SAVOIR

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Business Valuation Report

Independent valuation of 100% of the equity

ABC Civil Contracting Pty Ltd trading as ABC Boring

As at 30 June 2025

Equity Value 100%	Valuation Date	Basis / Premise
AUD 4,790,000	**30 June 2025**	**Market Value / Current Use**

Prepared for

Mr A

Prepared by

Fred Zheng

Savoir Advisories

ASA | RBV | CVA

Report date

4 March 2026

WEBSITE DISPLAY COPY
Names and identifying details have been anonymised. Financial appendices are redacted. This sample illustrates the report's analysis and presentation. Read it with the stated purpose, assumptions and limitations.

4 March 2026

Attention: Mr A

Subject: Valuation of 100% of the equity interests in ABC Civil Contracting Pty Ltd

Dear Mr A,

Savoir Advisories has been formally engaged to provide an independent estimate of the Market Value of the equity interests in ABC Civil Contracting Pty Ltd (hereinafter referred to as "the Subject Business") as at 30 June 2025. This valuation engagement has been undertaken at your request and with your authorisation. The findings of this engagement are set out in the accompanying Valuation Report, which has been prepared for the exclusive purpose of informing a potential acquisition transaction involving the Subject Business. The valuation must not be relied upon for any other purpose or by any other party.

Basis and Premise of Valuation

The valuation has been conducted on the Market Value basis, as defined in International Valuation Standard (IVS 102, para A10.01):

"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."

The valuation was undertaken under the Premise of Value in Current Use, on the assumption that the business will continue as a going concern. This premise was adopted based on the nature of the operations and the information provided, and in my professional opinion, represents the highest and best use of the business assets.

For clarity, this engagement estimates the value attributable to the equity holders of the Subject Business, after consideration of interest-bearing liabilities and any non-operating assets or liabilities as applicable

Scope of the Valuation

This valuation engagement includes a detailed analysis of the following:

1. The Subject Business including its history, ownership structure, core products and services, operating model, customer base, competitive positioning, and key value drivers.
2. The macroeconomic and industry environment in which the Subject Business operates;
3. The prevailing industry trends relevant to the business;
4. Financial performance assessment, including historical analysis and normalisation adjustments;
5. Discussion of applicable valuation methodologies and their application;
6. Derivation of an appropriate valuation multiple and/or capitalisation parameters; and
7. Determination of the Market Value of the equity interests based on the integration of the above factors.

Conclusion of Value

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Based on the procedures undertaken and the information provided, it is my opinion that the Market Value of 100% of the equity interests in ABC Civil Contracting Pty Ltd, on a going concern basis and under the Premise of Current Use, as at 30 June 2025, is as follows:

Operating Value: AUD 2,490,000

Plus: Surplus Cash: AUD $ 2,223,437

Plus: value adopted for two non-operating vehicles: AUD$ 104,465

Less: related-party loan: (AUD$ 29,135)

100% of Equity Value: AUD $ 4.79 million (rounded)

This valuation reflects the value attributable to shareholders after separate consideration of surplus cash, the two non-operating vehicles and the related-party loan recorded at 30 June 2025. No material third-party interest-bearing borrowing has been identified.

Standards of Engagement

This valuation is presented with reference to the following professional standards. Compliance and reliance remain subject to the disclosed work scope, underlying evidence and professional sign-off:

- International Valuation Standards (IVS), as issued by the International Valuation Standards Council (IVSC); and
- Business Valuation Standards and Code of Conduct, issued by the Registered Business Valuers (RBV) Division of the Australian Institute of Business Brokers (AIBB).

This report is subject to the assumptions, scope limitations, and qualifications set out herein. Savoir Advisories has no obligation to update this valuation for any information that may arise after the valuation date or the date of this report.

Should you have any questions regarding the contents of this report, please do not hesitate to contact me.

Yours Sincerely,

Fred Zheng,

ASA, RBV, CVA

Savoir Advisories

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EXECUTIVE SUMMARY

Item	Summary
Governing standards	International Valuation Standards and the AIBB Registered Business Valuers Business Valuation Standards and Code of Conduct
Purpose of the valuation	To provide Mr A, the prospective buyer, with an independent opinion of the Market Value of a 100% equity interest in ABC Civil Contracting Pty Ltd for his internal assessment of a potential acquisition
Basis of value	Market Value
Premise of value	Continued operation in its Current Use/Existing Use as a going concern
Client and intended user	Mr A
Subject Business	The business operated by ABC Civil Contracting Pty Ltd
Legal entity	ABC Civil Contracting Pty Ltd, an Australian proprietary company
Interest valued	100% of the equity in ABC Civil Contracting Pty Ltd
Valuation date	30 June 2025
Report date	4 March 2026
Currency	Australian dollars (AUD)
Valuers	Fred Zheng
Valuation firm	Savoir Advisories
Primary valuation method	Income capitalisation method
Operating business value	AUD 2.49 million, rounded
Add: Surplus cash	AUD 2.22 million, rounded
Add: two non-operating vehicles	AUD 104,465
Less: related-party loan	AUD 29,135
Equity value (100%)	**AUD 4.79 million, rounded**

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1. INTRODUCTION

1.1. PURPOSE AND SCOPE OF THE VALUATION

Savoir Advisories was engaged by Mr A, a prospective buyer of the business operated by ABC Civil Contracting Pty Ltd (the Subject Business), to provide an independent opinion of the Market Value of a 100% equity interest in ABC Civil Contracting Pty Ltd as at 30 June 2025.

The sole purpose of this valuation is to provide Mr A with an independent professional opinion regarding the most appropriate approach to determine the Market Value of 100% equity interests in the Subject Business in the context of a potential acquisition. This report has been prepared exclusively for internal strategic use by Mr A and is not intended for reliance by any third party or for any other purpose.

This engagement has been performed in accordance with the requirements of a Detailed Valuation Report, as defined by AIBB RBV Business Valuation Standards. This format is designed to present a comprehensive and transparent analysis of all key factors relevant to the valuation, ensuring that the intended users are able to understand the underlying data, methodologies, reasoning, and conclusions.

To ensure a thorough and methodical approach, the report addresses the following essential components. These elements may appear under varied headings or in a different order, depending on the logical flow of the report:

a) Identification and qualifications of the valuer
b) Disclose whether the valuer has any material connection with the subject of the assignment or the other parties to the valuation assignment.
c) Identification of the instructing client and any other intended users
d) Legal ownership and entity structure
e) Purpose of the valuation
f) Identification of the assets and/or liabilities valued
g) Basis of value adopted
h) Statement of any departures from applicable standards
i) Valuation date
j) Extent of investigations undertaken
k) Nature and sources of information relied upon
l) Assumptions and special assumptions applied
m) Environmental, Social and Governance factors
n) The type of report or other documentation being prepared
o) Restrictions on the use, distribution, and publication of this report
p) Confirmation of compliance with the International Valuation Standards (IVS), the AIBB Registered Business Valuers (RBV) Business Valuation Standards and Code of Conduct
q) Valuation methodology and rationale for approach selection
r) Conclusion of value
s) Date of the valuation report
t) Commentary on any material uncertainties affecting the valuation outcome

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u) Statement of any agreed limitations on liability

1.2. BASIS AND PREMISE OF VALUE ADOPTED

This valuation reflects the value of a 100% controlling interest in the equity of the Subject Business. The value conclusion is expressed on a controlling, marketable basis and does not incorporate any minority interest discount or discount for lack of marketability, as the hypothetical transaction assumes transfer of full operational control to a willing purchaser

For the purposes of this valuation, the Basis of Value applicable to this valuation is that of Market Value.

In accordance with International Valuation Standard (IVS 102, para A10.01), Market Value is defined 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."

In addition, as outlined in IVS 102, para 10.03, a Premise of Value (also referred to as an *Assumed Use*) describes the circumstances of how an asset and/or liability is used. Different bases of value may require a particular premise of value or allow the consideration of multiple premises of value. The most common premises of value used in IVS are:

- highest and best use,
- current use/existing use,
- orderly liquidation, and
- forced sale.

This valuation has been conducted under the Premise of Current Use (or Existing Use) as a Going Concern, which assumes that the Subject Business will continue to operate as an income-generating entity for the foreseeable future.

In my opinion, this Premise of Value also represents the highest and best use of the Subject Business assets.

According to IVS 102, para A10.04, highest and best use is defined as:

" The use of an asset that maximises its potential and that is possible, legally permissible and financially feasible."

The adoption of this premise is consistent with the nature of the Subject Business and the intention of the current owners to continue its operations as a going concern.

1.3. ASSUMPTIONS AND SPECIAL ASSUMPTIONS

In preparing this valuation, I have adopted the assumptions set out below. They relate to circumstances existing, or reasonably expected to exist, as at the valuation date of 30 June 2025. The assumptions should be read together with the information sources, investigations and limitations described elsewhere in this report. Where a matter could materially

affect value, I have considered it in the assessment of maintainable earnings, business risk or the equity value reconciliation, as appropriate.

1.3.1 Assumptions

According to IVS 102 para 50.03, Assumptions related to facts that are consistent with, or could be consistent with, those existing at the valuation date may be the result of a limitation on the extent of the investigations or enquiries undertaken by the valuer.

For the purpose of this valuation of the Subject Business, I have adopted the following assumptions:

Information and Financial Data

- I have assumed that the directors of the Subject Business and its external accountant have disclosed information known to them that is material to this valuation. I have relied on the financial statements, management accounts, tax records and operational information supplied. I have not audited those records or independently confirmed that all relevant information has been provided.
- I have assumed that explanations given in response to my enquiries were accurate to the best of the respondents' knowledge. If information material to the valuation proves inaccurate or incomplete, the conclusion of value may require reconsideration.
- I have assumed that the published industry, market and economic information relied upon is reasonably reliable for the purposes for which it has been used. I have not independently verified every item of third-party information.

Going Concern and Operational Continuity

- I have assumed that the Subject Business will continue to operate as a going concern. This assumption does not imply that its historical revenue, margins, customer relationships or operating arrangements will continue unchanged.
- I have assumed that the personnel, management capability, plant, premises and working capital required to support the operations reflected in the valuation will remain available on commercially reasonable terms. I have not assumed that particular directors or key employees will remain indefinitely or that equivalent personnel could be engaged without cost or disruption.

Plant, Equipment, and Physical Assets

- Based on the information supplied, I have assumed that plant and equipment recorded as operational at the valuation date was available for use in the ordinary course of business. This includes the drilling rigs, directional boring equipment, excavation plant, trucks, trailers and associated machinery identified in the asset records. I have not undertaken a physical, mechanical or engineering inspection of these assets.
- I have not assumed that the plant and equipment is free from defects or that it will require no maintenance or replacement. The operating value reflects an ongoing business that must maintain the resources needed to generate its adopted earnings.

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Regulatory and Legal Compliance

- Based on the information supplied, I have assumed that the Subject Business held the approvals and licences represented to me as necessary to conduct its operations at the valuation date. I have not independently verified every approval or undertaken a legal or regulatory compliance audit.
- I have not assumed that the Subject Business is free from occupational health and safety, environmental, underground service location, traffic management or other regulatory risks. This valuation does not express a legal opinion on compliance.

Contracts, Contingencies, and Liabilities

- I have assumed that contracts and work orders represented as current at the valuation date were in force, subject to the terms of the documents made available to me. I have not provided a legal opinion on their enforceability. The existence of a contract or work order does not guarantee future revenue or profit.
- I have not assumed that customer relationships, including the relationship with Co X, will continue at historical work volumes or on unchanged terms following a change of control. Nor have I treated prospective pipeline opportunities as completed or guaranteed work.
- I have assumed that management has disclosed material contractual disputes, defect and warranty claims, liquidated damages exposures and contingent liabilities known to it. I have not independently established that no other liabilities exist. A material undisclosed liability existing at the valuation date could affect the conclusion of value.

Market and Industry Conditions

- I have assumed that the Subject Business will remain exposed to the market and competitive conditions reasonably foreseeable at 30 June 2025. I have not assumed that demand for under-road boring, trenchless installation and related civil or utility contracting services, or the Subject Business's margins and competitive position, will remain unchanged.

Premises and Lease Arrangements

- Based on the information supplied, I have assumed that the Subject Business had access at the valuation date to the premises, depots, yards and storage facilities used in its operations. I have not independently inspected those premises or verified legal title, building compliance or every term of occupancy.
- I have not assumed that any lease or occupancy arrangement will continue indefinitely on unchanged terms.

Insurance

- I have assumed that insurance policies represented as current were in force at the valuation date, subject to their terms, limits and exclusions. I have not undertaken an insurance coverage review or assumed that every potential claim would be insured.

Information Arising After the Valuation Date

- The conclusion of value applies as at 30 June 2025. Information arising after that date has been considered only to the extent that it assists in understanding circumstances existing, or reasonably knowable, at the valuation date. Subsequent changes in the Subject Business or market conditions do not, of themselves, change the historical valuation conclusion.

1.3.2 Special Assumptions

According to IVS 102 para 60.01, Special Assumptions is defined as " where assumed facts differ from those existing at the valuation date."

I have not adopted any special assumptions in this valuation. In particular, the conclusion does not depend on a hypothetical guarantee that customer contracts or licences will continue on unchanged terms, all pipeline projects will be completed, particular employees will remain, or customer relationships and goodwill will be unaffected by a change in ownership.

1.4. EXTENT OF INVESTIGATION

In forming my conclusion of value, I reviewed financial and operational information supplied by the directors of the Subject Business and its external accountant. The information made available included financial statements, management accounts, tax records, payroll and depreciation information, plant and equipment schedules, and information concerning customers, contracts and current work. The nature and sources of the material information relied upon are set out in Section 1.5.

I discussed the Subject Business's operations, trading performance and outlook with its director and made enquiries of its external accountant concerning matters relevant to the financial analysis. I analysed the financial information supplied, including the historical results, material movements and adjustments used to assess maintainable earnings. The specific adjustments and supporting information are explained in the relevant sections of this report.

I did not conduct an audit, forensic examination or assurance review of the financial information. I did not independently inspect the plant and equipment or provide a legal opinion on the ownership, enforceability or transferability of contracts, licences and other rights. The procedures performed for this valuation do not constitute an audit or review under Australian Auditing Standards, and I express no assurance opinion on the information supplied.

I have relied on representations made by the directors and external accountant, subject to the enquiries and analysis described in this report. The scope of my work does not establish that all information provided is accurate or that all matters material to value have been disclosed. Any material uncertainty or limitation identified from the information available has been considered in the relevant valuation analysis.

If information material to the valuation subsequently proves inaccurate, incomplete or misleading as at the valuation date, the conclusion of value may require reconsideration.

1.5. NATURE AND SOURCE(S) OF THE INFORMATION

In preparing this valuation, I considered information supplied by the directors of the Subject Business and its external accountant, together with external industry, market and economic information. The principal sources are described below. The extent of my investigations and the limitations of the information supplied are set out in Section 1.4. Material inputs to the valuation are identified in the analysis and supporting schedules:

1.5.1 Management Interviews and Internal Enquiries

I discussed the Subject Business with its director, Mr D. The discussions addressed its under-road boring and trenchless installation services; revenue composition and current work; customer relationships, including Co X; workforce and management responsibilities; plant utilisation; competitive position; and trading outlook.

I also consulted the Subject Business's external accountant, XYZ Partners, concerning the financial information supplied and accounting matters relevant to the valuation. Management and accountant explanations were considered alongside the available records. They do not constitute independent verification of those records.

1.5.2 Financial Statements and Internal Business Records

I reviewed the unaudited statements of financial position and statements of profit or loss for the financial years ended 30 June 2023, 30 June 2024 and 30 June 2025. I also considered the payroll summaries, depreciation schedules and other internal records made available for the valuation.

These records informed the analysis of historical performance, maintainable earnings and the reconciliation from operating business value to equity value. Adjustments to reported earnings, including any adjustment for director remuneration or non-recurring items, are identified and explained in the financial analysis. The treatment of cash, interest-bearing debt and other items included in the equity value reconciliation is set out separately.

1.5.3 Customer, Contract and Operational Information

I considered the organisational information, plant and equipment listings, customer contract summaries and information concerning current work and prospective projects supplied by the Subject Business.

The customer contract information comprised summaries rather than a legal review of complete executed agreements. Accordingly, I have not treated those summaries as confirmation of contract enforceability, guaranteed future work volumes or the absence of termination or change-of-control rights. Current work and prospective pipeline opportunities are distinguished in the assessment of earnings.

The plant listings and depreciation records assisted in understanding the equipment used by the Subject Business. They are not a substitute for a physical inspection or an independent assessment of asset condition.

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1.5.4 Industry and Market Information

I reviewed the IBISWorld Heavy Industry and Other Non-Building Construction in Australia industry report to inform my assessment of the broader sector in which the Subject Business operates. The relevance of that broader industry information to the Subject Business's specialist under-road boring and trenchless installation activities is considered in the industry analysis.

I also considered economic and sector information from the Australian Bureau of Statistics, National Australia Bank, the International Monetary Fund and The Australian Economic Review, to the extent relevant to conditions at the valuation date. The particular publications, dates and data relied upon are identified where material to the analysis.

1.5.5 Director Remuneration and Occupancy Costs

To assess whether reported director remuneration required adjustment in determining maintainable earnings, I considered available remuneration information for potentially comparable roles, including information from PayScale, SEEK and Indeed. Differences in duties, seniority, location and reporting dates were considered when applying that information. The basis and amount of any adopted remuneration adjustment are explained in the normalisation analysis.

I also considered available rental information from commercialrealestate.com.au, realcommercial.com.au and commercialpropertyguide.com.au in assessing occupancy costs, where relevant. Any adjustment adopted is identified in the financial analysis; the listing of these sources does not, by itself, imply that a rental adjustment was necessary.

1.5.6 Comparable Business Sale Transactions

I considered transaction information available through BizStats in assessing market evidence for businesses operating in civil construction, utility contracting and related services. The selection and use of any transaction as a comparable, including its date, earnings measure, transaction multiple and material differences from the Subject Business, are explained in the market approach analysis.

1.5.7 Cost of Capital and Capitalisation Inputs

In developing and assessing the capitalisation rate, I considered relevant inputs available from Kroll Cost of Capital Navigator, Damodaran's published data and other sources identified in the rate analysis, including Investing.com Australia and Leadenhall Valuation Services where applicable. Australian Taxation Office information was considered only for the particular taxation input identified in that analysis.

The adopted inputs, their observation dates, adjustments and relationship to the earnings measure being capitalised are set out in the valuation methodology section. The use of a published input does not, by itself, establish that it is appropriate for a privately held business of the Subject Business's size and risk profile.

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1.5.8 Assessment of Information

The sources described above differ in purpose, reliability and relevance. Information supplied by the Subject Business has not been audited as part of this engagement, and external data has not been independently verified in every instance. Where a source materially influences maintainable earnings, the capitalisation rate, operating business value or the equity value reconciliation, its use and any significant limitation are explained in the relevant section of this report.

1.6. VALUATION DATE

The valuation date is **30 June 2025**. The conclusion of value expressed in this report applies as at that date.

1.7. REPORT DATE

The report date is **4 March 2026**, being the date on which this report was issued. The report date is distinct from the valuation date.

1.8. GOVERNING STANDARDS

This valuation has been prepared with reference to the International Valuation Standards (IVS) issued by the International Valuation Standards Council and the Business Valuation Standards and Code of Conduct applicable to Registered Business Valuers of the Australian Institute of Business Brokers (AIBB).

The valuation approaches, assumptions, investigations and reporting disclosures adopted for this engagement are described throughout this report. The applicable editions of the standards are those in effect at the report date.

1.9. COMPLIANCE AND DEPARTURES

To the best of my knowledge, no legal, statutory, regulatory or other authoritative requirement applicable to this engagement has required a departure from IVS that materially affects the procedures performed, inputs or assumptions used, or conclusion of value.

The scope limitations and assumptions disclosed in this report should be read together with this statement. A claim that the valuation complies with IVS and the applicable AIBB standards should be made only if the completed report and work performed have been checked against those standards. IVS compliance concerns the valuation as a whole, rather than the absence of a statutory departure alone.

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1.10. RESTRICTION ON USE, DISTRIBUTION AND PUBLICATION OF THE REPORT

This report has been prepared for Mr A as the sole intended user, for his internal assessment of a potential acquisition of the Subject Business. It is not intended to be relied upon by the vendor, a lender or any other party, or used for another purpose, without the prior written consent of Savoir Advisories.

The conclusion of value is an independent professional opinion as at 30 June 2025, based on the information available, investigations undertaken and assumptions stated in this report. It is not legal advice, investment advice or a recommendation that Mr A acquire the Subject Business at any particular price.

The report should be distributed and reproduced only in its entirety, unless Savoir Advisories agrees otherwise in writing. Savoir Advisories accepts no responsibility to a person who obtains or relies on the report without its consent, subject to any responsibility that cannot lawfully be excluded.

1.11. VALUATION CURRENCY

The valuation of the Subject Business has been prepared and expressed in Australian Dollars (AUD). All monetary amounts in this report are stated in AUD unless otherwise specifically noted.

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2. SUBJECT OF VALUATION

2.1. IDENTIFICATION OF THE ASSET VALUED

2.1.1 Summary Description and History of the Business

ABC Civil Contracting Pty Ltd, trading as ABC Boring (the Subject Business), operates from Melbourne, Victoria. It provides under-road boring and related trenchless installation services, principally for civil and utility infrastructure projects. Management advises that the business commenced operations in 1995.

According to management, ABC Boring was founded by Mr B, Mr D and Mr C. Mr B brought experience in civil and utility contracting, including backhoe subcontracting work for Gas and Fuel. The founders developed the under-road boring capability that became the Subject Business's principal service offering.

The business initially operated with three directors and limited administrative support. Mr C subsequently left to establish a separate enterprise. Management advises that ABC Boring was adopted as the trading name in 2000 and that the business expanded its work with utility and private sector customers over the following years.

Mr B retired from the business in 2005. Management advises that Mr D has since directed its operations. His responsibilities and the Subject Business's dependence on his relationships and technical or managerial expertise are considered in the management and valuation risk analyses. His position as director should not be taken to establish the ownership of the shares in ABC Civil Contracting Pty Ltd.

Co X and Co Y are identified by management as long-standing customers. Their contribution to revenue and work in hand is examined in the customer analysis, including whether work is performed for each entity directly and the extent of any overlap between them. Customer concentration and the terms supporting future work are relevant to the assessment of maintainable earnings and business risk.

As at 30 June 2025, the Subject Business used trucks and specialised boring equipment in its operations. The plant and workforce information supplied has been considered in assessing its operating capacity. No independent physical assessment of the condition or capacity of the equipment has been undertaken.

This historical summary is principally based on information provided by management. The financial, customer and operational records relied upon for the valuation are identified separately in this report.

2.1.2 Business Model and Competitive Positioning

Services and customers

The Subject Business provides under-road boring and related trenchless services for utility infrastructure and selected private sector works. Its activities include job planning, site preparation, operation of specialised equipment, installation support and reinstatement. Traffic management and other specialist services are coordinated where required by a project.

The customers identified by management include Co X, Co Y, civil and utility contractors, and private sector clients. The revenue analysis distinguishes the contracting customer from the ultimate asset owner where these are different parties. It also considers the proportion of revenue attributable to major customers and the extent to which

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work is supported by contracts, issued work orders or a history of repeat engagement.

How work is obtained and delivered

Management advises that the Subject Business obtains work through direct customer contact, repeat engagements, preferred contractor arrangements and referrals. These arrangements can provide opportunities for recurring work but do not necessarily guarantee a minimum volume. Mr D and senior operational personnel are involved in customer liaison, scheduling and delivery. Their contribution supports service continuity but also creates a potential dependence on key individuals.

The Subject Business uses its own plant and field personnel to perform its core boring work, with subcontractors or external providers engaged where required. Its capacity to accept and complete work depends on the availability and condition of its equipment, suitably skilled operators and access to specialist support.

Competitive position

The Subject Business operates as a specialist provider of relatively small to mid-sized under-road boring and trenchless works. Management considers its experience, established customer relationships and ability to respond to customer requirements to be factors in obtaining repeat work. These characteristics have been considered alongside its smaller operating scale, customer concentration, dependence on key personnel and plant replacement requirements.

The Subject Business competes with other specialist operators and, on some projects, larger civil contractors. Its position does not establish that it can retain customers, maintain margins or secure future work on historical terms. Those matters are assessed through the available trading and customer evidence.

Revenue and costs

Revenue is earned from under-road boring and related civil works performed for utility, contractor and private sector customers. The extent of recurring revenue is assessed by reference to historical work and the terms of current arrangements, rather than by treating repeat work as contractually guaranteed.

The principal operating costs include labour, subcontractors, fuel, plant operation and maintenance, insurance, compliance and overheads. Profitability depends on project pricing, utilisation of plant and personnel, job execution and the cost of maintaining operating capacity. These factors inform the assessment of maintainable earnings and business risk.

2.1.3 Ownership and Control

Based on the ownership information provided, the shares in ABC Civil Contracting Pty Ltd were held as follows at 30 June 2025:

Shareholder	Reported interest
Mr D	50%
Ms E	50%
Total	100%

Ms E is Mr D's spouse and is identified as the Company Secretary. Mr D is identified as the director responsible for the day-to-day management of the Subject Business, including operational oversight, project coordination,

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budgeting and customer relationships. Ms E performs administrative functions and, according to the information provided, is not involved in daily operational management.

For valuation purposes, operational management and legal ownership are considered separately. Mr D's management role does not give him sole ownership of the shares. Equally, this valuation does not assume that the two shareholders must act together on every matter because they are spouses.

The interest valued is both shareholders' interests together, representing 100% of the equity in ABC Civil Contracting Pty Ltd. It is therefore valued as a controlling interest; no minority interest discount has been applied to the combined 100% interest. The potential effect of Mr D's management and customer relationships on the continued earnings of the Subject Business is considered separately in the valuation analysis.

2.1.4 Capital Structure and Financing

As at 30 June 2025, the information supplied did not identify a bank term loan, external overdraft or other material third-party interest-bearing borrowing. Appendix G does, however, record A$29,135 under "Loans From D (current)". For the purpose of reconciling operating value to equity value, this balance has been treated as a repayable related-party loan and deducted separately. Its classification and outstanding balance at the valuation date should be confirmed against the underlying records.

The absence of identified third-party borrowing does not establish that the company had no other obligations. Ordinary operating liabilities and the recorded related-party loan have been considered according to their nature in the financial analysis and equity value reconciliation.

The Subject Business's financing position has been considered separately from its operating risks. The absence of disclosed third-party interest-bearing debt does not remove risks arising from customer concentration, reliance on key personnel, project performance or the capital expenditure required to maintain its equipment. The basis of the capitalisation rate applied to operating earnings is explained in the valuation methodology section.

2.1.5 Management and Staff

The Subject Business operates with a small team led by Mr D, who oversees its day-to-day operations, project delivery, financial management and customer relationships. According to management, the senior operational employees are:

Employee	Role	Approximate tenure
Senior Team Leader	Senior Team Leader	15 years
Field Operator	Field Operator	8 years
Senior Employee	Senior Employee	8 years

The experience and tenure of these employees support continuity in the delivery of specialist boring work. Mr D nevertheless retains substantial responsibility for management decisions, project oversight and key customer relationships. The extent to which those responsibilities could be transferred to existing staff or a replacement manager is relevant to the assessment of business risk.

Ms E serves as Company Secretary and, according to management, performs administrative duties on a part-time basis. The respective duties and remuneration of Mr and Ms E are considered in the Normalisation of Earnings section. The Subject Business's dependence on Mr D is considered separately in the business risk analysis.

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2.1.6 Key Person Risk

Mr D has a central role in the Subject Business's management. According to management, his responsibilities include customer relationships, business development, project oversight, financial decisions and strategic direction. His departure could therefore affect the continuity of management and the retention or development of customer work.

The Subject Business has experienced field personnel, including a Senior Team Leader and operators with several years of service. Their experience provides some continuity in performing and supervising work on site. It does not establish that they could assume all of Mr D's commercial, financial and customer-facing responsibilities without a transition period or additional management support.

Management has described established job practices and safety procedures used in delivering work. These practices may assist operational continuity. The extent to which customer relationships and work volumes would continue following Mr D's departure remains a separate consideration, particularly for material customers.

The normalisation of Mr D's remuneration reflects the cost of the management functions attributed to his role. Residual key-person risk concerns the potential disruption, transition time or loss of work that paying a replacement manager would not, by itself, resolve. This risk is considered in the assessment of earnings sustainability and the selected capitalisation rate, without counting the replacement cost twice.

2.1.7 Premise & Lease Assessment

The Subject Business operates from Melbourne, Victoria. According to information supplied by management, the premises comprise approximately 400 square metres, including about 10 square metres of office space, with the balance used principally for equipment storage and operational purposes. I have not independently measured the premises or assessed their physical condition or planning compliance.

Management advises that the property is held by the Trust A, which is associated with Ms E. The occupancy arrangement is therefore treated as a related-party arrangement for valuation purposes. The rent reported for FY2025 was $49,091, with property outgoings payable separately by the Subject Business.

Management has indicated that the premises could remain available following an acquisition and that lease terms could be negotiated with a purchaser. I have not treated this indication as a binding commitment by the property owner. The existing lease terms, including its expiry date, options, rent review provisions and any change-of-control or consent requirements, are relevant to the assessment of continued occupancy.

Because the rent is paid to a related party, I have assessed the occupancy cost against available market rental evidence. The benchmark, its comparability and the resulting adjustment to maintainable earnings are set out in the Normalisation of Earnings section.

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2.1.8 Motor Vehicles, Plant & Equipment and Other Tangible Assets

The Subject Business uses motor vehicles and specialised plant and equipment to perform under-road boring and related civil contracting works. The FY2025 depreciation schedule records the following carrying amounts at 30 June 2025:

Exhibit 1 — Depreciable assets at 30 June 2025

Asset category	Closing book value (AUD)	Proportion
Motor vehicles	138,323	53.82%
Plant and equipment	118,725	46.18%
Total	257,048	100.00%

Source: FY2025 depreciation schedule supplied by the Subject Business. Amounts are depreciated book values, not independently assessed market values.

The vehicles listed in the schedule include Isuzu trucks, a tipper truck, Toyota Hilux utilities and two MY20 Maserati Ghibli Granlusso vehicles. Plant and equipment listed includes JCB backhoes, Grundomat boring equipment, compressors, rock drilling equipment and ancillary tools. The operating fleet and specialised plant support field work and the delivery of trenchless installation services.

The two Maserati vehicles have a combined closing book value of approximately $104,465. Management has advised that they are not required for the Subject Business's core operations. I have therefore considered them separately from the assets required to support maintainable operating earnings. Their treatment in the equity value reconciliation depends on evidence of ownership, market value, associated finance and the proposed transaction's treatment of the vehicles. Any operating expenses attributable to them are considered in the Normalisation of Earnings section.

The depreciation schedule does not establish the physical condition, remaining useful life or market value of the assets. No independent equipment inspection or asset valuation has been undertaken. Under the earnings-based valuation method, the operating assets are relevant principally to the Subject Business's capacity to generate the adopted earnings and to its future maintenance and replacement requirements.

2.1.9 Sales and Marketing

According to management, the Subject Business obtains work principally through existing customer relationships, repeat enquiries, contractor referrals and direct discussions with customers. Mr D has primary responsibility for maintaining key relationships, discussing prospective work and agreeing commercial terms.

The Subject Business does not rely heavily on formal advertising. Work may arise through individual project requests, work orders or preferred contractor arrangements. A history of repeat work does not, by itself, establish a contractual commitment to future volumes. The distinction between work under existing arrangements, issued orders and prospective opportunities is addressed in the customer and revenue analysis.

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This approach reduces the need for a substantial marketing function but makes the generation of new work dependent, in part, on established relationships and Mr D's continued involvement. Customer concentration, the history of repeat work and the risk of a change in those relationships are considered in assessing maintainable earnings and business risk.

2.1.10 Competitors

The Subject Business competes for under-road boring and related trenchless work with specialist operators and broader civil and utility contractors. The firms encountered vary with the location, scope and technical requirements of each project.

Management identified the following operators as competitors encountered by the Subject Business. Their published service descriptions also show activities overlapping with ABC Boring's work:

Competitor identified by management	Published overlapping services	Area of potential competition
LRM Civil Services	Trenchless construction and horizontal directional drilling	Utility pipeline and directional boring work
ATB Services	Trenchless pipe and conduit installation using directional drills and Grundomat equipment	Utility conduit and smaller trenchless installations
S&Z Australia	Horizontal directional drilling and underboring	Underboring and directional drilling projects
Melbourne Underground	Directional drilling and civil construction	Underground utility and civil works

Sources: Management confirmation of competitor identities; each operator's published service description for the stated capabilities.

According to management, the Subject Business competes through its specialist equipment, experienced operators, responsiveness and established customer relationships. These factors may assist it in obtaining work, but they do not establish an enduring pricing advantage or guarantee future revenue. Competitive pressure is considered in assessing the sustainability of earnings and margins, alongside customer concentration, workforce capacity and dependence on Mr D.

2.1.11 SWOT Analysis

The following analysis summarises factors relevant to the Subject Business's maintainable earnings and risk as at 30 June 2025. It draws on the operating and financial information reviewed and management's account of the business. Potential opportunities are not included in the value conclusion unless supported by the adopted earnings assessment.

	Factors relevant to valuation
Strengths	Operating history dating to 1995; experience in under-road boring and trenchless work; experienced field personnel; specialised plant used in core operations; history of work with established utility and infrastructure customers.

ANONYMISED WEBSITE SAMPLE

	Factors relevant to valuation
Weaknesses	Revenue exposure to a limited number of major customers; reliance on Mr D for management and customer relationships; limited operating scale; ongoing maintenance and replacement needs for plant; concentration of operations in Victoria.
Opportunities	Potential additional work from existing or new utility and contractor customers; adjacent services that could be delivered with suitable personnel and equipment; improved transferability through documented procedures and broader management responsibility. These opportunities depend on customer demand, investment and execution.
Threats	Competition for specialist boring work; loss or reduction of work from a major customer; labour and equipment cost increases that cannot be recovered in pricing; difficulty recruiting skilled operators; project execution, safety and compliance incidents. Contract termination or fixed-price exposure is relevant where supported by the terms of actual agreements.

Valuation implications

The Subject Business's operating history, personnel and equipment provide a basis for continued service delivery. The sustainability of earnings nevertheless depends materially on major customer work, the availability of skilled people and plant, and the transfer of responsibilities currently performed by Mr D. These factors are addressed in the customer analysis, maintainable earnings assessment and capitalisation rate discussion. An identified risk is reflected in the valuation only to the extent supported by the analysis; the same exposure is not counted twice through both an earnings adjustment and the rate.

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3. ECONOMIC ANALYSIS

This section considers economic information available as at 30 June 2025, the valuation date. It distinguishes published results from forecasts and focuses on conditions relevant to the Subject Business's work, operating costs and valuation risk. Economic results published after the valuation date have not been used as though they were known at that date.

3.1 AUSTRALIAN ECONOMY

3.1.1 Economic Growth

The latest Australian national accounts available at the valuation date related to the March quarter of 2025. Real gross domestic product (GDP) increased by 0.2% during that quarter and 1.3% over the preceding year. Growth was positive but subdued. The Reserve Bank of Australia (RBA), in its May 2025 Statement on Monetary Policy, expected domestic activity to strengthen gradually, although it judged the recovery likely to be slower than previously forecast.

National GDP provides context for the general operating environment but is not a direct measure of demand for the Subject Business's services. Its workload depends more closely on utility and contractor expenditure, the timing of individual projects, customer procurement decisions and its ability to obtain and deliver work. I have therefore not assumed that the Subject Business's revenue will grow in line with national GDP.

3.1.2 Labour Market and Wages

The latest labour force data available at the valuation date showed an unemployment rate of 4.1% in May 2025. The Wage Price Index increased by 0.9% in the March 2025 quarter and 3.4% over the year. The RBA expected labour market conditions to ease somewhat during 2025 but continued to identify pressure in broader labour costs.

For the Subject Business, the availability and cost of skilled field personnel are more relevant than the national unemployment rate alone. Labour costs may affect margins where customer pricing cannot be adjusted promptly, while difficulty replacing an experienced operator could constrain the delivery of work. The assessment of maintainable earnings relies on the Subject Business's payroll and operating evidence rather than applying national wage growth directly to its costs.

3.1.3 Inflation and Interest Rates

The latest quarterly Consumer Price Index (CPI) available at the valuation date was for March 2025. Headline CPI increased by 2.4% over the year, while annual trimmed mean inflation was 2.9%. The more recent monthly CPI indicator, released on 25 June 2025, recorded annual inflation of 2.1% for May. These measures indicated that broad inflationary pressure had eased, although they did not establish that the Subject Business's particular input costs were falling.

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Following its May 2025 decision, the RBA cash rate target stood at 3.85%. The RBA's outlook was conditional and acknowledged considerable uncertainty; further interest rate reductions were not an established outcome at the valuation date. The valuation's cost of capital analysis uses inputs appropriate to 30 June 2025 rather than rates observed later.

Fuel, equipment, maintenance, insurance and labour costs may not move in line with headline CPI. Their relevance to the Subject Business's earnings depends on its actual cost structure and ability to recover increases through project pricing.

3.2 ECONOMIC OUTLOOK AS AT 30 JUNE 2025

In its May 2025 Statement on Monetary Policy, the RBA expected Australian GDP growth to recover gradually, although more slowly than it had anticipated earlier in the year. It forecast some easing in labour market conditions and expected underlying inflation to remain around the midpoint of its 2–3% target range over time. The RBA emphasised uncertainty surrounding global trade policy and domestic demand. These were forecasts available before the valuation date, not subsequent economic results.

For a specialist civil and utility contractor, the general outlook was neither a guarantee of continued infrastructure work nor evidence of a particular growth rate. Demand for the Subject Business depended on the programs and procurement decisions of its customers, its position in obtaining work, and the capacity of its personnel and plant. The outlook also presented cost and execution risks, particularly where a project's price was agreed before the full cost of delivery became clear.

3.3 IMPLICATIONS FOR THE VALUATION

The economic evidence available at 30 June 2025 provides the following context for the valuation:

Revenue: Modest national growth did not, on its own, support an assumption of growth in the Subject Business's revenue. Historical customer work, current arrangements and identifiable opportunities provide more direct evidence of maintainable earnings.

Operating margins: Easing headline inflation did not eliminate exposure to wages, fuel, equipment and other project costs. The ability to recover those costs through pricing remains relevant to earnings sustainability.

Workforce capacity: The national labour market showed some signs of easing, but the availability of personnel with the Subject Business's required skills remained a business-specific consideration.

Capitalisation rate: Interest rates and broader economic conditions at the valuation date inform the cost of capital. Customer concentration, key-person dependence, project risk and plant requirements are assessed separately as business-specific risks.

Overall, the contemporaneous economic information supports a cautious assessment of future performance. It does not, by itself, establish stable revenue, improving margins or growth for the Subject Business. The adopted earnings and

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capitalisation rate are explained using the financial, customer and operating evidence in the valuation sections of this report.

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4. INDUSTRY ANALYSIS

This analysis considers industry conditions and information available as at 30 June 2025. It distinguishes the broad civil infrastructure market from the smaller market in which the Subject Business competes. Industry investment may create opportunities for under-road boring contractors, but does not establish that ABC Boring will secure a particular volume of work or maintain a particular margin.

4.1 INDUSTRY DEFINITION AND RELEVANCE

The Subject Business provides under-road boring and related trenchless services, principally in connection with utility and civil works. IBISWorld's E3109 Heavy Industry and Other Non-Building Construction in Australia classification covers a wider range of engineering infrastructure, including pipelines and electricity and telecommunications infrastructure. It provides context for demand and industry conditions, but its aggregate results are not a direct measure of the Subject Business's addressable market or financial performance.

ABC Boring's relevant market is narrower: projects for which a utility provider, civil contractor or other customer requires its particular boring capability, equipment, personnel and geographic coverage. The timing and value of that work depend on customer procurement, project specifications and the Subject Business's capacity to deliver it.

4.2 INDUSTRY ACTIVITY AT THE VALUATION DATE

Infrastructure Australia's 2024 Infrastructure Market Capacity Report, available before the valuation date, identified a five-year major public infrastructure pipeline of $213 billion. That estimate was 8% below the amount reported in 2023. The report also identified skills shortages, material costs and weak productivity growth as constraints on project delivery. This describes a substantial market alongside significant cost and capacity pressures; it does not indicate that all parts of civil construction were growing at the same rate.

The latest ABS engineering construction activity data available at 30 June 2025 related to the March 2025 quarter. The seasonally adjusted value of work done fell 1.7% from the preceding quarter, while remaining 3.3% above the March 2024 quarter. The value of work commenced fell 9.1% during the quarter in original terms. These national figures show variation in the timing of activity and should not be applied directly to the Subject Business's revenue forecast.

Published plans for utility and energy infrastructure provide further context for potential work. Their existence does not confirm that a particular project will use trenchless methods, be offered to the Subject Business or produce an acceptable margin. ABC Boring's historical customer work, issued orders and prospective opportunities provide more direct evidence for its maintainable earnings.

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4.3 DEMAND DRIVERS

Demand for the Subject Business's services may arise from installation, repair, renewal and relocation of underground utility infrastructure, as well as civil projects requiring a crossing beneath a road or other surface feature. The choice of trenchless installation depends on site conditions, engineering requirements, customer specifications and its cost relative to other methods.

Population growth, network maintenance and infrastructure investment can support the broader need for utility works. Their effect on the Subject Business is indirect. Revenue depends on when customers commission relevant projects, whether boring is specified or commercially suitable, and whether ABC Boring obtains the work. Accordingly, no sector-wide growth rate has been applied to its revenue solely on the basis of these demand drivers.

4.4 COMPETITION AND CUSTOMER PROCUREMENT

The Subject Business competes with specialist boring operators and, for some work, broader civil and utility contractors. Management has identified LRM Civil Services, ATB Services, S&Z Australia and Melbourne Underground among competitors encountered. The scope of competition on any project depends on capability, availability, customer requirements and price.

Major customers may obtain competing quotations or allocate work among approved contractors. A preferred-supplier or framework relationship does not necessarily guarantee a minimum volume. Customer concentration, contract terms, historical work allocation and Mr D's role in maintaining relationships are therefore more informative for valuation than the level of national industry concentration.

Larger contractors may engage specialist subcontractors for work outside their own capabilities. This creates a potential route to projects for a business of ABC Boring's size, while also leaving it exposed to the head contractor's pricing, scheduling and procurement decisions.

4.5 WORKFORCE, EQUIPMENT AND COST STRUCTURE

Under-road boring requires suitable equipment and operators with the skills to deliver work safely and to customer specifications. Labour, subcontractors, fuel, plant operation and maintenance, insurance, compliance and overheads are relevant cost categories for the Subject Business. The importance of each category is assessed using its own financial records rather than an aggregate industry cost profile.

Plant utilisation, job pricing and execution affect margins. Equipment downtime or replacement can also affect the capacity to accept work. The cost of maintaining the operating capability reflected in maintainable earnings is addressed in the financial and valuation analysis.

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The infrastructure market's reported skills and material constraints are relevant background to these risks. They do not establish that ABC Boring experienced a particular shortage or cost increase; the effect on the Subject Business depends on its staffing, equipment and project records.

4.6 INDUSTRY OUTLOOK AND VALUATION IMPLICATIONS

As at 30 June 2025, the available evidence indicated an active but uneven infrastructure market. Continuing utility and civil expenditure presented opportunities for specialist contractors, while project timing, customer procurement, competition and delivery costs created uncertainty. The broad E3109 industry outlook could not, by itself, establish that ABC Boring's earnings were defensive or that its revenue would grow.

For this valuation, industry information provides a check on the reasonableness of the adopted outlook. Greater weight is placed on the Subject Business's trading history, customer concentration, work supported by orders or agreements, operating capacity and demonstrated margins. Industry risks are considered in the maintainable earnings and capitalisation rate analysis, with care taken not to count the same exposure twice.

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5. FINANCIAL STATEMENT ANALYSIS

This section examines the Subject Business's reported financial performance for the three years ended 30 June 2025. Historical results provide a basis for assessing revenue, costs and profitability, but reported earnings are not necessarily maintainable earnings. Adjustments used in the valuation are addressed separately in the normalisation section.

5.1 PROFIT AND LOSS STATEMENT ANALYSIS

The analysis below is based on the financial statements and supporting records identified elsewhere in this report. The detailed profit and loss statements are presented in Appendix F. Exhibit 2 summarises reported results before valuation adjustments; Exhibits 3 and 4 illustrate the corresponding revenue, earnings and margin trends.

Exhibit 2 — Summary of Reported Profit and Loss Results (AUD)

	FY2023	FY2024	FY2025
Sales	1,863,295	1,640,897	1,634,747
EBITDA	825,483	664,741	660,973
EBITDA margin	44.3%	40.5%	40.4%
EBIT	778,966	614,757	621,218
EBIT margin	41.8%	37.5%	38.0%
Profit before tax	777,587	614,564	620,783
Net profit after tax	580,718	457,581	462,727
Net profit margin	31.2%	27.9%	28.3%

Source: Financial statements supplied for FY2023–FY2025. Figures are reported results before valuation normalisation. EBITDA represents EBIT plus reported depreciation and amortisation, where applicable. The derivation of EBITDA and EBIT should be reconciled to the underlying statements in Appendix F.

5.1.1 Revenue and reported earnings

Sales declined by $222,398, or 11.9%, between FY2023 and FY2024. They then declined by $6,150, or 0.4%, in FY2025. The results show that revenue was substantially lower in the final two years than in FY2023 and was broadly unchanged between FY2024 and FY2025. The financial statements alone do not establish why FY2023 revenue was higher or whether either later year represents a sustainable trading level; those questions are considered alongside customer, contract and work pipeline information in the maintainable earnings assessment.

Reported EBITDA declined by $160,742, or 19.5%, in FY2024 and by a further $3,768, or 0.6%, in FY2025. The EBITDA margin declined from 44.3% in FY2023 to approximately 40% in each of FY2024 and FY2025. EBIT margins followed a similar pattern, at 41.8%, 37.5% and 38.0%, respectively. These are reported margins and include the effect of any related-party, discretionary or non-recurring items identified in the subsequent normalisation analysis.

Exhibit 3 — Sales and Reported Earnings, FY2023–FY2025

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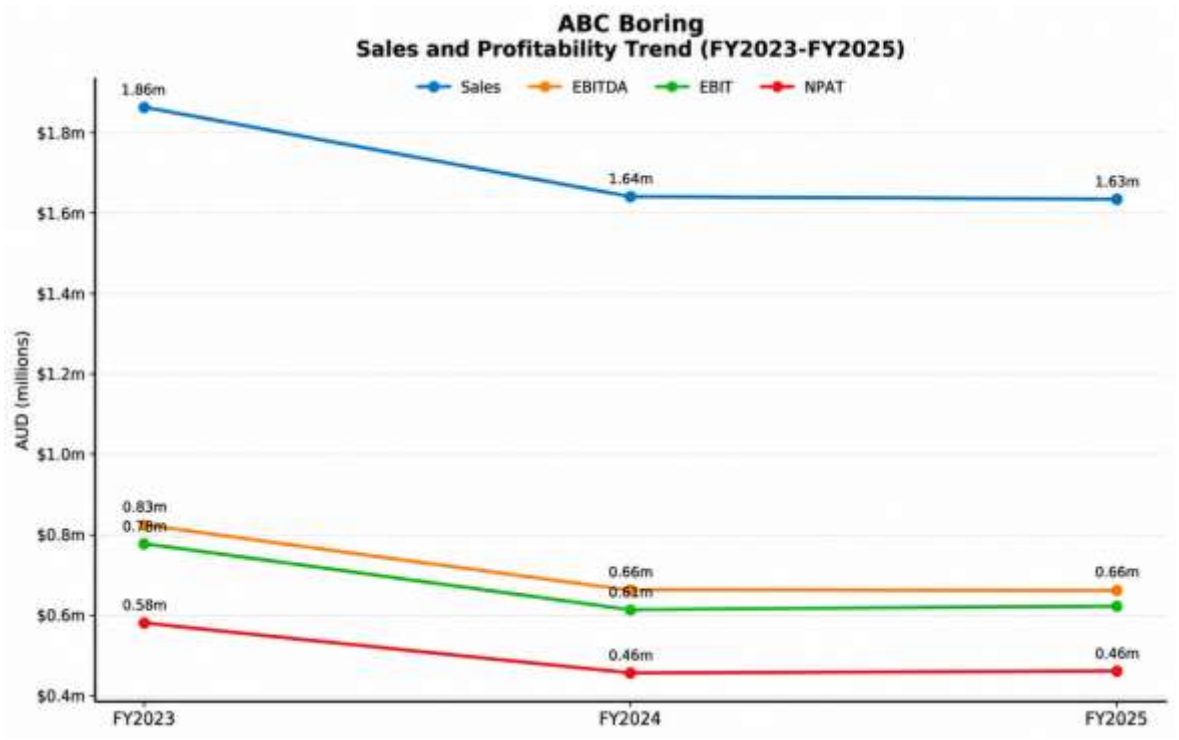
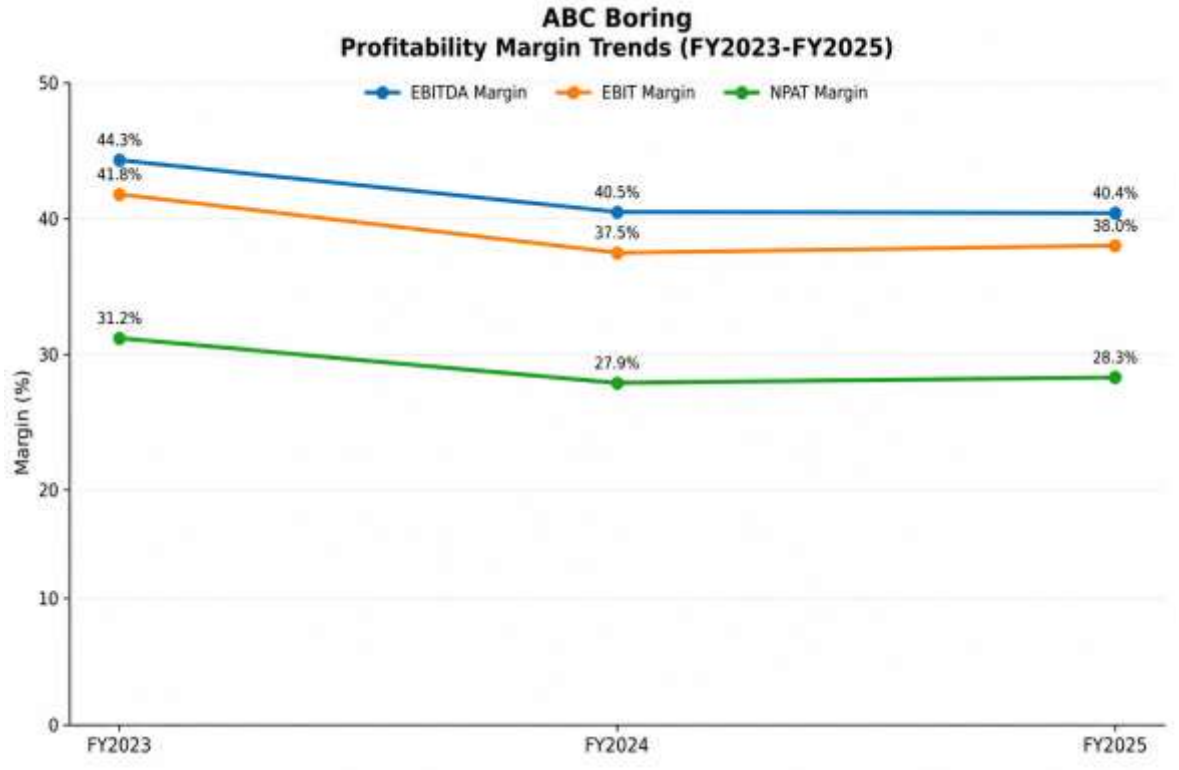


Exhibit 4 — Reported Profitability Margins, FY2023–FY2025



5.1.2 Selected operating costs

The following cost categories have been identified from the information supplied. They are discussed individually because their classification and treatment may affect the assessment of maintainable earnings.

Cost category	FY2023	FY2024	FY2025
Salaries and superannuation, approximately	581,000	484,000	629,000

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Cost category	FY2023	FY2024	FY2025
Subcontractors, approximately	99,000	47,000	18,000
Motor vehicle expenses, approximately	55,000	115,000	66,000
Repairs, maintenance and tools, approximately	48,000	53,000	22,000

Source: Cost figures supplied for this analysis.

Salaries and superannuation increased by approximately $145,000 between FY2024 and FY2025, while subcontractor costs decreased by approximately $29,000. The figures show a change in the reported cost mix, but they do not, by themselves, establish that subcontracted work was replaced by employees. Payroll records, staffing levels and the nature of subcontracted work should inform that assessment. Related-party remuneration and the commercial cost of replacing management functions are addressed in the normalisation section.

Reported motor vehicle expenses increased from approximately $55,000 in FY2023 to $115,000 in FY2024, then decreased to $66,000 in FY2025. The composition of the FY2024 expense requires review before any part is characterised as private, non-recurring or available as an add-back. FY2025 is presented here as a reported amount; whether it represents a maintainable level is assessed separately.

Repairs, maintenance and tools increased from approximately $48,000 in FY2023 to $53,000 in FY2024, then decreased to $22,000 in FY2025. The lower FY2025 expense should be assessed against the condition and expected use of operating plant before it is adopted as a recurring cost level. Any distinction between repairs and capital expenditure must be supported by the underlying invoices and accounting treatment.

The Subject Business occupies related-party premises. Reported rent, the terms of occupancy and an evidenced market rent are assessed in the premises section. Any resulting adjustment to maintainable earnings is set out and quantified in the normalisation section.

The previously described aggregate “total operating expenses” figures have been omitted from this exhibit because they do not presently reconcile to sales less EBITDA under the same stated definition. A consistent expense classification and reconciliation to the source statements are required before an aggregate expense trend is reported.

5.1.3 Profitability and implications for maintainable earnings

Net profit after tax was $580,718 in FY2023, $457,581 in FY2024 and $462,727 in FY2025. The relatively small movement in reported revenue and EBITDA between FY2024 and FY2025 provides useful evidence of recent trading performance. It does not remove the need to assess customer concentration, management dependence, plant replacement requirements and the commercial terms on which the business could continue to operate.

A dividend of approximately $40,000 was reported for FY2024. A dividend is a distribution to shareholders and does not form part of EBITDA or EBIT. No conclusion about cash conversion or available surplus cash is drawn from the profit and loss statements alone; those matters require separate consideration of cash flows, working capital and the balance sheet.

In determining maintainable earnings, I have considered whether reported costs and income reflect recurring operations on arm’s-length terms. Proposed adjustments, including those relating to remuneration, occupancy and motor vehicles, are documented in the normalisation section with their amounts, supporting evidence and treatment across the historical years. The reported results in Exhibit 2 should therefore be read as the starting point for the valuation analysis, rather than the final earnings adopted for capitalisation.

ANONYMISED WEBSITE SAMPLE

5.2 BALANCE SHEET ANALYSIS

This section analyses the financial position of ABC Civil Contracting Pty Ltd for the three years ended 30 June 2025. It considers liquidity, asset composition and liabilities, together with balance sheet items relevant to the valuation of 100% of the equity.

The analysis is based on the balance sheets supplied by management and prepared by the Subject Business's external accountant. The detailed historical balance sheets are presented in Appendix G. Reported carrying values are accounting amounts and do not necessarily represent market values.

5.2.1 Financial position

Total assets increased from approximately $1.78 million at 30 June 2023 to $2.09 million at 30 June 2024 and $2.60 million at 30 June 2025. Total liabilities were $129,789, $26,193 and $73,332 at those respective dates. Reported net assets consequently increased from approximately $1.65 million to $2.53 million over the period.

The growth in net assets is broadly consistent with the retention of reported profits. The movement in equity, including any dividends and other adjustments, is shown in the balance sheets in Appendix G.

5.2.2 Cash and liquidity

Reported bank balances increased from approximately $1.43 million at 30 June 2023 to $1.79 million at 30 June 2024 and $2.30 million at 30 June 2025. Cash comprised the substantial majority of reported current assets at the valuation date.

At 30 June 2025, reported current assets were approximately $2.30 million and current liabilities were $73,332. These figures produce a current ratio of approximately 31.4 times and net working capital of approximately $2.23 million. They indicate substantial reported liquidity at that date, although the current ratio alone does not establish how much cash is available for distribution without affecting operations.

Some of the bank balance may exceed the amount required to meet ordinary operating needs, including payroll, tax obligations, project costs and fluctuations in working capital. The amount, if any, treated as surplus cash is assessed separately in the equity value reconciliation. No conclusion about the surplus amount is drawn solely from the closing bank balance.

5.2.3 Plant, equipment and motor vehicles

The reported net book value of plant, equipment and motor vehicles decreased from $346,929 at 30 June 2023 to $296,802 at 30 June 2024 and approximately $257,047 at 30 June 2025.

ANONYMISED WEBSITE SAMPLE

These figures reflect depreciated accounting values. The change between years should be read alongside additions, disposals, depreciation and other movements in the fixed-asset records. A reduction in book value does not, by itself, establish the condition of the assets or the capital expenditure needed to maintain the Subject Business's operating capacity.

The operating assets are considered in the earnings-based valuation through their contribution to the activities and earnings of the Subject Business. Future maintenance and replacement requirements are relevant to the assessment of maintainable earnings and cash flow.

The depreciation schedule also includes two Maserati vehicles identified elsewhere in this report for separate consideration. Their operating or non-operating classification, any associated expenses and liabilities, and any value included in the equity reconciliation must be treated consistently. Their book values are not assumed to represent market values.

5.2.4 Liabilities and funding

Reported total liabilities decreased from $129,789 at 30 June 2023 to $26,193 at 30 June 2024, before increasing to $73,332 at 30 June 2025. Based on the information supplied, statutory payables, including GST and PAYG, contributed to the FY2025 balance.

No material external interest-bearing debt has been identified at 30 June 2025. Appendix G records a current related-party loan of A$29,135 under "Loans From D. On the stated assumption that this balance is repayable, it is deducted in the reconciliation from operating value to equity value. The amount and terms require confirmation against the underlying loan records.

5.2.5 Equity movements and returns

Reported equity increased from approximately $1.65 million at 30 June 2023 to $2.07 million at 30 June 2024 and $2.53 million at 30 June 2025. Reported share capital remained at $22. The increase in book equity is broadly consistent with retained profits over the period.

Using the rounded equity balances above, reported net profit after tax represented an approximate return on average book equity of 24.6% in FY2024 and 20.1% in FY2025. A comparable FY2023 figure requires the equity balance at 30 June 2022. These returns are affected by the substantial cash holdings and historical accounting values of assets; they are not measures of the return earned solely on capital required for operations.

The balance sheet analysis informs the subsequent reconciliation from operating business value to equity value. That reconciliation separately addresses cash required for operations, any surplus cash, non-operating assets and liabilities relevant to the interest being valued.

ANONYMISED WEBSITE SAMPLE

5.3 FINANCIAL AND OPERATING RATIO ANALYSIS

The financial and operating ratios for the Subject Business are presented in Appendix H. This section discusses the principal movements over FY2023 to FY2025. Ratios based on balance sheet amounts use year-end balances unless otherwise stated. The calculations in Appendix H should be read alongside the underlying financial statements and the normalisation analysis.

5.3.1 Liquidity

The reported current ratio was approximately 11.0 times at 30 June 2023, 68.5 times at 30 June 2024 and 31.4 times at 30 June 2025. The quick ratio was similar in each year, reflecting the absence of reported inventory and the predominance of cash among current assets.

Reported net working capital increased from approximately $1.30 million at 30 June 2023 to $1.77 million at 30 June 2024 and $2.23 million at 30 June 2025. The increase was principally associated with higher reported bank balances. These ratios indicate that current assets substantially exceeded current liabilities at each year-end. They do not, on their own, establish the amount of cash that could be removed without affecting operations.

No trade receivables are separately presented in the year-end balance sheets reviewed. This observation does not establish that all sales were settled immediately or that the Subject Business has no working capital requirements during the year.

5.3.2 Activity and efficiency

Sales divided by year-end net working capital decreased from approximately 1.43 times in FY2023 to 0.93 times in FY2024 and 0.73 times in FY2025. The denominator includes substantial accumulated cash, so this ratio has limited use as a measure of operating working capital efficiency.

Sales divided by year-end total assets decreased from approximately 1.05 times in FY2023 to 0.78 times in FY2024 and 0.63 times in FY2025. Over this period, reported cash increased while sales declined from their FY2023 level. Both movements contributed to the reduction in asset turnover. The ratio therefore should not be interpreted, in isolation, as evidence of a change in the efficiency of field operations.

The cash required to support ordinary operations, and any amount available for separate treatment in the equity valuation, are assessed in the equity value reconciliation.

5.3.3 Fixed assets and capital intensity

Sales divided by the year-end net book value of plant, equipment and motor vehicles were approximately 5.37 times in FY2023, 5.53 times in FY2024 and 6.36 times in FY2025.

The increase in this ratio occurred while the net book value of depreciable assets declined. Because the denominator is an accounting carrying value, the ratio does not establish that plant utilisation improved or that future capital expenditure will be low. Asset condition, maintenance needs and replacement expenditure require separate consideration when assessing the sustainability of earnings and cash flow.

Sales divided by year-end book equity decreased from approximately 1.13 times in FY2023 to 0.79 times in FY2024 and 0.65 times in FY2025. The increase in retained earnings and cash contributed to this movement. Given the substantial cash holdings, this ratio is of limited use in assessing the return generated by the operating activities alone.

ANONYMISED WEBSITE SAMPLE

5.3.4 Profitability

The Subject Business reported the following margins before valuation normalisation:

Reported margin	FY2023	FY2024	FY2025
EBITDA	44.3%	40.5%	40.4%
EBIT	41.8%	37.5%	38.0%
Profit before tax	41.7%	37.5%	38.0%
Net profit after tax	31.2%	27.9%	28.3%

Reported EBITDA and EBIT margins were lower in FY2024 than in FY2023 and changed relatively little in FY2025. The movements occurred alongside a decline in sales between FY2023 and FY2024, followed by broadly stable sales in FY2025. The statements alone do not establish the causes of the margin change. Related-party costs, discretionary expenses and other proposed adjustments are examined in the normalisation section before maintainable earnings are determined.

Net profit after tax divided by year-end total assets was approximately 32.7% in FY2023, 21.9% in FY2024 and 17.8% in FY2025. These returns are affected by the growth in cash and should not be interpreted as returns on operating assets alone.

Using average opening and closing book equity, net profit after tax represented an approximate return on equity of 24.6% in FY2024 and 20.1% in FY2025. A comparable FY2023 calculation requires the 30 June 2022 equity balance. The increase in retained profits and cash contributed to the decline in the reported return on equity over the final two years.

5.3.5 Liabilities and interest coverage

Reported total liabilities represented approximately 7.3% of total assets at 30 June 2023, 1.3% at 30 June 2024 and 2.8% at 30 June 2025. These are total-liability ratios, not measures of interest-bearing debt. As discussed in the balance sheet analysis, no material external interest-bearing debt has been identified at the valuation date. The A$29,135 related-party loan recorded in Appendix G is considered separately in the equity value reconciliation.

An interest coverage ratio is not relied upon in this analysis because the amounts of gross interest expense underlying the previously calculated multiples have not been established separately from other finance income and costs. Based on the reported results, the difference between EBIT and profit before tax was small in each year; that difference should not automatically be treated as interest expense.

Overall, the ratios describe a profitable business with substantial reported cash holdings and limited reported liabilities at 30 June 2025. Their principal valuation use is to direct further analysis of maintainable earnings, operating cash needs, asset replacement requirements and the reconciliation from operating business value to equity value.

5.4 NORMALISATION ADJUSTMENTS

I have reviewed the Subject Business's reported results for FY2023 to FY2025 to assess the earnings attributable to its continuing operations. This requires consideration of transactions with related parties, expenditure incurred at the owners' discretion, and income or expenses that do not reflect the ordinary performance of the operating business.

The adjustments below are based on the financial statements and the supporting records identified in Notes 1–12. Exhibit 5 reconciles reported EBITDA to normalised EBITDA and then deducts depreciation attributable to operating assets to derive normalised EBIT. The resulting figures are normalised historical earnings. The selection of earnings to be

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capitalised is addressed separately in the maintainable earnings analysis.

5.4.1 Reconciliation of reported and normalised earnings

Exhibit 5 — Reconciliation of Reported to Normalised Earnings (AUD)

Adjustment	Note	FY2023	FY2024	FY2025
Reported EBITDA		825,483	664,741	660,973
Profit/(loss) on disposal of assets	1	(36,610)	142	–
Entertainment	2	7,017	10,551	11,440
Client gifts	3	–	–	479
Donations	4	1,068	1,128	1,028
Sponsorship	5	–	–	280
Motor vehicle private-use prior-year adjustment	6	–	44,757	–
Mr D — salary adjustment	7	(136,769)	(139,720)	(54,400)
Mr D — superannuation adjustment	8	(14,361)	(15,369)	(6,256)
Ms E — salary adjustment	9	68,840	77,400	80,680
Ms E — superannuation adjustment	10	7,228	8,514	9,278
Related-party rent adjustment	11	(25,091)	(22,909)	(22,909)
Net EBITDA adjustments		(128,678)	(35,506)	19,620
Normalised EBITDA		696,805	629,235	680,593
Less: depreciation of operating assets	12	(41,631)	(45,098)	(34,869)
Normalised EBIT		655,174	584,137	645,724

Parentheses indicate deductions from earnings; a dash indicates no adjustment. All amounts are before income tax. The adjustments above the normalised EBITDA line relate to items included in reported EBITDA. Depreciation is dealt with only in the subsequent reconciliation to normalised EBIT.

5.4.2 Basis of the adjustments

For each proposed adjustment, I have considered the recorded amount, its purpose, whether it affected reported EBITDA, and the amount of income or expenditure appropriate to continuing operations. I have reviewed the relevant general ledger and payroll records, fixed-asset and depreciation schedules, management explanations and external remuneration and rental evidence. The principal evidence and reasoning for each adjustment are set out below.

Note 1 — Profit or loss on disposal of assets

The profit and loss accounts and fixed-asset disposal records identify amounts arising from disposals of plant and motor vehicles. A gain of $36,610 included in FY2023 reported EBITDA has been deducted; a loss of $142 included in FY2024 reported EBITDA has been added back. There is no FY2025 adjustment.

These amounts arise from the disposal of assets rather than the provision of the Subject Business's contracting services. Removing them isolates historical operating earnings from the identified disposal transactions. The expenditure required to maintain and replace operating assets remains a separate consideration in the valuation.

Note 2 — Entertainment

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The general ledger records entertainment expenditure of $7,017 in FY2023, $10,551 in FY2024 and $11,440 in FY2025. Based on the underlying entries and management's explanation of the expenditure, I have added back these amounts in assessing earnings under arm's-length ownership.

This adjustment rests on the purpose and expected continuation of the expenditure. Its tax description as non-deductible does not, by itself, determine its valuation treatment.

Note 3 — Client gifts

The general ledger identifies client gifts of $479 in FY2025. Having considered the recorded expenditure and management's explanation, I have added back that amount. No adjustment is made for FY2023 or FY2024.

Note 4 — Donations

The accounts record donations of $1,068 in FY2023, $1,128 in FY2024 and $1,028 in FY2025. The supporting records and management's explanation indicate that these were voluntary payments unrelated to performing the Subject Business's contracted work. I have added back the recorded amounts.

Note 5 — Sponsorship

The accounts record sponsorship expenditure of $280 in FY2025. Having considered the supporting entry and its purpose, I have added back this amount. No sponsorship adjustment is made for FY2023 or FY2024.

Note 6 — Motor vehicle private-use prior-year adjustment

The FY2024 accounting records include a $44,757 expense described as a prior-year adjustment to the allocation of motor vehicle costs between business and private use. The supporting entry shows that the amount reduced FY2024 reported EBITDA. I have therefore added it back in assessing FY2024 operating earnings. There is no corresponding adjustment in FY2023 or FY2025.

This adjustment relates to the identified prior-year entry. Depreciation attributable to the two non-operating Maserati vehicles is addressed separately in Note 12 and has not been included as an EBITDA add-back.

Note 7 — Mr D: salary

Payroll records show that Mr D received salary of $63,231 in FY2023, $60,280 in FY2024 and $145,600 in FY2025. His responsibilities include senior management, operational oversight, project coordination and client relationship management.

Having considered those responsibilities, the scale of the Subject Business and the remuneration evidence reviewed for comparable roles, I have adopted an arm's-length base salary of $200,000 per annum, excluding employer superannuation. This is the midpoint of the assessed range of $180,000 to $220,000. Substituting that amount for recorded salary produces the following deductions:

	FY2023	FY2024	FY2025
Adopted base salary	200,000	200,000	200,000
Recorded salary	(63,231)	(60,280)	(145,600)
Deduction from reported EBITDA	(136,769)	(139,720)	(54,400)

The adjustment reflects the adopted commercial cost of the management functions performed by Mr D. It does not assume that a purchaser could retain those functions at the remuneration recorded in the historical accounts.

Note 8 — Mr D: employer superannuation

The salary adopted in Note 7 excludes employer superannuation. I have allowed for the additional contribution associated

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with replacing Mr D's recorded salary with the adopted base salary. Using the Superannuation Guarantee rates applicable to FY2023, FY2024 and FY2025—10.5%, 11.0% and 11.5%, respectively—the additional costs are $14,361, $15,369 and $6,256.

These amounts are deductions from reported EBITDA. Salary and superannuation have been presented separately so that the total adopted employment cost can be traced to the payroll records and the remuneration benchmark.

Note 9 — Ms E: salary

Payroll records show that Ms E received salary of $83,840 in FY2023, $92,400 in FY2024 and $95,680 in FY2025. Management advises that she performs administrative duties for approximately eight hours per week.

Having considered the duties described and the remuneration evidence reviewed, I have adopted $15,000 per annum, excluding employer superannuation, as the rounded commercial cost of those functions. This is consistent with approximately eight hours per week at $35 per hour over 52 weeks. The difference between recorded and adopted salary has been added back:

	FY2023	FY2024	FY2025
Recorded salary	83,840	92,400	95,680
Adopted base salary	(15,000)	(15,000)	(15,000)
Addition to reported EBITDA	68,840	77,400	80,680

The adjusted results retain a commercial cost for the administrative duties. They do not remove the cost of performing those duties altogether.

Note 10 — Ms E: employer superannuation

Consistent with the salary adjustment in Note 9, I have adjusted employer superannuation to reflect the adopted commercial salary. Applying the relevant Superannuation Guarantee rates of 10.5%, 11.0% and 11.5% to the respective salary differences produces additions to reported EBITDA of $7,228 in FY2023, $8,514 in FY2024 and $9,278 in FY2025.

The normalised results retain the employer superannuation cost associated with the adopted $15,000 salary.

Note 11 — Related-party rent

The Subject Business operates from Melbourne, Victoria, under a related-party occupancy arrangement. The premises comprise approximately 400 square metres. The accounts record rent of $46,909 in FY2023 and $49,091 in each of FY2024 and FY2025.

I have considered the occupancy arrangement and the market rental evidence reviewed for comparable industrial premises. For the earnings adjustment, I have adopted rent of $180 per square metre per annum, equivalent to $72,000 per annum for the stated area. The adopted and recorded rent have been compared on the basis explained in the premises assessment, including the treatment of outgoings. The resulting deductions are:

	FY2023	FY2024	FY2025
Adopted annual rent	72,000	72,000	72,000
Recorded rent	(46,909)	(49,091)	(49,091)
Deduction from reported EBITDA	(25,091)	(22,909)	(22,909)

This adjustment substitutes an arm’s-length occupancy cost for the related-party rent recorded in the historical results. It does not assign a value to the property, which is not an asset of ABC Civil Contracting Pty Ltd.

Note 12 — Depreciation of operating assets

The depreciation schedules record total depreciation of $46,517 in FY2023, $49,984 in FY2024 and $39,755 in FY2025.

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Management has identified two Maserati vehicles as held for personal use and not required to perform the Subject Business's operating work. The schedules attribute $4,886 of annual depreciation to those vehicles in each year.

	FY2023	FY2024	FY2025
Reported depreciation	46,517	49,984	39,755
Less: Maserati depreciation	(4,886)	(4,886)	(4,886)
Depreciation of operating assets	41,631	45,098	34,869

I have deducted only depreciation attributable to operating assets from normalised EBITDA to derive normalised EBIT. No depreciation adjustment is included in the EBITDA rows of Exhibit 5. The classification of the Maserati vehicles is treated consistently in the assessment of related running costs and the reconciliation from operating business value to equity value.

5.4.3 Normalised historical earnings

After the adjustments in Exhibit 5, historical normalised EBITDA is $696,805 in FY2023, $629,235 in FY2024 and $680,593 in FY2025. Normalised EBIT, after depreciation of operating assets, is $655,174, $584,137 and $645,724, respectively.

These figures remove the identified effects of related-party terms, owner-directed expenditure and other items described in Notes 1–12. They provide a consistent basis for comparing the historical years. The earnings adopted as maintainable are determined in the following section after considering the relevance of each year to the Subject Business's expected continuing operations.

A defensible earnings conclusion should distinguish recurrent cost savings available to a market participant from owner-specific discretionary expenditure and account for maintenance capital expenditure, project WIP, concentration risk and economic reinvestment. The stated assessment is consequently retained as the original valuer's adopted estimate rather than a newly independently verified earnings opinion.

Technical assessment — earnings sustainability. The source report weights FY2025/FY2024/FY2023 normalised EBIT at 50%/30%/20%, producing approximately A$629,138, rounded to A$630,000. The weighted average is mathematically consistent with the reported annual earnings, but does not by itself prove the forward earning capacity. Material normalisation entries (especially replacement management remuneration, related-party premises and private-use expenses) remain dependent on the underlying payroll, general ledger and comparable market support, which have not been independently authenticated in this review.

5.4.4 Identification of Non-Operating Motor Vehicles

The FY2025 depreciation schedule includes two Maserati motor vehicles with a combined net book value of $104,465 at 30 June 2025. Management has confirmed that the vehicles are used personally and are not required to perform the Subject Business's trenchless boring and civil contracting work. I have classified them as non-operating assets for valuation purposes.

Exhibit 6 — Classification of Motor Vehicles at 30 June 2025 (AUD)

Asset category	Reported net book value	Non-operating vehicles	Remaining operating asset book value
Motor vehicles	138,324	(104,465)	33,859
Total fixed assets	257,047	(104,465)	152,582

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Source: FY2025 balance sheet and depreciation schedule. The final column classifies recorded book values for valuation analysis. It does not restate the reported balance sheet or represent an independent assessment of asset market values.

The value of the operating business is assessed without attributing a separate operating value to the Maserati vehicles. Their identified depreciation has been excluded when deriving normalised operating EBIT, as explained in Note 12 to Exhibit 5. The treatment of any associated running costs must be consistent with their non-operating classification.

The valuation concerns 100% of the equity in ABC Civil Contracting Pty Ltd. If the vehicles remain assets of the company within the equity interest being valued, their value is considered separately in the reconciliation from operating business value to equity value, together with any associated liabilities. The $104,465 net book value is not assumed to equal their market value.

The company's reported assets, liabilities and book equity remain as stated in its 30 June 2025 balance sheet. Exhibit 6 is an analytical classification of two recorded assets; it is not an adjustment to the company's accounting equity or, by itself, a conclusion about equity value.

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6. VALUATION APPROACH/METHODS

The International Valuation Standards (IVS) recognise three principal valuation approaches: the market approach, income approach and cost approach. Each provides a different way of developing an indication of value. The approaches may be applied using different methods, depending on the asset or interest being valued and the information available.

Market Approach

The market approach develops an indication of value by comparing the subject asset or interest with identical or sufficiently comparable assets or interests for which price information is available. In a business valuation, potential evidence includes completed sales of businesses or ownership interests, transactions in the subject business's shares, and prices of publicly traded companies.

A comparison requires consideration of what was bought and sold, the transaction date and terms, the earnings or assets represented by the price, and material differences from the subject business. Where publicly traded securities are used, trading activity and the reliability of observed prices are also relevant. Common business valuation methods include comparable private transactions and guideline publicly traded companies.

Income Approach

The income approach develops an indication of value by converting expected future income or cash flow into a value at the valuation date. The analysis considers the amount and timing of those benefits and the risks associated with receiving them.

Business valuation methods under this approach include discounted cash flow, which assesses cash flows over an explicit forecast period, and income capitalisation, which converts a representative level of continuing income or cash flow into value using an appropriate capitalisation rate.

Cost Approach

The cost approach develops an indication of value by considering the cost of obtaining an asset with equivalent utility, with allowances for deterioration and obsolescence where relevant. Replacement cost and reproduction cost are examples of methods used within this approach.

In valuing a business interest, an asset-based analysis may also consider the values of individual assets and liabilities. Those separate values do not necessarily equal the value of the assets operating together as a business.

6.1. VALUATION APPROACHES/METHODS ADOPTED

IVS 103 indicates that Valuation Approaches requires the valuer to consider and select the most relevant and appropriate valuation approaches for the valuation of the asset and/or liability based on its intended use(s).

Under ideal circumstances, all three approaches may be applicable to the valuation of an asset. For certain types of assets, one or more valuation approaches may be inappropriate. In certain instances, results indicated by one approach may vary widely from the other two approaches. The method(s) deemed most probative to valuing the subject asset will then be selected as the proper method(s) to use.

The choice of the appropriate valuation method or methods to be used in a given valuation project is based on the judgment of the valuer. According to IVS 103 para 10.04, the goal in selecting valuation approaches and methods for an

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asset is to find the most appropriate method under particular circumstances. No single method is suitable in every possible situation. The selection process should consider, at a minimum:

- The appropriate basis(es) of value and premise(s) of value, determined by the terms and intended use of the valuation,
- The respective strengths and weaknesses of the possible valuation approaches and methods,
- The appropriateness of each method in view of the nature of the asset, and the approaches or methods used by participants in the relevant market, and
- The availability of reliable information needed to apply the method(s), and
- Price information from an active market.

IVS 103 papa 10.05 & 10.06 also indicates that valuers are not required to use more than one method for the valuation of an asset, particularly when the valuer has a high degree of confidence in the accuracy and reliability of a single method, given the facts and circumstances of the valuation. However, valuers should consider the use of multiple approaches and methods and more than one valuation approach or method should be considered and may be used to arrive at an indication of value, particularly when there are insufficient factual or observable inputs for a single method to produce a reliable conclusion.

6.1.1 Cost Approach

The cost approach considers the cost of obtaining assets with equivalent utility, allowing for physical deterioration and other forms of obsolescence where relevant. In valuing a business interest, an asset-based method may also consider the values of individual assets and liabilities, including identifiable intangible assets where they can be assessed reliably.

I considered whether an asset-based method would provide a reliable primary indication of the value of the Subject Business's continuing operations.

Established Operating Business

ABC Boring has operated since 1995 and has a history of revenue and positive operating earnings. I have reviewed its FY2023–FY2025 results and made the normalisation adjustments explained in Section 5.4. Those results provide evidence for assessing continuing earnings, although the earnings ultimately adopted as maintainable require further judgement.

The Subject Business is therefore being assessed as an established operating business, rather than by reference only to the separate values of the assets it owns.

Nature of the Assets and Operations

Plant and vehicles are necessary to perform the Subject Business's work. They generate income in combination with experienced personnel, established work practices, project coordination and customer relationships. An asset-based valuation of the operations would require separate assessment of these resources and consideration of the benefits arising from their combined use.

The Subject Business also holds substantial cash. The presence of cash does not make its contracting operations an asset-holding activity. The amount required for operations, and any amount determined to be surplus, are considered in the subsequent reconciliation from operating business value to equity value.

Assessment of the Method

On the information available, the history of operating earnings provides a more direct basis for assessing the value of the

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resources working together than a separate valuation of each operating asset and liability. I have therefore not adopted an asset-based method as the primary method for determining operating business value. This is a choice about the weight and usefulness of the method for this engagement; no asset-based value has been calculated from which to conclude that it would overstate or understate value.

This does not exclude non-operating assets or relevant liabilities from the valuation of the shares; they are considered separately in the equity value reconciliation.

6.1.2 Discounted Cash Flows (DCF) Method:

The discounted cash flow (DCF) method estimates value by forecasting the cash a business is expected to generate in successive years and discounting those amounts to the valuation date. It requires supportable assumptions about revenue, operating costs, tax, capital expenditure and working capital throughout the forecast period.

I considered a multi-year DCF for the Subject Business. I reviewed the work orders, contract information, historical financial results and management planning information made available for this engagement. Taken together, these materials did not provide a sufficiently reliable basis for forecasting annual revenue, margins, equipment expenditure and working capital over several years. The Subject Business undertakes project-based work, while the timing of future projects and equipment replacement may vary materially between years. A detailed annual forecast would therefore depend heavily on assumptions that could not be adequately supported at the valuation date.

For these reasons, I have not applied a multi-year DCF as a primary valuation method. Future performance remains relevant to the valuation. The income capitalisation method applied in this report assesses continuing earnings, the cash required to sustain them, expected growth and business risk without presenting unsupported precision in separate annual forecasts.

6.1.3 Guideline Publicly-Traded Comparable Method:

The guideline publicly traded companies method derives valuation multiples from the market prices and financial results of listed businesses. It is most useful where the listed businesses are sufficiently comparable to the Subject Business and differences can be assessed with reasonable confidence.

I considered listed engineering, civil construction and infrastructure services businesses. I did not identify an ASX-listed business closely matching ABC Boring's combination of small scale, specialist trenchless work and owner-managed operations. Listed civil contractors may undertake some related work, but it commonly forms part of a broader range of construction, infrastructure, equipment or other activities. For example, ASX information describes MAAS Group's activities across several segments beyond civil contracting.

Scale and operating structure

The listed businesses considered operate at a materially larger scale and generally have broader management structures, financing options and operational resources. These differences may affect both expected earnings and the return required by investors. A multiple derived from a diversified listed group cannot be applied to the Subject Business without assessing those differences.

Revenue model and earnings risk

ABC Boring undertakes specialist work secured through projects and work orders and has material exposure to a limited number of customer relationships. A listed group with a broader customer base, service mix or contract portfolio may have a different earnings risk profile. Similarity in the broad civil construction sector is therefore insufficient, on its own,

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to establish a reliable comparable multiple.

Ownership interest represented by market prices

Listed share prices ordinarily arise from trades in minority interests. This valuation concerns 100% of the equity in ABC Civil Contracting Pty Ltd. The effect of that difference cannot be addressed by applying an assumed control premium or private-company discount without analysing the underlying prices, multiples and rights being compared.

Financial reporting and adjustments

Listed businesses generally publish financial information under reporting and disclosure requirements that differ from those applicable to this privately held business. The Subject Business's earnings have also required the normalisation adjustments explained in Section 5.4. Differences in accounting, owner remuneration and the treatment of operating and non-operating items would need to be resolved before the earnings multiples could be compared on a consistent basis.

Taken together, these differences limit the reliability of a guideline publicly traded companies indication for this engagement. I have therefore not applied the method in determining operating value. This conclusion does not assume that listed-company multiples would necessarily produce a higher or lower value; the available comparability evidence does not support a dependable adjustment in either direction. The private transaction examined in the following section provides a more directly relevant market observation, subject to its own limitations.

6.1.4 Income Capitalisation Method:

I have adopted the Capitalisation of Maintainable Earnings Method as the primary method for assessing the value of the Subject Business's operating activities.

This method estimates the value of a going concern by capitalising a representative level of future earnings at a rate reflecting the risk and expected growth associated with those earnings. It is appropriate where maintainable performance can be assessed from an established trading history, but detailed forecasts of individual future projects cannot be supported with sufficient confidence.

The Subject Business has operated for many years in specialised trenchless and under-road boring services. Its financial history provides a basis for assessing maintainable earnings. Its workforce, plant and established client relationships support a going-concern assessment. Future work nevertheless remains project-based, and the business is exposed to customer concentration and reliance on Mr D. I have considered these characteristics in assessing maintainable earnings and the required return.

Step 1 — Selection of earnings measure

I have adopted normalised earnings before interest and tax (EBIT) as the measure of operating earnings.

EBIT reflects operating profit after depreciation of the plant and vehicles used by the Subject Business, while excluding financing costs and income tax. It provides a starting point for valuing the operating activities independently of the company's funding arrangements. Depreciation is relevant because the business must maintain and periodically replace specialised equipment to continue delivering its services.

EBIT does not necessarily equal cash available to an owner. The valuation must also consider income tax, maintenance and replacement capital expenditure, and any investment required in operating working capital. The capitalisation rate developed below is assessed in conjunction with those items.

The normalisation adjustments described earlier in this report include commercial allowances for owner remuneration and superannuation, market rent for the related-party premises, identified discretionary and non-recurring items, and the

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exclusion of depreciation attributable to the two vehicles identified as non-operating.

Step 2 — Assessment of maintainable EBIT

Exhibit 7 — Assessment of Maintainable EBIT

Financial year	Normalised EBIT (A$)	Weight	Weighted EBIT (A$)
FY2025	645,724	50%	322,862
FY2024	584,137	30%	175,241
FY2023	655,174	20%	131,035
Weighted result		100%	629,138

I have placed the greatest weight on FY2025 because it is closest to the valuation date. The preceding two years provide perspective on the level and variability of earnings. The weights reflect my valuation judgement rather than a statistical forecast.

I have rounded the weighted result of A$629,138 and adopted A$630,000 per annum as the forward representative level of maintainable EBIT at 30 June 2025.

Step 3 — Assessment of the required return

The required return represents the return a market participant would require for bearing the risks associated with the anticipated operating cash flows. I have developed an indicated cost of equity using a build-up method. For the purpose of estimating the required return on the operating business, I have adopted an all-equity funding assumption. This modelling assumption does not negate the separate treatment of the A$29,135 related-party loan in the equity value reconciliation.

Exhibit 8 — Required Return Build-Up

Input	Adopted rate
Australian 10-year government bond yield	4.16%
Equity market risk premium	5.50%
Beta	1.00
Size premium	7.00%
Company-specific risk premium	4.00%
Indicated cost of equity	20.66%

The calculation is:

Cost of equity = 4.16%+(1.00 × 5.50%)+7.00%+4.00% = 20.66%

I have considered each component as follows:

Risk-free rate — 4.16%. I adopted the Australian 10-year government bond yield as the Australian-dollar risk-free benchmark. The rate of 4.16% is the yield at 30 June 2025, the valuation date, as reported in the Australian Government Department of Finance's *Standard Parameters for Use in 2024–25 Financial Statements*, which identifies the Reserve Bank of Australia's *Capital Market Yields – Government Bonds – Daily (Table F2)* as its data source. A copy of the dated source record is retained in the valuation workpapers.

Equity market risk premium — 5.50%. I adopted an Australian equity market risk premium of 5.50% as an estimate of the *future* return investors require above the Australian-dollar risk-free rate. The selected rate is supported by Deloitte Corporate Finance Pty Limited's *Independent Expert's Report* included in the *Pacific Smiles Group Limited Scheme Booklet*, published on 26 June 2024. That report applied a 5.50% equity market risk premium based on Deloitte's then-

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current view of the market cost of equity. I have used it as a published valuation benchmark available before 30 June 2025, rather than as an observed premium on that date. The rate is applied alongside an Australian-dollar risk-free rate; the separate size and company-specific premiums address risks beyond those represented by the broad equity market premium..

Beta — 1.00. Beta measures sensitivity to broad equity market movements. I have used a neutral assumption of 1.00 because a sufficiently comparable and reliable group of listed trenchless contractors has not been established. This is an assumption for the build-up, not a beta estimated from the Subject Business's share-price data.

Size premium — 7.00%. I adopted a 7.00% size premium as a valuation judgement to reflect the additional return an investor may require for a business of the Subject Business's scale. In making this assessment, I considered FY2025 revenue of A$1.63 million and the value of its operating business excluding surplus cash. The selected premium also reflects the limits of applying return data from listed companies to a privately owned Australian contractor. I considered potential overlap with the separate company-specific risk premium when assessing the overall required return.

Company-specific risk premium — 4.00%. I have considered customer concentration, limited visibility of future project volumes and dependence on Mr D for senior management and client relationships. I have considered whether those risks are already reflected in maintainable earnings or another component of the required return, so that they are not counted twice.

The FY2025 financial statements do not disclose material third-party interest-bearing borrowing. I have used an all-equity funding assumption to estimate the required return on the operating business. The A$29,135 related-party loan recorded in Appendix G is treated separately when reconciling operating value to equity value.

Step 4 — Derivation of a rate applicable to EBIT

The 20.66% required return relates to after-tax operating cash flow. It cannot be applied directly to pre-tax EBIT. To derive a rate applicable to the adopted EBIT measure, I have considered the conversion of maintainable EBIT into sustainable after-tax operating cash flow.

For this calculation, I have assumed that, over the long term:

- maintenance and replacement capital expenditure is approximately equal to operating depreciation; and
- incremental operating working capital requirements are immaterial.

On these assumptions, operating depreciation and the expenditure required to maintain operating capacity broadly offset one another. These are valuation assumptions to be assessed against the Subject Business's plant replacement history and operating working capital profile.

I have applied an assumed 25% effective tax rate to maintainable operating earnings. I have also adopted 2.00% sustainable long-term growth in operating cash flow. The growth assumption must be considered against the Subject Business's capacity, expected demand, pricing prospects and the reinvestment needed to achieve that growth; its proximity to an inflation target is not sufficient support on its own.

The resulting calculations are:

Future maintainable after-tax operating cash flow = 630,000 × (1-25%) = 472,500.

After-tax cash flow capitalisation rate = 20.66% - 2.00% = 18.66%

Expressed as a rate applicable directly to maintainable EBIT:

Equivalent EBIT capitalisation rate = 18.66%/(1-25%) = 24.88%, rounded

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The 7.00% size premium and 4.00% company-specific premium involve material judgement. The chosen risk categories should be cross-checked against matters already reflected in normalised earnings to avoid duplication. The EBIT capitalisation method also assumes sustainable post-tax cash conversion, including that maintenance capital expenditure and incremental working capital do not exceed the amounts effectively allowed by the model. If that assumption is not supported, the indicated operating value may change.

Step 5 — Indicated operating value

Applying the equivalent EBIT capitalisation rate to forward maintainable EBIT gives:

Indicated operating value = 630,000/24.88% ≈ 2.53 million

The equivalent calculation using after-tax operating cash flow is:

Indicated operating value = $472,500/18.66% ≈ 2.53 million

Sensitivity analysis

Exhibit 9 holds maintainable EBIT constant at A$630,000 and illustrates the effect of changing the EBIT capitalisation rate by 0.50 and 1.00 percentage points around the assessed rate.

Exhibit 9 — Sensitivity to EBIT Capitalisation Rate

EBIT capitalisation rate	Indicated operating value
23.88%	A$2.64 million
24.38%	A$2.58 million
24.88% — assessed rate	A$2.53 million
25.38%	A$2.48 million
25.88%	A$2.43 million

The sensitivity table shows the effect of a change in one input. It does not establish that each alternative rate is independently supported by market evidence.

Valuation indication and reconciliation

On the assumptions and inputs described above, the Capitalisation of Maintainable Earnings Method indicates an operating value of approximately A$2.53 million as at 30 June 2025. I have considered this indication alongside the available comparable transaction evidence, taking account of differences in earnings definitions, operating assets included in a sale, customer concentration, management dependence and transaction terms. The reconciliation of the valuation indications is presented separately.

The operating value relates to the income-producing activities of the Subject Business. Relevant cash, the identified non-operating vehicles and liabilities are considered separately when reconciling that value to the value of 100% of the equity in ABC Civil Contracting Pty Ltd.

6.1.5 The Comparable Transactions Methods

I have applied the Comparable Transactions Method as a secondary market assessment of the Subject Business's operating value. This method considers the prices paid for businesses with sufficiently similar activities and circumstances, expressed as multiples of an appropriate financial measure.

A transaction multiple can provide useful evidence of what a purchaser paid for another business. Its relevance depends on more than the industry description. The transaction price, earnings measure, assets and liabilities included in the sale,

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customer profile, management requirements and transaction date must all be considered before the multiple is applied to the Subject Business.

Selection of transaction evidence

I reviewed transaction information reported in BizStats for businesses engaged in civil contracting, underground services and related specialist infrastructure work. In assessing relevance, I considered the nature of the work performed, revenue and earnings scale, plant requirements, owner involvement and exposure to project-based demand.

The available search identified one transaction, reported as settled in 2023, that I considered broadly relevant to the Subject Business. The transaction is used with caution. One sale cannot establish a market range, and a business operating in a related sector may still differ materially from ABC Boring in its margins, customer concentration, assets or terms of sale.

Exhibit 10 — Selected Comparable Transaction

EXHIBIT 10 | SELECTED COMPARABLE TRANSACTION

Category	Settlement Date	Sales Price (AUD)	Annual Revenue	Gross Profit	Gross Profit %	EBITDA (AUD)	PEBITDA	Revenue ×	EBITDA ×	PEBITDA ×
Civil / utility contracting	2023	**600,000**	N/D	N/D	N/D	**195,000**	N/D	N/D	**3.08×**	N/D

Source: BizStats comparable transaction as described in the ABC Boring valuation report.
N/D = Not disclosed or not verifiable. EBITDA multiple = A$600,000 / A$195,000 = 3.08× (3.1× rounded).

Source: BizStats transaction record.

The reported transaction settled in 2023 for A$600,000. The record reports EBITDA of A$195,000, giving a calculated price-to-EBITDA multiple of 3.1× (A$600,000 ÷ A$195,000). This is a multiple derived from the figures reported in the transaction database; its comparability with the Subject Business is assessed below.

Selection of the valuation multiple

I have selected price to EBITDA as the principal unit of comparison for this transaction assessment. Revenue alone does not show how much of a business's sales remains after labour, subcontracting, fuel and other operating costs. An EBITDA multiple gives greater weight to operating profitability and is therefore more informative for comparing these contracting businesses.

EBITDA also has a limitation. It excludes depreciation and does not measure the expenditure required to maintain or replace plant and vehicles. The Subject Business depends on specialised operating assets, so I have considered that limitation when interpreting the transaction indication. I have not assumed that the purchaser of the comparable business acquired an identical asset base or faced the same future replacement costs.

The available transaction record does not specify whether the reported sale price included operating plant, normal working capital, surplus cash or debt. It also does not state whether the reported EBITDA incorporates a commercial allowance for owner remuneration or adjustments for other non-commercial expenses. I have therefore been unable to verify that the transaction price and EBITDA are defined on a basis fully consistent with the operating value and normalised EBITDA adopted for the Subject Business.

These information gaps limit the precision of the comparison. The reported 3.1× multiple has been applied without an adjustment for differences that cannot be quantified from the available record. I have considered this limitation, together with differences in business activities, scale and operating assets, when assessing the reliability of the resulting value indication and reconciling it with the Income Capitalisation Method.

Earnings base for the Subject Business

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The Subject Business's normalised EBITDA, derived in the preceding financial analysis, was:

Financial year	Normalised EBITDA (A$)
FY2025	680,593
FY2024	629,235
FY2023	696,805

I have used FY2025 normalised EBITDA of A$680,593 for this comparison because it is the completed financial year closest to the valuation date and reflects the cost structure at that date after the identified normalisation adjustments. The preceding years provide context: FY2025 was within the range of the three normalised results.

Using FY2025 EBITDA does not mean that the same amount is guaranteed in future years. It provides a recent, consistently defined basis on which to test the reported transaction multiple.

Market-based indication

Applying the rounded reported multiple of 3.1× to the Subject Business's FY2025 normalised EBITDA produces the following unadjusted market indication:

A$680,593 × 3.1 = A$2,109,838, or approximately A$2.11 million.

The use of the rounded 3.1× multiple is consistent with the multiple presented in Exhibit 10. This calculation does not resolve the differences in transaction perimeter or EBITDA definition identified above.

Sensitivity analysis

The following table shows the effect of applying alternative multiples around the reported 3.1× figure. The alternative multiples illustrate sensitivity; they are not additional observed transactions.

Exhibit 11 — Sensitivity to EBITDA Multiple

EBITDA multiple	Indicated operating value
2.8×	A$1.91 million
3.0×	A$2.04 million
3.1× — reported transaction multiple	A$2.11 million
3.3×	A$2.25 million
3.5×	A$2.38 million

Market evidence — assessment of reliability. The identified transaction carries a reported A$600,000 consideration and A$195,000 EBITDA (approximately 3.1×). The transaction perimeter, included equipment, working-capital convention, payment terms and EBITDA normalisation are not substantiated by primary transaction evidence in the materials reviewed. As a result, the market indication is best interpreted as a low-confidence reasonableness cross-check, rather than an independently established arm's-length comparable.

Conclusion — Comparable Transactions Method

The Comparable Transactions Method produces an unadjusted operating value indication of approximately A$2.11 million. It is based on one reported transaction in a broadly related contracting activity. The transaction provides an external pricing reference, but the available record does not permit full verification of the assets and liabilities included in the sale price or the adjustments, if any, reflected in reported EBITDA.

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I have therefore treated this result as a limited market indication. It has been considered in the reconciliation of operating value, with less weight than the Income Capitalisation Method. The A$2.11 million indication should not be interpreted as the price that would necessarily be achieved for the Subject Business.

The Income Capitalisation Method indicates approximately A$2.53 million. The difference between the two indications is addressed in the valuation reconciliation section, where the final operating value is determined.

7. CONCLUSION OF VALUE

7.1. OBJECTIVE OF THE VALUATION

The objective of this engagement is to estimate the Market Value of 100% of the equity in ABC Civil Contracting Pty Ltd, trading as ABC Boring, as at 30 June 2025, on a going-concern basis and subject to the scope, assumptions and limitations set out in this report.

Market Value is applied in accordance with the definition stated in the Basis of Value section of this report. The valuation reflects circumstances existing, or reasonably knowable, at 30 June 2025. Information arising after that date has been considered only to the extent described elsewhere in the report.

7.2. VALUATION APPROACHED CONSIDERED

I considered the income, market and cost approaches in light of the Subject Business's activities and the information available.

Cost Approach. I did not adopt a summation of individual asset values as the principal method for valuing the operating business. ABC Civil Contracting Pty Ltd is an established, profitable contractor whose operations depend on the combined use of plant, employees, management capability and client relationships. A calculation based principally on the value of separately identifiable assets would provide limited evidence of the value of those operating activities. Individual assets and liabilities remain relevant to the equity value reconciliation.

Discounted Cash Flow Method. I considered, but did not apply, an explicit multi-year discounted cash flow model. The Subject Business obtains work substantially through projects and work orders, and sufficiently supported annual forecasts of revenue, margins, replacement expenditure and working capital were not available for a detailed forecast period. The income capitalisation analysis still requires support for its representative earnings, reinvestment, growth and required-return assumptions.

Guideline Public Company Method. I did not apply listed-company trading multiples. The listed businesses considered were not sufficiently comparable to the Subject Business in scale, range of services, ownership, customer exposure and reporting characteristics to provide a reliable direct multiple without substantial judgemental adjustments.

7.3. OPERATING VALUE INDICATIONS

I applied two methods to assess the value of the Subject Business's operating activities:

Method	Operating value indication
Income Capitalisation Method	Approximately A$2.53 million
Comparable Transactions Method	Approximately A$2.11 million

Income Capitalisation Method. I have capitalised assessed forward maintainable EBIT of **A$630,000** at an equivalent EBIT capitalisation rate of **24.88%**, producing an indicated operating value of approximately **A$2.53 million**. The capitalisation rate has been derived to reflect the adopted assumptions concerning income tax, maintenance capital expenditure, operating working capital and sustainable growth.

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Comparable Transactions Method. Applying the reported 3.1× EBITDA multiple from the selected transaction to FY2025 normalised EBITDA of A$680,593 produces an operating value indication of approximately A$2.11 million. The reported transaction provides a relevant external reference, but its evidential reliability is constrained by the lack of detail concerning the assets and liabilities included in the price and the definition of reported EBITDA. Accordingly, I have placed greater reliance on the Subject Business's own normalised earnings analysis.

The difference between the indications is approximately A$0.42 million. That difference is material and requires an explicit reconciliation; describing the figures as broadly consistent would obscure it.

7.4. RECONCILIATION OF OPERATING VALUE

Where more than one valuation method is applied, the resulting indications should be reconciled by considering the relevance and reliability of the evidence underlying each method. The reconciliation is an exercise of valuation judgement; the allocation of weights does not, by itself, establish value.

I have placed primary reliance on the Income Capitalisation Method. Its earnings base is derived from the Subject Business's FY2023–FY2025 trading results, adjusted to assess maintainable operating earnings. The method permits the identified risks of the business, including customer concentration, project-based revenue and dependence on Mr D,

to be reflected in the assessed required return. This indication nevertheless remains sensitive to the adopted earnings, tax, reinvestment, growth and capitalisation-rate assumptions.

The Comparable Transactions Method provides an external pricing reference, but its evidential weight is more limited. It relies on one reported transaction involving a broadly related contracting business. The available record does not establish all the assets and liabilities included in the reported sale price or whether the reported EBITDA was adjusted for owner remuneration and other non-commercial items. Consequently, I cannot confirm that the reported transaction multiple and the Subject Business's normalised EBITDA are defined on a fully consistent basis. The approximately A$2.11 million result is therefore treated as an unadjusted market indication, subject to these comparability limitations.

Having considered the relative strengths and limitations of the two indications, I have assigned 90% weight to the Income Capitalisation Method and 10% to the Comparable Transactions Method. These weights express my judgement about the relative reliability of the available evidence; they are not measures of statistical precision. The market indication remains relevant to the reconciliation, while the Subject Business's own earnings analysis provides the principal basis for the concluded operating value.

Exhibit 12 — Reconciliation of Operating Value Indications

Valuation method	Indicated operating value (A$)	Weight	Weighted indication (A$)
Income Capitalisation Method	2,530,000	90%	2,277,000
Comparable Transactions Method	2,110,000	10%	211,000
Weighted result, using rounded method indications		100%	2,488,000
Reconciled operating value, rounded			2,490,000

On this basis, I assess the operating value of the Subject Business at A$2.49 million as at 30 June 2025. This represents the value of its income-producing operations before separate consideration of surplus cash, non-operating assets and relevant liabilities in determining the value of 100% of the equity in ABC Civil Contracting Pty Ltd.

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7.5. RECONCILIATION FROM OPERATING VALUE TO EQUITY VALUE

The reconciled operating value of A$2,490,000 represents the value of the Subject Business's ongoing income-producing activities as at 30 June 2025. To derive the value of 100% of the equity in ABC Civil Contracting Pty Ltd, I have separately considered surplus cash, two non-operating vehicles owned by the company, and a related-party loan recorded in its balance sheet.

Operating cash and surplus cash

Operating cash requirement — critical qualification. The original estimate derives monthly required cash of A$79,513 from A$954,154 of annual normalised costs before depreciation divided by twelve, and deducts that amount from A$2,302,950 of reported cash to estimate A$2,223,437 of surplus cash. This is a transparent simplifying proxy, but does not establish that the residual amount could be distributed without impairing operations. It should be tested against seasonal month-end liquidity, aged receivables/payables, WIP and contractual retentions, tax/BAS/superannuation commitments and planned plant replacements.

The Subject Business requires cash to meet wages, fuel, supplier and other operating payments while work is performed and customer receipts are collected. In the absence of a more detailed cash-flow analysis, I have allowed approximately one month of implied FY2025 normalised operating costs before depreciation as a proxy for cash required in ordinary operations.

Required operating cash proxy	Cash retained	Surplus cash*	Indicative equity value*
1 month	79,513	2,223,437	4,788,767
2 months	159,026	2,143,924	4,709,254
3 months	238,539	2,064,411	4,629,741
6 months	477,078	1,825,872	4,391,202

Exhibit 13 — Operating Cash and Surplus Cash

Item	A$
FY2025 sales	1,634,747
Less: FY2025 normalised EBITDA	(680,593)
Implied annual normalised operating costs before depreciation	954,154
Indicative operating cash allowance — one month	79,513
Reported cash balance at 30 June 2025	2,302,950
Less: indicative operating cash allowance	(79,513)
Cash assessed as surplus	2,223,437

The one-month operating cash allowance is a valuation estimate, not a direct measure of monthly cash expenditure. The implied operating cost calculation assumes that FY2025 sales and normalised EBITDA can be reconciled without a material adjustment for other income or revenue items. Changes in the operating cash allowance would change the assessed surplus cash, and therefore the equity value, by the same amount.

Non-operating vehicles

Management has confirmed that two Maserati vehicles are privately used and are not required for the Subject Business's operations. Their associated expenses and depreciation have been excluded from maintainable operating earnings. Their value is consequently not included in the reconciled operating value.

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Non-operating assets and borrowings — evidentiary qualifications. The A$104,465 adopted for two non-operating Maserati vehicles is a depreciated book-value proxy, not a demonstrated market value at 30 June 2025. The A$29,135 related-party loan deduction likewise requires confirmation of the legal balance, associated interest and settlement treatment. Their separate inclusion is conceptually appropriate only to the extent that these items have not already been captured in operating value or normal working capital.

The vehicles were recorded as assets of ABC Civil Contracting Pty Ltd at 30 June 2025 and are therefore included separately in the equity reconciliation. I have adopted their combined net book value of A$104,465 as a proxy for value for this purpose. I have not undertaken a vehicle inspection or obtained vehicle-specific market evidence at the valuation date; the adopted amount should not be read as an independently established market value.

Management has advised that the vehicles will not be retained in the business following a sale. This proposed transaction treatment does not alter their inclusion in the valuation of the company's equity as at 30 June 2025.

Related-party loan

Concluding assessment of sensitivity. The reported A$4.79m equity value reconciles arithmetically from A$2.49m operating value, A$2,223,437 surplus cash, A$104,465 non-operating vehicles and A$29,135 related-party borrowing. It remains materially sensitive to the required level of operating cash and to the risk/reinvestment assumptions embedded in the operating value. These limitations are relevant to the reliance that can be placed on the existing value conclusion.

Appendix G records A$29,135 under "Loans From D (current)" at 30 June 2025. For this reconciliation, I have treated the balance as a repayable related-party financing obligation and deducted it separately from operating value. This treatment assumes that the balance is outstanding and payable by ABC Civil Contracting Pty Ltd at the valuation date and that its economic effect is not already included in the assessed operating value.

Equity value bridge

Exhibit 14 — Reconciliation from Operating Value to Equity Value

Item	A$
Reconciled operating value	2,490,000
Add: cash assessed as surplus	2,223,437
Add: value adopted for two non-operating vehicles	104,465
Less: related-party loan recorded at 30 June 2025	(29,135)
Indicated value of 100% of equity	4,788,767

On the stated assumptions, the indicated value of 100% of the equity in ABC Civil Contracting Pty Ltd as at 30 June 2025 is **A$4,788,767**, or approximately **A$4.79 million**.

7.6. FINAL OPINION OF VALUE

Having considered the Subject Business's operations and trading history, its normalised earnings, the risks relevant as at 30 June 2025, the indications produced by the Income Capitalisation and Comparable Transactions Methods, and the reconciliation from operating value to equity value, it is my considered professional opinion that the Market Value of 100% of the equity in ABC Civil Contracting Pty Ltd, trading as ABC Boring, as at 30 June 2025, on a going-concern basis, is:

A$4,790,000

Four Million Seven Hundred and Ninety Thousand Australian Dollars

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This opinion is based on a reconciled operating value of A$2,490,000, surplus cash of A$2,223,437, an adopted value of A$104,465 for two non-operating vehicles, and a deduction of A$29,135 for the related-party loan recorded at 30 June 2025. These amounts produce an indicated equity value of A$4,788,767 before rounding.

The conclusion incorporates the estimated operating cash allowance and the use of the vehicles' net book value as a proxy for their value, as explained in Section 7.5. It also assumes that the recorded related-party loan was an outstanding obligation of the company at the valuation date. The opinion is subject to the scope, assumptions and limitations set out in this report.

APPENDIX A- VALUER'S REPRESENTATIONS

I hereby certify that, to the best of my knowledge, skill, and professional judgment, the statements of fact contained in this report are true, accurate, and correct. The analyses, opinions, and conclusions presented herein are limited solely by the assumptions and limiting conditions set out in this report (Appendix B) and represent my own professional, impartial, and unbiased work product.

I affirm that I hold no present or prospective interest in the business that is the subject of this valuation report, nor do I have any personal, financial, or other interest in relation to any parties involved. I have provided no services, either in the capacity of a valuer or in any other capacity, with respect to the Subject Business within the three years immediately preceding my acceptance of this assignment. I further confirm that I hold no bias toward the Subject Business or any party associated with this engagement.

The economic and industry data contained in this report have been sourced from a range of printed and electronic publications that I believe to be reliable. However, I have not undertaken independent verification procedures to confirm the accuracy or completeness of such data.

My engagement in this assignment was not contingent upon, nor influenced by, the expectation of delivering predetermined results. My compensation for this assignment is not dependent upon the development or reporting of a specific value conclusion, a directional outcome that favours the client, the achievement of a stipulated result, or the occurrence of any subsequent event directly associated with the intended use of this valuation.

This report, together with all analyses, opinions, and conclusions expressed herein, has been prepared in conformity with the International Valuation Standards (IVS) and the AIBB RBV Business Valuation Standards and Code of Conduct. No person other than the undersigned valuer has provided material valuation assistance in the preparation of this report.

The use of and reliance upon this valuation report are strictly limited to the parties expressly identified within the report. The report is not intended for, and must not be relied upon by, any other party for any purpose whatsoever.

The undersigned valuer has no obligation to update this report, or to revise the opinion of value expressed herein, in the event that additional information becomes available after the effective date of this report.

Fred Zheng
ASA, RBV, CVA
Savoir Advisories
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APPENDIX B - DISCLAIMERS AND LIMITATIONS

The following disclaimers and limitations apply to the value conclusions expressed in this Valuation Report. They form an integral and inseparable part of the Report and must be read in full to properly interpret the findings. The reader is cautioned that the valuation conclusion(s) are subject to the following assumptions, constraints, and professional limitations. Additional assumptions are contained elsewhere in this Report.

1. Purpose and Valuation Date

The conclusion of value is valid only for the specific purpose, function, and user(s) identified in this Report and only as of the valuation date stated. Any other use, reliance, or application is strictly prohibited. The valuation conclusion does not remain valid if used for financing, litigation, taxation, insurance, or any other purpose not expressly stated.

2. Reliance on Financial Information

Financial statements, schedules, and operational data provided by ABC Civil Contracting Pty Ltd are assumed to be accurate and complete, except where explicitly adjusted in this Report. Savoir Advisories has not audited, reviewed, or compiled such information in accordance with auditing standards, and accordingly expresses no audit opinion, assurance, or attestation. Any undetected misstatement, omission, or irregularity in the underlying financial data could materially affect the conclusions.

3. Public and Industry Data

Economic, industry, and statistical data have been obtained from sources generally considered reliable, including government publications, industry reports, and commercial databases. However, no guarantee is made as to the accuracy, timeliness, or completeness of such data, nor have any independent corroborating procedures been performed. Changes in such data subsequent to the valuation date may materially alter the conclusions.

4. Forecasts and Forward-Looking Information

This Report may include prospective financial information provided by management. No assurance is given as to the achievability of such forecasts, which are subject to assumptions, contingencies, and risks. External factors such as inflation, interest rates, consumer preferences, pandemics, natural disasters, geopolitical events, or legislative changes may materially alter outcomes. Actual results may differ significantly from forecasts, and such differences may be material.

5. Continuity of Operations

The conclusion of value assumes that:

- The current level of management expertise, staffing, and operational capacity will be maintained.
- The enterprise's brand, reputation, and integrity will not be adversely affected by changes in ownership, reorganisation, or capital structure.

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- No material disruption will occur due to insolvency, force majeure events, or regulatory intervention.

6. Restricted Use and Reliance

This Report and its conclusions are prepared solely for the designated client and for the explicit purpose stated. They may not be used, relied upon, circulated, or referred to for any other purpose or by any other party. This Report does not constitute:

- A fairness opinion, solvency opinion, or investment recommendation.
- Legal, tax, environmental, or other professional advice.
- A guarantee of transaction outcomes or financing approvals.

7. Sensitivity to Internal and External Factors

Value is inherently sensitive to both internal factors (management, capital structure, operations) and external factors (macroeconomics, industry dynamics, competition). Any material change in such factors may significantly alter the valuation conclusion.

8. Dissemination and Quotation Restrictions

Neither this Report nor any portion thereof—including the conclusion of value, the identity or qualifications of the valuer, or references to professional designations—may be published, quoted, filed with regulators, or disseminated in whole or in part without the prior written consent of Savoir Advisories.

9. Future Services and Testimony

Savoir Advisories is not obliged to provide future services, including testimony, court appearances, depositions, or expert consultation, unless separately contracted in writing.

10. Environmental Limitations

No environmental investigation, audit, or site assessment has been undertaken. No responsibility is accepted for actual or potential environmental liabilities, including contamination, hazardous materials, or regulatory breaches. Users requiring such information must engage qualified environmental consultants.

11. Environmental Liabilities

The valuer has not independently determined whether ABC Civil Contracting Pty Ltd is subject to environmental liabilities, nor their scope. Information supplied by management or third parties has been relied upon without verification. No representation is made regarding its accuracy.

12. Integrity of Report

No modification of this Report is permitted by any party other than Savoir Advisories. Responsibility is expressly disclaimed for any unauthorised alteration, partial reproduction, or extract.

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13. Legislative and Regulatory Changes

Unless otherwise stated, no provision has been made for the effect of future federal, state, or local legislation, taxation reforms, environmental laws, or regulatory interpretations. Such changes may materially impact value.

14. Use of Prospective Information

Prospective financial information used in this Report has not been audited, examined, or reviewed. No assurance is given regarding its reasonableness. Variances between projections and actual outcomes may be material and outside the valuer's control.

15. Reliance on Representations

Representations from management, owners, and third parties have been accepted in good faith. No independent investigation has been performed to confirm ownership, title, or encumbrances of assets. Any misrepresentation may materially affect value conclusions.

16. Non-Combination of Valuations

This valuation is self-contained and may not be combined with any other valuation or study. The conclusions cannot be disaggregated or extracted for partial use.

17. Contingent Assets and Liabilities

Unless specifically disclosed, contingent assets, liabilities, guarantees, or off-balance-sheet arrangements have not been considered.

18. Transaction Decisions

Any decision to purchase, sell, or transfer interests in the Subject Business is solely the responsibility of the client. Savoir Advisories assumes no liability for transaction outcomes.

19. Transaction Pricing Variability

Actual transaction prices may differ materially from concluded values due to negotiation, timing, financing conditions, tax effects, and motivations of participants.

20. Accuracy of Facts and Data

To the best of the valuer's knowledge, the data presented are accurate. However, reliance has been placed on third-party information without independent verification, and no warranty is made as to accuracy.

21. Valuer's Conclusion of Value

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The conclusion of value represents the valuer's considered professional judgment, based on information available as of the valuation date. It is not a guarantee of outcome.

22. Management and Third-Party Information

Information from management and third parties is assumed reliable. No responsibility is accepted for inaccuracies, omissions, or subsequent revisions.

23. Site Visits and Interviews

Site visits and management interviews were conducted, but no engineering, environmental, or structural inspections were performed.

24. No Obligation to Update

The valuer has no obligation to update or revise this Report for events or circumstances arising after the valuation date.

25. Historical Financial Information

Historical financial data has not been audited or verified. Had audit procedures been applied, differences may have arisen that could materially impact the conclusions.

26. Scope of Valuation Judgment

The valuation applies only to the Subject Business, the stated Basis of Value, and the valuation date. It does not extend to subsidiaries, affiliates, or related parties unless explicitly included.

27. Contextual Use

Value estimates are valid only in the context of this Report. They must not be cited, extracted, or applied independently.

28. Defence of Conclusions

The valuer does not assume responsibility for the costs of defending conclusions against challenge. Supporting work papers will be retained and may be made available at prevailing professional rates plus expenses.

29. No Third-Party Reliance

This valuation confers no rights upon, and may not be relied upon by, any third party other than the identified client.

30. Copyright and Reproduction

Copyright in this Report is vested exclusively in Savoir Advisories. The client may reproduce up to ten copies for internal use. Further reproduction, distribution, or sale requires written consent.

31. Financing and Public Use Prohibition

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This Report may not be used for financing, capital raising, private placement, or inclusion in public documents, nor relied upon by lenders, investors, or regulators.

32. Limitation of Liability

All obligations under this Report are corporate obligations of Savoir Advisories. No officer, director, employee, shareholder, agent, or contractor shall bear personal liability.

33. Specialist Matters

No opinion is expressed on matters requiring expertise beyond business valuation, including but not limited to: legal issues, tax compliance, actuarial analysis, environmental risk, engineering assessments, or insurance.

34. Tax Consequences

Unless expressly stated, no opinion is given on the tax consequences of transactions, after-tax proceeds, or Market Value adjustments arising from tax effects.

35. Errors, Irregularities, and Fraud

This valuation engagement is not designed to detect fraud, illegal acts, or accounting irregularities. No due diligence on the suitability of the business as an investment has been performed.

APPENDIX C – ABOUT SAVOIR ADVISORIES

Headquartered in Melbourne, Australia, Savoir Advisories is a trusted professional services firm specialising in business sales and business valuation. We are dedicated to delivering services founded on professionalism, integrity, and precision, helping our clients unlock maximum value and achieve long-term success.

We have a particular focus on serving Australia's fast-growing Asian business community, where cultural understanding, commercial insight, and strategic foresight are essential. By combining internationally recognised valuation standards with deep local market knowledge, we empower business owners, investors, and stakeholders to make informed, confident, and strategically significant decisions.

Our Professional Credentials

Our team consists of senior practitioners with internationally accredited qualifications, including:

- Accredited Senior Appraiser (ASA)
- Registered Business Valuer (RBV, Australia)
- Certified Valuation Analyst (CNCVA, China)

This blend of global expertise and cross-border perspective ensures our advice is technically rigorous, commercially sound, and strategically relevant.

Our Core Services:

- Business Valuation

We provide independent, credible, and defensible valuations for business sales, acquisitions, succession planning, financial reporting, and dispute resolution. All valuations are prepared in line with international best practice and regulatory standards.

APPENDIX D - QUALIFICATION OF VALUER

Fred Zheng, Registered Business Valuer

Savoir Advisories

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Current Practice:

Fred Zheng's primary practice area is the valuation and preparation of private businesses for market transfers. This involves valuation, exit planning, succession strategy and business brokerage using experience gained as an accountant, broker, and business owner over 20 years.

Education Background:

- Master of Accounting, Monash University, 2000
- Graduate Diplomas in Computing, Monash University, 2000
- Master of Business Administration, Monash University, 1998
- Bachelor of Finance and Accounting, Shenzhen University, 1993

Professional Qualification:

- Certified Valuation Analyst (China)
- Accredited Senior Appraiser – ASA (USA)
- Registered Business Valuer (Australia)
- Certified Practicing Business Broker (Australia)
- Practicing Certificate (Corporate Finance) of Hong Kong Securities and Futures Commission

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- Is Your Business Really Sellable? （ISBN：979-8181566576）
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- Valuation of Biotech (ISBN:978-7-111-71929-8)
- Valuation of Medical Device Businesses (to be published)

APPENDIX E - GLOSSARY OF TERMS

The performance of business valuation services requires a high degree of skill and imposes upon the valuation professional a duty to communicate the valuation process and conclusion in a manner that is clear and not misleading. This duty is advanced through the use of terms whose meanings are clearly established and consistently applied throughout the profession.

- Add-Backs — Adjustments that increase reported profit by reversing discretionary, non-recurring, or owner-specific expenses (e.g., personal vehicle, above-market salary). Used to derive maintainable earnings.
- AIBB — Australian Institute of Business Brokers
- AIBB RBV Standards — The *Business Valuation Standards and Code of Conduct* issued by the Australian Institute of Business Brokers (AIBB) for Registered Business Valuers, setting ethical and reporting requirements.
- ANZSIC Code — The Australia and New Zealand Standard Industrial Classification (ANZSIC) system classifies entities based on their main business activity and is used to collect and analyse data across industries.
- ASA Business Valuation Standards (BVS) — Professional standards issued by the American Society of Appraisers, establishing best-practice principles, definitions, and reporting formats for business valuations.
- Asset or Assets — To assist in the readability of the standards and to avoid repetition, the words “asset” and “assets” refer generally to items that might be subject to a valuation engagement. Unless otherwise specified in the standard, these terms can be considered to mean “asset, group of assets, liability, group of liabilities, or group of assets and liabilities”.
- Assumptions — Circumstances or facts expected to exist as at the valuation date (IVS 102 para 50.03). They differ from Special Assumptions, which assume hypothetical conditions.
- Balance Sheet Analysis — Assessment of a business’s financial position by examining its assets, liabilities, and equity structure to understand solvency, leverage, and efficiency.
- Basis of Value — the identification of the type of value being utilised in a specific engagement; for example, market value, investment value.
- Business — a commercial, industrial, service, or investment entity (or a combination thereof) pursuing an economic activity.
- Build-Up Method — A process for deriving a discount or capitalisation rate by adding successive risk components — typically the risk-free rate, equity market risk premium, size premium, and company-specific risk premium.
- Business Valuation — the act or process of determining the value of a business enterprise or ownership interest therein.
- Business Valuation Approach — A general way to estimate value, typically grouped as the Income Approach, Market Approach, and Cost Approach.
- Capital Structure — The proportion of debt and equity financing used by a business, influencing the cost of capital and risk profile.
- Capitalisation Rate — any divisor (usually expressed as a percentage) used to convert anticipated economic benefits of a single period into value.
- Cash Flow — cash that is generated over a period of time by an asset, group of assets, or business. It may be used

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in a general sense to encompass various levels of specifically defined cash flows. When the term is used, it should be supplemented by a qualifier (for example, "discretionary" or "operating") and a specific definition in the given valuation context.

- Company-Specific Risk Premium (CSRP) — An incremental return added to reflect unique risks of a specific business—such as customer concentration, key-person dependency, or weak governance—not captured in market data.
- Common Size Statements — financial statements in which each line is expressed as a percentage of the total. On the balance sheet, each line item is shown as a percentage of total assets, and on the income statement, each item is expressed as a percentage of sales.
- Comparable Companies — A comparable company analysis (CCA) is a process used to evaluate the value of a company using the metrics of other businesses of similar size in the same industry.
- Comparable Transaction Method — also known as the guideline transactions method, utilises information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value
- Cost Approach — a general way of determining a value indication of an individual asset by quantifying the amount of money required to replace the future service capability of that asset.
- Cost of Equity Capital — The return required by equity investors, typically estimated using the Capital Asset Pricing Model (CAPM) plus size and company-specific risk premia.
- Current Use / Existing Use Premise — The assumption that assets continue to be used in their current function and configuration. Recognised under IVS 102 para 10.03 as a common Premise of Value.
- Date of Valuation Report — the date on which the valuer signs the report
- Departures — a “departure” is a circumstance where specific legislative, regulatory or other authoritative requirements must be followed that differ from some of the requirements within IVS. Departures are mandatory in that a valuer must comply with legislative, regulatory and other authoritative requirements appropriate to the purpose and jurisdiction of the valuation to be in compliance with IVS.
- Discounted Cash Flow Method (DCF) — Discounted cash flow (DCF) is a valuation method used to estimate the value of an investment based on its expected future cash flows. DCF analysis attempts to figure out the value of an investment today, based on projections of how much money it will generate in the future. This applies to the decisions of investors in companies or securities, such as acquiring a company or buying a stock, and for business owners and managers looking to make capital budgeting or operating expenditures decisions.
- EBIT / EBITDA — Earnings Before Interest and Tax (EBIT) or Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). Standardised measures of operating profitability
- Equity — the owner’s interest in property after deduction of all liabilities.
- Environmental, Social and Governance (ESG) Factors — Qualitative considerations relating to environmental impact, social responsibility, and governance practices that may affect risk, sustainability, and valuation.
- Financial Statements Analysis — Review of the income statement, balance sheet, and cash-flow statement to evaluate profitability, liquidity, and financial stability.
- Going Concern — an ongoing operating business enterprise.
- Going Concern Value — the value of a business enterprise that is expected to continue to operate into the future.
- Goodwill — The excess of the consideration paid for a business over the fair value of its identifiable net assets,

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representing intangible factors such as reputation, brand, and customer relationships

- Guideline Public Company Method — a method within the Market Approach whereby market multiples are derived from market 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.
- Highest and Best Use — The highest and best use must be physically possible (where applicable), financially feasible, legally allowed and result in the highest value. If different from the current use, the costs to convert an asset to its highest and best use would impact the value.
- IBISWorld Industry Report — A proprietary research publication providing market, financial, and competitive data used for industry benchmarking in valuations.
- Income Approach — The Income Approach provides an indication of value by converting future cash flow to a single current value. Under the Income Approach , the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset.
- Income Capitalisation Method — a method within the Income Approach whereby economic benefits for a representative single period are converted to value through division by a capitalisation rate.
- International Valuation Standards (IVS) — A globally recognised framework issued by the International Valuation Standards Council (IVSC), establishing definitions, principles, and mandatory requirements for valuation practice
- Intended Use — The uses(s) of a valuer's reported valuation or valuation review results, as identified by the valuer based on communication with the client.
- Intended User — The client and any other party as identified, by name or type, as users of the valuation or valuation review report by the valuer based on communication with the client.
- Key Person Risk — The risk that loss of a specific individual would adversely affect operations or value due to dependence on their skills, relationships, or leadership.
- Long-Term Growth Rate — The assumed perpetual growth applied to maintainable earnings or terminal value beyond the explicit forecast period.
- Liquidity Ratio — A measure of a business's ability to meet short-term obligations, often expressed as Current Assets / Current Liabilities.
- Maintainable Earnings / Maintainable EBIT(DA) — The level of recurring, sustainable earnings reasonably expected under normal operating conditions, forming the earnings base for valuation
- Market Approach — a general way of determining a value indication of a business, business ownership interest, security, or intangible asset by using one or more methods that compare the subject to similar businesses, business ownership interests, securities, or intangible assets that have been sold.
- Market Multiple — the Market Value of a business's stock or invested capital divided by a company measure (such as economic benefits, number of customers).
- Market Rent — Market Rent is the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion
- Marketability — the ability to quickly convert property to cash at minimal cost. Marketability Discount—see Discount for Lack of Marketability. Merger and Acquisition Method—a method Multiple—the inverse of the capitalization rate.
- Market Value — the estimated amount for which an asset or liability should exchange on the valuation date betI en

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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.

- Net Working Capital (NWC) — Current assets (excluding cash) minus current liabilities. Represents the capital required to fund daily operations.
- Normalised Financial Statements — financial statements adjusted for non-operating assets and liabilities and/or for nonrecurring, noneconomic, or other unusual items to eliminate anomalies and/or facilitate comparisons.
- Non-Operating Assets — assets not necessary to ongoing operations of the business enterprise.
- Off-Book Transactions — Financial transactions not recorded in the accounting system, which may pose compliance or governance risk.
- Operating Value — the total value of the operation of the business, excluding the value of any non-operating assets and liabilities. Typical operating assets transferred in the sale of small businesses are fixtures, fittings, plant equipment, stock/work in progress and goodwill. For larger businesses elements of working capital can also be included.
- PEBITDA (Proprietor's EBITDA) — Earnings before interest, tax, depreciation and amortisation adjusted to reflect owner's market remuneration and normalised expenses — commonly used for SME valuations.
- Premise of Value — an assumption regarding the most likely set of transactional circumstances that may be applicable to the subject valuation; for example, going concern, liquidation.
- Purpose — the word "purpose" refers to the reason(s) a valuation is performed. Common purposes include (but are not limited to) financial reporting, tax reporting, litigation support, transaction support, and to support secured lending decisions.
- RBV — AIBB Registered Business Valuer
- Reconciliation of Value Indications — Process of analysing and weighing differing value indications from multiple approaches to arrive at a single conclusion without simple averaging (IVS 103 para 10.07).
- Report Date — the date conclusions are transmitted to the client.
- Restriction on Use and Reliance — A disclosure limiting who may rely on the valuation report and for what purposes, as required by IVS 101.
- Risk-Free Rate — The return on a theoretically risk-free investment, typically proxied by the yield on 10-year Australian Government bonds.
- Sensitivity Analysis — An analytical procedure evaluating how changes in key assumptions (e.g., EBIT ±10%, Cap Rate ±1%) affect valuation outcomes.
- Size Premium (SP) — An additional return reflecting the higher perceived risk and lower liquidity of small or privately held businesses relative to large public companies.
- Special Assumptions — Assumed facts that differ from those existing at the valuation date (IVS 102 para 60.01). Used when hypothetical conditions are necessary for the engagement
- Subject or Subject Asset — These terms refer to the asset(s) valued in a particular valuation engagement.
- SWOT Analysis — A strategic framework identifying a business's Strengths, Weaknesses, Opportunities, and Threats to inform value drivers and risk assessment
- Tangible Assets — physical assets (such as cash, accounts receivable, inventory, property, plant and equipment, etc.).

- Terminal Value — The present value of expected perpetual or long-term stable cash flows beyond an explicit forecast period, used in DCF analysis.
- Trend analysis — is the process of comparing business data over time to identify any consistent results or trends.
- Valuation — A “valuation” refers to the act or process of determining an estimate of value of an asset or liability by applying IVS.
- Valuation Approach – a general way of determining a value indication of a business, business ownership interest, security, or intangible asset using one or more valuation methods.
- Valuation Date — The date on which the opinion of value applies, the valuation date should also include the time at which it applies if the value of the type of asset can change materially in the course of a single day.
- Valuation Method — within approaches, a specific way to determine value.
- Valuation Report — A document that records the instructions for the assignment, the basis and purpose of the valuation, and the results of the analysis that led to the opinion of value. A Valuation Report may also explain the analytical processes undertaken in carrying out the valuation, and present meaningful information used in the analysis. Valuation Reports can be either oral or written.
- Value — The word “value” refers to the judgement of the valuer of the estimated amount consistent with one of the bases of value set out in IVS 102 Bases of Value
- Valuer — A “valuer” is an individual, group of individuals or a firm who possesses the necessary qualifications, ability and experience to execute a valuation in an objective, unbiased and competent manner. In some jurisdictions, licensing is required before one can act as a valuer.
- WACC (Weighted Average Cost of Capital) — The weighted average of the cost of equity and after-tax cost of debt, reflecting the blended required return on total invested capital.

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APPENDIX F – HISTORICAL PROFIT & LOSS SUMMARY

Confidentiality Notice

The Profit and Loss Statement has been intentionally redacted to protect commercially sensitive and confidential financial information. The underlying financial information has been reviewed and considered as part of the valuation analysis.

APPENDIX G – HISTORICAL BALANCE SHEET DATA

Confidentiality Notice

The Balance Sheet Statement has been intentionally redacted to protect commercially sensitive and confidential financial information. The underlying financial information has been reviewed and considered as part of the valuation analysis.

APPENDIX H – HISTORICAL RATIO ANALYSIS

Category	Ratio	FY2023	FY2024	FY2025
Liquidity	Current ratio (x)	11.0x	68.5x	31.4x
	Quick ratio (x)	11.0x	68.5x	31.4x
	Net working capital (A$m)	1.30	1.77	2.23
	Cash as % of total assets	80.4%	85.8%	88.6%
Activity / Efficiency	Total asset turnover (x)	1.05x	0.78x	0.63x
	Sales / net fixed assets (x)	5.37x	5.53x	6.36x
	Working capital turnover (x)	1.43x	0.93x	0.73x
Profitability	EBITDA margin	44.3%	40.5%	40.4%
	EBIT margin	41.8%	37.5%	38.0%
	Pretax margin	41.7%	37.5%	38.0%
	Net profit margin	31.2%	27.9%	28.3%
	Return on assets (ROA)	32.7%	21.9%	17.8%
	Return on equity (ROE)	35.2%	24.8%	20.1%
Leverage & Coverage	Total liabilities / total assets	7.3%	1.3%	2.8%
	Debt / equity	7.9%	1.3%	2.9%
	Interest coverage (EBIT / interest)	>500x	>3,000x	>1,000x
	EBITDA / interest (x)	>600x	>3,400x	>1,500x

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