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25 November 2025

Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

Off-market takeover bid by Suzerain Investment Holdings Ltd for Entertainment Rewards Ltd (ASX:EAT) – target's statement

Entertainment Rewards Limited ACN 167 603 992 (ASX: EAT) (**EAT**) announces that it has lodged its target's statement with the Australian Securities and Investments Commission today in response to the off-market takeover offer by Suzerain Investment Holdings Ltd (**Suzerain**) under Chapter 6 of *the Corporations Act 2001* (Cth) (**Corporations Act**) for all of the issued share capital in EAT.

In accordance with item 14 of section 633(1) of the Corporations Act, a copy of the Target's Statement in **attached** to this announcement.

The Target's Statement has also been sent to Suzerain today and is in the process of being dispatched to EAT's shareholders. In accordance with section 110D and item 12 of section 633(1) of the Corporations Act, EAT shareholders will receive the Target's Statement as follows:

- EAT shareholders who have nominated an email address for the purpose of receiving electronic communications from EAT will receive an email containing a link to access an electronic copy of the Target's Statement; and
- EAT shareholders who have not nominated an email address for the purpose of receiving electronic communications from EAT will, at their registered postal address, receive a letter containing a link to access an electronic copy of the Target's Statement.

EAT shareholders may also requested a hard copy of the Target's Statement by contacting the EAT shareholder information line on 1800 237 687 (within Australia) or +61 1800 237 687 (outside Australia).

Authorised for release by the independent directors of EAT.

-ends-

For more information, please contact:

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CFO and Company Secretary

About Entertainment Rewards Ltd

Through its Entertainment-branded subsidiaries, Entertainment Rewards Ltd provides a marketplace for offers and rewards which connects merchants wanting more business with consumers seeking entertainment, lifestyle and leisure experiences at great value.

Founded in 1994, Entertainment is a trusted and iconic source of member-only offers and deals that manages the largest and most comprehensive amount of entertainment-related merchant content. It provides fundraisers, merchants and enterprises with advanced data and campaign analytics and markets to the largest closed-group of subscription-paying members in Australia and New Zealand.

Entertainment generates revenue through member subscription fees and marketplace features that provide data-as-a-service and targeted campaign value to merchants, enterprise and fundraising partners. www.entertainmentrewards.com.au

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Target's Statement

of Entertainment Rewards Ltd ACN 167 603 992 issued in response to the off-market takeover bid made by Suzerain Investment Holdings Ltd to acquire all of your fully paid shares in Entertainment Rewards Ltd ACN 167 603 992.

The Independent Board Committee unanimously recommends that you

ACCEPT

the Offer in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is both fair and reasonable

This is an important document and requires your immediate attention. If you are in any doubt as to how to deal with it, you should consult your financial, legal or other professional adviser as soon as possible.

Legal Adviser

Sundaraj & Ker

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Important notices

Purpose of this Target's Statement

This Target's Statement is dated 25 November 2025 and is given by Entertainment Rewards Ltd ACN 167 603 992 (**EAT**) under Part 6.5, Division 3 of the *Corporations Act 2001* (Cth) (**Corporations Act**). This Target's Statement is in response to the Bidder's Statement of Suzerain Investment Holdings Ltd (**Suzerain**) dated 28 October 2025 and sets out EAT's formal response to the conditional off-market takeover bid made by Suzerain for all the EAT Shares on issue (**Offer**) along with certain disclosures required by the Corporations Act.

You should read this Target's Statement in its entirety before deciding whether or not to accept the Offer and seek independent advice if you have any queries in respect of the Offer.

Defined terms and interpretation

Capitalised terms and certain abbreviations used in this Target's Statement have the defined meanings set out in section 11.1 and section 11.2 also contains rules of interpretation that apply to this Target's Statement.

Indicative key dates

Date of Bidder's Statement	28 October 2025
Date of Offer	13 November 2025
Offer Period opens	13 November 2025
Date of this Target's Statement	25 November 2025
Offer Period ends (unless extended by Suzerain)	7:00pm (Brisbane time) on 12 December 2025

Role of ASIC and ASX

A copy of this Target's Statement was lodged with the Australian Securities and Investments Commission (**ASIC**) and given to ASX on 25 November 2025. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this Target's Statement.

Forward-looking statements

Certain statements in this Target's Statement relate to the future. Such forward-looking statements are not based on historical facts but rather reflect the current assumptions and expectations of EAT concerning future events and circumstances including, but not limited to, the operations of EAT. Forward-looking statements may generally be identified by the use of forward-looking verbs such as aim, anticipate, believe, estimate, expect, foresee, intend or plan, by words denoting uncertainty such as likely, may, potential or should, or by derived or similar words. Similarly, statements that describe the expectations, objectives, plans or targets of EAT may be forward-looking statements.

The assumptions and expectations on which forward-looking statements are based are subject to a number of risks and uncertainties that could cause the actual outcomes, and the actual performance or results of EAT to be materially different from the outcomes, or the performance or results of EAT or Suzerain, expressed in, or implied by, such statements. These risks and uncertainties include among other things, general economic conditions, changes in law, regulation or government policy, the impact of increased competition and certain other operational and financial risks and uncertainties associated with carrying on business in the industries in which EAT operates. All forward-looking statements should be read in light of such risks and uncertainties.

None of EAT and its officers, employees and advisers make any representation or warranty that any outcome, performance, or result expressed in or implied by any forward-looking statement in this Target's Statement will actually occur. You should treat all forward-looking statements with caution and not place undue reliance on them.

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Any forward looking statements in this Target's Statement reflect the assumptions and expectations of EAT as at the date of this Target's Statement. Except as required by law, EAT and its officers, employees and advisers disclaim any obligation to revise or update any forward-looking statements after the date of this Target's Statement to reflect any change in the assumptions or expectations on which those statements are based.

Disclaimer of information

The information regarding Suzerain included in this Target's Statement has been sourced from publicly available materials, including the Bidder's Statement lodged by Suzerain. None of this information has been independently verified by EAT or its officers, employees and advisers for the purposes of this Target's Statement.

To the fullest extent permitted by law, EAT and its officers, employees and advisers make no representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information provided about Suzerain. EAT and its officers, employees and advisers accept no responsibility for any errors, omissions or misstatements arising from reliance on such publicly sourced information. Recipients of this Target's Statement should not place undue reliance on the information relating to Suzerain and are encouraged to conduct their own independent investigations and seek professional advice as needed.

Notices to persons outside Australia

The release, distribution or publication of this Target's Statement in countries other than Australia may be restricted by law or regulation. If you receive this Target's Statement outside Australia you should seek independent advice on, and observe, any such restrictions. A failure to comply with such restrictions may constitute a violation of applicable laws or regulations

This Target's Statement has been prepared having regard to Australian disclosure requirements and Australian accounting standards. These disclosure requirements and accounting standards may be different from those in other countries.

If you are not an Australian resident taxpayer or are liable for tax outside Australia you should seek specific tax advice in relation to the Australian and overseas tax consequences of accepting the Offer.

Privacy and personal information

EAT and its share registry have collected personal information about EAT Shareholders for the purpose of providing you with this Target's Statement. The type of personal information collected by EAT includes the names and addresses of EAT Shareholders and details of their holdings of EAT Shares. This personal information may be disclosed on a confidential basis to professional advisers, printers, mailing houses and other organisations providing services to EAT in connection with the Offer, and may be required to be disclosed to ASIC and other regulatory authorities.

Individuals in respect of whom personal information is collected have certain rights to access that personal information. If you wish to request access to your personal information held by EAT, you should contact EAT's share registry, MUFG Corporate Markets (AU) Limited, at the address shown in the corporate directory of this Target's Statement.

Investment decisions

This Target's Statement does not constitute financial product advice and has been prepared without reference to your individual investment objectives, financial or tax situation or other circumstances. This Target's Statement should not be relied upon as the sole basis for any decision as to whether or not to accept the Offer and you should consider seeking independent financial, legal, tax and other professional advice before making any such investment decision.

Risk factors

There are a number of risks associated with the Offer for EAT Shareholders. Please refer to Section 8

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of this Target's Statement for further information on those risks.

Effect of rounding

Certain amounts or figures in this Target's Statement are subject to the effect of rounding. Accordingly. the actual calculation of these amounts or figures may differ from the amounts or figures set out in this Target's Statement.

Diagrams and data in charts, graphs and tables

Diagrams appearing in this Target's Statement (if any) are illustrative only and may not be drawn to scale. Unless otherwise indicated, all data contained in charts, graphs and tables is based on information current at the date of this Target's Statement.

References to currency

Unless otherwise indicated, all references to $, A$, dollars or cents in this Target's Statement are to Australian currency.

References to time

Unless otherwise indicated, all references to time in this Target's Statement are to the time in Sydney, Australia.

Websites

EAT maintains a website at https://www.entertainment.com.au/. Any references to these and any other websites are for information only and no material contained on any such website forms part of this Target's Statement.

Date of this Target's Statement

This Target's Statement is dated 25 November 2025.

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Managing Director's letter

Dear EAT Shareholders,

You have recently received a Bidder's Statement from Suzerain Investment Holdings Ltd (**Suzerain**) outlining a conditional off-market takeover offer to acquire your shares in Entertainment Rewards Ltd (**EAT**) for $0.022 cents cash per EAT Share (**Offer**).

An Independent Board Committee has been formed to ensure your interests are protected

Prior to making the Offer, Suzerain already owned approximately 65.85% of all EAT Shares and Mr Dean Palmer, EAT's non-executive chairman, is a nominee director of Suzerain and an Associate of Suzerain. Mr Dean Palmer is also managing director and chief executive officer for Skybound Capital (AU) Pty Ltd ACN 601 221 345, a related entity of Suzerain. As Mr Palmer is a non-executive chairman of EAT and an Associate of Suzerain EAT, he has recused himself from the process. The EAT Board has taken appropriate steps to ensure that EAT Shareholders' interests are protected, including the formation of a committee of EAT Independent Directors (**Independent Board Committee**) to evaluate and respond to the Offer. The Independent Board Committee comprises Dr. Charles Romito and Ms. Heidi Halson.

This Target's Statement sets out EAT's formal response to the Offer and the recommendations provided in this Target's Statement are provided by the Independent Board Committee only.

Recommendation of the Independent Board Committee

The Independent Board Committee has carefully considered the Offer and unanimously recommends that you **ACCEPT** the Offer in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is both fair and reasonable (to Non-Associated EAT Shareholders).

The Independent Board Committee believes that you should **ACCEPT** the Offer (in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is both fair and reasonable (to Non-Associated EAT Shareholders)) for the following reasons:

1. the Offer represents an attractive and significant premium to EAT's historical trading prices:
   (a) a 1,000% premium to EAT's closing price of $0.002 per share on 14 October 2025;
   (b) a 1,000% premium to the 30-day VWAP of $0.002 up to and including 14 October 2025; and
   (c) a 624% premium to the 90-day VWAP of $0.003 up to and including 14 October 2025.
2. if you accept the Offer, and the Conditions of the Offer are satisfied, you will be paid a definite cash sum of $0.022 for each EAT Share that you hold;
3. the Independent Expert has concluded that the Offer is fair and reasonable to Non-Associated EAT Shareholders;
4. you have received no other offer or alternative proposal for your EAT Shares;
5. there may be adverse consequences if you choose not to accept the Offer;
6. there are no stamp duty or brokerage fees in accepting the Offer;
7. the risks associated with remaining a minority shareholder in an entity controlled by Suzerain; and
8. the risks associated with EAT's outstanding loans to Suzerain (and its related entities).

A comprehensive summary of each of the above reasons is set out in section 1 of this Target's Statement.

In considering the Offer, EAT shareholders should be aware that there are a number of risks associated with either accepting the Offer or rejecting the Offer and continuing to hold EAT Shares. A non-

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exhaustive list of these risks is set out in section 8 of this Target's Statement.

Intentions of the Board

For the reasons above, all EAT Directors (including Dean Palmer) intend to **ACCEPT** the Offer in relation to all EAT Shares they or their Associates own or control, in the absence of a Superior Proposal and subject to the Independent Expert concluding (and continuing to conclude) that the Offer is both fair and reasonable (to Non-Associated EAT Shareholders).

Conclusion of the Independent Expert

The Independent Board Committee appointed Leadenhall Corporate Advisory Pty Ltd ABN 11 114 539 619 (AFSL No: 293586) as an Independent Expert to give an independent opinion as to whether Suzerain's Offer is fair and reasonable to Non-Associated EAT Shareholders.

The Independent Expert has concluded that the Offer is fair and reasonable to Non-Associated EAT Shareholders.

A copy of the Independent Expert's Report is attached to this Target's Statement as the Annexure.

The Independent Board Committee recommends that EAT Shareholders read the Independent Expert's Report in full before making a decision as to whether or not to accept the Offer.

Next steps

EAT Shareholders should read this Target's Statement in full and consider the Offer having regard to their own personal circumstances. EAT Shareholders should also seek any independent financial, legal, taxation or other professional advice that you require prior to deciding what action they should take in respect of the Offer.

EAT Shareholders should have regard to the further developments which may be announced to ASX by EAT over the course of the Offer. All EAT announcements are available on our website, https://investor.entertainment.com.au/investment-centre.

For further details, please call our shareholder information line on 1800 237 687 (within Australia) or +61 1800 237 687 (outside Australia).

Yours sincerely

Signed by:
Heidi Halson
E22025E1DF384DA...

Heidi Halson
Managing Director
Entertainment Rewards Ltd

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1 Why you should accept the Offer

1.1 The Independent Board Committee unanimously recommend that you ACCEPT the Offer

The Independent Board Committee unanimously recommends that you **ACCEPT** the Offer, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is both fair and reasonable to Non-Associated EAT Shareholders.

The EAT Independent Directors intend to **ACCEPT** the Offer in relation to all EAT Shares they or their Associates own or control, subject to the same qualifications.

1.2 Suzerain's Offer Price represents an attractive and significant premium to EAT's historical trading prices

Suzerain's Offer Price of $0.022 represents a compelling and significant premium to the trading price of EAT Shares, up to and including 14 October 2025 (being the last trading day for EAT Shares prior to the announcement of the Offer). Specifically, the Offer Price of $0.022 represents:

(a) a 1,000% premium to EAT's closing price of $0.002 per share on 14 October 2025;

(b) a 1,000% premium to the 30-day VWAP of $0.002 up to and including 14 October 2025; and

(c) a 624% premium to the 90-day VWAP of $0.003 up to and including 14 October 2025.

1.3 Cash Offer and low liquidity

If you accept the Offer, and the Conditions of the Offer are satisfied, you will be paid a definite cash sum of $0.022 for each EAT Share that you hold and you will be able to realise the value of your entire EAT shareholding at that price and pursuant to one transaction.

Whilst EAT has been listed on the ASX, there has been a historical lack of liquidity for EAT Shares on market and no certainty as to which price at which EAT Shares may be sold from time to time. This Offer provides an opportunity for an exit of your investment in EAT in a single transaction.

Suzerain has set out in clause 5.1 of Schedule 1 to the Bidder's Statement the timing of the provision of the consideration to EAT Shareholders who accept the Offer. In general terms, if you accept the Offer, and the Offer becomes unconditional, you will be paid $0.022 for each EAT Share that you hold within one month of the later of:

(a) the date you accept the Offer; and

(b) the date the Offer becomes unconditional.

In any event, you will be paid the Offer Price for your EAT Shares within 21 days after the Offer closes (assuming all Conditions are satisfied or waived).

1.4 The Independent Expert has concluded that the Offer is fair and reasonable to Non-Associated EAT Shareholders

The Independent Expert, has declared the Offer to be fair and reasonable to Non-Associated EAT Shareholders in the absence of any other information or a Superior Proposal.

The Independent Expert has assessed the fair value of an EAT Share prior to the Offer to be at a price between $0.003 and $0.013 (on a controlling interest basis). As the Offer price of $0.022 per EAT Share is greater than the Independent Expert's assessed valuation range per EAT Share, the Independent Expert has concluded that the Offer is fair and reasonable to Non-Associated EAT Shareholders.

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The advantages and disadvantages of the Offer (as identified by the Independent Expert) are summarised in the covering letter of the Independent Expert's Report and discussed in further detail in section 7 of the Independent Expert's Report.

The Independent Board Committee recommends that EAT Shareholders read the Independent Expert's Report in full before making a decision as to whether or not to accept the Offer.

1.5 You have received no other offer or alternative proposal for your EAT Shares

There is currently no Competing Proposal and the Independent Board Committee considers the likelihood of a Competing Proposal to emerge as low due to Suzerain's current shareholding in EAT which, as at the Last Practicable Date, represents 65.85% of all EAT Shares. Such a holding would commonly be considered a blocking stake as it prevents a potential acquirer from obtaining 100% ownership of EAT without Suzerain's support.

The recommendation by the Independent Board Committee to accept the Offer is subject to the absence of a Superior Proposal for your EAT Shares and contingent upon the Independent Expert continuing to conclude that the Offer is fair and reasonable. Should a Competing Proposal emerge, the Independent Board Committee will assess its terms in accordance with the Implementation Deed and will keep EAT Shareholders informed of any material developments as they arise.

1.6 Adverse consequences associated with not accepting the Offer

If you choose not to accept the Offer, you should be aware that:

(a) if Suzerain becomes entitled to compulsorily acquire your EAT Shares, it may elect to do so and if your EAT Shares are compulsorily acquired, you will still receive the Offer Price for your EAT Shares but at a later date than you would have received it if you had accepted the Offer; and

(b) while there are many factors that will influence the price of EAT Shares, in the absence of the Offer or a Competing Proposal, the value of EAT Shares could fall below the value implied by the Offer if the Offer lapses.

Separately, if you choose not to accept the Offer and remain an EAT Shareholder, you will continue to be subject to the risks associated with holding EAT Shares which are discussed in section 8.5 of this Target's Statement.

1.7 No stamp duty or brokerage fees in accepting the Offer

Section 1.8 of Suzerain's Bidder's Statement stipulates that:

(a) you will not be obliged to pay stamp duty if you accept the Offer;

(b) if your EAT Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Suzerain, you will not incur any brokerage in connection with your acceptance of the Offer; and

(c) if your EAT Shares are registered in a CHESS Holding, or if you are a beneficial owner whose EAT Shares are registered in the name of a Broker, bank, custodian or other nominee, you should ask your Controlling Participant (usually your Broker) or that nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.

1.8 Minority shareholding issues

There are risks associated with continuing to be a minority EAT Shareholder, including those set out in sections 8.4 and 8.5 of this Target's Statement.

You should also have regard to Suzerain's intentions if Suzerain does not become entitled to compulsorily acquire all outstanding EAT Shares pursuant to the Offer, as set out in section

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6.11 to 6.20 of the Bidder's Statement, including but not limited to:

(a) if it becomes entitled to do so in future, Suzerain may, in its discretion, elect to compulsorily acquire any EAT Shares it does not own under section 661B of the Corporations Act; and

(b) Suzerain may seek to have EAT removed from the official list of ASX.

1.9 The Suzerain Loans

EAT is currently a party to the following documents with Suzerain and its related entities:

(a) the Convertible Loan Deed, which is summarised in section 10.3 of this Target's Statement;

(b) the Suzerain Loan Facility, which is summarised in section 10.4 of this Target's Statement;

(c) the Original Loan Deed, which is summarised in section 10.5 of this Target's Statement; and

(d) the Skybound Loan Deed, which is summarised in section 10.6 of this Target's Statement,

(together, the **Suzerain Loans**).

As at the Last Practicable Date, a total aggregate amount of $38,943,507 (including principal, interest and fees) is outstanding to Suzerain and its related entities under the Suzerain Loans.

EAT Shareholders should be aware that, if the Offer lapses, there is no certainty that EAT will be in a financial position to be able to make the repayments under the Suzerain Loans in accordance with their relevant terms. This risk is further discussed in section 8.5 of this Target's Statement.

Separately, under the Convertible Loan Deed, EAT has the right to convert some or all of the outstanding principal of the Convertible Loan Deed, being $22,500,000, into an issue of new EAT Shares at a conversion price of $0.022 per EAT Share and in the period up to and including 31 December 2025. At EAT's 2025 Annual General Meeting, EAT has sought EAT Shareholder approval to extend this conversion period to 31 December 2028 and to also obtain an equivalent right to convert some or all of the accrued interest under the Convertible Loan Deed under the same terms. If the Offer lapses and EAT is unable to make repayments under the Convertible Loan Deed in cash, EAT Shareholders should be aware that the EAT Board may exercise these conversion rights under the Convertible Loan Deed which, once exercised, would significantly dilute each EAT Shareholder other than Suzerain and result in an increase to the Voting Power of Suzerain. The potential dilution and increase in Suzerain's Voting Power is further discussed in section 10.3 of this Target's Statement.

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2 Why you may decide not to accept the Offer

2.1 You may disagree with the conclusions of the Independent Board Committee and the Independent Expert

Whilst the Independent Board Committee has unanimously recommended that EAT Shareholders **ACCEPT** the Offer (in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable to Non-Associated Shareholders), you may believe that the Offer Price is insufficient and you may hold a different view as to the value of EAT Shares to that of the Independent Board Committee.

Similarly, whilst the Independent Expert has declared the Offer to be fair and reasonable to Non-Associated EAT Shareholders in the absence of any other information or a Superior Proposal, you may hold a different view as to the value of EAT Shares to that of the Independent Expert.

2.2 You may prefer to participate in the future performance of EAT

You may wish to keep your EAT Shares to maintain your exposure to the potential for future improvements in financial performance and dividends (if any) of EAT. You may believe that the future prospects of EAT outweigh accepting the immediate cash consideration at a premium to historical trading prices represented by the Offer Price.

The Independent Board Committee has evaluated the risks and benefits and prospects of the current EAT business against the Offer Price and the other terms of the Offer. In deciding to recommend the Offer (in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is fair and reasonable to Non-Associated Shareholders), the Independent Board Committee have decided that the short-term realisation of value and certainty provided by the cash Offer provides greater benefit to EAT Shareholders than the uncertainty of retaining their EAT Shares.

2.3 You may consider that there is potential for a Superior Proposal to emerge

You may believe that a Superior Proposal for all EAT Shares could emerge in the future.

There is currently no Competing Proposal and the Independent Board Committee considers the likelihood of a Competing Proposal to emerge is low due to Suzerain's current shareholding in EAT which, as at the Last Practicable Date, represents 65.85% of all EAT Shares. Such a holding would commonly be considered a blocking stake as it prevents a potential acquirer from obtaining 100% ownership of EAT without Suzerain's support.

2.4 The potential tax consequences of accepting a cash consideration pursuant to the Offer may not be attractive to you

The tax consequences of the Offer will depend on your personal situation. You may consider that the tax consequences of the Offer are not attractive to you.

A general description of the Australian tax implications for certain EAT Shareholders who accept the Offer is set out in section 9 of this Target's Statement and section 8 of the Bidder's Statement.

You should not rely on those outlines as advice on your own affairs. You should seek your own professional independent financial and tax advice before making a decision whether or not to accept the Offer.

2.5 You may prefer to sell your EAT Shares on-market

You may wish to realise your investment in EAT through the sale of some or all of your EAT Shares on-market.

If you sell your EAT Shares on-market, you will lose the ability to accept the Offer, participate in any potential increase in the Offer Price (if any) or any other offer which may eventuate, and

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you may also incur a brokerage charge.

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3 Frequently asked questions about the Offer

Question	Answer	Further information
What is this Target's Statement?	This Target's Statement is a document which has been prepared by EAT and provides EAT's response to Suzerain's Offer, including the recommendation of the Independent Board Committee.	N/A
Who is the Bidder?	The Bidder is Suzerain. Suzerain is a dynamic investment company registered in the British Virgin Islands with registration number 1934540. The controlling entity of Suzerain is Skybound Capital (Mau) Limited (**Skybound**). Skybound is an experienced asset manager specialising in alternative investments with expertise in private markets.	Section 7 of this Target's Statement
What is the Bidder's Statement?	The Bidder's Statement is the document which sets out the terms of the Offer by Suzerain that the Corporations Act requires Suzerain to prepare and send to each EAT Shareholder. Suzerain lodged the Bidder's Statement with ASIC on 28 October 2025 and served it on EAT on the same date. The Bidder's Statement was sent to EAT Shareholders on 13 November 2025.	
What is the Offer?	Suzerain is making an offer to acquire all your EAT Shares for $0.022 per EAT Share.	Section 5 of this Target's Statement
Can I accept the Offer in respect of some, but not all, of my EAT Shares?	No, you can only accept the Offer for all of your Shares.	N/A
Why should you accept the Offer?	There are various reasons why you should accept the Offer, a list of which has been set out in Section 1 of this Target's Statement.	Section 1 of this Target's Statement
What is the Independent Expert's role?	Leadenhall Corporate Advisory Pty Ltd ABN 11 114 539 619 and AFSL (AFSL No: 293586) has been appointed by Independent Board Committee as the Independent Expert to prepare an Independent Expert's Report assessing the Offer, and to provide an opinion on whether or not the Offer is fair and reasonable to EAT Shareholders.	Independent Expert's Report
What is the Independent Board Committee?	The Independent Board Committee is a subcommittee of the EAT board comprised of EAT's directors who are independent of Suzerain, being Dr Charles Romito and Ms Heidi Halson.	Section 10.17 of this Target's Statement

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Question	Answer	Further information
	The Independent Board Committee has been established because Dean Palmer, a Non-Executive Director of EAT, is: (a) a nominee director of Suzerain and an Associate of Suzerain; and (b) managing director and chief executive officer for Skybound Capital (AU) Pty Ltd ACN 601 221 345, a related entity of Suzerain. The establishment of the Independent Board Committee ensures the independence of the advice given to EAT Shareholders in this Target's Statement.	
What does the Independent Board Committee recommend?	The Independent Board Committee unanimously recommends that you **ACCEPT** the Offer in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is both fair and reasonable.	Section 1.1 of this Target's Statement
When will you be paid?	Suzerain has set out in clause 5.1 of Schedule 1 to the Bidder's Statement the timing of the provision of the consideration to EAT Shareholders who accept the Offer. In general terms, if you accept the Offer, and the Offer becomes unconditional, you will be paid within one month of the later of: (a) the date you accept the Offer; and (b) the date the Offer becomes unconditional. In any event, you will be paid the Offer Price for your EAT Shares within 21 days after the Offer closes (assuming all Conditions are satisfied or waived).	Clause 5.1 of Schedule 1 to the Bidder's Statement
Do I have to pay any fees?	Suzerain's Bidder's Statement states that you will not be obligated to pay stamp duty if you accept the Offer. Suzerain's Bidder's Statement states that if your EAT Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Suzerain, you will not incur any brokerage in connection with your acceptance of the Offer. Suzerain's Bidder's Statement states that if your EAT Shares are registered in a CHESS Holding, or if you are a beneficial owner whose EAT Shares are registered in the name of a Broker, bank, custodian or other nominee, you should ask your Controlling Participant (usually your Broker) or that nominee whether it will charge any transaction fees or	Section 1.8 of the Bidder's Statement

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Question	Answer	Further information
	service charges in connection with acceptance of the Offer.	
What if there is a Competing Proposal?	Should a Competing Proposal emerge, the Independent Board Committee will assess its terms in accordance with the Implementation Deed and will keep EAT Shareholders informed of any material developments as they arise.	Section 8.2 of this Target's Statement
When does the Offer open and close?	The Offer opened on 13 November 2025 and is scheduled to close at 7:00 pm (Brisbane Time) on 12 December 2025 (unless extended).	Section 5.3 of this Target's Statement
What are the Conditions of the Offer	The Offer is conditional upon a number of matters contemplated by the terms of the Offer outlined in clause 6 of Schedule 1 to the Bidder's Statement, being: (a) no Material Adverse Change; (b) Suzerain has a Relevant Interest in at least 90% (by number) of EAT Shares and the holders of at least 75% (by number) of EAT Shares (excluding EAT Shares held by Suzerain and its Associates) have accepted the Offer; (c) no Prescribed Occurrences; (d) all LFS Securities on issue vest in accordance with their terms of issue; (e) no LTI Securities have been issued; and (f) FIRB approval. Subject to applicable laws, Suzerain may choose to waive any of the Conditions in accordance with the terms of the Offer set out in the Bidder's Statement.	Section 5.4 of this Target's Statement
What happens if the Conditions to the Offer are not satisfied?	If the conditions of the Offer are not satisfied or waived before the Offer closes, the Offer will lapse. If you had accepted the Offer, you will not receive the Offer Price for your EAT Shares, but once the Offer lapses, you will be free to deal with your EAT Shares.	Section 5.7 of this Target's Statement
Will Suzerain proceed with compulsory acquisition if the Conditions to the Offer are satisfied or waived?	Suzerain's Bidder's Statement states that, if Suzerain becomes entitled to do so, Suzerain may, in its discretion, elect to compulsorily acquire any outstanding EAT Shares under section 661B of the Corporations Act. Suzerain's Bidder's Statement states that if Suzerain does not become entitled to compulsorily acquire EAT Shares under section 661B of the Corporations Act, it may nevertheless become	Sections 5.13 and 5.14 of this Target's Statement Sections 6.2 and 6.3 of the Bidder's Statement

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Question	Answer	Further information
	entitled to rely upon, and if so may exercise, the general compulsory acquisition rights under Part 6A.2 of the Corporations Act.	
How is the Bidder funding the Offer?	Suzerain's Bidder's Statement states that Suzerain will source the necessary funds to be made available to Suzerain to pay the Offer Price (and costs associated with the Offer) from Skybound, being a licensed investment manager of the Skybound Capital Partners PCC (Fund) in respect of The Prism Income Fund and The Prism Dividend Fund.	Section 7 of the Bidder's Statement
How do I accept the Offer?	See section 3 and clause 4 of Schedule 1 to the Bidder's Statement for information on how to accept the Offer.	Section 4.1 of this Target's Statement
Can I withdraw my acceptance of the Offer?	You cannot withdraw or revoke your acceptance of the Offer unless a withdrawal right arises under the Corporations Act.	Section 5.10 of this Target's Statement
Can the Offer Period be extended?	Yes, Suzerain can extend the Offer Period in accordance with the Corporations Act.	Section 5.12 of this Target's Statement
What happens if you do not accept the Offer?	You will remain an EAT Shareholder. However, if Suzerain (and its Associates) have a Relevant Interest in 90% or more of the EAT Shares during or at the end of the Offer Period, Suzerain has stated that it may, in its discretion, elect to compulsorily acquire any outstanding EAT Shares under section 661B of the Corporations Act.	Section 4.3 of this Target's Statement
What are the tax implications of accepting the Offer?	A general description of the Australian tax implications for certain EAT Shareholders who accept the Offer is set out in section 9 of this Target's Statement and section 8 of the Bidder's Statement. You should not rely on those outlines as advice on your own affairs. You should seek your own professional independent financial and tax advice before making a decision whether or not to accept the Offer.	Section 9 of this Target's Statement
What if you are a foreign shareholder?	A general description of the Australian tax implications for certain non-Australian tax resident EAT shareholders who accept the Offer is set out in section 9 of this Target's Statement. You should not rely on that outline as advice on your own affairs. You should seek your own professional independent financial and tax advice before making a decision whether or not to accept	Section 9 of this Target's Statement

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Question	Answer	Further information
	the Offer.	
How many EAT Shares does Suzerain hold?	As at the Last Practicable Date, Suzerain holds 861,845,725 EAT Shares which represents approximately 65.85% of the total EAT Shares on issue.	Sections 6.8 and 7.3 of this Target's Statement
Can Suzerain withdraw the Offer?	Suzerain may only withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent. However, if the Offer closes and some or all of the conditions of the Offer are not satisfied (and have not been waived by Suzerain), then the Offer will lapse and your acceptance will be void.	Sections 5.7 and 5.8 of this Target's Statement
What loans has Suzerain made to EAT?	Suzerain (and its related entities) have made various loans to EAT since 9 June 2019. The current outstanding loans between EAT and Suzerain (and its related entities) are summarised in sections 10.3 to 10.6 of this Target's Statement. As at the Last Practicable Date of this Target's Statement: (a) the current loans from Suzerain are the Suzerain Loans; and (b) a total aggregate amount of $38,943,507 (including principal, interest and fees) is outstanding to Suzerain (and its related entities) under the Suzerain Loans.	Sections 10.3 to 10.6 of this Target's Statement.
What will happen to the Convertible Loan Deed if the Offer lapses?	If the Offer lapses, the Convertible Loan Deed will remain on foot and otherwise not be affected.	Section 10.3 of this Target's Statement.
Can I buy EAT Shares during the Offer Period?	Yes, you can continue to buy EAT Shares as you normally would through the ASX during the Offer Period.	
What if I want to sell my EAT Shares on-market?	During the Offer Period, you may sell your EAT Shares on market for cash (less brokerage), provided you have not accepted the Offer for those EAT Shares. If you have already accepted the Offer, you will be unable to settle any subsequent on-market sale of your Shares unless you become entitled to withdraw your acceptance.	Section 4.2 of this Target's Statement

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4 Your choices as an EAT Shareholder

As an EAT Shareholder, you can respond to the Offer in one of the three ways set out below.

4.1 Accept the Offer

The Independent Board Committee unanimously recommends that you **ACCEPT** the Offer in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is both fair and reasonable to Non-Associated EAT Shareholders.

For information on how to accept the Offer, please see section 3 and clause 4 of Schedule 1 to the Bidder's Statement.

If you choose to accept the Offer:

(a) you will not receive the Offer Price unless and until the Conditions of the Offer are either satisfied or waived by Suzerain;

(b) you will only be able to revoke or withdraw your acceptance in limited circumstances which are set out in section 5.10 of this Target's Statement;

(c) you may be liable for tax on the disposal of your EAT Shares as a result of your acceptance. A general description of the Australian tax implications for certain EAT Shareholders who accept the Offer is set out in section 9 of this Target's Statement and section 8 of the Bidder's Statement.

EAT Shareholders should also be aware that if they accept the Offer whilst the Offer remains subject to the Conditions, then:

(a) Suzerain is not obliged to pay the Offer Price and complete the acquisition of your EAT Shares unless and until the Offer becomes unconditional; and

(b) you will not be able to sell your EAT Shares on-market or accept any competing offer unless and until the Offer closes without becoming unconditional or a withdrawal right exists or arises under the Corporations Act.

Further information on the consequences on accepting the Offer is discussed in section 5.9 of this Target's Statement.

4.2 Sell some or all of your EAT Shares on-market

During the Offer Period, you may sell some or all of your EAT Shares on-market through the ASX at the prevailing market price for cash (less any brokerage), provided you have not accepted the Offer.

If you sell your EAT Shares on the ASX, you may receive cash consideration for your EAT Shares sooner than if you accept the Offer whilst it is subject to the Conditions. However, you:

(a) will forego the opportunity to accept the Offer and receive the Offer Price (and any potential improvement in the Offer Price), in relation to those EAT Shares;

(b) will forego the opportunity to accept any Superior Proposal for your EAT Shares should one emerge;

(c) may be liable for tax on the disposal of those EAT Shares;

(d) may incur a brokerage charge; and

(e) will forego the opportunity to receive future returns from EAT in relation to those EAT Shares.

You should contact your Broker for information on how to sell your EAT Shares on the ASX and your tax adviser to determine your tax implications from such a sale.

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4.3 Do nothing and retain your EAT Shares

The Independent Board Committee unanimously recommends that you **ACCEPT** the Offer in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is both fair and reasonable to Non-Associated EAT Shareholders.

If, however, you do not wish to accept the Offer in respect of your EAT Shares, you should do nothing. Simply disregard the documents sent to you by Suzerain.

You should note that:

(a) if you choose not to accept the Offer, you will not receive the Offer Price unless Suzerain (and its Associates) have a Relevant Interest in 90% of the EAT Shares during or at the end of the Offer Period. In this event (subject to satisfaction of various legal requirements), Suzerain will become entitled to compulsorily acquire all those EAT Shares that it does not already own in accordance with Part 6A.1 of the Corporations Act (see section 5.13 of this Target's Statement for further information); and

(b) if Suzerain acquires less than 90% of the EAT Shares, the Conditions of the Offer are satisfied or waived by Suzerain and you continue to hold EAT Shares, you will be exposed to the risks associated with being a minority shareholder of EAT. Some of these risks are explained in sections 8.4 and 8.5 of this Target's Statement.

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5 Information regarding the Offer

5.1 Overview

Suzerain has lodged with ASIC and served on EAT a copy of the Bidder's Statement, which contains the Offer to EAT Shareholders to acquire all of the EAT Shares which Suzerain does not already own via a conditional off-market takeover bid, including any rights attaching to those EAT Shares.

5.2 The Offer Price

Suzerain is offering a cash sum of $0.022 per EAT Share under the Offer.

5.3 Offer period

The Offer is currently open for acceptance and will close at 7:00pm Brisbane time on 12 December 2025 unless extended or withdrawn in accordance with the Corporations Act.

The circumstances in which Suzerain may withdraw the Offer are set out in section 5.8 of this Target's Statement. The circumstances in which Suzerain may extend the Offer are set out in section 5.12 of this Target's Statement.

5.4 Conditions of the Offer

The Offer is subject to a number of Conditions. Those Conditions are set out in full in Schedule 2 to the Bidder's Statement.

As at the Last Practicable Date, the Conditions which are yet to be satisfied or waived are the following:

(a) no Material Adverse Change;

(b) Suzerain has a Relevant Interest in at least 90% (by number) of EAT Shares and the holders of at least 75% (by number) of EAT Shares (excluding EAT Shares held by Suzerain and its Associates) have accepted the Offer;

(c) no Prescribed Occurrences;

(d) all LFS Securities on issue vest in accordance with their terms of issue;

(e) no LTI Securities have been issued; and

(f) FIRB approval.

5.5 Waiver of Conditions

Subject to the Corporations Act, at any time when the Offer is open, Suzerain may choose to waive certain conditions of the Offer and/or declare the Offer unconditional.

5.6 Notice of Status of Conditions

Clause 6.7 of Schedule 1 to the Bidder's Statement states that Suzerain will give a notice of status of the Conditions to ASX and EAT on 5 December 2025 (subject to extension in accordance with the Corporations Act if the Offer Period is extended).

Suzerain is required to set out in its notice of status of the Conditions:

(a) whether the Offer is free of any or all the Conditions;

(b) whether, so far as Suzerain knows, any of the Conditions have been fulfilled; and

(c) Suzerain's Voting Power in EAT at the relevant time.

5.7 Consequences if Conditions are not satisfied

The Offer will lapse if the Conditions are not satisfied or waived by the end of the Offer Period.

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If, at the end of the Offer Period, the Conditions have not been satisfied and Suzerain has not waived those Conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

5.8 Withdrawal of the Offer

Suzerain may not withdraw the Offer if you have already accepted it.

Before you accept the Offer, Suzerain may only withdraw its Offer with ASIC's written consent, subject to any conditions specified in such consent.

5.9 Effect of acceptance

The effect of acceptance of the Offer is set out in clause 6.8 of Schedule 1 to the Bidder's Statement. You should read those sections in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your EAT Shares and the representations and warranties which you give by accepting the Offer.

5.10 Your ability to withdraw your acceptance

If you accept the Offer, you will only be able to withdraw your acceptance in limited circumstances. You may only withdraw your acceptance of the Offer if Suzerain varies the Offer in a way that postpones, for more than one month, the time when Suzerain needs to meet its obligations under the Offer. This will occur if Suzerain extends the Offer Period by more than one month and the Offer is still subject to the Conditions.

5.11 Payment of consideration

Suzerain has set out in clause 5.1 of Schedule 1 to the Bidder's Statement the timing of the provision of the consideration to EAT Shareholders who accept the Offer. In general terms, if you accept the Offer, and the Offer becomes unconditional, you will be paid the Offer Price for your EAT Shares within one month of the later of:

(a) the date you accept the Offer; and

(b) the date the Offer becomes unconditional.

In any event, you will be paid the Offer Price for your EAT Shares within 21 days after the Offer closes (assuming all Conditions are satisfied or waived).

5.12 Changes to the Offer

Suzerain can vary the Offer by:

(a) waiving some or all of the Conditions (subject to the Corporations Act);

(b) extending the Offer Period (subject to the Corporations Act); or

(c) increasing the consideration offered under the Offer.

If you accept the Offer and Suzerain subsequently increases the consideration offered in respect of the Offer, you are entitled to receive the improved consideration.

5.13 Compulsory acquisition following the Offer

Suzerain will be entitled to compulsorily acquire any outstanding EAT Shares for which it has not received acceptances, on the same terms as the Offer, if, during or at the end of the Offer Period, Suzerain (taken together with its Associates):

(a) has a Relevant Interest in at least 90% (by number) of EAT Shares on issue at the relevant time; and

(b) has acquired at least 75% (by number) of EAT Shares for which it has made an Offer.

In section 6.3 of the Bidder's Statement, Suzerain has stated that it may, in its discretion, elect

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to compulsorily acquire any outstanding EAT Shares if it becomes entitled to do so in accordance with the above requirements.

If the above compulsory acquisition requirements are met and Suzerain decides to proceed with a compulsory acquisition, it will have one month from the end of the Offer Period within which to give compulsory acquisition notices to EAT Shareholders who have not accepted the Offer, but it may choose to commence compulsory acquisition as soon as the relevant thresholds are satisfied (i.e. during the Offer Period). A copy of the notice must be lodged with ASIC and ASX. The consideration payable by Suzerain will be the offer consideration last offered under the Offer.

EAT Shareholders have statutory rights to challenge any compulsory acquisition, but a successful challenge will require the relevant EAT Shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent 'fair value' for the EAT Shares. If EAT Shares are compulsorily acquired, EAT Shareholders who have their EAT Shares compulsorily acquired are not likely to receive any payment until at least one month after the compulsory acquisition notices are sent.

5.14 General compulsory acquisition

If Suzerain does not become entitled to compulsorily acquire EAT Shares in the manner described in section 5.13 of this Target's Statement, it may nevertheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act.

Broadly, under these circumstances, Suzerain will be entitled to compulsorily acquire all outstanding EAT Shares, if Suzerain (either alone or together with its Related Bodies Corporate) holds full beneficial interests in at least 90% (by number) of EAT Shares.

Suzerain (either alone or together with its Related Bodies Corporate) will have six months after meeting the threshold set out above to give compulsory acquisition notices to the relevant remaining holders of EAT Shares. These compulsory acquisition notices must be accompanied by an expert's report and an objection form and be lodged with ASIC and ASX. The expert's report must consider whether Suzerain's price for compulsory acquisition under this procedure gives 'fair value' for the EAT Shares and the expert's reasons for forming that opinion.

In section 6.12 of the Bidder's Statement, Suzerain has stated that it may, in its discretion, elect to exercise the general compulsory acquisition power under Part 6A.2 of the Corporations Act in future and if it becomes entitled to do so.

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6 Profile of the EAT Group

6.1 Introduction

EAT is an Australian public company limited by shares that is currently listed on the ASX (ASX:EAT). EAT was incorporated on 17 January 2014 and was added to the official list of ASX on 9 September 2014. EAT was formerly known as BPS Technology Limited (ASX:BPS) and IncentiaPay Limited (ASX:INP).

The principal activity of EAT is the operation a loyalty and rewards platform in Australia and New Zealand offering membership subscriptions for payment discounts and special offers to retail customers and corporate clients. Through EAT's technology-enabled platform and digital marketing programs, EAT helps merchant partners attract and engage consumers. Through its Subsidiaries, EAT also provides a marketplace for offers and rewards which connects merchants wanting more business with consumers seeking entertainment, lifestyle, and leisure experiences at great value.

6.2 Overview of the EAT Group's operations

EAT currently operates under five key verticals:

(a) **Entertainment Membership:** EAT offers an annual paid membership for subscription to its Entertainment App which offers a range of discounts across dining, experiences and travel products. Charities and other not-for-profit entities (**NFPs**) are key distributors of the Entertainment membership as Entertainment contribute 20% of its membership revenues to those charities and NFPs.

(b) **Frequent Value:** Frequent Value is a flagship B2B membership product EAT offers to organisations and major brands with trusted and well-known loyalty programs. Frequent Value features always-on special offers across dining, takeaway, travel and wellbeing to help those organisations and brands with customer retention and acquisition. Over 20 corporate clients including household names such as Zurich and Budget Direct have utilised Frequent Value.

(c) **Paid Advertising:** EAT offers placement of advertisements and the distribution of offers and promotions on behalf of businesses to members while earning transaction-based revenues through transactions generated on its platform,

(d) **Card Linked Offers:** A relatively new business vertical, EAT provides merchant offers to one of the largest card networks in Australia for offering card linked discounts to its card holders. EAT earns commission revenue on all the transactions initiated through card linked offers.

(e) **Gift Cards:** EAT offers discounted gift cards to its closed loop membership base through partnerships with major retailers in Australia and New Zealand such as, amongst others, Woolworths, David Jones, JB Hi-Fi, Apple and Harvey Norman. EAT is able to offer competitive discounts in the market that are driven by its strong relationships with these major retailers.

EAT currently has a strong in-house business development and marketing team to drive the revenues of the above key verticals, ably supported by other team members in information technology, finance and HR functions.

6.3 Corporate Structure of EAT Group

The corporate structure of the EAT Group is as follows:

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6.4 Directors of EAT

The EAT Directors as at the date of this Target's Statement are as follows:

Dean Palmer **Chairman**	Mr Palmer was first appointed as an EAT Director on 15 August 2019 and re-elected on the 30 November 2022. Mr Palmer was appointed as chairman on 31 May 2023. Mr Palmer has a Bachelor of Laws (LLB), Bachelor of Commerce and is a member of the Chartered Accountants Australia & New Zealand. Mr Palmer is a business professional with over 25 years' experience in finance, business building and funds management. Mr Palmer is the managing director of SkyBound Capital's operations in Australia. He is also the founder and CEO of Skybound Fidelis Investment Limited, a specialist finance, commercial credit and property funds management company which holds an Australian financial services licence. Mr Palmer has held numerous senior executive positions both in Australia and the United Kingdom. Mr Palmer holds no other directorships with Australian listed companies.
Heidi Halson **Managing Director**	Ms Halson was appointed as Managing Director and Chief Executive Officer of EAT on 1 May 2024 (and re-elected on 29 November 2024). Ms Halson was involved in the establishment of Entertainment Publications in Australia back in 1994. Since establishing the business 31 years ago and leading it until 2019, she has witnessed firsthand the evolution of technology, fundraising, as well as the travel and leisure industries in Australia, New Zealand, the United States and beyond. Ms Halson has been a key facilitator in the evolution of the Entertainment Book products from their traditional print-based formats, into today's modern Entertainment Memberships - App and Digital Products - first released in 2012. Ms Halson brings her years of operational leadership in the travel and leisure industry, strategic, customer-oriented vision and marketing directorship expertise, along with her specific knowledge of the business back to EAT to ensure its success. Ms Halson holds no other directorships with Australian listed companies.
Charles Romito **Non-Executive**	Dr Romito was first elected a director of EAT on 28 June 2019 and re-elected on 20 January 2022 and 30 November 2023. Dr Romito has a PhD in Innovation Management and an MSci in

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Director	Physics. Dr Romito is an experienced management consultant and investment professional. He was previously in the London office of the global strategy consultancy McKinsey & Company and a co-founder of their Innovation & Growth Strategy practice. Dr Romito is currently a Partner with Corpus Transformation Services in Sydney. As a PE professional, Dr Romito has held senior roles including the COO and General Operating Partner in a Venture and Growth Equity fund. He has a 21+ year track record and has held board positions in six countries. Dr Romito is also an accomplished management-academic with expertise in Business-Model Innovation, Growth Strategy and Business Transformation; he has published and presented at international conferences; and designed, developed and delivered Masters' level degree programmes and Executive Education. Dr Romito holds no other directorships with Australian listed companies.

6.5 Interests of EAT Directors in EAT and Suzerain securities

EAT Director	EAT Shares (incl LFS Securities)	LFS Securities	Percentage of overall EAT Shares
Dean Palmer (and his Associates)	103,070,369	16,446,000	7.88%
Heidi Halson	420,000	-	0.03%
Charles Romito	12,651,000	12,651,000	0.97%

None of the EAT Independent Directors or their Associates have any Relevant Interest in the securities of Suzerain or any Related Body Corporate of Suzerain.

6.6 Financial information

The financial information in this section 6.6 of the Target's Statement has been extracted from EAT's audited financial statements for the financial year ended 30 June 2025.

As this financial information has been presented in an abbreviated form, it is not complete and should be read in conjunction with EAT's audited financial statements for the financial year ended 30 June 2025. These may be viewed in EAT's 2025 annual report which was announced to ASX on 25 September 2025 and can also be found on EAT's website at https://investor.entertainment.com.au/investor-reports.

(a) **Consolidated statement of financial position**

	FY 2024 (in $'000)	FY 2025 (in $'000)
Current assets		
Cash and cash equivalents	1,968	1,425

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Trade and other receivables	524	610
Contract assets	126	387
Inventories	72	110
Other assets	562	520
Total current assets	**3,252**	**3,052**
Non-current assets		
Plant and equipment	70	50
Intangible assets	856	478
Total non-current assets	**926**	**528**
Total assets	**4,178**	**3,580**
Current liabilities		
Trade and other payables	2,687	2,993
Borrowings	23,708	-
Deferred revenue	2,637	2,852
Provisions	402	411
Total current liabilities	**29,434**	**6,256**
Non-current liabilities		
Borrowings	3,804	13,517
Deferred revenue	167	0.5
Provisions	56	33
Total non-current liabilities	**4,027**	**13,550**
Total liabilities	**33,461**	**19,806**
Net deficiency of assets	**(29,283)**	**(16,226)**
Equity		
Issued capital	132,141	132,383
Reserves	484	22,954
Accumulated losses	(161,908)	(171,563)
Total equity	**(29,283)**	**(16,226)**

(b) **Consolidated statement of comprehensive incomes**

	FY 2024 (in $'000)	FY 2025 (in $'000)
Revenue and other income	16,616	18,710
Cost of sales	(8,519)	(11,565)
Gross profit	**8,096**	**7,145**

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Employee expenses	(9,812)	(11,181)
Marketing expenses	(685)	(787)
Website and communication	(777)	(825)
Legal and professional costs	(248)	(199)
Corporate and administrative expenses	(1,186)	(1,082)
Finance costs	(2,913)	(2,245)
Building occupancy expense	(35)	(42)
Bad debts reversals/(expenses)	75	(22)
Depreciation and amortisation expense	(156)	(417)
Operating loss before income tax	**(7,641)**	**(9,655)**
Tax benefit	-	-
Net loss for the period	**(7,641)**	**(9,655)**

(c) **Consolidated statement of cash flows**

	FY 2024 (in $'000)	FY 2025 (in $'000)
Cashflows from operating activities		
Receipts from customers	16,507	19,394
Payments to suppliers and employees	(21,927)	(26,197)
Refund of security deposit	-	7
Net cash used in operating activities	**(5,420)**	**(6,796)**
Cashflows from investing activities		
Purchase of property, plant and equipment	(13)	(19)
Interest received	27	16
Proceeds from term investments	332	-
Net cash used in investing activities	**346**	**(3)**
Cashflows from financing activities		
Proceeds from borrowings	5,930	6,641
Interest and other finance costs	(478)	(379)
Principal element of lease payments	(233)	
Net cash from financing activities	**5,219**	**6,262**
Net increase/(decrease) in cash held	146	(537)
Cash and cash equivalents at beginning of financial period	1,825	1,968
Effects of movements in exchange rates on cash and cash equivalents held	(3)	(6)
Cash and cash equivalents at the end of the financial period in continuing operations	**1,968**	**1,425**

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6.7 Issued capital of EAT

As at the Last Practicable Date, the issued capital of EAT comprises:

Security	Total on issue
EAT Shares (including LFS Securities)	1,308,786,015
Convertible Note	1

6.8 Substantial holders

As at the Last Practicable Date, the substantial holders of EAT Shares were as follows.

Name	Number of EAT Shares held	Percentage held
Suzerain	861,845,725	65.85%
Dean Palmer	103,070,369	7.88%
Australian Fintech Plus Pty Ltd	59,524,369	4.55%

6.9 EAT's dividend history

No dividends were declared or paid during the financial year ended 30 June 2025 and no dividends are expected to be declared or paid for the financial year ending 30 June 2026.

6.10 Corporate governance

EAT has published its corporate governance policies and other documentation on its website at https://investor.entertainment.com.au/governance.

6.11 Publicly available information

EAT is a company listed on the ASX and is subject to periodic and continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. A substantial amount of information on EAT is publicly available, including EAT's 2025 annual report, which can be accessed by referring to EAT on www.asx.com.au (ASX: EAT).

Copies of certain documents lodged with ASIC in relation to EAT may be obtained from ASIC's website.

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7 Information regarding Suzerain

7.1 Disclaimer as to information about Suzerain

The following information in this Target's Statement concerning Suzerain and its business is based on public availability information, including information in the Bidder's Statement, and has not been independently verified by EAT. Accordingly, EAT does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Please refer to the Bidder's Statement for further information on Suzerain.

7.2 Overview of Suzerain

Section 4 of the Bidder's Statement provides an overview of Suzerain. In summary, section 4 of the Bidder's Statement states that:

(a) Suzerain is a dynamic investment company registered in the British Virgin Islands with registration number 1934540; and

(b) the controlling entity of Suzerain is Skybound Capital (Mau) Limited (**Skybound**), an experienced asset manager specialising in alternative investments with expertise in private markets.

7.3 Historical and existing arrangements between EAT and Suzerain

(a) Suzerain is a substantial shareholder of EAT Shares and the largest EAT Shareholder. As at the Last Applicable Date, Suzerain is the registered holder of 861,845,725 EAT Shares.

(b) Suzerain first became a substantial holder of EAT Shares on 21 June 2019. Suzerain's initial shareholding in EAT was originally acquired in February 2019 by New Gold Coast Holdings Limited (**NGCH**), a related party of Suzerain, and was later transferred to Suzerain from NGCH on 21 June 2019.

(c) EAT, Suzerain and its related entities have maintained a longstanding funding relationship since 2019.

(d) EAT's historical funding arrangements with Suzerain and its related entities consisted of:

  (i) a placement of 14,425,000 EAT Shares to NGCH that completed on 1 March 2019;

  (ii) a $4 million unsecured debt facility between EAT and Suzerain that was entered into on 16 May 2019 (the **May 2019 Facility**); and

  (iii) a $5.825 million loan facility between EAT and Suzerain that was entered into on 28 February 2020 and later increased to $9.825 million on 4 June 2020 and made convertible into EAT Shares on 29 September 2020.

(e) EAT currently has outstanding liabilities to Suzerain and its related entities under the Suzerain Loans, being:

  (i) the Convertible Loan Deed, which is summarised in section 10.3 of this Target's Statement;

  (ii) the Suzerain Loan Facility, which is summarised in section 10.4 of this Target's Statement;

  (iii) the Original Loan Deed, which is summarised in section 10.5 of this Target's Statement; and

  (iv) the Skybound Loan Deed, which is summarised in section 10.6 of this

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Target's Statement.

(f) On 15 October 2025, EAT and Suzerain entered into the Implementation Deed pursuant to which Suzerain agreed to make the Offer. The terms of the Implementation Deed are summarised in section 10.1 of this Target's Statement.

7.4 Suzerain's intentions regarding EAT

Suzerain's intentions in relation to EAT including, but not limited to:

(a) if Suzerain becomes entitled to compulsorily acquire any outstanding EAT Shares pursuant to Part 6A.1 and Part 6A.2 of the Corporations Act;

(b) the potential amendment to EAT's constitution;

(c) the potential removal of EAT from the official list of ASX;

(d) the continuation of or change to EAT's operations, assets and structure;

(e) the retention of or change to EAT's employees and the EAT Board; and

(f) changes to EAT's dividend policy,

are set out in section 6 of the Bidder's Statement.

7.5 Directors of Suzerain

The details of Suzerain's directors are set out in section 4.4 of the Bidder's Statement. In summary, Suzerain has stated that its directors are:

(a) Chundunsing (Rakesh) Seesurn;

(b) Daniel Nicolaas (Nico) Breed; and

(c) Theodore Qi Shou.

7.6 Suzerain financial information

In section 4.6 of the Bidder's Statement, Suzerain has stated that it will source the necessary funds to pay the Offer Price (and costs associated with the Offer) from Skybound, being a licensed investment manager of the Skybound Capital Partners PCC (Fund) in respect of The Prism Income Fund and The Prism Dividend Fund. In the Bidder's Statement, Suzerain has further stated that it is a special-purpose investment vehicle within the Fund structure (indirectly owned by investors in the Fund).

Suzerain has stated, in section 4.6 of the Bidder's Statement, that it has received a letter of comfort from Skybound and that this letter confirms that Skybound will ensure that Suzerain has sufficient financial resources and support to meet its obligations in connection with the proposed Offer, including payment of the consideration in accordance with the terms of the Offer.

Suzerain is otherwise an unlisted company and has not made any financial information publicly available other than as set out in the Bidder's Statement.

7.7 Capital structure of Suzerain

In sections 4.1 and 4.5 of the Bidder's Statement, Suzerain has stated that it is controlled by Skybound, who is an experienced asset manager specialising in alternative investments with expertise in private markets with over $2 billion in assets under management.

7.8 Publicly available information on Suzerain

Suzerain is an unlisted company and therefore, not subject to periodic and continuous disclosure requirements under Australian law. However, Suzerain is required to lodge various documents with ASIC and ASX in relation to the Offer and its shareholding in EAT. Copies

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of certain documents lodged with ASIC or ASX by Suzerain may be obtained from ASIC's or ASX's website (as applicable).

Further information about Suzerain is available in section 4 of the Bidder's Statement.

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8 Risk Factors

8.1 Introduction

In considering the Offer, EAT Shareholders should be aware that there are a number of risk factors associated with either accepting the Offer or rejecting the Offer and continuing to hold EAT Shares.

When considering whether to accept the Offer, EAT Shareholders are encouraged to carefully read both this Target's Statement and the Bidder's Statement, and to assess the risks outlined herein. While certain risks may be mitigated, others remain beyond the control of EAT and the EAT Board.

The risk factors described in this section 8 of this Target's Statement do not account for the individual investment objectives, financial circumstances, or specific needs of each EAT Shareholder. Moreover, the risks presented are not exhaustive and are general in nature, they do not encompass all potential risks associated with an investment in EAT, either now or in the future.

Additionally, there may be further risks and uncertainties not currently known to EAT, or known risks that are presently considered immaterial, which could nonetheless adversely impact EAT's business operations, future prospects, and the value of its shares.

8.2 Risks associated with accepting the Offer

Conditions of the Offer

As described in Schedule 2 of the Bidder's Statement and section 5.4 of this Target's Statement, the Offer is subject to the Conditions. If the Conditions are not satisfied or waived by the end of the Offer Period, the Offer will lapse and all contracts resulting from the acceptance of the Offer will be automatically void.

Based on information available to the Independent Board Committee as at the Last Practicable Date, the Independent Board Committee has no reason to believe that the Conditions cannot be satisfied within a reasonable period of time.

If the Conditions are ultimately not satisfied or waived (to the extent they are able to be waived) such that the Offer does not proceed, amongst other things:

(a) the trading price of EAT Shares may potentially decline; and

(b) you may be unable to sell your EAT Shares on the ASX due to a lack of liquidity.

Limited withdrawal rights

Once you have accepted the Offer, you will only be able to withdraw such acceptance in the limited circumstances described in section 5.10 of this Target's Statement.

Otherwise, you will be unable to withdraw your acceptance even if the value of your EAT Shares varies significantly from the date of your acceptance of the Offer or a Superior Proposal is otherwise announced.

Possibility of a Superior Proposal

A Superior Proposal may emerge after you have accepted the Offer. However given that, at the Last Practicable Date, Suzerain holds 65.85% of EAT Shares, the Independent Board Committee considers that the likelihood that a Superior Proposal from a third party will emerge is low.

By accepting the Offer, you will not be able to accept any Superior Proposal that may be made. As such, you may not be able to obtain any potential benefit associated with any such Superior Proposal.

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If a Competing Proposal emerges, the Independent Board Committee will keep EAT Shareholders informed.

Other than as set out in this Target's Statement, as at the Last Practical Date, the Independent Board Committee are not aware of any Competing Proposal and there can be no assurance that any Competing Proposal will emerge or that such a Competing Proposal will be, or will become, a Superior Proposal.

Possible appreciation of value of EAT Shares in the future

By accepting the Offer, you may forego future dividends and any ability to sell your EAT Shares in the future for more valuable consideration than the Offer Price (although the Independent Board Committee can give no assurances and make no forecast of whether this will occur).

Taxation consequences

The taxation consequences of accepting the Offer will depend on various factors and may differ based on your individual circumstances.

A general description of the Australian tax implications for certain EAT Shareholders who accept the Offer is set out in section 9 of this Target's Statement and section 8 of the Bidder's Statement.

You should not rely on those outlines as advice on your own affairs. You should seek your own professional independent financial and tax advice before making a decision whether or not to accept the Offer.

EAT has not independently verified Suzerain's information

In preparing the information in this Target's Statement, EAT has relied upon information set out in the Bidder's Statement or otherwise provided by Suzerain. EAT has not been able to verify the accuracy, reliability or completeness of all of the information which was disclosed by Suzerain.

8.3 Risks associated with certain outcomes of the Offer

Suzerain meets compulsory acquisition thresholds

In section 6.3 of the Bidder's Statement, Suzerain has advised that, if Suzerain becomes entitled to do so, Suzerain may, in its discretion, elect to compulsorily acquire any outstanding EAT Shares under section 661B of the Corporations Act.

In section 6.5 of the Bidder's Statement, Suzerain has also advised that should it elect to compulsorily acquire any remaining EAT Shares, it may procure that EAT be removed from the official list of ASX (or ASX may require such removal).

Suzerain owns or controls at least between 50% and 90% of EAT Shares

In sections 6.11 to 6.20 of the Bidder's Statement, Suzerain has advised its current intentions if Suzerain does not become entitled to compulsory acquire all outstanding Shares during or at the end of the Offer Period. Where this outcome results, EAT will continue to be controlled by Suzerain but will not become a wholly-owned Subsidiary of Suzerain.

In section 6.12 of the Bidder's Statement, Suzerain has advised that, if Suzerain does not become entitled to compulsory acquire all outstanding Shares during or at the end of the Offer Period pursuant to section 661B of the Corporations Act, it may nevertheless become entitled to exercise the general compulsory acquisition power under Part 6A.2 of the Corporation Act in future. Suzerain has advised that it may elect to exercise this power over the EAT Shares if it becomes entitled to do so.

In section 6.13 of the Bidder's Statement, Suzerain has advised that, where Suzerain, together

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with its Associates, does not acquire a Relevant Interest in at least 90% of the EAT Shares at the end of the Offer Period, it may procure that EAT be removed from the official list of ASX (which may be possible if Suzerain owns or controls at least 75% of the EAT Shares). If EAT is delisted:

(a) you may find it more difficult to sell your EAT Shares; and

(b) the protections available to EAT Shareholders under the ASX Listing Rules will no longer be available.

8.4 Risks associated with not accepting the Offer

No premium

Except where Suzerain becomes entitled to compulsorily acquire the remaining EAT Shares at the end of the Offer Period in accordance with Part 6A.1 of the Corporations Act, EAT Shareholders who do not accept the Offer may not receive the significant premium to EAT's historical trading prices implied by the Offer. Further, if the Offer lapses, the price of EAT Shares on the ASX may potentially decline.

Minority ownership consequences

In addition to the risk factors described in section 8.3 of this Target's Statement under the sub-heading 'Suzerain owns or control at least between 50% and 90% of EAT Shares', where you do not accept the Offer and the Offer lapses or Suzerain does not become entitled to compulsory acquire all outstanding Shares during or at the end of the Offer Period, EAT will continue to be effectively controlled by Suzerain and Non-Associated EAT Shareholders will remain as minority shareholders.

Where Suzerain has effective control of EAT, Suzerain has the ability to appoint a majority of the EAT directors and, in doing so, can take control of the day-to-day operations of EAT's business, subject to the Corporations Act and ASX Listing Rules.

Where you do not accept the Offer and continue to be a minority shareholder, additional risks may also include:

(a) reduced liquidity for EAT Shares; and

(b) greater difficulty in realising value for EAT Shares as Suzerain will continue to hold a blocking stake to any proposal received from a rival bidder.

Uncertain that EAT will receive similar or superior offers in the future

Where EAT Shareholders do not accept the Offer and the Offer subsequently lapses, there is a risk that EAT Shareholders may:

(a) not receive an offer of similar or superior value in the future; and

(b) EAT may become vulnerable to opportunistic or unsolicited approaches at a discount to the Offer consideration.

There can be no assurance that any alternative transaction will emerge offering comparable strategic benefits or value premiums. This may adversely impact the long-term value and returns available to EAT Shareholders.

Moreover, due to Suzerain's current shareholding in EAT which, as at the Last Practicable Date, represents 65.85% of all EAT Shares, any future offer would need to come from Suzerain or be undertaken with Suzerain's support.

As a result, EAT Shareholders who do not accept the Offer may forgo a potentially compelling opportunity, which could adversely affect their long-term financial outcomes and overall investment returns.

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8.5 Risks associated with holding EAT Shares

If you choose not to accept the Offer and retain your EAT Shares, you will remain exposed to the risks inherent with being an EAT Shareholder. Whilst holding EAT Shares provides an economic interest in EAT's ongoing operations, there is no assurance that EAT's ongoing operations will achieve or maintain profitability in the future and that you will achieve a return on your investment in EAT Shares. Specifically, EAT's performance is subject to a range of risk factors, including both general business risks and those specific to its operations and the industry in which it operates.

The following summary outlines key risks that may impact EAT's financial performance and the value of EAT Shares. This list is not exhaustive, and other unforeseen or emerging risks may also materially affect EAT's financial performance and the value of EAT Shares. These risks are presented on the basis that the Offer is not successful and EAT continues to operate its business is in the ordinary course.

General market risks

The operating and financial performance of EAT may be influenced by broader domestic and global economic conditions. For instance, adverse changes in macroeconomic factors, including global, regional, and local economic growth, credit availability and cost, inflation, interest and exchange rates, government fiscal, monetary and regulatory policies, consumer sentiment and spending, and employment levels, amongst others, are beyond EAT's control. Any deterioration in these conditions could have a material adverse impact on EAT's operations, financial results, and ultimately, shareholder value.

Ongoing funding and going concern risk

There is a significant risk regarding the current financial position of EAT, which is set out in section 6.6 of this Target's Statement. EAT was last profitable during the financial year ending 30 June 2017 and EAT has experienced negative operating cash flows in each financial year since. Because of this, for EAT to continue as a going concern, EAT has been reliant on securing and obtaining ongoing funding. No assurance can be given that EAT will continue to be able to obtain ongoing funding on terms acceptable to EAT, or at all. If EAT is unable to obtain ongoing funding as and when needed, this could have a material adverse effect on EAT's activities and could affect EAT's ability to continue as a going concern.

EAT's funding arrangements with Suzerain

As discussed in section 7.3 of this Target's Statement, since August 2019, EAT has primarily obtained its required ongoing funding from Suzerain and its related entities such as New Gold Coast Holdings Limited and Skybound Fidelis Investment Limited. Whilst the EAT Directors have reasonable grounds to believe that the ongoing financial support of Suzerain and its related entities is likely to continue, there can be no assurance that this will continue on terms acceptable to EAT, or at all.

If EAT is unable to obtain ongoing financial support from Suzerain and its related entities, EAT may not be able to obtain alternative funding from other third parties on terms acceptable to EAT, or at all (and therefore be exposed to the going concern risk described above). EAT's current funding arrangements with Suzerain may also limit the ability of EAT to obtain alternative funding from third parties due to:

(a) Suzerain's position as a first-ranking secured creditor over all the EAT Group's present and future property;

(b) the substantial liabilities associated with the Suzerain Loans; and

(c) Suzerain holds 65.85% of all EAT Shares as at the Last Practicable Date of this Target's Statement.

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Convertible Loan Deed

The Convertible Loan Deed is summarised in section 10.3 of this Target's Statement. Under the Convertible Loan Deed, Suzerain is owed $27,067,126 (inclusive of accrued outstanding interest and admin fees) and this amount must be repaid on or before 31 December 2028, subject to the conversion rights discussed below.

Under the terms of the Convertible Loan Deed, if an event of default is continuing, Suzerain has a right to declare any outstanding amounts under the Convertible Loan Deed immediately due and payable. Where an event of default is continuing and Suzerain exercises this right, subject to the conversion rights discussed below, there is no assurance that EAT will have sufficient funds to immediately repay the outstanding amounts under the Convertible Loan Deed. It is also possible that, even in the absence of a demand for early repayment, there is no assurance that EAT will have sufficient funds to repay the outstanding amounts under the Convertible Loan Deed on or before 31 December 2028, subject to the conversion rights discussed below.

As discussed in section 10.3 of this Target's Statement, pursuant to the Convertible Loan Security Interest, EAT has granted a first-ranking general security interest over all of EAT's present and after-acquired assets to Suzerain in connection with EAT's liabilities under the Convertible Loan Deed. Under the terms of the Convertible Loan Security Interest, where an event of default is continuing, Suzerain may, amongst other rights, appoint a Controller with broad powers to manage and carry on the business of EAT and assume control of EAT's assets. Where EAT continues to have outstanding liabilities under the Convertible Loan Deed and an event of default is continuing, there is a risk that Suzerain may exercise this right which, if exercised, could have a material adverse effect on EAT's activities and could affect EAT's ability to continue as a going concern.

Under the terms of the Convertible Loan Deed, EAT has the right to convert some or all of the outstanding principal of the Convertible Loan Deed, being $22,500,000, into an issue of new EAT Shares at a conversion price of $0.022 per EAT Share and in the period up to and including 31 December 2025. At EAT's 2025 Annual General Meeting, EAT will seek EAT Shareholder approval to extend this conversion period to 31 December 2028 and also obtain an equivalent right to convert some or all of the accrued interest under the Convertible Loan Deed under the same terms. If the Offer lapses and EAT is unable to make repayments under the Convertible Loan Deed in cash, EAT Shareholders should be aware that the EAT Board may exercise these conversion rights under the Convertible Loan Deed which, once exercised, would significantly dilute each EAT Shareholder other than Suzerain. The potential increase to Suzerain's Voting Power from an exercise of these conversion rights is set out in section 10.3 of this Target's Statement.

Suzerain Loan Facility

The Suzerain Loan Facility is summarised in section 10.4 of this Target's Statement. Under the Suzerain Loan Facility, Suzerain is owed $9,805,384 (inclusive of accrued outstanding interest and line fees) as at the Last Practicable Date and this amount must be repaid on or before 31 December 2026.

Under the terms of the Suzerain Loan Facility, if an event of default is continuing, Suzerain has a right to declare any outstanding amounts under the Suzerain Loan Facility immediately due and payable. Where an event of default is continuing and Suzerain exercises this right, there is no assurance that EAT will have sufficient funds to immediately repay the outstanding amounts under the Suzerain Loan Facility. It is also possible that, even in the absence of a demand for early repayment, there is no assurance that EAT will have sufficient funds to repay the outstanding amounts under the Suzerain Loan Facility on or before 31 December 2026.

Original Loan Deed

The Original Loan Deed is summarised in section 10.5 of this Target's Statement. Under the

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Original Loan Deed, Suzerain is owed $864,788 (inclusive of accrued outstanding interest) as at the Last Practicable Date and this amount must be repaid on or before 31 December 2026.

Under the terms of the Original Loan Deed, if an event of default is continuing, Suzerain has a right to declare any outstanding amounts under the Original Loan Deed immediately due and payable. Where an event of default is continuing and Suzerain exercises this right, there is no assurance that EAT will have sufficient funds to immediately repay the outstanding amounts under the Original Loan Deed. It is also possible that, even in the absence of a demand for early repayment, there is no assurance that EAT will have sufficient funds to repay the outstanding amounts under the Original Loan Deed on or before 31 December 2026.

As discussed in section 10.5 of this Target's Statement, pursuant to a general security deed, EAT has granted a first-ranking general security interest over all of EAT's present and after-acquired assets to Suzerain in connection with EAT's liabilities under the Original Loan Deed. Under the terms of this general security deed, where an event of default is continuing, Suzerain may, amongst other rights, appoint a Controller with broad powers to manage and carry on the business of EAT and assume control of EAT's assets. Where EAT continues to have outstanding liabilities under the Original Loan Deed and an event of default is continuing, there is a risk that Suzerain may exercise this right which, if exercised, could have a material adverse effect on EAT's activities and could affect EAT's ability to continue as a going concern.

Skybound Loan Deed

The Skybound Loan Deed is summarised in section 10.6 of this Target's Statement. Under the Skybound Loan Deed, Skybound Fidelis Credit Fund is currently owed $1,206,209 (inclusive of accrued outstanding interest and line fees) and this amount must be repaid on or before 31 December 2026.

Under the terms of the Skybound Loan Deed, if an event of default is continuing, Skybound Fidelis Credit Fund has a right to declare any outstanding amounts under the Skybound Loan Deed immediately due and payable. Where an event of default is continuing and Skybound Fidelis Credit Fund exercises this right, there is no assurance that EAT will have sufficient funds to immediately repay the outstanding amounts under the Skybound Loan Deed. It is also possible that, even in the absence of a demand for early repayment, there is no assurance that EAT will have sufficient funds to repay the outstanding amounts under the Skybound Loan Deed on or before 31 December 2026.

As discussed in section 10.6 of this Target's Statement, pursuant to a general security deed, EAT has granted a second-ranking general security interest over all of EAT's present and after-acquired assets to Skybound Fidelis Credit Fund in connection with EAT's liabilities under the Skybound Loan Deed. Under the terms of this general security deed, where an event of default is continuing, subject to a deed of priority with Suzerain, Skybound Fidelis Credit Fund may, amongst other rights, appoint a Controller with broad powers to manage and carry on the business of EAT and assume control of EAT's assets. Where EAT continues to have outstanding liabilities under the Skyound Loan Deed and an event of default is continuing, there is a risk that Skybound Fidelis Credit Fund may exercise this right which, if exercised, could have a material adverse effect on EAT's activities and could affect EAT's ability to continue as a going concern.

Future share price

In the event the Offer is not successful, there is a risk that the market price of EAT Shares may decline. The Independent Board Committee is not in a position to predict the future trading price of EAT Shares, including in the scenario where the Offer lapses. The future value of EAT Shares will be influenced not only by EAT's operational and financial performance but also by broader market conditions and external factors beyond EAT's control.

Litigation

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All industries, including industry of EAT's business, may be subject to legal claims whether or not they have merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which EAT is or may become subject could have a material effect on its financial position, results of operations or EAT's activities. As at the Last Practicable Date, the Independent Board Committee is not aware of any litigation or disputes being undertaken which is material in the context of the EAT Group.

Other risks

Additional risks and uncertainties that are not currently known or not considered material at this time may also adversely impact EAT and the value of its EAT Shares. The information outlined in this section 8.5 of the Target's Statement is not intended to be, and should not be regarded as, an exhaustive account of all potential risks that may affect the performance of EAT's Shares.

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9 Tax considerations

9.1 Introduction

Sections 9.2 and 9.3 of this Target's Statement below contain a general description of the Australian income tax and goods and services tax (**GST**) consequences to certain EAT Shareholders of the acceptance of the Offer. The comments set out below are relevant only to those EAT Shareholders who:

(a) hold their EAT Shares as capital assets for investment purposes and not for the purposes of speculation or a business of dealing in securities (e.g. as trading stock);

(b) are not subject to the Taxation of Financial Arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth);

(c) did not acquire their EAT Shares in return for services or as the result of an employee share plan or employee share option plan;

(d) are not a bank, insurance company, tax exempt organisation or superannuation fund; or

(e) are non-residents who currently hold, or have held, at any time EAT Shares through a permanent establishment in Australia.

EAT Shareholders who are not resident in Australia for tax purposes should take into account the tax consequences under the laws of their country of residence and any double taxation agreements applicable, as well as under Australian law, of acceptance of the Offer.

The following description of the Australian income tax and GST implications of acceptance of the Offer is based upon the Australian law and administrative practices of the ATO in effect at the date of this Target's Statement, but it is not tax advice, it is general in nature and it is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of every EAT Shareholder. EAT Shareholders should seek independent professional advice in relation to their own particular circumstances.

9.2 Australian resident shareholders

EAT Shareholders who accept the Offer

Acceptance of the Offer will involve the disposal of EAT Shares by an EAT Shareholder by way of transfer to Suzerain. This change in the ownership of the EAT Shares will constitute a capital gains tax (**CGT**) event for Australian CGT purposes.

The date of disposal for CGT purposes will be the date the contract to dispose of the EAT Shares is formed.

Compulsory Acquisition

If an EAT Shareholder does not dispose of their EAT Shares under the Offer and their EAT Shares are compulsorily acquired in accordance with Part 6A.1 of the Corporations Act, those EAT Shareholders will also be treated as having disposed of their EAT Shares for CGT purposes.

Unless a class ruling or private ruling from the Commissioner of Taxation applies in respect of the Offer, the date of disposal for CGT purposes will be the date when the EAT Shareholder ceases to be the owner of the EAT Shares. This is the date the Offer is accepted. The conditions to the Offer are conditions subsequent to the formation of the contract between an accepting EAT Shareholder and Suzerain. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period, prevent the formation of a contract to sell EAT Shares arising on acceptance of the Offer by an EAT Shareholder. As such, the date of disposal is not affected by the Offer being subject to one or more conditions subsequent as the

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Offer is accepted.

Calculation of the capital gain or capital loss

An EAT Shareholder who is an Australian resident may make a capital gain or capital loss on the transfer of EAT Shares. An EAT Shareholder will make a capital gain if the capital proceeds from the disposal of the EAT Shares are more than the cost base of those EAT Shares. An EAT Shareholder will make a capital loss if the capital proceeds are less than the reduced cost base of those EAT Shares.

The capital proceeds of the CGT event should be the consideration price of $0.022 per EAT Share received by the EAT Shareholder in respect of the disposal of the EAT Shares.

The cost base of the EAT Shares generally includes their cost of acquisition and certain incidental costs of acquisition and disposal that are not deductible to the EAT Shareholder.

An individual, complying superannuation entity or trustee that has held the EAT Shares for at least 12 months (excluding the date of acquisition and disposal) should generally be entitled to discount the amount of the capital gain (after application of capital losses) from the disposal of the EAT Shares by 50% in the case of an individual or trust or by 33.3% for a complying superannuation entity. For trusts, the ultimate availability of the discount for beneficiaries of the trust will depend on the particular circumstances of the beneficiaries.

The CGT discount is not available to companies.

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. Any net capital gain is included in assessable income and is subject to income tax. Excess capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains (subject to satisfying certain integrity rules relating to the recoupment of carried forward losses).

EAT Shareholders who are Australian residents should seek independent professional advice in relation to their own particular circumstances.

9.3 Non-resident shareholders

An EAT Shareholder who is not a resident of Australia for income tax purposes is subject to Australian tax on capital gains arising from the disposal of EAT Shares if:

(a) both:

  (i) the shareholder and its Associates hold 10% or more of the issued EAT Shares at the time of disposal of the EAT Shares or have held such interest for any continuous 12-month period within the 2 years preceding the disposal; and

  (ii) more than 50% of the value of EAT's assets is attributable to direct or indirect interests in Australian real property (as defined in the income tax law) (**TARP**). As at the date of this Target's Statement, EAT does not have any interests in Australian real property; or

(b) the shareholder has used the EAT Shares at any time in carrying on a business through an Australian permanent establishment.

EAT Shareholders who are not a resident of Australia should seek independent professional advice in relation to their own particular circumstances.

9.4 GST

Holders of EAT Shares should not be liable to GST in respect of a disposal of those EAT Shares. EAT Shareholders should seek their own tax advice to determine whether any GST incurred on costs (for example third party adviser fees) in relation to the disposal of their EAT

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Shares is recoverable by way of input tax credits or reduced input tax credits.

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10 Additional information

10.1 Implementation Deed

On 15 October 2025, EAT and Suzerain entered into the Implementation Deed pursuant to which Suzerain agreed to make the Offer. The Implementation Deed sets out the agreed terms on which Suzerain has made the Offer, and the obligations of both EAT and Suzerain in relation to the Offer. A copy of the Implementation Deed was attached to EAT's ASX announcement dated 15 October 2025.

A summary of the material terms of the Implementation Deed is set out below.

(a) (**Offer**): Suzerain has agreed to make an off-market takeover offer to acquire all of the EAT Shares (which Suzerain does not already own), at a price of $0.022 per EAT Share.

(b) (**EAT Directors recommendation**): EAT represents and warrants to Suzerain that:

(i) in the absence of a Superior Proposal and subject to the Independent Expert determining that the Takeover Bid is fair and reasonable:

(A) the Independent Board Committee will recommend that all EAT Shareholders accept the Offer; and

(B) each EAT Director intends to accept the Offer in relation to all EAT Shares they or their Associates hold; and

(ii) in the absence of a Superior Proposal and subject to the Independent Expert has determining that the Offer is not fair but reasonable, each EAT Independent Director may, in their discretion:

(A) recommend the Takeover Bid to EAT Shareholders; and

(B) accept the Offer in relation to all EAT Shares they or their Associates hold.

(c) (**Conditions**): The Offer is subject to the Conditions which are summarised in section 5.4 of this Target's Statement and set out in Schedule 2 of the Bidder's Statement.

(d) (**Exclusivity**): The Implementation Deed contains customary exclusivity arrangements including no shop and no talk restrictions on EAT during the Exclusivity Period. The no talk exclusivity arrangements do not prohibit EAT (or any EAT Independent Directors) from doing something with respect to a possible Competing Proposal if, the EAT Independent Directors have determined in good faith and, having received advice from EAT's external legal advisers, that that action or omission is or may reasonably be expected to:

(i) involve a breach of the fiduciary duties or statutory duties owed by any EAT Director (in respect of any EAT Group Member); or

(ii) otherwise be unlawful.

(e) (**Representations and Warranties**): Each of EAT and Suzerain have provided standard representations and warranties in the Implementation Deed, which are customary for a transaction of this nature.

(f) (**Conduct of business**): During the Offer Period, EAT must ensure that it and each other EAT Group Member carries on its business in the ordinary course and in substantially the same manner as conducted as at the date of the Implementation Deed and does not make any significant change to the nature or scale of its business or enter into any business or undertake any activities in which it is not engaged. In addition, customary restrictions that apply to each EAT Group Member for a transaction of this

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nature are set out in clause 10.2 of the Implementation Deed.

(g) (**Termination**): The Implementation Deed may be terminated by either party (the **First Party**) by written notice to the other party (the **Second Party**) if:

(i) a Superior Proposal is made or publicly announced for EAT and an EAT Independent Director recommends that Superior Proposal;

(ii) the following occur:

(A) the Second Party is in material breach of any provision of the Implementation Deed;

(B) the First Party has given written notice to the Second Party setting out the relevant circumstances and stating an intention to terminate; and

(C) the relevant circumstances continue to exist 10 Business Days from the time the notice is given;

(iii) a representation or warranty given by the Second Party under the Implementation Deed:

(A) is or becomes untrue in any material respect; and

(B) the circumstances giving rise to the representation or warranty being or becoming untrue in any material respect is not remedied by Second Party within:

a. 10 Business Days of the Second Party providing notice to the First Party of the relevant details under clause 14.9 of the Implementation Deed; or

b. 10 Business Days of the First Party notifying the Second Party of the circumstances the First Party reasonably considers cause the representation or warranty to be or become untrue in any material respect,

and the breach of the representation or warranty is of a kind that, had it been disclosed to the First Party prior to its entry into the Implementation Deed, could reasonably be expected to have resulted in the First Party either not entering into or entering into the Implementation Deed on materially different terms;

(iv) Suzerain withdraws the Offer for any reason, including non-satisfaction of a Condition (excluding any non-satisfaction arising out of, resulting from or in connection with an action or omission from Suzerain), as permitted by either the Corporations Act or the Implementation Deed;

(v) a court or Regulatory Authority (as that term is defined in the Implementation Deed) has taken any action permanently restraining or otherwise prohibiting the Takeover Bid, or has refused to do any thing necessary to permit the Takeover Bid, and the action or refusal has become final and cannot be appealed;

(vi) the Independent Expert's Report does not conclude that the Offer is fair and reasonable and the EAT Independent Directors have not otherwise determined to recommend the Offer under and as contemplated by section 10.1(b)(ii) of this Target's Statement and have not changed their recommendation; and

(vii) if an Insolvency Event occurs in respect of the other party.

(h) (**Break Fee**): a break fee of $40,000 (inclusive of any applicable GST) will be payable

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by EAT to Suzerain in the following circumstances:

(i) other than a termination right arising under clause 17.1(d), 17.1(e) or 17.1(f) of the Implementation Deed (as detailed in sections 10.1(g)(iv), 10.1(g)(v) or 10.1(g)(vi) of this Target's Statement), Suzerain has a right to terminate the Implementation Deed and has given notice to EAT to terminate;

(ii) at any time during the Offer Period, any EAT Independent Director;

(A) subject to clause 6.1(b) of the Implementation Deed (as detailed in section 10.1(b)(ii) of this Target's Statement), makes any public statement to the effect that they do not support (or no longer supports) the Takeover Bid; or

(B) fails to recommend that EAT Shareholders accept the Offer in the manner and subject to qualifications set out in the Implementation Deed or, having done so, publicly withdraws or varies their favourable recommendation of the Offer (or part of it);

(iii) at any time during the Offer Period, any EAT Independent Director publicly recommends, promotes or otherwise endorses a Competing Proposal;

(iv) a Superior Proposal is made or publicly announced for EAT and successfully completes; or

(v) EAT is in material breach of any provision of the Implementation Deed, including any representation or warranty given by EAT is or becomes materially untrue.

(i) (**Reverse Break Fee**): a break fee of $100,000 (inclusive of any applicable GST) will be payable by Suzerain to EAT in the following circumstances:

(i) EAT has a right to terminate the Implementation Deed and:

(A) has given notice to EAT to terminate;

(B) EAT may have given notice to Suzerain terminating the Implementation Deed but for Suzerain delivering a termination notice; or

(C) Suzerain withdraws the Offer for any reason, including for non-satisfaction of a Condition; or

(ii) Suzerain is in material breach of any provision of the Implementation Deed, including any representation or warranty given by Suzerain is or becomes materially untrue.

10.2 Loan Funded Share Plan and treatment of LFS Securities

(a) At EAT's 2023 Annual General Meeting, EAT Shareholders approved EAT's adoption of a loan funded share plan whose purpose was to incentivise, attract, motivate and retain eligible Non-Executive Directors of EAT (**the Loan Funded Share Plan**). The Loan Funded Share Plan enabled EAT to make interest-free limited recourse loans to Non-Executive Directors to enable them to acquire EAT Shares (**LFS Securities**).

(b) Under the Loan Funded Share Plan, EAT issued:

(i) Charles Romito, a current Non-Executive Director,12,651,000 LFS Securities on 14 December 2023 at an issue price of $0.007; and

(ii) Dean Palmer, a current Non-Executive Director, 16,446,000 LFS Securities on 3 December 2024 at an issue price of $0.004.

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(c) For further details of the Loan Funded Share Plan and the issues of LFS Securities described in section 10.2(b) of this Target's Statement, please refer to:

(i) the notice to meeting for EAT's 2023 Annual General Meeting released to ASX on 31 October 2023;

(ii) the Appendix 2A released to ASX on 15 December 2023;

(iii) the Appendix 3Y released to ASX on 15 December 2023;

(iv) the notice to meeting for EAT's 2024 Annual General Meeting released to ASX on 30 October 2024;

(v) the Appendix 2A released to ASX on 4 December 2024; and

(vi) the Appendix 3Y released to ASX on 5 December 2024.

(d) Under the Implementation Deed:

(i) it is a condition of the Offer that the LFS Securities on issue will vest in accordance with their terms of issue; and

(ii) EAT must take all actions necessary between the date of the Implementation Deed and the end of the Offer Period to ensure that any LFS Securities which have not already vested in accordance with their terms of issue vest in accordance with their terms.

(e) Under terms of the Loan Funded Share Plan, if a 'Change of Control Event' occurs, any LFS Securities that are eligible to vest but have not yet vested will vest on a pro-rata basis, having regard to the portion of the relevant financial year that has elapsed as at the time of the Change of Control Event occurs (the **LFS Accelerated Vesting Provision**). A 'Change of Control Event' under the Loan Funded Share Plan includes, amongst other things:

(i) a takeover bid being announced, becoming unconditional and the person making the takeover bid having a Relevant Interest in 50% or more of the EAT Shares; and

(ii) the EAT Board determining that the relevant circumstances constitute a 'Change of Control Event'.

(f) In accordance with the obligations under the Implementation Deed, the Independent Board Committee has acknowledged that the Offer will constitute a 'Change of Control' and will apply the LFS Accelerated Vesting Provision to the outstanding LFS Securities as follows:

(i) unvested LFS Securities that are attributable to the current financial year only will vest pro-rata to proportion of the financial year attributable to 1 July 2025 to the date the Change of Control Event occurs under the terms of the Loan Funded Share Plan (**Accelerated LFS Securities**); and

(ii) any unvested LFS Securities that are not Accelerated LFS Securities (**Cancelled LFS Securities**), will be bought back by the Company at the original issue price of the Cancelled LFS Securities and otherwise in accordance with section 257B of the Corporations Act.

(g) For the avoidance of doubt, where a Cancelled LFS Security is bought back by EAT, the consideration paid by EAT, being the original issue price of the Cancelled LFS Security, will be set off against the Non-Executive Director's outstanding loan to EAT for the Cancelled LFS Securities (which is equal to the original issue price). As such, a Non-Executive Director will receive no actual monetary consideration when their Cancelled LFS Securities are bought back by EAT.

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(h) Of the 12,651,000 LFS Securities currently held by Charles Romito:

(i) 8,434,000 LFS Securities have vested will be able to be sold into the Offer;

(ii) at least 1,698,353 LFS Securities will become Accelerated LFS Securities; and

(iii) up to 2,518,647 LFS Securities will become Cancelled LFS Securities.

The exact number of unvested LFS Securities that become Accelerated LFS Securities will depend on when a Change of Control Event occurs under the terms of the Loan Funded Share Plan.

(i) Of the 16,446,000 LFS Securities currently held by Dean Palmer:

(i) 10,964,000 LFS Securities have vested and will be able to be sold into the Offer;

(ii) at least 2,207,819 LFS Securities will become Accelerated LFS Securities; and

(iii) up to 3,274,181 LFS Securities will become Cancelled LFS Securities.

The exact number of unvested LFS Securities that become Accelerated LFS Securities will depend on when a Change of Control Event occurs under the terms of the Loan Funded Share Plan.

10.3 Convertible Loan Deed

(a) On 3 June 2021, EAT and NGCH, entered into a loan deed pursuant to which NGCH made available to EAT a $5,000,000 loan facility (**NGCH Loan Deed**).

(b) On 16 March 2022, EAT and NGCH entered into a conditional non-binding convertible loan deed with NGCH (**Convertible Loan Deed**). Under the Convertible Loan Deed:

(i) the principal amount outstanding under the NGCH Loan Deed was taken to be repaid and now owing under the Convertible Loan Deed; and

(ii) a $22,500,000 loan facility (including the previously drawn $5,000,000 under the NGCH Loan Deed) was made available to EAT from NGCH.

(c) The Convertible Loan Deed would not become binding unless and until the Convertible Loan Deed and a general security deed granting an associated first-ranking general security interest over all of EAT's present and after-acquired assets (**Convertible Loan Security Interest**) were approved by EAT Shareholders. At EAT's Extraordinary General Meeting on 23 May 2022, EAT obtained shareholder approval in connection with the Convertible Loan Deed and Convertible Loan Security Interest.

(d) Under the initial terms of the Convertible Loan Deed, NGCH could elect to convert some or all of the outstanding balance of the principal amount, into an issue of new EAT Shares at the higher of:

(i) $0.022 per EAT Shares; or

(ii) a 20% premium to the 30-day VWAP of EAT Shares prior to the conversion date,

during the period from the date of the Convertible Loan Deed to 31 December 2024.

(e) The remaining initial terms of the Convertible Loan Deed and Convertible Loan Security Interest can be reviewed in the notice to meeting for EAT's 2022 Extraordinary General Meeting which was released to ASX on 21 April 2024.

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

(i) deferment of interest payments for the period from 1 February 2023 to 31 December 2024;

(ii) non-capitalisation of interest accruing under the Convertible Loan Deed;

(iii) removal of accrued interest from the outstanding balance considered eligible to be converted into EAT Shares; and

(iv) a reduction in the administration fee by 25% for the remaining duration of the Convertible Loan Deed.

(g) In December 2023, as announced to ASX on 28 December 2023, the Convertible Loan Deed was further amended by EAT and NGCH to:

(i) defer the repayment date for the outstanding principal from 31 December 2024 to 31 December 2025; and

(ii) defer the repayment date for the accrued interest from 31 December 2024 to 31 December 2025,

with all other existing terms and conditions of the Convertible Loan Deed remaining the same.

(h) On 19 October 2024, NGCH, Suzerain and EAT entered into a deed of novation pursuant to which:

(i) Suzerain obtained the rights and assumed the obligations of NGCH under the Convertible Loan Deed; and

(ii) Suzerain obtained the rights and assumed the obligations of NGCH under the Convertible Loan Security Interest.

(i) The deed of novation in respect of the Convertible Loan Deed and Convertible Loan Security Interest was subject to approval by EAT Shareholders. EAT Shareholder approval in connection with the deed of novation was obtained at EAT's 2024 Annual General Meeting held on 29 November 2024.

(j) In January 2025, as announced to ASX on 28 January 2025, EAT and Suzerain agreed to further amend the Convertible Loan Deed as follows:

(i) conversion of the outstanding principal would now be at the discretion of EAT as opposed to Suzerain;

(ii) the interest rate was reduced to 0%;

(iii) the conversion price for the conversion of the outstanding principal was fixed at $0.022 per Share;

(iv) the repayment date for accrued interest was deferred from 31 December 2025 to 31 December 2026;

(v) the repayment date for the outstanding principal was deferred from 31 December 2025 to 31 December 2026; and

(vi) subject to EAT Shareholder approval, extending the last day in which the outstanding principal could be converted from 31 December 2025 to 31 December 2026,

with effect from 31 December 2024 and with all other existing terms and conditions of the Convertible Loan Deed remaining the same.

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(k) On 25 October 2025, Suzerain and EAT agreed, via deed of amendment, to further amend the Convertible Loan Deed as follows:

(i) deferral of the repayment date for the outstanding principal and accrued interest from 31 December 2026 to 31 December 2028; and

(ii) subject to EAT Shareholder approval:

(A) extension of the last date in which the Company may convert the outstanding principal into EAT Shares from 31 December 2025 to 31 December 2028; and

(B) granting EAT the right, during the period up to and including 31 December 2028, to convert some or all the accrued interest in EAT Shares at the conversion price of $0.022.

(l) On 29 October 2025, EAT dispatched a notice of meeting for its 2025 Annual General Meeting wherein, amongst other items, EAT will seek EAT Shareholder approval for the amendments to the Convertible Loan Deed that were agreed between EAT and Suzerain on 25 October 2025.

(m) As at the date of this Target's Statement:

(i) all $22,500,000 of the principal of the Convertible Loan has been drawn by EAT and is outstanding; and

(ii) the total accrued interest outstanding under the Convertible Loan Deed is $4,531,462.

(n) As at the date of this Target's Statement, should EAT exercise its right to convert all of the outstanding principal of the Convertible Loan Deed into EAT Shares, it would result in an issue of 1,022,727,273 new EAT Shares to Suzerain, dilution to EAT Shareholders (other than Suzerain) of 78.14% and an increase in the Voting Power of Suzerain and its Associates as follows:

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

(o) Should EAT Shareholders approve the amendments to the Convertible Loan Deed agreed between EAT and Suzerain on 25 October 2025 and EAT thereafter exercise its right to convert all of the accrued interest of the Convertible Loan Deed into EAT Shares, it would result in an issue of 205,975,546 new EAT Shares to Suzerain, dilution to EAT Shareholders (other than Suzerain) of 15.74% and an increase in the Voting Power of Suzerain and its Associates as follows:

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

(p) Under the Implementation Deed, EAT and Suzerain have agreed that, during the Offer Period, EAT will not, without the prior written consent of Suzerain (amongst other exceptions):

(i) exercise any right or discretion it has to convert some or all of the outstanding balance of the principal amount under the Convertible Loan Deed;

(ii) amend, vary, waive, release or terminate any term of the Convertible Loan Deed; or

(iii) take any action (or omit to take any action) that would or might reasonably be expected to cause some or all of the outstanding balance of the principal amount under the Convertible Loan Deed to be converted.

(q) Notwithstanding the restrictions under the Implementation Deed, the Independent Board Committee does not anticipate that EAT will exercise its right to convert some or all of the outstanding principal and/or accrued interest (subject to EAT Shareholder approval) under the Convertible Loan Deed whilst the Offer is ongoing or where Suzerain has obtained a right to compulsorily acquire EAT Shares under Part 6A.2 of the Corporations Act.

10.4 Suzerain Loan Facility

(a) On 28 June 2024, EAT and Suzerain entered into a loan deed pursuant to which Suzerain made available to EAT an unsecured $5 million loan facility (**Suzerain Loan Facility**). The Suzerain Loan Facility has predominantly been used by EAT for working capital purposes. For a summary of the initial terms of the Suzerain Loan Facility, please refer to EAT's announcement to ASX concerning the Suzerain Loan Facility on 28 June 2024.

(b) On 30 April 2025, EAT and Suzerain entered into a deed of amendment in relation to the Suzerain Loan Facility. Pursuant to this deed of amendment, the size of the Suzerain Loan Facility was increased to $7.5 million and the repayment date for the principal and interest was deferred to 31 December 2026.

(c) On 22 August 2025, EAT and Suzerain entered into a second deed of amendment in relation to the Suzerain Loan Facility. Pursuant to this second deed of amendment, the size of the Suzerain Loan Facility was increased to $10.5 million.

(d) As at the Last Practicable Date:

(i) $9,000,000 of the total principal of the Suzerain Loan Facility has been drawn by EAT and is outstanding; and

(ii) the total accrued interest outstanding under the Suzerain Loan Facility is

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$769,137.

10.5 Original Loan Deed

(a) On 9 August 2019, EAT and Suzerain entered into a loan deed pursuant to which Suzerain made available to EAT a loan of $19,000,000 (**Original Loan Deed**). Under the Original Loan Deed, the principal amount outstanding under the May 2019 Facility was taken to be repaid and now owing under the Original Loan Deed. A summary of the remaining terms of the Original Loan Deed can be found in EAT's ASX announcement dated 9 August 2019.

(b) Under the terms of the Original Loan Deed, EAT was obligated to seek EAT Shareholder approval for:

(i) Suzerain obtaining a right under the Original Loan Deed to convert some or all of the loan (including capitalised interest) into new EAT Shares; and

(ii) EAT entering into a general security deed with Suzerain pursuant to which a first-ranking security interest over all of EAT's present and after-acquired assets would be granted to Suzerain.

(c) At EAT's 2019 Annual General Meeting on 20 December 2019, EAT sought and obtained the abovementioned EAT Shareholder approvals in connection with the Original Loan Deed.

(d) On 28 February 2020, Suzerain exercises its rights under the Original Loan Deed to convert $19,300,257 of the outstanding debt under the Original Loan Deed into 410,643,766 EAT Shares. Approximately $500,000 of the outstanding debt was not converted by Suzerain in February 2020 and this amount remained unconverted at 30 June 2020, when Suzerain's conversion rights under the Original Loan Deed expired.

(e) On 4 August 2023, Suzerain and EAT entered into a deed of amendment that deferred the repayment date for the outstanding principal and accrued interest under the Original Loan Deed to 31 December 2024.

(f) On 21 December 2023, EAT entered into a second deed of amendment that further deferred the repayment date for the outstanding principal and accrued interest under the Original Loan Deed to 31 December 2025.

(g) On 22 December 2024, EAT entered into a third deed of amendment that further deferred the repayment date for outstanding principal and accrued interest under the Original Loan Deed to 31 December 2026.

(h) As at the Last Practicable Date:

(i) $500,000 of the principal of the Original Loan Deed is outstanding; and

(ii) the total accrued interest outstanding under the Original Loan Deed is $364,788.

10.6 Skybound Loan Deed

(a) On 4 June 2020, EAT entered into a loan deed with Skybound Fidelis Investment Ltd as trustee for Skybound Fidelis Credit Fund ABN 19 587 332 202 (**Skybound Fidelis Credit Fund**), a related entity of Suzerain, pursuant to which Skybound Fidelis Credit Fund made available to EAT a $1,200,000 loan (**Skybound Loan Deed**). For a summary of the terms of the Skybound Loan, please refer to EAT's announcement to ASX on 5 June 2020.

(b) Under the terms of the Skybound Loan, upon request from Skybound Fidelis Credit Fund, EAT was obligated to seek EAT Shareholder approval for EAT to enter into a general security deed with Skybound Fidelis Credit Fund pursuant to which a second-

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ranking security interest over all of EAT's present and after-acquired assets would be granted to Skybound Fidelis Credit Fund. At EAT's 2020 Annual General Meeting on 16 December 2020, EAT sought and obtained this EAT Shareholder approval in connection with the Skybound Loan Deed.

(c) On 30 September 2022, EAT and Skybound Fidelis Credit Fund entered into a deed of amendment that deferred the repayment date for the outstanding principal and accrued interest under the Skybound Loan Deed to 31 December 2024.

(d) On 25 July 2024, EAT and Skybound Fidelis Credit Fund entered into a second deed of amendment that further deferred the repayment date for the outstanding principal and accrued interest under the Skybound Loan Deed to 31 December 2025.

(e) On 23 December 2024, EAT and Skybound Fidelis Credit Fund entered into a third deed of amendment that further deferred the repayment date for the outstanding principal and accrued interest under the Skybound Loan Deed to 31 December 2026.

(f) As at the Last Practicable Date:

(i) $1,200,000 of the principal of the Skybound Loan Deed is outstanding; and

(ii) the total accrued interest outstanding under the Skybound Loan Deed is $5,342.

10.7 Transfer of EAT Shares involving Suzerain and Associate

(a) At EAT's upcoming 2025 Annual General Meeting, a resolution will be put to EAT Shareholders to approve a transfer of 52,170,068 EAT Shares from Australian Fintech Plus Pty Ltd ACN 656 107 532 as trustee for Australian Fintech Trust, an Associate of Suzerain and an entity controlled by EAT Director Dean Palmer, to Suzerain for $156,510.20 (representing a price per EAT Share of approximately $0.003) (the **AFT Transfer**).

(b) For further information concerning the background and reasons for the AFT Transfer, please refer to EAT's notice of meeting for the 2025 Annual General Meeting released to ASX on 29 October 2025.

(c) Suzerain and Australian Fintech Plus Pty Ltd ACN 656 107 532 as trustee for Australian Fintech Trust have informed EAT that the AFT Transfer will not proceed if the Offer completes. This is because, amongst other things, the Offer will provide an alternate exception to the prohibition under section 606 of the Corporations Act that will enable Suzerain to acquire the 52,170,068 Shares held by the Australian Fintech Plus Pty Ltd ACN 656 107 532 as trustee for Australian Fintech Trust. Accordingly, if prior to the Meeting, the Suzerain Takeover Offer proceeds to completion or Suzerain obtains a Relevant Interest in at least 90% (by number) of all EAT Shares, EAT will withdraw the resolution in the notice of meeting as soon as reasonably practicable and, in any case, prior to the 2025 Annual General Meeting.

10.8 Notice of Suzerain's Voting Power

As disclosed in its substantial holder notice dated 21 November 2025, Suzerain held a Relevant Interest in 1,022,387,597 EAT Shares and Voting Power in EAT of 78.12%. In accordance with section 608(1)(a) of the Corporations Act, Suzerain is the registered holder of 861,845,725 EAT Shares and has a Relevant Interest in these EAT Shares. In accordance with sections 608(1) and/or section 608(8) of the Corporations Act, Suzerain has a Relevant Interest in 160,541,872 EAT Shares pursuant to acceptances of the Offer.

Suzerain's Voting Power further includes the Relevant Interests of Suzerain's Associates. As disclosed in Suzerain's substantial holder notice dated 21 November 2025, the Relevant Interests of Suzerain's Associates are as follows:

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(a) Australian Fintech Plus Pty Ltd ACN 656 107 532 as trustee for Australian Fintech Trust is the registered holder of 59,524,369 EAT Shares; and

(b) Dean Palmer and Laura Palmer as trustees for Palmer Family Trust is the registered holder of 43,546,000 EAT Shares.

Suzerain is required to notify the ASX and EAT before 9:30am (Sydney time) on each trading day during the Offer Period where there is an increase in Suzerain's Relevant Interest representing at least 1% in EAT's issued capital.

10.9 Date for determining holders of EAT Shares

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of subsection 633(1) is the Register Date.

10.10 Transaction costs associated with the Offer

EAT anticipates that, should the Offer complete, EAT will have incurred or committed approximately $180,000 (excluding GST) in costs related to the Offer.

One-off transaction costs primarily encompass fees for financial advisers, legal, accounting and other professional expenses associated with the Offer.

10.11 Impact on EAT's Board

In section 6.6 of the Bidder's Statement Suzerain has advised that it intends to retain all members of the EAT Board and the members of the boards of EAT's subsidiaries.

10.12 Interest and dealings of EAT Independent Directors in Suzerain securities

(a) **Interests in Suzerain securities**

No EAT Independent Director has a Relevant Interest in any Suzerain securities as at the Last Practical Date.

(b) **Dealings in Suzerain securities**

None of the Independent Board Committee acquired or disposed of a Relevant Interest in any Suzerain securities in the period up to the Last Practical Date.

10.13 ASIC exemption

As described throughout this Target's Statement, Dean Palmer, is:

(a) a nominee director of Suzerain and is an Associate of Suzerain; and

(b) managing director and chief executive officer for Skybound Capital (AU) Pty Ltd ACN 601 221 345, a related entity of Suzerain.

As a result of this conflict of interest, Mr Palmer has not been involved in any discussion by the EAT Board or Independent Board Committee in connection with making decisions in relation to, or the consideration of EAT's response to, the Offer and has not been involved in the preparation of this Target's Statement.

EAT applied for and, on 5 November 2025, ASIC exercised its powers under section 655A(1) of the Corporations Act to modify section 638(1A) of the Corporations Act such that this Target's Statement does not need to contain information to the extent that it is known to Dean Palmer.

10.14 Material litigation

As at the Last Practicable Date, there is no current litigation of a material nature against the EAT Group and the Independent Board Committee does not have any knowledge of any potential material litigation.

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10.15 Potential impact of Suzerain's Offer on EAT's material contracts

As far the Independent Board Committee is aware, none of the material contracts to which EAT is a party contain change of control provisions which may be triggered as a result of, or as a result of acceptances of, the Offer.

10.16 Payments and benefits

(a) **Benefits in connection with retirement from office**

As a result of the Offer, no benefit (other than a benefit which can be given without EAT Shareholder approval under the Corporations Act or ASX Listing Rules) will or may be given to an EAT Director by an entity in section 200B(1AA) of the Corporations Act:

(i) in connection with their retirement from office in EAT or a related body corporate of EAT; or

(ii) in connection with the transfer of the whole or any part of the undertaking or property of EAT.

(b) **Other payments**

In recognition of the effort exerted by Dr Charles Romito, an EAT Independent Director, in connection with reviewing and evaluating the Offer and the preparation of this Target's Statement, Dr Romito will be paid a special exertion fee of up to $25,000 (inclusive of any applicable GST), in addition to Dr Romito's ordinary remuneration, in accordance with the Constitution.

(c) **Agreements connected with or conditional on the offer**

There are no agreements have been entered into between any EAT Independent Director and any other party in connection with, or conditional upon, the outcome of the Offer except in their capacity as EAT Shareholders.

(d) **Benefits from Suzerain**

None of the EAT Independent Directors have agreed to receive, or are entitled to receive, any benefit from Suzerain which is conditional on, or is related to, the Offer, other than in their capacity as a holder of EAT Shares and/or LFS Securities.

(e) **Interests of EAT Directors in contracts with Suzerain**

None of the EAT Independent Directors have any interest in any contract entered into by Suzerain.

10.17 Important information regarding director interests

Background to formation Independent Board Committee

Dean Palmer, EAT's non-executive chairman, is a nominee director of Suzerain and an Associate of Suzerain. Dean Palmer is also managing director and chief executive officer for Skybound Capital (AU) Pty Ltd ACN 601 221 345, a related entity of Suzerain. Accordingly, the EAT Board has taken appropriate steps to ensure that EAT Shareholders' interests are protected, including the formation of a committee of EAT Independent Directors (Independent Board Committee) to evaluate and respond to the Offer. The Independent Board Committee comprises Dr. Charles Romito and Ms. Heidi Halson.

Intent of the EAT Directors in relation to the Offer

All EAT Directors (including Dean Palmer) intend to **ACCEPT** the Offer in relation to all EAT Shares they or their Associates own or control, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Offer is both fair and

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reasonable.

10.18 Consents

The EAT Independent Directors have given, and have not, before the lodgement of this Target's Statement, withdrawn their consent to be named in this Target's Statement in the form and context in which they are named.

Sundaraj & Ker has given, and has not, before the lodgement of this Target's Statement, withdrawn its written consent to be named in this Target's Statement as Australian legal adviser to EAT in connection with the Offer, in the form and context in which it appears. This consent has not been withdrawn as at the date of this Target's Statement. Sundaraj & Ker does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based. To the maximum extent permitted by law, Sundaraj & Ker expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

Leadenhall Corporate Advisory Pty Ltd ABN 11 114 539 619 (AFSL No: 293586) has given, and has not, before the lodgement of this Target's Statement, withdrawn its written consent to be named in this Target's Statement as the Independent Expert in connection with the Offer, in the form and context in which it appears and to the inclusion of the Independent Expert's Report contained in the Annexure to this Target's Statement. This consent has not been withdrawn as at the date of this Target's Statement. Leadenhall Corporate Advisory Pty Ltd ABN 11 114 539 619 (AFSL No: 293586) has not caused or authorised the issue of this Target's Statement and, other than any reference to its name and the Independent Expert's Report, takes no responsibility for any part of this Target's Statement.

MUFG Corporate Markets (AU) Limited (**MUFG**) has given, and has not, before the lodgement of this Target's Statement, withdrawn its written consent to be named in this Target's Statement as share registry to EAT in connection with the Offer, in the form and context in which it appears. This consent has not been withdrawn as at the date of this Target's Statement. MUFG does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based. To the maximum extent permitted by law, MUFG expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

10.19 Reliance on ASIC modifications

This Target's Statement includes statements which are made, or based on statements made, in documents lodged with ASIC, including the Bidder's Statement. In accordance with ASIC Corporations (Takeover Bids) Instrument 2023/683, the parties responsible for making those statements are not required to, and have not, consented to inclusion of those statements in this Target's Statement.

Any EAT Shareholder who wishes to obtain a copy of these documents (or relevant parts) may obtain a copy (free of charge) during the Offer Period by contacting EAT on the shareholder information line on 1800 237 687 (within Australia) or +61 1800 237 687 (outside Australia). Requested documents will be provided within two Business Days.

10.20 Other material information

This Target's Statement is required to include all information that EAT Shareholders and their advisers would reasonably expect to receive to make an informed assessment whether to accept the Offer, but only to the extent that:

- it is reasonable for the EAT Shareholders and their advisers to expect to receive that information in the Target's Statement; and
- the information is known to the EAT Independent Directors.

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The EAT Independent Directors are of the view that, based on the information known to them as at the Last Practical Date, the information that EAT Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept or reject the Offer is contained within:

- this Target's Statement;
- the Bidder's Statement (to the extent that the information contained in that document is not inconsistent or superseded by information in this Target's Statement); and
- the annual and other financial reports, releases, announcements and documents lodged by EAT with ASX and/or ASIC under EAT's profile.

In preparing this Target's Statement, the EAT Independent Directors have relied on the accuracy of the information contained in the Bidder's Statement. However, the EAT Independent Directors do not accept responsibility for the content of the Bidder's Statement and do not, by inclusion or reference, endorse any of the statements it contains.

In determining the information to be included in this Target's Statement, the EAT Independent Directors have had regard to the following considerations:

- the nature of the EAT Shares;
- the matters that EAT Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to the professional advisers of EAT Shareholders; and
- the time available to EAT to prepare the Target's Statement.

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11 Definitions and interpretation

11.1 Definitions

In this Target's Statement, unless the context otherwise appears, the following terms have the meanings shown below:

Term	Meaning
Accelerated LFS Securities	has the meaning set out in section 10.2(f) of this Target's Statement.
AFT Transfer	has the meaning set out in section 10.7(a) of this Target's Statement.
ASIC	Australian Securities and Investments Commission.
Associates	has the meaning set out in the Corporations Act.
ASX	ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market operated by it.
ASX Listing Rules	the official listing rules of the ASX.
ASX Settlement Operating Rules	the settlement rules of ASX Settlement Pty Limited (ABN 49 008 504 532), the body which administers the CHESS system in Australia), a copy of which is available at www.asx.com.au.
Bidder	Suzerain.
Bidder's Statement	the statement made by Suzerain under Part 6.5 Division 3 of the Corporations Act.
Broker	a person who is a share broker and a participant in CHESS.
Business Day	means a business day as defined in the ASX Listing Rules.
Cancelled LFS Securities	has the meaning set out in section 10.2(f) of this Target's Statement.
CHESS	the Clearing House Electronic Subregister System, which provides for electronic share transfer in Australia.
CHESS Holding	a holding of EAT Shares on EAT's CHESS subregister.
Competing Proposal	a transaction or proposed transaction notified to the EAT Board which, if completed, would mean a person other than Suzerain would: (a) acquire a Relevant Interest in 20% or more of EAT's securities; (b) acquire control of EAT, within the meaning of section 50AA of the Corporations Act; (c) acquire all or a substantial part of EAT's business assets or undertaking; (d) otherwise acquire or merge with EAT; or (e) require Suzerain to terminate the Implementation Deed or abandon, or otherwise fail to proceed with making the Takeover Bid.

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Conditions	means the conditions of the Offer set out in Schedule 2 of the Bidder's Statement and summarised in section 5.4 of this Target's Statement.
Controller	the meaning set out in the Corporations Act.
Controlling Participant	the Broker or Non-Broker Participant who is designated as the controlling participant for shares in a CHESS Holding under the ASX Settlement Operating Rules.
Convertible Note	the convertible note under the Convertible Loan Deed.
Corporations Act	the *Corporations Act 2001* (Cth).
EAT or **Target**	Entertainment Rewards Ltd ACN 167 603 992.
EAT Board or **EAT Directors**	the board of directors of EAT, which include Dean Palmer, Heidi Halson and Charles Romito.
EAT Group	EAT and each of its Subsidiaries, and **EAT Group Member** means any one of them.
EAT Independent Directors	Heidi Halson and Charles Romito.
EAT Shares	a fully paid ordinary share in the capital of EAT.
EAT Shareholder	a holder of EAT Shares as at the Register Date.
Encumbrance	(a) a PPS Security Interest; (b) any other mortgage, charge, pledge or lien or a preferential or adverse interest of any kind; (c) a right of any person to purchase, occupy or use assets (including under a hire purchase agreement, option, licence, lease, or agreement to purchase); (d) a right to set-off or right to withhold payment of a deposit or other money; (e) an easement, restrictive covenant, caveat or similar restriction over property (except, in the case of land, a covenant noted on the certificate of title to the land concerned); (f) an agreement to create any of the items referred to in paragraphs (a) to (e) above or to allow any of those items to exist; or (g) a notice under section 255 Tax Act (1936), subdivision 260-A in schedule 1 *Taxation Administration Act 1953* (Cth), or any similar legislation.
Exclusivity Period	means the period from 15 October 2025 until the earlier of: (a) the termination date of the Implementation Deed; (b) the day Suzerain obtains a Relevant Interest in 90% of the EAT Shares; and (c) the first Business Day after the end of the Offer

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	Period.
FATA	the *Foreign Acquisitions and Takeovers Act 1975* (Cth).
FIRB	the Australian Foreign Investment Review Board established under the FATA.
GST	goods and services tax.
Implementation Deed	the implementation deed entered into between Suzerain and EAT on 15 October 2025 documenting Suzerain's proposal to make a takeover bid to acquire all the EAT Shares.
Independent Board Committee	the independent board committee of EAT.
Independent Expert	Leadenhall Corporate Advisory Pty Ltd ABN 11 114 539 619 (AFSL No: 293586), the independent expert appointed by the Independent Board Committee to prepare and deliver the Independent Expert's Report.
Independent Expert's Report or **IER**	the Independent Expert's report in respect of the Transaction attached to this Target's Statement as the Annexure.
Insolvency Event	any of the following events: (a) an application is filed for the winding up of the party or any of its Subsidiaries and the application is not dismissed or withdrawn within ten Business Days of that application being filed; (b) an order is made for the winding up of the party or any of its Subsidiaries and the winding up is not stayed indefinitely or terminated within ten Business Days of the winding up order being made; (c) the shareholders of the party or the shareholders of any of its Subsidiaries pass a resolution to wind up the company; (d) a controller as defined in section 9 Corporations Act, or similar person, is appointed to the party or any of its assets, or takes possession or control of the party or any of its property or to any of its Subsidiaries or any property of any of its Subsidiaries; (e) a provisional liquidator is appointed to the party or any of its Subsidiaries; (f) the party or any of its Subsidiaries is placed into administration (as defined in section 9 Corporations Act); (g) any step is taken towards placing the party or any of its Subsidiaries into administration; (h) the party advises the other party that it is financially unable to meet any of its obligations under this document; (i) the party or any of its Subsidiaries suspends payment of its debts, or a class of its debts, other than a debt

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	which the other party is satisfied is the subject of a genuine dispute; (j) the party or any of its Subsidiaries ceases to carry on all or a material part of its business or threatens to do so; (k) the party or any of its Subsidiaries is unable to pay its debts as and when they fall due and payable or states that it is unable to do so; (l) the party or any of its Subsidiaries is taken to fail to comply with a statutory demand under section 459F Corporations Act; (m) the party or any of its Subsidiaries, without the written consent of the other party: (i) begins negotiations with one or more of its creditors seeking a general readjustment or rescheduling of its indebtedness; (ii) enters into any compromise or arrangement with one or more of its creditors under part 5.1 Corporations Act or takes steps to do so; or (iii) makes any assignment, or enters into any arrangement or composition generally, for the benefit of one or more of its creditors; (n) the party commits an act of bankruptcy under section 40 Bankruptcy Act; (o) the party becomes an insolvent under administration (as defined in section 9 Corporations Act) or takes steps that could result in the party becoming so; (p) execution is levied against the party or any of its Subsidiaries by a creditor; (q) the party or any of its Subsidiaries makes a statement, or conducts itself in a manner, from which it may reasonably be deduced that the party is insolvent; (r) the party or any of its Subsidiaries makes a statement, or conducts itself in a manner, from which it may reasonably be deduced that a director of the party is seeking to take advantage of the safe harbour against insolvent trading available under Division 3, Part 5.7B Corporations Act; or (s) any event happens in Australia or any other country or territory in respect of a party or any of its Subsidiaries that is similar to any of the events in this definition. Any event that takes place as part of a solvent reconstruction, amalgamation, merger, or consolidation, on terms approved in writing by the other party beforehand and in compliance

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	with those terms is excluded from this definition.
Issuer Sponsored Holding	a holding of EAT Shares on EAT's issuer sponsored subregister.
Last Practicable Date	5:00pm (Sydney time) on 24 November 2025.
LFS Accelerated Vesting Provision	has the meaning set out in section 10.2(e) of this Target's Statement.
LFS Securities	has the meaning set out in section 10.2(a) of this Target's Statement.
LTI Securities	any unlisted performance rights issued, or to be issued, to participants under the LTI approved by EAT, including any rights or entitlements granted in connection with such performance rights.
Loan Funded Share Plan	has the meaning set out in section 10.2(a) of this Target's Statement.
Material Adverse Change	any matter, event or circumstance which happens, is announced or becomes known to Suzerain after the date of this document which (individually or when aggregated with all those matters, events or circumstances) has resulted in or is likely to result in either: (a) the value of consolidated net assets of the EAT Group being reduced by at least 20% against what they would have been but for the matters, events or circumstances; or (b) the ongoing consolidated annual net profit after tax, in any financial year after the one ending 30 June 2025, of the EAT Group being reduced by at least 20% against what it would have been but for the matters, events or circumstances; but does not include: (c) expenditure by EAT which is: (i) in the normal course of business as demonstrated by past operations of EAT; or (ii) in accordance with limits approved by the EAT Board before the date of this document; (d) any matter, event or circumstance arising from changes in economic or business conditions (including changes in currency exchange rates or interest rates) which impact on EAT and its competitors in a similar manner; (e) any change in taxation rates or taxation laws which impact on EAT and its competitors in a similar manner; (f) any change in accounting policy required by law; (g) any change occurring directly or indirectly as a result of any matter, event or circumstance required by this

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	document, the Takeover Bid or the transactions contemplated by them; (h) any change to the regulatory regime which impact on EAT and its competitors in a similar manner; (i) any matter, event or circumstance resulting or arising from an action or omission by Suzerain; or (j) any matter, event or circumstance which Suzerain has expressly consented to in writing as not constituting a Material Adverse Change, and no other consent (whether implied, oral or retrospective) will be effective for this purpose.
MUFG	MUFG Corporate Markets (AU) Limited.
NFP	has the meaning set out in section 6.2(a) of this Target's Statement.
Non-Associated EAT Shareholders	EAT Shareholders, other than Suzerain and its Associates.
Non-Broker Participant	a non-broker participant under the ASX Settlement Operating Rules.
Non-Executive Director	a non-executive director of EAT.
Offer or **Suzerain's Offer**	the offer for EAT Shares under the terms and conditions contained in section 5 of this Target's Statement.
Offer Period	the period during which the Offer will remain open for acceptance in accordance with the Bidder's Statement and the Corporations Act.
Offer Price	$0.022 per EAT Share.
Original Loan Deed	the loan deed dated 9 August 2019 between Suzerain and EAT as varied or amended from time to time.
PPSA	the *Personal Property Securities Act 2009* (Cth).
PPS Security Interest	a security interest as that term is defined in the PPSA.
Prescribed Occurrence	(a) (**conversion**) EAT converts all or any of its shares into a larger or smaller number of shares; (b) (**reduction of share capital**) a member of the EAT Group resolves to reduce its share capital in any way; (c) (**buy-back**) except in relation to a buy-back of unvested LFS Securities, EAT: (i) enters into a buy-back agreement; or (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act; (d) (**issuing shares or options**) a member of the EAT Group: (i) issues shares; (ii) grants an option over its shares; or

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	(iii) agrees to make an issue of shares or grant an option over its shares, (iv) in each case to a person outside the EAT Group, except for the issue of EAT Shares on the vesting of the LFS Securities; (e) (**securities or other instruments**) a member of the EAT Group: (i) issues securities or other instruments convertible into shares or debt securities; or (ii) agrees to issue securities or other instruments convertible into shares or debt securities, in each case to a person outside the EAT Group; (f) (**disposals**) a member of the EAT Group disposes, or agrees to dispose of, the whole or a substantial part of its business or property; (g) (**Encumbrances**) a member of the EAT Group creates or agrees to create any Encumbrance over the whole or a substantial part of its business or property (other than in the ordinary course of business and other than a lien which arises by operation of law or legislation securing an obligation not yet due and consistent with past practice); and (h) (**insolvency**) an Insolvency Event occurs in respect of any member of the EAT Group, but a Prescribed Occurrence does not include: (i) any matter required to be done or brought about by EAT under the Implementation Deed or which is contemplated by the Takeover Bid; (j) any matter resulting or arising from action or omission by Suzerain; or (k) any other matter, the undertaking of which Suzerain has approved in writing.
Register Date	the date set by Suzerain under sub-section 633(2) of the Corporations Act, being 7:00pm (Brisbane time) on 30 October 2025.
Related Body Corporate	has the meaning set out in the Corporations Act.
Relevant Interest	has the meaning set out in the Corporations Act.
Skybound	Skybound Capital (Mau) Limited, the controlling entity of Suzerain.
Skybound Loan Deed	the loan deed between EAT and Skybound Fidelis Credit Fund dated 4 June 2020 as varied and amended from time to time.
Skybound Fidelis Credit Fund	Skybound Fidelis Investment Ltd as trustee for Skybound Fidelis Credit Fund ABN 19 587 332 202.

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Subsidiary	has the meaning set out in the Corporations Act.
Superior Proposal	a publicly announced Competing Proposal that, taking into account all aspects of the Competing Proposal, the EAT Independent Directors acting in good faith and after taking advice from EAT's legal and financial advisers determine: (a) is reasonably capable of being completed; and (b) would if completed substantially in accordance with its terms, reasonably be expected to be more favourable to EAT Shareholders than the Offer.
Suzerain	Suzerain Investment Holdings Ltd, company registered in the British Virgin Islands with registration number 1934540.
Suzerain Convertible Loan or **Convertible Loan Deed**	the convertible loan deed dated on or about 16 March 2022 entered into between New Gold Coast Holdings Limited and EAT as novated to Suzerain on or about 19 October 2024 and as varied or amended from time to time.
Suzerain Loans	(a) the Convertible Loan Deed; (b) the Original Loan Deed; (c) the Suzerain Loan Facility; and (d) the Skybound Loan Deed.
Suzerain Loan Facility	loan deed dated on or about 28 June 2024 between Suzerain and EAT as varied or amended from time to time.
Takeover Bid	the off-market takeover bid constituted by the despatch of the Offers in accordance with the Corporations Act.
Target's Statement	this document, being the statement of the Target under Part 6.5 Division 2 of the Corporations Act relating to the Offer.
Transaction	the acquisition by Suzerain of EAT Shares under the Offer.
Voting Power	has the meaning set out in the Corporations Act.
VWAP	the volume weighted average price with respect to the price of Shares on ASX over the relevant specified period

11.2 Interpretation

In this Target's Statement, unless the context otherwise appears:

(a) words and phrases have the same meaning (if any) given to them in the Corporations Act;

(b) words importing a gender include any gender;

(c) words importing the singular include the plural and vice versa;

(d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;

(e) a reference to a clause, section, annexure and schedule is a reference to a clause or section of and an annexure and schedule to this Target's Statement as relevant;

(f) a reference to any statute, regulation, proclamation, ordinance or by-law includes all

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statutes, regulations, proclamations, ordinances, or by-laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;

(g) headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement;

(h) a reference to time is a reference to time in Sydney, Australia;

(i) a reference to writing includes facsimile and email transmissions; and

(j) a reference to dollars, $, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

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12 Approval of Target's Statement

This Target's Statement has been approved by a resolution passed by the Independent Board Committee on behalf of the EAT Directors.

Dated: 25 November 2025

Signed for an on behalf of **Entertainment Rewards Ltd**

by

Signed by:
Charles Romito
61FC9F3E0A97477...

Dr. Charles Romito
Director
Entertainment Rewards Ltd

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Corporate directory

Target

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Broadbeach QLD 4218

Legal Adviser

Sundaraj & Ker
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Share Registry

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Independent Expert

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Appendix – Independent Expert's Report

(*see overleaf*)

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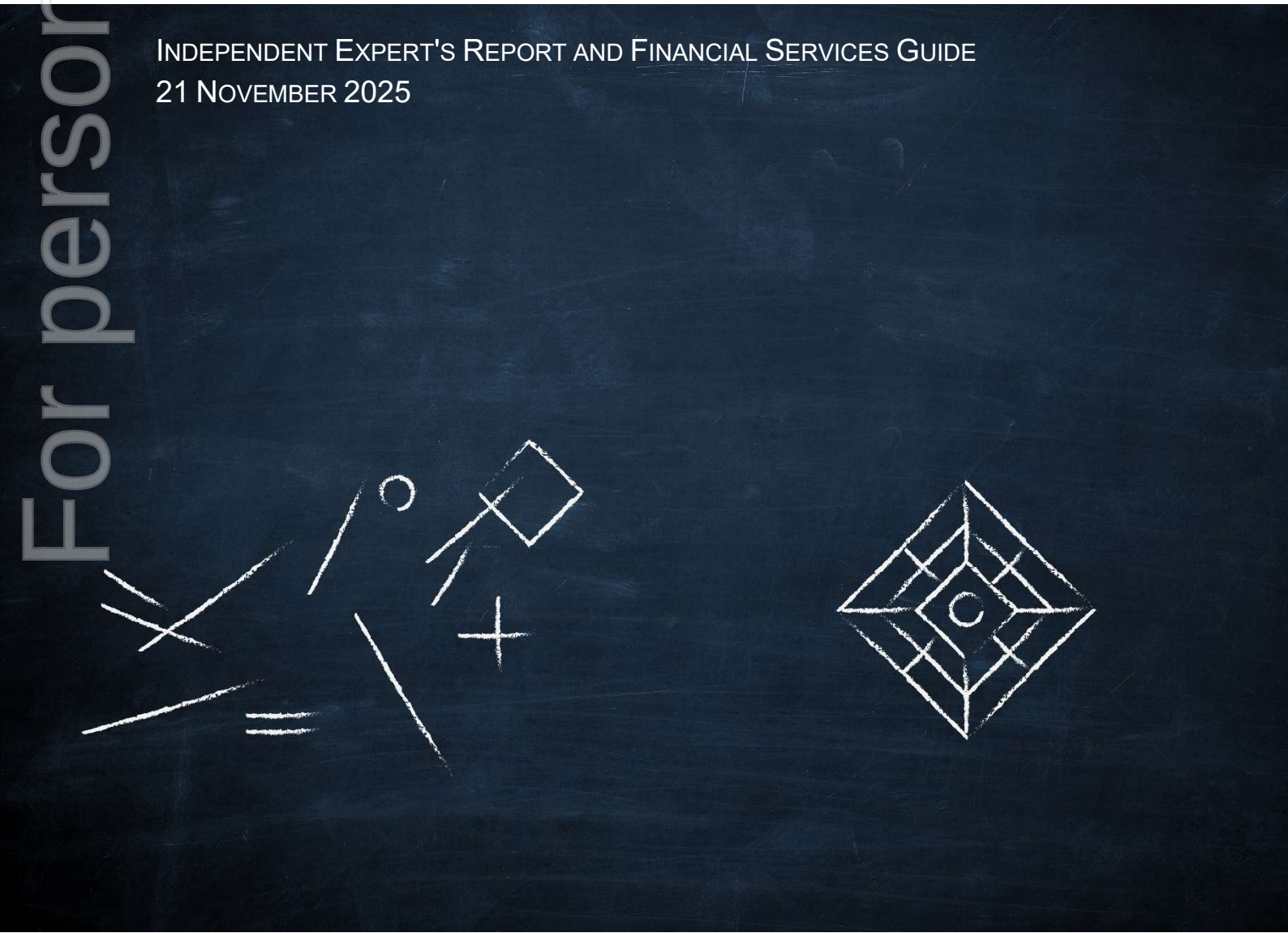
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Now you know LEADENHALL

ENTERTAINMENT REWARDS LIMITED

SUZERAIN TAKEOVER OFFER

INDEPENDENT EXPERT'S REPORT AND FINANCIAL SERVICES GUIDE
21 NOVEMBER 2025



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21 November 2025

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

Dear Directors,

Independent Expert's Report for Entertainment Rewards Group Limited

1. Introduction

Entertainment Rewards Limited ("**Entertainment Rewards**") is a company listed on the Australian Securities Exchange ("**ASX**") with a market capitalisation of approximately $28.79 million. The company operates a loyalty and rewards platform in Australia and New Zealand offering membership subscriptions for payment discounts and special offers to retail customers and corporate clients. Through its technology-enabled platform and digital marketing programs, Entertainment Rewards helps merchant partners attract and engage consumers.

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

On 15 October 2025, Entertainment Rewards announced that it had entered into an implementation agreement with Suzerain, under which Suzerain agreed to make an off-market takeover offer to acquire all of the shares in Entertainment Rewards that Suzerain does not already own ("**Proposed Transaction**"). Subsequently, on 28 October 2025, Suzerain lodged a bidder's statement with ASIC and ASX.

The consideration offered by Suzerain for the acquisition of Entertainment Rewards shares is 2.2 cents per share, in cash ("**Consideration**").

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

2. Purpose of the report

For a takeover bid where the bidder and the target are related, including where the bidder has a voting power of 30% or more in the target or where common directorships exist, the target's statement must be accompanied by an independent expert report that states whether the takeover offer is fair and reasonable.

Suzerain has a current interest of 65.9% in Entertainment Rewards (excluding interests of associates of Suzerain). Additionally, Entertainment Rewards director Dean Palmer ("**Mr Palmer**") is a nominee director and associate of Suzerain. Accordingly, an independent expert report mut be included in the target statement issued by Entertainment Rewards in relation to the Proposed Transaction.

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The independent directors of Entertainment Rewards have therefore requested Leadenhall Corporate Advisory Pty Ltd ("**Leadenhall**") to prepare an independent expert's report assessing whether the Proposed Transaction is fair and reasonable to current Entertainment Rewards shareholders ("**Shareholders**").

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

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

3. Basis of evaluation

As Suzerain and its associates will hold at least 90% of the shares outstanding in Entertainment Rewards should the Proposed Transaction be approved, we have assessed the Proposed Transaction as a control transaction.

RG111 requires a separate assessment of whether a control transaction under Section 640 of the Corporations Act 2001 ("**s640**") is '*fair*' and whether it is '*reasonable*'. We have therefore considered the concepts of '*fairness*' and '*reasonableness*' separately. In order to assess whether the Proposed Transaction is fair and reasonable to Shareholders, we have:

- Assessed it as fair if the consideration offered to Shareholders is equal to, or greater than, the value of an Entertainment Rewards share. The value of an Entertainment Rewards share has been determined on a control basis.
- Assessed it as reasonable if it is fair, or if despite not being fair, the advantages to Shareholders outweigh the disadvantages.

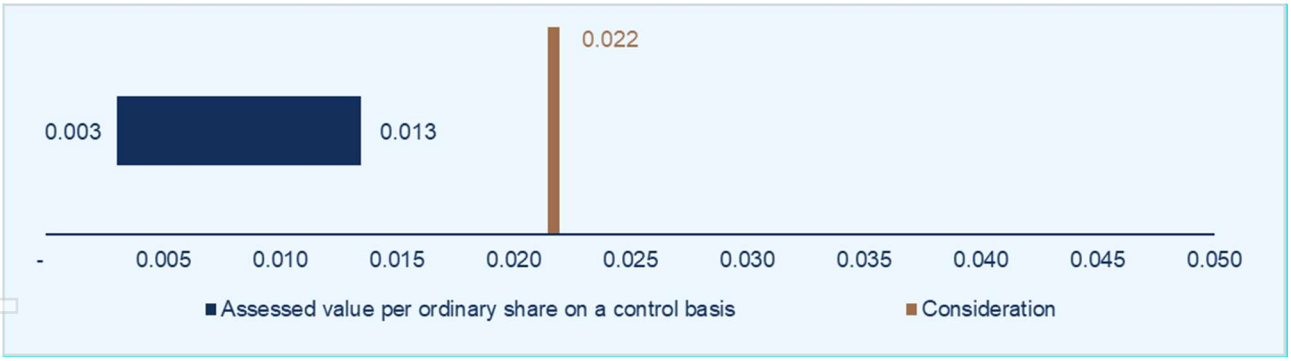
Further details of the basis of evaluation are provided in Section 2 of this report.

4. The Proposed Transaction is fair

Assessed value of Entertainment Rewards share

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

Table 1: Assessed value before the Proposed Transaction



Source: Entertainment Rewards and Leadenhall analysis

5. The Proposed Transaction is reasonable

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

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Advantages

The main advantages of the Proposed Transaction are:

- **Consideration represents a significant premium to our assessed value of an Entertainment Rewards share and recent share trading:** The Consideration represents a premium of 63% to 627% compared to our assessed market value of Entertainment Rewards. It also represents a 1000% premium to the price of an Entertainment Rewards share as at 15 October 2025 (the last trading day prior to announcement of the Proposed Transaction).
- **Share price is likely to fall if the Proposed Transaction does not proceed:** Since the announcement of the Proposed Transaction, Entertainment Rewards shares have traded approximately in line with the Consideration. This is considerably higher than trading prices before the announcement of the Proposed Transaction. If the Proposed Transaction is not approved, it is likely the trading price will fall, at least in the short-term.

Disadvantages

The main disadvantages of the Proposed Transaction are:

- **Tax leakage:** If Shareholders participate in the Proposed Transaction, this will likely accelerate tax leakage on this investment that would otherwise be deferred in the absence of the Proposed Transaction. The tax implications may vary for individual shareholders. Shareholders should seek their own independent advice as to any potential tax implications of the Proposed Transaction.

6. Opinion

The Proposed Transaction is fair and reasonable to Shareholders.

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

7. Other matters

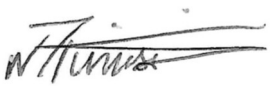
On 8 September 2025, we were engaged by Entertainment Rewards to prepare an independent expert report in relation to proposals to amend the Convertible Note between Entertainment Rewards and Suzerain. During this engagement, and prior to the release of our draft report, we were advised by Entertainment Rewards that Suzerain was considering making a takeover bid.

On 7 October 2025, Entertainment Rewards provided us with pricing information in respect of the potential takeover by Suzerain. We released our draft report after we were provided with this information to ensure that it was not used to set the price for a future transaction which we may provide an opinion on. We note that the pricing information provided by Entertainment Rewards is consistent with the Consideration outlined in the Proposed Transaction.

Yours faithfully



Katy Lawrence
Director



Nathan Timosevski
Director

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

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LEADENHALL CORPORATE ADVISORY PTY LTD

ABN 11 114 534 619

Australian Financial Services Licence No: 293586

FINANCIAL SERVICES GUIDE

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

Financial Services Guide

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

Financial Services We are Licensed to Provide

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

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

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

General Financial Product Advice

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

Benefits that We May Receive

We charge fees for providing reports. These fees will be agreed with the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis. Leadenhall is entitled to receive a fixed fee of $20,000 (excl. GST) for preparing this report. This fee is not contingent upon the outcome of the Proposed Transaction.

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

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

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

Independence

In the previous two years we have:

- Prepared an independent expert report dated 10 October 2024 in relation to a previous novation of the Convertible Loan. This work did not involve Leadenhall participating in setting the terms of, or any negotiations leading to, the Proposed Transaction.
- Prepared an independent expert report date 27 October 2025 in relation to proposals to extend the repayment date of the Convertible Note, add a conversion option to the outstanding interest payable on the Convertible Note and the transfer of shares from Australian Fintech to Suzerain. A draft of this report was provided to Entertainment Rewards prior to the announcement of the Proposed Transaction. We were advised of the pricing for the Proposed Transaction prior to releasing our draft valuation analysis to Entertainment Rewards. As we were not involved in setting the price of the Proposed Transaction and the resolutions that are the subject of the previous report are independent of the Proposed Transaction, we do not consider that this work impedes our independence.

Furthermore, Entertainment Rewards is not a material client of Leadenhall, contributing to less than 1% of total fees over the last two years. We therefore consider ourselves to be independent for the purpose of this engagement, in accordance with *Regulatory Guide 112: Independence of Experts.*

Referrals

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

Complaints Resolution

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

Leadenhall Corporate Advisory Pty Ltd
GPO Box 1572
Adelaide SA 5001

Email: office@leadenhall.com.au

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

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

Website: www.afca.org.au

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

Compensation Arrangements

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

21 November 2025

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1 THE PROPOSED TRANSACTION

1.1 Background

Entertainment Rewards is an ASX-listed company with a market capitalisation of approximately $28.79 million. The company operates a loyalty and rewards platform in Australia and New Zealand offering membership subscriptions for payment discounts and special offers to retail customers and corporate clients. Through its technology-enabled platform and digital marketing programs, Entertainment Rewards helps merchant partners attract and engage consumers.

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

On 15 October 2025, Entertainment Rewards announced that it had entered into an implementation agreement with Suzerain, under which Suzerain agreed to make an off-market takeover offer to acquire all of the shares in Entertainment Rewards that Suzerain does not already own. Subsequently, on 28 October 2025, Suzerain lodged a bidder's statement with ASIC and the ASX.

The consideration offered by Suzerain for the acquisition of Entertainment Rewards shares is 2.2 cents per share, in cash.

1.2 Conditions

The Proposed Transaction includes the following conditions precedent:

- Suzerain obtaining a relevant interest in at least 90% (by number) of all Entertainment Rewards shares.
- Acceptance of the offer by holders of at least 75% (by number) of Entertainment Rewards shareholders (excluding Suzerain and its associates).
- All shares issued to certain directors as part of the Loan Funded Scheme ("**LFS**") will vest in accordance with their terms of issue before the end of the offer period.
- No long term incentives ("**LTI**") securities having been issued under or in connection with the LTI, and no LTI securities forming part of the offer.
- Various other customary conditions precedent (regulatory approvals, no adverse changes etc.).

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2 SCOPE

2.1 Purpose of the report

For a takeover bid where the bidder and the target are related, including where the bidder has a voting power of 30% or more in the target or where common directorships exist, the target's statement must be accompanied by an independent expert report that states whether the takeover offer is fair and reasonable.

Suzerain has a current interest of 65.9% in Entertainment Rewards (excluding interests of associates of Suzerain). Additionally, Entertainment Rewards Director, Mr Palmer, is a nominee director and associate of Suzerain. Accordingly, an independent expert report must be included in the target's statement issued by Entertainment Rewards in relation to the Proposed Transaction.

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

2.2 Basis of evaluation

Introduction

As Suzerain and its associates will hold at least 90% of the shares outstanding in Entertainment Rewards should the Proposed Transaction be approved, we have assessed the Proposed Transaction as a control transaction.

RG111 requires a separate assessment of whether a control transaction under s640 is '*fair*' and whether it is '*reasonable*'. We have therefore considered the concepts of '*fairness*' and '*reasonableness*' separately. The basis of assessment selected and the reasons for that basis are discussed below.

Fairness

In accordance with RG111.11, we have assessed the Proposed Transaction as fair if the consideration offered to Shareholders is equal to, or greater than, the value of an Entertainment Rewards share. The value of an Entertainment Rewards share has been determined on a control basis (i.e. including a control premium). This is consistent with the requirement of RG111.11 that the comparison for a takeover must be made assuming a 100% interest in the target company.

We have assessed the values of an Entertainment Rewards share and the consideration offered at market value, which is defined by the International Valuation Standards Council as:

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

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

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

Reasonableness

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

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

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

2.3 Individual circumstances

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

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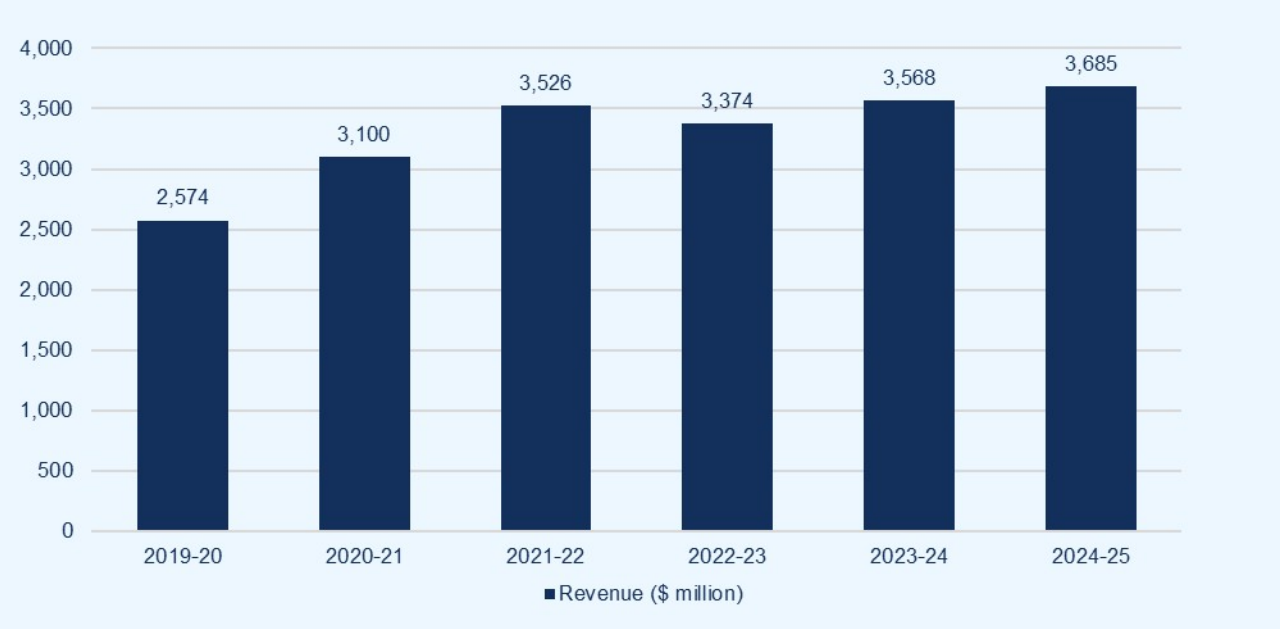
3 AUSTRALIAN DIGITAL ADVERTISING INDUSTRY

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

3.1 Overview

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

Figure 1: Historical revenue growth



Source: IBISWorld

3.2 Customers and services

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

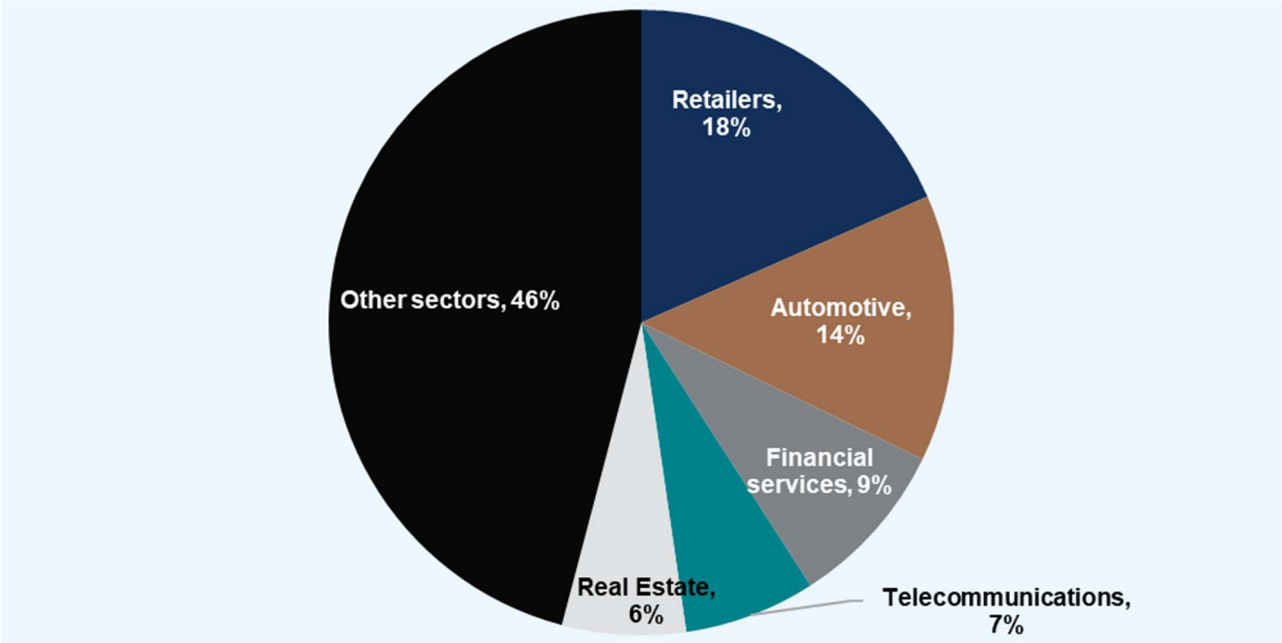
- **Search engine marketing:** accounting for approximately 45% of total industry revenue, this form of marketing involves increasing the visibility of a client's website and product offering on popular search engines by improving its ranking in search results. This may include pay-per-click arrangements,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

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

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

Figure 2: Major market segmentation



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

3.3 Regulatory landscape

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

Customer loyalty schemes

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

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

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

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

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

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

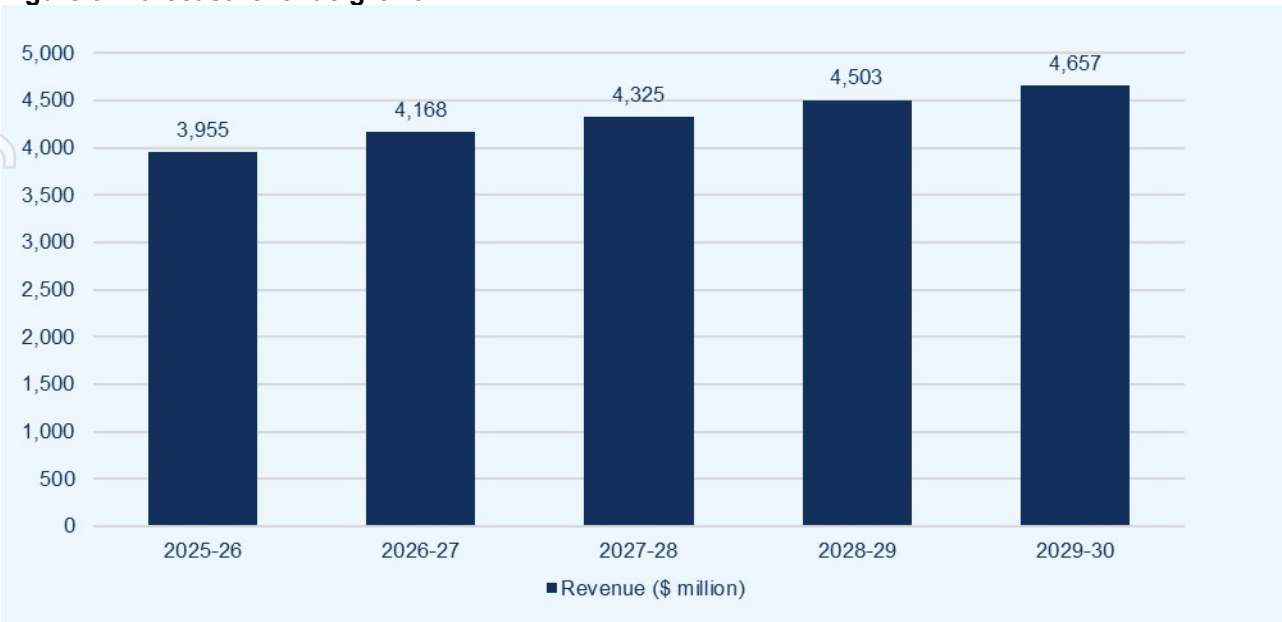
It is expected that the digital advertising industry will continue to be subject to regulatory scrutiny given the large number of Australian consumers that engage with digital advertising and customer loyalty schemes. Industry participants should therefore prepare for changes to market conditions within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

3.4 Outlook

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

[1] *'Beefed up unfair contract terms regime to commence next year', MinterEllison, 2023. Available at: https://www.minterellison.com/articles/beefed-up-unfair-contract-terms-regime-to-commence-next-year*
[2] *Doxxing is to publicly reveal or publish private, personal information about an individual without their consent*
[3] *'Privacy Milestone: First Tranche of Privacy Reforms Passed', MinterEllison 2024. Available at: https://www.minterellison.com/articles/first-tranche-of-privacy-reforms-passed*

Figure 3: Forecast revenue growth



Source: IBISWorld

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4 PROFILE OF ENTERTAINMENT REWARDS

4.1 Background

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

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

4.2 History

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

Table 2: History of Entertainment Rewards

Year	Event
1994	♦ Established as Entertainment Publications.
2016	♦ Entertainment Publications was acquired by BPS, a company listed on the ASX, which owned Bartercard and had a minority stake in Now Book It.
2018	♦ BPS changed its name to IncentiaPay. ♦ IncentiaPay acquired ASX-listed Gruden Group. ♦ Divestiture of Bartercard, the Government division of Gruden Group and IncentiaPay's minority stake in Now Book It.
2019	♦ Sale of the Performance Marketing division of Gruden Group. ♦ Entered into $19 million convertible loan arrangement with Suzerain.
2020	♦ Suzerain converted the $19 million debt into 410.6 million ordinary shares, increasing its shareholding in IncentiaPay from 20% to 70%. ♦ Additional $9.8 million convertible loan from Suzerain. ♦ The iconic Entertainment Book was discontinued from 1 June 2020. ♦ IncentiaPay entered a strategic partnership with Paywith Worldwide Inc.
2021	♦ Suzerain converted the $9.8 million loan into 292.3 million ordinary shares. ♦ IncentiaPay obtained an additional unsecured loan of $5 million from New Gold Coast, a related party of Suzerain.
2022	♦ Secured a $22.5 million convertible loan facility from New Gold Coast. ♦ Launched Seamless Rewards platform. ♦ Entered into several agreements with channel partners including Verrency Australia Pty Ltd and OpenSparkz Pty Ltd, to distribute its Card Linked Offer ("**CLO**") compatible merchant content services.
2023	♦ Signed a master services agreement with one of the largest payment networks to provide merchant discount offers for cashback. ♦ Received deferments on principal and interest from Suzerain and its related entities to 31 December 2025.

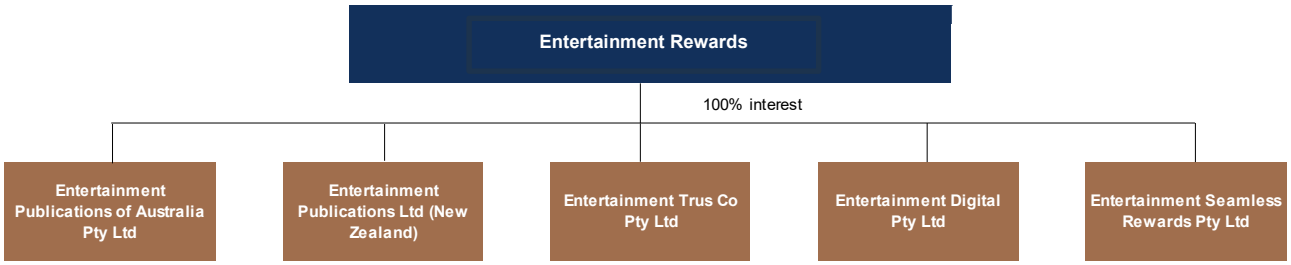
Year	Event
2024	♦ Obtained a $5 million unsecured loan facility from Suzerain, which has subsequently increased to $10.5 million. ♦ New Chief Executive Officer ("**CEO**") appointed in May 2024. ♦ New Gold Coast convertible loan facility novated to Suzerain. ♦ Change of name from IncentiaPay Limited to Entertainment Rewards Limited.
2025	♦ In January 2025 the terms of the Suzerain convertible loan facility were amended such that the right to convert the loan to equity is now at the discretion of Entertainment Rewards, the interest rate on the loan was reduced to 0% and the due date was extended to 31 December 2026. ♦ On 15 October 2025, Entertainment Rewards announced an off-market takeover by Suzerain. ♦ On 29 October 2025, Entertainment Rewards announced its 2025 Notice of Annual General Meeting including resolutions in respect of transferring 52,170,068 Entertainment Rewards shares from Australian Fintech Plus Pty Ltd to Suzerain and amending the convertible loan to extend the repayment date and conversion period and extend the conversion option to include outstanding interest.

Source: Entertainment Rewards

4.3 Corporate structure

The corporate structure of Entertainment Rewards is as follows:

Figure 4: Entertainment Rewards corporate structure



Source: Entertainment Rewards

4.4 Overview of operations

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

- **Entertainment Membership:** represents the business-to-consumer ("**B2C**") segment of the business, generating revenue through rolling membership subscriptions ranging from 12 to 24 months. Membership provides access to thousands of 2-for-1 and up to 50% off offers from over 6,300 business partners in dining, travel, activities and retail across over 11,000 partner locations in Australia and New Zealand. Membership is available across 20 major cities, regional areas and country towns. Up to 20% of membership sales go directly to fundraisers for charities, schools, sports clubs and community groups. In addition to B2C sales, Entertainment Rewards offers enterprise level Entertainment Memberships where large corporate clients purchase Entertainment Memberships in bulk (at a discounted price) to distribute to employees.
- **Frequent Values:** offers fully managed loyalty and rewards program to large enterprises. Entertainment Rewards enters into contracts with corporate customers to develop programs of dining and leisure benefits for their customers or employees over the contract period. Entertainment Rewards currently has over 20 corporate clients.

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- **Seamless Rewards:** launched in October 2022, Seamless Rewards provides seamless integration for cash back programs across merchant offers, card issuers and payment networks. It allows consumers to benefit from CLOs which are cash back rewards that consumers automatically receive by transacting in-store or online after linking their debit or credit cards to a participating loyalty program. The business generates revenues through success fees every time a cardholder transacts with a linked card at a Seamless Rewards merchant.

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

4.5 Key personnel

The Board of Directors of Entertainment Rewards comprises:

Table 3: Directors of Entertainment Rewards

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

Source: Entertainment Rewards

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4.6 Going Concern Risk

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

4.7 Financial performance

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

Table 4: Entertainment Rewards' financial performance

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

Source: Entertainment Rewards

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

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

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

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4.8 Financial position

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

Table 5: Entertainment Rewards' financial position

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

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

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

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

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

    As a result of the amendments set out above, Entertainment Rewards reclassified this liability as equity in its financial statements as at 30 June 2025. The remaining $4.6 million liability relates to interest outstanding which has been deferred to 31 December 2026.
    On 27 October 2025, Entertainment Rewards announced that it was seeking shareholder approval for two changes to the convertible loan facility which are:
    - Extending the repayment date and conversion period of the Convertible Loan for a further three years to 31 December 2028
    - Extending the conversion option of the Convertible Loan to include the outstanding interest on the Convertible Loan of $4.53 million subject to the same terms as the Convertible Loan
  - On 28 June 2024, Entertainment Rewards entered into a new unsecured loan agreement with Suzerain for a total loan liability of $5 million which was later increased to $10.5 million. $8 million of the facility limit has been drawn down as at 30 September 2025.
- Deferred revenue primarily relates to the upfront consideration from membership subscription and enterprise customers, for which revenue is recognised over time.
- Provisions relate to employee benefits such as annual leave and long service leave.

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4.9 Cash flows

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

Table 6: Entertainment Rewards' cash flows

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

Source: Entertainment Rewards

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

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

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4.10 Capital structure and shareholders

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

Table 7: Entertainment Rewards' substantial shareholders

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

Source: Entertainment Rewards
Note:
1. Suzerain and Australian Fintech are related parties.

We note that Suzerain is the controlling shareholder.

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

Table 8: Summary of the key terms of the LFS

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

Source: Entertainment Rewards

As shown in the figure above, Mr Romito and Mr Palmer's Tranche 1 and Tranche 2 LFS shares have vested. Under the Proposed Transaction, Tranche 3 will be vested on a pro-rated basis from 1 July 2025 until the date of the takeover.

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

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4.11 Convertible loan facility

Entertainment Rewards has a convertible loan facility with Suzerain, the current terms of which are summarised in the table below.

Table 9: Convertible Loan Deed

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

Source: Entertainment Rewards

4.12 Share trading

The following chart shows the market trading of Entertainment Rewards shares, for the 12 months to 27 October 2025:

Figure 9: Entertainment Rewards' share trading over the last 12 months



Source: S&P Capital IQ

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

- Trading in the shares was illiquid up until the announcement of the Proposed Transaction. Average daily value traded of approximately $4,474 at a volume weighted average price ("**VWAP**") of $0.0149 over the period (including after the announcement of the Proposed Transaction). The average daily volume represents approximately 0.02372% of ordinary shares on issue. Over the 12 months prior to the announcement of the Proposed Transaction, the average daily value traded was approximately $463 at a VWAP of $0.004.
- The spike in trading volume on 7 May 2025 coincided with the release of Entertainment Rewards' Q3 FY25 quarterly activities report on 29 April 2025 which announced:
  - Changes to the Convertible Loan terms including reclassification from debt to equity and nil interest costs.
  - Improvements in revenue and member numbers
  - Cost savings associated with organisational changes with effective savings of $1 million (annualised).
- The spike in trading volume from 16 October 2025 coincided with the announcement of the Proposed Transaction.

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5 VALUATION METHODOLOGY

5.1 Available valuation methodologies

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

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

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

5.2 Selected methodology

In selecting an appropriate valuation methodology for Entertainment Rewards we have considered the following:

Table 10: Consideration of methodologies

Method	Considerations	Approach
Discounted cash flow	♦ Entertainment Rewards has a variable revenue and cost profile over the next several years due to significant changes in the business model with proposed initiatives to be implemented in phases over the period to FY28. This is best considered by a discounted cash flow analysis. ♦ We have been provided with financial projections to FY28 prepared by Entertainment Rewards management. We have used the projections as a basis for our own cash flow model.	Selected
Capitalisation of earnings	♦ There are a limited number of transactions (market trading and M&A) involving companies with comparable businesses to Entertainment Rewards. ♦ Entertainment Rewards has experienced operating losses historically and is expected to continue operating at a loss in the near-to-mid-term. Therefore, the capitalisation of earnings method is not appropriate.	Not considered
Asset based methods	♦ Entertainment Rewards is neither an asset-based business nor an investment holding company. Asset based methods are generally not appropriate for operating businesses as they ignore the value of most internally generated intangible assets. ♦ Although Entertainment Rewards has a history of operating losses and significant debt, we consider it to be a going concern as ongoing funding for the business is provided by Suzerain. Therefore, an asset method is not appropriate.	Not considered

Method	Considerations	Approach
Share trading	♦ Entertainment Rewards shares have been thinly traded, with periods of no trading, making an analysis of share trading less reliable. However, we have analysed share trading in Entertainment Rewards before the Proposed Transaction was announced (which reflects a minority valuation and analysed the control premium implied by our valuation of an Entertainment Rewards share on a control basis) as a broad cross-check of our assessed value per share.	Cross-check

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6 VALUATION OF ENTERTAINMENT REWARDS

6.1 Introduction

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

6.2 Discounted Cash Flow Method

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

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

6.3 Projected cash flows

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

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

Revenue

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

Entertainment membership subscription

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

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

- Entertainment membership numbers are forecast to reach 56% of the historical FY19 peak by FY29. Given the increase in competition in the rewards market since FY19 we expect that long term membership numbers may not reach historical highs.
- The annual average membership price is forecast to remain at $75 until January 2026 before increasing to $80. This rate is expected to stay unchanged through the end of FY28 to encourage renewals.
- The retention rate is projected to be approximately 70% to 75% over the forecast period compared to the historical retention rate of approximately 60% in FY25. This improvement is attributed to an increase in resources dedicated to customer service, particularly in the fundraiser segment.

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- Over 75% of the memberships in FY26 are expected to be originated from fundraisers with the proportion remaining broadly constant throughout the forecast period.

Frequent Value (enterprise clients)

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

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

Gift cards

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

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

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

Seamless rewards

The Seamless Rewards program generates revenue through commissions received as a percentage of transaction value when a loyalty scheme customer transacts with a participating merchant. Revenue is expected to increase at a CAGR of 16% until FY28. Growth is supported by an increased volume of transactions from existing customers and modest growth in new customers.

Other revenue

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

Gross margin

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

Operating costs

Employee costs

Employee costs are the largest component of operating expenses. Employee costs increased by $1.4 million (14%) in FY25 as the company employed additional staff to drive future growth. Due to the investment in staff in FY25, growth in employee costs is expected to be lower than revenue growth over the forecast period. Forecast employee expense growth is 3% in FY26, 6% in FY27 and 8% in FY28. After FY28, the growth in employee costs is forecast to slow down over the forecast period reaching 3% by FY34.

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

Other operating expenses

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

Taxation

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

Working capital

Working capital is primarily comprised of:

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

Capital expenditure

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

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

Reasonableness of assumptions

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

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

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6.4 Discount Rate

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

6.5 Terminal Growth

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

6.6 Non-operating Assets and Liabilities

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

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

Each of these factors are considered below.

Surplus assets

Entertainment Rewards does not hold any assets of this nature.

Non-operating liabilities

Entertainment Rewards does not hold any liabilities of this nature.

Net debt

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

Table 11: Net debt of Entertainment Rewards

Net debt ($'000)	Low	High
Cash	1,556	1,556
Proceeds from LFS[1]	124	124
Suzerain Convertible Loan facility - Principal	(22,500)	-
Suzerain Convertible Loan facility - interest and admin fee outstanding	(4,565)	(4,565)
Loan from Skybound Fidelis	(1,210)	(1,210)
Secured loan from Suzerain	(854)	(854)
Unsecured loan from Suzerain	(8,609)	(8,609)
Net debt	**(36,058)**	**(13,558)**

Source: Leadenhall analysis
Notes:
1. We have assumed that the loans accompanying all of Mr Romito and Mr Palmer's Tranche 1 and Tranche 2 LFS shares are repaid. In accordance with the terms of the Proposed Transaction, we have pro-rated the remaining Tranche 3 LFS shares based on the closing date of the offer period of 1 December 2025 and assumed that the accompanying loans are also repaid.
2. We have assumed book value is representative of market value for all borrowings including the interest on the Convertible Loan.

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

- In the high case, we assumed that Entertainment Rewards elects to convert the convertible loan facility with Suzerain. In this scenario we reclassified the convertible loan as equity. In the low case, we have assumed that Entertainment Rewards does not elect to convert the convertible note. In this scenario we have included the principal of $22.5 million in net debt.
- The $4.6 million liability in the high and low scenarios primarily relates to interest outstanding. While Entertainment Rewards may have the ability to convert the interest component of the convertible loan facility into equity (subject to shareholder approval), we have not considered this scenario as any potential impact would be minimal and would not affect our overall conclusion.
- The $1.2 million loan facility provided by Skybound Fidelis Investment Limited (a related entity of Suzerain) was used to fund transformational capital expenditure. The amount has been fully drawn as at 31 August 2025.
- The secured interest-bearing loan from Suzerain of $0.85 million (including interest) is due for repayment by 31 December 2026.
- On 28 June 2024, Entertainment Rewards entered into a new loan agreement with Suzerain for a total loan liability of $5 million which was later increased to $10.5 million. $8.0 million of the facility limit has been drawn down as at 30 September 2025.

6.7 Assessed Value of Entertainment Rewards

The preceding analysis leads to an assessed value of an Entertainment Rewards share, on a control basis, of between 0.3 cents and 1.3 cents as set out in the following table:

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Table 12: Assessed value of an Entertainment Rewards share

Equity Value (Control Basis) ($'000)		
	Low	**High**
Enterprise value	**39,971**	**44,924**
Net debt	(36,058)	(13,558)
Assessed equity value on a control basis	**3,913**	**31,366**
Conversion of Convertible Note		
Principal	n/a	22,500
Conversion price for principal (cents)	n/a	2.2
Ordinary shares issued upon conversion ('000)	**-**	**1,022,727**
Ordinary shares on issue ('000)	1,279,689	1,279,689
LFS shares ('000)[1]	23,464	23,464
Total shares	**1,303,153**	**2,325,880**
Assessed value per ordinary share on a control basis ($)	**0.003**	**0.013**

Source: Leadenhall analysis
Notes
1. We have included all of Mr Romito and Mr Palmer's Tranche 1 and Tranche 2 LFS shares as they have already vested. We have pro-rated the remaining Tranche 3 LFS shares in accordance with the terms of the Proposed Transaction based on the closing date of the offer period of 1 December 2025.

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

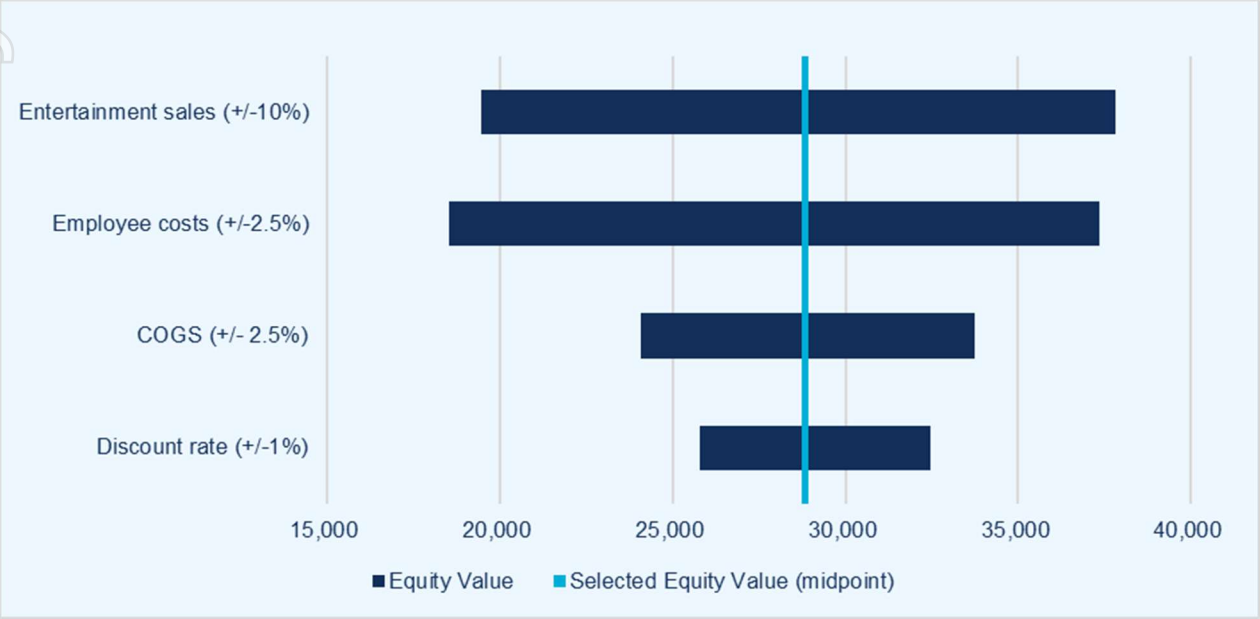
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Sensitivity analysis

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

Figure 5: Sensitivity analysis



Source: Leadenhall analysis

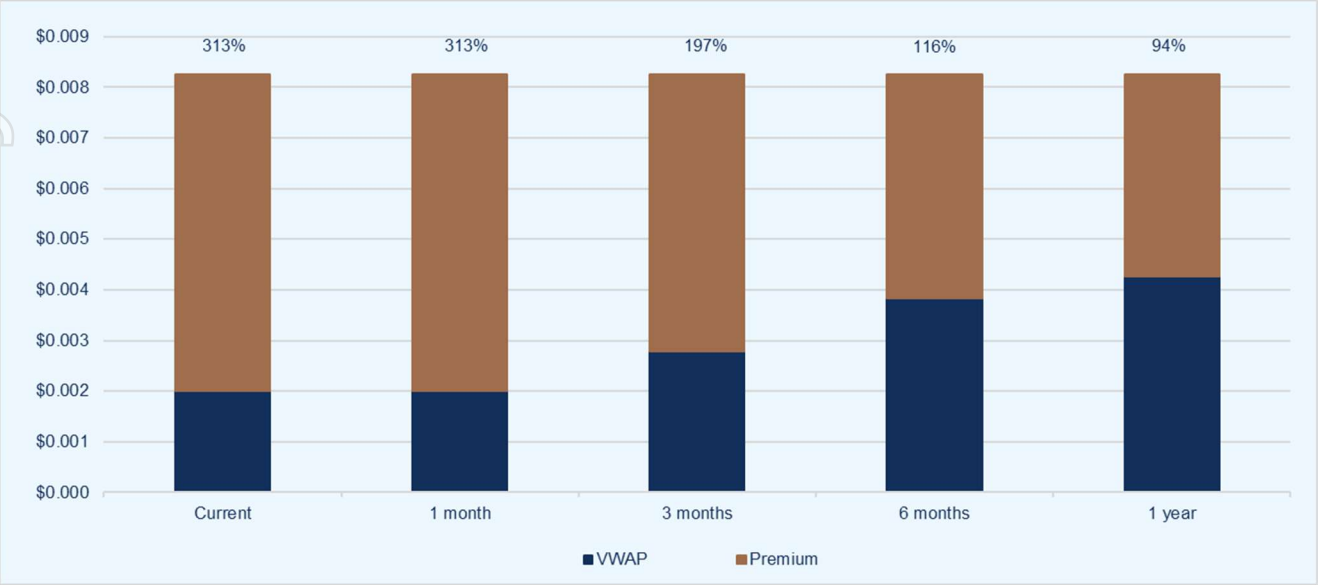
6.8 Analysis of Share Trading Cross Check

Market trading in Entertainment Rewards prior to the announcement of the Proposed Transaction provides an indication of the market's assessment of the value of Entertainment Rewards on a minority basis. We have presented an analysis of recent trading in Entertainment Rewards shares in Section 4.12 above. When assessing market trading, it is necessary to consider whether the market is informed and liquid. In this regard, we note:

- Entertainment Rewards shares are closely held. Daily values traded over the past two years prior to the announcement of the Proposed Transaction are approximately $453 on average, with the average increasing slightly to approximately $463 over the last 12 months. This level is well below the level at which institutional investors would seek to trade and may be seen as a deterrent for other potential investors.
- Entertainment Rewards is a listed company with continuous disclosure obligations under the ASX Listing Rules, thus the market is reasonably informed about its activities. However, there is uncertainty regarding its ability to continue as a going concern. Investing in Entertainment Rewards may therefore be perceived as speculative.

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

Figure 6: Implied control premium to market trading prices



Source: S&P Capital IQ, Leadenhall analysis
Note: the implied control premium has been calculated based on our midpoint valuation range of $0.008

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

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

6.9 Conclusion on Value

Based on our discounted cash flow analysis and share trading cross check, we have selected a valuation range for a share in Entertainment Rewards of between 0.3 cents to 1.3 cents, on a control basis as at the valuation date of 31 October 2025.

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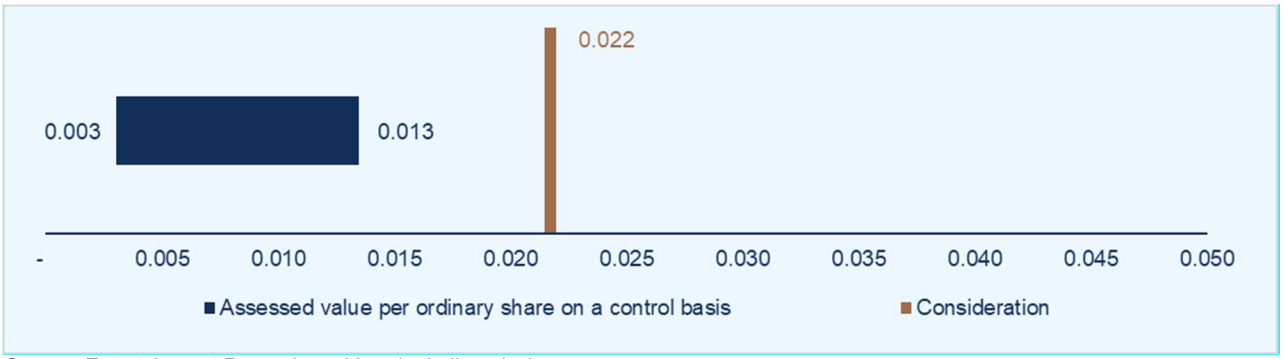
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7 EVALUATION

7.1 Fairness

In order to assess whether the Proposed Transaction is fair, we have compared our assessed market value of an Entertainment Rewards share on a control basis (i.e. including a control premium) with the consideration to be paid. This comparison is shown in the figure below:

Figure 7: Assessment of fairness



Source: Entertainment Rewards and Leadenhall analysis

As the value of the consideration is greater than an Entertainment Rewards share (on a control basis), we have assessed the Proposed Transaction as being fair.

7.2 Reasonableness

We have defined the Proposed Transaction as reasonable if it is fair, or if despite not being fair, there are sufficient reasons for Entertainment Rewards' Shareholders to accept the takeover offer. We have therefore considered the following advantages and disadvantages of the Proposed Transaction to Shareholders.

Advantages

Consideration represents a significant premium to our assessed value of Entertainment Rewards shares and recent share trading

The Consideration represents a premium of 63% to 627% compared to our assessed market value of Entertainment Rewards. It also represents a 1000% premium to the price of an Entertainment Rewards share as at 15 October 2025 (the last trading day prior to announcement of the Proposed Transaction).

Share price is likely to fall if the Proposed Transaction does not proceed

Since the announcement of the Proposed Transaction, Entertainment Rewards shares have traded approximately in line with the Consideration. This is considerably higher than trading prices before the announcement of the Proposed Transaction. If the Proposed Transaction is not approved, it is likely the trading price will fall, at least in the short-term.

Disadvantages

Tax leakage

If Shareholders participate in the Proposed Transaction, this will likely accelerate tax leakage on this investment that would otherwise be deferred in the absence of the Proposed Transaction. The tax implications may vary for individual shareholders. Shareholders should seek their own independent advice as to any potential tax implications of the Proposed Transaction.

7.3 Opinion

The Proposed Transaction is fair and reasonable to Shareholders.

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

APPENDIX 1: GLOSSARY

Term	Meaning
ACCC	Australian Competition and Consumer Commission
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited
AUD	Australian Dollar
Australian Fintech	Australian Fintech Plus Pty Ltd
B2C	Business-to-consumer
BPS	BPS Technology Limited
CAGR	Compound Annual Growth Rate
CAPM	Capital Asset Pricing Model
Convertible Loan	$22.5 million convertible loan facility extended by Suzerain to Entertainment Rewards
Corporations Act	The Corporations Act 2001
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FSG	Financial Services Guide
FY	Financial year
Item 7	Item 7 of Section 611 of the Corporations Act
Leadenhall	Leadenhall Corporate Advisory Pty Ltd
LFS	Loan Funded Scheme
Market value	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion
Model	Cash flow projections prepared by management for the three year period from FY26 to FY28.
NPAT	Net profit after tax
P / E	Price to Earnings
PBT	Profit before tax
Proposed Transaction	Implementation agreement with Suzerain, under which Suzerain agreed to make an off-market takeover offer to acquire all of the shares in Entertainment Rewards that Suzerain does not already own.
RG111	Regulatory Guide 111: Content of Expert Reports
RG74	Regulatory Guide 74: Acquisitions Approved by Members
Section 606	Section 606 of the Corporations Act 2001
Shareholders	Current shareholders of Entertainment Rewards
Suzerain	Suzerain Investment Holdings Pty Ltd
WACC	Weighted Average Cost of Capital

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APPENDIX 2: VALUATION METHODOLOGIES

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

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

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

Discounted cash flow method

Description

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

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

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

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

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

Use of the discounted cash flow method

A discounted cash flow approach is usually preferred when valuing:

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

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

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

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Capitalisation of earnings method

Description

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

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

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

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

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

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

Use of the capitalisation of earnings method

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

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

Asset based methods

Description

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

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

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

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

Use of asset based methods

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

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

Asset based methods are not appropriate if:

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

Analysis of share trading

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

Industry specific rules of thumb

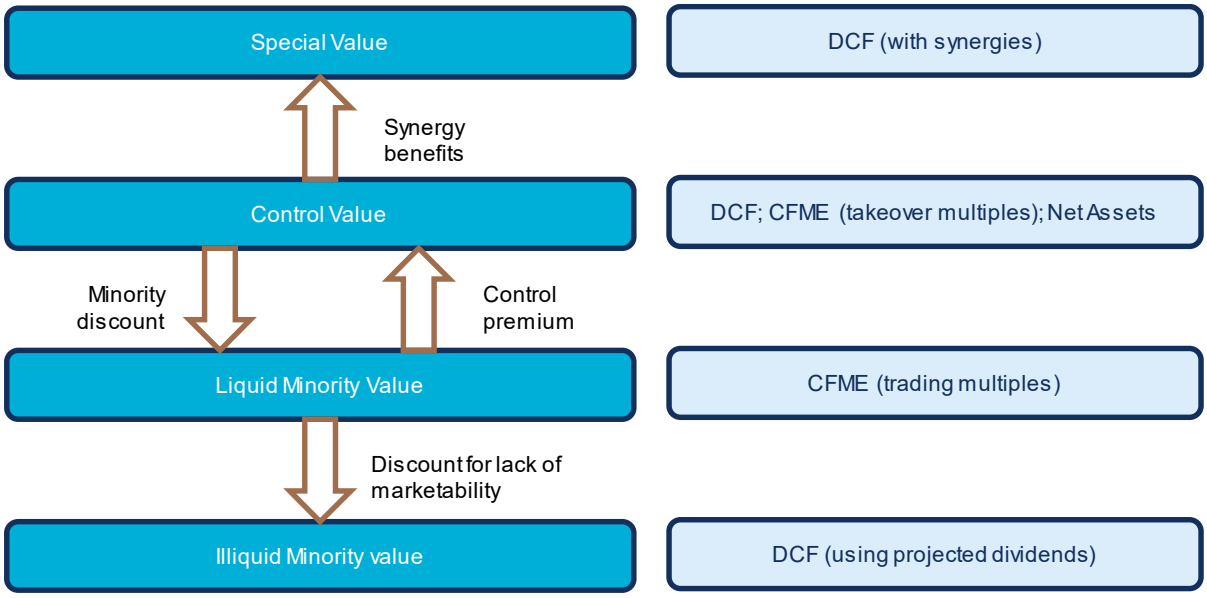
Industry specific rules of thumb are used in certain industries. These methods typically involve a multiple of an operating figure such as eyeballs for internet businesses, numbers of beds for hotels etc. These methods are typically fairly crude and are therefore usually only appropriate as a cross-check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

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APPENDIX 3: LEVELS OF VALUE

Background

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



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

- Appendix 5 Control Premium
- Appendix 6 Marketability

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

Special value

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

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

Control value

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

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

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

Liquid minority value

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

Illiquid minority value

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

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APPENDIX 4: DISCOUNT RATE

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

Post-tax cost of equity (K_e)

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

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

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

The components of the CAPM formula are:

Table 13: Components of CAPM

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

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

Risk-free rate (R_f)

The relevant risk-free rate of return is the return on a risk-free security, typically over a long-term period. In practice, long dated government bonds are an acceptable benchmark for the risk-free security. We have selected a risk-free rate of 4.21%, being the yield on 10-year Australian Government bonds as at 30 October 2025.

Equity market risk premium (EMRP)

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

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

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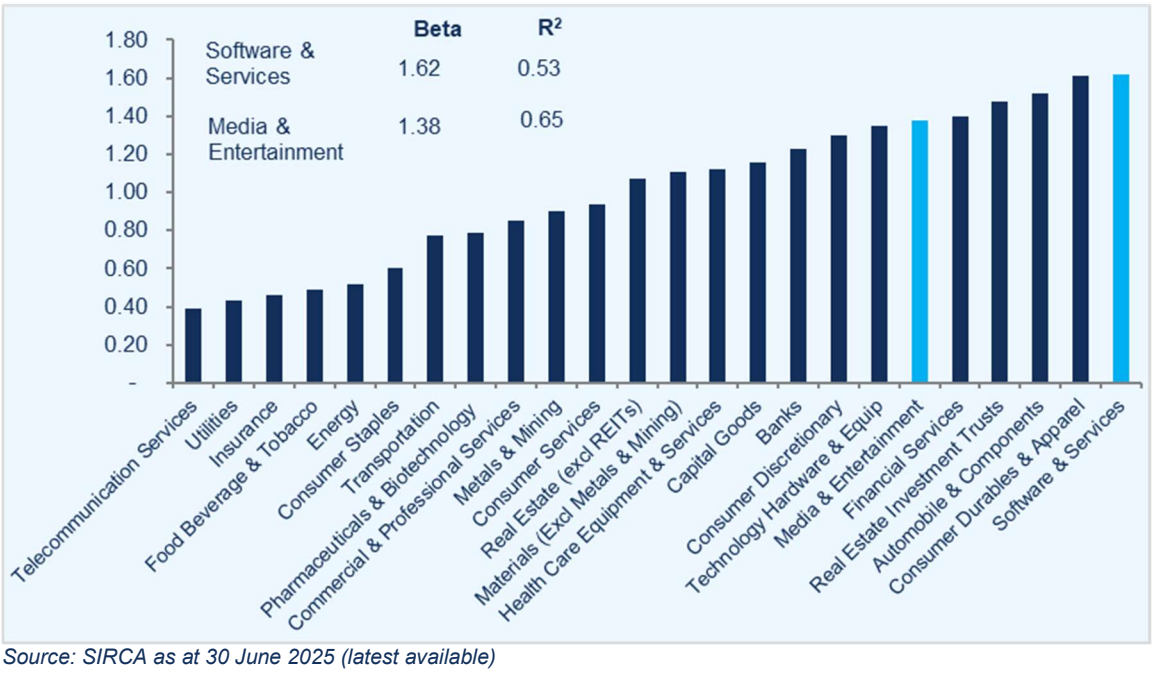
Beta estimate (β)

Description

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

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

Figure 8: Industry betas



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

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

Table 14: Comparable company betas

Company	Country	Market Cap (A$m)	Gearing D/EV[1,2]	Asset Beta - SIRCA[2] Low	Mean	High	Asset Beta - LH[2] Low	Mean	High
Australian Comparable Companies									
EML Payments Limited	Australia	376	6%	0.05	0.95	1.86	0.06	0.91	1.76
EonX Technologies Inc.	Australia	43	15%	n/a	n/a	n/a	1.42	2.85	4.28
Gratifii Limited	Australia	33	2%	(0.71)	(0.02)	0.68	(0.64)	0.08	0.79
Klevo Rewards Limited	Australia	4	16%	n/a	n/a	n/a	0.01	0.63	1.24
Average (excluding outliers[4]) - Australian			**9%**	**0.05**	**0.95**	**1.86**	**0.04**	**0.77**	**1.50**
Median (excluding outliers[4]) - Australian			**10%**	**0.05**	**0.95**	**1.86**	**0.04**	**0.77**	**1.50**
International Comparable Companies									
Expedia Group, Inc.	United States	41,998	10%	n/a	n/a	n/a	1.04	1.42	1.81
Rakuten Group, Inc.	Japan	21,207	-85%	n/a	n/a	n/a	0.78	1.47	2.16
Yelp Inc.	United States	3,174	-14%	n/a	n/a	n/a	0.24	0.54	0.85
Groupon, Inc.	United States	1,286	7%	n/a	n/a	n/a	(0.67)	0.05	0.77
Travelzoo	United States	168	-11%	n/a	n/a	n/a	0.37	0.95	1.53
Snipp Interactive Inc.	Canada	19	-11%	n/a	n/a	n/a	(0.11)	0.66	1.43
Xamble Group Limited	Malaysia	6	-20%	(0.46)	0.42	1.30	(0.42)	0.64	1.69
Average (excluding outliers[4]) - International			**9%**	**n/a**	**n/a**	**n/a**	**0.32**	**0.95**	**1.58**
Median (excluding outliers[4]) - International			**9%**	**n/a**	**n/a**	**n/a**	**0.30**	**0.80**	**1.61**
Average (excluding outliers[4]) - Overall			**9%**	**0.05**	**0.95**	**1.86**	**0.25**	**0.90**	**1.56**
Median (excluding outliers[4]) - Overall			**9%**	**0.05**	**0.95**	**1.86**	**0.15**	**0.78**	**1.61**

Source: S&P Capital IQ as at 27 October 2025; SIRCA as at 31 March 2025
Notes:
1. Gearing levels represent the five-year average gearing levels.
2. The outliers are highlighted in grey and have been excluded from the average and median calculations.

Selected beta (β)

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

- The industry equity betas for the Australian Media and Entertainment and Software and Services industries are 1.40 and 1.58 respectively.
- The average asset beta for comparable Australian loyalty solutions providers is between 0.77 and 0.95, excluding outliers.
- The average asset beta for comparable international loyalty and payment solutions providers is 0.90 while the median asset beta is 0.80, excluding outliers.
- The overall average asset beta is 0.90 while the median asset beta is 0.78 excluding outliers and SIRCA data.
- The industry equity betas are less directly relevant in terms of business models and as such we have placed greater emphasis on the comparable company betas.
- As a result of these considerations, we have selected an asset beta between 0.80 and 0.90 for Entertainment Rewards, which is in line with the average of the comparable companies. This equates to an equity beta of 0.86 to 0.97 after applying our selected gearing level of 10%. Our selected gearing level takes into consideration Entertainment Rewards' long-term need for leverage to fund its growth and maximise returns to shareholders, constrained by the lack of ability to support significant levels of debt given its poor profitability and cash flow generation. The selected gearing level is within the range of the comparable companies' gearing levels.

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Specific company risk premium (α)

Size premium

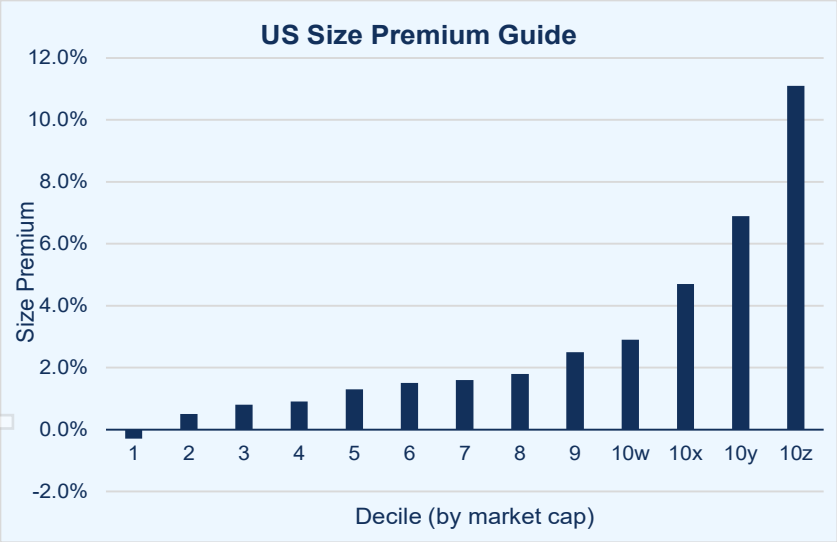
The size premium is the additional return that investors require for the risks of investing in small businesses. To date, whilst it has not been possible to isolate the specific causes of size premiums (other than simply size), many factors have been suggested, including:

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

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

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

Table 15: Evidence of size premium



Source: Duff & Phelps Cost of Capital Navigator, data through 31 December 2018
Note: The first decile represents the largest companies while the 10z decile represents the smallest companies by market capitalisation.

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

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

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

Table 16: Leadenhall size premium bandings

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

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

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

Other company specific risks

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

Dividend Imputation

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

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

Conclusion on cost of equity

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

Table 17: Estimated cost of equity for Entertainment Rewards

Discount Rate Summary		
	Low	**High**
Risk free rate (R_f)	4.21%	4.21%
Asset beta (β_A)	0.80	0.90
Equity beta (β_E)	0.86	0.97
Equity market risk premium (EMRP)	4.75%	4.75%
Size premium (α_{size})	6.5%	7.5%
Specific risk premium (α_c)	4.0%	4.0%
Assessed cost of equity (k_e)	**18.8%**	**20.3%**

Source: Leadenhall analysis

Post-tax weighted average cost of capital (WACC)

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

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

The components of the WACC formula are:

Table 18: Components of WACC

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

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

Cost of equity (K_e)

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

Corporate tax rate (t_c)

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

Cost of debt capital (K_d)

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

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Debt and equity mix

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

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

Calculation of WACC

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

Table 19: Estimated WACC for Entertainment Rewards

Discount Rate Summary		
	Low	**High**
Assessed cost of equity (k_e)	**18.8%**	**20.3%**
Cost of debt (K_d)	6.5%	7.0%
Gearing (D/V)	10.0%	10.0%
Tax rate (t)	30.0%	30.0%
Calculated WACC	**17.4%**	**18.8%**
Selected WACC	**17.5%**	**19.0%**

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APPENDIX 5: CONTROL PREMIUM

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

Background

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

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

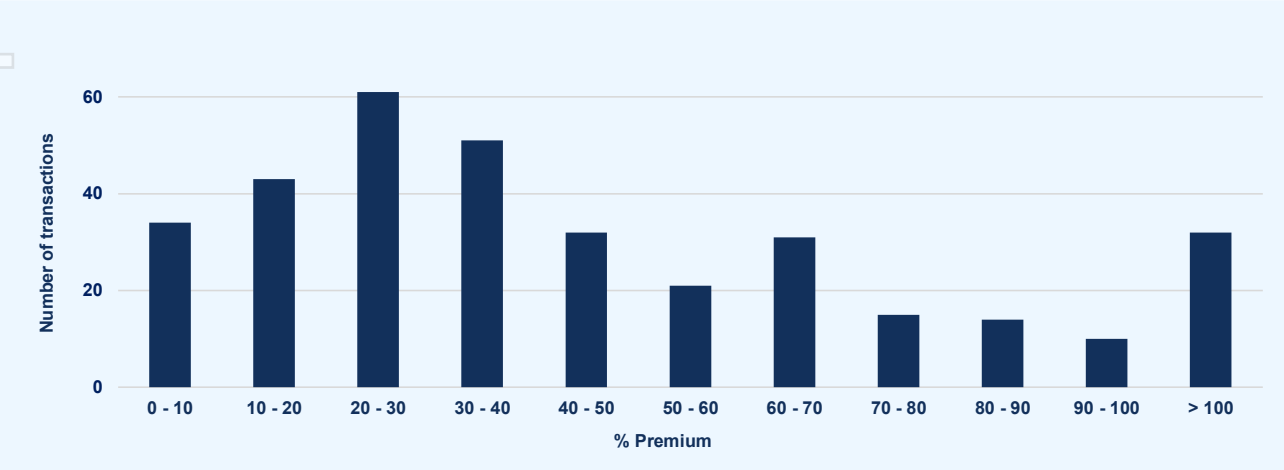
The most common approach to quantifying a control premium is to analyse the size of premiums implied from prices paid in corporate takeovers. Another method is the comparison between prices of voting and non-voting shares in the same company. We note that the size of the control premium should generally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

Takeover Premiums

Dispersion of premiums

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

Figure 9: Takeover premium by size



Sources: S&P Capital IQ, Leadenhall analysis

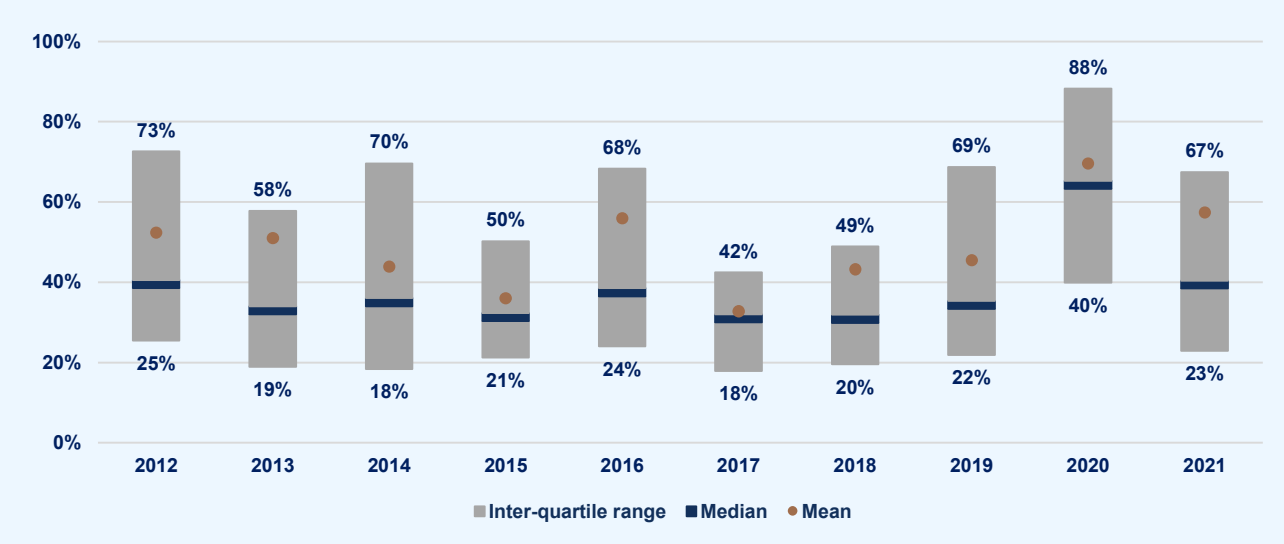
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This chart highlights the dispersion of premiums paid in takeovers. The chart shows a long tail of high premium transactions, although the most common recorded premiums are in the range of 20% to 40%, with approximately 65% of all premiums falling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

Premiums over time

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

Figure 10: Average takeover premium (1 month)



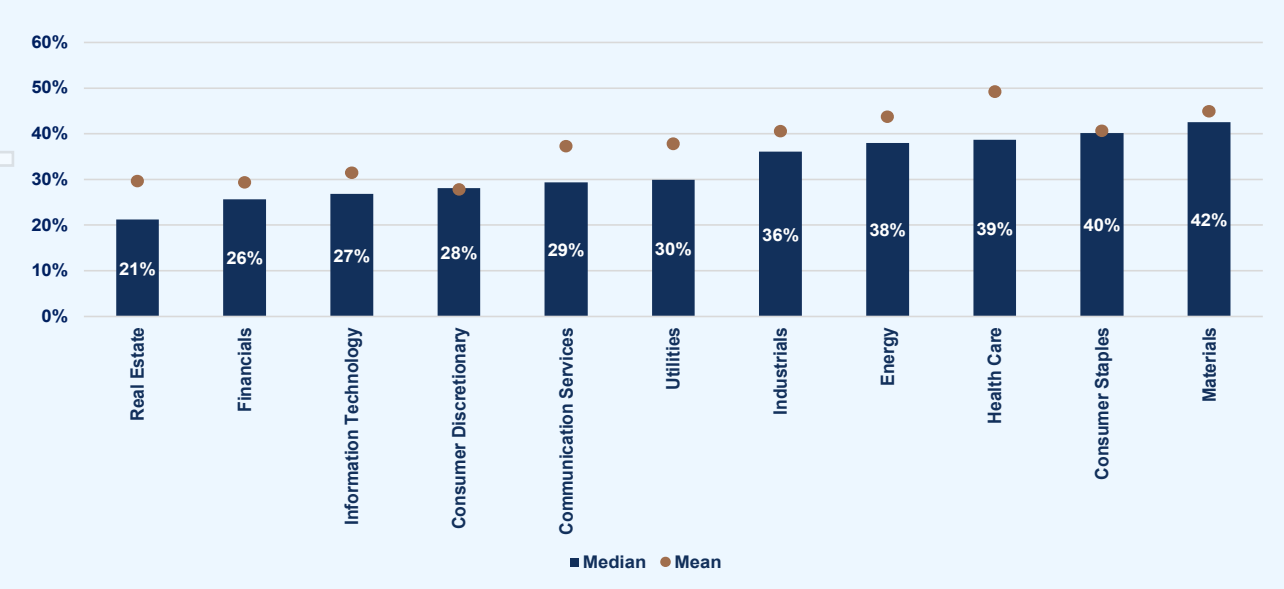
Sources: S&P Capital IQ, Leadenhall analysis
Note: The average premiums presented above exclude transactions with implied control premiums below zero and transactions which we consider to be outliers.

The chart indicates that while premiums vary over time, there is no clearly discernible pattern. The mean is higher than the median due to a small number of high premiums.

Premiums by industry

The following chart shows the average takeover premium by industry, compared to the share price one month before the takeover was announced. Most industries show an average premium of 20% to 40%.

Figure 11: Average takeover premium (2012 to 2021)



Sources: S&P Capital IQ, Leadenhall analysis
Note: The average premiums presented above exclude specific transactions with implied control premiums below zero or over 100% which we consider to be outliers.

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Key factors that generally lead to higher premiums being observed include:

- Competitive tension arising from more than one party presenting a takeover offer.
- Favourable trading conditions in certain industries (e.g. recent mining and tech booms).
- Significant synergistic special or strategic value.
- Scrip offers where the price of the acquiring entity's shares increases between announcement and completion.

Industry Practice

In Australia, industry practice is to apply a control premium in the range of 20% to 40%, as shown in the following list quoting ranges noted in various independent experts' reports.

- Deloitte - 20% to 40%
- Ernst & Young - 20% to 40%
- Grant Samuel - 20% to 35%
- KPMG - 25% to 35%
- Lonergan Edwards - 30 to 35%
- PwC - 20% to 40%

The range of control premiums shown above is consistent with most academic and professional literature on the topic.

Alternative View

Whilst common practice is to accept the existence of a control premium in the order of 20% to 40%, certain industry practitioners (particularly in the US) disagree with the validity of this conclusion. Those with an alternate viewpoint to the fact that very few listed companies are acquired each year as evidence that 100% of a company is not necessarily worth more than the proportionate value of a small interest. Those practitioners agree that the reason we see some takeovers at a premium is that if a company is not well run, there is a control premium related to the difference in value between a hypothetical well run company and the company being run as it is.

Impact of Methodologies Used

The requirement for an explicit valuation adjustment for a control premium depends on the valuation methodology and approach adopted and the level of value to be examined. It may be necessary to apply a control premium to the value of a liquid minority value to determine the control value. Alternatively, in order to estimate the value of a minority interest, it may be necessary to apply a minority discount to a proportional interest in the control value of the company.

Discounted cash flow

The discounted cash flow methodology generally assumes control of the cash flows generated by the assets being valued. Accordingly, such valuations reflect a premium for control. Where a minority value is sought a minority discount must therefore be applied. The most common exception to this is where a discounted dividend model has been used to directly determine the value of an illiquid minority holding.

Capitalisation of earnings

Depending on the type of multiple selected, the capitalisation of earnings methodology can reflect a control value (transaction multiples) or a liquid minority value (listed company trading multiples).

Asset based methodologies

Asset based methodologies implicitly assume control of the assets being valued. Accordingly, such valuations reflect a control value.

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Intermediate Levels of Ownership

There are a number of intermediate levels of ownership between a portfolio interest and 100% ownership. Different levels of ownership/strategic stakes will confer different degrees of control and rights as shown below.

- 90% - can compulsory purchase remaining shares if certain conditions are satisfied
- 75% - power to pass special resolutions
- 50% - gives control depending on the structure of other interests (but not absolute control)
- 25% - ability to block a special resolution
- 20% - power to elect directors, generally gives significant influence, depending on other shareholding blocks
- < 20% generally has only limited influence

Conceptually, the value of each of these interests lies somewhere between the portfolio value (liquid minority value) and the value of a 100% interest (control value). Each of these levels confers different degrees of control and therefore different levels of control premium or minority discount.

50%

For all practical purposes, a 50% interest confers a similar level of control to holdings of greater than 50%, at least where the balance of the shares is listed and widely held. Where there are other significant holders, such as in a 50/50 joint venture, 50% interests involve different considerations depending upon the particular circumstances.
Strategic parcels do not always attract a control premium. In fact, if there is no bidder, the owner may be forced to sell the shares through the share market, usually at a discount to the prevailing market price. This reflects the fact that the sale of a parcel of shares significantly larger than the average number of shares traded on an average day in a particular stock generally causes a stock overhang, therefore there is more stock available for sale than there are buyers for the stock and in order to clear the level of stock available, the share price is usually reduced by what is referred to as a blockage discount.

20% to 50%

Holdings of less than 50% but more than 20% can confer a significant degree of influence on the owner. If the balance of shareholders is widely spread, a holding of less than 50% can still convey effective control of the business. However, it may not provide direct ownership of assets or access to cash flow. This level of holding has a strategic value because it may allow the holder significant influence over the company's management, possibly additional access to information and a board seat.

<20%

Holdings of less than 20% are rarely considered strategic and would normally be valued in the same way as a portfolio interest given the stake would not be able to pass any ordinary or special resolution on their own if they were against the interests of the other shareholders. Depending on the circumstances, a blockage discount may also apply.
As explained above, the amount of control premium or minority discount that would apply in specific circumstances is highly subjective. In relation to the appropriate level of control premium,
Aswath Damodaran notes "the value of controlling a firm has to lie in being able to run it differently (and better)". A controlling shareholder will be able to implement their desired changes. However, it is not certain that a non-controlling shareholder would be able to implement changes they desired. Thus, following the logic of Damodaran and the fact that the strategic value of the holding typically diminishes as the level of holding decreases, the appropriate control premium for a non-controlling shareholder should be lower than that control premium for a controlling stake.

Key Factors in Determining a Reasonable Control Premium

Key factors to consider in determining a reasonable control premium include:

- **Size of holding** – Generally, larger stakes attract a higher control premium
- **Other holdings** – The dispersion of other shareholders is highly relevant to the ability for a major shareholder to exert control. The wider dispersed other holdings are, the higher the control premium
- **Industry premiums** – Evidence of premiums recently paid in a given industry can indicate the level of premium that may be appropriate
- **Size** – medium sized businesses in a consolidating industry are likely to be acquired at a larger premium than other businesses
- **Dividends** – a high dividend pay-out generally leads to a low premium for control
- **Gearing** – a company that is not optimally geared may attract a higher premium than otherwise, as the incoming shareholder has the opportunity to adjust the financing structure
- **Board** – the ability to appoint directors would increase the control premium attaching to a given parcel of shares. The existence of independent directors would tend to decrease the level of premium as this may serve to reduce any oppression of minority interests and therefore support the level of the illiquid minority value
- **Shareholders' agreement** - the existence and contents of a shareholder's agreement, with any protection such as tag along and drag along rights offered to minority shareholders lowers the appropriate control premium.

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APPENDIX 6: MARKETABILITY

Introduction

Non-controlling interests in unlisted companies generally sell at a discount to the price of comparable listed securities. This difference is known as the discount for lack of marketability ("DLOM") or liquidity discount. It arises because investors place a significant value on liquidity – the ability to sell an investment quickly at a reasonable price. DLOMs generally fall in the range between 10% and 40%. However, there are circumstances where the appropriate discount could be significantly in excess of 40%.

Evidence for DLOM

Restricted stock studies

Many US companies with publicly traded stocks also issue shares that are subject to resale and transfer restrictions (restricted stock). These shares are identical to the publicly traded shares in all respects except for the lack of registration and the restrictions on trading. There have been many studies that compare the prices of restricted stock transactions to the public market trading prices of the freely traded securities on the same day. As the shares are identical in every respect except for their trading status, the difference is solely due to the illiquidity or lack of marketability of the restricted stock. The following table, compiled by John Stockdale, Sr., summarises a number of such studies.

Study	Period	Number of companies	DLOM	
			Mean	Median
SEC Institutional Investor	1966 – 1969	398	24%	-
Gelman	1968 – 1970	89	33%	33%
Moroney	1968 – 1970	145	36%	33%
Maher	1969 – 1973	34	36%	33%
Trout	1968 – 1970	60	34%	-
Standard Research Consultants	1978 – 1982	28	-	45%
Johnson & Racette	1967 – 1973	86	34%	-
Williamette Management Associates	1981 – 1984	33	-	31%
Wruck – Registered	1979 – 1984	36	-4%	2%
Wruck – Unregistered	1979 – 1984	37	14%	12%
Silber	1981 – 1988	69	34%	-
Hertzel & Smith	1980 – 1987	106	20%	13%
Management Planning Inc.	1980 – 1995	49	28%	29%
Johnson	1991 – 1995	72	20%	-
Columbia Financial Advisers	1996 – 1997	23	21%	14%
Columbia Financial Advisers	1997 – 1998	15	13%	9%
Bajaj, Dennis, Ferris & Sarin	1990 – 1995	88	22%	21%
FMV database	1980 – 1997	243	23%	21%
FMV database	1997 – 2007	311	21%	16%
FMV database	2007 – 2008	43	9%	6%
Finnerty	1991 – 1997	101	20%	16%
Wu	1986 – 1997	301	9%	20%
Barclay, Holderness & Sheehan	1979 – 1997	594	19%	17%
Trugman Associates	2007 – 2008	80	18%	14%

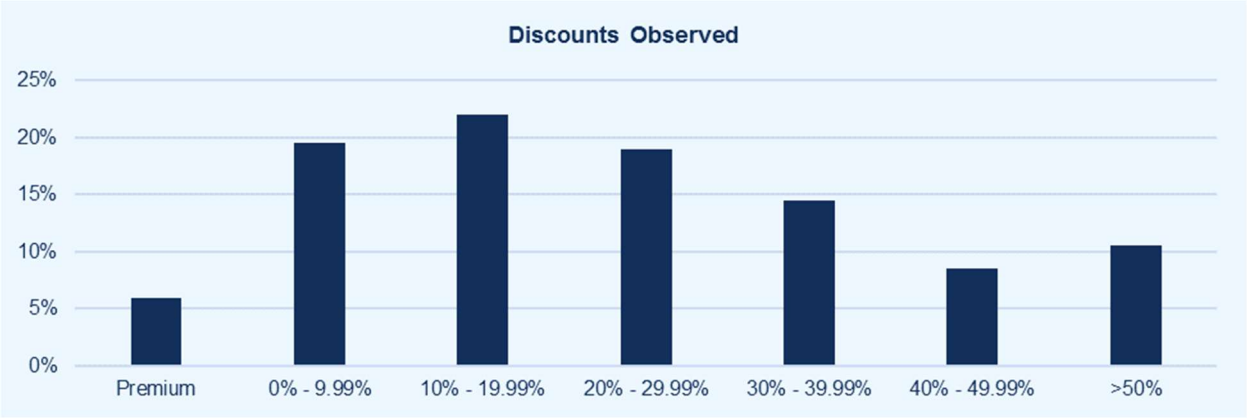
Source: BVR's Guide to Discounts for Lack of Marketability, John Stockdale, Sr.

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The more recent studies tend to show a smaller level of discount due to the Securities and Exchange Commission ("SEC") relaxing the conditions attached to restricted stock as follows:

- In 1990 the SEC allowed trading among qualified investors holding restricted stock. This appears to have reduced the discount in restricted stock transactions, as none of the studies after this change found a mean or median discount greater than 22%, while many of the earlier studies reported figures in excess of 30%.
- In 1997 the SEC reduced the holding period for restricted stock from two years to one year. This had a limited impact on the discount for restricted stock transactions, as shown by the 2% reduction in the mean discount from the transactions in the FMV database.
- In 2008 the holding period was further reduced from one year to six months. Observed discounts were notably lower after this change, with both relevant studies finding a mean discount below 20%. This highlights the importance of expected time to realisation in assessing a suitable DLOM.

Restricted stock studies generally show a positively skewed distribution. This is perhaps best illustrated by the following summary of six separate studies, collated by Stockdale:



Source: BVR's Guide to Discounts for Lack of Marketability, John Stockdale, Sr.

Restricted stock studies have some limitations; in particular they tend to involve relatively small and risky firms; and the individual discounts observed are widely dispersed (although mostly in the range of 0% to 50%). Also, the restrictions typically relate to an escrow period which is not directly comparable with a lack of marketability, where the security can be transferred at any time if a willing buyer can be found.

Pre-IPO studies

Pre-IPO studies attempt to quantify the DLOM by comparing share prices in IPO transactions with transaction prices in the same shares prior to the IPO. The data available to us from these studies is US based, with two of the most widely referenced studies summarised in the following tables:

Time between transaction and IPO	DLOM	
	Mean	Median
0-30 days	30%	25%
31-60 days	40%	38%
61-90 days	42%	43%
91-120 days	49%	50%
121-153 days	55%	54%

Source: BVR's Guide to Discounts for Lack of Marketability, John Stockdale, Sr.

As with the restricted stock studies, these studies show the importance of expected time to realisation. A potential caution with pre-IPO studies is the issue of sample bias, in that only companies that achieved an IPO are included. It is possible that such companies are those that have been successful over the period between the benchmark transaction and the IPO date, possibly overstating the impact of illiquidity, particularly where the time between the benchmark transaction and the IPO is relatively long.

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Event studies

Event studies consider the abnormal return on a stock around a specific event such as a listing or delisting. Two such studies are discussed briefly below.

Sanger and McConnell studied the excess returns to stocks moving from over-the counter ("OTC") trading to a listing on the New York Stock Exchange over the period 1966 to 1977. The study computed an average DLOM of 20.4% before the introduction of NASDAQ in 1971, and 16.9% thereafter. It is important to note that the study does not consider the element of DLOM that should exist between a private company compared to one listed for OTC trading.

In 2003 Abbott studied the returns from stocks that delisted from NASDAQ during the period 1982 to 2001. The study identified an average DLOM of 18%. Abbott also identified three factors affecting the size of DLOM:

- **Market value** – the larger the company, the smaller the DLOM.
- **Cumulative return** – the higher the return (including dividends) before the event, the smaller the resulting DLOM.
- **Volume** – the larger the turnover of shares in the market, the smaller the DLOM.

Other studies

Various other studies have been performed, with results generally consistent with those presented in this appendix. However, we consider the studies referred to above to be more reliable. Some examples of other studies undertaken include:

- **Listed Private Equity** - in these studies a comparison is made between the market price of listed private equity investments and their net asset value. However, this difference would include the discount for lack of control as well as the DLOM. Further, the base value (book value of net assets) is an opinion provided by management or consultants, and so may not be reflective of market value. These studies do highlight an important issue which is that the level of DLOM changes significantly over time.
- **Bid-Ask Spread** - these studies analyse the bid-ask spread of listed companies. They measure relative illiquidity among listed companies and so are not necessarily a good indication of DLOM for private companies. A bid-ask spread study by Damodaran highlighted that spread decreases when:
  - revenue increases
  - companies are profitable as opposed to loss making
  - cash as a % of value increases
  - trading volume increases
- **Private company transactions** - these studies compare the prices paid in minority transactions involving private companies with a base price representing the value on a liquid basis. The problem with such studies is determining a base price for comparison to the transaction price. A 1975 survey by H Calvin Coolidge used net asset value as a base price, which he believed was reasonable for the asset intensive companies in the study, which resulted in a mean DLOM of 36%, with the median DLOM also 36%.
- **Surveys** - for example the Pepperdine survey found a median DLOM of 20% for private equity and venture capital investors. However, only 5% of these investors responded that they would make an investment without suitable investor protection such as shareholder agreements, buy/sell agreements and employment agreements. This is not always representative of the circumstances of the company for which a DLOM is to be determined.

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Quantitative Models

Various quantitative models for determining DLOM have been developed. At present these models have many limitations, typically including:

- The models proposed to date do not generally fit the observed data well.
- Many of the models require inputs, such as volatility or time horizon to realise an investment, which are unknown for most of the circumstances where we need to apply a DLOM.
- A number of models move from subjectively determining an overall DLOM, to subjectively determining a number of other factors, leading to a DLOM that appears more scientific than it actually is.

Factors impacting DLOM

Several studies have sought to identify factors affecting DLOM and if possible to quantify that impact. The studies to date identified a number of key factors, however there is insufficient evidence to point to any specific numerical relationships between the factors impacting DLOM and the level of DLOM itself, thus after evaluating how the relevant factors apply to the specific circumstances, we are left with a subjective judgement of what an appropriate DLOM should be. The key factors identified are listed below.

Factor	Smaller DLOM (< 20%)	Larger DLOM (>30%)
Size		
Revenue	Higher	Lower
Market value	Higher	Lower
Financial Stability		
Rate of return - profitability	Higher	Lower
Earnings stability	Stable	Volatile
Financial distress	Low risk	High risk
Market / Book value	Low	High
Financial Markets		
Interest rates	Low	High
Volatility	Low	High
Company structure		
Non-executive directors	Many	Few
Block size	Large	Small
Other holdings	Fragmented	Large blocks
Time to sale	Short	Long
Shareholder rights		
Shareholders agreement	Extensive	None
Tag along / drag along rights	Extensive	None
Right to appoint director(s)	Extensive	None
Restrictions on transferability	None	Severe
Expected disposal period		
Exit intentions of majority	Short term	None
Potential buyers of block	Many	One or none
Other		
Industry	The relationship between industry and DLOM is inconclusive from empirical studies. However, it may be the case that at certain points in time industries that are in demand with investors would experience relatively lower DLOMs than other industries.	
Dividends	It is often suggested that the payment of dividends reduces DLOM. While this is intuitively appealing, after adjusting for size and financial strength, empirical studies have failed to find a significant relationship between dividends and DLOM.	
Complexity of group	A complex group structure may not be appealing to investors. However, this factor should not be double counted, if it has been taken into account in determining a control value, eg. through the discount rate applied.	

Note: 'Higher' and 'Lower' refer to the market as a whole and not specifically to the comparable companies (if any) used to determine a base value. Thus, to allow for factors such as size or earnings stability in determining suitable base value and then in assessing the DLOM to be applied would not be double counting.

The list of factors highlighted above, is a general indication of the main factors to be considered in determining a DLOM. However, the selection of a DLOM remains a subjective issue. It is important to ensure factors that have been considered in selecting a base (pre-DLOM) value are not double counted when applying the DLOM. In this regard allowing for size in the DLOM and for example the discount rate is NOT double counting, as the observed DLOM % for transactions involving smaller companies is higher than for larger companies. It is also important to remember that in a given set of circumstances one single factor can outweigh several contradictory factors, for example the existence of a savoy clause[1] in a shareholders' agreement may outweigh many other factors, leading to a very low DLOM.

Note 1: A savoy clause allows one party to a joint venture to nominate a price, at which the other party can choose to sell its own interest or buy out the proposing party's interest.

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APPENDIX 7: QUALIFICATIONS, DECLARATIONS AND CONSENTS

Responsibility and purpose

This report has been prepared for Entertainment Rewards' shareholders for the purpose of assessing the fairness and reasonableness of the Proposed Transaction. Leadenhall expressly disclaims any liability to any shareholder, or anyone else, whether for our negligence or otherwise, if the report is used for any other purpose or by any other person.

Reliance on information

In preparing this report we relied on the information provided to us by Entertainment Rewards being complete and accurate and we have assumed it has been prepared in accordance with applicable Accounting Standards and relevant national and state legislation. We have not performed an audit, review or financial due diligence on the information provided. Drafts of our report were issued to Entertainment Rewards' management for confirmation of factual accuracy.

Prospective information

To the extent that this report refers to prospective financial information, we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Leadenhall's consideration of this information consisted of enquiries of Entertainment Rewards' personnel and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with Australian Auditing Standards, or any other standards. Nothing has come to our attention as a result of these enquiries to suggest that the financial projections for Entertainment Rewards, when taken as a whole, are unreasonable for the purpose of this report.

We note that the forecasts and projections supplied to us are, by definition, based upon assumptions about events and circumstances that have not yet transpired. Actual results in the future may be different from the prospective financial information of Entertainment Rewards referred to in this report and the variation may be material, since anticipated events frequently do not occur as expected. Accordingly we give no assurance that any forecast results will be achieved. Any future variation between the actual results and the prospective financial information utilised in this report may affect the conclusions included in this report.

Market conditions

Leadenhall's opinion is based on prevailing market, economic and other conditions as at the date of this report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon the conclusion reached in this report.

As a valuation is based upon expectations of future results it involves significant judgement. Although we consider the assumptions used and the conclusions reached in this report are reasonable, other parties may have alternative expectations of the future, which may result in different valuation conclusions. The conclusions reached by other parties may be outside Leadenhall's preferred range

Indemnities

In recognition that Leadenhall may rely on information provided by Entertainment Rewards and their officers, employees, agents or advisors, Entertainment Rewards has agreed that it will not make any claim against Leadenhall to recover any loss or damage which it may suffer as a result of that reliance and that it will indemnify Leadenhall against any liability that arises out of Leadenhall's reliance on the information provided by Entertainment Rewards and their officers, employees, agents or advisors or the failure by Entertainment Rewards and their officers, employees, agents or advisors to provide Leadenhall with any material information relating to this report.

Qualifications

The personnel of Leadenhall principally involved in the preparation of this report were Katy Lawrence, BCom, GradDipAppFin, CA (BV Specialist), Chern Fung Yee, BCom, GradDipAppFin (BV Specialisation), CPA, Nathan Timosevski, BBus, GradDipAppFin, A.FINSIA, CA (BV Specialist) and Nick Kipriotis, BCom (IntSt), CA.

This report has been prepared in accordance with "APES 225 – Valuation Services" issued by the Accounting Professional & Ethical Standards Board and this report is a valuation engagement in accordance with that standard and the opinion is a Conclusion of Value.

Independence

Leadenhall has acted independently of Entertainment Rewards. Compensation payable to Leadenhall is not contingent on the conclusion, content or future use of this report.

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[*insert shareholder name*]
[*insert shareholder address*]

25 November 2025

Dear EAT Shareholder,

Target's Statement – Takeover Offer from Suzerain Investment Holdings Ltd

Entertainment Rewards Ltd ACN 167 603 992 (ASX:EAT) (**EAT** or the **Company**) refers to its ASX announcement dated 15 October 2025 concerning the conditional off-market takeover offer by Suzerain Investments Holdings Ltd (**Suzerain**) to acquire all of the fully paid ordinary shares in EAT (**EAT Shares**) which Suzerain does not already own, for cash consideration at the price of $0.022 per EAT Share (**Takeover Offer**).

This letter sets out how you can access EAT's target's statement responding to the Takeover Offer (**Target's Statement**). This Target's Statement sets out EAT's formal response to, and important information about, the Takeover Offer, including the independent EAT directors' unanimous recommendation to **ACCEPT** the Takeover Offer in the absence of a superior proposal and subject to the Independent Expert (defined below) continuing to conclude that the Takeover Offer is both fair and reasonable.

The Target's Statement includes an Independent Expert's Report prepared by Leadenhall Corporate Advisory Pty Ltd ABN 11 114 539 619 (AFSL No: 293586) (**Independent Expert**) in relation to the Takeover Offer. The Independent Expert has concluded that the Takeover Offer is fair and reasonable to EAT shareholders. EAT recommends that EAT shareholders read the Target's Statement and Independent Expert's Report in full before making a decision as to whether or not to accept the Offer.

HOW TO ACCESS THE TARGET'S STATEMENT
You can access the Target's Statement on EAT's website at the following link: https://investor.entertainment.com.au/investment-centre

If you are in any doubt about how to deal with the contents of this letter or the Target's Statement, please contact your legal, financial, tax and/or other professional advisers.

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Please refer to the Target's Statement for further details. If you have any questions, please call the EAT shareholder information line on 1800 237 687 (within Australia) or +61 1800 237 6872 (outside Australia).

Yours sincerely

Dr Charles Romito
Independent Director
Entertainment Rewards Ltd