

# Syft Technologies Limited

## Independent Adviser's Report

### In Respect of the Issue of Ordinary Shares to Ampersand 2020 Limited Partnership and Accident Compensation Corporation

*August 2024*

#### Statement of Independence

Simmons Corporate Finance Limited confirms that it:

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

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

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## 1. Introduction

### 1.1 Background

Syft Technologies Limited (**Syft** or the **Company**) is a premier provider of Selected Ion Flow Tube Mass Spectrometry (**SIFT-MS**) solutions, which detect and quantify minute gas concentrations with remarkable precision and speed. The business is based in Christchurch.

Syft's ordinary shares are quoted on the Unlisted Securities Exchange securities trading facility (**USX**) with a market capitalisation of \$11.0 million as at 2 August 2024. Its audited total equity as at 31 March 2024 was \$23.9 million.

A profile of Syft is set out in section 3.

### 1.2 Ampersand 2020 Limited Partnership

Ampersand 2020 Limited Partnership (**Ampersand**) is Syft's largest shareholder.

Ampersand is owned by Ampersand Capital Partners (**ACP**), a USA private equity firm founded in 1988 with approximately US\$3 billion of assets under management. ACP specialises in growth equity investments in the life sciences and healthcare sectors.

Ampersand currently holds 27,145,482 shares in the Company, representing 24.57% of the Company's total shares on issue:

- 17,545,000 convertible preference shares, being first ranking preference shares (the **2022 Ampersand Shares**)
- 9,044,879 second ranking preference shares
- 555,603 fully paid ordinary shares.

The 2022 Ampersand Shares were issued on 13 April 2022 following shareholder approval at an issue price of \$1.30 per share for a total subscription amount of \$22.8 million.

The 2022 Ampersand Shares have the following rights and terms:

- the shares rank ahead of ordinary shares in any liquidation event
- in every other way they rank equally with ordinary shares
- Ampersand is entitled to have the shares reclassified into ordinary shares on a one-for-one basis at any time.

In July 2023, Syft undertook a funding round of \$5.5 million (the **2023 Funding Round**) through the issue of:

- 5,500,000 convertible notes (**CNs**) at an issue price of \$1.00 per CN and a conversion price of \$0.30 for each second ranking preference share
- 1,222,222 warrants (the **Warrants**) on a 1:4.5 basis stapled to the CNs at an exercise price of \$0.01 per ordinary share.

Ampersand subscribed for 2,500,214 CNs following shareholder approval on 21 July 2023 and was granted 555,603 Warrants.

The CNs and compounding interest totalling approximately \$6.0 million were converted into 19,918,454 second ranking preference shares at a price of \$0.30 per share on 31 March 2024 (the **2024 CNs Conversion**).

The second ranking preference shares have the following rights and terms:

- the shares rank behind the 2022 Ampersand Shares and ahead of ordinary shares in any liquidation event
- in every other way they rank equally with the 2022 Ampersand Shares and ordinary shares
- holders are entitled to have the shares reclassified into ordinary shares on a one-for-one basis at any time.

Ampersand's 2,500,214 CNs and compounding interest were converted into 9,044,879 second ranking preference shares. Ampersand also exercised its 555,603 Warrants into 555,603 ordinary shares.

### 1.3 Accident Compensation Corporation

Accident Compensation Corporation (**ACC**) is Syft's second largest shareholder.

ACC currently holds 19,797,604 shares, representing 17.92% of the Company's total shares on issue:

- 14,495,774 ordinary shares
- 5,301,830 second ranking preference shares.

ACC subscribed for 1,462,661 CNs under the 2023 Funding Round and was granted 325,036 Warrants.

ACC's 1,462,661 CNs and compounding interest were converted into 5,301,830 second ranking preference shares on 31 March 2024. ACC also exercised its 325,036 Warrants into 325,036 ordinary shares.

### 1.4 Rights Issue

Syft is looking to raise up to \$8.0 million of fresh equity through the issue of up to 80,000,000 new fully paid ordinary shares at an issue price of \$0.10 per share by way of a renounceable pro rata rights issue (the **Rights Issue**).

Syft has entered into a subscription agreement with Ampersand dated 26 July 2024 under which Ampersand has conditionally agreed to subscribe for its pro rata entitlement under the Rights Issue (19,658,723 ordinary shares) and, at Ampersand's election, up to a total of 50,000,000 ordinary shares under the Rights Issue (the **Ampersand Allotment**).

Syft has also entered into a subscription agreement with ACC dated 26 July 2024 under which ACC has conditionally agreed to subscribe for its pro rata entitlement under the Rights Issue (14,337,399 ordinary shares) and, at ACC's election, up to a total of 30,000,000 ordinary shares under the Rights Issue (the **ACC Allotment**).

We refer to the Ampersand Allotment and the ACC Allotment together as the **Allotments**.

The number of shares subscribed for by Ampersand and ACC under the subscription agreements potentially includes oversubscription above their pro rata entitlements and therefore may be scaled depending on take up by other shareholders under the Rights Issue.

The Allotments are conditional on shareholder approval.

## 1.5 Impact on Shareholding Levels

Ampersand currently holds 24.57% of the Company's total shares on issue and ACC currently holds 17.92%.

The Company's shareholders not associated with Ampersand or ACC (the **Non-associated Shareholders**) currently collectively hold 57.50% of the Company's shares on issue.

### Pro Rata Scenario

If all of the Company's shareholders (ie Ampersand, ACC and the Non-associated Shareholders) fully subscribe for their pro rata entitlements under the Rights Issue, Syft will issue 80,000,000 new ordinary shares and each shareholder's shareholding level will remain the same as immediately prior to the Rights Issue (the **Pro Rata Scenario**).

Impact of the Allotments on Shareholding Levels – Pro Rata Scenario					
	Current		Allotments	Post the Allotments	
	No. of Shares	%	No. of Shares	No. of Shares	%
Ampersand	27,145,482	24.57%	19,658,723 <sup>1</sup>	46,804,205	24.57%
ACC	19,797,604	17.92%	14,337,399 <sup>1</sup>	34,135,003	17.92%
Combined	46,943,086	42.50%	33,996,122	80,939,208	42.50%
Non-associated Shareholders	63,523,834	57.50%	46,003,878 <sup>1</sup>	109,527,712	57.50%
Total	110,466,920	100.00%	80,000,000	190,466,920	100.00%

<sup>1</sup> Every shareholder subscribes for their pro rata entitlement

### Worst Case Maximum Scenario

In the extreme scenario of 50,000,000 ordinary shares being issued to Ampersand under the Ampersand Allotment, 30,000,000 ordinary shares being issued to ACC under the ACC Allotment and the Non-associated Shareholders do not subscribe for any ordinary shares under the Rights Issue (the **Worst Case Maximum Scenario**), then:

- Ampersand will hold 40.50% of the Company's shares
- ACC will hold 26.15% of the Company's shares
- Ampersand and ACC will collectively hold 66.65% of the Company's shares
- the Non-associated Shareholders will collectively hold 33.35% of the Company's shares.

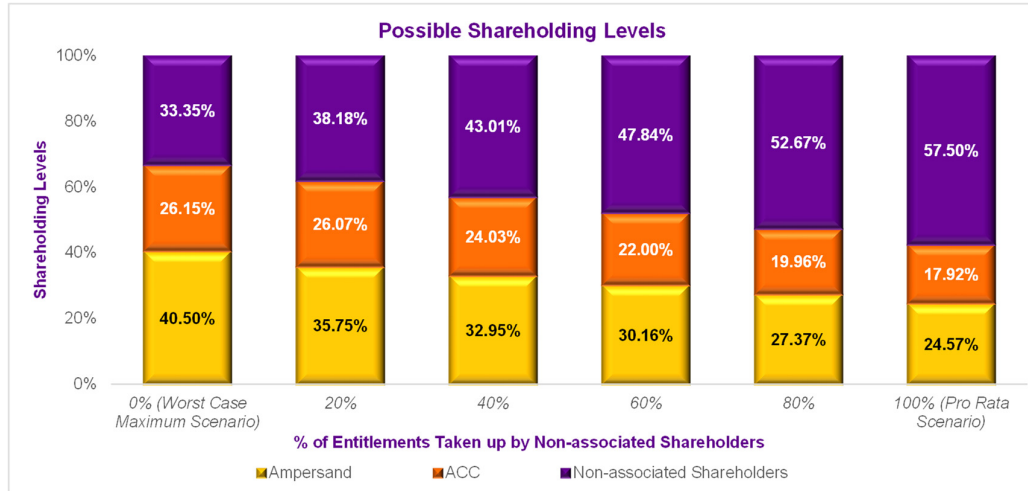
Impact of the Allotments on Shareholding Levels – Worst Case Maximum Scenario					
	Current		Allotments	Post the Allotments	
	No. of Shares	%	No. of Shares	No. of Shares	%
Ampersand	27,145,482	24.57%	50,000,000 <sup>1</sup>	77,145,482	40.50%
ACC	19,797,604	17.92%	30,000,000 <sup>1</sup>	49,797,604	26.15%
Combined	46,943,086	42.50%	80,000,000	126,943,086	66.65%
Non-associated Shareholders	63,523,834	57.50%	-	63,523,834	33.35%
Total	110,466,920	100.00%	80,000,000	190,466,920	100.00%

<sup>1</sup> Maximum number of shares are issued to Ampersand and ACC

We consider the likelihood of the Worst Case Maximum Scenario occurring to be extremely remote as the Company’s board of directors (the **Board**) considers that it is highly likely that some Non-associated Shareholders will take up their entitlements under the Rights Issue.

**Possible Shareholding Levels**

The graph below sets out the range of possible shareholding levels for Ampersand, ACC and the Non-associated Shareholders based on the percentage of their entitlements under the Rights Issue that the Non-associated Shareholders subscribe for.



This shows that following the Allotments:

- Ampersand’s shareholding will be between 24.57% and 40.50%
- ACC’s shareholding will be between 17.92% and 26.15%
- Ampersand and ACC’s combined shareholding will be between 42.50% and 66.65%
- the Non-associated Shareholders will collectively hold between 33.35% and 57.50% of the Company’s shares.

Any subscription by Non-associated Shareholders for their entitlements under the Rights Issue will have the effect of reducing Ampersand’s and ACC’s respective shareholding levels arising from the Allotments.

**1.6 Summary of Opinion**

Our evaluation of the merits of the Allotments as required under the Takeovers Code (the **Code**) is set out in section 2.

In our opinion, after having regard to all relevant factors, the positive aspects of the Allotments outweigh the negative aspects from the perspective of the Non-associated Shareholders.

## 1.7 Special Meeting

The Company's shareholders will vote at the Company's special meeting of shareholders on 26 August 2024 on an ordinary resolution in respect of the issue of a maximum of 50,000,000 fully paid ordinary shares to Ampersand and 30,000,000 fully paid ordinary shares to ACC under the Allotments (the **Allotments Resolution**).

The Allotments Resolution is an ordinary resolution which is passed by a simple majority of votes of those shareholders entitled to vote and who vote on the resolution.

Neither Ampersand nor ACC and their respective associates (as defined in the Code) are permitted to vote on the Allotments Resolution.

It has been assumed that Ampersand and ACC are associates for the purposes of the Code and accordingly the Allotments Resolution includes a reference to the maximum aggregate holding of Ampersand and ACC following the Allotments of up to 66.65%.

Syft notes that both Ampersand and ACC do not consider that they are associates for the purposes of the Code. However, out of an abundance of caution, Syft has decided to treat them as if they are associates for the technical purposes of the Code.

## 1.8 Regulatory Requirements

Syft is a code company as defined by the Code and is subject to the provisions of the Code.

Rule 6 of the Code prohibits:

- a person who holds or controls no voting rights or less than 20% of the voting rights in a code company from holding or controlling an increased percentage of the voting rights in the code company unless, after that event, that person and that person's associates hold or control in total not more than 20% of the voting rights in the code company
- a person who holds or controls 20% or more of the voting rights in a code company from holding or controlling an increased percentage of the voting rights in the code company

unless done in compliance with exceptions to this fundamental rule.

One of the exceptions, set out in Rule 7(d) of the Code, enables a person to become a holder or controller of an increased percentage of voting rights by an allotment of voting securities in the code company if the allotment is approved by an ordinary resolution of the code company (on which neither that person, nor any of its associates, may vote).

If Ampersand and ACC are issued the maximum number of fully paid ordinary shares under the Allotments:

- Ampersand will increase its control of the voting rights in Syft from 24.57% to up to 40.50%
- ACC will increase its control of the voting rights in Syft from 17.92% to up to 26.15%.

Accordingly, in accordance with the Code, the Non-associated Shareholders will vote at the Company's special meeting on the Allotments Resolution in accordance with the Code.

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

This Independent Adviser's Report is to be included in, or accompany, the notice of meeting pursuant to Rule 16(h).

### **1.9 Purpose of the Report**

The Company's directors not associated with Ampersand and / or ACC, being Michael Bushell, Jeff McDowall, Kate McGrath and Alan Monro (the **Non-associated Directors**) have engaged Simmons Corporate Finance Limited (**Simmons Corporate Finance**) to prepare an Independent Adviser's Report on the merits of the Allotments in accordance with Rule 18 of the Code.

Simmons Corporate Finance was approved by the Takeovers Panel on 27 June 2024 to prepare the Independent Adviser's Report.

Simmons Corporate Finance issues this Independent Adviser's Report to the Non-associated Directors for the benefit of the Non-associated Shareholders to assist them in forming their own opinion on whether to vote for or against the Allotments Resolution.

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



## 2. Evaluation of the Merits of the Rights Issue (Including the Allotments)

### 2.1 Basis of Evaluation

Rule 18 of the Code requires an evaluation of the merits of the Allotments, having regard to the interests of the Non-associated Shareholders.

There is no legal definition of the term *merits* in either the Code or in any statute dealing with securities or commercial law in New Zealand.

In the absence of an explicit definition of *merits*, guidance can be taken from:

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

The Allotments are a function of the Rights Issue. Therefore, when assessing the merits of the Allotments, we are of the view that an assessment of the merits of the Rights Issue also needs to be undertaken.

We are of the view that an assessment of the merits of the Rights Issue (including the Allotments) should focus on:

- the rationale for the Rights Issue
- the terms and conditions of the Rights Issue
- the impact of the Rights Issue on Syft's financial position
- the impact of the Rights Issue on the control of the Company
- the dilutionary impact of the Rights Issue
- the impact of the Rights Issue on Syft's share price
- the benefits and disadvantages to the Non-associated Shareholders, Ampersand and ACC of the Rights Issue
- the likelihood of the Allotments Resolution being approved
- the implications if the Allotments Resolution is not approved.

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

## 2.2 Summary of the Evaluation of the Merits of the Rights Issue (Including the Allotments)

Our evaluation of the merits of the Rights Issue (including the Allotments) is set out in detail in sections 2.3 to 2.14.

The Rights Issue will provide up to \$8.0 million of equity funding to Syft, which the Board considers sufficient to fund the Company's upcoming working capital requirements and to position Syft for growth over the coming months.

Ampersand currently holds 24.57% of the Company's shares on issue and ACC holds 17.92%. Following the Allotments, Ampersand will hold between 24.57% and 40.50% of the Company's shares on issue and ACC will hold between 17.92% and 26.15% of the Company's shares on issue (depending on how many ordinary shares they and the Non-associated Shareholders subscribe for under the Rights Issue).

In summary, the key positive aspects of the Rights Issue (including the Allotments) are:

- the rationale for the Rights Issue is sound. The Rights Issue will provide up to \$8.0 million of equity funding for the Company, ensuring Syft will have sufficient capital to continue to fund its operations and maintain its growth strategy
- the terms of the Rights Issue are reasonable:
  - all shareholders are able to subscribe for their pro rata entitlement of 80,000,000 new ordinary shares
  - eligible shareholders who subscribe for their full entitlement will also have the opportunity to apply for additional shares
  - the issue price of \$0.10 per ordinary share is in line with the Company's current share price
  - the rights are renounceable, allowing those shareholders who do not wish to take up their entitlements to sell those rights
- the Rights Issue will have a positive impact on the Company's financial position, raising up to \$8.0 million of fresh equity.

In summary, the key negative aspects of the Rights Issue (including the Allotments) are:

- Ampersand's shareholding will be between 24.57% and 40.50% and ACC's shareholding will be between 17.92% and 26.15% following the Allotments, increasing their respective ability to influence the outcome of shareholder voting to some degree
- the dilutionary impact of the Allotments on Non-associated Shareholders not participating in the Rights Issue will result in their proportionate shareholdings in the Company reducing by up to 42% following the Rights Issue. However, Non-associated Shareholders have the opportunity to eliminate the dilutionary impact of the Allotments by taking up their entitlements to the Rights Issue
- the attraction of Syft as a takeover target may diminish to a minor degree.

The Allotments are unlikely to have any significant impact in the near term on:

- Syft's share price as the issue price of \$0.10 per share is equivalent to the current share price
- the liquidity of Syft's shares as trading in the Company's shares is extremely thin.

If the Allotments Resolution is not approved, the Allotments cannot proceed and therefore the Rights Issue will not proceed, resulting in the need for Syft to raise additional capital in a relatively short timeframe to fund its operations. Failure to do so will likely result in Syft facing solvency issues in the near term.

There are a number of positive and negative features associated with the Rights Issue and the Allotments. In our view, when the Non-associated Shareholders are evaluating the merits of the Rights Issue and the Allotments, they need to carefully consider whether the negative aspects of the Rights Issue, including the increase in the level of control that Ampersand and ACC may hold over the Company and the dilutionary impact, could justify voting against the Allotments Resolution with the possible outcome that the Company will not be able to raise the full amount of \$8.0 million sought under the Rights Issue and therefore will likely need to seek alternative sources of capital within a relatively short timeframe in order to continue to fund its operations and pursue its growth initiatives.

**In our opinion, after having regard to all relevant factors, the positive aspects of the Rights Issue (including the Allotments) outweigh the negative aspects from the perspective of the Non-associated Shareholders.**

### 2.3 Rationale for the Rights Issue

The Rights Issue will raise up to \$8.0 million of fresh equity for Syft. The intended use of the funds raised is to enable the Company to meet its upcoming working capital requirements and position Syft for growth over the coming months.

Syft had cash and cash equivalents of \$0.5 million as at 31 March 2024 and its monthly cash burn is in the vicinity of \$1.45 million.

The Board has advised that the need for the capital is due to the lead times for opportunity conversion being quite long for the Company, resulting in inconsistent sales from month to month and the Company's primary revenue stream is from such capital expenditure sales. This has created a timing issue in the short term where Syft is unable to meet its ongoing business costs with expected cash receipts.

The Board is of the view that the capital raised from the Rights Issue will provide Syft with the necessary cash in the short term to meet its ongoing business expenses and allow the needed time to convert on its sales opportunities that are heavily weighted towards the second half of the year. The Board has stated that it expects, based on reasonable assumptions, to achieve 30% revenue growth and be cash flow positive by the end of the current financial year. The assumptions supporting this revenue growth expectation are:

- a strong instrument sales pipeline that covers 132% of the instrument revenue forecast
- 12% year over year growth in service and rental annuity revenue.

We consider the rationale for the Rights Issue to be sound. It will provide up to \$8.0 million of much needed capital to fund Syft's operations and maintain its growth strategy.

## 2.4 Terms of the Rights Issue

### *Key Terms of the Rights Issue*

The principal terms of the Rights Issue are set out in Explanatory Notes of the notice of special meeting and are summarised below:

- the Rights Issue entails the issue of up to 80,000,000 new fully paid ordinary shares issued at \$0.10 per share to raise up to \$8.0 million of fresh equity
- shareholders have the right to subscribe for their pro rata entitlement of the 80,000,000 ordinary shares
- shareholders who subscribe for their full pro rata entitlement also have the opportunity to apply for any ordinary shares that are not taken up by other shareholders (ie where shareholders decide not to participate in whole or in part (the **Shortfall Shares**))
- the rights are renounceable
- the Rights Issue is conditional on Syft obtaining any required approvals of its shareholders (including approval of the Allotments under the Code).

### *Size of the Rights Issue*

We are advised by the Board that the \$8.0 million size of the Rights Issue was based on financial modelling undertaken by Syft based on expected revenue and cash consumption in the coming months. The amount of \$8.0 million was deemed to be sufficient to meet Syft's working capital requirements for the next few months.

### *Eligibility to Participate*

Syft is using crowd funding entity Crowdsphere Limited (**Crowdsphere**) to manage the Rights Issue for New Zealand resident shareholders.

New Zealand resident shareholders will need to provide their details to Crowdsphere. There is no requirement for such shareholders to be "wholesale investors" for the purposes of the Rights Issue (as the offer is approved as a financial promotion and will be communicated by Crowdsphere in accordance with part 6 of the Financial Markets Conduct Act 2013) unless shareholders resident in New Zealand collectively subscribe for \$2 million or more shares. If this occurs, Crowdsphere will ensure some shareholders investing come within an applicable "wholesale investor" category.

Shareholders resident overseas will need to provide relevant certification or other details to ensure that they are exempt from the applicable securities laws in their jurisdiction in order to participate in the Rights Issue.

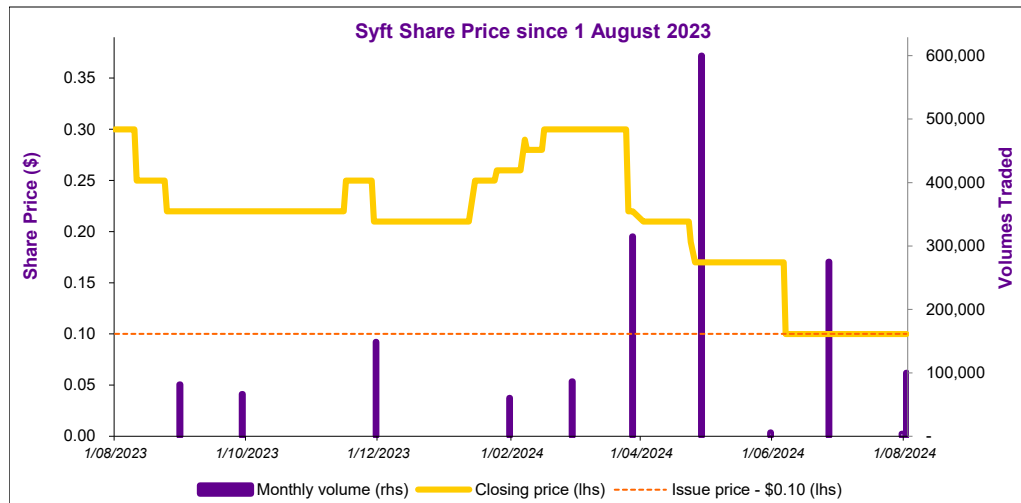
### *Issue Price*

The issue price is \$0.10 per ordinary share, payable in cash upon application.

A summary of Syft's daily closing share price and monthly volumes of shares traded on USX from 5 January 2022 is set out in section 3.10.

The Company's shares have traded between \$0.10 and \$0.30 over the past year at a volume weighted average share price (**VWAP**) of \$0.19:

- the shares last traded at \$0.10 on 1 August 2024
- the one month VWAP to 2 August 2024 was \$0.10
- the 3 months VWAP to 2 August 2024 was \$0.10
- the 6 months VWAP to 2 August 2024 was \$0.18
- the 12 months VWAP to 2 August 2024 was \$0.19.



The issue price of \$0.10 per ordinary share equates to the recent market prices for the Company's shares. Syft's shares have traded at \$0.10 since 7 June 2024, albeit in very small volumes.

All shareholders (including Ampersand and ACC) will subscribe for new ordinary shares under the Rights Issue at the same price. Accordingly, the Allotments will not give rise to any value transfers from the Non-associated Shareholders to Ampersand or ACC.

### **Subscription for Shortfall Shares**

Eligible shareholders have the opportunity to apply for Shortfall Shares above their pro rata entitlement.

Shareholders applying for Shortfall Shares will be allocated the lesser of:

- the number of Shortfall Shares applied for, and
- the number of Shortfall Shares applied for and scaled by Syft treating all shareholders equally.

The number of Shortfall Shares subscribed for by Ampersand and ACC under the subscription agreements will be scaled depending on the take up by the Non-associated Shareholders of their entitlements. Ampersand and ACC will be scaled on the same basis as all of the Non-associated Shareholders if some Non-associated Shareholders also seek to oversubscribe.

The scaling process is described in detail in the explanatory notes attached to the notice of special meeting.

### ***Rights are Renounceable***

The Rights Offer is renounceable, which means that eligible shareholders who do not wish to accept part or all of their entitlement may sell those rights. However, the rights will not be quoted on the USX and accordingly there will be no established market for the rights.

### ***Conclusion***

In our view, the terms of the Rights Issue are fair, from a financial point of view, to the Non-associated Shareholders:

- all shareholders are able to subscribe for their pro rata entitlement
- eligible shareholders who subscribe for their full entitlement will also have the opportunity to apply for additional shares
- the issue price of \$0.10 per ordinary share is in line with the Company's current share price
- the rights are renounceable, allowing those shareholders who do not wish to take up their entitlements to sell those rights.

## **2.5 Alternatives to the Rights Issue**

As an alternative to the Rights Issue, Syft could have considered alternative forms of raising capital including:

- making a series of share placements to certain shareholders or other investors
- issuing CNs (as per the 2023 Funding Round)
- the sale of assets
- seeking alternative debt funding.

We are advised by the Board that it considered share placements, CNs and further debt funding as alternative capital raising options but concluded that none of those options provided certainty that the required level of capital would be raised.

We are of the view that the alternative funding sources are not realistic alternatives at this point in time. The \$8.0 million of capital to be raised under the Rights Issue represents approximately 73% of Syft's current market capitalisation. Such a proportionately large capital raising is unlikely to be successful via a placement of shares to a party other than the Company's major shareholders. Given the nature of the Company's asset base, we do not consider that it could realise any level of significant capital from the sale of assets. Syft's current earnings levels restrict the Company from accessing additional external debt funding on commercially viable terms.

## 2.6 Impact on Financial Position

A summary of Syft's recent financial position is set out in section 3.8.

For illustrative purposes, the table below shows Syft's financial position assuming the \$8.0 million is raised from the Rights Issue on 31 March 2024.

Illustrative Financial Impact of the Rights Issue			
	As at 31 March 24 \$000	Rights Issue \$000	Post the Rights Issue \$000
Current assets	14,853	8,000 <sup>1</sup>	22,853
Non current assets	29,511	-	29,511
<b>Total assets</b>	<b>44,364</b>	<b>8,000</b>	<b>52,364</b>
Current liabilities	(15,326)	-	(15,326)
Non current liabilities	(5,152)	-	(5,152)
<b>Total liabilities</b>	<b>(20,478)</b>	<b>-</b>	<b>(20,478)</b>
<b>Total equity</b>	<b>23,886</b>	<b>8,000</b>	<b>31,886</b>
No. of shares (000)	110,467	80,000	190,467
Net assets per share	\$0.22	\$0.10	\$0.17
Net tangible assets (NTA) per share	\$0.10	\$0.10	\$0.10

<sup>1</sup> Assumes the maximum \$8.0 million is raised under the Rights Issue

Source: Syft 2024 annual report

The illustrative financial position shows that following the Rights Issue, Syft's total equity would increase by \$8.0 million from \$23.9 million to \$31.9 million.

Net assets per share would decrease by 23% from \$0.22 to \$0.17 per share and NTA per share of \$0.10 would remain the same (due to the issue price being \$0.10 per share).

## 2.7 Impact on Control

### Share Capital and Shareholders

Syft currently has 110,466,920 shares on issue (in 3 classes of shares) held by 543 shareholders. The names, number of shares and percentage holding of the Company's 10 largest shareholders as at 19 June 2024 are set out in section 3.6.

Syft currently has 3 shareholders holding more than 5% of the Company's shares:

- Ampersand – 24.57%
- ACC – 17.92%
- Whale Watch Holdings Limited (**WWHL**) – 9.53%.

The 10 largest shareholders collectively hold 67.29% of the Company's shares.

Ampersand's shareholding level following the Allotments will be between 24.57% and 40.50% and ACC's shareholding will be between 17.92% and 26.15% (depending on the number of ordinary shares that they and the Non-associated Shareholders subscribe for).

### Shareholding Voting

Ampersand currently holds 24.57% of the voting rights in the Company, which means that it cannot singlehandedly pass or block special resolutions (which require the approval of 75% of the votes cast by shareholders) or ordinary resolutions (which require the approval of more than 50% of the votes cast by shareholders).

However, while the control of 24.57% of the voting rights is technically not sufficient to singlehandedly block a special resolution, it most probably can as a number of shareholders in widely held companies (such as Syft with over 500 shareholders) tend not to vote on resolutions and hence the relative weight of the 24.57% interest increases.

An increase of up to 15.93% in Ampersand's control of voting rights to a maximum level of 40.50% under the Allotments will not increase Ampersand's ability to influence shareholding voting to any significant degree. Ampersand will be able to singlehandedly block special resolutions (as it most likely currently can do) but it still will not be able to singlehandedly pass or block ordinary resolutions (unless a significant volume of voting rights are not voted) or pass special resolutions.

ACC currently holds 17.92% of the voting rights in the Company, which means that it cannot singlehandedly pass or block special resolutions or ordinary resolutions.

An increase of up to 8.22% in ACC's control of voting rights to a maximum level of 26.15% will increase ACC's ability to influence shareholding voting to some degree in that, at the maximum level, it will be able to singlehandedly block a special resolution. However, as stated in section 1.5, we consider the likelihood of ACC and Ampersand reaching the maximum shareholding levels is extremely remote as it is highly likely that some Non-associated Shareholders will take up their entitlements under the Rights Issue, thereby reducing Ampersand's and ACC's shareholding levels.

Ampersand and ACC's combined shareholding is currently 42.50%. Following the Allotments, their combined shareholdings will be between 42.50% and a maximum of 66.65%. We note that at the upper end of the range, Ampersand and ACC will be able to determine the outcome of any ordinary resolution that they both vote on if they vote in the same manner.

The ability for any shareholder to influence the outcome of voting on the Company's ordinary resolutions or special resolutions may be reduced by external factors such as the Company's constitution, the Code and the Companies Act 1993.

### Ability to Creep

After the Allotments, Ampersand will control between 24.57% and 40.50% of the Company's voting rights and ACC will control between 17.92% and 26.15%. Neither Ampersand nor ACC will be able to utilise the *creep provisions* of Rule 7(e) of the Code. The *creep provisions* enable entities that hold more than 50% and less than 90% of the voting securities in a code company to buy up to a further 5% of the code company's shares per annum without the need for shareholder approval.



### **Board Control**

As set out in section 3.5, the Company currently has 5 directors, of whom one (David Patteson) is deemed to be an associate of Ampersand.

We are advised by the Board that the Allotments will not change the composition of the Board.

### **Operations**

We are advised by the Board that Ampersand's influence over Syft's operations is predominantly through its Board representation and that the Ampersand Allotment will not change Ampersand's level of influence over the Company's operations.

We are advised by the Board that ACC does not currently exert any influence over Syft's operations and that the ACC Allotment will not change ACC's level of influence over the Company's operations.

## **2.8 Dilutionary Impact**

The Rights Issue will result in the shareholdings of Non-associated Shareholders who do not participate in the Rights Issue being diluted by up to 42% (based on 80,000,000 ordinary shares being issued to raise \$8.0 million).

However, Non-associated Shareholders who take up their pro rata entitlements will eliminate any dilutionary impact of the Rights Issue and the Allotments on their shareholding levels.

While the potential dilutionary impact is significant, we are of the view that the Non-associated Shareholders' main focus should be on whether there is any dilutionary impact on the value of their respective shareholdings rather than on their level of voting rights. As stated in section 2.4, we are of the view that the terms of the Rights Issue are fair to the Non-associated Shareholders from a financial point of view and therefore should not result in any material transfer of value from the Non-associated Shareholders to Ampersand and ACC.

## **2.9 Impact on Share Price and Liquidity**

### **Share Price**

A summary of Syft's closing share price since 5 January 2022 is set out in section 3.10.

In our view, the Rights Issue and the Allotments are unlikely to have any significant impact on the Company's share price in the near term. However, if the capital raised from the Rights Issue is successfully invested to execute Syft's growth initiatives and / or Syft undertakes a change of control transaction, this may result in an appreciation in the Company's share price over the longer term.

### **Liquidity**

The analysis in section 3.10 shows that Syft's shares are extremely thinly traded on the USX, with only 1.6% of the shares being traded in the past year.

The Allotments are unlikely to improve the liquidity of the Company's shares in the near term unless Ampersand and / or ACC decide to sell some of the ordinary shares that they subscribe for, which may result in increased trading in the Company's shares, thereby possibly improving liquidity.

## 2.10 Key Benefits to Ampersand and ACC

The Allotments provide Ampersand with the opportunity to increase its shareholding in Syft from 24.57% to up to 40.50% and for ACC to increase its shareholding from 17.92% to up to 26.15%.

## 2.11 Disadvantages to Ampersand and ACC

The key issues and risks that are likely to impact upon the business operations of Syft are summarised in section 3.4. As Ampersand's and ACC's ownership in Syft increase, so does their exposure to these risks.

## 2.12 Other Issues

### ***Benefits to Syft of Ampersand and ACC as Cornerstone Shareholders***

The Allotments will further position Ampersand and ACC as important cornerstone strategic investors in the Company, further signalling their confidence in the future prospects of Syft.

### ***Non-associated Shareholders Approval is Required***

Pursuant to the Code, the Non-associated Shareholders must approve by ordinary resolution the Allotments.

The Allotments will not proceed unless the Allotments Resolution is approved.

### ***May Reduce the Likelihood of a Takeover Offer to a Minor Degree***

Following the Allotments, neither Ampersand nor ACC will be able to increase the level of their respective shareholdings unless they comply with the provisions of the Code. They will only be able to acquire more shares in the Company if:

- they make a full or partial takeover offer
- they enter into an approved scheme of arrangement with Syft
- the acquisition is approved by way of an ordinary resolution of the Company's shareholders excluding Ampersand and / or ACC (as applicable)
- the Company makes an allotment of shares which is approved by way of an ordinary resolution of the Company's shareholders excluding Ampersand and / or ACC (as applicable)
- the Company undertakes a share buyback that is approved by the Company's shareholders and Ampersand and / or ACC do not accept the offer of the buyback.

If Ampersand holds between 24.57% and 40.50% and ACC holds between 17.92% and 26.15% of the Company's shares, this may reduce the likelihood of a takeover offer for the Company from Ampersand and / or ACC to a minor degree as they may consider that they have sufficient control over the Company.

We note that as a portfolio investor, ACC is unlikely to contemplate a full takeover of Syft.

It is possible that if Ampersand did make a takeover offer for further shares in the Company, it may offer a control premium that is lower than would otherwise be expected as it may value its offer on the basis that it already had significant control of the Company and hence does not need to pay a control premium of any significance.

Ampersand's shareholding of between 24.57% and 40.50% and ACC's shareholding of between 17.92% and 26.15% may also reduce the attraction of Syft as a takeover target to other parties to a minor degree, as any bidder looking to fully or partially take over the Company would need to ensure that Ampersand and / or ACC would accept its offer.

### **2.13 Likelihood of the Allotments Resolution Being Approved**

Ampersand and ACC are not permitted to vote on the Allotments Resolution. Accordingly, the outcome of the Allotments Resolution will be determined by the voting of the Non-associated Shareholders, who collectively hold 57.50% of the Company's shares.

The Non-associated Directors have unanimously recommended the approval of the resolution.

The Company's top 10 shareholders after Ampersand and ACC collectively hold 27.93% of the Company's shares (representing 48.58% of the maximum number of shares that can vote on the Allotments Resolution) and will therefore significantly influence the outcome of the voting on the Allotments Resolution if they vote.

We are not aware of how these major shareholders will vote in respect of the resolution.

### **2.14 Implications of the Allotments Resolution not Being Approved**

If the Allotments Resolution is not approved, then completion of the Allotments will not occur under the subscription agreements and the Rights Issue will not proceed.

This will likely result in significantly adverse consequences for Syft as it would need to urgently seek alternative sources of capital which may or may not be available.

We note that the non-approval of the Allotments Resolution may possibly have negative implications for future capital raising initiatives as potential investors may be hesitant to invest in the Company – especially if shareholder approval is required. As discussed in section 2.5, we consider the alternative capital raising options for Syft to be limited if a comparable amount of capital needs to be raised within a relatively short timeframe.

We also note that in the event that Syft cannot raise sufficient capital in the near term, the Company will likely face solvency issues resulting in the Board needing to contemplate seeking shareholder approval to place the Company into liquidation. Such an outcome is likely to result in minimal returns to the Company's shareholders, particularly those holding ordinary shares.

### **2.15 Voting For or Against the Allotments Resolution**

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

### 3. Profile of Syft Technologies Limited

#### 3.1 Background

Syft was founded in 2002 to take the SIFT-MS academic research developed at the University of Canterbury to a fully developed commercial solution.

Syft was incorporated on 7 October 2002 as Sift International Limited. It changed its name to Syft Limited on 21 November 2002 and to Syft Technologies Limited on 11 June 2003.

#### 3.2 Nature of Operations

Syft develops SIFT-MS, a form of direct mass spectrometry that analyses volatile organic compounds (**VOCs**) in air with typical detection limits at parts-per-trillion level (by volume; pptv).

Realtime, quantitative analysis is achieved by applying precisely controlled soft chemical ionization and eliminating sample preparation, pre-concentration and chromatography.

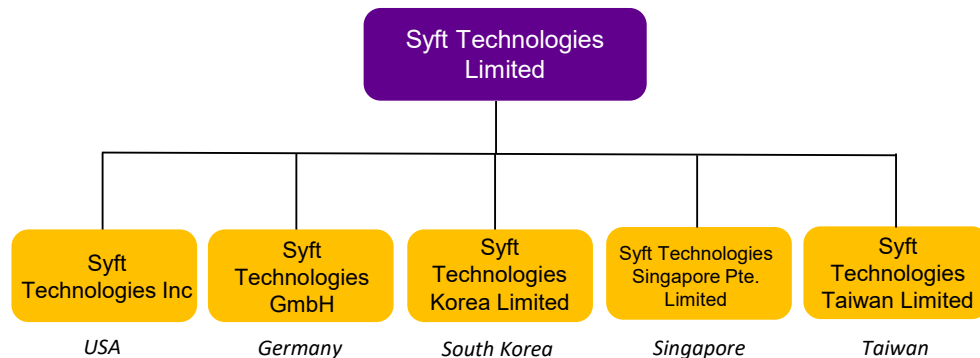
Syft is considered the world leader in real-time, direct injection mass spectrometry with more than 20 years of SIFT-MS expertise.

Syft instruments support a broad range of industries, including semiconductor manufacturing, pharma and contract development and manufacturing organisations, environmental protection, automotive, food, flavour and fragrance and many more.

Syft has over 110 professionals in offices throughout the world offering 24/7 service and support including those in New Zealand, South Korea, Taiwan, Singapore, Germany and the USA.

#### 3.3 Group Structure

Syft has 5 wholly owned subsidiaries:



### 3.4 Key Issues Affecting Syft

Syft is a relatively early stage technology business. The main industry and specific business factors and risks that Syft faces include:

- the inability to develop or introduce new product offerings and / or keep pace with technological changes may lead to customer losses and / or fail to attract new customers
- the Company's products may not attain widespread acceptance, thereby restricting Syft's future growth prospects
- Syft may not be able to compete successfully against its current and any future competitors
- deterioration in relationships with the Company's partners may have an adverse effect on the Company's financial performance
- the inability to protect and enforce the Company's intellectual property rights
- the loss of, or failure to attract key personnel who Syft is dependent upon, may adversely affect the Company's operations
- the inability to adequately fund the Company's operations may cause it to adopt alternative funding options or a modified growth strategy.

### 3.5 Directors and Senior Management

The directors of Syft are:

- Michael Bushell, independent non-executive director
- Jeff McDowell, independent non-executive director
- Kate McGrath, independent non-executive director
- Alan Monro, independent executive chair
- David Patteson, non-executive director, associated with Ampersand.

The Company's senior management team comprises:

- Alan Monro, acting chief executive officer
- Brian Travers, chief financial officer
- Gary Williams, vice president of sales, USA and Europe
- Jihoon Lee, vice president of sales, Asia
- Dr Daniel Milligan, chief technology officer.

### 3.6 Capital Structure and Shareholders

Syft currently has 110,466,920 fully paid shares on issue held by 543 shareholders consisting of:

- 73,003,466 fully paid ordinary shares
- 17,545,000 first ranking preference shares (the 2022 Ampersand Shares)
- 19,918,454 second ranking preference shares.

The names, number of shares and percentage holding of the 10 largest shareholders as at 19 July 2024 are set out below.

Syft's 10 Largest Shareholders		
Shareholder	No. of Shares Held	%
Ampersand	27,145,482	24.57%
ACC	19,797,604	17.92%
WWHL	10,526,537	9.53%
Leveraged Equities Finance Limited	3,294,176	2.98%
Stephen Collins, William Dwyer and Bill Parsons Trustee Limited	3,000,000	2.72%
Douglas Ziffel & Smoot (New York) Limited	2,406,750	2.18%
Iconic Investments Limited	2,108,706	1.91%
Custodial Services Limited	2,105,131	1.91%
Opihi Investment Limited	2,062,447	1.87%
Maarten Janssen	1,881,780	1.70%
Subtotal	74,328,613	67.29%
Others (533 shareholders)	36,138,307	32.71%
Total	110,466,920	100.00%

Source: Syft

WWHL is owned by Tukete Charitable Trust (56.5%) and Ngāi Tahu Capital Limited (43.5%).

In addition to the 110,466,920 shares on issue, Syft has granted 1,769,914 restricted share units to its senior leadership team under the Company's long term incentive scheme.

As at 19 July 2024, there were also 278,647 Warrants outstanding that were granted under the 2023 Funding Round.

### 3.7 Financial Performance

A summary of Syft's recent financial performance is set out below.

Summary of Syft Financial Performance				
	Year to 31 Mar 21 (Audited) \$000	Year to 31 Mar 22 (Audited) \$000	Year to 31 Mar 23 (Restated) \$000	Year to 31 Mar 24 (Audited) \$000
Operating revenue	28,787	33,755	17,273	26,203
Cost of sales	(15,673)	(17,024)	(11,943)	(13,522)
Gross profit	13,114	16,731	5,330	12,681
Other income	1,360	462	525	622
Total expenses	(13,416)	(16,748)	(24,042)	(23,692)
Profit / (loss) before income tax	1,058	445	(18,187)	(10,389)
Income tax (expense) / benefit	(237)	(491)	(1,276)	736
Profit / (loss) after income tax	821	(46)	(19,463)	(9,653)

Source: Syft annual reports

The Company's financial performance in the 2021 and 2022 financial years was relatively steady:

- revenue ranged between \$29 million and \$34 million
- gross profit ranged between \$13 million and \$17 million at a gross margin of between 42% and 50%
- after tax profit ranged between break even and \$1 million.

Syft's operating expenses ranged between \$16 million and \$17 million over the 2 financial years. Its main operating expenses are:

- employee benefits expenses
- marketing costs
- professional service fees
- depreciation and amortisation
- research parts and other expenses.

Syft announced on 9 February 2023 that its revenue in the 2023 financial year was slower than anticipated due to delays in order from major customers.

Revenue of \$17 million in the 2023 financial year was 49% lower than the previous year, with almost 90% of the decline due to reduced revenue from Syft's largest customer. The Company incurred an after tax loss of \$19 million for the year after a \$3 million impairment charge in respect of development costs and goodwill.

Revenue of \$26 million in the 2024 financial year was 52% higher than the previous year, reflecting the investments that Syft made in recent years in its core technology, new products, brand and customer-facing teams that generated a larger and more diverse sales pipeline and higher revenues. The Company incurred an after tax loss of \$10 million for the year.

### 3.8 Financial Position

A summary of Syft's recent financial position is set out below.

Summary of Syft Financial Position				
	As at 31 Mar 21 (Audited) \$000	As at 31 Mar 22 (Audited) \$000	As at 31 Mar 23 (Restated) \$000	As at 31 Mar 24 (Audited) \$000
Current assets	11,976	12,353	14,884	14,853
Non current assets	28,461	34,598	29,351	29,511
Total assets	40,437	46,951	44,235	44,364
Current liabilities	(5,619)	(6,659)	(8,742)	(15,326)
Non current liabilities	(13,642)	(16,625)	(8,472)	(5,152)
Total liabilities	(19,261)	(23,284)	(17,214)	(20,478)
Total equity	21,176	23,667	27,021	23,886

*Source: Syft annual reports*

The Company's current assets consist mainly of inventories and trade and other receivables. Syft held \$0.5 million of cash and cash equivalents as at 31 March 2024.

Non current assets as at 31 March 2024 consisted of:

- intangible assets: \$12.5 million (mainly capitalised development costs)
- property, plant and equipment: \$11.1 million (mainly demo units, leasehold improvements and plant and equipment)
- right of use assets: \$5.4 million (premises leases)
- deferred tax asset: \$0.6 million (mainly in respect of tax losses).

The Company's current liabilities consist mainly of trade and other payables and short term borrowings. Syft's bank overdraft was \$3.9 million as at 31 March 2024.

Non current liabilities as at 31 March 2024 consisted of lease liabilities.

In April 2021, Syft drew down on a \$5 million 5 year term loan from Bank of New Zealand Limited (the **BNZ Loan**). As at 31 March 2024, \$2.2 million was owing on the BNZ Loan.

Shareholders' equity of \$23.9 million as at 31 March 2024 consisted of:

- \$67.7 million of issued share capital
- negative \$46.1 million of accumulated losses
- reserves of \$2.1 million.

### 3.9 Cash Flows

A summary of Syft's recent cash flows is set out below.

Summary of Syft Cash Flows				
	Year to 31 Mar 21 (Audited) \$000	Year to 31 Mar 22 (Audited) \$000	Year to 31 Mar 23 (Restated) \$000	Year to 31 Mar 24 (Audited) \$000
Net cash inflow / (outflow) from operating activities	4,752	2,581	(10,854)	(2,821)
Net cash (outflow) from investing activities	(6,991)	(8,617)	(8,847)	(5,233)
Net cash inflow / (outflow) from financing activities	<u>(652)</u>	<u>4,913</u>	<u>21,431</u>	<u>6,386</u>
Net increase / (decrease) in cash held	(2,891)	(1,123)	1,730	(1,668)
Opening cash balance	4,464	1,573	408	2,178
Effect of exchange rates	-	(42)	40	16
Closing cash balance	<u>1,573</u>	<u>408</u>	<u>2,178</u>	<u>526</u>

*Source: Syft annual reports*

Investing cash flows have consisted mainly of capitalised development costs.

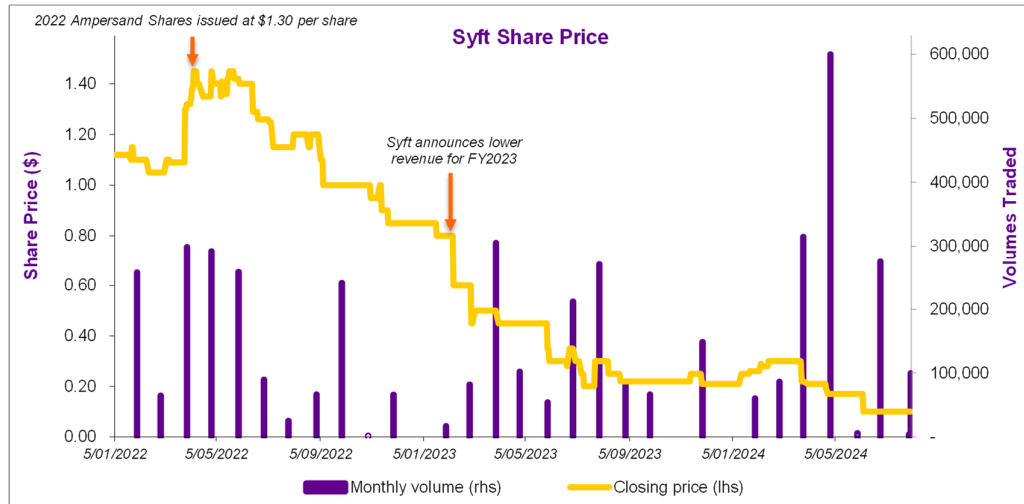
Financing cash flows have included:

- \$2.0 million of equity and \$5.0 million draw down of the BNZ Loan in the 2022 financial year
- \$23.8 million of equity raised in the 2023 financial year including \$22.8 million from the issue of the 2022 Ampersand Shares
- \$6.0 million of equity raised in the 2024 financial year through the 2024 CNs Conversion.



### 3.10 Share Price History

Set out below is a summary of Syft’s daily closing share price and monthly volumes of shares traded from 5 January 2022 to 2 August 2024.



Source: USX

Syft’s shares have traded between \$0.10 (on 7 June, 4 July and 1 August 2024) and \$1.45 (on 8 and 11 April 2022) at a VWAP of \$0.62.

An analysis of VWAP, traded volumes and liquidity (measured as traded volumes as a percentage of shares outstanding) up to 2 August 2024 is set out below.

Syft Share Trading up to 2 August 2024					
Period	Low \$	High \$	VWAP \$	Volume Traded (000)	Liquidity
1 month	0.10	0.10	0.10	104	0.1%
3 months	0.10	0.17	0.10	385	0.3%
6 months	0.10	0.30	0.18	1,387	1.3%
12 months	0.10	0.30	0.19	1,744	1.6%

Source: USX

Over the last 12 months, only 1.6% of Syft’s shares have traded on 32 days between \$0.10 and \$0.30 at a VWAP of \$0.19. The shares last traded on 1 August 2024 at \$0.10.

## **4. Sources of Information, Reliance on Information, Disclaimer and Indemnity**

### **4.1 Sources of Information**

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

- the draft notice of special meeting
- the draft Rights Issue documentation
- the Ampersand subscription agreement
- the ACC subscription agreement
- the Syft information memorandum dated November 2023
- the Syft annual reports for the years ended 31 March, 2021 to 2024
- Syft share price data from USX
- publicly available information regarding Syft.

During the course of preparing this report, we have had discussions with and / or received information from the Non-associated Directors and Syft's legal and financial advisers.

The Non-associated Directors have confirmed that we have been provided for the purpose of this Independent Adviser's Report with all information relevant to the Rights Issue and the Allotments that is known to them and that all the factual information provided by Company contained in this report is true and accurate in all material respects and is not misleading by reason of omission or otherwise.

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

In our opinion, the information set out in this Independent Adviser's Report is sufficient to enable the Non-associated Directors and the Company's shareholders to understand all the relevant factors and to make an informed decision in respect of the Allotments.

### **4.2 Reliance on Information**

In preparing this report we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by Syft and its advisers.

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

### **4.3 Disclaimer**

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

We assume no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for negligence) for the preparation of the report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in the report or assumptions reasonably taken as implicit.

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

We have had no involvement in the preparation of the notice of special meeting issued by Syft and have not verified or approved the contents of the notice of special meeting. We do not accept any responsibility for the contents of the notice of special meeting except for this report.

### **4.4 Indemnity**

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

## **5. Qualifications and Expertise, Independence, Declarations and Consents**

### **5.1 Qualifications and Expertise**

Simmons Corporate Finance is a New Zealand owned specialist corporate finance advisory practice. It advises on mergers and acquisitions, prepares independent expert's reports and provides valuation advice.

The person in the company responsible for issuing this report is Peter Simmons, B.Com, DipBus (Finance), INFINZ (Cert).

Simmons Corporate Finance and Mr Simmons have significant experience in the independent investigation of transactions and issuing opinions on the merits and fairness of the terms and financial conditions of the transactions.

### **5.2 Independence**

Simmons Corporate Finance does not have at the date of this report, and has not had, any shareholding in or other relationship with Syft, Ampersand or ACC or any conflicts of interest that could affect our ability to provide an unbiased opinion in relation to the Allotments.

Simmons Corporate Finance has not had any part in the formulation of the Rights Issue or the Allotments or any aspects thereof. Our sole involvement has been the preparation of this report.

Simmons Corporate Finance will receive a fixed fee for the preparation of this report. This fee is not contingent on the conclusions of this report or the outcome of the voting on the Allotments Resolution. We will receive no other benefit from the preparation of this report.

### **5.3 Declarations**

An advance draft of this report was provided to the Non-associated Directors for their comments as to factual accuracy of the contents of the report. Changes made to the report as a result of the circulation of the draft have not changed the methodology or our conclusions.

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

### **5.4 Consents**

We consent to the issuing of this report in the form and context in which it is to be included in the notice of special meeting to be sent to Syft's shareholders. Neither the whole nor any part of this report, nor any reference thereto may be included in any other document without our prior written consent as to the form and context in which it appears.



Peter Simmons  
Director

**Simmons Corporate Finance Limited**  
*5 August 2024*