

Whakatōhea Mussels (Ōpōtiki) Limited

Independent Adviser's Report

In Respect of the Issue of:

- up to 7,333,333 New Ordinary Shares to Crown Regional Holdings Limited
- up to 400,000 New Ordinary Shares to Ngā Hapū o Te Whakatōhea Trustee Limited

October 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. Executive Summary

1.1 Background

Whakatōhea Mussels (Ōpōtiki) Limited (**Whakatōhea Mussels** or the **Company**) farms, harvests, processes and markets New Zealand Greenshell™ Mussels.

The Company currently has 29,175,427 ordinary shares on issue, held by 205 shareholders. Its shares are not currently quoted on any equities securities trading platform.

The Company's total equity as at 30 June 2024 was \$35.3 million.

A profile of Whakatōhea Mussels is set out in section 3.

1.2 2024 Capital Raise

Whakatōhea Mussels issued an information memorandum dated March 2024 (the **Information Memorandum**) for an offer of new ordinary shares (the **New Shares**) at an issue price of \$2.25 per share (the **Issue Price**), payable in cash upon application, seeking to raise a total of \$35,010,000 of capital, with provision for oversubscriptions of a further \$7,002,000, amounting to a total maximum capital raise of \$42,012,000 (the **2024 Capital Raise**).

If the maximum amount of capital (including oversubscriptions) of \$42.012 million is raised, then 18,672,000 New Shares will be issued.

The 2024 Capital Raise was approved by the Company's shareholders at a special meeting of shareholders on 6 March 2024 (the **March 2024 Special Meeting**).

1.3 Crown Regional Holdings Limited

Crown Regional Holdings Limited (**CRHL**) is the Company's largest shareholder, holding 38.21% of the Company's shares.

The shareholders of CRHL are:

- Minister of Finance – 50%
- Minister of Economic and Regional Development – 50%.

CRHL holds the shares on behalf of the Sovereign in right of New Zealand, acting by and through the Chief Executive of the Ministry of Business, Innovation and Employment (the **Crown**).

The Crown has indicated that it is interested in applying for an allotment of up to 7,333,333 New Shares under the 2024 Capital Raise (the **Crown Allotment**).

If it decides to proceed with the Crown Allotment, the Crown will complete an application in the name of CRHL or enter into a subscription agreement in the name of the Crown, with the Crown to novate its rights and obligations under the agreement to CRHL prior to the date of allotment of the New Shares under the Crown Allotment.

1.4 Ngā Hapū o Te Whakatōhea Trustee Limited

Ngā Hapū o Te Whakatōhea Trustee Limited (**Whakatōhea Trustee**) is the Company's second largest shareholder, holding 9.28% of the Company's shares.

Whakatōhea Māori Trust Board (**WMTB**) was established in 1952 to administer funds then held by the Māori Trustee as compensation for confiscated land. WMTB was responsible for managing the current Whakatōhea iwi assets.

Whakatōhea Trustee is the bare trustee of the trustees of Te Tāwharau o Te Whakatōhea (**TTOTW**).

TTOTW has advised the Company that since the commencement date of the 2024 Capital Raise, the assets of WMTB, including its shares in the Company, have been vested in the trustees of TTOTW (pursuant to the Whakatōhea Claims Settlement Act 2024) who have determined that those assets are to be held by Whakatōhea Trustee as their bare trustee.

As such, Whakatōhea Trustee holds the shares in the Company on bare trust for TTOTW but does not control the voting rights attaching to those shares. Those voting rights are controlled by TTOTW.

TTOTW (through Whakatōhea Trustee) has indicated that it is interested in applying for an allotment of up to 400,000 New Shares under the 2024 Capital Raise (the **TTOTW Allotment**), with payment of the issue price to be set-off against up to \$900,000 of loans owing to Whakatōhea Trustee by the Company.

TTOTW has advised the Company that it will not be in a position to formally consider whether to apply for shares in the 2024 Capital Raise until later in 2024.

1.5 CRHL Associates

CRHL and TTOTW have advised the Company that each party exercises all decisions relating to the Company shares held or controlled by it (including in respect of voting) independently from the other party.

They each believe that there is an arguable case to contend that they are not "associates" for the purposes of the Takeovers Code (the **Code**).

However, to enable the special meeting of shareholders and the 2024 Capital Raise to occur in a timely manner, CRHL and TTOTW have, notwithstanding their view that there is an arguable case that they are not associated, informed the Company that they consider it is in the Company's best interests for CRHL and TTOTW to be treated as associates of each other.

Accordingly, the Company is treating CRHL and TTOTW as associates for the purposes of the Code. However, the Company notes that CRHL and TTOTW have each advised the Company that they believe that there is an arguable case to contend that they are not "associates" for the purposes of the Code and, therefore, have reserved their respective positions on this point.

We refer to CRHL and TTOTW collectively as the **CRHL Associates**.

The CRHL Associates collectively hold 47.49% of the Company's shares.

We refer to the Crown Allotment and the TTOTW Allotment collectively as the **Allotments**.

1.6 Impact of the Allotments on Shareholding Levels

Whakatōhea Mussels currently has 29,175,427 ordinary shares on issue, held by 205 shareholders.

Following the 2024 Capital Raise and assuming there are no other changes to the Company's capital structure:

- CRHL will hold between 38.63% and 50.62% of the Company's ordinary shares on issue (depending on the number of New Shares issued)
- Whakatōhea Trustee (as bare trustee for TTOTW) will hold between 6.49% and 10.51% of the Company's ordinary shares on issue (depending on the number of New Shares issued)
- the CRHL Associates will collectively hold between 45.12% and 58.50% of the Company's ordinary shares on issue (depending on the number of New Shares issued)
- the Company's shareholders not associated with CRHL or Whakatōhea Trustee (the Non-associated Shareholders) will collectively hold between 41.50% and 54.88% of the Company's ordinary shares on issue (depending on the number of New Shares issued).

If CRHL is allotted 7,333,333 New Shares under the Crown Allotment and no other New Shares are allotted (including no New Shares to Whakatōhea Trustee), CRHL's shareholding in the Company will increase by 12.41% from 38.21% to 50.62%. However, we understand that CRHL has informed the Company that it will not apply for New Shares if the issue of those shares would result in CRHL holding 50% or more of the shares in the Company.

If Whakatōhea Trustee is allotted 400,000 New Shares under the TTOTW Allotment and no other New Shares are allotted (including no New Shares to CRHL), Whakatōhea Trustee's shareholding in the Company will increase by 1.23% from 9.28% to 10.51%.

If the CRHL Associates are allotted 7,733,333 New Shares and no other New Shares are allotted, the CRHL Associates' shareholding in the Company will increase by 11.01% from 47.49% to 58.50% as set out below.

Impact of the 2024 Capital Raise on Shareholding Levels					
	Current		New Shares No. of Shares	Post the 2024 Capital Raise	
	No. of Shares	%		No. of Shares	%
Non-associated Shareholders	15,318,950	52.51%	- ¹	15,318,950	41.50%
CRHL	11,148,929	38.21%	7,333,333 ²	18,482,262	50.08%
Whakatōhea Trustee	2,707,548	9.28%	400,000 ³	3,107,548	8.42%
CRHL Associates	13,856,477	47.49%	7,733,333	21,589,810	58.50%
Total	29,175,427	100.00%	7,733,333	36,908,760	100.00%

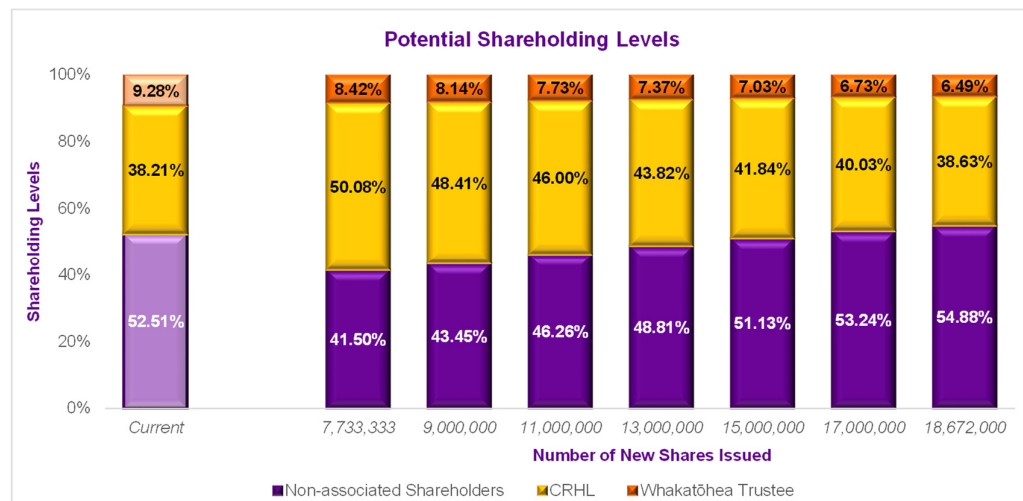
¹ Assumes no New Shares are issued to the Non-associated Shareholders
² Assumes CRHL subscribes for 7,333,333 New Shares under the Crown Allotment
³ Assumes Whakatōhea Trustee subscribes for 400,000 New Shares under the TTOTW Allotment

If the CRHL Associates are allotted 7,733,333 New Shares and the maximum 18,672,000 New Shares are issued in total, the CRHL Associates' shareholding in the Company will decrease by 2.37% from 47.49% to 45.12% as set out below.

Impact of the 2024 Capital Raise on Shareholding Levels					
	Current		New Shares No. of Shares	Post the 2024 Capital Raise	
	No. of Shares	%		No. of Shares	%
Non-associated Shareholders	15,318,950	52.51%	10,938,667 ¹	26,257,617	54.88%
CRHL	11,148,929	38.21%	7,333,333 ²	18,482,262	38.63%
Whakatōhea Trustee	2,707,548	9.28%	400,000 ³	3,107,548	6.49%
CRHL Associates	13,856,477	47.49%	7,733,333	21,589,810	45.12%
Total	29,175,427	100.00%	18,672,000 ¹	47,847,427	100.00%

¹ Assumes the maximum 18,672,000 New Shares are issued
² Assumes CRHL subscribes for 7,333,333 New Shares under the Crown Allotment
³ Assumes Whakatōhea Trustee subscribes for 400,000 New Shares under the TTOTW Allotment

The graph below shows the shareholding levels for the Non-associated Shareholders, CRHL and Whakatōhea Trustee depending on the number of New Shares issued and assuming CRHL subscribes for 7,333,333 New Shares under the Crown Allotment and Whakatōhea Trustee subscribes for 400,000 New Shares under the TTOTW Allotment.



1.7 Summary of Opinion

Our evaluation of the merits of the Allotments as required under 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.

1.8 Special Meeting of Shareholders

Whakatōhea Mussels is holding a special meeting of shareholders on 24 October 2024, where the Company will seek shareholder approval of 2 resolutions which cover the Allotments:

- resolution 1 – approval of the Crown Allotment for the purposes of the Code (the **Crown Allotment Resolution**)
- resolution 2 – approval of the TTOTW Allotment for the purposes of the Code (the **TTOTW Allotment Resolution**).

The 2 resolutions are ordinary resolutions. An ordinary resolution is a resolution passed by a simple majority of votes of those shareholders entitled to vote and voting on the resolutions in person or by proxy.

CRHL and its associates (as defined in the Code) are prohibited from voting any shares that they hold on the Crown Allotment Resolution. TTOTW is deemed to be an associate of CRHL for the purposes of the Crown Allotment Resolution.

TTOTW and its associates (as defined in the Code) are prohibited from voting any shares that they hold on the TTOTW Allotment Resolution. CRHL is deemed to be an associate of TTOTW for the purposes of the TTOTW Allotment Resolution.

The 2 resolutions are not interdependent.

The 2024 Capital Raise was approved at the March 2024 Special Meeting and therefore is not dependent on either the Crown Allotment Resolution or the TTOTW Allotment Resolution being passed.

However, if the Crown Allotment Resolution is not passed, CRHL will not be permitted to subscribe for any New Shares under the 2024 Capital Raise that would result in CRHL increasing its shareholding beyond its current level of 38.21%.

Similarly, if the TTOTW Allotment Resolution is not passed, then TTOTW (through its bare trustee Whakatōhea Trustee) will not be permitted to subscribe for any New Shares under the 2024 Capital Raise that would result in TTOTW increasing its shareholding beyond its current level of 9.28%.

1.9 Regulatory Requirements

Whakatōhea Mussels 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).

The Allotments will result in:

- CRHL holding or controlling between 38.63% and 50.62% of the voting rights in Whakatōhea Mussels (assuming CRHL subscribes for 7,333,333 New Shares)
- TTOTW (through its bare trustee Whakatōhea Trustee) holding or controlling between 6.49% and 10.51% of the voting rights (assuming Whakatōhea Trustee subscribes for 400,000 New Shares)
- the CRHL Associates holding or controlling between 45.12% and 58.50% of the voting rights (assuming CRHL and Whakatōhea Trustee collectively subscribe for 7,733,333 New Shares).

Accordingly, in accordance with the Code, the Non-associated Shareholders will vote at the Company's special meeting on ordinary resolutions in respect of the Crown Allotment (resolution 1) and the TTOTW Allotment (resolution 2).

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).

1.10 Purpose of the Report

The Company's board of directors (the **Board**) has engaged Simmons Corporate Finance Limited (**Simmons Corporate Finance**) to prepare an Independent Adviser's Report on the merits of the allotment of shares to CRHL and Whakatōhea Trustee under the Allotments in accordance with Rule 18 of the Code.

Simmons Corporate Finance was approved by the Takeovers Panel on 6 March 2024 to prepare the Independent Adviser's Report.

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

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

The 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 Allotments

2.1 Basis of Evaluation

Rule 18 of the Code requires an evaluation of the merits of the allotment of shares to CRHL and Whakatōhea Trustee under the Allotments, having regard to the interests of the Non-associated Shareholders.

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

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

- the Takeovers Panel *Guidance Note on Independent Advisers* 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 component of the 2024 Capital Raise. Therefore, when assessing the merits of the Allotments, we are of the view that an assessment of the merits of the 2024 Capital Raise also needs to be undertaken, bearing in mind that the 2024 Capital Raise has already been approved by the Company's shareholders at the March 2024 Special Meeting.

We are of the view that an assessment of the merits of the Allotments should focus on:

- the rationale for the 2024 Capital Raise
- the terms and conditions of the 2024 Capital Raise
- the impact of the 2024 Capital Raise on Whakatōhea Mussels' financial position
- the impact of the Allotments on the control of Whakatōhea Mussels
- the impact of the Allotments on Whakatōhea Mussels' share price
- the benefits and disadvantages to the Non-associated Shareholders and the CRHL Associates of the Allotments
- the likelihood of the Crown Allotment Resolution and / or the TTOTW Allotment Resolution being approved
- the implications if the Crown Allotment Resolution and / or the TTOTW Allotment Resolution are 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 Allotments

The Non-associated Shareholders currently hold shares in a relatively early stage company developing and operating a Greenshell™ Mussel aquaculture farm and processing facility with total equity of \$35.3 million as at 30 June 2024.

The 2024 Capital Raise consists of Whakatōhea Mussels issuing up to 18,672,000 New Shares at an Issue Price of \$2.25 per share to raise up to \$42.012 million (including up to 7,333,333 New Shares to CRHL under the Crown Allotment and up to 400,000 New Shares to Whakatōhea Trustee under the TTOTW Allotment).

The 2024 Capital Raise will close on 31 May 2024 (ie after the date of the special meeting of shareholders). The closing date has subsequently been extended to 25 October 2024

The 2024 Capital Raise was to raise up to \$42.012 million of new capital to fund the continued growth and development of the Company's business operations and reduce its interest bearing debt (**IBD**).

Depending on the number of New Shares issued and the extent to which the Non-associated Shareholders participate in the 2024 Capital Raise, their shareholdings in Whakatōhea Mussels will potentially be diluted by between 6.3% and 21.1% under the Allotments.

The Non-associated Shareholders are being asked to vote on 2 resolutions in respect of the Allotments. Accordingly, shareholders have 3 alternatives with regard to their voting:

- vote in favour of one or both resolutions, in which case if both resolutions are passed, the Company will raise up to \$16.5 million from the Crown and convert up to \$0.9 million of IBD from Whakatōhea Trustee into equity under the 2024 Capital Raise, or
- vote against one or both of the resolutions. In the event that:
 - the Crown Allotment Resolution is not passed, then the Crown Allotment will not be undertaken but the 2024 Capital Raise will still proceed
 - the TTOTW Allotment Resolution is not passed, then the TTOTW Allotment will not be undertaken but the 2024 Capital Raise will still proceed, or
- abstain from voting, in which case the voting of the other shareholders will determine the outcome.

Our evaluation of the merits of the Allotments are set out in detail in sections 2.3 to 2.17.

In our view, the key overriding factor in assessing the merits of the Allotments is that the Non-associated Shareholders will potentially be in a more advantageous financial position post the Allotments, where they will collectively hold (at least) a 41.50% interest in Whakatōhea Mussels (compared with their current collective holding of 52.51%), with the Company improving its financial position by raising up to \$42.012 million of fresh capital (including up to \$16.5 million from the Crown and converting up to \$0.9 million of IBD from Whakatōhea Trustee into equity through the Allotments) to fund the continued growth and development of its business operations.

In summary, the positive aspects of the Allotments are:

- the rationale for the 2024 Capital Raise is sound. It will ensure that Whakatōhea Mussels is adequately financed in the near term to fund the continued growth and development of its business operations
- the terms of the 2024 Capital Raise are reasonable:
 - the New Shares Issue Price of \$2.25 per share is reasonable
 - the offer will be made to both the CRHL Associates and those Non-associated Shareholders who meet the wholesale investor criteria, thus allowing all qualified shareholders to apply to participate in the capital raise on equal terms
- the 2024 Capital Raise will have a positive impact on the Company's financial position:
 - depending on the amount of capital raised, it will increase the Company's total equity by up to \$42.012 million
 - a portion of the capital raised will be used to reduce the Company's IBD
- as a key component of the 2024 Capital Raise, the Allotments will increase the Company's cash on hand / reduce its net IBD by up to \$17.4 million and increase its total equity by up to \$17.4 million.

In summary, the key negative aspect of the Allotments is:

- the dilutionary impact of the Allotments on the Non-associated Shareholders will result in their current collective interests in the Company reducing by between 1.4% and 21.0% (depending on the number of New Shares issued) if they do not subscribe for any New Shares.

In summary, the neutral aspects of the Allotments are:

- CRHL's and TTOTW's respective level of control and influence over shareholding voting, the Board and the Company's operations will not increase by any significant degree
- the Company's shares are not currently quoted on any equities securities trading platform and therefore the Allotments will not have any impact on the liquidity of Whakatōhea Mussels' shares in the near term
- the Allotments are unlikely to change the nature of business risks faced by Whakatōhea Mussels to any significant degree in the near term
- the attraction of Whakatōhea Mussels as a takeover target is unlikely to change.

The implications of the Crown Allotment Resolution not being approved by the Non-associated Shareholders are that while the 2024 Capital Raise will still proceed, the Crown Allotment cannot proceed. Therefore CRHL will not be permitted to subscribe for any New Shares beyond which would result in CRHL's shareholding level in the Company immediately post the 2024 Capital Raise exceeding 38.21% (ie its current shareholding level).

The implications of the TTOTW Allotment Resolution not being approved by the Non-associated Shareholders are that while the 2024 Capital Raise will still proceed, the TTOTW Allotment cannot proceed. Therefore Whakatōhea Trustee will not be permitted to subscribe for any New Shares beyond which would result in Whakatōhea Trustee's shareholding level in the Company immediately post the 2024 Capital Raise exceeding 9.28% (ie its current shareholding level).

There are several positive and negative features associated with the Allotments. In our view, when the Non-associated Shareholders are evaluating the merits of the Allotments, they need to carefully consider whether the negative dilutionary impact of the Allotments could justify voting against the Crown Allotment Resolution and / or the TTOTW Allotment Resolution, with the strong probability that the Company will not be able to raise the full amount of the 2024 Capital Raise and therefore will likely need to raise additional capital in the near term to continue to be able to fund the development of its operations.

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.

2.3 Rationale for the 2024 Capital Raise

The objective of the 2024 Capital Raise is to raise up to \$42.012 million of capital to fund the continued growth and development of the Company's business operations.

The capital will be applied to expanding the Company's mussel farm, increasing its processing capacity and vessel capacity as well as funding the Company's increased working capital requirements and reducing short term IBD.

The Information Memorandum sets out that the \$35.0 million targeted to be raised under the 2024 Capital Raise (excluding oversubscriptions) will be applied as follows:

- \$9.1 million to fund continued marine farm development and expansion
- \$6.5 million for a new vessel build
- \$1.6 million for additional plant, equipment and buildings
- \$4.0 million to fund working capital while production capacity is increased
- \$13.8 million to optimise the Company's capital structure including reducing short term IBD.

The proceeds from any oversubscriptions will be applied to further reducing IBD, funding additional working capital and increased marine farm development.

The Board expects that these initiatives will establish the Company on a sound financial footing and lead to the Company achieving profitability by the 2026 financial year.

In our view, the rationale for the 2024 Capital Raise is sound. The 2024 Capital Raise will ensure that Whakatōhea Mussels will be adequately capitalised in the near term to fund its business operations and for the continued development of the Company's mussel farm and processing facility.

2.4 Process Undertaken by Whakatōhea Mussels

We are advised by the Board that following the completion of the most recent capital raise (the **2023 Capital Raise**), the Board determined that the Company was set to go to the next stage in its growth cycle and it required pace and scale to support the development of the business. The Board determined that approximately \$35.0 million of capital would be required to carry out the development program.

The Board undertook discussions in respect of the 2024 Capital Raise with major shareholders and all of the Company's shareholders were informed of the 2024 Capital Raise at the November 2023 annual general meeting.

The Board engaged PricewaterhouseCoopers and Sharp Tudhope to assist in preparing the 2024 Capital Raise offer documentation.

The Company's shareholders approved the 2024 Capital Raise at the March 2024 Special Meeting.

2.5 Terms of the 2024 Capital Raise

Overview

The 2024 Capital Raise is an offer of new ordinary shares seeking to raise a total of \$35.01 million of capital, with provision for oversubscriptions of a further \$7.002 million, amounting to a total maximum capital raise of \$42.012 million.

The New Shares will be issued at an Issue Price of \$2.25, payable in cash upon application. The New Shares will be ordinary shares and will be issued on the same terms as the existing ordinary shares in the Company.

If the maximum amount of capital (including oversubscriptions) of \$42.012 million is raised, the maximum number of New Shares which could be issued is 18,672,000 shares.

Eligible Investors

The offer of New Shares is to both existing shareholders and new investors, provided that every person taking up the offer are wholesale investors (for the purposes of schedule 1, clause 3 of the Financial Markets Conduct Act 2013). The criteria for qualification as a wholesale investor relate to experience in dealing with financial products and wealth. Further details are set out in the Information Memorandum.

To assure existing shareholders that they will be able to acquire New Shares in the offer, the Board has resolved to make 2,250,000 New Shares (totalling \$5,062,500) available to existing shareholders as a priority pool (the **Priority Pool**).

CRHL and Whakatōhea Trustee have agreed not to participate in the Priority Pool and any applications they make for New Shares will be dealt with outside the Priority Pool. The number of shares in the Priority Pool does not limit the number of New Shares for which existing shareholders can apply.

New Shares in the Priority Pool will be allocated first to applications from existing shareholders (other than CRHL and Whakatōhea Trustee) in proportion to their existing shareholding proportions as between applicants. Any New Shares then remaining in the Priority Pool will be allocated to meet applications in excess of existing shareholding proportions in the same manner until all applications have been filled or the Priority Pool is exhausted.

Shareholders who apply for New Shares in excess of the number of New Shares available in the Priority Pool will still be eligible to have their applications considered as part of the remainder of the offer.

The Board is of the view that the existence of the Priority Pool, together with the ability for existing shareholders who meet the wholesale investor criterion to apply for New Shares outside the Priority Pool, will provide existing shareholders who meet the wholesale investor criterion with the opportunity to maintain or increase their current voting control percentages. We concur with the Board's view.

If the offer of New Shares is oversubscribed, the Board will determine which applications are accepted and the order in which applications are accepted. We understand that the Board's intention is to give priority to applications from existing shareholders.

Issue Price

The Issue Price is \$2.25 per New Share, payable in cash upon application.

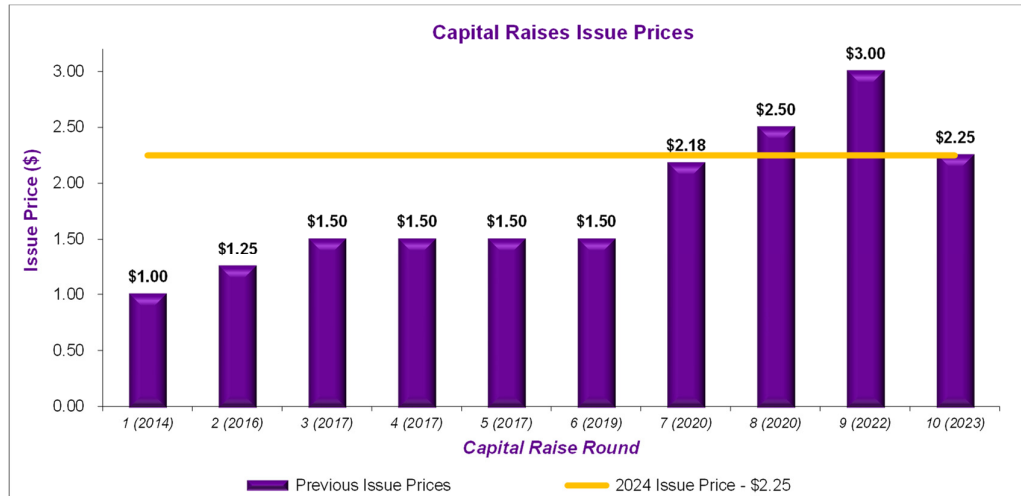
The Company's shares are not currently quoted on any equities securities trading platform. Accordingly, the fair market value of the shares cannot be referenced to observed trading prices for the shares.

Given that the Company has incurred trading losses since its incorporation in July 2014 and requires the 2024 Capital Raise to fund the continued development of its business, we consider a valuation of the shares based on various forecast operating scenarios to be somewhat arbitrary.

In our view, the most compelling evidence upon which to assess the reasonableness of the Issue Price are the prices paid by investors under previous capital raises undertaken by the Company, as this reflects the prices at which shareholders were prepared to invest their cash in the Company.

The Issue Price of \$2.25 represents:

- the same issue price as under the 2023 Capital Raise
- a 25% discount to the issue price of \$3.00 in the capital raise in 2022
- a 10% discount to the issue price of \$2.50 in the second capital raise in 2020
- a 3% premium to the issue price of \$2.18 in the first capital raise in 2020
- significantly higher than the issue prices in the 6 capital raises between 2014 and 2019 of \$1.00 to \$1.50.



Source: Whakatōhea Mussels

The Issue Price is the same as the last capital raise (the 2023 Capital Raise), which involved the issue of 1,866,666 ordinary shares, raising \$4.2 million of fresh equity.

While the Issue Price is at a discount to the 2 capital raises immediately prior to the 2023 Capital Raise, we consider this to be reasonable given:

- the Company's financial position has deteriorated since those capital raises. The Company recorded losses of \$7.3 million in the 2022 financial year, \$7.1 million in the 2023 financial year and \$8.7 million in the 2024 financial year
- the Company needs fresh capital to fund the development of its business operations.

Based on the prices paid by investors in the most recent capital raises and given the Company's current financial position, we consider the Issue Price of \$2.25 per New Share to be reasonable.

All investors (including the CRHL Associates) will subscribe for New Shares under the 2024 Capital Raise at the same Issue Price. Accordingly, the Allotments will not give rise to any value transfers from the Non-associated Shareholders to the CRHL Associates.

2.6 Impact on Financial Position

A summary of Whakatōhea Mussels' recent financial position is set out in section 3.7.

The Company's total equity as at 30 June 2024 was \$35.3 million and it had net IBD of \$25.6 million at that date.

The 2024 Capital Raise will significantly strengthen Whakatōhea Mussels' financial position. Based on the Board's proposed development plans and depending on the amount of capital raised, the 2024 Capital Raise will:

- increase the Company's total equity by up to \$42.012 million (assuming the maximum amount of capital, including oversubscriptions, is raised)
- reduce Whakatōhea Mussels' net IBD by up to \$20.8 million (from \$25.6 million based on the Company's financial position as at 30 June 2024 to as low as \$4.8 million).

2.7 Impact on Control

Share Capital and Shareholders

Whakatōhea Mussels currently has 29,175,427 fully paid ordinary shares on issue held by 205 shareholders. The names, number of shares and percentage holding of the Company's 10 largest shareholders are set out in section 3.4.

Shareholding Voting

CRHL currently holds 38.21% of the voting rights in the Company, which enables it to block special resolutions (which require the approval of 75% of the votes cast by shareholders) but it cannot singlehandedly pass or block ordinary resolutions (which require the approval of more than 50% of the votes cast by shareholders) or singlehandedly pass special resolutions.

Following the Allotments, CRHL's shareholding will be between 38.63% and 50.62%. It will still be able to block special resolutions and not be able to singlehandedly pass special resolutions.

While the theoretical maximum level of 50.62% enables a shareholder to singlehandedly pass or block ordinary resolutions, CRHL has informed the Company that it will not apply for New Shares if the issue of those shares would result in CRHL holding 50% or more of the shares in the Company.

Following the Allotments, TTOTW's shareholding (through its bare trustee Whakatōhea Trustee) will be between 6.49% and 10.51% and will not increase TTOTW's ability to influence shareholding voting to any significant degree – it will still not be able to singlehandedly pass or block ordinary resolutions or special resolutions.

CRHL and TTOTW have agreed to be treated as associates under the Code for the purposes of this special meeting of shareholders. The CRHL Associates currently collectively hold 47.49% of the voting rights in the Company.

The change in the CRHL Associates' collective shareholding to between 45.12% and 58.50% will potentially marginally strengthen their ability to influence the outcome of the shareholder voting if the upper limit is reached – assuming they both 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 (eg if the shareholder is precluded from voting on the resolution because it is a party to the transaction which the resolution relates to).

Given the above, we are of the view that the Allotments will not provide CRHL or TTOTW with any significant increased ability to exert control over shareholder voting.

Board Control

As set out in section 3.3, the Company currently has 6 directors on the Board, 2 of whom are associated with CRHL and TTOTW.

At the Company's special meeting of shareholders on 6 May 2023, the Company's shareholders approved a change to the composition of the Board, whereby there would be:

- up to 3 directors appointed by CRHL and Whakatōhea Trustee (the **Whakatōhea – Crown Directors**)
- up to 3 directors appointed by the remaining shareholders (the **Whānau Directors**)
- up to 3 further directors appointed by the Whakatōhea – Crown Directors and the Whānau Directors (the **Appointed Directors**).

We are advised that the Allotments will not result in any change to the composition of the Board in the near term.

Operations

We are advised that CRHL's and TTOTW's influence over the Company's operations is solely through their Board representation.

As the composition of the Board will not change, the Allotments will not change the level of CRHL's or TTOTW's influence over the Company's operations.

2.8 Dilutionary Impact

The 2024 Capital Raise (including the Allotments) will result in the Non-associated Shareholders' shareholdings in the Company being diluted if they do not subscribe for any New Shares:

- if the maximum 18,672,000 New Shares are issued, the dilutionary effect will be 39.0%
- if the maximum 7,733,333 New Shares are issued to the CRHL Associates and no other New Shares are issued, the dilutionary effect will be 21.0%
- if the maximum 7,333,333 New Shares are issued to CRHL and no other New Shares are issued, the dilutionary effect will be 20.1%
- if the maximum 400,000 New Shares are issued to Whakatōhea Trustee and no other New Shares are issued, the dilutionary effect will be 1.4%.

While the dilutionary impact is significant for those Non-associated Shareholders who do not participate in the 2024 Capital Raise, 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 set out in section 2.5, we are of the view that the terms of the 2024 Capital Raise are fair and that there are no material value transfers from the Non-associated Shareholders to the CRHL Associates.

2.9 Impact on Share Price and Liquidity

Whakatōhea Mussels' shares are not currently quoted on any equities securities trading platform. Accordingly, there has been no trading in the Company's shares and therefore the 2024 Capital Raise will not change the liquidity of the Company's shares.

In November 2022, the Company's shareholders approved the set-up of a share trading platform. However, this has yet to be implemented.

2.10 Key Business Risks

The key business risks that Whakatōhea Mussels faces are set out in section 3.5.

The Allotments will not change the nature of (or level of) business risk faced by the Non-associated Shareholders to any significant degree.

2.11 Main Advantage to the Non-associated Shareholders of the Allotments

The Non-associated Shareholders currently collectively hold 52.51% of the shares in a relatively early stage company developing and operating a Greenshell™ Mussel aquaculture farm with total equity of \$35.3 million as at 30 June 2024.

Following the 2024 Capital Raise, they will collectively hold between 41.50% and 54.88% of the shares in a much better capitalised company with increased total equity of potentially up to \$42.012 million and reduced net IBD, ensuring Whakatōhea Mussels is adequately financed in the near term to fund the continued growth and development of its business operations.

The Allotments are an integral component of ensuring that the 2024 Capital Raise is successful.

2.12 Main Disadvantage to the Non-associated Shareholders of the Allotments

The main disadvantage to the Non-associated Shareholders of the Allotments is that the New Shares issued to CRHL and Whakatōhea Trustee will dilute their interests in the Company to some degree.

Non-associated Shareholders who do not subscribe for any New Shares will be diluted by between 1.4% and 21.0% under the Allotments.

In our view, the positive aspects of the enhanced funding of the Company outweigh the dilutionary impact of the Allotments.

2.13 Other Issues for the Non-associated Shareholders to Consider

Benefits to Whakatōhea Mussels of CRHL and Whakatōhea Trustee as Cornerstone Shareholders

The Allotments will strengthen CRHL's and Whakatōhea Trustee's position as important cornerstone investors in Whakatōhea Mussels, signalling the Crown's and Whakatōhea Trustee's continued confidence in the future prospects of the Company.

Non-associated Shareholder Approval of the Allotments is Required

Pursuant to Rule 7(d) of the Code, the Non-associated Shareholders must approve by ordinary resolutions both the Crown Allotment and the TTOTW Allotment.

The Crown Allotment will not proceed unless the Non-associated Shareholders approve the Crown Allotment Resolution. Similarly, the TTOTW Allotment will not proceed unless the Non-associated Shareholders approve the TTOTW Allotment Resolution.

Inability to Creep

The *creep provisions* of Rule 7(e) of the Code enable entities that hold or control more than 50% and less than 90% of the voting securities in a code company to acquire up to a further 5% of the code company's shares in any 12 month period without the need for shareholder approval.

Following the Allotments, CRHL will hold or control between 38.63% and (in theory) 50.62% of Whakatōhea Mussels' shares and TTOTW (through its bare trustee Whakatōhea Trustee) will hold or control between 6.49% and 10.51% of the shares. However, CRHL has informed the Company that it will not increase its shareholding to 50% or more. Accordingly, CRHL and TTOTW will still not be able to utilise the *creep provisions* following the Allotments.

Attractiveness of the Company as a Takeover Target Unlikely to Change

In our view, the Allotments will have negligible impact on the likelihood of a takeover offer for Whakatōhea Mussels. CRHL's increased shareholding of up to 50.62% and TTOTW's increased shareholding of up to 10.51% is unlikely to change the attraction of the Company as a takeover target to CRHL or other parties.

2.14 Key Benefit to CRHL and TTOTW

The Crown Allotment provides CRHL with the opportunity to change its shareholding in Whakatōhea Mussels from 38.21% to between 38.63% and 50.62%.

The TTOTW Allotment provides TTOTW (through its bare trustee Whakatōhea Trustee) with the opportunity to change its shareholding in Whakatōhea Mussels from 9.28% to between 6.49% and 10.51%.

2.15 Key Disadvantage to CRHL and Whakatōhea Trustee

The key issues and risks that are likely to impact upon the business operations of Whakatōhea Mussels are summarised in section 3.5. As CRHL's and TTOTW's respective ownership in Whakatōhea Mussels increases, so does their exposure to these risks.

2.16 Likelihood of the Crown Allotment Resolution and / or the TTOTW Allotment Resolution Being Approved

The Board has unanimously recommended the approval of both the Crown Allotment Resolution and the TTOTW Allotment Resolution.

The CRHL Associates are not permitted to vote on either the Crown Allotment Resolution or the TTOTW Allotment Resolution. Accordingly, the votes of the Non-associated Shareholders who collectively hold 52.51% of the Company's voting rights will determine the outcome of the resolutions.

The Company's top 10 shareholders after CRHL and Whakatōhea Trustee collectively hold 30.08% of the Company's shares. The votes of these major shareholders will significantly influence the outcome of the voting on the Crown Allotment Resolution and the TTOTW Allotment Resolution. If all 10 top shareholders vote in favour of the Crown Allotment Resolution and the TTOTW Allotment Resolution, their votes would represent 57.28% of the 52.51% of voting rights eligible to vote on the resolutions and therefore the resolutions would be approved.

2.17 Implications of the Crown Allotment Resolution and / or the TTOTW Allotment Resolution not Being Approved

If the Crown Allotment Resolution is not approved, the 2024 Capital Raise will still proceed but the Crown Allotment cannot proceed. CRHL will not be able to subscribe for up to 7,333,333 New Shares and the Company will not receive up to \$16.5 million of fresh equity from CRHL.

If the TTOTW Allotment Resolution is not approved, the 2024 Capital Raise will still proceed but the TTOTW Allotment cannot proceed. Whakatōhea Trustee will not be able to subscribe for up to 400,000 New Shares and the Company will not convert up to \$0.9 million of IBD from Whakatōhea Trustee into fresh equity.

Whakatōhea Mussels could possibly still receive this capital from other shareholders and / or new investors under the 2024 Capital Raise. However, in our opinion, the likelihood of success of the 2024 Capital Raise would be severely diminished if the Crown Allotment and / or the TTOTW Allotment did not proceed.

Once the number of New Shares subscribed for by the Non-associated Shareholders and new investors has been ascertained, CRHL and Whakatōhea Trustee will be able to contemporaneously subscribe for New Shares up to the number such that CRHL's and Whakatōhea Trustee's shareholding in the Company will be no more than 38.21% and 9.28% respectively (ie their current shareholding levels) immediately following the issue of New Shares to the Non-associated Shareholders and new investors.

2.18 Voting For or Against the Crown Allotment Resolution and / or the TTOTW Allotment Resolution

Voting for or against the Crown Allotment Resolution and / or the TTOTW Allotment 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 Whakatōhea Mussels

3.1 Background

Te Whakatōhea is an iwi centred around the coastal town of Ōpōtiki in the Eastern Bay of Plenty region with over 16,000 members.

Over 20 years ago, Whakatōhea created the aspiration to develop a Greenshell™ Mussel aquaculture farm off the coastline of Ōpōtiki.

The vision was that the farming operation would be the foundation of employment for their people, provide income for whānau and support improved outcomes for the entire community.

The Company was incorporated on 4 July 2014.

The consent process for creating the world's first open ocean Greenshell™ Mussel farm of such magnitude took over 10 years of legislative change and resource consent approval, followed by a further 5 years of research and feasibility trials.

When the venture needed capital to reach commercialisation, the community came together – with both local Māori and Pakeha businesses, families and local trusts investing to enable the farming operation to further expand.

3.2 Overview of Whakatōhea Mussels' Operations

Whakatōhea Mussels' principal activity is that of farming, harvesting, processing and marketing New Zealand Greenshell™ Mussels.

The Company estimates that it represents approximately 5% of the New Zealand Greenshell™ Mussels industry.

Te Whakatōhea mussel farm lies just over 8.5 kilometres off the coastline of Ōpōtiki, expanding across over 3,800 hectares of nutrient rich, clear and open ocean water space.

The mussel farm currently has 298 lines in the water, of which 259 lines are in use and 51 lines are under development.

Three vessels are used to harvest the mussels:

- Northern Quest (purchased in 2015)
- Kukutai (purchased in 2018)
- Pakihi Kura (purchased in 2022).

The 3 vessels have a combined carrying capacity of 270 tonnes.

Once funding is available and farm development is confirmed, a fourth vessel will be planned for 2026. The vessel will be a similar set-up to Pakihi Kura.

Mussels are harvested daily from mussel farms and delivered directly to the Company's Ōpōtiki processing facility, where the mussels are immediately processed into frozen half shell mussels destined for the export market.

The processing facility was commissioned in August 2021. The purpose-built facility consists of 2 large processing factory buildings with a drive-through canopy between them. The facility has the capacity to produce various mussel products for domestic and international markets, ranging from:

- frozen half shell
- frozen mussel meat
- live whole shell.

Whakatōhea Mussels processed 4,939 Green Weight Tonnes (**GWT**) in the year ended 30 June 2023.

Its daily production capacity is 38 GWT and will increase to 50 GWT with the inclusion of a third processing table in November 2024.

At the end of September 2024, the Company employed 171 staff, which will increase to 208 with the inclusion of the third processing table in November 2024.

3.3 Directors and Senior Management

The Board consists of 6 directors:

- Fred Cookson, chair, Whānau Director
- Ian Craig, Whānau Director
- Robert Edwards, Whakatōhea – Crown Director
- Te Kahautu Maxwell, Whakatōhea – Crown Director
- Peter Vitasovich, Appointed Director
- Vaughan Wilkinson, Appointed Director.

The Company's senior management team consists of:

- Peter Vitasovich, Appointed Director and chief executive
- Amelia Austin, operations and site manager
- Debbie White, finance manager
- Vish Gaiwad, commercial and development manager
- Aromia Taingahue, warehousing and logistics manager
- Cheryllea Schwass, people and capability manager
- Che Todd, aquaculture and training manager
- Piripi Kahotea-Rangikotua, half shell and meat production manager.

3.4 Capital Structure and Shareholders

Whakatōhea Mussels currently has 29,175,427 fully paid ordinary shares on issue held by 205 shareholders.

The names, number of shares and percentage holding of Whakatōhea Mussels' 10 largest shareholders are set out below.

Whakatōhea Mussels' 10 Largest Shareholders		
Shareholder	No. of Shares	%
CRHL	11,148,929	38.21%
Whakatōhea Trustee (as bare trustee for TTOTW)	2,707,548	9.28%
EA Nominees Limited	2,663,229	9.13%
Mussel Men Opotiki Limited	2,540,629	8.71%
Breezemere Young Family Trust	909,528	3.12%
P & M Anstis Trustee Limited	503,701	1.73%
Paul Jones	400,668	1.37%
Fishy Business (Opotiki) Limited	395,880	1.36%
SE & J A Fisher Family Trust	355,597	1.22%
Peter Campbell	350,000	1.20%
Top 10 shareholders	21,975,709	75.32%
Others (195 shareholders)	7,199,718	24.68%
Total	29,175,427	100.00%

Source: Whakatōhea Mussels

3.5 Key Business Risks

Appendix 5 (pages 57 to 59) of the Information Memorandum set out in detail the key business risks that Whakatōhea Mussels currently faces.

In summary, the Company's key business risks are:

- weather patterns
- an exposed large-scale open ocean farming system
- cyclone or severe storm damage to the mussel farm longlines
- insufficient spat settlement and retention
- shortage of skilled and unskilled labour
- factory downtime
- plant contamination
- mussel mortality
- marine farm productivity
- biotoxin and sanitation events
- marine vessels
- external product supply disruptions
- product prices
- exchange rate fluctuations
- cost inflation
- distributor relationships
- competition.

3.6 Financial Performance

A summary of Whakatōhea Mussels' recent financial performance is set out below.

Summary of Whakatōhea Mussels Financial Performance				
	Year to 30 Jun 21 (Audited) \$000	Year to 30 Jun 22 (Audited) \$000	Year to 30 Jun 23 (Audited) \$000	Year to 30 Jun 24 (Draft) \$000
Revenue	3,805	6,688	15,673	7,640
Other income	792	335	771	3,301
Total revenue	<u>4,597</u>	<u>7,023</u>	<u>16,444</u>	<u>10,713</u>
Operating expenses	<u>(5,806)</u>	<u>(13,923)</u>	<u>(21,409)</u>	<u>(17,199)</u>
Operating loss before finance costs and depreciation	(1,209)	(6,900)	(4,965)	(6,486)
Finance expenses	(84)	(620)	(1,518)	(2,367)
Depreciation	(1,098)	(2,671)	(3,439)	(3,247)
Loss before tax	<u>(2,391)</u>	<u>(10,190)</u>	<u>(9,922)</u>	<u>(12,100)</u>
Income tax benefit	2,102	2,923	2,774	3,432
Loss for the year	<u>(290)</u>	<u>(7,267)</u>	<u>(7,148)</u>	<u>(8,669)</u>

Source: Whakatōhea Mussels annual financial statements and draft 2024 annual financial statements

Whakatōhea Mussels is a relatively early stage company that has recorded losses totalling approximately \$28.6 million since its incorporation in July 2014 up to 30 June 2024.

Over the past 4 years, the Company's operations have been impacted by the COVID-19 pandemic and sustained adverse weather conditions due to the La Niña weather patterns in New Zealand.

Revenue represents the sale of New Zealand Greenshell™ Mussels and spat locally and overseas (predominantly the USA) under the *Open Ocean* and *Cool Seas Whakatōhea Mussel* brand names, along with income from toll processing.

Other income consist mainly of Government training and employment subsidiaries, change in the fair value of biological assets, realised foreign exchange gains and insurance proceeds received.

The Company's main operating expenses are:

- employee benefit expenses
- factory operating expenses
- mussel and spat purchases
- marine farm operating expenses
- administrative expenses
- selling and distribution expenses.

3.7 Financial Position

A summary of Whakatōhea Mussels' recent financial position is set out below.

Summary of Whakatōhea Mussels Financial Position					
	As at 30 Jun 20 (Audited) \$000	As at 30 Jun 21 (Audited) \$000	As at 30 Jun 22 (Audited) \$000	As at 30 Jun 23 (Audited) \$000	As at 30 Jun 24 (Draft) \$000
Current assets	27,120	6,773	9,172	3,992	4,002
Non current assets	18,674	49,554	58,848	61,688	62,348
Total assets	<u>45,794</u>	<u>56,327</u>	<u>68,020</u>	<u>65,680</u>	<u>66,350</u>
Current liabilities	(2,885)	(4,404)	(22,294)	(19,333)	(28,447)
Non current liabilities	(2,715)	(6,418)	-	(2,623)	(2,623)
Total liabilities	<u>(5,600)</u>	<u>(10,822)</u>	<u>(22,294)</u>	<u>(21,956)</u>	<u>(31,070)</u>
Total equity	<u>40,194</u>	<u>45,505</u>	<u>45,726</u>	<u>43,724</u>	<u>35,280</u>

Source: Whakatōhea Mussels annual financial statements and draft 2024 annual financial statements

Whakatōhea Mussels' current assets as at 30 June 2024 consisted mainly of the trade and other receivables (\$0.7 million), mussels and spat biological assets (\$2.9 million) and inventory (\$0.3 million).

Non current assets as at 30 June 2024 consisted mainly of property, plant and equipment (\$51.7 million), deferred tax asset (\$9.6 million) and biological assets (\$1.0 million).

Property, plant and equipment consists mainly of:

- land and buildings
- marine farming vessels
- plant and equipment.

Current liabilities as at 30 June 2024 comprised mainly overdraft (\$3.2 million), IBD (\$19.7 million) and trade and other payables (\$5.2 million).

IBD consists of:

- a \$4.0 million overdraft facility provided by Bank of New Zealand Limited (**BNZ**)
- various secured loans provided by BNZ, with facilities totalling \$12.6 million
- various unsecured short term and related party loans
- \$2.6 million of convertible notes issued under the 2023 Capital Raise.

The Company had equity of \$35.3 million as at 30 June 2024, comprising:

- share capital – \$60.0 million
- accumulated losses – negative \$28.6 million
- asset revaluation reserve – \$3.9 million.

3.8 Cash Flows

A summary of Whakatōhea Mussels' recent cash flows is set out below.

Summary of Whakatōhea Mussels Cash Flows				
	Year to 30 Jun 21 (Audited) \$000	Year to 30 Jun 22 (Audited) \$000	Year to 30 Jun 23 (Audited) \$000	Year to 30 Jun 24 (Draft) \$000
Net cash (outflow) from operating activities	(2,271)	(6,492)	(6,034)	(5,253)
Net cash (outflow) from investing activities	(30,149)	(11,293)	(2,510)	(1,530)
Net cash inflow from financing activities	<u>33,191</u>	<u>9,852</u>	<u>12,006</u>	<u>4,963</u>
Net increase / (decrease) in cash held	771	(7,933)	3,462	(1,820)
Opening cash balance	2,286	3,057	(4,876)	(1,414)
Closing cash balance	<u>3,057</u>	<u>(4,876)</u>	<u>(1,414)</u>	<u>(3,234)</u>

Source: Whakatōhea Mussels audited annual financial statements and draft 2024 annual financial statements

Whakatōhea Mussels has incurred cash losses from its operations each year.

The Company's investing cash outflows mainly represent the costs associated with developing the mussel farm and processing facility and the construction of the new marine farming vessel.

Whakatōhea Mussels has funded its operating losses and investing outflows by raising equity and IBD:

- \$9.9 million in the 2020 financial year from the issue of ordinary shares
- \$27.9 million in the 2021 financial year from the issue of ordinary shares and \$5.3 million from IBD
- \$2.9 million in the 2022 financial year from the issue of ordinary shares and \$7.0 million from IBD
- \$9.0 million in the 2023 financial year from the issue of ordinary shares and \$3.0 million from IBD
- \$5.1 million in the 2024 financial year from IBD.

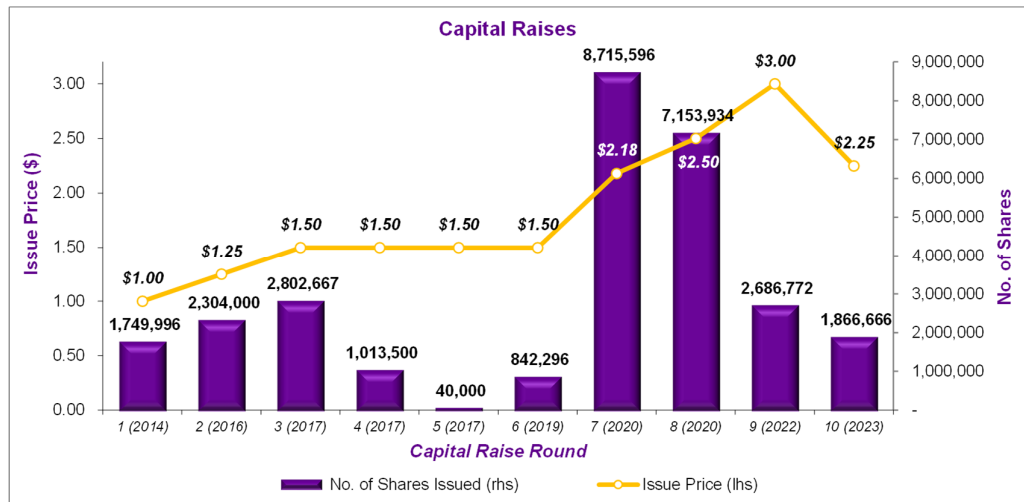
3.9 Share Price History

The Company's shares are not currently quoted on any equities securities trading platform. Accordingly, there has been no trading in the Company's shares.

In November 2022, the Company's shareholders approved the set-up of a share trading platform. However, this has yet to be implemented.

3.10 Capital Raises

Whakatōhea Mussels has undertaken 10 capital raise rounds since its incorporation in July 2014, raising a total of \$60.8 million of equity (before costs).



Source: Whakatōhea Mussels

The most recent capital raise (round 10) was completed in July 2023. The Company raised \$4.2 million of equity from the issue of 1,866,666 shares at \$2.25 per share (as part of the 2023 Capital Raise).

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 Information Memorandum
- the March 2024 Special Meeting notice of meeting
- the Whakatōhea Mussels annual reports for the years ended 30 June, 2019 to 2023
- the Whakatōhea Mussels draft annual financial statements for the year ended 30 June 2024
- the notice of special meeting
- the Whakatōhea Mussels shareholder register
- publicly available information on the New Zealand mussels industry.

During the course of preparing this report, we have had discussions with and / or received information from the Board and Whakatōhea Mussels' legal advisers.

The Board has confirmed that we have been provided for the purpose of this Independent Adviser's Report with all information relevant to the 2024 Capital Raise and the Allotments that is known to them and that all the information is true and accurate in all material aspects and is not misleading by reason of omission or otherwise.

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

In our opinion, the information to be provided by Whakatōhea Mussels to the Company's shareholders is sufficient to enable the Board and the Non-associated 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 Whakatōhea Mussels 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 Whakatōhea Mussels. 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 Whakatōhea Mussels 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 Whakatōhea Mussels and its directors 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, provided that this shall not absolve Simmons Corporate Finance from liability arising from an opinion expressed recklessly or in bad faith.

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

We have had no involvement in the preparation of the notice of special meeting issued by Whakatōhea Mussels 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

Whakatōhea Mussels 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 the report. This indemnity does not apply in respect of any negligence, wilful misconduct or breach of law. Whakatōhea Mussels 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 or term of reference, 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 Whakatōhea Mussels or CRHL or TTOTW or Whakatōhea Trustee 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 2024 Capital Raise 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 in respect of the Crown Allotment Resolution and the TTOTW Allotment 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 Board for its comments as to the 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 the Non-associated 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
9 October 2024