



5 August 2024

NZX Limited  
AUCKLAND

### **Conditional investment of \$7.3 million in Spectrum Consulting Limited**

Being AI Limited (BAI) is pleased to announce that it has entered into a conditional joint venture arrangement with the senior management team (“Managers”) of Spectrum Consulting Limited (“Spectrum”) to facilitate the acquisition of 100% of the shares on issue in Spectrum for \$6.6 million in aggregate.

BAI’s commitment to acquire a 50% interest in Spectrum is \$3.3 million. BAI has also committed to provide up to \$4 million of growth capital funding to Spectrum over a 24 month period to develop the “Lantern AI” initiative developed by Spectrum.

### **About Spectrum**

For more than 20 years Spectrum has provided New Zealand’s essential services with mission-critical data infrastructure services and critical infrastructure cloud-based services across Oracle, SAP, JD Edwards, and large-scale CRM ERP applications. Spectrum also ensures seamless safe connectivity through the provision of network solutions, AI solutions and proactive data security. Put simply, Spectrum provides digital infrastructure to the infrastructure providers of New Zealand.

David McDonald, CEO Being AI Group, comments

*“We are thrilled to have the Spectrum team become part of the Being Group. Not only are they a talented team with demonstrated integrity and an excellent culture, but they have developed world-first technology in the critical field of AI sovereignty.”*

Spectrum is an IBM Gold and Red Hat Partner and has designed, built, and is now delivering Lantern AI - the world’s first safe, secure, sovereign AI cloud platform.

Lantern is an Artificial Intelligence (AI) and Generative Artificial Intelligence (Gen AI) platform built to ensure the management, storage, and governance of data remains jurisdictionally sovereign to New Zealand. The platform allows text to text, text to voice and voice to text applications, analytics, and data sharing with full explainability and provability.

Online  
[beingai.group](https://beingai.group)

Office  
Level 4 / 33 Hurstmere Road / Takapuna  
Auckland / 0622 / New Zealand





Damian Pons, CEO Spectrum AI, explains:

*“Lantern is built with guardrails and governance to ensure the AI remains under the control of the data guardian. It runs within a secure isolated runspace that is not exposed to the internet, remains separate from an organisation's day-to-day operational network, and keeps data geographically and jurisdictionally sovereign to New Zealand.”*

Lantern is currently working with a major brand in the Healthcare space to deliver a proof of operation and is in discussions with multiple other enterprise and government customers.

Spectrum's team of around 40 service current clients including ASB, Te Whatu Ora via CCL, Genesis via CCL, Kiwirail, Metservice, Freightways, Kainga Ora, Douglas Pharmaceuticals, Watercare, Fisher & Paykel, and Lotto NZ. Spectrum invoiced \$19.6m revenue for products and services for the year ended 31 March 24 and will be earnings accretive for BAI shareholders.

Damian Pons continues:

*“Our team is excited to launch a new chapter in the Spectrum AI story. We believe collaboration with Being AI Group will not only allow us to continue to deliver the critical services our clients depend on each day, but also grasp the full opportunity we have created with Lantern AI.”*

David McDonald elaborates:

*“As part of our core mission to transform businesses with AI and emerging technologies, our investment in Spectrum and Lantern represents another important piece of the strategy - a sovereign AI platform joining our growing portfolio of AI technologies necessary for true innovation alongside the Being AI investment in Timestack's Graph AI optimisation and Truyo's AI governance platform.”*

Lillian Grace, Chair Spectrum AI concludes:

*“Ka mua ka muri – before looking forward, it's important to look back. We at Spectrum are deeply grateful to our founder, Paul Tomlinson, for his 20 years of pioneering work in delivering sovereign platforms. Our commitment to supporting government and enterprise clients has led to notable achievements, including being added to the DIA Market Place and delivering Aotearoa New Zealand's first Sovereign AI platform.*

*I am particularly excited by the shared determination of Spectrum CEO Damian Pons (Ngāti Tūwharetoa) and Being AI Group CEO David McDonald (Ngāi Tahu) to embed care for beings in the foundation of our work. Throughout our society, we can see the harm and neglect that result from advancing technology without this focus. Dignity for all remains at our core.*

*This collaboration between Being AI and Spectrum's Management Team underscores our shared mission. Together, we are carving a path that ensures the sustained growth and success of Spectrum well into the future.”*





## **The terms of the Transaction**

Following the completion of the transaction, BAI will hold a 50% interest in Spectrum. The remaining 50% of Spectrum will be held by interests associated with the existing Spectrum management team.

The principal terms of the transaction are as follows:

- The total purchase price payable to acquire 100% of Spectrum is \$6.6 million.
- BAI's share of the purchase price is \$3.3 million.
- The purchase price is payable in a combination of cleared funds on settlement, and the balance by way of instalments payable over 30 months.
- BAI will provide funding assistance of up to \$1.5 million to the Spectrum management team to assist them to fund their share of the purchase price. This financial assistance will be repayable by those managers to BAI.
- Subject to the satisfaction of the conditions precedent, it is anticipated that completion will take place on or before 30 September 2024.
- BAI will provide up to \$4 million of growth capital funding to Spectrum over a 24 month period to develop the Lantern initiative developed by Spectrum. This funding will be provided via a secured convertible note, It will accrue interest and will provide BAI with the right to redeem the notes for cash at the maturity date of the notes, or to convert the notes into shares in the vehicle to be formed to hold the Lantern initiative, at a conversion price to be agreed prior to settlement.

## **Conditions of the Transaction**

The transaction is condition upon the following principal conditions:

- BAI, the Managers and the vendors of the Spectrum shares, entering further transaction documentation by 20 September 2024.
- BAI being satisfied with its due diligence investigations of Spectrum on or before 20 September 2024.
- Spectrum entering into new employment agreements with the managers on terms agreeable to BAI on or before 30 August 2024.

BAI continues to investigate potential investment and acquisition opportunities to strengthen our portfolio, and will continue to invest and acquire as we identify initiatives that satisfy our investment criteria.

**END**

For more information contact:

David McDonald  
Group CEO, Being AI Limited  
Mobile: +64 27 239 7000  
Email: david@beingai.group

Website: beingai.group  
<https://www.linkedin.com/company/beingaigroup>

