillary from liability arising from an opinion expressed recklessly or in bad faith.

Our evaluation has been arrived at based on economic, exchange rate, market and other conditions prevailing at the date of this Report. Such conditions may change significantly over relatively short periods of time. We have no obligation or undertaking to advise any person of any change in circumstances which comes to our attention after the date of this Report or to review, revise or update the Report.

We have had no involvement in the preparation of the Notice of Special Meeting and have not verified or approved the contents of that notice. We do not accept any responsibility for the contents of the Notice of Special Meeting except for this Report.

11.4 Indemnity

ACE has agreed that to the extent permitted by law, it will indemnify Armillary and its directors and employees in respect of any liability suffered or incurred as a result of or in connection with the preparation of this Report. This indemnity does not apply in respect of any negligence, wilful misconduct or breach of law. ACE has also agreed to indemnify Armillary and its directors, employees and consultants for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Armillary or its directors, employees and consultants are found liable for or guilty of negligence, wilful misconduct or breach of law or term of reference, Armillary shall reimburse its fees for preparing this Report.

12 Qualifications and Expertise, Independence, Declarations and Consents

12.1 Qualifications and expertise

Armillary is a specialist New Zealand based investment banking, funds management, financial training and advisory firm. It provides a range of services including the preparation of valuations, merger and acquisition advice, capital raising and due diligence. Its client base includes a range of small to medium sized private and listed companies, iwi organisations and government agencies.

The individuals responsible for preparing this Report are Geoff Davis (BCom, ACA), David Wallace (BCom, Dip Bus Fin), and Jansson Ford (BCom, MFINC).

Geoff Davis has over 30 years of experience in investment markets with an emphasis on corporate finance, equity capital markets and all aspects of M&A. Prior to joining Armillary Private Capital, Geoff has worked at TeamTalk (now named Vital), Active Equities, Brierley Investments and National Mutual / AXA Funds Management. Geoff holds a Bachelor of Commerce degree from the University of Auckland and is an ACA member of Chartered Accountants Australia and New Zealand.

David Wallace is a founding director of Armillary and is active across the Investment Banking, Funds Management and Advisory areas of the firm. He has a background in investment banking, investment analysis and corporate treasury, with over 30 years' experience working in capital markets in New Zealand. David holds a Bachelor of Commerce degree from Canterbury University and a Post Graduate Diploma in Business Finance from the Auckland University Graduate School of Business.

Jansson Ford is a Senior Analyst at Armillary and has been with the firm since July 2022. He holds a Masters of Finance from the University of Otago and a Bachelor of Commerce degree from the University of Otago.

12.2 Independence

Armillary does not have at the date of this report, and has not had, any shareholding in or other relationship with ACE, AGE, Send, 2061 or Being, or any other conflicts of interest, that could affect our ability to provide an unbiased opinion in relation to the Transaction or the preparation of this Report.

Armillary has not had any part in the formulation of the Transaction nor any aspects thereof. Our sole involvement has been the preparation of this Report.

Armillary will receive a fixed fee for the preparation of this Report. This fee is not contingent on the conclusions of this Report or the outcome of the voting in respect of the Transaction Resolutions. Armillary will receive no other benefit from the preparation of this Report. Armillary does not have any conflict of interest that could affect its ability to provide an unbiased Report.

12.3 Declarations

This Report is dated 11 March 2024 and has been prepared by Armillary at the request of the Independent Directors to fulfil the reporting requirements of the Takeovers Code and NZX Listing Rules. This Report, nor any part of it, should not be reproduced or used for any other purpose.

Armillary specifically disclaims any obligation or liability to any party whatsoever in the event that the Report is supplied or applied for any purpose other than that for which it is intended.

Advance drafts of the Report were provided to the board and its legal advisers. Certain changes were made to the Report as a result of the circulation of the drafts. However, there was no material alteration to any part of the substance of this Report, including the methodology or conclusions as a result of issuing the drafts.

Our terms of reference for this engagement did not contain any term that materially restricted the scope of the Report.

12.4 Consents

Armillary consents to the issuing of this Report in the form and context in which it is to be included with the ACE Notice of Special Meeting to be sent to ACE shareholders. Neither the whole nor any part of this Report, nor any reference thereto may be included in any other document without our prior written consent as to the form and context in which it appears.

Yours faithfully,

Geoff Davis
Director
Armillary Limited

David Wallace
Joint Managing Director
Armillary Limited

13 Appendix 1 – Send Global Limited: Comparable Companies Transaction Multiples

Send Comparable Company / Sector Transaction LTM EBITDA Multiples					
Target	**Acquirer**	**Date**	**Multiple**	**Transaction Size ($m)**	
				Reported	**Indic. NZ$**
Filebase Limited	Restore plc	May-14	3.8x	GBP 0.4	0.8
OfficeTeam Limited	BECAP12; Better Capital PCC	Jul-14	6.2x	GBP 80.0	160
Finn Clausen Sikkerhetssystemer AS	Hiddn Solutions ASA	Apr-17	8.7x	NOK 11.8	2
UK Mail Group Limited	Deutsche Post AG	Sep-16	13.7x	GBP 250	500
CSM Parent, Inc.	Clinigen Group plc	Sep-18	31.6x	USD 240	384
Min			3.8x		
25th percentile			6.2x		
Median			8.7x		
Average			12.8x		
75th percentile			13.7x		
Max			31.6x		

Source: S&P Capital IQ (data as at 8 Jan 2024)

Filebase Limited provides information management services. The company offers documents and records management, tape management, archiving, scanning, shredding and destruction, recycling, lifecycle management, and consultancy services; and online back-up, courier, and self-storage services. It serves legal, health, pharmaceutical, financial, education, and public sector industries; and small businesses. The company was founded in 1996 and is based in Morpeth, United Kingdom.

OfficeTeam Limited supplies office stationery. The company offers office essentials, writing instruments, pads and books, papers, envelopes, computer accessories, business machines, and electronic office supplies; postroom, labelling, filing, desktop organization, conference and presentation, catering, cleaning and hygiene, waste management, health, safety and security, PPE and workwear, premises and maintenance, furniture, legal, and index products. It also provides print management products, data archive solutions, office furniture, and managed print services; workplace products that comprise cleaning and hygiene, first aid, health, safety and security, catering, and premises and maintenance products; workwear, such as personal protective equipment, corporate business wear, sports and leisure wear, catering clothing, and healthcare garments; legal and professional services; and tail management services. The company serves blue-chip organizations, and small and independent companies across various industry sectors, including retail, finance, legal, care, hospitality, and public sectors. OfficeTeam Limited was formerly known as OSGH LIMITED and changed its name to OfficeTeam Limited in July 2009. The company was incorporated in 1888 and is based in Croydon, United Kingdom with additional offices across the United Kingdom.

Finn Clausen Sikkerhetssystemer AS manufactures and distributes storage and security solutions, such as cabinets, drawers, ballot boxes, racks, and vaults. The company was founded in 1996 and is headquartered in Oslo, Norway.

UK Mail Group Limited provides express parcels and mail collection, and delivery services in the United Kingdom and internationally. It operates through Parcels and Mail segments. The company engages in the business-to- business, business-to-consumer, international parcel delivery service and courier operations. It also offers ipostparcels pro, a Web-based dispatch solution; ipostparcels, a next day collection and delivery service to the U.K. and approximately 160 countries; and international Air Express service that offers dispatch to approximately 200 countries for urgent and time-sensitive documents and parcels and Road Express that provides a way of sending non urgent goods over land to approximately 30 countries, as well as provides courier and logistics services. In addition, the company provides postal services carrying unsorted mail, sorted mail, international mail, returned mail, and mail dispatch system services for customers, primarily in the financial, publishing, retail, and utility sectors. UK Mail Group plc serves banks, supermarkets, telecommunication businesses, government, mid-range and small independent companies, and sole traders. UK Mail Group Plc was founded in 1971 and is based in Slough, the United Kingdom.

CSM Parent, Inc. provides packaging, labelling, warehousing, and distribution services. The company was founded in 2016 and is based in Wilmington, Delaware.

14 Appendix 2 – Send Global Limited: Comparable Companies Trading Multiples

Send Comparable Company Trading Multiples				
Company name	**Market cap (NZ$m)**	**Revenue (NZ$m)**	**EV / LFY EBITDA**	**EV / LTM EBITDA**
Deutsche Post	92,540	148,761	5.9x	6.8x
DX Group	580	977	6.3x	6.3x
Singapore Post	1,261	2,120	7.2x	7.8x
Solution Dynamics	23	40	7.5x	7.5x
Öterreichische Post	3,874	4,714	7.7x	7.5x
UPS	216,010	154,763	7.9x	9.7x
Pos Malaysia Berhad	135	665	8.0x	10.3x
International Distribution Services	5,265	24,763	8.9x	12.4x
Freightways	1,519	1,122	10.1x	10.1x
MaltaPost	64	70	9.7x	9.7x
Min	23	40	5.9x	6.3x
25Q	246	743	7.3x	7.5x
Median	1,390	1,621	7.8x	8.7x
Average	32,127	33,800	7.9x	8.8x
75Q	4,917	19,751	8.7x	10.0x
Max	216,010	154,763	10.1x	12.4x

Source: S&P Capital IQ (data as at 8 Jan 2024)

Deutsche Post AG operates as a mail and logistics company in Germany, rest of Europe, the Americas, the Asia Pacific, the Middle East, and Africa. The company operates through five segments: Express; Global Forwarding, Freight; Supply Chain; eCommerce Solutions; and Post & Parcel Germany. The Express segment offers time-definite courier and express services to business and private customers. The Global Forwarding, Freight segment provides air, ocean, and overland freight forwarding services; and offers multimodal and sector-specific solutions. This segment's business model is based on brokering transport services between customers and freight carriers. The Supply Chain segment delivers customized supply chain solutions to its customers based on modular components, including warehousing and transport services; and value-added services, such as e-fulfilment, omnichannel solutions and returns management, lead logistics partner, real estate solutions, service logistics, and packaging solutions for various industrial sectors. The eCommerce Solutions segment provides parcel delivery and cross-border non-time definite international services. The Post & Parcel Germany segment transports and delivers mail communication, parcels, physical and hybrid letters, and special products for the delivery of goods; and offers additional services, such as registered mail, cash on delivery, and insured items. Deutsche Post AG was founded in 1490 and is headquartered in Bonn, Germany.

DX (Group) plc, through its subsidiaries, provides parcel, freight, secure courier, and logistics services in the United Kingdom and Ireland. The company operates through two segments, DX Freight and DX Express. The DX Freight segment comprises DX 1-Man, DX 2-Man and Logistics; and collects and delivers larger and heavier products, including irregular dimensions and weight to business and residential addresses nationwide. The DX Express segment comprises DX Parcels and DX Exchange and Mail; offers collection and express delivery of time sensitive, mission critical, and high value items for B2B and B2C customers; and trusted members network that provides secure and reliable next-day service for the delivery of mail, documents, and medical specimen to and from other members. It serves customers in agriculture, automotive, electrical, financial, home and garden, industrial, legal, optical, pharmaceutical, print, public sector, retail, textiles, and white goods industries. DX (Group) plc was founded in 1975 and is headquartered in Datchet, the United Kingdom.

Singapore Post Limited, together with its subsidiaries, engages in post and parcel, eCommerce logistics, and property businesses in Singapore, Japan, Europe, New Zealand, Hong Kong, Australia, and internationally. It operates through three segments: Post and Parcel, Logistics, and Property. The Post and Parcel segment offers services for collecting, sorting, transporting, and distributing domestic and international mail, as well as sells philatelic products. This segment also provides agency, financial, and parcel delivery services. The Logistics segment offers freight forwarding and eCommerce logistics solutions, which includes front-end related eCommerce solutions, warehousing, fulfilment, delivery, and other value-added services. The Property segment provides commercial property rental, and self-storage services, as well as management, and advertising and promotion services. The company is involved in the online sale of products; and offers management and consultancy services, as well as integrated supply chain and distribution services, and logistics consulting services. It also provides customs brokerage services; freight collections transshipments services; management and system support related services; and financial and treasury services. In addition, the company offers online shopping platforms and services. Singapore Post Limited was founded in 1819 and is headquartered in Singapore.

Solution Dynamics Limited provides customer communication solutions in New Zealand, Australia, Europe, and the United States. The company offers customer communication management (CCM) software as a service platform designed to meet and manage organizational customer communication needs, as well as manages cross-border print and mail solution delivery requirements. It also provides customer communications cloud solutions, including workflow and integration, digital and print multi-channel distribution, distributed print integration, digital asset management, digital and print campaign optimisation and management, document scanning, workflow and archiving, artificial intelligence applied to document enhancement, document composition and hyper-personalisation, desktop digital mail centre User Interface, data quality and enhancement, and dashboards and analytics. In addition, the company offers digital printing and mail house processing services; and outsourced services, such as well as envelope printing and postage services. Solution Dynamics Limited was founded in 1996 and is based in Auckland, New Zealand.

Österreichische Post AG, together with its subsidiaries, provides postal and parcel services in Austria, Türkiye, Germany, and internationally. It operates in three divisions: Mail, Parcel & Logistics, and Retail & Bank. The Mail division engages in the distribution, collection, sorting, and delivery of letters and document shipments, addressed and unaddressed direct mail, and newspapers and magazines, as well as online services, such as e-letter and cross-media solutions; and physical and digital services in customer communications and document processing. The Parcel & Logistics division offers solutions for parcel and express mail items; and value-added services, including food delivery, warehousing, order picking, returns management, and web shop logistics and infrastructure, as well as cash transportation services. The Retail & Bank division is involved in the provision of telecommunication products and merchandise; postal, financial, and payment transaction services; and self-service solutions, such as pick-up and drop-off stations at various locations. The company is headquartered in Vienna, Austria. Oesterreichische Post AG is a subsidiary of Österreichische Beteiligungs AG.

United Parcel Service, Inc., a package delivery company, provides transportation and delivery, distribution, contract logistics, ocean freight, airfreight, customs brokerage, and insurance services. It operates through two segments, U.S. Domestic Package and International Package. The U.S. Domestic Package segment offers time-definite delivery of letters, documents, small packages, and palletized freight through air and ground services in the United States. The International Package segment provides guaranteed day and time-definite international shipping services comprising guaranteed time-definite express options in Europe, Asia, the Indian sub-continent, the Middle East, Africa, Canada, and Latin America. The company also provides international air and ocean freight forwarding, post-sales, and mail and consulting services. In addition, it offers truckload brokerage services; supply chain solutions to the healthcare and life sciences industries; financial and information services; and fulfilment and transportation management services. United Parcel Service, Inc. was founded in 1907 and is headquartered in Atlanta, Georgia.

Pos Malaysia Berhad provides postal and parcel services in Malaysia and internationally. The company operates through three segments: Postal, Aviation, and Logistics segments. It receives and dispatches postal articles; offers postal financial services; deals in philatelic products; and sells postage stamps. The company also offers postal services, such as basic mail services for corporate and individual customers; courier, parcel, and logistics solutions by sea, air, and land to national and international destinations; mailroom management, direct mail, and over-the-counter services for payment of bills; various financial products and services; and direct entry and transshipment services, as well as operates SendParcel, an online shipping platform, which offers domestic and international courier services. In addition, it provides cargo and ground handling, in-flight catering, freight and forwarding, air cargo transport, haulage, shipping agency and chartering, storage and safekeeping, warehousing and distribution, data and document processing, custom forwarding agent, consultant and agent marketing, aircraft maintenance and engineering, inventory, and distribution services. Further, the company engages in the provision of internet security products, solutions, and services; buying and selling of investment precious metals, such as gold bars and dinars; document printing and insertion services for mailing; licensing of digital certification authority; property investment; Islamic pawn broking; insurance agency; and distribution park business. Pos Malaysia Berhad is based in Kuala Lumpur, Malaysia.

International Distributions Services plc, together with its subsidiaries, operates as a universal postal service provider in the United Kingdom and internationally. The company offers parcels and letter delivery services under the Royal Mail and Parcelforce Worldwide brands. It also provides services for the collection, sorting, and delivery of parcels and letters. In addition, the company operates ground-based parcel delivery networks in Europe that covers 40 countries and nation states. Further, it provides express parcel delivery and logistics services. Additionally, the company engages in property holdings and facilities management activities. It serves consumers, and small and medium-sized enterprises. The company was formerly known as Royal Mail plc and changed its name to International Distributions Services plc in October 2022. International Distributions Services plc was founded in 1516 and is based in London, the United Kingdom.

Freightways Group Limited, together with its subsidiaries, provides express package and business mail services in New Zealand, Australia, and internationally. It operates through Express Package & Business Mail, Information Management, and Corporate and Other segments. The company provides network courier services under the New Zealand Couriers, Post Haste Couriers, Castle Parcels, and NOW Couriers brands; and point-to-point courier services under the SUB60, Kiwi Express, Stuck, and Security Express brands. It also provides mail delivery services under the DX Mail brand; and mailhouse-print services and digital mail presentation platforms under the Dataprint brand. In addition, it provides a range of physical storage and information management, as well as digital information processing services, such as digitalisation, business process outsourcing, online back-up, and eDiscovery services, as well as document destruction and medical waste services primarily under the Shred-X and Med-X brands, as well as operates line-haul on the arterial roads under the Parceline Express name. Further, the company offers general and aviation engineering services; and aviation-related, IT infrastructure support, treasury management, and financing and property management services. The company was formerly known as Freightways Limited and changed its name to Freightways Group Limited in March 2023. The company was founded in 1964 and is based in Penrose, New Zealand.

MaltaPost p.l.c. provides postal and related retail services to individuals and businesses in Malta and internationally. The company offers local, international, registered, direct, and bulk mail services, as well as mail pickup and delivery services; and PO boxes. It also provides private posting box, mail forwarding, parcel post, local and international courier, payment collection, express, poste restante, redirection of mail, temporary mail custody, bill payment, money order, money transfer, cheque encashment, income tax payment, bulk posting, and business reply services, as well as photocopy bureau services. In addition, the company offers postage and personalized stamps; philatelic items, gift vouchers, postage paid envelopes, telephone and mobile cards, stationery products, and corporate gifts; and other financial services. Further, it provides business support services, including document management, back office task outsourcing, door to door marketing, shredding, response management, logistics, warehousing, insurance agent, and data collection services, as well as Web services for online shopping. The company was incorporated in 1998 and is headquartered in Marsa, Malta. MaltaPost p.l.c. is a subsidiary of Redbox Limited.

15 Appendix 3 - AGE Limited: Comparable Companies Financial Information & Trading Multiples

Using CapIQ we undertook a company screening review using the following criteria:

- publicly listed companies
- with primary geographic location in any of USA, Canada, European developed markets or Asia/Pacific developed markets, and
- with 'Schools' as a primary industry classification.

The initial data set was then filtered to exclude companies where the full information was not available. The following is a list of the companies included in our sample.

AcadeMedia AB (publ) operates as an independent education provider in Sweden, Norway, the Netherlands, and Germany.

Academies Australasia Group Limited provides training and education services in Australia and Singapore.

American Public Education, Inc., together with its subsidiaries, provides online and campus-based postsecondary education and career learning.

Aoba-BBT, Inc. operates in the educational business in Japan.

Aprendere Skolor AB (publ), together with its subsidiaries, owns and operates schools in Sweden.

Benesse Holdings, Inc. provides educational, and nursing care and childcare services in Japan and internationally.

BExcellent Group Holdings Limited, an investment holding company, provides private supplementary secondary school education services in Hong Kong.

Bradaverse Education (Int'l) Investments Group Limited, an investment holding company, provides private educational services in Hong Kong.

Bright Horizons Family Solutions Inc. provides early education and childcare, back-up care, educational advisory, and other workplace solutions services for employers and families.

Cedergrenska AB (publ) provides preschool and post-secondary education services.

China Education Group Holdings Limited, an investment holding company, operates private higher and secondary vocational education institutions.

CLIP Corporation engages in the education and sports businesses in Japan.

Daekyo Co., Ltd. provides educational services for children worldwide.

Digital Daesung Co., Ltd. provides online and offline educational services.

EDU Holdings Limited, through its subsidiaries, provides tertiary education services in Australia.

EpicQuest Education Group International Limited, through its subsidiaries, provides education solutions for students interested in college and university programs in the United States, Canada, and the United Kingdom.

Genius Group Limited, through its subsidiaries, provides entrepreneur education system business development tools and management consultancy services to entrepreneurs and entrepreneur resorts.

GOLD&S Co.,Ltd engages in education business in South Korea.

Graham Holdings Company, through its subsidiaries, operates as a diversified education and media company in the United States and internationally.

Ichishin Holdings Co.,Ltd., through its subsidiaries, engages in the education business in Japan.

IDP Education Limited engages in the placement of students into education institutions in Australia, the United Kingdom, the United States, Canada, New Zealand, and Ireland.

International School Augsburg -ISA- gemeinnützige AG operates an international day school with medium the language of instruction in English in Germany.

I-Scream Edu Co.,Ltd. provides digital education services in South Korea.

Johnan Academic Preparatory Institute, Inc. engages in the education business primarily in Japan.

Kids Smile Holdings Inc. offers childcare and early childhood education services primarily in Japan.

Kyoshin Co., Ltd., together with its subsidiaries, provides educational services in Japan and internationally.

Laureate Education, Inc., together with its subsidiaries, offers higher education programs and services to students through a network of universities and higher education institutions.

LITALICO Inc. operates school for learning and preschool in Japan.

Lumi Gruppen AS operates in the education market in Norway.

M2i Société anonyme provides professional training services in the fields of information technology (IT), digital, and management.

Malvern International Plc provides educational services in the United Kingdom.

Meiko Network Japan Co., Ltd. provides education services in Japan.

MindChamps PreSchool Limited, together with its subsidiaries, owns and operates preschools and enrichment centers in Singapore and Australia.

Nagase Brothers Inc. provides education services in Japan.

Nexted Group Limited provides educational services in Australia, Europe, and South America.

Overseas Education Limited, an investment holding company, operates a foreign system school in Singapore.

Pearson plc offers educational courseware, assessments, and services in the United Kingdom, the United States, Canada, the Asia Pacific, other European countries, and internationally.

Perdoceo Education Corporation provides postsecondary education through online, campus-based, and blended learning programs in the United States.

Raffles Education Limited, an investment holding company, provides education and related services in the regions of ASEAN, North Asia, South Asia, Australasia, and Europe.

Riso Kyoiku Co., Ltd. operates TOMAS private study Juku schools for elementary, middle, and high school students in Japan.

Seigakusha Co.,Ltd. provides educational services in Japan.

Shingakukai Holdings Co.,Ltd. operates schools in Japan.

SHUEI YOBIKO Co., Ltd. provides various educational services in Japan.

SPRIX Inc., together with its subsidiaries, engages in the cram school and educational businesses in Japan.

Step Co.,Ltd. operates cram schools in Japan.

Strategic Education, Inc., through its subsidiaries, provides education services through campus-based and online post-secondary education, and programs to develop job-ready skills.

Stride, Inc., a technology-based education service company, provides proprietary and third-party online curriculum, software systems, and educational services to facilitate individualized learning for students primarily in kindergarten through 12th grade (K-12) in the United States and internationally.

Subaru Co., Ltd. provides learning and examination instruction services in Japan.

TAC Co.,Ltd. engages in personal education, corporate training, publishing, and manpower businesses in Japan.

Tellusgruppen AB (publ), through its subsidiaries, operates in the education and childcare sectors in Sweden.

Top Education Group Ltd, together with its subsidiaries, provides private higher education services and English language courses in Australia.

Universal Technical Institute, Inc. provides transportation, skilled trades, and healthcare education programs in the United States.

Visionary Education Technology Holdings Group Inc. provides private online and in person educational programs and services to Canadian and international students that reside in Canada and internationally.

Waseda Academy Co., Ltd. operates and manages tutoring schools for elementary, middle, and high school students.

With us Corporation, together with its subsidiaries, operates as an education service company in Japan.

Youji Corporation provides physical education services for children in Japan.

The following table provides details on some key financial metrics for these companies.

AGE Comparable Company Financial Information

LTM / Current (NZ$m)	Total Revenue	EBITDA	EBIT	Net (Cash) / Debt	Market Capital-isation	Enter-prise Value	Invested Capital
Minimum	9	(28)	(53)	(908)	6	(10)	4
25th percentile	52	2	0	(6)	(11)	35	55
Median	140	12	6	5	8	96	121
Average	796	109	79	110	160	1,045	972
75th percentile	762	56	35	34	85	541	741
Maximum	8,010	1,137	960	2,750	2,955	13,845	11,447

Source: S&P Capital IQ (data as at 10 January 2024)

Key valuation multiple metrics for the sample are shown in the following table.

AGE Comparable Company Trading Multiples

	TEV / LTM Revenue	TEV / NTM Revenue	TEV / LTM EBITDA	TEV / LTM EBIT	Price / Book Value	Price / Invested Capital
Minimum	0.1 x	0.3 x	1.8 x	2.5 x	0.1 x	0.1 x
25th percentile	0.4 x	0.6 x	4.8 x	7.5 x	0.8 x	0.5 x
Median	0.9 x	1.3 x	7.3 x	12.9 x	1.4 x	0.8 x
Average	1.5 x	1.5 x	12.6 x	22.7 x	2.1 x	1.3 x
75th percentile	1.9 x	2.1 x	12.2 x	26.6 x	2.1 x	1.6 x
Maximum	7.6 x	5.3 x	136.5 x	143.4 x	11.1 x	6.8 x

Source: S&P Capital IQ (data as at 10 January 2024)