



VERTUA

VERTUA LIMITED

ACN 108 076 295

NOTICE OF EXTRAORDINARY GENERAL MEETING

TIME: 10:00am (Sydney time)

DATE: 8 March 2023

PLACE: Suite 301/44 Miller St, North Sydney, New South Wales 2060

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purposes of the Shareholder approval under section 611 item 7 of the Corporations Act (refer to Resolution 4). The Independent Expert's Report comments on the fairness and reasonableness of the transactions described in this Notice of Meeting to the Non-Associated Shareholders. The Independent Expert has determined the transaction the subject of Resolution 4 is fair and reasonable to the Non-Associated Shareholders.

This Notice of Meeting should be read in its entirety. Shareholders in doubt as to how they should vote should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the company secretary Ms Kathleen Howell on (+61 2) 8624 6130.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is hereby given that an Extraordinary General Meeting of Shareholders of Vertua Limited ACN 108 076 295 (**Company**) will be held at 301/44 Miller St, North Sydney, New South Wales 2060 on 8 March 2023, at 10:00am (Sydney time).

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

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 of the Company as at 10:00am (Sydney time) on 6 March 2023.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed/attached Proxy Form and return by the time, and in accordance with the instructions, set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

A proxy may be an individual or a body corporate. If a body corporate is appointed, the Proxy Form must indicate the full name of the body corporate and the full name and title of the individual representative of the body corporate for the Meeting.

A Proxy Form accompanies this notice. If a Shareholder wishes to appoint more than 1 proxy, they may make a copy of the Proxy Form attached to this notice. For the Proxy Form to be valid it must

be received together with the power of attorney or other authority (if any) under which the form is signed, or a (notarially) certified copy of that power or authority.

Sections 250BB and 250BC of the Corporations Act apply to voting by proxy. Broadly, these provisions provide that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair in the event of a poll, who must vote the proxies as directed.

Further details are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's Shareholders; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the Meeting.

CORPORATE REPRESENTATIVES

Any corporation which is a Shareholder of the Company may appoint a proxy, as set out above, or authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the Chair) a natural person to act as its representative at any general meeting.

Corporate representatives are requested to bring appropriate evidence of appointment as a representative in accordance with the Constitution. Attorneys are requested to bring an original or

certified copy of the power of attorney pursuant to which they were appointed. Proof of identity is also required for corporate representatives and attorneys.

VOTING BY ATTORNEY

A Shareholder may appoint an attorney to act on the Shareholder's behalf at the Meeting. The power of attorney or such other evidence of the attorney's appointment and authority to the satisfaction of the Directors must be received by the Company at least 48 hours before the time for holding of the Meeting or any adjourned meeting.

ENQUIRIES

For further information, please contact the company secretary, Kathleen Howell on (+61 2) 8624 6130.

AGENDA

1. RESOLUTION 1: APPROVAL TO ENTER INTO AND COMPLETE THE FLYNT TRANSACTION

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, subject to each other Resolution being passed, for the purposes of Listing Rule 6.43, and for all other purposes, the Company is hereby authorised to enter into the Share Sale Agreement and complete the Flynt Transaction and Mr Benjamin Doyle, Mr Darron Wolters and the Company Secretary are authorised to do all acts, deeds and things, and to execute, sign and deliver for and on behalf of the Company all such documents, as may be necessary and/or expedient in the best interest of the Company to enter into the Share Sale Agreement and complete the Flynt Transaction."

In accordance with Listing Rule 6.46, the Company will disregard any votes cast on the Resolutions by:

- (a) Mr Chris Bregenhøj and Esplanade;
- (b) Mr James Manning and the Manning Entities; or
- (c) any other Associates of any person set out in items (a) to (b) above.

However, the Company need not disregard a vote on the above Resolution if:

- (a) it is cast by a person as the proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form.

2. RESOLUTION 2: APPROVAL OF ISSUE OF CONSIDERATION SHARES TO ESPLANADE

To consider and, if thought fit, to pass, with or without amendment, the following as a **special resolution**:

"That, subject to each other Resolution being passed, for the purposes of:

- (a) *Listing Rule 6.25(1);*
- (b) *Listing Rule 6.44; and*
- (c) *for all other purposes,*

shareholders approve and authorise the Company to issue 9,650,000 fully paid ordinary shares in the Company at an issue price of \$0.20 per share to Esplanade Super Fund Pty Ltd as trustee for the Esplanade Superannuation Fund as part payment of the consideration for the Flynt Transaction on the terms and conditions set out in the Explanatory Statement."

In accordance with Listing Rule 6.46, the Company will disregard any votes cast on the Resolution by:

- (a) Mr Chris Bregenhøj and Esplanade; or
- (b) any other Associates of any person set out in item (a) above.

However, the Company need not disregard a vote on the above Resolution if:

- (a) it is cast by a person as the proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form.

3. RESOLUTION 3: APPROVAL OF ISSUE OF CONSIDERATION SHARES TO THE MANNING ENTITIES

To consider and, if thought fit, to pass, with or without amendment, the following as a **special resolution**:

"That, subject to each other Resolutions being passed, for the purposes of:

- (a) *Listing Rule 6.25(1);*
- (b) *Listing Rule 6.44; and*
- (c) *for all other purposes,*

shareholders approve and authorise the Company to issue:

- (a) *6,917,150 fully paid ordinary shares in the Company at an issue price of \$0.20 per share to Manning Capital Holdings Pty Ltd as trustee for the Manning Capital Holdings Unit Trust; and*
- (b) *3,232,850 fully paid ordinary shares in the Company at an issue price of \$0.20 per share to Woodville Super Pty Ltd as trustee for the Woodville Ave Superannuation Fund,*

as part payment of the consideration for the Flynt Transaction on the terms and conditions set out in the Explanatory Statement."

In accordance with Listing Rule 6.46, the Company will disregard any votes cast on the Resolutions by:

- (a) Mr James Manning and the Manning Entities; or
- (b) any other Associates of any person set out in item (a) above.

However, the Company need not disregard a vote on the above Resolution if:

- (a) it is cast by a person as the proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form.

4. RESOLUTION 4: APPROVAL OF ISSUE OF CONSIDERATION SHARES TO AND ACQUISITION OF RELEVANT INTEREST IN THE COMPANY'S SHARES, BY HC SPRING

To consider and, if thought fit, to pass, with or without amendment, the following as a **special resolution**:

"That, subject to each other Resolution being passed, for the purposes of:

- (a) *section 611, item 7 of the Corporations Act;*
- (b) *Listing Rule 6.25(1); and*
- (c) *for all other purposes,*

shareholders approve and authorise the Company to issue 10,650,000 fully paid ordinary shares in the Company at an issue price of \$0.20 per share to HoliCarl Pty. Limited as trustee for Spring Ridge, as part payment of the consideration for

the Flynt Transaction on the terms and conditions set out in the Explanatory Statement."

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by the Independent Expert for the purpose of the Shareholder approval required under item 7, section 611 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the Flynt Transaction to the Non-Associated Shareholders. **The Independent Expert has determined the Flynt Transaction is fair and reasonable to the Non-Associated Shareholders.**

In accordance with item 7 of section 611 of the Corporations Act, the Company will disregard any votes cast on the Resolution by:

- (a) Mr David Dosser and the HoliCarl Entities; or
- (b) any other Associates of any person set out in item (a) above.

However, the Company need not disregard a vote on the above Resolutions if:

- (a) it is cast by a person as the proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form.

5. RESOLUTION 5: APPROVAL OF PROPOSED ISSUE OF ORDINARY SHARES TO JAMESB

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, subject to each other Resolution being passed, for the purposes of Listing Rule 6.25(1) and for all other purposes, the Shareholders approve the issue of 2,050,000 ordinary Shares for the purposes and on the terms and conditions set out in the Explanatory Statement."

6. RESOLUTION 6: APPROVAL OF 25M PLACEMENT CAPACITY

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **special resolution**:

"That, for the purposes of Listing Rule 6.25(1) and for all other purposes, the Shareholders and approve the issue of up to 25,000,000 Shares, for the purposes and on the terms and conditions set out in the Explanatory Statement."

DATED: 6 FEBRUARY 2023

BY ORDER OF THE BOARD

KATHLEEN HOWELL, COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. BACKGROUND

1.1 Summary of the Flynt Transaction

The Company has entered into a conditional binding agreement to acquire 100% of the issued shares in Flynt Worldwide Pty Limited ACN 617 579 469 (**Flynt**) as announced on 11 October 2022. The Flynt Transaction will be structured as a direct acquisition of 100% of the shares in Flynt and the assignment of an intra-group loan receivable of approximately \$3,706,933.40 including interest as at 31 December 2022 (and related rights) (**Loan**) from the sole shareholder of Flynt, Transport and Clearance Pty Ltd ACN 617 527 625 as trustee for The Transport and Clearance Fund (**Seller**).

1.2 About Flynt

Flynt is a licensed customs agent, logistics and freight forwarding services business, operating across Australia, China and Hong Kong. The majority of its operations are in air freight, sea freight, warehousing and customs services.

Flynt is an Australian company with its head office in Sydney and offices located in Hong Kong, Shanghai and Guangzhou. The Flynt business was established more than 40 years ago as a result of a merger of two independently owned companies based in Sydney and Hong Kong, both of which were established in 1980.

Revenue is generated from a combination of freight forwarding, storage and customs agency fees. In the last two financial periods Flynt has experienced significant growth, with revenue growth of 60% year on year and EBITDA growth of 1197% year on year. The Flynt group has net assets of \$5,647,997.

The key management personnel of Flynt consists of Kevin Burgess (Flynt Group – Chief Executive Officer), Christopher Bregenhøj (Flynt Group – Chairman) who is also a Director, Sean Hunter (Flynt Australia – General Manager) and Jennifer Cheung (Flynt Asia – General Manager)

The Directors of Flynt are Christopher Bregenhøj and Kevin Burgess.

1.3 Key Terms

The key terms of the Share Sale Agreement to give effect to the Flynt Transaction are as follows:

Consideration	The consideration for the Flynt Transaction is \$6,500,000 which is proposed to be completely satisfied via the issue of 32,500,000 new Shares to the Seller at an issue price of \$0.20 (Consideration Shares). The Seller will be obliged to irrevocably direct this consideration (i.e. Consideration Shares) to the underlying unitholders of The Transport and Clearance Fund (Seller Trust) i.e. the unitholders of the Seller Trust.
Conditions	Completion of the Flynt Transaction is conditional upon: (a) the NSX confirming that the NSX will not require the Company to re-comply with Chapter 4 of the Listing Rules as a result of the Flynt Transaction – <i>As at the date of this Notice, NSX has confirmed that the Company will</i>

	<p><i>not be required to re-comply with Chapter 4 of the Listing Rules as a result of the Flynt Transaction</i></p> <ul style="list-style-type: none"> (b) the Seller obtaining written consent from specified third parties who currently contract with Flynt to the change in control; (c) the Seller arranging for the release of any security over the shares in Flynt, unless agreed by the Company; (d) the Company obtaining all necessary approvals to give effect to the Flynt Transaction, including without limitation, the Shareholder approvals contemplated in this Notice; (e) certain key management personnel signing new employment contracts on terms agreed by the Company; and (f) the Seller assigning the Loan and associated security interest to the Company.
Loan	<p>The key terms of the Loan are as set out below:</p> <ul style="list-style-type: none"> (a) Flynt owes the lender (i.e, the Seller pre-completion of the Flynt Transaction) approximately \$3,706,933.40 inclusive of interest, as at 31 December 2022. (b) The Loan attracts interest at a rate of 5% per annum. (c) The maturity date for the Loan is 7 March 2027. (d) The Loan is secured by a first ranking charge over the assets of Flynt.
Flynt Warranties and Indemnities	<p>The Seller has provided a number of warranties to the Company regarding the status of Flynt and its business, including warranties related to solvency, corporate structure, liabilities (including the Loan), tax, contracts and absence of litigation. The warranties are given at the date of entering into the Share Sale Agreement and on completion of the Flynt Transaction.</p> <p>The Seller has indemnified the Company against any loss or liability suffered by the Company as a result of a warranty given by Flynt being untrue. The liability of the Seller under this indemnity is capped at \$6,500,000, subject to certain customary limitations including time limits and exclusions for matters disclosed to the Company.</p>
Company Warranties and Indemnities	<p>The Company has provided a limited number of warranties to the Seller regarding the status of the Company, including warranties related to solvency, capacity and the status of the Consideration Shares. The warranties are given at the date of entering into the Share Sale Agreement and on completion of the Flynt Transaction.</p> <p>The Company has indemnified the Seller against any loss or liability suffered by the Seller as a result of a Company warranty being untrue. The liability of the Company is subject to certain customary limitations including time limits and exclusions for matters disclosed by the Company.</p>
Termination	<p>Either party may terminate the Share Sale Agreement at any time before completion if the conditions set out above are not satisfied, or become incapable of being satisfied, by 31 March 2023.</p>

1.4 Impact on capital structure

Mr Bregenhoj and Mr Manning are each Directors of the Company and they each hold Shares in the Company through their respective controlled entities. David Dosser is not a Director of the Company, however Mr Dosser holds Shares in the Company through his controlled entity.

An entity that Mr Bregenhoj controls, Esplanade Super Fund Pty Ltd ACN 157 782 744 as trustee for Esplanade Superannuation Fund (**Esplanade**), is a unitholder of the Seller Trust. Esplanade is a Shareholder of the Seller, holding a 50% interest in the Seller Company. Mr Bregenhoj is also a director of the Seller.

Mr Manning's controlled entities, Manning Capital Holdings Pty Ltd ACN 168 436 146 as trustee for the Manning Capital Holdings Unit Trust (**Manning Capital**) and Woodville Super Pty Limited ACN 149 955 180 as trustee for the Woodville Ave Superannuation Fund (**Woodville**), are also unitholders of the Seller Trust. Manning Capital and Woodville are each shareholders of the Seller Company, holding a 40% and 10% interest in the Seller. In aggregate the Manning Associated Entities hold a 50% interest in the Seller Company.

An entity controlled by Mr Dosser, HoliCarl Pty. Limited ACN 081 781 802 as trustee for Spring Ridge (**HC Spring**), is a unitholder of the Seller Trust.

Accordingly, should the Flynt Transaction complete, the capital structure of the Company, particularly with respect to Mr Bregenhoj, Mr Manning and Mr Dosser, will be altered as follows:

	Undiluted				Diluted			
	No. of Shares held pre Flynt Transaction	% shareholding	No. of Shares held after issue of the Consideration Shares	% shareholding after issue of the Consideration Shares	No. of Shares held pre Flynt Transaction	% shareholding	No. of Shares held after issue of the Consideration Shares	% shareholding after issue of the Consideration Shares
Shares in the Company	65,764,640	<i>Not applicable</i>	98,264,640	<i>Not applicable</i>	94,646,643	<i>Not applicable</i>	127,156,643	<i>Not applicable</i>
Bregenhøj and Associates	1,577,273	2.40%	11,227,273	11.43%	1,577,273	2.40%	11,227,273	8.83%
Christopher Bregenhøj	0	0	0	0	0	0	0	0
Esplanade	1,577,273	2.4%	11,227,273	11.43%	1,577,273	2.4%	11,227,273	8.83%
Manning and Associates	26,549,696	40.37%	36,699,696	37.35%¹	55,778,035²	60.25%	65,591,699²	51.58¹
James Manning	0	0	0	0	0	0	0	0
Manning Capital	23,273,000	35.39%	30,190,150	30.72%	52,501,339 ²	55.27%	59,082,153 ²	46.46%
Woodville	3,276,696	4.98%	6,509,546	6.62%	3,276,696	4.98%	6,509,546	5.12%
Dosser and Associates	18,409,358	27.99%	29,059,358	29.57%	18,409,358	27.99%	29,059,358	22.85%
HC Spring	17,059,358	25.94%	27,709,358	28.2%	17,059,358	25.94%	27,709,358	21.79%
HC Hunter	1,350,000	2.05%	1,350,000	1.37%	1,350,000	2.05%	1,350,000	1.06%

¹ As a result of the Flynt Transaction, Mr Manning and his Associate's voting power in the Company will decrease.

² These figures include the options issued to Manning Capital as repayment for the principal and accrued interest on a loan facility which was approved by shareholders at the Company's 16 February 2018 extraordinary general meeting. As disclosed in the Company's latest half year ended report of 30 September 2022, the total number of options issued to Manning Capital are 28,892,003 options. The diluted figures have been calculated on the basis there are 28,892,003 options issued to Manning Capital convertible on a 1 option for 1 Share basis.

2. RESOLUTION 1 – APPROVAL TO ENTER INTO AND COMPLETE THE FLYNT TRANSACTION

2.1 General

The Company seeks to acquire 100% of the issued shares in Flynt, as detailed in section 1.1 of the Explanatory Statement. The key terms of the Share Sale Agreement pursuant to which the Company intends to acquire Flynt is set out in section 1.3 of the Explanatory Statement. Details of the relationship between the Seller and Directors, Mr Bregenhøj and Mr Manning and their controlled entities are detailed in section 1.4 of the Explanatory Statement.

2.2 Listing Rule 6.43

Listing Rule 6.43 states that a listed company must obtain the approval of its shareholders if it seeks to acquire a substantial asset from a related party. A related party includes directors and entities controlled by directors.

The Directors are of the view that shares in Flynt constitutes a substantial asset. As the Seller is considered to be controlled by Mr Bregenhøj and Mr Manning through their respective controlled entities, the Seller is considered to be a related party of the Company. The acquisition of Flynt would therefore constitute the acquisition of a substantial asset from a related party of the Company which requires approval under Listing Rule 6.43.

Accordingly, Resolution 1 seeks Shareholder approval of the entry into the Share Sale Agreement and approval to complete the Flynt Transaction which will enable the Company to acquire Flynt from related parties as required by Listing Rule 6.43.

2.3 Board recommendation

Mr Benjamin Doyle and Mr Darron Wolters recommend that all Non-Associated Shareholders vote in favour of this Resolution.

3. RESOLUTION 2 – APPROVAL OF ISSUE OF CONSIDERATION SHARES TO ESPLANADE

3.1 General

Completion of the Flynt Transaction will result in the issue of 9,650,000 Consideration Shares to Esplanade, a controlled entity of the Company's Director, Mr Bregenhøj (**Esplanade Consideration Shares**). Accordingly, this Resolution seeks approval for the issue of those Esplanade Consideration Shares to Esplanade.

3.2 Section 208 of the Corporations Act

A public company must not give a financial benefit to a related party of that public entity without first obtaining the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act, unless an exception set out in sections 210 to 216 of the Corporations Act applies. This includes section 210 of the Corporations Act which exempts the provision of a financial benefit from the need to obtain member approval, where such financial benefit is given on terms that would be reasonable in the circumstances if the public company and related party were dealing at arm's length. Where approval is granted, the public company must give the benefit within 15 months following such approval.

A financial benefit is defined in section 229 of the Corporations Act and includes buying an asset from a related party and issuing securities to a related party. A related party is defined in section 228 of the Corporations Act and includes an entity controlled by a director. The issue of the Esplanade Consideration Shares therefore constitutes the giving of a financial benefit to a related party as Flynt and its Seller are companies

controlled by Mr Bregenhoj, Esplanade and their Associates, a Director of the Company.

Mr Doyle and Mr Wolters, are of the view that the giving of the financial benefit to Esplanade is on arm's length terms and falls within the exception in section 210 of the Corporations Act. Accordingly, Shareholder approval for the purposes of section 208 of the Corporations Act is not being sought.

3.3 Listing Rule 6.25(1)

Listing Rule 6.25(1) limits the number of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period (**15% Placement Capacity**). Accordingly, a listed company requires shareholder approval to issue more than 15% of the fully paid ordinary shares it has on issue at the start of any given 12 month period.

New equity securities issued with Shareholder approval, do not fall within a listed company's 15% Placement Capacity.

3.4 Approval sought under Listing Rule 6.25(1)

The Company wishes to retain flexibility to issue additional equity securities in the future without having to obtain specific Shareholder approval for such issues under Listing Rule 6.25(1). Accordingly, Resolution 2 also seeks Shareholder approval of the issue of the Esplanade Consideration Shares for the purposes of Listing Rule 6.25(1). The effect of approving Resolution 2 will be to allow the Company to issue the Esplanade Consideration Shares without using the Company's 15% Placement Capacity.

3.5 Listing Rule 6.44

Listing Rule 6.44 requires Shareholder approval by special resolution to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in NSX's opinion, such that approval should be obtained unless an exception in Listing Rule 6.44 applies.

A related party includes directors and entities controlled by directors. A special resolution is defined in section 9 of the Corporations Act as one that is passed by at least three quarters (75%) of the votes cast by shareholders (either on a show of hands at the meeting or by inclusion of proxies if on a poll) being in favour of the resolution.

3.6 Approval sought under Listing Rule 6.44

The issue of the Esplanade Consideration Shares to Esplanade, an entity controlled by Mr Bregenhoj a Director of the Company would constitute the issue of equity securities to a related party of the Company, requiring Shareholder approval by way of special resolution under Listing Rule 6.44.

Accordingly, Resolution 2 also seeks Shareholder approval by way of special resolution for the issue of the Esplanade Consideration Shares to Esplanade, a related party of the Company. The effect of Resolution 2 will be to allow the Company to issue the Esplanade Consideration Shares to Esplanade.

3.7 Board recommendation

Mr Doyle and Mr Wolters recommend that all Non-Associated Shareholders vote in favour of this Resolution.

4. RESOLUTION 3: APPROVAL OF ISSUE OF CONSIDERATION SHARES TO MANNING ENTITIES

4.1 General

Completion of the Flynt Transaction will result in the issue of 6,917,150 Consideration Shares to Manning Capital, (**MC Consideration Shares**) and 3,232,850 Consideration Shares to Woodville (**Woodville Consideration Shares**), each of which are controlled entities of the Company's Director, Mr Manning. Accordingly, this Resolution seeks approval for the issue of those MC Consideration Shares to Manning Capital and the Woodville Consideration Shares to Woodville.

4.2 Section 208 of the Corporations Act

Please refer to section 3.2 of this Explanatory Statement with respect to section 208 of the Corporations Act and its relevant exceptions.

The issue of the MC Consideration Shares and Woodville Consideration Shares constitutes the giving of a financial benefit to a related party as Flynt and its Seller are companies controlled by Mr Manning, the Manning Associated Entities and their Associates, a Director of the Company.

Mr Doyle and Mr Wolters are of the view that the giving of the financial benefit to the Manning Associated Entities is on arm's length terms and falls within the exception in section 210 of the Corporations Act. Accordingly, Shareholder approval for the purposes of section 208 of the Corporations act is not being sought.

4.3 Listing Rule 6.25(1)

Please refer to section 3.3 of this Explanatory Statement with respect to the operation of Listing Rule 6.25(1).

4.4 Approval sought under Listing Rule 6.25(1)

The Company wishes to retain flexibility to issue additional equity securities in the future without having to obtain specific Shareholder approval for such issues under Listing Rule 6.25(1). Accordingly, Resolution 3 also seeks Shareholder approval of the issue of the MC Consideration Shares and Woodville Consideration Shares for the purposes of Listing Rule 6.25(1). The effect of approving Resolution 3 will be to allow the Company to issue the MC Consideration Shares and Woodville Consideration Shares without using the Company's 15% Placement Capacity.

4.5 Listing Rule 6.44

Please refer to section 3.3 of this Explanatory Statement with respect to the operation of Listing Rule 6.44.

4.6 Approval sought under Listing Rule 6.44

The issue of the MC Consideration Shares to Manning Capital and the Woodville Consideration Shares to Woodville would constitute the issue of equity securities to related parties of the Company, requiring Shareholder approval by way of special resolution under Listing Rule 6.44. This is because Manning Capital and Woodville are Associates of Mr Manning, a Director of the Company.

Accordingly, Resolution 3 also seeks Shareholder approval by way of special resolution for the issue of the MC Consideration Shares to Manning and the Woodville Consideration Shares to Woodville, related parties of the Company. The effect of Resolution 3 will be to allow the Company to issue these Consideration Shares to Manning Capital and Woodville.

4.7 Board recommendation

Mr Doyle and Mr Wolters recommend that all Non-Associated Shareholders vote in favour of this Resolution.

5. RESOLUTION 4 – APPROVAL OF ISSUE OF CONSIDERATION SHARES TO, AND ACQUISITION OF RELEVANT INTEREST IN THE COMPANY'S SHARES, BY HC SPRING

5.1 General

Completion of the Flynt Transaction will result in the issue of 10,650,000 Consideration Shares to HC Spring, a controlled entity of Mr Dosser (**HCS Consideration Shares**). Accordingly, this Resolution seeks approval for the issue of those HCS Consideration Shares to HC Spring.

5.2 Section 611 (item 7) of the Corporations Act

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in issued voting shares in a company if, as a result of the acquisition, that person or someone else's voting power in the company increases from less than 20% to more than 20%, or from a starting point that is above 20% and below 90% (**Section 606 Prohibition**).

The voting power of a person in a body corporate is determined under 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.

A person has a relevant interest in securities if they:

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

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

There are various exceptions to the Section 606 Prohibition, including under section 611 item 7 of the Corporations Act. Section 611 item 7 of the Corporations Act provides an exception to the Section 606 Prohibition, in circumstances where the shareholders of the company approve an acquisition of a relevant interest in the company at a meeting at which no votes are cast by the acquirer of the relevant interest and the person from whom the acquisition is to be made, including their respective associates.

5.3 Approval sought under section 611 (item 7) of the Corporations Act

Mr Dosser, HC Spring and their Associates' relevant interest and voting power in the Company following the Flynt Transaction will increase as illustrated in the table set out in section 1.4 of this Explanatory Statement.

As outlined above in section 5.2 above, Mr Dosser, HC Spring and their Associates are prohibited from acquiring Shares if the effect of that acquisition would result in its voting power increasing from a starting point that is above 20% and below 90%, as Mr Dosser, HC Spring and their Associates would acquire a relevant interest in the Company to an extent which would breach the Section 606 Prohibition.

For this reason, the Company is seeking Shareholder approval for the purposes of item 7 of section 611 of the Corporations Act to permit Mr Dosser's Associate, HC Spring, to acquire the HCS Consideration Shares as a result of the Flynt Transaction.

5.4 Disclosure of Material Information for section 611 (item 7) of the Corporations Act

The following information is provided in accordance with item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74: Acquisitions approved by members (RG 74).

(a) **Identity of the person proposing to make the acquisition and their associates**

The HCS Consideration Shares will be issued to HC Spring. Each of HC Spring and HC Hunter are existing Shareholders, Associated with Mr Dosser.

(b) **Maximum extent of the increase in Associates' voting power in the Company**

The Company currently has 65,764,640 Shares on issue. Upon completion of the Flynt Transaction, the Company will have 98,264,640 Shares on issue. The maximum extent of the increase in Mr Dosser, HC Spring and their Associates' voting power in the Company is 1.58% as illustrated in the table set out in section 1.4 of this Explanatory Statement.

(c) **Voting power as a result of the acquisition**

Mr Dosser, HC Spring and their Associates will have a voting power in the Company of 29.57% (increasing from 27.99%) as a result of the Flynt Transaction as illustrated in the table set out in section 1.4 of this Explanatory Statement.

(d) **The identity, associations and qualifications of any person who it is intended will become a Director if Shareholders approve this Resolution**

Mr Dosser, HC Spring and their Associates will not seek to appoint any director to the Board if the Resolution is approved.

(e) **A statement of intentions regarding the future of the Company if members approve the acquisition**

As at the date of this Notice, upon completion of the Flynt Transaction, Mr Dosser, HC Spring and their Associates do not have any intention to change the business of the Company, inject further capital into the Company, vary or terminate the employment of any of the Company's existing employees, transfer the assets of the Company or otherwise redeploy the fixed assets of the Company, outside the ordinary course of business.

(f) **Any intention to significantly change the financial or dividend distribution policies of the Company**

Mr Dosser, HC Spring and their Associates do not intend to significantly change the financial or dividend distribution policies of the Company.

(g) **The interest that any Director has in the acquisition or any relevant agreement**

Mr Dosser, HC Spring and their Associates controls HC Spring, being a unitholder in the Seller Trust.

(h) **Independent Expert's Report**

In accordance with the requirements of RG 74, the Directors engaged the Independent Expert to prepare and provide the Independent Expert's Report which contains an analysis of whether the Flynt Transaction is fair and reasonable to the Non-Associated Shareholders.

The Independent Expert's Report compares the likely advantages and disadvantages for the Non-Associated Shareholders if the proposal is agreed to, with the advantages and disadvantages to those Shareholders if it is not.

The Independent Expert has concluded that the acquisition of a relevant interest by Mr Dosser and HC Spring is fair and reasonable.

For a summary of the Independent Expert's findings, please refer to the Independent Expert's Report.

(i) **Recommendation of each Director as to whether Shareholders should approve the Resolution**

Mr Doyle and Mr Wolters recommend each Non-Associated Shareholder approve the Resolution.

5.5 Listing Rule 6.25(1)

Please refer to section 3.3 of this Explanatory Statement with respect to the operation of Listing Rule 6.25(1).

5.6 Approval sought under Listing Rule 6.25(1)

The HCS Consideration Shares exceeds the Company's 15% Placement Capacity. Accordingly, Resolution 4 also seeks Shareholder approval of the issue of the HCS Consideration Shares for the purposes of Listing Rule 6.25(1). The effect of approving Resolution 4 will be to allow the Company to issue the entirety of the HCS Consideration Shares without using any part of the Company's 15% Placement Capacity. This will also enable the Company to have greater flexibility with respect to the issue of future Shares.

5.7 Board recommendation

Mr Doyle and Mr Wolters recommend that all Non-Associated Shareholders vote in favour of this Resolution.

6. RESOLUTION 5 - APPROVAL OF PROPOSED ISSUE OF ORDINARY SHARES TO JAMESB

6.1 General

In addition to the issue of Consideration Shares to Mr Bregenhøj and Mr Manning and their Associates, the Flynt Transaction also contemplates the issue of 2,050,000 Consideration Shares to JamesB Investments Pty Ltd ACN 617 803 559 as trustee for JamesB Self Managed Super Fund (**JamesB**) who is the remaining unitholder in the Seller Trust.

6.2 Listing Rule 6.25(1)

Please refer to section 3.3 of this Explanatory Statement with respect to the operation of Listing Rule 6.25(1).

6.3 Approval sought under Listing Rule 6.25(1)

The Company wishes to retain flexibility to issue additional equity securities in the future without having to obtain specific Shareholder approval for such issues under Listing rule 6.25(1). Accordingly, Resolution 5 seeks Shareholder approval of the issue of Consideration Shares for the purposes of Listing Rule 6.25(1). The effect of approving Resolution 5 will be to allow the Company to issue the 2,050,000 Consideration Shares (being all remaining Consideration Shares which are not issued to Esplanade, the Manning Entities or HC Spring) to JamesB.

6.4 Board recommendation

Mr Doyle and Mr Wolters recommend that all Non-Associated Shareholders vote in favour of this Resolution.

7. RESOLUTION 6 - APPROVAL OF 25 MILLION PLACEMENT CAPACITY

7.1 General

The Company currently has 65,764,640 Shares on issue. Upon completion of the Flynt Transaction, the Company will have 98,264,640 Shares on issue. The Directors have also received at the Company's 9 August 2022 annual general meeting, Shareholder approval to issue \$500,000 worth of Shares to each of them (**Pre- Approved Director Shares**).

The Pre-Approved Director Shares have not been issued as at the date of this Notice.

The Directors now seek special Shareholder approval to issue up to 25,000,000 Shares (**25M Placement Capacity**) and the Pre-Approved Director Shares have been issued. For avoidance of any doubt, it is not proposed that the 25M Placement Capacity is conditional on the Flynt Transaction occurring or the Pre-Approved Director Shares having been issued.

7.2 Key information

The Directors consider the following information relevant to Shareholders' decision to vote on this Resolution:

(a) **Purpose of issue**

Issues of Shares under the proposed 25M Placement Capacity may be issued for the following purposes:

- (i) to raise funds for working capital needs, facilitating day to day operations of the Company;
- (ii) as consideration to a third party to acquire shares, units or an interest in a third party company or the assets of a third party to grow and facilitate the Company's operations, similar to the scrip consideration contemplated by the Flynt Transaction;
- (iii) to raise funds to use as consideration to a third party to acquire shares, units or an interest in a third party company or the assets of a third party to grow and facilitate the Company's current or future operations, but without any scrip consideration;
- (iv) as consideration to an underwriter, financial advisor, lead manager or broker under any agreement entered into with the Company; and/or
- (v) reduction in any debts of the Company.

(b) **25M Placement Capacity**

At the Company's annual general meeting on 9 August 2022 Shareholders approved the issue of \$500,000 worth of Shares to each of the Directors, being \$1,500,000 worth of Shares in aggregate to all Directors (**Pre-Approved Director Shares**). Any Pre-Approved Director Shares, being pre-approved on 9 August 2022, will not count towards the 25M Placement Capacity. For further details refer to the notice of meeting announced and uploaded to the NSX platform on 5 July 2022.

(c) **Minimum price**

The Company anticipates that it will issue Shares under any 25M Placement Capacity approved by Shareholders under this Resolution at a price of \$0.20 per Share.

(d) **Date of issue**

The Shares to be issued under the 25M Placement Capacity, will be issued between the date of the Meeting at which this Resolution is approved and 12 months after the date of this Meeting.

(e) **Potential voting dilution**

An issue of Shares under the 25M Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue. The maximum dilutionary effect of issues of Shares under the 25M Placement Capacity is 25.44% if the Flynt Transaction is approved, or 38.01% if the Flynt Transaction is not approved. The Directors note however that other issues of Shares outside the 25M Placement Capacity, such as the issue of Shares pursuant to the Flynt Transaction or the issue of Pre-approved Director Shares will also have a dilutionary impact.

(f) **Allocation Policy**

The recipients of the Shares to be issued under the 25M Placement Capacity have not yet been determined. However the recipients of the Shares could consist of current Shareholder, new investors both current Shareholders and new investors, none of whom will be related parties of the Company. The Company will determine the recipients at the time of the issue, having regard to:

- (i) the purpose of the issue e.g. if it is for consideration pursuant to an acquisition;
- (ii) alternative methods for raising funds available at the Company at the time, such as a rights issue or loan;
- (iii) the effect of the issue on the control of the Company;
- (iv) the financial position of the Company;
- (v) prevailing market conditions; and
- (vi) advice from its relevant advisors.

7.3 Listing Rule 6.25(1)

Please refer to section 3.3 of this Explanatory Statement with respect to the operation of Listing Rule 6.25(1).

7.4 Approval sought under Listing Rule 6.25(1)

The Company wishes to retain flexibility to issue additional equity securities in the future without having to obtain specific Shareholder approval for such issues under Listing Rule 6.25(1). Accordingly, Resolution 6 seeks Shareholder approval of the issue of Shares for the purposes of Listing Rule 6.25(1). The effect of approving Resolution 6 will be to allow the Company to issue up to 25 million Shares to existing Shareholders and/or third party investors who are not related to the Company.

7.5 Board recommendation

Each Director recommends that all Shareholders vote in favour of this Resolution.

GLOSSARY

15% Placement Capacity has the meaning given to that term in section 3.3 of the Explanatory Statement.

25M Placement Capacity has the meaning given to that term in section 7.1 of the Explanatory Statement.

Associate has the meaning given to it under the Corporations Act.

Board means the current board of Directors of the Company.

Chair means the chair of the Meeting.

Company or **Vertua** means Vertua Limited ACN 108 076 295.

Consideration Shares has the meaning given to that term in section 1.3 of the Explanatory Statement.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means any current director of the Company.

Esplanade means Esplanade Super Fund Pty Ltd ACN 157 782 744 as trustee for Esplanade Superannuation Fund.

Esplanade Consideration Shares has the meaning given to that term in section 3.1 of the Explanatory Statement.

Explanatory Statement means the explanatory statement accompanying the Notice.

Flynt means Flynt Worldwide Pty Limited ACN 617 579 469.

Flynt Transaction means the proposed acquisition of 100% of the issued shares in Flynt for \$6,500,000 to be paid via the issue of 32,500,000 Shares as set out in section 1 of the Explanatory Statement.

HC Hunter means HoliCarl Pty. Limited ACN 081 781 802 as trustee for Hunter Grain Super Fund.

HC Spring means HoliCarl Pty. Limited ACN 081 781 802 as trustee for Spring Ridge.

HCS Consideration Shares has the meaning given to that term in section 5.1 of the Explanatory Statement.

HoliCarl Entities means HC Spring and HC Hunter.

Independent Expert means BDO Corporate Finance (East Coast) Pty Ltd ACN 050 038 170.

Independent Expert's Report means the report prepared by the Independent Expert annexed to this Notice at Annexure A.

JamesB means JamesB Investments Pty Ltd ACN 617 803 559 as trustee for JamesB Self Managed Super Fund.

Listing Rules means the NSX listing rules.

Manning Capital means Manning Capital Holdings Pty Ltd ACN 168 436 146 as trustee for the Manning Capital Holdings Unit Trust.

Manning Entities means Manning Capital and Woodville.

MC Consideration Shares has the meaning given to that term in section 4.1 of the Explanatory Statement.

Meeting means the meeting convened by the Notice.

Non-Associated Shareholders means Shareholders who are not associated with, or who would receive a material benefit as a result of, the Flynt Transaction.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

NSX means National Stock Exchange of Australia Limited ACN 000 902 063 or the market operated by it, as the context requires.

Pre-Approved Director Shares has the meaning given to that term in section 7.2(b) of the Explanatory Statement.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section 606 Prohibition has the meaning given to that term in section 5.2 of the Explanatory Statement.

Seller means Transport and Clearance Pty Ltd ACN 617 527 625 as trustee for The Transport and Clearance Fund.

Seller Company means Transport and Clearance Pty Ltd ACN 617 527 625.

Seller Trust has the meaning given to that term in section 1.3 of the Explanatory Statement.

Share means an ordinary share in the capital of the Company.

Share Sale Agreement means the agreement between the Seller and the Company to give effect to the Flynt Transaction.

Shareholder means a holder of a Share.

Woodville means Woodville Super Pty Limited ACN 149 955 180 as trustee for the Woodville Ave Superannuation Fund.

Woodville Consideration Shares has the meaning given to that term in section 4.1 of the Explanatory Statement.

INDEPENDENT EXPERT REPORT

Vertua Limited

In relation to proposed acquisition of Flynt Worldwide Pty Limited and its controlled entities and the issue of Vertua shares to Holicarl Pty Limited as consideration

25 January 2023

FINANCIAL SERVICES GUIDE

Dated: 25 January 2023

This Financial Services Guide (FSG) helps you decide whether to use any of the financial services offered by BDO Corporate Finance (East Coast) Pty Ltd (BDOCF, we, us, our).

The FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No: 247420
- Remuneration that we and/or our staff and any associates receive in connection with the financial services
- Any relevant associations or relationships we have
- Our complaints handling procedures and how you may access them.

FINANCIAL SERVICES WE ARE LICENSED TO PROVIDE

We hold an Australian Financial Services Licence which authorises us to provide financial product advice to retail and wholesale clients about securities and certain derivatives (limited to old law securities, options contracts, and warrants). We can also arrange for customers to deal in securities, in some circumstances. Whilst we are authorised to provide personal and general advice to retail and wholesale clients, we only provide *general* advice to retail clients.

Any general advice we provide is provided on our own behalf, as a financial services licensee.

GENERAL FINANCIAL PRODUCT ADVICE

Our general advice is typically included in written reports. In those reports, we provide general financial product advice that is prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the 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.

FEES, COMMISSIONS AND OTHER BENEFITS THAT WE MAY RECEIVE

We charge fees for providing reports. These fees are negotiated and agreed to with the person who engages us to provide the report. Fees will be agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. In this instance, the Company has agreed to pay us \$60,000 for preparing the Report.

Except for the fees referred to above, neither BDO Corporate Finance, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of general advice.

All our employees receive a salary. Our employees are eligible for bonuses based on overall company performance but not directly in connection with any engagement for the provision of a report.

REFERRALS

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

ASSOCIATIONS AND RELATIONSHIPS

BDO Corporate Finance is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The general financial product advice in our report is provided by BDO Corporate Finance and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

COMPLAINTS RESOLUTION

Internal Complaints Resolution Process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. Complaints can be in writing, addressed to the Complaints Officer, BDO Corporate Finance, Level 11, 1 Margaret St, Sydney NSW 2001 or by telephone or email, using the contact details at the top of this FSG.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint in writing within 24 hours (or one business day) or, if that timeline cannot be met, then as soon as practicable and investigate the issues raised. As soon as practical, and not more than 30 days after receiving the complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

If a complaint is made and the complainant is dissatisfied with the outcome of the above process, or our determination, the complainant has the right to refer the matter to the Australian Financial Complaints Authority Limited (AFCA). AFCA is an independent company that has been established to impartially resolve disputes between consumers and participating financial services providers.

BDO Corporate Finance is a member of AFCA (Member Number 11843).

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly via the details set out below.

Australian Financial Complaints Authority Limited
GPO Box 3
MELBOURNE VIC 3001
Toll free: 1800 931 678
Email: info@afca.org.au

COMPENSATION ARRANGEMENTS

BDO Corporate Finance and its related entities hold Professional Indemnity insurance for the purpose of compensating retail clients for loss or damage suffered because of breaches of relevant obligations by BDO Corporate Finance or its representatives under Chapter 7 of the Corporations Act 2001. These arrangements and the level of cover held by BDO Corporate Finance satisfy the requirements of Section 912B of the Corporations Act 2001.

CONTACT DETAILS

You may provide us with instructions using the details set out at the top of this FSG or by emailing - cf.ecp@bdo.com.au



SUMMARY OF FINDINGS



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www.bdo.com.au

Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

The Directors
Vertua Limited
Level 5, 97 Pacific Hwy
NORTH SYDNEY NSW 2060

Attention: James Manning

25 January 2023

Dear Directors,

INDEPENDENT EXPERT REPORT IN RELATION TO THE PROPOSED ACQUISITION OF FLYNT WORLDWIDE PTY LIMITED AND ITS CONTROLLED ENTITIES AND THE ISSUE OF VERTUA SHARES TO HOLICARL PTY LIMITED AS CONSIDERATION

1 INTRODUCTION AND PURPOSE

BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170) (**BDOCF**, **we**, **us** or **our**) has been appointed by the directors of Vertua Limited (**Vertua** or the **Company**) (collectively, the **Directors**), to prepare an independent expert report (**Report** or **IER**) in relation to the proposed acquisition of:

- ▶ 100% of the issued capital in Flynt Worldwide Pty Limited and its controlled entities (**Flynt**)
- ▶ A loan receivable from Flynt of circa \$3.0 million. This loan receivable is currently held by Transport and Clearance Pty Ltd as trustee for the Transport and Clearance Fund.

The consideration payable by Vertua for the above assets is 32,500,000 Vertua shares (**Proposed Transaction**).

If the Proposed Transaction proceeds, Holicarl Pty Ltd's (**Holicarl**) shareholding in Vertua will increase from c.28.0% to c.29.6%.

This Report sets out our opinion as to whether the Proposed Transaction is fair and reasonable to the non-associated shareholders of Vertua (the **Shareholders**).

1.1 Overview of the Proposed Transaction

The Directors of Vertua have entered into an agreement to acquire 100% of the shares in Flynt, together with the assignment of an intra-group loan receivable (**Loan Receivable**) of approximately c.\$3.0 million (as at 30 June 2022) from Transport and Clearance Pty Ltd as trustee for the Transport and Clearance Fund (**Vendor**). The total consideration will be 32,500,000 fully paid ordinary shares in Vertua.

If the Proposed Transaction proceeds, Holicarl's shareholding and voting power in Vertua will increase from c.28.0% to c.29.6%.

The Proposed Transaction is subject to a number of conditions precedent including, but not limited to, Shareholders approving the Proposed Transaction.

The Directors have commissioned this IER for the purposes of item 7 of Section 611 of the Corporations Act and ASIC Regulatory Guide 74. This Report sets out our opinion as to whether the Proposed Transaction is fair and reasonable to the Shareholders.

Full details of the Proposed Transaction are set out in the Notice of Extraordinary General Meeting (**Transaction Document**) prepared by Vertua, dated 6 February 2023.

2 PURPOSE

If the Proposed Transaction is approved, Holicarl's shareholding and voting power in the Company will increase from c.28.0% to c.29.6%. BDOCF has been appointed by the Directors of Vertua to prepare an IER in accordance with Section 611, item 7 of the Corporations Act.

BDO Corporate Finance (East Coast) Pty Ltd ABN 70 050 038 170 AFS Licence No. 247 420 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Corporate Finance (East Coast) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards legislation.

2.1 Section 611 of the Corporations Act

If the Proposed Transaction proceeds, Holicarl will increase its voting power in Vertua from c.28.0% to c.29.6%.

Section 611 of the Corporations Act expressly prohibits transactions that result in a person or entity that, with their associates, increases their voting power from either:

- ▶ A point 20% or below to more than 20%
- ▶ A point that is above 20% to below 90%

without making a full takeover offer to all shareholders, or otherwise falling within another exception (such as shareholder approval under Item 7 of Section 611 of the Act).

Item 7 of Section 611 of the Corporations Act provides an exception to the prohibition on the basis that the acquisition is approved by resolution at a general meeting. RG 74 issued by ASIC sets out the obligation to supply shareholders with all information that is material by either:

- ▶ The directors undertaking a detailed examination of the proposal themselves, if they consider that they have sufficient expertise
- ▶ Commissioning an independent expert report.

3 APPROACH

In preparing our IER, we have considered the requirements of:

- ▶ Section 611 of the Corporations Act
- ▶ ASIC Regulatory Guide 111 Content of expert reports (RG 111)
- ▶ ASIC Regulatory Guide 112 Independence of experts (RG 112)
- ▶ Accounting Professional & Ethical Standards Board (APESB) professional standard APES 225 'Valuation Services' (APES 225).

RG 111 establishes guidelines in respect of independent expert reports under the Corporations Act. This regulatory guide provides guidance as to what matters an independent expert should consider to assist shareholders to make informed decisions about transactions.

RG 111 states that there should be a separate assessment of fairness and reasonableness.

This engagement is a Valuation Engagement as defined by APES 225.

3.1 Fairness

RG 111.11 states that an offer in a control transaction is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer.

These comparisons should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

Based on our interpretation of RG111, we have compared:

- ▶ The fair market value (FMV) of a Vertua share pre-transaction on a control basis (being the value of the securities the subject of the offer per RG 111.11)
- ▶ The FMV of a Vertua share post-transaction on a minority basis (being the offer price or consideration per RG 111.11).

The Proposed Transaction is fair if the FMV of a Vertua share post-transaction on a minority basis is equal to or greater than the FMV of a Vertua share pre-transaction on a control basis.

3.2 Reasonableness

In accordance with RG 111, an offer is 'reasonable' if it is 'fair'. It might also be 'reasonable' if, despite being 'not fair', the expert believes there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

When deciding whether a transaction is 'reasonable', factors an expert might consider under paragraph 13 of RG 111 include:

- ▶ The bidder's pre-existing voting power in securities in the target
- ▶ Other significant security holding blocks in the target

- ▶ The liquidity of the market in the target's securities
- ▶ Taxation losses, cash flow or other benefits through achieving 100% ownership of the target
- ▶ Any special value of the target to the bidder
- ▶ The likely market price if the offer is unsuccessful
- ▶ The value to an alternative bidder and likelihood of an alternative offer being made.

4 SUMMARY OF OPINION

We have concluded that the Proposed Transaction is fair and reasonable to Shareholders.

A summary of our analysis in forming the above opinion is provided below. This summary should be read in conjunction with our full IER that sets out in full the purpose, scope, basis of evaluation, limitations, information relied upon, analysis and our findings.

In undertaking our assessment of fairness, we have had regard to the ASIC RG 111.

The Proposed Transaction will be fair if the FMV of a Vertua share post-transaction on a minority basis is equal to or greater than the FMV of a Vertua share pre-transaction on a control basis.

4.1 Fairness Assessment

Our analysis has been performed by comparing the value of a:

- ▶ Vertua share pre-transaction on a control basis
- ▶ Vertua share post-transaction on a minority basis.

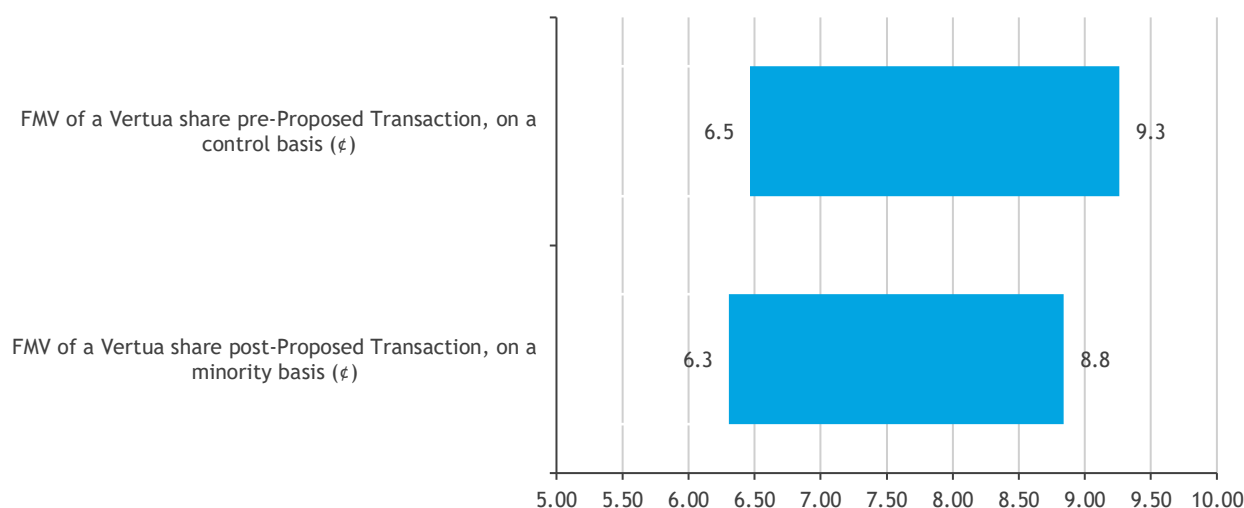
The result of our fairness analysis is summarised in the following table.

Table 1: Fairness assessment

€	Low	High
FMV of a Vertua share pre-Proposed Transaction, on a control basis	6.5	9.3
FMV of a Vertua share post-Proposed Transaction, on a minority basis	6.3	8.8

Source: BDOCF analysis

Figure 1: Fairness assessment



Source: BDOCF analysis

There is a significant overlap between the FMV of a Vertua share pre-Proposed Transaction, on a control basis, and the FMV of a Vertua share post-Proposed Transaction, on a minority basis. However, the high and low values post-Proposed Transaction are below the high and low values pre-Proposed Transaction. This decrease in the FMV of a Vertua share post-Proposed Transaction is due to the application of the minority discount to 100% of the value of Vertua.

The value of consideration payable for Flynt's assets, on a control basis, is between c.\$2.1 million and \$3.0 million. The total value of assets acquired is between c.\$3.2 million and c.\$4.3 million. This comparison is set out below:

Table 2: Value of consideration payable for Flynt's assets, on a control basis

	Low	High
Shares issued in Proposed Transaction ('000)	32,500	32,500
Value of a Vertua share pre-Proposed Transaction, on a control basis (€)	6.5	9.3
Value of consideration payable for Flynt's assets, on a control basis ('000)	2,101	3,010

Source: BDOCF analysis

Table 3: Total value of assets acquired

\$'000	Low	High
Valuation of Flynt, on a control basis	180	1,330
Loan receivable from Flynt	3,004	3,004
Total value of assets acquired	3,184	4,334

Source: BDOCF analysis

As there is:

- ▶ A significant overlap between the FMV of a Vertua share pre-Proposed Transaction, on a minority basis, and the FMV of a Vertua share post-Proposed Transaction, on a control basis
- ▶ The value of consideration payable for Flynt's assets is less than the total value of assets to be acquired

We consider the Proposed Transaction to be fair to Shareholders.

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time. Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to us.

4.2 Reasonableness conclusion

In accordance with RG 111, an offer is reasonable if it is fair. It might also be 'reasonable' if, despite being 'not fair', the expert believes there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

We have set out below a summary of other factors we consider relevant in assisting Shareholders in deciding whether or not to vote in favour of the Proposed Transaction.

Table 4: Summary of factors considered in the reasonableness assessment

Advantages	
The Proposed Transaction is fair	As assessed in our report, the FMV of a Vertua share after the Proposed Transaction, on a minority basis, significantly overlaps the value of a Vertua share prior to the Proposed Transaction, on a control basis. As such, we have concluded the Proposed Transaction is fair to the Shareholders. RG 111 states that an offer is reasonable if it is fair.
Increased scale and diversification of operations	Vertua is an investment holding company and operational managed services business. The Company's operations are organised primarily into four segments, being, investments, property services, professional services and corporate. Following the acquisition of Flynt, Vertua will gain access and exposure to the international freight and logistics sector, providing further scale and diversification to its current portfolio.
Value of assets acquired exceeds the consideration payable	If the Proposed Transaction is approved, 32.5 million Vertua shares will be issued as consideration to the current Flynt shareholders. We have valued Vertua shares, on a control basis, as between 6.5¢ and 9.3¢ per share. Therefore, the total value of consideration payable by Vertua is between c.\$2.1 million and c.\$3.0 million. We assessed the total value of Flynt assets to be acquired in the Proposed Transaction as being between c.\$3.2 million and c.\$4.3 million. Therefore, the total value of assets acquired exceeds the value of the consideration payable.
Disadvantages	
Increased influence of a controlling shareholder	If the Proposed Transaction is approved, Holicalr will be issued Vertua shares in exchange for its indirect holdings in Flynt. Holicalr will gain further influence over Vertua, with its shareholding increasing from c.28.0% to c.29.6%.
Dilution	The Proposed Transaction will result in a dilution of existing Shareholders' interests and decrease their voting power within the Company.
Other considerations	
Tax consequences	We have not considered the specific taxation implications that may be relevant for individual Shareholders in connection with the Proposed Transaction. The exact nature and impact of any tax consequences are uncertain and will depend upon the profile of each Shareholder.
Exposure to the risks and opportunities of the freight and logistics industry	Following the acquisition of Flynt, Vertua will gain access to the international freight and logistics sector. Shareholders will be exposed to increased risks and opportunities if the Proposed Transaction is approved.

Source: BDOCF analysis

Based on the above analysis, we consider the Proposed Transaction to be reasonable to Shareholders.

5 SUMMARY OF OPINION

We have considered the terms of the Proposed Transaction, as outlined in this Report, and have concluded the Proposed Transaction is fair and reasonable.

6 OTHER MATTERS

6.1 Shareholders' individual circumstances

Our analysis has been undertaken, and our conclusions are expressed, at an aggregate level. Accordingly, BDOCF has not considered the effect of the Proposed Transaction on the particular circumstances of individual Shareholders. Some individual Shareholders may place a different emphasis on various aspects of the Proposed Transaction from that

adopted in this IER. Accordingly, individual Shareholders may reach different conclusions as to whether or not the Proposed Transaction is fair and reasonable in their individual circumstances.

The decision of an individual Shareholder in relation to the Proposed Transaction may be influenced by their particular circumstances, and accordingly, Shareholders are advised to seek their own independent advice.

Approval or rejection of the Proposed Transaction is a matter for individual Shareholders based on their expectations as to the expected value, future prospects and market conditions together with their particular circumstances, including risk profile, liquidity preference, portfolio strategy and tax position. Shareholders should carefully consider the Transaction Document. Shareholders who are in doubt as to the action they should take in relation to the Proposed Transaction should consult their professional advisor.

6.2 General requirements in relation to the IER

In preparing the IER, ASIC requires the independent expert, when deciding on the form of analysis for a report, to bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated by those persons affected by the Proposed Transaction. In preparing the IER, we considered ASIC regulatory guides and commercial practice.

The IER also includes the following information and disclosures:

- ▶ Particulars of any relationship, pecuniary or otherwise, whether existing presently or at any time within the last two years, between BDO Groups Holdings Limited or BDOCF and any of the parties to the Proposed Transaction.
 - IER for Cosmos Capital Pty Ltd (**Cosmos**) (an entity associated with James Manning), dated 28 January 2021, in relation to the proposed takeover of Cosmos Capital Limited by Wize Pharma Inc. (**Wize**). The proposed scrip-for-scrip takeover was an off-market takeover whereby Wize acquired all outstanding Cosmos shares. Following the takeover, Cosmos changed its name to Mawson Infrastructure Group, Inc. (**Mawson**).
 - Financial modelling for Cosmos Capital Pty Ltd (an entity associated with James Manning), with engagement letter dated 5 August 2019.
 - Accounting advice provided to Mawson.
- ▶ The nature of any fee or pecuniary interest or benefit, whether direct or indirect, that we have received or will or may receive for or in connection with the preparation of the IER
- ▶ That we have been appointed as independent expert for the purposes of providing an IER in relation to the Proposed Transaction for the Directors
- ▶ That we have relied on information provided by the Directors and management of Vertua (**Management**), and we have not carried out any form of audit or independent verification of the information
- ▶ That we have received representations from the Directors in relation to the completeness and accuracy of the information provided to us for the purpose of our IER.

6.3 Current market conditions

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time.

Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to us.

6.4 Glossary

Capitalised terms used in this IER have the meanings in the glossary set out in **Appendix 1**.

6.5 Sources of information

Appendix 2 to the IER sets out details of information referred to and relied upon by us during the course of preparing this IER and forming our opinion. The statements and opinions contained in this IER are given in good faith and are based upon our consideration and assessment of information provided by Vertua.

Under the terms of our engagement, Vertua agreed to indemnify BDOCF and their partners, directors, employees, officers and agents (as applicable) against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

6.6 Limitations

This IER has been prepared at the request of the Directors for the sole benefit of the Shareholders to assist them in their decision to approve or reject the Proposed Transaction. This IER is to accompany the Transaction Document to be sent to the Shareholders to consider the Proposed Transaction and was not prepared for any other purpose.

Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Directors and the Shareholders without our written consent. We accept no responsibility to any person other than the Directors and the Shareholders in relation to this IER.

This IER should not be used for any other purpose, and we do not accept any responsibility for its use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of our IER, in whole or in part, should be reproduced without our written consent, as to the form and context in which it may appear.

We have consented to the inclusion of the IER within the Transaction Document. Apart from this IER, we are not responsible for the contents of the Transaction Document, or any other document associated with the Transaction Document. We acknowledge that this IER may be lodged with regulatory authorities.

6.7 Summary

This summary should be read in conjunction with our full IER that sets out in full the purpose, scope, basis of evaluation, limitations, information relied upon, analysis and our findings.

6.8 Financial Service Guide

BDOCF holds an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues. A financial services guide is attached to this IER.

Yours faithfully

BDO CORPORATE FINANCE (EAST COAST) PTY LTD



David McCourt
Director



Daniel Coote
Director



INDEPENDENT EXPERT REPORT

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1 PURPOSE AND BACKGROUND

1.1 Purpose

BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170) (**BDOCF**, **we**, **us** or **our**) has been appointed by the directors of Vertua Limited (**Vertua** or the **Company**) (collectively, the **Directors**), to prepare an independent expert report (**Report** or **IER**) in relation to the proposed acquisition of:

- ▶ 100% of the issued capital in Flynt Worldwide Pty Limited and its controlled entities (**Flynt**)
- ▶ A loan receivable from Flynt of circa \$3.0 million. This loan receivable is currently held by Transport and Clearance Pty Ltd as trustee for the Transport and Clearance Fund.

The consideration payable by Vertua for the above assets is 32,500,000 Vertua shares (**Proposed Transaction**).

If the Proposed Transaction proceeds, Holicarl Pty Ltd's (**Holicarl**) shareholding in Vertua will increase from c.28.0% to c.29.6%.

This Report sets out our opinion as to whether the Proposed Transaction is fair and reasonable to the non-associated shareholders of Vertua (the **Shareholders**).

1.2 Overview of the Proposed Transaction

Flynt is an independent freight company that offers air and sea freight solutions. Flynt provides international freight forwarding, customers clearing and logistics solutions to clients in Australia, China, and Hong Kong.

The Directors of Vertua have entered into an agreement to acquire 100% of the shares in Flynt, together with the assignment of an intra-group loan receivable (**Loan Receivable**) of approximately c.\$3.0 million (as at 30 June 2022) from Transport and Clearance Pty Ltd as trustee for the Transport and Clearance Fund (**Vendor**). The total consideration will be 32,500,000 fully paid ordinary shares in Vertua.

If the Proposed Transaction proceeds, Holicarl's shareholding and voting power in Vertua will increase from c.28.0% to c.29.6%.

The Proposed Transaction is subject to a number of conditions precedent including, but not limited to, Shareholders approving the Proposed Transaction.

The Directors have commissioned this IER for the purposes of item 7 of Section 611 of the Corporations Act and ASIC Regulatory Guide 74. This Report sets out our opinion as to whether the Proposed Transaction is fair and reasonable to the Shareholders.

Full details of the Proposed Transaction are set out in the Notice of Extraordinary General Meeting (**Transaction Document**) prepared by Vertua, dated 6 February 2023.

2 SCOPE AND LIMITATIONS

2.1 Scope

The scope of the procedures we undertook in forming our opinion on whether the Proposed Transaction is fair and reasonable to the non-associated Shareholders has been limited to those procedures we believe are required in order to form our opinion. Our procedures did not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards.

Our assessment involved determining the fair market value (**FMV**) of various securities, assets, and liabilities. For the purposes of our opinion, the term FMV is defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser and a knowledgeable, willing, but not anxious vendor, acting at arm's length.

2.2 Summary of regulatory requirements

If the Proposed Transaction is approved, Holicalr's shareholding and voting power in the Company will increase from c.28.0% to c.29.6%. BDOCF has been appointed by the Directors to prepare an IER in accordance with Section 611, item 7 of the Corporations Act.

Section 611 of the Corporations Act expressly prohibits transactions that result in a person or entity that, with their associates, increases their voting power from either:

- ▶ A point 20% or below to more than 20%
- ▶ A point that is above 20% to below 90%

without making a full takeover offer to all shareholders, or otherwise falling within another exception (such as shareholder approval under Item 7 of Section 611 of the Act).

Item 7 of Section 611 of the Corporations Act provides an exception to the prohibition on the basis that the acquisition is approved by resolution at a general meeting. RG 74 issued by ASIC sets out the obligation to supply shareholders with all information that is material by either:

- ▶ The directors undertaking a detailed examination of the proposal themselves, if they consider that they have sufficient expertise
- ▶ Commissioning an independent expert report.

Accordingly, an independent expert report is required for the Proposed Transaction. The report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to the non-associated shareholders.

In preparing our IER, we have considered the requirements of:

- ▶ Section 611 of the Corporations Act
- ▶ RG 111 Content of expert reports
- ▶ RG 112 Independence of experts
- ▶ Accounting Professional & Ethical Standards Board (**APESB**) professional standard APES 225 'Valuation Services' (**APES 225**).

This engagement is a Valuation Engagement as defined by APES 225.

2.3 Basis of assessment

In determining whether the Proposed Transaction is fair and reasonable to the Shareholders, we have had regard to:

- ▶ ASIC Regulatory Guide 111 Content of expert reports (**RG 111**)
- ▶ ASIC Regulatory Guide 112 Independence of experts (**RG 112**)
- ▶ Accounting Professional & Ethical Standards Board (**APESB**) professional standard APES 225 'Valuation Services' (**APES 225**).

RG 111 establishes guidelines in respect of independent expert reports under the Act. This regulatory guide provides guidance as to what matters an independent expert should consider to assist shareholders to make informed decisions about transactions.

RG 111 states that there should be a separate assessment of fairness and reasonableness.

2.4 Fairness

RG 111.11 states that an offer in a control transaction is ‘fair’ if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer.

These comparisons should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length. The comparison should be made assuming both:

- ▶ A knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length
- ▶ 100% ownership of the target company, irrespective of whether the consideration is scrip or cash and irrespective of the percentage holding of the bidder or its associates in the target company.

Based on our interpretation of RG 111, we have compared:

- ▶ The FMV of a Vertua share pre-transaction on a control basis (being the value of the securities the subject of the offer per RG 111.11)
- ▶ The FMV of a Vertua share post-transaction on a minority basis (being the offer price or consideration per RG 111.11).

The Proposed Transaction is fair if the FMV of a Vertua share post-transaction on a minority basis is equal to or greater than the FMV of a Vertua share pre-transaction on a control basis.

2.5 Reasonableness

In accordance with RG 111.60, a transaction is ‘reasonable’ if it is ‘fair’. It might also be ‘reasonable’ if, despite being ‘not fair’, the expert believes there are sufficient reasons to shareholders to vote for the proposal.

RG 111.13 sets out some of the factors that an expert might consider in assessing the reasonableness of an offer, including:

- ▶ The bidder’s pre-existing voting power in securities in the target
- ▶ Other significant security holding blocks in the target
- ▶ The liquidity of the market in the target’s securities
- ▶ Taxation losses, cash flow or other benefits through achieving 100% ownership of the target
- ▶ Any special value of the target to the bidder, such as particular technology, the potential to write off outstanding loans from the target, etc.
- ▶ The likely market price if the offer is unsuccessful
- ▶ The value to an alternative bidder and likelihood of an alternative offer being made.

2.6 General requirements in relation to the IER

In preparing the IER, ASIC requires the independent expert, when deciding on the form of analysis for a report, to bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the Proposed Transaction. In preparing the IER, we considered the necessary legal requirements and guidance of the Act, ASIC regulatory guides and commercial practice.

The IER also includes the following information and disclosures:

- ▶ Particulars of any relationship, pecuniary or otherwise, whether existing presently or at any time within the last two years, between BDO Groups Holdings Limited or BDOCF and any of the parties to the Proposed Transaction
 - IER for Cosmos Capital Pty Ltd (**Cosmos**) (an entity associated with James Manning), dated 28 January 2021, in relation to the proposed takeover of Cosmos Capital Limited by Wize Pharma Inc. (**Wize**). The proposed scrip-for-scrip takeover was an off-market takeover whereby Wize acquired all outstanding Cosmos shares. Following the takeover, Cosmos changed its name to Mawson Infrastructure Group, Inc. (**Mawson**).
 - Financial modelling for Cosmos Capital Pty Ltd (an entity associated with James Manning), with engagement letter dated 5 August 2019.
 - Accounting advice provided to Mawson.
- ▶ The nature of any fee or pecuniary interest or benefit, whether direct or indirect, that we have received or will or may receive for or in connection with the preparation of the IER
- ▶ We have been appointed as independent expert for the purposes of providing an IER in relation to the Proposed Transaction for the non-associated Directors

- ▶ That we have relied on information provided by the Directors and management of Vertua (**Management**) and that we have not carried out any form of audit or independent verification of the information
- ▶ That we have received representations from the Directors and Management of Vertua in relation to the completeness and accuracy of the information provided to us for the purpose of our IER.

2.7 Special value

We have not considered special value in forming our opinion. Special value is the amount that a potential acquirer may be prepared to pay for an asset in excess of the FMV. This premium represents the value to the particular potential acquirer of potential economies of scale, reduction in competition, other synergies and cost savings arising from the acquisition under consideration not available to likely purchasers generally. Special value is not normally considered in the assessment of FMV as it relates to the individual circumstances of special purchasers.

2.8 Reliance on information

This IER is based upon financial and other information provided by the Directors, Management, and other representatives of Vertua, as well as external sources. We have considered and relied upon this information. Unless there are indications to the contrary, we have assumed the information provided was reliable, complete, and not misleading, and material facts were not withheld. The information provided was evaluated through analysis, inquiry, and review for the purpose of forming an opinion as to whether the Proposed Transaction is fair and reasonable.

We do not warrant that our inquiries have identified or verified all of the matters which an audit, extensive examination or “due diligence” investigation might disclose. In any event, an opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion rather than an audit or detailed investigation.

It is understood the accounting information provided to us was prepared in accordance with generally accepted accounting principles.

Where we relied on the views and judgement of Management, the information was evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of direct external verification or validation.

Under the terms of our engagement, Vertua has agreed to indemnify BDOCF, and their partners, directors, employees, officers and agents (as applicable) against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

2.9 Limitations

We acknowledge this IER may be lodged by the Directors with regulatory and statutory bodies and will be included in the Transaction Document to be sent to the Shareholders. The Directors acknowledge that our IER has been prepared solely for the purposes noted in the Transaction Document, and accordingly, we disclaim any responsibility from reliance on the IER in regard to its use for any other purpose. Except in accordance with the stated purposes, no extract, quote or copy of the IER, in whole or in part, should be reproduced without our prior written consent, as to the form and context in which it may appear.

It was not our role to undertake, and we have not undertaken any commercial, technical, financial, legal, taxation or other due diligence, other similar investigative activities in respect of Vertua. We understand the Directors have been advised by legal, accounting, tax, and other appropriate advisors in relation to such matters as necessary. We provide no warranty or guarantee as to the existence, extent, adequacy, effectiveness and/or completeness of any due diligence or other similar investigative activities by the Directors or their advisors.

We note the IER does not deal with the individual investment circumstances of the Shareholders and no opinion has been provided in relation to same. Some individual Shareholders may place a different emphasis on various aspects of the Related Party Transaction from that adopted in our IER. Accordingly, individuals may reach different conclusions on whether or not the Related Party Transaction is fair and reasonable. An individual Shareholder’s decision in relation to the Related Party Transaction may be influenced by their particular circumstances and, therefore, Shareholders are advised to seek their own independent advice.

Apart from the IER, we are not responsible for the contents of the Transaction Document or any other document. We have provided consent for inclusion of the IER in the Transaction Document. Our consent and the Transaction Document acknowledge that we have not been involved with the issue of the Transaction Document and that we accept no responsibility for the Transaction Document apart from the IER.

2.10 Assumptions

In forming our opinion, we have made certain assumptions and outline these in our IER including:

- ▶ Assumptions outlined in the valuation sections
- ▶ That matters such as title to all relevant assets, compliance with laws and regulations and contracts in place are in good standing, and will remain so, and that there are no material legal proceedings, other than as publicly disclosed
- ▶ Information sent out in relation to the Proposed Transaction to the Shareholders or any regulatory or statutory body is complete, accurate and fairly presented in all material respects
- ▶ Publicly available information relied on by us is accurate, complete and not misleading
- ▶ If the Proposed Transaction is implemented, that it will be implemented in accordance with the stated terms
- ▶ The legal mechanisms to implement the Proposed Transaction are correct and effective
- ▶ There are no undue changes to the terms and conditions of the Proposed Transaction or material issues unknown to us.

3 PROFILE OF VERTUA

3.1 Overview

Vertua is an investment holding company and operational managed services business. Vertua was founded in 2004, and listed on the National Stock Exchange of Australia (NSX) in February 2007 (NSX:VER). Vertua is based in North Sydney, Australia.

Vertua's operations are organised into four segments. Descriptions of each segment are provided below.

Investments

The investments segment focuses on investments within the emerging businesses and blockchain sector. Vertua's current investments are:

- ▶ 2,444,400 shares in Mawson Infrastructure Group Inc. (**Mawson**), a digital infrastructure business, primarily focused on bitcoin mining
- ▶ 80,000 shares in Distributed Storage Solutions Pty Ltd (**DSS**), an unlisted early-stage digital infrastructure and storage operation
- ▶ Units in two unlisted funds, Digital Income Fund (**DIF**) and Defender Global Fund (**DGF**)
- ▶ 458,991 units in Vertua Opportunities Fund (**VOF**), an unlisted tourism and hospitality fund of which Vertua is the investment manager
- ▶ Investments in ASX listed companies valued at c.\$17.7k
- ▶ 100.0% ownership of Defender Asset Management Pty Ltd (**Defender AM**), a risk management and compliance platform
- ▶ c.23.9% ownership of a property development site in Tuggerah (**Tuggerah Site**), on Sydney's Central Coast, which is currently in the process of being sold
- ▶ c.28.0% interest in 555 Unit Trust, an investment property in Rushcutters's Bay, New South Wales.

Property services

Vertua operates a property development and project management business. This business focuses on residential projects in NSW, particularly building boutique projects marketed toward professionals and downsizers. The property services segment is currently developing one project and holding one property for sale. This segment also provides development and project management services to clients.

Current projects include:

- ▶ Harriette - a boutique block of 10 apartments in Neutral Bay, on Sydney's lower north shore. Two apartments remain unsold. Vertua owns c.99.99% of Harriette.
- ▶ Callista - a boutique block of 12 luxury residential apartments located in Cronulla, Sydney's southern beaches. Callista is currently in active development. Vertua owns 50.0% of Callista.

The property services segment recently sold the Greenwich development. The development comprised a duplex and single dwellings in Greenwich, on Sydney's lower north shore.

Professional services

The professional services segment provides tax, accounting, and corporate advice to high-net-worth individuals, family offices and corporates. This segment also provides services to Vertua's corporate segment, and to several managed funds operated by Vertua's investment segment.

Corporate

The corporate segment provides operating, management, strategic, financial, and legal services to Vertua.

3.2 Controlled entities

Vertua's consolidated financial statements incorporate the assets, liabilities, and results of the following controlled entities.

Table 5: Vertua's consolidated controlled entities as at December 2022

Entity	Principle place of business	Vertua's ownership %
Corporate		
Vertua Investments Limited	Australia	100%
Investment		
Defender Asset Management Pty Ltd	Australia	100%
Vertua Opportunities Pty Ltd	Australia	100%
Vertua Property Fund Pty Ltd	Australia	100%
Professional services		
First Equity Associates Pty Ltd	Australia	100%
First Equity Tax Pty Ltd	Australia	100%
First Equity Audit Pty Ltd	Australia	100%
First Equity Advisory Pty Ltd	Australia	100%
First Equity Services Pty Ltd	Australia	100%
Property services		
Joe Public Holdings Pty Ltd	Australia	100%
Fiducia Group Pty Ltd	Australia	100%
Fiducia Development Group Pty Ltd	Australia	100%
Fiducia Property Group Pty Ltd	Australia	100%
Fiducia Development Management Trust	Australia	100%
Fiducia DM Pty Ltd	Australia	100%
Fiducia Project Management Trust	Australia	100%
Vertua Property Pty Ltd	Australia	100%

Source: Vertua 2022 annual report

Entities that Vertua holds a controlling interest in, but are held for investment purposes only, are not consolidated. The controlled entities which are not consolidated as at December 2022 are presented below.

Table 6: Vertua's controlled entities which are not consolidated as at December 2022

Entity	Principle place of business	Vertua's ownership %
FPG No. 4 Pty Ltd	Australia	100%
FPG No. 5 Pty Ltd	Australia	100%
Great Superintendent Pty Ltd	Australia	100%
FPG No.6 Pty Ltd	Australia	100%
FPG No.8 Pty Ltd	Australia	100%

Source: Vertua 2022 annual report

3.3 Directors and management

The current board of directors and senior management of Vertua are listed below.

Table 7: Vertua's directors and senior management

Name	Position
Christopher Bregenhoj	Non-Executive Chairman
James Manning	Managing Director
Benjamin Doyle	Executive Director
Olga Shtifelman	Chief Operating Officer
Kathleen Howell	Company Secretary/Head of People and Culture
Michael Bregenhoj	Group Financial Controller
Utkarsh Saxena	First Equity Partner

Source: Management information

3.4 Financial performance summary

Vertua's consolidated historical statement of profit or loss for the financial years ended 31 March 2020 (FY20), 31 March 2021 (FY21), 31 March 2022 (FY22) and the half-year ended 30 September 2022 (1H23) are presented below.

Table 8: Vertua's consolidated historical statement of profit or loss

\$'000		FY20	FY21	FY22	1H23
Revenue	A	3,416	2,749	3,424	2,280
Other income		492	505	442	184
Fair value gain/(loss) on investments	B	(881)	30,614	(13,865)	(14,562)
Total revenue		3,026	33,868	(9,998)	(12,098)
Employee benefits		(1,822)	(1,429)	(1,857)	(921)
General & administration		(604)	(890)	(1,121)	(510)
Professional & management fees		(635)	(1,231)	(867)	(545)
Finance costs		(474)	(535)	(930)	(378)
Disbursements		-	(94)	(275)	-
Other		(680)	(416)	(132)	139
Total operating expenses		(4,214)	(4,596)	(5,181)	(2,216)
EBITDA		(1,188)	29,272	(15,180)	(14,315)
Depreciation & amortisation		(471)	(489)	(390)	(93)
Impairment	C	-	(3,237)	(1,453)	-
EBIT		(1,659)	25,546	(17,023)	(14,407)
Income tax benefit /(expense)		482	(6,600)	2,804	5,340
Net profit/(loss) from continuing operations after tax		(1,177)	18,946	(14,219)	(9,068)
Loss from discontinued operations, net of tax	D	(1,023)	-	-	-
Total comprehensive income/(loss) for the year		(2,200)	18,946	(14,219)	(9,068)

Source: Vertua 2022, 2021 and 2020 annual reports, Vertua 1H23 interim financial statements

Notes:

A	Revenue
	Revenue comprises fees earned from the investments, property services, professional services, and corporate segments. Revenue decreased by c.\$0.7 million in FY21, mainly driven by a c.\$0.5 million reduction in property services fees. However, revenue increased by c.\$0.7 million in FY22 due to a c.\$0.5 million increase in professional services fees.
B	Fair value gain/(loss) on investments
	Fair value gains/losses relate to investments in shares, property, and managed funds. These gains/losses primarily relate to revaluations of Vertua's investment in Mawson Infrastructure Group Inc. (Mawson).
C	Impairment
	During FY21, the following assets were impaired: <ul style="list-style-type: none"> • Goodwill - property segment (c.\$1.0 million) • Loans and advances (c.\$1.6 million) • Professional services customer relationships (c.\$0.6 million). During FY22, the following assets were impaired: <ul style="list-style-type: none"> • Loans and advances (c.\$1.0 million) • Unlisted investments (\$0.5 million).

Loss from discontinued operations, net of tax

- D** During FY20, Vertua disposed of its holding in Vertua Investment Unit Trust and its 50% interest in the Locumsgroup business, resulting in a c.\$1.0 million loss on disposal (after tax).

3.5 Financial position summary

Vertua's consolidated historical statement of financial position as at 31 March 2020, 31 March 2021, 31 March 2022 and 30 September 2022 is presented below.

Table 9: Vertua's consolidated historical statement of financial position

\$'000		31-Mar-20	31-Mar-21	31-Mar-22	30-Sep-22
Cash & cash equivalents		437	1,099	363	574
Trade & other receivables	A	2,682	1,675	1,102	1,699
Investments	B	920	1,161	774	2,411
Total current assets		4,039	3,935	2,239	4,683
Loans & advances	C	3,015	1,165	175	296
Investments	D	3,011	33,486	20,189	3,927
Plant & equipment		245	192	119	-
Right-of-use asset		210	70	-	-
Intangibles	E	1,946	108	-	-
Deferred tax assets		1,423	1,555	1,632	3,177
Total non-current assets		9,850	36,575	22,115	7,400
Total assets		13,889	40,511	24,353	12,083
Trade & other payables	F	(978)	(653)	(840)	(986)
Loans & advances	G	-	-	-	(334)
Lease liabilities		(209)	(76)	-	-
Borrowings	H	(97)	(518)	(1,347)	(980)
Employee entitlements		(108)	(101)	(125)	(132)
Other current liabilities		-	-	-	-
Total current liabilities		(1,392)	(1,349)	(2,312)	(2,432)
Borrowings	I	(4,292)	(4,380)	(5,154)	(5,581)
Deferred tax liabilities		(318)	(8,024)	(4,349)	(548)
Lease liabilities		(76)	-	-	-
Total non-current liabilities		(4,686)	(12,404)	(9,503)	(6,129)
Total liabilities		(6,078)	(13,753)	(11,814)	(8,561)
Net assets		7,811	26,757	12,539	3,522
Issued capital		12,121	12,601	12,841	12,892
Convertible notes		720	240	-	-
Accumulated losses		(5,030)	13,916	(303)	(9,370)
Total equity		7,811	26,757	12,539	3,522

Source: Vertua 2022, 2021 and 2020 annual reports, Vertua 1H23 interim financial statements

Notes:

Trade & other receivables

- A** Trade & other receivables consist of trade receivables (net of allowances for expected credit losses), accrued income, prepayments, and short-term advances.

B	<p>Investments (current)</p> <p>Current investments comprise interests in residential development entities held at fair value. The c.\$1.6 million increase in current investments as at 30 September 2022 was driven by the reclassification of Tuggerah from a non-current to current investment following the development's completion, and the effect of the closure of FPG No.4 Pty Ltd.</p>
C	<p>Loans & advances (asset)</p> <p>Loans and advances as at 30 September 2022 comprised loans receivable from:</p> <ul style="list-style-type: none"> Defender No.2 Fund Pty Ltd (c.\$150.0k) 555 Unit Trust (c.\$9.2k) FPG No.6 Pty Ltd (c.\$137.1k). <p>Defender No.2 Fund Pty Ltd, 555 Unit Trust, and FPG No.6 Pty Ltd are related parties of Vertua. Management advises all loans are on a commercial arm's length basis.</p>
D	<p>Investments (non-current)</p> <p>Non-current investments comprise interests in residential development entities held at fair value, shares in Mawson, unlisted shares, and other listed shares.</p> <p>The movement in non-current investments over the period was driven by fluctuations in Mawson's share price.</p>
E	<p>Intangibles</p> <p>As at 31 March 2020, intangibles comprised:</p> <ul style="list-style-type: none"> Goodwill (c.\$1.0 million) Customer relationships (c.\$0.8 million) Software & trademarks (c.\$0.1 million). <p>As at 30 June 2022, intangibles were fully impaired.</p>
F	<p>Trade & other payables</p> <p>Trade & other payables relates to trade payables, GST and PAYG payables, accruals, and other payables.</p>
G	<p>Loans & advances (liability)</p> <p>Loans and advances as at 30 September 2022 comprised loans payable to:</p> <ul style="list-style-type: none"> FPG No.5 Pty Ltd (c.\$442.0k) FPG No.4 Pty Ltd (c.\$1.5k). <p>FPG No.5 Pty Ltd and FPG No.4 Pty Ltd are related parties of Vertua. Management advises all loans are on a commercial arm's length basis.</p>
H	<p>Borrowings (current)</p> <p>As at 30 September 2022, current borrowings comprised finance leases (c.\$0.2 million) and a loan from Mackin Money Pty Limited (c.\$0.8 million). The loan from Mackin Money Pty Limited is on a non-recourse basis for investment in a property development.</p>
I	<p>Borrowings (non-current)</p> <p>As at 30 September 2022, non-current borrowings comprised a c.\$5.6 million loan from Manning Capital Holdings Pty Ltd. Manning Capital Holdings Pty Ltd is a related party of Vertua. Management advises the loan is on a commercial arm's length basis.</p>

3.6 Ownership

As at 9 December 2022, Vertua had 65,764,640 shares on issue. The top 20 shareholders collectively own c.92.4% of the outstanding shares. A summary of Vertua's top 20 shareholders is provided below.

Table 10: Vertua's top 20 shareholders as at 9 December 2022

Rank	Name	Shares (#)	Shares (%)
1	Manning Capital Holdings Pty Ltd	23,273,000	35.4%
2	Holicarl Pty Ltd	17,059,358	25.9%
3	Lily Bordeaux Pty Ltd	6,653,150	10.1%
4	Woodville Super Pty Limited	3,276,696	5.0%
5	Esplanade Super Fund Pty Ltd (Esplanade)	1,577,273	2.4%
6	Running Bear Investments Pty Ltd	1,500,830	2.3%
7	Holicarl Pty Ltd	1,350,000	2.1%
8	Francis Pace & Dianna Pace	1,300,000	2.0%
9	FE Management Pty Ltd	1,200,000	1.8%
10	Hoyne Holdings Pty Ltd	1,032,250	1.6%
11	Mr Gregory David Pynt	396,300	0.6%
12	Shorts Jacket and Bowtie Pty Ltd	358,000	0.5%
13	Mr Stuart Page	332,273	0.5%
14	Structure Investments Pty Ltd	320,000	0.5%
15	Sytram Pty Ltd	275,000	0.4%
16	Lavinia Investments Pty Ltd	234,650	0.4%
17	Mr Boguslaw Stanley Wisniewski	182,000	0.3%
18	Hank Corporation Pty Ltd	175,238	0.3%
19	Kyriakides Wealth Investments Pty Ltd	150,000	0.2%
20	Kizun Pty Ltd	125,400	0.2%
Top 20 shareholders		60,771,418	92.4%
Other shareholders		4,993,222	7.6%
Total shares outstanding		65,764,640	100%

Source: Management information

3.7 Shareholding post-Proposed Transaction

Below is a table of Vertua shareholders who have shareholdings in both Vertua and Flynt, together with the number of shares held, and relative shareholding percentages pre- and post-Proposed Transaction.

Table 11: Shareholdings pre- and post-Proposed Transaction for shareholders of Vertua and Flynt

	Shares held pre-Proposed Transaction (#)	Shareholding pre-Proposed Transaction (%)	Shares held post-Proposed Transaction (#)	Shareholding post-Proposed Transaction (%)
Esplanade	1,577,273	2.4%	11,227,273	11.4%
Manning and associates	26,549,696	40.4%	36,699,696	37.3%
Holicarl and associates	18,409,358	28.0%	29,059,358	29.6%
Total issued shares in Vertua	65,764,640		98,264,640	

Source: Vertua Notice of Extraordinary General Meeting and Explanatory Statement dated 6 February 2023

3.8 QMP Analysis

Vertua's shares are listed on the NSX under the ticker NSX:VER. Vertua's shares are thinly traded, with trades only occurring on three trading days during the past 12 months.

The below table summarises Vertua's trading activity from 10 January 2022 to 9 January 2023.

Table 12: Vertua trading activity from 10 January 2022 to 9 January 2023

Date	Price (Low) \$	Price (High) \$	Daily volume m	Daily value \$m
30-Mar-22	0.25	0.25	0.01	0.00
24-Jan-22	0.25	0.25	0.02	0.01
11-Jan-22	0.25	0.25	0.25	0.06

Source: S&P Capital IQ as at 9 January 2023, BDOCF analysis

4 PROFILE OF FLYNT

4.1 Overview

Flynt Worldwide Pty Limited (**Flynt**) is an independent freight company that offers air and sea freight solutions. Flynt provides international freight forwarding, customs clearing, and logistics solutions to clients in Australia, China, and Hong Kong. Flynt was incorporated in 2017, and is based in Riverwood, New South Wales.

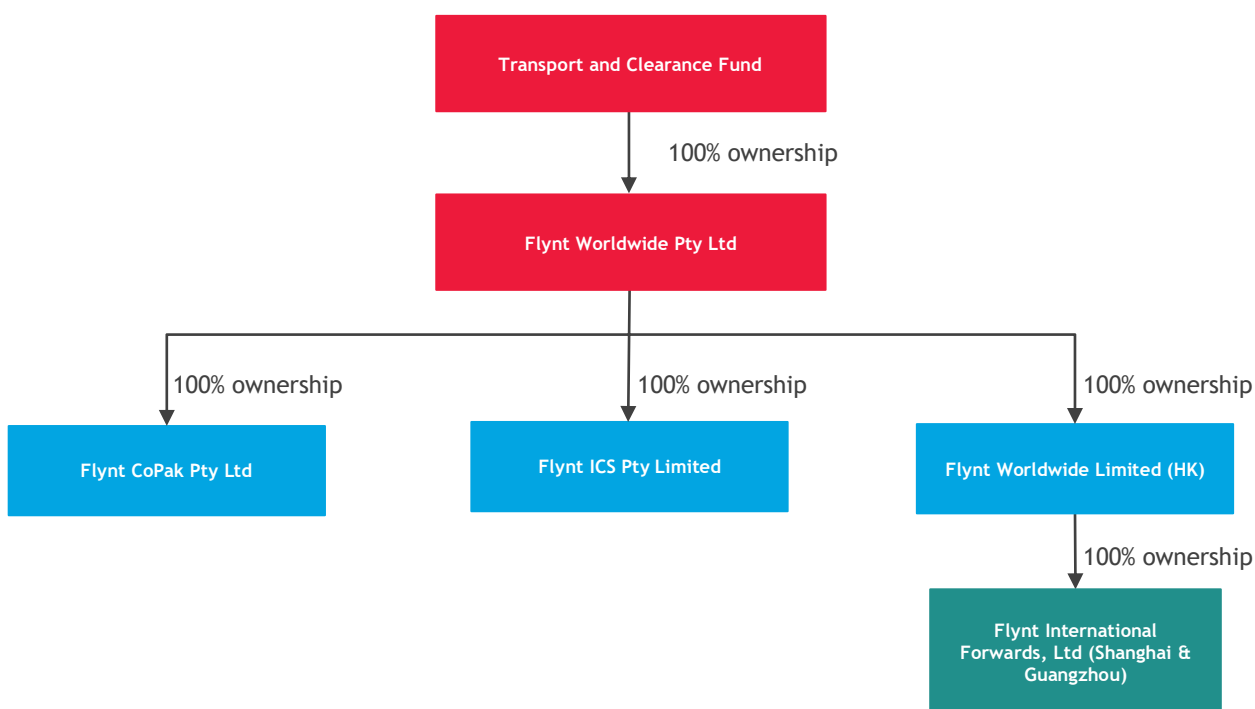
Flynt's operations are organised across five service lines:

- ▶ Air freight
- ▶ Sea freight
- ▶ Warehousing
- ▶ Customs
- ▶ Other services.

4.2 Group structure

Flynt's group structure is depicted below.

Figure 2: Flynt's group structure



Source: Management information

4.3 Controlled entities

Flynt has four controlled entities. Brief descriptions of each entity are provided below.

Table 13: Flynt's controlled entities

Entity	Principle place of business	Flynt's ownership %	Entity description
Flynt CoPak Pty Ltd	Australia	100%	Flynt CoPak Pty Ltd is a warehousing, contract packing, and 3PL specialist company. It was founded in 2000 and purchased by Flynt in 2018 to operate their warehousing and packing division. It is based in Riverwood, New South Wales.
Flynt ICS Pty Limited (Flynt ICS)	Australia	100%	Flynt ICS is a freight transportation arrangement company, and the freight forwarding division of Flynt. Flynt ICS was founded in 1980 and is based in Riverwood, New South Wales. Key activities include: <ul style="list-style-type: none"> • 3PL • Freight forwarding • Licensed customs agency and clearance • Warehouse stock control management.
Flynt Worldwide Limited (HK)	Hong Kong	100%	Flynt Worldwide Limited (HK) is the Hong Kong subsidiary of Flynt's freight forwarding and customs clearance division. It comprises: <ul style="list-style-type: none"> • Flynt International Forwards, Ltd (Shanghai) • Guangzhou branch.
Flynt International Forwards, Ltd (Shanghai & Guangzhou)	China	100%	Flynt International Forwards, Ltd (Shanghai & Guangzhou) provides freight forwarding and clearance operations in China, mainly to Australasia, Mauritius, South Africa, and the United States of America (USA or United States).

Source: Management information, publicly available information

4.4 Directors and management

The current board of directors and senior management of Flynt are provided below.

Table 14: Flynt's directors and management

Name	Position
Kevin Burgess	Managing Director
Christopher Bregenhøj	Chairman
Sean Hunter	General Manager
Simon Waterson	NSW Manager
Jacob Vase	Customers Broker
Nathaniel Alfonso	Customs Manager
Lyn D'Elboux	Financial Controller
Simon Blackburn	Customs Broker
Jennifer Cheung	General Manager - Hong Kong

Source: Management information

Mr Christopher Bregenhøj is chairman and a director of both Flynt and Vertua.

4.5 Financial performance summary

Flynt's consolidated historical statement of profit or loss for the financial years ending 30 June 2020, 30 June 2021, and 30 June 2022 is presented below. Also shown are the management accounts for the 3 months to September 2022, and the forecasts for the 9 months to 30 June 2023.

Table 15: Flynt's statement of profit or loss

\$'000		12 months Period ending 30- Jun-20	12 months Period ending 30- Jun-21*	12 months Period ending 30- Jun-22	3 months Period ending 30- Sep-22	9 months Forecast ending 30- Jun-23	12 months Forecast ending 30- Jun-23
Sales	A	44,206	31,203	49,995	13,585	42,357	55,942
Cost of sales	B	(38,390)	(25,551)	(41,671)	(11,309)	(36,058)	(47,367)
Net disbursements		-	10	3	-	-	-
Gross profit		5,816	5,661	8,326	2,276	6,299	8,575
Personnel expenses		(4,167)	(3,999)	(4,300)	(1,192)	(3,157)	(4,349)
Management expenses		-	(55)	(76)	(14)	(775)	(789)
Professional expenses		(212)	(214)	(166)	(96)	(142)	(237)
Sales, general & admin		(1,956)	(1,647)	(1,817)	(511)	(1,560)	(2,071)
Total operating expenses		(6,336)	(5,914)	(6,359)	(1,812)	(5,635)	(7,447)
EBITDA		(519)	(253)	1,967	464	665	1,128
Depreciation & amortisation		(53)	(47)	(50)	(7)	(94)	(101)
Other income	C	697	442	482	88	664	752
EBIT		125	142	2,399	545	1,234	1,779
Net interest income/(expense)		(185)	(113)	(217)	(28)	(63)	(92)
Income tax expense		(2)	(10)	(125)	-	(192)	(192)
Net profit after tax		(62)	20	2,056	517	979	1,496
KPIs							
Gross profit margin (%)		13.2%	18.1%	16.7%	16.8%	14.9%	15.3%
EBITDA margin (%)		-1.2%	-0.8%	3.9%	3.4%	1.6%	2.0%
Operating expenses as % of income		14.3%	18.9%	12.7%	13.3%	13.3%	13.3%

Source: Flynt's consolidated financial statements for the periods ended 30 June 2021 and 30 June 2022, Management information

*: Figures for the period ending 30 June 2021 are the restated comparative figures included in Flynt's consolidated financial statements for the period ended 30 June 2022

Notes:

Sales

Sales revenue is primarily derived from air freight, sea freight, logistics and warehousing activities.

The Australian business primarily operates as a federal government licensed customs agent. The main driver of this business is the volume of shipments processed, not the shipping prices. This business has not been materially impacted by fluctuating shipping prices during the COVID-19 pandemic.

The Asian business is exposed to freight movement costs. The Asian business has several specialist lines of transport, including:

- Alcohol with its Asia, Mauritius, and South Africa trade lanes
- Cotton goods air freighted from Mauritius.

A

The Asian business has a different market dynamic to the Australian business. The Asian business has been impacted by the broader lockdowns and economic activity in both Hong Kong and China. Management expects that a significant backlog of business exists in Hong Kong and China which will take more than 12 months to clear. Therefore, Management expects elevated trade, for a considerable period, at higher freight prices.

The increase in sales revenue between the 12 months ending 30 June 2021 and 30 June 2022 was driven by international trade and freight markets returning to pre-COVID-19 activity levels, new customer growth, and Flynt's expansion of international markets serviced.

Following a change of accounting policy, from 1 July 2021 onwards, sales revenue are grossed up to include disbursements. The figures for the period ending 30 June 2021 in table 15 are restated amounts, reflecting sales gross of disbursements.

Cost of sales

B

Following a change of accounting policy, from 1 July 2021 onwards, cost of sales are grossed up to include disbursements. The figures for the period ending 30 June 2021 in table 15 are restated amounts, reflecting cost of sales gross of disbursements.

Other income

C

Other income comprises foreign currency gains/(losses), rental income, gains/(losses) on the sale of non-current assets, and other revenue.

The financial performance for the period ending 30 June 2023 is based on the actual results for the 3 months ended 30 September 2022 (per Flynt's management accounts), and Management's budgets for the 9 months ending 30 June 2023.

Set out below is a comparison of the monthly gross profit, total operating expenses, and EBITDA for the 12 months to 30 June 2022, 3 months ended 30 September 2022, and the 9 months ending 30 June 2023.

Table 16: Flynt's monthly average data per period

\$'000	30-Jun-22	30-Sep-22	30-Jun-23
Gross profit	694	759	700
Total operating expenses	(530)	(604)	(626)
EBITDA	164	155	74

Source: Management information

Monthly average gross profit is expected to reduce by c.7.7% in the 9 months to 30 June 2023, compared to the monthly average for the 3 months ended 30 September 2022. This decline is due to a reduction in international freight costs for Flynt's customers, primarily impacting the Asian business. As Flynt charges a handling fee on customers' international freight, lower freight costs are expected to drive a reduction in gross profit. The Australian business is expected to maintain its gross profit as its performance is driven by shipping volume, not shipping prices.

Monthly average expenses are expected to increase by c.3.6% in the 9 months to 30 June 2023 compared to the monthly average for the 12 months ended 30 June 2022 and by 18.1% compared to FY22. This increase is due to increases in salaries and management expenses.

4.6 Financial position summary

Flynt's historical statement of financial position as at 30 June 2020, 30 June 2021 and 30 June 2022 is presented below.

Table 17: Flynt's historical statement of financial position

\$'000		30-Jun-20	30-Jun-21	30-Jun-22
Cash & cash equivalents		1,006	825	896
Receivables	A	5,488	5,539	8,481
Inventory		117	244	593
Total current assets		6,611	6,607	9,970
Receivables	A	11	10	11
Property, plant & equipment		362	447	342
Intangible assets	B	7,076	7,076	7,076
Total non-current assets		7,450	7,533	7,429
Total assets		14,061	14,141	17,399
Payables	C	(3,326)	(3,968)	(5,994)
Financial liabilities	D	(654)	(600)	(343)
Provisions		(241)	(272)	(339)
Total current liabilities		(4,221)	(4,840)	(6,676)
Financial liabilities	E	(6,038)	(5,534)	(4,873)
Provisions		(909)	(854)	(202)
Total non-current liabilities		(6,947)	(6,388)	(5,075)
Total liabilities		(11,168)	(11,228)	(11,751)
Net assets		2,893	2,913	5,648
Retained earnings		(707)	(687)	2,048
Share capital		3,600	3,600	3,600
Total equity		2,893	2,913	5,648

Source: Flynt's consolidated financial statements for the periods ended 30 June 2021 and 30 June 2022

Notes:

A	Receivables As at 30 June 2022: <ul style="list-style-type: none"> Current receivables comprise trade debtors (c.\$8.3 million), and prepayments and deposits (c.\$0.2 million) Non-current receivables comprise related party loans of c.\$11.1k.
n	Intangible assets Intangible assets wholly pertain to goodwill.
C	Payables Payables comprise GST, income tax payable, other creditors and accruals, and trade creditors.
D	Financial liabilities (current) As at 30 June 2022, current financial liabilities comprise short terms loans (c.\$0.3 million) and current hire purchase agreements (c.\$51.2k).

Financial liabilities (non-current)

E

Non-current financial liabilities include debtor finance facilities (c.\$1.0 million), non-current hire purchase agreements (c.\$64.6k), and related party loans (c.\$3.8 million). As at 30 June 2022, related party loans include a c.\$3.0 million loan payable to Transport and Clearance Fund. If the Proposed Transaction proceeds, this c.\$3.0 million loan payable will be assigned to Vertua.

4.7 Shareholders

As at October 2022, Flynt had 3,600,000 ordinary shares outstanding.

Flynt is 100% owned by Transport and Clearance Pty Ltd ACN 617 527 625 (**Transport and Clearance**), as trustee for Transport and Clearance Fund. A summary of Transport and Clearance Fund's unitholders is provided below.

Table 18: Transport and Clearance Fund's unitholders as at October 2022

Rank	Name	Units (#)	Units (%)
1	Esplanade Super Fund Pty Ltd as trustee for Esplanade Superannuation Fund	1,340,045	31.5%
2	Holicarl Pty Ltd as trustee for Spring Ridge Trust	1,340,000	31.5%
3	Woodville Super Pty Ltd as trustee for Woodville Ave Superannuation Fund	700,009	16.5%
4	Manning Capital Holdings Pty Ltd as trustee for Manning Capital Holdings Unit Trust	640,036	15.0%
5	JamesB Investments Pty Limited as trustee for JamesB SMSF	234,232	5.5%
Total units outstanding		4,254,322	100.0%

Source: Management information

As Flynt is 100% owned by Transport and Clearance, the above unitholders have the same indirect interest in Flynt.

- ▶ Esplanade Super Fund Pty Ltd is an entity controlled by Mr Christopher Bregenhoj. Mr Bregenhoj is a director of both Vertua and Transport and Clearance, and a shareholder of Vertua.
- ▶ Holicarl holds shares in both Vertua and Flynt.
- ▶ Woodville Super Pty Ltd and Manning Capital Holdings Pty Ltd are controlled by Mr James Manning. Mr Manning is a director and shareholder of Vertua.

5 FAIRNESS ASSESSMENT AND VALUATION METHODOLOGY

5.1 Fairness assessment overview

For the purposes of our opinion, the term FMV is defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser and a knowledgeable, willing, but not anxious vendor, acting at arm's length.

The Proposed Transaction is fair if the FMV of a Vertua share post-transaction on a minority basis is equal to or greater than the FMV of a Vertua share pre-transaction on a control basis.

Based on our interpretation of RG111, we have compared the FMV of a:

- ▶ Vertua share pre-transaction on a control basis (being the value of the securities the subject of the offer per RG 111.11)
- ▶ Vertua share post-transaction on a minority basis (being the offer price or consideration per RG 111.11).

The valuation methods commonly used for the above analyses are considered below.

5.2 Valuation methodologies

Details of common methodologies for valuing businesses and assets are included at **Appendix 3**. The principal methodologies which can be considered are as follows:

- ▶ Discounted cash flow (DCF)
- ▶ Capitalisation of earnings (COE)
- ▶ Net asset value (NAV)
- ▶ Net tangible assets on a realisation basis (NRV)
- ▶ Quoted market price basis (QMP)
- ▶ Recent capital raise.

Set out below is a discussion around the valuation methods we consider appropriate for the purposes of undertaking our fairness assessment.

5.3 Selected valuation approach

We consider the most appropriate valuation methodologies to be as follows:

Table 19: Selection of valuation methodologies

Methodology	Appropriate	Explanation
NAV	✓	The NAV approach considers the valuation of the net assets and is usually appropriate where most assets consist of cash or passive investments, or where the business is under performing. This method does not consider any potential growth in the business, which the QMP and COE valuation may reflect. Where an entity has been generating losses, or the NAV value exceeds the assessed COE value, we have applied the NAV approach.
QMP	✓	The QMP basis is a relevant methodology to consider when an entity's shares are listed in a regulated and observable market, as this reflects the value that a shareholder will receive when selling to a willing but not anxious buyer. However, for the QMP to be considered appropriate, an entity's shares should be sufficiently liquid, and the market should be fully informed of the entity's activities. We have considered the QMP methodology to value Vertua, although we note Vertua's shares are very thinly traded. We have utilised the QMP method to value Vertua's investment in Mawson Infrastructure Group Inc.
DCF	X	The DCF approach is appropriate where the business' cash flows are expected to fluctuate and where earnings are capable of being forecast for a reasonable period (preferably 5 to 10 years) with reasonable accuracy. We have not applied the DCF methodology.
COE	✓	The COE method is most commonly applicable to profitable businesses with steady growth history and forecasts. We have been able to apply the COE methodology to Flynt, and segments of Vertua where historical financial performance is available, and maintainable profitability has been demonstrated. We have assessed EBITDA in our valuation, on a normalised basis.

Source: BDOCF analysis

6 OTHER VALUATION CONSIDERATIONS

6.1.1 Future events

The businesses of Vertua and Flynt assumed in this valuation are those which exist at the current date.

Other growth potential, which may result from new activities, business initiatives, acquisitions, and the like (which are not capable of estimation), is not within the scope of this valuation.

6.1.2 Synergies

The level of synergies which can be derived from a takeover or merger is dependent on the nature of the respective businesses, and their geographical and operational overlap.

We have not considered special value in forming our opinion. Accordingly, we have not attributed any value to the potential synergies listed above in our valuation, beyond those generally observed in the market.

6.1.3 Control premium

Investment fundamentals dictate the value of a controlling interest in an entity is normally greater than the sum of values attributable to the individual shares of that company based on transactions in minority share holdings.

The difference between the value of a controlling interest in a company and the total value of minority shareholdings is referred to as a “premium for control” considering control and synergistic benefits for the acquirer.

Control of a company by a shareholder gives that shareholder rights to which minority shareholders are not entitled, including control of the company’s policies and strategies, and use of cash flows of the company.

A premium for control is applicable when an acquisition would give rise to benefits such as:

- ▶ The ability to realise synergistic benefits
- ▶ Access to cash flows
- ▶ Access to tax benefits
- ▶ Control of the board of directors of the company.

Therefore, a transaction premium would typically include a premium for control as well as potential buyer specific synergies.

The level of premium for control paid in a takeover bid will vary across industries and is dependent upon the specifics of the company being acquired. In selecting an appropriate control premium to apply, we note buyers would generally assess the:

- ▶ Level of liquidity in the trade of the target’s securities
- ▶ Synergistic value
- ▶ Nature and magnitude of non-operating assets
- ▶ Nature and magnitude of discretionary expenses
- ▶ Perceived quality of existing management
- ▶ Nature and magnitude of business opportunities not currently being exploited
- ▶ Ability to integrate the target into the acquirer’s business.

In our assessment of an appropriate control premium for Vertua, we reviewed comparable company acquisitions over 2016 to 2022 in Australia and internationally. We reviewed acquisitions in industries similar to Vertua’s operating segments, being:

- ▶ Investment funds, investment advice, and investment services and holding companies
- ▶ Diversified real estate activities, land subdividers and land developers
- ▶ Legal, accounting, auditing, taxation, and other professional services.

We reviewed the offer premium to the share price one-trading day, one-week and one-month before the offer was announced.

The details of the transactions are set out in the following table. We note the one-trading day, one-week and one-month prior control premiums range between 1.2% and 149.5%, with median premiums between 24.5% and 28.6%.

Table 20: Comparable control premiums analysis

Transaction closed date	Target	Country	1-trading day share premium	1-week share premium	1-month share premium
17/06/2021	AFH Financial Group Plc	United Kingdom	20.8%	23.1%	42.9%
21/01/2021	Urban&Civic plc	United Kingdom	63.5%	68.3%	62.0%
6/01/2021	Nirvana Daii Public Company Limited	Thailand	36.2%	101.6%	149.5%
6/07/2020	Consus Real Estate AG	Germany	8.8%	3.4%	17.0%
11/02/2020	NewNorth Projects Ltd.	Canada	73.3%	73.3%	116.7%
3/02/2020	TEE Land Limited (nka:Amcorp Global Limited)	Singapore	5.9%	10.5%	11.9%
30/10/2019	Villa World Limited	Australia	1.2%	1.8%	8.0%
11/10/2019	Navigant Consulting, Inc.	United States	16.5%	15.8%	19.0%
12/06/2019	Lighthouse Group plc	United Kingdom	24.5%	24.5%	45.4%
19/07/2018	Financial Engines, Inc.	United States	32.5%	29.1%	28.6%
1/12/2017	Tian An Australia Limited	Australia	47.7%	16.1%	27.5%
1/12/2017	Tian An Australia Limited	Australia	47.7%	16.1%	27.5%
5/10/2017	Forestar Group Inc.	United States	25.0%	25.9%	25.4%
5/10/2017	Forestar Group Inc.	United States	25.0%	25.9%	25.4%
18/04/2017	Guangdong Land Holdings Limited	Hong Kong	52.9%	58.4%	83.7%
20/02/2017	STrust Co.,Ltd.	Japan	18.5%	20.8%	29.7%
12/12/2016	SAI Global Pty Limited	Australia	32.3%	35.7%	31.2%
Mean			31.3%	32.4%	44.2%
Median			25.0%	24.5%	28.6%
Min			1.2%	1.8%	8.0%
Max			73.3%	101.6%	149.5%

Source: S&P Capital IQ, BDOCF analysis

The above comparable transactions include buyer specific synergies. We do not include buyer specific synergies in our analysis. Additionally, the above target companies are generally larger than Vertua, so attract higher control premiums. Therefore, we have adopted a control premium of 20.0% in our analysis of the Proposed Transaction.

6.1.4 Valuation in accordance with APES 225

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services, as issued by the Australian Professional and Ethical Standards Board.

7 VALUATION OF VERTUA PRE-PROPOSED TRANSACTION, ON A CONTROL BASIS

To assess the FMV of Vertua, we adopted a sum-of-the-parts valuation approach for Vertua's individual segments. We have applied a combination of the COE, QMP and NAV methodologies to value each segment.

Vertua's assets have been accounted for in their respective segments. However, we have aggregated the net debt held by each segment and valued it within the corporate segment.

7.1 Investments segment

The investments segment focuses on investments within the emerging businesses and blockchain sector. Vertua's current investments are:

- ▶ 2,444,400 shares in Mawson Infrastructure Group Inc. (**Mawson**), a digital infrastructure business, primarily focused on bitcoin mining
- ▶ 80,000 shares in Distributed Storage Solutions Pty Ltd (**DSS**), an unlisted early-stage digital infrastructure and storage operation
- ▶ Units in two unlisted funds, Digital Income Fund (**DIF**) and Defender Global Fund (**DGF**)
- ▶ 458,991 units in Vertua Opportunities Fund (**VOF**), an unlisted tourism and hospitality fund of which Vertua is the investment manager
- ▶ Investments in ASX listed companies valued at c.\$17.7k
- ▶ 100.0% ownership of Defender Asset Management Pty Ltd (**Defender AM**), a risk management and compliance platform
- ▶ c.23.9% ownership of a property development site in Tuggerah (**Tuggerah Site**), on Sydney's Central Coast, which is currently in the process of being sold
- ▶ c.28.0% interest in 555 Unit Trust, an investment property in Rushcutters's Bay, New South Wales.

The following sections set out our valuation of the investments segment.

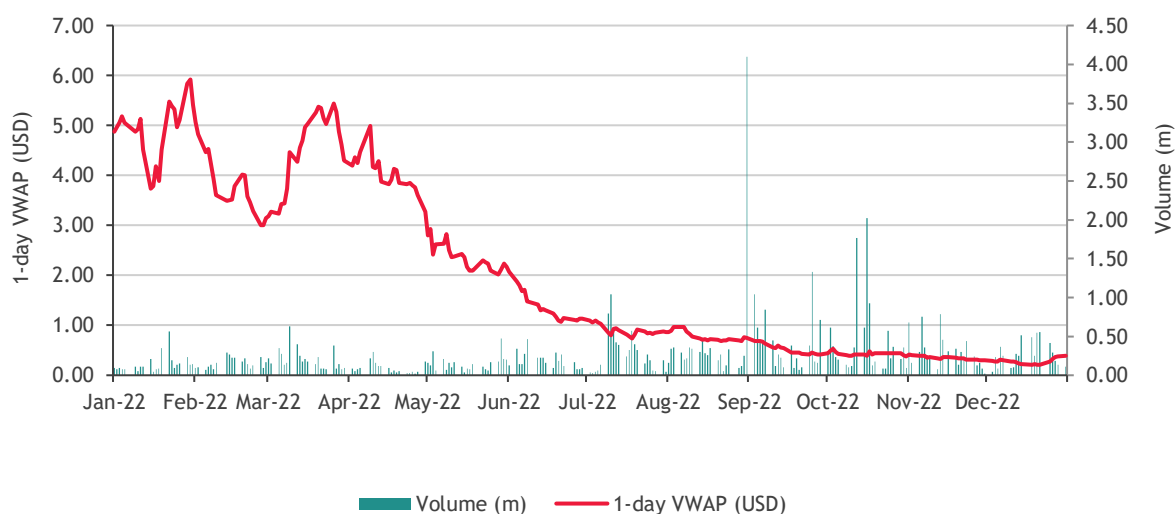
7.1.1 Mawson

Vertua holds 2,444,400 shares in Mawson.

Mawson is a digital infrastructure provider which operates in cryptocurrency mining in the United States and Australia. Mawson's key activities include digital asset mining, infrastructure and hosting, and digital asset management.

Mawson's shares are listed on NASDAQ under the ticker NASDAQ:MIGI. Mawson's share price fluctuated between USD 0.19 to USD 6.22 over the 12-month period to 9 January 2023. The figure below displays the 1-day volume weighted average price (VWAP) of Mawson's shares, as well as the cumulative volume traded on each day, from 10 January 2022 to 9 January 2023.

Figure 3: Mawson Infrastructure Group, Inc. 1-day VWAP analysis



Source: S&P Capital IQ as at 9 January 2023, BDOCF analysis

Presented below is a summary of Mawson's 12-month trading performance up until 9 January 2023.

Table 21: Mawson Infrastructure Group, Inc. trading analysis

Period	Price (Low)	Price (High)	Price VWAP	Cumulative value	Cumulative volume	% of Free float	% of issued capital
	USD	USD	USD	USDm	m		
1 day	0.39	0.41	0.39	0.04	0.11	0.00	0.00
1 week	0.24	0.41	0.33	0.37	1.13	0.02	0.01
1 month	0.19	0.41	0.26	1.35	5.19	0.08	0.06
3 months	0.19	0.60	0.37	7.94	21.65	0.34	0.27
6 months	0.19	1.14	0.55	25.17	45.63	0.78	0.56
12 months	0.19	6.22	1.43	93.04	65.24	1.15	0.84

Source: S&P Capital IQ as at 9 January 2023, BDOCF analysis

We have adopted a VWAP range of between USD 0.26 and USD 0.39, with reference to the 1-month and 1-day VWAP respectively. Set out below is a summary of our valuation of Vertua's investment in Mawson as at 9 January 2023.

Table 22: Value of Vertua's investment in Mawson

	Low	High
Shares held in Mawson (#)	2,444,400	2,444,400
Mawson's VWAP at 9-Jan-23 (USD)	0.26	0.39
Value of investment in Mawson (USD)	635,227	953,316
Daily AUD/USD exchange rate at 9-Jan-23	0.69	0.69
Value of investment in Mawson (AUD)	916,766	1,375,835

Source: S&P Capital IQ as at 9 January 2023, publicly available information, BDOCF analysis

7.1.2 DSS

Vertua holds 80,000 shares in DSS, representing c.3.3% of DSS' issued shares.

DSS is a decentralised data storage provider, which uses blockchain technology to offer enterprise clients secure and cost-effective data storage solutions on the Filecoin network. Filecoin is an open-source, decentralised cloud storage blockchain developed on the IPFS protocol. DSS was founded in January 2021, and is based in North Sydney, Australia.

Vertua's annual reports and 1H23 interim financial statements disclose the following valuations of Vertua's interest in DSS.

Table 23: Previous valuations of Vertua's investment in DSS

	31-Mar-21	31-Mar-22	30-Sep-22
Reported value of Vertua's investment in DSS (\$)	928,000	464,000	464,000
Shares held by Vertua in DSS (#)	80,000	80,000	80,000
Reported value per DSS share (\$)	11.6	5.8	5.8

Source: Vertua 2022 and 2021 annual reports, Vertua 1H23 interim financial statements

As at 31 March 2021, the value of Vertua's interest in DSS was recorded in the accounts at c.\$0.9 million. This value was based on a value per share of \$11.6, being the value at which DSS raised capital on 22 April 2021. Vertua fair valued its investment in DSS down to c.\$0.5 million as at 31 March 2022, and maintained this value as at 30 September 2022.

We have considered the movement in market capitalisation for listed entities which are comparable to DSS, between 22 April 2021 (the date of DSS's latest capital raise) and 9 January 2023. Presented below is a summary of the market capitalisations and movements for the listed comparable entities, with descriptions of each entity included at **Appendix 5**.

Table 24: Market capitalisation movements for entities comparable to DSS

	Market cap at 22-Apr-21 AUDm	Market cap at 9-Jan-23 AUDm	Movement AUDm	Movement %
ASX:NXT	5,369.4	4,098.6	-1,270.8	-23.7%
ASX:MP1	2,007.5	1,024.9	-982.5	-48.9%
NASDAQCM:MIGI	623.9	45.9	-577.9	-92.6%
ASX:DTL	925.4	1,060.6	135.2	14.6%
OTCPK:CLOW	16.8	24.0	7.2	43.2%
LSE:GST	35.2	15.9	-19.3	-54.8%
ASX:SOV	75.7	28.9	-46.8	-61.8%
ASX:NNG	27.8	7.3	-20.5	-73.7%
Total	9,081.6	6,306.1	-2,775.5	-30.6%
Total (excl. outliers)	138.7	52.1	-86.6	-62.4%

Source: S&P Capital IQ as at 9 January 2023, BDOCF analysis

Note: Shaded rows represent outliers due to having market capitalisations above AUD 500.0 million or performance which is not in line with the other comparable companies

The total market capitalisation of all comparable listed entities decreased by c.30.6% between 22 April 2021 and 9 January 2023. The total market capitalisation of entities with a market capitalisation below \$500.0 AUD million, and performance in line with the market, decreased by c.62.4% between 22 April 2021 and 9 January 2023.

Based on the above, we have decreased the value per DSS share as at 22 April 2021 by c.62.4% to estimate the value as at 9 January 2023.

Table 25: Estimated value of Vertua's investment in DSS as at 9 December 2022

Value per DSS share as at 22-Apr-21 (\$)	11.6
Movement in comparable entities' (excl. outliers) market cap between 22-Apr-21 and 9-Jan-23 (%)	-62.4%
Estimated value per DSS share as at 9-Jan-23 (\$)	4.4
Shares held by Vertua in DSS (#)	80,000
Estimated value of Vertua's investment in DSS as at 9-Jan-23 (\$)	348,718

Source: BDOCF analysis

Our preferred valuation of Vertua's interest in DSS is set out below. The low value is based on DSS' latest share issue, adjusted for market movements since that date. The high value is based on the value disclosed in Vertua's annual report as at 30 September 2022.

Table 26: Adopted valuation range for Vertua's investment in DSS

\$'000	Low	High
Adopted value of Vertua's investment in DSS	349	464

Source: BDOCF analysis

7.1.3 Other unlisted units

Vertua holds units in two unlisted funds, Digital Income Fund (DIF) and Defender Global Fund (DGF).

DIF provides exposure to global markets through a long and short strategy. The investment objective is to generate superior returns, with a focus on risk and capital preservation. DIF targets gross exposure between 100% and 200%, and net exposure between 20% and 100%.

We have assessed the FMV of Vertua's investment in DIF using the NAV methodology, using the most recently available public accounts, being 30 June 2022. We have valued Vertua's investment in DIF to be c.\$78.5k, as shown below.

Table 27: Valuation of units in Digital Income Fund

	30-Jun-22
Units held by Vertua (#)	37,735
NTA as at 30-Jun-22 (\$)	2.08
Value of units in Digital Income Fund (\$)	78,489

Source: BDOCF analysis

DGF provides investors with exposure to global markets through a long and short strategy. DGF uses a bottom-up investment decision criteria, with key thematic expected to affect future performance overlaid. DGF targets gross exposure between 100% and 200%, and net exposure between 20% and 100%.

We have assessed the FMV of Vertua's investment in DGF using the NAV methodology, using the most recently available public accounts, being 30 September 2022. We have valued Vertua's investment in DGF to be c.\$65.6k, as shown below.

Table 28: Valuation of units in Digital Global Fund

	30-Sep-22
Units held by Vertua (#)	77,733
NTA as at 30-Sep-22 (\$)	0.84
Value of units in Digital Global Fund (\$)	65,614

Source: BDOCF analysis

Therefore, we have calculated the total value of Vertua's investment in other unlisted units to be c.\$0.1 million.

Table 29: Valuation of other unlisted units

\$'000	
Units in Digital Income Fund	78
Units in Digital Global Fund	66
Value of other unlisted units	144

Source: BDOCF analysis

7.1.4 VOF

VOF is an unlisted tourism and hospitality fund which focuses on acquiring and operating Australian regional properties. VOF currently owns eight properties across New South Wales, Tasmania, and Victoria. Vertua is the investment manager of VOF.

We have assessed the FMV of Vertua's investment in VOF using the NAV methodology. The NAV valuation has been performed using the most recently available accounts, being 30 June 2022, on a going concern basis.

Table 30: NAV of VOF

\$'000	30-Jun-22
Current assets	1,780
Non-current assets	33,688
Total assets	35,468
Current liabilities	(1,614)
Non-current liabilities	(15,143)
Total liabilities	(16,756)
Net assets of VOF	18,712

Source: Management information

We have calculated the value per VOF unit as at 30 June 2022. An accrued distribution adjustment has been included the distributions to be received by unitholders.

Table 31: Value per unit in VOF

	30-Jun-22
Net assets of VOF (\$)	18,711,648
Plus accrued distribution (\$)	92,381
Net assets including distributions	18,804,029
VOF units on issue (#)	13,393,790
Value per unit in VOF (\$)	1.4

Source: Management information

We have valued Vertua's investment in VOF to be c.\$644k. A summary of our valuation calculation is presented below.

Table 32: Value of Vertua's investment in VOF as at 30 June 2022

	30-Jun-22
VOF units held by Vertua (#)	458,991
Value per VOF unit (\$)	1.40
Value of Vertua's investment in VOF (\$)	644,394

Source: BDOCF analysis

7.1.5 Investments in ASX listed companies

Vertua holds investments in ASX listed companies, comprising 385,000 shares held in Oncosil Medical Ltd (ASX:OSL) (**Oncosil**). Oncosil is a medical device company which focuses on the development and commercialisation of localised radiation therapy.

The value of ASX investments held by Vertua as at 9 January 2023 is set out below.

Table 33: Vertua's investments in ASX listed companies as at 9 January 2023

	9-Jan-23
Oncosil shares held by Vertua (#)	385,000
Oncosil spot price as at 9-Jan-23 (\$)	0.05
Value of Vertua's investment in ASX listed companies (\$)	17,710

Source: S&P Capital IQ as at 9 January 2023, Management information, BDOCF analysis

7.1.6 Defender AM

Defender AM is a wholly owned subsidiary of Vertua which provides investment managers and their authorised representatives a risk management and compliance platform. Defender AM is also an Australian Financial Service Licensee for wholesale investors.

Defender AM's profit and loss for FY21 and FY22 is set out below. Defender AM was marginally profitable in FY22.

Table 34: Defender AM's consolidated historical statement of profit or loss

\$'000	FY20	FY21	FY22
Revenue	57	96	291
EBITDA	13	(12)	17

Source: Management information, BDOCF analysis

Based on the profitability of the business, we have applied an EBITDA multiple of 4.00x. Below is a summary of our valuation of Defender AM.

Table 35: Valuation of Defender AM

\$'000	
COE - Adopted EBITDA	17
EBITDA multiple	4.00x
Valuation of Defender AM	68

Source: BDOCF analysis

7.1.7 Tuggerah Site

Tuggerah Site is a property development site in Tuggerah, on Sydney's Central Coast, which is currently in the process of being sold. FPG No.6 Pty Ltd is the registered proprietor of Tuggerah Site.

Tuggerah Site was classified in the properties segment in Vertua's FY22 accounts. However, Tuggerah Site was classified within the investments segment in Vertua's 1H23 accounts.

Tuggerah Site comprises two irregularly shaped allotments and a freestanding industrial facility. The remaining land has predominantly been cleared. The total site area is 164,790m², and zoned as partly "IN1 General Industrial", "E2 Environmental Conservation" and "E3 Environmental Management".

Vertua holds a c.23.9% interest in Tuggerah Site. A contract for the sale of Tuggerah Site was prepared on 16 December 2022, with the sale price for 100% of the project being c.\$17.5 million. Vertua's net proceeds from the sale of Tuggerah Site are expected to be c.\$1.5 million (exclusive of GST) after the payment of fees and debt.

Table 36: Tuggerah Site valuation summary

\$'000	
Investment in Tuggerah Site	1,510

Source: Management information

7.1.8 555 Unit Trust

Vertua holds a c.28.0% interest in 555 Unit Trust, an investment property in Rushcutters's Bay, New South Wales.

Vertua expects to receive loan proceeds of c.\$9.2k from 555 Unit Trust in December 2022. Additionally, a final distribution of c.\$0.6 million is expected to be made to close out 555 Unit Trust before 31 March 2023, of which Vertua expects to receive c.\$172.2k.

Therefore, we have valued Vertua's investment in 555 Unit Trust to be c.\$181.4k, as set out below.

Table 37: Vertua's investment in 555 Unit Trust

\$'000	
Loan proceeds receivable	9
Vertua's share of the final distribution	172
Value of Vertua's investment in 555 Unit Trust	181

Source: Management information, BDOCF analysis

7.1.9 Overall valuation of the investments segment

We have calculated the overall value of the investments segment to be between c.\$4.0 million to c.\$4.4 million.

Table 38: Total value of the investment segment

\$'000	Ref.	Low	High
Investment in Mawson	7.1.1	917	1,376
Investment in DSS	7.1.2	464	464
Other unlisted units	7.1.3	144	144
Investment in VOF	7.1.4	644	644
Investment in ASX listed companies	7.1.5	18	18
Defender AM	7.1.6	68	68
Investment in Tuggerah Site	7.1.7	1,510	1,510
555 Unit Trust	7.1.8	181	181
Total value of the investments segment		3,946	4,405

Source: BDOCF analysis

7.2 Property services segment

Vertua operates a property development and project management business. This business focuses on residential projects in NSW, particularly building boutique projects marketed toward professionals and downsizers. The property services segment is currently developing one project and holding one property for sale. This segment also provides development and project management services to clients.

Current projects include:

- ▶ Harriette - a boutique block of 10 apartments in Neutral Bay, on Sydney's lower north shore. Two apartments remain unsold. Vertua owns c.99.99% of Harriette.
- ▶ Callista - a boutique block of 12 luxury residential apartments located in Cronulla, Sydney's southern beaches. Callista is currently in active development. Vertua owns 50.0% of Callista.

The property services segment recently sold the Greenwich development. The development comprised a duplex and single dwellings in Greenwich, on Sydney's lower north shore. The development was removed from the property services segment after its sale.

7.2.1 Harriette

Harriette is a 10-lot apartment building. The building is in Neutral Bay on Sydney's Lower North Shore. Two apartments remain unsold.

FPG No.5 Pty Ltd is the registered proprietor of both lots. Details of each lot are set out below.

Table 39: Harriette development summary

Development	Address	Description
Harriette	Lot 4, 9 Harriette Street, Neutral Bay NSW 2089	An apartment located on level two, comprising three bedrooms, two bathrooms, a kitchen, living areas, a balcony, and a single basement car space.
	Lot 10, 9 Harriette Street, Neutral Bay NSW 2089	A penthouse style apartment located on the top two levels of the building. It comprises three bedrooms, two bathrooms, a kitchen, living areas, three balconies, and two basement car spaces.

Source: Hymans Property valuation report issued 10 February 2022

An independent valuation of the two remaining apartments in Harriette was prepared by Hymans Property as at 2 February 2022. We have adopted the assessed market value for our analysis. Market value has been calculated on an 'as is' basis, assuming an arm's length transaction between a willing buyer and a willing seller. A summary of the independent valuation of the remaining apartments in Harriette is outlined below.

Table 40: Harriette independent valuation summary

Development	Address	Valuation firm	Valuers	Valuation date	Valuation (excl. GST) (\$)
Harriette	Lot 4, 9 Harriette Street, Neutral Bay NSW 2089	Hymans Property	Jack Wu AAPI 69054 Nicholas Brady AAPI 68548	02-Feb-22	3,350,000
Harriette	Lot 10, 9 Harriette Street, Neutral Bay NSW 2089	Hymans Property	Jack Wu AAPI 69054 Nicholas Brady AAPI 68548	02-Feb-22	6,350,000
Total					9,700,000

Source: Hymans Property valuation report issued 10 February 2022

Management have provided a calculation as to the likely net proceeds from the sale of the remaining apartments in Harriette. Management's estimated gross proceeds are c.\$7.8 million, with the estimated net proceeds receivable by Vertua being c.\$0.4 million. A summary of Management's calculations is presented below.

Table 41: Estimated net proceeds per Management's calculations

\$'000	
Lot 4	3,000
Lot 10	5,700
Total remaining investment in Harriette, as per Management calculations	8,700
Disposal costs	(226)
GST payable	(634)
Gross proceeds	7,840
Loan repayments	(7,520)
GST refund on margin scheme	54
Net proceeds	374

Source: Management information

We have also considered the independent property valuation of the remaining apartments in Harriette, prepared by Hymans Property as at 2 February 2022. The total remaining investment in Harriette, as per the independent property valuation, is c.\$9.7 million. We note that since the date of the valuation, there has been a decrease in the property market. However, if the values per the independent property valuation were achieved, the estimated net proceeds to Vertua would be c.\$1.3 million.

Table 42: Estimated net proceeds using Harriette's independent valuation

\$'000	
Lot 4	3,350
Lot 10	6,350
Total remaining investment in Harriette, as per independent valuation	9,700
Disposal costs	(248)
GST payable	(706)
Gross proceeds	8,745
Loan repayments	(7,520)
GST refund on margin scheme	54
Net proceeds	1,279

Source: Management information, BDOCF analysis

Therefore, we have derived a valuation range for Vertua's investment in Harriette as being between c.\$0.4 million and c.\$1.3 million, with reference to Management's calculation and the independent valuation, respectively.

Table 43: Harriette valuation summary

\$'000	Low	High
Investment in Harriette	374	1,279

Source: BDOCF analysis

7.2.2 Callista

The Callista development is a boutique block of luxury residential apartments in Cronulla, Sydney's southern beaches. The site initially had an older style residential flat building, which will be removed to facilitate the development. The site is approximately 1,217m² and zoned as "R4 High Density Residential".

The proposed development consists of a five-storey lifted residential building, comprising 12 home units and two levels of basement car parking for 26 vehicles. The Callista development is expected to complete within 3 to 5 years.

FPG No.8 Pty Ltd is the registered proprietor of the Callista development.

An independent valuation of the Callista development was prepared by Ray White as at 15 October 2022. We have adopted the assessed market value for our analysis. Market value is calculated on an 'as is' basis, acknowledging existing development consent for the construction of 12 home units and one existing pre-sale (exclusive of GST). A summary of the valuation of the Callista development is outlined below.

Table 44: Callista valuation summary

Development	Address	Valuation firm	Valuer	Valuation date	Valuation (\$)
Callista	14 Roker Street, Cronulla NSW 2230	Ray White	Frank Bozic AAPI	15-Oct-22	14,750,000

Source: Ray White valuation report as at 15 October 2022

Vertua owns 50.0% of Callista. Therefore, we have valued Vertua's interest in of Callista to be c.\$7.4 million.

Table 45: Valuation of Vertua's interest in Callista

Vertua's ownership of Callista (%)	50.0%
Total value of Callista (\$)	14,750,000
Value of Vertua's interest in Callista (\$)	7,375,000

Source: BDOCF analysis

7.2.3 Project management services

Vertua currently receives a monthly management fee of c.\$14.7k through FPG No.8 Pty Ltd. This management fee is expected to cease at the end of the relevant development project (approximately December 2025). Vertua does not current receive any other project management fees.

We have determined the value of project management services by discounting expected receivable fees back to their present value, using an estimated cost of debt of 7.0%. As at 1 December 2022, the present value of project management services fees is c.\$490.8k. A summary of our calculations is provided below.

Table 46: Valuation of project management services

\$		1m	12m	12m	12m
Period end		31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25
Project management fees		14,700	176,400	176,400	176,400
Mid-period		0.04	0.58	1.58	2.58
Discount rate factor	7.0%	1.00	0.96	0.90	0.84
Present value of project management fees		14,659	169,587	158,463	148,096
Total present value of project management fees					490,805

Source: Management information, BDOCF analysis

7.2.4 Overall valuation of the property services segment

We have calculated the overall value of the property services segment to be between c.\$8.2 million and c.\$9.1 million.

Table 47: Property services segment overall valuation

\$'000	Ref.	Low	High
Investment in Harriette	7.2.1	374	1,279
Investment in Callista	7.2.2	7,375	7,375
Project management services	7.2.3	491	491
Total valuation of the property services segment		8,239	9,145

Source: BDOCF analysis

7.3 Professional services segment

The professional services segment provides tax, accounting, and corporate advice to high-net-worth individuals, family offices and corporates. This segment also provides services to Vertua's corporate segment, and to several managed funds operated by Vertua's investment segment.

The historical financial performance of the professional services segment (continuing operations only) is set out below.

Table 48: Financial performance of the professional services segment (continuing operations only)

\$'000		FY20	FY21	FY22	1H23
Revenue		2,289	2,058	2,525	1,365
Other income	A	110	167	83	2
Total revenue		2,400	2,225	2,608	1,367
Employee benefits		(1,111)	(639)	(751)	(343)
Other operating expenses	B	(483)	(788)	(1,777)	(146)
Total operating expenses		(1,594)	(1,426)	(2,529)	(489)
EBITDA		805	798	79	878
Interest income		-	-	0	4
Depreciation & amortisation		(112)	(85)	(32)	(2)
Impairment		-	(400)	(35)	-
Finance costs		(4)	1	(2)	(1)
Net profit before tax		690	314	11	879
Income tax (expense)/benefit		(1)	-	(0)	0
Segment net profit after tax		688	314	10	879

Source: Vertua 2022 and 2021 annual reports, Vertua 1H22 interim financial statements, Management information, BDOCF analysis

Notes:

A	Other income
	Other income mainly comprises disbursements, and government assistance in the form of the COVID-19 cash flow boost and JobKeeper wage subsidy.
B	Other operating expenses
	Other operating expenses mainly comprises management fees (c.\$300.9k in 1H23). Other operating expenses increased by c.\$990.0k in FY22, driven by a c.\$588.5k provision for doubtful debts. However, during 1H23, the outstanding impaired clients settled their accounts. Consequently, the doubtful debt was reversed, driving a decrease in other operating expenses during 1H23.

7.3.1 Assessed FME

We have valued the professional services segment based upon the COE methodology.

We have evaluated the segment's future maintainable earnings (**FME**) with respect to historical earnings. The selected FME has then been capitalised, using a market based multiple, to determine an enterprise value (EV) range. To conclude an equity value, the enterprise value has been adjusted for cash, debt, and debt-like items.

We have selected EBITDA as our preferred level of earnings for the COE valuation. We consider EBITDA to better represent normalised profitability by excluding amortisation and depreciation expenses, which are non-cash in nature. Our assessment of normalised earnings has been based on the professional services segment's EBITDA for 1H23, as this is the most recently available reflection of earning potential. We have annualised this figure to demonstrate an appropriate level of earnings across a full financial year.

Presented below is a summary of the normalisation adjustments we have made to reported EBITDA for the professional services segment, with accompanying notes below.

Table 49: Professional services segment normalised EBITDA

\$'000		FY20	FY21	FY22	1H23
Income from operations		2,400	2,225	2,608	1,367
EBITDA		805	798	79	878
Normalisation adjustments					
Other income	A	(50)	(167)	(82)	-
Reversal of expected carrying loss	B	-	-	589	(589)
Normalised EBITDA		755	632	585	289
<i>Normalised EBITDA margin</i>		31.5%	28.4%	22.4%	21.2%
Annualised normalised EBITDA					578
Adopted maintainable EBITDA					580

Source: Management information, BDOCF analysis

Notes:

A	Other income
	Management advises a portion of other income includes non-recurring government payments in relation to the COVID-19 pandemic. Therefore, we have excluded this portion of other income from our assessment of normalised earnings.

Reversal of expected carrying loss

B

An impairment of c.\$588.5k was recognised in FY22 against outstanding client accounts. However, the outstanding clients settled their accounts in 1H23, resulting in a reversal of the impairment. Therefore, we have excluded the recognition and reversal of the expected carrying loss from our assessment of normalised earnings.

We have adopted a normalised EBITDA of c.\$0.6 million for the professional services segment.

7.3.2 Multiples analysis

The appropriate valuation multiple is assessed by collecting market evidence with respect to the earnings multiples of companies with operations that are broadly comparable to those of the entity being valued. Such multiples are usually derived from trading performance of comparable listed companies, and prices achieved in mergers and acquisitions of comparable companies.

We have researched broadly comparable companies to the professional services segment in Australia within the consulting and asset management industries.

An overview of the EBITDA multiples for the identified comparable companies is set out in the table below. These multiples include a control premium of 20%. Descriptions of the comparable companies are included at **Appendix 6**.

Table 50: Comparable company EBITDA multiples for the professional services segment

Ticker	Company	Country	Pre-AASB16 Enterprise value AUDm	EV/EBITDA FY	EV/ EBITDA LTM	EV/EBITDA NTM
ASX:NWL	Netwealth Group Limited	Australia	3,643.1	42.6x	42.6x	34.6x
ASX:IFL	Insignia Financial Ltd.	Australia	2,996.6	11.5x	11.5x	8.9x
ASX:IPH	IPH Limited	Australia	2,356.6	21.0x	21.0x	14.1x
ASX:EQT	EQT Holdings Limited	Australia	696.2	16.0x	16.0x	13.9x
ASX:KPG	Kelly Partners Group Holdings Limited	Australia	280.1	13.7x	13.7x	10.2x
ASX:FID	Fiducian Group Ltd	Australia	229.9	10.6x	10.6x	n/a
ASX:QIP	QANTM Intellectual Property Limited	Australia	176.2	12.3x	12.3x	n/a
ASX:CUP	CountPlus Limited	Australia	89.9	9.4x	9.4x	5.3x
ASX:PFG	Prime Financial Group Limited	Australia	63.4	7.7x	7.7x	n/a
ASX:CAF	Centrepont Alliance Limited	Australia	38.3	7.6x	7.6x	n/a
ASX:AFL	AF Legal Group Limited	Australia	8.7	4.8x	4.8x	n/a
Mean			961.7	14.3x	14.3x	14.5x
Median			229.9	11.5x	11.5x	12.0x
Mean (EV < \$500 million)			126.6	9.4x	9.4x	7.7x
Median (EV < \$500 million)			89.9	9.4x	9.4x	7.7x
Min			8.7	4.8x	4.8x	5.3x
Max			3,643.1	42.6x	42.6x	34.6x
Min (EV < \$500 million)			8.7	4.8x	4.8x	5.3x
Max (EV < \$500 million)			280.1	13.7x	13.7x	10.2x

Source: S&P Capital IQ as at 9 January 2023, BDOCF analysis

We have also assessed acquisitions completed in Australia and the United States between 2013 to 2021 to determine the appropriate earnings multiples. No comparable transactions which closed in 2022 or 2023 were identified.

The only transaction with a disclosed implied EV/EBITDA multiple was the acquisition of QANTM Intellectual Property Limited by IPH Limited. This transaction was announced on 20 November 2018, with an implied enterprise value of c.\$248.7 million, and an implied EV/EBITDA multiple of 14.1x. Details of recent transactions with undisclosed EV/EBITDA multiples are provided at **Appendix 7**.

7.3.3 Selected multiple range

In determining the selected multiple range, we considered:

- The mean and median FY EV/EBITDA multiples of comparable companies with EV below \$500 million, being 9.4x and 9.4x, respectively.

- ▶ The mean and median LTM EV/EBITDA multiples of comparable companies with EV below \$500 million, being 9.4x and 9.4x, respectively.
- ▶ Larger entities generally trade at higher multiples than smaller entities, due to higher levels of diversification and lower levels of risk. Therefore, we have applied a size discount to better reflect a multiple consistent with the size of the professional services segment.

Consequently, we consider EBITDA multiples between 5.00x and 6.00x to be appropriate for the valuation of the professional services segment on a control basis.

7.3.4 FMV of the professional services segment

Based on our selected maintainable EBITDA of c.\$0.6 million and multiple range of 5.00x to 6.00x, we have determined the value of the professional services segment to range between c.\$2.9 million and c.\$3.5 million.

Table 51: FMV of the professional services segment

\$'000	Ref.	Low	Mid	High
COE - Adopted EBITDA	7.3.1	580	580	580
EBITDA multiple (in no.)	7.3.3	5.00x	5.50x	6.00x
Professional services enterprise value		2,900	3,190	3,480

Source: BDOCF analysis

7.4 Corporate segment

The corporate segment provides operating, management, strategic, financial, and legal services to Vertua.

The historical financial performance of the corporate segment is set out below.

Table 52: Financial performance of the corporate segment

\$'000		FY20	FY21	FY22	1H23
Revenue	A	51	58	31	170
Other income	B	-	123	375	77
Total revenue		51	181	405	247
Employee benefits		(423)	(215)	(346)	(257)
Other operating expenses		(644)	(989)	(507)	(397)
Total operating expenses		(1,068)	(1,205)	(853)	(654)
EBITDA		(1,017)	(1,024)	(447)	(407)
Interest income		-	-	(2)	2
Depreciation & amortisation		(349)	(300)	(265)	(89)
Impairment		-	(471)	-	-
Loss on sale of subsidiary		(976)	-	-	-
Finance costs		(20)	(14)	183	(31)
Gain on asset disposal		-	8	-	-
Dividends received	C	-	-	15	4
Net profit before tax		(2,362)	(1,800)	(516)	(522)
Income tax (expense)/benefit		483	(6,600)	2,804	5,346
Segment net profit after tax		(1,879)	(8,400)	2,289	4,823

Source: Vertua 2022 and 2021 annual reports, Vertua 1H23 interim financial statements

Notes:

A

Revenue

Revenue primarily comprises accounting and administrative services fees, rental income, and information technology cost recovery.

B	Other income Management advises other income includes government support in relation to the Covid 19 pandemic that is non-recurring in nature and does not constitute normal operating cash flows.
C	Dividends received Dividends received pertain to distributions from the investment in the DIF.

7.4.1 Assessed FME

We have valued the corporate segment based upon the COE methodology.

We have evaluated the corporate segment's future maintainable earnings (FME) with respect to historical earnings. The selected FME has then been capitalised, using a market based multiple, to determine an enterprise value range. To conclude an equity value, the enterprise value has been adjusted for cash, debt, and debt-like items.

We have selected EBITDA as our preferred level of earnings for the COE valuation. We consider EBITDA to better represent normalised profitability by excluding amortisation and depreciation expenses, which are non-cash in nature. Our assessment of normalised earnings has been based on the corporate segment's EBITDA for 1H23, as this is the most recently available reflection of earning potential. We have annualised this figure to demonstrate an appropriate level of earnings across a full financial year.

Presented below is a summary of the normalisation adjustments we have made to reported EBITDA for the corporate segment, with accompanying notes below.

Table 53: Corporate segment normalised EBITDA

\$'000	FY20	FY21	FY22	1H23
Income from operations	51	181	405	247
EBITDA	(1,017)	(1,024)	(447)	(407)
Normalisation adjustments				
Other income	A -	(123)	(255)	-
Normalised EBITDA	(1,017)	(1,147)	(703)	(407)
Normalised EBITDA margin	-2000.5%	-634.1%	-173.3%	-165.1%
Annualised normalised EBITDA				(815)
Adopted maintainable EBITDA				(800)

Source: Management information, BDOCF analysis

Notes:

A	Other income Management advises other income includes government payments because of the COVID-19 pandemic. These payments are non-recurring nature and does not constitute a normal operating cash flow. Therefore, they have been excluded from our assessment of normalised earnings.
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Therefore, we have adopted losses of c.\$0.8 million for the corporate segment's maintainable EBITDA. This is the cost of providing management services to the Vertua segments.

7.4.2 Selected multiple range

The appropriate valuation multiple is assessed by collecting market evidence with respect to the earnings multiples of companies with operations that are broadly comparable to those of the entity being valued. Such multiples are usually derived from trading performance of comparable listed companies, and prices achieved in mergers and acquisitions of comparable companies.

We have considered the corporate segment to be broadly comparable to the professional services segment, as both segments have operations within the consulting and asset management sectors. The multiples considered for the corporate segment also include a control premium of 20%. See Sections 7.3.2 and 7.3.3 for details on multiples analysis for the professional services segment.

Based on our analysis for the professional services segment, we consider EBITDA multiples between 5.00x and 6.00x to be appropriate for the valuation of the corporate segment on a control basis.

7.4.3 FMV of the corporate segment

Based on our selected maintainable EBITDA of c.\$0.8 million losses, and multiple range of 5.00x to 6.00x, we have determined the enterprise value of the corporate segment to range between negative c.\$4.8 million and negative c.\$4.0 million.

We have also considered the aggregate surplus assets and liabilities of each segment to derive the equity value. A summary of our valuation calculation is presented below.

Table 54: FMV of the corporate segment

\$'000		Low	Mid	High
COE - Adopted EBITDA		(800)	(800)	(800)
EBITDA multiple (in no.)		6.00x	5.50x	5.00x
Enterprise value of the corporate segment		(4,800)	(4,400)	(4,000)
Add/(Less): surplus assets/(liabilities)				
Cash & cash equivalents	A	574	574	574
Borrowings	B	(6,561)	(6,561)	(6,561)
Net loans & advances	C	(47)	(47)	(47)
Equity value of the corporate segment		(10,834)	(10,434)	(10,034)

Source: BDOCF analysis

Notes:

A	Cash As at 30 September 2022, Vertua held total cash of c.\$0.6 million. See Section 3.5 for details of cash held.
B	Borrowings As at 30 September 2022, Vertua held total borrowings of c.\$6.5 million. See Section 3.5 for details of borrowings held. This excludes debt that was directly attributable to property assets, which has been included in Sections 7.1.7 and 7.2.1.
C	Net loans & advances As at 30 September 2022, Vertua held net loans & advances of c.\$38.0k. This comprised c.\$443.5k loans and advances receivable, and c.\$296.3k loans and advances payable. However, we have excluded loans and advances receivable from 555 Unit Trust (c.\$9.2k) from the surplus asset adjustment, as these funds are considered in the valuation of 555 Unit Trust in Section 7.1.8.

Therefore, based on the COE methodology using EBITDA, we have calculated an equity value for the corporate segment between negative c.\$10.8 million and negative c.\$10.0 million.

7.5 FMV of Vertua

We have assessed the FMV of Vertua pre-Proposed Transaction, on a control basis, using a sum-of-the-parts approach. A summary of the valuation calculation is presented below.

Table 55: Preferred FMV per Vertua share pre-Proposed Transaction, on a control basis

\$'000	Ref.	Low	High
Investments segment	7.1.9	3,946	4,405
Property services segment	7.2.4	8,239	8,239
Professional services segment	7.3.4	2,900	3,480
Corporate segment	7.4.3	(10,834)	(10,034)
FMV of Vertua pre-Proposed Transaction, on a control basis		4,252	6,091
Vertua shares outstanding (#)		65,764,640	65,764,640
FMV of a Vertua share pre-Proposed Transaction, on a control basis (€)		6.5	9.3

Source: BDOCF analysis

7.6 Cross check to recent trading prices

Vertua shares are listed on the NSX. However, they have only traded on 3 trading days in the last 12 months. Each trade has been at \$0.25 per share.

We consider Vertua shares to be very thinly traded. We also note Vertua's underlying value has fluctuated significantly during the last 12 months, as the value of Vertua's holding in Mawson has moved significantly. However, the price of Vertua shares has not responded to these movements.

Therefore, we have not considered the recent trading price of Vertua shares on the NSX in our assessment of the value a Vertua share.

7.7 Preferred value of a Vertua share pre-Proposed Transaction, on a control basis

Our preferred value of a Vertua share pre-Proposed Transaction, on a control basis, is set out below.

Table 56: Preferred FMV per Vertua share pre-Proposed Transaction, on a control basis

¢	Ref.	Low	High
FMV of a Vertua share pre-Proposed Transaction, on a control basis	7.7	6.5	9.3

Source: BDOCF analysis

8 VALUATION OF FLYNT

The following sections contain our valuation of Flynt using the COE and NTA methodologies.

We have evaluated Flynt's future maintainable earnings (FME) through analysis of Flynt's historical and forecast earnings. The selected FME has then been capitalised, using a market based multiple, to determine an enterprise value range. To conclude an equity value, the enterprise value has been adjusted for cash, debt, and debt-like items.

The valuation of Flynt have been based on Flynt's balance sheet as at 30 June 2022, being the latest available consolidated balance sheet.

8.1 Assessed FME

We have selected EBITDA as our preferred level of earnings for the COE valuation. We consider EBITDA to better represent normalised profitability by excluding amortisation and depreciation expenses, which are non-cash in nature.

Our assessment of normalised earnings has considered Flynt's EBITDA for FY20, FY21 and FY22, and forecasts for the period ending 30 June 2023.

From discussions with Management, we have not identified any normalisation adjustments to be made to Flynt's profit and loss statements.

Table 57: Flynt's FME

\$'000	Ref.	12 months Period ending 30-Jun-20	12 months Period ending 30-Jun-21	12 months Period ending 30-Jun-22	3 months Period ending 30- Sep-22	12 months Forecast ending 30- Jun-23
Income from operations	4.5	44,206	31,213	49,997	13,585	55,942
Gross profit	4.5	5,816	5,661	8,326	2,276	8,575
Reported/Forecast EBITDA	4.5	(519)	(253)	1,967	464	1,128
Adopted FME						1,150

Source: Management information, BDOCF analysis

Based on discussions with Management, and analysis of historical earnings, we have adopted an EBITDA of c.\$1.2 million for the valuation of Flynt. This is based on the forecasts for the year ending 30 June 2023. The EBITDA for FY23 is lower than the FY22 due to increase in salary and wages, and management expenses.

8.2 Trading multiples analysis

The appropriate valuation multiple is assessed by collecting market evidence with respect to the earnings multiples of companies with operations that are broadly comparable to those of the entity being valued. Such multiples are usually derived from trading and operational performance of comparable listed companies, and prices achieved in mergers and acquisitions of comparable companies.

We have researched broadly comparable companies to Flynt in Australia within the railroads, air freight and logistics, and trucking industries.

An overview of the EBITDA multiples for the identified comparable companies is set out in the table below. These multiples include a control premium of 20%. Descriptions of the comparable companies are included at **Appendix 8**.

Table 58: Comparable company EBITDA multiples

Ticker	Company	Country	Pre-AASB16 EV AUDm	EV/EBITDA FY	EV/EBITDA LTM	EV/EBITDA NTM
ASX:AZJ	Aurizon Holdings Limited	Australia	11,421.6	8.0	8.0	7.6
ASX:KLS	Kelsian Group Limited	Australia	1,745.5	12.3	12.3	8.9
ASX:LAU	Lindsay Australia Limited	Australia	281.0	6.4	6.4	4.5
ASX:SLH	Silk Logistics Holdings Limited	Australia	182.5	5.6	5.6	2.2
ASX:CLX	CTI Logistics Limited	Australia	160.3	4.8	4.8	n/a
ASX:WWG	Wiseway Group Limited	Australia	13.1	n/a	n/a	n/a
Mean			2,300.7	7.4x	7.4x	5.8x
Median			231.7	6.4x	6.4x	6.1x
Mean (EV < \$500 million)			159.2	5.6x	5.6x	3.4x
Median (EV < \$500 million)			171.4	5.6x	5.6x	3.4x
Min			13.1	4.8x	4.8x	2.2x
Max			11,421.6	12.3x	12.3x	8.9x
Min (EV < \$500 million)			13.1	4.8x	4.8x	2.2x
Max (EV < \$500 million)			281.0	6.4x	6.4x	4.5x

Source: S&P Capital IQ as at 9 January 2023, BDOCF analysis

The mean and median NTM EV/EBITDA multiples for the comparable companies with EV below \$500 million is c.3.4x and c.3.4x, respectively. We consider the NTM multiples for the comparable companies with EV below \$500 million to be the most relevant, as they are of more similar scale to Flynt.

8.3 Transaction multiples analysis

We have also assessed acquisitions completed in the same industries, in Australia and the United States, between 2013 to 2022. The table below displays the implied EBITDA multiples for recent transactions.

Table 59: Comparable transactions implied EBITDA multiples

Transaction closed date	Transaction announced date	Target	Buyer	Country	Implied EV (AUDm)	Implied EV/EBITDA
n/a	17/11/2015	Norfolk Southern Corporation	Canadian Pacific Railway Limited	United States	51,245.9	8.9x
16/10/2013	16/10/2013	YRC Worldwide Inc. (nka:Yellow Corporation)	n/a	United States	1,373.5	5.7x
n/a	4/08/2022	Atlas Air Worldwide Holdings, Inc.	Apollo Global Management, Inc.; J.F. Lehman and Company, LLC; Hill City Capital LP	United States	6,700.1	4.3x
n/a	13/05/2022	Ryder System, Inc.	HG Vora Capital Management, LLC; HG Vora Special Opportunities Master Fund, Ltd.	United States	n/a	n/a
n/a	23/05/2018	SeaLink Travel Group Limited (nka:Kelsian Group Limited)	n/a	Australia	587.0	12.7x
n/a	28/08/2013	USA Truck, Inc.	Knight Transportation, Inc. (nka:Knight-Swift Transportation Holdings Inc.)	United States	258.8	9.1x
15/09/2022	23/06/2022	USA Truck, Inc.	Schenker, Inc.	United States	663.7	5.2x
Mean					12,033.0	8.1x
Median					1,373.5	8.9x
Min					258.8	4.3x
Max					51,245.9	12.7x

Source: S&P Capital IQ as at 9 January 2023, BDOCF analysis

8.4 Selected multiple range

Based on the comparable companies' trading and transaction multiples, we consider an appropriate EBITDA multiple for Flynt to be between 3.00x and 4.00x on a control basis.

In determining the selected multiple range, we considered:

- ▶ The mean and median NTM EV/EBITDA multiples of the comparable companies, being 5.8x and 6.1x, respectively.
- ▶ The mean and median NTM EV/EBITDA multiples of comparable companies with EV below \$500 million, being 3.4x and 3.4x, respectively.
- ▶ Larger entities generally trade at higher multiples than smaller entities, due to higher levels of diversification and lower levels of risk. Therefore, we have applied a size discount to better reflect a multiple consistent with the size of Flynt.
- ▶ Flynt's exposure to the shipping industry, which has been volatile, increasing Flynt's risk level.

8.5 FMV of Flynt

Based on our selected maintainable EBITDA of c.\$1.2 million, and multiple range of 3.00x to 4.00x, we have determined Flynt's enterprise value to range between c.\$3.5 million and c.\$4.6 million.

We have also considered Flynt's surplus assets and liabilities as at 30 June 2022 to derive the equity value. Presented below is a summary of our valuation calculation.

Table 60: FMV of Flynt

\$'000		Low	Mid	High
FME: Adopted EBITDA		1,150	1,150	1,150
EBITDA multiple (in no.)		3.00x	3.50x	4.00x
Enterprise value		3,450	4,025	4,600
Add/(Less): Surplus assets/(liabilities)				
Cash & cash equivalents	A	896	896	896
Debt & debt like items	B	(5,205)	(5,205)	(5,205)
Net working capital adjustment	C	1,040	1,040	1,040
Equity value of 100% interest in Flynt		180	755	1,330

Source: BDOCF analysis

Notes:

A	<p>Cash</p> <p>As at 30 June 2022, Flynt held cash of c.\$0.9 million.</p>
B	<p>Debt & debt like items</p> <p>As at 30 June 2022, debt & debt like items include financial liabilities of c.\$5.2 million.</p> <p>Of this balance, c.\$1.0 million is a debtor finance facility with St George, c.\$3.0 million is a loan from Transport and Clearance that will be assigned to Vertua if the Proposed Transaction is approved, and c.\$0.8 million is owed to other related parties.</p>

Net working capital adjustment

As at 30 June 2022, Flynt had net working capital of c.\$2.5 million. This included comprised trade debtors of c.\$8.3 million, trade creditors of c.\$3.7 million, and other creditors and accruals of c.\$2.2 million. Flynt's net working capital as at 30 June 2022 is above normal levels. Therefore, we have applied a net working capital adjustment to reflect the excess net working capital held in Flynt as at 30 June 2022.

Set out below is a summary of the net working capital adjustment calculations.

\$'000	30-Jun-20	30-Jun-21	30-Jun-22
NWC	1,130	688	2,540
Revenue	44,206	31,213	49,997
NWC as a % of revenue	2.6%	2.2%	5.1%
Adopted average NWC as a % of revenue			3.0%
Normalised NWC as at 30-Jun-22			1,500
NWC adjustment			1,040

Source: BDOCF analysis

Using the COE methodology, we have calculated Flynt's equity value to range between c.\$0.2 million and c.\$1.3 million.

8.6 NAV of Flynt

We have also assessed the value of Flynt using the NAV methodology. Flynt's net tangible assets have been based on Flynt's balance sheet as at 30 June 2022, being the best available information.

We have considered the book value of Flynt's assets and liabilities to be reflective of their market value. Therefore, we have not made any adjustments in our NAV calculation.

We have adopted net tangible liabilities of c.\$1.5 million for Flynt. A summary of our NAV calculation is presented below.

Table 61: NAV of Flynt

\$'000	30-Jun-22
Cash & cash equivalents	896
Property, plant & equipment	342
Net working capital	2,540
Debt & debt like items	(5,205)
Net tangible assets of Flynt	(1,428)

Source: Management information, BDOCF analysis

8.7 Preferred value of Flynt, on a control basis

Set out below is a summary of the assessed value of Flynt, on a control basis, under the COE and NAV methodologies. We have adopted a valuation range of c.\$0.2 million to c.\$1.3 million, as determined under the COE methodology, as this approach results in a higher valuation of Flynt.

Table 62: Preferred value of Flynt, on a control basis

\$'000	Ref.	Low	Mid	High
COE methodology	8.5	180	755	1,330
NAV methodology	8.6	(1,428)	(1,428)	(1,428)
Preferred value of Flynt, on a control basis		180	755	1,330

Source: BDOCF analysis

9 LOAN RECEIVABLE

In addition to the equity in Flynt, Vertua will also receive the right to a loan with a face value of c.\$3.0 million as at 30 June 2022 (**Loan Receivable**). The Loan Receivable:

- ▶ Attracts interest at a rate of 5% per annum
- ▶ Has a maturity date of 7 March 2027
- ▶ Is secured by a first ranking charge over the assets of Flynt.

If the Proposed Transaction is approved, Flynt will be a wholly owned subsidiary of Vertua. Vertua will receive any interest paid by Flynt.

In determining the value of Flynt (Section 8), we deducted the face value of the Loan Receivable as at 30 June 2022, being c.\$3.0 million.

We consider the value of this loan as a separate asset to also be c.\$3.0 million.

10 VALUATION OF VERTUA POST-PROPOSED TRANSACTION, ON A MINORITY BASIS

The Directors of Vertua have proposed to acquire 100% of the shares in Flynt, together with the assignment of an intra-group loan receivable (**Loan Receivable**) of approximately c.\$3.0 million (as at 30 June 2022) from Transport and Clearance Pty Ltd as trustee for the Transport and Clearance Fund (**Vendor**).

We have valued Vertua shares post-Proposed Transaction on a minority basis. We have determined the value of a Vertua share post-Proposed Transaction, on a minority basis, to range between c.6.3¢ and c.8.8¢. Our valuation calculations are set out below.

Table 63: Valuation of a Vertua share post-Proposed Transaction, on a minority basis

\$'000	Ref.	Low	High
Valuation of Vertua pre-Proposed Transaction, on a control basis	7.5	4,252	6,091
Valuation of Flynt, on a control basis	8.7	180	1,330
Loan receivable from Flynt	9	3,004	3,004
Valuation of Vertua post-Proposed Transaction, on a control basis		7,435	10,425
Less minority discount (based on a 20% control premium)	6.1.3	16.7%	16.7%
Valuation of Vertua post-Proposed Transaction, on a minority basis		6,196	8,687
Shares outstanding pre-Proposed Transaction ('000)	3.6	65,765	65,765
Shares issued in Proposed Transaction ('000)	1.2	32,500	32,500
Shares outstanding post-Proposed Transaction ('000)		98,265	98,265
Value of a Vertua share post-Proposed Transaction, on a minority basis (¢)		6.3	8.8

Source: BDOCF analysis

11 FAIRNESS ASSESSMENT

Our analysis has been performed by comparing the value of a:

- ▶ Vertua share pre-transaction on a control basis
- ▶ Vertua share post-transaction on a minority basis.

The result of our fairness analysis is summarised below.

Table 64: Fairness assessment

€	Low	High
FMV of a Vertua share pre-Proposed Transaction, on a control basis	6.5	9.3
FMV of a Vertua share post-Proposed Transaction, on a minority basis	6.3	8.8

Source: BDOCF analysis

Figure 4: Fairness assessment



Source: BDOCF analysis

There is a significant overlap between the FMV of a Vertua share pre-Proposed Transaction, on a control basis, and the FMV of a Vertua share post-Proposed Transaction, on a minority basis. However, the high and low values post-Proposed Transaction are below the high and low values pre-Proposed Transaction. This decrease in the FMV of a Vertua share post-Proposed Transaction is due to the application of the minority discount to 100% of the value of Vertua.

The value of consideration payable for Flynt's assets, on a control basis, is between c.\$2.1 million and \$3.0 million. The total value of assets acquired is between c.\$3.2 million and c.\$4.3 million. This comparison is set out below:

Table 65: Value of consideration payable for Flynt's assets, on a control basis

	Low	High
Shares issued in Proposed Transaction ('000)	32,500	32,500
Value of a Vertua share pre-Proposed Transaction, on a control basis (€)	6.5	9.3
Value of consideration payable for Flynt's assets, on a control basis ('000)	2,101	3,010

Source: BDOCF analysis

Table 66: Total value of assets acquired

\$'000	Low	High
Valuation of Flynt, on a control basis	180	1,330
Loan receivable from Flynt	3,004	3,004
Total value of assets acquired	3,184	4,334

Source: BDOCF analysis

As there is:

- ▶ A significant overlap between the FMV of a Vertua share pre-Proposed Transaction, on a minority basis, and the FMV of a Vertua share post-Proposed Transaction, on a control basis
- ▶ The value of consideration payable for Flynt's assets is less than the total value of assets to be acquired

We consider the Proposed Transaction to be fair to Shareholders.

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time. Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to us.

12 REASONABLENESS ASSESSMENT

In accordance with RG 111 an offer is reasonable if it is fair. It might also be ‘reasonable’ if, despite being ‘not fair’, the expert believes there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

We have set out a summary of other factors we consider relevant in assisting Shareholders in deciding whether or not to vote in favour of the Proposed Transaction in the following table.

Table 67: Summary of factors considered in the reasonableness assessment

Advantages	
The Proposed Transaction is fair	As assessed in our report, the FMV of a Vertua share after the Proposed Transaction, on a minority basis, significantly overlaps the value of a Vertua share prior to the Proposed Transaction, on a control basis. As such, we have concluded the Proposed Transaction is fair to the Shareholders. RG 111 states that an offer is reasonable if it is fair.
Increased scale and diversification of operations	Vertua is an investment holding company and operational managed services business. The Company’s operations are organised primarily into four segments, being, investments, property services, professional services and corporate. Following the acquisition of Flynt, Vertua will gain access and exposure to the international freight and logistics sector, providing further scale and diversification to its current portfolio.
Value of assets acquired exceeds the consideration payable	If the Proposed Transaction is approved, 32.5 million Vertua shares will be issued as consideration to the current Flynt shareholders. We have valued Vertua shares, on a control basis, as between 6.5¢ and 9.3¢ per share. Therefore, the total value of consideration payable by Vertua is between c.\$2.1 million and c.\$3.0 million. We assessed the total value of Flynt assets to be acquired in the Proposed Transaction as being between c.\$3.2 million and c.\$4.3 million. Therefore, the total value of assets acquired exceeds the value of the consideration payable.
Disadvantages	
Increased influence of a controlling shareholder	If the Proposed Transaction is approved, Holicalr will be issued Vertua shares in exchange for its indirect holdings in Flynt. Holicalr will gain further influence over Vertua, with its shareholding increasing from c.28.0% to c.29.6%.
Dilution	The Proposed Transaction will result in a dilution of existing Shareholders’ interests and decrease their voting power within the Company.
Other considerations	
Tax consequences	We have not considered the specific taxation implications that may be relevant for individual Shareholders in connection with the Proposed Transaction. The exact nature and impact of any tax consequences are uncertain and will depend upon the profile of each Shareholder.
Exposure to the risks and opportunities of the freight and logistics industry	Following the acquisition of Flynt, Vertua will gain access to the international freight and logistics sector. Shareholders will be exposed to increased risks and opportunities if the Proposed Transaction is approved.

Source: BDOCF analysis

Based on the above analysis, we consider the Proposed Transaction to be reasonable to Shareholders.

13 OVERALL OPINION

We have considered the terms of the Proposed Transaction, as outlined in the Report, and have concluded that the Proposed Transaction is fair and reasonable.

14 QUALIFICATIONS, DECLARATIONS AND CONSENTS

14.1 Qualifications

BDOCF is the licensed corporate finance arm of BDO Group Holdings Limited, Chartered Accountants and Business Advisers. BDOCF provides advice in relation to all aspects of valuations and has extensive experience in the valuation of corporate entities and provision of expert's reports.

Mr David McCourt, B.Bus, CA, is a director of BDOCF. Mr McCourt is also a partner of BDO Group Holdings Limited. Mr McCourt has been responsible for the preparation of this IER.

Mr McCourt has over 20 years of experience in a number of specialist corporate advisory activities including company valuations, financial modelling, preparation and review of business feasibility studies, accounting, advising on mergers and acquisitions and advising on independent expert reports. Accordingly, Mr McCourt is considered to have the appropriate experience and professional qualifications to provide the advice offered.

Mr Daniel Coote CA, is a director of BDOCF and holds Bachelor of Commerce and Master of Applied Finance degrees from Macquarie University. Mr Coote is a partner of BDO Group Holdings Limited and performed the concurring review of this IER.

Mr Coote has over 18 years of experience in a number of specialist corporate advisory activities including company valuations, advising on independent expert reports, due diligence investigations, preparation and review of business feasibility studies, public company floats, accounting, advising on mergers and acquisitions, preparation of information memoranda and other corporate investigations. Accordingly, Mr Coote is considered to have the appropriate experience and professional qualifications to provide the advice offered.

14.2 Independence

BDOCF is not aware of any matter or circumstance that would preclude it from preparing this IER on the grounds of independence either under regulatory or professional requirements. In particular, we have had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and ASIC.

- ▶ IER for Cosmos Capital Pty Ltd (Cosmos) (an entity associated with James Manning), dated 28 January 2021, in relation to the proposed takeover of Cosmos Capital Limited by Wize Pharma Inc. (Wize). The proposed scrip-for-scrip takeover was an off-market takeover whereby Wize acquired all outstanding Cosmos shares. Following the takeover, Cosmos changed its name to Mawson Infrastructure Group, Inc. (Mawson).
- ▶ Financial modelling for Cosmos Capital Pty Ltd (an entity associated with James Manning), with engagement letter dated 5 August 2019.
- ▶ Accounting advice provided to Mawson.

BDOCF considers itself to be independent in terms of RG 112 independence of experts, issued by ASIC.

BDOCF was not involved in advising on, negotiating, setting, or otherwise acting in any capacity for Vertua in relation to the Proposed Transaction. Further, BDOCF has not held and, at the date of this IER, does not hold any shareholding in, or other relationship with Vertua that could be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.

BDOCF will receive a fee of up to \$60,000 plus Goods and Services Tax for the preparation of this IER. BDOCF will not receive any fee contingent upon the outcome of the Proposed Transaction, and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Proposed Transaction.

A draft of this IER was provided to the Directors and their advisors for review of factual accuracy. Certain changes were made to the IER as a result of the circulation of the draft IER. However, no changes were made to the methodology, conclusions, or recommendations made to Shareholders as a result of issuing the draft IER.

14.3 Disclaimer

This IER has been prepared at the request of the Directors and was not prepared for any purpose other than that stated in this IER. This IER has been prepared for the sole benefit of the Directors and the Shareholders of Vertua. Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Directors and the Shareholders of Vertua without the written consent of BDOCF. BDOCF accepts no responsibility to any person other than the Directors and the Shareholders of Vertua in relation to this IER.



The statements and opinions contained in this IER are given in good faith and are based upon BDOCF's consideration and assessment of information provided by the Directors, executives, and Management of the Company.

APPENDIX 1: GLOSSARY

Term	Definition
#	Number
\$ or AUD	Australian Dollar
¢	Cents
1H23	Half-year ended 30 September 2022
AAS	Australian Auditing Standards
AFCA	Australian Financial Complaints Authority
AFSL	Australian financial services licence
APES 225	Accounting Professional & Ethical Standards Board Limited issued professional standard APES 225 on valuation services
APESB	Accounting Professional & Ethical Standards Board Limited
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
AUD	Australian dollar
BDOCF, we, our or us	BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170)
c.	Circa
COE	Capitalisation of earnings
Corporations Act	Corporations Act 2001
Cosmos	Cosmos Capital Pty Ltd
DCF	Discounted cash flow method
Defender AM	Defender Asset Management Pty Ltd
DGF	Defender Global Fund
DIF	Digital Income Fund
Directors	Directors of Vertua Limited
DSS	Distributed Storage Solutions Pty Ltd
EBITDA	Earnings before interest, tax, depreciation and amortisation
Esplanade	Esplanade Super Fund Pty Ltd
EV	Enterprise value
Excl.	Excluding
Explanatory Statement	The explanatory statement to the Notice of Extraordinary General Meeting prepared by Vertua, including any attachments or revisions to it
First Equity	First Equity Group
Flynt	Flynt Worldwide Pty Ltd and its controlled entities
Flynt ICS	Flynt ICS Pty Limited
FME	Future maintainable earnings
FMV	Fair market value
FSG	Financial Services Guide
FY	Last financial year
FYXX	Financial year ended 31 March 20XX
GST	Goods and services tax
Holicarl	Holicarl Pty Ltd
k	Thousands
Licence	Australian Financial Services Licence No: 247420
Listing Rules	The listing rules of the ASX
Loan Receivable	An intra-group loan receivable of approximately c.\$3.0 million from Transport and Clearance Pty Ltd as trustee for the Transport and Clearance Fund
LTM	Last twelve months
m	Millions
Management	Management of Vertua
Market Value	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length

Term	Definition
	transaction, after proper marketing and where the parties had each acted knowingly, prudently and without compulsion
Mawson	Mawson Infrastructure Group Inc.
NAV	Net Asset Value
NRV	Net tangible assets on a realisation basis
NSW	New South Wales
NSX	National stock exchange of Australia
NTM	Next twelve months
Oncosil	Oncosil Medical Ltd
p.a.	Per annum
Proposed Transaction	The proposed acquisition of 100% of the issued capital in Flynt Worldwide Pty Limited and its controlled entities, in exchange for shares in Vertua
QMP	Quoted market price basis
Ref.	Section reference
Report or IER	Independent expert's report
RG 111	ASIC Regulatory Guide 111 Content of expert reports
RG 112	ASIC Regulatory Guide 112 Independence of experts
RG 76	ASIC Regulatory Guide 76 Related party transactions
Shareholders	Non-associated shareholders of Vertua Limited
Transaction Document	Notice of Extraordinary General Meeting prepared by Vertua dated 6 February 2023
Transport and Clearance	Transport and Clearance Pty Ltd ACN 617 527 625
Tuggerah Site	A property development site in Tuggerah, on Sydney's Central Coast, which is currently in the process of being sold, and of which Vertua has c.23.9% ownership
USA or United States	United States of America
USD	United States Dollar
Vendor	Transport and Clearance Pty Ltd ACN 617 527 625 (Transport and Clearance), as trustee for Transport and Clearance Fund
Vertua or the Company	Vertua Limited
VOF	Vertua Opportunities Fund
VWAP	Volume weighted average price
Wize	Wize Pharma Inc.

Source: BDOCF analysis

APPENDIX 2: SOURCES OF INFORMATION

In preparing this IER, we had access to and relied upon the following principal sources of information:

- ▶ Vertua Notice of Extraordinary General Meeting and Explanatory Statement dated 6 February 2023
- ▶ Vertua annual reports for the years ended 31 March 2020, 31 March 2021 and 31 March 2022
- ▶ Vertua 1H23 interim financial statements for the half-year ended 30 September 2022
- ▶ Flynt consolidated financial statements for the years ended 30 June 2021 and 30 June 2022
- ▶ Flynt management accounts as at 30 September 2022
- ▶ Flynt forecasts for the 9 months ending 30 June 2022
- ▶ Transport and Clearance Fund unitholders report as at 31 May 2022
- ▶ Vertua shareholders report as at 9 December 2022
- ▶ Hymans Property valuation report issued 10 February 2022
- ▶ Ray White valuation report as at 15 October 2022
- ▶ Discussions with the Management of Vertua
- ▶ Other Management information
- ▶ Information sourced from S&P Capital IQ
- ▶ ASIC guidance notes and regulatory guides as applicable
- ▶ Announcements sourced from ASX
- ▶ Other generally available public information.

APPENDIX 3: VALUATION METHODS - BUSINESS AND ASSETS

In conducting our assessment of the fair market value, the following commonly used business valuation methods have been considered.

Discounted cash flow method

The discounted cash flow (DCF) method is based on the premise that the value of a business or any asset is represented by the present value of its future cash flows. It requires two essential elements:

- ▶ The forecast of future cash flows of the business asset for a number of years (usually five to 10 years)
- ▶ The discount rate that reflects the riskiness of those cash flows used to discount the forecast cash flows back to net present value (NPV).

DCF is appropriate where either:

- ▶ The businesses' earnings are capable of being forecast for a reasonable period (preferably 5 to 10 years) with reasonable accuracy
- ▶ Earnings or cash flows are expected to fluctuate significantly from year to year
- ▶ The business or asset has a finite life
- ▶ The business is in a 'start up' or in early stages of development
- ▶ The business has irregular capital expenditure requirements
- ▶ The business involves infrastructure projects with major capital expenditure requirements
- ▶ The business is currently making losses but is expected to recover.

Capitalisation of earnings method

This method involves the capitalisation of normalised earnings by an appropriate multiple. Normalised earnings are the assessed sustainable profits that can be derived by the vendor's business and exclude any one off profits or losses. An appropriate earnings multiple is assessed by reference to market evidence as to the earnings multiples of comparable companies.

This method is suitable for the valuation of businesses with indefinite trading lives and where earnings are relatively stable or a reliable trend in earnings is evident.

Net asset value methods

Asset based valuations involve the determination of the fair market value of a business based on the net realisable value of the assets used in the business.

Valuation of net realisable assets involves:

- ▶ Separating the business or entity into components which can be readily sold, such as individual business securities or collection of individual items of plant and equipment and other net assets
- ▶ Ascribing a value to each based on the net amount that could be obtained for this asset if sold.

The net realisable value of the assets can be determined on the basis of either:

- ▶ **Orderly realisation (NRV):** this method estimates fair market value by determining the net assets of the underlying business including an allowance for the reasonable costs of carrying out the sale of assets, taxation charges and the time value of money assuming the business is wound up in an orderly manner. This is not a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value.
- ▶ **Liquidation:** this is a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value.
- ▶ **Continuing operations (NAV):** this is a valuation of the net assets on the basis that the operations of the business will continue. It estimates the market value of the net assets but does not take into account any realisation costs. This method is often considered appropriate for the valuation of an investment or property holding entity. Adjustments may need to be made to the book value of assets and liabilities to reflect their value based on the continuation of operations.

The net realisable value of a trading entity's assets will generally provide the lowest possible value for the business. The difference between the value of the entity's identifiable net assets (including identifiable intangibles) and the value obtained by capitalising earnings is attributable to goodwill.

The net realisable value of assets is relevant where an entity is making sustained losses or profits but at a level less than the required rate of return, where it is close to liquidation, where it is a holding entity, or where all its assets are liquid. It is also relevant to businesses which are being segmented and divested and to value assets that are surplus to the core operating business. The net realisable assets methodology is also used as a check for the value derived using other methods.

These approaches ignore the possibility that the entity's value could exceed the realisable value of its assets.

Quoted market prices

The price that an entity's security trades on an exchange can be an appropriate basis for valuation where:

- ▶ The security trades in an efficient marketplace where 'willing' buyers and sellers readily trade the entity's security
- ▶ The market for the entity's security is active and liquid.

Other valuation considerations

Future events

The business of Vertua assumed in this valuation, is that which exists at the current date. Other growth potential, which may result from new activities, business initiatives, acquisitions, and the like (which are not capable of estimation), is not within the scope of this valuation.

APPENDIX 4: FLYNT COMPARABLE COMPANY DESCRIPTIONS

Ticker	Company	Description
ASX:AZJ	Aurizon Holdings Limited	Aurizon Holdings Limited, through its subsidiaries, operates as a rail freight operator in Australia. The company operates through Network, Coal, Bulk, and Other segments. It transports various commodities, including mining, agricultural, industrial, and retail products; and retail goods and groceries across small and big towns, and cities, as well as coal and iron ore. The company also operates and manages the Central Queensland Coal Network that consists of 2,670 kilometers of track network; and provides various specialist services, such as rail design, engineering, construction, management, and maintenance, as well as supply chain solutions. It serves miners, primary producers, and the industry. The company was formerly known as QR National Limited and changed its name to Aurizon Holdings Limited in December 2012. Aurizon Holdings Limited was incorporated in 2010 and is headquartered in Fortitude Valley, Australia.
ASX:CLX	CTI Logistics Limited	CTI Logistics Limited provides transport and logistics services in Australia. It operates through three segments: Transport, Logistics, and Property. The company offers transport services, such as courier, parcel distribution, taxi truck, fleet management, heavy haulage, line haul, container handling, and freight forwarding services. It also provides flooring logistics services; and warehousing and distribution services, including contracted distribution center, overflow warehousing, temperature controlled storage and delivery, pick and pack, bulk product storage, external laydown area storage, stock control management, and quarantine inspection and processing services. In addition, the company offers temperature controlled storage, warehousing, and distribution services for wine, and food and health products; and logistical support services to the minerals and energy sector. Further, it provides security systems and services comprising electronic alarms, CCTVs, and access control systems for residential and commercial premises; and records management services consisting of document and archive storage, core sample storage, data and media storage, imaging and scanning, scheduled pickup and deliveries, and document destruction, as well as provides online access to reports and file activities. Additionally, the company offers shredding and recycling services; and wrapping services, including cleaning of plant and equipment, fumigation and spraying services, and sealed quarantine wrapping. It is also involved in the rental of owner-occupied and investment properties. The company was founded in 1972 and is based in West Perth, Australia.
ASX:KLS	Kelsian Group Limited	Kelsian Group Limited provides land and marine transport and tourism services in Australia, Singapore, and the United Kingdom. It operates through Marine & Tourism, Australian Bus, and International Bus segments. The Marine & Tourism segment operates vehicle and passenger ferry services, barging, coach tours and package holidays, lunch, dinner, charter cruises, and accommodation facilities. The Australian Bus segment operates metropolitan public bus services on behalf of governments in Sydney, Melbourne, Perth, Adelaide, and Darwin. The International Bus segment operates metropolitan public bus services on behalf of governments in London and Singapore. The company also provides finance, sales and marketing, information and technology, business development, fleet management, health and safety, and administration and risk management support services. It operates 4,134 buses, 115 vessels, and 24 light rail vehicles, as well as 1,125 buses comprising 297 electric vehicles in London. The company was formerly known as SeaLink Travel Group Limited and changed its name to Kelsian Group Limited in November 2021. Kelsian Group Limited was founded in 1989 and is headquartered in Adelaide, Australia.
ASX:LAU	Lindsay Australia Limited	Lindsay Australia Limited, together with its subsidiaries, provides integrated transport, logistics, and rural supply services to the agriculture, horticulture, and food-related industries in Australia. The company operates through Transport and Rural segments. It also provides packaging, fertilizers, chemicals, and irrigation equipment services. In addition, the company offers linehaul, dry and general, refrigerated chiller freight, and local pick-up delivery services. Further, the company provides unloading, cross-docking, storage, ripening, fumigation, and import/export services. Lindsay Australia Limited was incorporated in 1993 and is based in Acacia Ridge, Australia.
ASX:SLH	Silk Logistics Holdings Limited	Silk Logistics Holdings Limited provides port-to-door landside logistics and supply chain services in Australia. It operates in two segments, Port Logistics and Contract Logistics. The company offers port logistics services, including wharf cartage; and contract logistics services, such as warehousing and distribution. It serves retail, fast moving consumer goods, light industrial, food, and other industries. Silk Logistics Holdings Limited was incorporated in 2013 and is headquartered in Port Melbourne, Australia.
ASX:WWG	Wiseway Group Limited	Wiseway Group Limited, together with its subsidiaries, provides logistics and freight forwarding services in Australia and internationally. The company offers air cargo services, including door to door, airport to airport, import and export shipments, break bulk, personal effects, dangerous goods, scheduled consolidation, time sensitive shipments, documentation handling and processing, special projects, pick-up, and packing and crating services; and sea cargo services ranging from less-than-container loads to full container loads, special equipment, and oversized cargo. It also provides services for perishables goods; customs clearance services; road transportation services; and warehousing services, such as bonded storage, break bulk and deconsolidation, picking and packing, pallet in/pallet out, security, long and short term storage, stock control system, order entry/processing, inventory control management, container packing or unpacking, and packaging materials supply. Wiseway Group Limited was founded in 2005 and is headquartered in Bankstown, Australia.

Source: S&P Capital IQ as at 9 January 2023

APPENDIX 5: DSS COMPARABLE COMPANY DESCRIPTIONS

Ticker	Entity	Description
ASX:NXT	NEXTDC Limited	NEXTDC Limited, a technology company, provides data center outsourcing solutions, connectivity services, and infrastructure management software in Australia. The company offers connectivity solutions, such as interconnection and intercapital services, data centre interconnect, and cross connect; data center-as-a-service solutions; cloud solutions; and industry solutions. It also provides technical assistance on-the-ground; and professional services for the infrastructure life cycle, including planning, project management, and migration stages. In addition, the company provides data center colocation solutions comprising rack packages for single or multiple racks; Rack Blocks to share the total power allocation across various racks; and Quarter Racks for smaller footprints. Further, it offers security systems and protocols that include multi-layered access systems with biometric fingerprint technology and ID access cards. Additionally, the company provides ONEDC, a data center infrastructure management tool, which delivers real-time intelligence across entire NEXTDC data center footprint to manage infrastructure; disaster recovery solutions; and AXON interconnectivity platform. NEXTDC Limited was incorporated in 2010 and is headquartered in Brisbane, Australia.
ASX:MP1	MegaPort Limited	MegaPort Limited provides elastic interconnection services to the enterprises and service providers in Australia, New Zealand, Hong Kong, Singapore, Japan, North America, and Europe. It operates a platform that enables customers to connect their network to other services, as well as creates agile network that connects in multiple regions. The company also offers MegaPort Virtual Edge, an on-demand and vendor-neutral Network Function Virtualization service that enables branch-to-cloud connectivity on MegaPort's global software-defined network; internet exchange services; and MegaPort Marketplace, an online hub the interconnects service providers and enterprise customers. In addition, it provides cloud connectivity solutions; and virtual routing for cloud networking. The company was founded in 2013 and is headquartered in Fortitude Valley, Australia.
NASDAQCM: MIGI	Mawson Infrastructure Group, Inc.	Mawson Infrastructure Group Inc., a digital infrastructure provider, operates in cryptocurrency mining in the United States and Australia. It owns and operates modular data centers. The company is based in North Sydney, Australia.
ASX:DTL	Data#3 Limited	Data#3 Limited provides information technology solutions and services in Australia and Fiji. The company offers cloud solutions, such as public cloud and private cloud services, and modern data center solutions; modern workplace solutions, including collaboration, end user devices, systems management, and printing; and security solutions comprising cloud security, identity and access management, data security and privacy, infrastructure and end point security, and security monitoring and analytics. It also provides data and analytics solutions, such as business analytics, customer management, Internet of things (IoT), location-based analytics; and connectivity solutions consists of IT-OT networking, SD-WAN, and software-defined and wireless networks. In addition, the company offers consulting, procurement, project, managed, and resourcing services. Data#3 Limited was founded in 1977 and is headquartered in Brisbane, Australia.
OTCPK:CLOW	Cloudweb, Inc.	Cloudweb, Inc. provides web hosting and data storage services. It primarily focuses on developing and marketing its Hostwizer.com, W8hosting.com, and JeyCloud.com platforms. The company was formerly known as Data Backup Solutions Inc. and changed its name to Cloudweb, Inc. in October 2017. Cloudweb, Inc. was incorporated in 2014 and is headquartered in Mountain View, Florida.
LSE:GST	GSTechnologies Ltd.	GSTechnologies Ltd., together with its subsidiaries, provides data infrastructure, storage, and technology services worldwide. It offers structured cabling, data centers infrastructure, wireless network solution, smart security, and project management services. In addition, the company engages in the blockchain business. It serves internet of things and ICT industries; and governmental and private organizations. The company was formerly known as Golden Saint Technologies Limited and changed its name to GSTechnologies Ltd. in August 2019. GSTechnologies Ltd. is based in Perth, Australia.
ASX:SOV	Sovereign Cloud Holdings Limited	Sovereign Cloud Holdings Limited provides cloud services to Australian Governments and Critical National industries. The company offers sovereign cloud Infrastructure as a Service solution. In addition, it offers a cloud operating environment, which comprises compute, storage, backup, disaster recovery, M365 Backup, and Desktop as a Service product, as well as workspace One that provides and endpoint management solution. Further, the company provides solutions to customers directly, as well as through various channel partners. Sovereign Cloud Holdings Limited was incorporated in 2017 and is headquartered in Canberra, Australia.
ASX:NNG	NEXION Group Ltd	NEXION Group Ltd, an information technology service provider, offers compute and data storage equipment as a service primarily in Australia. The company offers private cloud infrastructure integrated with public cloud services to form the NEXION OneCloud, a hybrid cloud solution. It also provides project management services to migrate customers to its Hybrid Cloud platform, as well as associated equipment and support services; and local and global SD-WAN to connect customer premises and equipment to its Hybrid Cloud. The company was incorporated in 2018 and is based in Osborne Park, Australia.

Source: S&P Capital IQ as at 9 January 2023

APPENDIX 6: VERTUA PROFESSIONAL SERVICES COMPARABLE COMPANY DESCRIPTIONS

Ticker	Entity	Description
ASX:NWL	Netwealth Group Limited	Netwealth Group Limited, a financial services company, engages in the wealth management business in Australia. It offers financial intermediation services; superannuation products; managed accounts; and managed funds, as well as investor directed portfolio services. The company also provides investment wrap products for self-managed super fund (SMSF) clients; investment options, such as listed and international securities, managed account models, managed funds, term deposits, premium services, and investor rewards; insurance products; forms and disclosure documents; and resources and tools, as well as insurance, advisory, licensee, and private wealth solutions. In addition, it offers a superannuation master fund, separately managed accounts, and self-managed superannuation and non-custodial administration services; and portfolio management tools, performance tools, investment research tools, and mobile access tools. The company provides its financial services to investors and non-institutional intermediaries, including financial advisers, private clients, and high net worth firms. Netwealth Group Limited was founded in 1999 and is headquartered in Melbourne, Australia.
ASX:IFL	Insignia Financial Ltd.	Insignia Financial Ltd. provides financial advice, platforms, and asset management services in Australia. The company offers financial services solutions on superannuation and investments to clients including investors, members, employers, and advisers. It also provides financial advisory, various financial products and services, and investment management services on behalf of institutional, retail, and direct clients. The company was formerly known as IOOF Holdings Ltd. and changed its name to Insignia Financial Ltd. in December 2021. Insignia Financial Ltd. was founded in 1846 and is based in Docklands, Australia.
ASX:IPH	IPH Limited	IPH Limited, together with its subsidiaries, provides intellectual property (IP) services and products in Australia and internationally. It operates through three segments: Intellectual Property Services Australia & New Zealand, Intellectual Property Services Asia, and Adjacent Businesses. The company offers IP services related to the provision of filing, prosecution, enforcement, and management of patents, designs, trademarks, and other IP; and develops autonomous timekeeping software under the subscription license model. It also provides patent attorney, lawyers, support, and data analysis services. The company serves Fortune Global 500 companies, multinationals, public sector research organizations, SMEs, professional services firms, universities, foreign associates, and other corporate and individual clients. IPH Limited was founded in 1887 and is based in Sydney, Australia.
ASX:EQT	EQT Holdings Limited	EQT Holdings Limited, together with its subsidiaries, provides philanthropic, trust executor, and investment services in Australia, the United Kingdom, and Ireland. It operates through three segments: Trustee and Wealth Services, Superannuation Trustee Services, and Corporate Trustee Services. The company provides estate planning and management; charitable, compensation, community, and personal trust services; and asset and wealth management, and advisory services. It also offers trustee, custody, and investment management services for superannuation funds; and legal services. In addition, the company provides a range of global fiduciary services, and fund governance and trustee services for managed investment schemes on behalf of local and international fund managers and sponsors, as well as trustee services for debt, securitizations, custody, and real estate arrangements for corporates. EQT Holdings Limited was founded in 1888 and is headquartered in Melbourne, Australia.
ASX:KPG	Kelly Partners Group Holdings Limited	Kelly Partners Group Holdings Limited provides chartered accounting and other professional services to private businesses and high net worth individuals in Australia. The company operates through two segments, Accounting and Other Services. It offers accounting and taxation, corporate secretarial, outsourced CFO, audit, business structuring, bookkeeping, and other accounting related services. The company also provides financial broking, wealth management, investment office, and other non-accounting services. Kelly Partners Group Holdings Limited was founded in 2006 and is based in North Sydney, Australia.
ASX:FID	Fiducian Group Ltd	Fiducian Group Ltd, through its subsidiaries, provides financial services in Australia. It operates through Funds Management, Financial Planning, Corporate Services, and Platform Administration segments. The company provides investor directed portfolio and separately managed accounts services; and acts as the trustee of fiducial superannuation services. It also offers fiducial funds; financial planning services; client account administration platforms; and wrap platform administration services. In addition, the company develops IT software systems for financial planning; and offers financial advisory services, such as cash flow management, debt reduction, planning retirement, estate management, and aged care, as well as provides platform solutions and SMSF administration services. Further, it offers diversified and sector funds, specialist funds, managed portfolios, and manager system services. The company was founded in 1996 and is based in Sydney, Australia.
ASX:QIP	QANTM Intellectual Property Limited	QANTM Intellectual Property Limited provides intellectual property services for start-up technology businesses, multinationals, public research institutions, and universities in Australia, New Zealand, Singapore, Malaysia, and Hongkong. The company offers services related to patents, designs, and trademarks. It also provides legal and litigation services, platform-based services, as well as software-based attorney tools. The company offers its services under the Davies Collison Cave, FPA Patent Attorneys, Cotters Patent and Trade Mark Attorneys, Advanz Fidelis IP, and Sortify.tn Ltd brands. QANTM Intellectual Property Limited was founded in 1877 and is based in Melbourne, Australia.
ASX:CUP	CountPlus Limited	CountPlus Limited, together with its subsidiaries, provides accounting, business advisory, and financial planning services in Australia. The company operates through Accounting, Financial Planning, Financial Services, and Other segments. It offers tax, assurance, audit, and corporate advisory services; financial planning; loans commission, and leasing commission services; and information technology, legal, conference, and insurance services. The company was founded in 2006 and is based in Sydney, Australia.

ASX:PFG	Prime Financial Group Limited	Prime Financial Group Limited provides wealth management, self-managed superannuation fund (SMSF), accounting and business, capital, and corporate advisory services in Australia. The company offers accounting and business advisory services, such as accounting and tax compliance, business growth advisory and strategy, monitoring, outsourced CFO and accounting, grants and R&D tax incentives, and innovation and commercialization advice; and capital and corporate advisory services comprising merger and acquisition transactions, capital raising, and other capital and corporate development. It also provides wealth management services, including financial and retirement planning, superannuation advice, investment advice, life insurance, SMSF, and administration and compliance services; and wealth management and protection plus SMSF services. The company was incorporated in 1965 and is headquartered in Southbank, Australia.
ASX:CAF	Centrepont Alliance Limited	Centrepont Alliance Limited, together with its subsidiaries, engages in the financial services industry in Australia. It operates through Licensee and Advice Services, Fund Management and Administration, and Consulting Services segments. The Licensee and Advice Services segment offers license services, which include licensing, systems, compliance, training, and technical advises to financial advisers and their clients, as well as mortgage aggregation services to mortgage brokers. The Fund Management and Administration segment provides investor directed portfolio services and investment management services to financial advisers, accountants, and their clients. The Consulting Services segment provides consulting services to self-licensed advisers and licensees. The company also provides lending solutions, such as mortgage lending, asset financing, and commercial finance. In addition, it offers loans to advisers, packages investment platforms, and managed funds; and financial advisory, support, and salaried advisory services, as well as employee share plans. The company was formerly known as Alliance Finance Corporation Limited and changed its name to Centrepont Alliance Limited in September 2005. Centrepont Alliance Limited was founded in 1982 and is headquartered in Sydney, Australia.
ASX:AFL	AF Legal Group Limited	AF Legal Group Limited operates as a family and relationship law firm in Australia. It offers family law services, such as separation, divorce, child custody, child support, spousal maintenance, property settlement, asset protect, and prenuptial agreement services. The company was formerly known as Navigator Resources Limited and changed its name to AF Legal Group Limited in May 2019. AF Legal Group Limited was incorporated in 1994 and is headquartered in Melbourne, Australia.

Source: S&P Capital IQ as at 9 January 2023

APPENDIX 7: VERTUA PROFESSIONAL SERVICES COMPARABLE TRANSACTIONS

Transaction closed date	Transaction announced date	Target	Buyer	Country	Implied EV (AUDm)	Implied EV/EBITDA
24/05/2017	18/04/2017	Focus Financial Partners Inc.	KKR & Co. L.P. (nka:KKR & Co. Inc.); Stone Point Capital LLC	United States	n/a	n/a
n/a	21/02/2013	Equity Trustees Limited (nka:EQT Holdings Limited)	The Trust Company Limited	Australia	n/a	n/a
20/12/2013	18/09/2013	Equity Trustees Limited (nka:EQT Holdings Limited)	IOOF Holdings Ltd (nka:Insignia Financial Ltd.)	Australia	n/a	n/a
15/04/2014	15/04/2014	Equity Trustees Limited (nka:EQT Holdings Limited)	-	Australia	n/a	n/a
n/a	20/11/2018	QANTM Intellectual Property Limited	IPH Limited	Australia	248.7	14.1x
n/a	27/03/2017	Navigator Resources Limited (nka:AF Legal Group Limited)	First Pharma Pty Limited	Australia	n/a	n/a
24/05/2017	18/04/2017	Focus Financial Partners Inc.	KKR & Co. L.P. (nka:KKR & Co. Inc.); Stone Point Capital LLC	United States	n/a	n/a
n/a	29/05/2013	Prime Financial Group Limited	-	Australia	n/a	n/a
29/05/2013	29/05/2013	Prime Financial Group Limited	-	Australia	n/a	n/a
22/03/2016	22/03/2016	Prime Financial Group Limited	-	Australia	n/a	n/a
n/a	14/06/2021	Westwood Holdings Group, Inc.	Americana Partners, LLC	United States	n/a	n/a
Mean					248.7	14.1x
Median					248.7	14.1x
Min					248.7	14.1x
Max					248.7	14.1x

Source: S&P Capital IQ as at 9 January 2023

APPENDIX 8: FLYNT COMPARABLE COMPANY DESCRIPTIONS

Ticker	Company	Description
ASX:AZJ	Aurizon Holdings Limited	Aurizon Holdings Limited, through its subsidiaries, operates as a rail freight operator in Australia. The company operates through Network, Coal, Bulk, and Other segments. It transports various commodities, including mining, agricultural, industrial, and retail products; and retail goods and groceries across small and big towns, and cities, as well as coal and iron ore. The company also operates and manages the Central Queensland Coal Network that consists of 2,670 kilometers of track network; and provides various specialist services, such as rail design, engineering, construction, management, and maintenance, as well as supply chain solutions. It serves miners, primary producers, and the industry. The company was formerly known as QR National Limited and changed its name to Aurizon Holdings Limited in December 2012. Aurizon Holdings Limited was incorporated in 2010 and is headquartered in Fortitude Valley, Australia.
ASX:CLX	CTI Logistics Limited	CTI Logistics Limited provides transport and logistics services in Australia. It operates through three segments: Transport, Logistics, and Property. The company offers transport services, such as courier, parcel distribution, taxi truck, fleet management, heavy haulage, line haul, container handling, and freight forwarding services. It also provides flooring logistics services; and warehousing and distribution services, including contracted distribution center, overflow warehousing, temperature controlled storage and delivery, pick and pack, bulk product storage, external laydown area storage, stock control management, and quarantine inspection and processing services. In addition, the company offers temperature controlled storage, warehousing, and distribution services for wine, and food and health products; and logistical support services to the minerals and energy sector. Further, it provides security systems and services comprising electronic alarms, CCTVs, and access control systems for residential and commercial premises; and records management services consisting of document and archive storage, core sample storage, data and media storage, imaging and scanning, scheduled pickup and deliveries, and document destruction, as well as provides online access to reports and file activities. Additionally, the company offers shredding and recycling services; and wrapping services, including cleaning of plant and equipment, fumigation and spraying services, and sealed quarantine wrapping. It is also involved in the rental of owner-occupied and investment properties. The company was founded in 1972 and is based in West Perth, Australia.
ASX:KLS	Kelsian Group Limited	Kelsian Group Limited provides land and marine transport and tourism services in Australia, Singapore, and the United Kingdom. It operates through Marine & Tourism, Australian Bus, and International Bus segments. The Marine & Tourism segment operates vehicle and passenger ferry services, barging, coach tours and package holidays, lunch, dinner, charter cruises, and accommodation facilities. The Australian Bus segment operates metropolitan public bus services on behalf of governments in Sydney, Melbourne, Perth, Adelaide, and Darwin. The International Bus segment operates metropolitan public bus services on behalf of governments in London and Singapore. The company also provides finance, sales and marketing, information and technology, business development, fleet management, health and safety, and administration and risk management support services. It operates 4,134 buses, 115 vessels, and 24 light rail vehicles, as well as 1,125 buses comprising 297 electric vehicles in London. The company was formerly known as SeaLink Travel Group Limited and changed its name to Kelsian Group Limited in November 2021. Kelsian Group Limited was founded in 1989 and is headquartered in Adelaide, Australia.
ASX:LAU	Lindsay Australia Limited	Lindsay Australia Limited, together with its subsidiaries, provides integrated transport, logistics, and rural supply services to the agriculture, horticulture, and food-related industries in Australia. The company operates through Transport and Rural segments. It also provides packaging, fertilizers, chemicals, and irrigation equipment services. In addition, the company offers linehaul, dry and general, refrigerated chiller freight, and local pick-up delivery services. Further, the company provides unloading, cross-docking, storage, ripening, fumigation, and import/export services. Lindsay Australia Limited was incorporated in 1993 and is based in Acacia Ridge, Australia.
ASX:SLH	Silk Logistics Holdings Limited	Silk Logistics Holdings Limited provides port-to-door landside logistics and supply chain services in Australia. It operates in two segments, Port Logistics and Contract Logistics. The company offers port logistics services, including wharf cartage; and contract logistics services, such as warehousing and distribution. It serves retail, fast moving consumer goods, light industrial, food, and other industries. Silk Logistics Holdings Limited was incorporated in 2013 and is headquartered in Port Melbourne, Australia.
ASX:WWG	Wiseway Group Limited	Wiseway Group Limited, together with its subsidiaries, provides logistics and freight forwarding services in Australia and internationally. The company offers air cargo services, including door to door, airport to airport, import and export shipments, break bulk, personal effects, dangerous goods, scheduled consolidation, time sensitive shipments, documentation handling and processing, special projects, pick-up, and packing and crating services; and sea cargo services ranging from less-than-container loads to full container loads, special equipment, and oversized cargo. It also provides services for perishables goods; customs clearance services; road transportation services; and warehousing services, such as bonded storage, break bulk and deconsolidation, picking and packing, pallet in/pallet out, security, long and short term storage, stock control system, order entry/processing, inventory control management, container packing or unpacking, and packaging materials supply. Wiseway Group Limited was founded in 2005 and is headquartered in Bankstown, Australia.

Source: S&P Capital IQ as at 9 January 2023



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