

# SCALARE

## PARTNERS

**CANDY CLUB HOLDINGS LIMITED**  
**ACN 629 598 778**

### **REPLACEMENT PROSPECTUS**

**23 SEPTEMBER 2024**

- A. For the offer of a minimum of 16,000,000 Shares at an issue price of \$0.25 each to raise \$4,000,000 (Minimum Subscription) and a maximum of 32,000,000 Shares at an issue price of \$0.25 to raise up to \$8,000,000 (Maximum Subscription) (**Offer**); and
- B. For the issue of 72,000,000 Consideration Shares to current shareholders of Scalare.

capital . resource . scale

**Novus**  
Capital<sup>o</sup>

**IMPORTANT INFORMATION**

This is an important document that should be read in its entirety.

If you do not understand it, you should consult your professional advisers without delay.

**The Shares offered pursuant to this Replacement Prospectus should be considered highly speculative.**



SCALARE'S MODEL  
PROVIDES SCALE-UP  
SERVICES, PRODUCTS,  
EXPERT ADVICE AND  
INVESTMENT TO SUPPORT  
COMPANIES ON THEIR

# GROWTH JOURNEY

# IMPORTANT NOTICES

This is an important document that should be read in its entirety. If you are in any doubt as to the course you should follow, you should consult your stockbroker, solicitor, accountant or other professional adviser.

The Shares offered under this Prospectus should be considered a highly speculative investment.

## OFFER AND ISSUE OF CONSIDERATION SHARES

This Prospectus is issued by Candy Club Holdings Limited ACN 629 598 778 (**Company** or **CLB**) for the purposes of Chapter 6D of the Corporations Act 2001 (Cth) (**Corporations Act**) in respect of the Offer and the issue of the Consideration Shares.

The Offer contained in the Prospectus is an offer to acquire fully paid ordinary shares in the Company (Shares). The Offer is for a Minimum Subscription of 16,000,000 Shares to raise \$4,000,000 at an issue price of \$0.25 per Share and a Maximum Subscription of 32,000,000 Shares at an issue price of \$0.25 per Share to raise up to \$8,000,000.

The Offer is not underwritten.

In particular, investors in the Offer should consider the risk factors that could affect the performance of the Company prior to deciding whether to invest in the Shares. There are risks associated with an investment in the Shares which must be regarded as a speculative investment. Some of the key risk factors that should be considered by prospective investors are set out in Section 7.

Each component of the Offer is made by the Company.

## Suspension and Re-Admission to the ASX

ASX has determined that the acquisition of Scalare by the Company, if successfully completed, will represent a significant change in the nature and scale of the Company's operations.

The change in the nature and scale of the Company's activities will require:

1. the approval of Shareholders (which will be sought at the General Meeting); and
2. the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission to the Official List following a change in nature and scale of the Company's activities. Some of the key requirements of Chapters 1 and 2 of the ASX Listing Rules are:

1. the Company must satisfy the shareholder spread requirements relating to the minimum number of Shareholders and the minimum value of the shareholdings of those Shareholders; and
1. the Company must satisfy the "assets test" as set out in ASX Listing Rule 1.3.

It is expected that the conduct of the Offers pursuant to this Prospectus will enable the Company to satisfy the above requirements.

The Company's Securities are currently suspended from trade and will continue to be suspended from trading on ASX until ASX approves the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules.

There is a risk that the Company may not be able to meet the requirements of ASX for re-admission to the Official List. In the event the conditions are not satisfied or the Company does not receive conditional approval for re-admission to the Official List then the Company will not proceed with the Offer and will repay all application monies received (without interest).

## LODGEMENT AND LISTING

This Replacement Prospectus is dated 23 September 2024 and was lodged with ASIC on that date (Prospectus Date). This prospectus is a Replacement Prospectus, which replaces the prospectus dated 21 August 2024 and which was lodged with ASIC on that date (Original Prospectus).

This Prospectus differs from the Original Prospectus as it notes:

- the amending of the Opening Date of the Offer to 23 September 2024 and noting the possibility of the Closing Date of the Offer being extended to on or about 25 October 2024
- notes that a Target Market Determination applies in respect of the Offer



- additional disclosures in relation the Companies planned expansion into the US market and associated risks
- additional disclosures regarding the Company's approach to valuing its investments in early-stage technology companies and when and on what basis each was last valued
- additional details regarding working capital
- updates the Directors and Management profiles
- additional details in respect of previous qualified audit opinion
- additional details regarding the provision of director services; and
- additional disclosures regarding related party transactions.

The Company has applied to the Australian Securities Exchange (ASX) for quotation on ASX of the New Shares to be issued pursuant to this Prospectus. Neither ASIC nor ASX or their respective officers takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

## OFFER CONDITIONAL

Completion of the Offer is conditional on:

- The passing of all Acquisition Resolutions that are being put to Shareholders at the General Meeting; and
- The Company receiving confirmation from the ASX that it will re-admit the Company to the Official List and terminate the suspension from Official Quotation of the Shares.

In the event the Shareholders do not approve the Acquisition Resolutions at the General Meeting or approval from the ASX is not given within three months after application for quotation of the New Shares is made (or any longer period permitted by law), the Offers will not proceed and no New Shares will be issued pursuant to this Prospectus. If this occurs, Applicants will be reimbursed their Application Monies (without interest).

At a General Meeting of the Company to be held on 23 September 2024, Shareholders will be asked to approve the Acquisition Resolutions (refer to Section 11.2) including a 56:1 Consolidation of the Company's existing ordinary shares. All New Shares offered under this Prospectus are described and offered on a post-Consolidation basis.

## EXPIRY DATE

This Prospectus expires on the date which is thirteen months after the Prospectus Date ("Expiry Date"). No Shares will be issued on the basis of this Prospectus after the Expiry Date.

## NOTE TO APPLICANTS

The information contained in this Prospectus is not investment or financial product advice and has been prepared as general information only, without consideration for your particular investment objectives, financial situation or particular needs. This Prospectus should not be construed as investment, financial, taxation, legal or other advice. The Company is not licensed to provide financial product advice in respect of its securities or any other financial products.

It is important that you read this Prospectus carefully, in its entirety and seek professional advice where necessary before deciding to invest in the Company.

In particular, you should consider the assumptions underlying the Pro Forma Historical Financial Information (see Section 8) and the risk factors (see Section 7) that could affect the business, financial condition and financial performance of the Company.

You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek advice from your stockbroker, lawyer, accountant or other professional adviser before deciding whether to invest in the Shares.

Some of the key risk factors that should be considered by prospective investors are set out in Section 7 of this Prospectus. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the Company's performance, the repayment of capital by the Company or any return on investment in Shares made pursuant to this Prospectus.

No person is authorised to give any information or make any representation in connection with the Offer that is not contained in this Prospectus. Investors should not rely on any information which is not contained in this Prospectus in making a decision as to whether to acquire securities in the Company under the Offer. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, the Directors and the Proposed Directors of the Company, or any other person in connection with the Offer. The Company's business, financial condition, results of activities and prospects may have changed since the date of this Prospectus.

## TARGET MARKET DETERMINATION

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of the Shares under this Prospectus. The Company and the Lead Manager will only distribute this Prospectus to those investors who fall within the target market determination (TMD) as set out on the Company's website at: [www.candyclublimited.com.au](http://www.candyclublimited.com.au).

## APPLICATIONS

Applications may be made only during the Offer Period on the appropriate application form (**Application Form**) attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic form which must be downloaded in its entirety from <https://apply.automic.com.au/CandyClub> or [www.candyclublimited.com.au](http://www.candyclublimited.com.au).

By making an Application under this Prospectus, you represent and warrant that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to, or accompanied by, the completed and unaltered version of this Prospectus.

Instructions on how to apply for Shares are set out in Section 10.1 and on the Application Form.

## ELECTRONIC PROSPECTUS

The Company proposes to make this Prospectus available on its website at [www.candyclublimited.com.au](http://www.candyclublimited.com.au)/investors.

The information on [www.candyclublimited.com.au](http://www.candyclublimited.com.au) does not form part of this Prospectus.

The Offer constituted by this Prospectus in electronic form is available only to persons within Australia. It is not available to persons in other jurisdictions (including persons in the United States of America or US Persons). Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. If unsure about the completeness of this Prospectus received electronically, or a printed copy of it, you should contact the Company. A paper copy of this Prospectus will be available for Australian residents free of charge by contacting the Offer Information Line on 1300 288 664 (within Australia) and +612 9698 5414 (outside Australia) between 8.30am and 7.00pm (AEST), Monday to Friday.

Applications for Shares may only be made on either a printed copy of the Application Form attached to, or accompanying this Prospectus, or via the electronic Application Form attached to the electronic version of this Prospectus, available at <https://apply.automic.com.au/CandyClub> or [www.candyclublimited.com.au/investors](http://www.candyclublimited.com.au/investors).

If this Prospectus is found to be deficient, any Application may need to be dealt with in accordance with Section 724 of the Corporations Act.

## FINANCIAL INFORMATION PRESENTATION

The information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Section 8. Section 8 sets out in detail the financial information referred to in this Prospectus and the basis of preparation of that information.

All references to FY2022, FY2023 and FY2024 appearing in this Prospectus are to the financial years ending 30 June 2022, 30 June 2023 and 30 June 2024 respectively, unless otherwise indicated.

Past performance: This Prospectus includes information regarding the past performance of the Company and Scalare. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Investors should note that certain financial data included in this Prospectus is not recognised under the Australian Accounting Standards and is classified as "non-IFRS financial information" under Regulatory Guide 230 "Disclosing non-IFRS financial information" published by ASIC. The Company believes this non-IFRS financial information provides useful information to users in measuring the financial performance and condition of the Group.

The non-IFRS financial measures do not have standardised meanings under the Australian Accounting Standards, and therefore may not be comparable with similarly titled measures presented by other entities, nor should these be interpreted as an alternative to other financial measures determined in accordance with the Australian Accounting Standards. Investors are cautioned not to place undue reliance on any non-IFRS financial information, ratios and metrics included in this Prospectus.

The Financial Information should be read in conjunction with, and qualifies by reference to, the information contained in Section 8.

All financial amounts contained in this Prospectus are expressed in Australian currency unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

Unless otherwise stated or implied, all pro forma data in this Prospectus gives effect to the pro forma adjustments referred to in Section 8.

#### **Investigating Accountant's Report on Financial Information**

The Investigating Accountant's Report is provided in Section 9.

## **DISCLAIMER AND FORWARD-LOOKING STATEMENTS**

Reliance: No person is authorised by the Company, to give any information, or make any representation in connection with the Offer that is not contained in the Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, its Directors or any other person in connection with the Offer. The Company's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

#### **Forward-looking statements:**

As the Company's business is at an early stage of development, there are substantial uncertainties associated with forecasting future financial information, including future revenues and expenses of the Company. On this basis, it is the opinion of the Directors that there is no reasonable basis for the inclusion of financial forecasts in this Prospectus.

This Prospectus may contain forward-looking statements concerning the Company's business, operations, financial performance and conditions as well as the Company's plans, objectives and expectations for its business, operations, financial performance and conditions. Any statements in this Prospectus that are not historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as 'aim', 'anticipate', 'assume', 'believes', 'could', 'due', 'estimate', 'expect', 'goal', 'intend', 'may', 'objective', 'plan', 'predict', 'potential', 'positioned', 'should', 'target', 'will', 'would' and other similar words that connote predictions or indicate future events and future trends that involve risks and uncertainties.

Any forward-looking statements are based on current expectations, estimates, forecasts and projections about the Company's business and the industry in which the Company operates and management's beliefs and assumptions. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties, assumptions and other factors that could cause actual events or outcomes to differ materially from the events or outcomes expressed or anticipated in these statements, many of which are beyond the Company's control. As a result, any or all of the Company's forward-looking statements in this Prospectus may turn out to be inaccurate. Factors that may prevent these forward-looking statements from being realised or make these statements inaccurate include, but are not limited to, the risk factors described in Section 7.

All forward-looking statements should be read in conjunction with, and qualified by reference to, these risk factors.

The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur. Potential investors and other readers are urged to consider these risk factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements.

These forward-looking statements speak only as at the date of this Prospectus. Unless required by law, the Company does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks the Company describes in the reports to be filed from time to time with ASIC and/or ASX after the date of this Prospectus.

Some numerical figures included in this Prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be arithmetic aggregation of the figures that preceded them.

## FOREIGN OFFER RESTRICTIONS

This Prospectus does not constitute an offer or invitation to apply for Shares in any place which, or to any person whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit an offering of the Shares, in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. For details of selling restrictions that apply to the Shares, please refer to Section 10.4.

## NOTICE TO UNITED STATES RESIDENTS

The Securities being offered pursuant to this Prospectus have not been registered under the United States Securities Act of 1933, as amended (US Securities Act) or any US state securities laws and may not be offered or sold or resold in the United States of America absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the Securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful under applicable law, including the US Securities Act.

## COMPANY'S WEBSITE

Any documents included on the Company's website (and any reference to them) are provided for convenience only and none of the documents or other information on the Company's website are incorporated by reference into this Prospectus. Any references to documents included on the Company's website are provided for convenience only, and none of the documents or other information on the website are incorporated in this Prospectus by reference unless specified in this Prospectus.

## NO COOLING-OFF RIGHTS

Cooling-off rights do not apply to an investment in Shares issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

## TERMS AND ABBREVIATIONS

Defined terms and abbreviations in this Prospectus are explained in Section 13.

## TIME

All references to time in this Prospectus refer to Australian Eastern Standard Time (AEST) unless stated otherwise.

## CURRENCY

Unless otherwise noted in this Prospectus, all references to "\$", "A\$" or "dollars" are to Australian dollars.

## TIMETABLE

Notwithstanding any provision of this Prospectus, the Company may, from time to time and without giving any notice, abridge or further abridge, extend or further extend any period or vary or further vary any date referred to in this Prospectus for such period or to such later date as the Company thinks fit, whether or not the period to be extended has expired, or the date to be varied has passed.



## PRIVACY

The Company will collect, hold, use and disclose personal information provided by investors to allow it to process your Application, service your needs as a security holder, provide facilities and services that you request and carry out appropriate administration of your investment. This means that the Company will need to collect your personal information (for example, your name, address and details of the Shares that you hold). Under the Corporations Act some of this information must be included in the Company's Share register, which will be accessible by the public.

The Company will only use and/or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not wish to provide this information, the Company and its Registry may not be able to process your Application.

The Company may also share your personal information with service providers of the Company or others who provide services on the Company's behalf, some of which may be located outside of Australia.

For more details on how the Company collects, stores, uses and discloses your information, please read the Company's privacy policy located at [www.candyclublimited.com.au](http://www.candyclublimited.com.au) (Privacy Policy). Alternatively, you can contact the Offer Information Line on 1300 288 664 (within Australia); or +612 9698 5414 (outside Australia), or by email at [www.candyclublimited.com.au](http://www.candyclublimited.com.au) and the Company will send you a copy of the Privacy Policy free of charge. It is recommended that you obtain a copy of the Privacy Policy and read it carefully before making an investment decision.

By completing an Application Form or authorising a broker to do so on your behalf, or by providing the Company with your personal information, you agree to this information being collected, held, used and disclosed as set out in this Prospectus and the Privacy Policy.

The Privacy Policy also contains information about how you can access and seek correction of your personal information, complain about a breach by the Company of Australian privacy laws, and how the Company will deal with your complaint.

## PHOTOGRAPHS, DATA AND DIAGRAMS

Photographs used in this Prospectus which do not have descriptions are for illustration purposes only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

## DISCLAIMER

Except as required by law, only to the extent so required, none of the Company, the Directors, the Company's management, the Lead Manager or another person warrants or guarantees the future performance of the Company, or any return of any investment made pursuant to this Prospectus.

The Lead Manager has acted as lead manager to the Offer and has not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by them or by any of their affiliates, officers or employees. To the maximum extent permitted by law, the Lead Manager and each of their affiliates, officers, employees and advisers expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their respective names and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

## FURTHER QUERIES

Call the Offer Information Line on 1300 288 664 (within Australia) and +612 9698 5414 (outside Australia) between 8.30am and 7.00pm (AEST), Monday to Friday if you require assistance to complete the Application Form, require additional copies of this Prospectus or have any questions in relation to the Offer.

If you are unclear in relation to any matter or are uncertain as to whether the Shares available under the Offer are a suitable investment for you, you should seek professional advice from your solicitor, stockbroker, accountant, tax adviser or other independent and qualified professional adviser before deciding whether or not to invest.

**This document is important and should be read in its entirety.**

# KEY OFFER INFORMATION

## INDICATIVE TIMETABLE

IMPORTANT DATES	
Prospectus Date	23 September 2024
Offer opens	23 September 2024
General Meeting	23 September 2024
Offer closes	27 September 2024
Issue and Allotment of Shares under the Offer	3 October 2024
Expected date for dispatch of holding statements	8 October 2024
Expected date of Trading of Shares commences on ASX (on a normal settlement basis)	10 October 2024

The Company will be de-listed from the ASX official list on 14 October 2024 if it has not met the conditions of re-admissions of its Shares. The Company has applied to ASX for an extension of the time before ASX will de-list the Company's shares. ASX has indicated it will consider the request following the General Meeting. If ASX agree to extend the period before which the Company's Shares will be delisted the Company intends to extend the Offer Period so that Offer closes on or about 25 October 2024. The Company will issue a Supplementary Prospectus to advise of the new timetable.

These above dates are indicative only and may vary. Unless otherwise indicated, all times are stated in AEST. The Company, in conjunction with the Lead Manager, reserves the right to amend any and all of the above dates without prior notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early or to extend the Closing Date, to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before settlement, in each case without notifying any recipient of this Prospectus or any Applicants). If the Offer is cancelled or withdrawn before allocation of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirement of the Corporations Act. Applicants are encouraged to submit their Applications as soon as possible after the Opening Date.

## KEY OFFER STATISTICS

KEY OFFER STATISTICS	
Company	Candy Club Holdings Ltd (to be renamed Scalare Partners Holdings Ltd ACN 629 598 778)
Proposed ASX code	SCP
Issue Price per Share under the Offer	\$0.25

	Minimum Subscription	Maximum Subscription
Number of Shares on issue at the date of this Prospectus adjusted for the Consolidation	1,785,710	1,785,710
Number of Director Shares to be approved at General Meeting	214,290	214,290
Number of Shares offered under the Offer	16,000,000	32,000,000
Number of Shares to be issued for Scalare Acquisition	72,000,000	72,000,000
Broker Shares	1,200,000	1,200,000
Total number of Shares on issue following completion of the Offer and the Transactions	91,200,000	107,200,000
Gross proceeds under the Offer	\$4,000,000	\$8,000,000
Indicative market capitalisation on completion of the Offer*	\$22,800,000	\$26,800,000

\* Market capitalisation is usually determined by multiplying the number of Shares on issue by the price that the Shares trade on the ASX from time to time. For indicative purposes only the market capitalisation is based on the Issue Price of the Offer rounded up to the nearest whole dollar. Shares may not trade at the Issue Price after listing on the ASX. If Shares trade below the Issue Price then the market capitalisation will be lower than the amount shown.

All Share numbers are on a post-Consolidation basis (refer to Section 11.2 for details of the Consolidation) and are subject to rounding resulting from the Consolidation. Details of the Shares that will be subject to escrow arrangements are set out in Section 11.12.

## PROPOSED USE OF FUNDS

Pursuant to the Offer, the Company will raise between \$4,000,000 (Minimum Subscription) to \$8,000,000 (Maximum Subscription). The Offer proceeds are expected to be allocated as follows:

USE OF FUNDS	Minimum Subscription	Maximum Subscription
Establish Scalare Partners USA office	\$400,000	\$500,000
Expand Tech Ready Women nationally and in the USA	\$100,000	\$200,000
Technology development to fast-track current digitalisation of products/ services and subscription/membership programs	\$200,000	\$500,000
Investments in existing and new portfolio companies	\$1,600,000	\$2,400,000
Costs of the Offer – fundraising	\$159,000	\$399,000
Costs of the Offer – ASX, legal, accounting, other support services	\$305,000	\$305,000
Subtotal	\$2,764,000	\$4,304,000
<b>Working capital allocations</b>		
Corporate governance and ASX listing related expenses	\$410,000	\$617,000
Contribution towards team remuneration	\$584,000	\$1,848,000
Contributions towards investment due diligence	\$195,000	\$462,000
Contributions towards general corporate overheads	\$47,000	\$769,000
Subtotal working capital allocation	\$1,236,000	\$3,696,000
<b>Total use of funds</b>	<b>\$4,000,000</b>	<b>\$8,000,000</b>

**Notes:** The above table is a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of activities, operational and development activities, regulatory developments, and market and general economic conditions. In light of this, the Board reserves its right to alter the way the funds are applied. At the date of this Prospectus no additional investments have been agreed.

No investments in existing or new portfolio companies have been agreed as at the date of this Prospectus. Working capital allocations are for the period to 30 June 2026.

## HOW TO INVEST

Applications for Shares can only be made by completing and lodging the Application Form attached to or accompanying this Prospectus. Instructions on how to apply for Shares are set out on Section 10 of this Prospectus and on the back of the Application Form.



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APPLICATION  
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**SCALARE DELIVERS  
THE GAME-CHANGE  
TO *CHANGE-MAKERS*>**

# DIRECTOR'S LETTER 1.

Dear Investor,

As a Director of both Scalare Partners Pty Ltd and Candy Club Holdings Limited and on behalf of the Company's Directors as well as the Proposed Directors, it is my pleasure to invite you to become a Shareholder in the Company.

On 20 June 2024, the Company announced that it had entered into a Merger Implementation Deed and a Share Sale Deed with Scalare to facilitate the proposed acquisition of 100% of Scalare by the Company together with a related capital raising. Subject to Shareholder approval, the Company proposes to change its name to Scalare Partners Holdings Limited and has reserved the ASX code SCP.

Scalare was established in January 2020 to assist and empower visionary technology business founders to transform their ideas into the successful technology businesses of tomorrow. Scalare sees a visionary technology business leader as a person that sees the potential for change while having the ability to lead people to create that change. They possess the following characteristics and skills - risk takers, persistence, imagination, innovation, enthusiastic, communicative, collaborative and goal oriented. These are the skills Scalare looks for in business founders as part of its investment selection criteria.

At the heart of the business model is the provision of support, delivered through products, services and expert advice alongside investment in selected early-stage technology businesses. For the financial year to 30 June 2024 the Company and Scalare were loss making, incurring a pro-forma loss after tax of \$350,989. In the same twelve month period Scalare supported 58 companies with 69 separate engagements and invested in 5 new businesses. Since starting in January 2020 Scalare invested in 30 companies across multiple technology sectors and 6 countries and had 3 complete and 1 partial exit.

At Completion the Group will be led by an experienced operational and management team supported by a strong board of directors. Together, this team has committed to invest \$1,084,303 in this Offer.

Scalare is deeply embedded in the broader technology sector (ie. all aspects of the early stage technology market, covering business founders, new companies, service providers, investors and other stakeholders), driving change as through impactful initiatives such as the Australian Technology Competition, the recently acquired Tech Ready Women and its "Be the Change" program where Scalare together with Federal and State governments and corporates support and promote the most promising technology businesses and founders.

Its focus extends to working with female and culturally diverse founders, addressing the specific challenges they encounter in fundraising and scaling their businesses. This engagement not only enriches the tech landscape but also creates revenue and investment opportunities for Scalare.

A key Scalare difference is that it is actively involved in both the sector as a whole and within its portfolio companies so as to help the business founders navigate from an early growth stage through to an exit. While Scalare has significant flexibility in its investing activities, its core investment strategy is to target minority positions in unlisted technology companies, that it considers to be in the early growth-stage of their development.

The Company is seeking to raise up to \$8.0 million under the Offer at an issue price of \$0.25 per Share, and to achieve a re-listing on the ASX. The Offer is not underwritten. An ASX listing will not only provide the Group with access to additional capital but also allow new investors to have access to Scalare's experience and gain investment exposure in opportunities that they may otherwise have difficulty in accessing.

There are a number of key risks that may impact an investment in the Company which, for example, may include Scalare not executing on an investment strategy which delivers expected returns; not executing an effective acquisition implementation strategy which could impact the amount (if any) of future Company payments to the vendors of the company acquired, not being able to source appropriate investment opportunities; and risks associated with portfolio liquidity or dilution, key personnel and market risks. See Section 7 for further details of key risks of investing in this Offer.

I encourage you to read this Prospectus in full and carefully consider the information contained in it before making your investment decision. The Prospectus contains detailed information about the Company and Scalare, including the historical financial performance and the existing portfolio of Scalare's investments. You should consider any investment in the Company as highly speculative, a long-term proposition and be aware that substantial fluctuations in the value of your investment may occur during that period and beyond.


On behalf of the Directors and the Proposed Directors of the Company, I invite you to consider this opportunity to invest in the Company and look forward to welcoming you as a shareholder.

Yours Sincerely,



**James Walker**

Non-Executive Director of Candy Club Holdings Limited  
Executive Director and Co-Founder of Scalare Partners



Scalare Partners exists to empower visionary technology founders to transform their ideas into the great businesses of tomorrow.

As a dynamic force in the tech start-up landscape, Scalare goes beyond traditional roles, taking a hands-on approach to guide and support talented founders with scale-up services, products, expert advice and investment as they build their early-stage businesses.



# INVESTMENT OVERVIEW 2.

## 2.1. IMPORTANT NOTICE

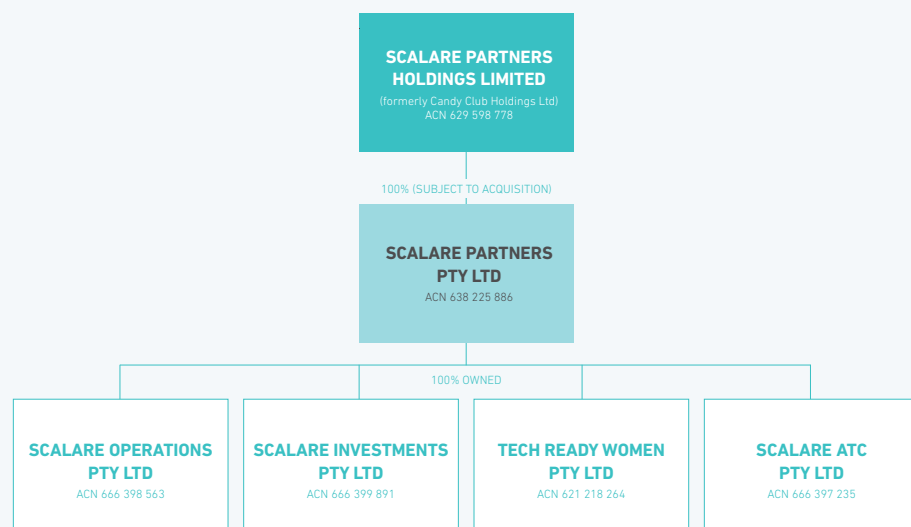
The information set out in this section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. In deciding whether to apply for Shares under the Offer, you should read this Prospectus carefully and in its entirety.

If needed, you should ensure that you consult your professional advisers before deciding whether to invest in Shares.

## 2.2. INTRODUCTION

Question	Answer	See section
<b>Who is making the Offer?</b>	Candy Club Holdings Limited ACN 629 598 778 ( <b>Company</b> ), is an Australian public company. Since December 2022 the Company has been dormant and is currently suspended from trading on the ASX.	Key offer info and 5
<b>Who is Scalare?</b>	Scalare Partners Pty Ltd ACN 638 225 886 ( <b>Scalare</b> ), is an Australian proprietary limited company. Scalare was incorporated on 1 January 2020. Scalare was established to assist and empower visionary technology business founders to transform their ideas into the successful technology businesses of tomorrow. At the heart of the Scalare business model is the provision of products, services, expert advice and investment in early-stage technology businesses.	
<b>Who is the Group?</b>	Following Completion, the Group will comprise the Company and Scalare and its subsidiary companies and will focus on operating the Scalare business. As such references to the Company's or Group's business are to the business operated by Scalare and its subsidiaries.	

### CORPORATE STRUCTURE



<b>What is the Acquisition?</b>	The Acquisition involves the acquisition of 100% of Scalare by the Company. The consideration payable by the Company for 100% of the ordinary shares in Scalare will comprise 72,000,000 ordinary shares in the Company (Consideration Shares).
<b>What are the conditions to the Acquisition?</b>	<p>The Acquisition is subject to and conditional upon the satisfaction or waiver of the following conditions:</p> <ul style="list-style-type: none"> <li>• The Company obtaining all necessary shareholder and regulatory approvals pursuant to the Corporations Act and the ASX Listing Rules;</li> <li>• The Company obtaining approval (subject only to conditions usual for such approval) from the ASX for its Shares to be reinstated to quotation on ASX;</li> <li>• The Company meeting the requirement in Chapters 1 and 2 of the ASX Listing Rules as if the Company were applying for admission to the Official List;</li> <li>• Completion of the Offer at the price agreed between the Company and Scalare; and</li> <li>• There being no material breach of the Implementation Deed by either the Company or Scalare.</li> </ul> <p>The Acquisition is also conditional on the Directors of the Company having not changed their recommendation in relation to the Acquisition.</p>

## 2.3. SCALARE PARTNERS

Question	Answer	See section
<b>What is Scalare's business model?</b>	<p>Scalare provides support products and services and invests directly in early-stage technology businesses with local and global growth potential.</p> <p>Scalare generates revenue from the provision of products and services and generates investment returns from making investments into early-stage businesses which Scalare considers to have significant growth potential. A portion of profits generated through the provision of products and services will be reinvested each year into new investments to continue to build our portfolio of early-stage investments.</p> <p>As Scalare invests directly from its own balance sheet it does not manage an investment fund. Therefore, unlike investment funds Scalare does not charge its shareholders fund management fees or "carry" to have an indirect interest in the companies it invests in.</p> <p>The Group aims to continue to build its products and services business and make ongoing investments. During FY2024 Scalare supported 58 companies with 69 separate paid for service engagements. Since incorporation in January 2020 Scalare has invested in 30 companies across 6 countries.</p>	5.1 and 5.2
<b>What is the Scalare's vision and strategy?</b>	<p>Scalare's vision is to build a differentiated and derisked business model which assists and empowers visionary technology business founders to transform their ideas into the successful technology businesses of tomorrow through the provision of support products and services and potential investment.</p> <p>Through this vision Scalare will continue to work towards creating shareholder value via a combination of a product and services business and ongoing investment from supporting early-stage technology businesses.</p> <p>Scalare's strategy is to:</p> <ol style="list-style-type: none"> <li>Continue to offer the most relevant products and services to meet the key needs of all early-stage technology companies;</li> <li>Grow and distribute these products and services through digital channels to grow revenues and increase exposure to more early-stage technology companies;</li> <li>Develop deeper understanding of our customers so as to determine which companies are suitable for investment</li> <li>Invest in a selection of these companies</li> <li>Once invested, work with our companies to build more impactful and commercially successful businesses.</li> </ol> <p>Scalare believes that building successful businesses should lead to improved investment returns.</p>	5

<p><b>What is the nature of the Scalare's business?</b></p>	<p>Scalare aims to be the trusted partner of early-stage technology business founders so it is able to assist them build more successful businesses through the provision of products and services including:</p> <ul style="list-style-type: none"> <li>• Training and education solutions via a range of digital programs</li> <li>• Commercial – build and lead the go to market strategy, optimise pricing models, streamline customer journeys and maximise market potential.</li> <li>• Capital raise – provide expert guidance to plan capital raisings as well as help to secure or lead funding rounds, creating compelling pitches and meeting investor expectations. Scalare is a corporate authorised representative under AFSL 000529952.</li> <li>• Accounting and finance – developing the right financial strategy with accurate accounting services, focussing on accurate forecasting and optimal cash burn rate management.</li> <li>• Marketing – develop impactful marketing strategies to build a brand, enhance visibility and drive customer acquisition</li> <li>• Product and technology – ensure the product roadmap is robust and avoid Tech Debt with Scalare's expert guidance and strategic support</li> <li>• Corporate governance – implement strong yet sensible corporate governance practices for each businesses' stage of growth and maturity to build ethical operations and investor confidence</li> <li>• People and culture – create a thriving culture to attract top talent and implement effective HR practices for sustained growth with a strong diversity and inclusion focus</li> <li>• Operations – build on existing business operations with our expert support to drive efficiencies, scalability and seamless growth.</li> <li>• Mentoring and education – through Tech Ready Women and the recently launched Ascend programs.</li> <li>• Market awareness – through the annual Australian Technologies Competition</li> </ul> <p>To fulfill this aim Scalare has developed a community of business founders, advisers who are available to work closely with founders of technology companies and businesses as well as investors who are interested in investing directly in start-up technology companies.</p> <p>Scalare charges fees for the provision of these products and services, which are the basis of the operating revenue of the business.</p> <p>Scalare allocates capital from its own balance sheet to invest in a selection of its customers. The realised and unrealised gains (and losses) is the basis of the other main revenue stream of the business.</p>	<p>4.1</p>
<p><b>What is the Scalare's growth strategy?</b></p>	<p>Scalare is focussed on building towards a profitable support business to allow it to expand its services and products range and make more investments in early-stage technology businesses.</p> <p>Scalare has appointed a highly experienced board and management team to deliver on these activities.</p>	<p>5.2</p>
<p><b>What is Scalare's investment approach?</b></p>	<p>Scalare's approach to investment is to:</p> <ul style="list-style-type: none"> <li>• build a portfolio through investing in early-stage technology companies that meet Scalare's investment criteria and where talented founders are addressing large global market opportunities</li> <li>• work towards delivering returns to Shareholders from the realisation of capital gains generated from its portfolio</li> <li>• support these longer term returns by building recurring revenues from the provision of products and services that generate cash for new and ongoing investments in early-stage technology companies</li> <li>• limit initial investments to a maximum of \$250,000 per company</li> <li>• invest in a diversified portfolio across a large number of high growth, technology companies</li> </ul> <p>Scalare intends to offset some of the risks of investing in early-stage technology companies (a highly speculative asset class) in a number of ways. This includes the following:</p> <ul style="list-style-type: none"> <li>• investing no more than \$250,000 (historically averaged \$122,000) in each company so any individual company failure is unlikely to be material</li> <li>• following an established investment process to identify the most promising investment opportunities, including the conducting of standard business, finance, technology, operations and legal due diligence activities.</li> <li>• investing across diversified technology sectors</li> <li>• investing alongside other reputable investors who can assist the companies with additional funding and/or advice</li> <li>• by providing products and services to the portfolio companies where the revenues for these products and services can ultimately be greater than the original amount invested</li> </ul> <p>As a listed company, Scalare offers Shareholders the potential for a more liquid and more accessible investment instrument. Details of the investments made by Scalare to date are set out in Section 5.10.</p>	

<p><b>What are Scalare's key guidelines for the provision of products and services and investments?</b></p>	<p>Scalare's guidelines for working with companies and businesses through the provision of products and services and investment in some of those companies are as follows:</p> <ul style="list-style-type: none"> <li>• Must be a technology centric business with significant local and global growth potential</li> <li>• Operating in a significant and fast growing market</li> <li>• Must have international aspirations and applications</li> <li>• An impressive founder and foundation team who inspire others</li> <li>• A passionate founding team that deeply understands the problems they are looking to solve</li> <li>• A founding team that are open to support through mentoring, advice and assistance</li> <li>• Ability to demonstrate existing product market fit with actual commercial validation (ie. initial customer revenues or commitments)</li> <li>• The business can demonstrate a track record of success in meeting its key milestones to build confidence in its ability to deliver on future plans</li> <li>• Scalare must be convinced that it can assist the company deliver on its plans</li> </ul> <p>In addition, when Scalare is considering investment the company must also have some existing revenues, be at pre-seed or seed round, looking to raise between \$500,000 and \$2M, and open to Scalare taking a board or advisory role. Scalare does not usually take a significant or controlling position in the company.</p>	
<p><b>How does Scalare value the investments it holds in early-stage technology companies?</b></p>	<p>Scalare reviews the progress of each portfolio company on a regular basis, including a formal valuation review twice a year.</p> <p>A key valuation consideration is whether the company has completed a capital raise within the last twelve months. If the raise was completed with a majority of the funds raised from new investors Scalare will apply that valuation to its equity position to determine Scalare's valuation position.</p> <p>If there has not been a completed capital raise in the last twelve months Scalare will apply a number of key quantitative and qualitative measures to determine the valuation of the company and Scalare's valuation position.</p> <p>When the valuation applied is based on a capital raise completed in the last twelve months no adjustments are made for any of the key quantitative or qualitative measures identified except for when any material events in relation to the portfolio companies may impact the value of the Company or its Shares, which will be announced to the market and the valuation adjusted at that time.</p> <p>When the valuation applied is based on the consideration of the quantitative and qualitative measures Scalare considers the relative importance of each item may vary from company to company but the financial considerations, such as cash runway, revenue growth, revenue pipeline, margins and achievement of these to internal plans are considered the most important. Qualitative measures such as technology and product milestones, team stability and analysis of comparable companies can be seen as predictive indicators of future performance and therefore can be of assistance in determining the overall valuation.</p>	5.10.5
<p><b>How will the Company finance its operations</b></p>	<p>While the Company and Scalare are currently loss making the Company:</p> <ul style="list-style-type: none"> <li>• believes that the Offer proceeds and existing funds will be sufficient to fund the Group's operational requirements, and position the Group to achieve its business objectives; and</li> <li>• will consider the use of further funding initiatives where appropriate to further accelerate growth or fund a specific opportunity, transaction or expansion.</li> </ul>	3.3 and 3.4



## 2.4. KEY FEATURES OF THE SCALARE'S BUSINESS

QUESTION	ANSWER	SEE
<b>How does the Group generate its revenue and what are its key expenses?</b>	<p>Scalare will on completion of the Transactions be the main operating company of the Group. Scalare generates revenue from two main sources, being:</p> <ol style="list-style-type: none"> <li>1. Paid for support via products and services for early stage, high growth technology companies</li> <li>2. Investment gains and losses (realised and unrealised) from investment in a selection of these technology companies</li> </ol> <p>To generate these revenue streams the key expenses consist of the fees paid to the Scalare team (and as and when required a select group of external advisers) to deliver the digital products and services platform and the actual services as well as manage the investment process and ongoing support of portfolio companies.</p> <p>All support products and services are invoiced and received in cash with the exception being for a majority of portfolio company board or advisory board appointments. For FY2024, \$1.67m of total products and services revenues of \$1.99m was invoiced on the basis it would need to be settled in cash. The balance was settled in equity. Scalare currently holds 17 board or advisory roles in the 27 companies invested in in respect of which it receives equity for its service rather than cash.</p> <p>For these board roles Scalare prefers to be remunerated in equity options, which over time could generate significant value. This approach allows Scalare to potentially increase its investment in the companies selected.</p>	3.4, 5.2, 5.11.2 and 8.3.2â
<b>Who will be the Group's customers?</b>	<p>Scalare's support products and services are currently used by a diverse range of early-stage technology companies and businesses from several countries whose technologies have local and global application.</p> <p>Scalare provides these support services to a wide range of companies, with a majority being companies Scalare does not have an equity position in.</p> <p>With the recent acquisition of Tech Ready Women and the Australian Technology Competition customers also include founders of technology businesses individually as well as government, university and corporate sponsors.</p>	
<b>What will be the Group's key products and services?</b>	<p>Scalare's key products and services include:</p> <ul style="list-style-type: none"> <li>• Training and education solutions via a range of digital programs</li> <li>• Membership programs offering exclusive content and community services</li> <li>• Virtual CFO and bookkeeping services</li> <li>• Customer sales and business development activities</li> <li>• Go to market advising and strategy development</li> <li>• Capital raise readiness assistance</li> <li>• Raising capital</li> <li>• Corporate governance</li> <li>• Corporate transactions</li> <li>• Board or advisory board roles in portfolio companies</li> </ul>	4.1
<b>What is the Group's historical financial performance?</b>	<p>The Group's historical and pro forma historical financial information for the financial years ended 30 June 2022, 2023 and 2024 (<b>Financial Information</b>) are shown in Section 8.</p> <p>The Company's financial statements for the years ended 31 December 2022 and 2023 were audited by HLB Mann Judd Assurance (VIC) Pty Ltd (Previous Auditor), who issued an adverse opinion (Adverse Opinion) and concluded that the financial reports are not in accordance with the Corporations Act, including:</p> <ol style="list-style-type: none"> <li>a. giving a true and fair view of the Company's financial position as at 31 December 2022 and 31 December 2023 and of its financial performance for the year then ended; and</li> <li>b. complying with the Australian Accounting Standards and the <i>Corporations Regulations 2001</i>.</li> </ol> <p>For the Company's financial statements for the years ended 31 December 2022 and 2023 the Previous Auditor issued a qualified opinion on the remuneration report as the Company's executive director's remuneration was recorded in the Company's subsidiaries and the auditor was not able to obtain sufficient appropriate audit evidence that the disclosure in the remuneration report was true and fair as the Company's subsidiaries books and records were not made available to the auditor.</p> <p>Scalare's financial statements for the years ended 30 June 2022, 2023 and 2024 were audited by In.Corp Audit &amp; Advisory, who issued an unmodified audit opinion for each of those years.</p>	8

<b>What are the material contracts that will affect the Group's performance?</b>	<p>The following contracts are considered material to the Company's operations and performance:</p> <ul style="list-style-type: none"> <li>• Merger Implementation Deed and Share Sale Deed</li> <li>• Acquisition of Tech Ready Women Pty Limited</li> <li>• Acquisition of the Australian Technologies Competition</li> <li>• TRW's contracts with the New South Wales and Queensland Governments</li> <li>• Corporate Authorised Representative arrangements</li> <li>• Director and Executive remuneration and incentive arrangements</li> </ul> <p>The Group may also, following the successful completion of the Offer, need to engage third parties such as additional technology providers to assist its activities.</p>	11.7
<b>What competition does the business face?</b>	<p>The Group does compete against other service providers in the early-stage technology sector.</p> <p>When it comes to investment decisions the current investment environment generally encourages co-investment opportunities as compared to competition from early-stage investment funds or other investors.</p> <p>Scalare welcomes co-investment with our early-stage technology investors and focussed funds as this can help the portfolio company with future funding rounds and requirements.</p>	7.1

## 2.5 KEY FINANCIAL INFORMATION

QUESTION	ANSWER	SEE																												
<b>What is the Company's and Scalare's pro forma historical and financial performance?</b>	<p>A condensed version of the Company's and Scalare's combined Pro Forma Statutory Historical Income Statement is set out below.</p> <p>The pro forma and historical financial information and the statutory historical financial information included in this Prospectus have been prepared on the basis described in Section 8.2 of this Prospectus.</p> <p>A reconciliation of the pro Forma Historical Income Statements to the combined Statutory Historical Annual Income Statements is provided in Section 8.3.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="4" style="text-align: center;">Pro Forma Historical Income Statements</th> </tr> <tr> <th></th> <th style="text-align: center;">FY2022</th> <th style="text-align: center;">FY2023</th> <th style="text-align: center;">FY2024</th> </tr> </thead> <tbody> <tr> <td>Support services revenue</td> <td style="text-align: right;">1,146,790</td> <td style="text-align: right;">1,217,303</td> <td style="text-align: right;">1,993,063</td> </tr> <tr> <td>Investment gains (realised &amp; unrealised)</td> <td style="text-align: right;">2,380,973</td> <td style="text-align: right;">2,038,011</td> <td style="text-align: right;">1,192,221</td> </tr> <tr> <td>Other income</td> <td style="text-align: right;">34,861</td> <td style="text-align: right;">7,526</td> <td style="text-align: right;">9,515</td> </tr> <tr> <td>Total expenses</td> <td style="text-align: right;">2,103,153</td> <td style="text-align: right;">2,146,206</td> <td style="text-align: right;">3,545,788</td> </tr> <tr> <td>Net profit (loss) before tax</td> <td style="text-align: right;">1,459,471</td> <td style="text-align: right;">1,116,634</td> <td style="text-align: right;">(350,989)</td> </tr> </tbody> </table> <p>The Company and Scalare are currently loss making.</p>	Pro Forma Historical Income Statements					FY2022	FY2023	FY2024	Support services revenue	1,146,790	1,217,303	1,993,063	Investment gains (realised & unrealised)	2,380,973	2,038,011	1,192,221	Other income	34,861	7,526	9,515	Total expenses	2,103,153	2,146,206	3,545,788	Net profit (loss) before tax	1,459,471	1,116,634	(350,989)	8
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<b>What is the Company's dividend policy?</b>	<p>The Company does not expect to pay dividends in the near future as its focus will primarily be on growing the existing business. However, the Company has a general policy, that at least fifty percent of all net cash investment gains (after tax) will be paid out to shareholders as a dividend. Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.</p>	8																												

## 2.6 BUSINESS HIGHLIGHTS AND KEY STRENGTHS

Question	Answer	See section
<b>Differentiated offering in the early-stage technology sector</b>	<p>Scalare has adopted a differentiated business model to maximise potential returns from the high growth early-stage technology sector. It is the combination of providing access to capital as well as the provision of support services and products required to build an early-stage tech company that sets Scalare apart from companies that operate in one (but not the other) of these sectors.</p> <p>Historically businesses have either invested in early-stage technology companies or provided growth services to those businesses but not both.</p> <p>Scalare believes by providing its products and services to these companies it is able to have a better understanding of the underlying business and the founder's ability to maximise the opportunity.</p> <p>With this understanding Scalare is able to make better investment decisions in those companies. Once invested, Scalare continues to be involved by actively assisting with the company's growth plans, including often taking a board or advisory role.</p> <p>As the company scales over time and is able to resource the necessary skills in-house Scalare is expected to have a less active role. By this stage it is expected that the company has overcome many of the early stage challenges it will face.</p>	
<b>Approach reduces risk of investing in early-stage companies</b>	<p>Investing in early-stage, high growth technology companies is highly speculative. Scalare's approach helps to reduce this risk in four main ways:</p> <p>Firstly, Scalare's active involvement in the early-stages of each portfolio company's development means the Scalare team's experiences and skills can assist the business founder's in managing the challenges an early-stage business will face. This should reduce the number of unsuccessful investments.</p> <p>Secondly, this involvement is provided by paid for products, services, mentoring and advice. Over time, these remunerated activities can be of greater value than the original investment in those companies. So, unlike an investment fund, where if a portfolio company fails the investment fund would lose the entire amount, Scalare may have generated cash greater than the lost investment amount.</p> <p>Thirdly, Scalare aims to invest in up to eight new companies each year. This allows for a diversified portfolio where one or two unsuccessful investments will not materially impact the total value of the portfolio. Scalare is also currently invested in 27 portfolio companies across multiple technology sectors and in six countries.</p> <p>Lastly, through its established investment process Scalare has identified investment characteristics that support successful investments. Additionally, because Scalare tends to invest early it does not invest significant amounts at that stage. Typical investments are between \$120,000 and \$250,000. Once again, if a portfolio company fails the amount lost is unlikely to be material to the Group's overall performance.</p>	
<b>Scalare does not operate via a fund structure</b>	<p>Scalare provides revenue generating support products and services and invests in companies in the early-stage technology sector through wholly-owned subsidiaries, Scalare Operations Pty Ltd and Scalare Investment Pty Ltd. Investments are not made via a separate fund and therefore there is no perceived conflict between a fund and the corporate entity.</p>	
<b>Experienced and founder driven team</b>	<p>Scalare was founded by serial entrepreneurs who have founded and exited many businesses prior to creating Scalare. The team has expanded to include other entrepreneurs and deeply experienced tech company founders and executives.</p> <p>Their combined experience allows Scalare to add value to some of our customers and portfolio companies as it is highly likely that the Scalare team has faced similar issues and opportunities to those that the tech business founders Scalare works with have or will face as they grow their businesses.</p>	
<b>Investing in existing portfolio</b>	<p>Scalare is currently invested in 27 companies. See Section 5.10 for details of the companies Scalare has invested in to date.</p>	
<b>Differentiated approach for investors to assess early-stage technology asset class</b>	<p>Investors have traditionally invested in early-stage technology companies via two main sources, being newly created, long term, privately held venture capital funds or alternatively through syndicated angel investor groups that invest directly into individual founder led companies.</p> <p>Not all investors are able to invest through these two sources as the investor generally must be deemed to be a sophisticated investor.</p> <p>Investors in Scalare will have an indirect exposure to the early-stage technology sector. Shareholders in Scalare will have indirect access to a pre-existing portfolio of 27 companies as well as up to eight new investments each year. As an ASX company Scalare shareholders, subject to supply and demand, will be able to increase or decrease their indirect investment in this portfolio via the public markets.</p> <p>As an ASX listed company the Company will operate under the continuous disclosure rules and any material events in relation to the portfolio companies that may impact the value of the Shares or its value will be announced at that time, Scalare will also provide quarterly updates on the operations of the business including its investment portfolio.</p> <p>Our approach provides Shareholders with the ability to indirectly invest in an asset class (early-stage tech) that is usually only available via illiquid unlisted investment companies or venture capital investment funds.</p>	

## 2.7 SUMMARY OF KEY RISKS

The business, assets and operations of the Group are subject to certain risks that can influence operating and financial performance in the future. These risks have the potential to impact the value of an investment in the Company.

The Board aims to manage these risks by carefully planning its activities and implementing mitigating risk control measures. However, it is noted that some risks are unforeseen and therefore the extent to which these risks can be effectively managed is somewhat limited.

Set out below are specific key risks that the Company is exposed to if the transaction proceeds. Further risks associated with an investment in the Company are outlined in Section 7.

Risk	Description	See section
<b>New customers</b>	<p>Scalare's ability to profitably scale its business is reliant on adoption and ongoing growth of its customer base to increase revenues and achieve profitable operations.</p> <p>Failure to expand in this way may materially and adversely impact the Company's ability to achieve future profitability.</p>	7.2
<b>Loss of key management personnel</b>	The Company relies on its ability to retain senior management and experienced personnel.	7.2
<b>Limited trading history and is currently loss making</b>	Scalare has a limited trading history as it started operations in January 2020. For the FY2024 the Company and Scalare were loss making and there is no guarantee that the Company and / or Scalare will not continue to be loss making.	7.2
<b>Acquisition implementation</b>	<p>There is a risk that Scalare is unable to successfully integrate the Tech Ready Women business into the Scalare operations and if so, it is likely to affect the financial performance of the Company.</p> <p>Under the terms of the acquisition agreement Scalare will pay to the vendors (all TRW shareholders at the time of the acquisition on a pro-rata to their prior shareholdings in TRW basis) an earn-out fee equal to 30% of the TRW revenues only for the financial years ending 30 June 2025, 2026 and 2027.</p>	7.2 11.7.3
<b>US Expansion risk</b>	The Company's expansion in the US may not be successful in that it is unable to attract sufficient revenue generating opportunities given it is a new entrant and the number of established competitors in the market, the potential impact of any change in US regulations and the availability of resources once the capacity of the existing team is fully utilised. As a result, the funds invested in the establishment of US operations may be lost. The Company seeks to limit the risks by only applying the current proposed allocated funds to the US expansion with any additional expansion only being funded from US operational revenues.	7.2
<b>Investing in businesses in growth and early stage of development</b>	<p>Investments made by Scalare are expected to be in businesses that are in growth or early stages of development. The impact on these businesses if risks eventuate may be more pronounced because of their stage of development. Businesses of this nature may not have sufficient operating cash flows to fund business operations and may therefore need additional capital in the future.</p> <p>Scalare may not be able to reliably estimate the likely future revenues, profitability or returns from these investments with any reasonable degree of certainty.</p>	7.3
<b>Assets, investments and market risk</b>	<p>There is a risk that the value of the assets or securities invested in by Scalare may be volatile and decline in value over the short or long term or be difficult to calculate. The return, and expected return, on Scalare's portfolio companies may be affected by a number of risks. Some of these risks are identified in Section 7.3 and may be outside the control of Scalare.</p> <p>These risks may impact the value, or perceived value, of Scalare's portfolio companies which may impact the performance of the Company's Shares even before any realisation of value by Scalare through exit events, and the performance of the Company's Shares may not correlate with the current performance or ultimate realised value of Scalare's portfolio companies.</p>	7.3
<b>Due diligence risk</b>	<p>Scalare undertakes due diligence processes in respect of investment opportunities, which may include engaging external legal advisers, and other commercial, tax or financial advisers as considered appropriate in the context of the potential investment. As part of its due diligence processes, Scalare will rely to an extent on the financial and other information provided to it and its external advisers by the potential portfolio company.</p> <p>There is a risk that Scalare or its advisers may not always be able to verify the accuracy, reliability or completeness of all of the information which is provided to Scalare against independent data and that the information provided or available to Scalare is not complete and accurate. There is also a risk that Scalare may not identify all issues associated with a portfolio company.</p>	7.3

<b>Portfolio companies may not be financially successful or attract necessary capital</b>	A portfolio company may not generate consistent revenues, profits or positive cashflows which may impact its long-term viability. The success or viability of a portfolio company may also be impacted by its ability to access capital to meet capital expenditure and operating cashflow needs. A portfolio company may not attract sufficient capital for its needs if Scalare or other investors do not participate in capital raisings undertaken by it.	7.4
<b>Portfolio company – founder and key personnel risk</b>	Portfolio companies are typically operated by their founders or founding group, and Scalare relies on those individuals to operate the business and provide industry knowledge and local expertise in the jurisdiction in which the portfolio company conducts its business. If a founder or founders were to leave the portfolio company, there is a risk that the portfolio company may suffer a decline in performance, encounter difficulty or incur expenses in locating suitable replacements, take longer to implement its business plan or otherwise be unable to meet its targets.	7.4

## 2.8 DIRECTORS AND KEY MANAGEMENT PERSONNEL

Question	Answer	See section
<b>Who are the current and intended future Directors of the Company?</b>	<p>On re-admission to the ASX Official List, the Board of the Company is expected to comprise:</p> <ul style="list-style-type: none"> <li>• Adelle Howse, Non-Executive and Independent Chair</li> <li>• Neil Carter, Non-Executive and Independent Director</li> <li>• James Lougheed, Non-Executive Director</li> <li>• Beau Quarry, Non-Executive Director</li> <li>• James Walker, Executive Director and Co-Founding Partner</li> </ul> <p>The current Board of the Company includes:</p> <ul style="list-style-type: none"> <li>• Gary Simonite, Non-Executive Chair</li> <li>• Greg Starr, Non-Executive and Independent Director</li> <li>• James Walker, Non-Executive and Independent Director</li> </ul>	6.1
<b>Who are the key management personnel of the Company and what are their roles</b>	<p>On re-admission to the Official List, the management team of the Company will comprise:</p> <ul style="list-style-type: none"> <li>• Carolyn Breeze, Chief Executive Officer</li> <li>• Nicholas Roberts – Co-Founding Partner</li> <li>• Giles Bourne – Co-Founding Partner</li> <li>• James Walker – Co-Founding Partner</li> <li>• Jenny Li – Chief Financial Officer and Partner</li> <li>• Timothy Griffiths - Partner</li> <li>• Catriona Glover, Company Secretary</li> </ul> <p>Scalare operates with a flat management structure with the CEO and Partners responsible for the operations of the business.</p>	6.2 and 6.3
<b>What will the Non-Executive Directors paid?</b>	<p>On re-admission to the Official List, the non-executive remuneration will comprise:</p> <ul style="list-style-type: none"> <li>• Adelle Howse, Non-Executive Chair – \$90,000 per annum plus superannuation</li> <li>• The remaining Non-Executive Directors - \$50,000 per annum plus superannuation</li> <li>• Committee Chairs receive \$5,000 per annum and Committee Members \$2,500 per annum in total</li> </ul> <p>Details of the shares and options held by the Directors are set out below and in Section 6.5.</p>	11.2.2, 11.6 and 11.9



**What will the interests of the Board be following Re-admission?**

The interests of the Directors in office on completion of the Offer and the Acquisition are as set in the table below. The percentage shareholdings will decrease if more than Minimum Subscription is achieved.

Directors (and their Associates)	Shares (on completion of the Offer)	Undiluted %	Share Options	Fully Diluted %
Adelle Howse	1,844,946	2.0	0	2.0
Neil Carter	200,000	0.2	0	0.2
James Lougheed	7,119,072	7.8	0	7.8
Beau Quarry	8,060,572	8.8	0	8.8
James Walker	10,895,485	11.9	0	11.9
	<b>28,120,075</b>	<b>30.7</b>	<b>0</b>	<b>30.7</b>

The Directors shown above are investing in the Offer a total of \$897,500 for 3,590,000 Shares. These amounts are reflected in the table shown above.

**What will the interests of the Board at the time of lodging this Prospectus:**

The interests of the Directors in office immediately prior to lodging the Prospectus but after taking into account the Share Consolidation are set in the table below. The percentage shareholdings will decrease if more than Minimum Subscription is achieved.

Directors (and their Associates)	Shares (on completion of the Offer)	Undiluted %	Share Options	Fully Diluted %
Gary Simonite	1,726,592	86.3	0	86.3
Greg Starr	0	0	0	0.0
James Walker	0	0	0	0.0
	<b>1,726,592</b>	<b>86.3</b>	<b>0</b>	<b>86.3</b>

The shares held by Gary Simonite includes 214,290 shares that are subject to shareholder approval at the Candy Club shareholder meeting on 19 September 2024.

None of the incoming board of directors hold any shares in the Company at the date of the Prospectus being lodged.

<b>What significant benefits are there to Directors and other persons connected with the Company or the Offer?</b>	Other than as set out below in this Prospectus, no current or Proposed Director has, or has had within two years preceding lodgement of this Prospectus with ASIC: <ul style="list-style-type: none"> <li>any interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer; and</li> <li>no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any current Director or Proposed Director, either to induce him or her to become, or to qualify them as a Director, or otherwise, for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.</li> </ul>	11.5 and 11.7
<b>Does the Company have an employee incentive plan?</b>	A resolution at the upcoming General Meeting is for the Company to adopt an employee incentive plan ( <b>EIP</b> ). No securities will be issued under the EIP until after completion of the Transactions. A summary of the terms of the EIP are set out in Section 6.9	11.9
<b>What escrow arrangements will be imposed, if any?</b>	The Shares to be issued to the Board and Scalare executive team as part of the Acquisition may be (and are expected to be) classified as restricted securities with an escrow period of between 12 and 24 months from the date on which Official Quotation of those Shares commences.  The Shares to be issued to the Lead Manager will be classified as restricted securities with an escrow period of 24 months from the date on which Official Quotation of the underlying Shares commences.  Prior to the commencement of Official Quotation, the Company will announce to ASX full details (quantity and duration) of any restricted securities.	11.11

## 2.9 SUMMARY OF THE OFFER

Question	Answer	See section
<b>What is the Offer?</b>	The Offer comprises the issue of a minimum of 16,000,000 and up to 32,000,000 new Shares at \$0.25 each to raise between \$4,000,000 and \$8,000,000.  The Shares being offered to New and Existing Shareholders under the Offer will represent 17.5% (Minimum Raise) and 29.9% (Maximum Raise) of the Company's share capital.	Key Offer info and 3.1
<b>What are the conditions of the Offer?</b>	Completion of the Offer is conditional on: the passing of all Acquisition Resolutions that are being put to Shareholders at the General Meeting; and  the Company receiving conditional approval from ASX that it will re-admit the Company to the Official List and terminate the suspension from Official Quotation of the Shares, subject to such terms and conditions (if any) as are prescribed by ASX or the ASX Listing Rules.  In the event the above conditions are not satisfied, the Offer will not proceed and no New Shares will be issued pursuant to this Prospectus. If this occurs, Applicants will be reimbursed their Application Monies (without interest).	
<b>What is the purpose of the Offer?</b>	The proceeds of the Offer will be applied to: <ul style="list-style-type: none"> <li>growth and working capital for the Group</li> <li>make investments in selected early-stage technology companies</li> <li>pay transaction costs associated with the Offer and the Acquisition.</li> </ul>	

<b>What are the key Offer dates?</b>	Offer opens	23 September 2024	Key Offer
	General Meeting held	23 September 2024	
	Offer closes	27 September 2024	
	Issue and allotment of Shares under the Offer	3 October 2024	
	Expected date for dispatch of holding statements	8 October 2024	
	Expected date of Trading of Shares commences on ASX	10 October 2024	
	<p>The Company will be de-listed from the ASX official list on 14 October 2024 if it has not met the conditions of re-admissions of its Shares. The Company has applied to ASX for an extension of the time before ASX will de-list the Company's shares. ASX has indicated it will consider the request following the General Meeting. If ASX agree to extend the period before which the Company's Shares will be delisted the Company intends to extend the Offer Period so that Offer closes on or about 25 October 2024. The Company will issue a Supplementary Prospectus to advise of the new timetable.</p> <p>These above dates are indicative only and may vary. The Company reserves the right to amend any and all of the above dates without prior notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early or to extend the Closing Date). Applicants are encouraged to submit their Applications as soon as possible after the Opening Date.</p>		
<b>How will the proceeds of the Offer be used?</b>	The Company expects the Offer proceeds to be to be allocated as follows:		3.3 and 3.4
	<b>USE OF FUNDS</b>	<b>Minimum Subscription</b>	<b>Maximum Subscription</b>
	Establish Scalare Partners USA office	\$400,000	\$500,000
	Expand Tech Ready Women nationally and in the USA	\$100,000	\$200,000
	Technology development to fast-track current digitalisation of products/services and subscription/membership programs	\$200,000	\$500,000
	Investments in existing and new portfolio companies	\$1,600,000	\$2,400,000
	Costs of the Offer – fundraising	\$159,000	\$399,000
	Costs of the Offer – ASX, legal, accounting, other support services	\$305,000	\$305,000
	Subtotal	\$2,764,000	\$4,304,000
	<b>Working capital allocations</b>		
	Corporate governance and ASX listing related expenses	\$410,000	\$617,000
	Contribution towards team remuneration	\$584,000	\$1,848,000
	Contributions towards investment due diligence	\$195,000	\$462,000
	Contributions towards general corporate overheads	\$47,000	\$769,000
	Subtotal working capital allocation	\$1,236,000	\$3,696,000
	<b>Total use of funds</b>	<b>\$4,000,000</b>	<b>\$8,000,000</b>
	<p>The Directors believe the funds raised from the Offer, together with current cash reserves, will give the Company sufficient working capital to achieve its objectives as outlined in this Prospectus.</p> <p>The Company will have no debt at the time of this Offer.</p>		

<b>What is the current capital structure of the Company?</b>	<p>The current share structure prior to the issue of shares under the Offer but after the share consolidation including all Shares and Options in respect of which the Company has entered agreements to issue is as set out below</p> <p>Shares on issue – 2,000,000</p> <p>Lead Manager Shares – 1,200,000</p> <p>Share Options – 10,916</p> <p>All Share numbers are on a post-Consolidation basis (refer to Section 11.2 for details of the Consolidation), are subject to rounding resulting from the Consolidation. Details of the Shares that will be subject to escrow arrangements are set out in Section 11.12.</p> <p>It is estimated that the free-float of the Company will be between 33.1% at Minimum Subscription and 40.7% at Maximum Subscription.</p>	3.4
<b>What rights and liabilities attach to the Shares?</b>	The new Shares being issued under the Offer will rank equally in all respects with the Shares held by the existing Shareholders. The rights and liabilities attaching to Shares are detailed in Section 11.1	11.1
<b>Is the Offer underwritten?</b>	The Offer is not underwritten.	3.1
<b>Will I receive dividends on my Shares?</b>	Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.	5.12
<b>What are the taxation implications?</b>	The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.	11.14
<b>How do I participate in the Offer?</b>	To participate in the Offer, please complete the Application Form attached to this Prospectus and return it with payment of the application money before the Closing Date.	10.1
<b>Is there a Minimum Subscription?</b>	Yes. Under the Offer there is Minimum Subscription of \$4,000,000. If the Minimum Subscription is not raised within 4 months of the date of this Prospectus all Applications will be dealt with in accordance with Section 724 of the Corporations Act. Such action may include the return of all application monies (without interest) or the issue of a supplementary or replacement prospectus.	3.5
<b>What is the minimum number of Shares I can apply for?</b>	Applications under the Offer must be for a minimum of 8,000 Shares at the Issue Price of \$0.25 (\$2,000) and then in multiples of 800 Shares (\$200).	10.1
<b>Can the Offer be withdrawn?</b>	<p>The Company reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants.</p> <p>If the Offer does not proceed, the Registry, or the Company will refund application monies (without interest).</p> <p>No interest will be paid on application monies refunded as a result of the withdrawal of the Offer.</p>	3.5
<b>Where can I find more information?</b>	If you have questions in relation to the Offer, please contact the Offer Information Line on 1300 288 664 (within Australia) and +612 9698 5414 (outside Australia) between 8.30am and 7.00pm (AEST), Monday to Friday.	10.8







**CAPITAL.  
*RESOURCE.*  
SCALE.**



**SCALARE'S  
MULTI-CHANNEL  
MODEL ASSISTS  
EARLY-STAGE  
COMPANIES RIGHT  
THROUGH TO EXIT.**

# 3. DETAILS OF THE OFFER

## 3.1. THE OFFER

This Prospectus invites investors to apply for a minimum of 16,000,000 Shares at an Issue Price of \$0.25 per Share to raise \$4,000,000 (Minimum Subscription) and up to a maximum of 32,000,000 Shares to raise up to \$8,000,000 (Maximum Subscription).

The Shares offered under this Prospectus will represent 17.5% of the Shares on issue at Completion, assuming the Minimum amount is raised. On the Maximum amount being raised the Shares issue will represent 29.9% of the shares on issue at Completion.

The Offer involves the issue of 1,200,000 Shares to the Lead Manager and/or its nominees on the successful completion of the Offer and listing of the Company's Shares on the ASX.

The Shares offered pursuant to the Offer under this Prospectus will rank equally in all respects with the Shares already on issue. Further details of the rights attaching to Shares are set out in Section 11.1.

The Offer is not underwritten.

### 3.1.1 SHARES TO THE LEAD MANAGER

The Lead Manager and/or its nominees are entitled to receive 1,200,000 Shares upon the Company being successfully listed on the ASX.

The Shares issued to the Lead Manager and/or its nominees will represent 1.3% (Minimum Raise) and 1.1% (Maximum Raise) of the Share Capital on completion of the Offer.

## 3.2. PURPOSE OF THE OFFER

The primary purpose of the Offer is to provide additional funds for growth and working capital purposes as well as allow the Company to continue to make investments in selected early-stage technology companies.

The Company and Scalare currently have combined cash reserves as at 31 July 2024 of \$647,000. The Company will have no debt on the completion of the Offer and completion of the Acquisitions.

The Company is aiming to apply the funds raised from the Offer in the manner detailed in Section 3.3.

The Directors believe the funds raised from the Offer, together with current cash reserves, will give the Company sufficient working capital to achieve its objectives as outlined in this Prospectus.

The Directors may consider the use of further funding initiatives to further expedite growth and expansion or to fund a specific project or transaction.

### 3.3. SOURCES AND USES OF FUNDS

The Company intends to apply funds raised from the Offer, together with existing cash reserves, as follows:

	Minimum Subscription	Maximum Subscription
<b>AVAILABLE FUNDS</b>		
Existing cash reserves	\$647,000	\$647,000
Funds raised from the Offer	\$4,000,000	\$8,000,000
<b>Total</b>	<b>\$4,647,000</b>	<b>\$8,647,000</b>
<b>USE OF FUNDS</b>		
Establish Scalare Partners USA office	\$400,000	\$500,000
Expand Tech Ready Women nationally and in the USA	\$100,000	\$200,000
Technology development to fast-track current digitalisation of products/services and subscription/membership programs	\$200,000	\$500,000
Investments in existing and new portfolio companies	\$1,600,000	\$2,400,000
Costs of the Offer – fundraising	\$159,000	\$399,000
Costs of the Offer – ASX, legal, accounting, other support services	\$305,000	\$305,000
Subtotal	\$2,764,000	\$4,304,000
<b>Working capital allocations</b>		
Corporate governance and ASX listing related expenses	\$410,000	\$617,000
Contribution towards team remuneration	\$584,000	\$1,848,000
Contributions towards investment due diligence	\$195,000	\$462,000
Contributions towards general corporate overheads	\$47,000	\$769,000
General working capital requirements	\$647,000	\$647,000
Subtotal working capital allocation	\$1,883,000	\$4,343,000
<b>Total use of funds</b>	<b>\$4,647,000</b>	<b>\$8,647,000</b>

In the event the Company raises more than the Minimum Subscription of \$4,000,000 but less than the Maximum Subscription of \$8,000,000 the additional funds raised will be applied at the Directors' discretion across the business operations depending upon the amount raised.

In addition, in the future, to capitalise on other opportunities that may arise and depending on the success of its current activities, the Company may require debt or further equity fundraisings.

The Directors are of the view that upon completion of the Listing, the Company will have enough working capital to carry out its stated business objectives.

The above table is a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, and market and general economic conditions. In light of this, the Board reserves its right to alter the way the funds are applied.

### 3.4. SHAREHOLDING STRUCTURE

The following table sets out the expected Shareholding structure immediately after completion of the Offer.

	Minimum Subscription	Options *	Maximum Subscription	Options *
Number of Shares on issue at the date of this Prospectus adjusted for the Consolidation	1,785,710	10,916	1,785,710	10,916
Number of Director Shares to be approved at General Meeting	214,290	-	214,290	-
Issued on completion of Acquisition of Scalare	72,000,000	-	72,000,000	-
Offered under the Offer	16,000,000	-	32,000,000	-
Issued to Lead Manager on completion of the IPO	1,200,000	-	1,200,000	-
<b>Total Shares / Options on issue on completion of this Offer</b>	<b>91,200,000</b>	<b>10,916</b>	<b>107,200,000</b>	<b>10,916</b>

\* Various Options issued – No Options are exercisable at less than \$3.00 each and all Options expire by 22 December 2025 (see Section 11.6 of the Prospectus).

All Share numbers are on a post-Consolidation basis (refer to Section 11.3 for details of the Consolidation), are subject to rounding resulting from the Consolidation. Details of the Shares that will be subject to escrow arrangements are set out in Section 11.12.

It is estimated that the free-float of the Company will be between 37.7% at Minimum Subscription and 40.7% at Maximum Subscription.

### 3.5. CURRENT SHAREHOLDING STRUCTURE

As at the Prospectus Date, assuming that the approval is granted for the issue of Shares and Director Shares at the General Meeting, the Shareholding structure of the Company is as follows.

Shareholder	Shares	%
Non-Executive Director (and related entities)	1,726,592	86.3%
All other 584 shareholders (no holder is greater than 5%)	273,408	13.7%
<b>Total</b>	<b>2,000,000</b>	<b>100.0%</b>

All Share numbers are on a post-Consolidation basis (refer to Section 11.3 for details of the Consolidation), are subject to rounding resulting from the Consolidation. Details of the Shares that will be subject to escrow arrangements are set out in Section 11.12.

In addition, there are 10,916 (post the intended share consolidation) Options on issue. None are held by the current or incoming directors and senior management. Details of the terms and conditions of the Options are set out in Section 11.6.



### 3.6. CAPITAL STRUCTURE SCENARIOS

This Prospectus discloses a number of issues, or potential issues, of securities which may result in additional Shares being issued in the future. The following tables show the effect on the capital structure on a post-Consolidation basis assuming four scenarios. Those scenarios are:

- Minimum Subscription with no future securities issued;
- Maximum Subscription with no future securities issued;
- Minimum Subscription with all future securities issued;
- Maximum Subscription with all future securities issued.

These scenarios are the extremes, and there are numerous possible combinations and permutations within those extremes.

The capital structure of the Company taking into account all securities disclosed in this Prospectus are issued assuming the Minimum Subscription is:

	Shares	Amount Raised	% Ownership
Existing Shareholders	2,000,000	-	2.2%
Shares issued to Scalare Vendors	72,000,000	-	79.0%
Shares issued under the Offer	16,000,000	\$4,000,000	17.5%
Lead Manager Shares	1,200,000		1.3%
<b>Total</b>	<b>91,200,000</b>	<b>\$4,000,000</b>	<b>100.0%</b>

All Share numbers are on a post-Consolidation basis (refer to Section 11.3 for details of the Consolidation), are subject to rounding resulting from the Consolidation and the approval of 214,290 Director Shares to be issued at the General Meeting on 23 September 2024. Details of the Shares that will be subject to escrow arrangements are set out in Section 11.12.

The capital structure of the Company taking into account all securities disclosed in this Prospectus are issued assuming the Maximum Subscription is:

	Shares	Amount Raised	% Ownership
Existing Shareholders	2,000,000	-	1.9%
Shares issued to Scalare Vendors	72,000,000	-	67.1%
Shares issued under the Offer	32,000,000	\$8,000,000	29.9%
Lead Manager Shares	1,200,000	-	1.1%
<b>Total</b>	<b>107,200,000</b>	<b>\$8,000,000</b>	<b>100.0%</b>

All Share numbers are on a post-Consolidation basis (refer to Section 11.3 for details of the Consolidation), are subject to rounding resulting from the Consolidation and the approval of 214,290 Director Shares to be issued at the General Meeting Meeting on 23 September 2024. Details of the Shares that will be subject to escrow arrangements are set out in Section 11.12.

The capital structure of the Company taking into account all securities disclosed in this Prospectus are issued assuming the Minimum Subscription and all applicable Options are converted to Shares is:

	Shares	Amount Raised	% Ownership
Existing Shareholders	2,000,000	-	2.2%
Shares issued to Scalare Vendors	72,000,000	-	78.9%
Shares issued under the Offer	16,000,000	\$4,000,000	17.5%
Existing option holders	10,916	\$2,978,687*	0.1%
Lead Manager Shares	1,200,000		1.3%
<b>Total</b>	<b>91,210,916</b>	<b>\$6,978,687</b>	<b>100.0%</b>

\* The total cash raised on all existing Options being exercised is \$2,978,687. The Directors consider it extremely unlikely that the Options will ever be exercised as the exercise prices will range from \$168.00 to \$322.56 per Option, which is significantly more than the Offer price of \$0.25 per Share.

All Share numbers are on a post-Consolidation basis (refer to Section 11.3 for details of the Consolidation), are subject to rounding resulting from the Consolidation and the approval of 214,290 Director Shares to be issued at the General Meeting on 23 September 2024. Details of the Shares that will be subject to escrow arrangements are set out in Section 11.12.

The capital structure of the Company taking into account all securities disclosed in this Prospectus are issued assuming the Maximum Subscription and all applicable Options are converted to Shares is:

	Shares	Amount Raised	% Ownership
Existing Shareholders	2,000,000	-	1.9%
Shares issued to Scalare Vendors	72,000,000	-	67.1%
Shares issued under the Offer	32,000,000	\$8,000,000	29.8%
Existing option holders	10,916	\$2,978,687*	0.1%
Lead Managers Shares	1,200,000		1.1%
<b>Total</b>	<b>107,210,916</b>	<b>\$8,000,000</b>	<b>100.0%</b>

\* The total cash raised on all existing Options being exercised is \$2,978,687. The Directors consider it extremely unlikely that the options will ever be exercised as the exercise prices will range from \$168.00 to \$322.56 per Option, which is significantly more than the Offer price of \$0.25 per Share.

All Share numbers are on a post-Consolidation basis (refer to Section 11.3 for details of the Consolidation), are subject to rounding resulting from the Consolidation and the approval of 214,290 Director Shares to be issued at the General

Meeting on 23 September 2024. Details of the Shares that will be subject to escrow arrangements are set out in Section 11.12.

See Section 11.5 and 11.6 of the Prospectus for details of the rights attaching to Shares and the Options.

### 3.7. MINIMUM SUBSCRIPTION

The Minimum Subscription for the Offer 16,000,000 Shares at an Issue Price of \$0.25 per Share to raise at least \$4,000,000 before expenses of the Offer. The Company will not issue any Shares unless the Minimum Subscription is raised. The Minimum Subscription amount of \$4,000,000 is not underwritten.

If the Minimum Subscription is not raised within four months after the date of this Prospectus (or such later date permitted by ASIC), all Applications will be dealt with in accordance with section 724 of the Corporations Act. Such action may include repayment of application monies (without interest) or the issue of a supplementary or replacement prospectus.

The Company also reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants. If the Offer does not proceed, the Registry, or the Company will refund application monies. No interest will be paid on application monies refunded as a result of the withdrawal of the Offer.

### 3.8. APPLICATION FOR LISTING AND OTHER RELATED MATTERS

It is expected that initial holding statements will be dispatched by standard post on 8 October 2024.

The Company will apply to the ASX within seven days after the Prospectus Date for re-admission to the Official List and quotation of Shares on the ASX (which is expected to be under code SCP).

Completion of the Offer is conditional upon:

- the passing of all Acquisition Resolutions that are being put to Shareholders at the General Meeting; and
- the Company receiving conditional approval from ASX that it will re-admit the Company to the Official List and terminate the suspension from Official Quotation of Shares, subject to such terms and conditions (if any) as are prescribed by ASX or the ASX Listing Rules.

In the event that Shareholders do not approve the Acquisition Resolutions at the General Meeting or approval is not given within three months after the application for quotation of the Shares is made (or any longer period permitted by law), the Offer will not proceed and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

The Minimum Subscription for the Offer 16,000,000 Shares at an Issue Price of \$0.25 per Share to raise \$4,000,000.

It is expected that trading of the Shares on ASX will commence on or around 10 October 2024.

It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.

The Company and the Lead Manager disclaim a liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them. If you have any questions, call your Broker or the Offer Information line on 1300 288 664 (within Australia) and +612 9698 5414 (outside Australia) between 8.30am and 7.00pm (AEST), Monday to Friday.

### 3.9. ISSUE OF CONSIDERATION SHARES

Under the terms of the Merger Implementation Deed and Share Sale Deed, the Company has agreed to issue 72.0 million Consideration Shares to Scalare Vendors in exchange for all of their shares in Scalare. The Consideration Shares to be issued in connection with Acquisition will be issued under this Prospectus. Scalare Vendors need do nothing under this Prospectus to receive their Consideration Shares.

### 3.10. ESCROW ARRANGEMENTS

The Consideration Shares to be issued to the proposed Board and Scalare executive team as part of the Acquisition may be (and are expected to be) classified as restricted securities with an escrow period of between 12 and 24 months from the date on which Official Quotation of those Shares commences.

Prior to the commencement of Official Quotation, the Company will announce to ASX full details (quantity and duration) of any restricted securities.





# 4. INDUSTRY OVERVIEW

## 4.1 SCALARE IN THE INDUSTRY

Scalare supports and invests in early-stage technology businesses with local and global growth potential.

Predominantly these businesses are located in Australia, but Scalare also works with early-stage technology businesses in other jurisdictions including the USA, New Zealand, Singapore, UK, and Europe.

This Section will focus on Scalare's role in the Australian early-stage technology industry, covering both start up and scaling technology companies. Scalare divides the industry into three main segments; early-stage technology companies themselves, the providers of support to those companies, and the providers of the capital to and investors in those companies.

While Scalare is an early-stage technology business itself it operates in the support and capital / investment segments of the industry.

It is the combination of providing access to capital as well as the provision of support services and products required to build an early-stage tech company that sets Scalare apart from companies that operate in one (but not the other) of these sectors.

## 4.2 AUSTRALIAN EARLY-STAGE TECHNOLOGY INDUSTRY

Australia has created a start-up friendly business environment, with several of the country's top start-ups, such as Canva and Atlassian, becoming well known global brands. The Australian start-up technology sector is thriving with a growing number of innovative companies, events, accelerators, and community and government support systems.

The Australian tech sector grew by almost 80% from 2016-2021 to A\$167 billion and is expected to reach the value of A\$250 billion by 2030. [Source: <https://www.newfound.global/news/australias-tech-ecosystem-in-2023>]. Some of the benefits for early-stage tech companies to be created in Australia include:

- thriving tech sector: active venture capital, Australian global technology giants, and multiple unicorns (ie a privately held startup company with a valuation of \$1 billion or more)
- advanced digital economy and world-class digital infrastructure
- promotes international collaboration and focus on international expansion

- a strategic location for Asia-Pacific expansion
- a technology -savvy nation of digital adopters
- talented and diverse workforce
- government driving digital innovation: strong incentives and research and development (R&D) tax incentives and support
- access to capital
- opportunities across the technology landscape.

Australia has several factors that make a thriving startup technology sector, including a talented and educated workforce, excellent business environment, investment, and an entrepreneurial spirit. With Australia's ranking as one of the best countries for start-ups, it continues to innovate and attract entrepreneurs from around the world.

In 2023 there were 413 reported deals bringing start-ups \$3.5 billion in funding (dropping from \$7.4 billion in 2022. [Source: Cut Through Ventures – State of the Industry Report 2023]. This was reflective on the global trend in the early-stage technology investment sector.

The drop in funding led to a shift in focus for start-up founders. Over the course of 2023, economic conditions and increasing pressure from investors forced start-ups to re-evaluate their growth plans. Investors directed companies within their portfolios to become more capital efficient, and to adjust their business plans to focus more intensely on achieving profitability rather than just top-line growth.

Business founders needed to adapt and stay agile by re-focussing on accessing external assistance where-ever possible with outsourced services and collaboration.

However, a recently published report [Cut Through Ventures Q2 2024] showed that Q2 CY2024 "marked a significant recovery in the Australian startup funding landscape, delivering the strongest funding quarter since Q4 2022. The total deal count increased, signalling renewed investor activity across all stages. While it's too early to call it a trend, this resurgence reflects improved investor sentiment and sets up the potential continuation of this positive shift in the coming months."

In Q2 CY2024, 99 companies received funding totalling \$1.5 billion raised, being the strongest quarter for Australian startup funding since Q4 CY2022. This is up from 66 companies raising a total of \$704 million in the previous quarter.



## 4.3 EARLY-STAGE SUPPORT OVERVIEW

The Australian early-stage technology support industry includes accelerators, incubators, venture studios and traditional consulting and professional companies.

These service providers are becoming more important to founders as they provide a community and network of people that can help the founders do more, with less. This is critical as raising funds and larger pools of funds is more discerning than the peaks seen in 2022.

This is a view shared by Scalare as it offers this concept more than traditional venture capitalists by providing many of the support services a founder will require over their early stages of growth. Scalare focuses on the education, mentoring, advice, products and services specific to this sector, by providing the following:

- Education and training - assisting founders with courses, templates and problem-based solutions to help them navigate through the challenges of building a fast growth technology business
- Mentoring and advice – building a community of experienced people for founders to access, when required
- Market exposure – through events and national competitions showcasing impressive business founders to customers, investors and the wider market
- Commercial - build and lead the go to market strategy, optimise pricing models, streamline customer journeys and maximise market potential.
- Capital Raise – provides expert guidance to plan capital raises as well as help to secure or lead funding rounds, creating compelling pitches and meeting investor expectations.
- Accounting and finance – develop the right financial strategy with accounting services, focussing on accurate forecasting and optimal cash burn rate management.
- Marketing – develop impactful marketing strategies to build a brand, enhance visibility and drive customer acquisition
- Product and technology – ensure the product roadmap is robust avoiding Tech Debt with Scalare's expert guidance and strategic support
- Corporate governance – implement strong, yet sensible corporate governance practices for the

businesses' stage of growth and maturity to build ethical operations and investor confidence

- People and Culture – create a thriving culture to attract top talent and implement effective HR practices for sustained growth
- Operations – build on existing business operations with our expert support to drive efficiencies, scalability and seamless growth.

### 4.3.1 KEY COMPETITIVE FACTORS

For Scalare, our competitive advantages include:

A management and executive team who have decades of experience as entrepreneurs and managers of high growth technology companies driving significant shareholder value globally through public and private market realisation events.

Having access to a globally engaged community of founders, investors, advisers and strategic partners that Scalare can call on when required to assist our customer and investment portfolio companies.

The recent acquisition of Tech Ready Women and the launch of our Ascend program Scalare will fast track its digital educational and mentoring services to the wider sector, which means that the services can range from high level ideas and concepts through to detailed and ongoing engagements to match the requirements of the founder and the business.

The acquisition of the Australian Technologies Competition also provides our customers and portfolio companies with access to a wider audience through the annual competition that includes a masterclass, mentoring along with category and overall competition winners.

The advantages of these programs to our customers are important as they build their position in the market and increase their brand awareness with their customers, their team and their investors.

The advantages of this approach and programs for Scalare's business cannot be underestimated as the company can generate new revenue opportunities as business founders learn that Scalare can assist for most of their support and investment requirements.

## 4.4 EARLY-STAGE INVESTMENT OVERVIEW

The Australian early-stage technology investment market is a well-defined and a maturing market with multiple sources of capital available at each stage of a company's growth and funding requirements. The Australian technology investor market is well researched and publicly available information is readily available.

The main reference source for the data outlined in this section of the Prospectus are from:

- AirTree open source database of investors
- Cut Through Ventures regular market insights

### 4.4.1 INVESTMENT STAGES IN A COMPANY'S GROWTH JOURNEY

A start up company's funding journey can be defined as the following stages:

- Pre-seed
- Seed
- Series A
- Series B
- Series C
- Through to IPO or trade sale

Scalare has focussed on investing in the pre-seed and seed round stages. With the funds raised in this Offer the group will also consider follow on investments in a selection of our portfolio companies as they progress to Series A funding.

A growing segment of the investment landscape is the concept of secondaries. A secondary is defined as when a current shareholder sells all or part of their stake to another investor. The company does not receive any funds under a secondary transaction, but the share register changes to reflect the buyer now being a shareholder in that company. Scalare sees this as a growing investment opportunity in the sector as secondary transactions are usually at a significant discount the overall valuation of the company. Secondary transactions are described later in this section.

## Pre-seed funding

A pre-seed round is a round of investment capital that is generally the first round of external capital that a startup raises. It is common for individuals (including family and friends), angel syndicates and specialty investment funds with a focus on pre-seed rounds to invest at this point.

Pre-seed funding generally allows a founding team to find product-market fit, hire early employees, and test go-to-market models. Sometimes the company will have also recently launched a minimal viable product (MVP) and has started generating early revenues. Ideally, funding should last somewhere between 12 and 18 months and should be enough capital to allow companies to comfortably hit their goals and the forecast and milestones laid out during the fundraising process.

The size of pre-seed rounds varies quite a bit from company to company and can vary from \$100,000 to \$2m at the pre-seed round. Company pre-money valuations for this round typically range from \$500,000 to \$5m.

While a majority of capital raises are completed as ordinary equity SAFEs are also becoming more popular. A Simple Agreement for Future Equity (SAFE) is not debt but is an agreement to convert to equity upon the occurrence of a specific triggering event, like the next priced funding round or an exit (like an IPO).

### Pre-seed investor characteristics include:

- Angel investors – most active in this round. Angel investors are individuals or groups of individuals operating through clubs and syndicates that invest anywhere from \$10,000 to \$250,000.
- Accelerators / Incubators – many accelerator programs may also invest at the conclusion of their programs to help kick-start the business founder's funding round.
- Specialist VC funds – there are many pre-seed funds that invest in this space. Many of Australia's well known and larger investment funds started investing at this stage and have recently raised funds to invest at this stage again.

At this investment stage the Australian investment market is more collaborative than competitive as investors like to invest along with other investors. This approach is also beneficial for the business founder as it can lead to a group of investors that could invest in follow on rounds.

Scalare works with and invests alongside these investor groups when making investments at the pre-seed stage. This investment stage is best suited to Scalare's approach of being actively involved and assisting the company achieve its growth plans and introducing appropriate corporate governance practices.

## Seed funding

Seed funding is a startup's next funding stage or in some cases can be the first external funds raised.

Seed funding can also come from angel investors and specialist VC funds. There are many angel and specialist VC fund investors that specifically focus on seed funding opportunities because it allows them to purchase a part of the company's equity when the company is at a lower valuation and allows them access to invest again at later stages. Many of the investors that invest at the pre-seed round will also invest at this stage.

Seed funding allows a founding team to continue with its execution to find product-market fit, hire employees and test additional go-to-market models. It is highly likely that the company has launched a minimal viable product (MVP) and is generating early revenues. Ideally, funding should last somewhere between another 12 and 18 months and should be enough capital to allow companies to comfortably hit their goals and the forecast and milestones laid out during the fundraising process.

The size of seed rounds varies from company to company and can vary from \$500,000 to \$2m at this round. Company pre-money valuations for this round can range from \$2m to \$10m.

Similar to the pre-seed round, the Australian investment market is more collaborative than competitive as investors like to invest along with other investors. This approach is also beneficial for the business founder as it can lead to a group of investors that may invest in follow on rounds.

Scalare works with and invests alongside these investor groups when making investments at the seed stage.

This investment stage suits Scalare's approach of being actively involved and assisting the company achieve its growth plans as the company is not yet of a scale where many of the support services provided by Scalare cannot be fulfilled with internal hires.

## Series A

The next stage of the startup funding process is Series A funding. This is when the company has launched products and is looking to fast track growth. Series A funding is generally much more significant than the funding procured through angel investors, with funds of \$5m to \$10m usually targeted.

Funding is usually sourced from larger VC funds and while some of the earlier (pre-seed and seed round) investors may follow on into a Series A raise, the bulk of the new funds will come from new investors. Funds raised again should last for up to 18 months and allow the company to achieve significant commercial milestones.

The size of seed rounds varies from company to company and can vary from \$5m to \$10m with company pre-money valuations range from \$20m to \$100m.

At this stage it is more common for only one or two VC funds to invest.

With the completion of this Offer Scalare intends to make Series A investments but only in companies that it already holds an equity position in and knows well. Based on current funding levels Scalare does not intend to lead the larger Series A rounds but will consider follow on investing between \$500,000 and \$1m in selected companies.

Core to Scalare's approach is that in the early stages of the company's growth that it must be actively involved and deeply understand the business. It is only with this knowledge and experience will Scalare consider making follow on investments at this stage in the company's funding raising journey.

## Series B, Series C and beyond

The Australian market tends to have a lower number of Series B and Series C capital raises.

Traditionally, it has been common for Australian tech companies to relocate to the US to access larger pools of capital from larger VC / private equity funds. While some US funds will invest in Australian based more, mature technology companies looking to access Series B and Series C funding the number of investors remains limited.

However, with some of the more successful Australian based funds having larger pools of capital available it is possible to raise funds in Australia at this level.

This is not an investment stage that Scalare intends to invest in as the company raising funds is much more mature and is less likely to need the support services that Scalare offers.

### **Raising funds and Investor Exits via initial public offers (IPOs)**

Uniquely to the Australian market, historically tech companies have listed on the ASX as alternative to raising later stage capital.

Technology company ASX IPOs have slowed in recent years but will remain a viable option to raise funds and generate exits for investors in this asset class.

The Scalare team have deep experience in managing and completing tech company ASX IPOs and will continue to assist portfolio and non-portfolio tech company to deliver this fund raising / exit mechanism.

### **4.4.2 WHY FOCUS ON EARLY-STAGE INVESTING?**

Scalare invests in early-stage technology companies as it can be highly rewarding, fits our skill sets, our business model and combined experiences. However, it is not without risk (as shown in Section 7) but as outlined above our approach does offset some of these risks.

Some of the benefits of Investing in early-stage technology companies include:

#### **High-Growth Potential**

- Early-stage technology start-ups offer the opportunity to invest at the ground level of potentially successful companies. This means that if the company becomes successful, the initial investment could multiply many times over.
- Start-ups, especially in the technology sector, have the potential to grow rapidly and exponentially.
- Early-stage investments often allow you to buy equity at a lower valuation, which can lead to significant gains if the start-up succeeds and scales effectively.

#### **Spotting Industry Trends**

- Early-stage investments allow investors to identify and capitalise on emerging industry trends. This can provide a competitive edge as investors gain direct access to innovative technologies and visionary founders.
- The ability to work closely with start-up founders and to secure a board or advisory role can also provide valuable insights and influence the strategic direction of the company, potentially increasing the likelihood of success.

#### **Valuation and Equity Stakes**

- Early-stage funding rounds, such as pre-seed and seed investments, typically involve lower valuations, allowing investors to acquire significant equity stakes in the company. This can lead to substantial returns if the start-up succeeds and grows.

#### **Active Role in Growth**

- As an early-stage investor, you can often take a more active role in the company's development. This could include providing strategic guidance, leveraging your network for the company's benefit, and helping to shape the company's direction.
- This level of involvement can be rewarding both personally and financially, as your expertise can directly influence the company's success.

#### **Early Access to Innovation**

- Start-ups are often at the cutting edge of technology and innovation. By investing in start-ups, you gain early access to new technologies and business models, which can be both exciting and profitable.

#### **Supporting Economic Growth**

- Investing in start-ups can also have a positive social impact. Start-ups often drive innovation, create jobs, and contribute to economic growth. By supporting start-ups, you are helping to foster a dynamic and evolving economy.

### 4.4.3 ESTIMATED MARKET SIZE AND KEY TRENDS

The Australian investment community, as disclosed by the Airtree open source materials, consists of nearly 300 known Angel individual and syndicated angel investor groups and approximately 227 known professional firms and funds that invest at the different investment stages identified above.

Of the 227 known investors the funds that invest in pre-seed, seed and Series A is as follows, noting that many invest in multiple stages [Source: Airtree open source database]:

Pre- Seed investing	67
Seed investing	128
Series A	164

For the 2023 calendar year there was 413 investment deals completed, raising a total of \$3.5 billion. This was a 54% decline from the total funds raised in CY2022. This decrease in funding also saw an average decline in valuations at the pre-seed and seed stage of 33% and 41% at the Series A & B stage. This does not mean that founders are less likely to be successful than the previous year but simply investors just have a different view on valuations.

It is Scalare's view that this represents the opportunity to own a larger share of the company for the same amount invested and therefore for successful companies, generate greater returns.

At the same time, companies are focussing on becoming profitable quicker, tightening expense management and making the capital raise last longer. This is a positive for investors as this should lead to companies becoming profitable quicker and less dilution for shareholders as less capital is required to be raised.

For the five months to 31 May 2024 the total number of investments made were 144 as compared to 151 for the same period last year and down from the peak of 243 for the five months to 31 May 2022. However, total funds raised has increased from the same period last year, up from to \$1.3 billion to \$1.7 billion, while still lower than the peak in 2022 of \$4.3 billion. [Source: Cut Through Ventures]

While still lower than the peaks of 2022 the market is expecting that more companies will be raising funds in the next twelve months and more deals will be completed.

### 4.4.4 KEY COMPETITIVE FACTORS

The pre-seed through to Series A investing is more collaborative than competitive with many investment funds looking to collaborate with other funds to close out investment rounds.

For the companies that Scalare considers for investment, looking to raise between \$100,000 and \$2m Scalare will partner with other investors to close the rounds above \$250,000. With Scalare's active approach of supporting the company as it progresses Scalare will, post Offer, be able to lead more investment rounds and therefore have a greater ability to influence the investment terms.

One of Scalare's key competitive advantages is the ability to offer the support services as business founders understand at the earlier stages of their development that support is critical to increasing their chances of success. Many business founders see the advantage of not just taking the investment cash but knowing that as issues arise, they can rely on Scalare to provide the support they need.

The depth of experience the Scalare team have in running start-up, high growth tech businesses is a key selling point when working with business founders and for business founders deciding to engage with Scalare to invest in their businesses. This is a key advantage that Scalare has when business founders decide to bring investors onto their register.

#### 4.4.5 SECONDARY TRANSACTIONS

Australia does not have a deep secondary market for early-stage tech company investors but globally this concept is gaining momentum as liquidity becomes more important to investors, especially investors in the investment funds investing in early-stage tech companies.

The need for investor liquidity before a full exit / liquidity event for the company can exist for many reasons, especially for investors that invest early in the companies' growth journey including:

- Investor fatigue - after a number of years investors may grow dissatisfied with capital being locked up,
- a realignment of investor's investment strategy, driving a requirement for a portfolio rebalancing
- a different view of optimal company valuation
- the need to recycle capital for new opportunities

These are just a few of the reasons why secondary transactions are becoming more common.

It is common for a business founder to have a disproportional asset allocation of their net wealth in their start up. For a business founder and founding team, secondary transactions can also be of importance as it can allow the team to generate some liquidity while remaining focussed on building a successful business. A small equity sale, with a minimum reduction in their overall ownership holding a secondary can reduce the financial pressures on the business founder as they scale the business.

The expected demand for secondary transactions is also an opportunity for Scalare to increase its stake in existing portfolio companies by acting as the buyer in a secondary transaction. These transactions are usually at a discount to the market valuation. Cut Through Ventures 2023 report states that investors expect on average a 20% discount.

The concept of increased access to liquidity is a key driver for Scalare undertaking this Offer and becoming a ASX listed company. That is, a Scalare shareholder has indirect access to a portfolio of early-stage tech companies via owning Scalare shares that are tradeable on the ASX. This provides investors both liquidity and access to an asset class that is difficult to access unless funds are locked away in a fund for many years.



The background of the page is a vibrant teal color, overlaid with a pattern of overlapping, semi-transparent leaf shapes. The leaves have a distinct vein structure, creating a textured, organic feel. The overall aesthetic is clean and modern, with a focus on natural elements.

# GROWTH

# 5. COMPANY + BUSINESS OVERVIEW

## 5.1. INTRODUCTION

Following re-listing, the Group understands it will be Australia's only provider of support services and investment to early-stage technology sector focused businesses allowing visionary technology business founders to transform their ideas into the successful businesses of tomorrow. Scalare sees a visionary technology business leader as a person that sees the potential for change while having the ability to lead people to create that change. They possess the following characteristics and skills - risk takers, persistence, imagination, innovation, enthusiastic, communicative, collaborative and goal oriented. These are the skills Scalare looks for in business founders as part of its investment selection criteria.

Through combining our direct experience and our passion for helping these early-stage technology companies Scalare is aiming to build a highly scalable business in this high growth sector. Scalare's active involvement

in its customer's businesses allows Scalare to make informed investment decisions. The Group aims to invest in up to eight of these high growth, early-stage technology companies each year.

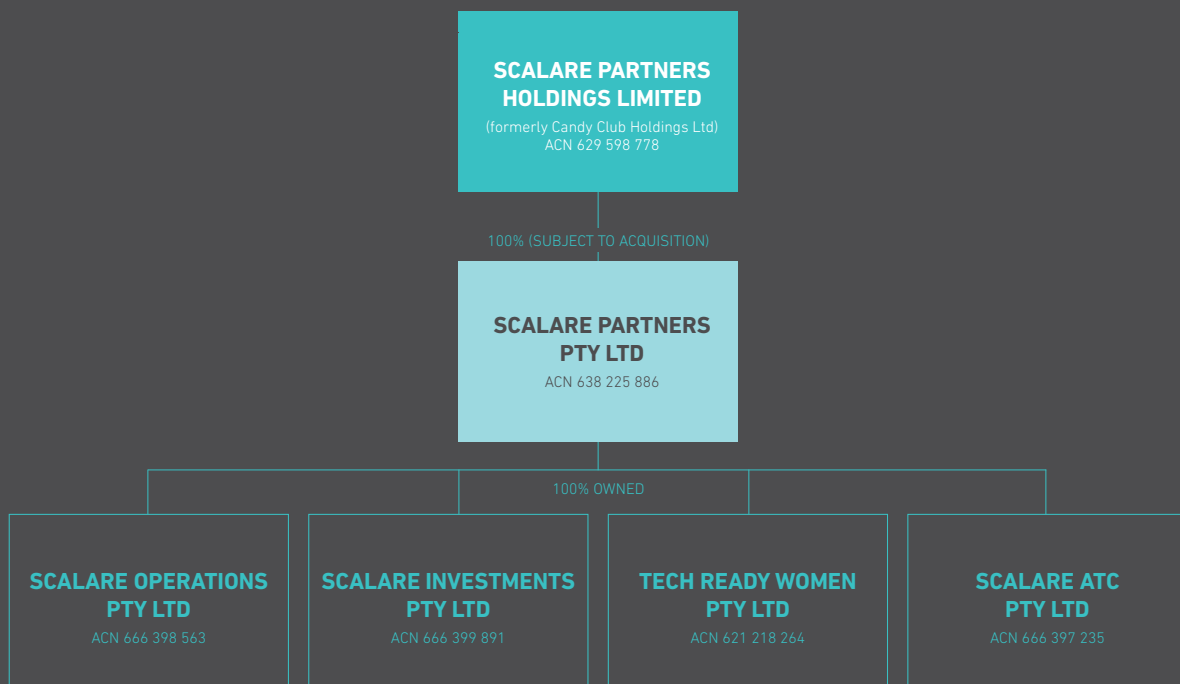
Scalare believes that its involvement, through mentoring, advice and growth services, helps reduce the risk of company failure and enhances the growth prospects as the Scalare team passes on its knowledge and experiences to founders and their teams.

Scalare has already built and will continue to grow a highly engaged community of founders, investors and advisers, who want to work with our customers and portfolio companies to build better companies and strengthen innovation and wealth across the wider community.

Scalare currently has twelve employees and contractors in its team and is headquartered in Sydney, Australia.

On completion, the corporate structure will be as follows:

### CORPORATE STRUCTURE





## 5.2. CANDY CLUB HOLDINGS LIMITED HISTORY

The Company was founded in 2014 and is based in Sydney, Australia. It is currently not trading and suspended on the ASX.

The Company was a specialty market confectionery company which engaged in a business-to-business and business-to-customer online candy business in the USA. The company offered sugar confectionery, chocolates and gums.

On 11 October 2022 the company's shares were suspended, pending the outcome of re-financing discussions with a USA based investment bank. The discussions did not produce a satisfactory result. On 25 October 2022 Voluntary Administrators (VA) were appointed.

The VA commenced a re-capitalisation campaign. After receiving no viable offers, the VA called a meeting pursuant to Section 439A of the Corporations Act to decide the company's future. The USA business was insolvent and all USA assets were under a secured charge to a USA based lender. The VA reported to creditors that the shares in the USA subsidiary were of nil value and sold those shares for a nominal sum.

On 31 January 2023 the Company signed a sales agreement to formally dispose of its wholly owned subsidiary, Candy Club Holdings Inc. and its subsidiaries. The disposal has been accounted for as an adjusting post balance date event on the basis that settlement on 31 January 2023 was considered to be a mere formality of disposal arrangements that commenced after the Company entered voluntary administration.

On 31 January 2023, the company negotiated the full settlement of the bridging finance, via a third party where the third party assumed the liabilities and the third party settled the debt. On 7 February 2023, the Voluntary Administration ended, and new Directors were appointed to constitute a new board.

On 25 May 2023, shareholders approved a 24 to 1 consolidation of shares and options, the issue of new shares, and appointment of new directors. On 26 June 2023, the Company issued 84,688,918 fully paid ordinary shares valued at \$0.00236 per share, raising \$200,000, before costs.

During this time, the Company's financial statements for the years ended 31 December 2022 and 2023 were audited by HLB Mann Judd Assurance (VIC) Pty Ltd (Previous Auditor), who issued an adverse opinion (Adverse Opinion) and concluded that the financial reports are not in accordance with the Corporations Act, including:

- a. giving a true and fair view of the Company's financial position as at 31 December 2022 and 31 December 2023 and of its financial performance for the year then ended; and
- b. complying with the Australian Accounting Standards and the *Corporations Regulations 2001*.

The Company remains suspended and is not trading. In order to have its Shares traded again the Company has agreed to acquire all of the shares in Scalare, seek to raise a minimum of \$4 million under the Offer and apply for re-listing of its Shares on the ASX.

## 5.3. SCALARE PARTNERS PTY LTD HISTORY

Scalare Partners Pty Ltd was incorporated on 1 January 2020.

Scalare was created by the three founders as a means to scale their passion for supporting the early-stage technology sector. All three have a long history of working in and investing in early-stage technology companies and have founded, grown and successfully exited multiple businesses in their own right.

It is this understanding of what is required to build successful technology businesses that led to the Scalare founding team designing a differentiated business model with an attractive long term return profile - one that combines cash generated from direct involvement supporting a wide selection of companies in the sector to fund direct investment in a narrow selection of the most attractive companies from the sector.

Scalare believes that when its investment in a business is tied to our experienced Scalare team of experts being involved in that business it should lead to better and faster outcomes and have less chance of failure.

Since starting in January 2020, Scalare has invested \$3.43 million in 30 companies and had three full and one partial exit. The current portfolio of 27 companies is valued at \$10.23 million. These investments were funded from revenues generated and previous capital raises conducted by Scalare.

With early successes the founding team hired a full time Chief Executive Officer, Carolyn Breeze in February 2023. Since this appointment Scalare has seen an acceleration in our go to market execution and operational activities, including a significant increase in the number of services being offered, customer growth and revenues generated. This acceleration has seen Scalare work with 58 companies in FY2024, up from 30 in FY2023. The number of paid support service engagements has also increased from 39 to 69 in FY2024, with corresponding services revenues growing by 51% to over \$1.6 million. The increase in resources to deliver this significant increase in services contributed to Scalare operating at a loss for the financial year ended 30 June 2024.

Scalare is currently a team of twelve, with two located outside of Australia in Indonesia and the Philippines. It has also built a highly engaged early-stage technology community of nearly four hundred people who are interested in being involved in the wider global start-up technology sector. This includes making direct investments, introducing new business founders for us to work with, providing time for mentoring and advice and assisting in the selection of our portfolio companies.

Scalare is deeply involved in the broader technology sector, driving change through impactful initiatives such as the Australian Technology Competition (ATC) and its "Be the Change" program and the recently acquired Tech Ready Women (TRW) business.

Through these initiatives Scalare works with government and corporates to support and promote technology businesses and their founders. Its focus includes engaging with female and culturally diverse founders, addressing the specific challenges they encounter in fundraising and scaling their businesses. This engagement not only enriches the tech landscape but also creates attractive revenue and investment opportunities for Scalare.

In April 2023 Scalare acquired the Australian Technology Competition (ATC) for the purpose of expanding Scalare's reach into the early-stage technology sector. As a result of acquiring the ATC Scalare has gained new customers for its products and services and has invested in three of the applicants.

The ATC is government and corporate sponsored and is one of Australia's oldest and most prestigious awards for innovative Australian technologies with global growth potential. The ATC has existed for over thirteen years.

In April 2024 Scalare acquired Tech Ready Women Pty Ltd whereby Scalare acquired all of the shares in TRW for an initial consideration of \$100,000 being \$40,000 in cash and the issue of 40,154 shares in Scalare.

Scalare will also pay to the vendors (all TRW shareholders at the time of the acquisition on a pro-rata to their prior shareholdings in TRW basis) an earn-out fee equal to 30% of the TRW revenues only for the financial years ending 30 June 2025, 2026 and 2027.

TRW's programs and communities accelerate the tech and start-up journey for female technology business founders by providing world class mentoring and training in how to start-up and raise capital for technology companies and businesses.

TRW has been in business for nearly five years. Over 5,000 future business leaders have been through the TRW program. The business has traditionally focused on the Sydney and Melbourne market but has recently started to expand into regional areas as well as into other States. Scalare intends to expand TRW across Australia but will also launch TRW into the US, through its plans to create a Scalare Partners office on the West Coast USA.

Scalare has and will continue to make direct investments into selected outstanding early-stage technology businesses that it works with or has worked with in the past. When Scalare invests, it tends to invest as part of the "first professional investor round", which can be traditionally viewed as "Pre-Seed", "Seed" or sometimes "Series A" rounds. Scalare invests with its own cash reserves and does not operate via a fund or other alternative structures. Historically, Scalare has occasionally invested in follow on rounds for its investee companies. Part of the reason for this Offer is to allow Scalare to consider more "follow-on" investments, if appropriate, for its most successful portfolio companies.

Scalare's strategy is to only make an initial investment in the best of the best companies it works with and where Scalare can assist the company with its own growth plans. That is, Scalare ideally has to be actively involved and "add value" to the company for Scalare to consider investing at all. To date, Scalare's emphasis has been to invest in the Australian technology sector but has built a portfolio spanning across diverse geographies, including Australia, USA, New Zealand, Singapore, UK, and Europe.

In FY2024 the investment portfolio companies contributed approximately 59% of Scalare's support services business revenues, being a decrease from 72% in FY2023. At the same time, total support services revenues have increased from \$1.07m to \$1.61m, being a 51% increase. The revenue contribution percentage from the portfolio companies is expected to continue to decrease over time as more and more companies take up the Scalare support products and services.

## 5.4. OUR TEAM

Headquartered in Sydney, Australia Scalare has twelve employees and contractors in its team. While most are based in Sydney, some team members are located in Indonesia and the Philippines.

Details of the Scalare Board and Senior Leadership team are outlined in Section 6.

## 5.5. OVERVIEW OF THE ACQUISITION OF SCALARE

### 5.5.1. ACQUISITION OVERVIEW

On 20 June 2024, the Company announced that it and Scalare had entered into a Merger Implementation Deed and a Share Sale Deed to facilitate the proposed acquisition of 100% of the Scalare by the Company and a related capital raising.

The Merger Implementation Deed and Share Sale Deed replaced the binding term sheet executed by the Company and Scalare and announced on 6 May 2024.

The Acquisition is proposed to be affected by the Company acquiring all the issued capital of Scalare from the existing equity holders of Scalare. The consideration payable by the Company for 100% of the ordinary share in Scalare will comprise ordinary shares in the Company (Consideration Shares). The aggregate number of Shares to be issued to the Scalare Vendors is 72.0 million Consideration Shares.

Upon completion of the Acquisition and completion of the Offer, the Scalare Vendors are anticipated to collectively hold between 67.2% and 78.9% (assuming no investment in the Offer itself) of the issued voting shares of the Company.

### 5.5.2. NAME CHANGE AND BOARD CHANGE

It is proposed that the Company will change its name to "Scalare Partners Holdings Ltd" following Completion and receipt of Shareholder approval. The Company also proposes changing its ASX ticker code to "SCP" from Completion and the successful relisting of the Company. Additionally, Adelle Howse, Neil Carter, James Loughheed and Beau Quarry will become Directors of the Company. James Walker will remain a Director and Gary Simonite

and Greg Starr will resign. James Loughheed, Beau Quarry and James Walker are current Directors of Scalare. Biographies for the proposed new directors are set out in Section 6.1 of this Prospectus.

### 5.5.3. CONDITIONS PRECEDENT

The Acquisition is subject to and conditional upon the satisfaction of waiver of the following conditions:

- The Company obtaining all necessary shareholder and regulatory approvals pursuant to the Corporations Act and the ASX Listing Rules;
- The Company obtaining approval (subject only to conditions usual for such approval) from ASX for its Shares to be reinstated to quotation on ASX;
- The Company meeting the requirements in Chapters 1 and 2 of the ASX Listing Rules as of the Company were applying for admission to the Official List;
- Completion of the Offer at the price agreed between the Company and Scalare;
- There being no material breach of the Merger Implementation Deed by either the Company or Scalare.

The Acquisition is also conditional on the Directors of the Company having not changed their recommendation in relation to the Acquisition. See Section 11.7.1 for further information.

## 5.6. OUR COMBINED BUSINESS APPROACH – SUPPORTING AND INVESTING ACTIVITIES

At the heart of the Scalare business model is the provision of support, via products, services and expert advice tailored to the specific needs of high growth, early-stage technology businesses. After a thorough business review and due diligence process Scalare may also invest in what it considers to be the most attractive of these companies.

Scalare's strategy is to build a profitable services business that generates sufficient cash reserves to fund future annual investments, reducing the need to raise additional funds. As investments are realised, distributions may be made to provide future liquidity and income to Scalare shareholders.

Scalare's involvement in the wider early-stage technology sector through paid mentoring, advice and services allows it to have a greater understanding of the needs of the sector participants and the companies operating within it. Scalare sees continued opportunities to expand its range of products and services through internal technology development activities, expanding the team and strategic acquisitions.

Through our day-to-day operational involvement in the early-stage technology sector Scalare is well placed to better understand the risks, challenges and opportunities these companies face as they scale. This allows Scalare to expand its service offering to accurately meet the market demand and therefore build a market presence that positions Scalare as a partner of choice for technology business founders as they build successful high growth businesses.

This market presence and deep understanding of the individual businesses puts Scalare in a preferred position to access investment opportunities as these companies come to raise capital. This combined with the Scalare team's own entrepreneurial experiences and sector knowledge helps Scalare to make better investment decisions. For the same reason, the ongoing involvement in these businesses means that Scalare can identify business opportunities and issues earlier and therefore provide additional assistance prior to an incident or event impacting the performance and / or valuation of the portfolio company.

At a group level, Scalare also de-risks its overall investment position by taking a portfolio approach to create diversification. That is, Scalare is currently invested in twenty-seven companies and intends to complete up to eight new investments per annum. This portfolio approach to reduce overall risk is also enhanced by limiting the amount invested in each company, being set at a maximum of \$250,000 per company. To date, Scalare has averaged approximately \$122,000 invested in each company.

Each investment is further de-risked by the provision of services to those companies allowing the profits generated from those services to be offset against any potential loss of the original amount invested.

Our approach is to build a highly scalable and profitable operating business to fund our ongoing investments and our approach to investing are described in more detail below.

### **5.6.1. BUILDING A MORE DIVERSE AND INCLUSIVE TECHNOLOGY SECTOR**

Scalare believes that a more diverse start-up technology sector leads to better companies and better outcomes for all.

From inception, Scalare has been operating with a commitment to "Be the Change". As an integral part of our values, Scalare is committed to improving gender balance and cultural diversity within technology entrepreneurship. Through our "Be the Change" initiative, we work to:

- Foster a community of greater gender balance and cultural diversity among our community of business founders, advisors and investors
- Help our business founders build diversified teams and boards
- Form strategic partnerships and participate in networks to further the diversity agenda within the technology community and highlight positive role models from our community

This approach is reflected and supported by our actions of acquiring and growing the Australian Technologies Competition and Tech Ready Women as well as our investment decisions. That is, 32% of the current portfolio was either founded by a female founder or is currently led people from ethnically and culturally diverse backgrounds.



## 5.6.2. OUR BRANDS

Scalare operates its services business through four separate business units, being Scalare Partners, Tech Ready Women, the Australian Technology Competition and its recently launched Ascend.

### SCALARE PARTNERS

Scalare Partners provides hands on support for companies in the sector. Services are focused on the following areas: Commercial, Capital Raising, Accounting and Finance, Marketing, Products and technology, Corporate Governance, People and Culture and Operations.



### AUSTRALIAN TECHNOLOGIES COMPETITION

The Australian Technologies Competition (ATC) is a national growth and awards program designed to showcase and promote innovative Australian technologies with global growth potential.

The competition is open to Australia-based technology companies across various sectors including clean energy, Fintech / Regtech, Medtech, critical technologies (Web3), advanced manufacturing, social impact, and many more.

Participants have access to connect with investors, mentors, and industry experts, ultimately helping them to scale and grow their businesses. Semi-finalists receive mentoring, intensive masterclass sessions and networking opportunities while finalists pitch their technology to a panel of judges and ultimately become an awards category winner.

# OUR BRANDS

### techready women

Tech Ready Women (TRW) helps female founders start their tech and startup journey by providing them with world class mentoring and training in tech and business.

TRW provides educational and mentoring services, including an eight-week Female Founder Start-Up program, an Investment Ready Program as well as a membership to TRW Female Founder Connect.

### ASCEND Powered by SCALARE

Ascend is Scalare's recently launched proprietary digital platform, Ascend is designed to address a business founder's most pressing challenges through structured programs in an efficient and affordable manner.

## 5.7. OUR SERVICES

One of the two main limbs of the Scalare business model is the provision of products, services and expert advice tailored to the specific needs of high growth, early-stage technology businesses.

Scalare support services are available to all early-stage tech companies and not just the companies Scalare invest in. Where Scalare does invest in these companies the ongoing services are not compulsory (except usually for an NED role) so portfolio companies can choose their own service providers. Scalare is confident that the high quality of support services provided means the business is able to attract and retain our customers over the long term.

### 5.7.1. SCALARE PARTNERS HANDS ON SUPPORT SERVICES

Scalare Partners provides hands on support for companies in the sector, including:

- **Commercial** – build and lead the go to market strategy, optimise pricing models, streamline customer journeys and maximise market potential
- **Capital raise** – provides expert guidance to plan capital raising as well as help to secure or lead funding rounds, creating compelling pitches and meeting investor expectations. Scalare is a Corporate Authorised Representative under AFSL 000529952
- **Accounting and finance** – develop the right financial strategy with accurate accounting services, focussing on accurate forecasting and optimal cash burn rate management
- **Marketing** – develop impactful marketing strategies to build a brand, enhance visibility and drive customer acquisition
- **Product and technology** – ensure the product roadmap is robust and avoid Tech debt with Scalare's expert guidance and strategic support
- **Corporate governance** – implement strong yet sensible corporate governance practices for the businesses' stage of growth and maturity to build ethical operations and investor confidence
- **People and culture** – create a thriving culture to attract top talent and implement effective HR practices for sustained growth

- **Operations** – build on existing business operations with our expert support to drive efficiencies, scalability and seamless growth
- **Mentoring and education** – through Tech Ready Women and the recently launched Ascend programs
- **Market awareness** – through the annual Australian Technologies Competition

In addition to these services Scalare charges an upfront support fee for any investments it makes. This fee, historically twenty thousand dollars, covers the first year of the portfolio company's engagement in the Scalare community activities, including regular cross portfolio founder meetings, educational seminars, attending / speaking at our community live events, assisting with introductions and access to our reference library. The fee is deducted from the amount invested in the company so is received upfront.

Each of these services are critical when building a successful early-stage business as business founders cannot be experts in all areas. By working with Scalare, business founders are given the support they need, as and when required. All without being burdened with unnecessary costs of full-time employees at such an early stage in their growth cycle.

Our services are provided by experienced experts in each area, either from the current team or hand-picked external experts contracted in for a specific assignment.

Scalare offers various levels of service to match the customer's requirements, with most services provided on a monthly cash retainer basis or a combination of a smaller retainer with a cash based, success fee component. When external advisers are appointed to provide these services, Scalare makes a margin (generally between 20% to 50%) on the revenue generated.

In addition to the revenue generated by each of these services Scalare learns a great deal about our customers over the term of our engagement. This initial service often leads to the customer requesting additional services and assistance as they scale.

Once a company achieves a certain level of scale and maturity, Scalare may experience a reduction in certain services being provided to that individual company as it can employ resources inhouse to manage its growth. An example could be a reduction in the accounting and finance services as the company employs a full time CFO.

Being involved in aspects of the customer's business means the Scalare team is also better educated on the business opportunity, the team's ability to execute and be successful and therefore leads to better informed investment decisions when our customers are raising growth capital.

Part of the funds Scalare is raising under this Offer will be used to fast track the digitalisation of these services so Scalare can continue to scale and build recurring revenue streams faster.

### **5.7.2. TECH READY WOMEN SERVICES**

Tech Ready Women provides educational and mentoring services, including an eight week Female Founder Start-Up program, an Investment Ready Program as well as a membership to TRW Female Founder Connect.

These services are all cash based and are well supported by corporate and government sponsorships. TRW is a profitable business with significant growth opportunities as Scalare looks to grow the program nationally and into the regions as well as overseas.

In addition to doing meaningful work improving the gender gap in the early-stage tech sector and being a profitable business, the TRW acquisition brings considerable benefits to the Scalare business model. That is, Scalare can now build a relationship with over the 1,200 alumni and paying members, which may lead to a greater take up of Scalare's products and services as the members look to grow their own businesses. This should also lead to more investment opportunities.

Scalare is raising funds under this Offer to expand these services across Australia and through other channels, such as Universities, Regional Councils and internal corporate programs. The move to take TRW national has already started with the signing on 9 August 2024 of an agreement with the Queensland Department of Environment, Science, and Innovation to provide 2 programmes through to 30 November 2025. Refer to Section 11.7.6 for details.

### **5.7.3. THE AUSTRALIAN TECHNOLOGIES COMPETITION**

The Australian Technologies Competition (ATC) recognises and accelerates homegrown scaleups with global potential. It is a national growth and awards program designed to showcase and promote innovative Australian technologies with global growth potential. The competition is open to Australia-based technology companies across various sectors including clean energy, Fintech, Regtech, Medtech, critical technologies, advanced manufacturing, social impact, and more. Successful entrants have access to connect with investors, mentors, and industry experts, ultimately helping them to scale and grow their businesses. Semi-finalists receive mentoring, intensive masterclass sessions and networking opportunities while finalists have a chance to pitch their technology to a panel of judges and ultimately become an awards category winner.

The ATC does not derive revenue by charging entrants to apply but through annual corporate and government sponsorship programs. These programs are all paid for on a cash basis only. ATC is a profitable business.

In addition to being a profitable business the ATC acquisition also brings considerable benefits to Scalare. Scalare has and will continue to build a relationship with current and previous applicants. This relationship enhances one of our objectives of being a leader in the early-stage technology sector, as well as providing an opportunity to offer our support products and services to this group of companies as they look to grow their own businesses. This relationship may also generate leads to more investment opportunities.

#### **5.7.4. ASCEND**

Ascend is Scalare latest offering to the early-stage tech sector.

Ascend is a highly scalable, repeatable digital offering focussed on solving a business founders most pressing problems. Ascend offers intensive, four-week "problem-based" programs designed to tackle founders' specific challenges. Collaborating with Australia's top start-up experts across eight key business areas, Ascend delivers cutting-edge frameworks, IP, and insights.

This purpose-built diagnostic tool helps business founders identify and prioritise high-impact problems from the very beginning. Ascend is committed to being the most affordable and accessible solution for founders seeking real results.

In addition to generating cash-based revenues the Ascend program is fundamental to the Scalare business model. As companies apply our high level diagnostic tool to their business they understand where to prioritise assistance now and how Scalare can help. It is expected that this leads to a deeper engagement and the provision of additional services while getting to understand more about the business and the founding team.

When a client is ready to raise capital it is likely that Scalare will be assist them to be "capital-raise ready", manage the capital raise process and if suitable, lead the investment round.

#### **5.7.5. NON-EXECUTIVE DIRECTOR OR ADVISORY BOARD ROLES**

Key to any investment Scalare makes is that Scalare has the right to appoint a non-executive director or as an advisory board member for a limited period of time, usually for the first three years. This role is important to the Scalare approach as it allows a forum for Scalare to remain active in the business and work closely with the business founder so as to identify and resolve the operational business issues that the company will face from time to time as it grows.

Scalare's preferred remuneration model for these services is to take equity, usually in the form of attractively priced and conditioned structured equity options. Over time, the value of the equity earned through this non-executive director service can be significant. This approach allows Scalare to potentially increase its investment in the companies selected.

Scalare currently holds 17 board or advisory roles in the 27 companies invested in. Scalare does not take board positions in company's which it has not invested in.

#### **5.8. GO TO MARKET AND GROWTH STRATEGY**

Scalare's go to market strategy for customer and investment opportunities is two-fold and interconnected.

##### **5.8.1. ACTIVE INVOLVEMENT IN ALL ASPECTS OF THE EARLY-STAGE TECH COMPANY / FOUNDER COMMUNITY**

Scalare is actively involved in all aspects of the business founder /early-stage technology sector. This includes, speaking at community events, operated by Scalare and other industry events, community newsletters, the Australian Technologies Competition and Tech Ready Women.

This presence means that Scalare is well known throughout the sector and is regularly approached for assistance, advice and investment. In addition to these inbound opportunities Scalare, through the ATC and TRW, develops its own opportunities for both support services and investments.

##### **5.8.2. SCALARE'S OWN COMMUNITY AND RECENT ACQUISITIONS**

Scalare's own community of over four hundred business founders, investors and advisers is also a great source of opportunities.

Scalare has internal resources focussed on engaging with the wider sector and our community in a regular and meaningful way. Through this engagement Scalare has numerous candidates for Scalare support services, Ascend digital courses, TRW memberships and courses and sponsorships for the ATC.

Once Scalare engages with a founder/company via services or through the investment process this leads to a discussion about other potential areas of support. That is, services often lead to investment opportunities and investment candidates often become services opportunities.

### 5.8.3. INCREASE DIGITALISATION OF SERVICES

A portion of the Offer proceeds (up to \$500,000 on the Maximum Amount being raised) are being dedicated to our own technology developments to fast track current digitalisation of products/services and subscription/membership programs.

Scalare's technology development will focus on the ongoing enhancements and launch of Ascend (section 5.7.4) and improvements in the technology platforms under pinning the ATC and TRW operations so as to ensure a smooth integration between the Scalare brands.

This should lead to faster take up of our services through scaling the offering and less reliance on management time and expertise. These digital services will provide the initial introduction to Scalare as well as ongoing mentoring and educational services. Over time this will lead to more opportunities for longer term projects and ongoing engagements. The digital services are expected to generate higher margins and will be more widely available and scalable.

### 5.8.4. EXPANDING TO THE USA

A portion of the Offer proceeds are being dedicated to launching the Scalare support services and Tech Ready Women to the US market. Scalare will not provide financial advice or capital raising services in the US market.

Scalare already has invested in one company headquartered in the U.S., and several other companies Scalare has invested in generate revenue from this market. Moreover, a recent review of our portfolio companies indicated a strong interest by a number of them to enter the U.S. market. Scalare's team, with its direct experience and capabilities, is currently advising companies on US market entry strategies and Scalare's expansion to the US will allow Scalare to directly assist them implement their US expansion plans.

With guidance from our current US based non-executive director, Scalare has developed a plan to provide services to US based early-stage, high growth companies. The initial approach will be to commence the provision of Scalare's products and services to portfolio companies expanding to the US using the existing Scalare team and resources. The Company will then promote its products and services including the existing digital Tech Ready Women programs, through activities such as sponsoring up to four technology and angel investor organisations and related events to attract US clients in the first 12 months.

As part of developing its plan the Company, through its US based director, has already identified and priced potential events, including two on the West Coast, which are well known to our US based director. As Scalare has not completed the Offer and therefore not established the US subsidiary no contracts have been entered into at this stage.

Through sponsorship of these organisations and their events Scalare will be able to promote our services to portfolio companies of these organisations and other early-stage technology companies working with these organisations. Scalare will also be able to attend their events and meet with potential customers to promote our services. Partnering with technology and angel investor groups is seen to be an effective channel to market to attract new customers as these organisations interact directly with our target market of early-stage technology companies looking for assistance to grow. Sponsorship and partnering with these organisations is expected to cost up to \$120,000 in the first twelve months.

The Company will also promote its US operations to the Scalare Community to attract additional clients in the US.

Key steps for Scalare:

- Establish a 100% owned US subsidiary company in late calendar year 2024;
- Appoint US based legal, accounting and taxation service providers to ensure the company complies with all local and federal requirements prior to the provision of our service or product in late calendar year 2024;
- Promote the establishment of US subsidiary and intended commencement of operations to the Scalare Community in late 2024;
- Launch business operations in the USA from the first quarter in calendar year 2025 in respect of those consulting products and services outlined below. These do not require any US approvals, licenses or permits;
- Commence sponsorship of technology and angel investor events to attract US clients in the second quarter of 2025.

As stated above, the initial work in the US will be Scalare services led, with all of the functions carried out by the existing team. If sufficient demand for Scalare's revenue generating products and services arises additional resources may need to be engaged on an "as needs" basis. These additional resources may be located in the US, Australia or elsewhere and will be funded out of US sourced revenues.

Scalare intends to launch with the following consulting products and services, with services initially being offered by the existing team:

- Commercial – build and lead the go to market strategy, optimise pricing models, streamline customer journeys and maximise market potential
- Accounting and finance – develop the right financial strategy with effective accounting services, focussing on accurate forecasting and optimal cash burn rate management.
- Marketing – develop impactful marketing strategies to build a brand, enhance visibility and drive customer acquisition
- Product and technology – ensure the product roadmap is robust and avoid Tech debt with Scalare's expert guidance and strategic support
- Corporate governance – implement strong yet sensible corporate governance practices for a company's stage of growth and maturity to build ethical operations and investor confidence
- People and culture – create a culture to attract top talent and implement effective HR practices for sustained growth
- Operations – build on existing business operations with our expert support to drive efficiencies, scalability and seamless growth
- Mentoring and education – through Tech Ready Women and the recently launched Ascend programs.

Scalare will source additional, US based customers from the existing Scalare Community, including US based director and the networks of the current Scalare team. Through sponsorship of US based early-stage technology company networks, (such as Tech Incubators and Angel Investment Groups) Scalare will source other service opportunities, including the take up of the digitally provided Tech Ready Women programs.

While investment in US based companies is not an immediate focus the providing of services to these types of companies may lead to investment opportunities in the future. Any potential investments will only be considered after a services customer base has been established in the US. Investment opportunities will be managed and processed through the existing systems and team in Australia.

The current team is capable and has capacity to service the expected increase in new customers in the short term. Members of the current team have direct US based experiences and therefore are able to provide the consulting products and services shown above without any additional upskilling or retraining. With customer and revenue growth over time, Scalare may need to consider engaging additional service providers, both internally and potentially external contractors.

This service led approach, led by the current team will allow Scalare to manage growth, cash requirements, compliance and staff risks on a measured basis. See Section 7.2.14 for details of risks associated with the US expansion. The speed and quantum of the increase in the Scalare USA business will be driven by the level of uptake of the Scalare revenue services in the US. The Company will limit the capital allocated to the US operations to the amount set out in the Use of Funds table. Any addition expansion will only be funded from US operational revenues. Therefore, no additional funds over those to be initially allocated will be required to be raised to fund further expansion.

## 5.9. OUR CUSTOMERS AND SERVICES

With the expansion of the team in 2023 Scalare has expanded our service offering to the wider early-stage technology sector.

The FY2024 was a transformational year for the business, with service and product revenue growing 51% to \$1,608,067. On a pro forma basis, total revenues for FY2024 was \$1,993,063.

This revenue was generated from 58 companies, through 69 separate engagements. Revenues from non-portfolio investment companies grew by 118% and now represents 41% of total FY2024 revenues. Revenues from portfolio investment companies also grew by 25%.

Scalare's financial performance is described in more detail in Section 8 of this Prospectus.

## 5.10. INVESTING

In addition to our ongoing aim to build support business through providing mentoring, advice, products and services in the early-stage technology sector Scalare's intends to continue to make investments in a selection of those early-stage, high-growth technology companies.



Scalare has already invested in a total of 30 companies and intends to build on that number by making up to eight new investments per year. With funding from this Offer, Scalare will also be able to make follow on investments in a selection of the more successful portfolio companies.

Scalare manages the entire selection, due diligence and original investment for the companies selected. Scalare does not manage an investment fund as its investment are made directly with its own funds. This means that Scalare receives the full benefit and carries the full risk of that ownership.

While Scalare does invest in companies with different growth and capital raising histories Scalare's preferred investment approach is to invest when a company is taking investment for the first time from professional investors.

### 5.10.1. INVESTMENT OBJECTIVES

Scalare's investment objectives are to:

- deliver long term returns to Shareholders from the realisation of capital gains generated from its portfolio and
- support these longer-term returns by building a recurring profitable services business that generates cash for new and ongoing investments in early-stage technology companies

Scalare aims to give more investors access to investments in the start-up technology sector.

Scalare equally focusses on managing the investment and investor risk associated with investing in early-stage technology companies (a highly speculative asset class) with a number of distinct investment approaches and decisions.

This includes the following:

- investing no more than \$250,000 (historically averaged \$122,000) in each company so any individual company failure is unlikely to be material on its own
- already invested in thirty companies, with three full and one partial exit, establishing an attractive track record and allowing Shareholders to understand the types of investments and Scalare's approach to investing in this sector

- by providing services to the portfolio companies where the revenues for these services can ultimately be greater than the original amount invested

As a listed company, the Company offers Shareholders the potential for a more liquid and more accessible investment instrument.

### 5.10.2. INVESTMENT APPROACH

Scalare is focussed on assisting and investing in high growth potential, early-stage technology companies.

Scalare's investment approach is broad and flexible and allows Scalare to invest across a multiple of sectors and geographies. However, our guiding principles of working with (by providing remunerated services) and investment in companies are as follows:

- A technology centric business with significant potential
- Operating in a large and fast growing market
- International aspirations and applications
- An impressive founder and foundation team who inspire others
- A passionate founding team that deeply understands the problems they are looking to solve
- A founding team that are open to mentoring, advice and assistance
- Existing product market fit supported by commercial validation (ie. initial customer revenues)
- A track record of meeting key milestones to build conviction on future forecast and objectives
- Scalare must be convinced that it can add value and assist the company deliver on its plans

Investment decisions are made by the Scalare investment committee. Historically, this has consisted of the senior leadership team of the CEO, the CFO and the co-founding and other partners. Post Completion, the Investment Committee will be expanded to include at least one of the Group's Non-Executive Directors.

For investment, Scalare insists on a remunerated non-executive director or advisory board role to ensure there is a formal mechanism to be active in the business. Remuneration for this role usually is in the form of equity options in the company.

While identifying and providing additionally remunerated services to our portfolio companies is important Scalare does not mandate portfolio companies to use our services. Scalare has to demonstrate the value being generated by appointing Scalare to provide the services required.

When making an investment Scalare does not mandate a prescribed minimum or maximum percentage ownership requirement. Typically, Scalare will own between 2-10% of the company invested in.

Scalare often co-invests with other early-stage technology investors to ensure the company is well positioned for future fund raising and growth. Historically, eligible Scalare shareholders have also co-invested when Scalare invests. Where Scalare is leading a capital raise it will look to present the opportunity to eligible Scalare community members.

With our deep exposure to the sector, through our multiple brands, touchpoints and offerings described above, Scalare does not need to allocate significant marketing spend to generate investment opportunities as it already generates hundreds of investment opportunities each year. This deep pool of opportunities allows Scalare to be selective as our plans are to only invest in up to eight new businesses each year.

### **5.10.3. WHY FOCUS ON EARLY-STAGE TECHNOLOGY COMPANIES?**

Scalare believes that its skill sets, service offerings, company culture and individual team direct experiences are ideally suited to working with early-stage technology founders and their companies. It is a sector and mindset that drives the team.

While there is a higher risk of company failure at this early stage of the company's development the ability to earn superior returns is also possible. Scalare believes that the biggest uplift in investment returns can be generated by investing at this early stage.

Our business model, which leads to a deep engagement with the founder should reduce the risk of overall company failures as the senior Scalare team have started their own businesses and are aware of the early signs of failure and therefore can act quickly to resolve any issues.

### **5.10.4. PORTFOLIO COMPANY ATTRIBUTES**

As part of our investment making process Scalare also assesses businesses against a number of key qualitative and quantitative measures that Scalare considers important for creating successful high growth businesses, including:

- High quality team and culture: high quality leadership within a founding team is critical
- Open to new and outside input and advice – key to the Scalare business model is Scalare being actively involved to support the founder. If the founder is not open to our "hands-on" approach, Scalare will not engage
- Significant founding team equity interest; a significant equity position held by the team is a positive endorsement of the belief held by the team in the opportunity

### **5.10.5. PORTFOLIO COMPANY VALUATION METHODOLOGY**

Scalare reviews the progress of each portfolio company on a regular basis. This includes a formal valuation review twice a year as part of the company's preparation of the half yearly and annual financial statements.

Each company in the portfolio is included in the formal valuation review process. An increase or decrease in each company's valuation is recorded as an unrealised gain or loss in Scalare's financial statements.

This formal review process is undertaken by the Scalare Investment Committee. Historically, this has consisted of the senior leadership team of the CEO, the CFO and the co-founding and other partners. Post Completion, the Investment Committee will be expanded to include at least one of the Group's Non-Executive Directors. On completion of this review process the Scalare Board will review and question and may alter the proposed portfolio valuation prior to approving the final valuation, which is then subject to the company's audit review process.

At the time of making the investment Scalare will agree with the portfolio company the key metrics and measures of success, including many of the factors Scalare considers important for success, as shown below. It is these metrics that Scalare will apply when determining how the company is performing in the short term. Many of the metrics agreed and the relative importance of each metric agreed at the time of the investment will differ for each portfolio company. This is due to many factors and could include that the portfolio company could be in different industry, providing different technology solutions, be in a different stages of revenue growth, have a different number of products in market. Have a different maturity of the leadership team and other important factors. The relative importance of each and the actual target metrics is based on the experience of the Scalare team and the portfolio company founder.

A key valuation consideration is whether the company has completed a capital raise within the last twelve months. If the raise was completed with a majority of the funds raised from new investors Scalare will apply that valuation to its equity position to determine Scalare's valuation position. When the value applied to Scalare's holding in a portfolio company is based on a raise completed in the last twelve months no adjustments are made, including the potential impact for any of the key quantitative or qualitative measures shown below. That is, the value applied remains the same for the initial twelve months. However, an exception is if there is a material event in relation to the portfolio companies that may impact the value of the listed Company or its Shares which will be required to be announced under the ASX continuous disclosure obligations. In this circumstance Scalare will adjust the valuation that it applies to its holding in that portfolio company.

If there has not been a completed capital raise in the last twelve months the Scalare Investment Committee will apply a number of key quantitative and qualitative measures that it considers important to determine the valuation of the company. After a thorough discussion and review by the committee members on all of the factors considered this valuation is then applied to Scalare's equity holding to determine the value Scalare will record for that company.

These considerations include:

- Achievement (or not) of the company, technology and product milestones agreed as part of the Scalare investment due diligence process
- Achievement (or not) of the agreed financial forecast and objectives

- Revenue growth rates and gross profit margin
- Revenue pipeline and short term growth opportunities
- Team stability and / or loss of key personnel.
- Industry and / or technology changes
- Comparable company analysis
- Cash runway and timing to the next raise, if required

There is no standard or fixed allocation, weighting, dollar amount or benchmarking applied to each of the factors shown above for each portfolio company, but instead are applied on a company by company basis. The investment committee applies the collective experience and knowledge of the Investment Committee members to determine the relative weighting and importance of these factors when determining the value attributable to Scalare's holding in each portfolio company.

When the value applied to Scalare's holding in a portfolio company is based on the quantitative and qualitative measures shown above Scalare reviews and considers each of the eight measures as a whole. The relative importance of each item may vary from company to company but the financial considerations, such as cash runway, revenue growth, revenue pipeline, margins and achievement of these to a company's internal plans are considered the most important. Qualitative measures such as technology and product milestones, team stability and analysis of comparable companies can be seen as predictive indicators of future performance and therefore can be of assistance in determining the overall valuation.

The portfolio company's performance against each of these consideration items and the number of consideration items being achieved or not being achieved and the relative importance Scalare places on these may vary from company to company. As stated above, the financial metrics are considered the most important and only after reviewing all items will a judgment be made on the relative importance of each item and the number of items exceeding, meeting or not meeting be taken into account when determining the valuation Scalare places on its investment in each portfolio company.

The consideration of all these factors by the Scalare Investment Committee allows Scalare to form a view of the most appropriate valuation approach and metrics to apply to each company and for example, could range from applying a profit multiple or a revenue multiple and what multiple number to apply in each situation. Each portfolio company is considered on a case by case basis and different multiples or different approaches may apply to each company.

## Examples of both valuation approaches include:

### Example 1 – Company completes a capital raise in the last twelve months

#### Portfolio Company A (PCA)

In June 2022 Scalare acquired 250,000 ordinary shares in PCA at \$1 per share, investing \$250,000 on a pre-money valuation of \$4m. The total amount raised in June 2022 was \$1m, with \$750,000 from other investors. This values PCA at \$5m, post money valuation, with a total of 5m ordinary shares on issue. PCA annual recurring revenue (ARR) is \$1m and current cash burn is \$500,000 pa. Scalare has valued PCA at a ARR Multiple of five times.

In May 2024 PAC raised another \$2m from new investors on a pre-money valuation of \$8m, issuing 1.25m ordinary shares at \$1.60 per share. Total shares on issue, post raise was 6.25m, resulting in a post money valuation of \$10m. The other Scalare valuation considerations are ignored as PCA has completed a recent capital raise in the last twelve on an agreed valuation.

In this example Scalare's 250,000 ordinary shares would now be valued at \$400,000 and accordingly Scalare would include a value of \$400,000 on its own balance sheet as at 30 June 2024. A corresponding unrealised investment gain of \$150,000 (before adjustments for tax) would be recorded in the company's profit and loss.

### Example 2 – Company does not complete a capital raise in the last twelve months and is meeting or exceeding indicators.

#### Portfolio Company B (PCB)

In May 2023 Scalare acquired 250,000 ordinary shares in PCB at \$1 per share, investing \$250,000 on a pre-money valuation of \$4m. The total amount raised in May 2023 was \$1m, with \$750,000 from other investors. This values PCB at \$5m, post money valuation with a total of 5m ordinary shares on issue. PCB annual recurring revenue is \$1m and current cash burn is \$500,000 pa. Scalare has valued PCB at a ARR Multiple of five times.

In June 2024 Scalare is required to complete a formal valuation review. PCB has not completed a capital raise in the last twelve months so Scalare is required to make an assessment and calculate the valuation of its holding in PCB.

A review of the available information shows the following:

PORTFOLIO COMPANY B – CONSIDERATIONS	PERFORMANCE COMPARED TO INFORMATION OBTAINED AT TIME OF INVESTING AND COMPLETING DUE DILIGENCE
Achievement (or not) of the company milestones	Exceeding
Achievement (or not) of the technology milestones	On track
Achievement (or not) of the product milestones	On track
Achievement (or not) of the agreed financial forecast	Exceeding
Revenue growth rates and gross profit margin	Exceeding – ARR is now \$2m
Revenue pipeline and short term growth opportunities	Exceeding
Team stability and / or loss of key personnel	No loss – team is performing
Industry and / or technology changes	No significant changes
Comparable company analysis	Comparable company raised funds on a four times ARR in April 2024
Cash runway and timing to the next raise, if required	+18 months cash runway

If there was no comparable company information available Scalare would apply a five times ARR multiple to value its holdings in PCB as the portfolio company is meeting or exceeding all indicators considered. As PCB's revenues have doubled with a five times ARR Multiple Scalare's investment would be valued at \$500,000 (as compared to the original \$250,000 invested) and PCB would be valued by Scalare at \$10m.

However, with a recent capital raise completed by a comparable company (with comparable financial results and performance to PCB) Scalare would take a

conservative approach and calculate a valuation based on four times ARR Multiple, being a valuation of \$8m. This conservative approach would value Scalare's shares at \$400,000 and not \$500,000 based on the original five times ARR multiple.

In this example Scalare's 250,000 ordinary shares would now be valued at \$400,000 and accordingly Scalare would include a value of \$400,000 on its own balance sheet as at 30 June 2024. A corresponding unrealised investment gain of \$150,000 (before adjustments for tax) would be recorded in the company's profit and loss.

**Example 3 – Company does not complete a capital raise in the last twelve months and is not meeting certain milestones.**

**Portfolio Company C (PCC)**

In May 2023 Scalare acquired 250,000 ordinary shares in PCC at \$1 per share, investing \$250,000 on a pre-money valuation of \$4m. The total amount raised in May 2023 was \$1m, with \$750,000 from other investors. This values PCC at \$5m, post money valuation with a total of 5m ordinary shares on issue. PCC annual recurring revenue is \$1m and current cash burn is \$500,000 pa. Scalare has valued PCB at a ARR Multiple of five times.

In June 2024 Scalare is required to complete a formal valuation review. PCC has not completed a capital raise in the last twelve months so Scalare is required to make an assessment and calculate the valuation of its holding in PCC.

A review of the available information shows the following:

<b>PORTFOLIO COMPANY C – CONSIDERATIONS</b>	<b>PERFORMANCE COMPARED TO INFORMATION OBTAINED AT TIME OF INVESTING AND COMPLETING DUE DILIGENCE</b>
Achievement (or not) of the company milestones	On track
Achievement (or not) of the technology milestones	Three months behind
Achievement (or not) of the product milestones	Three to six months behind
Achievement (or not) of the agreed financial forecast	On track
Revenue growth rates and gross profit margin	50% below forecast – ARR is still \$1m
Revenue pipeline and short term growth opportunities	On track but slower to convert to customers
Team stability and / or loss of key personnel	CTO has resigned – currently recruiting replacement
Industry and / or technology changes	No significant changes
Comparable company analysis	No new industry information
Cash runway and timing to the next raise, if required	Six month's cash runway remaining

In taking into account the above factors Scalare would consider the impact of no growth in revenues and being behind schedule on the technology and product milestone as well as the loss of the CTO (with no replacement appointed) as important considerations. Also taken into account is that the company has a six month's cash runway and it is estimated another \$500,000 is required as a new capital raise so that a new CTO can be hired and to ensure technology and product milestones are advanced.

With these factors a lower ARR multiple of four times would be applied, valuing the company at \$4m, a 20% decrease. In this example Scalare's 250,000 ordinary shares would now be valued at \$200,000 and accordingly Scalare would include a value of \$200,000 on its own balance sheet as at 30 June 2024. A corresponding unrealised investment loss of \$50,000 (before adjustments for tax) would be recorded in the company's profit and loss.

**END OF EXAMPLES**

For investments held outside of Australia, the prevailing exchange rate at the record date is also applied.

It is important to note that the valuation determined by Scalare is based upon Scalare's evaluation of that company and may not reflect the valuation the company itself believes it is worth.

Realised investment gains or losses are recognised at the time of executing an equity sale agreement or when the company is closed down and formally placed in administration or liquidation and that process is completed with the company deregistered.

## 5.11 CURRENT INVESTMENT

# PORTFOLIO

Scalare's current investment portfolio consists of the following companies:



Scalare's investment portfolio as at 30 June 2024 can be summarised across the following levels of business / commercialisation maturity as:

Portfolio Company Growth Stage	No. of companies invested in	Amounts Invested		As at 30 June 2024		
		Cash Invested	Equity Earned	Total amount invested	Current valuation	%
Product launch	8	\$1,046,350	\$187,998	\$1,234,348	\$984,426	9.6
Market validation	7	\$916,017	\$329,089	\$1,245,106	\$1,312,718	12.8
Revenue momentum	5	\$560,564	\$224,496	\$785,060	\$1,810,305	17.7
Scaling / globalisation	7	\$904,021	\$60,213	\$964,234	\$6,126,994	59.9
<b>Total investments</b>	<b>27</b>	<b>\$3,426,952</b>	<b>\$801,796</b>	<b>\$4,228,748</b>	<b>\$10,234,443</b>	<b>100.0</b>

#### Definitions:

- Product launch – company is ready to launch or has just launched their first iteration of a product/solution that can be commercialised
- Market validation – company is demonstrating early commercialisation progress (users and/or revenue) post product launch,
- Revenue momentum – company is demonstrating increasingly consistent revenue growth and commercial metrics
- Scaling / globalisation – company has a developed a predictable sales/commercial and product development capability that can be scaled and repeated in different markets and jurisdictions where opportunities exist.

#### Conclusions

- Early-stage companies will typically mature through the growth stages highlighted and as well as demonstrating key milestones in a company's development these stages often coincide with the bringing on of new investment to help support the company through the next stage of growth.
- As the companies move from stage to stage they tend to be rewarded with a higher valuation on the back of revenue growth, a more established market position and a demonstrated ability of the executive team to deliver on business objectives.
- Scalare's current portfolio has a healthy balance of more mature companies that have achieved meaningful uplift in their valuations with earlier stage business who have the potential to grow and increase valuations as they progress through the growth stages.
- Our investment approach is to typically invest at the product launch or market validation stage of a company's journey and then to support the companies as they look to move to different growth stages with accompanying higher valuation.



Scalare's investment portfolio as at 30 June 2024 can be summarised across the following technology sectors:

Technology Sectors	No. of companies invested in	Amounts Invested		As at 30 June 2024	
		Cash Invested	Equity Earned	Total amount invested	Current valuation
Regtech / ESG	6	\$695,997	\$299,632	\$995,629	\$3,634,496
Medtech and Wellness	4	\$622,304	\$49,574	\$671,878	\$2,510,665
Fintech	5	\$631,042	\$38,500	\$669,542	\$2,219,433
Travel & logistics	2	\$216,017	\$118,752	\$334,769	\$675,830
Market places	4	\$550,000	\$82,977	\$632,977	\$429,520
Brand and Loyalty	2	\$240,000	\$72,664	\$312,664	\$321,240
Edtech	1	\$120,000	\$52,164	\$172,164	\$107,368
HRtech	1	\$111,592	\$35,105	\$146,697	\$215,888
Agritech	1	\$120,000	\$0	\$120,000	\$120,000
Web3	1	\$120,000	\$52,428	\$172,428	\$0
<b>Total investments</b>	<b>27</b>	<b>\$3,426,952</b>	<b>\$801,796</b>	<b>\$4,228,748</b>	<b>\$10,234,443</b>

Of the current investment portfolio Scalare's intention to build a more diverse technology sector, is evidenced by investing in more diverse founders. 32% of the current portfolio was either founded by a female founder or led by people from ethnically and culturally diverse backgrounds.

Section 5.10.5 outlines the approach adopted to determine the valuation of the portfolio as at 30 June 2024.

### 5.11.1. CURRENT INVESTMENT PORTFOLIO COMPANIES BY VALUATION AND OTHER METRICS

The current weighting of the portfolio is as follows:

Portfolio Companies	Amount invested	Current valuation	Cumulative % of Total portfolio
WithU	\$302,304	\$2,252,237	22%
MyPass	\$160,213	\$1,767,361	39%
FrankieOne	\$99,977	\$1,566,000	55%
AsiaVerify	\$283,789	\$1,129,568	66%
FreeGuides	\$234,769	\$575,830	71%
Treety	\$270,028	\$274,000	74%
All other companies (21)	\$2,877,668	\$2,669,447	100%
<b>Total</b>	<b>\$4,228,748</b>	<b>\$10,234,443</b>	<b>100%</b>

Included in the "Amount invested", shown above, is the dollar amount paid in cash as well as the value attributable to the equity options earned for providing non-executive director services, if applicable.


Some of the other twenty one companies are valued at the original investment amount and equity options earned as they continue to meet milestones and have not raised additional capital since Scalare's investment.


Additional investment portfolio information and other metrics are discussed in more detail in the Financial Information section (Section 8) of this Prospectus.


## 5.11.2. CURRENT INVESTMENT PORTFOLIO COMPANIES


A summary of the current companies in Scalare's investment portfolio are shown below.


It is important to note that the valuation determined by Scalare is based upon Scalare's evaluation of that company and may not reflect the valuation the company itself believes it is worth.


PORTFOLIO COMPANY	ANNA Money – recently acquired
LOCATION / INDUSTRY	London, United Kingdom / Fintech
	<p>Scalare's original investment was in Cape, an Australian registered company. Recently acquired by UK fintech Anna Money, Cape's expense management software actively streamlines and automates company finances so you can power up your payments, policies, and people. It's an all-in-one platform to spend smarter, cut wasteful purchasing, crunch numbers less, and boost business more.</p> <p>Access capital, build budgets, set spend controls, issue your entire team with corporate cards, capture and store receipts, and automate payment to ledger with cloud accounting integrations.</p>
INITIAL INVESTMENT / AMOUNT INVESTED	<p>January 2024 – amount invested of \$130,954. Anna Money acquired 100% of Cape in January 2024. The acquisition was a script deal with the UK holding company. Based on the equity held in CAPE Scalare received \$130,954 in equity in Anna Money UK.</p> <p>The difference between the amount invested in CAPE and the value of the ordinary shares received in Anna Money is shown below, in Section 5.11.3 as a realised gain (loss).</p>
CLASS OF SECURITY HELD	Ordinary shares
CURRENT INVESTMENT VALUATION	\$133,888
BASIS OF VALUATION	Previous company capital raise valuation
SCALARE'S OWNERSHIP POSITION	Not material – own less than 5% of the fully diluted issued capital of the company
FY2024 SCALARE SERVICES PROVIDED	vCFO


PORTFOLIO COMPANY	ASIA VERIFY
LOCATION / INDUSTRY	Singapore / Regtech
	<p>AsiaVerify is an award-winning regulatory technology platform designed to increase simplicity, trust and confidence when doing business in Asia, trusted by global clients from 17 countries.</p> <p>Its instant verification service helps users to streamline workflows for Know Your Business (KYB), Know Your Customer (KYC), Anti-Money Laundering (AML), Cross Border UBO, Ongoing Monitoring and other compliance challenges.</p>
INITIAL INVESTMENT / AMOUNT INVESTED	February 2021 – total amount invested \$148,971 and have earned additional equity of \$134,818 through services provided
CLASS OF SECURITY HELD	Ordinary shares
CURRENT INVESTMENT VALUATION	\$1,129,568
BASIS OF VALUATION	Previous company capital raise valuation
SCALARE'S OWNERSHIP POSITION	Not material – own less than 5% of the fully diluted issued capital of the company
FY2024 SCALARE SERVICES PROVIDED	Non-executive board role, capital raise fees, vCFO and strategy workshop programs

PORTFOLIO COMPANY	BETTER X
LOCATION / INDUSTRY	Singapore / Fintech
 BETTERX	<p>BetterX is a digital asset platform built for accredited and wholesale investors that allows you to safely purchase and exchange cryptocurrencies and shortly to tokenise real world assets.</p> <p>BetterX is helping build infrastructure for the next generation of financial services in Web3.0. BetterX believes that this requires full regulatory permissions, technical expertise and a focus on environmental impact. Their approach is underpinned by a strong focus on investment, technological solutions, simplifying new and complex underlying services for our clients and partners.</p> <p>The team at BetterX strongly believes in the profound potential of small actions to create meaningful change, and their trade with purpose initiatives make a positive impact with every trade.</p>
INITIAL INVESTMENT / AMOUNT INVESTED	November 2022 – cash invested \$156,350 and have earned additional equity of \$38,500 through services provided
CLASS OF SECURITY HELD	Ordinary shares
CURRENT INVESTMENT VALUATION	\$210,754
BASIS OF VALUATION	Previous company capital raise valuation
SCALARE'S OWNERSHIP POSITION	Not material – own less than 5% of the fully diluted issued capital of the company
FY2024 SCALARE SERVICES PROVIDED	Non-executive advisory role and annual support


PORTFOLIO COMPANY	BRAUZ
LOCATION / INDUSTRY	Melbourne, Australia / Market place
 BRAUZ	<p>Brauz is an Australia owned, global retail tech platform enabling best in class solutions for video commerce, appointments, reserve in-store and click + collect. With 10+ years' experience in omnichannel retail. Brauz provides retailers easy to plug in, and direct to store technology that simply and efficiently connects the online customer in-store.</p>
INITIAL INVESTMENT / AMOUNT INVESTED	April 2024 – cash invested \$120,000. and will over time going forward earn additional equity through agreed services, including a non-executive board role.
CLASS OF SECURITY HELD	Ordinary shares
CURRENT INVESTMENT VALUATION	\$154,560
BASIS OF VALUATION	Scalare's assessment of company's valuation, applying the criteria stated in section 5.10.5 above
SCALARE'S OWNERSHIP POSITION	Not material – own less than 5% of the fully diluted issued capital of the company
FY2024 SCALARE SERVICES PROVIDED	Non-executive board role and strategy workshop programs and annual support

PORTFOLIO COMPANY	CATALYSER
LOCATION / INDUSTRY	Sydney, Australia / Regtech & ESG
 catalyser	<p>Catalyser is an easy to use giving platform for companies to manage their corporate social responsibility programs, volunteering and donations.</p> <p>The platform allows you to bring all your separate giving activities together in the one place, making it easy to engage employees, manage different giving programs and reduce administration time and costs.</p>
INITIAL INVESTMENT / AMOUNT INVESTED	June 2021 – cash invested \$100,000 and have earned additional equity of \$54,573 through services provided
CLASS OF SECURITY HELD	Ordinary shares
CURRENT INVESTMENT VALUATION	\$155,161
BASIS OF VALUATION	Previous company capital raise valuation
SCALARE'S OWNERSHIP POSITION	Not material – own less than 5% of the fully diluted issued capital of the company
FY2024 SCALARE SERVICES PROVIDED	Non-executive board role, annual support fees and revenue referrals and strategy


PORTFOLIO COMPANY	CIRCADIAN HEALTH INNOVATIONS
<b>LOCATION / INDUSTRY</b>	Melbourne, Australia / Medtech
	<p>Circadian Health Innovations (CHI) is a groundbreaking medical technology business pioneering healthier light consumption.</p> <p>CHI has created an innovative product designed to improve sleep, mental health, and health longevity. Their wearable tech, Melanopic Eye or 'MiEye', is a unique device that employs advanced light-sensing technology and analysis methods to guide users toward healthy light patterns.</p> <p>There is enormous potential for growth into lucrative B2B markets including optimisation of sports performance, shift work management, jet lag solutions, and improved sleep.</p>
<b>INITIAL INVESTMENT / AMOUNT INVESTED</b>	February 2024 – cash invested \$120,000 and have earned additional equity of \$7,522 through services provided
<b>CLASS OF SECURITY HELD</b>	Ordinary shares
<b>CURRENT INVESTMENT VALUATION</b>	\$258,428
<b>BASIS OF VALUATION</b>	Scalare's assessment of company's valuation, applying the criteria stated in section 5.10.5 above
<b>SCALARE'S OWNERSHIP POSITION</b>	Not material – own less than 5% of the fully diluted issued capital of the company
<b>FY2024 SCALARE SERVICES PROVIDED</b>	Non-executive board role, annual support and vCFO


PORTFOLIO COMPANY	CLOUTLY
<b>LOCATION / INDUSTRY</b>	Brisbane, Australia / Brand & Loyalty
	<p>Cloutly is a SaaS solution that empowers SMBs to take control of their reputation, with a personal (rather than transactional) approach to review collection, customer insights and reputation management.</p> <p>Cloutly's all-in-one platform doubles the success rate of business review requests by leveraging video-first campaigns (cutting through the clutter), while providing a centralised place for businesses to respond to and showcase their reviews from dozens of online channels, such as Google, Facebook and Tripadvisor.</p>
<b>INITIAL INVESTMENT / AMOUNT INVESTED</b>	March 2022 – cash invested \$120,000 and have earned additional equity of \$35,688 through services provided
<b>CLASS OF SECURITY HELD</b>	Ordinary shares
<b>CURRENT INVESTMENT VALUATION</b>	\$174,318
<b>BASIS OF VALUATION</b>	Previous company capital raise valuation
<b>SCALARE'S OWNERSHIP POSITION</b>	Not material – own less than 5% of the fully diluted issued capital of the company
<b>FY2024 SCALARE SERVICES PROVIDED</b>	Non-executive board role, annual support, revenue referrals and strategy and vCFO


PORTFOLIO COMPANY	CURIOUS
<b>LOCATION / INDUSTRY</b>	Sydney, Australia / Medtech & Wellness
	The Curious immersive platform is a streamlined destination for enterprise and corporate customers to engage, train and develop both their employee and B2B audiences. It combines a resource centre, virtual event platform, learning platform and social hub into one location, delivering savings on a single license and driving value through user engagement and data.
<b>INITIAL INVESTMENT / AMOUNT INVESTED</b>	May 2022 – cash invested \$160,000 and have earned additional equity of \$48,564 through services provided
<b>CLASS OF SECURITY HELD</b>	Ordinary shares
<b>CURRENT INVESTMENT VALUATION</b>	\$0. The company has ceased trading and appointed a voluntary administrator. A small return maybe received from the administrator. However, Scalare has decided to revalue the investment to zero.
<b>BASIS OF VALUATION</b>	Scalare's assessment of company's valuation, applying the criteria stated in section 5.10.5 above
<b>SCALARE'S OWNERSHIP POSITION</b>	Not material – own less than 5% of the fully diluted issued capital of the company
<b>FY2024 SCALARE SERVICES PROVIDED</b>	None


PORTFOLIO COMPANY	ETHIXBASE360
LOCATION / INDUSTRY	London, United Kingdom / Regtech & ESG
	<p>Ethixbase360 is a leading third-party risk management platform which helps organisations to elevate, build, maintain and monitor sustainability in their supply chain.</p> <p>With a focus on anti-corruption, human rights, labour and environment, supported by market-leading technology, Ethixbase360 enhanced due diligence provides organisations with a deep and broad view of their supply chain risks across various areas.</p>
INITIAL INVESTMENT / AMOUNT INVESTED	April 2020 – net cash invested \$27,026 (after partial sell down)
CLASS OF SECURITY HELD	Preferred shares and B Ordinary shares
CURRENT INVESTMENT VALUATION	\$98,717
BASIS OF VALUATION	Previous company capital raise valuation
SCALARE'S OWNERSHIP POSITION	Not material – own less than 5% of the fully diluted issued capital of the company
FY2024 SCALARE SERVICES PROVIDED	None

PORTFOLIO COMPANY	FLIGHTCARE GLOBAL
LOCATION / INDUSTRY	Adelaide, Australia / Medtech & Wellness
	<p>Flightcare Global is a technology-based aviation medical assistance platform to manage flight medical events around the globe.</p> <p>FCG provides access to a range of innovative products and services to help manage medical events preflight, in-flight and on the ground.</p> <p>FCG's approach is innovative, technology based and cost effective, delivered by a team with a background of high level medical, operational and account management knowledge and experience.</p>
INITIAL INVESTMENT / AMOUNT INVESTED	January 2021 – cash invested \$100,000 and have earned additional equity of \$42,052 through services provided
CLASS OF SECURITY HELD	Ordinary shares
CURRENT INVESTMENT VALUATION	\$0. The company is trading and generating revenue but does require additional capital to continue. Scalare has taken the view that the amount of capital required may cause a significant down round and therefore has decided to revalue the investment to zero.
BASIS OF VALUATION	Scalare's assessment of company's valuation, applying the criteria stated in section 5.10.5 above
SCALARE'S OWNERSHIP POSITION	Not material – own less than 5% of the fully diluted issued capital of the company
FY2024 SCALARE SERVICES PROVIDED	Non-executive board role, vCFO, People and culture and strategy workshop programs


PORTFOLIO COMPANY	FRANKIE ONE
LOCATION / INDUSTRY	Melbourne, Australia / Fintech
	<p>FrankieOne is a global compliance, identity verification and fraud detection engine. The business helps banks, fintechs and other companies onboard and protect their customers. We believe that verification and onboarding should be fast, flexible and frictionless for customers.</p> <p>The platform is optimised to verify your customers quickly, safely and securely, minimising risk and maximising opportunity.</p>
INITIAL INVESTMENT / AMOUNT INVESTED	May 2020 – cash invested \$99,977
CLASS OF SECURITY HELD	Series A Preference Shares
CURRENT INVESTMENT VALUATION	\$1,566,000
BASIS OF VALUATION	Previous company capital raise valuation
SCALARE'S OWNERSHIP POSITION	Not material – own less than 5% of the fully diluted issued capital of the company
FY2024 SCALARE SERVICES PROVIDED	None

PORTFOLIO COMPANY	FREEGUIDES
LOCATION / INDUSTRY	Sydney, Australia / Travel & Logistics
 FreeGuides	FreeGuides is a peer-to-peer platform enabling locals to create, run and manage their own free walking tours by easily creating journeys and experiences through the phone app. Everyday, guides create one of kind experiences to ensure that anyone can explore the world in a more authentic and unique way.
INITIAL INVESTMENT / AMOUNT INVESTED	November 2020 – cash invested \$116,017 and have earned additional equity of \$118,752 through services provided
CLASS OF SECURITY HELD	Ordinary shares
CURRENT INVESTMENT VALUATION	\$575,830
BASIS OF VALUATION	Previous company capital raise valuation
SCALARE'S OWNERSHIP POSITION	Material – own between 5% - 20% of the fully diluted issued capital of the company
FY2024 SCALARE SERVICES PROVIDED	Non-executive board role and revenue referral and strategy


PORTFOLIO COMPANY	HELIO
LOCATION / INDUSTRY	Sydney, Australia / Market place
 helio	Helio represents a new dawn in marketing: a revolutionary media space that simplifies advertising. The next-generation advertising marketplace helps SMEs, brands and agencies access hard-to-find advertising placements across all media channels. Our vision is to democratise media, levelling the playing field to help all our businesses grow.
INITIAL INVESTMENT / AMOUNT INVESTED	January 2022 – cash invested \$120,000 and have earned additional equity of \$30,405 through services provided
CLASS OF SECURITY HELD	Ordinary shares
CURRENT INVESTMENT VALUATION	\$26,641
BASIS OF VALUATION	Previous company capital raise valuation
SCALARE'S OWNERSHIP POSITION	Not material – own less than 5% of the fully diluted issued capital of the company
FY2024 SCALARE SERVICES PROVIDED	None




PORTFOLIO COMPANY	INHOUSE VENTURES
LOCATION / INDUSTRY	Sydney, Australia / Market place
 InhouseVentures	Inhouse Ventures helps match and connect investors, VCs and start-ups through their online marketplace, with a unique platform designed and developed to enhance transparency and convenience within the ecosystem. Inhouse Ventures pride themselves in creating the #1 place to go to build, scale and fund raise in the Australian startup ecosystem.
INITIAL INVESTMENT / AMOUNT INVESTED	November 2023 – cash invested \$150,000 and have earned additional equity of \$4,008 through services provided
CLASS OF SECURITY HELD	Ordinary shares
CURRENT INVESTMENT VALUATION	\$248,319
BASIS OF VALUATION	Scalare's assessment of company's valuation, applying the criteria stated in section 5.10.5 above
SCALARE'S OWNERSHIP POSITION	Material – own between 5% - 20% of the fully diluted issued capital of the company
FY2024 SCALARE SERVICES PROVIDED	Non-executive board role, annual support and revenue referral program





PORTFOLIO COMPANY	JEDDLE
LOCATION / INDUSTRY	Sydney, Australia / Edtech
 JEDDE	Jedde offers the ultimate learning companion for high school students and teachers, freeing up class time while boosting results through online resources that are practical, syllabus-specific and geared towards academic success. Jedde's interactive, exam-friendly content helps prepare students for all modes of assessment, leveraging teacher expertise and collaborative feedback to cultivate a love of learning.
INITIAL INVESTMENT / AMOUNT INVESTED	December 2022 – cash invested \$120,000 and have earned additional equity of \$52,164 through services provided
CLASS OF SECURITY HELD	Ordinary shares
CURRENT INVESTMENT VALUATION	\$107,368
BASIS OF VALUATION	Scalare's assessment of company's valuation, applying the criteria stated in section 5.10.5 above
SCALARE'S OWNERSHIP POSITION	Not material – own less than 5% of the fully diluted issued capital of the company
FY2024 SCALARE SERVICES PROVIDED	Non-executive board role and annual support

PORTFOLIO COMPANY	LOYALTY REPUBLIC
LOCATION / INDUSTRY	Sydney, Australia / Brand & Loyalty
 Loyalty Republic	Loyalty Republic is a fully scalable all-in-one loyalty solution, empowering the SME market with enterprise level solutions that make the complicated process of establishing great employee rewards and recognition, or customer loyalty programs easy. Their loyalty solution helps clients engage, reward and incentivise the behaviours of their target audience exactly the way they want to.
INITIAL INVESTMENT / AMOUNT INVESTED	June 2023 – cash invested \$120,000 and have earned additional equity of \$36,976 through services provided
CLASS OF SECURITY HELD	Ordinary shares
CURRENT INVESTMENT VALUATION	\$146,922
BASIS OF VALUATION	Scalare's assessment of company's valuation, applying the criteria stated in section 5.10.5 above
SCALARE'S OWNERSHIP POSITION	Material – own between 5% - 20% of the fully diluted issued capital of the company
FY2024 SCALARE SERVICES PROVIDED	Non-executive board role


PORTFOLIO COMPANY	MASTER REMIT
LOCATION / INDUSTRY	Melbourne, Australia / Fintech
 MasterRemit Send money with LOVE	MasterRemit is an innovative Fintech changing how money is moved across the world. Leveraging cutting-edge digital technology, MasterRemit makes it easy for people to send money safely, securely, quickly at low cost to their loved ones, including those who don't have access to a bank account or financial institution.
INITIAL INVESTMENT / AMOUNT INVESTED	May 2022 cash invested \$120,011
CLASS OF SECURITY HELD	Ordinary shares
CURRENT INVESTMENT VALUATION	\$168,791
BASIS OF VALUATION	Scalare's assessment of company's valuation, applying the criteria stated in section 5.10.5 above
SCALARE'S OWNERSHIP POSITION	Not material – own less than 5% of the fully diluted issued capital of the company
FY2024 SCALARE SERVICES PROVIDED	None


LOCATION / INDUSTRY	
	<p>MyPass is a mobile-first technology company empowering front-line workers to manage training and competency information and prevent compliance gaps.</p> <p>Centred around a digital Skills Passport, MyPass simplifies the compliance management process for WorkSites, EPCs, Service Providers and Employers.</p>
<b>INITIAL INVESTMENT / AMOUNT INVESTED</b>	March 2020 – cash invested \$100,000 and have earned additional equity of \$60,213 through services provided
<b>CLASS OF SECURITY HELD</b>	Ordinary shares
<b>CURRENT INVESTMENT VALUATION</b>	\$1,767,361
<b>BASIS OF VALUATION</b>	Scalare's assessment of company's valuation, applying the criteria stated in section 5.10.5 above
<b>SCALARE'S OWNERSHIP POSITION</b>	Not material – own less than 5% of the fully diluted issued capital of the company
<b>FY2024 SCALARE SERVICES PROVIDED</b>	Non-executive board role, vCFO, strategy and People and culture programs
PORTFOLIO COMPANY	
PICTURE WEALTH	
<b>LOCATION / INDUSTRY</b>	Perth, Australia / Fintech
	<p>PictureWealth is a rapidly scaling WealthTech company that combines best-in-class digital tools and technology-led financial services. Their goal is to help their clients see, understand, and improve their complete financial picture.</p> <p>The PictureWealth platform empowers users by offering a comprehensive picture of their total wealth, coupled with access to on-demand financial experts across wealth and insurance.</p> <p>Their technology is changing the way both financial advisors and their clients are managing their money.</p>
<b>INITIAL INVESTMENT / AMOUNT INVESTED</b>	October 2022 – amount invested \$123,750 as an equity swap when Picture Wealth acquired technology from NOD. NOD was a company Scalare invested in and took control of when the founder decided to sell.
<b>CLASS OF SECURITY HELD</b>	Ordinary shares
<b>CURRENT INVESTMENT VALUATION</b>	\$140,000
<b>BASIS OF VALUATION</b>	Previous company capital raise valuation
<b>SCALARE'S OWNERSHIP POSITION</b>	Not material – own less than 5% of the fully diluted issued capital of the company
<b>FY2024 SCALARE SERVICES PROVIDED</b>	None
PORTFOLIO COMPANY	
ROI-AI	
<b>LOCATION / INDUSTRY</b>	Auckland, New Zealand / HRTech
	<p>Roi-AI is an automated technology solution built specifically to enable recruitment and talent acquisition professionals to maximise revenue from their own databases.</p> <p>Roi's mission is simple: to digitally enable companies to win the war for talent.</p> <p>They do this, not only by having great technology, but uniquely, being the only sector-specific solution that is fully templated and deeply integrated with key industry databases.</p>
<b>INITIAL INVESTMENT / AMOUNT INVESTED</b>	March 2023 – cash invested \$111,593 and have earned additional equity of \$35,105 through services provided
<b>CLASS OF SECURITY HELD</b>	Convertible note
<b>CURRENT INVESTMENT VALUATION</b>	\$215,188
<b>BASIS OF VALUATION</b>	Previous company capital raise valuation
<b>SCALARE'S OWNERSHIP POSITION</b>	Not material – own less than 5% of the fully diluted issued capital of the company
<b>FY2024 SCALARE SERVICES PROVIDED</b>	Non-executive board role, annual support and consultancy program


PORTFOLIO COMPANY	SLIPSTREAM ADVANTAGE
LOCATION / INDUSTRY	Sydney, Australia / Travel & Logistics
 SLIPSTREAM	Slipstream Advantage is a Transport Management Platform tailored to the specific needs of the Transport and Logistics industry. The platform contains a suite of modules that utilise advanced automation algorithms, machine learning and artificial intelligence techniques to allow companies to better manage, automate and optimise their operations.
INITIAL INVESTMENT / AMOUNT INVESTED	March 2022 – cash invested \$100,000
CLASS OF SECURITY HELD	Ordinary shares
CURRENT INVESTMENT VALUATION	\$100,000
BASIS OF VALUATION	Previous company capital raise valuation
SCALARE'S OWNERSHIP POSITION	Not material – own less than 5% of the fully diluted issued capital of the company
FY2024 SCALARE SERVICES PROVIDED	Non-executive board role


PORTFOLIO COMPANY	STADIO
LOCATION / INDUSTRY	Adelaide, Australia / Web3
 STADIO	A new way forward for creators and fans on a sustainable, decentralised platform. STADIO is a next generation Web3 enabled ecosystem for brands and creators. Built using blockchain technology, STADIO's suite of products empowers creators to produce, manage and monetise their own digital assets, including NFT's (non-fungible tokens), and engage with their audience directly.
INITIAL INVESTMENT / AMOUNT INVESTED	November 2021 – cash invested \$120,000 and have earned additional equity of \$52,428 through services provided
CLASS OF SECURITY HELD	Ordinary shares
CURRENT INVESTMENT VALUATION	\$0. The company is trading and has generated revenue but does require additional capital to continue. Scalare has taken the view that the amount of capital required may cause a significant down round and therefore has decided to revalue the investment to zero.
BASIS OF VALUATION	Scalare's assessment of company's valuation, applying the criteria stated in section 5.10.5 above
SCALARE'S OWNERSHIP POSITION	Not material – own less than 5% of the fully diluted issued capital of the company
FY2024 SCALARE SERVICES PROVIDED	Non-executive board role

PORTFOLIO COMPANY	TOGETHER AI
LOCATION / INDUSTRY	Sydney, Australia / Medtech & Wellness
	togetherAI is a mental health and wellness app for families providing a next-generation solution to the growing problem of mental health issues for children in today's society. The togetherAI app is designed to provide a digital companion, to work with you to help your children grow up safe, healthy and well.
INITIAL INVESTMENT / AMOUNT INVESTED	February 2022 – cash invested \$100,000
CLASS OF SECURITY HELD	Ordinary shares
CURRENT INVESTMENT VALUATION	\$0. The company has ceased trading and appointed a voluntary administrator. A small return maybe received from the administrator. However, Scalare has decided to revalue the investment to zero.
BASIS OF VALUATION	Scalare's assessment of company's valuation, applying the criteria stated in section 5.10.5 above
SCALARE'S OWNERSHIP POSITION	Not material – own less than 5% of the fully diluted issued capital of the company
FY2024 SCALARE SERVICES PROVIDED	None

PORTFOLIO COMPANY	TREETY
<b>LOCATION / INDUSTRY</b>	The Netherlands / Regtech & ESG
	Treety is an impact tracking and reporting platform that enables conscious investors and investees to measurably change the world. Treety's solution offers flexible plug- and play impact tracking and regulation friendly reporting for VC, PE, funds-of funds and entrepreneurs.
<b>INITIAL INVESTMENT / AMOUNT INVESTED</b>	October 2022 – cash invested \$220,000 and have earned additional equity of \$50,028 through services provided
<b>CLASS OF SECURITY HELD</b>	Convertible note
<b>CURRENT INVESTMENT VALUATION</b>	\$274,000
<b>BASIS OF VALUATION</b>	Previous company capital raise valuation
<b>SCALARE'S OWNERSHIP POSITION</b>	Not material – own less than 5% of the fully diluted issued capital of the company
<b>FY2024 SCALARE SERVICES PROVIDED</b>	Non-executive board role and annual support

PORTFOLIO COMPANY	VITAL4
<b>LOCATION / INDUSTRY</b>	Georgia, USA / Regtech & ESG
	VITAL4 automates critical financial and medical compliance information. As a cloud software platform, VITAL4 provides global screening solutions to help organizations maintain regulatory compliance and mitigate third-party risk.
<b>INITIAL INVESTMENT / AMOUNT INVESTED</b>	May 2020 – cash invested \$100,000
<b>CLASS OF SECURITY HELD</b>	Ordinary shares
<b>CURRENT INVESTMENT VALUATION</b>	\$209,689
<b>BASIS OF VALUATION</b>	Scalare's assessment of company's valuation, applying the criteria stated in section 5.10.5 above
<b>SCALARE'S OWNERSHIP POSITION</b>	Not material – own less than 5% of the fully diluted issued capital of the company
<b>FY2024 SCALARE SERVICES PROVIDED</b>	None

PORTFOLIO COMPANY	WITHU
<b>LOCATION / INDUSTRY</b>	London, United Kingdom / Medtech & Wellness
	WithU is an audio-led fitness app delivering on-demand personal training by world-class coaches, including Olympic athletes. The app is supported by an interactive avatar and a tailored music composition. Create your own hyper-personalised training experience, and train wherever and whenever works for you.
<b>INITIAL INVESTMENT / AMOUNT INVESTED</b>	September 2020 – cash invested \$302,304
<b>CLASS OF SECURITY HELD</b>	Ordinary shares
<b>CURRENT INVESTMENT VALUATION</b>	\$2,252,237
<b>BASIS OF VALUATION</b>	Scalare's assessment of company's valuation, applying the criteria stated in section 5.10.5 above
<b>SCALARE'S OWNERSHIP POSITION</b>	Not material – own less than 5% of the fully diluted issued capital of the company
<b>FY2024 SCALARE SERVICES PROVIDED</b>	Consultancy programs

PORTFOLIO COMPANY	ZONDII
LOCATION / INDUSTRY	Armidale, Australia / Agritech
	Zondii's solution uses globally patented verification technology, including a smartphone solution, to unlock the true value of food and fibre. This cutting-edge tech can seamlessly integrate into a smartphone or hand-held device for verification allowing growers, producers, and consumers to use it on-site in real-time. Zondii's immediate focus is on the Australian wool grower's market, along with several major food industries that are experiencing fraud.
INITIAL INVESTMENT / AMOUNT INVESTED	December 2022 – cash invested \$120,000
CLASS OF SECURITY HELD	Ordinary shares
CURRENT INVESTMENT VALUATION	\$120,000
BASIS OF VALUATION	Previous company capital raise valuation
SCALARE'S OWNERSHIP POSITION	Not material – own less than 5% of the fully diluted issued capital of the company
FY2024 SCALARE SERVICES PROVIDED	Non-executive board role, vCFO and strategy workshops

### 5.11.3. PORTFOLIO COMPANY EXITS

Since being established in January 2020 Scalare has had three full exits and one partial exit from the investment portfolio. These exits are recognised as realised investment gains or losses. Refer below for details on these transactions.

Two of the three full exits (CAPE and Nod) are as a result of a trade sale to an industry participant with consideration received as ordinary shares in the acquiring company. These shares are now recognised as holdings in the Scalare investment portfolio (Anna Money and PictureWealth). The third full exit was due to equity options earned being sold for less than the value attributed to the granting of those options.

Investments realised since January 2020 (incorporation)	Date first invested and realised	Amounts Investments		Result	Realised investment gain (loss)	Cash revenue earned up to date of exit
		Cash Invested	Equity Earned (not cash)			
Artic Intelligence	Dec 20 Dec 22	\$0	\$43,235	\$11,902	\$(31,333)	\$111,891
CAPE- trade sale to Anna Money	Jan 21 Jan 24	\$126,031	\$0	\$130,954	\$4,923	\$0
EthixBase	Apr 20 Sept 21	\$81,199	\$0	\$196,049	\$114,850	\$119,689
NOD – trade sale to PictureWealth	May 20 Mar 24	\$139,645	\$109,238	\$228,087	\$(20,796)	\$125,891
<b>Total</b>		<b>\$346,875</b>	<b>\$152,473</b>	<b>\$566,992</b>	<b>\$67,644</b>	<b>\$357,471</b>

## Artic Intelligence

Advisory services provided to company and paid for in cash and with equity options. The equity options were recorded at the value calculated under the accounting standards (\$43,235). As a result of a corporate restructure the equity option were sold for \$11,902, generating a realised loss of \$31,333.

## CAPE

Scalare made an initial investment in January 2021. During the investment period CAPE went through a corporate restructure, whereby Scalare invested a further \$26,031. CAPE was recently acquired by Anna Money whereby the consideration was paid in equity in Anna Money, the global holding company. The equity in Anna Money was valued at the time at \$130,954 and therefore a realised gain was recorded. Scalare's holding in Anna Money is currently valued at \$133,888.

## EthixBase

Scalare originally invested in EthixBase in April 2020 and when a strategic investor acquired a significant ownership percentage in the company Scalare realised a significant amount of its holding. Scalare still holds equity in Ethixbase, which is currently valued at \$98,717.

## NOD

Scalare made an initial investment in May 2020. During the investment period key members of the leadership team resigned and the company was going to be wound down. Scalare stepped in alongside other shareholders, recapitalised the company and acted as CEO for a period of time to allow a trade buyer to be found. During that period Scalare earned fees of \$125,891. NOD's technology was acquired by PictureWealth, with consideration received in cash and equity. The equity in PictureWealth was valued at the time at \$123,750 and therefore a small realised loss was recorded. Scalare's holding in PictureWealth is currently valued at \$140,000.

### 5.11.4. SCALARE'S APPROACH TO OFFSET (DE-RISK) INVESTMENT LOSSES

Scalare believes by being actively involved in our portfolio companies it gets a better understanding of the underlying business and the business founder's ability to maximise the opportunity. Our involvement, through mentoring, advice and growth services, helps reduce the risk of company failure and enhances the growth prospects as the Scalare team passes on their knowledge and experiences to founders and their teams.

#### **This approach helps to reduce the investment risk in a number of ways:**

Firstly, Scalare's active involvement in the early-stages of each portfolio company's development means the team's experiences and skills can assist the business founder's

actions and reactions to the challenges an early-stage business will face. This should reduce the number of unsuccessful investments. This is supported by the table above which shows a total realised investment gain of \$67,644 over the period.

Secondly, this involvement is provided by paid for products, services, mentoring and advice. Over time, these remunerated activities can be of greater value than the original investment in those companies. So, unlike an investment fund, where if a portfolio company fails the investment funds loses the entire amount Scalare may have generated cash greater than the lost investment amount. This is evidenced by the table above that shows while realised gains are \$67,644 to date Scalare has also generated cash revenue of \$357,471 from these companies.

Thirdly, Scalare aims to invest in up to 8 new companies each year, with the average investment amount being \$122,000 (capped at \$250,000 per investment). This allows for a diversified portfolio where one or two unsuccessful investments will not materially impact the total value of the portfolio. Scalare currently holds investments in 27 portfolio companies and expects to continue to add to this number over time. This is supported by the fact that since incorporation Scalare has made total cash investments of \$3,773,827 and earned additional equity of \$954,269. The current investment portfolio is currently valued at \$10,234,443 and Scalare has generated total realised investment gains since of \$67,644.

### 5.11.5. PORTFOLIO COMPANY REPORTING

As an ASX listed company, the Company will operate under the continuous disclosure rules and any material events in relation to the portfolio companies which may impact the value of the Company or its Shares will be announced at that time.

The Company will also report on the material activities of the portfolio companies and the performance of the total portfolio as part of our quarterly business reporting as well as in the half year and annual financial reports.

### 5.12. DIVIDEND POLICY

The Company does not expect to pay dividends in the near future as its focus will primarily be on growing the existing business. However, the Company has a general policy, that at least fifty percent of all net cash investment gains (after tax) will be paid out to shareholders as a dividend. Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.



The background of the page is a blurred photograph of several people in business attire, likely in a meeting or office setting. The image is dark and out of focus, with a diagonal light-colored band running across it from the bottom left towards the top right.

BUILDING GREAT  
**COMPANIES**  
TAKES GREAT  
**PEOPLE**

# 6. KEY PEOPLE, INTERESTS AND BENEFITS

## 6.1. BOARD OF DIRECTORS

The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.

At the date of this prospectus, the Board of the Company is as follows:

- **Gary Simonite** - Non-Executive Chair
- **Greg Starr** - Non-Executive Director
- **James Walker** - Non-Executive Director

Following the Completion of the Offer and the Acquisition, it is proposed that Gary Simonite and Greg Starr will resign from the Board and will be replaced by Adelle Howse, Neil Carter, James Lougheed and Beau Quarry.

The Board post re-admission will be:

- **Adelle Howse** - Non-Executive and Independent Chair
- **Neil Carter** - Non-Executive and Independent Director
- **James Lougheed** - Non-Executive Director
- **Beau Quarry** - Non-Executive Director
- **James Walker** - Executive Director

The Company Secretary is Catriona Glover.

ADELLE HOWSE



### 6.1.1. ADELLE HOWSE

#### Non-Executive and Independent Chair

Based in Sydney, Australia.

Extensive executive and non-executive experience in the corporate and consulting environment with a focus on strategy, M&A and governance. Has spent more than 20 years in energy and resources, construction, infrastructure, data centres, telecommunications, property sector and also invests and advises early-stage technology companies. Adelle holds an Executive MBA from IMD, a PhD in mathematics from the University of Queensland and a graduate diploma in applied finance and investment. Adelle is a graduate member of the AICD.

#### Current Board roles:

**Macquarie Technology Group Limited (ASX: MAQ)** – Non-Executive Director – August 2019 to present.

**Sydney Desalination Plant** – Non-Executive Director and Audit & Risk Committee Chair – September 2020 to present

**Downer EDI Limited (ASX: DOW)** – Non-Executive Director and People & Culture Committee Chair – April 2022 to present.

**BAI Communications** – Non-Executive Director and Audit & Risk Committee Chair – July 2023 to present.

NEIL CARTER



### 6.1.2 NEIL CARTER

#### Non-Executive and Independent Director

Based in Sydney, Australia.

Neil Carter is an accomplished and well-known investor with over 25 years in financial markets. He was Co-Head of Global Listed Equities at IFM and a Divisional Director at Macquarie Funds Group, with an investment track record of strong over performance over 15 years. He built the IFM Listed Equities business to 28 people, \$45bn in funds under management and a global footprint across active, passive, long and long-short funds. He is passionate about building diverse, high performing teams and has a demonstrable record of collaborative leadership.

#### Current Board roles:

**Slipstream Advantage Pty Ltd** – Non-Executive Chair  
– November 2021 – present

JAMES LOUGHEED



### 6.1.3 JAMES LOUGHEED

#### Non-Executive Director

Based in San Jose, USA.

Technology executive with nearly 30 years' experience in electronics and semiconductors. Diverse operational experience with roles in design, operations, quality, sales, marketing, executive management, board governance and technology investment & advisory. Global work experience in 4 countries: Australia (5yrs), Singapore (4yrs), China (8yrs), United States (12yrs). Education in engineering, management and business administration. Fluent in Mandarin.

**Silicon Catalyst** – Advisor and Investor – March 2023 to present.

**Sand Hill Angels** – Member and Investor – May 2023 to present.

**MaxLinear (US based)** – VP & GM High Performance Analog and Accelerator Group – May 2017 to March 2024.

**Exar Corporation** – SVP Global Sales and Marketing – March 2008 - May 2017 (until acquired by MaxLinear (above)).

**Current Board role** - Scalare Partners Pty Ltd – July 2023 to present.

BEAU QUARRY



#### 6.1.4 BEAU QUARRY

##### Non-Executive Director

Based in Sydney, Australia.

Currently a Non-Executive Director of Scalare Partners Pty Ltd and has agreed to join the Board of the renamed Scalare Partners Holdings Ltd as a Non-Executive Director.

**Founder and Managing Director** of Solido Capital, **Managing Director** Baobab Investment Management, **Non-Executive Director** Arctic Intelligence Pty Ltd and Scalare Partners Pty Ltd.

JAMES WALKER



#### 6.1.5 JAMES WALKER

**Executive Director and Co-Founding Partner** Based in Sydney, Australia.

Started Scalare in January 2020. James is an entrepreneur and investor specialising in fast growing businesses with experience as a ASX company director and leader in commercialising technology in new markets.

James is currently a non-executive **chair with BluGlass** (ASX:BLG) and **Native Mineral Resources Holdings** (ASX: NMR), a **non-executive director of Candy Club Holdings** (ASX: CLB) and an **executive director at Scalare Partners Pty Ltd**. More recently James successfully completed the ASX-IPO of thedocyard (ASX: TDY) and Native Mineral Resources Holdings (ASX: NMR) and before that DroneShield (ASX: DRO).

James thrives on commercialising technology and building new global markets, with extensive experience across a wide range of international high growth businesses, including data-driven customer experience, sensor systems, mining technology services, automotive, aviation, biotechnology, hotel telemarketing, drone detection and security sectors. Through his roles Mr. Walker has completed M&A transactions, IPO listings, follow-on share placements and other capital raisings for private companies as well as ASX and London (AIM) listed companies.

James was a director of Cape Technologies Pty Limited (A.C.N. 644 524 336) which was put into external administration in October 2021. The Voluntary Administrators completed a sale of the assets of the business to Cape Pty Limited (A.C.N. 654 770 199) in November 2021.

James was also a director of Kaddy Limited (A.C.N. 086 435 136) and its subsidiaries, which was put into external administration in May 2023. The Voluntary Administrators completed a sale of the Kaddy marketplace assets to Kaddy Marketplace (Aust) Pty Limited (A.C.N. 668 907 300) in May 2023. The Kaddy fulfillment and logistics business was wound down at the same time.



## 6.2. MANAGEMENT

Scalare operates with a flat management structure with the CEO and Partners responsible for the operations of the business.

### 6.2.1 CAROLYN BREEZE

#### Chief Executive Officer

Based in Sydney, Australia.

Joined Scalare in February 2023. Carolyn is a leader in empowering organisations to drive inclusion and equality through technology and accessibility. With over 20 years of experience in telecommunications, technology, eCommerce, and fintech, she has received numerous accolades for her work, including CEO Magazine's IT and Telecommunications Executive of the Year (2018), Business Insider's top 21 Women in Fintech, and the Advocate for Women award at the 2019 Woman in Payments Symposium. Most recently, Carolyn was recognised as Fintech Leader of the Year at the 2021 Woman in Finance Awards.

Previous roles include **Zepto's Chief Commercial Officer**, **GoCardless – General Manager Aus/NZ**, **Braintree – Australian Country Manager** and before that **PayPal** and **eBay**.



CAROLYN BREEZE



NICK ROBERTS

### 6.2.2 NICK ROBERTS

#### Co-Founding Partner

Based in Sydney, Australia.

Started Scalare in January 2020. Nick is an entrepreneur and investor specialising in fast growing technology businesses with international potential. Nick co-founded DataNet Marketing Services a leading B2C content provider which was acquired by 365 Corporation Plc in 2000, then co-founded Complinet, a global B2B regulatory technology business acquired by Thomson Reuters Corporation in 2010. Nick was then major shareholder and CEO of RISQ Group, an APAC background screening which was sold to the US based Sterling Backcheck in 2016. Alongside his track record of delivering outstanding returns to investors Nick remains passionate about providing hands on support to early-stage technology business founders. Nick is currently an **executive director of Scalare Partners Pty Ltd** and **sits on the board of three Scalare portfolio companies**.

GILES BOURNE



### 6.2.3 GILES BOURNE

#### Co-Founding Partner

Based in Sydney, Australia.

Started Scalare in January 2020. Over 27 years of experience leading technology innovation and commercialisation across diverse industries, including multinational software companies, polymer banknote technology, and corporate advisory before being the CEO of BluGlass (ASX: BLG). At BluGlass he has completed multiple ASX capital raises and delivered multiple international development partnerships.

Other relevant roles include BluGlass (ASX: BLG) – CEO /MD and currently non-executive director Ticketless Parking Pty Ltd, Circadian Health Innovations Pty Ltd and FreeGuides Pty Ltd as well as executive director at Scalare Partners Pty Ltd.

JENNY LI



### 6.2.5 JENNY LI

#### Chief Financial Officer and Partner

Based in Sydney, Australia.

Joined Scalare in January 2020. Jenny is a strategy focused and results orientated finance leader, with more than 15 years' experience in improving financial governance, working in and advising multinational business to high growth start-ups undertaking rapid change and growth.

Prior to joining Scalare Jenny was at Sterling RISQ as Finance Director from October 2009 to January 2020.



## 6.2.6 TIM GRIFFITHS

### Partner

Based in Sydney, Australia.

Tim is a seasoned technology entrepreneur and executive with a rich background spanning over two decades in Silicon Valley and beyond. As a Partner at Scalare Partners since September 2021, Tim leverages his extensive experience in venture capital-backed start-ups, technical engineering, and entrepreneurial leadership to drive business growth and transformation.

Throughout his career, Tim has demonstrated an ability to build and scale emerging technology companies, lead high-performing teams and turn around underperforming businesses. He has a proven track record of creating and restructuring operations, launching innovative products, and driving significant business growth. One of his notable achievements includes building the reference-checking software company Xref from the ground-up into a publicly listed entity, scaling the business from two to over 100 employees across four countries, and achieving \$21M in revenue in 2021.

Tim is a Board Director for RO-AI and an Advisor for Better X, a company in the Scalare portfolio. Additionally, he is a technical advisor to Privy, a leading digital trust provider with over 53 million onboarded



TIM GRIFFITHS

## 6.2.4 JAMES WALKER

### Co-Founding Partner

Based in Sydney, Australia.  
(Refer previous page)

## 6.2.7 CATRIONA GLOVER

### Company Secretary

Based in Sydney, Australia.

Catriona is a lawyer with over 25 years' experience in corporate and commercial law with a focus on corporate governance and company secretarial advice for both listed and unlisted companies. Catriona has provided legal, corporate governance and company secretarial advice to several companies in a wide range of industries including mining, education, manufacturing, technology and not-for-profit organisations.

Catriona is Company Secretary of Far East Gold Limited (ASX: FEG), Far Northern Resources Limited (ASX: FNR), Candy Club Holdings Limited (ASX: CLB), Fuse Minerals Limited, Pacific Retirement Estates Limited and Aeramentum Resources Limited.

### 6.3. INTERESTS OF DIRECTORS

Other than as set out below or elsewhere in this Prospectus, no Director has, or has had within two years preceding lodgement of this Prospectus with ASIC:

- any interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer; and
- no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director or Proposed Director, either to induce him or her to become, or to qualify them as a Director, or otherwise, for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

### 6.4 SHAREHOLDING QUALIFICATIONS

Directors are not required to hold any Shares under the Constitution.

### 6.5 DIRECTORS' INTERESTS

The table below shows the interest of each current and proposed Director (and their associates) in the Shares of the Company as at the date of this Prospectus and on the completion of the Acquisition and after investing in the completed Offer.

Proposed and Current Directors (and their associates)	Shares (at date of this Prospectus)	Shares (post Acquisition before RTO completed)	Shares (post RTO completed)
Adelle Howse - Non-Executive Chair (proposed)	0	1,644,946	1,844,946
Neil Carter - Non-Executive Director (proposed)	0	0	200,000
James Lougheed – Non-Executive Director (proposed)	0	3,969,072	7,119,072
Beau Quarry – Non-Executive Director (proposed)	0	8,060,572	8,060,572
James Walker – Executive Director (current and will remain)	0	10,855,485	10,895,485
Gary Simonite – Non-Executive Director (current and will resign)	1,726,592	1,726,592	1,726,592
Greg Starr – Non-Executive Director (current and will resign)	0	0	0
<b>Total</b>	<b>1,726,592</b>	<b>26,256,667</b>	<b>29,846,667</b>

In addition, there are 10,916 Options on issue, of which none have been issued to any existing or incoming director.

The shares held by Gary Simonite shown above include 214,290 Shares that are subject to Shareholder approval at the upcoming General Meeting on 23 September 2024..

The incoming Directors and management team are investing \$1,084,303 in the Offer (4,337,212 Shares).

## 6.6. DIRECTORS' REMUNERATION

### Directors

Under Article 19.1 of the Constitution, the total amount paid to all non-executive Directors for their services must not exceed, in aggregate in any financial year, the amount fixed by the Company in a general meeting (or until so determined as the Board determines). The current maximum aggregate remuneration for all non-executive Directors has been set at a combined \$250,000 but will increase to \$600,000 if approved by Shareholders at the General Meeting.

Additional fees may be paid to committee members. Committee chairs may receive an additional \$5,000 and Committee members an additional \$2,500 per annum. Subject to the ASX Listing Rules the non-executive Directors will be entitled to participate under the Company's Employee Incentive Plan (EIP).

The Board has considered the ongoing remuneration of Directors in accordance with the Company's corporate governance policies and market practices and once listed, non-executive directors will receive the following cash remuneration in addition to the options issued to them under the EIP (see Section 6.9 for more details):

- Chair – \$90,000 fees per annum, plus superannuation
- Non-executive directors – \$50,000 per annum plus superannuation

In addition, after the Completion of the Acquisition and the Offer the Board will consider the remuneration to be rewarded to the non-executive directors under the EIP.

The Company has entered into standard deeds of access, indemnity and insurance with each current and proposed Director which confirms the Director's right of access to Board papers and requires the Company to indemnify the Director against all losses or liabilities incurred by the Director as an officer of the Company. The Company must maintain a directors' and officers' insurance policy, insuring the Directors and officers against liability as a Director until seven years after they cease to hold office as a Director.

## 6.7 MANagements' INTERESTS

The table below shows the interest of the Scalare management team (and their associates) in the Shares of the Company as at the date of this Prospectus and on the completion of the Acquisition and after investing in the completed Offer.

Proposed and Current Directors (and their associates)	Shares (at date of this Prospectus)	Shares (post Acquisition before RTO completed)	Shares (post RTO completed)
Carolyn Breeze – Chief Executive Officer	0	806,634	973,846
Nick Roberts – Co-Founding Partner	0	13,945,057	14,345,057
Giles Bourne – Co-Founding Partner	0	10,992,817	11,152,817
Jenny Li – Chief Financial Officer	0	2,112,697	2,132,697
Tim Griffiths – Partner	0	1,008,406	1,008,406
James Walker – Co-Founding Partner and Executive Director	0	10,855,485	10,895,485
<b>Total</b>	<b>0</b>	<b>39,721,096</b>	<b>40,508,308</b>

No options are held by the Scalare management team.

The Directors and management team are investing \$1,084,303 in the Offer (4,337,212 Shares).

## 6.8. MANAGEMENT' REMUNERATION

### 6.8.1 CHIEF EXECUTIVE OFFICER

Details regarding the terms of employment of the Chief Executive Officer, Carolyn Breeze, that will apply from the Completion of the Offer and the Acquisition is set out below:

Term	Description
Employer	Scalare Partners Pty Limited
Remuneration and other benefits	Annual base salary of \$300,000 (plus superannuation), currently pro-rata for four days per week. Post RTO will move to full time remuneration. In addition to salary, remuneration can be earned for up to three NED roles with portfolio companies, capped at \$24,000 per annum, including SGC.
Incentives	Post RTO, performance measures for FY2025 will be set.
Notice	Three months
Restraints	Normal post-employment restraints for a period of up to 24 months

### 6.8.2 CO-FOUNDING PARTNERS

Details regarding the terms of employment of the Co-Founding Partners, Nick Roberts, Giles Bourne and James Walker, that will apply from the Completion of the Offer and the Acquisition is set out below:

Term	Description
Employer	Scalare Partners Pty Limited
Remuneration and other benefits	Annual base salary of \$120,000 (plus superannuation) for two days per week. Post RTO will move to four days per week remuneration. In addition to salary, remuneration can be earned for up to three NED roles with portfolio companies, capped at \$24,000 per annum, including SGC.
Incentives	Post RTO, performance measures for FY2025 will be set.
Notice	Three months
Restraints	Normal post-employment restraints for a period of up to 24 months

### 6.8.3 CHIEF FINANCIAL OFFICER

Details regarding the terms of employment of the Chief Financial Officer, Jenny Li, that will apply from the Completion of the Offer and the Acquisition is set out below:

Term	Description
Employer	Scalare Partners Pty Limited
Remuneration and other benefits	Annual base salary of \$300,000 (plus superannuation), currently pro-rata for three and half days per week. Post RTO will move to full time remuneration. In addition to salary, remuneration can be earned for up to three NED roles with portfolio companies, capped at \$24,000 per annum, including SGC.
Incentives	Post RTO, performance measures for FY2025 will be set.
Notice	Three months
Restraints	Normal post-employment restraints for a period of up to 24 months

## 6.9. DIRECTOR AND EMPLOYEE INCENTIVE ARRANGEMENTS

### 6.9.1 EMPLOYEE INCENTIVE PLAN

On completion of the acquisition and the Offer the Company will meet to adopt an Equity Incentive Plan (EIP) to assist in the motivation, reward and retention of key personnel.

The key features of the EIP are outlined in the table below.

The EIP Plan Rules (Plan Rule) provide flexibility for the Company to grant Rights, Options and/or Restricted Shares as incentives, subject to the terms of individual offers and the satisfaction of performance and vesting conditions determined by the Board from time to time.

The key features of the Plan Rules are outlined in the table below.

Term	Description
Eligibility	Offers may be made at the Board's discretion to employees or any other person that the Board determines to be eligible to receive a grant under the Plan Rules.
Types of securities	<p>The Company may grant Rights, Options and / or Restricted Shares as incentives, subject to the terms of individual offers.</p> <p>Options are an entitlement to receive Shares upon satisfaction of applicable conditions and payment of an applicable exercise price.</p> <p>Rights are an entitlement to receive Shares subject to satisfaction of applicable conditions.</p> <p>Restricted Shares are Shares that are subject to dealing restrictions, vesting conditions or other restrictions or conditions.</p> <p>Unless otherwise specified in an offer document, the Board has the discretion to settle Options or Rights with a cash equivalent payment.</p>
Awards under the EIP	Under the Plan Rules, the Board may make offers at its discretion, subject to any requirements for shareholder approval. The Board has the discretion to set the terms and conditions on which it will offer incentives in individual offer documents. An offer must be accepted by the participant and can be made on an opt-in or opt-out basis.
Issue price	Unless the Board determines otherwise, no payment is required for a grant of a Right, Option or Restricted Share allocated under the Plan Rules.
Vesting	<p>Vesting of the incentives is subject to any vesting or performance conditions determined by the Board and specified in the offer document. Subject to the Plan Rules and the terms of the specific offer document, incentives will either lapse or be forfeited if the relevant vesting and performance conditions are not satisfied.</p> <p>Options must be exercised by the participants and the participant is required to pay any exercise price applicable, unless the Board permits cashless exercise. Rights may also have an exercise mechanism; however, no exercise price is payable.</p>

Dividend and voting rights	Options and Rights do not carry any dividend or voting rights. Restricted Shares do have dividend and voting rights.
Cessation of employment	Under the Plan Rules, the Board has a broad discretion in relation to the treatment of entitlements on cessation of employment. It is intended that individual offer documents will provide more specific information on how the entitlements will be treated if a participant ceases employment.
Preventing inappropriate benefits	The Plan Rules provide the Board with broad malice and clawback powers if, for example, the participant has acted fraudulently or dishonestly or there is a material financial misstatement.
Change of control	Unvested incentives will automatically vest if there is a change of control. Individual offer documents may provide for a different treatment.
Rights issues and other corporate actions	<p>The Plan Rules include specific provisions dealing with rights issues, bonus issues, corporate actions and other capital reconstructions. These provisions are intended to ensure that there is no material advantage or disadvantage to the participants in respect of their incentives as a result of such corporate actions.</p> <p>Participants are not entitled to participate in new issues of securities by the Company prior to the vesting (and exercise if applicable) of their Options or Rights. In the event of a bonus issue, options or rights will be adjusted in the manner allowed or required by the ASX Listing Rules.</p>
Restrictions on dealing	Prior to vesting, the plan rules provide that participants must not sell, transfer, encumber, hedge or otherwise deal with their incentives. After vesting, participants will be free to deal with their incentives, subject to the Trading Policy.
Other terms	The Plan Rules contain customary and usual terms for dealing with administration, variation, suspension and termination of any incentive plan.

The EIP described above will be used to deliver Long Term Incentive options to the board and management, post completion of the Acquisition and the Offer. The terms and conditions of offers will be determined by the Board at that time.



AT SCALARE,  
WE'RE ON A  
MISSION TO  
DO GREATER,

TO BE  
**GREATER>**

# 7. KEY RISKS

## 7.1 INTRODUCTION

This Section 7 identifies areas the Directors regard as the major risk areas associated with an investment in the Company.

The nature of the Group's business, and the industries in which it operates and invests in, make the Group subject to numerous risks. These risks may be specific to Scalare, specific to one or more portfolio companies, or of a general nature. Each of these risks could, either individually, or in combination, have a material adverse impact on the Group's financial position, performance or prospects, if they eventuate. This in turn may cause the market price of the Company's Shares to fall and may result in the loss of principal invested in Shares.

The risks described in this Section 7 are not an exhaustive list of all the possible risks associated with investing in the Company, and the occurrence or consequences of the risks described in this Section 7 may be partially or completely outside the control of the Company, the Directors and the management and investment team.

It is noted that the Company does not currently have an operating business nor does it generate any revenue. As such the risks have been divided into 4 sections: Key Scalare business risk, investment strategy risks to Scalare; key risks for portfolio companies held by Scalare; and Other risks. The selection and order of risks within these sections has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. This assessment is based on the knowledge of the Company and Scalare as at the Prospectus Date. There may be other risks which both the Company and Scalare are unaware of at the time of issuing this Prospectus or which may arise in the future which may impact Group, Scalare's portfolio companies or the Company's Shares and it is possible that some of the key risks of portfolio companies discussed in this Section 7 could be risks faced by companies within the Group directly. The relative importance of different risks may change.

Before applying for Shares, any prospective investor should be satisfied that they have a sufficient understanding of the risks involved in making an investment in the Company and should consider whether the Shares are a suitable investment, having regard to their own investment objectives, financial circumstances and taxation position. Investments made by Scalare are

to be considered speculative in nature. Consequently, an investment in the Company ought to be regarded as speculative and substantial fluctuations in the value of that investment may occur.

If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in the Shares, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to invest.

The Shares offered pursuant to this Prospectus should be considered highly speculative.

## 7.2 SPECIFIC RISK FACTORS RELATING TO THE SCALARE'S BUSINESS

Scalare has identified the following risks relating to its operating business as being particularly relevant to its potential financial position, performance or prospects.

### 7.2.1 FUTURE CAPITAL REQUIREMENTS OF SCALARE

Although Scalare is currently loss making the Directors believe that, on completion of the Offer, the Company will have sufficient working capital to carry out its business objectives, there can be no assurance that such objectives can be met without further financing or, if further financing is necessary, that financing can be obtained on favourable terms or at all. Further if additional funds are raised by issuing equity securities, this may result in dilution for some or all of the Shareholders.

The Company may seek debt funding in the future to finance a potential expansion of its business. There is no assurance such debt facilities will be obtained when required or obtained on reasonable terms, and there is a risk that debt funding may not be available in sufficient amounts particularly as the Company is currently making a net loss, currently has limited liquid tangible assets, and after completion of the Offer some or all of the additional funding capital raised will be deployed to grow the business. Further, if the Company elects to finance expansion by way of debt facilities, the Company will likely be subject to risks such as interest rate risk and refinancing risk.

There is no guarantee that the Company will not continue to be loss making.

## 7.2.2 LIMITED TRADING HISTORY AND TRACK RECORD

Scalare has a limited trading history. Scalare has been operating for 4.5 years and is currently loss making and carries the normal risks of an early-stage business. Given the limited trading history, no assurance can be given that Scalare will achieve commercial viability through the implementation of its business plan. Accordingly, the Company is not in a position to give any guidance around likely future revenue or profitability.

## 7.2.3 NEW CUSTOMER GROWTH

Scalare is currently growing its business, and its ability to profitably scale its business is heavily reliant on adoption and ongoing growth of its customer base to increase revenues and achieve profitable operations.

Failure to expand in this way may materially and adversely impact Scalare's ability to achieve economies of scale and to optimise its support supports and may therefore adversely impact the Company's ability to achieve future profitability.

Scalare's growth strategy also includes the introduction of new services and technologies. There is a risk that expansion initiatives may result in additional costs and risks or may not deliver the outcomes intended.

Scalare cannot guarantee that it will continue to increase its revenue from existing or new customers.

## 7.2.4 LOSS OF CUSTOMERS

In addition to attracting new customers, Scalare's revenue is dependent upon existing customers and their continued use of the support services offered.

If Scalare fails to retain its existing customers, this is likely to affect the financial performance of the Company.

## 7.2.5 LOSS OF SPONSORSHIP AGREEMENTS – ATC AND TRW

Both the ATC and TRW revenues are heavily reliant on existing annual government and corporate sponsorships to offset the costs of running the operations of both businesses.

Changes in government, government priorities and focus areas could result in annual sponsorships not being renewed.

If Scalare fails to retain its existing sponsors and is unable to source replacement sponsors, this is likely to affect the financial performance of the Company.

## 7.2.6 ACQUISITION IMPLEMENTATION RISK

With the recent acquisition of Tech Ready Women there is a risk that Scalare is unable to successfully integrate the TRW business into the Scalare operations. Scalare is allocating funds from the Offer to scale TRW across Australia and overseas to the USA. Scalare is also allocating resources from the current team to work with the TRW team to ensure there is a smooth transition and that the current programs are not interrupted.

However, if Scalare fails to integrate TRW into Scalare's operations, it is likely to affect the financial performance of the Company.

Under the terms of the acquisition agreement (refer to section 11.7.3 For details) Scalare will pay to the vendors (all TRW shareholders at the time of the acquisition on a pro-rata to their prior shareholdings in TRW basis) an earn-out fee equal to 30% of the TRW revenues only for the financial years ending 30 June 2025, 2026 and 2027. Scalare's estimated earn out has already been provided for in the Historical Statement of Financial Position (refer to section 8.8 for details).

This earn out is only payable on TRW revenues being earned. If TRW does not have generate any TRW revenues no earn out is payable.

## 7.2.7 KEY PERSONNEL RISK

Scalare's financial performance and position will depend on the success of its operating business and its investment strategy. To a significant extent, Scalare performance will be driven by the expertise and decisions of its employees and directors and their ability to grow the existing support services business and execute appropriately on those opportunities. Despite Scalare's efforts to retain key personnel, there is a risk it may not be able to do so, or that it may not be able to attract and retain replacement, or additional, employees with sufficient knowledge and experience to execute Scalare's operating business strategy successfully. Key personnel changes may disrupt Scalare's activities and adversely impact its performance, particularly since Scalare currently has a relatively small number of employees.

### **7.2.8 INADEQUATE INSURANCE COVER**

Scalare' insurance coverage and policies may not comprehensively cover all its risks and liabilities. Appropriate coverage may not be available (or may not adequately cover all losses) or Scalare may choose not to insure against certain risk where it considers the applicable premiums to be excessive in relation to the perceived risks and benefits that may arise (for instance, in regard to cyber security which Scalare does not presently insure against). As a consequence, Scalare may be held liable for claims beyond its insurance coverage limits that could adversely impact its financial position, performance and reputation. In addition, any significant claim against such policies may lead to increased premiums on renewal and/or additional exclusions to the terms of future policies.

### **7.2.9 POTENTIAL ACQUISITIONS**

The Company may pursue and assess other new business opportunities in the early-stage technology sector. These new business opportunities may take the form of direct acquisitions, investments, joint ventures and/or direct equity participation.

Such acquisitions (whether completed or not) may require the payment of monies after only limited due diligence or prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is undertaken, the Directors will need to reassess at that time, the funding allocated to current and new activities, which may result in the Company reallocating funds from other activities and/or raising additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new acquisition and business activities will remain.

### **7.2.10 COUNTERPARTY RISK**

The Company has entered into, and following completion of the Offer, are expected to enter into commercial agreements with third parties. There is a risk that the counterparties may not meet their obligations under those agreements.

The ability of the Company to achieve its stated objectives will depend on the performance by the counterparties, with whom the Company has contracted, or will contract with, of their obligations under the relevant agreements. If any party defaults in the performance of its obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

### **7.2.11 UNFORESEEN EXPENSES**

The Company is not aware of any expenses that it will be required to incur in the two years after listing and which it hasn't already taken into account. However, if the Company is required to incur any such unforeseen expenses, then this may adversely affect the currently proposed expenditure plan and existing budgets for the Company's activities.

### **7.2.12 RISK OF LITIGATION, CLAIMS AND DISPUTES**

The Company may be involved from time to time in litigation and other claims and disputes in the course of its business, including contractual disputes, employment disputes, claims for indemnification, intellectual property infringement claims and regulatory enforcement actions.

Such litigation claims and disputes may adversely impact the Company's operations and reputation. The Company may also need to incur the cost of settling claims and paying any fines, which may adversely affect the Company's business, operations and financial performance. Further, if such disputes, claims or litigation were to result in damages being awarded against the Company, it could have an adverse impact on the Company's financial performance.

The Company will continue to maintain professional indemnity and public liability insurance in respect of a range of events within coverage ranges determined in accordance with the Board's review and decision. However, no assurance can be given that such insurance will be available in the future on commercially reasonable terms or that any cover will be adequate and available to cover any or all claims.

### **7.2.13 RISK OF NOT FULLING OBLIGATIONS UNDER THE AFSL.**

The Company is currently a corporate authorised representative under AFSL 529952. Failure to comply with its obligations under this AFSL could impact the Company's ability to provide some of its services.

### **7.2.14 US EXPANSION RISK**

The Company's expansion in the US may not be successful in that it is unable to attract sufficient revenue generating opportunities given it is a new entrant, the number of established competitors in the market, the potential impact of any change in US regulations and the availability of resources once the capacity of the existing team is fully utilised. As a result, the funds invested in the establishment of US operations may be lost. The Company seeks to limit the risks by only applying the current proposed allocated funds to the US expansion with any additional expansion only being funded from US operational revenues.

## **7.3 SPECIFIC RISK FACTORS RELATING TO SCALARE'S INVESTMENT STRATEGY**

Scalare has identified the following risks relating to its business and investment strategy as being particularly relevant to its potential financial position, performance or prospects.

### **7.3.1 INVESTMENT STRATEGY RISK AND RETURNS**

Scalare's financial performance and position will partly depend on the success of its investment strategy, including the quality of opportunities that Scalare has access to, assessment of those opportunities, the selection criteria that Scalare utilises, the terms on which it invests, and the manner in which it maintains and manages its portfolio companies. There is a risk that Scalare's investment strategy is not successful in individual cases or in aggregate. Scalare's opinion about the intrinsic value of a portfolio company and its future prospects may be incorrect, and Scalare may not be able to achieve its investment objectives within the desired timeframe, or at all. There is a risk that Scalare's investments in the portfolio companies may not result in an absolute return either individually or in aggregate. There is therefore a risk that a failure in Scalare's investment strategy or lower than expected returns will adversely affect Scalare's financial position or performance.

### **7.3.2 INVESTING IN BUSINESSES IN GROWTH AND EARLY STAGES OF DEVELOPMENT**

Investments made by Scalare are expected to be in businesses that are in growth or early stages of development. Businesses of this nature face risks, in particular those discussed in Section 7.4 and Section 7.4.3 in particular. The impact on these businesses if risks eventuate may be more pronounced because of their stage of development. Businesses of this nature may not have sufficient operating cash flows to fund business operations, and may therefore need additional capital in the future. Even if risks do not eventuate, they may not generate consistent revenues or become profitable, and Scalare may not be able to reliably estimate the likely future revenues, profitability or returns from these investments with any reasonable degree of certainty.

### **7.3.3 PORTFOLIO LIQUIDITY AND EXIT OR DILUTION RISK**

Scalare is exposed to liquidity risk in relation to its portfolio, particularly as it predominantly intends to invest in companies which are not traded on public exchanges which, by their nature, may have a smaller pool of potential buyers or investors. If Scalare is unable to exit its investment in its portfolio companies within a particular timeframe, it may suffer losses or fail to achieve a potential gain and there is a risk that Scalare will not have appropriate or timely exit opportunities from portfolio companies. This may arise for example where Scalare does not control the timing of exit events (which may be the case where Scalare holds a minority position), because a portfolio company is taking longer than expected to reach a particular stage in its development to achieve an appropriate exit, where no suitable buyers or exit events exist at a particular time or where pursuant shareholder or other agreements the other shareholders in an investment either block the disposal or cause a disposal to occur. This may mean that the timeframe for the realisation of returns on portfolio companies or conversion to cash for Scalare may be longer than expected. The risks of such illiquidity can be increased and lead to reduced returns to Scalare if a portfolio company is adversely impacted by risks or other events (including those discussed in Section 7.4) over that extended period. It may also mean that Scalare does not have access to cash that is currently invested in portfolio companies that it would prefer to

invest in other opportunities. There is also a risk that Scalare exits a portfolio company, either voluntarily or as part of a compulsory exit, without maximising potential returns which are generated by the investment following Scalare's exit.

Conversely, Scalare may have the opportunity to increase its investment in a portfolio company, or be called upon to provide additional funding, but there is a risk that it may not have the financial capacity or willingness to do so within the required timeframe and that its investment is therefore diluted and it fails to achieve a potential gain. This may reduce Scalare's potential for investment returns, or it may lose other opportunities or rights in relation to that portfolio company as a result.

### **7.3.4 ASSET, INVESTMENT AND MARKET RISK**

There is a risk that the value of the assets or securities invested in by Scalare may be volatile and decline in value over the short or long term or be difficult to calculate. The return, and expected return, on Scalare's portfolio companies may be affected by a number of risks discussed in other sections of this Section 7, which are outside the control of Scalare. These risks may impact the value, or perceived value, of Scalare's portfolio companies which may impact the performance of the Shares even before any realisation of value by Scalare through exit events, and the performance of Scalare's Shares may not correlate with the current performance or ultimate realised value of Scalare's portfolio companies.

Further, Scalare's portfolio companies may not have a readily ascertainable market price. Portfolio companies (or experts retained by them or other shareholders) may ascribe valuations to portfolio companies that differ from Scalare's assessment of their true and actual realisation value, and different opinions may arise as to what adjustments should be made when calculating those valuations (for example to account for deferrals and accruals or rates of return or contingencies such as litigation).

The valuations attributed by Scalare to its portfolio companies are based on a number of assumptions that may or may not prove to be correct, including assumptions relating to the future performance of the

underlying portfolio companies, size of the market, unit economics of the underlying portfolio companies, general macro-economic conditions, and general investment and share market conditions. While the valuations provide an interim indication of the underlying investment value of the portfolio companies, a determination of actual value is ultimately dependent on the outcome and timing of any eventual realisation of the investments held in the portfolio companies.

There is also a risk that the value of portfolio companies will fluctuate as a result of market conditions. For example, their value may be impacted by changes in factors such as economic conditions, government policy, inflation, interest rates, regulations, sentiment and geopolitical events as well as environmental, social and technological changes. Many of these factors are beyond the control of Scalare (and its portfolio companies).

### **7.3.5 KEY PERSONNEL RISK**

As referred to in Section 7.3.1, Scalare's financial performance and position will depend on the success of its investment strategy. To a significant extent, Scalare's performance will be driven by the expertise and decisions of its employees and directors and their ability to identify new investment opportunities and execute appropriately on those opportunities. Despite Scalare's efforts to retain key personnel, there is a risk it may not be able to do so, or that it may not be able to attract and retain replacement, or additional, employees with sufficient knowledge and experience to execute Scalare's investment strategy successfully (particularly where Scalare is competing for staff against competitors with significantly larger financial resources). Key personnel changes may disrupt Scalare's investment activities and adversely impact its performance, particularly since Scalare currently has a relatively small number of employees.

### **7.3.6 RISKS RELATED TO PORTFOLIO CONCENTRATION**

Scalare is reliant on the performance and returns from a number of portfolio companies (currently twenty-seven companies). Scalare intends to make more investments each year to expand the portfolio over time. Scalare's intention is to continue to reduce portfolio concentration risk over time. While this is a deliberate facet of Scalare's



investment strategy it may lead to a high volatility in Scalare's performance and its ability to reinvest returns in further investments, or make returns to Shareholders, particularly if a segment that it invests in underperforms the broader market.

### **7.3.7 MINORITY OWNERSHIP RISKS**

Scalare's strategy is typically to take a minority equity position in each of its portfolio companies, rather than a controlling interest. It is therefore possible that other equity holders or investors will make decisions with which Scalare disagrees or which are contrary to Scalare's interests, and as a minority owner, Scalare may not be able to implement its preferred strategy. In negotiating the terms of proposed investments, Scalare seeks to obtain adequate protections as a minority shareholder under the terms of its shareholders' agreements to allow it to participate in the direction and strategy of the portfolio company in proportion to its investment, however there is no guarantee that Scalare will be able to negotiate favourable terms as a minority owner in making its investments, or that Scalare will always invest an amount significant enough to provide it with substantial minority shareholding rights. There is also a risk that matters arise which are not covered by customary minority protections, or that portfolio companies disagree with or do not adhere to protections asserted by Scalare. In these cases Scalare may have insufficient influence or control over decisions made by a portfolio company which it otherwise disagrees with.

### **7.3.8 INSUFFICIENT INVESTMENTS RISK**

Scalare will endeavour to identify appropriate investment opportunities for Scalare's funds to be invested. Scalare may not be able to identify sufficient investment opportunities that adhere to Scalare's investment strategy, and if Scalare cannot deploy its capital into portfolio companies of a sufficient number and quality, Scalare may not be able to achieve an appropriate return from its investment activities.

### **7.3.9 FUTURE CAPITAL REQUIREMENTS OF SCALARE**

Scalare may need to raise additional capital to fully exploit investment opportunities which become available to it from time to time. There can be no assurance that Scalare will be able to raise such capital on favourable terms or at all. If Scalare is unable to obtain or invest such additional capital, Scalare may be required to reduce the scope of its investment activities or forgo an investment opportunity, which could adversely affect its financial performance, position or prospects.

### **7.3.10 DUE DILIGENCE RISK**

Scalare undertakes due diligence processes in respect of investment opportunities, which may include engaging external legal advisers, and other commercial, tax or financial advisers as considered appropriate in the context of the potential investment. As part of its due diligence processes, Scalare will rely to an extent on the financial and other information provided to it and its external advisers by the potential portfolio company.

There is a risk that Scalare or its advisers may not always be able to verify the accuracy, reliability or completeness of all of the information which is provided to Scalare against independent data and that the information provided or available to Scalare is not complete and accurate. There is also a risk that Scalare may not identify all issues associated with a portfolio company. For example, having regard to relevant factors (including for example the potential size of the investment) Scalare may choose to do a reduced diligence process or elect not to examine particular areas where material risks are unlikely to arise. Further, it is also possible, notwithstanding due diligence conducted, that Scalare and its advisers do not identify, or give appropriate weight to, matters which ultimately prove to be material risks. Further, due diligence processes may often focus on historical matters and may not reliably identify future risks.

Although Scalare may seek appropriate warranty protection from the portfolio company or vendor in respect of certain matters, including the accuracy of information provided as part of the due diligence process, there is a risk that Scalare may not obtain warranties or indemnities over all matters that it seeks or which

subsequently give rise to issues. There is also a risk that warranties and indemnities that it does obtain may not be enforceable, or are too costly or commercially unproductive to enforce, or that the portfolio company or vendor may not fully reimburse Scalare for the amount of any or all of its loss.

### 7.3.11 INTEREST RATE RISKS

Scalare's return on its investments maybe impacted by movements in interest rates. Interest rate increases and economic headwinds could negatively impact returns for investors in the near term. Given Scalare's investments are in early-stage companies which are inherently higher risk, this represents a risk for Scalare moving forward. Spending pressures and negative business confidence have the potential to soften investment performance over the coming period. Easing of inflationary pressures and interest rate rises could aid the early-stage businesses in Scalare's investment portfolio.

### 7.3.12 CURRENCY RISKS

Scalare has and may make additional investments that are denominated in a currency other than Australian dollars, or that it indirectly has currency exposures as a result of the jurisdictions in which its portfolio companies operate. There is a risk that adverse movements in foreign exchange rates will reduce the value of Scalare's portfolio companies in Australian dollar terms, and that depreciation of a foreign currency may outweigh an appreciation in the underlying value of the investment, causing a loss for Scalare.

While Scalare does not currently hedge its foreign currency exposure, it may choose to do so in the future by cash or derivative instruments (and the cost of implementing hedging may be significant). In this event, there is a risk that Scalare's foreign currency exposure may be over or under hedged. Additionally, it may not be possible to hedge all foreign currency exposures, and there is no guarantee that hedging will be successful.

### 7.3.13 RISKS IN RELATION TO DEBT INVESTMENTS

Where Scalare makes debt investments in portfolio companies, it may not receive rights equivalent to those it would expect to receive when making an equity investment (for example voting rights or pre-emptive rights) and, depending on the terms of the investment, it may not have the right to convert that debt to equity in the future. Debt investments made by the Company may carry different risks to equity investments, and, as the Company seeks to invest in growth and early-stage companies, the risk of default or non-repayment by a portfolio company may be increased. Further, Scalare's right to receive payments (with any associated interest) under a debt instrument may be subordinated to senior or secured creditors. If a portfolio company is unable to repay debt owed to Scalare, the value of Scalare's investment may be materially impacted and Scalare may not be able to realise an investment return on that investment.

### 7.3.14 LAWS AND REGULATIONS IMPACTING SCALARE

Scalare is subject to laws and regulations, including regulatory oversight or controls imposed by governments and regulatory authorities like ASIC, both in Australia and in foreign jurisdictions where Scalare invests. Scalare may become subject to laws and regulations as a result of or relating to portfolio companies in which it invests, and their businesses in their respective jurisdictions. The laws and regulations which apply to Scalare may be numerous, complex, uncertain, potentially inconsistent and subject to change over time. They may increase as Scalare expands its operations or investments into new jurisdictions if the laws of those jurisdictions offer less legal rights and protections to holders of securities in such foreign entities as compared with the laws in Australia.

There is a risk that changes to applicable laws or regulations (including new laws or regulations, or their interpretation) or the requirements of regulatory authorities, may have an adverse impact on the cost or ability of Scalare to conduct business (or the manner in which it does) in the jurisdictions in which it operates or invests. There is a risk that Scalare has inadvertently failed to comply with applicable laws in the past or may fail to do so in the future. Such laws could include, without limitation, laws relating to corporations, licensing

or securities laws, the regulation of investments or the movement of money, employment or taxation. Sections 7.4.7 and 7.4.8 describe how laws and regulations, including changing or new laws and regulations, may impact portfolio companies in which Scalare invests (laws and regulations of this nature may also impact Scalare itself). Non-compliance with laws or regulations may also result in litigation or financial penalties being levied against Scalare. Any of these risks if they eventuate may have an adverse impact on Scalare's financial performance, position, prospects or reputation.

## 7.4 KEY RISKS FOR PORTFOLIO COMPANIES

There are risks relating to businesses and companies of the nature in which Scalare proposes to invest. Each portfolio company is likely to be distinct and face different risks. Below are examples of risks which portfolio companies may be subject to. Investors should note that these risks do not purport to be the complete list of all key risks that particular portfolio companies may be subject to, nor will each portfolio company necessarily be subject to all of these risks to the same extent or at all. Further, while the impact of a risk may be material to a portfolio company, the impact of this risk on Scalare will depend on the circumstances, for example the proportion it represents of Scalare's invested assets or net assets, or its expected contribution to Scalare's returns over the shorter or longer term. Nevertheless, should any of the risks below arise, particularly where they impact the operations, value, returns, exit options or solvency of one or more portfolio companies, Scalare's financial position, performance or prospects may be adversely affected.

### 7.4.1 PORTFOLIO COMPANIES MAY NOT BE FINANCIALLY SUCCESSFUL OR ATTRACT NECESSARY CAPITAL

A portfolio company may not generate consistent revenues, profits or positive cashflows which may impact its long term viability. The success or viability of a portfolio company may also be impacted by its ability to access capital to meet capital expenditure and operating cashflow needs. A portfolio company may not attract sufficient capital for its needs if Scalare or other investors do not participate in capital raisings undertaken by it.

### 7.4.2 BUSINESS MODEL AND RELATED RISKS

The long term viability of a portfolio company may be impacted by the success or obsolescence of factors like its business model, technology, or commercialisation of products or services. This risk may be heightened where the portfolio company is investing in new technologies, business models and markets, even where the portfolio company may have a first mover advantage in its area. For portfolio companies investing in new technologies, a change in market acceptance or attitude to the technology used by the portfolio company may render the portfolio company's technology obsolete, or require a change in the structure or operations of the business at a material cost to the portfolio company. A portfolio company may not perform to the level expected by Scalare and could fail to implement proposed business plans, expansion plans and strategies effectively or within the desired timeframe.

### 7.4.3 EARLY-STAGE NATURE OF PORTFOLIO COMPANIES

A portfolio company in a relatively early-stage of development may not have strong market penetration, or customer or supplier relationships, or have well-developed business strategies, systems and controls in place. It may not be able to drive organic customer growth, attract sufficient talent to grow the business, be able to acquire new customers at a reasonable cost, and may also experience differing degrees or rates of growth and struggle to scale successfully. Any early market advantage or position may not be lasting or generate consistent revenues or become profitable. Additionally, due to its early-stage nature and potential lack of industry or supplier relationships, a portfolio company may not be able to negotiate contracts with suppliers on favourable terms, or with any margin commercially necessary for the business. There is a risk that a company of this nature may fail to achieve returns targeted by Scalare if at all, and should be considered speculative. Some clients or customers of a portfolio company may themselves be in early stages of development and be subject to similar risks faced by a portfolio company. The failure of customers or clients of this nature (or of potentially even more mature customers or clients) may expose the portfolio company to credit risks.

#### **7.4.4 COMPETITION**

Portfolio companies are likely to be subject to competitive market forces, and their ability to create and maintain a competitive advantage may be critical to success and performance. There is also a risk that measures undertaken by a portfolio company to maintain or enhance its competitive positions will not be effective. Competition may arise from new market entrants or existing businesses, and such competitors may have greater financial resources, stronger industry relationships, or a differentiated or lower cost product which may impact the portfolio company's market position, revenues and gross margins.

#### **7.4.5 FOUNDERS AND KEY PERSONNEL**

Portfolio companies are typically operated by their founders or founding group, and Scalare relies on those individuals to operate the business and provide industry knowledge and local expertise in the jurisdiction in which the portfolio company conducts its business. If a founder or founders were to leave the portfolio company, there is a risk that the portfolio company may suffer a decline in performance, encounter difficulty or incur expenses in locating suitable replacements, take longer to implement its business plan or otherwise be unable to meet its targets. There is also a risk that non-compete and escrow restrictions on founders in employment agreements or shareholders agreements prove to be ineffective or unenforceable.

#### **7.4.6 COMPLIANCE WITH KEY LAWS AND REGULATIONS**

Portfolio companies are subject to various laws, regulations and industry compliance requirements, which often vary significantly between jurisdictions. These may include, among other things, laws, regulations and compliance requirements relating to governance, disclosure, capital, risk management, licensing, anti-money laundering, privacy, cyber security, sales practices and conduct of business. Scalare relies on portfolio companies to conduct their businesses in accordance with legal obligations and to have policies, processes and procedures in place to endeavour to ensure that they are met, to understand the effect of compliance obligations upon business activities, and to achieve ongoing compliance by detecting and responding to business changes. However, there is a risk that a portfolio

company's past or current activities, have caused or may cause them to contravene laws or regulations (including, amongst other things, laws relating to employment terms and conditions, intellectual property, banking laws and investment, corporations and securities laws or privacy laws) that could result in fines, penalties, injunctions or suspensions of certain activities and payment of compensation to affected parties and affect the enforceability of contracts. There is also a risk that portfolio companies may not become aware of such contraventions for some time, which may exacerbate the nature of the contravention or their consequences. Compliance obligations may also divert a portfolio company's attention from the day-to-day operation of its business.

#### **7.4.7 CHANGES IN LAWS AND REGULATIONS (INCLUDING NEW LAWS AND REGULATIONS)**

Changes to government policy, legislation or regulations may adversely impact a portfolio company, for example by impacting its ability to perform certain transactions or operate in a certain way cost effectively or at all. This risk may be heightened in jurisdictions where the laws relating to portfolio company activities are uncertain, developing or yet to develop.

#### **7.4.8 FOREIGN JURISDICTIONS REGULATORY REGIMES AND ECONOMIC ENVIRONMENTS**

Portfolio companies operating outside Australia and other developed countries may be exposed to risks not usually associated with investing in Australia and other developed markets. These may include political, social and economic instability, difficulty in enforcing legal rights, unforeseen taxes and less stringent regulatory protections, reporting and disclosure requirements.

Changes to foreign economic and international trade environments may also impact the business of a portfolio company, and subsequently the value of Scalare's investment. Many of the portfolio companies operate in either one or multiple foreign jurisdictions, and are reliant on harmonious trade relations to successfully operate their businesses.

## 7.4.9 RISKS IN INVESTMENT STRUCTURES

As noted in Section 7.4.8, Scalare may invest in many foreign jurisdictions, or the entities in which it invests may have operations in different foreign jurisdictions, including developing countries or countries with legal systems based on different legal foundations to those of Australia. The securities or structure through which Scalare holds its portfolio companies in, the terms of those securities or structures and the legal systems underpinning those securities may differ from those commonly used in Australia.

Scalare may choose to use those securities or structures based on advice that they are commonly or appropriately used, or necessary to use, in the jurisdictions that it invests in. While they may be considered to be appropriate or necessary in the context of Scalare's overall investment strategy and its objectives in relation to a particular portfolio company, they may involve risks. For example, these risks may relate to:

- the certainty or enforceability of Scalare's (or entities through which it invests) rights, including against counterparties;
- Scalare's ability to inject, move or extract money in relation to the portfolio companies in a tax effective manner or at all;
- Scalare's ability to operate in certain jurisdictions in a cost effective manner or at all or to obtain governmental permissions to operate in those jurisdictions where required; and
- risks in relation to uncertainties over the potential legality of their rights or the absence or changing nature of laws and regulations affecting them or the potential for laws or regulations to be introduced or changed in the future.

In addition to risks faced by Scalare's and entities through which it invests, similar risks may be faced by the portfolio companies themselves and their operations.

## 7.4.10 MANAGING RAPID GROWTH

Portfolio companies may seek to generate rapid growth in their operating activities, for example by on boarding new clients and expanding their operations in their existing markets and also in new jurisdictions. If a portfolio company is unable to control growth effectively (which includes successful training, integration and recruitment

of employees needed to manage the envisaged growth, upgrading of technology and systems, and efficient improvement of business processes and controls), there is a risk that the portfolio company will not take advantage of market dynamics and opportunities, execute its business strategy as effectively as it otherwise could, fulfil customer expectations or respond to competitive market forces.

### 7.4.11 INABILITY TO PROTECT INTELLECTUAL PROPERTY

Many portfolio companies will rely on their intellectual property rights to maintain and grow their businesses. There is a risk that a portfolio company may fail to adequately protect its rights and that, despite precautionary procedures, is unable to detect unauthorised use, misappropriation or theft of its intellectual property rights. Portfolio companies or their employees, associates and partners may also disclose, even inadvertently, confidential information regarding their systems and procedures, which could result in other persons leveraging intellectual property for their own advantages. As a result, a portfolio company may not have full right, title and interest to some or all of its intellectual property. In this event, the portfolio company may have difficulty taking enforcement measures against a third party who attempts to use its intellectual property or may be barred from using its own intellectual property due to a third party having priority rights. Any threatened or actual breach of intellectual property rights may result in disputes, litigation and administrative proceedings and further divert management's attention from its key business activities. Any dispute or legal proceeding may also be unsuccessful, time-consuming, costly and difficult to implement enforcement action against.

### 7.4.12 BREACH OF THIRD-PARTY INTELLECTUAL PROPERTY RIGHTS

There is a risk that third parties may allege that portfolio companies use intellectual property derived by them or from their products without their consent or permission. Portfolio companies may therefore be the subject of claims which could result in disputes or litigation, which could necessitate in the payment of monetary damages, cause delays and increase costs.

#### **7.4.13 DISRUPTION OR FAILURE OF TECHNOLOGY SYSTEMS AND DATA BREACHES**

Portfolio companies may become the subject of system failures, viruses, cyber-attacks, hacking, vandalism or other negative events which could render its technology or platforms unavailable for a period of time or result in the theft, loss or corruption of sensitive information and data. The effects of any such events could extend to reputational harm, regulatory scrutiny and claims from affected employees, clients, prospective clients and potentially even government fines. Such circumstances could materially negatively impact the ability of portfolio companies to achieve their financial and operational positions, performance or prospects. Further it is possible that measures utilised by portfolio companies (including firewalls, data encryption software, privacy policies and policies pertaining to restricted access to data) will not be sufficient to detect or prevent unauthorised access to or disclosure of confidential information by third parties, hackers or other governmental bodies. As a result, if any data security breaches, corruption of portfolio companies' databases or leak of confidential information occurs, there is a risk that the portfolio companies themselves could suffer loss of information integrity, reputational damage, system outages and breaches of their obligations under applicable laws, counter-party agreements and customer arrangements.

#### **7.4.14 CURRENCY RISK**

Portfolio companies may face currency risks in their businesses like those faced by Scalare, which are discussed in Section 7.3.12, and where portfolio companies operate in foreign jurisdictions, differences in foreign exchange rate against the home currency, or fluctuations in this rate may impact a portfolio company's pricing competitiveness or profitability.

### **7.5 OTHER RISKS**

#### **7.5.1 MARKET RISK TO THE COMPANY AND ITS SHARES**

As the Company will be listed on the ASX, the Shares will be exposed to market risks. The Shares may trade below the Offer Price and it may be difficult for investors to value their Shares. No guarantee can be given in respect of the future performance or position of the Company or the price at which its Shares may trade on ASX.

#### **7.5.2 FINANCIAL MARKET VOLATILITY**

The price of shares in a publicly listed company can be highly volatile and the value of a company's securities can be expected to fluctuate depending on various factors, including commodity price changes, stock market sentiment, government policies, investor perceptions, economic conditions and market conditions which affect the early-stage technology industry. It is therefore possible that the Company's securities will trade at below the Issue Price.

#### **7.5.3 SHARE LIQUIDITY RISK**

Shares in a listed company are exposed to liquidity risk. The ability of an investor in the Company to sell their Shares on the ASX will depend on the turnover or liquidity of the Shares at the time of sale, as well as the cumulative investment intention of all current and possible investors in the Company at any one point in time. The liquidity may also be impacted by the size of the free float of the Company's Shares and the effect of escrowed securities on the free float. Further, escrowed securities may create volatility, which could impact share price when the escrowed securities are released. Therefore, investors may not be able to sell their Shares at the time, in the volumes or at the price they desire. Refer to Section 11 in relation to escrowed securities.

#### **7.5.4 DIVIDEND RISK**

As noted in Section 5.12, the Company does not have any present plan to pay dividends and may never decide to do so. Further, if the Company wishes to pay a dividend, its ability to do so, or the extent to which any dividend it may be franked, is contingent on the Company satisfying the



legal requirements to the payment of dividends, and the availability of franking credits. No guarantee can be given concerning the future performance of the Company or its ability to pay dividends. Further the Company may make investment decisions which may result in the taxable profits being inadequate to pay franked dividends to Shareholders.

### **7.5.5 CHANGES IN TAXATION LAWS AND POLICIES**

Tax laws in Australia and other jurisdictions are in a continual state of change which may affect the Company (and the portfolio companies) and its Shareholders. Changes to tax laws may adversely affect the Company's financial performance and/or the returns achieved by investors. The Company is not responsible for either taxation implications or penalties incurred by investors. Investors should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of the tax legislation to an investment in the Company.

### **7.5.6 INTEREST RATE RISK**

Changes in short and long-term interest rates can have a positive or negative impact on investment returns, either directly or indirectly. Generally, an increase in interest rates has a contractionary effect on the state of the economy and the valuation of securities. For example, rising interest rates can have a negative impact on the Company (or the value of a company in Scalare's investment portfolio. This may particularly be the case if the Company (or a Scalare portfolio company) borrows money as increased borrowing costs may cause earnings to decline. As a result the Company's value may fall, and therefore the value of an investment in the Company may fall.

### **7.5.7 ACCOUNTING POLICY RISK**

Australian Accounting Standards are set by the AASB and International Financial Reporting Standards are issued by the International Accounting Standards Board and are outside the control of the Company. New or refined Australian Accounting Standards or International Financial Reporting Standards may affect factors like recognition and measurement of key statement of profit

and loss and balance sheet items, including fair value measurement of financial instruments and share-based payments. There is also a risk that interpretations of existing Australian Accounting Standards, including those relating to the recognition and measurement of financial instruments and share-based payments, may differ. Changes to Australian Accounting Standards issued by the AASB and International Financial Reporting Standards issued by the International Accounting Standards Board or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in the Company's financial statements.

### **7.5.8 FORCE MAJEURE**

Events may occur within Australia or in other jurisdictions in which the Group and the portfolio companies operate in, that could impact upon a jurisdiction's economy, the Group and the portfolio companies' operations, investor sentiment and the price of the Shares. The events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or severe viruses (e.g. COVID-19 or variants of it) or other natural or man-made events or occurrences that can have an adverse effect on the demand for Group's and portfolio companies' products and offerings, and their abilities to conduct business. The Group and the portfolio companies may only have a limited ability to insure against some of these risks.

### **7.5.9 TIME FRAME FOR INVESTMENT**

The investments undertaken by the Group by their very nature may require a lengthy period of time to mature and deliver results. Investors are advised to seek advice to discuss their investment in the Company as a long term proposition and to be aware that substantial fluctuations in the value of their investment may occur over that period.

### **7.5.10 DILUTION RISK**

The holdings of Shareholders may be further diluted in the future as a result of any future equity capital raisings that are required to be undertaken by the Company in order to fund future exploration activities or business activities of the Company.

### **7.5.11 FAILURE TO COMPLY WITH CHAPTERS 1 AND 2 OF ASX LISTING RULES**

Completion of the proposed Acquisition will constitute a significant change to the nature and scale of the business. Accordingly, the Company is seeking to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules.

The Company seeks Shareholder approval for the change in nature and scale at the General Meeting under Listing Rule 11.1 as well as other transactions contemplated by the Acquisition, and it will take all other necessary steps to meet the requirements of Chapters 1 and 2 as if it were applying for admission to the official list of ASX.

Shareholders should be aware that following the General Meeting, the Company may remain suspended by the ASX until the ASX determines that it has re-complied with Chapters 1 and 2 of the ASX Listing Rules. It is the Company's intention to meet these requirements as soon as practicable.

Prospective investors should be aware that the ASX will not quote the Shares issued under this Prospectus until such time as the Company complies with Chapters 1 and 2 of the Listing Rules and as such there is a risk that the Shares will not be able to be traded for some time and the Company cannot guarantee that the Shares will be publicly traded at all. As such investors should be aware that the Shares may not be allotted at all and, in such case, the Company shall then return any Application Money to the relevant Applicants without interest.



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GREAT  
COMPANIES**

# 8. FINANCIAL INFORMATION

## 8.1 INTRODUCTION

The financial information of the Group contained in Section 8 includes historical financial information for FY2022, FY2023 and FY2024 (collectively the **Financial Information**) as summarised in Table 1 below.

Table 1: Overview of the Group's Historical Financial Information

Statutory Historical Financial Information	Pro Forma Historical Financial Information
<p><b>Statutory Historical Financial Information</b> comprises the:</p> <ul style="list-style-type: none"> <li>Statutory historical consolidated income statements for the Company for the financial years ended 31 December 2021, 2022 and 2023 and for the half year ended 30 June 2024 (<b>Statutory Historical Income Statements for the Company</b>);</li> <li>Statutory historical consolidated income statements for Scalare for the financial years ended 30 June 2022, 2023 and 2024 (<b>Statutory Historical Income Statements for Scalare</b>);</li> <li>Statutory historical consolidated cash flows for the Company for the financial years ended 31 December 2021, 2022 and 2023 and for the half year ended 30 June 2024 (<b>Statutory Historical Cash Flows for the Company</b>);</li> <li>Statutory historical consolidated cash flows for Scalare for financial years ended 30 June 2022, 2023 &amp; 2024 (<b>Statutory Historical Cash Flows for Scalare</b>); and</li> <li>Statutory historical consolidated statement of financial position for the Company and Scalare as at 30 June 2024 (<b>Statutory Historical Statement of Financial Position</b>).</li> </ul>	<p><b>Pro Forma Historical Financial Information</b> comprises the:</p> <ul style="list-style-type: none"> <li>pro forma historical consolidated income statements for financial years ended 30 June 2022, 2023 and 2024 (<b>Pro Forma Historical Income Statements</b>);</li> <li>pro forma historical consolidated cash flows for financial years ended 30 June 2022, 2023 and 2024 (<b>Pro Forma Historical Statement of Cash Flows</b>); and</li> <li>pro forma historical consolidated statement of financial position as at 30 June 2024 (<b>Pro Forma Historical Statement of Financial Position</b>).</li> </ul>

The Company's financial year was calendar year based and ran from 1 January to 31 December. On 29 June 2024 the Company informed ASIC that it intended to change the financial year to 30 June, which became effective from 30 June 2024.

Scalare's current financial year runs from 1 July to 30 June.

For the purposes of preparation of the pro forma historical financial information the Company's results have been prepared for the financial years to 30 June.

Also summarised in this Section 8 are:

- the basis of preparation and presentation of the Financial Information (see Section 8.2);
- the pro forma adjustments to the Statutory Historical Financial Information and reconciliations to the Pro Forma Historical Financial Information (refer to Sections 8.3.3, 8.4.2 and 8.5.1);
- details of the Company's and Scalare's cash and cash equivalents and pro forma cash position at the assumed date of Completion (refer to Section 8.6);
- information regarding the Company's and Scalare's contractual obligations, commitments and contingent liabilities (refer to Section 8.8);
- qualitative disclosures about market risk (refer to Section 8.9);
- management discussion and analysis of the Pro Forma Historical Financial Information (refer Section 8.3); and
- the Company's proposed dividend policy (see Section 8.14).

The Financial Information should be read in conjunction with the business overview set out in Section 5, key risks set out in Section 7 and the other disclosures contained in this Prospectus. Investors should be aware that past results are not a guarantee of future performance.

All amounts disclosed in the tables are presented in Australian dollars unless otherwise stated.

## **8.2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION**

### **8.2.1 OVERVIEW**

The Financial information included in the Prospectus is intended to present potential investors with information to assist them in understanding the historical financial performance, cash flow and financial position of the Group.

The statutory historical consolidated financial statements of the Company are general purpose financial statements which were subject to an adverse opinion from the Company's previous auditor for the financial years ended 31 December 2022 and 31 December 2023 related to non-compliance with Australian Accounting Standards (AAS) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act and a qualification in relation to the remuneration report, which is discussed in more detail in section 8.2.2 below. As a result, information related only to the Company has been presented as Historical Financial Information in this section 8. The directors consider the Statutory Historical Financial Information of the Company to be insignificant to potential investors given the significance of the proposed transaction with Scalare and the accounting for this proposed transaction (as a share-based payment arrangement) which is detailed throughout this section 8 in accordance with the accounting policy included in section 8.11 below.

The statutory historical consolidated financial statements of Scalare are general purpose financial statements which have been prepared and presented in accordance with Australian Accounting Standards (AAS) adopted by the Australian Accounting Standards Board (AASB). The consolidated financial statements of Scalare also comply with the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The Statutory Historical Financial

Information for Scalare has been derived from its statutory historical consolidated financial statements.

The Directors are responsible for the preparation and presentation of the Financial Information.

The significant accounting policies adopted in the preparation of the Financial Information are set out in Section 8.11 and have been consistently applied to all financial periods presented in this Prospectus. The Financial Information has been prepared on an accruals basis and is based on historical costs.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards or IFRS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The Financial Information, as defined in Section 8.1, has been reviewed by In.Corp Audit & Assurance Pty Ltd, in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, as stated in its Independent Limited Assurance Report. Investors should note the scope and limitations of the Independent Limited Assurance Report as contained in Section 9.

### **8.2.1.1 SEGMENT INFORMATION**

The Group intends to manage its operations as a single business operation, providing support, delivered through products, services and expert advice alongside investment in selected early-stage technology businesses. No parts of its business are expected to qualify as an individual operating segment under IFRS 8 Operating Segments. The Board intends to assess the financial performance of the Group on an integrated basis only and accordingly, the Group will be managed on the basis of a single segment. Notwithstanding the above, the Group intends to review revenue by region and type which has been presented in this document.

## 8.2.2 PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The consolidated financial statements of Scalare for FY2022, FY2023 and FY2024 will be lodged with ASX and are available at [www.scalarepartners.com](http://www.scalarepartners.com) as at the Listing Date. The consolidated financial statements of the Company for the financial years ended 31 December 2021, 2022 and 2023 as well as for the half year ended 30 June 2024 have been lodged with ASX and are available on the ASX website.

The statutory financial statements for the financial period to 30 June 2024 of the Company were audited by In.Corp Audit & Assurance Pty Ltd. In.Corp Audit & Assurance Pty Ltd audited the statutory financial statements in accordance with Australian Auditing Standards. In.Corp Audit & Assurance Pty Ltd issued an unmodified audit opinion on the financial statements for the financial period ended 30 June 2024. However, for the financial period ended 30 June 2024 did draw attention to a material uncertainty regarding going concern and included an Other Matter paragraph in relation to the adverse opinion issued for the year ended 31 December 2023.

The statutory financial statements for the financial years ended 31 December 2021, 2022 and 2023 of the Company were audited by HLB Mann Judd Assurance (VIC) Pty Ltd. HLB Mann Judd Assurance (VIC) Pty Ltd audited the statutory financial statements in accordance with Australian Auditing Standards. HLB Mann Judd Assurance (VIC) Pty Ltd issued an adverse audit opinion on the financial statements for the financial years ended 31 December 2022 and 31 December 2023, on the basis that the financial reports were not in accordance with the Corporations Act 2001. This opinion was issued as the Company had not consolidated the results and year-end balance sheet amounts of its wholly owned subsidiaries on the basis that it concluded that the post 31 December 2022 year end disposal and settlement of the subsidiaries represented an adjusting event after the 2022 reporting period, requiring the Company to account for the disposal of the subsidiaries during the year ended 31 December 2022.

The auditor for the financial years ended 31 December 2022 and 31 December 2023 issued a qualified opinion on the remuneration report as the Company's executive director's remuneration was recorded in the Company's subsidiaries and the auditor was not able to obtain sufficient appropriate audit evidence that the disclosure in the remuneration report was true and fair as the

Company's subsidiaries books and records were not made available to the auditor.

The Auditor also drew attention to a material uncertainty regarding going concern in respect of the financial statements for the financial years ended 31 December 2022 and 31 December 2023.

HLB Mann Judd Assurance (VIC) Pty Ltd issued an unmodified audit opinion on the financial statements for the financial year ended 31 December 2021; however, did draw attention to a material uncertainty regarding going concern.

The statutory financial statements of Scalare were audited by In.Corp Audit & Assurance Pty Ltd. In.Corp Audit & Assurance Pty Ltd audited the statutory financial statements in accordance with Australian Auditing Standards. In.Corp Audit & Assurance Pty Ltd issued an unmodified audit opinion on the financial statements for the financial years ended 30 June 2022, 2023 and 2024.

The Pro Forma Historical Financial Information has been prepared for the purposes solely for inclusion in this Prospectus. The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information adjusted for effects of the following pro forma adjustments:

- the Offer;
- the legal acquisition, by the Company, of Scalare (the Acquisition);
- the acquisition, by Scalare, of Tech Ready Women Pty Limited, which occurred in April 2024 (the TRW Acquisition);
- the full year impact as if Scalare owned TRW for the full financial year ended 30 June 2024; and
- The tax impact of the above adjustments, as applicable.

Section 8.3.3 sets out the pro forma adjustments made to the Statutory Historical Income Statements and a reconciliation of the Statutory Historical Income Statements to the Pro Forma Historical Income Statements, as if the Offer, the Acquisition and the TRW Acquisition had occurred on 1 July 2021.

The FY2022 and FY2023 statutory financial statements of Tech Ready Women Pty Limited were audited by In.Corp Audit & Assurance Pty Ltd. In.Corp Audit & Assurance Pty Ltd also audited the financial statement of Tech Ready Women Pty Ltd for the period from 1 July 2023 to the date of the Scalare acquisition in April 2024. In.Corp Audit & Assurance Pty Ltd audited the statutory financial



statements in accordance with Australian Auditing Standards. In.Corp Audit & Assurance Pty Ltd issued an unmodified audit opinion on the financial statements for the financial years ended 30 June 2022 and 2023 and for the period to 30 April 2024.

Pro forma adjustments were also made to the Statutory Historical Cash Flows to reflect:

- the cash impact of the pro forma adjustments to the Statutory Historical Cash Flows; and
- the cash impact of costs and proceeds associated with the Offer and the Acquisition.

Section 8.4.2 sets out the pro forma adjustments to the Statutory Historical Cash Flows and a reconciliation of the Statutory Historical Cash Flows to the Pro Forma Cash Flows, as if the Offer, the Acquisition and the TRW Acquisition had occurred on 1 July 2021.

Section 8.5.1 sets out the pro forma adjustments to the Statutory Historical Statement of Financial Position, and a reconciliation of the Statutory Historical Statement of Financial Position to the Pro Forma Historical Statement of Financial Position. Pro Forma adjustments were made to the Statutory Historical Statement of Financial Position to reflect the impact of the Offer, the Acquisition and the TRW Acquisition, as if they had occurred as at 30 June 2024.

Investors should note that past results are not a guarantee of future performance.

### 8.2.3 EXPLANATION OF CERTAIN NON-IFRS FINANCIAL MEASURES

The Company and Scalare use certain measures to manage and report on its business that are not recognised under IFRS (or Australian Accounting Standards). These measures are collectively referred to in this Section 8 and under Regulatory Guide 230 "Disclosing Non-IFRS Financial Information" published by ASIC as "non-IFRS financial measures". The principal non-IFRS financial measures that are referred to in this Prospectus are as follows:

- Support services revenue:  
Total revenue generated for services provided to customers. Scalare receives payment for services revenue in two formats, being cash or as equity in the company receiving the services.
- Services revenue payable in cash:

Revenue in relation to the rendering of services payable by cash is recognised on an accrual basis once the services have been delivered, most commonly on a monthly basis, predetermined in advance with reference to the corresponding agreement with the customer.

- Services revenue payable in equity:  
Revenue in relation to rendering of services for share options is recognised when the share option in the customer has vested.
- Investment gains:  
The carrying amount of any financial asset recognised through profit or loss are revalued on a bi-annual basis. Indicators of the market value of the financial asset are obtained by reference to the value per share from the investee entities most recent capital raise, and in the absence of a recent capital raise, by reference to other observable market indicators. On disposal or sale of these financial assets, the difference between the carrying amount and the disposal amount, net of expenses, is recognised in profit and loss.
- Investment returns:  
The annual percentage return on funds deployed in the investment portfolio, being the value recorded as "financial assets through the profit and loss" on the historical statement of financial position. Scalare calculates the percentage return as the total investment gains (realised and unrealised) divided by the weighted average value of the investment portfolio.

Although the Company and Scalare believe that these measures provide useful information about the financial performance of the business, they should be considered as supplements to the income statement measures that have been presented in accordance with IFRS and not as a replacement for them. As these non-IFRS financial measures are not based on IFRS (or Australian Accounting Standards), they do not have standard definitions, and the way the Company and Scalare calculates these measures may differ from similarly titled measures used by other companies. Investors and readers of this Prospectus should therefore not place undue reliance on these non-IFRS financial measures.

## 8.3. HISTORICAL FINANCIAL INFORMATION

### 8.3.1 PRO FORMA HISTORICAL INCOME STATEMENTS

The tables below set out the Group's Pro Forma Historical Income Statements. The Statutory Historical Income Statements (which are set out in Section 8.3.4) are reconciled to the Pro Forma Historical Income Statements respectively in Section 8.3.1. See Section 8.3.2 for a description of the presentation and composition of the cost and expense categories in table 2.

The Pro Forma Historical Income Statement is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company's view of its future financial performance.

The Pro Forma Historical Income Statement shown in table 2 below is for the financial years ended 30 June 2022, 2023 and 2024 and does not take account the impact of the Offer. The impact of the Maximum and Minimum Raise amounts on the 30 June 2024 Pro Forma Historical Income Statement is shown in table 3:

**Table 2: Summary of the Pro Forma Historical Income Statements (before Offer)**

Year ended	Notes	30 June 2022	30 June 2023	30 June 2024
Sales and support services revenue		1,146,790	1,217,303	1,993,063
Investment gains / (losses) – realised and unrealised		2,380,973	2,038,011	1,192,221
Other income		34,861	7,526	9,515
Total income		3,562,624	3,262,840	3,194,799
Direct services expenses		453,723	357,937	974,593
Gross profit		3,108,901	2,904,903	2,220,206
Depreciation and amortisation		1,519	0	7,800
Employee benefits expense		1,367,917	1,449,470	1,792,995
Other expenses		279,994	338,799	770,400
Total expenses		1,649,430	1,788,269	2,571,195
Net profit before tax		1,459,471	1,116,634	(350,989)
Income tax		(369,514)	(300,382)	155,909
Net profit / (loss) after tax		1,089,957	816,252	(195,080)

### 8.3.1.1 COMMENTARY ON MAJOR ITEMS INCLUDED IN THE PRO FORMA HISTORICAL INCOME STATEMENTS

During the FY2024 year Scalare continued to expand its services business, with a 64% increase over FY2023.

At this initial stage in Scalare's growth the increase in services business revenue was matched by an increase in direct and operating expenses, up 65% over FY2023.

The investment portfolio continued to increase in value with realised and unrealised gains of \$1.19m in FY2024. While lower than in FY2023, the gain on investments was a significant contribution of the Group's overall results.

The impact of a lower investment gain and growth in resources to increase support services revenue resulted in a net loss after tax result of \$195,080, down from a profit after tax of \$816,252 in FY2023.

A more detailed explanation of the key drivers of Scalare's financial performance is described in Section 8.3.2.1 below.

**Table 3: Summary of the Pro Forma Historical Income Statement for the financial year ended 30 June 2024, with the impact of the maximum and minimum raise amounts.**

A\$	Pro Forma Historical	Pro Forma Historical (Minimum Subscription)		Pro Forma Historical (Maximum Subscription)	
	Year ended 30 June 2024	Pro forma adjustments	Year ended 30 June 2024	Pro forma adjustments	Year ended 30 June 2024
Sales and services revenue	1,993,063		1,993,063		1,993,063
Investment gains / (losses) – realised and unrealised	1,192,221		1,192,221		1,192,221
Other income	9,515		9,515		9,515
Total income	3,194,799		3,194,799		3,194,799
Direct services expenses	974,593		974,593		974,593
Gross profit	2,220,206		2,220,206		2,220,206
Depreciation and amortisation	7,800		7,800		7,800
Employee benefits expense	1,792,995		1,792,995		1,792,995
Other expenses	770,400	768,000	1,538,400	746,000	1,516,400
Total expenses	2,571,195	768,000	3,339,195	746,000	3,317,195
<b>Profit (loss) before income tax</b>	<b>(350,989)</b>	<b>(768,000)</b>	<b>(1,118,989)</b>	<b>(746,000)</b>	<b>(1,096,989)</b>
Income tax expense	155,909		155,909		155,909
<b>Profit (loss) for the year</b>	<b>(195,080)</b>	<b>(768,000)</b>	<b>(963,080)</b>	<b>(746,000)</b>	<b>(941,080)</b>

Note: Refer to Section 8.5.2 for details of the costs involved with the Offer.

### 8.3.2 KEY PRO FORMA OPERATING AND FINANCIAL METRICS FOR FY2022 TO FY2024

Table 4 summarises the Group's key pro forma historical operating and financial metrics for FY2022, FY2023 and FY2024.

**Table 4: Key pro forma operating and financial metrics for FY2022 to FY2024**

Year ended	Notes	30 June 2022	30 June 2023	30 June 2024
Headcount at year end	1	8	12	16
Total customers at year end		8	25	58
Sales and services revenue		\$1,146,790	\$1,217,303	\$1,993,063
Direct services expenses		\$453,723	\$357,937	\$974,593
Sales and services gross profit		\$693,067	\$859,366	\$1,018,470
Gross profit margin (%)		60%	71%	51%
Sales and services revenue growth (%)			6%	64%
Sales and services revenue payable in cash	3	\$861,864	\$876,171	\$1,673,319
Growth in sales and services revenue payable in cash			2%	91%
Sales and services revenue payable in equity	2	\$284,926	\$341,132	\$319,744
Total companies invested in at year end		18	24	27
Companies invested in during the year		9	6	5
Total company exited during the year		0	1	2
Investment gains / (losses) – unrealised		2,475,361	2,069,344	998,856
Investment gains / (losses) – realised		(94,388)	(31,333)	193,365
Investment gains / (losses) – total		2,380,973	2,038,011	1,192,221
Investment returns %		102.6%	35.8%	13.7%

Notes:

1. Headcount refers to total employees and contractors employed the business.
2. Scalare typically holds a Board or Board Advisory role for each company that it invests in. For this service most companies issue Scalare with equity in the company itself.
3. All other Scalare services are invoiced and paid for in cash, within our usual trading terms.

Refer to Section 8.2.1 and 8.3.1 for details of the basis of preparation of the Pro Forma Historical Income Statements.

### 8.3.2.1 COMMENTARY ON PRO FORMA FINANCIAL METRICS FOR FY2022 TO FY2024

During the FY2024 year Scalare continued to invest in resources to grow the support services business. With a focus on expanding the services business beyond portfolio companies the number of customers in FY2024 increased from 25 in FY2023 to 58. Providing services to more non-portfolio companies is a clear strategic focus for Scalare.

This approach saw a significant increase in cash generated services revenue increasing from \$876,171 in FY2023 to \$1,673,319 in FY224, an increase of 91%. As stated in this prospectus, Scalare's aim is to increase cash based services revenue to ensure it is building a sustainable business that can fund the growth of the business, including making up to eight investments per year.

The gross profit margin continues to be high at 51% for FY2024. While the margin dropped from 71% in FY2023 this was due to the increase as a percentage of times and

material type services of total services revenue, such as the virtual CFO / bookkeeping services. With the launch of Ascend and addition of other digital services (TRW) we expect the margin to improve over the FY2024 result.

Portfolio investment gains (realised and unrealised) will continue to impact the overall group's results. This is less predictable as it will be based on the performance of the portfolio company itself and the valuation of each portfolio company.

The return on investment is an important measure of the Scalare model as we aim to generate superior returns as we help guide the portfolio company as it scales.

### 8.3.3 PRO FORMA ADJUSTMENTS TO THE STATUTORY INCOME STATEMENTS

Table 5 below set outs the pro forma adjustments that have been made to the profit / (loss) after tax in the Statutory Historical Income Statements (which are set out in Section 8.3.4).

**Table 5: Pro Forma adjustments to the Statutory Historical Income Statements**

	Notes	FY2022	FY2023	FY2024
Statutory profit / (loss) company		(13,772,986)	552,597	(145,675)
Statutory profit / (loss) Scalare		1,116,551	873,780	(221,080)
Adjustment for reverse acquisition	1	13,772,986	(552,597)	145,675
Adjustment for full year results of Tech Ready Women	2	(26,595)	(57,528)	26,000
<b>Total pro forma profit / (loss) after tax adjustments</b>	<b>Table 2</b>	<b>1,089,956</b>	<b>816,252</b>	<b>(195,080)</b>

Notes:

1. The acquisition of Scalare is treated as if it were a reverse acquisition under the AASB 3 Business Combinations and the impact of the Company's results are eliminated. See material accounting policy information in Section 8.11 for further details.
2. Tech Ready Women Pty Limited was acquired in April 2024. The pro forma income statement has been adjusted to include the full year results of the business for each of the three years. For FY2024 the adjustment relates to the ten months prior to the acquisition as the post acquisition results are included in the consolidated income statement for Scalare.

### 8.3.4 STATUTORY HISTORICAL INCOME STATEMENTS

Tables 6 and 7 below sets out the standalone Statutory Historical Income Statement of each of the Company and Scalare.

**Table 6: Statutory Historical Income Statement for Scalare (standalone)**

Year ended	Notes	30 June 2022	30 June 2023	30 June 2024
Sales and services revenue		914,873	1,067,756	1,613,559
Investment gains / (losses) – realised and unrealised		2,380,973	2,038,011	1,192,221
Other income		1,461	7,526	9,515
Total income		3,297,307	3,113,293	2,815,295
Direct services expenses		453,723	357,937	974,593
Gross profit		2,843,584	2,755,356	1,840,702
Depreciation and amortisation		1,519	0	7,800
Employee benefits expense		1,249,674	1,370,864	1,607,948
Other expenses		106,326	210,330	601,943
Total expenses		1,357,519	1,581,194	2,217,691
Net profit before tax		1,486,065	1,174,162	(376,989)
Income tax		(369,514)	(300,382)	155,909
Net profit / (loss) after tax		1,116,551	873,780	(221,080)

**Table 7: Statutory Historical Income Statement for the Company (standalone)**

Year ended	Notes	31 December 2021	31 December 2022	31 December 2023	Half year ended 30 June 2024
Sales and services revenue		0	0	0	0
Investment gains / (losses) – realised and unrealised		0	0	0	0
Other income		150	719	1,251,025	0
Total income		150	719	1,251,025	0
Direct services expenses		0	0	0	0
Gross profit		150	719	1,251,025	0
Depreciation, amortisation and impairment		10,320,310	700,000	0	0
Employee benefits expense		883,581	50,508	0	0
Other expenses		1,310,849	1,049,541	263,823	66,811
Total expenses		12,514,740	1,800,049	263,823	66,811
Net profit before tax		(12,514,590)	(1,799,330)	987,202	(66,811)
Income tax		0	27,375	0	0
Net profit / (loss) after tax		(12,514,590)	(1,771,955)	987,202	(66,811)



## 8.4. HISTORICAL CASH FLOWS

### 8.4.1 PRO FORMA HISTORICAL CASH FLOWS

Table 8 below sets out the Group's Pro Forma Historical Cash Flows. The Statutory Historical Cash Flows (which are set out in Section 8.4.3) are reconciled to the Pro Forma Historical Cash Flows in Section 8.4.2.

The Pro Forma Historical Cash Flows statement is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company's view of its future financial performance.

The Pro Forma Historical Cash Flow in Table 8 below is for the financial years ended 30 June 2022, 2023 and 2024 and does not take account the impact of the Offer. The impact of the Maximum and Minimum Raise amounts on the 30 June 2024 Pro Forma Historical Cash Flows is shown in table 9.

**Table 8: Summary of the Pro Forma Historical Cash Flow (before Offer)**

Year ended	Notes	30 June 2022	30 June 2023	30 June 2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers		1,076,888	1,238,951	1,247,310
Payments to suppliers and employees		(1,715,683)	(1,955,041)	(3,265,412)
Proceeds on disposal of financial assets		196,048	11,902	104,337
Acquisition of financial assets		(1,107,669)	(828,356)	(467,379)
Other payments and / or receipts		213	6,920	9,515
Income tax paid		0	0	0
<b>Net cash from operating activities</b>		<b>(1,550,203)</b>	<b>(1,525,624)</b>	<b>(2,371,629)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment		(833)	0	(8,580)
Purchase of subsidiary		0	0	(40,000)
<b>Net cash from investing activities</b>		<b>(833)</b>	<b>0</b>	<b>(48,580)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of share capital, net of issue costs		2,566,869	1,496,924	1,972,512
Net change in borrowings		0	0	(125,000)
<b>Net cash flows from financing activities</b>		<b>2,566,869</b>	<b>1,496,924</b>	<b>1,847,512</b>
<b>Net increase / (decrease) in cash</b>		<b>1,015,833</b>	<b>(28,700)</b>	<b>(572,697)</b>
Cash at beginning of financial year		390,029	1,405,862	1,377,162
Adjustment for business acquisitions		0	0	34,613
Cash at end of the financial year		1,405,862	1,377,162	839,078

**Table 9: Summary of the Pro Forma Historical Cash Flows for the financial year ended 30 June 2024, with the impact of the maximum and minimum raise amounts.**

A\$	Pro Forma Historical	Pro Forma Historical (Minimum Subscription)		Pro Forma Historical (Maximum Subscription)	
	Year ended 30 June 2024	Pro forma adjustments	Year ended 30 June 2024	Pro forma adjustments	Year ended 30 June 2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	1,247,310		1,247,310		1,247,310
Payments to suppliers and employees	(3,265,412)	(268,000)	(3,533,412)	(246,000)	(3,511,412)
Proceeds on disposal of financial assets	104,337		104,337		104,337
Acquisition of financial assets	(467,379)		(467,379)		(467,379)
Other payments and / or receipts	9,515		9,515		9,515
<b>Net cash from operating activities</b>	<b>(2,371,629)</b>	<b>(268,000)</b>	<b>(2,639,629)</b>	<b>(246,000)</b>	<b>(2,617,629)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment	(8,580)		(8,580)		(8,580)
Purchase of subsidiary	(40,000)		(40,000)		(40,000)
<b>Net cash from investing activities</b>	<b>(48,580)</b>		<b>(48,580)</b>		<b>(48,580)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issue of share capital, net of issue costs	1,972,512	3,804,000	5,776,512	7,542,000	9,514,512
Net change in borrowings	(125,000)		(125,000)		(125,000)
<b>Net cash flows from financing activities</b>	<b>1,847,512</b>	<b>3,804,000</b>	<b>5,651,512</b>	<b>7,542,000</b>	<b>9,389,512</b>
<b>Net increase / (decrease) in cash</b>	<b>(572,697)</b>	<b>3,536,000</b>	<b>2,963,303</b>	<b>7,296,000</b>	<b>6,723,303</b>
Cash at beginning of financial year	1,377,162		1,377,162		1,377,162
Adjustment for business acquisitions	34,613		34,613		34,613
Cash at end of the financial year	839,078	3,536,000	4,375,078	7,296,000	8,135,078

Refer to Section 8.2.2 for details of the basis of preparation of the Pro Forma Historical Cash Flows.

## 8.4.2 PRO FORMA ADJUSTMENTS TO THE STATUTORY HISTORICAL CASH FLOWS

Table 10 below set outs the pro forma adjustments that have been made to Statutory Historical Cash Flows. These adjustments are summarised and explained below.

**Table 10: Pro Forma adjustments to the Statutory Historical Cash Flows**

	Notes	FY2022	FY2023	FY2024
Statutory cash flows company		403,489	(524,076)	(3,924)
Statutory cash flows Scalare		1,064,288	(306,311)	(286,738)
Adjustment for reverse acquisition	1	(403,489)	524,076	3,924
Adjustment for full year results of Tech Ready Women	2	(48,455)	277,611	(285,959)
<b>Total pro forma net cash flows</b>	<b>Table 8</b>	<b>1,015,833</b>	<b>(28,700)</b>	<b>(572,697)</b>

Notes:

- The acquisition of Scalare is treated as if it were a reverse acquisition under the AASB 3 Business Combinations and the impact of the Company's results are eliminated. See material accounting policy information in Section 8.11 for further details.
- Tech Ready Women Pty Limited was acquired in April 2024. The pro forma cash flow statement has been adjusted to include the full year results of the business for each of the three years. For FY2024, the adjustment relates to the ten months prior to the acquisition as the post acquisition results are included in the consolidated income statement for Scalare.

### 8.4.3 STATUTORY HISTORICAL CASH FLOWS

Tables 11 and 12 below sets out the standalone Statutory Historical Income Statement of each of the Company and Scalare.

**Table 11: Statutory Historical Cash Flows for Scalare (standalone)**

Year ended	Notes	30 June 2022	30 June 2023	30 June 2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers		825,623	748,082	1,155,098
Payments to suppliers and employees		(1,415,963)	(1,741,783)	(2,887,241)
Receipts from government grants and incentives		0	0	0
Proceeds on disposal of financial assets		196,048	11,902	104,337
Acquisition of financial assets		(1,107,669)	(828,356)	(467,379)
Other payments and / or receipts		213	6,920	9,515
Income tax paid		0	0	0
<b>Net cash from operating activities</b>		<b>(1,501,748)</b>	<b>(1,803,235)</b>	<b>(2,085,670)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment		(833)	0	(8,580)
Purchase of subsidiary		0	0	(40,000)
<b>Net cash from investing activities</b>		<b>(833)</b>	<b>0</b>	<b>(48,580)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of share capital, net of issue costs		2,566,869	1,496,924	1,972,512
Net change in borrowings		0	0	(125,000)
<b>Net cash flows from financing activities</b>		<b>2,566,869</b>	<b>1,496,924</b>	<b>1,847,512</b>
<b>Net increase / (decrease) in cash</b>		<b>1,064,288</b>	<b>(306,311)</b>	<b>(286,738)</b>
Cash at beginning of financial year		298,613	1,362,901	1,056,590
Adjustment for business acquisitions		0	0	34,613
Cash at end of the financial year		1,362,901	1,056,590	804,465

**Table 12: Statutory Historical Cash Flows for the Company (standalone)**

Year ended	Notes	31 December 2021	31 December 2022	31 December 2023	Half Year to 30 June 2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers		0	0	0	0
Payments to suppliers and employees		(1,137,222)	(897,813)	(387,291)	(70,725)
Receipts from government grants and incentives		0	0	0	0
Proceeds on disposal of financial assets		0	0	0	0
Acquisition of financial assets		(0)	(0)	(0)	0
Other payments and / or receipts		150	719	1,089	0
Income tax paid		0	0	0	0
<b>Net cash from operating activities</b>		<b>(1,137,072)</b>	<b>(897,094)</b>	<b>(386,202)</b>	<b>(70,725)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment		0	0	0	0
Proceeds from disposal of subsidiary		0	0	27,375	0
Loans to related parties		(10,320,310)	(700,000)	0	0
<b>Net cash from investing activities</b>		<b>(10,320,310)</b>	<b>(700,000)</b>	<b>27,375</b>	<b>0</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issue of share capital, net of issue costs		13,111,891	0	198,175	0
Net change in borrowings		0	0	(20,323)	69,774
<b>Net cash flows from financing activities</b>		<b>13,111,891</b>	<b>0</b>	<b>177,852</b>	<b>69,774</b>
<b>Net increase / (decrease) in cash</b>		<b>1,654,509</b>	<b>(1,597,094)</b>	<b>(180,975)</b>	<b>(951)</b>
Cash at beginning of financial year		125,196	1,779,705	182,611	1,636
Cash at end of the financial year		1,779,705	182,611	1,636	685

## **8.5. HISTORICAL STATEMENT OF FINANCIAL POSITION**

### **8.5.1 OVERVIEW - PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION**

Table 13 below sets out the Group's Statutory Historical Statement of Financial Position and the pro forma adjustments that have been made to prepare the Pro Forma Historical Statement of Financial Position for the Group. These adjustments, as detailed in table 15 below, reflect the impact of the effect of the Offer, changes to the capital structure pursuant to the acquisition of TRW (including associated transaction costs of each), as if they had occurred as at 30 June 2024.

The Pro Forma Historical Balance Sheet in Table 13 below is for the financial year ended 30 June 2024 and does not take account the impact of the Offer. The impact of the Maximum and Minimum Raise amounts on the 30 June 2024 Pro Forma Historical Balance Sheet is shown in Table 14.

The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company's view of its future financial performance:



**Table 13: Statutory Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position as at 30 June 2024 (before Offer)**

	Statutory Historical 30 June 2024	Pro Forma Adjustments	Pro Forma Historical 30 June 2024
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	685	803,780	804,465
Trade and other receivables	3,896	423,831	427,727
Other current assets	0	9,741	9,741
<b>Total current assets</b>	<b>4,581</b>	<b>1,237,352</b>	<b>1,241,933</b>
<b>Non-current assets</b>			
Financial assets through profit and loss	0	10,234,443	10,234,443
Intangibles	0	1,465,056	1,465,056
Property, plant and equipment	0	0	0
<b>Total non-current assets</b>	<b>0</b>	<b>11,699,499</b>	<b>11,699,499</b>
<b>Total assets</b>	<b>4,581</b>	<b>12,936,851</b>	<b>12,941,432</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	51,370	590,789	642,159
Borrowings	152,374	(152,374)	0
Deferred consideration	0	287,459	287,459
<b>Total current liabilities</b>	<b>203,744</b>	<b>725,874</b>	<b>929,618</b>
<b>Non-current liabilities</b>			
Deferred tax liability	0	568,144	568,144
Deferred consideration	0	1,020,077	1,020,077
<b>Total non-current liabilities</b>	<b>0</b>	<b>1,588,221</b>	<b>1,588,221</b>
<b>Total liabilities</b>	<b>203,744</b>	<b>2,314,095</b>	<b>2,517,839</b>
<b>Net assets</b>	<b>(199,163)</b>	<b>10,622,756</b>	<b>10,423,593</b>
<b>EQUITY</b>			
Issued capital	45,329,811	(37,440,281)	7,889,530
Reserves	3,811,908	(3,067,765)	744,143
Accumulated profits (losses)	(49,340,882)	51,130,802	1,789,920
<b>Total equity</b>	<b>(199,163)</b>	<b>10,622,756</b>	<b>10,423,593</b>

Refer to Section 8.2.2 and 8.5.2 for details of the basis of preparation of the Pro Forma Historical Statement of Financial Position.

### **8.5.1.1 COMMENTARY ON MAJOR ITEMS INCLUDED IN THE PRO FORMA HISTORICAL STATEMENTS OF FINANCIAL POSITION**

Under the terms of the share sale agreement between the Company and Scalare, on Completion the Company would be cash and debt free, including all trade and other payables. As a result, the pro forma historical statement of financial position (before the Offer) as at 30 June 2024 reflects the historical statement of financial position of Scalare group of companies, including TRW.

Immediately prior to and on Completion the Company will have no debt.

The key items included in the pro forma historical statement of financial position as at 30 June 2024 are:

- Cash and cash equivalents – refer to Section 8.4.1
- Financial assets at fair value through profit and loss
- Intangibles and related to this deferred consideration
- Deferred tax liability.

Financial assets at fair value through profit and loss shows the value attributable to the portfolio of companies Scalare has vested in and still holds as at 30 June 2024. Refer to Section 5.x for the valuation methodology Scalare applies to determine this value.

Intangibles and deferred consideration predominantly relates to the 100% acquisition of Tech Ready Women in April 2024. The upfront consideration including \$40,000 in cash and \$60,000 in Shares in Scalare, valued at the Offer price of \$0.25 per share.

Scalare has agreed to pay the existing shareholders of Tech Ready Women Pty Ltd (TRW) additional consideration, dependent upon the revenue levels that the Company has set over the next 3 financial years. The Group has included deferred contingent consideration of \$1,307,536 which is the estimated fair value based on the probability of the revenue projections being met.

Deferred tax liability is the tax liability accrued for Scalare tax that would be payable as at 30 June 2024 if 100% of the financial assets held through profit and loss had been realised as at that date.

**Table 14: Pro Forma Historical Statement of Financial Position as at 30 June 2024 with Minimum and Maximum Raise (after Offer)**

A\$	Pro Forma Historical	Pro Forma Historical (Minimum Subscription)		Pro Forma Historical (Maximum Subscription)	
	As at 30 June 2024	Pro forma adjustments	As at 30 June 2024	Pro forma adjustments	As at 30 June 2024
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	804,465	3,536,000	4,340,465	7,296,000	8,100,465
Trade and other receivables	427,727		427,727		427,727
Other current assets	9,741		9,741		9,741
<b>Total current assets</b>	<b>1,241,933</b>	<b>3,536,000</b>	<b>4,777,933</b>	<b>7,296,000</b>	<b>8,537,933</b>
<b>Non-current assets</b>					
Financial assets through profit and loss	10,234,443		10,234,443		10,234,443
Intangible assets	1,465,056		1,465,056		1,465,056
Property, plant and equipment	0		0		0
<b>Total non-current assets</b>	<b>11,699,499</b>		<b>11,699,499</b>		<b>11,699,499</b>
<b>Total assets</b>	<b>12,941,432</b>	<b>3,536,000</b>	<b>16,477,432</b>	<b>7,296,000</b>	<b>20,237,432</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	642,159		642,159		642,159
Deferred consideration	287,459		287,459		287,459
<b>Total current liabilities</b>	<b>929,618</b>		<b>929,618</b>		<b>929,618</b>
<b>Non-current liabilities</b>					
Deferred tax liability	568,144		568,144		568,144
Deferred consideration	1,020,077		1,020,077		1,020,077
<b>Total non-current liabilities</b>	<b>1,588,221</b>		<b>1,588,221</b>		<b>1,588,221</b>
<b>Total liabilities</b>	<b>2,517,839</b>		<b>2,517,839</b>		<b>2,517,839</b>
<b>Net assets</b>	<b>10,423,593</b>	<b>3,536,000</b>	<b>13,959,593</b>	<b>7,296,000</b>	<b>17,719,593</b>
<b>EQUITY</b>					
Issued capital	7,889,530	4,304,000	12,193,530	8,042,000	15,931,530
Reserves	744,143		744,143		744,143
Accumulated profits (losses)	1,789,920	(768,000)	1,021,920	(746,000)	1,043,920
<b>Total equity</b>	<b>10,423,593</b>	<b>3,536,000</b>	<b>13,959,593</b>	<b>7,296,000</b>	<b>17,719,593</b>

Table 15 below set outs the pro forma adjustments that have been made to Statutory Historical Statement of Financial Position. These adjustments are summarised and explained below.

**Table 15: Pro Forma adjustments to the Statutory Historical Statement of Financial Position**

	AAS 3 – Reverse acquisition	The Acquisition (Scalare)	Total Pro Forma Adjustments (before Offer)
Notes	1	2	
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	(685)	804,465	803,780
Trade and other receivables	(3,896)	427,727	423,831
Other current assets	0	9,741	9,741
<b>Total current assets</b>	<b>(4,581)</b>	<b>1,241,933</b>	<b>1,237,352</b>
<b>Non-current assets</b>			
Financial assets at fair value through profit and loss	0	10,234,443	10,234,443
Intangibles	0	1,465,056	1,465,056
Property, plant and equipment	0	0	0
<b>Total non-current assets</b>	<b>0</b>	<b>11,699,499</b>	<b>11,699,499</b>
<b>Total assets</b>	<b>(4,581)</b>	<b>12,941,432</b>	<b>12,936,851</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	(51,370)	642,159	590,789
Borrowings	(152,374)	0	(152,374)
Deferred consideration	0	287,459	287,459
Total current liabilities	(203,744)	929,618	725,874
<b>Non-current liabilities</b>			
Deferred tax liability	0	568,144	568,144
Deferred consideration	0	1,020,077	1,020,077
<b>Total non-current liabilities</b>	<b>0</b>	<b>1,588,221</b>	<b>1,588,221</b>
<b>Total liabilities</b>	<b>(203,744)</b>	<b>2,517,839</b>	<b>2,314,095</b>
<b>Net assets</b>	<b>199,163</b>	<b>10,423,593</b>	<b>10,622,756</b>
<b>EQUITY</b>			
Issued capital	(45,329,811)	7,889,530	(37,440,281)
Reserves	(3,811,908)	744,143	(3,067,765)
Accumulated profits (losses)	49,340,882	1,789,920	51,130,802
<b>Total equity</b>	<b>199,163</b>	<b>10,423,593</b>	<b>10,622,756</b>

Notes:

1. The acquisition of Scalare is treated as if it were a reverse acquisition under the AASB 3 Business Combinations and the impact of the Company's results are eliminated. See material accounting policy information in Section 8.11 for further details.
2. Represents the acquisition of the Company by Scalare, based on indicative fair value of the Company pursuant to the share sale agreement signed between the Company and Scalare.

## 8.5.2 OTHER ASSUMPTIONS ADOPTED IN COMPILING THE PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

Below is a summary of the key assumptions adopted in compiling the Pro Forma Historical Statement of Financial Position.

### Subsequent Events:

On 19 September 2024, the Company will complete (subject to shareholder approval) a share consolidation that changes the number of ordinary shares on issued from 99,999,733 to 1,785,710; however, the share consolidation does not give rise to an adjustment in the Pro Forma Historical Financial Information.

On 19 September 2024, the Company will issue 214,290 ordinary shares (subject to shareholder approval) to settle outstanding director fees. An expense for \$53,573 has been reflected in the pro forma adjustments to the pro forma historical statement of financial position as an increase the issued capital and increase the net loss for the year ended 30 June 2024.

There are no other events that have arisen subsequent to 30 June 2024 which give rise to an adjustment in the Pro Forma Historical Financial Information.

### Pro forma impact of the Offer:

The Offer is for a Minimum Subscription of 16,000,000 Shares to raise \$4,000,000 at an issue price of \$0.25 per Share and a Maximum Subscription of 32,000,000 Shares at an issue price of \$0.25 per Share to raise up to \$8,000,000. The Offer is reflected in the pro forma adjustments to the pro forma historical statement of financial position as an increase to cash and cash equivalents and an increase to issued capital.

Costs associated with this Prospectus and the Offer including payment of broker fees, commissions and other capital raise related costs totalling approximately \$1,264,000 (Minimum Subscription) and approximately \$1,504,000 (Maximum Subscription) respectively (refer to Section 11.10 for further details) is reflected in the pro forma adjustments as follows:

- \$496,000 (Minimum Subscription) and \$758,000 (Maximum Subscription), being the costs of the share issue have been attributed to issued capital. This is reflected in the pro forma historical statement of financial position as a decrease to cash and cash equivalents and a decrease to issued capital in respect of the component payable in cash, and as an increase and corresponding decrease to issued capital in respect of the component payable in shares (refer to section 11.10 for further details); and
- \$768,000 (Minimum Subscription) and \$746,000 (Maximum Subscription), being the costs associated with the ASX listing, are reflected in the pro forma historical statement of profit or loss and comprehensive income as an expense and in the pro forma historical statement of financial position as a decrease to cash and cash equivalents in respect of the component payable in cash. The component payable in shares is reflected in the pro forma historical statement of profit or loss and comprehensive income as an expense and in the pro forma historical statement of financial position as an increase to issued capital. Refer to section 11.10 for further details.

Audit costs associated with the IPO are already reflected in the Historical Financial Information and as such, are not included as part of the pro forma impact of the Offer. 1,200,000 Ordinary Shares to be issued to the Manager, Broker and other Advisers (as remuneration for services) in connection with the Offer, have been attributed to issued capital, resulting in no impact on the issued capital account.

## 8.6 CASH AND CASH EQUIVALENTS

Set out below is the combined net cash / (debt) position of the Company and Scalare at 30 June 2024 on a statutory basis (before Completion) and on a pro forma basis prior to receipt of the net proceeds of the Offer as if these actions took place as at 30 June 2024.

	Historical Cash Position (pre-completion of the Offer)	Pro Forma adjustment (pre Completion of the Offer)	Pro Forma at 30 June 2024 (pre Completion of the Offer)
Cash and cash equivalents	685	803,780	804,465
Short term debt	(152,374)	152,374	0
Long term debt	0	0	0
Net cash and cash equivalents	(151,689)	956,154	804,465

The cash balance as at 31 July 2024 was \$647,388.

## 8.7 LIQUIDITY AND CAPITAL RESOURCES

Following Completion, the Group's principal sources of funds are expected to be cash on hand and cash generated from Scalare services payable by cash.

The Group's main use of cash is to fund operations, including working capital, investment in new and existing portfolio companies, capital expenditure and support the Group's growth initiatives. Historical company investments, capital expenditure and working capital trends are described in Section 8.5.1.1. The Company and Scalare expect that, following Completion, the Group will have sufficient working capital to carry out its stated business objectives.

The Group's ability to generate sufficient cash depends on its future economic performance which, to a certain extent, is subject to a number of factors beyond the Group's control including general economic, financial and competitive conditions. Over time, the Group may seek additional funding from a range of sources to diversify its funding base. Qualitative disclosures about market risk sensitive instruments are address in Section 8.9.

## 8.8 CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Group operates from leased office premises that are on a month by month basis and all software used in the business are either paid in advance or on a month by month basis. The Group has no contractual obligations or commitments beyond a month.

Scalare's acquisition of Tech Ready Women Pty Limited in April 2024 includes a contractual obligation to pay 30% of revenues from 1 July 2024 to 30 June 2027 to the previous shareholders. Scalare has estimated the potential TRW related contractual obligations and these are shown as deferred consideration in Table 14: Pro Forma Historical Statement of Financial Position as at 30 June 2024.

The Company and Scalare have no material contingent liabilities or other off-balance sheet arrangements as at 30 June 2024 other than described above.



## 8.9 QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### Price risk

Scalare's exposure to price risk arises from investments held and classified in the balance sheet at fair value through profit or loss. Scalare has investments in businesses that are in growth or early stages of development.

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of financial assets held at fair value through profit and loss.

To manage its price risk arising from its financial assets at fair value through profit or loss, Scalare diversifies its portfolio across a number of investments and industries. Should the value of Scalare's investments decrease or increase by 10% there will be a reduction or increase (respectively) to profit after tax and equity of \$767,583 based on the value of financial assets at fair value through profit or loss as at 30 June 2024.

### Interest rate risk

The Group will be exposed to interest rate risk arising from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The primary financial instruments impacted by interest rate movements are cash balances. The Group will monitor and analyse its interest rate exposure. Within the analysis, consideration is given to uses of funds and potential financing options.

### Foreign exchange risk

The Group will transact in various currencies other than its functional currency, being the Australian dollar, including the United States dollar, the Euro, Singapore dollar and the British pound. The Company and Scalare have not historically hedged its foreign currency exposure and as a result the Group's earnings will be exposed to the net impact of movement in foreign exchange rates on its sales, employee expenses and purchases in foreign currencies in which the transaction occurs.

The Company and Scalare have foreign currency bank accounts, receivables and payables that are denominated in a currency other than its functional currency, being the Australian dollar.

## 8.10 OVERVIEW OF REVENUE CATEGORIES

Scalare provides support services to early stage technology companies. These services include the following.

Virtual / part time – invoiced on a time and materials basis:

- CFO, accounting and bookkeeping services
- Business development and sales training
- Customer / partnership sales generation and referrals
- Capital Raise readiness
- Outsourced technology development

Project and success based services – invoiced as a combination of monthly retainer and success fees:

- Capital and debt raising
- Customer sales generation

Board / advisory board roles:

- For both portfolio and non-portfolio companies
- Portfolio companies usually remunerate through equity arrangements such as share option plans
- Non-portfolio companies are invoiced on a monthly basis

Membership and subscription services:

- Tech Ready Women memberships
- Founder resource library
- Ascend program

Technology competition sponsorships and training:

- Operates the Australian technology Competition

## 8.11. MATERIAL ACCOUNTING POLICY INFORMATION

Set out below is material accounting policy information and other material accounting matters that have been used in the preparation of the Financial Information in this section.

### Accounting Policy for Equity

#### Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Costs that relate to the stock market listing or are otherwise not incremental and directly attributable to issuing new shares, are recorded as an expense in profit or loss.

Costs that relate to both share issuance and listing are allocated between those functions in proportion of new shares issued to the total number of (new and existing) shares listed.

### Accounting Policy for the Proposed Transaction between Candy Club Holdings Ltd and Scalare Partners Pty Ltd

The Proposed Transaction involves the issue by Candy Club of shares to the owners of Scalare, including a maximum capital raise (of \$8 million), which will result in the owners of Scalare obtaining a 98% ownership in the combined entity.

Candy Club is not considered to be a business as it does not meet the definition of a business in that it does not have an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. As such this transaction falls outside the scope of AASB 3.

Because the analysed transaction is not within the scope of AASB 3 Business Combinations the directors considered the requirements of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* in particular with reference to the requirement to consider

Australian Accounting Standards dealing with similar and related issues. The directors consider that accounting for this transaction as a share-based payment transaction in accordance with AASB 2 *Share-based Payment* provides the most relevant and reliable financial information to the intended users of the Pro Forma Historical Financial Information.

Under this approach, any difference in the fair value of the shares deemed to have been issued by Scalare (as the accounting acquirer) and the fair value of the Company's identifiable net assets (as the accounting acquiree) represents a service received by Scalare. This difference is considered to be payment for a service of a stock exchange listing for its shares.

The implications for the application of AASB 3 on the pro forma financial statements is as follows:

#### Pro Forma Historical Income Statements

The Pro Forma Statement of Profit or Loss and Other Comprehensive income presented comprise the combined results of Scalare and Tech Ready Women Pty Ltd.

#### Pro Forma Historical Statement of Financial Position

The Pro Forma Statement of Financial Position represents that of the proposed combined entity at the respective balance date and equity is presented as Scalare being the accounting acquirer.

#### Pro Forma Historical Statement of Cash Flows

The Pro Forma Statement of Cash Flows comprise the combined results of Scalare and Tech Ready Women Pty Ltd.

## Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Scalare Partners Pty Ltd at the end of the reporting period. Scalare controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year they were controlled. A list of controlled entities is contained below. All controlled entities have a June financial year-end.

In preparing the consolidated financial statements all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries are consistent with those adopted by the parent entity.

## Controlled Entities

A list of controlled entities is shown below. All controlled entities have a June financial year-end.

Parent Entity	Country of Incorporation	Subsidiaries	Country of Incorporation	% Owned
Scalare Partners Pty Ltd	Australia			
		Scalare Operations Pty Ltd	Australia	100%
		Scalare Investment Pty Ltd	Australia	100%
		Scalare ATC Pty Ltd	Australia	100%
		Tech Ready Women Pty Ltd	Australia	100%

## Revenue recognition

### Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

### Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Group are:

#### Services payable by cash

Revenue in relation to the rendering of consulting and nonexecutive director services payable by cash is recognised on an accrual basis once the services have been delivered, most commonly on a monthly basis, predetermined in advance with reference to the corresponding agreement with the customer.

Where the value of the services are not predetermined in advance, revenue is recognised once the services have been delivered. Due to the uncertainty in the amount (for example, where the amount of the services is contingent upon the value of a capital raise), revenue is only recognised after the services have been delivered to ensure an accurate amount is reflected.

#### Services payable by stock options

Revenue in relation to rendering of services for share options is recognised when the share option has vested to the appointed NonExecutive Director (NED) as per the signed share option letter.

### Annual support plan

Revenue is recognised on a straightline basis over the period of the support plan services provided.

### Revaluation of investments not currently for sale

The carrying amount of any financial asset recognised through profit or loss are revalued on bi-annual basis.

Indicators of the market value of the financial asset are obtained by reference to the value per share from the investee entities most recent capital raise, and in the absence of a recent capital raise, by reference to other observable market indicators.

On disposal or sale of these financial assets, the difference between the carrying amount and the disposal amount, net of expenses, is recognised in profit and loss.

### Going Concern

The Company incurred a loss for FY2024 of \$66,811, and had cash outflows from operations for FY2024 of \$70,725, and the statement of financial position as at 30 June 2024 shows a deficiency of current assets in relation to current liabilities of \$199,163.

Notwithstanding the loss for the financial year, the negative cashflows from operations and a deficiency of net assets, the financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

In the Directors' opinion, the going concern assumption is considered appropriate based on an expectation of generating sufficient cash to enable the Company to pay its debts as and when they are due and payable through both cash receipts from operations and from raising additional capital.

Accordingly, the Directors have prepared the financial report on a going concern basis.

## Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit and loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

## Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

## Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

## 8.12. FORECASTS

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

## 8.13. FUNDING

The funding for the Company's short to medium term activities will be generated from the Offer under this Prospectus (see Section 3). As and when further funds are required, the Company may raise additional capital from issue of securities.

# 9. INVESTIGATING ACCOUNTANTS REPORT



## INDEPENDENT LIMITED ASSURANCE REPORT ON CANDY CLUB HOLDINGS LIMITED'S AND SCALARE PARTNERS PTY LTD'S HISTORICAL AND PRO FORMA HISTORICAL FINANCIAL INFORMATION

**In.Corp Audit & Assurance Pty Ltd**  
**ABN 14 129 769 151**

Level 1  
6-10 O'Connell Street  
SYDNEY NSW 2000

Suite 11, Level 1  
4 Ventnor Avenue  
WEST PERTH WA 6005

GPO BOX 542  
SYDNEY NSW 2001

T +61 2 8999 1199  
E [team@incorpadvisory.au](mailto:team@incorpadvisory.au)  
W [incorpadvisory.au](http://incorpadvisory.au)

To the Members of Candy Club Holdings Limited

We have been engaged by Candy Club Holdings Limited ("the Company") to report on the historical financial information and pro forma historical financial information in respect of the following:

- the Income Statements and Statements of Cash Flows of the Company for the years ended 31 December 2021, 31 December 2022 and 31 December 2023 and Scalare Partners Pty Ltd ("Scalare") for the years ended 30 June 2022, 30 June 2023 and 30 June 2024; and
- the Statement of Financial Position of the Company and Scalare as at 30 June 2024;

for inclusion in the public document dated on or about 20 September 2024 relating to the issue of up to 32 million shares in the Company and the issue of 72 million shares as consideration to the current shareholders of Scalare for its acquisition ("the Prospectus").

The future prospects of the Company, other than the preparation of Pro Forma Historical Financial Information, assuming completion of the transactions summarised in section 8 of the Prospectus, are not addressed in this report.

### SCOPE

#### *Historical Financial Information*

You have requested In.Corp Audit & Assurance Pty Ltd to review the following historical financial information of the Company and Scalare included in the Prospectus:

- the Income Statements and Statements of Cash Flows of the Company for the years ended 31 December 2021, 31 December 2022 and 31 December 2023 and Scalare for the years ended 30 June 2022, 30 June 2023 and 30 June 2024; and
- the Statement of Financial Position of the Company and Scalare as at 30 June 2024;

(collectively referred to as "the Historical Financial Information").

The other Historical Financial Information has been prepared in accordance with the stated basis of preparation.

**INDEPENDENT LIMITED ASSURANCE REPORT ON CANDY CLUB HOLDINGS LIMITED'S AND SCALARE PARTNERS PTY LTD'S HISTORICAL AND PRO FORMA HISTORICAL FINANCIAL INFORMATION (continued)**

***Historical Financial Information (continued)***

The statutory historical consolidated financial statements of the Company for the years ended 31 December 2022 and 31 December 2023 were general purpose financial statements which were subject to an adverse opinion related to non-compliance with Australian Accounting Standards adopted by the Australian Accounting Standards Board and the *Corporations Act 2001* and a qualification in relation to the remuneration report. As a result, information related only to the Company (as an individual entity) has been presented as Historical Financial Information in section 8.

The other Historical Financial Information has been prepared in accordance the recognition and measurement principles contained in Australian Accounting Standards and the Company's and Scalare's adopted accounting policies. The historical financial information has been extracted from the financial reports of the Company for the years ended 31 December 2021, 31 December 2022 and 31 December 2023 and Scalare for the years ended 30 June 2022, 30 June 2023 and 30 June 2024, which were audited in accordance with the Australian Auditing Standards.

An adverse opinion was issued on the financial reports of the Company for the years ended 31 December 2022 and 31 December 2023 and unmodified audit opinions have been issued on the other financial reports of the Company and Scalare. The Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

***Pro Forma Historical Financial Information***

You have requested In.Corp Audit & Assurance Pty Ltd review the pro forma historical Statement of Financial Position as at 30 June 2024, the pro forma historical Income Statements and pro forma historical Cash Flow Statements for the years ended 30 June 2022, 30 June 2023 and 30 June 2024 ("the Pro Forma Historical Financial Information").

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company and Scalare, after adjusting for the effects of pro forma adjustments described in section 8 of the Prospectus, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance and cash flows.

The statutory historical consolidated financial statements of the Company for the years ended 31 December 2022 and 31 December 2023 were general purpose financial statements which were subject to an adverse opinion related to non-compliance with Australian Accounting Standards adopted by the Australian Accounting Standards Board and the *Corporations Act 2001* and a qualification in relation to the remuneration report. As a result, information related only to the Company has been presented as Historical Financial Information in section 8.

The other Historical Financial Information has been prepared in accordance the recognition and measurement principles contained in Australian Accounting Standards and the Company's and Scalare's adopted accounting policies. The historical financial information has been extracted from the financial reports of the Company for the years ended 31 December 2021, 31 December 2022 and 31 December 2023 and Scalare for the years ended 30 June 2022, 30 June 2023 and 30 June 2024, which were audited in accordance with the Australian Auditing Standards.



**INDEPENDENT LIMITED ASSURANCE REPORT ON CANDY CLUB HOLDINGS LIMITED'S AND SCALARE PARTNERS PTY LTD'S HISTORICAL AND PRO FORMA HISTORICAL FINANCIAL INFORMATION (continued)**

**DIRECTORS' RESPONSIBILITY**

The directors of the Company are responsible for the preparation of the Historical Financial Information and the Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and the Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

**OUR RESPONSIBILITY**

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review reports on any financial information used as a source of the financial information.

**CONCLUSIONS**

***Historical financial information***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in section 8 of the Prospectus, and comprising:

- the Income Statements and Statements of Cash Flows of the Company for the years ended 31 December 2021, 31 December 2022 and 31 December 2023 and Scalare for the years ended 30 June 2022, 30 June 2023 and 30 June 2024; and
- the Statement of Financial Position of the Company and Scalare as at 30 June 2024;

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 8 of the Prospectus.

***Emphasis of Matter – Historical Financial Reports of Cand Club Holdings Limited***

As disclosed in section 8 of the Prospectus and our report, the financial report of Candy Club Holdings Limited and its controlled entities was subject to an adverse audit opinion for the years ended 31 December 2021 and 31 December 2022. As a result of that adverse opinion, information related only to the Company has been included as historical financial information in section 8 of the Prospectus. Our conclusion is not modified in respect of this matter.

**INDEPENDENT LIMITED ASSURANCE REPORT ON CANDY CLUB HOLDINGS LIMITED'S AND SCALARE PARTNERS PTY LTD'S HISTORICAL AND PRO FORMA HISTORICAL FINANCIAL INFORMATION (continued)**

***Pro Forma Historical Financial Information***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, being the pro forma Income Statements and the pro forma Statements of Cash flows for the years ended 30 June 2022, 30 June 2023 and 30 June 2024 and the pro forma Statement of Financial Position as at 30 June 2024, is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 8 of the Prospectus.

**RESTRICTION ON USE**

Without modifying our conclusions, we draw attention to section 8 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

**CONSENT**

In.Corp Audit & Assurance Pty Ltd has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included. In.Corp Audit & Assurance Pty Ltd has not authorised the issue of the Prospectus. Accordingly, In.Corp Audit & Assurance Pty Ltd makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Prospectus.

**DECLARATION OF INTEREST**

In.Corp Audit & Assurance Pty Ltd does not have any interest that could be reasonably regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. In.Corp Audit & Assurance Pty Ltd will receive a professional fee for the preparation of this report.

**In.Corp Audit & Assurance Pty Ltd**



**Daniel Dalla**

Director

23 September 2024

# 10. GENERAL INFORMATION

## 10.1. HOW TO APPLY FOR SHARES

You should carefully read this Prospectus and instructions accompanying the Application Form before subscribing for Shares. If you wish to participate in the Offer, you should complete the Application Form attached to this Prospectus.

### How to apply

Applications for Shares under this Prospectus may only be made under the Offer by applying online at the Company's application portal at <https://apply.automic.com.au/CandyClub> and paying by BPAY®; or Electronic Funds Transfer (EFT) payment using the unique BPAY or EFT reference number provided.

The Shares under the Offer may only be issued in response to an Application Form. If the Company does not have reasonable grounds to believe an Application Form was included in or accompanied by the Prospectus when the Application Form was distributed, then the Application will not be accepted and any Application monies received returned (without interest).

### How to pay

Apply Online and pay by BPAY® or EFT

If you are an eligible investor, and you are applying online, you must complete your online Application by following the instructions and by making a BPAY® or EFT payment.

Using the BPAY® details provided when you complete your online Application, you need to:

1. access your participating BPAY® financial institution either through telephone banking or internet banking;
2. select BPAY® and follow the prompts;
3. enter the biller code supplied;
4. enter the unique "Customer Reference Number" supplied for each Application;
5. enter the total amount to be paid which corresponds to the number of Shares you wish to apply for under each Application (i.e. the Minimum Application). Note that your financial institution may apply limits on your use of BPAY®. You should enquire about the limits that apply in your own personal situation;
6. select the account you wish your payment to be made from;

7. schedule your payment. Note that Applications without payment cannot be accepted; and
8. record your BPAY® receipt number and date paid. Retain these details for your records.

BPAY® payments must be made from an Australian dollar account of an Australian financial institution. You will need to check with your financial institution in relation to their BPAY® closing times to ensure that your Application Monies will be received by 5.00pm (AEST) on the Closing Date. If you do not pay the Application Monies by BPAY or EFT by this time, your Application will be incomplete and will not be accepted. If you complete your Application by making a BPAY® or EFT payment, you do not need to complete or return the paper Application Form. By completing a BPAY® or EFT payment, you acknowledge you are applying pursuant to the Application Form.

### Acceptance of Applications

Regardless of the method of Application Candy Club Holdings Ltd should receive the relevant Application by no later than the Closing Date (unless the Company varies the dates and times).

Completed BPAY® payment or a completed and lodged paper Application Form constitutes an irrevocable offer to Candy Club Holdings Ltd to subscribe for Shares on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus), and as set out in the Application Form.

The Company reserves the right to:

1. reject any Application, including Applications that have not been correctly completed or are accompanied by payments that are dishonoured;
2. accept late Applications received after the Closing Date;
3. allocate to any Applicant a lesser number of Shares than that for which any Applicant applied; and
4. waive or correct any errors made by an Applicant in their Application.

The Directors, subject to the requirements of the ASX Listing Rules and the Corporations Act, reserve the right to:

1. close the Offer early without prior notice; or
2. vary any of the important dates set out in this Prospectus, including extending the Offer.

## 10.2. ALLOTMENT AND ALLOCATION OF SHARES

The Directors will determine the allottees of all the Shares in their discretion. The Directors reserve the right to allot Shares in full for any application or to allot any lesser number or to decline any application. Where the number of Shares allotted is less than the number applied for, or where no allotment is made, the surplus application monies will be returned to the Applicant within seven days of the allotment date.

Subject to the Minimum Subscription for the Offer being reached and the Company being satisfied that it will meet the requirements of Chapters 1 and 2 of the ASX Listing Rules, Shares issued pursuant to the Offer will be allotted as soon as practicable after the Offer closing.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies shall be held by the Company on trust. The Company, irrespective of whether the allotment of Shares takes place, will retain any interest earned on the application monies.

It is the responsibility of the applicant to determine their allocations prior to trading in the Shares. Applicants who sell Shares before they receive their statement of Shareholding will do so at their own risk.

## 10.3. CHES AND ISSUER SPONSORSHIP

The Company will participate in the Clearing House Electronic Subregister System (CHES). CHES is operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, in accordance with the Listing Rules and the ASX Settlement Operating Rules. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Under CHES the Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holding in the Company. If an investor is broker sponsored, ASX will send a CHES statement.

Statements are sent by post and set out the number of Shares issued to the Shareholder under this Prospectus and advice of their Holder Identification Number or Securityholder Reference Number. Subsequently, where a holding changes in the course of a calendar month that Shareholder will be issued with a statement that sets out the changes in their holding. That statement is despatched in the week following the relevant month end.

## 10.4. FOREIGN OFFER RESTRICTIONS

This Prospectus does not constitute an offer or invitation to apply for Shares in any place which, or to any person whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit an Offering of the Shares, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or the Offer or otherwise permit an Offer of the Shares that are the subject of this Prospectus in any jurisdiction outside Australia.

Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed to enable them to apply for and be allotted Shares. If you are outside Australia, it is your responsibility to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

## 10.5. DIVIDENDS

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the

Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

## 10.6. FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements, which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects' or 'intends', and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management. Matters not yet known to the Company or not currently considered material to the Company may impact on these forward-looking statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7.

## 10.7. PRIVACY STATEMENT

The Company collects, holds and will use information in relation to each Applicant as provided on an Application Form (Information) for the purposes of processing the Application Form and, should the Application be successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the Information for the purposes and the Company may disclose the Information for the purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third-

party service providers, and to ASX, ASIC and other regulatory authorities.

The Information may also be used and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, licensed securities dealers, the Share registry, print service providers, mail houses, and regulatory bodies including the Australian Taxation Office.

You can access, correct and update the personal information that the Company holds about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

## 10.8. ENQUIRIES IN RELATION TO THE OFFER

This Prospectus provides information for potential investors in the Company and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact:

- your stockbroker, accountant or independent financial adviser; or
- the Offer Information Line on 1300 288 664 (within Australia) +612 9698 5414 (outside Australia) between 8.30am and 7.00pm (AEST), Monday to Friday.

# ADDITIONAL INFORMATION 11.

## 11.1 COMPANY INFORMATION

The Company was incorporated in 2014, listed on the ASX in February 2014 and its Shares are currently suspended from trade on the ASX.

The Company's subsidiaries on completion of the Transactions will be:

Company Name	Incorporated In	Nature of Business	% Holding
Scalare Partners Pty Ltd	NSW	Provides products and services to early-stage technology companies	100%
Scalare Operations Pty Ltd	NSW	Scalare group internal operations	100%
Scalare Investment Pty Ltd	NSW	Investment Company	100%
Tech Ready Women Pty Ltd	NSW	Education and mentoring services	100%
Scalare ATC Pty Ltd	NSW	Operates the Australian Technologies Competition	100%

## CORPORATE STRUCTURE



## 11.2. SUSPENSION AND RE-ADMISSION TO ASX

The Acquisition, if successfully completed, will represent a significant change in the scale and nature of the Company's operations. ASX has advised that this change in the scale and nature of the Company's activities will require:

- the approval of Shareholders; and
- the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

The Shares have been suspended from trading on ASX since 15 October 2022.

If Shareholder approval to the change in scale and nature of the Company's activities as a result of the Acquisition is obtained then subject to the passing of each Acquisition Resolution (see below for further details), the Shares will not be reinstated to Official Quotation until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and is re-admitted by ASX to the Official List.

Some of the key requirements of Chapters 1 and 2 of the ASX Listing Rules are:

- the Company must satisfy the shareholder spread requirements relating to the minimum number of Shareholders and the minimum value of the shareholdings of those Shareholders; and
- the Company must satisfy the "assets test" as set out in ASX Listing Rule 1.3.

The above do not, and are not proposed to constitute, a full list of the requirements under the ASX Listing Rules that the Company may be required to satisfy. It is expected that completion of the Acquisition and the Offer pursuant to this Prospectus will enable the Company to satisfy the requirements for re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

Applicants should be aware that ASX will not re-admit or admit any Shares to Official Quotation until the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules and is re-admitted by ASX to the Official List. In the event that the Company does not receive conditional approval for re-admission to the Official List, the Company will not proceed with the Offer and will repay all Application Monies received by it in connection with this Prospectus (without interest).

## 11.3. SHAREHOLDER APPROVAL

On 21 August 2024, the Company released to ASX and dispatched to shareholders a notice of general meeting and accompanying explanatory to convene the shareholder meeting at which shareholder approval required for the Acquisition will be sought (General Meeting). The General Meeting has been set for 2 pm (Sydney time) on 23 September 2024.

It is a condition of completion of the Acquisition (and therefore the Offer) that each of the following resolutions are approved by the Shareholders at the Shareholder Meeting:

- The Acquisition is approved by shareholders for the purposes of the ASX Listing Rules, being approvals for change in the scale and nature of the activities of the Company resulting from completion of the Acquisition and the issue of the Consideration Shares to the Scalare Vendors
- Approval for the purposes of Section 611 Item 7 of the Corporations Act for the issue of Consideration Shares to the Scalare Vendors and for any Shares taken up by the Proposed Directors and managers and any Scalare shareholders under the Offer
- The issue of up to 32.0 million Shares pursuant to the Offer made under this Prospectus and the issue of 1.2 million Shares to the Lead Manager
- The 56:1 consolidation of the Company's share capital.

## 11.4. COMPANY TAX STATUS

The Company is and will be subject to tax at the Australian corporate tax rate on its taxable income. The Company's previous financial year ended on 31 December. This was changed to 30 June, effective for the period to 30 June 2024.

## 11.5. CONSTITUTION AND RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.



Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

### Ranking of Shares

At the date of this Prospectus, all Shares are of the same class (ordinary Shares) and rank equally in all respects. Specifically, the Shares issued pursuant to this Prospectus will rank equally with existing fully paid Shares in the Company. The rights attaching to Shares are set out in the Company's constitution and, in certain circumstances, are regulated by the Corporations Act, the ASX Listing Rules and general law.

### Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present, who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney, or representative of a Shareholder shall, in respect of each Share held by that person or in respect of which the person is appointed proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid Shares shall have a fraction of a vote equivalent to the proportion which the amount paid bears up to the total issue price for the Share.

### Dividend rights

Subject to any special rights (at present there are none), any dividends that may be declared by the Company are payable on all Shares in proportion to the amount paid up.

### Variation of rights

The Company may, with the sanction of a special resolution passed at a meeting of Shareholders and otherwise in accordance with the Constitution and Corporations Act, vary or abrogate the rights attaching to Shares.

### Transfer of Shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

### General meetings

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and any other laws.

### Rights on winding up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company:

- (a) divide among the Shareholders the whole or any part of the Company's property; and
- (b) decide how the division is to be carried out between the Shareholders.

Subject to any special rights (at present there are none), any surplus assets (following full satisfaction of all creditors' debts) on a winding up are to be distributed to Shareholders in proportion to the number of Shares held by them irrespective of the amounts paid or credited as paid.

### Future increase in capital

The allotment and issue of any new Shares is under the control of the Board. Subject to restrictions on the issue or grant of new Shares contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred upon the holder of an existing Share or class of Shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

## 11.6. RIGHTS ATTACHING TO OPTIONS

There are 611,242 unlisted Options (pre consolidation) to acquire shares in the Company. A summary of each class of Options is set out below:

- CLBESOP5 – exercisable on or before 13 January 2025 at \$3.12 each.
- CLBESOP6 – exercisable on or before 4 March 2025 at \$4.80 each.
- CLBOPT11 – exercisable on or before 6 May 2025 at \$4.08 each.
- CLBOPT12 – exercisable on or before 24 August 2025 at \$5.76 each.
- CLBOPT13 – exercisable on or before 22 December 2025 at \$3.00 each.
- CLBOPT14 – exercisable on or before 9 June 2025 at \$3.24 each.

Should the resolution to consolidate the Shares on a 56 to 1 basis be passed the total number of Options will reduce to 10,916 and the exercise price of each class will increase by 56 times.

## 11.7. MATERIAL CONTRACTS

Set out below is a brief summary of certain contracts to which the Company is a party and which the Directors have identified as material to the Company or are of such a nature that an investor may wish to have details of particulars of them when making an assessment of whether to apply for Shares.

To fully understand all rights and obligations of a material contract, it would be necessary to review it in full and these summaries should be read in this light.

### 11.7.1 MERGER IMPLEMENTATION DEED

On 17 June 2024, the Company and Scalare Partners entered into a merger implementation deed to govern the implementation of the Offer and the acquisition by the Company of 100% of the share capital of Scalare Partners (Merger Implementation Deed).

The key terms and conditions of the Merger Implementation Deed include the following:

(Implementation): Both the Company and Scalare Partners agree to work together to propose and implement the Acquisition and Offer including preparing

all relevant documents relating to the Acquisition and Offer including a Notice of Meeting to be sent to the Company's shareholders, the notice of meeting to be sent to Scalare Partners shareholders and the Prospectus.

(Loan): The parties agreed to enter into a loan agreement annexed to the Implementation Deed whereby Scalare agreed to lend the Company \$125,000 in respect of costs to be incurred by the Company in respect of the Transactions. The loan agreement was signed on 17 June 2024 and the loan was advanced and is on an interest free basis and will only be repayable in the event the Company breaches the Implementation Deed. Scalare has the right to take security over the Company's assets under the loan agreement.

(Conditions): Completion of the Merger Implementation Deed is subject to the satisfaction or waiver by parties of the following conditions precedent:

- in the reasonable opinion of the Company, there has not been a material adverse change between the 31 December 2023 audited accounts and the 2024 financial information for Scalare Partners made available to the Company;
- Scalare Partners obtaining all necessary shareholder approvals for the Acquisition and if necessary, providing evidence to the Company that a 'drag along notice' has been served to the Scalare Partners shareholders;
- Scalare Partners and the Company executing the Share Sale Deed;
- the Company obtaining all necessary shareholder approvals in respect of the Acquisition and Offer as contemplated by this Notice of Meeting;
- the Company obtaining all approvals, waivers and modifications from ASIC and the ASX which are necessary to enable the Acquisition and Offer to proceed in accordance with the terms of the Merger Implementation Deed and the Share Sale Deed; and
- the Company applying to ASX for quotation of the Company's shares, including those to be issued and allotted under the Offer and the Consideration Shares, and the ASX indicating that it will grant permission for the quotation of the Company shares.

(Termination): Either party can terminate the Merger Implementation Deed provided:

- the conditions precedent as outlined above are not satisfied or waived;
- the other party suffers an insolvency event;
- the other party is in material breach of the Merger Implementation Deed which is incapable of being remedied;
- a majority of the Directors change their recommendation in relation to the Acquisition or Offer; or
- the Share Sale Deed is validly terminated.

(Proceeds of the Offer): The proceeds of the Offer are to be applied in the following order:

- first, to fund the joint transaction costs of both parties; and
- the balance to be retained by the Company as growth capital for the purposes outlined in Section 3.3 of this Prospectus.

(Warranties): The Company and Scalare Partners both provide standard warranties including in respect of title, capacity and capital structure.

(Loan): The parties agreed to enter into a loan agreement annexed to the Implementation Deed whereby Scalare agreed to lend the Company \$125,000 in respect of costs to be incurred by the Company in respect of the Transactions. The loan agreement was signed on 17 June 2024 and the loan was advanced and is on an interest free basis and will only be repayable in the event the Company breaches the Implementation Deed. Scalare has the right to take security over the Company's assets under the loan agreement.

### 11.7.2 SHARE SALE DEED

On 17 June 2024, the Company and Scalare Partners entered into a share sale deed which provides the mechanics for Scalare Partners delivering 100% of its share capital to the Company in connection with the Acquisition (Share Sale Deed).

The key terms and conditions of the Share Sale Deed include the following:

(Acquisition): On Completion of the Share Sale Deed, each holder of Scalare Partners ordinary shares (a Scalare Partners Vendor) must sell their ordinary shares to the Company free of encumbrances.

(Consideration): The consideration payable for the Acquisition is the Company issuing a total of 72,000,000 Consideration Shares to the Scalare Partners Vendors.

(Conditions): Completion of the Share Sale Deed is subject to the satisfaction or waiver by parties of the following conditions precedent:

- each of the conditions precedent in the Merger Implementation Deed as outlined in Section 11.7.1 above being satisfied or waived;
- ordinary shareholders executing a Deed of Accession to the Share Sale Agreement or otherwise being subject to a drag along under the Scalare Partners shareholders deed; and
- certain key management personnel and other Scalare Partners securityholders agreeing to execute escrow agreements.

(Termination): The Share Sale Deed can be terminated in the event that the conditions precedent cannot be satisfied or waived, and automatically terminates if the Merger Implementation Deed is terminated.

(Warranties): The Company and the Scalare Partners Vendors provide standard warranties including in respect of title and capacity.

### 11.7.3 TECH READY WOMEN ACQUISITION

On 16 April 2024 Scalare and each of the shareholders of Tech Ready Women Pty Ltd ("TRW") entered into an agreement whereby Scalare acquired all of the shares in TRW for an initial consideration of \$100,000 being \$40,000 in cash and the issue of 40,154 shares in Scalare.

Scalare will also pay to the vendors (all TRW shareholders at the time of the acquisition on a pro-rata to their prior shareholdings in TRW basis) an earn-out fee equal to 30% of the TRW revenues only for the financial years ending 30 June 2025, 2026 and 2027.

The agreement also provides that Christie Whitehill, the major shareholder and a director of TRW to remain a director of TRW and a consultant to Scalare. From 1 July 2024 to 31 December 2024 she will be paid \$5,000 per month for providing these services on a 2.5 days per month basis. From 1 January 2025 she may elect to remain a director of TRW but if she does so will not be remunerated for that role. If Scalare seeks to have her

provide additional consulting services from 1 January 2025 to 31 December 2025 she will be paid \$2,000 plus GST per day. If services are required after 31 December 2025 a new fee arrangement will be negotiated.

The acquisition was completed on 26 April 2024. The agreement was on standard terms and contained the usual representations and warranties.

#### 11.7.4 THE AUSTRALIAN TECHNOLOGIES COMPETITION ACQUISITION

On 9 March 2023 Scalare entered into an asset purchase agreement with Impact Technology Ventures Pty Ltd ("ITV") to acquire all of the assets constituting the business of "The Australian Technology Competition" ("ATC") for a consideration of \$40,000 in cash.

ITV was also entitled to an earn-out equal to:

- 20% of government sponsorships in each of 2023 and 2024; and
- 20% of corporate and other sponsorship revenue delivered by ITV from identified and agreed targets for each of 2023 and 2024.

Patrick Mooney the principal of ITV also received \$1,250 per day for the provision of 8 days services relating to the hand over of the assets and business.

Patrick Mooney and ITV are entitled to have access to finalists and semi-finalists for 5 years from completion of the acquisition for investing and consulting purposes and to have no restraints in relation to prior entrants in the competition.

ITV is restrained for 2 years from completion of the acquisition from contacting any person who was a customer, supplier or sponsors of the ATC in the 6 months prior to completion of the acquisition with a view to having them not deal with Scalare.

The agreement was otherwise on normal commercial terms and contained the usual representations and warranties.

#### 11.7.5 TECH READY WOMEN – NSW GOVERNMENT CONTRACT

On 28 February 2021 Tech Ready Women (TRW) entered into a "Provider Agreement for Professional Services in relation to Female Founders program" (the Services) with the NSW Government. Since then, additional agreements for the Services have been entered.

The latest agreement for Services was entered into on 29 May 2023 and was for a period of 2 years. The agreement was amended 13 July 2023 and encompasses the provision of 6 programs through to 31 August 2025 with total fees payable of \$600,000 plus GST.

The NSW Government may terminate the agreement by giving 20 business days' notice to TRW.

The NSW Government may also immediately terminate this Agreement for cause if:

- TRW commits a material breach of the agreement which the NSW Government considers is not capable of being remedied;
- TRW fails to remedy a breach of which it has been given 5 business days' notice to remedy;
- TRW becomes insolvent or insolvency proceedings have been committed against it or it becomes subject to any form of insolvency administration; or
- TRW or any personnel or sub-contractor become subject to investigations commenced or threatened by the Independent Commission Against Corruption, a police force or similar public body, is convicted of an offence or otherwise brings the NSW Government into disrepute or a conflict of interest applying.

If the agreement is terminated for cause the NSW Government may deduct any loss or damage arising from or in connection with the termination from money due to TRW or recover in an appropriate court any outstanding amount of such loss or damage.

The agreement is otherwise on normal commercial terms and contains the usual representations and warranties for an agreement of this type.

#### 11.7.6 TECH READY WOMEN – QUEENSLAND GOVERNMENT CONTRACT

On 9 August 2024 Tech Ready Women Pty Ltd signed an agreement with the Queensland Department of Environment, Science, and Innovation to provide 2 programmes for the provision of services prior to 30 November 2025. The total value of the agreement is \$200,000 plus GST. The Queensland Government may terminate the agreement by giving 15 business days' notice to TRW.

The Queensland Government may also immediately terminate this Agreement for cause if:

- TRW commits a material breach of the agreement
- TRW fails to remedy a breach of which it has been given 15 business days' notice to remedy;

- TRW becomes ineligible for funding; or
- TRW becomes insolvent or insolvency proceedings have been committed against it or it becomes subject to any form of insolvency administration.

The agreement is otherwise on normal commercial terms and contains the usual representations and warranties for an agreement of this type.

### 11.7.7 LATIMER PARTNERS – CORPORATE AUTHORISED REPRESENTATIVE APPOINTMENT

On 29 June 2022 Scalare was appointed by deed a corporate authorised representative of Latimer Partners Pty Ltd under its Australian Financial Services Licence (AFSL) Number 000529952.

Under the deed with Latimer Partners Pty Ltd, Scalare is authorised to provide the following services to retail and wholesale clients.

- Provide general financial product advice for the following classes of financial products:
  - Derivatives;
  - Foreign exchange contracts;
  - Debentures, Stocks or bonds issued or proposed to be issued by a government; and
  - Securities.
- Deal in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of the following classes of securities:
  - Derivatives;
  - Foreign exchange contracts;
  - Debentures, Stocks or bonds issued or proposed to be issued by government; and
  - Securities

The arrangement may be terminated by either party on 30 days written notice or by agreement of both parties.

Latimer Partners may terminate the deed immediately by notice served on Scalare where:

- Scalare acquires its own AFSL;
- Latimer Partners ceases holding the AFSL;
- Scalare commits a serious or material breach of its obligations;
- Scalare otherwise breaches the terms of the deed and fails to rectify the breach within
- 14 days of it being notified of the breach or Breaches any of its warranties.

- Scalare or its directors, employees, agents, contractors or representatives conduct their business in a way that may cause harm or injure the reputation of Latimer Partners, is prejudicial to the interests of any client or is unprofessional or unethical;
- an insolvency event occurs, Scalare making an arrangement or compromise with its creditors, a director of Scalare becomes bankrupt or enters an agreement with its creditors.
- An authorised representative of Scalare is convicted of an indictable offence; or
- ASIC taking disciplinary action or initiating proceedings against Scalare in respect of its actions.

The agreement is otherwise on normal commercial terms and contains the usual warranties and representations for an agreement of this type.

### 11.7.8 LEAD MANAGER MANDATE

On 6 August 2026 the Company accepted an engagement by Novus Capital Limited (Novus) in respect of Novus acting as sponsoring broker and lead manager in respect of the Offer on an exclusive basis. Under the agreement the Company agreed to pay Novus (A\$):

- pay a engagement fee of \$12,000 (plus GST) upon being appointed;
- pay a lead manager and sponsoring broker fee of \$25,000 (plus GST) upon lodging the prospectus;
- pay 1% management fee on all funds raised;
- pay 5% broker fee on all funds raised (with 5% rebate to the Company on all funds raised directly by the Company); and
- issue 1,200,000 Shares to the broker and/or its nominees upon successful listing on the ASX.

The agreement is on Novus normal commercial terms and conditions and the above amounts exclude GST (10%). The agreement is for a term of 12 months from completion of the listing of the Company's shares on ASX (Minimum Term). The agreement may be terminated by the Company after the Minimum Term, by giving Novus 30 days' written notice and paying all fees and expenses that have or will accrue up to the date 30 days after the issue of the notice. If the Company wishes to terminate the agreement prior to the expiry of the Minimum Term it must give Novus 30 days written notice of the termination, pay all fees and expenses that would accrue to the end of the Minimum Term, and a break fee of \$30,000.

## 11.8. CORPORATE GOVERNANCE

### ASX Corporate Governance Principles

The incoming Board is committed to complying with the principles of best practice in corporate governance and intends to establish controls, mechanisms and structures to ensure that the Company will be able to comply with as many of the ASX Corporate Governance Principles as the incoming Board considers practicable taking into account the size of the Company and its stage of development.

The incoming Board will aim to conduct the Company's affairs in accordance with the ASX Corporate Governance Principles to the extent that such principles and recommendations are applicable to an entity of the size and structure of the Company.

### Summary of Company's Position in Relation to ASX Corporate Governance Principles

The incoming Board is aware of the importance of a categorical corporate governance framework. The Company has considered the ASX Corporate Governance Principles and Recommendations (Fourth Edition) and adopted those principles to the extent it considers appropriate. The Company has adopted an ASX compliant constitution. The Board has established an Audit and Risk Committee and a Nominations Committee to take effect on the Company's re-admission to the Official List. The Company has also adopted various corporate governance charters and policies.

The following summary assumes completion of the Transactions:

#### 1. Lay solid foundations for management and oversight.

The Board is responsible for evaluating and setting the strategic direction for the Company, establishing goals for management and monitoring the achievement of these goals.

The principal functions and the responsibilities of the Board include but are not limited to the following;

- defining the Company's purpose, providing leadership and setting the strategic direction of the Company;

- approving the Company's statement of values and the Code of Conduct;
- reviewing on an ongoing basis how the Company's strategic environment is changing, what key risks and opportunities are appearing, how they are being managed and what, if any, modifications in strategic direction should be adopted;
- overseeing management's implementation of the Company's strategic objectives and its performance generally;
- appointing and when necessary removing:
  - the chairperson of the Board (Chair);
  - any Chief Executive Officer of the Company (CEO) and approving or ratifying the appointment of other senior executives (Senior Executives); and
  - the company secretary (Company Secretary);
- evaluating, approving and monitoring the Company's annual budgets and business plans;
- approving and monitoring the progress of major capital expenditure;
- determining the Company's dividend policy (if any) and overseeing the financing of dividend payments (if any);
- monitoring the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- receiving representations and attestations from the CEO and CFO as required by laws or the ASX Listing Rules, including that the financial records have been properly maintained;
- ensuring that the Company has in place an appropriate risk management framework;
- setting the risk appetite within which the Board expects management to operate;
- approving the Company's remuneration framework;
- monitoring the effectiveness of the Company's governance practices;
- monitoring and managing the performance of Senior Executives;
- ensuring that appropriate resources are available to Senior Executives;

- approving and managing succession plans for Board, Senior Executives and other key management positions that may be identified from time to time;
- approving and monitoring financial and other reporting to the market, Shareholders, employees and other stakeholders;
- reviewing and monitoring any related party transactions; and
- monitoring the Company's operations in relation to, and in compliance with, relevant regulatory and legal requirements.

### The Board has adopted Charters on Audit and Risk, and Remuneration and Nomination.

Recommendation	Adopted (Yes/No)	Reason
Recommendation 1.1	Yes	The Company has adopted a Board Charter, which sets out the respective roles and responsibilities of its board and management and those matters which are expressly reserved to the board and those delegated to management.
Recommendation 1.2	Yes	The Company has adopted a Charter dealing with Nominations and Remuneration and the Board has established a Nominations Committee which will oversee the process of undertaking appropriate checks before appointing a director or senior executive or putting someone forward for election as a director and the provision of all material information to Shareholders about the election or re-election of someone as a director.
Recommendation 1.3	Yes	Each Director and senior executive have a formal engagement agreement setting out their roles and responsibilities and basis of remuneration.
Recommendation 1.4	Yes	The Board Charter provides that the company secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.
Recommendation 1.5	No	The Company will on re-admission have a board of five, four of which are men. The Company has adopted a Diversity Policy.
Recommendation 1.6:	Yes	The Company has adopted a Charter dealing with the process of periodically reviewing the performance of the Board, its committees and individual directors and will disclose for each reporting period whether such an evaluation has taken place. The Board has established a Nominations and Remuneration Committee to oversee this process and to report to the Board.
Recommendation 1.7	Yes	The Company has adopted a Charter dealing with Nominations and Remuneration and the Board had established a Nominations and Remuneration Committee to which will review the performance of the Company's senior executives and will disclose for each reporting period whether such an evaluation has taken place.



## 2. Structure the board to be effective and add value: The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.

The current board structure, skill and commitment is suitable for a company at this stage and size.

The Company undertakes comprehensive reference checks prior to appointing a director or putting a person forward as a candidate. This ensures the candidate is competent, experienced and would in no way impair their ability to undertake their duty as a director.

The Nomination and Remuneration Committee is responsible for the nomination and selection of directors. The Nomination and Remuneration Committee reviews the size and composition of the Board at least once a year as part of the Board evaluation process. Generally, a list of potential candidates is identified based on skills required, geographic location and diversity criteria.

Recommendation	Adopted (Yes/No)	Reason
Recommendation 2.1	Yes	The Board has established a Nomination and Remuneration Committee and adopted a Charter in respect of Nomination and Remuneration. All skills and experience of prospective directors are disclosed to Shareholders.
Recommendation 2.2	Yes	The Company has not adopted a skills matrix.
Recommendation 2.3	Yes	Details of each of directors are set out in Section 6 of the Prospectus
Recommendation 2.4	No	Currently two of the directors are independent.
Recommendation 2.5	Yes	The proposed Chair is considered independent and is not the CEO.
Recommendation 2.6	No	Directors are required to have appropriate level of knowledge and skill at law. The Company will ensure new Directors have an extensive induction into the business of the Company prior to accepting their appointment. The Nomination and Remuneration Committee will also ensure that there is a process in place for existing directors to undertake professional development to maintain skills and knowledge needed to perform their roles as directors effectively.

## 3. Instil a culture of acting lawfully, ethically and responsibly: A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

The Company is an Australian company, therefore falling under the jurisdiction of the Corporations Act. All directors are required to act ethically and responsibly at law.

Recommendation	Adopted (Yes/No)	Reason
Recommendation 3.1	Yes	The Company has a code of conduct which is available on its website.
Recommendation 3.2	Yes	The Company has a code of conduct which is available on its website.
Recommendation 3.3	Yes	The Board has adopted a whistleblower policy.
Recommendation 3.4	Yes	The Company has adopted an anti-bribery and corruption policy.

#### 4. Safeguard the integrity of corporate reports: A listed entity should have appropriate processes to verify the integrity of its corporate reports.

All ASX listed entities are required by the Listing Rules to report on various matters. The manner and form of reporting is governed by the ASX.

All directors are obliged to make declarations as to their obligations in relation to reporting amongst other things. The external auditor provides half yearly and annual reporting to the Board.

Recommendation	Adopted (Yes/No)	Reason
Recommendation 4.1	Yes	The Board has established an Audit Committee, comprised of 2 members each of whom are independent directors, which is chaired by an independent director who is not the chair of the Board.  The Board has adopted a charter in respect of audit and risk.
Recommendation 4.2	Yes	The CEO and CFO will provide a declaration pursuant to S295A of the Corporations Act for each Annual Report.
Recommendation 4.3	Yes	The process by which the Company verifies information disclosed in periodic corporate reports is set out in the Audit and Risk Committee Charter.

#### 5. Make timely and balanced disclosure: A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

The Board has designated the Company Secretary as the person responsible for communication with the ASX. The Chair and Company Secretary are responsible for ensuring all Company announcements are made in a timely manner, that announcements are factual and do not omit any material information required to be disclosed under the ASX Listing Rules or Corporations Act and that Company announcements are expressed in a clear and objective manner.

Recommendation	Adopted (Yes/No)	Reason
Recommendation 5.1	Yes	The Company has continuous disclosure and Shareholder communication policies, which are available on its website <a href="http://www.candyclublimited.com.au">www.candyclublimited.com.au</a>
Recommendation 5.2	Yes	The Company's continuous disclosure policy provides that the Board receives copies of all market announcements promptly.
Recommendation 5.3	Yes	The Company's continuous disclosure policy provides that any new and substantive or analyst presentation will be released to the ASX Markets Announcements Platform ahead of the presentation.

## 6. Respect the rights of security holders: A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.

Being a listed entity provides all security holders with a medium for access to all appropriate information. The services of the Company Secretary also ensure security holders have at all times direct contact with the Company. The Company recognises the value of providing current, relevant and objective information to its Shareholders. The Company is committed to communicating effectively with Shareholders, through releases to the market via the ASX and general meetings.

The Company makes available a telephone number and email address of the Company Secretary for Shareholders to make enquiries.

Recommendation	Adopted (Yes/No)	Reason
Recommendation 6.1	Yes	The Company's website is <a href="http://www.candyclublimited.com.au">www.candyclublimited.com.au</a> and the Shareholder communications policy, corporate governance information is available. The security holders have access to all announcements through the ASX website.
Recommendation 6.2	Yes	The Company has a Shareholders' communications policy and also makes available a telephone number and email address for Shareholders to make enquiries of the Company.
Recommendation 6.3	Yes	This information is available on the Company's website <a href="http://www.candyclublimited.com.au">www.candyclublimited.com.au</a> and in the Continuous Disclosure and Shareholder Communications Policies. Security holders are informed of their right to participate at all General Meetings.
Recommendation 6.4	Yes	All substantive resolutions at a meeting of shareholders will be decided by a poll.
Recommendation 6.5	Yes	The Company and Share Registry offer electronic communication options.

## 7. Recognise and manage risk: A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

The Board has established the Audit and Risk Committee which is responsible for the risk management of the Company. The Audit and Risk Committee is committed to the identification, assessment and management of risk throughout the Company's activities. As the Company is still in its early stages, the level of risk processes in place to mitigate any risk and the management of any such issues remain a work in progress.

The board requires management to design and implement a risk management and internal compliance and control system to manage the Company's material business risks.

The Company's process of risk management and internal compliance and control is focused on:

- Formulating risk management strategies;
- Identifying and measuring risks that impact upon the achievement of the Company's direction and objectives; and
- Monitoring the business environment for emerging factors and trends that affect those risks.

The Company has adopted a Charter in respect of Audit and Risks. Senior management, the Audit and Risk Committee and the Board are aware of the risks as disclosed in the Company's Prospectus and will continue to develop and implement a risk management framework.

Recommendation	Adopted (Yes/No)	Reason
Recommendation 7.1	Yes	The Board has established an Audit and Risk Committee and adopted a Charter in respect of Audit and Risks.
Recommendation 7.2	Yes	All known material risks were disclosed in the prospectus. An annual review will be conducted in accordance with the Audit and Risk Charter and the results of that review will be disclosed in each reporting period.
Recommendation 7.3	No	The Audit and Risk Committee reviews and monitors the parameters under which risks will be managed. Management accounts will be prepared and reviewed with the Company Secretary and presented at subsequent Board meetings. Budgets are prepared and compared against actual results. The Board has not yet formed an internal audit function as it considers that this is not currently feasible given the size of the Company and the relatively small management and employee team.
Recommendation 7.4	Yes	The Prospectus discloses all risks and intended management of those risks.

## **8. Remunerate fairly and responsibly: A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.**

In accordance with the Company's Constitution the Company has initially set the non-executive's maximum aggregate remuneration at \$250,000. A resolution to increase this to \$600,000 is to be considered at the General Meeting. While there is a greater reliance on senior management for developing the business, remuneration of the managers at this stage is of greatest importance to ensure the sustainability and growth of the current business.

As the Company further increases its activity, the remuneration of the directors and senior managers will be assessed by the Nomination and Remuneration Committee and a recommendation made to the Board as a whole. The Board has adopted a Nomination and Remuneration Charter.

<b>Recommendation</b>	<b>Adopted (Yes/No)</b>	<b>Reason</b>
Recommendation 8.1	Yes	The Board has established a Nomination and Remuneration Committee which is chaired by an independent director. The Board has adopted a Nomination and Remuneration Charter.
Recommendation 8.2	Yes	<p>Remuneration of all directors and senior management is disclosed in all annual reports. The board deals with this on a year-by-year basis at this stage.</p> <p>Remuneration of Non-Executive Directors must comply with ASX Listing Rules, including that:</p> <ul style="list-style-type: none"> <li>• Fees payable to Non-Executive Directors must be by way of a fixed sum, and not by way of commission on or a percentage of profits or operating revenue;</li> <li>• The remuneration payable to Executive Directors must not include a commission on or percentage of operating revenue; and</li> <li>• The total fees payable to Directors must not be increased without the prior approval of members in general meeting.</li> </ul> <p>Remuneration of Executive Directors must comply with the ASX Listing Rules and the terms of any agreement entered into. The Board may fix the remuneration of each Executive Director which comprise salary or commission on or participation in profits of the Company.</p>
Recommendation 8.3	Yes	The Board has adopted a remuneration policy and a securities trading policy.

## 11.9. INTERESTS AND FEES OF PROFESSIONALS

Other than as set out below or elsewhere in this Prospectus, no expert, promoter, or any other person named in this Prospectus was performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner nor any Company in which any of those persons is or was associated with has, or had within two years before lodgement of this Prospectus with ASIC any interest in the formation or promotion of the Company or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer; and not recorded any amounts or benefits or has not agreed to be paid benefits for services rendered by such persons in connection with the formation or promotion of the Company or the Offer.

### Lead Manager

Novus Capital Limited has acted as a corporate adviser to since August 2024 and has also been appointed by to act as the Lead Manager to the Offer. In connection with this engagement, has provided customary warranties, undertakings and indemnities in favour of the Lead Manager.

### Investigating Accountant

In.Corp Audit & Assurance Pty Ltd has acted as Investigating Accountant and provided the Investigating Accountant's Report in Section 9 of the Prospectus. The Company has paid, or has agreed to pay, \$20,000 (excluding GST) for these services up to the date of lodgement of this Prospectus with ASIC. Subsequently, fees may be charged in accordance with normal charge out rates. In.Corp Audit & Assurance Pty Ltd acted as auditor for the Company for the half year ended 30 June 2024 and received \$14,000 for this service. During the 24 months preceding lodgement of this Prospectus with ASIC, In.Corp Audit & Assurance Pty Ltd has not provided any other services to the Company.

### Australian legal advisers to the Issue

Dash Corporate Lawyers Pty Ltd has acted as Australian legal advisers to the Company in relation to this Prospectus. The Company estimates it has paid, or has agreed to pay, \$90,000 (excluding GST and disbursements) for these services up to the date of lodgement of this Prospectus with ASIC. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, Dash Corporate Lawyers Pty Limited has not provided any other services to the Company at normal commercial rates.

## 11.10. EXPENSES OF THE OFFER

It is estimated that approximately \$1,264,000 (based on the Minimum Subscription) and approximately \$1,504,000 (based on the Maximum Subscription) in expenses will be incurred or payable by the Company in respect of legal, accounting, commissions, printing, ASIC and ASX fees and other miscellaneous costs arising from this Prospectus and the Offer. The total costs are as set out in the table below:

	Minimum Subscription (\$)	Maximum Subscription (\$)
Lead Manager and Sponsoring Broker's fees	447,000	687,000
Equity held by / issued to existing Company shareholders	500,000	500,000
Investigating Accountant's fees	20,000	20,000
Legal fees	90,000	90,000
ASIC and ASX fees	120,000	120,000
Design, printing, marketing and other related costs	87,000	87,000
<b>Total</b>	<b>1,264,000</b>	<b>1,504,000</b>

Under the Australian Accounting Standards the valuation of the Shares held by the existing Company shareholders at Completion is deemed to be a cost of the Acquisition. That is, two million shares (post the share consolidation) multiplied by the Offer Issue Price which equals \$500,000.

Under the Australian Accounting Standards the costs associated with this Prospectus and the Offer are attributable to issued capital or the profit or loss. The allocation is as follows:

Expenses of the Prospectus and Offer	Minimum Subscription (\$)	Maximum Subscription (\$)
Attributable to issued capital	496,000	758,000
Attributable to profit and loss	768,000	746,000
<b>Total</b>	<b>1,264,000</b>	<b>1,504,000</b>

A portion of the Lead Manager fees are payable in Shares to the Lead Manager and/or its nominees, to be issued on the completion of the Offer and the Company being approved to list of the ASX. Of these expenses the allocation between cash and Shares and options is as follows:

	Minimum Subscription (\$)	Maximum Subscription (\$)
Expenses of the Offer paid in cash	464,000	704,000
Expenses of the Offer paid in the issue of Shares	800,000	800,000
<b>Total</b>	<b>1,264,000</b>	<b>1,504,000</b>

The expenses of the Offer to be paid in cash, shall be paid from the IPO proceeds.

## 11.11. SUBSTANTIAL SHAREHOLDERS

As at the date of this Prospectus the only substantial shareholder is Annerley Property Holdings which holds (on a post -consolidation basis) 1,726,592 Shares or 86.3% of the Shares on issue.

As at the Listing Date those Shareholders holding 5% or more of the Shares on issue (assuming Minimum Subscription and the Shareholders listed or their associates acquire their committed amount of \$937,500 in total (for 3,750,000 Shares under the Offer), will be as follows.

Shareholder	Shares	Proportion % *
Rasta Baby Pty Limited	14,345,057	15.7
Chalke Valley Pty Limited	11,152,817	12.2
Burrill Skies Pty Limited	10,732,324	11.8
Baobab Nominees 3 Pty Ltd	8,060,572	8.8
Tuoya and James Loughheed	7,119,072	7.9
Sub-total	51,409,842	56.4
<b>Total</b>	<b>91,200,000</b>	<b>100.0</b>

\* The relevant percentages will decrease if greater than the minimum Subscription is obtained.

All Share numbers are on a post-Consolidation basis (refer to Section 11.3 for details of the Consolidation), are subject to rounding resulting from the Consolidation. Details of the Shares that will be subject to escrow arrangements are set out in Section 11.12.

## 11.12 RESTRICTED SECURITY AND ESCROW ARRANGEMENTS

It is expected that:

- 54,113,872 Shares issued to the Directors and senior management and their associates will be classified as restricted securities for 24 months from the date of Official Quotation;
- 1,510,316 Shares issued to certain existing Shareholders at the time of lodging this Prospectus will be classified as restricted securities for up to 12 months from the date of Official Quotation;
- 1,200,000 Shares issued to the Lead Manager and/or its nominees will be classified as restricted securities for 24 months from the date of Official Quotation;

Prior to the commencement of Official Quotation, the Company will announce to ASX full details (quantity and duration) of any restricted securities.

## 11.13. CONSENTS

Each of the parties referred to in this section:

- (a) has not authorised or caused the issue of this Prospectus;
- (b) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based, other than as specified in this section; and

- (c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Dash Corporate Lawyers Pty Ltd has given its written consent to being named as Australian legal adviser to the Offer in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Automatic Pty Limited has given its written consent to being named as the share registry to the Company in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

In.Corp Audit & Assurance Pty Ltd has given its written consent to being named as the auditor to the Company in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Novus Capital Limited has given its written consent to being named as Lead Manager and Sponsoring Broker to the Offer in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

In.Corp Audit & Assurance Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 9 of this Prospectus in the form and context in which the information and report is included. In.Corp Audit & Assurance Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.



## 11.14. RELATED PARTY TRANSACTIONS

The Directors and Proposed Directors are related parties of the Company. Accordingly, transactions with them where they derive a financial benefit are considered to be related party transactions under Chapter 2E of the Corporations Act. Such transactions required shareholder approval unless they fall within one of the exemptions contained in the Corporations Act.

In relation to the remuneration to be paid to the persons who will be the Directors and officers of the Company on completion of the Transactions the Directors consider the remuneration as disclosed in the prospectus to be reasonable in the circumstances of the Company and the relevant directors and officers. As such no shareholder is being sought in respect of the proposed Directors and officers.

As noted in the Prospectus Mr Walker is a Director of the Company and will be receiving Shares in the Company as a result of the acquisition of Scalare by the Company. The issue of those Shares would be considered a financial benefit to Mr Walker. Member approval is not required if the financial benefit is given on terms that would be reasonable in circumstances if the Company and Mr Walker were dealing at arm's length. The Directors other than Mr Walker formed an opinion that the terms of the agreement to acquire Scalare Partners are reasonable in the circumstances of the Company as if it and the Scalare Partner shareholders were dealing at an arm's length. Factors which support this opinion include that:

- the Company explored a number of other opportunities before reaching agreement with the Scalare Partners shareholders;
- the parties were unrelated in any way prior to entering into the Scalare Partners Acquisition Agreement; and
- there was no undue influence, control or pressure by either party on the other, each party was separately represented in the negotiations and were equally knowledgeable and experienced in relation to transactions of this type and each party sought the best commercial outcome for themselves.

Additionally it is noted that the acquisition of Scalare is subject to shareholder approval at the General Meeting for the purposes of Item 7 of Section 611 of the Corporations Act. For the purposes of such shareholder approval the Company sought the advice of an independent expert who formed an opinion that the acquisition of Scalare was "fair and reasonable" to the existing shareholders of the Company.

As at the date of this Prospectus, to the Directors' knowledge, there are no other material transactions with related parties nor do Director's interests exist (nor are any contemplated).

## 11.15. DISPUTES AND LITIGATION

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

## 11.16 TAXATION

The acquisition and disposal of Shares in the Company will have tax consequences, which will differ depending on the individual circumstances of each investor. All potential investors in the Company are urged to obtain independent professional financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally. It is the sole responsibility of potential Applicants to inform themselves of their taxation position resulting from participation in the Offer.

The Directors do not consider that it is appropriate to give potential Applicants advice regarding taxation matters and consequences of applying for Shares under this Prospectus, as it is not possible to provide a comprehensive summary of all the possible taxation positions of potential Applicants.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to any taxation consequences to investors of subscribing for Shares under this Prospectus.

## 11.17. ELECTRONIC PROSPECTUS

If you have received this Prospectus as an electronic prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and it will send to you free of charge either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company, [www.candyclublimited.com.au](http://www.candyclublimited.com.au).

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement Prospectus or any of those documents were incomplete or altered. In such a case, the application monies received will be dealt with in accordance with Section 722 of the Corporations Act.

## 11.18. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection during normal business hours at the registered office of the Company:

- this Prospectus;
- the Constitution; and
- the consents referred to in Section 11.13 of this Prospectus.



**SCALARE DELIVERS  
THE GAME-CHANGE  
TO *CHANGE-MAKERS*>**

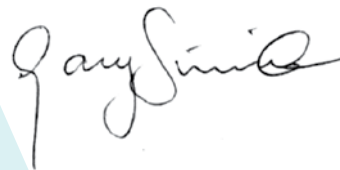
# STATEMENT OF DIRECTORS 12.

This Replacement Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director and Proposed Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that, in respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and, on that basis, have reasonable grounds to believe that persons making the statement or statements were competent to make such statements. Those persons have given their consent to the statements being included in this Prospectus, in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with ASIC or, to the Directors' knowledge, before any issue of Shares pursuant to this Prospectus.

**SIGNED FOR AND ON BEHALF OF THE  
COMPANY ON 23 SEPTEMBER 2024**



**Gary Simonite**  
Non-Executive Chair

For and on behalf of  
Candy Club Holdings Ltd

# 13. GLOSSARY

**A\$ or \$** means an Australian dollar.

**AASB** means Australian Accounting Standards Board

**Acquisition** means the acquisition by the Company of 100% of the shares of Scalare on the terms of the Share Purchase Agreement

**Acquisition Resolutions** means the resolution described as such in the notice of meeting to be approved by the Shareholders at the General Meeting.

**AEST** means Australian Eastern Daylight time.

**AFSL means Australian Financial Services License**

**Agritech** or agriculture technology is the collection of scientific techniques that are used to enhance plants, animals and microorganisms, offering benefits to farmers, the environment and consumers.

**Application** means the application by investors to subscribe for Shares under the Offer, via the submission of an Application Form as described in Section 10.1.

**Application Form** means the application form accompanying this Prospectus (and includes a copy of the application form printed from the website at which the Electronic Prospectus is located) relating to the Offer.

**Applicant** means a person who applies for Shares Under the Offer

**ARR Multiple** means Annual Recurring Revenue multiplied by a number to determine the valuation of a company. Annual Recurring Revenue means the value of the recurring revenue of a business's subscriptions normalized for a single calendar year.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ABN 98 008 624 691 or the financial market operated by it known as the Australian Securities Exchange (as the context requires).

**ASX Listing Rules** or **Listing Rules** means the official listing rules of ASX.

**ASX Quotation Date** means the date of first trading on the ASX.

**Board** or **Board of Directors** means the board of Directors as constituted from time to time.

**Board Charter** means the Board Charter sets out the guidelines to assist in considering the independence of Directors and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

**Business Day** means a weekday when trading banks are ordinarily open for business in Sydney, New South Wales.

**Capital Raising** means the proposed raising of at least \$4,000,000 and up to \$8,000,000 under this Prospectus.

**CGT** means capital gains tax.

**CHES** means Clearing House Electronic Sub-Register System, which is operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX.

**Closing Date** means the closing date of the Offer as set out in the indicative timetable in the "key offer information" Section (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

**Company** or **CLB** means Candy Club Holdings Limited ACN 629 598 778.

**Completion** means completion of the Transactions.

**Consideration Shares** means 72,000,000 Shares to be issued to the Scalare Vendors in consideration for the Company acquiring Scalare.

**Consolidation** means a 56:1 consolidation of the Shares in the Company that exist as at the date of this Prospectus to be approved at the General Meeting.

**Constitution** means the constitution of the Company.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director** means a director of the Company at the date of this Prospectus.

**Director Shares** means 214,290 Shares to be issued to Gary Simonite (or his nominees) in lieu of directors fees subject to shareholder approval at the General Meeting

**Edtech** or education technology is the combination of IT tools and educational practices aimed at facilitating and enhancing learning.

**Electronic Prospectus** means the electronic copy of this Prospectus located at the Company's website, [www.candyclublimited.com.au](http://www.candyclublimited.com.au).

**Expiry Date** mean 5.00pm Sydney Time on that date which is 13 months after the date this Prospectus was lodged with ASIC.

**Exposure Period** means the period of seven days after the date of lodgement of this Prospectus, which period may be extended by ASIC by not more than seven days pursuant to Section 727(3) of the Corporations Act.

**Financial Information** means the Company's pro forma and historical financial information described in Section 8.

**Fintech** or financial technology means software, mobile applications, and other technologies created to improve and automate traditional forms of finance for businesses and consumers alike.

**FY2022** means the financial year ended 30 June 2022.

**FY2023** means the financial year ended 30 June 2023.

**FY2024** means the financial year ended 30 June 2024.

**General Meeting** means the general meeting of the Company's shareholders to be held on 23 September 2024 or any adjournment thereof to approve among other things the Acquisition Resolutions.

**Group** means the Company and its subsidiaries from time to time including Scalare and its subsidiaries.

**Historical Financial Information** comprises the financial results as described in Section 8.1.

**Implementation Deed** means the implementation deed details of which are set out in Section 11.7.1.

**Investigating Accountant** means In.Corp Audit & Assurance Pty Ltd.

**Issue Price** means \$0.25 per Share.

**Lead Manager** means Novus Capital Limited.

**Lead Manager Shares** means Shares issued on ASX Listing to the Lead Manager and/or its nominees.

**Listing Date** means the date on which the Company is re-admitted to the Official List.

**Listing Rules** means the official listing rules of ASX.

**Material Contracts** means the material contracts to which the Company or is a party that may be material in terms of the Offer for the operation of the business of the Company or otherwise may be relevant to a potential investor in the Company, and which are summarised in Section 11.7.

**Maximum Subscription** means the maximum subscription under the Offer being 32,000,000 Shares to raise \$8,000,000.

**Medtech** or medical technology means technologies that diagnose, treat and/or improve a person's health and wellbeing.

**Minimum Subscription** means the minimum subscription under the Offer being 16,000,000 Shares to raise \$4,000,000.

**Offer** means the Offer of a minimum of 16,000,000 Shares and a maximum of 32,000,000 Shares at \$0.25 each to raise between \$4,000,000 and \$8,000,000.

**Offer Period** means the period from the Opening Date to the Closing Date.

**Official List** means the Official List of ASX.

**Official Quotation** means quotation of the Shares on the Official List in accordance with the ASX Listing Rules.

**Opening Date** means 23 September 2024.

**Option** means an option to acquire.

**Pro Forma Historical Financial Information** means the pro forma financial results as described in Section 8.1.

**Proposed Director** means the directors proposed to be appointed to the Board being Adelle Howse, Neil Carter, James Loughheed, and Beau Quarry.

**Prospectus** means this Replacement Prospectus dated 23 September 2024.

**Prospectus Date** means 23 September 2024.

**Registry** means Automic Pty Ltd.

**Regtech** or regulatory technology means an emerging technology that involves the implementation of digital tools and processes that improve the way organizations manage their increasing regulatory compliance commitments.

**Scalare** means Scalare Partners Pty Ltd ACN 638 225 886.

**Scalare Community** means business founders, advisers and sophisticated and professional investors known to and who work or collaborate with Scalare.

**Securities** means Shares and Options or other types of securities issued by the Company

**Share** means a fully paid ordinary Share in the capital of the Company.

**Share Sale Deed** means the share sale deed details of which are set out in Section 11.7.2

**Share Registry** means Automic Pty Ltd ACN 152 260 814.

**Shareholder** means a holder of Shares.

**Tech debt** means when a development teams take actions to expedite the delivery of a piece of functionality or a project which later needs to be refactored or redone.

**Transactions** means the transactions set out in the Implementation Deed, the Share Sale Deed and the Offer and re-listing of the Company's Shares on the Official List.

# 14. CORPORATE DIRECTORY

## CURRENT CANDY CLUB HOLDINGS DIRECTORS

Gary Simonite – Non-Executive Chair  
Greg Starr – Non-Executive Director  
James Walker – Non-Executive Director

## PROPOSED DIRECTORS – ON RE-ADMISSION

Adelle Howse – Non-Executive Chair  
Neil Carter – Non-Executive Director  
Beau Quarry – Non-Executive Director  
James Loughheed – Non-Executive Director  
James Walker – Executive Director

## SCALARE MANAGEMENT

Carolyn Breeze – Chief Executive Officer  
Nick Roberts – Co-Founding Partner  
Giles Bourne – Co-Founding Partner  
James Walker – Co-Founding Partner  
Jenny Li – Chief Financial Officer  
Tim Griffiths – Partner

## SECRETARY

Catriona Glover

## AUSTRALIAN COMPANY NUMBER

Candy Club Holdings Ltd – ACN 629 598 778  
Scalare Partners Pty Ltd – ACN 638 225 886

## REGISTERED OFFICE

Level 2, 350 Kent Street,  
Sydney NSW 2000

## PRINCIPAL OFFICE

Scalare – Level 7, 10 Spring Street,  
Sydney NSW 2000

## WEBSITE

[www.Candyclublimited.com.au](http://www.Candyclublimited.com.au)  
Current ASX Code: CLB  
Proposed ASX Code: SCP

## AUDITORS

In.Corp Audit & Assurance Pty Ltd  
ACN 129 769 151  
Level 1, 6-10 O'Connell Street  
SYDNEY NSW 2000

## LEAD MANAGER

Novus Capital Limited  
ABN 32 006 711 995  
Level 20, 68 Pitt Street  
SYDNEY NSW 2000

## AUSTRALIAN IPO LEGAL ADVISER

Dash Corporate Lawyers Pty Ltd  
ACN 670 726 324  
31 Highgate Crescent  
KELLYVILLE NSW 2155

## INVESTIGATING ACCOUNTANT

In.Corp Audit & Assurance Pty Ltd  
ACN 129 769 151  
Level 1, 6-10 O'Connell Street  
SYDNEY NSW 2000

## SHARE REGISTRY

Automatic Pty Ltd  
ACN 152 260 814  
Level 5, 126 Philip Street  
SYDNEY NSW 2000





## CORRECT FORMS OF REGISTRABLE TITLE

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual	Mr John Richard Sample	J R Sample
Joint Holdings	Mr John Richard Sample & Mrs Anne Sample	John Richard & Anne Sample
Company	ABC Pty Ltd	ABC P/L or ABC Co
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Company
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample <Health Club A/C>	Health Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

## INSTRUCTIONS FOR COMPLETING THE FORM

### YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS PUBLIC OFFER APPLICATION FORM.

This is an Application Form for fully paid ordinary Shares in Candy Club Holdings Limited (to be renamed 'Scalare Partners Holdings Limited) (ACN 629 598 778) (**Company**) made under the terms of the Public Offer set out in the Prospectus dated 23 September 2024.

Capitalised terms not otherwise defined in this document has the meaning given to them in the Prospectus. The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus and any supplementary Prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary Prospectus (if applicable) and an Application Form, on request and without charge.

Please note that unless you are making an application via a licenced broker or AFSL holder, **the attaching Target Market Determination (TMD) Questionnaire must be completed and submitted with this application form.**

- Shares Applied For & Payment Amount** - Enter the number of Shares & the amount of the application monies payable you wish to apply for. Applications must be for a minimum of \$2,000 worth of Shares (8,000 Shares) and thereafter, in multiples of \$200 worth of Shares (800 Shares).
- Applicant Name(s) and Postal Address** - ONLY legal entities can hold Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person. Refer to the table above for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Next, enter your postal address for the registration of your holding and all correspondence. Only one address can be recorded against a holding.
- Contact Details** - Please provide your contact details for us to contact you between 9:00am and 5:00pm (AEST) should we need to speak to you about your application. In providing your email address you elect to receive electronic communications. You can change your communication preferences at any time by logging in to the Investor Portal accessible at <https://investor.automic.com.au/#/home>
- CHESSE Holders** - If you are sponsored by a stockbroker or other participant and you wish to hold Shares allotted to you under this Application on the CHESSE subregister, enter your CHESSE HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" ("SRN") will be allocated to you.
- TFN/ABN/Exemption** - If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application.
- Payment** - Applicants wishing to pay by BPAY® or EFT should complete the online Application, which can be accessed by following the web address provided on the front of the Application Form. Please ensure that payments are received by 5:00pm (AEST) on the Closing Date. Do not forward cash with this Application Form as it will not be accepted.

## DECLARATIONS

### BY SUBMITTING THIS APPLICATION FORM WITH THE APPLICATION MONIES, I/WE DECLARE THAT I/WE:

- Have received a copy of the Prospectus, either in printed or electronic form and have read the Prospectus in full;
- Have completed this Application Form in accordance with the instructions on the form and in the Prospectus;
- Declare that the Application Form and all details and statements made by me/us are complete and accurate;
- I/we agree to provide further information or personal details, including information related to tax-related requirements, and acknowledge that processing of my application may be delayed, or my application may be rejected if such required information has not been provided;
- Agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus;
- Where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- Acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- Apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus);
- Acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- Authorise the Company and their agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated;
- Am/are over 18 years of age;
- Agree to be bound by the Constitution of the Company; and
- Acknowledge that neither the Company nor any person or entity guarantees any particular rate of return of the Shares, nor do they guarantee the repayment of capital.

## LODGEMENT INSTRUCTIONS

The Offer opens on 23 September 2024 and is expected to close on 27 September 2024. The Directors reserve the right to close the Offer at any time once sufficient funds are received or to extend the Offer period. Applicants are encouraged to submit their Applications as early as possible. Completed Application Forms and payments must be submitted as follows:

### Online Applications and BPAY® or EFT Payments

#### Online:

<https://apply.automic.com.au/CandyClub>

## ASSISTANCE

Need help with your application, no problem. Please contact Automic on:



#### PHONE:

1300 288 664 within Australia  
+61 (2) 9698 5414 from outside Australia



#### LIVE WEBCHAT:

Go to [www.automicgroup.com.au](http://www.automicgroup.com.au)



#### EMAIL:

[corporate.actions@automic.com.au](mailto:corporate.actions@automic.com.au)



Your form must be received by no  
later than:

**27 SEPTEMBER 2024**

**(unless extended or closed earlier)**

## INSTRUCTIONS FOR COMPLETING THIS QUESTIONNAIRE

### YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS PUBLIC OFFER TARGET MARKET DETERMINATION (TMD) QUESTIONNAIRE

This Target Market Determination (TMD) Questionnaire (**Questionnaire**) is related to the offer for fully paid ordinary Shares in Candy Club Holdings Limited (to be renamed 'Scalare Partners Holdings Limited') (ACN 629 598 778) (**Company**) made under the terms of the Public Offer set out in the Prospectus dated 23 September 2024.

**Please note that this Questionnaire must be completed as part of the application**, unless you are making an application via a licenced broker or AFSL holder.

For written questions, please write your answer in the space provided underneath. For multiple choice questions, please circle the letter that corresponds with your answer.

Capitalised terms not otherwise defined in this document has the meaning given to them in the Prospectus. The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Questionnaire, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Questionnaire must not be distributed unless included in, or accompanied by, the Prospectus and any supplementary Prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary Prospectus (if applicable) and an Application Form, on request and without charge.

### PART A - Consumer Attributes

- 1 What is your date of birth?
  
- 2 What is your post code?
  
- 3 What is your marital status?
  
- 4 Including yourself, how many family or household members do you have financial responsibilities for?
  
- 5 What is your occupation?
  
- 6 What is your current employment status?
  - (a) Full time – employee
  - (b) Part time – employee
  - (c) Full time – business owner
  - (d) Home maker / stay at home
  - (e) Between jobs
  - (f) Retired
  
- 7 At what age do you plan to retire?

## **PART B – Investment overview and preference**

- 8 I would describe my knowledge of investments as:
- (a) None
  - (b) Limited
  - (c) Good
  - (d) Extensive
- 9 Select the investment you currently own or have owned
- (a) High interest savings accounts and term deposits
  - (b) Government bonds, corporate bonds, debentures and / or capital notes
  - (c) Residential and commercial property
  - (d) Shares
  - (e) Cryptocurrency
- 10 What is your primary purpose for investing?
- (a) Wealth accumulation
  - (b) Capital growth
  - (c) Major purchase
  - (d) Capital preservation
  - (e) To generate ongoing income from dividends or distributions
- 11 In approximately how many years do you expect to start withdrawing funds for your primary investment objective?
- (a) 0-12 months
  - (b) 1-2 years
  - (c) 2-5 years
  - (d) 5-7 years
  - (e) 7-9 years
  - (f) Over 9 years
- 12 Which one of the following statements best describes your attitude toward the trade off between risk and return?
- (a) I am primarily concerned with limiting risk. I am willing to accept lower expected returns in order to limit my chance of loss.
  - (b) Limiting risk and maximising return are of equal importance to me. I am willing to accept moderate risk and a moderate chance of loss in order to achieve moderate returns.
  - (c) I am primarily concerned with maximising the returns of my investments. I am willing to accept high risk, fluctuations in the value of my investment and a high chance of loss, in order to maximise my current investment return potential.

- 13 What percentage of your total investable assets (excluding your principal residence) do you intend to commit to this investment?
- (a) Up to 10%
  - (b) 11% - 25%
  - (c) 26% - 50%
  - (d) 51% - 75%
  - (e) 76% - 100%
- 14 Taking into account your own financial position, how much of your investment do you have the capacity to lose?
- (a) 0% - 20%
  - (b) 21% - 50%
  - (c) 51% - 70%
  - (d) 71% - 100%
- 15 How do you intend to primarily fund your subscription of shares under the offer?
- (a) Debt finance
  - (b) Existing cash reserves
  - (c) Liquidating other investments or assets and using those funds
  - (d) Other
- 16 During market declines, I tend to sell portions of my riskier assets and invest the money in safer assets.
- (a) Strongly disagree
  - (b) Disagree
  - (c) Somewhat agree
  - (d) Agree
  - (e) Strongly agree

**PART C – Current financial situation**

- 17 What is your current income?
- (a) \$0 - \$18,200
  - (b) \$18,201 - \$45,000
  - (c) \$45,001 - \$135,000
  - (d) \$135,001 - \$190,000
  - (e) \$190,001 and over

- 18 What is your total household annual income?
- (a) \$0 - \$18,200
  - (b) \$18,201 - \$45,000
  - (c) \$45,001 - \$135,000
  - (d) \$135,001 - \$190,000
  - (e) \$190,001 and over
- 19 My current and future income sources (for example, salary, social security, pensions) are...
- (a) Very unstable
  - (b) Unstable
  - (c) Somewhat unstable
  - (d) Somewhat stable
  - (e) Very stable
- 20 Over the next few years, do you expect your annual income to:
- (a) Decrease
  - (b) Stay the same
  - (c) Increase
- 21 What are your total household living expenses per annum (including rent, food, utilities)?
- 22 Do you have any debt? If so, select the following total debt amount that applies:
- (a) \$1 - \$20,000
  - (b) \$20,001 - \$50,000
  - (c) \$50,001 - \$100,000
  - (d) \$100,001 - \$190,000
  - (e) \$190,001 and over
- 23 Is there anything else about your current situation which may affect your financial outlook (for example, will any life event such as marriage occur within the next 12 months)?

## LODGEMENT INSTRUCTIONS

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[corporate.actions@automic.com.au](mailto:corporate.actions@automic.com.au)





SCALARE  
PARTNERS

NOVUS  
Capital