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**Entertainment Rewards Ltd**  
ACN 167 603 992

**Notice of 2025 Annual General Meeting**  
Explanatory notes  
Proxy form

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**Time:** 3:00pm (Sydney time)

**Date:** 28 November 2025

**How to attend:** Via the online platform at: <https://meetings.openbriefing.com/EAT25>

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## Details of the Meeting

The 2025 Annual General Meeting (**Meeting**) will be held at 3:00pm (Sydney time) on 28 November 2025 via the online platform provided by our Share Registry, MUFG Corporate Markets.

## Joining the Meeting

Join online meeting: <https://meetings.openbriefing.com/EAT25>.

## Participation at the Meeting

Pursuant to the Company's Constitution, the Board has resolved that the Meeting will be a virtual meeting. Shareholders can attend and participate in the Meeting online via the following URL <https://meetings.openbriefing.com/EAT25>. The online platform will allow shareholders to attend the Meeting, ask questions during the Meeting and vote at the Meeting. Further details on how to participate online will be published in the Virtual Meeting Online Guide available on the Company's website at <https://investor.entertainment.com.au/agm>.

If you plan to attend the Meeting online, the Company encourages you to submit a directed proxy vote as early as possible. Details of how to submit a proxy vote are set out below.

## Important voting information

The business of the Meeting affects your shareholding and your vote is important. The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7:00pm (Sydney time) on 26 November 2025.

You may either vote by proxy or during the Meeting.

## Voting at the Meeting

We recommend logging in to the online platform at least 15 minutes prior to the scheduled start time for the AGM by entering <https://meetings.openbriefing.com/EAT25> into a web browser on your computer or online device.

To submit votes or questions, shareholders will need their Shareholder Reference Number (**SRN**) or Holder Identification Number (**HIN**). Proxyholders will need their proxy code which MUFG Corporate Markets will provide via email on the day before the AGM.

Voting will be open until the Chair closes the AGM, upon which Shareholders will have an additional 5 minutes to finalise and submit their votes.

More information about online participation in the AGM (including asking questions via the virtual

platform) is available in the Virtual Meeting Online Guide available at <https://investor.entertainment.com.au/agm>.

### **Voting by proxy**

To vote by proxy, either:

1. complete and sign the enclosed proxy form and deliver the proxy form:
  - (a) by hand to:  
MUFG Corporate Markets (AU) Limited  
Parramatta Square, Level 22, Tower 6,  
10 Darcy Street, Parramatta NSW 2150; or
  - (b) by post to  
Entertainment Rewards Ltd  
C/- MUFG Corporate Markets (AU) Limited  
Locked Bag A14  
Sydney South NSW 1235; or
  - (c) by facsimile to:  
+61 2 9287 0309; or
2. visit <https://au.investorcentre.mpms.mufg.com>:
  - select View Single Holding section enter Entertainment Rewards Ltd or the ASX code EAT in the Issuer name field, your SRN or HIN (which is shown on the front of your Proxy Form), postcode and (Australian address) or select country (overseas address) and click 'Submit'; and
  - select the 'Voting' tab and then follow the prompts. You will be taken to have signed your proxy form if you lodge it in accordance with the instructions given on the website.

If you wish to appoint a proxy to vote for you at the Meeting, your proxy form must be received not later than 48 hours before the commencement of the Meeting. Proxy forms received later than this time will be invalid.

There may be restrictions on how your proxy can vote on certain resolutions to be considered at the Meeting. Further details of when these restrictions apply, and what you can do to ensure that your proxy can vote as you intend, are set out in the section of this document headed Voting Exclusions.

The Chair intends to vote all proxies given to the Chair in favour of the resolutions in Items 2 to 6.

## Notice of Annual General Meeting

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Notice is hereby given that the Annual General Meeting of shareholders of Entertainment Rewards Ltd ACN 167 603 992 will be held at 3:00pm (Sydney time) on 28 November 2025 via the online platform contained at <https://meetings.openbriefing.com/EAT25>. Voting at the Meeting will be conducted via poll.

### Explanatory Notes

The explanatory notes to this notice of meeting provide additional information on matters to be considered at the Meeting. The explanatory notes form part of this notice. Some terms and abbreviations used in this notice of meeting and the explanatory notes are defined at the end of the explanatory notes in the section headed Glossary.

### Items of business

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#### 1. Financial report, directors' report and auditor's report

To receive and to consider the financial report, the directors' report and the auditor's report for the financial year ended 30 June 2025.

Note: this item of business is for discussion only and is not a resolution. However, Shareholders will be given a reasonable opportunity at the meeting to ask questions or make comments about each of these reports.

#### 2. Adoption of remuneration report

To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Company's remuneration report for the year ended 30 June 2025 be adopted."*

Note: A voting exclusion applies to this resolution – see Voting Exclusions below.

#### 3. Re-election of Dean Palmer as Non-Executive Director

To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

*"That Dean Palmer, a Director who retires by rotation in accordance with the Company's Constitution and ASX Listing Rule 14.4, and being eligible offers himself for re-election, is re-elected as a Director of the Company."*

#### 4. Approval of entry into Fourth Amended Convertible Loan Deed, Loan Conversion Extension and issue of Shares under Loan Conversion Extension

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That, for the purposes of item 7 of section 611 of the Corporations Act, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to enter into the Fourth Amended Convertible Loan Deed, the Loan Conversion Extension under the Fourth Amended Convertible Loan Deed and for the issue of Shares under the Loan Conversion Extension, details of which are set out in the Explanatory Statement which accompanies and forms part of this notice of meeting."*

Note: a voting exclusion applies to this resolution – see Voting Exclusions below.

#### 5. Approval of entry into Fourth Amended Convertible Loan Deed, Interest Conversion and issue of Shares under Interest Conversion

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That, for the purposes of item 7 of section 611 of the Corporations Act, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to enter into the Fourth Amended Convertible Loan Deed, the Interest Conversion under the Fourth Amended*

*Convertible Loan Deed and for the issue of Shares under the Interest Conversion, details of which are set out in the Explanatory Statement which accompanies and forms part of this notice of meeting.”*

Note: a voting exclusion applies to this resolution – see Voting Exclusions below.

**6. Approval of acquisition and transfer of Shares to Suzerain from Australian Fintech Trust**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That, for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, approval is given for the acquisition by Suzerain Investments Holdings Limited of 52,170,068 Shares from Australian Fintech Plus Pty Ltd as trustee for Australian Fintech Trust, an Associate of Suzerain, which, pursuant to section 610(3) of the Corporations Act, will result in their voting power increasing from 69.74% to 73.73%, details of which are set out in the Explanatory Statement which accompanies and forms part of this notice of meeting.”*

Note: a voting exclusion applies to this resolution – see Voting Exclusions below.

**Dated: 29 October 2025**

**By order of the Board**



**Kunal Kapoor**  
Company Secretary

## Voting exclusions

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### Item 2 – Adoption of remuneration report

In accordance with the Corporations Act, votes on Item 2 may not be cast in any capacity by or on behalf of a member of the Company's key management personnel (**KMP**) whose remuneration details are included in the remuneration report for the year ended 30 June 2025 or any of that person's Closely Related Parties (as defined in the Glossary) unless:

- the vote is cast by such a person as a proxy for a person who is entitled to vote on Item 2 and in accordance with a direction on the proxy form specifying the way the proxy is to vote on the resolution; or
- the vote is cast by the Chair as a proxy for a person who is entitled to vote on Item 2 and the proxy form expressly authorises the Chair to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

If you intend to appoint a member of the KMP (such as one of the Directors) as your proxy, please ensure that you direct them how to vote on Item 2. If you appoint the Chair as your proxy, and you do not direct your proxy how to vote on Item 2, you will be expressly authorising the Chair to exercise the proxy even though the resolution is connected with the remuneration of members of the KMP.

### Item 4 – Approval of entry into Fourth Amended Convertible Loan Deed, Loan Conversion Extension and issue of Shares under Loan Conversion Extension

In accordance with the Corporations Act, the Company will disregard any votes cast in favour of Item 4 by or on behalf of:

- Suzerain Investments Holdings Limited; or
- an Associate of Suzerain Investments Holdings Limited including, for the avoidance of doubt, Dean Palmer.

However, the above prohibition does not apply if the vote is cast:

- by a person as proxy for a person who is entitled to vote on the resolution, in accordance with the directions on the proxy form; and
- it is not cast on behalf of Suzerain Investments Holdings Limited (or any of its Associates).

### Voting prohibition under the Corporations Act

In accordance with section 224 of the Corporations Act, a vote on this resolution must not be cast (in any capacity) by or on behalf of Suzerain Investments Holdings Limited or any of its Associates. However, the above prohibition does not apply if the vote is cast:

- by a person as proxy for a person who is entitled to vote on the resolution, in accordance with the directions on the proxy form; and
- it is not cast on behalf of Suzerain Investments Holdings Limited (or any of its Associates).

### Item 5 – Approval of entry into Fourth Amended Convertible Loan Deed, Interest Conversion and issue of Shares under Interest Conversion

In accordance with the Corporations Act, the Company will disregard any votes cast in favour of Item 5 by or on behalf of:

- Suzerain Investments Holdings Limited; or
- an Associate of Suzerain Investments Holdings Limited including, for the avoidance of doubt, Dean Palmer.

However, the above prohibition does not apply if the vote is cast:

- by a person as proxy for a person who is entitled to vote on the resolution, in accordance with the

directions on the proxy form; and

- it is not cast on behalf of Suzerain Investments Holdings Limited (or any of its Associates).

#### **Voting prohibition under the Corporations Act**

In accordance with section 224 of the Corporations Act, a vote on this resolution must not be cast (in any capacity) by or on behalf of Suzerain Investments Holdings Limited or any of its Associates. However, the above prohibition does not apply if the vote is cast:

- by a person as proxy for a person who is entitled to vote on the resolution, in accordance with the directions on the proxy form; and
- it is not cast on behalf of Suzerain Investments Holdings Limited (or any of its Associates).

#### **Item 6 – Approval of acquisition and transfer of Shares to Suzerain from Australian Fintech Trust**

In accordance with the Corporations Act, the Company will disregard any votes cast in favour of Item 6 by or on behalf of:

- Suzerain Investments Holdings Limited;
- Australian Fintech Plus Pty Ltd as trustee for Australian Fintech Trust; or
- an Associate of those persons, for the avoidance of doubt, Dean Palmer.

However, the above prohibition does not apply if the vote is cast:

- by a person as proxy for a person who is entitled to vote on the resolution, in accordance with the directions on the proxy form; and
- it is not cast on behalf of Suzerain Investments Holdings Limited (or any of its Associates).

## Explanatory notes

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These explanatory notes have been prepared for Shareholders in connection with the business to be conducted at the Annual General Meeting (**Meeting**) to be held at 3:00pm (Sydney time) on 28 November 2025 via the online platform contained at <https://meetings.openbriefing.com/EAT25>.

These notes provide information which the Directors believe to be material to Shareholders in deciding how to vote on the resolutions to be put to the Meeting.

If you are in any doubt about what to do in relation to this document or about how to vote on the resolutions to be put to the Meeting, you should seek advice from an accountant, solicitor or other professional advisor.

### Item 1 – Financial report, directors’ report and auditor’s report

As required by the Corporations Act, the business of the Meeting will include receipt and consideration of the Annual Financial Report of the Company for the financial year ended 30 June 2025 together with the director’s report, the remuneration report and the auditor’s report.

The Company is no longer required to send a copy of the Annual Report to Shareholders unless Shareholders specifically elect to receive a copy. A copy of the Company’s Annual Report is available from the Company’s website at <https://www.entertainment.com.au/>.

No resolution is required for this item, but Shareholders will be given the opportunity to ask questions and to make comments on the management and performance of the Company.

### Item 2 – Adoption of remuneration report

Section 250R of the Corporations Act requires a listed company to put a resolution to Shareholders to adopt its remuneration report for the relevant financial year. The Company’s remuneration report for the financial year ended 30 June 2025 can be found at pages 31 to 41 of the Company’s Annual Report.

The remuneration report explains the Board’s policies in relation to the nature and level of remuneration paid to the Company’s KMP (including the Company’s Chief Executive Officer and other senior executives, as well as the Company’s non-executive Directors).

The vote on the remuneration report is advisory only and does not bind the Directors or the Company. However, under the Corporations Act:

- if, at least 25% of the votes cast at any AGM on a resolution to adopt the remuneration report are cast against the adoption of the remuneration report, the Company’s next remuneration report must explain the Board’s proposed action in response or explain why no action has been taken; and
- if, at the AGM in the following year, at least 25% of the votes cast on a resolution to adopt the remuneration report are cast against the adoption of the remuneration report, a resolution must be put to the Shareholders that another meeting be held within 90 days at which all the Directors who were directors when the resolution to approve the Directors’ report for that year was passed, excluding any managing director, would need to stand for re-election.

### Board recommendation

The Board recommends that shareholders vote **in favour** of this Item.

### Item 3 – Re-election of Dean Palmer as Non-Executive Director

The Company’s Constitution and ASX Listing Rule 14.4 requires that a Director must not hold office (without re-election) past the third annual general meeting following the Director’s appointment or 3 years, whichever is longer.

Dean Palmer was most recently elected as a Non-Executive Director of the Company on 30 November 2022 at the Company’s 2022 annual general meeting. Mr Palmer will retire and stand for re-election at this AGM pursuant to clause 47(a) of the Company’s Constitution and Listing Rule 14.4.



Mr Palmer holds a Bachelor of Commerce, Bachelor of Laws and is a member of Chartered Accountants Australia with more than 20 years of experience. Mr Palmer is also notably the Founder and CEO of Skybound Fidelis Investment Limited - a specialist structured finance, commercial credit, and property fund manager. Mr Palmer brings a wealth of experience to the Board having held numerous senior executive roles both in Australia and the UK.

### **Board recommendation**

The Board (other than Dean Palmer) recommends that shareholders vote **in favour** of this Item.

## **Item 4 – Approval of entry into Fourth Amended Convertible Loan Deed, Loan Conversion Extension and issue of Shares under Loan Conversion Extension**

### ***Background***

16 March 2022, the Company announced that it had entered into a convertible loan deed with New Gold Coast Holdings Limited (**NGCH**) dated on or about 16 March 2022 (**Convertible Loan Deed**). Under the Convertible Loan Deed, a \$22,500,000 loan facility (**Principal Amount**) was made available to the Company (as borrower) from NGCH (as lender). The Convertible Loan Deed was subject to approval by the Company's Shareholders and this approval was obtained at the Company's extraordinary general meeting held on 23 May 2022 (**2022 EGM**).

Under the initial terms of the Convertible Loan Deed, NGCH could elect to convert some or all of the outstanding balance of the Principal Amount, into an issue of new fully paid ordinary shares (**Shares**) in the Company (**Loan Conversion**). The remaining initial terms of the Convertible Loan Deed can be reviewed in the notice of meeting that was dispatched for the 2022 EGM.

In April 2023, as announced to ASX on 28 April 2023, the Company and NGCH agreed to amend the Convertible Loan Deed to provide for:

- (a) deferment of interest payments for the period from 1 February 2023 to 31 December 2024;
- (b) non-capitalisation of interest accruing under the Convertible Loan Deed;
- (c) removal of accrued interest from the outstanding balance considered eligible to be converted under the Loan Conversion; and
- (d) a reduction in the administration fee by 25% for the remaining duration of the Convertible Loan Deed,

(the **First Amended Convertible Loan Deed**).

In December 2023, as announced to ASX on 28 December 2023, the First Amended Convertible Loan Deed was amended by the Company and NGCH to:

- (e) defer the principal repayment date from 31 December 2024 to 31 December 2025; and
- (f) defer repayment of accrued interest from 31 December 2024 to 31 December 2025,

with all other existing terms and conditions remaining the same (the **Second Amended Convertible Loan Deed**).

On 19 October 2024, NGCH, Suzerain Investments Holdings Limited (**Suzerain**) and the Company entered into a deed of novation (**Deed of Novation**) pursuant to which:

- (g) Suzerain obtained the rights and assumed the obligations of NGCH under the Convertible Loan Deed; and
- (h) Suzerain obtained the rights and assumed the obligations of NGCH under the Loan Security (associated with the Second Amended Convertible Loan Deed).

The Deed of Novation was subject to approval by the Company's Shareholders, and this approval was obtained at the Company's 2024 annual general meeting held on 29 November 2024 (**2024 AGM**).

In January 2025, as announced to ASX on 28 January 2025, the Company and Suzerain agreed to amend the Second Amended Convertible Loan Deed as follows:

- (i) the Loan Conversion would be at the discretion of the Company as opposed to Suzerain (or NGCH prior to the Deed of Novation);
- (j) the interest rate was reduced to 0%;
- (k) the conversion price for the Loan Conversion was fixed at \$0.022 per Share;
- (l) defer repayment of accrued interest from 31 December 2025 to 31 December 2026;
- (m) extending the Principal Amount repayment date from 31 December 2025 to 31 December 2026; and
- (n) subject to the Company obtaining Shareholder approval, extending the last day in which the Loan Conversion may occur from 31 December 2025 to 31 December 2026,

with all other existing terms and conditions remaining the same (the **Third Amended Convertible Loan Deed**).

As at the date of this Notice of Meeting, the current Principal Amount outstanding is \$22,500,000 (the Principal Amount has been fully drawn) and the accrued interest outstanding is \$4,531,462 (**Accrued Interest**).

#### ***Fourth Amended Convertible Loan Deed***

On 25 October 2025, Suzerain and the Company agreed, via deed of amendment, to amend the Third Amended Convertible Loan Deed as follows:

- (a) extending the repayment date for the Principal Amount and Accrued Interest from 31 December 2026 to 31 December 2028; and
- (b) subject to the Company obtaining Shareholder approval:
  - (i) extending the last day in which the Loan Conversion may occur from 31 December 2025 to 31 December 2028 (the **Loan Conversion Extension**); and
  - (ii) granting the Company the right to, during the period up to and including 31 December 2028, convert some or all of the Accrued Interest into an issue of Shares in the Company at the conversion price of \$0.022 per Share (the **Interest Conversion**),

with all other existing terms and conditions remaining the same (the **Fourth Amended Convertible Loan Deed**).

#### ***Takeover Offer***

On 15 October 2025, the Company announced to ASX that it had entered into an implementation deed with Suzerain (the **Bid Implementation Deed**) pursuant to which Suzerain has agreed to make a conditional off-market takeover offer to acquire all of the Company's Shares which Suzerain does not already own, at a price of \$0.022 per Share (**Suzerain Takeover Offer**). A copy of the Bid Implementation Deed is attached to the Company's ASX announcement concerning the Bid Implementation Deed.

The Suzerain Takeover Offer is conditional and its completion is subject to the following conditions precedent being satisfied:

- (a) Suzerain obtaining a relevant interest in at least 90% (by number) of all Shares, and the holders of at least 75% (by number) of Shares not held by Suzerain and its Associates, having accepted the Suzerain Takeover Offer before the end of the Suzerain Takeover Offer period;
- (b) no occurrence of any prescribed occurrence in relation to the Company, details of which are set out in the Bid Implementation Deed;
- (c) before the end of the Suzerain Takeover Offer period, all loan-funded Shares issued to the Company's non-executive directors under the Company's loan funded Share Plan vest in accordance with their terms of issue; and
- (d) the Company not issuing any securities under its long-term employee incentive plan.

The Company expects that further information in relation to the Suzerain Takeover Offer will be provided to Shareholders in Suzerain's Bidder's Statement and the Company's Target's Statement in respect of the Suzerain Takeover Offer.

Under the terms of the Bid Implementation Deed, during the offer period for the Suzerain Takeover Offer, the Company must not convert some or all of the Principal Amount (under the Loan Conversion Extension or otherwise) without the prior written consent of Suzerain. Notwithstanding this, should the Loan Conversion Extension be approved by Shareholders, the Company does not anticipate that it would seek such consent and exercise its right to convert some or all of the Principal Amount under the Loan Conversion Extension whilst the offer period for the Suzerain Takeover Offer is ongoing or where Suzerain has obtained a right to compulsorily acquire Shares under Part 6A.2 of the Corporations Act.

Separately, where Suzerain has obtained a relevant interest in at least 90% (by number) of all Shares prior to the Meeting, the Company will withdraw the resolutions in Items 4 and 5 of this Notice as soon as reasonably practicable and, in any case, prior to the Meeting.

### ***Condition Precedent and Shareholder Approval***

Under the Fourth Amended Convertible Loan Deed, each of the Loan Conversion Extension and Interest Conversion will not be binding on the Company and Suzerain unless and until the Company obtains the approval of its Shareholders under item 7 of section 611 of the Corporations Act and Chapter 2E of the Corporations Act.

Under the resolution in Item 4 of this Notice, the Company is seeking approval under Chapter 2E and item 7 of section 611 of the Corporations Act for the purpose of satisfying the condition precedent relating to the Loan Conversion Extension.

Under the resolution in Item 5 of this Notice, the Company is seeking approval under Chapter 2E and item 7 of section 611 of the Corporations Act for the purpose of satisfying the condition precedent relating to the Interest Conversion.

### ***About Suzerain***

Suzerain is a company registered in the British Virgin Islands with registration number 193450. Suzerain is a substantial shareholder of the Company and the Company's largest Shareholder. As at the date of this Notice, Suzerain is the registered holder of 861,845,725 fully paid ordinary shares in the Company (representing a voting power of 65.85%).

The Associates of Suzerain include its controlling entities, being Skybound Capital (Mau) Limited (**Skybound**) and SCS Trustees Limited and Bridgitt Brink as trustees of the Domus Trust (**Domus Trust**), NGCH, Australia Fintech Plus Pty Ltd ACN 656 107 532 as trustee of the Australian Fintech Trust and Dean Palmer (a Director of the Company and a person who acts in concert with Suzerain in relation to the affairs of the Company). Further details of the voting power of Suzerain and its Associates are contained in the notice of change of interests of substantial holder, announced to ASX on 3 February 2022. Notwithstanding, it is noted that, since this announcement has been made, Australia Fintech Plus Pty Ltd ACN 656 107 532 as trustee of the Australian Fintech Trust has reduced its relevant interest in the Company's Shares from 65,724,825 Shares to 59,524,369.

The Company expects that further information in relation to Suzerain will be provided to Shareholders in Suzerain's Bidder's Statement and the Company's Target's Statement in respect of the Suzerain Takeover Offer.

### ***Obligation to seek approval for the issue of Shares to Suzerain under Loan Conversion Extension***

As a condition precedent to the Loan Conversion Extension under the Fourth Amended Convertible Loan Deed, the Company is obliged to use its reasonable endeavours to seek and obtain approval under item 7 of section 611 of the Corporations Act by a requisite majority of Shareholders for the entry into Fourth Amended Convertible Loan Deed, the Loan Conversion Extension and the possible future issue of Shares to Suzerain under the Loan Conversion Extension. This Resolution is being put to Shareholders for approval to satisfy this condition precedent set out in the Fourth Amended Convertible Loan Deed.

### ***The Company's funding arrangements with Suzerain***

On 28 June 2024, the Company announced it had entered into an unsecured \$5 million loan facility with Suzerain. This facility is predominantly used by the Company to meet the working capital requirements.

On 30 April 2025, the Company announced that it had entered into an amendment deed with Suzerain to increase the size of the loan facility to \$7.5 million with all other terms and conditions remaining unchanged.

On 22 August 2025, the Company announced that it had entered into an additional amendment deed with Suzerain to further increase the size of the loan facility to \$10.5 million with all other terms and conditions remaining unchanged.

In addition to this \$10.5 million loan facility, the Company also has a historical \$0.5 million loan facility with Suzerain that remains outstanding.

The Company expects that further information in relation to the Company's funding arrangements with Suzerain will be provided to Shareholders in Suzerain's Bidder's Statement and the Company's Target's Statement in respect of the Suzerain Takeover Offer.

### ***Independent Expert's Opinion***

The Company has appointed Leadenhall Corporate Advisory as the Independent Expert to prepare the Independent Expert's Report, the purpose of which is to state whether or not, in its opinion, the Loan Conversion Extension and the issue of Shares to Suzerain under the Loan Conversion Extension is 'fair' and 'reasonable' to Shareholders.

The Independent Expert has concluded that the Loan Conversion Extension and the potential issue of Shares to Suzerain under the Loan Conversion Extension is not fair but reasonable.

### ***Effect of approval on the Company's capital structure***

#### **Current capital structure of the Company**

On the basis of no other capital issues or changes, below is a table setting out the Company's current capital structure and the possible capital structure on conversion of the Principal Amount, being \$22,500,000, under the Loan Conversion Extension (at a conversion price of \$0.022 per Share). This calculation further assumes that:

- (a) the entire Principal Amount will be converted;
- (b) any fractional amount of Shares will be rounded up to the nearest whole Share; and
- (c) the conversion will occur on the last day of the Conversion Period, being 31 December 2028.

Date	Balance of Shares on issue
29 October 2025, the date of this Notice.	1,308,786,015
31 December 2028, post conversion of the Principal Amount under the Fourth Amended Convertible Loan Deed.	2,331,513,288

#### **Voting power of Suzerain and (its Associates)**

As at the date of this Notice, Suzerain has a voting power in Shares of 65.85%. The current voting power of each of Suzerain's Associates is set out in the third column of the table in Part A of Schedule 2.

The maximum voting power and the maximum increase in voting power held by Suzerain and its Associates following conversion of the Principal Amount under the Loan Conversion Extension at \$0.022 per Share and assuming no other issues of Shares is as follows:

Shareholder	Number of Shares held (before)	Voting power (before)	Number of Shares held (after)	Voting power (after)	Maximum change in voting power
All Shareholders other than Suzerain and Associates	343,869,921	26.27%	343,869,921	14.75%	-11.52%
Suzerain (and Associates)	964,916,094	73.73%	1,987,643,367	85.25%	11.52%
Suzerain	861,845,725	65.85%	1,884,572,998	80.83%	14.98%

For this Item 5, the maximum voting power and maximum increase in voting power of each of Suzerain's Associates is set out in the respective fourth and fifth columns of the table in Part A of Schedule 2.

For the potential maximum voting power and the potential maximum increase in voting power of Suzerain and its Associates under Items 4, 5 and 6 cumulatively, please see the table in Part B of Schedule 2. For the individual details of each of Suzerain's Associates' cumulative potential maximum voting power and maximum increase in voting power under Items 4, 5 and 6 cumulatively, please see the table in Part C of Schedule 2.

***Approval in relation to item 7 of section 611 of the Corporations Act***

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in the issued voting Shares of a listed company or an unlisted company with greater than 50 members if the person acquiring the interest does so through a transaction in relation to securities entered into by, or on behalf or, the person and because of that transaction, that person's or someone else's voting power increases:

- (a) from below 20% to more than 20%; or
- (b) from a starting point that is above 20% to below 90%.

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act.

The calculation of a person's voting power in a company involves determining the voting Shares in the company in which the person and the person's Associates have a relevant interest in.

A person has a relevant interest in securities of a company if they individually, or jointly:

- (a) are the holder of the securities;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (c) have the power to dispose of or control the exercise of a power to dispose of, the securities.

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition under section 606 of the Corporations Act. This exception provides that a person may acquire a relevant interest in a company's voting Shares if Shareholders of the company approve the acquisition.

For the exemption in item 7 of section 611 of the Corporations Act to apply, Shareholders must be given all information known to the person proposing to make the acquisition or their Associates, or known to the company, that is material to the decision on how to vote on the resolution. In ASIC Regulatory Guide 74, ASIC has indicated what additional information should be provided to Shareholders in these circumstances.

The Resolution in Item 4 of this Notice seeks Shareholder approval, for the purposes of item 7 of section 611 of the Corporations Act, to allow Suzerain to be issued Shares under the Loan Conversion Extension where such conversion will result in the voting power of Suzerain (and that of its Associates) increasing from a starting point that is above 20% to below 90%.

The following information is provided in compliance with item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74:

A. The identity of Suzerain, its Associates and any person who will have a relevant interest in the Shares to be allocated to Suzerain or its Associates.

The identity of Suzerain is set out above under the heading “About Suzerain”.

The persons set out in Part A of Schedule 2 are Associates of Suzerain and will have voting power in any Shares issued under the Convertible Loan Deed including, but not limited to, under the Loan Conversion Extension.

This Resolution also seeks approval of the acquisition of a relevant interest by each of the Associates in Part A of Schedule 2.

B. Maximum extent of increase in Suzerain’s (and its Associates’) voting power and the maximum voting power of Suzerain (and its Associates) following the Loan Conversion

Suzerain and its Associates have a voting power of 73.73% in the Company’s Shares as at the date of this Notice.

The maximum extent of the voting power in Shares (and resulting voting power in the Company) and the maximum extent of increase in voting power of Suzerain is set out above in the table under the sub-heading “Voting power of Suzerain and its Associates)” in the explanatory notes for this Item. The maximum extent of the voting power in Shares (and resulting voting power in the Company) and the maximum extent of increase in voting power of Suzerain’s Associates is set out in the respective fourth and fifth columns of the table in Part A of Schedule 2.

The Fourth Amended Convertible Loan Deed provides that in the event of any reorganisation of the Company’s capital, the number of Shares to be issued will be reorganised in the same manner as the Shares so that Suzerain and existing Shareholders are not adversely prejudiced.

C. An explanation of the reasons for the Loan Conversion Extension

The Company originally entered into the Convertible Loan Deed to secure additional working capital and growth capital as well as restructure its financing arrangements with Suzerain, NGCH and other Suzerain-related lenders.

Under the Fourth Amended Convertible Loan Deed, the Company is obligated to use reasonable endeavours to put forward this Resolution to Shareholders and receive their approval as a condition precedent.

Moreover, the Company requires the Loan Conversion Extension to remain effective in the circumstances where the Suzerain Takeover Offer does not complete or is withdrawn by Suzerain as, in these circumstances, if the Loan Conversion Extension has not been approved and the Company does not obtain an equivalent approval at a later date, the Company will be required to repay the Principal Amount in cash.

D. When the Loan Conversion Extension is to occur

The Company may give written notice to the Suzerain during the Conversion Period (from the date the Loan Conversion Extension becomes effective, assuming all conditions precedent are satisfied, until 31 December 2028) to convert the Principal Amount owing under the Fourth Amended Convertible Loan Deed into Shares, to be issued to Suzerain (or its wholly owned subsidiary) within 5 business days at the issue price of \$0.022 per Share.

If Item 4 is approved by Shareholders, the Loan Conversion Extension will become effective on and from the date of this Meeting.

E. Material terms of the Loan Conversion Extension

The material terms of the Loan Conversion Extension are set out above under subsection D.

F. Details of the terms of any other relevant agreement between the Company and Suzerain that is conditional on (or directly or indirectly depends on) Shareholders' approval of the Loan Conversion Extension

There are no other relevant agreements between the Company and Suzerain that are conditional upon Shareholder approval of the Loan Conversion Extension in this Resolution.

G. Suzerain's intentions regarding the future of the Company if Shareholders approve this Resolution

Pursuant to the Suzerain Takeover Offer, Suzerain has publicly announced its intention to acquire all of the Company's Shares which Suzerain already own by way of an off-market takeover.

To the extent that the Suzerain Takeover Offer does not complete or is withdrawn by Suzerain, Suzerain may nevertheless become entitled to exercise the general compulsory acquisition power under part 6A.2 Corporations Act in the future. In such circumstances Suzerain has advised the Company that it may, in its discretion, elect to (amongst other matters):

- (a) exercise the general compulsory acquisition power under part 6A.2 Corporations Act; and
- (b) seek to have the Company removed from the official list of ASX. ASX guidance indicates that ASX would generally approve an application for the Company to be removed from the official list without the need for Shareholder approval if:
  - (i) at the end of the Suzerain Takeover Offer, Suzerain owns or controls at least 75% of the Company's Shares and the Suzerain Takeover Offer has remained open for at least two weeks after Suzerain attained ownership or control of at least 75% of Company's Shares; and
  - (ii) the number of Shareholders (other than Suzerain and its Associates) holding parcels with a value of at least \$500 is fewer than 150.

The Company expects that a more detailed summary of the Suzerain's intentions in the event the Suzerain Takeover Offer does not complete or is withdrawn will be contained in Suzerain's Bidder's Statement in respect of the Suzerain Takeover Offer.

H. Suzerain's intentions to significantly change the financial or dividend distribution policies of the Company

Suzerain's view on the payment of dividends by the Company may be different to those of the current Board, which may result in their increase or decrease. No determination has been made by Suzerain at this time regarding the Company's dividend and capital management policies after the conclusion of the Offer.

I. Interests of the Directors in this Resolution

Other than Dean Palmer, no Director has any interest in the outcome of this Resolution other than their interests arising solely in their capacity as Shareholders of the Company (to the extent they hold Shares).

Dean Palmer is a nominee director of Suzerain, Associate of Suzerain and has an interest in the outcome of this Resolution due to this association. Dean Palmer has abstained from making any recommendations in relation to this Resolution on this basis. For the avoidance of doubt, Dean Palmer is:

- (a) a director and contractor of Skybound Fidelis Investment Group Pty Ltd ACN 130 991 810; and
- (b) a director of Skybound Capital (AU) Pty Ltd ACN 601 221 345.

The entities in paragraphs (a) and (b) above (the **Australian Skybound Entities**) are wholly-owned subsidiaries of Skybound Capital Limited (**Skybound HoldCo**). Skybound, an Associate of Suzerain, is another separate subsidiary of Skybound HoldCo, however, there is otherwise no control relationship

between the Australian Skybound Entities and Suzerain.

J. The identity, qualifications and associations (with Suzerain and its Associates) of any person who is intended to become a director if Shareholders approve this Resolution

Suzerain intends to retain all the members of the Board and the members of the boards of directors of the Company's subsidiaries.

***Advantages if this Resolution is approved***

The key advantage to the Company if this Resolution is approved, is that the Company will be able to continue to preserve its right to convert the Principal Amount into Shares beyond 31 December 2025 and on terms which, based on the conversion price of \$0.022 per Share, are favourable to existing shareholders.

Should:

- (a) this Resolution not be approved;
- (b) the Suzerain Takeover Offer not complete or is withdrawn by Suzerain;
- (c) the Company not exercise its right to convertible the Principal Amount into Shares on or before 31 December 2025; and
- (d) the Company fail to obtain an equivalent approval at a later date,

the Company will be required to repay the Principal Amount in cash.

***Key risks and disadvantages if this Resolution is approved***

The key risks and disadvantages to the Company if this Resolution is approved are:

- (a) if the Company converts the Principal Amount under the Loan Conversion Extension, it will result in Suzerain acquiring voting power in the Company in excess of 20%, which will reduce the voting power of other existing Shareholders (including their ability to influence decisions, such as the composition of the Board). As detailed above under the sub-heading "Voting power of Suzerain and its Associates", Suzerain and its Associates could potentially acquire an additional 11.52% voting power in the Company;
- (b) if the Company elects to convert the Principal Amount under the Loan Conversion Extension, the issue of Shares as part of this conversion will dilute the exposure of Shareholders to the economic interests of owning Shares;
- (c) you may not agree with the recommendation by the Directors (other than Dean Palmer) and the Independent Expert's opinion that the Loan Conversion Extension and potential issue of Shares to Suzerain under the Loan Conversion Extension is not fair but reasonable. You may believe that the Loan Conversion Extension and potential issue of Shares to Suzerain under Loan Conversion Extension is not fair nor reasonable, or otherwise not in your best interest or in the best interests of Shareholders; and
- (d) the Company may be a less attractive takeover target. Any bidder for the Company under a takeover proposal would require Suzerain and its Associates to support their bid in order to be successful. This may be a deterrent to future bidders. However, the Directors (other than Dean Palmer) consider that Suzerain and its Associates' existing 73.73% voting power may, for all practical purposes, already be sufficient to prevent a bidder from acquiring 100% of the Company by takeover or scheme of arrangement.

***Possible scenarios on the Fourth Amended Convertible Loan Deed depending on the outcome of Item 4***

Items 4 and 5 of this Notice both concern the Fourth Amended Convertible Loan Deed, however, they are not conditional upon each other's passage. Accordingly, if Item 4 is passed and Item 5 is not passed, the Loan Conversion Extension will continue to be binding.



### ***Interests and recommendation of the Directors***

Apart from Dean Palmer, none of the other Board members have an interest in the outcome of this Resolution other than their interests arising solely in their capacity as Shareholders of the Company (to the extent that they hold Shares). Each Director who holds Shares in the Company (or whose associated entities hold Shares) and is entitled to vote, intends to vote their Shares in favour of this Resolution.

Dean Palmer has an interest in the outcome of this Resolution (by reason of being a nominee director of Suzerain) and is an Associate of Suzerain (by reason of acting in concert with Suzerain in relation to the Company's affairs) and does not make any recommendation on how to vote on this Resolution. For further information on Dean Palmer's relationship to Suzerain, please refer to the sub-heading 'Interests of the Directors in this Resolution' in page 15 of this Notice.

The Directors (other than Dean Palmer) recognise that the Loan Conversion Extension will be extremely dilutive to existing Shareholders should the Board exercise its right to convert the Principal Amount into Shares. However, at the time that the Convertible Loan Deed was entered into and later approved by the Company's Shareholders at the 2022 EGM, the Directors (other than Dean Palmer) were of the view that the potential issue of those Shares was in the best interests of the Company taking into account all relevant circumstances, despite the potential for dilution. In particular, the potential issue of those Shares was initially proposed because the Company may not have an alternative way to meet its obligations to make cash repayments to Suzerain (formerly NGCH) under the terms of the Convertible Loan Deed. Finally, the Directors (other than Dean Palmer) are of the view that the Loan Conversion Extension should be considered by Shareholders as an extension of the Company's existing terms with Suzerain under the Fourth Amended Convertible Loan Deed as opposed to a new potential issue of Shares to Suzerain.

Accordingly, the Directors (other than Dean Palmer) recommend that Shareholders vote in favour of this Resolution. The Directors' recommendation is based on the reasons set out in the section titled "Advantages if this Resolution is passed" above.

The Directors are not aware of any other information other than as set out in this Notice that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution.

### ***Approval in relation to Chapter 2E of the Corporations Act***

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or controlled entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval or otherwise in accordance with section 208(2) of Corporations Act,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Suzerain is a related party of the Company by virtue of section 228(1) of the Corporations Act, being an individual that controls the Company pursuant to section 50AA of the Corporations Act. Furthermore, the issue of Shares to Suzerain under the Loan Conversion Extension constitutes the giving of a financial benefit.

### ***Information required by Chapter 2E of the Corporations Act***

The following information is provided to Shareholders for the purposes of Chapter 2E of the Corporations Act.

#### **A. Identity of the related party**

The party receiving the financial benefit is Suzerain. Suzerain is a related party of the Company by virtue of section 228(1) of the Corporations Act, being an individual that controls the Company pursuant to section 50AA of the Corporations Act.

B. Nature of the financial benefit

The nature of the financial benefit to be provided to Suzerain (assuming the Company exercises its right to convert the Principal Amount outstanding into new Shares) is up to 1,022,727,273 new Shares.

C. Directors' recommendations and Directors' interests in the outcome of this Resolution

The Directors' recommendations and their interests in the outcome of this Resolution are set out under the heading "Interests and recommendation of the Directors" above.

D. Valuation of the financial benefit

As set out in the Independent Expert's Report, the Independent Expert has made an assessment of the fair market value of the Company before the entry into the Fourth Amended Loan Deed (on a controlling interest basis) and after the entry (on a minority interest basis). See pages 23 to 61 of the Independent Expert's Report including details of the valuation approach, analysis and evaluation of the Independent Expert.

E. Related party's existing voting power

The existing voting power of Suzerain and its Associates are set out above under the sub-heading "Voting power of Suzerain and its Associates)" in the explanatory notes for this Item.

F. Dilution effect of the Loan Conversion Extension on the existing Shareholders' interests

The dilutionary effect of the issue of the Shares as part of the Loan Conversion Extension if this Resolution is approved is set out under the sub-headings "Voting power of Suzerain and its Associates)" and "Current capital structure of the Company" in the explanatory notes for this Item, and Schedule 1.

G. Other Information

Other than the information set out above and otherwise contained in this Explanatory Statement, the Company believes that there is no further information that would be reasonably required by Shareholders to consider whether or not to pass this Resolution.

***ASX Listing Rules approval***

ASX Listing Rule 7.1

Exception 16 set out in Listing Rule 7.2 provides that if an issue of securities is approved for the purposes of item 7 of section 611 of the Corporations Act, Listing Rule 7.1 and 7.1A do not apply. Accordingly, the Company is not required to seek approval for the issue of Shares as part of the Loan Conversion Extension under either Listing Rules 7.1 or 7.1A.

ASX Listing Rule 10.11

Listing Rule 10.11 provides that a listed company must not issue equity securities to a related party without Shareholder approval. Exception 6 set out in Listing Rule 10.12 provides that if an issue of securities is approved for the purposes of item 7 of section 611 of the Corporations Act, no additional Shareholder approval is required. Accordingly, the Company is not required to seek approval for the issue of Shares as part of the Loan Conversion Extension under Listing Rule 10.11.

***Board recommendation***

The Directors (excluding Dean Palmer) recommend that shareholders vote **in favour** of this Item.

**Item 5 – Approval of entry into Fourth Amended Convertible Loan Deed, Interest Conversion and issue of Shares under Interest Conversion**

***Background***

Please refer the sub-heading 'Background' in the explanatory notes relating to Item 4 of this Notice above.

***Fourth Amended Convertible Loan Deed***

Please refer the sub-heading 'Fourth Amended Convertible Loan Deed' in the explanatory notes relating

to Item 4 of this Notice above.

### ***Takeover Offer***

As with the Resolution in Item 4 of this Notice, should the Interest Conversion be approved by Shareholders, the Company does not anticipate that it will exercise its right to convert some or all of the Accrued Interest under the Interest Conversion whilst the offer period for the Suzerain Takeover Offer is ongoing or where Suzerain has obtained a right to compulsorily acquire Shares under Part 6A.2 of the Corporations Act. .

Where Suzerain has obtained a relevant interest in at least 90% (by number) of all Shares prior to the Meeting, the Company will withdraw the resolution in 5 of this Notice as soon as reasonably practicable and, in any case, prior to the Meeting.

For more information regarding the Suzerain Takeover Offer, please refer to the sub-heading ‘Takeover Offer’ in the in the explanatory notes relating to Item 4 of this Notice above.

### ***Condition Precedent and Shareholder Approval***

Under the Fourth Amended Convertible Loan Deed, each of the Loan Conversion Extension and Interest Conversion will not be binding on the Company and Suzerain unless and until the Company obtains the approval of its Shareholders under item 7 of section 611 of the Corporations Act and Chapter 2E of the Corporations Act.

Under the resolution in Item 4 of this Notice, the Company is seeking approval under Chapter 2E and item 7 of section 611 of the Corporations Act for the purpose of satisfying the condition precedent relating to the Loan Conversion Extension.

Under the resolution in Item 5 of this Notice, the Company is seeking approval under Chapter 2E and item 7 of section 611 of the Corporations Act for the purpose of satisfying the condition precedent relating to the Interest Conversion.

### ***About Suzerain***

Please refer the sub-heading ‘About Suzerain’ in the explanatory notes relating to Item 4 of this Notice above.

### ***Obligation to seek approval for the issue of Shares to Suzerain under Interest Conversion***

As a condition precedent to the Interest Conversion under the Fourth Amended Convertible Loan Deed, the Company is obliged to use its reasonable endeavours to seek and obtain approval under item 7 of section 611 of the Corporations Act by a requisite majority of Shareholders for the entry into the Fourth Amended Convertible Loan Deed, the Interest Conversion and the possible future issue of Shares to Suzerain under the Interest Conversion. This Resolution is being put to Shareholders for approval to satisfy this condition precedent set out in the Fourth Amended Convertible Loan Deed.

### ***The Company’s funding arrangements with Suzerain***

Please refer the sub-heading ‘The Company’s funding arrangements with Suzerain’ in the explanatory notes relating to Item 4 of this Notice above.

### ***Independent Expert’s Opinion***

The Company has appointed Leadenhall Corporate Advisory as the Independent Expert to prepare the Independent Expert’s Report, the purpose of which is to state whether or not, in its opinion, the Interest Conversion and the issue of Shares to Suzerain under the Interest Conversion is ‘fair’ and ‘reasonable’ to Shareholders.

The Independent Expert has concluded that the Interest Conversion and the potential issue of Shares to Suzerain under the Interest Conversion is not fair but reasonable.

### ***Effect of approval on the Company’s capital structure***

#### **Current capital structure of the Company**

On the basis of no other capital issues or changes, below is a table setting out the Company's current capital structure and the possible capital structure on conversion of the Accrued Interest, being \$4,531,462, under the Interest Conversion (at a conversion price of \$0.022 per Share). This calculation further assumes that:

- (a) the entire Accrued Interest will be converted;
- (b) any fractional amount of Shares will be rounded up to the nearest whole Share; and
- (c) the conversion will occur on the last day of the Conversion Period, being 31 December 2028.

Date	Balance of Shares on issue
29 October 2025, the date of this Notice.	1,308,786,015
31 December 2028, post Interest Conversion under the Fourth Amended Convertible Loan Deed.	1,514,761,561

#### Voting power of Suzerain and (its Associates)

As at the date of this Notice, Suzerain has a voting power in Shares of 65.85%. The current voting power of each of Suzerain's Associates is set out in the third column of the table in Part A of Schedule 2.

The maximum voting power and the maximum increase in voting power held by Suzerain and its Associates following conversion of the Accrued Interest under the Interest Conversion at \$0.022 per Share and assuming no other issues of Shares is as follows:

Shareholder	Number of Shares held (before)	Voting power (before)	Number of Shares held (after)	Voting power (after)	Maximum change in voting power
All Shareholders other than Suzerain and Associates	343,869,921	26.27%	343,869,921	22.70%	-3.57%
Suzerain (and Associates)	964,916,094	73.73%	1,170,891,640	77.30%	3.57%
Suzerain	861,845,725	65.85%	1,067,821,271	70.49%	4.64%

For this Item 5, the maximum voting power and maximum increase in voting power of each of Suzerain's Associates is set out in the respective sixth and seventh columns of the table in Part A of Schedule 2.

For the potential maximum voting power and the potential maximum increase in voting power of Suzerain and its Associates under Items 4, 5 and 6 cumulatively, please see the table in Part B of Schedule 2. For the individual details of each of Suzerain's Associates' cumulative potential maximum voting power and maximum increase in voting power under Items 4, 5 and 6 cumulatively, please see the table in Part C of Schedule 2.

#### ***Approval in relation to item 7 of section 611 of the Corporations Act***

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in the issued voting Shares of a listed company or an unlisted company with greater than 50 members if the person acquiring the interest does so through a transaction in relation to securities entered into by, or on behalf or, the person and because of that transaction, that person's or someone else's voting power

increases:

- (a) from below 20% to more than 20%; or
- (b) from a starting point that is above 20% to below 90%.

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act.

The calculation of a person's voting power in a company involves determining the voting Shares in the company in which the person and the person's Associates have a relevant interest in.

A person has a relevant interest in securities of a company if they individually, or jointly:

- (c) are the holder of the securities;
- (d) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (e) have the power to dispose of or control the exercise of a power to dispose of, the securities.

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition under section 606 of the Corporations Act. This exception provides that a person may acquire a relevant interest in a company's voting Shares if Shareholders of the company approve the acquisition.

For the exemption of item 7 of section 611 of the Corporations Act to apply, Shareholders must be given all information known to the person proposing to make the acquisition or their Associates, or known to the company, that is material to the decision on how to vote on the resolution. In ASIC Regulatory Guide 74, ASIC has indicated what additional information should be provided to Shareholders in these circumstances.

The Resolution in Item 5 of this Notice seeks Shareholder approval, for the purposes of item 7 of section 611 of the Corporations Act, to allow Suzerain to be issued Shares under the Interest Conversion where such conversion will result in the voting power of Suzerain (and that of its Associates) increasing from a starting point that is above 20% to below 90%.

The following information is provided in compliance with item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74:

- A. The identity of Suzerain, its Associates and any person who will have a relevant interest in the Shares to be allocated to Suzerain or its Associates.

The identity of Suzerain is set out above under the sub-heading "About Suzerain" in the explanatory notes for Item 4.

The persons set out in Part A of Schedule 2 are Associates of Suzerain and will have voting power in any Shares issued under the Fourth Amended Convertible Loan Deed including, but not limited to, under the Interest Conversion.

This Resolution also seeks approval of the acquisition of a relevant interest by each of the Associates in Part A of Schedule 2.

- B. Maximum extent of increase in Suzerain's (and its Associates') voting power and the maximum voting power of Suzerain (and its Associates) following the Interest Conversion

Suzerain and its Associates have a voting power of 73.73% in the Company's Shares as at the date of this Notice.

The maximum extent of the voting power in Shares (and resulting voting power in the Company) and the maximum extent of increase in voting power of Suzerain is set out above in the table under the sub-heading "Voting power of Suzerain and its Associates)" in the explanatory notes for this Item. The maximum extent of the voting power in Shares (and resulting voting power in the Company) and the maximum extent of increase in voting power of Suzerain's Associates is set out in the respective sixth and seventh columns of the table in Part A of Schedule 2.

The Fourth Amended Convertible Loan Deed provides that in the event of any reorganisation of the Company's capital, the number of Shares to be issued will be reorganised in the same manner as the Shares so that Suzerain and existing Shareholders are not adversely prejudiced.

C. An explanation of the reasons for the Interest Conversion

The Company wishes to have the option to discharge its obligation to repay the Accrued Interest by issuing new Shares to Suzerain. Were this option not available, the Company would be required to repay the Accrued Interest using any cash available to the Company.

Under the Fourth Amended Convertible Loan Deed, the Company is obligated to use reasonable endeavours to put forward this Resolution to Shareholders and receive their approval as a condition precedent.

Moreover, for the reasons outlined above, the Company requires the Interest Conversion to be available unconditionally to account for circumstances where the Suzerain Takeover Offer does not complete or is withdrawn by Suzerain.

D. When the Interest Conversion is to occur

The Company may give written notice to the Suzerain during the Conversion Period (from the date the Interest Conversion becomes effective, assuming all conditions precedent are satisfied, until 31 December 2028) to convert the Accrued Interest owing under the Fourth Amended Convertible Loan Deed into Shares, to be issued to Suzerain (or its wholly owned subsidiary) within 5 business days at the issue price of \$0.022 per Share.

If Item 5 is approved by Shareholders, the Interest Conversion will become effective on and from the date of this Meeting.

E. Material terms of the Interest Conversion

The material terms of the Interest Conversion are set out above under subsection D.

F. Details of the terms of any other relevant agreement between the Company and Suzerain that is conditional on (or directly or indirectly depends on) Shareholders' approval of the Interest Conversion

There are no other relevant agreements between the Company and Suzerain that are conditional upon Shareholder approval of the Interest Conversion in this Resolution.

G. Suzerain's intentions regarding the future of the Company if Shareholders approve this Resolution

Pursuant to the Suzerain Takeover Offer, Suzerain has publicly announced its intention to acquire all of the Company's Shares which Suzerain does not already own by way of an off-market takeover.

To the extent that the Suzerain Takeover Offer does not complete or is withdrawn by Suzerain, Suzerain may nevertheless become entitled to exercise the general compulsory acquisition power under part 6A.2 Corporations Act in the future. In such circumstances Suzerain has advised the Company that it may, in its discretion, elect to (amongst other matters):

- (a) exercise the general compulsory acquisition power under part 6A.2 Corporations Act; and
- (b) seek to have the Company removed from the official list of ASX. ASX guidance indicates that ASX would generally approve an application for the Company to be removed from the official list without the need for Shareholder approval if:
  - (i) at the end of the Suzerain Takeover Offer, Suzerain owns or controls at least 75% of the Company's Shares and the Suzerain Takeover Offer has remained open for at least two weeks after Suzerain attained ownership or control of at least 75% of Company's Shares; and
  - (ii) the number of Shareholders (other than Suzerain and its Associates) holding parcels with a value of at least \$500 is fewer than 150.

The Company expects that a more detailed summary of the Suzerain's intentions in the event the

Suzerain Takeover Offer does not complete or is withdrawn will be contained in Suzerain's Bidder's Statement in respect of the Suzerain Takeover Offer.

H. Suzerain's intentions to significantly change the financial or dividend distribution policies of the Company

Suzerain's view on the payment of dividends by the Company may be different to those of the current Board, which may result in their increase or decrease. No determination has been made by Suzerain at this time regarding the Company's dividend and capital management policies after the conclusion of the Offer.

I. Interests of the Directors in this Resolution

Other than Dean Palmer, no Director has any interest in the outcome of this Resolution other than their interests arising solely in their capacity as Shareholders of the Company (to the extent they hold Shares).

Dean Palmer is a nominee director of Suzerain, Associate of Suzerain and has an interest in the outcome of this Resolution due to this association. Dean Palmer has abstained from making any recommendations in relation to this Resolution on this basis. For the avoidance of doubt, Dean Palmer is a director of the Australian Skybound Entities which are wholly owned subsidiaries of Skybound HoldCo, of which Skybound, an Associate of Suzerain, is another separate subsidiary of. There is otherwise no control relationship between the Australian Skybound Entities and Suzerain.

J. The identity, qualifications and associations (with Suzerain and its Associates) of any person who is intended to become a director if Shareholders approve this Resolution

Suzerain intends to retain all the members of the Board and the members of the boards of directors of the Company's subsidiaries.

***Advantages if this Resolution is approved***

The key advantage to the Company if this Resolution is approved, is that the Company will obtain a right to convert the Accrued Interest into Shares up to and including 31 December 2028 and on terms which, based on the conversion price of \$0.022 per Share, are favourable to existing shareholders.

Should:

- (a) this Resolution not be approved;
- (b) the Suzerain Takeover Offer does not complete or is withdrawn by Suzerain; and
- (c) the Company fail to obtain an equivalent approval at a later date,

the Company will be required to repay the Accrued Interest in cash.

***Key risks and disadvantages if this Resolution is approved***

The key risks and disadvantages to the Company if this Resolution is approved are:

- (a) if the Company converts the Accrued Interest under the Interest Conversion, it will result in Suzerain acquiring voting power in the Company in excess of 20%, which will reduce the voting power of other existing Shareholders (including their ability to influence decisions, such as the composition of the Board). As detailed above under the sub-heading "Voting power of Suzerain and its Associates" in the explanatory notes for this Item, Suzerain and its Associates could potentially acquire an additional 3.57% voting power in the Company;
- (b) if the Company elects to convert the Accrued Interest under the Interest Conversion, the issue of Shares as part of this conversion will dilute the exposure of Shareholders to the economic interests of owning Shares;
- (c) you may not agree with the recommendation by the Directors (other than Dean Palmer) and the Independent Expert's opinion that the Interest Conversion and potential issue of Shares to Suzerain under the Interest Conversion is not fair but reasonable. You may believe that the Interest Conversion and potential issue of Shares to Suzerain under Interest Conversion is not fair nor reasonable, or otherwise not in your best interest or in the best interests of

Shareholders; and

- (d) the Company may be a less attractive takeover target. Any bidder for the Company under a takeover proposal would require Suzerain and its Associates to support their bid in order to be successful. This may be a deterrent to future bidders. However, the Directors (other than Dean Palmer) consider that Suzerain and its Associates' existing 73.73% voting power may, for all practical purposes, already be sufficient to prevent a bidder from acquiring 100% of the Company by takeover or scheme of arrangement.

***Possible scenarios on the Fourth Amended Convertible Loan Deed depending on the outcome of Item 5***

Items 4 and 5 of this Notice both concern the Fourth Amended Convertible Loan Deed, however, they are not conditional upon each other's passage. Accordingly, if Item 5 is passed and Item 4 is not passed, the Interest Conversion will continue to be binding.

***Interests and recommendation of the Directors***

Apart from Dean Palmer, none of the other Board members have an interest in the outcome of this Resolution other than their interests arising solely in their capacity as Shareholders of the Company (to the extent that they hold Shares). Each of the Directors who holds Shares in the Company (or whose associated entities hold Shares) and is entitled to vote, will vote their Shares in favour of this Resolution.

Dean Palmer has an interest in the outcome of this Resolution (by reason of being a nominee director of Suzerain) and is an Associate of Suzerain (by reason of acting in concert with Suzerain in relation to the Company's affairs) and does not make any recommendation with how to vote on this Resolution. For further information on Dean Palmer's relationship to Suzerain, please refer to the sub-heading 'Interests of the Directors in this Resolution' in page 22 of this Notice.

The Directors (other than Dean Palmer) recognise that the Interest Conversion will be extremely dilutive to existing Shareholders should the Board exercise its right to convert the Accrued Interest into Shares. However, the Directors (other than Dean Palmer) are of the view that the potential issue of those Shares is in the best interests of the Company taking into account all relevant circumstances, despite the potential for dilution. In particular, the potential issue of those Shares may be required because the Company may not have an alternative way to meet its obligations to make cash repayments to Suzerain in relation to the Accrued Interest.

Accordingly, the Directors (other than Dean Palmer) recommend that Shareholders vote in favour of this Resolution. The Directors' recommendations (other than Dean Palmer) are based on the reasons set out in the section titled "Advantages if this Resolution is passed" above.

The Directors are not aware of any other information other than as set out in this Notice that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution.

***Approval in relation to Chapter 2E of the Corporations Act***

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or controlled entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval or otherwise in accordance with section 208(2) of Corporations Act,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Suzerain is a related party of the Company by virtue of section 228(1) of the Corporations Act, being an individual that controls the Company pursuant to section 50AA of the Corporations Act. Furthermore, the issue of Shares to Suzerain under the Interest Conversion constitutes the giving of a financial benefit.



### ***Information required by Chapter 2E of the Corporations Act***

The following information is provided to Shareholders for the purposes of Chapter 2E of the Corporations Act.

A. Identity of the related party

The party receiving the financial benefit is Suzerain. Suzerain is a related party of the Company by virtue of section 228(1) of the Corporations Act, being an individual that controls the Company pursuant to section 50AA of the Corporations Act.

B. Nature of the financial benefit

The nature of the financial benefit to be provided to Suzerain (assuming the Company exercises its right to convert the Accrued Interest outstanding into new Shares) is up to 205,975,546 new Shares.

C. Directors' recommendations and Directors' interests in the outcome of this Resolution

The Directors' recommendations and their interests in the outcome of this Resolution are set out under the heading "Interests and recommendation of the Directors" above.

D. Valuation of the financial benefit

As set out in the Independent Expert's Report, the Independent Expert has made an assessment of the fair market value of the Company before the entry into the Fourth Amended Loan Deed (on a controlling interest basis) and after the entry (on a minority interest basis without any conversion under the Interest Conversion occurring). See pages 23 to 61 of the Independent Expert's Report including details of the valuation approach, analysis and evaluation of the Independent Expert.

E. Related party's existing voting power

The existing voting power of Suzerain and its Associates are set out above under the sub-heading "Voting power of Suzerain and its Associates)" in the explanatory notes for this Item.

F. Dilution effect of the Interest Conversion on the existing Shareholders' interests

The dilutionary effect of the issue of the Shares as part of the Interest Conversion if this Resolution is approved is set out under the sub-headings "Voting power of Suzerain and its Associates)" and "Current capital structure of the Company" in the explanatory notes for this Item, and Schedule 1.

G. Other Information

Other than the information set out above and otherwise contained in this Explanatory Statement, the Company believes that there is no further information that would be reasonably required by Shareholders to consider whether or not to pass this Resolution.

### ***ASX Listing Rules approval***

#### ASX Listing Rule 7.1

Exception 16 set out in Listing Rule 7.2 provides that if an issue of securities is approved for the purposes of item 7 of section 611 of the Corporations Act, Listing Rule 7.1 and 7.1A do not apply. Accordingly, the Company is not required to seek approval for the issue of Shares as part of the Interest Conversion under either Listing Rules 7.1 or 7.1A.

#### ASX Listing Rule 10.11

Listing Rule 10.11 provides that a listed company must not issue equity securities to a related party without Shareholder approval. Exception 6 set out in Listing Rule 10.12 provides that if an issue of securities is approved for the purposes of item 7 of section 611 of the Corporations Act, no additional Shareholder approval is required. Accordingly, the Company is not required to seek approval for the issue of Shares as part of the Interest Conversion under Listing Rule 10.11.

### ***Board recommendation***

The Directors (excluding Dean Palmer) recommend that shareholders vote **in favour** of this Item.

## Item 6 – Approval of acquisition and transfer of Shares to Suzerain from Australian Fintech Trust

### *Background*

Australian Fintech Plus Pty Ltd ACN 656 107 532 as trustee for Australian Fintech Trust (**Australian Fintech Trust**), as at the date of this Notice of Meeting, is the registered holder of 59,524,369 Shares. Dean Palmer is the sole director of the corporate trustee of the Australian Fintech Trust, Australian Fintech Plus Pty Ltd ACN 656 107 532, and this company is also wholly-owned by Dean Palmer and Laura Palmer, Mr Palmer's spouse. Furthermore, Dean Palmer's family trust is currently the sole beneficiary of the Australian Fintech Trust. Accordingly, the Company considers that the Australian Fintech Trust is controlled by Dean Palmer.

The Australian Fintech Trust is an Associate of Suzerain by virtue of being an entity that acts in concert with Suzerain in relation to the Company's affairs. The Australian Fintech Trust was established on or about 26 May 2020 as an entity intended to hold Shares, originally acquired by or on behalf of Suzerain, for the benefit of Dean Palmer and Jeremy Thorpe (a former Director) in connection with their remuneration as nominee directors of Suzerain.

The Australian Fintech Trust is expected to be wound-up once the Australian Fintech Trust ceases to hold Shares (the **AFT Wind-up**).

### *Proposed Transfer and remaining Australian Fintech Trust Shares*

Prior to completion of the AFT Wind-up, the Australian Fintech Trust proposes to transfer 52,170,068 Shares to Suzerain (the **Proposed Transfer**). The material terms of the Proposed Transfer are as follows:

- (a) the consideration for the Shares the subject of the Proposed Transfer is \$156,510.20, representing a price per Share of approximately \$0.003; and
- (b) completion of the Proposed Transfer will be conditional upon the Proposed Transfer being approved by the Company's Shareholders for the purposes of item 7 of section 611 of the Corporations Act.

Subject to Shareholders approving the Proposed Transfer under this Item 6, upon completion of the Proposed Transfer, the Australian Fintech Trust will hold 7,354,301 Shares. The remaining 7,354,301 Shares will be transferred to Dean Palmer's family trust.

### *Takeover Offer*

Suzerain and the Australian Fintech Trust have agreed that the Proposed Transfer will not proceed if the Suzerain Takeover Offer proceeds to completion. This is because, amongst other things, the Suzerain Takeover Offer will provide an alternate exception to the prohibition under section 606 of the Corporations Act that will enable Suzerain to acquire the 52,170,068 Shares held by the Australian Fintech Trust. Accordingly, if prior to the Meeting, the Suzerain Takeover Offer proceeds to completion or Suzerain obtains a relevant interest in at least 90% (by number) of all Shares, the Company will withdraw the resolution in Item 6 of this Notice as soon as reasonably practicable and, in any case, prior to the Meeting.

For more information regarding the Suzerain Takeover Offer, please refer to the sub-heading 'Takeover Offer' in the explanatory notes relating to Item 4 of this Notice above.

### *Shareholder approval*

As discussed above, completion of the Proposed Transfer will be conditional upon the Proposed Transfer being approved by the Company's Shareholders for the purposes of item 7 of section 611 of the Corporations Act. This Resolution is being put to Shareholders for approval to satisfy this condition and to enable Suzerain to acquire the Shares under the Proposed Transfer.

### *Independent Expert's Opinion*

The Company has appointed Leadenhall Corporate Advisory as the Independent Expert to prepare the

Independent Expert's Report, the purpose of which is to state whether or not, in its opinion, the Proposed Transfer is 'fair' and 'reasonable' to Shareholders.

The Independent Expert has concluded that the Proposed Transfer is not fair but reasonable.

#### Voting power of Suzerain and (its Associates)

As at the date of this Notice, Suzerain has a voting power in Shares of 65.85%. The current voting power of each of Suzerain's Associates is set out in the third column of the table in Part A of Schedule 2.

The maximum voting power and the maximum increase in voting power held by Suzerain and its Associates following completion of the Proposed Transfer and assuming no other issues of Shares is as follows:

Shareholder	Number of Shares held (before)	Voting power (before)	Number of Shares held (after)	Voting power (after)	Maximum change in voting power
All Shareholders other than Suzerain and Associates	343,869,921	26.27%	343,869,921	26.27%	0%
Suzerain (and Associates)	964,916,094	69.74%*	964,916,094	73.73%	3.99%
Suzerain	861,845,725	65.85%	914,015,793	69.84%	3.99%

*\*In accordance with section 610(3) of the Corporations Act, the votes attached to the Shares that are subject to the Proposed Transfer have been disregarded. Without the application of section 610(3) of the Corporations Act, Suzerain and its Associates would have a voting power of 73.73%.*

For this Item 6, the maximum voting power and maximum increase in voting power of each of Suzerain's Associates is set out in the respective eight and ninth columns of the table in Part A of Schedule 2.

For the potential maximum voting power and the potential maximum increase in voting power of Suzerain and its Associates under Items 4, 5 and 6 cumulatively, please see the table in Part B of Schedule 2. For the individual details of each of Suzerain's Associates' cumulative potential maximum voting power and maximum increase in voting power under Items 4, 5 and 6 cumulatively, please see the table in Part C of Schedule 2.

#### ***Approval in relation to item 7 of section 611 of the Corporations Act***

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in the issued voting Shares of a listed company or an unlisted company with greater than 50 members if the person acquiring the interest does so through a transaction in relation to securities entered into by, or on behalf or, the person and because of that transaction, that person's or someone else's voting power increases:

- (a) from below 20% to more than 20%; or
- (b) from a starting point that is above 20% to below 90%.

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act.

The calculation of a person's voting power in a company involves determining the voting Shares in the company in which the person and the person's Associates have a relevant interest in.

A person has a relevant interest in securities of a company if they individually, or jointly:

- (c) are the holder of the securities;
- (d) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (e) have the power to dispose of or control the exercise of a power to dispose of, the securities.

In relation to the Proposed Transfer, whilst the Australian Fintech Trust is an Associate of Suzerain and the Shares held by the Australian Fintech Trust are included within the calculation of Suzerain's voting power, Suzerain does not currently have a relevant interest in the Shares held by the Australian Financial Trust but will acquire a relevant interest in 52,170,068 Shares under the Proposed Transfer.

Moreover, whilst the 52,170,068 Shares the subject of the Proposed Transfer currently form part of the calculation of Suzerain's voting power in ordinary circumstances, section 610(3) of the Corporations Act provides that, in context of the Proposed Transfer, the voting power associated with those Shares, being 3.99%, must be disregarded from the calculation of Suzerain's voting power prior to the Proposed Transfer. As a result of this, the Proposed Transfer will be subject to the prohibition under section 606.

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition under section 606 of the Corporations Act. This exception provides that a person may acquire a relevant interest in a company's voting Shares if Shareholders of the company approve the acquisition.

For the exemption of item 7 of section 611 of the Corporations Act to apply, Shareholders must be given all information known to the person proposing to make the acquisition or their Associates, or known to the company, that is material to the decision on how to vote on the resolution. In ASIC Regulatory Guide 74, ASIC has indicated what additional information should be provided to Shareholders in these circumstances.

The Resolution in Item 5 of this Notice seeks Shareholder approval, for the purposes of item 7 of section 611 of the Corporations Act, to allow Suzerain acquire 52,170,068 Shares under the Proposed Transfer which will result in the voting power of Suzerain (and that of its Associates) increasing from a starting point that is above 20% to below 90%.

The following information is provided in compliance with item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74:

- A. The identity of Suzerain, its Associates and any person who will have a relevant interest in the Shares to be allocated to Suzerain or its Associates.

The identity of Suzerain is set out above under the sub-heading "About Suzerain" in the explanatory notes for Item 4.

The persons set out in Part A of Schedule 2 are Associates of Suzerain and will have voting power in the Shares acquired pursuant to the Proposed Transfer.

This Resolution also seeks approval of the acquisition of a relevant interest by each of the Associates in Part A of Schedule 2 other than the Australian Fintech Trust and Dean Palmer.

- B. Maximum extent of increase in Suzerain's (and its Associates') voting power and the maximum voting power of Suzerain (and its Associates) following the Proposed Transfer

Prior to the application of section 610(3) of the Corporations Act, Suzerain and its Associates have a voting power of 73.73% in the Company's Shares as at the date of this Notice. On application of section 610(3) of the Corporations Act, Suzerain and its Associates have a voting power of 69.74% in the Company's Shares as at the date of this Notice.

The maximum extent of the voting power in Shares (and resulting voting power in the Company) and the maximum extent of increase in voting power of Suzerain is set out above in the table under the sub-heading "Voting power of Suzerain and its Associates" in the explanatory notes for this Item. The maximum extent of the voting power in Shares (and resulting voting power in the Company) and the maximum extent of increase in voting power of Suzerain's Associates is set out in the respective eighth

and ninth columns of the table in Part A of Schedule 2.

C. An explanation of the reasons for the Proposed Transfer

The Proposed Transfer is a private transaction between Suzerain and the Australian Fintech Trust.

D. When the Proposed Transfer is to occur

If Item 6 is approved by Shareholders, the Proposed Transfer will occur within 60 days of the Meeting.

E. Material terms of the Proposed Transfer

The material terms of the Proposed Transfer are set out above under the sub-heading “Proposed Transfer and remaining Australian Fintech Trust Shares” in the explanatory notes for Item.

F. Details of the terms of any other relevant agreement between the Company and Suzerain (or the Company and the Australian Fintech Trust) that is conditional on (or directly or indirectly depends on) Shareholders’ approval of the Proposed Transfer

There are no other relevant agreements between the Company and Suzerain (or the Company and the Australian Fintech Trust) that are conditional upon Shareholder approval of the Proposed Transfer in this Resolution.

G. Suzerain’s intentions regarding the future of the Company if Shareholders approve this Resolution

Pursuant to the Suzerain Takeover Offer, Suzerain has publicly announced its intention to acquire all of the Company’s Shares which Suzerain does not already own by way of an off-market takeover.

To the extent that the Suzerain Takeover Offer does not complete or is withdrawn by Suzerain, Suzerain may nevertheless become entitled to exercise the general compulsory acquisition power under part 6A.2 Corporations Act in the future. In such circumstances Suzerain has advised the Company that it may, in its discretion, elect to (amongst other matters):

- (a) exercise the general compulsory acquisition power under part 6A.2 Corporations Act; and
- (b) seek to have the Company removed from the official list of ASX. ASX guidance indicates that ASX would generally approve an application for the Company to be removed from the official list without the need for Shareholder approval if:
  - (i) at the end of the Suzerain Takeover Offer, Suzerain owns or controls at least 75% of the Company’s Shares and the Suzerain Takeover Offer has remained open for at least two weeks after Suzerain attained ownership or control of at least 75% of Company’s Shares; and
  - (ii) the number of Shareholders (other than Suzerain and its Associates) holding parcels with a value of at least \$500 is fewer than 150.

The Company expects that a more detailed summary of the Suzerain’s intentions in the event the Suzerain Takeover Offer does not complete or is withdrawn will be contained in Suzerain’s Bidder’s Statement in respect of the Suzerain Takeover Offer.

H. Suzerain’s intentions to significantly change the financial or dividend distribution policies of the Company

Suzerain’s view on the payment of dividends by the Company may be different to those of the current Board, which may result in their increase or decrease. No determination has been made by Suzerain at this time regarding the Company’s dividend and capital management policies after the conclusion of the Offer.

I. Interests of the Directors in this Resolution

Other than Dean Palmer, no Director has any interest in the outcome of this Resolution other than their interests arising solely in their capacity as Shareholders of the Company (to the extent they hold Shares).

Dean Palmer:

- (a) is a nominee director of Suzerain;
- (b) is an Associate of Suzerain;
- (c) is a director of the corporate trustee of the Australian Fintech Trust;
- (d) has a relevant interest in the Shares held by the Australian Fintech Trust; and
- (e) has a family trust which currently is the sole beneficiary of the Australian Fintech Trust.

Dean Palmer has an interest in the outcome of this Resolution due to these factors. Dean Palmer has abstained from making any recommendations in relation to this Resolution on this basis.

**J. The identity, qualifications and associations (with Suzerain and its Associates) of any person who is intended to become a director if Shareholders approve this Resolution**

Suzerain intends to retain all the members of the Board and the members of the boards of directors of the Company's subsidiaries.

***Advantages if this Resolution is approved***

The Company does not consider there to be any advantages to the Company's non-interested Shareholders if this Resolution is approved. This is because the Proposed Transfer is a private transaction between Suzerain and the Australian Fintech Trust.

***Key risks and disadvantages if this Resolution is approved***

The key risks and disadvantages to the Company if this Resolution is approved are:

- (a) the Proposed Transfer will result in Suzerain acquiring voting power in the Company in excess of 20%, which will reduce the voting power of other existing Shareholders (including their ability to influence decisions, such as the composition of the Board). As detailed above under the sub-heading "Voting power of Suzerain and its Associates" in the explanatory notes for this Item, Suzerain and its Associates could potentially acquire an additional 3.99% voting power in the Company;
- (b) you may not agree with the recommendation by the Directors (other than Dean Palmer) and the Independent Expert's opinion that the Proposed Transfer is not fair but reasonable. You may believe that the Proposed Transfer is not fair nor reasonable, or otherwise not in your best interest or in the best interests of Shareholders; and
- (c) the Company may be a less attractive takeover target. Any bidder for the Company under a takeover proposal would require Suzerain and its Associates to support their bid in order to be successful. This may be a deterrent to future bidders. However, the Directors (other than Dean Palmer) consider that Suzerain and its Associates' existing 69.74% voting power may, for all practical purposes, already be sufficient to prevent a bidder from acquiring 100% of the Company by takeover or scheme of arrangement.

***Interests and recommendation of the Directors***

Apart from Dean Palmer, none of the other Board members have an interest in the outcome of this Resolution other than their interests arising solely in their capacity as Shareholders of the Company (to the extent that they hold Shares). Each of the Directors who holds Shares in the Company (or whose associated entities hold Shares) and is entitled to vote, will vote their Shares in favour of this Resolution.

Dean Palmer has an interest in the outcome of this Resolution (for the reasons outlined above under the sub-heading "Interests of the Directors in this Resolution") and does not make any recommendation with how to vote on this Resolution.

The Directors (other than Dean Palmer) are of the view that the Proposed Transfer is in the best interests of the Company.

Accordingly, the Directors (other than Dean Palmer) recommend that Shareholders vote in favour of this Resolution. The Directors' recommendations (other than Dean Palmer) are based on the reasons set out in the section titled "Advantages if this Resolution is passed" above.

The Directors are not aware of any other information other than as set out in this Notice that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution.

***Board recommendation***

The Directors (excluding Dean Palmer) recommend that shareholders vote **in favour** of this Item.

**Enquiries**

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Shareholders are asked to contact Mr Kunal Kapoor, Company Secretary, at [kunal.kapoor@entertainment.com.au](mailto:kunal.kapoor@entertainment.com.au) if they have any queries or would like to make comments in respect of the matters set out in these documents.

**Schedule 1 – Dilutionary effect of Resolutions**

As at the date of this Notice, the Company has on issue 1,308,786,015 Shares.

Item	Recipient of Securities	Securities the subject of the Resolution	Current security holding	New security holding if Resolution is passed	Projected % Shareholding	Total dilution if Items are passed
4	Suzerain	1,022,727,273* Shares	861,845,725 Shares	1,884,572,998* Shares	80.83%*	78.14%*
5	Suzerain	205,975,546** Shares	861,845,725 Shares	1,067,821,271** Shares	70.49%**	15.74%**
4 and 5	Suzerain	1,228,702,819*** Shares	861,845,725 Shares	2,090,548,544*** Shares	82.39%***	93.88%***

\* This figure has been calculated on an as-converted basis and is further based on the following assumptions: (a) the entire Principal Amount will be converted at the conversion price of \$0.022 per Share; (b) any fractional amount of Shares will be rounded up to the nearest whole Share; and (c) the conversion will occur on the last day of the Conversion Period, being 31 December 2028.

\*\* This figure has been calculated on an as-converted basis and is further based on the following assumptions: (a) the entire Accrued Interest will be converted at the conversion price of \$0.022 per Share; (b) any fractional amount of Shares will be rounded up to the nearest whole Share; and (c) the conversion will occur on the last day of the Conversion Period, being 31 December 2028.

\*\*\* This figure is cumulative and applies both of the assumptions in \* and \*\* above.



## Schedule 2 – Voting Power Information

### Part A – Associates of Suzerain – Individual Resolutions

Name	Nature of Association	Voting power (before)	Voting power (after) (Item 4)*	Maximum change in voting power (Item 4)*	Voting power (after) (Item 5)**	Maximum change in voting power (Item 5)**	Voting power (after) (Item 6)	Maximum change in voting power (Item 6)
Domus Trust	An entity that controls Suzerain.	65.85%	80.83%	14.98%	70.49%	4.64%	69.84%	3.99%
Skybound	An entity that controls Suzerain.	65.85%	80.83%	14.98%	70.49%	4.64%	69.84%	3.99%
NGCH	An entity that is controlled by Skybound (the controller of Suzerain).	65.85%	80.83%	14.98%	70.49%	4.64%	69.84%	3.99%
Australian Fintech Trust	An entity that acts in concert with Suzerain in relation to the Company's affairs.	4.55% (0.56%***)	2.55%	-2.00%	3.93%	-0.62%	0.56%	-3.99%
Dean Palmer	A person that acts in concert with Suzerain in relation to the Company's affairs.	7.88%	4.42%	-3.46%	6.80%	-1.08%	3.89%	-3.99%

\* These figures have been calculated on an as-converted basis and is further based on the following assumptions: (a) the entire Principal Amount will be converted at the conversion price of \$0.022 per Share; (b) any fractional amount of Shares will be rounded up to the nearest whole Share; and (c) the conversion will occur on the last day of the Conversion Period, being 31 December 2028.

\*\* These figures have been calculated on an as-converted basis and is further based on the following assumptions: (a) the entire Accrued Interest will be converted at the conversion price of \$0.022 per Share; (b) any fractional amount of Shares will be rounded up to the nearest whole Share; and (c) the conversion will occur on the last day of the Conversion Period, being 31 December 2028.

\*\*\* For the purposes of Item 6 only, in accordance with section 610(3) of the Corporations Act, the votes attached to the Shares that are subject to the Proposed Transfer have been disregarded from the calculation of the voting power of the Australian Fintech Trust.

**Part B – Suzerain and non-Suzerain Shareholders – Cumulative Resolutions (Items 4, 5 and 6)**

Shareholder	Number of Shares held before	Voting power (before)	Number of Shares held (after) (Items 4*, 5** and 6)	Voting Power (after) (Items 4*, 5** and 6)	Maximum change in voting power (Items 4*, 5** and 6)
All Shareholders other than Suzerain and Associates	343,869,921	26.27%	343,869,921	13.55%	-12.72%
Suzerain	861,845,725	65.85%	2,142,718,612	84.44%	18.59%
Suzerain (and Associates)	964,916,094	73.73%	2,193,618,913	86.45%	12.72%

\* These figures have been calculated on an as-converted basis and is further based on the following assumptions: (a) the entire Principal Amount will be converted at the conversion price of \$0.022 per Share; (b) any fractional amount of Shares will be rounded up to the nearest whole Share; and (c) the conversion will occur on the last day of the Conversion Period, being 31 December 2028.

\*\* These figures have been calculated on an as-converted basis and is further based on the following assumptions: (a) the entire Accrued Interest will be converted at the conversion price of \$0.022 per Share; (b) any fractional amount of Shares will be rounded up to the nearest whole Share; and (c) the conversion will occur on the last day of the Conversion Period, being 31 December 2028.

**Part C – Associates of Suzerain – Cumulative Resolutions (Items 4, 5 and 6)**

Name	Nature of Association	Voting power (before)	Voting power (after) (Items 4*, 5** and 6)	Maximum change in voting power (Items 4*, 5** and 6)
Domus Trust	An entity that controls Suzerain.	65.85%	84.44%	18.59%
Skybound	An entity that controls Suzerain.	65.85%	84.44%	18.59%
NGCH	An entity that is controlled by Skybound (the controller of Suzerain).	65.85%	84.44%	18.59%
Australian Fintech Trust	An entity that acts in concert with Suzerain in relation to the Company's affairs.	4.56% (0.56%***)	0.29%	-4.26%
Dean Palmer	A person that acts in concert with Suzerain in relation to the Company's affairs.	7.88%	2.01%	-5.87%

\* These figures have been calculated on an as-converted basis and is further based on the following assumptions: (a) the entire Principal Amount will be converted at the conversion price of \$0.022 per Share; (b) any fractional amount of Shares will be rounded up to the nearest whole Share; and (c) the conversion will occur on the last day of the Conversion Period, being 31 December 2028.

\*\* These figures have been calculated on an as-converted basis and is further based on the following assumptions: (a) the entire Accrued Interest will be converted at the conversion price of \$0.022 per Share; (b) any fractional amount of Shares will be rounded up to the nearest whole Share; and (c) the conversion will occur on the last day of the Conversion Period, being 31 December 2028.

\*\*\* For the purposes of Item 6 only, in accordance with section 610(3) of the Corporations Act, the votes attached to the Shares that are subject to the Proposed Transfer have been disregarded from the calculation of the voting power of the Australian Fintech Trust.

## Glossary

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**2022 EGM** means the extraordinary general meeting of the Company held on 23 May 2022.

**2024 AGM** means the annual general meeting of the Company held on 29 November 2024.

**Accrued Interest** means the \$4,531,462 worth of accrued interest under the Convertible Loan Deed (as varied and amended from time to time).

**AFT Wind-up** means the winding-up of the Australian Fintech Trust.

**Annual General Meeting, AGM or Meeting** means an annual general meeting of the Company and, unless otherwise indicated, means the annual general meeting convened by this notice of meeting.

**Annual Financial Report or Annual Report** means the 2025 Annual Report to Shareholders for the period ended 30 June 2025 as lodged by the Company with ASX on 25 September 2025.

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning given to it by the ASX Listing Rules.

**ASX** means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires, of 20 Bridge Street, Sydney NSW 2000.

**ASX Listing Rules or Listing Rules** means the official listing rules of the financial market operated by ASX Limited.

**Australian Fintech Trust** means Australian Fintech Plus Pty Ltd ACN 656 107 532 as trustee for Australian Fintech Trust.

**Australian Skybound Entities** means:

- (a) Skybound Fidelis Investment Group Pty Ltd ACN 130 991 810; and
- (b) Skybound Capital (AU) Pty Ltd ACN 601 221 345.

**Bid Implementation Deed** means the implementation deed between the Company and Suzerain dated 15 October 2025 relating to the Suzerain Takeover Offer.

**Board** means the current board of Directors of the Company.

**Business Day** means a day on which trading takes place on the stock market of ASX.

**Chair** means the person chairing the Meeting.

**Closely Related Party** of a member of the KMP means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company; or
- (e) a company the member controls.

**Company** means Entertainment Rewards Ltd ACN 167 603 992.

**Constitution** means the Company's constitution.

**Conversion Period** means the period from the date the Fourth Amended Convertible Loan Deed becomes binding, assuming all conditions precedent are satisfied, until 31 December 2028.

**Convertible Loan Deed** means the convertible loan deed between the Company and NGCH dated on or about 16 March 2022.

**Corporations Act** means the *Corporations Act 2001* (Cth) as amended or replaced from time to time.

**Deed of Novation** means the deed of novation between NGCH, Suzerain and the Company in relation to the Convertible Loan Deed (as varied and amended from time to time) and Loan Security dated 19 October 2024.

**Director** means a current director of the Company.

**Dollar** or “\$” means Australian Dollar.

**Domus Trust** means SCS Trustees Limited and Bridgitt Brink as trustees of the Domus Trust.

**Explanatory Statement** means the explanatory statement and explanatory notes accompanying this notice of meeting.

**First Amended Convertible Loan Deed** means the Convertible Loan Deed as varied and amended by the Company and NGCH on or about 27 April 2023.

**Fourth Amended Convertible Loan Deed** means the Third Amended Convertible Loan Deed as varied and amended by the Company and Suzerain on 25 October 2025, subject to Shareholder approval.

**HIN** means Holder Identification Number.

**Independent Expert** means Leadenhall Corporate Advisory Pty Ltd ABN 11 114 539 619 (Australian Financial Services Licence No: 293586).

**Independent Expert’s Report** means the report prepared by the Independent Expert and set out in Annexure A to this Notice.

**Interest Conversion** means the conversion of the Accrued Interest under Convertible Loan Deed (as varied and amended from time to time) into new Shares at the conversion price of \$0.022 per Share.

**KMP** means key management personnel of the Company.

**Loan Conversion** means the conversion of the Principal Amount under Convertible Loan Deed (as varied and amended from time to time) into new Shares at the conversion price of \$0.022 per Share.

**Loan Conversion Extension** means the extension of the last day in which the Loan Conversion may occur from 31 December 2025 to 31 December 2028.

**Loan Security** means the first ranking security interest over all the Company’s present and after acquired property that will be provided by the Company in favour of Suzerain to secure the Company’s debt obligations under the Convertible Loan Deed (as varied and amended from time to time).

**NGCH** means New Gold Coast Holdings, a company registered and incorporated in Mauritius, with Mauritius company number 137225 C2/GBL.

**Notice** or **Notice of Meeting** means this notice of meeting.

**Placement Capacity** means the Company’s 15% placement capacity as provided in ASX Listing Rule 7.1.

**Principal Amount** means the \$22,500,000 loan facility drawn and outstanding under the Convertible Loan Deed (as varied and amended from time to time).

**Proposed Transfer** means the proposed transfer of 52,170,068 Shares from the Australian Fintech Trust to Suzerain on the terms described in the explanatory notes for Item 6.

**Related Party** as defined in section 228 of the Corporations Act and Chapter 19 of the Listing Rules.

**Resolution** means a resolution contained in this Notice of Meeting.

**Second Amended Convertible Loan Deed** means the First Amended Convertible Loan Deed as varied and amended by the Company and NGCH on or about 28 December 2023.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Skybound** means Skybound Capital (Mau) Limited.

**Skybound HoldCo** means Skybound Capital Limited.

**SRN** means Shareholder Reference Number.

**Suzerain** means Suzerain Investments Holdings Limited, a company registered in the British Virgin Islands with registration number 1934540.

**Suzerain Takeover Offer** means Suzerain's conditional off-market takeover offer to acquire all of the Company's Shares which Suzerain does not already own, at a price of \$0.022 per Share, announced to ASX on 15 October 2025.

**Third Amended Convertible Loan Deed** means the Second Amended Convertible Loan Deed as varied and amended by the Company and Suzerain on or about 28 January 2025.

**VWAP** means the volume weighted average price with respect to the price of Shares on ASX over the relevant specified period.

## **Annexure A – Independent Expert’s Report**

*(See over leaf)*

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# ENTERTAINMENT REWARDS LIMITED

EXTENSION OF CONVERTIBLE LOAN, ADDITION OF CONVERSION TERM TO  
OUTSTANDING INTEREST AND TRANSFER OF SHARES

INDEPENDENT EXPERT'S REPORT AND FINANCIAL SERVICES GUIDE  
27 OCTOBER 2025





27 October 2025

The Independent Directors  
Entertainment Rewards Limited  
The Wave, Suite 202, Level 2, Surf Parade  
Broadbeach QLD 4218

Dear Directors,

## Independent Expert's Report for Entertainment Rewards Group Limited

### 1. Introduction

Entertainment Rewards Limited ("**Entertainment Rewards**") is a company listed on the Australian Securities Exchange ("**ASX**") with a market capitalisation of approximately \$3.92 million. The company operates a loyalty and rewards platform in Australia and New Zealand offering membership subscriptions for payment discounts and special offers to retail customers and corporate clients. Through its technology-enabled platform and digital marketing programs, Entertainment Rewards helps merchant partners attract and engage consumers.

Suzerain Investment Holdings Limited ("**Suzerain**") is a British Virgin Islands based investment company and the largest shareholder of Entertainment Rewards with a 73.7% shareholding in Entertainment Rewards (including shareholdings held by its associates and loan funded shares).

In addition to being the largest shareholder, Suzerain has also extended a \$22.5 million Convertible Loan Facility to Entertainment Rewards ("**Convertible Loan**"). Currently the Convertible Loan facility is fully drawn and has outstanding interest payable of \$4.53 million. The Convertible Loan is convertible to Entertainment Rewards shares, at the option of Entertainment Rewards, at a price of \$0.022 and has a repayment date of 31 December 2025.

Entertainment Rewards is proposing to ("**Proposed Transaction**"):

- ◆ Extend the repayment date and conversion period of the Convertible Loan for a further three years to 31 December 2028.
- ◆ Extend the conversion option of the Convertible Loan to include the outstanding interest on the Convertible Loan of \$4.53 million subject to the same terms as the Convertible Loan.
- ◆ Transfer 52,170,068 Entertainment Rewards shares from Australian Fintech Plus Pty Ltd ("**Australian Fintech**") to Suzerain. Australian Fintech and Suzerain are related parties.

The three components of the Proposed Transaction are not interconditional, meaning one or more of the components may be approved separately to the other components.

Further details of the Proposed Transaction are set out in Section 1 of our detailed report.

### 2. Purpose of the report

Under the Proposed Transaction, the shareholding of Suzerain will increase above the existing 65.9% (including Loan Funded Shares and excluding interest of associates of Suzerain) shareholding if all, or any individual component, of the Proposed Transaction is approved. Approval for the Proposed Transaction is therefore being sought at a general meeting of Entertainment Rewards shareholders in accordance with Item 7 ("**Item 7**") of Section 611 of the Corporations Act 2001 ("**s611**"). *Regulatory Guide 111: Content of Expert Reports* ("**RG111**") issued by the Australian Securities and Investments Commission ("**ASIC**") requires an independent expert assessing a transaction that has a similar effect to a takeover bid to assess whether the transaction is fair and reasonable.

The directors of Entertainment Rewards have therefore requested Leadenhall Corporate Advisory Pty Ltd ("**Leadenhall**") to prepare an independent expert's report assessing whether the Proposed Transaction is fair and reasonable to shareholders that are not associated with Suzerain ("**Non-Associated Shareholders**").

This report has been prepared for the exclusive purpose of assisting Non-Associated Shareholders in their consideration of the Proposed Transaction.

Further information regarding our scope and purpose is set out in Section 2 of our detailed report.

### 3. Basis of evaluation

In accordance with RG111 we have assessed the Proposed Transaction as if it was a takeover offer for Entertainment Rewards. Accordingly, in order to assess whether the Proposed Transaction is fair and reasonable to Non-Associated Shareholders, we have:

- Assessed it as fair if the value of an Entertainment Rewards share after the Proposed Transaction (assuming full conversion of the Convertible Loan and/or the outstanding interest) is greater than or equal to the value of an Entertainment Rewards share before the Proposed Transaction. Our valuation before the Proposed Transaction has been undertaken on a control basis whereas our valuation after the Proposed Transaction has been undertaken on a minority basis.
- Assessed it as reasonable if it is fair, or if despite not being fair, the advantages to Non-Associated Shareholders outweigh the disadvantages.

Further details of the basis of evaluation are provided in Section 2 of this report.

### 4. The Proposed Transaction is not fair

#### *Assessed value of Entertainment Rewards before the Proposed Transaction*

We have assessed the market value of an Entertainment Rewards share using the discounted cash flow method. Our valuation is summarised in the following table:

**Table 1: Assessed value before the Proposed Transaction**

Equity Value (Control Basis) (\$'000)		
	Low	High
<b>Enterprise value</b>	<b>39,971</b>	<b>44,924</b>
Net debt	(13,528)	(13,528)
<b>Assessed equity value on a control basis</b>	<b>26,443</b>	<b>31,396</b>
<b>Conversion of Convertible Note<sup>1</sup></b>		
Principal	22,500	22,500
Conversion price for principal (cents)	2.2	2.2
<b>Ordinary shares issued upon conversion ('000)</b>	<b>1,022,727</b>	<b>1,022,727</b>
Ordinary shares on issue ('000)	1,279,689	1,279,689
Ordinary shares issued upon conversion ('000)	1,022,727	1,022,727
LFS shares ('000) <sup>2</sup>	29,097	29,097
<b>Assessed value per ordinary share on a control basis (\$)</b>	<b>0.011</b>	<b>0.013</b>

Source: Leadenhall analysis

#### Notes

1. We have assumed that Entertainment Rewards would convert the Convertible Note at 2.2 cents per share in December 2025 as the Convertible Note is in the money by reference to our assessed value.

2. Since the loan funded share issue price is lower than our assessed value range, we have assumed all unvested employee shares will be vested. The corresponding proceeds have been included in net debt.

### Assessed value of Entertainment Rewards after the Proposed Transaction

Our assessment of the value of an Entertainment Rewards share after the Proposed Transaction was based on the same discounted cash flow analysis, adjusted for the impact of the Proposed Transaction. In assessing the value of an Entertainment Rewards share after the Proposed Transaction, we considered the seven different possible outcomes of the Proposed Transaction as summarised in the table below:

**Table 2: Possible outcomes of Proposed Transaction**

	Convertible Loan payment extension	Conversion option to include interest	Transfer of shares from Australian Fintech
Outcome 1	Yes		
Outcome 2		Yes	
Outcome 3			Yes
Outcome 4	Yes	Yes	
Outcome 5	Yes		Yes
Outcome 6		Yes	Yes
Outcome 7	Yes	Yes	Yes

Source: Leadenhall analysis

The assessed value of an Entertainment Rewards share after the proposed transaction is the same under each possible outcome, being 0.8 cents to 1.0 cents. Detailed calculations are set out in Section 7.2 of our report. The key differences to the valuation before the Proposed Transaction relate to the number of shares on issue and corresponding movement in net debt on conversion, a discount for lack of control ("**DLOC**") to reflect that market trading in Entertainment Rewards shares after the Proposed Transaction would be on a non-controlling basis, and a discount for lack of marketability ("**DLOM**") to reflect that Entertainment Rewards shares are thinly traded with a limited free float.

### Conclusion on fairness

We have assessed whether the Proposed Transaction is fair by comparing our assessed market value of an Entertainment Rewards share (on a control basis) before the Proposed Transaction and our assessed market value of an Entertainment Rewards share (on a minority basis) after the Proposed Transaction. This comparison is set out in the table below.

**Figure 1: Assessment of fairness**



Source: Entertainment Rewards and Leadenhall analysis

Since the value of an Entertainment Rewards share after the Proposed Transaction (on a minority basis) is less than the assessed value range of an Entertainment Rewards share before the Proposed Transaction (on a control basis), the Proposed Transaction is not fair.

## 5. The Proposed Transaction is reasonable

We have defined the Proposed Transaction as reasonable if it is fair, or if despite not being fair, the advantages to the Non-Associated Shareholders outweigh the disadvantages. We have therefore considered the following advantages and disadvantages of the Proposed Transaction to Non-Associated Shareholders.

### Advantages

The main advantages of the Proposed Transaction are:

- ◆ **Conversion price above assessed value:** the conversion price of the Convertible Loan, and proposed conversion price of the outstanding interest, exceeds the recent market price and our assessed value of an Entertainment Rewards share, offering value accretion to Non-Associated Shareholders.
- ◆ **Limited impact on business operations:** the approval of the components of the Proposed Transaction, either individually or together, has no impact on business operations other than providing management with additional flexibility in respect to the repayment / conversion of the Convertible Loan and the outstanding interest.
- ◆ **Limited alternative options for repayment of the outstanding interest:** in the absence of the Proposed Transaction, repayment of the outstanding interest would be due on 31 December 2025. Entertainment Rewards do not have the funds available to repay the interest and have limited alternative funding options.
- ◆ **No immediate access to control value:** in the absence of a transaction to acquire all of the shares in Entertainment Rewards, minority shareholders cannot achieve a control value for their shares. If the assessed value of an Entertainment Rewards share before and after the proposed transaction was assessed on a like for like basis, then the value of an Entertainment Rewards share after the Proposed Transaction would be greater than the value of an Entertainment Rewards share before the Proposed Transaction, reflecting the value accretion as a result of the conversion price of the Convertible Loan being higher than the assessed value of an Entertainment Rewards share.

### Disadvantages

The main disadvantages of the Proposed Transaction are:

- ◆ **Increase in interest of Suzerain:** the approval of the components of the Proposed Transaction, either individually or together, will increase the interest of Suzerain and its associates. However, given that Suzerain already has a 73.7% interest in Entertainment Rewards (including shareholdings held by its associates and Loan Funded Shares), an increase in their interest as a result of the Proposed Transaction will result in little difference to the practical level of control already enjoyed by Suzerain.

### Conclusion on reasonableness

In determining whether the Proposed Transaction is reasonable we have had primary regard to the following factors:

- ◆ The conversion price of the Convertible Loan, and the outstanding interest, is greater than the current trading price and our assessed value of an Entertainment Reward Share.
- ◆ The Proposed Transaction provides greater flexibility in relation to the financing arrangements for Entertainment Rewards.
- ◆ The increase in Suzerain's interest in Entertainment Rewards as a result of the Proposed Transaction would have little impact on the practical level of control already enjoyed by Suzerain, even if all components of the Proposed Transaction were approved.

As a result of the above, we consider the advantages of the Proposed Transaction outweigh the disadvantages and we consider this to be the case for any of the potential outcomes of the Proposed Transaction (refer to section 7.2 for a description of all of the possible outcomes of the Proposed Transaction).

## 6. Opinion

The Proposed Transaction is not fair but reasonable to Non-Associated Shareholders. Our opinion is the same for all of the possible outcomes of the Proposed Transaction as described in Section 7.2.

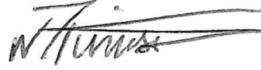
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An individual shareholder's decision in relation to the Proposed Transaction may be influenced by their own particular circumstances. If in doubt, the shareholder should consult an independent financial adviser.

Yours faithfully



Katy Lawrence  
**Director**



Nathan Timosevski  
**Director**

*Note: All amounts stated in this report are in Australian dollars unless otherwise stated.  
Tables in this report may not add due to rounding.*

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**LEADENHALL CORPORATE ADVISORY PTY LTD**

ABN 11 114 534 619

**Australian Financial Services Licence No: 293586**

***FINANCIAL SERVICES GUIDE***

Leadenhall Corporate Advisory Pty Ltd ("**Leadenhall**" or "**we**" or "**us**" or "**our**" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

**Financial Services Guide**

In providing this report, we are required to issue this Financial Services Guide ("**FSG**") to retail clients. This FSG is designed to help you to make a decision as to how you might use this general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

**Financial Services We are Licensed to Provide**

We hold Australian Financial Services Licence 293586 which authorises us to provide financial product advice in relation to securities (such as shares and debentures), managed investment schemes and derivatives.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product. Our report will include a description of the circumstances of our engagement and the party who has engaged us. You will not have engaged us directly but will be provided with a copy of the report because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial service licensee authorised to provide the financial product advice contained in that report.

**General Financial Product Advice**

The advice produced in our report is general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

**Benefits that We May Receive**

We charge fees for providing reports. These fees will be agreed with the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis. Leadenhall is entitled to receive a fixed fee of \$43,000 (excl. GST) for preparing this report. This fee is not contingent upon the outcome of the Proposed Transaction.

Except for the fees referred to above, neither Leadenhall, nor any of its directors, consultants, employees or related entities, receive any pecuniary or other benefit, directly or indirectly, for or in connection with the provision of this report.

**Remuneration or Other Benefits Received by our Employees, Directors and Consultants**

All our employees receive a salary. Our employees are eligible for bonuses which are not based on the outcomes of any specific engagement or directly linked to the provision of this report. Our directors and consultants receive remuneration based on time spent on matters.

### Independence

In the previous two years we have provided has prepared an independent expert report in relation to a previous novation of the Convertible Loan. This work did not involve Leadenhall participating in setting the terms of, or any negotiations leading to, the Proposed Transaction. Furthermore, Entertainment Rewards is not a material client of Leadenhall, contributing to less than 1% of total fees over the last two years. We therefore consider ourselves to be independent for the purpose of this engagement, in accordance with *Regulatory Guide 112: Independence of Experts*.

### Referrals

We do not pay commissions or provide any other benefits to any person for referring clients to us in connection with the reports that we are licensed to provide.

### Complaints Resolution

As the holder of an Australian Financial Services Licence, we are required to have a system in place for handling complaints from persons to whom we have provided reports. All complaints must be in writing, to the following address:

Leadenhall Corporate Advisory Pty Ltd  
GPO Box 1572  
Adelaide SA 5001

Email: [office@leadenhall.com.au](mailto:office@leadenhall.com.au)

We will try to resolve your complaint quickly and fairly and will endeavour to settle the matter within 14 days from the time the matter is brought to our attention.

If you do not get a satisfactory outcome, you may lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution services that are free to consumers and can be contacted as follows:

Website: [www.afca.org.au](http://www.afca.org.au)

By post: Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001

### Compensation Arrangements

Leadenhall holds professional indemnity insurance in relation to the services we provide. The insurance cover satisfies the compensation requirements of the Corporations Act 2001.

27 October 2025

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# 1 THE PROPOSED TRANSACTION

## 1.1 Background

Entertainment Rewards is an ASX-listed company with a market capitalisation of approximately \$3.23 million. The company operates a loyalty and rewards platform in Australia and New Zealand offering membership subscriptions for payment discounts and special offers to retail customers and corporate clients. Through its technology-enabled platform and digital marketing programs, Entertainment Rewards helps merchant partners attract and engage consumers.

Suzerain is a British Virgin Islands based investment company and the largest shareholder of Entertainment Rewards with a 73.7% shareholding (including shareholdings held by its associates). In addition, Entertainment Rewards has entered a convertible loan facility with Suzerain, the current terms of which are summarised in the table below:

Key terms of Convertible Loan deed between Entertainment Rewards and Suzerain	
<b>Total loan amount</b>	\$22.5 million (fully drawn as at 30 September 2025)
<b>Administration fee</b>	\$27,500 payable monthly in arrears during the term of the loan which was subsequently waived effective 31 December 2024.
<b>Repayment date</b>	31 December 2026 (subject to shareholder approval)
<b>Loan security</b>	First ranking over all present and future properties of Entertainment Rewards
<b>Interest rate</b>	12.5% p.a. up to 31 December 2024 and 0% thereafter
<b>Conversion period</b>	The period between the date of the deed and ending on 31 December 2026
<b>Conversion option</b>	The loan is convertible at the option of Entertainment Rewards
<b>Conversion price</b>	The loan principal can be converted at \$0.022
<b>Conversion shares</b>	The conversion shares will rank equally in all respects with all other shares
<b>Loan repayment</b>	Entertainment Rewards may repay the loan (in whole or part) at any time before the repayment date

## 1.2 Terms of the Proposed Transaction

The Proposed Transaction includes the following:

- ◆ Extension of the repayment date and conversion period of the Convertible Loan for a further three years to 31 December 2028.
- ◆ Extending the conversion option of the Convertible Loan to the outstanding interest on the Convertible Loan of \$4.53 million subject to the same terms as the Convertible Loan.
- ◆ The transfer of 52,170,068 Entertainment Rewards shares from Australian Fintech to Suzerain. Australian Fintech and Suzerain are related parties.

The three components of the Proposed Transaction are not interconditional, meaning one or more of the components may be approved separately to the other components.

## 2 SCOPE

### 2.1 Purpose of the report

An acquisition of securities that enables a shareholder to increase its relevant interests in a listed company from below 20% to above 20%, or increase a greater than 20% holding, is prohibited under s606 except in certain circumstances.

One of the exceptions to s606 is where the acquisition is approved at a general meeting of the target company in accordance with Item 7. Under the Proposed Transaction, Suzerain will increase its existing 65.9% shareholding (including Loan Funded Shares and excluding interest of associates of Suzerain) if the Convertible Loan and outstanding interest are converted into shares and / or there is a transfer of shares from Australian Fintech to Suzerain. Approval for the Proposed Transaction is therefore being sought at a general meeting of Entertainment Rewards shareholders in accordance with Item 7.

Item 7 requires shareholders to be provided with all of the information known to the company and to the potential acquirer that is material to the shareholders' decision. *Regulatory Guide 74: Acquisitions Approved by Members ("RG74")* issued by ASIC provides additional guidance on the information to be provided to shareholders. RG74 states that the directors of the target company should provide shareholders with an independent expert's report or a detailed directors' report in relation to transactions to be approved under Item 7. RG 111 issued by ASIC requires an independent expert assessing a transaction that has a similar effect to a takeover bid to assess whether the transaction is fair and reasonable.

The directors of Entertainment Rewards have therefore requested Leadenhall to prepare an independent expert's report assessing whether the Proposed Transaction is fair and reasonable to Entertainment Rewards Non-Associated Shareholders. This report has been prepared for the exclusive purpose of assisting Non-Associated Shareholders in their consideration of the Proposed Transaction.

### 2.2 Basis of evaluation

#### Introduction

RG111.25 requires an independent expert to evaluate an issue of securities under s611 that has a similar effect to a takeover offer as if it was a takeover offer. As approval of any component of the Proposed Transaction could result in Suzerain increasing their interest in Entertainment Rewards by more than the allowable 3% every six months, we have assessed the Proposed Transaction as a control transaction consistent with the requirement of RG111.24.

RG111 requires a separate assessment of whether a control transaction under s611 is 'fair' and whether it is 'reasonable'. We have therefore considered the concepts of 'fairness' and 'reasonableness' separately. The basis of assessment selected and the reasons for that basis are discussed below.

#### Fairness

RG111.25 requires a transaction that is approved under s611 that is comparable to a takeover bid to be evaluated as if it was a takeover bid. RG111.11 defines a takeover offer as being fair if the value of the consideration is equal to, or greater than, the value of the securities subject to the offer. Accordingly, we have assessed whether the Proposed Transaction is fair by comparing the value of an Entertainment Rewards share before the Proposed Transaction with the consideration offered to shareholders. As Non-Associated Shareholders would retain their Entertainment Rewards shares if the Proposed Transaction proceeds (as opposed to exchanging them for cash or the acquirer's scrip as in a takeover offer) the effective consideration is the continued ownership of an Entertainment Rewards share. In assessing the fairness of the Proposed Transaction we have considered several scenarios based on different combinations of possible outcomes since the components of the Proposed Transaction are being voted on separately and are not interconditional.

The value of an Entertainment Rewards share before the Proposed Transaction has been determined on a control basis (i.e. including a control premium). This is consistent with the requirement of RG111.11 that the comparison for a takeover must be made assuming a 100% interest in the target company. The value of an Entertainment Rewards share after the Proposed Transaction has been determined on a minority basis, reflecting the minority interest that the Non-Associated Shareholders will continue to hold.

We have assessed the value of an Entertainment Rewards share (both before and after the Proposed Transaction) at market value, which is defined by the International Valuation Standards as:

*The estimated amount for which an asset or a liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*

While there is no explicit definition of value in RG111, this definition of market value is consistent with the basis of value described at RG111.11 and common market practice.

Special value is defined as the amount a specific purchaser is willing to pay in excess of market value. A specific purchaser may be willing to pay a premium over market value as a result of potential economies of scale, reduction in competition or other synergies they may enjoy arising from the acquisition of the asset. However, to the extent a pool of hypothetical purchasers could all achieve the same level of synergies the value of those synergies may be included in market value. Special value is typically not considered in forming an opinion on the market value of an asset. Our valuation of Entertainment Rewards does not include any special value.

### Reasonableness

In accordance with RG111, we have defined the Proposed Transaction as being reasonable if it is fair, or if, despite not being fair, Leadenhall believes that there are sufficient reasons for Non-Associated Shareholders to vote for the proposal. We have therefore considered whether the advantages to Non-Associated Shareholders of the Proposed Transaction outweigh the disadvantages. To assess the reasonableness of the Proposed Transaction we have considered the following significant factors recommended by RG111.13:

- ◆ Suzerain and its associates pre-existing voting power in Entertainment Rewards
- ◆ The absence of other large holdings in Entertainment Rewards shares
- ◆ The liquidity of the market in Entertainment Rewards shares
- ◆ Any special value of Entertainment Rewards to Suzerain and its associates
- ◆ The likely market price of Entertainment Rewards shares if the Proposed Transaction is rejected
- ◆ The value of Entertainment Rewards to an alternative bidder and the likelihood of an alternative offer.

We have also considered other significant advantages and disadvantages to Non-Associated Shareholders of the Proposed Transaction.

## 2.3 Individual circumstances

We have evaluated the Proposed Transaction for Non-Associated Shareholders as a whole. We have not considered its effect on the particular circumstances of individual investors. Due to their personal circumstances, individual investors may place a different emphasis on various aspects of the Proposed Transaction from the one adopted in this report. Accordingly, individuals may reach a different conclusion to ours on whether the Proposed Transaction is fair and reasonable. If in doubt investors should consult an independent financial adviser about the impact of the Proposed Transaction on their specific financial circumstances.

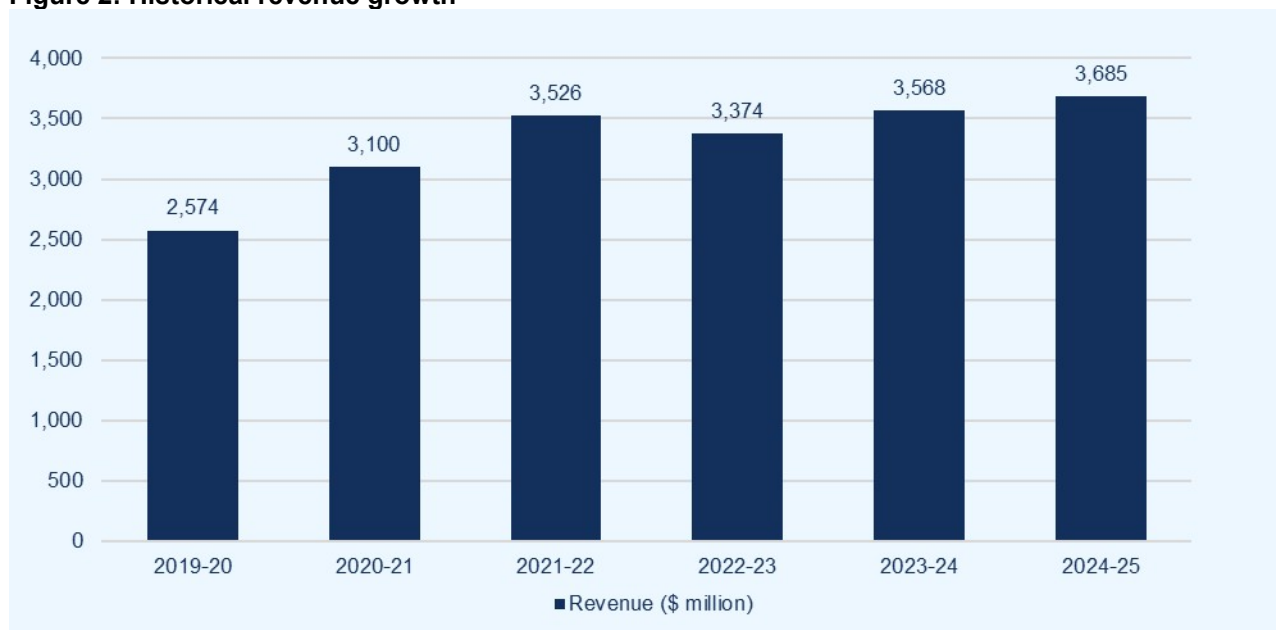
### 3 AUSTRALIAN DIGITAL ADVERTISING INDUSTRY

Entertainment Rewards operates within the digital marketing industry, primarily through its digital membership program which leverages targeted promotions and special discounts to help merchant partners attract and engage customers. As a result, we have focused our analysis on the Australian digital advertising industry.

#### 3.1 Overview

The Australian digital advertising industry has seen strong growth in revenue over the past six years, experiencing a compound annual growth rate ("CAGR") of 7.4% to \$3.7 billion as shown in Figure 1 below. This is largely attributable to the growing prevalence of internet-enabled devices, the rise of social media marketing and increasing awareness of the higher efficiency of digital marketing in reaching target audiences compared to traditional print and television advertising.

**Figure 2: Historical revenue growth**



Source: IBISWorld

#### 3.2 Customers and services

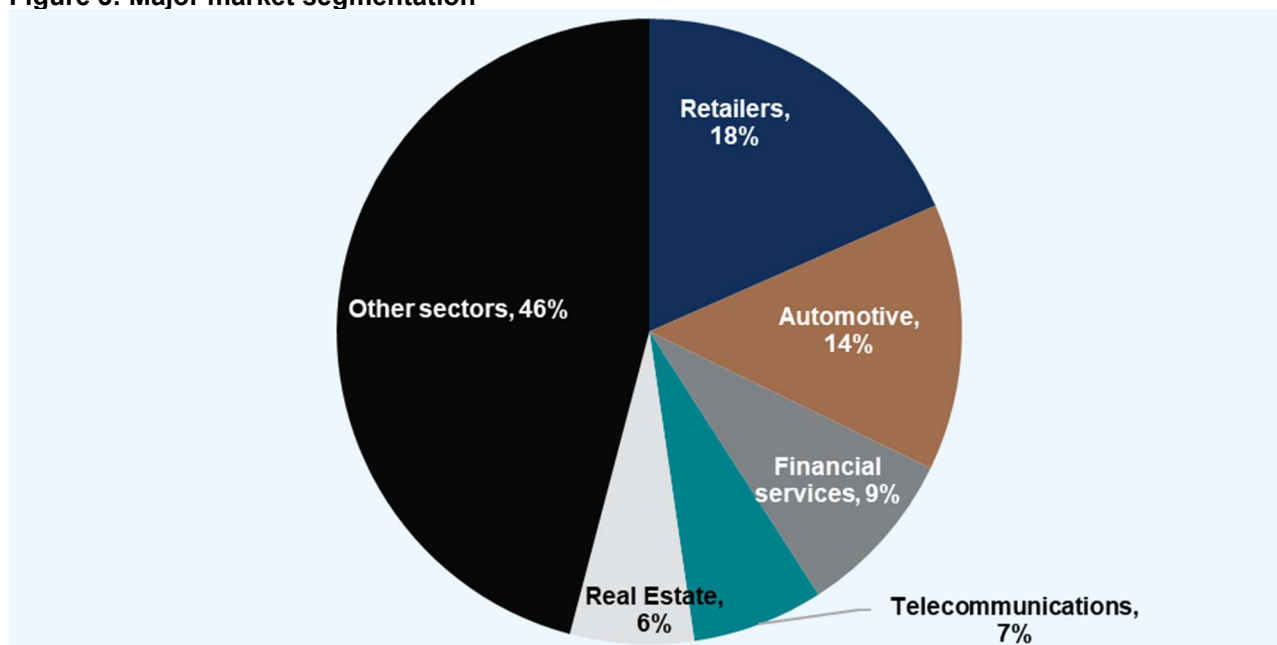
The digital advertising industry services a diverse range of customers from retailers to financial services companies. Services provided by industry participants can be broadly classified into:

- ◆ **Search engine marketing:** accounting for approximately 45% of total industry revenue, this form of marketing involves increasing the visibility of a client's website and product offering on popular search engines by improving its ranking in search results. This may include pay-per-click arrangements, whereby an advertiser pays a search engine's owner to place a link to the customer's website at the top of a search results page. Placement of the link is associated with keywords and the advertiser pays each time the link is clicked.
- ◆ **Digital advertising content:** accounting for approximately 39% of total industry revenue, this form of marketing involves the creation of new digital advertising content such as video marketing, banner advertisements and sponsorships which are created to client specifications and targeted at a particular segment of the market. Media space is then purchased on key websites such as social media channels and news websites. Demand for content creation has increased in recent years, with clients increasingly demanding new and innovative advertising content.

- ◆ **Other services:** accounting for approximately 16% of total industry revenue are other services. These services include advertising via online classifieds, email marketing campaigns, lead generation, loyalty schemes and affiliate marketing management services. This is the segment in which Entertainment Rewards operates. The past few years has seen greater demand for these services and this segment has seen a corresponding increase in revenue over the period.

The table below provides a breakdown of downstream customers requesting digital advertising services.

**Figure 3: Major market segmentation**



Source: IBISWorld

Note: Other includes pharmaceutical and healthcare companies, media and communications companies, as well as government and public-sector institutions.

### 3.3 Regulatory landscape

Entertainment Rewards operates within the customer loyalty and reward segment of the industry, which is regulated by the Australian Competition and Consumer Commission ("**ACCC**").

#### Customer loyalty schemes

Customer loyalty schemes are a form of digital advertising that incentivise customers to make repeat purchases. Commonly, after a customer has joined a loyalty scheme, they may earn points, a discount, or some other incentive when making purchases under the scheme. When points are earned, they may be redeemed for cashback on future purchases, or outright for goods and services.

The use of customer loyalty schemes is widespread in the Australian economy, particularly in the airline, supermarket, credit card, hotel and car rental industries. Consumer participation is also high, with almost 90% of consumers estimated to be a member of a customer loyalty scheme and the average Australian participating in four to six customer loyalty schemes.

In December 2019, the ACCC published a detailed report on customer loyalty schemes in Australia which addresses the following issues:

- ◆ **Consumer protection:** whether consumers are informed and receive the benefits advertised.
- ◆ **Data practices:** the collection, use and disclosure of customer data.
- ◆ **Competition:** the potential impact of loyalty schemes on competing firms as well as new entrants.

As part of its report, the ACCC made five recommendations regarding certain business practices and called on operators of customer loyalty schemes to review and consider their practices within the context of the Australian Consumer law. The five recommendations include:

- ◆ **Improve how loyalty schemes communicate with customers:** loyalty scheme operators need to review their approach to presenting terms and conditions of loyalty schemes and ensure changes are fair and adequately identified.
- ◆ **Prohibition against unfair contract terms and certain unfair trading practices:** the ACCC recommended that the law be amended so that unfair contract terms are prohibited (not just voidable as they are under the current law), and that the law includes a prohibition against certain unfair trading practices. In November 2023, the passing of the Treasury Laws Amendment (More Competition, Better Prices) Act 2022 (Cth) (Amending Act) prohibited unfair contract terms and included penalty provisions for breaches<sup>1</sup>.
- ◆ **End the practice of automatically linking members' payment cards to their loyalty scheme profile:** some providers of loyalty schemes were linking customers payment cards to their loyalty scheme profile in order to track their purchasing behaviour and transaction activities, even when not using the loyalty card.
- ◆ **Improve the data practices of loyalty schemes:** the ACCC took the view that current privacy policies of loyalty schemes were opaque, leaving customers with the inability to make informed choices about the collection, use and disclosure of their data.
- ◆ **Strengthen protections in the Privacy Act and broader reform of the Australian privacy law:** the ACCC made this recommendation in order to maintain effective protection of customers' personal information in the longer term, including a proposed review of the current objectives of the Privacy Act and the introduction of a statutory tort for serious invasions of privacy. In November 2024, the passing of the Privacy and Other Legislation Amendment Bill 2024 (Cth) included a new cause of action in tort for serious invasions of privacy, a new criminal offence for doxxing<sup>2</sup>, and the introduction of new powers for the Office of the Australian Information Commissioner<sup>3</sup>.

It is expected that the digital advertising industry will continue to be subject to regulatory scrutiny given the large number of Australian consumers that engage with digital advertising and customer loyalty schemes. Industry participants should therefore prepare for changes to market conditions within the scope of consumer law, the Competition and Consumer Act, and the Privacy Act.

### 3.4 Outlook

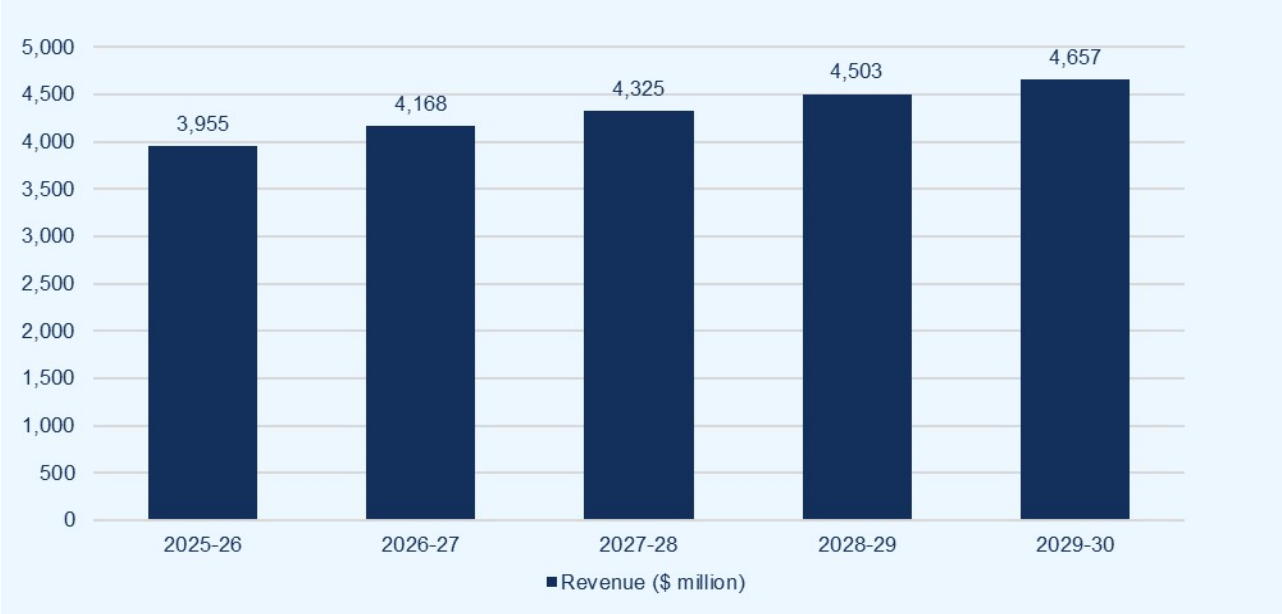
According to IBISWorld, industry revenue growth is expected to continue over the next five years to 2029-2030 at a CAGR of 4.8% reaching \$4.7 billion. This is largely driven by a rising demand for digital marketing services as new technologies such as virtual reality headsets, smart watches and smart home devices and social media applications expand the range of content-viewing mediums and marketing channels.

<sup>1</sup> 'Beefed up unfair contract terms regime to commence next year', MinterEllison, 2023. Available at: <https://www.minterellison.com/articles/beefed-up-unfair-contract-terms-regime-to-commence-next-year>

<sup>2</sup> Doxxing is to publicly reveal or publish private, personal information about an individual without their consent

<sup>3</sup> 'Privacy Milestone: First Tranche of Privacy Reforms Passed', MinterEllison 2024. Available at: <https://www.minterellison.com/articles/first-tranche-of-privacy-reforms-passed>

Figure 4: Forecast revenue growth



Source: IBISWorld



## 4 PROFILE OF ENTERTAINMENT REWARDS

### 4.1 Background

Entertainment Rewards is an ASX-listed technology company operating a loyalty and rewards platform in Australia and New Zealand, offering membership subscriptions for payment discounts and special offers. The company was first established in 1994 as Entertainment Publications providing member exclusive discounts and special offer vouchers in printed booklets. Over the years, the business has evolved to a digital membership model which was released in 2014. In September 2016, Entertainment Publications was acquired by ASX-listed BPS Technology Limited ("**BPS**"), which was subsequently renamed to IncentiaPay Limited in April 2018 and Entertainment Rewards Limited in December 2024.

Entertainment Rewards has sustained losses over the past eight years, largely attributed to a series of corporate restructurings, and the severe impacts of the global pandemic on the dining and entertainment sectors. In recent years, Entertainment Rewards has focused on returning the business to breakeven through ongoing cost management and revenue initiatives. The company has also invested heavily in technology to drive long-term growth such as re-platforming core applications, rebuilding the website and launching a new business channel, Seamless Rewards. In February 2024, the company conducted a strategic review and since redirected its effort to reviving its fundraiser distribution channel and providing quality merchant offers.

### 4.2 History

A brief history of Entertainment Rewards is set out in the table below:

**Table 3: History of Entertainment Rewards**

Year	Event
1994	<ul style="list-style-type: none"> <li>Established as Entertainment Publications.</li> </ul>
2016	<ul style="list-style-type: none"> <li>Entertainment Publications was acquired by BPS, a company listed on the ASX, which owned Bartercard and had a minority stake in Now Book It.</li> </ul>
2018	<ul style="list-style-type: none"> <li>BPS changed its name to IncentiaPay.</li> <li>IncentiaPay acquired ASX-listed Gruden Group.</li> <li>Divestiture of Bartercard, the Government division of Gruden Group and IncentiaPay's minority stake in Now Book It.</li> </ul>
2019	<ul style="list-style-type: none"> <li>Sale of the Performance Marketing division of Gruden Group.</li> <li>Entered into \$19 million convertible loan arrangement with Suzerain.</li> </ul>
2020	<ul style="list-style-type: none"> <li>Suzerain converted the \$19 million debt into 410.6 million ordinary shares, increasing its shareholding in IncentiaPay from 20% to 70%.</li> <li>Additional \$9.8 million convertible loan from Suzerain.</li> <li>The iconic Entertainment Book was discontinued from 1 June 2020.</li> <li>IncentiaPay entered a strategic partnership with Paywith Worldwide Inc.</li> </ul>
2021	<ul style="list-style-type: none"> <li>Suzerain converted the \$9.8 million loan into 292.3 million ordinary shares.</li> <li>IncentiaPay obtained an additional unsecured loan of \$5 million from New Gold Coast, a related party of Suzerain.</li> </ul>
2022	<ul style="list-style-type: none"> <li>Secured a \$22.5 million convertible loan facility from New Gold Coast.</li> <li>Launched Seamless Rewards platform.</li> <li>Entered into several agreements with channel partners including Verency Australia Pty Ltd and OpenSparkz Pty Ltd, to distribute its Card Linked Offer ("<b>CLO</b>") compatible merchant content services.</li> </ul>
2023	<ul style="list-style-type: none"> <li>Signed a master services agreement with one of the largest payment networks to provide merchant discount offers for cashback.</li> <li>Received deferments on principal and interest from Suzerain and its related entities to 31 December 2025.</li> </ul>



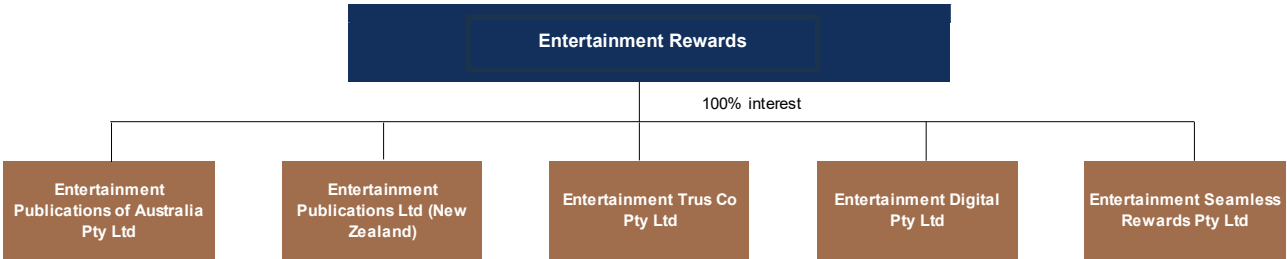
Year	Event
2024	<ul style="list-style-type: none"><li>Obtained a \$5 million unsecured loan facility from Suzerain, which has subsequently increased to \$10.5 million.</li><li>New Chief Executive Officer (“CEO”) appointed in May 2024.</li><li>New Gold Coast convertible loan facility novated to Suzerain.</li><li>Change of name from IncentiaPay Limited to Entertainment Rewards Limited.</li></ul>
2025	<ul style="list-style-type: none"><li>In January 2025 the terms of the Suzerain convertible loan facility were amended such that the right to convert the loan to equity is now at the discretion of Entertainment Rewards, the interest rate on the loan was reduced to 0% and the due date was extended to 31 December 2026.</li></ul>

Source: Entertainment Rewards

4.3 Corporate structure

The corporate structure of Entertainment Rewards is as follows:

Figure 5: Entertainment Rewards corporate structure



Source: Entertainment Rewards

4.4 Overview of operations

Entertainment Rewards primarily operates three divisions, being Entertainment Membership, Frequent Values and Seamless Rewards, as follows:

- ◆ **Entertainment Membership:** represents the business-to-consumer (“B2C”) segment of the business, generating revenue through rolling membership subscriptions ranging from 12 to 24 months. Membership provides access to thousands of 2-for-1 and up to 50% off offers from over 6,300 business partners in dining, travel, activities and retail across over 11,000 partner locations in Australia and New Zealand. Membership is available across 20 major cities, regional areas and country towns. Up to 20% of membership sales go directly to fundraisers for charities, schools, sports clubs and community groups. In addition to B2C sales, Entertainment Rewards offers enterprise level Entertainment Memberships where large corporate clients purchase Entertainment Memberships in bulk (at a discounted price) to distribute to employees.
- ◆ **Frequent Values:** offers fully managed loyalty and rewards program to large enterprises. Entertainment Rewards enters into contracts with corporate customers to develop programs of dining and leisure benefits for their customers or employees over the contract period. Entertainment Rewards currently has over 20 corporate clients.
- ◆ **Seamless Rewards:** launched in October 2022, Seamless Rewards provides seamless integration for cash back programs across merchant offers, card issuers and payment networks. It allows consumers to benefit from CLOs which are cash back rewards that consumers automatically receive by transacting in-store or online after linking their debit or credit cards to a participating loyalty program. The business generates revenues through success fees every time a cardholder transacts with a linked card at a Seamless Rewards merchant. It also earns ongoing merchant management fees from Seamless Rewards Partners.

In addition, Entertainment Rewards sells gift cards provided by gift card aggregators and merchants, offering them to its members at a discount to face value. From December 2025, Entertainment Rewards will offer its own branded gift cards to members at a discount to face value. The company also earns fees from advertising and travel booking through the Entertainment digital platform by placing advertisements and distributing offers and promotions on behalf of businesses to its members.

#### 4.5 Key personnel

The Board of Directors of Entertainment Rewards comprises:

**Table 4: Directors of Entertainment Rewards**

Directors	Experience
<b>Dean Palmer</b> Chairman	Mr Palmer has over 25 years of experience in finance, property and funds management. He is the founder and CEO of Skybound Fidelis Investment Limited, a specialist structured finance, commercial credit, and property fund manager. Mr Palmer has held several senior executive roles in Australia and in the UK and is currently a director of Skybound Capital in Australia.  Skybound Fidelis Investment Limited is a related entity of Suzerain Investments Limited.
<b>Charles Romito</b> Non-executive Director	Dr Romito is an experienced management consultant and investment professional with an extensive background across venture capital and private equity, lead syndicate investing and management academia. He is currently a Partner with Corpus Transformation Services.
<b>Heidi Halson</b> Chief Executive Officer	Ms Halson was appointed in May 2024. She has 40 years of leadership in the hospitality industry, strategic planning, and marketing directorship. Ms Halson was previously CEO of the Entertainment Rewards business during 1994 to 2018. During her tenure, she was responsible for establishing Entertainment Publications in Australia. She also facilitated the transition of the Entertainment Book from a print publication to a digital membership application, released in 2014.
<b>Kunal Kapoor</b> Chief Financial Officer & Company Secretary	Mr Kapoor was appointed in February 2023. He has more than 20 years of experience in Corporate Finance and Financial Control having worked across Australia, Asia and Middle East. Mr. Kapoor is a member of CPA (Australia) and CFA Institute.

Source: Entertainment Rewards

## 4.6 Going Concern Risk

Entertainment Rewards' auditors have raised concerns regarding its ability to continue as a going concern (including in their FY24 and FY25 audit reports) since the ongoing operations of Entertainment Rewards is critically dependent on the continued financial support from Suzerain and its related parties as well as the success of the revenue pivot strategies.

## 4.7 Financial performance

The audited statements of financial performance for the financial years ("FY") ended 30 June 2023, 30 June 2024 and 30 June 2025 are set out in the table below.

**Table 5: Entertainment Rewards' financial performance**

\$'000	FY23	FY24	FY25
<b>Revenue</b>	<b>17,206</b>	<b>16,588</b>	<b>18,693</b>
Total cost of sales	(9,352)	(8,519)	(11,565)
<b>Gross margin</b>	<b>7,853</b>	<b>8,069</b>	<b>7,128</b>
<i>Gross margin %</i>	46%	49%	38%
<b>Operating expenses</b>			
Employee expenses	(9,027)	(9,812)	(11,181)
Building occupancy expense	(399)	(35)	(42)
Legal and professional costs	(285)	(248)	(199)
Marketing expenses	(1,292)	(685)	(787)
Website and communication expenses	(1,219)	(777)	(826)
Corporate and administrative expenses	(1,664)	(1,186)	(1,082)
Bad debts	(46)	75	(22)
Impairment expense	(11,605)	-	-
<b>Total operating expenses</b>	<b>(25,536)</b>	<b>(12,668)</b>	<b>(14,137)</b>
<b>EBITDA</b>	<b>(17,682)</b>	<b>(4,599)</b>	<b>(7,009)</b>
Depreciation and amortisation expense	(539)	(156)	(417)
<b>EBIT</b>	<b>(18,221)</b>	<b>(4,755)</b>	<b>(7,426)</b>
Interest income	43	28	16
Interest expenses	(2,211)	(2,913)	(2,245)
<b>Loss before tax</b>	<b>(20,389)</b>	<b>(7,641)</b>	<b>(9,655)</b>
Income tax benefit / (expense)	-	-	-
<b>Loss after tax</b>	<b>(20,389)</b>	<b>(7,641)</b>	<b>(9,655)</b>

Source: Entertainment Rewards

In relation to the historical financial performance of Entertainment Rewards set out above:

- ◆ Revenue primarily comprises membership subscription, gift card sales, enterprise sales and fee income. The increase in FY25 was primarily driven by a 11.9% increase in memberships sold from approximately 68,000 in FY24 to 76,000 in FY25. The increase was also supported by growth in the CLO platform which saw revenue increase from \$0.65 million in FY24 to \$1.14 million in FY25.
- ◆ Cost of sales mainly includes cost of the gift card sold and commissions paid to fundraiser partners for the sale of entertainment membership which is amortised as associated revenue is recognised. The increase in cost of sales in FY25 reflects higher revenue as well as increased direct sales incentives, including gift cards which rose from \$6.9 million to \$8.6 million, and the cost of customer gifts provided with purchases which rose from \$0.5 million to \$1.4 million. These factors contributed to the reduction in gross margin from 49% to 38%.
- ◆ Employees-related expenses remain one of the largest costs of the business. The increase in FY24 and FY25 primarily relates to the hiring of a Chief Growth Officer and the expansion of the marketing and fundraising teams.

- ◆ Marketing and occupancy expenses reduced substantially in FY24 following cost savings initiatives which were part of a broader strategy to improve EBITDA and reduce overall operating costs.
- ◆ Other expenses predominately comprise website, communications and bad debt expenses. The decrease in FY24 is driven by cost saving measures including optimisation of technology and operational expenditures.
- ◆ The impairment loss in FY23 relates to intangible assets in the Entertainment Business cash generating unit, due to reduced revenue growth, and the right of use asset associated with an office lease that was terminated in October 2022.
- ◆ The reduction in depreciation and amortisation expense in FY24 was due to the impairment charge discussed above which reduced the carrying value of intangible assets.
- ◆ Despite an increase in revenue, EBITDA losses increased in FY25 driven by a lower gross margin and higher employment costs.

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## 4.8 Financial position

The audited statements of financial position as at 30 June 2023, 30 June 2024 and 30 June 2025 are set out in the table below.

**Table 6: Entertainment Rewards' financial position**

\$'000	30-Jun-23	30-Jun-24	30-Jun-25
<b>Current assets</b>			
Cash	1,825	1,968	1,425
Receivables	355	524	610
Inventory	71	72	110
Contract assets	267	126	387
Other current assets	1,145	561	520
<b>Total current assets</b>	<b>3,664</b>	<b>3,252</b>	<b>3,052</b>
<b>Non-current assets</b>			
Property, plant and equipment	43	70	50
Intangible assets	974	856	478
<b>Total non-current assets</b>	<b>1,017</b>	<b>926</b>	<b>528</b>
<b>Total assets</b>	<b>4,681</b>	<b>4,178</b>	<b>3,580</b>
<b>Current liabilities</b>			
Payables	(2,602)	(2,687)	(2,993)
Current borrowings	(708)	(23,708)	-
Lease liabilities	(310)	-	-
Current provisions	(517)	(402)	(411)
Deferred revenue	(3,334)	(2,638)	(2,852)
<b>Total current liabilities</b>	<b>(7,470)</b>	<b>(29,434)</b>	<b>(6,256)</b>
<b>Non-current liabilities</b>			
Non-current borrowings	(18,451)	(3,804)	(13,517)
Non-current provisions	(51)	(56)	(34)
Deferred revenue	(489)	(167)	(1)
<b>Total non-current liabilities</b>	<b>(18,990)</b>	<b>(4,026)</b>	<b>(13,551)</b>
<b>Total liabilities</b>	<b>(26,460)</b>	<b>(33,461)</b>	<b>(19,807)</b>
<b>Deficiency in net assets</b>	<b>(21,780)</b>	<b>(29,283)</b>	<b>(16,226)</b>
<b>Other information</b>			
Net working capital balance	(4,923.5)	(4,443.1)	(4,628.8)
Debt to equity ratio	(0.88)	(0.94)	(0.83)

Source: Entertainment Rewards

Note 1: Net working capital includes trade and other receivables, inventories, other current assets, trade and other payables, current lease liabilities, provisions and deferred revenue. Net working capital balances are negative as revenue is typically collected upfront, hence total receivables are relatively low.

In relation to the historical financial position of Entertainment Rewards set out above:

- ◆ The increase in receivables in FY24 and FY25 reflects the growth in enterprise sales, paid advertising, gift cards and Seamless Rewards.
- ◆ Contract assets relate to accrued revenue from advertising and seamless rewards success fees which are recognised over time.
- ◆ Other current assets include prepaid expenses, prepaid commissions to fundraisers for the sale of memberships and short-term bank deposits. The decrease in FY24 is primarily driven by a reduction in restricted bank deposits associated with the office lease and prepaid expenses.
- ◆ The lower intangible asset balance in FY25 is due to the amortisation of technology and software.

- ◆ Borrowings predominantly relate to amounts borrowed from Suzerain and related entities as summarised below:
  - \$1.2 million loan facility from Skybound Fidelities Credit Fund at an interest rate of 12.5% per annum. The repayment has been deferred to 31 December 2026.
  - \$0.5 million secured loan from Suzerain at an interest rate of 10%. The principal and interest payments have been deferred to 31 December 2026.
  - \$22.5 million convertible loan facility which was originally provided by New Gold Coast Holdings and later novated to Suzerain. The loan facility was amended in January and February 2025 (effective 31 December 2024). The key amendments were:
    - Conversion price for the principal fixed at 2.2 cents per share.
    - Conversion option transferred from the lender to Entertainment Rewards.
    - Interest rate reduced to 0% from 31 December 2024
    - Interest repayment deferred to 31 December 2026.
    - Principal repayment/conversion deferred to 31 December 2026, subject to shareholder approval.
    - Administrative fees removed from 31 December 2024.

As a result of the amendments set out above, Entertainment Rewards reclassified this liability as equity in its financial statements as at 30 June 2025. The remaining \$4.6 million liability relates to interest outstanding which has been deferred to 31 December 2026.

  - On 28 June 2024, Entertainment Rewards entered into a new unsecured loan agreement with Suzerain for a total loan liability of \$5 million which was later increased to \$10.5 million. \$8 million of the facility limit has been drawn down as at 30 September 2025.
- ◆ Deferred revenue primarily relates to the upfront consideration from membership subscription and enterprise customers, for which revenue is recognised over time.
- ◆ Provisions relate to employee benefits such as annual leave and long service leave.

## 4.9 Cash flows

The audited statements of cash flows for the periods ended 30 June 2023, 30 June 2024 and 30 June 2025 are set out in the table below.

**Table 7: Entertainment Rewards' cash flows**

\$'000	FY23	FY24	FY25
<b>Cashflows from operating activities</b>			
Receipts from customers	19,209	16,507	19,394
Payments to suppliers and employees	(26,110)	(21,927)	(26,197)
Refund of security deposit	-	-	7
<b>Net cash used in continuing operations</b>	<b>(6,901)</b>	<b>(5,420)</b>	<b>(6,796)</b>
<b>Cashflows from investing activities</b>			
Purchase of property, plant and equipment	(3)	(13)	(19)
Interest received	43	28	16
Purchase of intangibles	(311)	-	-
Proceeds from term investments	131	332	-
<b>Net cash used in investing activities</b>	<b>(141)</b>	<b>346</b>	<b>(3)</b>
<b>Cashflows from financing activities</b>			
Proceeds from borrowings	10,500	5,930	6,641
Interest and other finance costs	(1,692)	(478)	(379)
Principal element of lease payments	(910)	(233)	-
<b>Net cash from financing activities</b>	<b>7,897</b>	<b>5,219</b>	<b>6,262</b>
<b>Net increase/(decrease) in cash held</b>	<b>855</b>	<b>146</b>	<b>(537)</b>
Cash and cash equivalents at beginning of financial period	978	1,825	1,968
Effects of movements in exchange rates on cash and cash equivalents held	(8)	(3)	(6)
<b>Cash and cash equivalents at the end of the year</b>	<b>1,825</b>	<b>1,968</b>	<b>1,425</b>

Source: Entertainment Rewards

In relation to the historical cash flows of Entertainment Rewards set out above:

- ◆ The operating activities have been primarily funded by ongoing borrowings from the major shareholder, Suzerain and its associated entities. Operating cash outflows reduced in FY24 due to a cost rationalisation program resulting in a decrease in payments to suppliers and employees. In FY25, operating cash outflows increased following higher direct sales incentives and employment costs.
- ◆ Purchase of intangibles relates to the cash flow associated with the development of the Seamless Rewards' CLO platform which was completed in October 2022.
- ◆ Proceeds from term investments relate to short-term deposits held with banks.
- ◆ The fall in interest and other financing costs in FY24 and FY25 relates to the deferral of interest payments and a reduction in loan administration fees negotiated with Suzerain and its associated entities.

## 4.10 Capital structure and shareholders

As at 31 August 2025, Entertainment Rewards had a total of 1,279,689,015 ordinary shares on issue, excluding shares issued under the Loan Funded Scheme ("LFS"). The following table sets out details of Entertainment Rewards' substantial shareholders as at that date:

**Table 8: Entertainment Rewards' substantial shareholders**

Shareholder	No. of shares held	% Total shares
Suzerain Investments Holdings Ltd <sup>1</sup>	861,845,725	67.3%
Australian Fintech Plus Pty Ltd <sup>1</sup>	59,524,369	4.7%
Mr Dean Palmer & Mrs Laura Palmer	27,100,000	2.1%
BNP Paribas Noms Pty Ltd	38,284,535	3.0%
Other shareholders	292,934,386	22.9%
<b>Total (excluding LFS)</b>	<b>1,279,689,015</b>	<b>100.0%</b>

Source: Entertainment Rewards

Note:

1. Suzerain and Australian Fintech are related parties.

We note that Suzerain is the controlling shareholder.

As at 31 August 2025, Entertainment Rewards also had approximately 12.7 million shares that were issued to non-executive director, Charles Romito, as part of the LFS approved by shareholders at the 2023 Annual General Meeting. At the 2024 Annual General Meeting, approximately 16.4 million shares were approved to be issued to Chairman Dean Palmer under an LFS. Key terms of the LFS are summarised in the following table:

**Table 9: Summary of the key terms of the LFS**

Key terms of the LFS		
<b>Charles Romito</b>	<b>Vesting Date</b>	<b>Number of shares</b>
Tranche 1	1/07/2024	4,217,000
Tranche 2	1/07/2025	4,217,000
Tranche 3	1/07/2026	4,217,000
		<b>12,651,000</b>
<b>Issue price</b>	\$0.007 being 30 trading day VWAP of EAT shares on ASX as on 17 November 2023. Entertainment Rewards provided a non-recourse loan to fund the purchase of shares	
<b>Dean Palmer</b>	<b>Vesting Date</b>	<b>Number of shares</b>
Tranche 1	4/12/2024	5,482,000
Tranche 2	1/07/2025	5,482,000
Tranche 3	1/07/2026	5,482,000
		<b>16,446,000</b>
<b>Issue price</b>	\$0.004 being 30 trading day VWAP of EAT shares on ASX as on 4 December 2024. Entertainment Rewards provided a non-recourse loan to fund the purchase of shares	

Source: Entertainment Rewards

The loan funded shares are not included in the table of substantial shareholders and have been recognised separately to other ordinary shares in our valuation analysis.

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## 4.11 Share trading

The following chart shows the market trading of Entertainment Rewards shares, for the 12 months to 31 August 2025:

**Figure 9: Entertainment Rewards' share trading over the last two years**



Source: S&P Capital IQ

In relation to the trading of Entertainment Rewards shares over the past 12 months:

- ◆ Trading in the shares were illiquid, with an average daily value traded of approximately \$430 at a volume weighted average price ("VWAP") of \$0.005 over the period. The average daily volume represents approximately 0.00747% of ordinary shares on issue.
- ◆ The spike in trading volume on 7 May 2025 coincided with the release of Entertainment Rewards' Q3 FY25 quarterly activities report on 29 April 2025 which announced:
  - Changes to the Convertible Loan terms including reclassification from debt to equity and nil interest costs.
  - Improvements in revenue and member numbers
  - Cost savings associated with organisational changes with effective savings of \$1 million (annualised)

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## 5 VALUATION METHODOLOGY

### 5.1 Available valuation methodologies

To estimate the market value of Entertainment Rewards, we have considered common market practice and the valuation methodologies recommended in RG 111. There are a number of methods that can be used to value a business including:

- ◆ The discounted cash flow method
- ◆ The capitalisation of future maintainable earnings method
- ◆ Asset based methods
- ◆ Analysis of share market trading
- ◆ Industry specific rules of thumb

Each of these methods is appropriate in certain circumstances and often more than one approach is applied. The choice of methods depends on several factors such as the nature of the business being valued, the return on the assets employed in the business, the valuation methodologies usually applied to value such businesses and availability of the required information. A detailed description of these methods and when they are appropriate is provided in Appendix 2.

### 5.2 Selected methodology

In selecting an appropriate valuation methodology for (both before and after the Proposed Transaction) we have considered the following:

**Table 10: Consideration of methodologies**

Method	Considerations	Approach
<b>Discounted cash flow</b>	<ul style="list-style-type: none"> <li>◆ Entertainment Rewards has a variable revenue and cost profile over the next several years due to significant changes in the business model with proposed initiatives to be implemented in phases over the period to FY28. This is best considered by a discounted cash flow analysis.</li> <li>◆ We have been provided with financial projections to FY28 prepared by Entertainment Rewards management. We have used the projections as a basis for our own cash flow model.</li> </ul>	Selected
<b>Capitalisation of earnings</b>	<ul style="list-style-type: none"> <li>◆ There are a limited number of transactions (market trading and M&amp;A) involving companies with comparable businesses to Entertainment Rewards.</li> <li>◆ Entertainment Rewards has experienced operating losses historically and is expected to continue operating at a loss in the near-to-mid-term. Therefore, the capitalisation of earnings method is not appropriate.</li> </ul>	Not considered
<b>Asset based methods</b>	<ul style="list-style-type: none"> <li>◆ Entertainment Rewards is neither an asset-based business nor an investment holding company. Asset based methods are generally not appropriate for operating businesses as they ignore the value of most internally generated intangible assets.</li> <li>◆ Although Entertainment Rewards has a history of operating losses and significant debt, we consider it to be a going concern as ongoing funding for the business is provided by Suzerain. Therefore, an asset method is not appropriate.</li> </ul>	Not considered

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Method	Considerations	Approach
Share trading	<ul style="list-style-type: none"><li>Entertainment Rewards shares have been thinly traded, with periods of no trading, making an analysis of share trading less reliable. However, we have analysed share trading in Entertainment Rewards as a broad cross-check of our assessed value per share before the Proposed Transaction. Since the Proposed Transaction has not been announced to the market, its impact on the share price cannot be assessed. Therefore, we cannot apply the share trading cross check to our assessed value per share after the Proposed Transaction.</li></ul>	Cross-check

## 6 VALUATION OF ENTERTAINMENT REWARDS BEFORE THE PROPOSED TRANSACTION

### 6.1 Introduction

We have assessed the market value of Entertainment Rewards before the Proposed Transaction using the discounted cash flow method with a cross check based on an analysis of recent share market trading in Entertainment Rewards shares. This assessment has been made on a control basis as required by RG111.

### 6.2 Discounted Cash Flow Method

In order to determine the value of an Entertainment Rewards share using the discounted cash flow method, we have:

- ◆ Reviewed and adjusted as appropriate the cash flow projections prepared by management for the three year period from FY26 to FY28 ("**Model**").
- ◆ Extended the Model to FY34 at which point future growth is expected to be similar to inflation.
- ◆ Assessed the long-term growth rate beyond the forecast period.
- ◆ Determined an appropriate discount rate.
- ◆ Calculated the enterprise value based on the preceding assumptions.
- ◆ Assessed the value of any non-operating assets and liabilities to calculate equity value.
- ◆ Divided the equity value by the number of shares outstanding.

### 6.3 Projected cash flows

We have used the Model as the basis for our own cash flow model. We have undertaken a detailed analysis of the forecasts and have discussed the key assumptions behind the forecast with Entertainment Rewards' management. We have considered supporting information to determine the reasonableness of the cash flow projections and considered the residual risks associated with achieving the forecasts. Based on these discussions and analysis, we consider the assumptions to be reasonable for the purposes of our analysis.

The detailed projections are not included in this report due to commercial sensitivity. The key assumptions underpinning the projections, and the information considered in assessing the reasonableness of these assumptions are discussed below.

#### Revenue

Total revenue is forecast to grow at a CAGR of 39% over the next three years to FY28, reflecting a partial return to historical levels within the core business segment. For each revenue segment, we have assumed a gradual decline in the revenue growth rate to 3% per annum by FY34 as the business moves toward maturity.

#### Entertainment membership subscription

Historically, entertainment membership subscriptions have formed the largest component of Entertainment Rewards' business. However, increased competition and then the outbreak of COVID-19 had a severe negative effect on this business segment. As a result, in 2022 Entertainment Rewards initiated the Seamless Rewards program and shifted the focus of the business towards promoting and growing this segment. The rollout of Seamless Rewards was not as successful as management had expected. Consequently, management has recently changed its strategic objectives to turn the focus back to growth of entertainment membership subscriptions.

The key assumptions in respect of forecast revenue from entertainment membership subscriptions are outlined below:

- ◆ Entertainment membership numbers are forecast to reach 56% of the historical FY19 peak by FY29. Given the increase in competition in the rewards market since FY19 we expect that long term membership numbers may not reach historical highs.
- ◆ The annual membership price is forecast to remain at \$75 until January 2026 before increasing to \$80. This rate is expected to stay unchanged through the end of FY28 to encourage renewals.

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- ◆ The retention rate is projected to be approximately 70% to 75% over the forecast period compared to the historical retention rate of approximately 66% in FY25. This improvement is attributed to an increase in resources dedicated to customer service, particularly in the fundraiser segment.
- ◆ Over 75% of the memberships in FY26 are expected to be originated from fundraisers with the proportion remaining broadly constant throughout the forecast period.

### Frequent Value (enterprise clients)

Bulk buys of entertainment membership subscriptions are sold to enterprise customers at a discount. Some of the key assumptions in respect of revenue generated from the Frequent Value program are outlined below:

- ◆ Existing customers are expected to grow at a CAGR of 7% until FY28.
- ◆ New customers are expected to grow by \$1.2 million to \$1.3 million per annum to reach \$3.9 million in FY28.
- ◆ As with entertainment memberships, this growth is supported by an investment in the onshore sales team in Australia.

### Gift cards

Gift cards are provided by both gift card aggregators and merchants and are sold to Entertainment Rewards' entertainment members at a discount to face value. Sales growth is forecasted to be in line with the growth in entertainment membership subscriptions and Frequent Value as the increase in member numbers have a direct impact on gift card purchases.

Entertainment Rewards will launch its own gift card in the middle of FY26. The key assumptions in respect of its own gift cards are as follows:

- ◆ The face value of gift cards sold starts at \$1.3 million in FY26, increasing to \$6.9 million in FY28.
- ◆ The gift cards will offer customers a 7% discount to the face value.
- ◆ We have assumed breakage at 8% in line with the Department of Treasury's Gift Cards in the Australian Market Report 2012<sup>4</sup>.

### Seamless rewards

The Seamless Rewards program generates revenue through commissions received as a percentage of transaction value when a loyalty scheme customer transacts with a participating merchant. Revenue is expected to decline by 8% in FY26, reflecting management's expectation that certain major FY25 campaigns, such as the Hyatt campaign, will not recur. From FY26, revenue is forecast to increase at a CAGR of 7% until FY28. Growth is supported by an increased volume of transactions from existing customers and modest growth in new customers.

### Other revenue

Other revenue primarily relates to paid advertising and commissions received on travel bookings through the entertainment platform. Other revenue is forecast to grow at a CAGR of 34% over the next three years and trend toward long-term inflation for the remainder of the forecast period. The growth in revenue is expected to be driven by increased demand for paid advertising from merchants as membership numbers grow.

### Gross margin

Gross margin is expected to improve from FY26 following additional spending on customer acquisition and retention in FY25 which included increased donations to charitable partners and additional sale incentives and promotional offers to customers. The gross margin is expected to remain at a similar level throughout the forecast period.

### Operating costs

#### Employee costs

Employee costs are the largest component of operating expenses. Employee costs increased by \$1.4 million (14%) in FY25 as the company employed additional staff to drive future growth. Due to the investment in staff in FY25, growth in employee costs is expected to be lower than revenue growth over the forecast

<sup>4</sup> Gift Cards in the Australian Market Report, Department of Treasury, 2012. Available at: <https://treasury.gov.au/sites/default/files/2019-03/06072012-Gift-Cards-in-Australian-Market.pdf>

period. Forecast employee expense growth is 3% in FY26, 6% in FY27 and 8% in FY28. After FY28, the growth in employee costs is forecast to slow down over the forecast period reaching 3% by FY34.

### Other operating expenses

Other operating expenses primarily relate to contracted software developers, information technology costs and marketing expenses. Total operating expenses are forecast to increase by 7% in FY26, largely reflecting higher IT and marketing expenditure, including costs associated with developing donation-related features for the platform. This is partially offset by a 42% reduction in director fees which were higher than normal in FY25 due to a one-off tax reimbursement made to a director for share issuances in FY25. A further 13% increase in operating expenses is forecast in FY27 and FY28, primarily reflecting IT and marketing costs required to support expansion activities. Thereafter, growth in operating expenses is expected to be moderate, declining to around 3% per annum by FY34.

### Taxation

We have applied the Australian corporate tax rate of 30%. As at 30 June 2025, Entertainment Rewards had estimated tax losses of \$88.8 million, of which the recoverability of \$22.5 million is uncertain. This uncertainty arises from whether the renegotiation of the convertible note is a Commercial Debt Forgiveness event under Australian Tax Office guidelines. For the purposes of our analysis, we have assumed \$77.6 million in tax losses (being the midpoint of the potential range) in the cash flow projections. These losses are forecast to be fully utilised by FY34.

### Working capital

Working capital is primarily comprised of:

- ◆ Debtors associated with corporate customers. We have assumed debtor days in line with historical actuals.
- ◆ Contract assets associated with corporate customer contracts which we have assumed grow in line with this revenue.
- ◆ Accounts payable for which we have assumed payables days in line with historical actuals.
- ◆ Provisions for employee entitlements which we have assumed at 4.5% of employee costs in line with historical actuals.
- ◆ Deferred revenue which represents advance consideration received for memberships, for which revenue is recognised over the term of the membership. Since membership revenue has been forecast on a cash basis, we have not forecast any movement in deferred revenue.

### Capital expenditure

Maintenance capital expenditure on property plant and equipment and intangible assets is estimated to be \$30,000 per annum and \$50,000 to \$60,000 per annum respectively. We have also assumed an additional \$500,000 in capital expenditure in FY26 for IT costs relating to the migration to a new customer relationship management platform, enhancements to merchant onboarding features and the development of shopping cart functionality.

Capital expenditure is assumed to equal to depreciation in the terminal year to reflect that long term average depreciation and capital expenditure should be similar.

### Reasonableness of assumptions

While we have not undertaken a review of the projections in accordance with AUS 804 – The Audit of Prospective Financial Information, we have undertaken a detailed review of the forecasts prepared by Entertainment Rewards' management, have discussed the key assumptions with them and made adjustments where appropriate. Based on this analysis, we consider the assumptions made to be reasonable for the purpose of our analysis.

Any alternative reasonable set of forecast assumptions would not impact our conclusion on the fairness and reasonableness of the Proposed Transaction.

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## 6.4 Discount Rate

We have applied a discount rate of between 17.5% and 19.0% (nominal, post-tax, weighted average cost of capital ("WACC")) to the projected cash flows. We calculated the discount rate using the capital asset pricing model ("CAPM") based on the assumptions set out in Appendix 4. The selected discount rate includes a specific risk premium to allow for the possibility that Entertainment Rewards recently revised strategy is not successful in stemming its losses.

## 6.5 Terminal Growth

The terminal value represents the value of the cash flows beyond the forecast period. Terminal values are commonly calculated based on the discount rate and the expected long-term growth rate of future cash flows. We have used a terminal growth rate of 2.5% being the midpoint of the long-term Reserve Bank of Australia's inflation target, which we consider is a reasonable estimate of long-term growth in cash flows for Entertainment Rewards. Any alternative reasonable assessment of the terminal growth rate would not impact our conclusion on the fairness and reasonableness of the Proposed Transaction.

## 6.6 Non-operating Assets and Liabilities

In order to assess the equity value of Entertainment Rewards, it is necessary to identify any non-operating assets and liabilities not used in generating the enterprise value. These can be:

- ◆ **Surplus assets:** assets held by the company that are not utilised in its business operation. This could be investments, unused plant and equipment held for resale, or any other assets not required to run the operating business. It is necessary to ensure that any income from surplus assets (i.e. rent / dividends) is excluded from the business value.
- ◆ **Non-operating liabilities:** liabilities of a company not directly related to its current business operations, although they may relate to previous business activities, for example claims against the entity.
- ◆ **Surplus cash / net debt:** comprising of surplus cash held by the company, less debt used to fund a business.

Each of these factors are considered below.

### Surplus assets

Entertainment Rewards does not hold any assets of this nature.

### Non-operating liabilities

Entertainment Rewards does not hold any liabilities of this nature.

### Net debt

The net debt position for Entertainment Rewards as at 30 September 2025 is set out in the table below:

**Table 11: Net debt of Entertainment Rewards**

Net debt (\$'000)	
Cash	1,556
Proceeds from LFS <sup>1</sup>	154
Suzerain Convertible Loan facility - interest and admin fee outstanding	(4,565)
Loan from Skybound Fidelis	(1,210)
Secured loan from Suzerain	(854)
Unsecured loan from Suzerain	(8,609)
<b>Net debt</b>	<b>(13,528)</b>

Source: Leadenhall analysis

Notes:

1. We have assumed all LFS shares described in Section 4.10 are fully vested and the accompanying loans are repaid.

2. We have assumed book value is representative of market value for all borrowings including the interest on the Convertible Loan.

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In relation to the net debt position of Entertainment Rewards set out above:

- ◆ The convertible loan facility has been reclassified as equity. The remaining \$4.6 million liability primarily relates to interest outstanding.
- ◆ The \$1.2 million loan facility provided by Skybound Fidelis Investment Limited (a related entity of Suzerain) was used to fund transformational capital expenditure. The amount has been fully drawn as at 31 August 2025.
- ◆ The secured interest-bearing loan from Suzerain of \$0.85 million (including interest) is due for repayment by 31 December 2026.
- ◆ On 28 June 2024, Entertainment Rewards entered into a new loan agreement with Suzerain for a total loan liability of \$5 million which was later increased to \$10.5 million. \$8 million of the facility limit has been drawn down as at 30 September 2025.

## 6.7 Assessed Value Before the Proposed Transaction

The preceding analysis leads to an assessed value of an Entertainment Rewards share before the Proposed Transaction, on a control basis, of between 1.1 cents and 1.3 cents as set out in the following table:

**Table 12: Assessed value of an Entertainment Rewards share before the Proposed Transaction**

Equity Value (Control Basis) (\$'000)		
	Low	High
<b>Enterprise value</b>	<b>39,971</b>	<b>44,924</b>
Net debt	(13,528)	(13,528)
<b>Assessed equity value on a control basis</b>	<b>26,443</b>	<b>31,396</b>
<b>Conversion of Convertible Note<sup>1</sup></b>		
Principal	22,500	22,500
Conversion price for principal (cents)	2.2	2.2
<b>Ordinary shares issued upon conversion ('000)</b>	<b>1,022,727</b>	<b>1,022,727</b>
Ordinary shares on issue ('000)	1,279,689	1,279,689
Ordinary shares issued upon conversion ('000)	1,022,727	1,022,727
LFS shares ('000) <sup>2</sup>	29,097	29,097
<b>Assessed value per ordinary share on a control basis (\$)</b>	<b>0.011</b>	<b>0.013</b>

Source: Leadenhall analysis

Notes

1. We have assumed that Entertainment Rewards would convert the Convertible Note at 2.2 cents per share in December 2025 as the Convertible Note is in the money by reference to our assessed value.

2. Since the loan funded share issue price is lower than our assessed value range, we have assumed all unvested employee shares will be vested. The corresponding proceeds have been included in net debt.

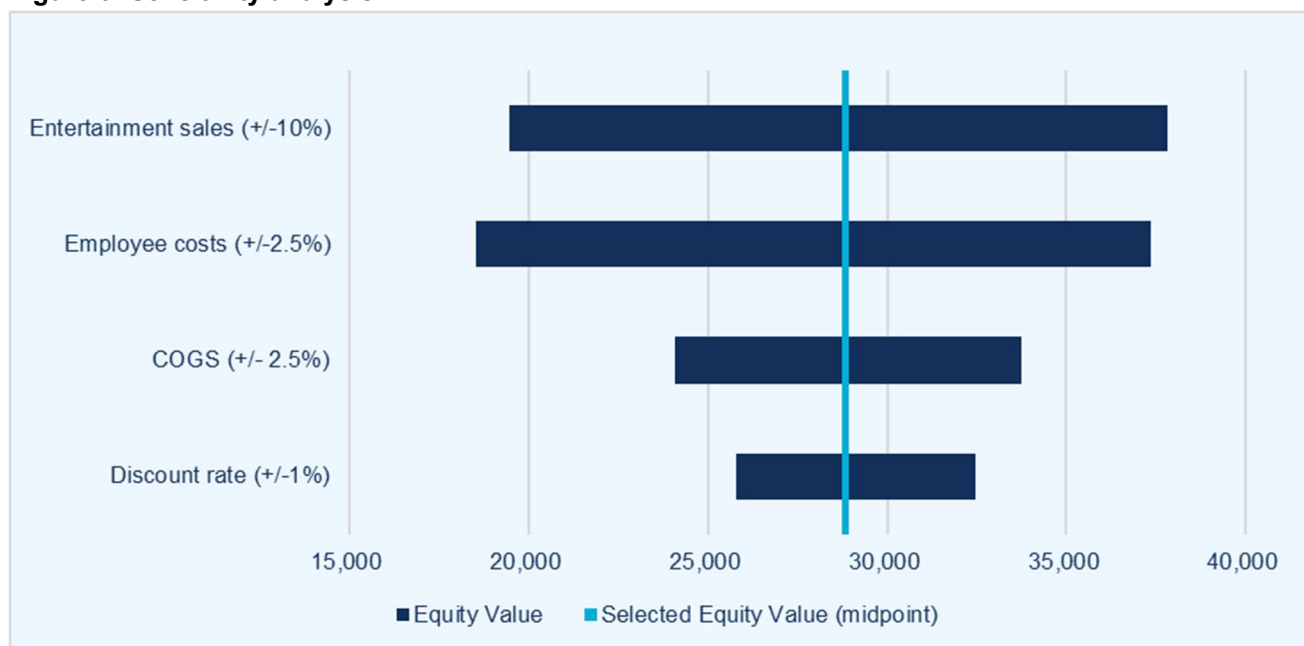
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## Sensitivity analysis

The valuation is sensitive to a number of key assumptions as set out in the following figure:

**Figure 6: Sensitivity analysis**



Source: Leadenhall analysis

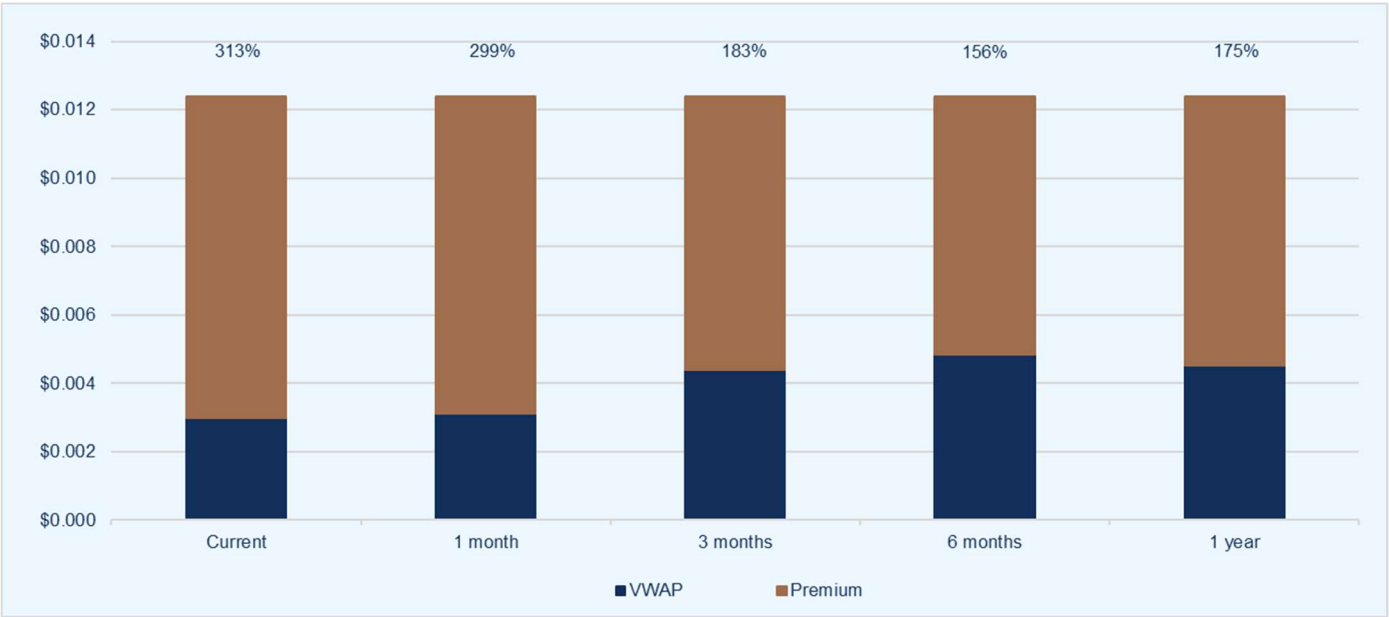
## 6.8 Analysis of Share Trading Cross Check

Market trading in Entertainment Rewards provides an indication of the market's assessment of the value of Entertainment Rewards on a minority basis. We have presented an analysis of recent trading in Entertainment Rewards shares in Section 4.11 above. When assessing market trading, it is necessary to consider whether the market is informed and liquid. In this regard, we note:

- Entertainment Rewards shares are closely held. Daily values traded over the past two years are approximately \$514 on average, with the average declining to approximately \$431 over the last 12 months. This level is well below the level at which institutional investors would seek to trade and may be seen as a deterrent for other potential investors.
- Entertainment Rewards is a listed company with continuous disclosure obligations under the ASX Listing Rules, thus the market is reasonably informed about its activities. However, there is uncertainty regarding its ability to continue as a going concern. Investing in Entertainment Rewards may therefore be perceived as speculative.

As a result of these factors, we consider the market trading to be reasonably well-informed but illiquid. We have therefore undertaken only a high-level analysis of share market trading by assessing the level of control premium implied by our mid-point valuation range compared to the VWAP of an Entertainment Rewards share over various periods during the year leading up to the date of our valuation analysis, as set out in the figure below.

Figure 7: Implied control premium to market trading prices



Source: S&P Capital IQ, Leadenhall analysis

The generally observed range for control premiums is between 20% and 40%. In addition, the average takeover premium observed for transactions in the information technology sector in Australia between 2012 and 2021 was 27%. Further information on observed control premiums and takeover premiums is included in Appendix 5.

The control premium implied by our assessed value of an Entertainment Rewards share exceeds the generally observed range. However, we do not consider this to be unreasonable as it is likely that the market has priced in insolvency and/or going concern risk given the prolonged losses sustained by the company and the significant reliance on the majority shareholder for ongoing financial support to continue its operation.

6.9 Conclusion on Value Before the Proposed Transaction

Based on our discounted cash flow analysis and share trading cross check, we have selected a valuation range for a share in Entertainment Rewards of between 1.1 cents to 1.3 cents, on a control basis as at the valuation date of 31 August 2025.

## 7 VALUATION OF ENTERTAINMENT REWARDS AFTER THE PROPOSED TRANSACTION

### 7.1 Introduction

If the Proposed Transaction is approved, the Non-Associated Shareholders will continue to own a share in Entertainment Rewards. However, RG111.25 requires an independent expert to evaluate the issue of securities under s611 as if it was a takeover offer.

Accordingly, the value of an Entertainment Rewards share after the Proposed Transaction has been assessed on a minority interest basis (i.e. excluding a control premium) as the Non-Associated Shareholders will own a minority stake in Entertainment Rewards should the Proposed Transaction proceed.

### 7.2 Assessed Value After the Proposed Transaction

In order to assess the value of an Entertainment Rewards share after the Proposed Transaction, we have assessed:

- ◆ The equity value of Entertainment Rewards before the Proposed Transaction on a control basis (Section 6).
- ◆ Adjustments for the impact of the Proposed Transaction based on the seven possible outcomes of the Proposed Transaction as follows:
  - **Outcome 1:** extension of the repayment date of the Convertible Loan (assuming full conversion of the Convertible Loan)
  - **Outcome 2:** extension of the conversion option of the Convertible Loan to the outstanding interest on the Convertible Loan (assuming full conversion of the interest)
  - **Outcome 3:** transfer of 52,170,068 Entertainment Rewards shares from Australian Fintech to Suzerain
  - **Outcome 4:** extension of the repayment date of the Convertible Loan and extension of the conversion option of the Convertible Loan to the outstanding interest on the Convertible Loan (assuming full conversion of the Convertible Loan and the interest)
  - **Outcome 5:** extension of the repayment date of the Convertible Loan (assuming full conversion of the Convertible Loan) and transfer of 52,170,068 Entertainment Rewards shares from Australian Fintech to Suzerain
  - **Outcome 6:** extension of the conversion option of the Convertible Loan to the outstanding interest on the Convertible Loan (assuming full conversion of the interest) and transfer of 52,170,068 Entertainment Rewards shares from Australian Fintech to Suzerain
  - **Outcome 7:** extension of the repayment date of the Convertible Loan (assuming full conversion of the convertible loan), extension of the conversion option of the Convertible Loan to the Outstanding interest on the Convertible Loan (assuming full conversion of the interest) and the transfer of 52,170,068 Entertainment Rewards shares from Australian Fintech to Suzerain.

Below is a visual summary of the combinations of outcomes:

**Table 13: Combinations of outcomes**

	Convertible Loan payment extension	Conversion option to include interest	Transfer of shares from Australian Fintech
Outcome 1	Yes		
Outcome 2		Yes	
Outcome 3			Yes
Outcome 4	Yes	Yes	
Outcome 5	Yes		Yes
Outcome 6		Yes	Yes
Outcome 7	Yes	Yes	Yes

Source: Leadenhall analysis

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- ◆ A DLOC as the Non-Associated Shareholders would own a minority stake in Entertainment Rewards should the Proposed Transaction proceed.
- ◆ A DLOM as shares in Entertainment Rewards are thinly traded.
- ◆ The number of shares expected to be on issue under each of the seven possible outcomes of the Proposed Transactions, assuming full conversion of the Convertible Loan facility and the outstanding interest on the Convertible Loan where relevant (refer to Table 16 below for further detail)

We have assessed the value of an Entertainment Rewards Share after the Proposed Transaction for each of the above outcomes as follows:

**Table 14: Assessed value of an Entertainment Rewards share after the Proposed Transaction – Outcomes 1 to 3**

Equity Value (Minority Basis) (\$'000)						
	Outcome 1		Outcome 2		Outcome 3	
	Low	High	Low	High	Low	High
Equity value (control basis) before the Proposed Transaction	26,443	31,396	26,443	31,396	26,443	31,396
Change in net debt	-	-	4,531	4,531	-	-
Equity value (control basis) after the Proposed Transaction	26,443	31,396	30,974	35,927	26,443	31,396
Discount for lack of control (25%)	(6,611)	(7,849)	(7,744)	(8,982)	(6,611)	(7,849)
Equity value on a liquid minority basis	19,832	23,547	23,231	26,945	19,832	23,547
Discount for lack of marketability (5% to 10%)	(1,983)	(1,177)	(2,323)	(1,347)	(1,983)	(1,177)
Assessed equity value on an illiquid minority basis	17,849	22,369	20,908	25,598	17,849	22,369
<b>Conversion of Convertible Note</b>						
Principal	22,500	22,500	22,500	22,500	22,500	22,500
Interest	-	-	4,531	4,531	-	-
Conversion amount	22,500	22,500	27,031	27,031	22,500	22,500
Conversion price for interest (cents)	2.2	2.2	2.2	2.2	2.2	2.2
Ordinary shares issued upon conversion ('000)	1,022,727	1,022,727	1,228,703	1,228,703	1,022,727	1,022,727
Ordinary shares on issue ('000)	1,279,689	1,279,689	1,279,689	1,279,689	1,279,689	1,279,689
Ordinary shares issued upon conversion ('000)	1,022,727	1,022,727	1,228,703	1,228,703	1,022,727	1,022,727
LFS shares ('000)	29,097	29,097	29,097	29,097	29,097	29,097
Value per ordinary share on a minority basis (\$)	0.008	0.010	0.008	0.010	0.008	0.010

Source: Leadenhall analysis

**Table 15: Assessed value of an Entertainment Rewards share after the Proposed Transaction – Outcomes 4 to 7**

Equity Value (Minority Basis) (\$'000)								
	Outcome 4		Outcome 5		Outcome 6		Outcome 7	
	Low	High	Low	High	Low	High	Low	High
Equity value (control basis) before the Proposed Transaction	26,443	31,396	26,443	31,396	26,443	31,396	26,443	31,396
Change in net debt	4,531	4,531	-	-	4,531	4,531	4,531	4,531
Equity value (control basis) after the Proposed Transaction	30,974	35,927	26,443	31,396	30,974	35,927	30,974	35,927
Discount for lack of control (25%)	(7,744)	(8,982)	(6,611)	(7,849)	(7,744)	(8,982)	(7,744)	(8,982)
Equity value on a liquid minority basis	23,231	26,945	19,832	23,547	23,231	26,945	23,231	26,945
Discount for lack of marketability (5% to 10%)	(2,323)	(1,347)	(1,983)	(1,177)	(2,323)	(1,347)	(2,323)	(1,347)
Assessed equity value on an illiquid minority basis	20,908	25,598	17,849	22,369	20,908	25,598	20,908	25,598
<b>Conversion of Convertible Note</b>								
Principal	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500
Interest	4,531	4,531	-	-	4,531	4,531	4,531	4,531
Conversion amount	27,031	27,031	22,500	22,500	27,031	27,031	27,031	27,031
Conversion price for interest (cents)	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Ordinary shares issued upon conversion ('000)	1,228,703	1,228,703	1,022,727	1,022,727	1,228,703	1,228,703	1,228,703	1,228,703
Ordinary shares on issue ('000)	1,279,689	1,279,689	1,279,689	1,279,689	1,279,689	1,279,689	1,279,689	1,279,689
Ordinary shares issued upon conversion ('000)	1,228,703	1,228,703	1,022,727	1,022,727	1,228,703	1,228,703	1,228,703	1,228,703
LFS shares ('000)	29,097	29,097	29,097	29,097	29,097	29,097	29,097	29,097
Value per ordinary share on a minority basis (\$)	0.008	0.010	0.008	0.010	0.008	0.010	0.008	0.010

Source: Leadenhall analysis

## Net debt and shares on issue after the Proposed Transaction

The table below summarises the impact of the Proposed Transaction on net debt and shares on issue:

**Table 16: Impact of the Proposed Transaction on net debt and shares on issue**

Outcome	Impact on net debt	Impact on shares on issue
<b>Outcome 1</b>	As the Convertible Loan is classified as equity, there is no change to net debt.	Conversion of the Convertible Loan at 2.2 cents would result in the issue of 1,022,727,273 ordinary shares.
<b>Outcome 2</b>	We have removed the interest outstanding on the Convertible Loan of \$4.6 million.	Since the current value of an Entertainment Rewards share is lower than the conversion price, we have assumed the Convertible Loan will be converted at 31 December 2025 in addition to the conversion of the interest on the convertible loan. In total, the conversion of the Convertible Loan and outstanding interest results in the issue of 1,228,703,000 ordinary shares.
<b>Outcome 3</b>	The transfer of shares from Australian Fintech to Suzerain has no impact on net debt.	The transfer of shares from Australian Fintech to Suzerain has no impact on the number of shares on issue. Since the current value of an Entertainment Rewards share is lower than the conversion price, we have assumed the Convertible Loan will be converted at 31 December 2025 resulting in the issue of 1,022,727,273 ordinary shares.
<b>Outcome 4</b>	We have removed the interest outstanding on the Convertible Loan of \$4.6 million. As the Convertible Loan is classified as equity, conversion of the Convertible Loan has no impact on net debt.	In total, the conversion of the Convertible Loan and outstanding interest results in the issue of 1,228,703,000 ordinary shares.
<b>Outcome 5</b>	As the Convertible Loan is classified as equity, conversion of the Convertible Loan has no impact on net debt. The transfer of shares to Suzerain has no impact on net debt.	Conversion of the Convertible Loan at 2.2 cents would result in the issue of 1,022,727,273 ordinary shares. The transfer of shares from Australian Fintech to Suzerain has no impact on the number of shares on issue.
<b>Outcome 6</b>	We have removed the interest outstanding on the Convertible Loan of \$4.6 million. The transfer of shares to Suzerain has no impact on net debt.	Since the current value of an Entertainment Rewards share is lower than the conversion price, we have assumed the Convertible Loan will be converted at 31 December 2025 in addition to the conversion of the interest on the convertible loan. In total, the conversion of the Convertible Loan and outstanding interest results in the issue of 1,228,703,000 ordinary shares. The transfer of shares from Australian Fintech to Suzerain has no impact on the number of shares on issue.
<b>Outcome 7</b>	As the Convertible Loan is classified as equity, conversion of the Convertible Loan has no impact on net debt. We have removed the interest outstanding on the Convertible Loan of \$4.6 million. The transfer of shares to Suzerain has no impact on net debt.	In total, the conversion of the Convertible Loan and outstanding interest results in the issue of 1,228,703,000 ordinary shares. The transfer of shares from Australian Fintech to Suzerain has no impact on the number of shares on issue.

Source: Leadenhall analysis

### Discount for lack of control

As Non-Associated Shareholders would retain their Entertainment Rewards shares if the Proposed Transaction proceeds, they would continue to own a minority stake in Entertainment Rewards. Consistent with the requirements of RG 111, the value of the consideration must be determined on a minority interest basis. In order to estimate the value of a minority interest it is necessary to apply a DLOC to the value of a 100% equity interest in the business. This discount takes into account the lack of control that a minority shareholder has over the affairs of a company and is described in more detail in Appendix 5.

A DLOC is effectively the inverse of a control premium. Australian studies indicate that control premiums generally range from 20% to 40%. This implies a range for DLOC of approximately 17% to 29%. In selecting a suitable DLOC, we have considered:

**Table 17: Factors affecting DLOC**

DLOC considerations	
Factors indicative of lower DLOC	Factors indicative of higher DLOC
<ul style="list-style-type: none"> <li>The Board currently comprises a non-executive chairperson who is associated with Suzerain and two independent non-executive directors. The existence of independent directors would tend to reduce the level of DLOC.</li> </ul>	<ul style="list-style-type: none"> <li>Suzerain and its associates (Australian Fintech, Mr Dean Palmer and Mrs Laura Palmer) hold a 73.7% interest in Entertainment Rewards. Limited support of other shareholders would be required to pass a special resolution. We note that approval of the Proposed Transaction could increase the interest of Suzerain and its associates to 86.4%.</li> <li>Entertainment Rewards shares are closely held by Suzerain and its associates and the remaining shares are dispersed over a large number of holders. A wider dispersion of other holdings increases the DLOC.</li> <li>Entertainment Rewards does not currently pay dividends. A low dividend pay-out typically increases the DLOC.</li> </ul>

Source: Leadenhall analysis

As a result of these considerations, we have selected a DLOC of 25%. Any alternate DLOC would not impact our conclusion on the fairness and reasonableness of the Proposed Transaction.

### Discount for lack of marketability

Typically, a DLOM is not applied to shares in publicly listed companies, as the ability to trade on the stock market provides liquidity. However, Entertainment Rewards shares are thinly traded with limited free float. As a result, a seller of a minority interest may have difficulty executing a timely trade. Therefore, we have considered whether a DLOM should be applied to our valuation of an Entertainment Rewards share on a minority basis.

Studies have indicated that DLOM generally range from 10% to 40%. In selecting a suitable DLOM, we have considered:

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Table 18: Factors affecting DLOM

DLOM considerations	
Factors indicative of lower DLOM	Factors indicative of higher DLOM
<ul style="list-style-type: none"><li>Most studies are based on minority interests in private companies. Despite the relatively low trading volume of Entertainment Rewards shares, the ability to trade shares on the stock market likely still offers greater liquidity than the sale of a minority interest in a private company. Therefore, it is likely that an appropriate DLOM for Entertainment Rewards shares would be at the lower end of the range.</li></ul>	<ul style="list-style-type: none"><li>Entertainment Rewards shares are thinly traded with a 12-month average daily value traded of approximately \$431. This supports the application of a DLOM.</li></ul>

Source: Leadenhall analysis

As a result of these considerations, we have selected a DLOM of 5% to 10%. Any alternate reasonable assessment of DLOM would not impact our conclusion on the fairness and reasonableness of the Proposed Transaction.

7.3 Conclusion on Value After the Proposed Transaction

As set out in our valuation analysis above, all of the possible outcomes of the Proposed Transaction result in the same value range. As such, based on our discounted cash flow analysis, we have selected a valuation range for a share in Entertainment Rewards after the Proposed Transaction, on a minority basis as at the valuation date, of between 0.8 cents to 1.0 cents after taking into account all potential outcomes of the Proposed Transaction.

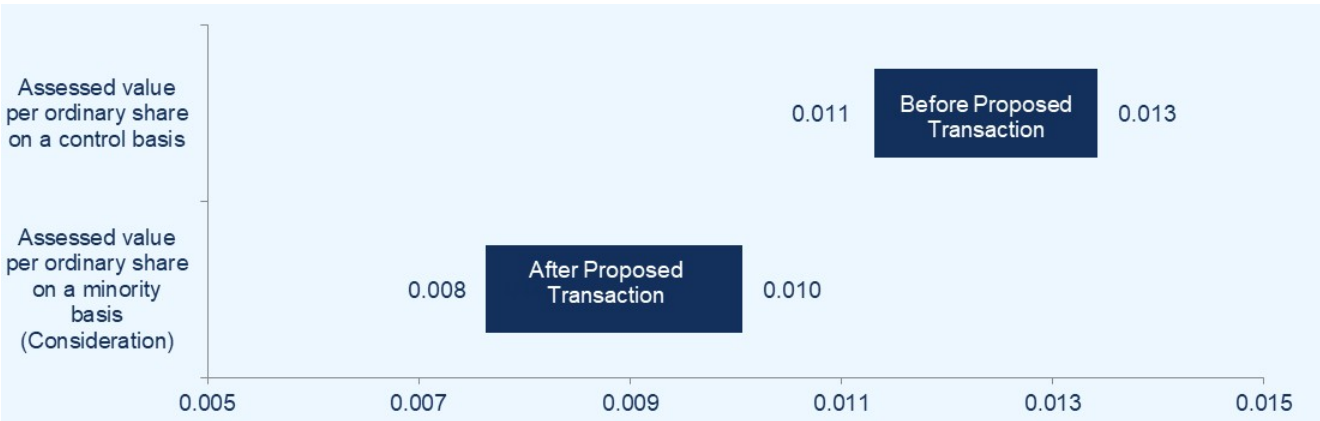


## 8 EVALUATION

### 8.1 Fairness

We have assessed the Proposed Transaction as fair if the market value of an Entertainment Rewards share after the Proposed Transaction on a minority basis is greater than or equal to the market value of an Entertainment Rewards share before the Proposed Transaction on a control basis. This comparison is shown in the following figure:

**Figure 8: Assessment of fairness**



Source: Entertainment Rewards and Leadenhall analysis

As the value of an Entertainment Rewards share after the Proposed Transaction (on a minority basis), under all potential outcomes, is less than the assessed value range of an Entertainment Rewards share before the Proposed Transaction (on a control basis), we have assessed the Proposed Transaction as being not fair.

### 8.2 Reasonableness

In accordance with ASIC guidelines, we have defined the Proposed Transaction as reasonable if it is fair, or if despite not being fair, the advantages to Non-Associated Shareholders outweigh the disadvantages. We have therefore considered the following advantages and disadvantages of the Proposed Transaction to Non-Associated Shareholders.

#### Advantages

##### *Conversion price above assessed value*

In respect of the extension of the repayment date of the Convertible Loan and the extension of the conversion option to include the outstanding interest on the Convertible Loan, the conversion price greater than both the recent market price for Entertainment Rewards shares and our assessed market value of an Entertainment Rewards share on a control and minority basis. Thus, conversion of one, or both, of the Convertible Loan and the outstanding interest is value accretive to Non-Associated Shareholders.

##### *Limited impact on business operations*

The approval of the components of the Proposed Transaction, either individually or together, has no impact on business operations other than providing management with additional flexibility in respect to the repayment / conversion of the Convertible Loan and the outstanding interest.

##### *Limited alternative options for repayment of the outstanding interest*

In the absence of the Proposed Transaction, Entertainment Rewards would be required to repay the outstanding interest on the Convertible Loan by 31 December 2025. Entertainment Rewards does not currently have the funds to repay the interest and given the current financial performance of Entertainment Rewards we consider it very unlikely that alternative finance could be sourced on more favourable terms than the Proposed Transaction.



### *No immediate access to control value*

Per RG111 we have assessed the value of an Entertainment Rewards share before the Proposed Transaction on a control basis. However, in the absence of a transaction to acquire all of the shares in Entertainment Rewards, minority shareholders cannot achieve a control value for their shares. If the assessed value of an Entertainment Rewards share before and after the Proposed Transaction was assessed on a like for like basis, then the value of an Entertainment Rewards share after the Proposed Transaction would be greater than the value of an Entertainment Rewards share before the Proposed Transaction, reflecting the value accretion as a result of the conversion price of the Convertible Loan being higher than the assessed value of an Entertainment Rewards share.

### **Disadvantages**

#### *Increase in interest of Suzerain*

The approval of the components of the Proposed Transaction, either individually or together, will increase the interest of Suzerain and its associates. The conversion of the Convertible Loan and/or outstanding interest on the Convertible Loan, will increase Suzerain's interest to above 75%, enabling Suzerain to pass a special resolution without the support of any other shareholders. However, given that Suzerain already has a 73.7% interest in Entertainment Rewards (including shareholdings held by its associates and Loan Funded Shares), an increase in their interest as a result of the Proposed Transaction will result in little difference to the practical level of control already enjoyed by Suzerain.

### **Conclusion on reasonableness**

In determining whether the Proposed Transaction is reasonable we have had primary regard to the following factors:

- ◆ The conversion price of the Convertible Loan, and the outstanding interest, is greater than the current trading price and our assessed value of an Entertainment Reward share.
- ◆ The Proposed Transaction provides greater flexibility in relation to the financing arrangements for Entertainment Rewards.
- ◆ The increase in Suzerain's interest in Entertainment Rewards as a result of the Proposed Transaction would have little impact on the practical level of control already enjoyed by Suzerain, even if all components of the Proposed Transaction were approved.

As a result of the above, we consider the advantages of the Proposed Transaction outweigh the disadvantages and we consider this to be the case for any of the potential outcomes of the Proposed Transaction (refer to section 7.2 for a description of all of the possible outcomes of the Proposed Transaction).

## **8.3 Opinion**

The Proposed Transaction is not fair but reasonable to Non-Associated Shareholders. Our opinion is the same for all of the possible outcomes of the Proposed Transaction as described in Section 7.2

An individual shareholder's decision in relation to the Proposed Transaction may be influenced by their own particular circumstances. If in doubt, the shareholder should consult an independent financial adviser.

## APPENDIX 1: GLOSSARY

Term	Meaning
ACCC	Australian Competition and Consumer Commission
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited
AUD	Australian Dollar
Australian Fintech	Australian Fintech Plus Pty Ltd
B2C	Business-to-consumer
BPS	BPS Technology Limited
CAGR	Compound Annual Growth Rate
CAPM	Capital Asset Pricing Model
Convertible Loan	\$22.5 million convertible loan facility extended by Suzerain to Entertainment Rewards
Corporations Act	The Corporations Act 2001
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Fair market value	The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arms' length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts
FSG	Financial Services Guide
FY	Financial year
Item 7	Item 7 of Section 611 of the Corporations Act
Leadenhall	Leadenhall Corporate Advisory Pty Ltd
LFS	Loan Funded Scheme
Model	Cash flow projections prepared by management for the three year period from FY26 to FY28.
NPAT	Net profit after tax
P / E	Price to Earnings
PBT	Profit before tax
Proposed Transaction	Includes: <ul style="list-style-type: none"> <li>♦ Extension of the repayment date and conversion period of the Convertible Loan for a further three years to 31 December 2028.</li> <li>♦ Extending the conversion option of the Convertible Loan to the outstanding interest on the Convertible Loan of \$4.53 million subject to the same terms as the Convertible Loan.</li> <li>♦ The transfer of 52,170,068 Entertainment Rewards shares from Australian Fintech to Suzerain. Australian Fintech and Suzerain.</li> </ul>
RG111	Regulatory Guide 111: Content of Expert Reports
RG74	Regulatory Guide 74: Acquisitions Approved by Members
Section 606	Section 606 of the Corporations Act 2001
Shareholders	Current non-associated shareholders of Entertainment Rewards
Suzerain	Suzerain Investment Holdings Pty Ltd
WACC	Weighted Average Cost of Capital

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## APPENDIX 2: VALUATION METHODOLOGIES

In preparing this report we have considered valuation methods commonly used in practice and those recommended by RG 111. These methods include:

- ◆ The discounted cash flow method
- ◆ The capitalisation of earnings method
- ◆ Asset based methods
- ◆ Analysis of share market trading
- ◆ Industry specific rules of thumb

The selection of an appropriate valuation method to estimate fair market value should be guided by the actual practices adopted by potential acquirers of the company involved.

### Discounted cash flow method

#### Description

Of the various methods noted above, the discounted cash flow method has the strongest theoretical standing. It is also widely used in practice by corporate acquirers and company analysts. The discounted cash flow method estimates the value of a business by discounting expected future cash flows to a present value using an appropriate discount rate. A discounted cash flow valuation requires:

- ◆ A forecast of expected future cash flows
- ◆ An appropriate discount rate

It is necessary to project cash flows over a suitable period of time (generally regarded as being at least five years) to arrive at the net cash flow in each period. For a finite life project or asset this would need to be done for the life of the project. This can be a difficult exercise requiring a significant number of assumptions such as revenue growth, future margins, capital expenditure requirements, working capital movements and taxation.

The discount rate used represents the risk of achieving the projected future cash flows and the time value of money. The projected future cash flows are then valued in current day terms using the discount rate selected.

The discounted cash flow method is often sensitive to a number of key assumptions such as revenue growth, future margins, capital investment, terminal growth and the discount rate. All of these assumptions can be highly subjective sometimes leading to a valuation conclusion presented as a range that is too wide to be useful.

#### Use of the discounted cash flow method

A discounted cash flow approach is usually preferred when valuing:

- ◆ Early stage companies or projects
- ◆ Limited life assets such as a mine or toll concession
- ◆ Companies where significant growth is expected in future cash flows
- ◆ Projects with volatile earnings

It may also be preferred if other methods are not suitable, for example if there is a lack of reliable evidence to support a capitalisation of earnings approach. However, it may not be appropriate if:

- ◆ Reliable forecasts of cash flow are not available and cannot be determined
- ◆ There is an inadequate return on investment, in which case a higher value may be realised by liquidating the assets than through continuing the business

## Capitalisation of earnings method

### Description

The capitalisation of earnings method is a commonly used valuation methodology that involves determining a future maintainable earnings figure for a business and multiplying that figure by an appropriate capitalisation multiple. This methodology is generally considered a short form of a discounted cash flow, where a single representative earnings figure is capitalised, rather than a stream of individual cash flows being discounted. The capitalisation of earnings methodology involves the determination of:

- ◆ A level of future maintainable earnings
- ◆ An appropriate capitalisation rate or multiple.

A multiple can be applied to any of the following measures of earnings:

- ◆ **Revenue** – most commonly used for companies that do not make a positive EBITDA or as a cross-check of a valuation conclusion derived using another method.
- ◆ **EBITDA** - most appropriate where depreciation distorts earnings, for example in a company that has a significant level of depreciating assets but little ongoing capital expenditure requirement.
- ◆ **EBITA** - in most cases EBITA will be more reliable than EBITDA as it takes account of the capital intensity of the business.
- ◆ **EBIT** - whilst commonly used in practice, multiples of EBITA are usually more reliable as they remove the impact of amortisation which is a non-cash accounting entry that does not reflect a need for future capital investment (unlike depreciation).
- ◆ **NPAT** - relevant in valuing businesses where interest is a major part of the overall earnings of the group (e.g. financial services businesses such as banks).

Multiples of EBITDA, EBITA and EBIT are commonly used to value whole businesses for acquisition purposes where gearing is in the control of the acquirer. In contrast, NPAT (or P/E) multiples are often used for valuing minority interests in a company.

The multiple selected to apply to maintainable earnings reflects expectations about future growth, risk and the time value of money all wrapped up in a single number. Multiples can be derived from three main sources. Using the guideline public company method, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business and that are actively traded on a free and open market, such as the ASX. The merger and acquisition method is a method whereby multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business. It is also possible to build a multiple from first principles.

### Use of the capitalisation of earnings method

The capitalisation of earnings method is widely used in practice. It is particularly appropriate for valuing companies with a relatively stable historical earnings pattern which is expected to continue. This method is less appropriate for valuing companies or assets if:

- ◆ There are no suitable listed company or transaction benchmarks for comparison
- ◆ The asset has a limited life
- ◆ Future earnings or cash flows are expected to be volatile
- ◆ There are negative earnings or the earnings of a business are insufficient to justify a value exceeding the value of the underlying net assets

## Asset based methods

### Description

Asset based valuation methods estimate the value of a company based on the realisable value of its net assets, less its liabilities. There are a number of asset based methods including:

- ◆ Orderly realisation
- ◆ Liquidation value
- ◆ Net assets on a going concern basis
- ◆ Replacement cost
- ◆ Reproduction cost

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

The asset / cost approach is generally used when the value of the business' assets exceeds the present value of the cash flows expected to be derived from the ongoing business operations, or the nature of the business is to hold or invest in assets. It is important to note that the asset approach may still be the relevant approach even if an asset is making a profit. If an asset is making less than an economic rate of return and there is no realistic prospect of it making an economic return in the foreseeable future, an asset approach would be the most appropriate method.

### Use of asset based methods

An asset-based approach is a suitable valuation method when:

- ◆ An enterprise is loss making and is not expected to become profitable in the foreseeable future
- ◆ Assets are employed profitably but earn less than the cost of capital
- ◆ A significant portion of the company's assets are composed of liquid assets or other investments (such as marketable securities and real estate investments)
- ◆ It is relatively easy to enter the industry (for example, small machine shops and retail establishments)

Asset based methods are not appropriate if:

- ◆ The ownership interest being valued is not a controlling interest, has no ability to cause the sale of the company's assets and the major holders are not planning to sell the company's assets
- ◆ A business has (or is expected to have) an adequate return on capital, such that the value of its future income stream exceeds the value of its assets

### Analysis of share trading

The most recent share trading history provides evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market. There should also be some similarity between the size of the parcel of shares being valued and those being traded. Where a company's shares are publicly traded then an analysis of recent trading prices should be considered, at least as a cross-check to other valuation methods.

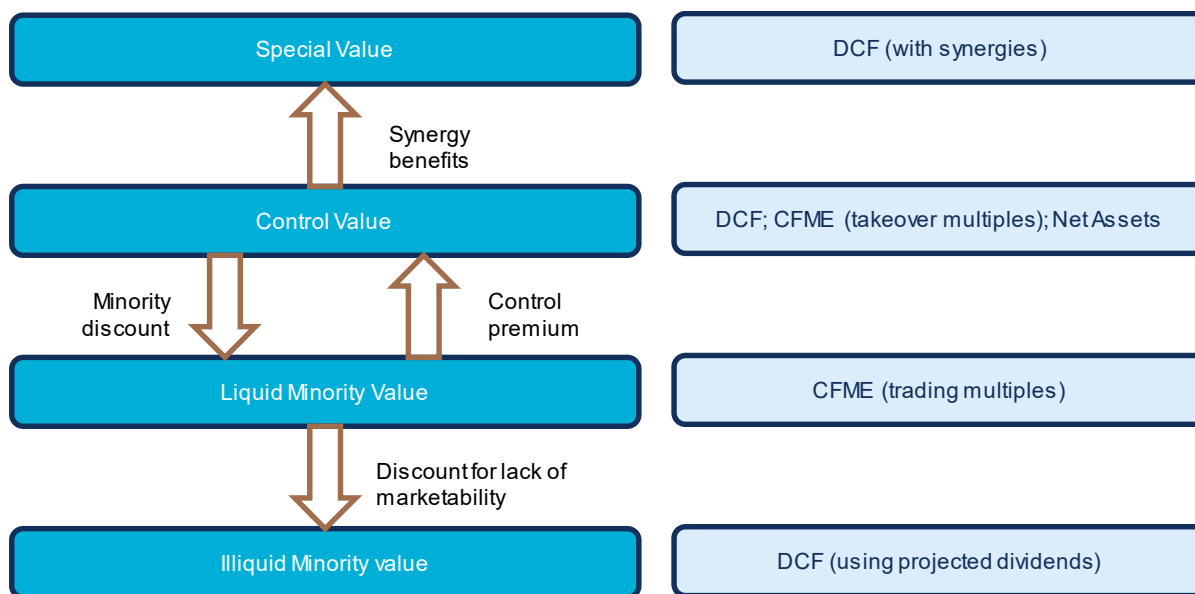
### Industry specific rules of thumb

Industry specific rules of thumb are used in certain industries. These methods typically involve a multiple of an operating figure such as eyeballs for internet businesses, numbers of beds for hotels etc. These methods are typically fairly crude and are therefore usually only appropriate as a cross-check to a valuation determined using an alternative method.

## APPENDIX 3: LEVELS OF VALUE

### Background

When valuing a company there are various conceptual levels of value that can be determined depending on the method selected and the assumptions applied. These levels are highlighted in the diagram below. It is important to be aware of the level of value determined by any valuation technique and to ensure that it is consistent with the subject of the valuation.



The key differences between these levels of value are the control premium and the discount for lack of marketability. The opposite of a control premium is a minority discount (also known as a discount for lack of control). These are discussed further in:

- ◆ Appendix 5 Control Premium
- ◆ Appendix 6 Marketability

Each of these levels of value and the valuation techniques for deriving them are discussed below. It is also possible to determine the value at any of the levels by starting at a different level of value and then applying the relevant discounts and/or premiums to obtain the required level of value. For example, an illiquid minority value could be determined by using a discounted cash flow method to determine a control value and then deducting an appropriate minority discount and a discount for lack of marketability.

### Special value

The highest level of value is referred to as special value. This is the value of a company to a particular purchaser, where that purchaser is able to enjoy benefits of owning the company that are not available to other potential owners. Special value is not typically observed as a buyer would not benefit its own shareholders if it paid the full amount of special value in a transaction. However, in contested takeover situations transactions often take place at a price that is higher than the stand-alone control value, meaning the value of some synergies is paid by the bidder to the target's shareholders. The definitions of Fair Market Value specifically excludes any special value.

Special value can be estimated using a discounted cash flow analysis. This analysis would include the expected synergy benefits in the forecast cash flows.

## Control value

The next level of value is the stand-alone control value. This represents the value of the whole of an entity, without considering any potential synergy benefits. The benefits of controlling an enterprise are discussed further in Appendix 5. A control value can be determined using one of the following approaches:

- ◆ Discounted cash flow (using free cash flow to the business or to equity)
- ◆ Capitalisation of earnings, using multiples for comparable transactions
- ◆ Capitalisation of earnings, using multiples derived from first principles (analogous to a discounted cash flow)
- ◆ A net asset based approach

It is possible that transactions involving comparable entities include some element of payment for synergies. Thus, using multiples determined by this method may provide a valuation that is higher than a stand-alone control value. It is therefore necessary to consider the nature of the buyer and the details of the transaction before accepting a comparable transaction as evidence of a control value.

## Liquid minority value

This is the most frequently observed level of value as it is consistent with market trading on public exchanges. It can be determined directly by the application of the capitalisation of maintainable earnings, where the multiple used is determined based on market prices of comparable companies.

## Illiquid minority value

This represents a minority holding in a private company. Such a stake can be difficult to sell and often offers little ability to influence the operations of the business. This level of value is mostly commonly estimated by reference to a higher level of value and the application of discounts. However, it can be estimated directly either by considering comparable transactions involving similar assets or the application of a discounted cash flow analysis based on expected cash flows to the minority owner. In some cases the shareholders' agreement can restrict the transfer and sale of shares to third parties which increases the applicable discount.



## APPENDIX 4: DISCOUNT RATE

The selected discount rate applied in our discounted cash flow analysis for Entertainment Rewards has been determined using the weighted average cost of capital. We have estimated the cost of equity component with the capital asset pricing model.

### Post-tax cost of equity ( $K_e$ )

The CAPM is based on the assumption that investors require a premium for investing in equities rather than in risk-free investments (such as government bonds). The cost of equity,  $K_e$ , is the rate of return that investors require to make an equity investment in a firm.

The cost of equity capital under CAPM is determined using the following formula:

$$K_e = R_f + \beta \times (R_m - R_f) + \alpha$$

The components of the CAPM formula are:

**Table 19: Components of CAPM**

Input	Definition
$K_e$	The required post-tax return on equity
$R_f$	The risk-free rate of return
$R_m$	The expected return on the market portfolio
EMRP	The market risk premium ( $R_m - R_f$ )
$\beta$	The beta, the systematic risk of a stock (this is an equity or levered beta)
$\alpha$	The specific company risk premium

Each of the components in the above equation is discussed below.

### Risk-free rate ( $R_f$ )

The relevant risk-free rate of return is the return on a risk-free security, typically over a long-term period. In practice, long dated government bonds are an acceptable benchmark for the risk-free security. We have selected a risk-free rate of 4.28%, being the yield on 10-year Australian Government bonds as at 31 August 2025.

### Equity market risk premium (EMRP)

The EMRP ( $R_m - R_f$ ) represents the additional return that investors expect from an investment in a well-diversified portfolio of assets (such as a market index). It is the excess return above the risk-free rate that investors demand for their increased exposure to risk, when investing in equity securities.

Leadenhall undertakes a review of the EMRP at least every six months, taking account of market trading levels and industry practice at the time. Our most recent analysis of the implied EMRP in Australia was in June 2025. As a result, we are currently recommending an EMRP of 4.75% for Australia.



Beta estimate ( $\beta$ )

Description

The beta factor is a measure of the risk of an investment or business operation, relative to a well-diversified portfolio of assets. The only risks that are captured by beta are those risks that cannot be eliminated by the investor through diversification. Such risks are referred to as systematic, undiversifiable or uninsurable risk.

Beta is a measure of the relative riskiness of an asset in comparison to the market as a whole – by definition, the market portfolio has an equity beta of 1.0. The equity betas of various Australian industries listed on the Australian Stock Exchange are reproduced below.

Figure 9: Industry betas



Source: SIRCA as at 30 June 2025 (latest available)

Betas derived from share market observations represent equity betas, which reflect the degree of financial gearing of the company. In order to eliminate the impact of differing capital structures, analysts often 'unlever' observed betas to calculate an asset beta. The selected asset beta is then 'relevered' with a target level of debt. The asset betas of companies comparable to Entertainment Rewards are included in the following table.

**Table 20: Comparable company betas**

Company	Country	Market Cap (A\$m)	Gearing D/EV <sup>1,2</sup>	Asset Beta SIRCA <sup>2</sup>	LH <sup>2</sup>	R <sup>2</sup> SIRCA	LH
<b>Australian Comparable Companies</b>							
EML Payments Limited	Australia	432	6%	0.95	0.89	0.02	0.03
Gratifi Limited	Australia	42	8%	(0.02)	0.06	n/a	0.00
EonX Technologies Inc.	Australia	38	15%	n/a	2.96	n/a	0.10
Rewardle Holdings Limited	Australia	15	3%	1.21	0.24	0.03	0.00
My Rewards International Limited	Australia	8	14%	0.71	0.65	0.02	0.03
<b>Average (excluding outliers<sup>4</sup>) - Australian</b>			<b>9%</b>	<b>0.96</b>	<b>0.77</b>		
<b>Median (excluding outliers<sup>4</sup>) - Australian</b>			<b>8%</b>	<b>0.95</b>	<b>0.77</b>		
<b>International Comparable Companies</b>							
Expedia Group, Inc.	United States	40,626	10%	n/a	1.33	n/a	0.29
Rakuten Group, Inc.	Japan	20,654	-85%	n/a	1.39	n/a	0.10
Yelp Inc.	United States	3,048	-14%	n/a	0.55	n/a	0.08
Groupon, Inc.	United States	1,613	7%	n/a	0.12	n/a	0.00
Travelzoo	United States	165	-11%	n/a	0.95	n/a	0.07
Snipp Interactive Inc.	Canada	18	-11%	n/a	0.55	n/a	0.01
Xamble Group Limited	Malaysia	9	-20%	0.42	0.47	n/a	0.01
<b>Average (excluding outliers<sup>4</sup>) - International</b>			<b>9%</b>	<b>n/a</b>	<b>0.87</b>		
<b>Median (excluding outliers<sup>4</sup>) - International</b>			<b>9%</b>	<b>n/a</b>	<b>0.75</b>		
<b>Average (excluding outliers<sup>4</sup>) - Overall</b>			<b>9%</b>	<b>0.96</b>	<b>0.85</b>		
<b>Median (excluding outliers<sup>4</sup>) - Overall</b>			<b>8%</b>	<b>0.95</b>	<b>0.77</b>		

Source: S&P Capital IQ as at 31 August 2025; SIRCA as at 31 March 2025

Notes:

1. Gearing levels represent the five-year average gearing levels.

2. The outliers are highlighted in grey and have been excluded from the average and median calculations.

### **Selected beta ( $\beta$ )**

In selecting an appropriate beta for Entertainment Rewards, we have considered the following:

- ◆ The industry equity betas for the Australian Media and Entertainment and Software and Services industries are 1.40 and 1.58 respectively.
- ◆ The average asset beta for comparable Australian loyalty solutions providers is between 0.77 and 0.96, excluding outliers.
- ◆ The average asset beta for comparable international loyalty and payment solutions providers is 0.87 while the median asset beta is 0.77, excluding outliers.
- ◆ The overall average asset beta is 0.85 while the median asset beta is 0.77 excluding outliers and SIRCA data.
- ◆ The industry equity betas are less directly relevant in terms of business models and as such we have placed greater emphasis on the comparable company betas.
- ◆ As a result of these considerations, we have selected an asset beta between 0.80 and 0.90 for Entertainment Rewards, which is in line with the average of the comparable companies. This equates to an equity beta of 0.86 to 0.97 after applying our selected gearing level of 10%. Our selected gearing level takes into consideration Entertainment Rewards' long-term need for leverage to fund its growth and maximise returns to shareholders, constrained by the lack of ability to support significant levels of debt given its poor profitability and cash flow generation. The selected gearing level is within the range of the comparable companies' gearing levels.

Specific company risk premium ( $\alpha$ )

Size premium

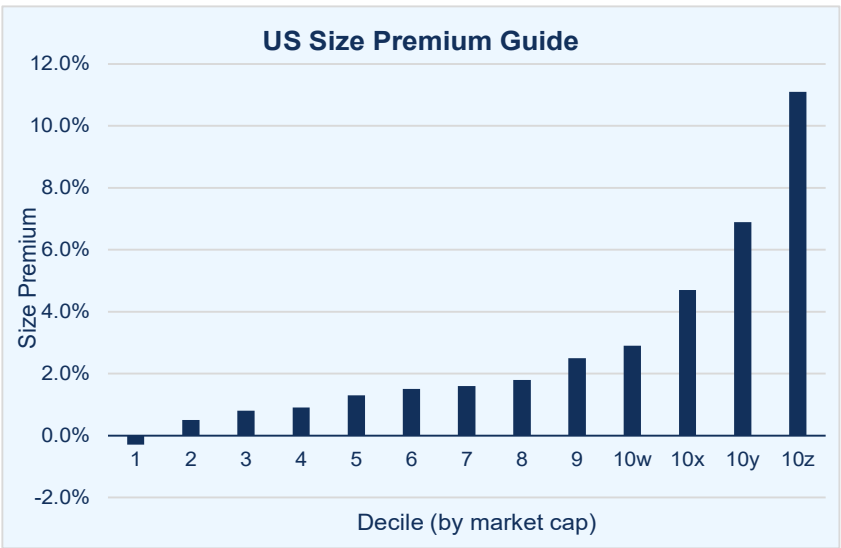
The size premium is the additional return that investors require for the risks of investing in small businesses. To date, whilst it has not been possible to isolate the specific causes of size premiums (other than simply size), many factors have been suggested, including:

- ◆ Depth of management
- ◆ Reliance on key personnel
- ◆ Weak market position
- ◆ Reliance on key customers
- ◆ Reduced access to capital
- ◆ Deeper pool of investors for larger companies
- ◆ Reliance on key suppliers
- ◆ Lack of geographic diversification
- ◆ Limited access to technology
- ◆ Absence of broker analysis
- ◆ Supplier concentration
- ◆ Investors in large companies often more diversified

The size premium can be observed in earnings multiples of listed companies, with large companies trading on higher multiples than small companies, all else being equal. Size premiums are observed consistently across time, across different markets and across a very wide range of company values.

A number of studies have been undertaken attempting to measure the size premium, in particular in the US. The Duff & Phelps Cost of Capital Navigator is an online application that provides guidance in estimating cost of capital. It contains calculations of the size premium for each decile of market capitalisation. As the size premium is most significant for very small companies, the tenth decile is then further divided into four equal segments. The following chart summarises the size premium data from the Duff & Phelps Cost of Capital Navigator.

Table 21: Evidence of size premium



Source: Duff & Phelps Cost of Capital Navigator, data through 31 December 2018

Note: The first decile represents the largest companies while the 10z decile represents the smallest companies by market capitalisation.

As mentioned above, the existence of the size premium has been well documented. However, there are limited studies setting out the appropriate bands of size premium and the quantum of size premium applicable to each band. For this reason, the above table should be taken as broad support for the size effect and not an exact guide to the extent of any particular discount or premium that should be applied.

Although there is considerable evidence from the US, in the Australian context, the relatively small size of the Australian equity market makes it more difficult to observe the existence of this phenomenon.

Leadenhall and others have conducted a number of high-level studies which have confirmed the existence of the size effect in the Australian market. However, we are not aware of any Australian studies that have been performed with the same detail and rigour as the US studies, such as the Duff & Phelps data presented above. Based on the evidence from US studies and our knowledge of prices actually paid in Australian transactions, from which a discount rate can be implied, we believe the size premium ranges in the below table are appropriate. This table should be taken as a guide to the appropriate size premium for a given business and needs to be considered in conjunction with the specific circumstances of a particular business.

**Table 22: Leadenhall size premium bandings**

Size Premium Guide for Australia				
Size	Mkt Cap Range (AU\$m)		Size Premium	
	Low	High	Low	High
Largest	4,000	Above	-	-
Large	1,000	4,000	-	1.0%
Mid-cap	300	1,000	1.0%	2.0%
Low-cap	100	300	2.0%	3.0%
Small-cap	50	100	3.0%	5.0%
Micro-cap	10	50	5.0%	8.0%
Medium private <sup>1</sup>	5	10	8.0%	11.0%
Small private <sup>1</sup>	2	5	11.0%	15.0%
Smallest <sup>1</sup>	-	2	15.0%	20.0%

Source: Leadenhall analysis

Note 1: We do not generally consider the CAPM model to be reliable for entities of this size as they often do not meet the background assumptions underpinning the CAPM. In particular investors are often not diversified, and it is rarely possible to lend or borrow stock of entities this size (i.e. a market for shorting these stocks). These suggested size premiums are therefore presented as an approximate guide only as alternate models, studies and rules of thumb are commonly utilised for these types of companies.

Based on our assessed equity, Entertainment Rewards value would be considered a micro-cap company and as such a size premium of between 5.0% and 8.0% would generally apply. Accordingly, we have selected a size premium of 6.5% to 7.5%.

#### **Other company specific risks**

The specific company risk premium adjusts the cost of equity for company specific factors, including unsystematic risk factors such as reliance on key customers, reliance on key suppliers, existence of contingent liabilities etc that are not already factored into the size premium. We have applied a specific risk premium of 4% for the Proposed Transaction valuation on the basis that the ongoing operations of Entertainment Rewards is critically dependent upon the continued financial support from Suzerain and its related parties as well as the success of the revenue pivot strategies. Given the inherent uncertainties and highly sensitive assumptions underpinning the cashflows, there is a material risk that Entertainment Rewards may not be able to continue as a going concern.

#### **Dividend Imputation**

Since July 1987, Australia has had a dividend imputation system in place, which aims to remove the double taxation effect of dividends paid to investors. Under this system, domestic equity investors receive a taxation credit (franking credit) for any tax paid by a company. The franking credit attaches to any dividends paid out by a company and the franking credit offsets personal tax. To the extent the investor can utilise the franking credit to offset personal tax, then the corporate tax is now not a real impost. It is best considered as a withholding tax for personal taxes. It can therefore be argued that the benefit of dividend imputation should be added to any analysis of value.

However, in our view, the evidence relating to the value that the market ascribes to imputation credits is inconclusive. There are diverse views as to the value of imputation credits and the appropriate method that should be employed to calculate this value. Due to the uncertainty surrounding the extent to which acquirers of assets factor in dividend imputation, we have not factored in dividend imputation.

## Conclusion on cost of equity

The following table sets out our cost of equity estimate for Entertainment Rewards based on the assumptions and inputs discussed above:

**Table 23: Estimated cost of equity for Entertainment Rewards**

Discount Rate Summary		
	Low	High
Risk free rate ( $R_f$ )	4.28%	4.28%
Asset beta ( $\beta_A$ )	0.80	0.90
Equity beta ( $\beta_E$ )	0.86	0.97
Equity market risk premium (EMRP)	4.75%	4.75%
Size premium ( $\alpha_{size}$ )	6.5%	7.5%
Specific risk premium ( $\alpha_c$ )	4.0%	4.0%
<b>Assessed cost of equity (<math>k_e</math>)</b>	<b>18.9%</b>	<b>20.4%</b>

Source: Leadenhall analysis

## Post-tax weighted average cost of capital (WACC)

WACC reflects the rate of return expected for an asset, adjusted for its underlying funding structure, such as relative components of debt and equity, calculated as follows:

$$WACC = (K_e \times E/V) + (K_d \times D/V + (1 - t_c))$$

The components of the WACC formula are:

**Table 24: Components of WACC**

Input	Definition
<b>WACC</b>	The post-tax weighted average cost of capital
<b><math>K_e</math></b>	The required post-tax return on equity
<b><math>t_c</math></b>	The corporate tax rate
<b><math>K_d</math></b>	The required pre-tax return on debt
<b>D</b>	The market value of debt
<b>E</b>	The market value of equity
<b>V</b>	The market value of business, where $V = D + E$

Each of the components in the above equation is discussed below.

### Cost of equity ( $K_e$ )

The required post-tax return on equity as assessed in the preceding section.

### Corporate tax rate ( $t_c$ )

The corporate tax rate in Australia is 30% and we have adopted this rate in calculating the WACC for Entertainment Rewards.

### Cost of debt capital ( $K_d$ )

The cost of borrowing is the expected future borrowing cost of the relevant project and/or business. We have assessed the cost of debt capital for Entertainment Rewards to be between 6.5% and 7.0%, based on current indicative lending rates for businesses of similar size as Entertainment Rewards.

### Debt and equity mix

The selection of an appropriate capital structure is a subjective exercise. The tax deductibility of the cost of debt means that the higher the proportion of debt, the lower the WACC for a given cost of equity. However, at significantly higher levels of debt, the marginal cost of borrowing would increase due to the greater risk which debt holders are exposed to. In addition, the cost of equity would also be likely to increase due to equity investors requiring a higher return given the higher degree of financial risk that they have to bear.

Ultimately for each company there is likely to be a level of debt/equity mix that represents the optimal capital structure for that company. In estimating the WACC, the debt/equity mix assumption should reflect what would be the optimal or target capital structure for the relevant asset. We have selected a debt to enterprise value of 10% which takes into consideration Entertainment Reward's long-term need for leverage to fund its growth and maximise returns to shareholders, constrained by the lack of ability to support significant levels of debt given its poor profitability and cash flow generation. The selected gearing level is within the range of the comparable companies' gearing levels.

### Calculation of WACC

The table below summarises the post-tax, nominal discount rate we have derived for Entertainment Rewards, based on the assumptions and inputs discussed above.

**Table 25: Estimated WACC for Entertainment Rewards**

Discount Rate Summary		
	Low	High
<b>Assessed cost of equity (<math>k_e</math>)</b>	<b>18.9%</b>	<b>20.4%</b>
Cost of debt ( $K_d$ )	6.5%	7.0%
Gearing ( $D/V$ )	10.0%	10.0%
Tax rate ( $t$ )	30.0%	30.0%
<b>Calculated WACC</b>	<b>17.4%</b>	<b>18.8%</b>
<b>Selected WACC</b>	<b>17.5%</b>	<b>19.0%</b>

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## APPENDIX 5: CONTROL PREMIUM

The outbreak of COVID-19 and the consequential general decline in share prices is likely to have an impact on implied control premiums in the current environment. Although there is anecdotal evidence from previous economic downturns of control premiums being higher than the long-term average in times of economic distress, it is difficult to quantify the impact of the current environment on long-term estimates based on currently available data. We have therefore presented our analysis of control premiums prior to the outbreak of COVID-19 noting that any reasonable range of control premiums does not impact our conclusion.

### Background

As discussed above, the difference between the control value and the liquid minority value of a security is the control premium. The inverse of a control premium is a minority discount (also known as a discount for lack of control). A control premium is said to exist because the holder of a controlling stake has several rights that a minority holder does not enjoy (subject to shareholders agreements and other legal constraints), including the ability to:

- ◆ Appoint or change operational management
- ◆ Appoint or change members of the board
- ◆ Determine management compensation
- ◆ Determine owner's remuneration, including remuneration to related party employees
- ◆ Determine the size and timing of dividends
- ◆ Control the dissemination of information about the company
- ◆ Set strategic focus of the organisation, including acquisitions, divestments and any restructuring
- ◆ Set the financial structure of the company (debt / equity mix)
- ◆ Block any or all of the above actions

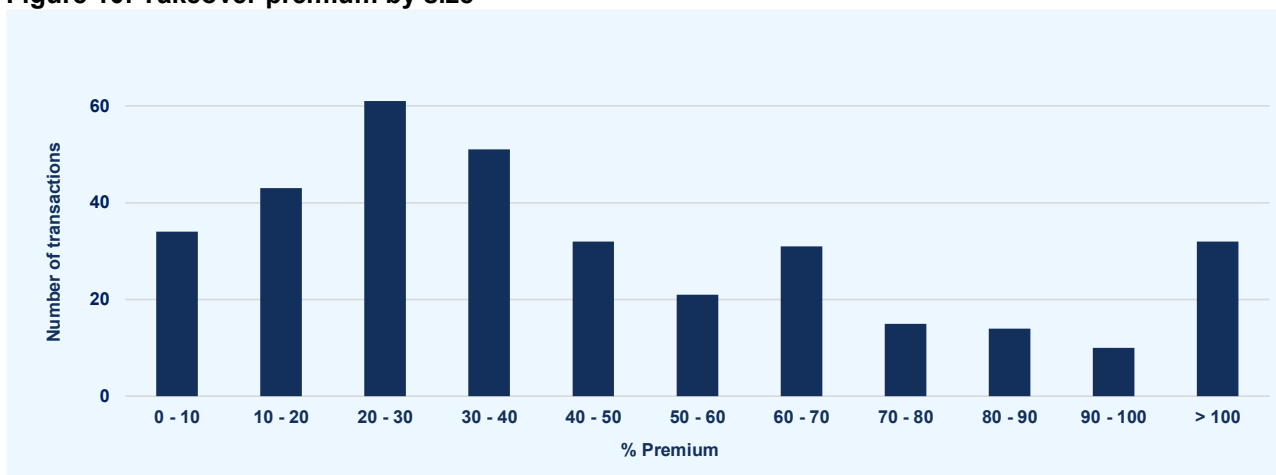
The most common approach to quantifying a control premium is to analyse the size of premiums implied from prices paid in corporate takeovers. Another method is the comparison between prices of voting and non-voting shares in the same company. We note that the size of the control premium should generally be an outcome of a valuation and not an input into one, as there is significant judgement involved.

### Takeover Premiums

#### Dispersion of premiums

The following chart shows the spread of premiums paid in takeovers between 2012 and 2021. We note that these takeover premiums may not be purely control premiums, for example the very high premiums are likely to include synergy benefits, while the very low premiums may be influenced by share prices rising in anticipation of a bid.

**Figure 10: Takeover premium by size**



Sources: S&P Capital IQ, Leadenhall analysis

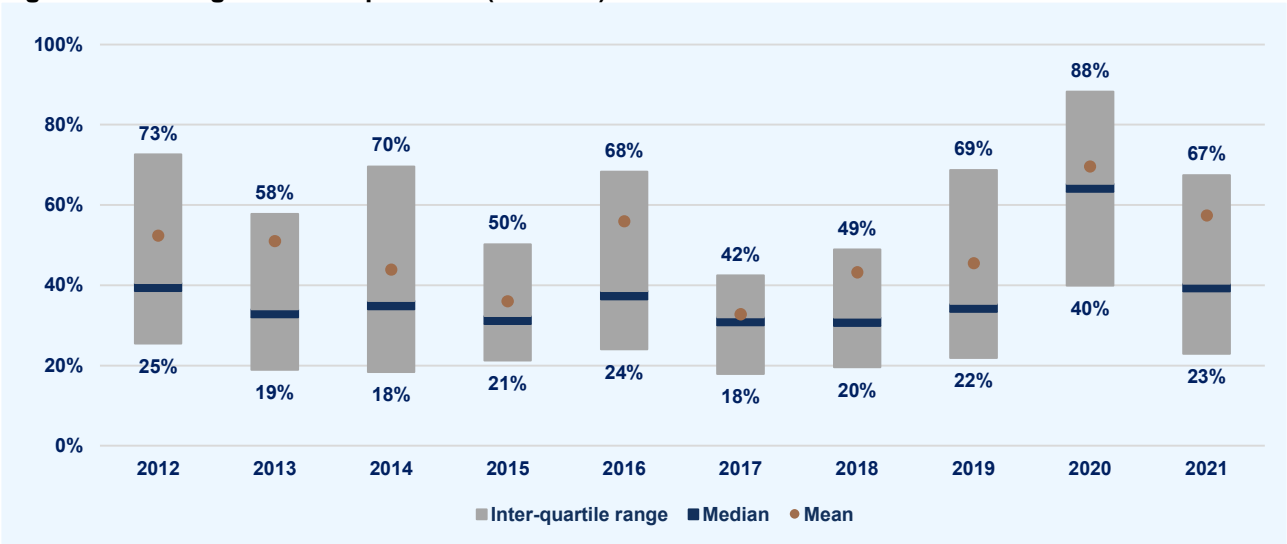


This chart highlights the dispersion of premiums paid in takeovers. The chart shows a long tail of high premium transactions, although the most common recorded premiums are in the range of 20% to 40%, with approximately 65% of all premiums falling in the range of 0% to 50%.

**Premiums over time**

The following chart shows the average premium paid in completed takeovers compared to the price one month before the initial announcement.

**Figure 11: Average takeover premium (1 month)**



Sources: S&P Capital IQ, Leadenhall analysis

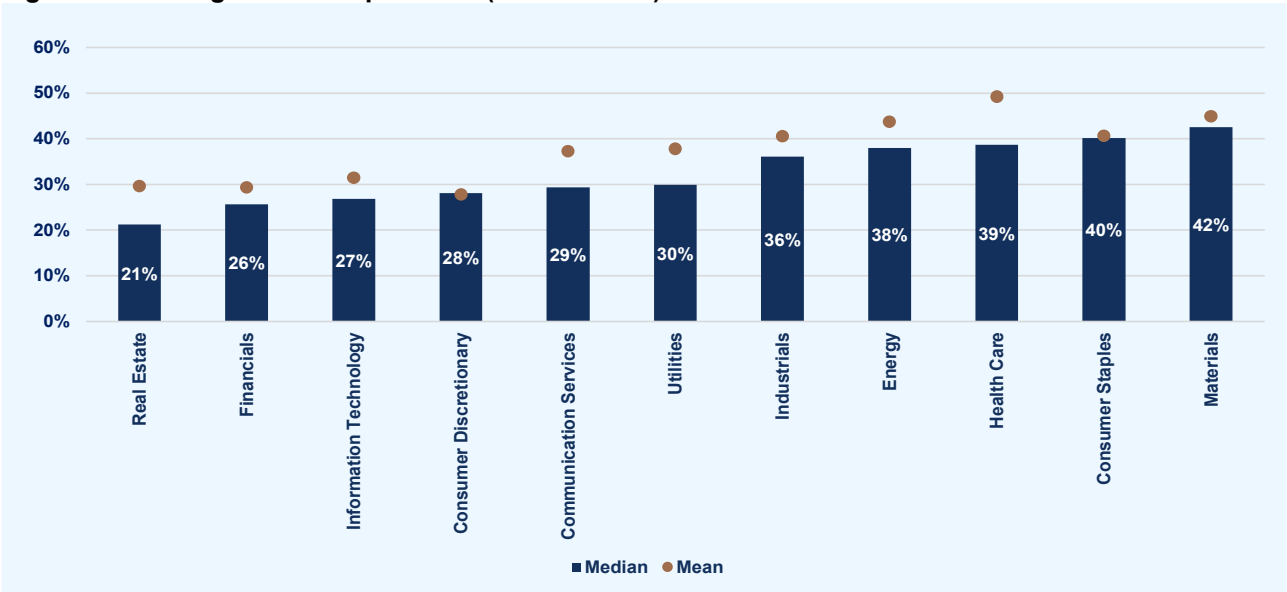
Note: The average premiums presented above exclude transactions with implied control premiums below zero and transactions which we consider to be outliers.

The chart indicates that while premiums vary over time, there is no clearly discernible pattern. The mean is higher than the median due to a small number of high premiums.

**Premiums by industry**

The following chart shows the average takeover premium by industry, compared to the share price one month before the takeover was announced. Most industries show an average premium of 20% to 40%.

**Figure 12: Average takeover premium (2012 to 2021)**



Sources: S&P Capital IQ, Leadenhall analysis

Note: The average premiums presented above exclude specific transactions with implied control premiums below zero or over 100% which we consider to be outliers.



Key factors that generally lead to higher premiums being observed include:

- ◆ Competitive tension arising from more than one party presenting a takeover offer.
- ◆ Favourable trading conditions in certain industries (e.g. recent mining and tech booms).
- ◆ Significant synergistic special or strategic value.
- ◆ Scrip offers where the price of the acquiring entity's shares increases between announcement and completion.

## Industry Practice

In Australia, industry practice is to apply a control premium in the range of 20% to 40%, as shown in the following list quoting ranges noted in various independent experts' reports.

- ◆ Deloitte - 20% to 40%
- ◆ Ernst & Young - 20% to 40%
- ◆ Grant Samuel - 20% to 35%
- ◆ KPMG - 25% to 35%
- ◆ Lonergan Edwards - 30 to 35%
- ◆ PwC - 20% to 40%

The range of control premiums shown above is consistent with most academic and professional literature on the topic.

## Alternative View

Whilst common practice is to accept the existence of a control premium in the order of 20% to 40%, certain industry practitioners (particularly in the US) disagree with the validity of this conclusion. Those with an alternate viewpoint to the fact that very few listed companies are acquired each year as evidence that 100% of a company is not necessarily worth more than the proportionate value of a small interest. Those practitioners agree that the reason we see some takeovers at a premium is that if a company is not well run, there is a control premium related to the difference in value between a hypothetical well run company and the company being run as it is.

## Impact of Methodologies Used

The requirement for an explicit valuation adjustment for a control premium depends on the valuation methodology and approach adopted and the level of value to be examined. It may be necessary to apply a control premium to the value of a liquid minority value to determine the control value. Alternatively, in order to estimate the value of a minority interest, it may be necessary to apply a minority discount to a proportional interest in the control value of the company.

### Discounted cash flow

The discounted cash flow methodology generally assumes control of the cash flows generated by the assets being valued. Accordingly, such valuations reflect a premium for control. Where a minority value is sought a minority discount must therefore be applied. The most common exception to this is where a discounted dividend model has been used to directly determine the value of an illiquid minority holding.

### Capitalisation of earnings

Depending on the type of multiple selected, the capitalisation of earnings methodology can reflect a control value (transaction multiples) or a liquid minority value (listed company trading multiples).

### Asset based methodologies

Asset based methodologies implicitly assume control of the assets being valued. Accordingly, such valuations reflect a control value.

## Intermediate Levels of Ownership

There are a number of intermediate levels of ownership between a portfolio interest and 100% ownership. Different levels of ownership/strategic stakes will confer different degrees of control and rights as shown below.

- ◆ 90% - can compulsory purchase remaining shares if certain conditions are satisfied
- ◆ 75% - power to pass special resolutions
- ◆ 50% - gives control depending on the structure of other interests (but not absolute control)
- ◆ 25% - ability to block a special resolution
- ◆ 20% - power to elect directors, generally gives significant influence, depending on other shareholding blocks
- ◆ < 20% generally has only limited influence

Conceptually, the value of each of these interests lies somewhere between the portfolio value (liquid minority value) and the value of a 100% interest (control value). Each of these levels confers different degrees of control and therefore different levels of control premium or minority discount.

### 50%

For all practical purposes, a 50% interest confers a similar level of control to holdings of greater than 50%, at least where the balance of the shares is listed and widely held. Where there are other significant holders, such as in a 50/50 joint venture, 50% interests involve different considerations depending upon the particular circumstances.

Strategic parcels do not always attract a control premium. In fact, if there is no bidder, the owner may be forced to sell the shares through the share market, usually at a discount to the prevailing market price. This reflects the fact that the sale of a parcel of shares significantly larger than the average number of shares traded on an average day in a particular stock generally causes a stock overhang, therefore there is more stock available for sale than there are buyers for the stock and in order to clear the level of stock available, the share price is usually reduced by what is referred to as a blockage discount.

### 20% to 50%

Holdings of less than 50% but more than 20% can confer a significant degree of influence on the owner. If the balance of shareholders is widely spread, a holding of less than 50% can still convey effective control of the business. However, it may not provide direct ownership of assets or access to cash flow. This level of holding has a strategic value because it may allow the holder significant influence over the company's management, possibly additional access to information and a board seat.

### <20%

Holdings of less than 20% are rarely considered strategic and would normally be valued in the same way as a portfolio interest given the stake would not be able to pass any ordinary or special resolution on their own if they were against the interests of the other shareholders. Depending on the circumstances, a blockage discount may also apply.

As explained above, the amount of control premium or minority discount that would apply in specific circumstances is highly subjective. In relation to the appropriate level of control premium, Aswath Damodaran notes "the value of controlling a firm has to lie in being able to run it differently (and better)". A controlling shareholder will be able to implement their desired changes. However, it is not certain that a non-controlling shareholder would be able to implement changes they desired. Thus, following the logic of Damodaran and the fact that the strategic value of the holding typically diminishes as the level of holding decreases, the appropriate control premium for a non-controlling shareholder should be lower than that control premium for a controlling stake.

## Key Factors in Determining a Reasonable Control Premium

Key factors to consider in determining a reasonable control premium include:

- ◆ **Size of holding** – Generally, larger stakes attract a higher control premium
- ◆ **Other holdings** – The dispersion of other shareholders is highly relevant to the ability for a major shareholder to exert control. The wider dispersed other holdings are, the higher the control premium
- ◆ **Industry premiums** – Evidence of premiums recently paid in a given industry can indicate the level of premium that may be appropriate
- ◆ **Size** – medium sized businesses in a consolidating industry are likely to be acquired at a larger premium than other businesses
- ◆ **Dividends** – a high dividend pay-out generally leads to a low premium for control
- ◆ **Gearing** – a company that is not optimally geared may attract a higher premium than otherwise, as the incoming shareholder has the opportunity to adjust the financing structure
- ◆ **Board** – the ability to appoint directors would increase the control premium attaching to a given parcel of shares. The existence of independent directors would tend to decrease the level of premium as this may serve to reduce any oppression of minority interests and therefore support the level of the illiquid minority value
- ◆ **Shareholders' agreement** - the existence and contents of a shareholder's agreement, with any protection such as tag along and drag along rights offered to minority shareholders lowers the appropriate control premium.

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## APPENDIX 6: MARKETABILITY

### Introduction

Non-controlling interests in unlisted companies generally sell at a discount to the price of comparable listed securities. This difference is known as the discount for lack of marketability ("DLOM") or liquidity discount. It arises because investors place a significant value on liquidity – the ability to sell an investment quickly at a reasonable price. DLOMs generally fall in the range between 10% and 40%. However, there are circumstances where the appropriate discount could be significantly in excess of 40%.

### Evidence for DLOM

#### Restricted stock studies

Many US companies with publicly traded stocks also issue shares that are subject to resale and transfer restrictions (restricted stock). These shares are identical to the publicly traded shares in all respects except for the lack of registration and the restrictions on trading. There have been many studies that compare the prices of restricted stock transactions to the public market trading prices of the freely traded securities on the same day. As the shares are identical in every respect except for their trading status, the difference is solely due to the illiquidity or lack of marketability of the restricted stock. The following table, compiled by John Stockdale, Sr., summarises a number of such studies.

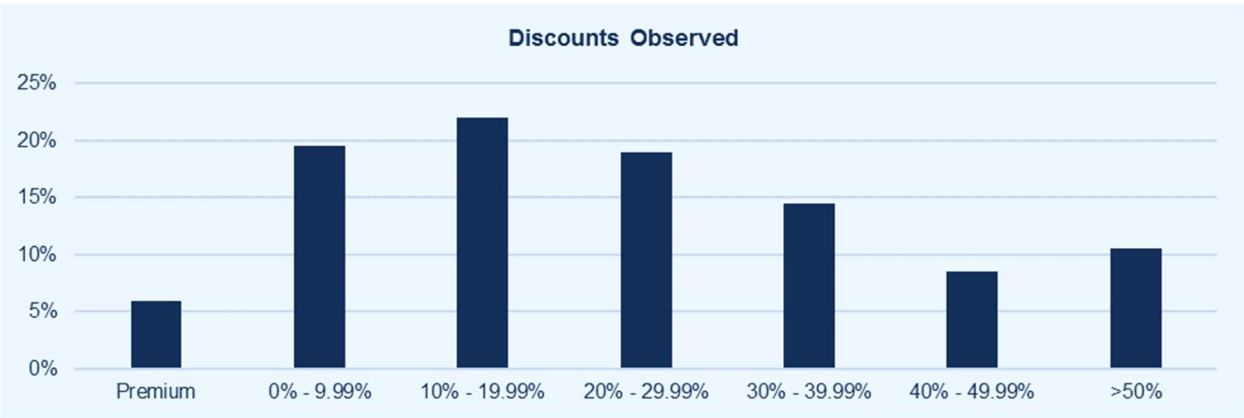
Study	Period	Number of companies	DLOM Mean Median	
SEC Institutional Investor	1966 – 1969	398	24%	-
Gelman	1968 – 1970	89	33%	33%
Moroney	1968 – 1970	145	36%	33%
Maher	1969 – 1973	34	36%	33%
Trout	1968 – 1970	60	34%	-
Standard Research Consultants	1978 – 1982	28	-	45%
Johnson & Racette	1967 – 1973	86	34%	-
Williamette Management Associates	1981 – 1984	33	-	31%
Wruck – Registered	1979 – 1984	36	-4%	2%
Wruck – Unregistered	1979 – 1984	37	14%	12%
Silber	1981 – 1988	69	34%	-
Hertzel & Smith	1980 – 1987	106	20%	13%
Management Planning Inc.	1980 – 1995	49	28%	29%
Johnson	1991 – 1995	72	20%	-
Columbia Financial Advisers	1996 – 1997	23	21%	14%
Columbia Financial Advisers	1997 – 1998	15	13%	9%
Bajaj, Dennis, Ferris & Sarin	1990 – 1995	88	22%	21%
FMV database	1980 – 1997	243	23%	21%
FMV database	1997 – 2007	311	21%	16%
FMV database	2007 – 2008	43	9%	6%
Finnerty	1991 – 1997	101	20%	16%
Wu	1986 – 1997	301	9%	20%
Barclay, Holderness & Sheehan	1979 – 1997	594	19%	17%
Trugman Associates	2007 – 2008	80	18%	14%

Source: BVR's Guide to Discounts for Lack of Marketability, John Stockdale, Sr.

The more recent studies tend to show a smaller level of discount due to the Securities and Exchange Commission ("SEC") relaxing the conditions attached to restricted stock as follows:

- ◆ In 1990 the SEC allowed trading among qualified investors holding restricted stock. This appears to have reduced the discount in restricted stock transactions, as none of the studies after this change found a mean or median discount greater than 22%, while many of the earlier studies reported figures in excess of 30%.
- ◆ In 1997 the SEC reduced the holding period for restricted stock from two years to one year. This had a limited impact on the discount for restricted stock transactions, as shown by the 2% reduction in the mean discount from the transactions in the FMV database.
- ◆ In 2008 the holding period was further reduced from one year to six months. Observed discounts were notably lower after this change, with both relevant studies finding a mean discount below 20%. This highlights the importance of expected time to realisation in assessing a suitable DLOM.

Restricted stock studies generally show a positively skewed distribution. This is perhaps best illustrated by the following summary of six separate studies, collated by Stockdale:



Source: *BVR's Guide to Discounts for Lack of Marketability*, John Stockdale, Sr.

Restricted stock studies have some limitations; in particular they tend to involve relatively small and risky firms; and the individual discounts observed are widely dispersed (although mostly in the range of 0% to 50%). Also, the restrictions typically relate to an escrow period which is not directly comparable with a lack of marketability, where the security can be transferred at any time if a willing buyer can be found.

### Pre-IPO studies

Pre-IPO studies attempt to quantify the DLOM by comparing share prices in IPO transactions with transaction prices in the same shares prior to the IPO. The data available to us from these studies is US based, with two of the most widely referenced studies summarised in the following tables:

Time between transaction and IPO	DLOM	
	Mean	Median
0-30 days	30%	25%
31-60 days	40%	38%
61-90 days	42%	43%
91-120 days	49%	50%
121-153 days	55%	54%

Source: *BVR's Guide to Discounts for Lack of Marketability*, John Stockdale, Sr.

As with the restricted stock studies, these studies show the importance of expected time to realisation. A potential caution with pre-IPO studies is the issue of sample bias, in that only companies that achieved an IPO are included. It is possible that such companies are those that have been successful over the period between the benchmark transaction and the IPO date, possibly overstating the impact of illiquidity, particularly where the time between the benchmark transaction and the IPO is relatively long.

## Event studies

Event studies consider the abnormal return on a stock around a specific event such as a listing or delisting. Two such studies are discussed briefly below.

Sanger and McConnell studied the excess returns to stocks moving from over-the counter ("OTC") trading to a listing on the New York Stock Exchange over the period 1966 to 1977. The study computed an average DLOM of 20.4% before the introduction of NASDAQ in 1971, and 16.9% thereafter. It is important to note that the study does not consider the element of DLOM that should exist between a private company compared to one listed for OTC trading.

In 2003 Abbott studied the returns from stocks that delisted from NASDAQ during the period 1982 to 2001. The study identified an average DLOM of 18%. Abbott also identified three factors affecting the size of DLOM:

- ◆ **Market value** – the larger the company, the smaller the DLOM.
- ◆ **Cumulative return** – the higher the return (including dividends) before the event, the smaller the resulting DLOM.
- ◆ **Volume** – the larger the turnover of shares in the market, the smaller the DLOM.

## Other studies

Various other studies have been performed, with results generally consistent with those presented in this appendix. However, we consider the studies referred to above to be more reliable. Some examples of other studies undertaken include:

- ◆ **Listed Private Equity** - in these studies a comparison is made between the market price of listed private equity investments and their net asset value. However, this difference would include the discount for lack of control as well as the DLOM. Further, the base value (book value of net assets) is an opinion provided by management or consultants, and so may not be reflective of market value. These studies do highlight an important issue which is that the level of DLOM changes significantly over time.
- ◆ **Bid-Ask Spread** - these studies analyse the bid-ask spread of listed companies. They measure relative illiquidity among listed companies and so are not necessarily a good indication of DLOM for private companies. A bid-ask spread study by Damodaran highlighted that spread decreases when:
  - revenue increases
  - companies are profitable as opposed to loss making
  - cash as a % of value increases
  - trading volume increases
- ◆ **Private company transactions** - these studies compare the prices paid in minority transactions involving private companies with a base price representing the value on a liquid basis. The problem with such studies is determining a base price for comparison to the transaction price. A 1975 survey by H Calvin Coolidge used net asset value as a base price, which he believed was reasonable for the asset intensive companies in the study, which resulted in a mean DLOM of 36%, with the median DLOM also 36%.
- ◆ **Surveys** - for example the Pepperdine survey found a median DLOM of 20% for private equity and venture capital investors. However, only 5% of these investors responded that they would make an investment without suitable investor protection such as shareholder agreements, buy/sell agreements and employment agreements. This is not always representative of the circumstances of the company for which a DLOM is to be determined.

## Quantitative Models

Various quantitative models for determining DLOM have been developed. At present these models have many limitations, typically including:

- ◆ The models proposed to date do not generally fit the observed data well.
- ◆ Many of the models require inputs, such as volatility or time horizon to realise an investment, which are unknown for most of the circumstances where we need to apply a DLOM.
- ◆ A number of models move from subjectively determining an overall DLOM, to subjectively determining a number of other factors, leading to a DLOM that appears more scientific than it actually is.

## Factors impacting DLOM

Several studies have sought to identify factors affecting DLOM and if possible to quantify that impact. The studies to date identified a number of key factors, however there is insufficient evidence to point to any specific numerical relationships between the factors impacting DLOM and the level of DLOM itself, thus after evaluating how the relevant factors apply to the specific circumstances, we are left with a subjective judgement of what an appropriate DLOM should be. The key factors identified are listed below.

Factor	Smaller DLOM (< 20%)	Larger DLOM (>30%)
<b>Size</b>		
Revenue	Higher	Lower
Market value	Higher	Lower
<b>Financial Stability</b>		
Rate of return - profitability	Higher	Lower
Earnings stability	Stable	Volatile
Financial distress	Low risk	High risk
Market / Book value	Low	High
<b>Financial Markets</b>		
Interest rates	Low	High
Volatility	Low	High
<b>Company structure</b>		
Non-executive directors	Many	Few
Block size	Large	Small
Other holdings	Fragmented	Large blocks
Time to sale	Short	Long
<b>Shareholder rights</b>		
Shareholders agreement	Extensive	None
Tag along / drag along rights	Extensive	None
Right to appoint director(s)	Extensive	None
Restrictions on transferability	None	Severe
<b>Expected disposal period</b>		
Exit intentions of majority	Short term	None
Potential buyers of block	Many	One or none
<b>Other</b>		
Industry	The relationship between industry and DLOM is inconclusive from empirical studies. However, it may be the case that at certain points in time industries that are in demand with investors would experience relatively lower DLOMs than other industries.	
Dividends	It is often suggested that the payment of dividends reduces DLOM. While this is intuitively appealing, after adjusting for size and financial strength, empirical studies have failed to find a significant relationship between dividends and DLOM.	
Complexity of group	A complex group structure may not be appealing to investors. However, this factor should not be double counted, if it has been taken into account in determining a control value, eg. through the discount rate applied.	

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Note: 'Higher' and 'Lower' refer to the market as a whole and not specifically to the comparable companies (if any) used to determine a base value. Thus, to allow for factors such as size or earnings stability in determining suitable base value and then in assessing the DLOM to be applied would not be double counting.

The list of factors highlighted above, is a general indication of the main factors to be considered in determining a DLOM. However, the selection of a DLOM remains a subjective issue. It is important to ensure factors that have been considered in selecting a base (pre-DLOM) value are not double counted when applying the DLOM. In this regard allowing for size in the DLOM and for example the discount rate is NOT double counting, as the observed DLOM % for transactions involving smaller companies is higher than for larger companies. It is also important to remember that in a given set of circumstances one single factor can outweigh several contradictory factors, for example the existence of a savoy clause<sup>1</sup> in a shareholders' agreement may outweigh many other factors, leading to a very low DLOM.

*Note 1: A savoy clause allows one party to a joint venture to nominate a price, at which the other party can choose to sell its own interest or buy out the proposing party's interest.*

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## APPENDIX 7: QUALIFICATIONS, DECLARATIONS AND CONSENTS

### Responsibility and purpose

This report has been prepared for Entertainment Rewards' shareholders for the purpose of assessing the fairness and reasonableness of the Proposed Transaction. Leadenhall expressly disclaims any liability to any shareholder, or anyone else, whether for our negligence or otherwise, if the report is used for any other purpose or by any other person.

### Reliance on information

In preparing this report we relied on the information provided to us by Entertainment Rewards being complete and accurate and we have assumed it has been prepared in accordance with applicable Accounting Standards and relevant national and state legislation. We have not performed an audit, review or financial due diligence on the information provided. Drafts of our report were issued to Entertainment Rewards' management for confirmation of factual accuracy.

### Prospective information

To the extent that this report refers to prospective financial information, we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Leadenhall's consideration of this information consisted of enquiries of Entertainment Rewards' personnel and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with Australian Auditing Standards, or any other standards. Nothing has come to our attention as a result of these enquiries to suggest that the financial projections for Entertainment Rewards, when taken as a whole, are unreasonable for the purpose of this report.

We note that the forecasts and projections supplied to us are, by definition, based upon assumptions about events and circumstances that have not yet transpired. Actual results in the future may be different from the prospective financial information of Entertainment Rewards referred to in this report and the variation may be material, since anticipated events frequently do not occur as expected. Accordingly we give no assurance that any forecast results will be achieved. Any future variation between the actual results and the prospective financial information utilised in this report may affect the conclusions included in this report.

### Market conditions

Leadenhall's opinion is based on prevailing market, economic and other conditions as at the date of this report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon the conclusion reached in this report.

As a valuation is based upon expectations of future results it involves significant judgement. Although we consider the assumptions used and the conclusions reached in this report are reasonable, other parties may have alternative expectations of the future, which may result in different valuation conclusions. The conclusions reached by other parties may be outside Leadenhall's preferred range

### Indemnities

In recognition that Leadenhall may rely on information provided by Entertainment Rewards and their officers, employees, agents or advisors, Entertainment Rewards has agreed that it will not make any claim against Leadenhall to recover any loss or damage which it may suffer as a result of that reliance and that it will indemnify Leadenhall against any liability that arises out of Leadenhall's reliance on the information provided by Entertainment Rewards and their officers, employees, agents or advisors or the failure by Entertainment Rewards and their officers, employees, agents or advisors to provide Leadenhall with any material information relating to this report.

### Qualifications

The personnel of Leadenhall principally involved in the preparation of this report were Katy Lawrence, BCom, GradDipAppFin, CA (BV Specialist), Chern Fung Yee, BCom, GradDipAppFin (BV Specialisation), CPA, Nathan Timosevski, BBus, GradDipAppFin, A.FINSIA, CA (BV Specialist) and Nick Kipriotis, BCom (IntSt), CA.

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This report has been prepared in accordance with "APES 225 – Valuation Services" issued by the Accounting Professional & Ethical Standards Board and this report is a valuation engagement in accordance with that standard and the opinion is a Conclusion of Value.

### **Independence**

Leadenhall has acted independently of Entertainment Rewards. Compensation payable to Leadenhall is not contingent on the conclusion, content or future use of this report.

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**LODGE YOUR VOTE**

**ONLINE**
<https://au.investorcentre.mpms.mufg.com>

**BY MAIL**

Entertainment Rewards Ltd  
C/- MUFG Corporate Markets (AU) Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia


**BY FAX**

+61 2 9287 0309


**BY HAND**

MUFG Corporate Markets (AU) Limited  
Parramatta Square, Level 22, Tower 6,  
10 Darcy Street, Parramatta NSW 2150


**ALL ENQUIRIES TO**

Telephone: 1300 554 474

Overseas: +61 1300 554 474


**X999999999999**
**PROXY FORM**

I/We being a member(s) of Entertainment Rewards Ltd and entitled to attend and vote hereby appoint:

**APPOINT A PROXY**
☐ **the Chairman of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy. An email will be sent to your appointed proxy with details on how to access the virtual meeting.

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **3:00pm (Sydney time) on Friday, 28 November 2025** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a virtual meeting and you can participate by logging in online at <https://meetings.openbriefing.com/EAT25> (refer to details in the Virtual Meeting Online Guide).

**Important for Resolution 2:** If the Chairperson of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairperson of the Meeting to exercise the proxy in respect of Resolution 2, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

**VOTING DIRECTIONS**

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒
**Resolutions**

	For	Against	Abstain*		For	Against	Abstain*
2 Adoption of remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Approval of entry into Fourth Amended Convertible Loan Deed, Interest Conversion and issue of Shares under Interest Conversion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Dean Palmer as Non-Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Approval of acquisition and transfer of Shares to Suzerain from Australian Fintech Trust	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of entry into Fourth Amended Convertible Loan Deed, Loan Conversion Extension and issue of Shares under Loan Conversion Extension	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED**

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)




Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

**EAT PRX2501N**

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## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as they choose. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received at [support@cm.mpms.mufig.com](mailto:support@cm.mpms.mufig.com) prior to admission in accordance with the Notice of Annual General Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.mpms.mufig.com/en/mufig-corporate-markets](http://www.mpms.mufig.com/en/mufig-corporate-markets).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **3:00pm (Sydney time) on Wednesday, 26 November 2025**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

<https://au.investorcentre.mpms.mufig.com>

Login to the Investor Centre using the holding details as shown on the Voting/Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



#### BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your vote by scanning the QR code adjacent or enter the voting link

<https://au.investorcentre.mpms.mufig.com>

into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

#### QR Code



#### BY MAIL

Entertainment Rewards Ltd  
C/- MUFG Corporate Markets (AU) Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to MUFG Corporate Markets (AU) Limited\*  
Parramatta Square  
Level 22, Tower 6  
10 Darcy Street  
Parramatta NSW 2150

\* in business hours (Monday to Friday, 9:00am–5:00pm)