



MHM
AUTOMATION

**Notice of Meeting
and Scheme Booklet**

MHM AUTOMATION LIMITED

NOTICE OF MEETING AND SCHEME BOOKLET

For a scheme of arrangement between MHM Automation Limited (**MHM**) and its Shareholders in relation to the proposed acquisition of all of the fully paid ordinary shares in MHM at a price of NZ\$1.70 per Scheme Share by Merlin NZD Bidco Limited (**Bettcher NZ**), a New Zealand incorporated wholly-owned subsidiary of Bettcher Industries, Inc. (**Bettcher**) (**Scheme**).

Your Non-Conflicted Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal.

The special meeting of Shareholders will be held:

TIME: 11.00am
DATE: 26 January 2024
WHERE: Online at www.virtualmeeting.co.nz/mhmsm24
MHM will also hold a concurrent physical meeting at
The George, 50 Park Terrace, Christchurch.

See the Notice of Meeting in Section 3 of this Scheme Booklet for details.

IMPORTANT

This is an important document and requires your immediate attention. You are encouraged to vote and have your say on the Scheme. You should carefully read this Scheme Booklet in its entirety before deciding whether or not to vote in favour of the Scheme. If you are in doubt as to any aspect of this Scheme, you should consult your financial, taxation or legal advisers.

An Independent Adviser's Report on the merits of the Scheme accompanies this Scheme Booklet and should be read carefully in conjunction with this Scheme Booklet.

IMPORTANT INFORMATION

PURPOSES OF THIS SCHEME BOOKLET

The purposes of this Scheme Booklet are to:

- › provide you with information about the proposed acquisition of MHM by Bettcher, through its wholly-owned subsidiary Bettcher NZ, by way of the Scheme;
- › provide you with the material terms and conditions of the Scheme and explain their effect;
- › explain the manner in which the Scheme will be considered by Shareholders and, if approved, implemented;
- › provide you with information that could reasonably be expected to be material to your decision as to whether or not to vote in favour of the Scheme; and
- › communicate the information required by the Takeovers Panel in relation to the Scheme.

This Scheme Booklet is not a product disclosure statement.

YOUR DECISION

This Scheme Booklet does not take into account your individual investment objectives, financial situation or needs. You must make your own decisions and seek your own advice in this regard. The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as constituting, financial advice, financial product advice, tax advice or legal advice. If you are in any doubt as to what you should do, you should seek advice from your financial, taxation or legal advisers before making any decision regarding the Scheme.

NOT AN OFFER

This Scheme Booklet does not constitute an offer to Shareholders (or any other person), or a solicitation of an offer from Shareholders (or any other person), in any jurisdiction.

LAWS OF NEW ZEALAND

This Scheme Booklet has been prepared in accordance with New Zealand law. Accordingly, the information contained in this Scheme Booklet may not be the same as that which would have been disclosed in this Scheme Booklet if it had been prepared in accordance with the laws of another jurisdiction.

FORWARD LOOKING STATEMENTS

This Scheme Booklet contains certain forward looking statements. You should be aware that there are risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results, performance or achievements of MHM to be materially different from the future conduct, market conditions, results, performance or achievements expressed or implied by such statements or that could cause future conduct to be materially different from historical conduct.

Deviations as to future conduct, market conditions, results, performance and achievements are both normal and to be expected.

Forward looking statements generally may be identified by the use of forward looking words such as 'aim', 'anticipate', 'believe', 'estimate', 'expect', 'forecast', 'foresee', 'future', 'intend', 'likely', 'may', 'planned', 'potential', 'should', or other similar words.

Neither MHM nor any other person gives or makes any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this Scheme Booklet will actually occur. You are cautioned against relying on any such forward looking statements.

PRIVACY AND PERSONAL INFORMATION

MHM, Bettcher and Bettcher NZ and their respective directors, officers, employees and advisers may collect personal information in the process of implementing the Scheme. Such information may include the name, contact details and shareholdings of Shareholders and the name of persons appointed by those persons to act as their proxy or corporate representative at the Scheme Meeting. The primary purpose of the collection of personal information is to assist MHM, Bettcher and Bettcher NZ to conduct the Scheme Meeting and implement the Scheme. Personal information may be stored in hard copy form or electronic form, including with third party data storage facilities and in cloud storage located inside or outside New Zealand.

Personal information of the type described above may be disclosed to Link (as share registrar for MHM), print and mail service providers, proxy solicitation firms, Related Companies of MHM and Bettcher and MHM's and Bettcher's service providers and advisers.

Shareholders have certain rights to access personal information that has been collected. Shareholders who wish to access their own personal information should contact Link in the first instance. Shareholders who appoint a named person to act as their proxy or corporate representative should make sure that person is aware of these matters.

RESPONSIBILITY FOR INFORMATION

MHM has prepared, and is responsible for, this Scheme Booklet other than, to the maximum extent permitted by law:

- › the Bettcher Information, which has been prepared by Bettcher on behalf of the Bettcher Group, and is the responsibility of Bettcher. MHM, its Related Companies and their respective directors, officers, employees and advisers do not assume any responsibility for the accuracy or completeness of the Bettcher Information. Bettcher and Bettcher NZ, their Related Companies and their respective directors, officers, employees and advisers do not assume any responsibility for the accuracy or completeness of any information in the Scheme Booklet other than the Bettcher Information; and
- › the Independent Adviser's Report contained in Annexure A, which has been prepared by, and is the responsibility of, the Independent Adviser.

MHM, Bettcher and Bettcher NZ, their Related Companies and their respective directors, officers, employees and advisers do not assume any responsibility for the accuracy or completeness of the Independent Adviser's Report.

NO INTERNET SITE FORMS PART OF THIS SCHEME BOOKLET

Any references in this Scheme Booklet to any website are for informational purposes only. No information contained on any website forms part of this Scheme Booklet.

To the maximum extent permitted by law, MHM, Bettcher and Bettcher NZ, their Related Companies and their respective directors, officers, employees and advisers do not assume any responsibility for the contents of any website referenced in this Scheme Booklet.

TIMES AND DATES

All references to times and dates in this Scheme Booklet are to New Zealand time, unless otherwise stated. Any obligation to do an act by a specified time in New Zealand time must be done in any other jurisdiction by the specified New Zealand time.

All references to expected dates and times in this Scheme Booklet in respect of procedural aspects of the Scheme are indicative only and, among other things, are subject to obtaining all necessary approvals from the High Court.

CURRENCY

Unless expressly specified, all references to currency in this Scheme Booklet are to New Zealand dollars.

DIAGRAMS, CHARTS, MAPS, GRAPHS AND TABLES

Any diagrams, charts, maps, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be to scale.

EFFECT OF ROUNDING

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, actual calculations may differ from amounts set out in this Scheme Booklet.

ROLE OF THE TAKEOVERS PANEL AND HIGH COURT

The fact that the Takeovers Panel has provided a letter of intention indicating that it does not intend to object to the Scheme (or subsequently issues a no objection statement in respect of the Scheme), or that the High Court has ordered that a meeting be convened, does not mean that the Takeovers Panel or the High Court:

- › has formed any view as to the merits of the proposed Scheme or as to how Shareholders should vote (on this matter Shareholders must reach their own decision); or
- › has prepared, or is responsible for the content of, the Scheme Booklet or any other material.

NOTICE OF THE FINAL COURT HEARING

If you wish to oppose the Scheme at the Final Court Hearing, which will take place after the Scheme Meeting, at the High Court of Christchurch, you must file in the High Court a notice of appearance or a notice of opposition together with supporting documents on which you wish to rely in the manner set out in Section 4.19. The deadline for such filing will be 5 February 2024 or any later date announced by MHM on NZX. See Section 4.19 for further details.

DEFINED TERMS

Capitalised terms set out in this Scheme Booklet have the meanings given to them in the Glossary in Section 8.

DATE OF THIS SCHEME BOOKLET

This Scheme Booklet is dated 18 December 2023.

WHAT DO YOU NEED TO DO?

- › Read this Scheme Booklet, including the Independent Adviser's Report, carefully and in full.
- › Decide whether or not you are in favour of the Scheme. Your Non-Conflicted Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal and subject to the qualifications described in Section 4.4.
- › Note the date and time of the Scheme Meeting - 11.00am on 26 January 2024. You can vote online during the Scheme Meeting, or you can attend and vote in person at the physical meeting which is to be held at The George, 50 Park Terrace, Christchurch.
- › If you are not attending the Scheme Meeting in person or online, we encourage you to complete the Proxy Form accompanying this Scheme Booklet, including directing your proxy how to vote. If used, the Proxy Form must be submitted with Link using one of the methods outlined in the Explanatory Notes in Section 3 by 11.00am on 24 January 2024 (being 2 Business Days before the start of the meeting).
- › It is very important that you vote. For the Scheme to proceed, both of the following two voting thresholds must be met:
 - at least 75% of the votes of Shareholders in each interest class who are entitled to vote and who actually vote are voted in favour of the Scheme Resolution; and
 - more than 50% of the votes of all Shareholders entitled to vote, whether or not actually voted, are voted in favour of the Scheme Resolution.
- › Shareholders who together hold approximately 47.6% of the MHM Shares have entered into Voting Agreements (see Section 6.7 for further details of the Voting Agreements). The effect of the Voting Agreements on the above voting thresholds being met are explained in Section 4.10.
- › MHM has one class of shares, all of which are fully paid up ordinary shares with identical voting rights. That, combined with the fact that neither Bettcher, Bettcher NZ nor any of their associates hold any shares in MHM, means that, as at the date of this Scheme Booklet, there is only one interest class. This is expected to remain the case at the time of the Scheme Meeting. See Section 4.10 for more information about what an interest class is.
- › The Scheme will be implemented, and you will be paid for your Scheme Shares, if the voting thresholds outlined above are met regardless of whether you have voted for or against the Scheme. If the Scheme is implemented and you hold Scheme Shares on the Scheme Record Date, you will be paid Consideration of NZ\$1.70 in cash for each of your Scheme Shares. See Section 4.14 for details of how Consideration will be paid. You may need to take the actions contemplated by that Section to ensure payment of the Consideration in your desired currency to your desired bank account.
- › If you are in doubt as to what you should do (or any aspect of this Scheme Booklet), please seek advice from your financial, taxation or legal adviser.

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SECTION 1

CHAIR'S LETTER

Dear Shareholder,

On behalf of the Non-Conflicted Directors¹, I am pleased to provide you with this Scheme Booklet, which contains important information regarding the proposed acquisition of your MHM Shares by Bettcher NZ, a New Zealand incorporated wholly-owned subsidiary of Bettcher².

On 3 November 2023, MHM announced that it had entered into a Scheme Implementation Agreement with Bettcher, under which it is proposed that Bettcher NZ will acquire all of the MHM Shares. The Scheme is the result of exclusive negotiations between Bettcher and MHM that followed the provision of a confidential, non-binding and conditional letter of intention in respect of MHM by Bettcher in September 2023. Your Non-Conflicted Directors³ considered that it was in the best interests of Shareholders to grant Bettcher a period of exclusivity to complete confirmatory due diligence, further develop its proposal, and to enable the parties to negotiate transaction documentation.

Subject to the satisfaction or waiver of the Conditions, including the Scheme being approved by the required majorities of Shareholders at the Scheme Meeting and the High Court (and the Scheme Implementation Agreement not being terminated), this transaction will be implemented by way of a scheme of arrangement where the Shareholders as at the Scheme Record Date will receive NZ\$1.70 per MHM Share.

Your Non-Conflicted Directors unanimously recommend that you vote in favour of the Scheme, and we intend to vote all of the MHM Shares we hold or control in favour of the Scheme, in each case, absent a Superior Proposal.⁴

We believe the Scheme represents a compelling offer for MHM Shareholders for a number of reasons⁵, including:

- a. **The Consideration represents a significant premium to MHM's historical trading prices on the NZX** (prior to MHM's announcement that it had entered into the Scheme Implementation Agreement with Bettcher). It represents an 86.6% premium to MHM's closing share price on the NZX on 2 November 2023 (being the last trading day prior to MHM's announcement that it had entered into the Scheme Implementation Agreement) and a 92.1% premium to MHM's 12-month volume weighted average price on the NZX to 2 November 2023;
- b. **The Consideration of NZ\$1.70 per MHM Share is within the Independent Adviser's valuation range of NZ\$1.56 to NZ\$1.75 per MHM Share.** Simmons Corporate Finance Limited has been appointed as Independent Adviser who has prepared an Independent Adviser's Report on the merits of the Scheme, which is set out in Annexure A to this Scheme Booklet. The Independent Adviser is of the opinion that the Scheme is reasonable and the price of NZ\$1.70 is within its valuation range, between the midpoint and the upper end of the valuation range. Further details regarding the Independent Adviser's opinion on the merits of the Scheme are set out in section 3 of the Independent Adviser's Report. In summary, the Independent Adviser highlights (among other things) that:

¹ The Non-Conflicted Directors refer to "independent directors" of MHM (as defined in the NZX Listing Rules) as advised by MHM to NZX, being myself (Trevor Burt) and Paul Smart. None of Andrew Barclay, George Rolleston or Richard Rookes are Non-Conflicted Directors due to perceived conflicts of interest as further described in Section 4.4.

² For more information about Bettcher NZ and Bettcher, refer to Section 5 and 6.

³ The Non-Conflicted Directors formed the sub-committee of independent directors that was established by the Board following an initial approach by Bettcher indicating potential interest in MHM.

⁴ Each of Andrew Barclay, George Rolleston and Richard Rookes have abstained from making a recommendation to Shareholders. The Non-Conflicted Directors may change their recommendation if there is a Superior Proposal prior to the Scheme Meeting which Bettcher does not match in accordance with its matching rights set out in the Scheme Implementation Agreement. In addition, the Non-Conflicted Directors reserve the right to change their recommendation or vote against the Scheme if, prior to the Scheme Meeting, the Independent Adviser changes the Independent Adviser's valuation range for the MHM Shares and, after that change, the Consideration is below the Independent Adviser's valuation range for the MHM Shares.

⁵ For further detail regarding the reasons for the Non-Conflicted Directors' recommendation, refer to Section 4.5.

- i. the Consideration represents a significant premium over the prices at which shares in MHM have traded on the NZX Main Board up to announcement of the Scheme on 3 November 2023;
 - ii. there is a real prospect that MHM's share price may recede from current levels due to a potential reversal of any positive effect caused by the announcement of the Scheme Implementation Agreement. Long term consequences of the Scheme not proceeding are less clear. It is possible that Shareholders may be able to realise greater value through an alternative transaction in the future. However, it would be presumptive to assume one will eventuate;
 - iii. in absence of a counteroffer at the date of the Independent Adviser's Report, Shareholders could have some confidence that there are no superior alternative transactions involving a currently unknown third party, in the near term at least; and
 - iv. unless a superior competing proposal is forthcoming, it is unlikely that Bettcher will increase the Consideration.
- c. Shareholders who together hold approximately 47.6% of MHM Shares have committed to vote their MHM Shares in favour of the Scheme.** See Section 4.10 for details regarding the effect of the Voting Agreements on the relevant voting thresholds being met;
- d. You can realise the value of your MHM Shares for 100% cash consideration upon implementation of the Scheme.** There is also no assurance that you will be able to achieve returns that are equivalent to or better than the Consideration at any time in the future;

- e. **MHM Shares may trade at less than NZ\$1.70 if the Scheme does not proceed;** and
- f. **No brokerage will be charged to you on the transfer of your MHM Shares to Bettcher NZ if the Scheme proceeds** (as contrasted from selling your MHM Shares on the NZX where you will generally incur brokerage).

While we have also carefully considered the reasons why you may decide to vote against the Scheme and wish to acknowledge these (see Section 4.6 of this Scheme Booklet for discussion of these reasons), we are of the view that the reasons to vote in favour of the Scheme more than outweigh the reasons to vote against it.

I encourage you to vote by attending the Scheme Meeting in person or online, or alternatively by completing the Proxy Form accompanying this Scheme Booklet. The Scheme Meeting is to be held at 11.00am on 26 January 2024. Please see the Notice of Meeting set out in Section 3 for details as to attendance, voting and appointment of a proxy in relation to the Scheme Meeting. If the Scheme is implemented, your MHM Shares will be transferred to Bettcher NZ for the Consideration irrespective of whether or how you voted.

Please read this Scheme Booklet carefully and in its entirety as it will assist you in making an informed decision on how to vote. If you are in doubt as to any aspect of this Scheme Booklet, I would encourage you to also consult your financial, taxation or legal advisers before making any decision in relation to your MHM Shares.

On behalf of the Non-Conflicted Directors, I would like to reiterate our support for the Scheme. We look forward to your participation either at the Scheme Meeting or through your proxy vote.

Yours sincerely



Trevor Burt
Chair of the Board

SECTION 2

KEY INDICATIVE DATES

Event	Indicative date and time
Closing time and date for Proxy Forms for the Scheme Meeting to be submitted	11.00am on 24 January 2024
Voting Eligibility Date - for determining eligibility to vote at the Scheme Meeting	5.00pm on 24 January 2024
Scheme Meeting	11.00am on 26 January 2024
If the Scheme is approved by Shareholders	
Last day on which Shareholders may file a notice of appearance or notice of opposition - to be filed at the High Court and served on MHM	5 February 2024
Final Court Hearing	10.00am on 21 February 2024
Trading Halt Date	Close of trading on 23 February 2024*
Scheme Record Date	7.00pm on 28 February 2024*
Implementation Date	6 March 2024*
Condition Satisfaction Date	23 April 2024
Delisting from NZX	Close of trading on 6 March 2024*
End Date - the last date by which the Scheme must be implemented (unless MHM and Bettcher agree to extend the End Date)	3 May 2024

**These indicative dates assume that the OIO Condition will be satisfied prior to the Final Court Hearing. If the OIO Condition is not satisfied prior to the Final Court Hearing, MHM will give notice of the updated dates and times, when known, in accordance with the below.*

All dates and times in the table above (and other references to such dates and times in this Scheme Booklet), except the Condition Satisfaction Date and the End Date, are indicative only and, among other things, are subject to obtaining all necessary approvals from the High Court.

Any changes to the above indicative timetable will be announced to NZX (<https://www.nzx.com>) (NZX code: MHM) and notified on MHM's website (<https://mhautomation.com/news-and-investors>).

SECTION 3

NOTICE OF MEETING

Notice is given that a special meeting of Shareholders of MHM Automation Limited (Scheme Meeting) will be held:

TIME: 11.00am
DATE: 26 January 2024
WHERE: Online at www.virtualmeeting.co.nz/mhmsm24
MHM will also hold a concurrent physical meeting at
The George, 50 Park Terrace, Christchurch.

AGENDA

SCHEME RESOLUTION

To consider and, if thought fit, to pass the following resolution:

That the Scheme (the terms of which are described in the Scheme Booklet) be and is hereby approved.

The Scheme Resolution will be put as a single resolution for the purposes of confirming the approvals of each interest class and a simple majority of the votes of all Shareholders (see Explanatory Notes below).

Voting will be by way of poll and Link will confirm whether or not each of the relevant voting thresholds have been met in respect of the Scheme Resolution (see Explanatory Notes below). Link will act as scrutineer in respect of the vote.

By order of the Board,



Trevor Burt,

Chair of the Board
18 December 2023

EXPLANATORY NOTES

SCHEME BOOKLET AND PROXY FORM

1. This Scheme Booklet (which includes this Notice of Meeting) provides information in relation to the Scheme Resolution and the Scheme, how the Scheme will be implemented and the reasons for proposing the Scheme. A Proxy Form accompanies this Scheme Booklet.

SCHEME OF ARRANGEMENT

2. The Scheme is to be implemented by way of a High Court approved scheme of arrangement under Part 15 of the Companies Act pursuant to the Scheme Plan included as Annexure B of this Scheme Booklet. MHM has obtained the Initial Court Orders which are available to view at www.mhmautomation.com/news-and-investors. The next significant step in the Scheme process is seeking approval of the Shareholders by voting on the Scheme Resolution.

VOTING ON THE SCHEME RESOLUTION

3. For the Scheme to be approved by the Shareholders:
 - a. at least 75% of the votes of Shareholders in each interest class who are entitled to vote and who actually vote must be voted in favour of the Scheme Resolution; and
 - b. more than 50% of the total number of MHM Shares on issue must be voted in favour of the Scheme Resolution.
4. Both of the voting thresholds set out in Explanatory Note 3 above must be met for the Scheme Resolution to be approved. MHM has one class of shares, all of which are fully paid up, ordinary shares, with identical voting rights. That, combined with the fact that neither Bettcher, Bettcher NZ nor any of their associates hold any shares in MHM, means that, as at the date of this Scheme Booklet, there is only one interest class. This is expected to remain the case at the time of the Scheme Meeting. See Section 4.10 for more information about what an interest class is and details regarding the effect of the Voting Agreements on the voting thresholds being met.

5. Whether or not you are in favour of the Scheme, it is very important that you cast your vote.

ELIGIBILITY TO VOTE ON THE SCHEME RESOLUTION

6. You are entitled to vote at the Scheme Meeting (including by proxy or representative (as applicable)) if you hold MHM Shares (as recorded in the Share Register) on the Voting Eligibility Date.

HOW TO VOTE

7. If you are eligible to vote at the Scheme Meeting, you can vote:
 - a. **by proxy:** see Explanatory Note 8 below;
 - b. **online:** at www.virtualmeeting.co.nz/mhmsm24. Information about attending online (including how to vote and ask questions online during the Scheme Meeting) is available in the Virtual Meeting Online Portal Guide at: <https://bcast.linkinvestorservices.co.nz/generic/docs/OnlinePortalGuide.pdf>;
 - c. **in person:** by attending the Scheme Meeting and bringing your personalised Proxy Form (which accompanies this Scheme Booklet); or
 - d. **by corporate representative:** a corporate Shareholder may appoint a person to attend the Scheme Meeting on its behalf in the same manner as appointing a proxy.

HOW TO APPOINT A PROXY

8. To appoint a proxy, completed Proxy Forms must be received by Link by no later than 11.00am on 24 January 2024. Completed Proxy Forms can be submitted:
 - a. **online:** at <https://investorcentre.linkgroup.nz/voting/mhm> or by scanning the QR code on your Proxy Form. You will be required to enter your CSN/Holder Number and Authorisation Code (FIN);
 - b. **by email:** to meetings@linkmarketservices.com (please use "MHM Proxy Form" as the subject for easy identification);
 - c. **by mail:** using the enclosed reply-paid envelope enclosed with your Proxy Form or addressed to Link Market Services, PO Box 91976, Auckland 1142, New Zealand; or
 - d. **in person:** Link Market Services Limited, Level 30, PwC Tower, 15 Customs Street West, Auckland, New Zealand.
9. If you appoint a proxy, you can either direct your proxy how to vote or let them decide on your behalf by ticking the box marked "proxy discretion". If you don't tick a box for the Scheme Resolution, then your proxy will be treated as having discretion on how to vote on the Scheme Resolution (and on any associated resolutions at the Scheme Meeting (as applicable)).
10. A proxy need not be a Shareholder. You may, if you wish, appoint the Chair (Trevor Burt) as your proxy. The Chair intends to vote undirected proxies in favour of the Scheme unless the Non-Conflicted Directors have changed their recommendation prior to the Scheme Meeting, in which case the Chair will vote undirected proxies against the Scheme⁶.
11. If, in appointing a proxy, you have not named a person to be your proxy (either online or on the enclosed Proxy Form), or your named proxy does not attend the Scheme Meeting, the Chair will be your proxy and will vote in accordance with your express direction. If you have not included an express direction (either online or in the enclosed Proxy Form), the Chair will exercise your vote in favour of the Scheme unless the Non-Conflicted Directors have changed their recommendation prior to the Scheme Meeting, in which case the Chair will vote undirected proxies against the Scheme⁷.

HOW TO ASK QUESTIONS

12. You are invited to submit questions to be addressed at the Scheme Meeting. MHM has discretion as to which, and how, questions will be answered during the Scheme Meeting. If you wish to submit a question in advance, you may do so by completing the relevant section on the Proxy Form:
 - a. **online:** at <https://investorcentre.linkgroup.nz/voting/mhm>. You will be required to enter your CSN/Holder number for verification purposes;
 - b. **by email:** meetings@linkmarketservices.com (please use "MHM Questions" for easy identification);
 - c. **by mail:** complete the relevant section of the Proxy Form and mail it to Link Market Services, PO Box 91976, Auckland 1142, New Zealand; or
 - d. **in person:** complete the relevant section of the Proxy Form and return it to Link Market Services Limited, Level 30, PwC Tower, 15 Customs Street West, Auckland, New Zealand.
13. There will also be an opportunity for Shareholders to raise questions during the Scheme Meeting in person or through the online meeting platform at www.virtualmeeting.co.nz/mhmsm24. Information about how to ask questions during the online meeting is set out in the Virtual Meeting Online Portal Guide at: <https://bcast.linkinvestorservices.co.nz/generic/docs/OnlinePortalGuide.pdf>.

DEFINED TERMS

14. Capitalised terms used in this Notice of Meeting have the meanings given to them in the Glossary at Section 8 of this Scheme Booklet.

⁶ See Section 4.4 for further details of the circumstances in which the Non-Conflicted Directors may change their recommendation.

⁷ See Section 4.4 for further details of the circumstances in which the Non-Conflicted Directors may change their recommendation.

SECTION 4

INFORMATION ABOUT THE SCHEME

4.1 SUMMARY OF THE SCHEME

The Scheme is the proposed transaction under which Bettcher NZ, a wholly-owned subsidiary of Bettcher, would acquire all of the Scheme Shares for Consideration of NZ\$1.70 in cash for each Scheme Share.

Bettcher is a company incorporated in Delaware, USA with operations in North America, South America, Asia and Europe and is a leading developer and manufacturer of innovative equipment in the food processing industry. Bettcher is comprised of several leading brands in the protein processing space that include Bettcher, Frontmatec, Cantrell-Gainco, Greenline and others. Further information regarding Bettcher is provided in Section 5 and 6.

For the Scheme to be implemented, it needs to be approved by the requisite majorities of Shareholders and the High Court, and the OIO Condition needs to be satisfied. The Scheme is also subject to the satisfaction or (if capable of waiver) waiver of all other Conditions, including the absence of a Material Adverse Change during the period commencing on the date that the Scheme Implementation Agreement was entered into (3 November 2023) and ending at 8.00am on the Implementation Date. For more information on the Conditions to the Scheme, including their status as at the date of this Scheme Booklet, see Section 4.8.

Subject to the Conditions being satisfied or (if capable of waiver) waived, Bettcher will satisfy the Scheme Consideration to be paid to the Scheme Shareholders on behalf of Bettcher NZ. Bettcher confirms that it will have available to it on an unconditional basis sufficient cash reserves to satisfy the total Consideration to be provided to Scheme Shareholders (if the Scheme becomes Effective).

4.2 HOW THE SCHEME CAME ABOUT

In September 2023, MHM received a confidential, non-binding and conditional letter of intention from Bettcher for the potential acquisition of all of the MHM Shares.

The letter of intention followed an approach from Bettcher indicating potential interest in MHM. Following this initial approach, and in accordance with the Board's protocol for takeover offers and schemes of arrangement, MHM established a sub-committee of independent directors, consisting of Trevor Burt and

Paul Smart (**Committee**). Bettcher and MHM also entered into a confidentiality agreement, further details of which are set out in Section 6.9.

The Committee's assessment of the letter of intention was that it would be in the best interests of MHM and its Shareholders to grant Bettcher and Kohlberg Kravis Roberts & Co. L.P. (**KKR**) a 60-day period of exclusivity (which would automatically continue following expiry of the initial 60-day period unless terminated by MHM or KKR) to allow it to complete confirmatory due diligence, further develop its proposal and to enable the parties to negotiate transaction documentation. During the exclusivity period, MHM agreed not to take certain actions, including to solicit, initiate, seek, encourage or support any enquiry, proposal or offer from, furnish any information to, or participate in any negotiations with, a third party, regarding an acquisition or similar of MHM. In addition, MHM agreed to terminate or suspend any existing discussions with third parties regarding an acquisition or similar of MHM, to notify Bettcher of any such contact made by a third party and not to enter into any agreement with a third party to effect such an acquisition or similar of MHM by a third party. These exclusivity arrangements were not subject to a superior proposal exception or similar – however, the Committee considered it was in the best interests of shareholders to agree to such arrangements for a variety of reasons (including, but not limited to, the indicative price offered and the limited time period in which such exclusivity arrangements applied).

The Board delegated its authority to the Committee to consider and, if thought appropriate, approve the Company's entry into the Scheme Implementation Agreement.

On 3 November 2023, MHM and Bettcher concluded those negotiations and entered into a Scheme Implementation Agreement. A copy of the Scheme Implementation Agreement is available on MHM's website at <https://mhmautomation.com/news-and-investors/mhm-automation-enters-into-scheme-implementation-agreement> and was also released to NZX on 3 November 2023. You can access information released by MHM to NZX at www.nzx.com (under NZX code: MHM).

4.3 SCHEME CONSIDERATION

The Scheme Consideration is NZ\$1.70 in cash per Scheme Share.

4.4 YOUR NON-CONFLICTED DIRECTORS' RECOMMENDATION

Your Non-Conflicted Directors, being Trevor Burt and Paul Smart, unanimously recommend that you vote in favour of the Scheme Resolution at the Scheme Meeting to be held on 26 January 2024 in the absence of a Superior Proposal. Each Non-Conflicted Director intends to vote all of the Scheme Shares they hold or control in favour of the Scheme.

The Non-Conflicted Directors may change their recommendation if there is a Superior Proposal prior to the Scheme Meeting which Bettcher does not match in accordance with the matching rights set out in the Scheme Implementation Agreement. In addition, the Non-Conflicted Directors reserve the right to change their recommendation or vote against the Scheme if, prior to the Scheme Meeting, the Independent Adviser changes the Independent Adviser's valuation range for the MHM Shares and, after that change, the Consideration is below the Independent Adviser's valuation range for the MHM Shares.

None of Andrew Barclay, George Rolleston or Richard Rookes formed part of the Committee that was delegated with the authority to consider, and ultimately approve, MHM's entry into the Scheme Implementation Agreement. Further, each of these Directors have also exercised their discretion to abstain from making a recommendation in relation to the Scheme due to perceived conflicts of interest that are individual to the particular Director's circumstances but have broadly arisen either as a result of, or a combination of, executive positions, large shareholdings or associations with large shareholders and/or arrangements in respect of such shareholdings.

4.5 REASONS TO VOTE IN FAVOUR OF THE SCHEME

Here are the key reasons why the Non-Conflicted Directors unanimously recommend that you vote in favour of the Scheme.

THE CONSIDERATION OF NZ\$1.70 IN CASH PER SCHEME SHARE IS WITHIN THE INDEPENDENT ADVISER'S VALUATION RANGE OF NZ\$1.56 TO NZ\$1.75

Simmons Corporate Finance Limited has been appointed, with the prior approval of the Takeovers Panel, as the Independent Adviser to prepare an Independent Adviser's Report on the merits of the Scheme.

The Independent Adviser has assessed the value of MHM to be in the range of NZ\$1.56 to NZ\$1.75 per MHM Share. The Consideration of NZ\$1.70 in cash per

Scheme Share is within that valuation range, between the midpoint and upper end of the valuation range.

The Independent Adviser's Report is set out in Annexure A to this Scheme Booklet. The Independent Adviser's assessment of the merits of the Scheme is set out in section 3 of that report and a brief summary of some of the merits set out in the Independent Adviser's Report are set out in the Chair's Letter.

THE CONSIDERATION OF NZ\$1.70 IN CASH PER SCHEME SHARE REPRESENTS A MATERIAL PREMIUM TO PRE-ANNOUNCEMENT TRADING

The Consideration represents a premium of:

- a. 86.6% to MHM's closing share price on the NZX on 2 November 2023, being the last trading day prior to MHM's announcement that it had entered into the Scheme Implementation Agreement;
- b. 84.2% to MHM's 1-month volume weighted average price on the NZX to 2 November 2023;
- c. 85.7% to MHM's 6-month volume weighted average price on the NZX to 2 November 2023; and
- d. 92.1% to MHM's 12-month volume weighted average on the NZX to 2 November 2023.

NO BETTER OFFER HAS EMERGED SINCE THE SCHEME WAS ANNOUNCED

Since the announcement of the Scheme by MHM to NZX on 3 November 2023, and up to the date of this Scheme Booklet, no Superior Proposal has emerged.

The Non-Conflicted Directors have no information to suggest that a Superior Proposal is likely to emerge prior to implementation of the Scheme.

SHAREHOLDERS WHO TOGETHER HOLD APPROXIMATELY 47.6% OF MHM SHARES HAVE COMMITTED TO VOTE THEIR SCHEME SHARES IN FAVOUR OF THE SCHEME

Certain Shareholders, who together hold approximately 47.6% of MHM Shares, have entered into Voting Agreements with Bettcher, under which they have committed to vote their Scheme Shares in favour of the Scheme. See Section 6.7 for further details regarding the Voting Agreements, including the circumstances in which the relevant Shareholders may be released from their obligations. Details regarding the effect of the Voting Agreements on the relevant voting thresholds being met are set out in Section 4.10.

THE SCHEME PROVIDES AN OPPORTUNITY TO REALISE THE VALUE OF YOUR MHM SHARES FOR 100% CASH CONSIDERATION UPON IMPLEMENTATION OF THE SCHEME

The payment to you of the all cash Consideration of NZ\$1.70 provides you with the opportunity to realise your investment at a significant premium to market prices prior to MHM's announcement that it had entered into a Scheme Implementation Agreement. You will not be subject to the business and investment risks that would apply if you continued to hold your MHM Shares.

If the Scheme does not proceed, there will be uncertainty about the amount you will be able to realise for your MHM Shares. You will continue to be subject to the benefits and risks associated with MHM's business and other general benefits and risks relating to any investment in a publicly listed company. There is no assurance that you will be able to achieve returns that are equivalent to or better than the Consideration of NZ\$1.70 per Scheme Share at any time in the future.

MHM SHARES MAY TRADE AT LESS THAN NZ\$1.70 IF THE SCHEME DOES NOT PROCEED

While the Non-Conflicted Directors cannot predict the price at which MHM Shares will trade in the future, the Non-Conflicted Directors believe that if the Scheme is not implemented and absent a Superior Proposal, MHM Shares are likely to trade at less than the Consideration of NZ\$1.70 per Scheme Share offered by Bettcher.

NO BROKERAGE WILL BE CHARGED TO YOU ON THE TRANSFER OF YOUR SCHEME SHARES TO BETTCHER NZ IF THE SCHEME PROCEEDS

This is in contrast to selling your MHM Shares on the NZX where you will generally incur brokerage.

4.6 REASONS YOU MAY CHOOSE NOT TO VOTE IN FAVOUR OF THE SCHEME

While the Non-Conflicted Directors want to acknowledge various reasons which may prompt you to vote against the Scheme, the Non-Conflicted Directors believe that the reasons to vote in favour of the Scheme outweigh the reasons to vote against it.

YOU MAY CONSIDER THAT MHM COULD HAVE GREATER VALUE OVER THE LONG TERM THAN YOU WILL RECEIVE UNDER THE SCHEME

If the Conditions of the Scheme are satisfied or (if capable of waiver) waived, the Scheme is expected to be completed in the first quarter of 2024. This timeframe may not be consistent with your investment objectives.

You may consider that MHM has strong long term growth potential, and that the Consideration does not fully reflect your views on long term value. You may therefore prefer to retain your MHM Shares and realise the value of your MHM Shares over the longer term.

YOU MAY WISH TO MAINTAIN AN INVESTMENT IN A PUBLICLY LISTED COMPANY WITH THE SPECIFIC CHARACTERISTICS OF MHM IN TERMS OF INDUSTRY, OPERATIONS, PROFILE, SIZE AND CAPITAL STRUCTURE

If the Scheme is approved and implemented, you will be paid the Consideration in cash for all of your Scheme Shares, you will cease to be a Shareholder, MHM Shares will cease to be quoted on the NZX Main Board and MHM will be delisted from NZX. As a result, you will no longer be able to participate in the benefits (or be exposed to the risks) of MHM's future financial performance or the future prospects of its ongoing business. However, as with all investments in listed securities, there is no guarantee as to MHM's future performance.

YOU MAY CONSIDER THAT THERE IS A POSSIBILITY THAT A SUPERIOR PROPOSAL COULD EMERGE

As noted in Section 4.5, from the announcement of the Scheme on 3 November 2023 to the date of this Scheme Booklet, no Superior Proposal has emerged, and the Non-Conflicted Directors have no information to suggest that a Superior Proposal is likely to emerge. However, you may believe that a Superior Proposal is possible prior to implementation of the Scheme.

THE TAX IMPLICATIONS OF THE SCHEME MAY NOT SUIT YOUR CURRENT FINANCIAL POSITION

If the Scheme is approved and implemented, it may potentially result in adverse tax implications for you, which may arise earlier than may otherwise have been the case. If you are in doubt about the potential tax implications of the Scheme, you should seek advice from your tax adviser.

YOU MAY CONSIDER THAT THE SCHEME IS NOT IN YOUR BEST INTERESTS

For any, or a combination, of the reasons set out above and/or for reasons that are particular to you or your circumstances, you may believe that the Scheme is not in your best interests.

4.7 ADDITIONAL MATTERS FOR YOU TO CONSIDER

The Non-Conflicted Directors believe you should also carefully consider the following when deciding whether to vote in favour of the Scheme.

INDEPENDENT ADVISER'S REPORT

The Independent Adviser has prepared a report for Shareholders on the merits of the Scheme. The full Independent Adviser's Report is set out in Annexure A. You are encouraged to read that report carefully before making a decision in respect of the Scheme.

YOU MAY SELL YOUR MHM SHARES ON THE NZX MAIN BOARD AT ANY TIME PRIOR TO SUSPENSION OF MHM SHARES FROM TRADING

You may be able to sell your MHM Shares on the NZX Main Board at any time prior to the close of trading on the Trading Halt Date if you do not wish to hold them or participate in the Scheme.

However, if you sell your MHM Shares on the NZX Main Board the sale price may be less than the Consideration of NZ\$1.70 cash per Scheme Share, and you may incur brokerage on the sale. You should seek your own professional advice to determine if your individual financial or taxation circumstances may make it preferable for you to do so.

THE SCHEME MAY BE IMPLEMENTED EVEN IF YOU DO NOT VOTE AT THE SCHEME MEETING OR IF YOU VOTE AGAINST THE SCHEME

Regardless of whether you vote for or against the Scheme, abstain or do not vote, the Scheme will still be implemented if it is approved by the requisite majorities of Shareholders and by the High Court, the other Conditions are satisfied or (if capable of waiver) waived and the Scheme Implementation Agreement is not terminated. If implementation occurs and you hold MHM Shares on the Scheme Record Date, those MHM Shares will be transferred to Bettcher NZ and you will be paid the Consideration for those MHM Shares on the Implementation Date.

A BREAK FEE MAY BE PAYABLE BY MHM IN SOME CIRCUMSTANCES

MHM may be required to pay the Break Fee of NZ\$1,500,000 (plus GST, if any) to Bettcher in certain circumstances if the Scheme does not proceed. Those circumstances include where:

- a. at any time before the Scheme Implementation Agreement is terminated, a Competing Proposal is announced and within 12 months after the date of that announcement, the person making the Competing Proposal, or one or more persons that control or are under the control of that person, completes in all material respects a transaction of the kind referred to in the definition of Competing Proposal;
- b. any Non-Conflicted Director fails to effect the undertaking that they will vote, or procure the voting of, all MHM Shares held or controlled by them in favour of the Scheme or adversely change, qualify or withdraw, or make any statement materially inconsistent with, the recommendation of the Non-Conflicted Directors in this Scheme Booklet to vote in favour of the Scheme or the undertaking referred to above, except as a result of one or more of the following:
 - i. MHM receiving a Superior Proposal, subject to MHM's compliance with the provisions of the Scheme Implementation Agreement regarding Bettcher's notification and matching rights; or
 - ii. subject to the proviso below, the Independent Adviser issuing an Independent Adviser's Report which concludes that the Consideration is not within or above the Independent Adviser's valuation range for MHM Shares.

Notwithstanding (ii) above, the Break Fee will be payable by MHM if, prior to issue of the relevant Independent Adviser's Report, a Competing Proposal is received by MHM or is made public and within 12 months after the date that Competing Proposal is received or made public, the person making the Competing Proposal (or one or more persons that control or are under the control of that person) completes in all material respects a transaction of the kind referred to in the definition of Competing Proposal;

- c. the Scheme Implementation Agreement is terminated by Bettcher due to:
 - i. a breach of the Scheme Implementation Agreement by MHM where the consequences of that breach (other than in respect of a breach of certain fundamental MHM warranties) are material in the context of the Scheme and the MHM Automation Group taken as a whole; or
 - ii. a Prescribed Occurrence occurring (but not, for clarity, a Material Adverse Change); or
- d. following MHM's compliance with the provisions of the Scheme Implementation Agreement regarding Bettcher's notification and matching rights, the Scheme Implementation Agreement is terminated by either Bettcher or MHM where Bettcher:
 - i. has not provided a counter proposal in response to the relevant Superior Proposal; or
 - ii. has provided a counter proposal in response to the relevant Superior Proposal but the Non-Conflicted Directors have determined that the Competing Proposal remains a Superior Proposal.

MHM is not required to pay the Break Fee if the Scheme Resolution is not passed, provided none of the above matters occur or have occurred.

A REVERSE BREAK FEE MAY BE PAYABLE BY BETTCHER IN SOME CIRCUMSTANCES

Bettcher may be required to pay the Reverse Break Fee of NZ\$1,500,000 (plus GST, if any) to MHM in certain circumstances if the Scheme does not proceed. Those circumstances include where:

- a. the Scheme Implementation Agreement is terminated by MHM due to a breach of that agreement by Bettcher where the consequences of that breach are material in the context of the Scheme taken as a whole; or
- b. Bettcher or Bettcher NZ are in material breach of the Deed Poll.

DISPUTE RESOLUTION MECHANISMS UNDER THE SCHEME IMPLEMENTATION AGREEMENT

Disputes relating to the Break Fee and Reverse Break Fee under the Scheme Implementation Agreement will be resolved by expert determination, which will be final and binding on MHM and Bettcher (in absence of manifest error). The expert appointed to resolve the dispute must be a King's Counsel with appropriate experience in New Zealand commercial disputes and genuinely independent from both MHM and Bettcher.

All other disputes under the Scheme Implementation Agreement will be resolved through litigation in the New Zealand Courts.

4.8 CONDITIONS AND THEIR STATUS

The Scheme is subject to certain usual Conditions being satisfied or (if capable of waiver) waived. The outstanding Conditions as at the date of this Scheme Booklet are:

- a. approval of the Scheme by the High Court;
- b. approval of the Scheme by Shareholders;
- c. the satisfaction of the OIO Condition;
- d. no judgment, order, restraint or prohibition enforced or issued by any government agency is in effect at 8.00am on the Implementation Date that prohibits, prevents or materially restricts the implementation of the Scheme;
- e. no Prescribed Occurrence occurring prior to 8.00am on the Implementation Date; and
- f. no Material Adverse Change occurring prior to 8.00am on the Implementation Date.

The Scheme Implementation Agreement also includes a Condition to protect Shareholders, and which applies up until the Scheme Meeting. That Condition requires the Independent Adviser's Report to conclude prior to the Scheme Meeting that the Consideration is within or above the Independent Adviser's valuation range for MHM Shares. The Independent Adviser's Report included as Annexure A satisfies this Condition. While the Independent Adviser can update the Independent Adviser's Report before the Scheme Meeting, MHM has no reason to believe that this will occur or that the Condition will not be satisfied.

The Conditions described at paragraphs (a), (b) and (c) above must be satisfied by the Condition Satisfaction Date (being 23 April 2024, the date that is seven Business Days before the End Date, unless otherwise agreed by MHM and Bettcher). These Conditions cannot be waived.

The Conditions described at paragraphs (d), (e) and (f) above must be satisfied at all times before 8.00am on the Implementation Date. The Conditions referred to in paragraphs (e) and (f) above are for the benefit of Bettcher and may only be waived by Bettcher. The Condition referred to in paragraph (d) above is for the benefit of Bettcher and MHM and may only be waived by agreement between Bettcher and MHM.

If any event or change in circumstances occurs that prevents or is reasonably likely to prevent a Condition referred to in paragraphs (a) to (d) above being satisfied by the relevant date for satisfaction and that Condition is not waived (if capable of waiver), MHM and Bettcher must consult in good faith to determine:

- a. whether to change the timetable and/or extend the Condition Satisfaction Date; or
- b. if a change of the timetable would not, in the reasonable opinion of MHM and Bettcher, assist with the satisfaction of the relevant Condition, whether the Scheme may proceed by way of alternative means or methods.

The High Court also has the power to impose such other conditions on implementation of the Scheme as it sees fit.

MHM has no reason to believe that any of the Conditions will not be satisfied by the Condition Satisfaction Date (where applicable) to allow completion of the Scheme as contemplated in this Scheme Booklet.

4.9 INITIAL COURT ORDERS

MHM applied to the High Court for, and on 13 December 2023 was issued, the Initial Court Orders. This was the first milestone in the Scheme approval process. The Initial Court Orders directed MHM to convene the Scheme Meeting for Shareholders to consider, and vote on, the Scheme. A copy of the Initial Court Orders is available at www.mhmautomation.com/news-and-investors. In addition, the Initial Court Orders were released to NZX on 13 December 2023.

The Scheme will only be implemented if:

- a. Shareholders approve the Scheme Resolution by the requisite majorities at the Scheme Meeting (see Section 4.10);
- b. the High Court approves the Scheme and grants the Final Court Orders;
- c. the OIO Condition is satisfied;
- d. the other Conditions are satisfied or (if capable of waiver) waived; and
- e. the Scheme Implementation Agreement or the Deed Poll is not terminated in accordance with its terms (see Sections 6.8 and 7.11).

4.10 VOTING REQUIREMENTS TO APPROVE THE SCHEME

In order for the Scheme Resolution to be approved at the Scheme Meeting, it requires:

- a. 75% or more of the votes of Shareholders in each interest class who are entitled to vote and who actually vote to be voted in favour of the Scheme Resolution; and
- b. more than 50% of the total number of MHM Shares on issue to be voted in favour of the Scheme Resolution.

Each of these voting thresholds must be met for the Scheme Resolution to be approved. If the Scheme Resolution is approved by the requisite majorities of Shareholders at the Scheme Meeting, then the Company will apply to the High Court for orders approving the Scheme (being the Final Court Orders).

WHAT IS AN INTEREST CLASS?

Shareholders whose rights are so dissimilar that they cannot sensibly consult together about a common interest will form a separate interest class for the purposes of voting on the Scheme Resolution.

MHM has one class of shares, all of which are fully paid up ordinary shares with identical voting rights. That, combined with the fact that neither Bettcher, Bettcher NZ nor any of their associates hold any shares in MHM, means that, as at the date of the Scheme Booklet, there is only one interest class. This is expected to remain the case at the time of the Scheme Meeting.

VOTING COMMITMENTS

Each of the following Shareholders have committed to vote all Scheme Shares held by them in favour of the Scheme, in accordance with the Voting Agreements described in Section 6.7:

- a. Jajar Investments Limited, an associate of Director Andrew Barclay, which holds 20,400,000 MHM Shares, being 22.91% of all MHM Shares on issue at the date of this Scheme Booklet;
- b. Each of:
 - i. Asset Management Limited, which holds 14,778,788 MHM Shares, being 16.60% of all MHM Shares on issue as at the date of this Scheme Booklet;
 - ii. Humphry John Davy Rolleston and Arthur James Keegan, who hold 3,384,019 MHM Shares, being 3.80% of all MHM Shares on issue as at the date of this Scheme Booklet; and
 - iii. National Mortgage Underwriters Limited, which holds 143,211 MHM Shares, being 0.16% of all MHM Shares on issue as at the date of this Scheme Booklet,

each being associates of Director, George Rolleston;

- c. Richard Rookes, a Director and the Chief Executive Officer of MHM, who holds 2,500,861 Company Shares, being 2.81% of all MHM Shares on issue as at the date of this Scheme Booklet; and
- d. Ian McGregor, the Chief Financial Officer of MHM, who holds 1,125,500 MHM Shares, being 1.26% of all MHM Shares on issue as at the date of this Scheme Booklet,

(together, the **Committed Shareholders**).

This means that, in aggregate, 42,332,379 MHM Shares, being approximately 47.6% of all MHM Shares on issue as at the date of this Scheme Booklet, will be voted in favour of the Scheme Resolution by the Committed Shareholders at the Scheme Meeting (assuming none of the Voting Agreements are terminated in accordance with their terms (see Section 6.7)) such that additional MHM Shares will need to be voted in favour of the Scheme Resolution in order for the voting thresholds set out above to be met.

For clarity, the MHM Shares to be issued on exercise of the remaining Options (ie, tranche 3) will not be on issue at the date of the Scheme Meeting. As set out in further detail in Section 4.17, such MHM Shares will be issued to Ian and Richard on or immediately prior to the Scheme Record Date.

4.11 WHAT HAPPENS IF THE SCHEME IS NOT APPROVED?

If the Scheme is not approved by Shareholders or the High Court, or if the other Conditions are not satisfied or (if capable of waiver) waived, or if the Scheme Implementation Agreement is terminated:

- a. you will not be paid the Consideration;
- b. your MHM Shares will not be transferred to Bettcher NZ, and will be retained by you;
- c. MHM will continue to operate as a standalone entity listed on, and with MHM Shares quoted on, the NZX Main Board;
- d. you will continue to be exposed to the benefits and risks associated with an investment in MHM and other general benefits and risks relating to any investment in a publicly listed company;
- e. depending on the reasons why the Scheme does not proceed, MHM may be required to pay Bettcher the Break Fee or Bettcher may be required to pay to MHM the Reverse Break Fee; and
- f. in the absence of a Superior Proposal, the price for MHM Shares on the NZX Main Board may fall (noting that the Non-Conflicted Directors are unable to predict the price at which MHM Shares will trade in the future).

For clarity, MHM is not required to pay the Break Fee if the Scheme Resolution is not passed, provided none of the matters detailed above occur or have occurred.

4.12 TAKEOVERS PANEL NO OBJECTION STATEMENT

Under the Companies Act, MHM may request a statement from the Takeovers Panel indicating that the Takeovers Panel has no objection to the High Court making the Final Court Orders to approve the Scheme. This is commonly referred to as a "no objection statement".

If the Scheme Resolution is passed at the Scheme Meeting, MHM will promptly thereafter apply to the Takeovers Panel for a no objection statement which will be filed with the High Court as part of the final papers for the Final Court Hearing. The Takeovers Panel does not typically issue no objection statements until just before documents are filed for the Final Court Hearing in respect of the Scheme.

The Takeovers Panel has granted a preliminary statement (called a “letter of intention”), indicating that, on the basis of the documents and information provided to it, it is minded to issue a final no objection statement on or before the Final Court Orders Date.

Even when a no objection statement is issued by the Takeovers Panel, the High Court still has the discretion to determine whether or not to approve the Scheme.

4.13 FINAL COURT ORDERS

If Shareholders approve the Scheme Resolution at the Scheme Meeting, MHM will apply to the High Court for the Final Court Orders.

The Final Court Orders, if granted by the High Court, will make the Scheme binding on MHM, all Shareholders (including Shareholders who did not vote for the Scheme or did not vote / abstained from voting on the Scheme), Bettcher and Bettcher NZ (subject to the satisfaction of the OIO Condition if such Condition is outstanding at that time and the satisfaction or (if capable of waiver) waiver of any of the Conditions which continue to apply until the implementation of the Scheme).

In considering the application for the Final Court Orders, the factors which the High Court will consider include whether:

- a. there has been compliance with the relevant procedural rules, the relevant legislation and the Initial Court Orders (including in relation to the Scheme Meeting);
- b. the Scheme has been fairly put to Shareholders, including whether the Scheme Booklet puts the information reasonably necessary to enable each interest class of Shareholders to consider and vote on the Scheme;
- c. Shareholders in each interest class are fairly represented by those Shareholders who vote on the Scheme;
- d. the Scheme is such that it might reasonably be approved by an intelligent and honest business person acting in that person’s own interest; and
- e. the Scheme is generally fair and equitable.

Each Shareholder has the right to appear at the Final Court Hearing if the Shareholder has taken the steps set out in Section 4.19.

The Scheme will be implemented in accordance with the Scheme Plan if the High Court approves the Scheme, all other Conditions have been satisfied or (if capable of waiver) waived, and the Scheme Implementation Agreement is not terminated.

4.14 PAYMENT OF SCHEME CONSIDERATION

If the Scheme is implemented, you will be paid the Consideration for your Scheme Shares on the Implementation Date, which is currently expected to be 6 March 2024.

NEW ZEALAND DOLLAR PAYMENTS

Except as contemplated by the ‘Payments in currencies other than New Zealand dollars’ section below, the Consideration will be paid by electronic funds transfer of New Zealand dollars into the New Zealand bank account you have previously provided to Link. If:

- a. you wish to change your bank account details; or
- b. you have not otherwise provided your New Zealand bank account details and you wish to be paid in New Zealand dollars,

please advise Link of your bank account details before the Scheme Record Date.

If you wish to be paid the Consideration for your Scheme Shares in New Zealand dollars and you have already provided Link with your New Zealand bank account details, you do not need to provide your details to Link. Otherwise, please provide your New Zealand bank account details to Link as soon as possible and, in any event, before the Scheme Record Date.

PAYMENTS IN CURRENCIES OTHER THAN NEW ZEALAND DOLLARS

Where you have a registered address outside New Zealand and have not, prior to the Scheme Record Date, provided bank account details to enable payment in New Zealand dollars by electronic funds transfer, but have provided sufficient written instructions in the required form to Link to enable payment in a currency other than New Zealand dollars (and Link is able to make payment in that currency), you will be paid the Consideration (less any applicable costs, exchange rate spread and fees) in the currency nominated by electronic funds transfer to the bank account you have nominated.

If you wish to be paid the Consideration for your Scheme Shares in a currency other than New Zealand dollars, please contact Link as soon as possible and, in any event, before the Scheme Record Date to provide the necessary details.

FOREIGN CURRENCY PAYMENTS ARE AT YOUR RISK

Bettcher has agreed to pay the Consideration in New Zealand dollars. Accordingly, if you have provided, or provide information to Link sufficient to enable the payment in a currency other than New Zealand dollars (see the ‘Payments in currencies other than New Zealand dollars’ section above), then:

- a. any currency conversion from New Zealand dollars into a different currency is solely at your risk; and

- b. MHM, Bettcher and Bettcher NZ will not be responsible for, or have any liability in connection with, any currency conversion or any fees or other costs that you are required to pay, or which are deducted from the Scheme Consideration payable to you, in connection with facilitating the payment of the Scheme Consideration to you in a currency other than New Zealand dollars.

WHAT HAPPENS IF YOU DO NOT PROVIDE SUFFICIENT PAYMENT INFORMATION?

If you have not provided the bank account or payment information and/or taken the steps contemplated by the 'New Zealand dollar payments' or 'Payments in currencies other than New Zealand dollars' sections above, Link will retain the Consideration owed to you in a trust account for 24 months after the Implementation Date.

If Link retains your Consideration, you may, before the expiry of that 24 month period, claim your Consideration by written request to Link. In connection with this request, you must provide the bank account or payment information, or take the steps, contemplated by the 'Payments in New Zealand dollars' or 'Payments in currencies other than New Zealand dollars' sections above.

If you have not claimed your Consideration in accordance with the above paragraph by the expiry of the 24 month period, Link will pay your Consideration (and all other remaining, unclaimed Consideration) to MHM.

HOW TO CONTACT LINK TO PROVIDE BANK ACCOUNT DETAILS OR PAYMENT INFORMATION

Link's contact details are set out in the Directory.

4.15 SCHEME RECORD DATE

If all of the Conditions to the Scheme are satisfied or (if capable of waiver) waived and you are a Shareholder recorded on the Share Register on the Scheme Record Date and the Scheme Implementation Agreement or the Deed Poll has not been terminated, on the Implementation Date you will be paid the Consideration for all of the MHM Shares you hold as at the Scheme Record Date.

DEALINGS ON OR PRIOR TO THE SCHEME RECORD DATE

MHM must, before 7.00pm on the Scheme Record Date, register registrable transfers of MHM Shares received prior to close of trading on the Trading Halt Date (which is the date two Business Days after the later of the Final Court Orders Date and the date on which the OIO Condition is satisfied).

For the purposes of determining entitlements under the Scheme, MHM will not accept for registration, nor recognise for any purpose (except a transfer of MHM

Shares in accordance with the Scheme Plan or any subsequent transfer by Bettcher NZ), any transfer or transmission application or other request received after the close of trading on the Trading Halt Date, or received prior to such time but not in registrable or actionable forms.

MHM intends to apply for MHM Shares to be suspended from trading on the NZX Main Board with effect from the close of trading on the Trading Halt Date.

DEALINGS AFTER THE SCHEME RECORD DATE

You must not dispose of, or purport or agree to dispose of, any MHM Shares or any interest in them after 7.00pm on the Trading Halt Date, except pursuant to the Scheme Plan.

For the purpose of determining entitlements to the Consideration, MHM must maintain the Share Register in its form as at the Scheme Record Date until the Consideration has been paid to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Consideration.

After 7.00pm on the Scheme Record Date, each entry of a Shareholder on the Share Register will cease to have effect, except as evidence of entitlement to the Consideration in respect of the MHM Shares relating to that entry.

4.16 SHAREHOLDER WARRANTIES

Each Scheme Shareholder is deemed to have warranted to Bettcher NZ that all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) which are transferred to Bettcher NZ under the Scheme will, at the time of transfer, be fully paid and free from all encumbrances and restrictions on transfer of any kind, and that the Scheme Shareholder has full power and capacity to transfer their Scheme Shares to Bettcher NZ, together with any rights and entitlements attaching to those Scheme Shares.

4.17 OPTIONS

On 3 May 2022, MHM entered into share option deeds with each of Ian McGregor and Richard Rookes, pursuant to which:

- a. Ian McGregor was granted 350,000 options to acquire 350,000 MHM Shares (in aggregate); and
- b. Richard Rookes was granted 700,000 options to acquire 700,000 MHM Shares (in aggregate).

(together, the **Options**).

Under the terms of the share option deeds, the Options become exercisable over time in three tranches - the second two tranches being subject to MHM meeting certain targets in the relevant financial years.

The first two tranches have been exercised prior to the date of this Scheme Booklet, and Ian McGregor and Richard Rookes have been issued 250,000 MHM Shares and 500,000 MHM Shares in aggregate (respectively) on exercise of these Options, specifically:

- a. 100,000 MHM Shares to Ian and 200,000 MHM Shares to Richard on exercise of the tranche 1 Options (**Tranche 1 Shares**); and
- b. 150,000 MHM Shares to Ian and 300,000 MHM Shares to Richard on exercise of the tranche 2 Options (**Tranche 2 Shares**).

See Section 7.5 for further details of these issues.

The share option deeds each contain a restriction on selling, assigning, transferring or otherwise disposing of the MHM Shares issued on exercise of the Options for a period of three years following the date of exercise of the relevant Options (except to accept any offer made under the Takeovers Code). See Section 7.26 for details regarding the waiver granted by MHM in favour of each of Ian and Richard in respect of these restrictions on the Tranche 1 Shares and Tranche 2 Shares.

As at the date of this Scheme Booklet, the third tranche remains outstanding, which means there are:

- a. 100,000 Options (corresponding to 100,000 MHM Shares) held by Ian; and
- b. 200,000 Options (corresponding to 200,000 MHM Shares) held by Richard,

which have not vested and become exercisable in accordance with the terms of the relevant share option deeds.

Prior to the Scheme Record Date, the Board will make the following determinations:

- a. vesting of all outstanding Options be accelerated, such that the outstanding Options will become available for immediate vesting;
- b. following receipt by MHM of an exercise notice from each of Ian and Richard, 300,000 MHM Shares (in aggregate) be issued to Ian and Richard (in proportion to the amounts described above) and such MHM Shares will be included and treated as Scheme Shares on or immediately prior to the Scheme Record Date;
- c. the restrictions imposed by the share option deeds on selling, assigning, transferring or otherwise disposing of the MHM Shares issued on accelerated vesting of the tranche 3 Options be irrevocably waived, consistent with the waivers in respect of the Tranche 1 Shares and the Tranche 2 Shares described in Section 7.26; and
- d. following the actions contemplated above, the share option deeds will have no further effect.

As a result of the above actions to be taken by the Board, on the Scheme Record Date, there will be no outstanding Options in respect of MHM. In other words, the only equity securities in MHM on issue will be MHM Shares.

Under the Scheme Implementation Agreement, the Company is not permitted to grant new options or similar instruments.

4.18 DELISTING OF MHM

MHM intends to apply for termination of the quotation of MHM Shares on, and the de-listing of MHM, on the NZX Main Board from close of trading on the Implementation Date.

4.19 SHAREHOLDER OBJECTION RIGHTS

If you do not support the Scheme, you can vote against the Scheme Resolution at the Scheme Meeting.

In addition, if you are a Shareholder, you may appear and be heard at the application for Final Court Orders, which is currently set down to take place at 10.00am on 21 February 2024 at the High Court at Christchurch. The High Court proceeding number is CIV-2023-409-000664.

If you wish to be heard, you must file with the High Court at Christchurch (20 Lichfield Street, Christchurch) a notice of appearance or a notice of opposition (in either case containing an address for service), and any affidavits or memoranda of submissions on which you intend to rely, by the final date for objections (as described below). Your notice of appearance or notice of opposition must contain an address for service. You must serve a copy of your notice of appearance or notice of opposition on MHM at c-/ Buddle Findlay, 83 Victoria Street, Christchurch or email olly.peers@buddlefindlay.com. If you do this, MHM will serve you, at your address for service, a copy of all documents filed in support of the application for Final Court Orders by 5.00pm on the date that is five Business Days before the Final Court Hearing.

The final date for objections is 5 February 2024 (or any later date announced by MHM on the NZX).

Any other person claiming to have a proper interest in the Scheme, who wishes to appear and be heard on the application for Final Court Orders, must file an application with the High Court at Christchurch (20 Lichfield Street, Christchurch) for leave to be heard and a notice of opposition (either or both containing an address for service), and any affidavits or memoranda of submissions on which such person intends to rely, by the final date for objections (see above). You must serve a copy on MHM at c-/ Buddle Findlay, 83 Victoria Street, Christchurch or email olly.peers@buddlefindlay.com. MHM will then serve upon any such person, at their address for service, a copy of the affidavits in support of the application for Final Court Orders by 5.00pm on the date that is five Business Days before the Final Court Hearing.

If the application for Scheme approval is opposed, oppositions will be heard by the High Court at the Final Court Hearing.

You may only appear and be heard at the Final Court Hearing if you are:

- a. a Shareholder who files a notice of appearance or a notice of opposition to the application for Final Court Orders within the required timeframes (set out above); or

- b. any other person who claims to have a proper interest in the Scheme who files an application for leave to be heard and a notice of opposition to the application for Final Court Orders within the required timeframes (set out above), and who is subsequently granted leave to appear and be heard at the Final Court Hearing.

In addition, the Takeovers Panel may consider an objection by a Shareholder or other interested party to the Scheme when determining whether to provide its no objection statement (see Section 4.12). Written objections can be submitted directly to the Takeovers Panel (whether or not a no objection statement is granted) by email to takeovers.panel@takeovers.govt.nz. The Takeovers Panel is also entitled to appear and be heard at the Final Court Hearing of the application for Final Court Orders.

There are no other dissent or buy-out rights for Shareholders who do not support the Scheme.

If you do not want to participate in the Scheme, you are free to sell your MHM Shares at any time before close of trading on NZX on the Trading Halt Date (see Section 4.7). The Company intends to apply to the NZX for trading in MHM Shares to be suspended on the NZX Main Board from the close of trading on the Trading Halt Date, being the date that is two Business Days after the later of the Final Court Orders Date and the date on which the OIO Condition is satisfied. You will not be able to sell your MHM Shares on market after this time (see also the restrictions on transfer of MHM Shares described in Section 4.15).

You should note that if you choose to sell your MHM Shares before the Trading Halt Date, the price you receive may differ from the Consideration of NZ\$1.70 for each Scheme Share under the Scheme, and you may incur brokerage on the sale. You should seek your own professional advice to determine if your individual financial or taxation circumstances would be better served by selling your MHM Shares before the Trading Halt Date.

SECTION 5

INFORMATION ABOUT THE BETTCHER GROUP

This Section 5 forms part of the Bettcher Information and has been prepared by Bettcher on behalf of the Bettcher Group, and is the responsibility of Bettcher. None of MHM, its Related Companies or their respective directors, officers, employees and advisers assumes any responsibility for the accuracy or completeness of the information in this Section.

5.1 BETTCHER NZ

If the Scheme is implemented, Bettcher NZ will acquire all of the MHM Shares, having been elected as Bettcher's nominee in accordance with the terms of the Scheme Implementation Agreement.

Bettcher NZ is a New Zealand limited liability company that was incorporated on 30 November 2023 for the sole purpose of acquiring the MHM Shares. Bettcher NZ is wholly-owned by Bettcher. Further details about Bettcher NZ are set out in Section 6.

5.2 BETTCHER

Headquartered in the United States and with operations across North America, South America, Asia and Europe, Bettcher is a leading developer and manufacturer of innovative equipment in the food processing industry. Bettcher is comprised of several leading brands in the protein processing space that include Bettcher, Frontmatec, Cantrell-Gainco, Greenline and others. Bettcher's automation solutions enable its customers to maximize yield, improve efficiencies and enhance worker safety.

Bettcher intends to continue to grow the group into a scaled food processing and automation platform through further strategic investments and acquisitions, and identified MHM as an important part of that strategy.

On a consolidated basis, Bettcher employs over 1,600 individuals globally and is ultimately indirectly owned by investment funds, vehicles and/or accounts advised by KKR or one of its subsidiaries.

Further details about Bettcher are set out in Section 6.

5.3 KKR

KKR is a leading global investment firm that offers alternative asset management as well as capital markets and insurance solutions. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life and reinsurance products under the management of Global Atlantic Financial Group.

For additional information about KKR, please visit KKR's website at www.kkr.com.

SECTION 6

INFORMATION EQUIVALENT TO SCHEDULE 1 OF THE TAKEOVERS CODE

This Section 6 contains information, to the extent applicable, equivalent to the information that would be provided by the Bettcher Group in a takeover offer document in accordance with Schedule 1 of the Takeovers Code.

Bettcher has prepared the information in this Section 6 on behalf of the Bettcher Group, and is solely responsible for the information in this Section 6.

6.1 DATE

This Section 6 was prepared, and is current, as at 14 December 2023.

6.2 BETTCHER, BETTCHER NZ AND THEIR DIRECTORS

The name and postal address of Bettcher NZ is:

Merlin NZD Bidco Limited
c/- Mayne Wetherell
Level 5, Bayleys House
30 Gaunt Street
Auckland 1010
New Zealand

The primary email address for Bettcher NZ is: KevinHarry@bettcher.com.

The current directors of Bettcher NZ are:

- a. Massimo Bizzi;
- b. Kevin Harry; and
- c. David Lang.

Bettcher, as the sole shareholder of Bettcher NZ, will become the controller of an increased percentage of voting securities in MHM as a result of the Scheme.

The directors of Bettcher are:

- a. Massimo Bizzi; and
- b. Kevin Harry.

See Section 5 for further information about Bettcher NZ and Bettcher.

6.3 SCHEME COMPANY

The name of the company to which the Scheme relates is MHM Automation Limited.

6.4 SCHEME TERMS

The terms and conditions of the Scheme are set out in the Scheme Plan in Annexure B. A summary of the terms and conditions of the Scheme is included in Section 4.

6.5 OWNERSHIP OF EQUITY SECURITIES OF MHM

None of the following persons hold or control any equity securities in MHM:

- a. Bettcher NZ;
- b. Bettcher;
- c. any Related Company of Bettcher NZ or Bettcher;
- d. any person acting jointly or in concert with Bettcher NZ or Bettcher; and
- e. any director of any person described in paragraphs (a) to (d) above.

Information about the persons who hold or control 5% or more of any class of equity securities in MHM is set out in Section 7.5.

6.6 TRADING IN MHM EQUITY SECURITIES

None of the persons referred to in Sections 6.5(a) to (e) above have acquired or disposed of any equity securities in MHM in the six-month period ending on the date of this Scheme Booklet.

6.7 AGREEMENTS TO VOTE IN FAVOUR OF SCHEME

In accordance with the Scheme Implementation Agreement, on 3 November 2023, MHM announced to NZX that each of the Non-Conflicted Directors have undertaken to vote all of the MHM Shares held or controlled by them in favour of the Scheme, subject to the Consideration being within the Independent Adviser's value range for the MHM Shares and there being no Superior Proposal.

The Non-Conflicted Directors have also confirmed their intention to vote in favour of the Scheme, in the absence of a Superior Proposal, as contemplated by the statements elsewhere in this Scheme Booklet. The Non-Conflicted Directors' holdings of MHM Shares are set out in Section 7.5.

On 3 November 2023, Bettcher entered into Voting Agreements with the Committed Shareholders (as further described in Section 4.10). Pursuant to the terms of the Voting Agreements, each Committed Shareholder has agreed:

- a. if the Scheme is proposed by MHM to Shareholders, to vote all of the MHM Shares held or controlled by them (including MHM Shares held or controlled as at the date of the Voting Agreement and any MHM Shares which are acquired or for which control is gained after the date of the Voting Agreement) in favour of the Scheme at the Scheme Meeting;
- b. prior to termination of the Voting Agreement, not to dispose of, encumber or deal in any way with any of the MHM Shares that they hold or control, except to transfer those MHM Shares under the Scheme; and
- c. not to:
 - i. solicit, invite, encourage, initiate or otherwise seek to procure any Competing Proposal or any other offer, proposal, expression of interest, enquiry, negotiation or discussion with any third party in relation to, or for the purpose of, or that may reasonably be expected to encourage or lead to, a Competing Proposal, or assist, encourage, procure or induce any person to do any of these things on its behalf;
 - ii. enter into, permit, continue or participate in, negotiations or discussions with any third party in relation to a Competing Proposal or for the purpose of or that may reasonably be expected to encourage or lead to a Competing Proposal, or assist, encourage, procure or induce any person to do any of these things on its behalf; or
 - iii. take any action or make any statement to any third party or to the general public that is disparaging or reflects negatively on MHM, Bettcher, Bettcher NZ, their respective associates or the Scheme.

The Voting Agreements will automatically terminate on the earlier of:

- a. the date on which MHM declares that the relevant voting thresholds (as described in Section 4.10) have been met at the Scheme Meeting; and
- b. the date on which the Scheme Implementation Agreement is terminated (see Section 7.11 for further details as to the circumstances in which the Scheme Implementation Agreement can be terminated).

Bettcher may terminate the Voting Agreements at any time if required in order for the Scheme to become Effective (eg, if a legal or compliance restriction arose that meant the Voting Agreements had to be terminated in order to proceed with the Scheme).

Each of the Committed Shareholders may also terminate the relevant Voting Agreement in certain prescribed circumstances where the Scheme Implementation Agreement or the Scheme Plan is amended, varied or waived (by Bettcher) and the result is to materially adversely affect the benefit of the Scheme for Shareholders as a whole (including a reduction in the Consideration).

Copies of the Voting Agreements were attached to the substantial product holder notice released to the NZX by Bettcher on 3 November 2023. You can access this information at www.nzx.com (under the NZX code: MHM).

6.8 ARRANGEMENTS TO PAY CONSIDERATION

Bettcher confirms that resources will be available to it sufficient to meet the total Consideration to be paid to Scheme Shareholders if the Scheme becomes Effective.

Bettcher NZ and Bettcher have each executed the Deed Poll pursuant to which Bettcher has undertaken in favour of each Scheme Shareholder that it will pay on behalf of Bettcher NZ the Consideration to which each Scheme Shareholder is entitled under the Scheme and Bettcher NZ has undertaken to acquire all of the MHM Shares, in each case subject to the Scheme being implemented. Subject to the Scheme Implementation Agreement not being terminated and the Scheme having become unconditional (except for the Conditions that apply until 8.00am on the Implementation Date – see Section 4.8 for further details):

- a. Bettcher must deposit, or procure the deposit of, in immediately available cleared funds, by no later than 5.00pm on the Business Day before the Implementation Date an amount equal to the aggregate amount of the Consideration payable to all Scheme Shareholders as set out in the Scheme Plan, such deposit to be made into the trust account to be held and dealt with in accordance with the Scheme Plan; and
- b. the Consideration deposited into the trust account must be applied to Scheme Shareholders in satisfaction of their respective entitlements to receive the Consideration under the Scheme on the Implementation Date in accordance with the Scheme Plan, provided that the MHM Shares are transferred to Bettcher NZ.

A copy of the Deed Poll is set out in Annexure C to this Scheme Booklet.

6.9 ARRANGEMENTS BETWEEN THE BETTCHER GROUP AND MHM

Except as set out below in this Section 6.9, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Bettcher, Bettcher NZ or any of their associates and MHM or any Related Company of MHM, in connection with, in anticipation of, or in response to, the Scheme.

CONFIDENTIALITY AGREEMENT

On 22 August 2023, Bettcher and MHM entered into a confidentiality agreement setting out the terms on which each party would provide and make available to the other party certain information in connection with a potential transaction between the parties. See Section 7.11 for further details.

INDICATIVE OFFER AND EXCLUSIVITY AGREEMENT

On 22 September 2023, Bettcher, KKR and MHM entered into a letter of intention detailing the non-binding and indicative terms on which Bettcher indicated it would be willing to make an offer for MHM (subject to the satisfaction of the conditions set out in that letter, including the provision of access by MHM in order to enable it to undertake confirmatory due diligence). See Section 7.11 for further details.

SCHEME IMPLEMENTATION AGREEMENT

On 3 November 2023, Bettcher and MHM entered into the Scheme Implementation Agreement. The material terms of the Scheme Implementation Agreement are summarised in Section 7.11.

A copy of the Scheme Implementation Agreement is available at www.mhmautomation.com/news-and-investors. In addition, it was released to the NZX on 3 November 2023. You can access information released by MHM and Bettcher to NZX at www.nzx.com (under the NZX code: MHM).

DISCLOSURE LETTER

On 3 November 2023, MHM provided the Disclosure Letter to Bettcher which contained certain disclosures by MHM in respect of the warranties provided by MHM in the Scheme Implementation Agreement and set out certain other agreed matters in respect of the Scheme Implementation Agreement.

DEED POLL

Bettcher NZ and Bettcher entered into the Deed Poll on 30 November 2023 which records that, under the Scheme Plan, MHM is appointed as attorney for the Scheme Shareholders. The terms of the Deed Poll are summarised in Section 6.8 of this Scheme Booklet.

A copy of the Deed Poll is set out in Annexure C to this Scheme Booklet.

6.10 ARRANGEMENTS BETWEEN THE BETTCHER GROUP AND DIRECTORS AND SENIOR MANAGERS OF MHM

Except as set out below in this Section 6.10 and pursuant to the Voting Agreements outlined in Section 6.7, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Bettcher, Bettcher NZ or any of their associates and any Director or Senior Manager of MHM or any Related Company of MHM (including any agreement or arrangement providing for a payment or other benefit proposed to be made or given by way of compensation for loss of office or as to the Director or Senior Manager remaining in or retiring from office), in connection with, in anticipation of, or in response to, the Scheme.

INDEMNITIES FOR DIRECTORS, OFFICERS AND EMPLOYEES OF THE MHM AUTOMATION GROUP

Under the Scheme Implementation Agreement, Bettcher has agreed that it and its Related Companies (including Bettcher NZ) will:

- a. for a period of seven years from the Implementation Date, ensure that the constitutions of the members of the MHM Automation Group continue to contain such rules as are contained in their constitutional documents at the date of the Scheme Implementation Agreement that provide for each member of the MHM Automation Group to indemnify each of its directors, officers and employees against liabilities (excluding for fraud or wilful misconduct) incurred by that person in their capacity as a director, officer or employee of the MHM Automation Group member; and
- b. procure that the members of the MHM Automation Group comply with any deeds of indemnity made by them in favour of their respective directors and officers from time to time.

INSURANCE FOR DIRECTORS AND OFFICERS OF THE MHM AUTOMATION GROUP

Under the Scheme Implementation Agreement, Bettcher has agreed that:

- a. subject to certain process requirements, MHM may, prior to the Implementation Date, enter into, and pay the premiums for, a run-off directors' and officers' liability insurance policy (for a period of seven years after the Implementation Date) in respect of any director or officer of a member of the MHM Automation Group (D&O Run-off Policy); and
- b. after the Implementation Date, Bettcher will not, and will procure that its Related Companies (including Bettcher NZ) do not, vary or cancel the D&O Run-off Policy or do any act, matter or thing (or fail or omit to do any act, matter or thing) that is reasonably likely to result in the D&O Run-off Policy being terminated or becoming voidable.

BENEFIT OF THE AGREEMENTS

These agreements summarised above in this Section 6.10 are:

- a. given for the benefit of each person who is a current or former director, officer or employee of any member of the MHM Automation Group (including the Directors and the Senior Managers) and are intended to be enforceable by each such person; and
- b. given until the earlier of the end of the relevant period specified or the relevant MHM Automation Group member ceasing to be part of Bettcher Group, provided that this will not affect any indemnities which continue in accordance with their terms.

6.11 FINANCIAL ASSISTANCE

After the Consideration is paid and the Scheme has been implemented, the members of the MHM Automation Group will be wholly-owned subsidiaries of Bettcher NZ and members of the Bettcher Group. Accordingly, members of the MHM Automation Group may, after implementation of the Scheme, grant security over their respective assets to the financiers of the Bettcher Group.

Under the Scheme Implementation Agreement, MHM has agreed:

- a. to provide reasonable co-operation and assistance to Bettcher in connection with the arrangement, syndication or provision of equity or debt financing by the Bettcher Group for the purposes of funding the Consideration; and
- b. to assist Bettcher to identify, and obtain a release of, any encumbrances over the assets of the MHM Automation Group, including in connection with the repayment of MHM's existing indebtedness.

6.12 INTENTIONS ABOUT MATERIAL CHANGES TO MHM

Given that, if the Scheme becomes Effective, MHM will become a wholly-owned subsidiary of Bettcher NZ, this information is not applicable.

6.13 PRE-EMPTION RIGHTS CLAUSES IN MHM'S CONSTITUTION

MHM's constitution does not contain any restrictions on the right of Scheme Shareholders to transfer Scheme Shares (being the equity securities to which the Scheme relates) which have the effect of requiring Scheme Shareholders to offer Scheme Shares for purchase to other Scheme Shareholders or to any other person before transferring the MHM Shares under the Scheme.

6.14 ESCALATION CLAUSES

There is no agreement or arrangement (whether legally enforceable or not) under which:

- a. any existing holder of equity securities in MHM will or may receive in relation to, or as a consequence of, the Scheme any additional consideration or other benefit over and above the Consideration; or
- b. any prior holder of equity securities in MHM will or may receive any consideration or other benefit as a consequence of the Scheme.

Details regarding the Options are set out in Section 6.15 below.

6.15 CLASSES OF FINANCIAL PRODUCTS

The only financial products subject to the Scheme are the Scheme Shares.

Accordingly, no report is required to be obtained by Bettcher or Bettcher NZ as to the fairness and reasonableness of the consideration and terms of the Scheme as between different classes of financial products. The Scheme Shares are MHM Shares held by the Shareholders on the Scheme Record Date. The MHM Shares to be issued on exercise of the outstanding Options are MHM Shares and not a separate class of financial products.

Although the Options are a separate class of equity security for the purposes of the Takeovers Code, they are not a separate class of financial product. In any event, on or prior to the Scheme Record Date, there will be no Options on issue. Accordingly, the Options do not form a separate class of financial products subject to the Scheme. For further information regarding the Options, see Section 4.17.

SECTION 7

INFORMATION EQUIVALENT TO SCHEDULE 2 OF THE TAKEOVERS CODE

This Section 7 contains the applicable information that would be provided by MHM in a target company statement under Schedule 2 of the Takeovers Code, to the extent not otherwise disclosed elsewhere in this Scheme Booklet. Where any information required by Schedule 2 to the Takeovers Code is not applicable, no statement is made regarding that information.

7.1 DATE

This Scheme Booklet is dated 18 December 2023.

7.2 SCHEME

This Scheme Booklet relates to a scheme of arrangement between MHM and its Shareholders in relation to the proposed acquisition of the Scheme Shares by Bettcher NZ.

7.3 SCHEME COMPANY

The name of the company to which the Scheme relates is MHM Automation Limited.

Postal address:

MHM Automation Limited
53 Lunns Road
Christchurch
New Zealand

Email:

trevor@breakawayinvestments.co.nz

7.4 DIRECTORS OF MHM

The names of the Directors of MHM are:

- a. Trevor Burt (Chair and Independent Director);
- b. Paul Smart (Independent Director);
- c. Richard Rookes (Executive Director);
- d. Andrew Barclay (Executive Director); and
- e. George Rolleston (Non-Executive Director).

7.5 OWNERSHIP OF EQUITY SECURITIES OF MHM

OWNERSHIP INTERESTS OF DIRECTORS AND SENIOR MANAGERS OF MHM

The table below sets out the number and percentage of MHM Shares or other MHM equity securities held or controlled by each Director or Senior Manager of MHM or their associates as at the date of this Scheme Booklet.

For the purposes of this Scheme Booklet, MHM has treated Ian McGregor (Chief Financial Officer of MHM) and Richard Rookes (Chief Executive Officer of MHM) as the Senior Managers (noting that Richard Rookes is also a Director).

Name	Description	Number of MHM Shares or other MHM equity securities held or controlled at the date of this Scheme Booklet	Percentage of total MHM Shares or other MHM equity securities at the date of this Scheme Booklet	Percentage of total MHM Shares following exercise of the Options
Andrew Barclay	Director	20,400,000 MHM Shares ⁸	22.91% (MHM Shares)	22.84% (MHM Shares)
Asset Management Limited	Associate of George Rolleston	14,778,788 MHM Shares	16.60% (MHM Shares)	16.54% (MHM Shares)
Humphry John Davy Rolleston and Arthur James Keegan as trustees of the Rolleston Investment Trust	Associate of George Rolleston	3,384,019 MHM Shares	3.80% (MHM Shares)	3.79% (MHM Shares)
National Mortgage Underwriters Limited	Associate of George Rolleston	200,183 MHM Shares	0.22% (MHM Shares)	0.22% (MHM Shares)
Richard Rookes	Director	2,500,861 MHM Shares 200,000 Options	2.81% (MHM Shares) 66.67% (Options)	3.02% (MHM Shares)
Ian McGregor	Senior Manager	1,125,500 MHM Shares 100,000 Options	1.26% (MHM Shares) 33.3% (Options)	1.37% (MHM Shares)
Trevor Burt	Director	700,000 MHM Shares	0.79% (MHM Shares)	0.78% (MHM Shares)
Paul Smart	Director	347,846 MHM Shares ⁹	0.39% (MHM Shares)	0.39% (MHM Shares)
George Rolleston	Director	7,830 MHM Shares	0.009% (MHM Shares)	0.009% (MHM Shares)

The information in the above table relating to Directors and Senior Managers was confirmed by or on behalf of such persons and is stated as at 14 December 2023 (being the last practicable date before the date of this Scheme Booklet).

Except as set out above, no other Director or Senior Manager or their associates holds or controls any equity securities in MHM as at the date of this Scheme Booklet.

On or prior to the Scheme Record Date, an additional 300,000 MHM Shares (in aggregate) will be issued to Richard Rookes (200,000 MHM Shares) and Ian McGregor (100,000 MHM Shares) on exercise of the outstanding Options held by each of them. See Section 4.17 for further details.

⁸ 20,400,000 MHM Shares held by Jajar Investments Limited. Andrew Barclay is a director of Jajar Investments Limited and has a beneficial interest in the 20,400,000 MHM Shares held by Jajar Investments Limited as joint shareholder of Jajar Investments Limited.

⁹ 347,846 MHM Shares held by Sunrise Consulting Limited. Paul Smart is a director of Sunrise Consulting Limited and has a beneficial interest in the 347,846 MHM Shares held by Sunrise Consulting Limited as joint shareholder of Sunrise Consulting Limited in his capacity as trustee of Bellbird Trust and Saddleback Trust.

OWNERSHIP INTERESTS OF HOLDERS OR CONTROLLERS OF 5% OR MORE OF MHM SHARES OR OTHER MHM EQUITY SECURITIES

The table below sets out the number and percentage of MHM Shares held or controlled by any other person holding or controlling 5% or more of MHM Shares or another class of MHM equity securities, to the knowledge of MHM.

Holder or controller of 5% or more of MHM Shares or other MHM equity securities	Number of MHM Shares or other MHM equity securities held or controlled at the date of this Scheme Booklet	Percentage of total MHM Shares or other MHM equity securities at the date of this Scheme Booklet
Jajar Investments Limited	20,400,000 MHM Shares	22.91%
Humphry John Davy Rolleston	18,362,990 MHM Shares (in aggregate) ¹⁰	20.62% (in aggregate)
Asset Management Limited	14,778,788 MHM Shares	16.60%
Andrew John Ritchie, Mark Sain Markovina and Elizabeth Anne Markovina as trustees	5,000,000 MHM Shares	5.62%
Forsyth Barr Custodians	4,874,810 MHM Shares	5.48%

The information in the above table was taken from substantial product holder notices or was provided by relevant Directors and Senior Managers and is stated as at 14 December 2023 (being the last practicable date before the date of this Scheme Booklet).

Except as set out in the table above, to MHM's knowledge, no other person holds or controls 5% or more of a class of equity securities of MHM.

No Director or Senior Manager of MHM or their associates, and no person who, to MHM's knowledge, holds or controls 5% or more of MHM Shares or other MHM equity securities has a relevant interest in a derivative for which the underlying is MHM Shares.

¹⁰ 18,362,990 MHM Shares (in aggregate), registered in the names of Asset Management Limited (14,778,788 MHM Shares), Humphry John Davy Rolleston and Arthur James Keegan as trustees of the Rolleston Investment Trust (3,384,019 MHM Shares) and National Mortgage Underwriters Limited (143,211 MHM Shares).

ISSUE OF EQUITY SECURITIES OR OBTAINING OF BENEFICIAL INTEREST IN EQUITY SECURITIES

The number and price of equity securities of MHM (including MHM Shares):

- a. issued to any Director or Senior Manager of MHM, or their associates; or
- b. in which any Director or Senior Manager of MHM, or their associates, obtained a beneficial interest under any MHM employee share scheme or other remuneration arrangement,

in the two-year period ending on the date of this Scheme Booklet is set out in the following table:

Name	Description	Number of equity securities of MHM	Designation of equity securities of MHM	Price of total number of equity securities of MHM	Date
Richard Rookes	Director and Senior Manager	200,000 (issued upon exercise of 200,000 Options)	MHM Shares	Nil	21 October 2022
Ian McGregor	Senior Manager	100,000 (issued upon exercise of 100,000 Options)	MHM Shares	Nil	21 October 2022
Richard Rookes	Director and Senior Manager	300,000 (issued upon exercise of 300,000 Options)	MHM Shares	Nil	3 May 2022
Ian McGregor	Senior Manager	150,000 (issued upon exercise of 150,000 Options)	MHM Shares	Nil	3 May 2022
Richard Rookes	Director and Senior Manager	700,000 (issued under Senior Executive Plan)	Options	Nil	3 May 2022
Ian McGregor	Senior Manager	350,000 (issued under Senior Executive Plan)	Options	Nil	3 May 2022

The information in the above table relating to Directors and Senior Managers was confirmed by or on behalf of such persons and is stated as at 14 December 2023 (being the last practicable date before the date of this Scheme Booklet).

Except as set out in the table above, no Director or Senior Manager of MHM, or their associates, have in the two-year period ending on the date of this Scheme Booklet:

- a. been issued with any equity securities of MHM; or
- b. obtained a beneficial interest in any equity securities of MHM under any MHM employee share scheme or other remuneration arrangement.

On or prior to the Scheme Record Date, an additional 300,000 MHM Shares (in aggregate) will be issued to Richard Rookes (200,000 MHM Shares) and Ian McGregor (100,000 MHM Shares) on exercise of the outstanding Options held by each of them. See Section 4.17 for further details.

7.6 TRADING IN MHM EQUITY SECURITIES BY DIRECTORS AND SENIOR MANAGERS OF MHM

No MHM equity securities were acquired or disposed of by any Director or Senior Manager (including their associates) of MHM during the six-month period before 14 December 2023 (being the latest practicable date before the date of this Scheme Booklet).

7.7 TRADING IN MHM EQUITY SECURITIES BY HOLDERS OR CONTROLLERS OF 5% OR MORE OF MHM EQUITY SECURITIES

The following equity securities of MHM have, during the six-month period before 14 December 2023 (being the latest practicable date before the date of this Scheme Booklet) been acquired or disposed of by any person holding or controlling 5% or more of a class of MHM equity securities as at the date of this Scheme Booklet.

Name	Aggregate number of MHM equity securities acquired or disposed of	Week commencing of acquisition or disposal	Consideration or weighted consideration per MHM equity security (NZ\$)	Designation of MHM equity securities	Acquisition or disposal
Andrew John Ritchie, Mark Sain Markovina and Elizabeth Anne Markovina as trustees	3,000,000	4 September 2023	NZ\$1.05	MHM Shares	Acquisition

The information in the above table was obtained from substantial product holder notices released to NZX or confirmed by or on behalf of such persons and is stated as at 14 December 2023 (being the last practicable date before the date of this Scheme Booklet).

Except as set out in the table above, no MHM equity securities were acquired or disposed of by any person known to MHM as holding or controlling 5% or more of a class of MHM equity securities as at the date of this Scheme Booklet during the six-month period before 14 December 2023 (being the latest practicable date before the date of this Scheme Booklet).

7.8 INTENTIONS TO VOTE IN FAVOUR OF THE SCHEME

The table below sets out, as at the date of this Scheme Booklet, the name of every Director or Senior Manager of MHM and every associate of a Director or Senior Manager of MHM who has advised MHM that he or she has undertaken or intends to vote, or to procure MHM Shares controlled by them be voted, in favour of the Scheme, and the number of MHM Shares in respect of which the person has undertaken or expressed an intention to vote, or to procure be voted, in favour of the Scheme.

Name	Description	Number of MHM Shares undertaken or intended to be voted in favour
Andrew Barclay ¹¹	Director	20,400,000 MHM Shares
Asset Management Limited, Humphry John Davy Rolleston and Arthur James Keegan and National Mortgage Underwriters Limited	Associates of George Rolleston	18,362,990 MHM Shares (in aggregate) ¹²
Richard Rookes ¹³	Director	2,500,861 MHM Shares
Ian McGregor ¹⁴	Senior Manager	1,125,500 MHM Shares
Trevor Burt ¹⁵	Director	700,000 MHM Shares
Paul Smart ¹⁶	Director	347,846 MHM Shares
George Rolleston ¹⁷	Director	7,830 MHM Shares

¹¹ Jajar Investments Limited, being an associate of Andrew Barclay (see Section 7.5 for further details), has entered into a Voting Agreement with Bettcher, under which it has undertaken to vote all MHM Shares that it holds or controls in favour of the Scheme. See Section 6.10 for further details regarding the Voting Agreements.

¹² Certain associates of George Rolleston, namely Asset Management Limited (14,778,788 MHM Shares), Humphry John Davy Rolleston and Arthur James Keegan as trustees of the Rolleston Investment Trust (3,384,019 MHM Shares) and National Mortgage Underwriters Limited (in respect of 143,211 of its MHM Shares) have entered into Voting Agreements with Bettcher, under which they have undertaken to vote all of the MHM Shares that they hold or control in favour of the Scheme. Further, National Mortgage Underwriters Limited intends to vote a further 56,972 MHM Shares held by it in favour of the Scheme, in absence of a Superior Proposal and on the basis that it reserves the right to vote against the Scheme if, prior to the Scheme Meeting, the Independent Adviser changes the Independent Adviser's valuation range for the MHM Shares and, after that change, the Consideration is below the Independent Adviser's valuation range for the MHM Shares.

¹³ Richard Rookes has entered into a Voting Agreement with Bettcher, under which he has undertaken to vote all MHM Shares that he holds or controls in favour of the Scheme at the date of the Scheme Meeting (i.e. excluding the MHM Shares to be issued to Richard on exercise of the outstanding Options. See Section 4.10 for further details).

¹⁴ Ian McGregor has entered into a Voting Agreement with Bettcher, under which he has undertaken to vote all MHM Shares that he holds or controls in favour of the Scheme at the date of the Scheme Meeting (i.e. excluding the MHM Shares to be issued to Ian on exercise of the outstanding Options. See Section 4.10 for further details).

¹⁵ Trevor Burt (as a Non-Conflicted Director) has undertaken to vote all MHM Shares that he holds or controls in favour of the Scheme in the absence of a Superior Proposal and reserves the right to vote against the Scheme if, prior to the Scheme Meeting, the Independent Adviser changes the Independent Adviser's valuation range for the MHM Shares and, after that change, the Consideration is below the Independent Adviser's valuation range for the MHM Shares.

¹⁶ Paul Smart (as a Non-Conflicted Director) has undertaken to vote all MHM Shares he holds or controls in favour of the Scheme in the absence of a Superior Proposal and reserves the right to vote against the Scheme if, prior to the Scheme Meeting, the Independent Adviser changes the Independent Adviser's valuation range for the MHM Shares and, after that change, the Consideration is below the Independent Adviser's valuation range for the MHM Shares.

¹⁷ George Rolleston has undertaken to vote the 7,830 MHM Shares that he holds in favour of the Scheme in the absence of a Superior Proposal and reserves the right to vote against the Scheme if, prior to the Scheme Meeting, the Independent Adviser changes the Independent Adviser's valuation range for the MHM Shares and, after that change, the Consideration is below the Independent Adviser's valuation range for the MHM Shares.

7.9 OWNERSHIP OF EQUITY SECURITIES OF BETTCHER, BETTCHER NZ OR THEIR RELATED COMPANIES

Neither MHM, nor any Director, Senior Manager or any of their associates, holds or controls any equity securities of Bettcher, Bettcher NZ or any of their Related Companies.

7.10 TRADING IN EQUITY SECURITIES OF BETTCHER, BETTCHER NZ OR THEIR RELATED COMPANIES

Neither MHM, nor any Director, Senior Manager or any of their associates, has acquired or disposed of any equity securities of Bettcher, Bettcher NZ or any of their Related Companies during the six-month period before 14 December 2023, being the latest practicable date before the date of this Scheme Booklet.

7.11 ARRANGEMENTS BETWEEN BETTCHER, BETTCHER NZ AND MHM

Except as set out below in this Section 7.11, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Bettcher, Bettcher NZ or any of their associates and MHM or any Related Company of MHM in connection with, in anticipation of, or in response to, the Scheme.

CONFIDENTIALITY AGREEMENT

On 22 August 2023, Bettcher and MHM entered into a confidentiality agreement setting out the terms on which each party would provide and make available to the other party certain information in connection with a potential transaction between the parties (including to allow Bettcher to conduct confirmatory due diligence in respect of MHM).

In broad terms, the confidentiality agreement provides that information supplied by or on behalf of a party (including any material produced or similar from such information) is to be used solely in connection with a potential transaction between the parties and is to be kept confidential (subject to certain customary exclusions).

INDICATIVE OFFER AND EXCLUSIVITY AGREEMENT

On 22 September 2023, Bettcher, KKR and MHM entered into a letter of intention detailing the non-binding and indicative terms on which Bettcher indicated it would be willing to make an offer for MHM (subject to the satisfaction of the conditions set out in that letter, including the provision of access by MHM in order to enable it to undertake confirmatory due diligence).

Pursuant to the letter of intention, the Committee granted to Bettcher a period of exclusivity to allow Bettcher to undertake confirmatory due diligence in respect of MHM. See Section 4.2 for further details as to the Committee's assessment of the letter of intention and a summary of the exclusivity arrangements.

SCHEME IMPLEMENTATION AGREEMENT

On 3 November 2023, Bettcher and MHM entered into the Scheme Implementation Agreement. The key legal terms of the Scheme Implementation Agreement are as follows:

Conditions

Implementation of the Scheme is subject to the Conditions being satisfied or (if capable of waiver) waived. A summary of the Conditions is set out in Section 4.8. These include approval of the Scheme by Shareholders, approval of the Scheme by the High Court, satisfaction of the OIO Condition, the Independent Adviser's Report concluding prior to the Scheme Meeting that the Consideration is within or above the Independent Adviser's valuation range for the MHM Shares and certain other customary Conditions.

Recommendation and voting intentions

MHM has agreed to ensure that:

- i. each of its Non-Conflicted Directors recommends that Shareholders vote in favour of the Scheme, in absence of a Superior Proposal; and
- ii. each Non-Conflicted Director who holds or controls MHM Shares undertakes to vote, or procure that the relevant holder of MHM Shares votes, all of MHM Shares that he or she controls in favour of the Scheme, in the absence of a Superior Proposal,

subject to the qualifications set out in Section 4.4.

Exclusivity

The Scheme Implementation Agreement contains certain exclusivity arrangements in favour of Bettcher. These arrangements apply until the earliest to occur of: (i) termination of the Scheme Implementation Agreement (or where a Superior Proposal is not matched by Bettcher, being an event for which a termination right arises); (ii) the Implementation Date and (iii) the End Date (the Exclusivity Period).

In summary, MHM has granted to Bettcher the following exclusivity rights during the Exclusivity Period:

- a. (No shop) MHM must not, and must procure that its representatives do not (i) solicit, invite, encourage, initiate or otherwise seek to procure any Competing Proposal or any other offer, proposal, expression of interest, enquiry, negotiation or discussions with any third party in relation to, or for the purpose of, or that may reasonably be expected to encourage or lead to, a Competing Proposal or (ii) assist, encourage, procure or induce any person to do any of these things on its behalf.
- b. (No talk) MHM must not, and must procure that none of its representatives, directly or indirectly (i) enter into, permit, continue or participate in, negotiations or discussions with any third party in relation to a Competing Proposal or for the purpose of or that may reasonably be expected to encourage or lead to a Competing Proposal, (ii) assist, encourage, procure or induce any person to do any of these things on its behalf or

(iii) communicate to any person an intention to do any of these things, even if the Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by MHM or its representatives, was received before the date of the Scheme Implementation Agreement and/or has been publicly announced.

MHM is not required to comply with the 'no talk' restriction described above if it receives an unsolicited bona fide Competing Proposal and (i) the Non-Conflicted Directors have reasonably determined that such Competing Proposal is, or is reasonably capable of becoming, a Superior Proposal and (ii) the Non-Conflicted Directors have determined that it is necessary to respond to such Competing Proposal in order to fulfil the fiduciary duties or statutory obligations of any Non-Conflicted Director.

- c. (No due diligence) MHM must not, and must procure that its representatives do not, directly or indirectly (i) make available to any third party, or cause or permit any third party to receive, any non-public information relating to MHM or any of its Related Companies that may reasonably be expected to assist such third party in formulating, developing or finalising a Competing Proposal or (ii) assist, encourage, procure or induce any person to do any of these things on its behalf.

MHM is not required to comply with the 'no due diligence' restriction described above if it receives an unsolicited bona fide Competing Proposal and (i) the Non-Conflicted Directors have reasonably determined that such Competing Proposal is, or is reasonably capable of becoming, a Superior Proposal, (ii) the Non-Conflicted Directors have determined that it is necessary to respond to such Competing Proposal in order to fulfil the fiduciary duties or statutory obligations of any Non-Conflicted Director, (iii) the third party has first entered into a confidentiality agreement with MHM on terms not substantially more favourable to the third party than those in the confidentiality agreement between Bettcher and MHM and (iv) MHM provides or makes available to Bettcher any information provided to the third party that has not previously been provided to Bettcher.

- d. (Notification) MHM must as soon as practicable in the circumstances, and in any event within 24 hours, notify Bettcher if MHM or its representatives (i) receive any Competing Proposal or any enquiry, approach, correspondence or other communication from a third party to initiate any discussions or negotiations that could reasonably be expected to lead to a transaction in the nature of a Competing Proposal, (ii) receive any request for information relating to the MHM Automation Group or its business or any request for access to non-public information of any member of the MHM Automation Group in connection with a current or future Competing Proposal or (iii) MHM proposes to take any action in reliance on the exceptions to the 'no talk' and 'no due diligence' restrictions as described below. Such notification must include reasonable detail of the terms of such approach, action or circumstances.

Further, MHM must keep Bettcher reasonably informed on a prompt and timely basis of the status and developments regarding any Competing Proposal which MHM (acting reasonably) considers are material, within 24 hours after receipt or delivery.

- e. (Matching right) If MHM receives a Competing Proposal and the Non-Conflicted Directors reasonably determine that the Competing Proposal is a Superior Proposal and failing to take certain action otherwise prohibited under the Scheme Implementation Agreement would be likely to constitute a breach of the fiduciary duties or statutory obligations of any Non-Conflicted Director, MHM must (i) provide a prescribed notice to Bettcher and (ii) give Bettcher at least 5 Business Days to provide a counter proposal that will provide a no less favourable outcome, taken as a whole, for Shareholders than that offered under the relevant Superior Proposal.

If Bettcher does not exercise its matching right or if MHM, having complied with the obligations under the exclusivity provisions, does not accept Bettcher's counter proposal, then the Exclusivity Period ends. Either Bettcher or MHM may then terminate the Scheme Implementation Agreement and, if this occurs, MHM must pay the Break Fee to Bettcher. See Section 4.7 for further detail in relation to the other circumstances where the Break Fee may be payable by MHM.

- f. (Break Fee and Reverse Break Fee) MHM has agreed to pay the Break Fee and Bettcher has agreed to pay the Reverse Break Fee in certain circumstances. The amount of the Break Fee and Reverse Break Fee is NZ\$1,500,000 (plus GST, if any). The circumstances in which the Break Fee and Reverse Break Fee are payable are set out in Section 4.7.

Bettcher and MHM's liability under the Scheme is limited to the Break Fee and Reverse Break Fee (as applicable).

Payment of the Break Fee and Reverse Break Fee are intended to reimburse the other party for costs and expenses incurred in pursuing the Scheme.

- g.** (Termination) The Scheme Implementation Agreement contains the following termination provisions.

Except where otherwise specified below, either MHM or Bettcher or both (depending on the circumstance) may terminate the Scheme Implementation Agreement if a Condition is not satisfied or (if capable of waiver) waived by the date prescribed for satisfaction and any relevant consultation and/or extension obligations have been complied with (as applicable).

Either MHM or Bettcher may terminate the Scheme Implementation Agreement at any time if:

- i. the other party is in breach of the Scheme Implementation Agreement (including in breach of a warranty or undertaking given by that party) where the consequences of that breach are material in the context of the Scheme taken as a whole (other than in respect of a breach by MHM of certain fundamental warranties); and
- ii. the non-breaching party has given notice to the other party of its intention to terminate (and the circumstances in which it considers permit it to terminate) before 8.00am on the Implementation Date; and
- iii. if the breach is remediable, it has not been remedied within 10 Business Days (or any shorter period ending at 5.00pm on the day before the Implementation Date) after the time that notice of the breach is given; and
- iv. the non-breaching party terminates the Scheme Implementation Agreement before the earlier to occur of 15 Business Days after the time that the notice is given and 8.00am on the Implementation Date.

MHM may terminate the Scheme Implementation Agreement:

- i. by notice to Bettcher at any time before the Scheme Meeting if the Independent Adviser's Report (including any amendment or supplement to that report) concludes that the Consideration is not within or above the Independent Adviser's valuation range for the MHM Shares; or
- ii. if an insolvency event occurs in respect of Bettcher or Bettcher NZ.

Either Bettcher or MHM may terminate the Scheme Implementation Agreement if MHM has received a Superior Proposal from a third party that Bettcher has not successfully matched.

Bettcher may also terminate the Scheme Implementation Agreement if:

- i. any Non-Conflicted Director changes, qualifies or withdraws, or makes any statement inconsistent with his or her recommendation to Shareholders to vote in favour of the Scheme or his or her undertaking to, or to procure, MHM Shares held or controlled by them are voted in favour of the Scheme (provided that a

prescribed notice must be given by Bettcher to MHM) other than as permitted to do so under the Scheme Implementation Agreement;

- ii. MHM is in breach of the exclusivity provisions described above;
- iii. a Prescribed Occurrence occurs before 8.00am on the Implementation Date; or
- iv. a Material Adverse Change occurs before 8.00am on the Implementation Date, after Bettcher and MHM have complied with their obligations to provide notice and information to, and consult with, each other in relation to the Material Adverse Change event, including regarding the appropriate method of calculating the adverse financial consequences of the Material Adverse Change.

Either Bettcher or MHM may terminate the Scheme Implementation Agreement if the Scheme has not become Effective by 5.00pm on the End Date, provided the terminating party has complied with its obligations where there has been a delay in satisfaction of a Condition.

Funding

Bettcher has warranted (and is required to repeat such warranty at certain steps throughout the process) that, as at 8.00am on the Implementation Date, it will have available to it on an unconditional basis sufficient cash reserves (whether from internal cash reserves or external debt or equity funding arrangements or a combination of both) to satisfy Bettcher's obligations to pay the Consideration on behalf of Bettcher NZ in accordance with the Scheme Implementation Agreement, the Scheme and the Deed Poll.

Interim period

The Scheme Implementation Agreement includes a number of obligations on MHM with regard to the ongoing operation of its business in respect of the period between signing of the Scheme Implementation Agreement (3 November 2023) and the Implementation Date. These positive and negative obligations are generally designed to enable MHM to continue to run its business in the normal course, while also recognising that it is appropriate for certain material actions to require Bettcher's prior approval, given the potential change in ownership of MHM under the Scheme.

Disclosure Letter

On 3 November 2023, MHM provided a disclosure letter to Bettcher which contained certain disclosures by MHM in respect of the warranties provided by MHM in the Scheme Implementation Agreement and set out certain other agreed matters in respect of the Scheme Implementation Agreement.

Deed Poll

On 30 November 2023, Bettcher and Bettcher NZ executed the Deed Poll pursuant to which Bettcher has undertaken in favour of each Scheme Shareholder to pay each Scheme Shareholder, the Consideration on behalf of Bettcher NZ to which they are entitled under the Scheme, subject to the Scheme becoming Effective.

The Scheme Plan appoints MHM as attorney of the Scheme Shareholders to enforce the Deed Poll.

A copy of the Deed Poll is set out in Annexure C to this Scheme Booklet.

7.12 RELATIONSHIP BETWEEN BETTCHER, BETTCHER NZ AND DIRECTORS AND SENIOR MANAGERS OF MHM

Except as set out in Section 6.10, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Bettcher, Bettcher NZ or any of their associates, and any Director or Senior Manager of MHM or any Related Company of MHM in connection with, in anticipation of, or in response to, the Scheme.

No Directors or Senior Managers of MHM are also directors or senior managers of Bettcher, Bettcher NZ or any of their Related Companies.

7.13 AGREEMENTS BETWEEN MHM AND ITS DIRECTORS AND SENIOR MANAGERS

Except as set out in this Section 7.13, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between MHM or any Related Company of MHM and any Directors or Senior Managers of MHM or its Related Companies or their associates, under which a payment or other benefit may be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office in connection with, in anticipation of, or in response to, the Scheme.

DIRECTOR FEES

The total Shareholder approved fee pool for the Directors is NZ\$360,000 per annum (plus GST where applicable). The Board has approved a payment of NZ\$2,000 (plus GST, if any) per month out of this approved fee pool to each of the Non-Conflicted Directors for the additional responsibilities involved in dealing with the Scheme process (prior to and following entry into the Scheme Implementation Agreement).

These payments commenced in October 2023 and will continue until February 2024 (or until the Board determines that the additional services of the Non-Conflicted Directors are no longer required). As at the date of this Scheme Booklet, NZ\$2,000 (in aggregate) has been paid (and NZ\$8,000 (in aggregate) accrued) to

the Non-Conflicted Directors. No further Shareholder approval is required to authorise the payments described above as the payments will be made out of the approved fee pool.

7.14 INTERESTS OF DIRECTORS AND SENIOR MANAGERS OF MHM IN CONTRACTS OF BETTCHER, BETTCHER NZ OR THEIR RELATED COMPANIES

Except as set out in Section 6.10, no Director or Senior Manager or their associates has an interest in any contract to which Bettcher, Bettcher NZ or any of their Related Companies, is a party.

7.15 INTERESTS OF MHM'S SUBSTANTIAL SECURITY HOLDERS IN MATERIAL CONTRACTS OF BETTCHER, BETTCHER NZ OR THEIR RELATED COMPANIES

Jajar Investments Limited, Humphry John Davy Rolleston and Asset Management Limited who, as set out in Section 7.5, each hold or control 5% or more of the MHM Shares, have interests in certain of the Voting Agreements (as further described in Section 6.10).

Further, Jajar Investments Limited, Asset Management Limited, Andrew John Ritche, Mark Sain Markovina and Elizabeth Anne Markovina as trustees and Forsyth Barr Custodians who, as set out in Section 7.5, each hold or control 5% or more of the MHM Shares, can as Shareholders enforce breaches of the Deed Poll.

Except as set out above, no person who, to the knowledge of the Directors or the Senior Managers of MHM holds or controls 5% or more of any class of equity securities of MHM, has an interest in any material contract to which Bettcher, Bettcher NZ or any of their Related Companies, is a party.

7.16 ADDITIONAL INFORMATION

The Bettcher Information in this Scheme Booklet is the responsibility of Bettcher. In the opinion of the Non-Conflicted Directors and to the best of their knowledge, no additional information is required to make that information correct or not misleading.

7.17 RECOMMENDATION

The Non-Conflicted Directors, being Trevor Burt and Paul Smart, unanimously recommend that Shareholders vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the qualifications set out in Section 4.4. The Non-Conflicted Directors' reasons for this recommendation are set out in Section 4.5.

The Directors' interests in MHM Shares are disclosed in Section 7.5.

None of Richard Rookes, Andrew Barclay or George Rolleston are Non-Conflicted Directors due to perceived conflicts of interest (as further described in Section 4.4) and all have abstained from providing a recommendation to Shareholders.

7.18 ACTIONS OF MHM

Except for the arrangements summarised in Section 7.11, there are no material agreements or arrangements (whether legally enforceable or not) of MHM or any Related Company of MHM entered into as a consequence of, in response to, or in connection with, the Scheme.

Other than the provisions of the Scheme Implementation Agreement which, as described in Section 4.17 contemplate the Board taking various actions in respect of the outstanding Options, there are no negotiations underway as a consequence of, in response to, or in connection with, the Scheme that relate to, or could result in:

- a. an extraordinary transaction, such as a merger, amalgamation or reorganisation, involving MHM or any of its Related Companies;
- b. the acquisition or disposition of material assets by MHM or any of its Related Companies;
- c. an acquisition of equity securities by, or of, MHM or any of its Related Companies; or
- d. any material change in the issued equity securities of MHM, or the policy of the MHM Board relating to distributions of MHM.

7.19 EQUITY SECURITIES OF MHM

As at the date of this Scheme Booklet:

- a. MHM has 89,035,734 MHM Shares on issue;
- b. MHM has 300,000 Options outstanding; and
- c. an additional 300,000 MHM Shares will be issued on or prior to the Scheme Record Date on exercise of the 300,000 Options described in paragraph (b) above.

All MHM Shares currently on issue are, and all MHM Shares to be issued on vesting of the Options will be, fully paid.

Except for the Options, MHM has no options, or rights to acquire equity securities of MHM, on issue. Further details regarding the Options are set out in Section 4.17.

Subject to certain provisions in the constitution of MHM and the NZX Listing Rules (which, for example, impose voting restrictions on Shareholders in certain circumstances), each MHM Share confers upon the holder the right to:

- a. an equal share in dividends authorised by the Board;
- b. an equal share in the distribution of surplus assets on liquidation of MHM;
- c. participate in further issues of equity securities by MHM; and
- d. cast one vote per share on a poll, at a meeting of Shareholders on any resolution, including a resolution to:
 - i. appoint or remove a director or auditor;
 - ii. alter MHM's constitution;
 - iii. approve a major transaction;
 - iv. approve an amalgamation involving MHM; and
 - v. put MHM into liquidation.

7.20 FINANCIAL INFORMATION

A copy of MHM's most recent Annual Report (being the Annual Report for the financial year ended 30 June 2023, incorporating audited financial statements for that financial year) is available on MHM's website at <https://mhmautomation.com/>.

Each person who is eligible to vote on the Scheme may also request from MHM a hard copy of MHM's most recent Annual Report by making a written request to Link at the contact details set out in the Directory.

There have not been any material changes in the financial or trading position, or prospects, of MHM since 15 September 2023, being the date on which the Annual Report was made available to Shareholders.

The Non-Conflicted Directors are not aware of any information about the assets, liabilities, profitability and financial affairs of MHM which is not contained in MHM's most recent Annual Report or this Scheme Booklet (including the Independent Adviser's Report) which could reasonably be expected to be material to Shareholders when making a decision to vote for, or against, the Scheme Resolution.

7.21 INDEPENDENT ADVICE ON MERITS OF THE SCHEME

Simmons Corporate Finance Limited is the Independent Adviser that has provided a report in relation to the merits of the Scheme. A copy of the full Independent Adviser's Report is set out in Annexure A.

7.22 ASSET VALUATIONS

No information provided in this Scheme Booklet refers to a valuation of any asset of MHM.

7.23 PROSPECTIVE FINANCIAL INFORMATION

The Independent Adviser's Report contains prospective financial information in relation to MHM. The principal assumptions on which the prospective financial information is based are set out in the Independent Adviser's Report.

Other than the prospective financial information referred to above, this Scheme Booklet does not refer to any other prospective financial information about MHM.

7.24 SALES OF UNQUOTED EQUITY SECURITIES UNDER THE SCHEME

There are no unquoted equity securities that are subject to the Scheme.

7.25 MARKET PRICES FOR QUOTED EQUITY SECURITIES UNDER THE SCHEME

The MHM Shares are quoted on the NZX Main Board

CLOSING MARKET PRICES

The closing price on the NZX Main Board on:

- a. 14 December 2023, being the last practicable working day before the date on which this Scheme Booklet was sent to Shareholders, was NZ\$1.63; and
- b. 2 November 2023, being the last day on which NZX was open for business before the date on which MHM announced its entry into the Scheme Implementation Agreement with Bettcher, was NZ\$0.91.

The highest and lowest closing market prices of MHM Shares on the NZX Main Board (and the relevant dates) during the six months before 2 November 2023 (being the last day on which NZX was open for business before the date on which MHM announced that it had entered into the Scheme Implementation Agreement with Bettcher), were as follows:

- a. the highest closing market price of MHM Shares was NZ\$1.00 (on 28 August 2023); and
- b. the lowest closing market price of MHM Shares was NZ\$0.82 (on 1 August 2023).

NO ISSUES OF EQUITY SECURITIES AND NO DISTRIBUTIONS

During the six month period before 2 November 2023 (being the last day on which NZX was open for business before the date on which MHM announced that it had entered into the Scheme Implementation Agreement with Bettcher), MHM did not issue any equity securities, make any changes to any equity securities on issue, or make any distributions, which could have affected the market prices of MHM Shares.

NO OTHER INFORMATION

Except as set out in this Scheme Booklet, there is no other information about the market price of MHM Shares that would reasonably be expected to be material to the making of a decision by Shareholders when making a decision to vote for or against the Scheme Resolution.

7.26 OTHER INFORMATION

MATTERS RELATING TO THE ACQUISITION OF WYMA ENGINEERING (NZ) LIMITED BY MHM

On 30 March 2023, MHM entered into an agreement for the sale and purchase of Wyma Engineering (NZ) Limited (**Wyma**), under which MHM agreed to purchase, and Jajar Investments Limited and Jason Bryce Gerrie agreed to sell, all of the shares in Wyma (**Wyma SPA**). Completion under the Wyma SPA occurred on 1 May 2023. Details regarding this transaction as disclosed by MHM in accordance with its continuous disclosure obligations are available on NZX (<https://www.nzx.com> (NZX code: MHM)) and on MHM's website at <https://www.mhmautomation.com/news-and-investors>.

The purchase price payable by MHM under the Wyma SPA is split into three components, being broadly: cash, the issuance of shares in MHM and an earnout.

Restrictions on disposal of shares issued as partial consideration

Part of the purchase price payable by MHM under the Wyma SPA was the issuance of 22,666,667 ordinary shares (in aggregate) in MHM – 20,400,000 ordinary shares to Jajar Investments Limited and 2,266,667 ordinary shares to Jason Bryce Gerrie. Director, Andrew Barclay, has a beneficial interest in the shares held by Jajar Investments Limited (see Section 7.5 for further details).

Under the terms of the Wyma SPA, there is a period of time during which Jajar Investments Limited and Jason Bryce Gerrie are not permitted to sell the shares in MHM issued to them as partial consideration of the purchase price, other than if the Board approves and agrees otherwise. That time period automatically lapses following announcement of MHM's 2024 annual results.

On 1 December 2023, the Board (excluding Andrew Barclay) approved and agreed to irrevocably waive the restriction contemplated above, such that Jajar Investments Limited and Jason Bryce Gerrie are free to sell such shares at any time and in any manner they see fit.

Earnout

Part of the purchase price payable by MHM under the Wyma SPA is subject to an earnout. As at the date of this Scheme Booklet, the earnout remains on foot as the relevant events that trigger each of the earnout payments have not yet occurred. No acceleration or otherwise of the earnout will occur in connection with the Scheme, and the earnout is therefore entirely unaffected by the Scheme.

RESTRICTIONS IMPOSED ON THE TRANCHE 1 SHARES AND TRANCHE 2 SHARES

As described in Section 4.17, the Tranche 1 Shares and Tranche 2 Shares are subject to a lock-up restriction contained in the share option deeds. Pursuant to the terms of a deed poll dated 1 December 2023, MHM irrevocably waived these restrictions, such that Ian and Richard (as applicable) are free to sell the Tranche 1 Shares and Tranche 2 Shares at any time and in any matter they see fit.

Other than as set out above, the Non-Conflicted Directors are not aware of any additional information, which is not required to be disclosed elsewhere in this Scheme Booklet, that could reasonably be expected to be material to the Shareholders when making a decision to vote for, or against, the Scheme Resolution.

7.27 BOARD APPROVAL OF MHM INFORMATION

The contents of this Scheme Booklet have been approved by the Non-Conflicted Directors, other than:

- a. the Bettcher Information, which Bettcher has approved; and
- b. the Independent Adviser's Report, which has been prepared by Simmons Corporate Finance Limited.

The Board delegated its authority to the Non-Conflicted Directors to, among other things, prepare, approve and authorise despatch of the Scheme Booklet to Shareholders. None of Richard Rookes, Andrew Barclay or George Rolleston are Non-Conflicted Directors and have abstained from approving the contents of this Scheme Booklet due to perceived conflicts of interest (as further described in Section 4.4).

SECTION 8

GLOSSARY

The meaning of terms set out in this Scheme Booklet are set out below:

associate has the same meaning as in rule 4 of the Takeovers Code;

Bettcher means Bettcher Industries, Inc. (Registration number 2145492), a company incorporated in Delaware, United States;

Bettcher Group means Bettcher and each of its Related Companies (including Bettcher NZ but excluding members of the MHM Group), and a reference to a "Bettcher Group Member" or "a member of the Bettcher Group" is to Bettcher or any of its Related Companies;

Bettcher Information means such information regarding the Bettcher Group that is provided or approved by the Bettcher Group for inclusion in Sections 5 and 6 or in any supplementary information for Shareholders;

Bettcher NZ means Merlin NZD Bidco Limited (New Zealand company number 9012503), a company incorporated in New Zealand;

Board means the board of directors of MHM;

Break Fee means NZ\$1,500,000 plus GST, if any;

Business Day means any day (other than a Saturday, Sunday or a statutory public holiday) in Auckland or Christchurch, New Zealand and excluding any day between 27 December 2023 and 15 January 2024 (inclusive);

Chair means the chair of the Board, being Trevor Burt;

Committed Shareholders has the meaning given to that term in Section 4.10;

Committee means the sub-committee of independent directors, consisting of Trevor Burt and Paul Smart, established by the Board in relation to the Scheme;

Companies Act means the Companies Act 1993;

Competing Proposal means any proposed:

- a. full or partial takeover under the Takeovers Code in respect of MHM;
- b. scheme of arrangement in respect of MHM;
- c. transfer or issue of financial products of MHM to a third party:
 - i. where Shareholder approval is required under the Takeovers Code; or

- ii. in respect of financial products which are convertible into, or exchangeable for, MHM Shares, where Shareholder approval would be required under the Takeovers Code on conversion or exchange of those financial products;

- d. sale of assets or financial products by any member of the MHM Automation Group to a third party, where such sale constitutes a material part of the business (and, for clarity, will not include any sale, disposal of assets or winding up in relation to any business, division, subsidiary or other interest of the MHM Automation Group having a value of less than \$1,000,000); or

- e. reverse takeover, sale of securities, strategic alliance, joint venture, partnership, economic or synthetic merger or combination or other transaction or arrangement which, if completed, would result in a third party:

- i. directly or indirectly acquiring or being entitled to acquire a relevant interest or any other direct or indirect legal, beneficial or economic interest in, or control over, more than 20% of:

1. the MHM Shares; or

2. the shares in any other member or members of the MHM Automation Group that, individually or collectively, contribute 20% or more of the consolidated EBITDAF of the MHM Automation Group or whose assets represent 20% or more of the total consolidated assets of the MHM Automation Group;

- ii. directly or indirectly acquiring, or being entitled to acquire, the whole or substantially all of the business or assets of the MHM Automation Group or any part of the business or assets of the MHM Automation Group that, individually or collectively, contributes 20% or more of the consolidated EBITDAF of the MHM Automation Group or that represents 20% or more of the total consolidated assets of the MHM Automation Group; or

- iii. acquiring control of MHM or merging or amalgamating with MHM or with any other member or members of the MHM Automation Group that, individually or collectively, contribute 20% or more of the consolidated EBITDAF of the MHM Automation Group or whose assets represent 20% or more of the total consolidated assets of the MHM Automation Group.

For the purposes of this definition of Competing Proposal:

- a. any such proposal may be an expression of interest, indicative, conditional or otherwise non-binding;
- b. paragraphs (c), (d) or (e) above include any agreement (within the meaning of section 6 of the Financial Markets Conduct Act 2013) whereby such a transaction is effected through a series of linked or related transactions which if conducted as a single transaction would constitute a Competing Proposal within the meaning of any of paragraphs (c), (d) or (e) above;
- c. each successive material modification to, or variation of, a Competing Proposal will constitute a new Competing Proposal; and
- d. references to a third party include all associates of the third party;

Condition Satisfaction Date means 23 April 2024, being the date that is seven Business Days before the End Date, unless otherwise agreed by MHM and Bettcher;

Conditions means the conditions to the Scheme set out in clause 3.1 of the Scheme Implementation Agreement, including as summarised in Section 4.8;

Consideration means NZ\$1.70 cash in respect of each Scheme Share;

Deed Poll means the deed poll dated 30 November 2023 entered into by Bettcher and Bettcher NZ pursuant to which Bettcher has undertaken in favour of each Scheme Shareholder to pay each Scheme Shareholder the Consideration to which they are entitled under the Scheme on behalf of Bettcher NZ, subject to the Scheme becoming Effective among other matters, attached as Annexure C;

Disclosure Letter means the disclosure letter from MHM addressed to, and countersigned by, Bettcher dated 3 November 2023 and which is described in Section 7.11;

Director means a director of MHM;

EBITDAF means earnings before interest, tax, depreciation, amortisation and fair value adjustments;

Effective when used in relation to the Scheme, means the coming into effect, under section 236(3) of the Companies Act, of the order of the High Court made under section 236(1) of the Companies Act in relation to the Scheme and all Conditions to the implementation of the Scheme having been satisfied or (if capable of waiver) waived in accordance with the Scheme Implementation Agreement and the Scheme;

End Date means 3 May 2024, or such other date as agreed in writing between MHM and Bettcher;

Exclusivity Period has the meaning given to that term in Section 7.11;

Final Court Hearing means the final hearing of the High Court in respect of the Scheme, which is currently expected to take place at 10.00am on 21 February 2024 or such later date as the High Court directs;

Final Court Orders means the final orders of the High Court in respect of the Scheme made under section 236(1) (and section 237, if applicable) of the Companies Act;

Final Court Orders Date means the date on which Final Court Orders are granted by the High Court;

High Court means the High Court of New Zealand, Christchurch Registry;

Implementation Date means the date on which the Scheme is to be implemented, being five Business Days after the Scheme Record Date (or such other date agreed between MHM and Bettcher in writing) and no later than the End Date;

Independent Adviser means Simmons Corporate Finance Limited;

Independent Adviser's Report means the report prepared by the Independent Adviser in relation to the Scheme, as amended or updated from time to time and including any supplementary or replacement report, stating the Independent Adviser's opinion on the merits of the Scheme, a copy of which is attached as Annexure A;

Initial Court Orders means the initial court orders of the High Court relating to the Scheme dated 13 December 2023 and sealed on 13 December 2023;

KKR means Kohlberg Kravis Roberts & Co. L.P.;

Link means Link Market Services Limited, MHM's share registrar;

Material Adverse Change means any matter, event, or change in circumstances which occurs on or after the date of the Scheme Implementation Agreement (each a **Specified Event**) and which individually, or when aggregated with all other Specified Events, reduces or is reasonably likely to reduce:

- a. the consolidated net assets of the MHM Automation Group taken as a whole by \$15 million or more; or
- b. the EBITDAF of the MHM Automation Group in any 12 month period following the Specified Event or Specified Events by 25% or more against what the EBITDAF would have reasonably been expected to have been for that period but for the Specified Event or Specified Events,

determined after excluding:

- c. any out-of-pocket costs reasonably incurred in connection with:
 - i. the Scheme (provided such costs have been fairly disclosed in the Disclosure Letter); or
 - ii. without limiting paragraph (c)(i), the MHM Automation Group performing certain of its obligations under the Scheme Implementation Agreement; or
 - iii. the D&O Run-off Policy (as described in Section 6.10);

d. matters, events and circumstances:

- i. to the extent fairly disclosed:
 1. in the due diligence material made available to Bettcher; or
 2. by MHM through the NZX market announcement platforms during the three-year period ending on the date falling two Business Days prior to 3 November 2023;
- ii. done or not done at the written request or with the written approval of Bettcher, or resulting from compliance with the terms of, or the taking or omission of any action expressly required by, the Scheme Implementation Agreement, and any reasonably foreseeable consequences arising as a result of the relevant action or omission;
- iii. resulting from legal or regulatory requirements generally affecting businesses in the industry in which any member of the MHM Automation Group operates;
- iv. resulting from any change:
 1. to generally accepted accounting principles or the interpretation or enforcement of them by a court of competent jurisdiction or government agency;
 2. to the accounting policies of any member of the MHM Automation Group that is required by law; or
 3. in securities, equity, credit, financial or other capital markets conditions;
- v. resulting from or relating to geopolitical conditions, the outbreak or escalation of hostilities (including any escalation or expansion of the conflict in Ukraine or the Israel-Hamas war), any generalised or localised rioting or public unrest, civil disobedience, acts of war and military conditions or activity, sabotage or terrorism (excluding cyberattacks), or any escalation or worsening of any of the foregoing; and
- vi. resulting from any natural disaster (including an earthquake, fire, landslide, volcanic eruption or tidal wave) or weather developments (including a storm, flood, hurricane, tornado, cyclone or lightning) or other comparable natural events,

provided that, in relation to the exclusions in paragraphs (iii), (iv) and (v) above, the effects of such matter, event or circumstance are not materially disproportionately adverse to the MHM Automation Group as compared to the effects of such matter, event or circumstance on entities in the industry in which the relevant member of the MHM Automation Group operates;

MHM means MHM Automation Limited or, where the context requires, the MHM Automation Group;

MHM Automation Group means MHM and each of its Related Companies, and a reference to a "MHM Automation Group Member" or "a member of the MHM Automation Group" is to MHM or any of its Related Companies;

MHM Share means a fully paid ordinary share in the capital of MHM;

Non-Conflicted Directors means each of the "independent directors" (as that term is defined in the NZX Listing Rules for the NZX Main Board) as advised by MHM to NZX, being as at the date of this Scheme Booklet, Trevor Burt and Paul Smart;

NZ\$ means New Zealand dollars;

NZX means NZX Limited;

NZX Main Board means the main board equity security market operated by NZX;

OIO means the New Zealand Overseas Investment Office;

OIO Condition means the Condition set out in clause 3.1(a) of the Scheme Implementation Agreement that Bettcher has obtained all consents required under the Overseas Investment Act 2005 and Overseas Investment Regulations 2005 to the implementation of the Scheme on terms or conditions acceptable to Bettcher, acting reasonably;

Options has the meaning given to that term in Section 4.17;

Prescribed Occurrence means the occurrence of any of the events listed in Schedule 1 of the Scheme Implementation Agreement (other than an event for which Bettcher has given its prior approval in writing), including matters such as changes to capital structure, alterations to constitutional documents, insolvency events, material dispositions, material litigation and various other specific events;

Proxy Form means the proxy form which accompanies this Scheme Booklet;

Related Company has the meaning given to that term in section 2(3) of the Companies Act, read as if a reference to a company was a reference to a body corporate wherever incorporated, and:

- a. in respect of Bettcher and Bettcher NZ, also means any other person who directly or indirectly controls Bettcher or Bettcher NZ, is under the control of Bettcher or Bettcher NZ, or is under common control with Bettcher or Bettcher NZ; and
- b. in respect of MHM, also means any other person who directly or indirectly controls MHM, is under the control of MHM, or is under common control with MHM, provided that in no circumstances shall Bettcher or any member of the Bettcher Group be deemed a Related Company of MHM;

Reverse Break Fee means NZ\$1,500,000 plus GST, if any;

Scheme means the scheme of arrangement under Part 15 of the Companies Act under which all of the Scheme Shares held by Scheme Shareholders will be transferred to Bettcher NZ and the Scheme Shareholders will be entitled to be paid the Consideration, in accordance with the Scheme Plan, subject to any amendment or modification made pursuant to section 236(2) of the Companies Act;

Scheme Booklet means this document together with its annexures;

Scheme Implementation Agreement means the scheme implementation agreement between MHM and Bettcher dated 3 November 2023 (as it may be amended from time to time);

Scheme Meeting means the meeting of Shareholders which (as applicable) is to be, or has been, ordered by the High Court to be convened to approve the Scheme and includes any adjournment of that meeting;

Scheme Plan means the Scheme Plan set out in Annexure B, subject to:

- a. any amendments agreed in writing between MHM and Bettcher; and
- b. approval by the High Court under section 236(1) of the Companies Act;

Scheme Record Date means 7.00pm on the date which is five Business Days after the later of:

- a. the Final Court Orders Date; and
- b. the date on which the OIO Condition is satisfied;

Scheme Resolution means the resolution set out in the Notice of Meeting in Section 3 of this Scheme Booklet;

Scheme Shares means all of the MHM Shares on issue as at the Scheme Record Date;

Scheme Shareholder means each person who is a holder of Scheme Shares at the Scheme Record Date;

Senior Manager means Ian McGregor and Richard Rookes, being the persons that the Non-Conflicted Directors have determined are senior managers for the purposes of the disclosures contained in this Scheme Booklet;

Shareholder means each person registered in the Share Register as a holder of MHM Shares from time to time;

Share Register means the share register of MHM, maintained by Link in accordance with the Companies Act;

Superior Proposal means a written bona fide Competing Proposal received by MHM after the date of the Scheme Implementation Agreement that:

- a. does not result from a breach by MHM of any of its exclusivity obligations under the Scheme Implementation Agreement, or from any act by a member of the MHM Automation Group or its representatives which, if done by MHM, would constitute a breach of those exclusivity obligations by MHM; and

b. the Non-Conflicted Directors determine, acting reasonably and in good faith and after having received written advice from its external financial and legal advisers:

- i. is reasonably capable of being valued and implemented, taking into account all relevant aspects of the Competing Proposal, including its conditions precedent, its timing considerations, the nature and amount of the consideration payable, the identity and financial condition and capacity of the proponent, any regulatory requirements or obligations applying to it and any other matters affecting the implementation (including any matters affecting the probability of implementation occurring or the level of certainty in respect of any required funding) of the Competing Proposal (together, the **relevant aspects**);
- ii. assuming it is completed substantially in accordance with its terms, is more favourable to Shareholders as a whole than the Scheme (if applicable, as amended or varied under any counter proposal provided by Bettcher under the matching rights provisions in the Scheme Implementation Agreement), taking into account all the terms and conditions and the other relevant aspects of the Competing Proposal and the Scheme; and
- iii. failing to attempt to advance such Competing Proposal would be likely to constitute a breach of the fiduciary duties or statutory obligations by or of a Non-Conflicted Director;

Takeovers Code means the Takeovers Code recorded in the Takeovers Regulations 2000 (SR2000/210) (New Zealand), as amended, including any applicable exemption granted by the Takeovers Panel under the Takeovers Act 1993;

Trading Halt Date means the date which is two Business Days after the later of:

- a. the Final Court Orders Date; and
- b. the date on which the OIO Condition is satisfied,

or such other date as MHM and Bettcher agree in writing;

Tranche 1 Shares has the meaning given to that term in Section 4.17;

Tranche 2 Shares has the meaning given to that term in Section 4.17;

Voting Agreements means each of the agreements between Bettcher and the relevant Shareholders whereby the relevant Shareholder commits to vote their Scheme Shares in favour of the Scheme Resolution as further described in Section 6.7; and

Voting Eligibility Date means the time for determining eligibility to vote at the Scheme Meeting, being 5.00pm on 24 January 2024 or, if the Scheme Meeting is adjourned, being 5.00pm on the day which is two days before the adjourned meeting time for the Scheme Meeting.

ANNEXURES

MHM Automation Limited

Independent Adviser's Report

In Respect of the Proposed Scheme of Arrangement with Bettcher Industries, Inc.

December 2023

Statement of Independence

Simmons Corporate Finance Limited confirms that it:

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

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

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1. Executive Summary

1.1 Introduction

MHM Automation Limited (**MHM** or the **Company**) designs and supplies innovative, engineered solutions for the food and primary industries worldwide, with a particular focus on state-of-the-art food processing and packaging technologies.

MHM's shares are listed on the main equities securities market (the **NZX Main Board**) operated by NZX Limited (**NZX**) with a market capitalisation of approximately \$146.0 million as at 13 December 2023. Its audited total equity as at 30 June 2023 was approximately \$35.7 million.

A profile of MHM is set out in section 4.

1.2 Proposed Scheme of Arrangement with Bettcher Industries, Inc.

On 3 November 2023, MHM entered into the *Scheme Implementation Agreement for the Acquisition of MHM Automation Limited* (the **SIA**) with Bettcher Industries, Inc. (**Bettcher Inc.**), pursuant to which MHM agreed to propose a scheme of arrangement (the **Scheme**) under which Bettcher Inc. or its nominee would acquire all of the fully paid ordinary shares in MHM, subject to the satisfaction or waiver (as applicable) of the conditions of the Scheme.

Bettcher Inc. has nominated its New Zealand incorporated wholly owned subsidiary, Merlin NZD Bidco Limited (**Bettcher NZ**), to acquire the shares under the Scheme.

Bettcher Inc. is offering cash of \$1.70 for each MHM fully paid ordinary share on issue (the **Scheme Consideration**).

The Scheme is subject to MHM shareholder approval, New Zealand High Court approvals, New Zealand Overseas Investment Office (**OIO**) consent and other customary conditions.

Details of the Scheme and a profile of Bettcher Inc. and Bettcher NZ are set out in the Scheme Booklet and are summarised in section 2.

1.3 Approval of the Scheme

Shareholder Approval

The Scheme is subject to a number of key conditions that are set out in the Scheme Booklet, including the approval of MHM's shareholders.

Shareholders are being asked to vote to approve or reject the implementation of the Scheme.

For the Scheme to proceed, it is necessary that both of 2 voting thresholds are met:

- at least 75% of the votes cast in each interest class must be voted in favour of the Scheme
- more than 50% of the total number of MHM shares on issue and entitled to vote must be voted in favour of the Scheme.

Voting Agreements

Immediately following entry into the SIA, Bettcher Inc. entered into voting agreements (the **Voting Agreements**) with interests associated with each of Richard Rookes (MHM's chief executive officer and executive director), Ian McGregor (MHM's chief financial officer), Andrew Barclay (an executive non-independent director of MHM) and Humphry Rolleston (a former director of MHM and associate of MHM non-executive director George Rolleston).

Collectively, these parties hold or control 47.61% of MHM's ordinary shares.

Under the terms of each Voting Agreement, the relevant shareholders agree, if the Scheme is proposed by MHM to shareholders, to vote all shares held by them in favour of the Scheme.

Competing Proposals and Matching Rights

Under the SIA, MHM is bound by customary exclusivity provisions, as well as matching rights and a break fee.

These restrictions are subject to exclusions which permit the Company's board of directors (the **Board**) to engage on a competing proposal which is a superior proposal and where its fiduciary obligations require it to do so, subject to notifications being made to Bettcher Inc. and providing Bettcher Inc. with an opportunity to match any such superior competing proposal.

Non-Conflicted Directors' Recommendation

The Company's independent directors Trevor Burt and Paul Smart (the **Non-Conflicted Directors**) have unanimously recommended that shareholders vote in favour of the Scheme, in the absence of a superior competing proposal and this report concluding that the Scheme Consideration is within or above our valuation range for the MHM ordinary shares.

The Non-Conflicted Directors have stated that they intend to vote, or procure the voting of all shares held or controlled by them in favour of the Scheme, subject to the same provisos outlined in the preceding paragraph.

Potential Outcomes

The outcome of the Scheme is binary – the Scheme will either be implemented or it will not proceed.

Outcome 1 – the Scheme is Implemented

If MHM's shareholders approve the Scheme and all other steps required to implement the Scheme (as set out in the Scheme Booklet) are completed, then the Scheme will be implemented.

In that event, all MHM shareholders will have their shares acquired at \$1.70 per ordinary share in cash and MHM's shares will cease to be quoted on the NZX Main Board.

Outcome 2 – the Scheme does not Proceed

If MHM shareholders do not approve the Scheme, it will not proceed.

The Scheme will also not proceed if MHM shareholders vote in favour of it, but:

- the other conditions in the SIA are either not satisfied or waived (as applicable), or
- the SIA is validly terminated.

If the Scheme does not proceed, then no shares will be acquired by Bettcher NZ and MHM will remain a listed company with its shares quoted on the NZX Main Board.

1.4 Key Issues to be Considered by Shareholders

Our analysis of the merits of the Scheme is set out in section 3.

For shareholders deciding whether to approve or reject the Scheme, the key issues to consider include:

- shareholders will be entitled to receive cash of \$1.70 per ordinary share
- we assess the value of MHM's ordinary shares to be in the range of \$139.4 million to \$156.6 million or \$1.56 to \$1.75 per share, with a midpoint of \$1.66 per share as at the present date
- the Scheme Consideration of \$1.70 per ordinary share sits between the midpoint and the upper end of our valuation range
- the Scheme Consideration of \$1.70 per share represents a significant premium over the prices at which MHM's shares have traded on the NZX Main Board up to the announcement of the Scheme on 3 November 2023:
 - a premium of 87% over the undisturbed closing share price of \$0.91 on 2 November 2023
 - a premium of 84% over MHM's one month volume weighted average share price (**VWAP**) to 2 November 2023 of \$0.923
 - a premium of 88% over the 3 months VWAP to 2 November 2023 of \$0.903
 - a premium of 89% over the 6 months VWAP to 2 November 2023 of \$0.899
 - a premium of 100% over the 12 months VWAP to 2 November 2023 of \$0.851
- MHM completed the \$60 million acquisition of 100% of the shares in Wyma Engineering (NZ) Limited (**Wyma**) on 1 May 2023 (the **Wyma Acquisition**). Wyma designs, manufactures, distributes and services post-harvest vegetable and fruit handling equipment and solutions worldwide. The Wyma Acquisition was a pivotal transaction for MHM, significantly increasing the scale of the Company's operations and further diversifying its business operations into the post-harvest vegetable and fruit sectors

- MHM is forecasting that its revenue and profitability will increase significantly following the Wyma Acquisition:
 - revenue is forecast to increase by 59% from \$96.7 million in the 2023 financial year to \$153.6 million in the 2024 financial year
 - operating earnings before interest, tax, depreciation and amortisation (**EBITDA**) is forecast to increase by 72% from \$9.9 million in 2023 to \$17.0 million in 2024
 - net profit for the year (after tax) is forecast to increase by 11% from \$4.2 million in 2023 to \$4.6 million in 2024
- shareholders collectively holding or controlling 47.61% of the Company's ordinary shares have entered into Voting Agreements, whereby they have agreed to vote all shares held by them in favour of the Scheme
- the Non-Conflicted Directors have unanimously recommended that shareholders vote in favour of the Scheme and have stated that they intend to vote their collective 1.18% of the Company's ordinary shares that they hold or control in favour of the Scheme
- under the terms of the SIA, MHM cannot solicit any alternative competing proposal. However, should a superior competing proposal eventuate, in certain circumstances MHM can respond and facilitate an alternative transaction. Bettcher Inc. has the right to match any superior competing proposal
- in theory, there is nothing to prevent another party from issuing a formal takeover offer to acquire MHM or to procure a shareholder to requisition a meeting of shareholders to consider a competing proposal at some time before shareholders vote on the Scheme. However, it would be presumptive to assume that a superior competing proposal will eventuate
- if the Scheme is not implemented, MHM will remain a listed company with its shares quoted on the NZX Main Board. In the absence of any other factors, we consider there is a real prospect that MHM's share price could recede from current levels.

1.5 Opinion

In our opinion, the Scheme is reasonable.

The Scheme Consideration of cash of \$1.70 per ordinary share sits within our assessed valuation range of \$1.56 to \$1.75, between the midpoint and the upper end of the range.

2. Overview of the Scheme

2.1 Scheme Booklet

The Scheme is set out in detail in the Scheme Booklet issued by MHM and is summarised below.

We recommend that shareholders read the Scheme Booklet in conjunction with this report.

2.2 Background

On 22 August 2023, MHM and Bettcher Inc. entered into a confidentiality agreement setting out the terms on which each party would provide and make available to the other party certain information in connection with a potential transaction between the parties.

On 22 September 2023, MHM received a confidential, non-binding and conditional letter of intention from Bettcher Inc. for the potential acquisition of all of the shares in MHM (the **LOI**).

The LOI followed an approach by Bettcher Inc. indicating potential interest in MHM. Following this initial approach, and in accordance with the Board's protocol for takeover offers and schemes of arrangement, MHM established a sub-committee of independent directors, consisting of Trevor Burt and Paul Smart (the **Committee**).

The Committee's assessment of the LOI was that it would be in the best interests of MHM and its shareholders to grant Bettcher Inc. a period of exclusivity to allow it to complete confirmatory due diligence, further develop its proposal and to enable the parties to negotiate transaction documentation.

Bettcher Inc. completed its due diligence review on 2 November 2023 and negotiations of the transaction concluded with the signing of the SIA on 3 November 2023.

The Board is of the view that the 2 companies' operations are highly complementary, with Bettcher Inc. operating in the primary meat processing sector and MHM focusing on post-slaughter (secondary) processing and packaging.

2.3 Bettcher Industries, Inc.

Bettcher Inc. is a company incorporated in Delaware, United States of America.

The company is a leading developer and manufacturer of innovative equipment in the food processing industry.

The Bettcher Inc. portfolio comprises several leading brands in the protein processing space including:

- *Bettcher Industries* – a designer and manufacturer of handheld trimmers, tools and cutting consumables for all protein applications
- *Cantrell-Gainco* – a manufacturer of processing equipment and yield enhancement and yield tracking systems for various protein operations
- *ICB Greenline* – an aftermarket replacement parts and services company focused on poultry processing

- *Frontmatec* – a global manufacturer of end-to-end automated solutions for pork and beef processing.

Bettcher Inc.'s automation solutions enable its customers to maximise yield, improve efficiencies and enhance worker safety.

The company serves meat and food processing plants in the United States and internationally.

Bettcher Inc. was founded in 1944. The company was formerly known as Bettcher Dieweld Company and changed its name to Bettcher Industries, Inc. in 1955.

Bettcher Inc. is headquartered in Birmingham, Ohio, United States, with offices in:

- Gainesville, Georgia, United States
- Kansas City, Kansas, United States
- São Paulo, Brazil
- Quebec, Canada
- Beijing, China
- Shanghai, China
- Jining, China
- Kolding, Denmark
- Sonderborg, Denmark
- Odense, Denmark
- Sydals, Denmark
- Skanderborg, Denmark
- Smorum, Denmark
- Skive, Denmark
- Beckum, Germany
- Rijssen, Netherlands
- Grodzisk, Poland
- Cardona, Spain
- Barcelona, Spain
- Lucerne, Switzerland.

Bettcher Inc. is ultimately indirectly majority owned by KKR Merlin Aggregator L.P., an entity indirectly owned by investment funds, vehicles and / or accounts advised by Kohlberg Kravis Roberts & Co. L.P. or one of its subsidiaries (**KKR**). KKR acquired its interest in Bettcher Inc. from Morgenthaler Private Equity and others in December 2021.

Bettcher Inc. has nominated Bettcher NZ to acquire the shares under the Scheme.

Bettcher NZ is a New Zealand limited liability company that was incorporated on 30 November 2023 for the sole purpose of acquiring the shares.

Bettcher NZ is wholly owned by Bettcher Inc.

2.4 Key Terms of the Scheme

On 3 November 2023, MHM and Bettcher Inc. entered into the SIA pursuant to which MHM agreed to propose the Scheme under which Bettcher Inc. (or its nominee) will acquire all of the fully paid ordinary shares in MHM.

Bettcher Inc.'s offer in the SIA entitles MHM shareholders to receive the Scheme Consideration of \$1.70 in cash for each fully paid ordinary share that they hold.

The SIA is to be implemented by way of a scheme of arrangement under Part 15 of the Companies Act 1993 (the **Companies Act**) and is subject to the following conditions precedent:

- OIO approval
- the Scheme Consideration is within or above the valuation range in this report
- High Court approval in accordance with the Companies Act
- MHM shareholder approval
- no restraint is enforced or issued by any Government agency which prohibits, prevents or materially restricts the implementation of the Scheme
- no Prescribed Occurrence or Material Adverse Change (as defined in the SIA) occurs.

Under the SIA, MHM is bound by customary exclusivity provisions, including *no shop*, *no talk* and *no due diligence* restrictions (which are detailed in section 7.11 of the Scheme Booklet), as well as matching rights and a break fee and reverse break fee of \$1.5 million payable in certain circumstances (which are detailed in section 4.7 of the Scheme Booklet). MHM is not required to pay the break fee if the Scheme resolution is not passed, provided none of the matters referred to in section 4.7 of the Scheme Booklet occur or have occurred.

These restrictions are subject to exclusions which permit the Board to engage on a competing proposal which is a superior proposal and where its fiduciary obligations require it to do so, subject to notifications being made to Bettcher Inc. and providing Bettcher Inc. with an opportunity to match any such superior competing proposal.

2.5 Voting Agreements

Interests associated with MHM executive directors Andrew Barclay and Richard Rookes, former director (and associate of MHM non-executive director George Rolleston) Humphry Rolleston and chief financial officer Ian McGregor have entered into Voting Agreements, collectively representing 47.61% of the Company's shares.

Under the terms of each Voting Agreement, the relevant shareholders have agreed to vote all shares held by them in favour of the Scheme.

2.6 Non-Conflicted Directors' Recommendation

The Non-Conflicted Directors have unanimously recommended that shareholders vote in favour of the Scheme, in the absence of a superior competing proposal (as defined in the SIA).

The Non-Conflicted Directors have advised us that as at the date of this report, the Board has not received any superior competing proposal.

The Non-Conflicted Directors have stated that they intend to vote, or procure the voting of all shares held or controlled by them in favour of the Scheme.

The Non-Conflicted Directors collectively held or controlled 1.18% of the Company's shares as at 8 December 2023.

2.7 Regulatory Requirements

MHM is a code company as defined by the Takeovers Code (the **Code**) and is subject to the provisions of the Code.

The Scheme is governed by the Companies Act and is required to be approved by the High Court in order to proceed.

The High Court will not approve a scheme that affects the voting rights of a company subject to the Code unless:

- it is satisfied that the shareholders of the company will not be adversely affected by the use of a scheme rather than the Code to effect the change involving the company, or
- the High Court is presented with a no-objection statement from the Takeovers Panel.

In addition, the High Court may also consider whether:

- it is satisfied that there has been compliance with the statutory provisions as to meetings, resolutions, the application to the High Court and the like
- it is satisfied that the scheme has been fairly put to the shareholders and that any circulars sent out give all the information reasonably necessary to enable the recipients to judge and vote upon the proposals
- each class of shareholders was fairly represented by those who attended the meeting
- the arrangement is such that it might reasonably be approved by an intelligent and honest business person acting in that person's own interest
- the scheme is generally fair and reasonable.

The Takeovers Panel will take various factors into account when considering an application for a *no-objection statement*, including:

- whether all material information relating to the scheme proposal has been disclosed
- whether the standard of disclosure to all shareholders is of the standard that would be required by the Code in a Code-regulated transaction (or is otherwise appropriate in the circumstances)
- whether interest classes of shareholders have been composed appropriately
- whether the protections available to shareholders (and other security holders) under the Code and / or the Takeovers Act 1993 (or equivalents to those protections) have been provided for under or in connection with the scheme
- such other factors as the Takeovers Panel considers to be applicable in the relevant circumstances bearing in mind the respective roles of the Takeovers Panel and the High Court.

The practice of the Takeovers Panel (except in very limited circumstances) is to require the preparation of an Independent Adviser's Report equivalent to that required under Rule 21 of the Code before it will consider issuing a *no-objection statement* to the High Court.

2.8 Purpose of the Report

The Non-Conflicted Directors have engaged Simmons Corporate Finance Limited (**Simmons Corporate Finance**) to prepare an Independent Adviser's Report on the merits of the Scheme.

Simmons Corporate Finance was approved by the Takeovers Panel on 30 October 2023 to prepare the Independent Adviser's Report.

Simmons Corporate Finance issues this Independent Adviser's Report to the Non-Conflicted Directors for the benefit of the Company's shareholders to assist them in forming their own opinion on whether to vote for or against the Scheme.

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

This Independent Adviser's Report should be read in conjunction with the Scheme Booklet issued by MHM. This Independent Adviser's Report is not to be used for any other purpose without our prior written consent.

3. Evaluation of the Merits of the Scheme

3.1 Basis of Evaluation

The Code requires an evaluation of the *merits* of the Scheme.

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

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

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

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

- the assessed value of MHM's shares and the value of the consideration to be received by shareholders
- the implications of the conditions attached to the Scheme
- the likelihood of alternative offers or alternative transactions
- the advantages and disadvantages for the shareholders of accepting the Scheme
- the implications for the shareholders of not accepting the Scheme.

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

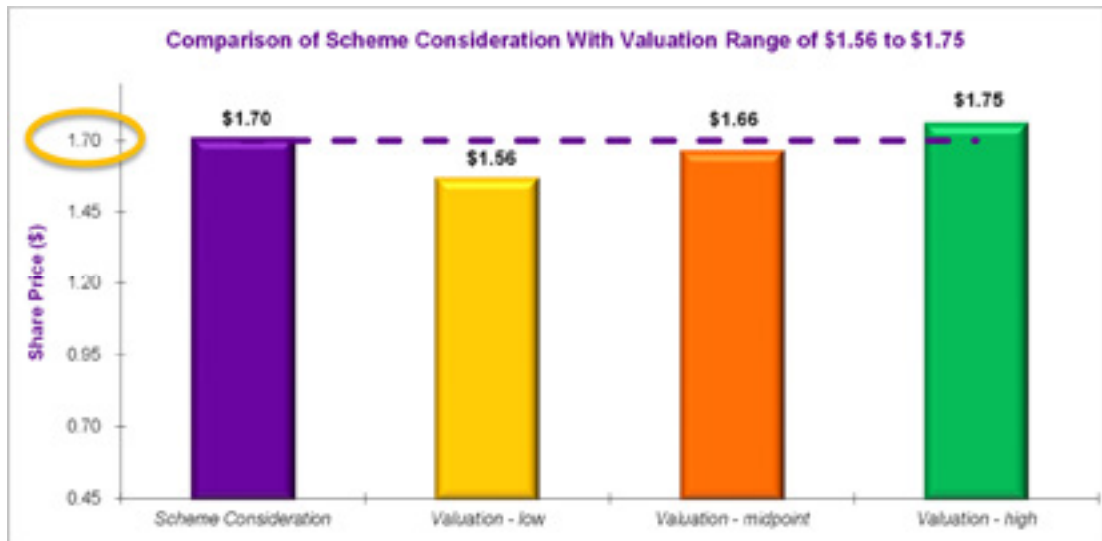
3.2 Value of MHM's Ordinary Shares Compared with the Scheme Consideration

In our opinion, the full underlying value of MHM's ordinary shares is in the range of \$139.4 million to \$156.6 million or \$1.56 to \$1.75 per share, with a midpoint of \$1.66 per share.

Our valuation assessment is set out in section 5.

This value is for 100% of MHM's ordinary shares based on the Company's current strategic and operational initiatives and therefore reflects the value of control. However, it excludes the value of any synergies that Bettcher Inc. may specifically derive from acquiring full control of MHM.

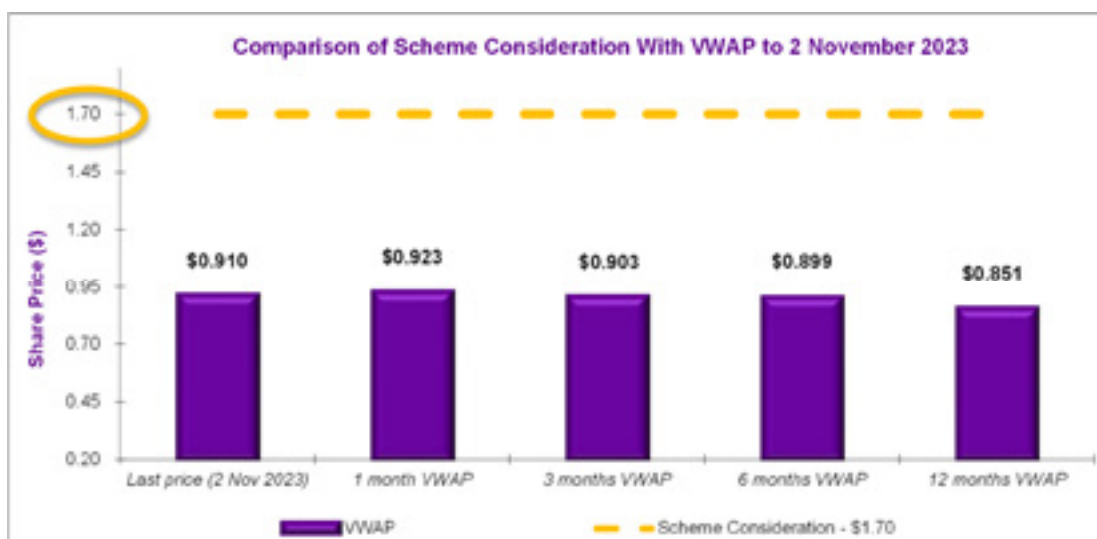
The Scheme Consideration is cash of \$1.70 per ordinary share, which is within our assessed valuation range, between the midpoint and the upper end of the valuation range.



3.3 Scheme Consideration Compared with MHM's Share Price

The Scheme Consideration of \$1.70 per share represents a significant premium over the prices at which MHM's shares have traded on the NZX Main Board up to the announcement of the Scheme on 3 November 2023:

- a premium of 87% over the undisturbed closing share price of \$0.91 on 2 November 2023
- a premium of 84% over MHM's one month VWAP to 2 November 2023 of \$0.923
- a premium of 88% over the 3 months VWAP to 2 November 2023 of \$0.903
- a premium of 89% over the 6 months VWAP to 2 November 2023 of \$0.899
- a premium of 100% over the 12 months VWAP to 2 November 2023 of \$0.851.



3.4 Potential Synergies

The immediate synergies that would be available to Bettcher Inc. arising from its full ownership of MHM will be a reduction in administration costs arising from the delisting of MHM from the NZX Main Board and from the Company no longer having to communicate regularly with its shareholders. Bettcher Inc. may also choose to no longer have any independent directors on the MHM Board.

MHM estimates that the costs saved from no longer being a listed company would be in the vicinity of \$0.2 million per annum.

We note that these cost savings would be available to any entity that achieved full control of MHM and delisted it from the NZX Main Board.

Further cost savings would arise if the number of directors on the MHM Board was reduced.

Bettcher Inc. could potentially achieve other synergies if it achieved full control of MHM. The potential synergies are likely to be in the areas of:

- sharing of intellectual property and product development knowhow between MHM and Bettcher Inc.
- increased sales of MHM products to Bettcher Inc. customers
- rationalisation of MHM's supply chain and procurement processes
- elimination of duplicated administration functions.

The value of these potential synergies is extremely difficult to assess with any accuracy and would be unique to Bettcher Inc.

3.5 Conditions of the Scheme

The implementation of the Scheme is subject to the satisfaction of the following conditions:

- Bettcher Inc. obtaining all consents required from the OIO
- the Scheme Consideration is within or above the valuation range in this report (this condition can be waived by MHM at its discretion)
- the approval of the High Court in accordance with the Companies Act
- the approval of MHM's shareholders
- no restraint is enforced or issued by any Government agency which prohibits, prevents or materially restricts the implementation of the Scheme (this condition can be waived by MHM and Bettcher Inc. by agreement)
- no Prescribed Occurrence or Material Adverse Change (as defined in the SIA) occurs (these conditions can be waived by Bettcher Inc. at its discretion).

We note that conditions of this nature are common in schemes of arrangements.

3.6 MHM's Recent Performance

A summary of MHM's financial performance is set out in section 4.6.

The Company's revenue in the last 3 financial years has increased from \$51.0 million in 2021 to \$96.7 million in 2023 at a compound annual growth rate (**CAGR**) of 38%.

Revenue is budgeted to increase by 59% to \$153.6 million in the 2024 financial year and is forecast to increase by 4% to \$159.9 million in the 2025 financial year.

Over this period:

- operating EBITDA has increased from \$3.9 million in 2021 to \$9.9 million in 2023 at a CAGR of 58% and is budgeted to increase by 72% to \$17.0 million in 2024 and forecast to be \$17.4 million in 2025

- net profit for the year (after tax) has increased marginally from \$4.1 million in 2021 to \$4.2 million in 2023 and is budgeted to be \$4.6 million in 2024 and forecast to be \$7.1 million in 2025.

Over the past 3 years, MHM has intensified its focus on automation and technology and on the diversification and expansion of its customer base.

The Wyma Acquisition on 1 May 2023 was transformational for MHM:

- it significantly increased the scale of MHM's operations, almost doubling the Company's size
- it added greater diversification of products and markets, providing MHM with entry into European markets and the fresh vegetable and fruit market sectors.

The Wyma Acquisition is the main driver of the projected growth in the Company's revenue and profitability in 2024 and 2025. MHM's 2023 financial results included only 2 months' of Wyma's operating results. Wyma is budgeted to generate 46% of MHM's revenue and 57% of its EBITDA in 2024.

3.7 Voting on the Scheme

For the Scheme to proceed, it is necessary that both of 2 voting thresholds are met:

- at least 75% of the votes cast in each interest class must be voted in favour of the Scheme and
- more than 50% of the MHM shares on issue and entitled to vote must be voted in favour of the Scheme.

MHM has one class of shares, all of which are fully paid up ordinary shares with identical voting rights. That, combined with the fact that neither Bettcher Inc., Bettcher NZ nor any of their associates hold any shares in MHM, means that, as at the date of the Scheme Booklet, there is only one interest class.

As set out in section 4.5, MHM's 10 largest shareholders as at 8 December 2023 collectively hold 70.07% of the Company's ordinary shares and therefore their voting will significantly influence the outcome of the Scheme.

Bettcher Inc. has entered into Voting Agreements with interests associated with each of Richard Rookes, Ian McGregor, Andrew Barclay and Humphry Rolleston, who collectively hold or control 47.61% of MHM's ordinary shares.

Under the terms of each Voting Agreement, the relevant shareholders agree, if the Scheme is proposed to shareholders, to vote all shares held by them in favour of the Scheme.

The Non-Conflicted Directors have unanimously recommended that shareholders vote in favour of the Scheme, in the absence of a superior competing proposal and this report concluding that the Scheme Consideration is within or above our valuation range for the MHM ordinary shares.

The Non-Conflicted Directors have stated that they intend to vote, or procure the vote of all shares held or controlled by them in favour of the Scheme, subject to the same provisos as set out in the preceding paragraph.

The Non-Conflicted Directors collectively held or controlled 1.18% of the Company's shares as at 8 December 2023.

Notwithstanding the Voting Agreements and the stated voting intentions of the Non-Conflicted Directors, additional MHM ordinary shares will need to be voted in favour of the Scheme resolution in order for the above voting thresholds to be met.

3.8 Implications if the Scheme is Rejected

Shareholders could choose to vote against the Scheme, either on the basis that they prefer to remain shareholders of MHM or in the expectation that they might realise superior value through an alternative transaction in the future.

If shareholders do not approve the Scheme, MHM will remain a listed company with its shares quoted on the NZX Main Board.

In the absence of any other factors, there is a real prospect that MHM's share price may recede from current levels due to a potential reversal of any positive effect caused by the announcement of the SIA:

- immediately prior to the announcement of the SIA on 3 November 2023, MHM's shares traded at \$0.91 and at a one month VWAP of \$0.923
- since the announcement of the SIA, MHM's shares have traded between \$1.48 and \$1.65 at a VWAP of \$1.606 up to 12 December 2023.

The long term consequences of a decision to reject the Scheme are less clear. It is possible that shareholders may be able to realise greater value through an alternative transaction in the future. However, it would be presumptive to assume that one will eventuate.

3.9 Likelihood of Competing Proposals

We are advised by the Non-Conflicted Directors that as at the date of this report, no competing proposal has emerged since MHM's announcement of the Scheme on 3 November 2023 and they are not aware of any potential (but as yet unannounced) competing proposal.

We note that there is nothing to prevent another party from announcing its interest in acquiring MHM at some time before the special meeting of shareholders is held to vote on the Scheme.

Furthermore, an alternative acquirer could possibly purchase a blocking interest in MHM on-market, potentially at prices above the Scheme Consideration of \$1.70 per ordinary share.

In the absence of such a counter-offer at this point in time, shareholders could have some confidence that there are no superior alternative transactions involving a currently unknown third party, in the near term at least.

3.10 Likelihood of an Increase to the Scheme Consideration

Unless a superior competing proposal is forthcoming, we consider it unlikely that Bettcher Inc. will increase the Scheme Consideration of \$1.70 per ordinary share.

The Scheme Consideration sits within our assessed valuation range and in the absence of a superior competing proposal, the Non-Conflicted Directors have unanimously recommended that shareholders vote in favour of the Scheme.

Bettcher Inc. may increase the Scheme Consideration if it thought the Scheme was otherwise likely to be rejected, although there is no assurance that this would happen.

As the shareholder vote approaches, there will be more certainty as to whether a competing proposal is likely to emerge.

3.11 Voting For or Against the Scheme

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

4. Profile of MHM Automation Limited

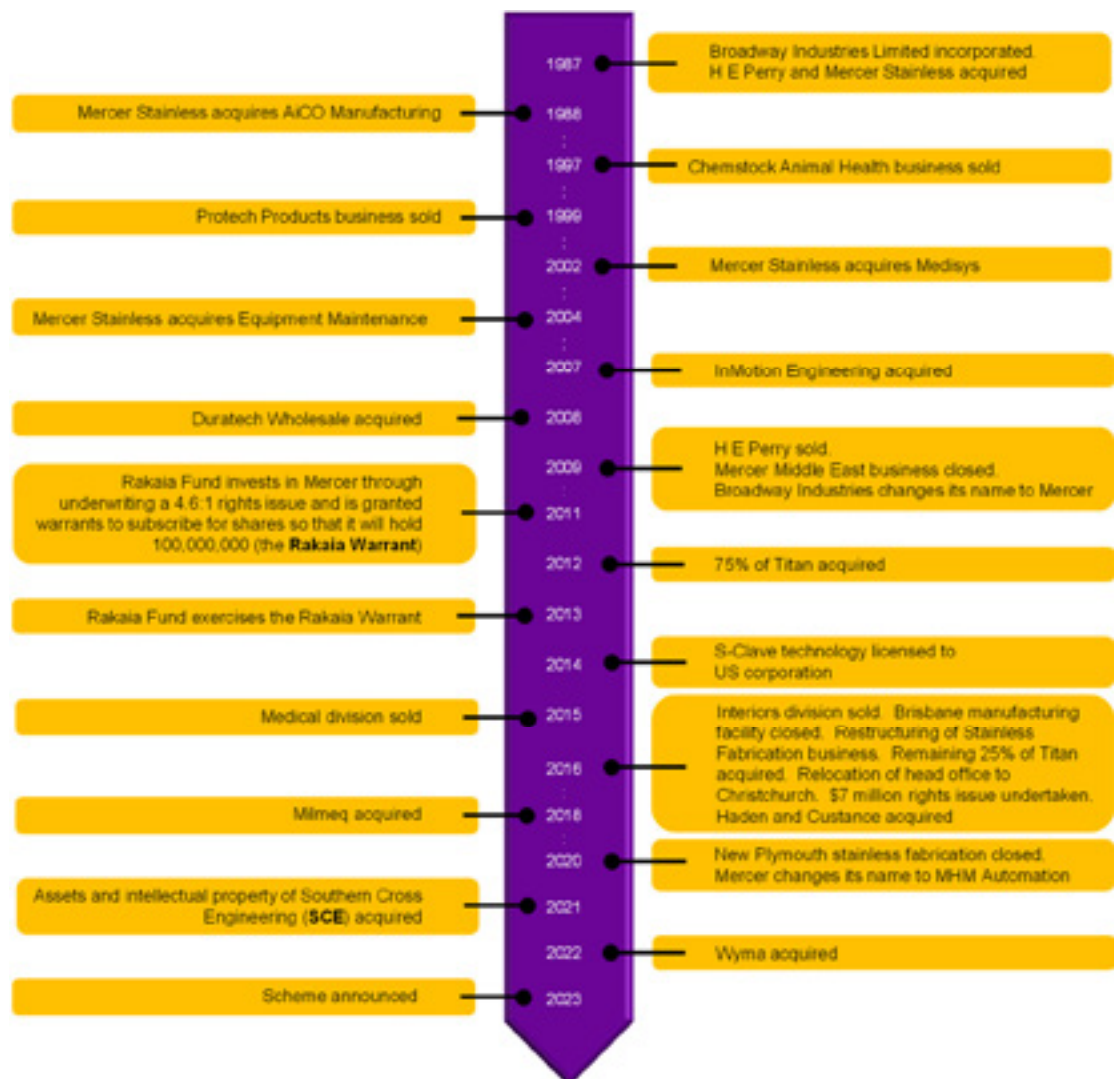
4.1 Background

MHM can trace its roots back to 1884 to J Mercer and Sons, a company established by James Mercer in Christchurch.

MHM was incorporated on 20 November 1987 as Broadway Industries Limited.

The Company changed its name to Mercer Group Limited (**Mercer**) on 30 November 2009 and to MHM Automation Limited on 1 September 2020.

Key events in the Company's history since its incorporation are set out below.



4.2 Nature of Operations

MHM designs and supplies innovative, engineered solutions for the food and primary industries worldwide, with a particular focus on state-of-the-art food processing and packaging technologies.

The Company operates under 3 divisions:

- Automation
- Fabrication
- Mercer Technologies.

Automation

The Automation division designs, manufactures, delivers and services automated solutions to a range of industries, predominantly in the food sectors.



H&C markets and sells its core cheese systems brand as well as providing automated solutions to other sectors.

It also operates MHM's other brands *AiCo* and *BetaVac*.



Milmeq is an established and respected brand in designing, manufacturing and installing chilling and freezing tunnels and plate freezing systems.

Milmeq also has an asset management business that provides service, spare parts and support to its customers which complement *H&C*'s already existing service and spares business.

There is significant customer crossover between *H&C* and *Milmeq* as MHM continues to integrate and improve its Automation offering.



Wyma designs, manufactures and delivers post-harvest vegetable and fruit handling equipment throughout Australasia, Europe and the United States.

Fabrication



The Fabrication division includes the *Mercer Stainless* and *SCE* workshops in Christchurch that sell, design and manufacture proprietary specialist equipment for the dairy, cheese and primary industry sectors across New Zealand and Australia.


Mercer Technologies

The Mercer Technologies division manages MHM's research and development that sits outside of the Automation division.

Currently the focus is on commercialising the *S-Clave* medical sterilisation technology in partnership with A.E. Atherton & Sons (**Atherton**). Atherton is a world leader in sterilisation equipment and infection control products for the hospital, medical and scientific industries.

Product Categories

MHM's business has 10 key product categories.

 Chilling & Freezing	<p>MHM provides industry-leading chilling and freezing systems for food processing operations (predominantly protein processors), including automatic carton chilling and freezing tunnels, plate freezers and spiral freezers.</p>
 Fabrication	<p>MHM provides solutions for industrial and infrastructure applications, fabricated from mild steel or stainless steel.</p>
 Materials Handling	<p>MHM provides a range of materials handling equipment including solutions for palletising / de-palletising, conveying and product tracking, grain handling and mineral processing.</p>
 Packaging	<p>MHM specialises in packaging systems for the cheese, meat and horticulture industries. Its range includes the <i>BetaVac</i> vacuum packaging systems and <i>AiCo</i> carton erectors, ladders and closers.</p>
 Palletising & Conveying	<p>MHM provides specialised solutions for palletising, de-palletising and conveying. Its technologies include the 3DD vision system, which allows for de-palletising of randomly stacked pallets and pallets with varying carton sizes.</p>
 Post-Harvest	<p>Wyma's post-harvest fresh vegetable and fruit handling equipment is recognised as world leading and is used by processors in more than 50 countries.</p>
 Pressure Vessels	<p>MHM has considerable expertise in the design and fabrication of pressure vessels such as boilers, LPG tanks, transportation tanker vessels and valves and cooking vessels.</p>
 Reverse Packaging	<p>MHM produces world-leading reverse-packaging equipment under the <i>H&C</i> brand. Its key solutions include de-palletising / re-palletising, de-boxing, de-bagging and defect detection for cheese, butter, cocoa butter, meat and logistics applications.</p>
 Timber & Sawmilling	<p>MHM's timber and sawmilling equipment range includes <i>SCE</i> storage, stacking and de-barking systems, <i>Wadkin</i> planers, <i>Stenner</i> bandsaws, <i>Leadermac</i> moulders, <i>Systems TM</i> complete line systems for log and timber processors and <i>Moeco</i> systems for plywood processors.</p>
 Spare Parts & Service	<p>MHM provides after-sales technical service and spare parts post installation.</p>

Core Market Sectors

MHM focuses on 8 core market sectors.



MEAT

MHM provides a complete solution to automate the back end of meat processing operations, from the boning room to palletising, including carton erecting, meat compacting and lidding, freezing, storage and retrieval, palletising and pallet handling.



DAIRY

MHM provides comprehensive solutions for primary and secondary processors of milk, cheese, butter, cream and other dairy products:

- tanks, silos and handling equipment for transporting, storing and converting liquid milk and cream into powder for primary dairy processors
- an integrated solution for the back end of processing, from the cheese tower to palletising for primary cheese processors.



FOOD PROCESSING

MHM provides a broad range of technologies and solutions for food and beverage processing, spanning the front end of operations, processing equipment and the back end of operations.



HORTICULTURE

MHM provides integrated solutions for suppliers of fresh produce from carton erecting and stuffing to bespoke packing systems, palletising and storage. For secondary processors of fresh produce, the Company provides a solution for the front end of operations, from de-palletising through de-packaging and recipe management.



LOGISTICS

MHM provides a range of specialised solutions for the logistics industry for the movement of bulk and containerised goods, the despatch of goods in cartons, boxes or crates and for receipting of goods.



TIMBER & SAWMILLING

MHM manufactures a range of proprietary equipment under its *SCE* brand and integrates these with equipment from international leading brands including *System TM*, *Stenner*, *Leadermac* and *Bruks* to provide complete solutions for sawmills and timber processors.



AGRICULTURE & FERTILISER

MHM provides a range of equipment for grain, wheat, feed and fertiliser handling and processing. Its solutions encompass conveying, stockpiling, drying, storage and mixing.

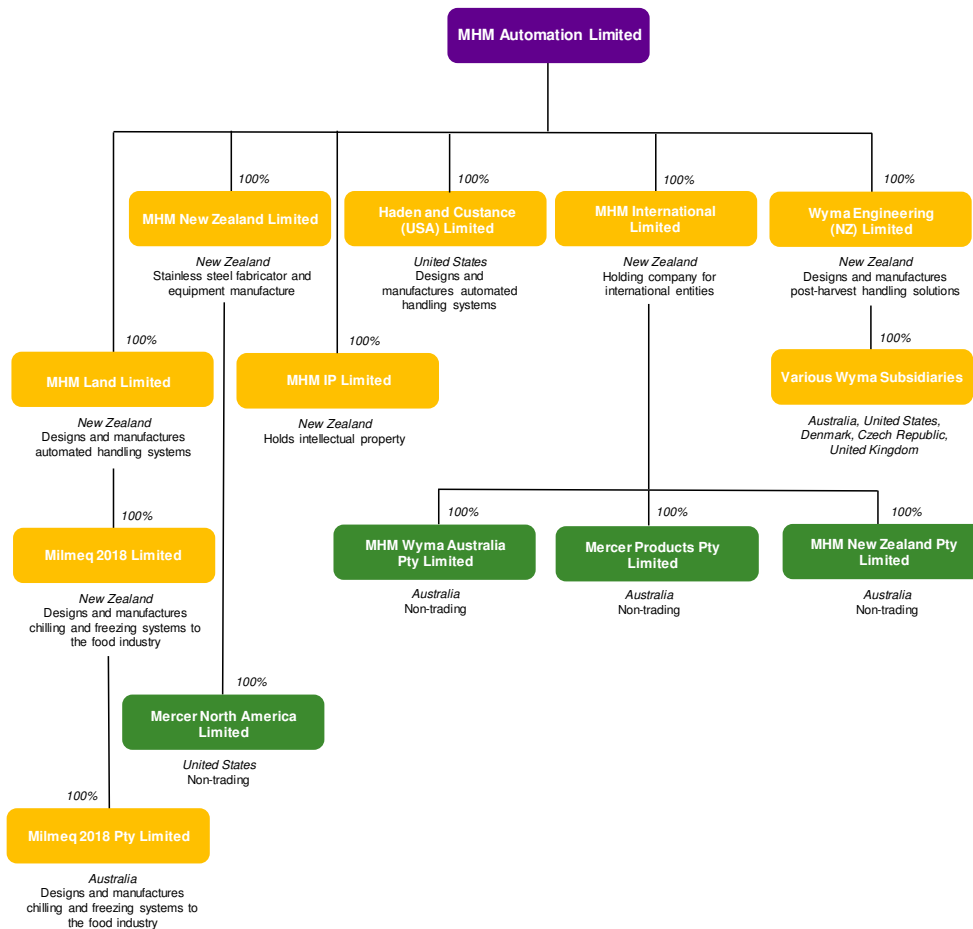


INDUSTRIAL

MHM's equipment and systems for the industrial sector include silos, tanks, pressure vessels, boilers, lifting and conveying systems and screen cleaners developed specifically for hydroelectricity plants.

4.3 Group Structure

The MHM group consists of the parent company listed on the NZX Main Board and 18 subsidiaries.



4.4 Directors and Senior Management

The directors of MHM are:

- Andrew Barclay, executive director (Wyma managing director)
- Trevor Burt, independent non-executive chair
- Richard Rookes, executive director (MHM chief executive officer)
- Paul Smart, independent non-executive director
- George Rolleston, non-independent non-executive director.

The senior management team of MHM consists of:

- Richard Rookes, chief executive officer
- Ian McGregor, chief financial officer
- John Fredericksen – chief operating officer
- Tony Johnson – general manager sales and marketing
- Shane Daly – head of innovation
- Aine Keating – head of people and culture
- Ross Coppard – sales manager – Stainless.

4.5 Capital Structure and Shareholders

Ordinary Shares

MHM currently has 89,035,734 fully paid ordinary shares on issue held by 717 shareholders.

The names, number of shares and percentage holding of the 10 largest shareholders as at 8 December 2023 are set out below.

MHM's 10 Largest Shareholders		
Shareholder	No. of Shares Held	%
Jajar Investments Limited (Jajar) ¹	20,400,000	22.91%
Asset Management Limited (AML) ¹	14,778,788	16.60%
Andrew Ritchie, Mark Markovina and Elizabeth Markovina	5,000,000	5.62%
Vanessa Neal	4,172,620	4.69%
John Dell	4,008,864	4.50%
Humphry Rolleston and Arthur Keegan ¹	3,384,019	3.80%
Forsyth Barr Custodians Limited	3,294,850	3.70%
New Zealand Central Securities Depository Limited	2,507,630	2.82%
Richard Rookes ¹	2,500,861	2.81%
Withlaro Holdings Limited	2,340,628	2.63%
Subtotal	62,388,260	70.07%
Others (707 shareholders)	26,647,474	29.93%
Total	89,035,734	100.00%

¹ Shareholder has entered into a Voting Agreement

Source: NZX Company Research

MHM has 3 substantial product holders:

- Jajar holds 20,400,000 shares (22.91%). Jajar is owned by Andrew Barclay and Angela Barclay. The shares were issued to Jajar as part consideration for the Wyma Acquisition in May 2023. Jajar has entered into a Voting Agreement with Bettcher Inc.
- Humphry Rolleston holds 18,362,990 shares (20.62%) through AML, jointly with Arthur Keegan and through National Mortgage Underwriters Limited (**National Mortgage**). AML, Humphry Rolleston and Arthur Keegan and National Mortgage have entered into Voting Agreements with Bettcher Inc.
- Andrew Ritchie, Mark Markovina and Elizabeth Markovina as trustees hold 5,000,000 shares (5.62%).

Options

MHM operates a Senior Executive Plan (the **Plan**), designed to provide incentives for the Company's senior executives to deliver long-term shareholder returns.

Under the Plan, share options have been granted to MHM's chief executive officer Richard Rookes and chief financial officer Ian McGregor at a zero-exercise price and carry no dividend or voting rights (the **Options**). Each exercised Option converts to one fully paid ordinary share.

The remaining Options vest if the Company's EBITDA target for the 2024 financial year is achieved and the senior executives remain employed on 31 December 2024.

MHM currently has 300,000 Options outstanding, held by:

- Richard Rookes – 200,000 Options
- Ian McGregor – 100,000 Options.

Under the terms of the SIA, the Options will vest and be exercised prior to the Scheme being implemented. Accordingly, the Company will issue 300,000 new fully paid ordinary shares to Mr Rookes and Mr McGregor for nil consideration on or immediately prior to the Scheme record date.

4.6 Financial Performance

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

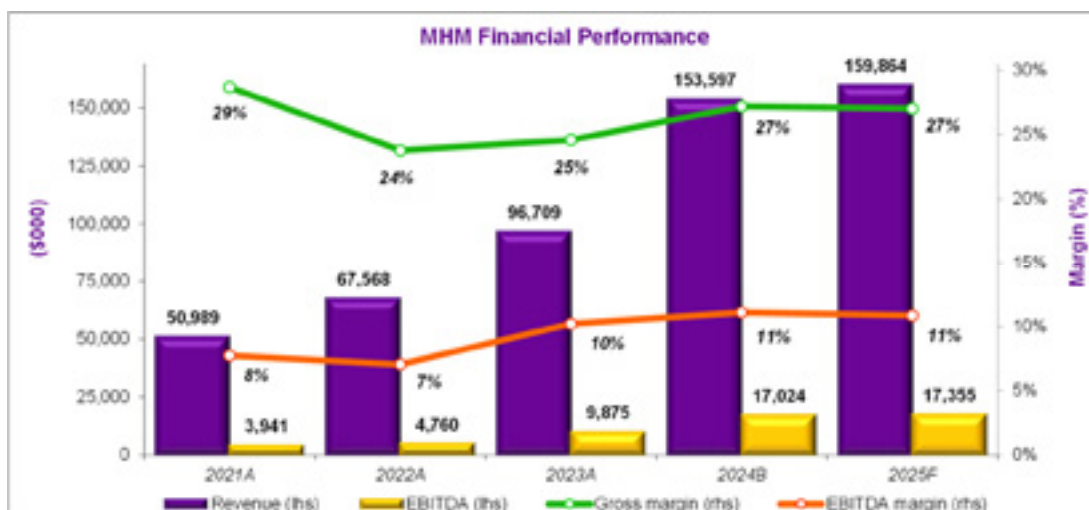
Summary of MHM Financial Performance					
	Year to 30 Jun 21 (Audited) \$000	Year to 30 Jun 22 (Audited) \$000	Year to 30 Jun 23 (Audited) \$000	Year to 30 Jun 24 (Budget) \$000	Year to 30 Jun 25 (Forecast) \$000
Revenue	50,989	67,568	96,709	153,597	159,864
Cost of sales	(36,368)	(51,508)	(72,933)	(111,843)	(116,666)
Gross profit	14,621	16,060	23,776	41,754	43,198
Other income	415	363	1,123	-	-
Overheads	(11,095)	(11,663)	(15,024)	(24,730)	(25,843)
Operating EBITDA	3,941	4,760	9,875	17,024	17,355
Depreciation and amortisation	(1,300)	(1,660)	(6,912)	(5,569)	(5,199)
Other costs ¹	-	(840)	(813)	-	-
EBIT	2,641	2,260	2,150	11,455	12,156
Finance costs (net)	(229)	(79)	(785)	(5,453)	(2,628)
Profit before income tax	2,412	2,181	1,365	6,002	9,528
Income tax credit / (expense)	37	(406)	2,798	(1,380)	(2,382)
Profit from continuing operations	2,449	1,775	4,163	4,622	7,146
Profit from discontinued operation ²	1,651	-	-	-	-
Net profit for the year	<u>4,100</u>	<u>1,775</u>	<u>4,163</u>	<u>4,622</u>	<u>7,146</u>
Earnings per share (cents)	6.2	2.7	5.9	5.2	8.0

EBIT: Earnings before interest and tax

¹ ERP implementation costs, share based payments and Wyma Acquisition costs
² New Plymouth stainless fabrication operation closed in 2020

Source: MHM annual reports, 2024 budget and 2025 forecast

In October 2021, MHM launched its *Step 100* plan that targeted reaching \$100 million of revenue and \$10 million of EBITDA by the 2025 financial year. These targets have come very close to being met in the 2023 financial year – 2 years ahead of plan.

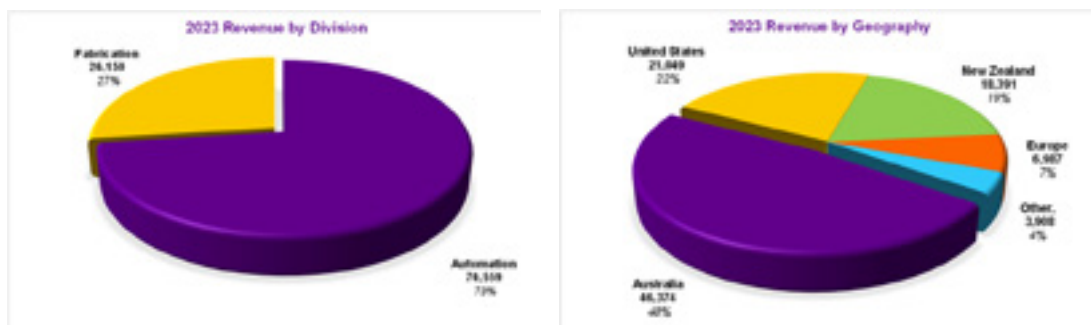


MHM's financial performance has steadily improved over the past 3 years and is projected to increase significantly in the next 2 years:

- revenue has steadily increased from \$51.0 million in the 2021 financial year to \$96.7 million in the 2023 financial year at a 38% CAGR and is budgeted to increase by 59% to \$153.6 million in the 2024 financial year and forecast to increase by 4% to \$159.9 million in the 2025 financial year
- gross margin has ranged between 24% (in 2022) and 29% (in 2021) and is budgeted to be 27% in 2024 and forecast to remain at 27% in 2025
- EBITDA margin has ranged between 7% (in 2022) and 10% (in 2023) and is budgeted to increase to 11% in 2024 and forecast to remain at 11% in 2025
- net profit for the year has ranged between \$1.8 million in 2022 and \$4.2 million in 2023 and is budgeted to increase by 11% to \$4.6 million in 2024 and forecast to increase by 55% to \$7.1 million in 2025.

Revenue

73% of the \$96.7 million of revenue in the 2023 financial year was generated by the Automation division, with 48% of the revenue generated in Australia and 22% in the United States.



Automation revenue is budgeted to represent 84% of revenue in the 2024 financial year, reflecting a full year of Wyma's financial performance.

Expenses

MHM's main expenses are:

- raw materials and consumables – \$55.3 million in the 2023 financial year, representing 57% of revenue
- salaries and wages – \$23.0 million in the 2023 financial year, representing 24% of revenue.

2022

Revenue in the 2022 financial year increased by 33% to \$67.6 million and operating EBITDA increased by 21% to \$4.8 million.

The improvement in financial performance reflected:

- new business growth in the *Milmeq* chilling and freezing business
- the successful integration of the Southern Cross Engineering acquisition
- further diversification of revenue with several new projects in a range of sectors.

2023

Revenue in the 2023 financial year increased by 43% to \$96.7 million and operating EBITDA increased by 107% to \$9.9 million.

The significant improvement in financial performance reflected:

- a surge in demand for automation and modernisation of equipment following the impact of the COVID-19 pandemic on economies in the prior years, with all business units running near or at capacity during the year
- 2 months' of Wyma's financial performance following the Wyma Acquisition.

A \$4.5 million impairment charge was recorded in the 2023 financial year in respect of writing-off the carrying value of the *S-Clave* project.

2024 Budget

The budget for the 2024 financial year is based on the following key assumptions:

- Automation revenue of \$129.7 million, of which \$70.7 million is attributable to Wyma
- Fabrication revenue of \$23.9 million
- gross margin of 27%, reflecting a higher proportion of Automation revenue (which generates a higher gross margin than Fabrication revenue)
- overheads of \$24.7 million, including a 5% salaries and wages increase
- EBITDA margin of 11%
- depreciation and amortisation expenses of \$5.6 million.

The 2024 budget was approved by the Board in August 2023.

MHM's actual financial performance for the 3 months ended 30 September 2023 has been broadly in line with budget:

- actual revenue of \$37.9 million was 3% below budget revenue of \$39.2 million
- actual gross margin of 28.1% exceeded budget gross margin of 27.7%
- actual EBITDA of \$4.9 million was 1% ahead of budget EBITDA.

Revenue and profitability for the 3 months ended 30 September 2023 was significantly ahead of the corresponding 3 months for 2022, due in a large part to the Wyma Acquisition.

The Board expects that based on the actual results for the 3 months ended 30 September 2023, MHM's financial performance for the full year to 30 June 2024 will be in line with the approved budget for the year. The Company has a strong pipeline of sales, supporting the \$153.6 million of budgeted revenue for the year.

2025 Forecast

The forecast for the 2025 financial year is based on the following key assumptions:

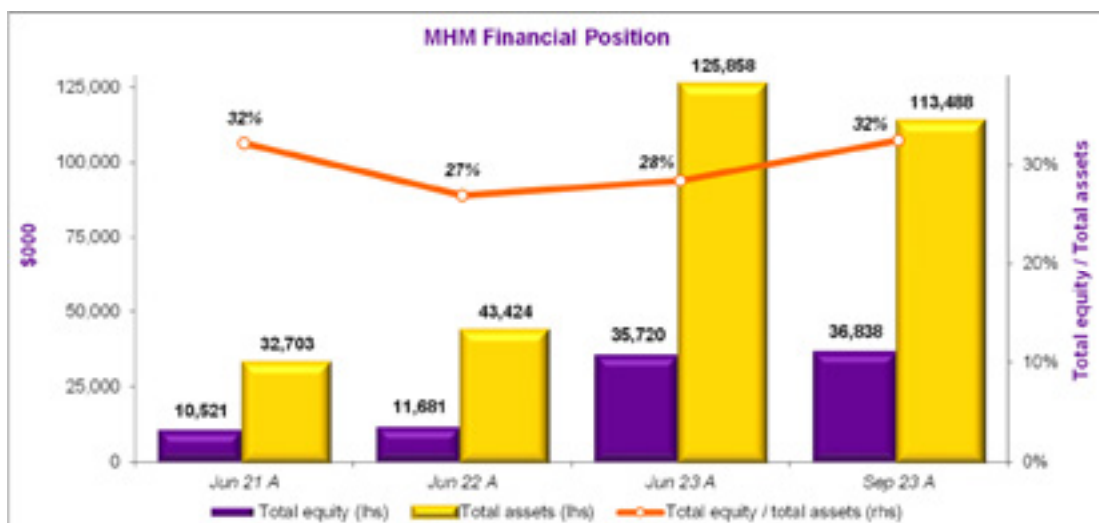
- organic growth of 4% in revenue
- no further acquisitions
- Automation revenue of \$135.0 million, of which \$73.5 million is attributable to Wyma
- Fabrication revenue of \$24.9 million
- gross margin of 27% (in line with the 2024 budget)
- overheads of \$25.8 million (a 4.5% increase over 2024 budget)
- EBITDA margin of 11% (in line with the 2024 budget)
- depreciation and amortisation expenses of \$5.2 million.

4.7 Financial Position

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

Summary of MHM Financial Position				
	As at 30 Jun 21 (Audited) \$000	As at 30 Jun 22 (Audited) \$000	As at 30 Jun 23 (Audited) \$000	As at 30 Sep 23 (Unaudited) \$000
Current assets	17,857	26,887	46,254	34,588
Non current assets	14,846	16,537	79,604	78,900
Total assets	32,703	43,424	125,858	113,488
Current liabilities	(21,718)	(31,127)	(43,491)	(26,416)
Non current liabilities	(464)	(616)	(46,647)	(50,234)
Total liabilities	(22,182)	(31,743)	(90,138)	(76,650)
Total equity	10,521	11,681	35,720	36,838

Source: MHM annual reports and 30 September 2023 management accounts



MHM's financial position changed significantly on 1 May 2023 due to the \$60 million Wyma Acquisition:

- cash of \$28 million was paid to Jajar, of which \$14 million was used to settle Wyma's external debt on completion date
- \$17 million of new fully paid ordinary shares were issued to Jajar
- the fair value of the \$15 million of contingent consideration (\$10 million) was recognised as borrowings.

The Company's \$34.6 million of current assets as at 30 September 2023 consisted mainly of:

- accounts receivable – \$15.0 million
- inventories – \$14.3 million
- cash and cash equivalents – \$3.6 million.

Non current assets of \$78.9 million as at 30 September 2023 consisted mainly of:

- intangible assets – \$42.8 million (mainly goodwill and intellectual property)
- right of use assets – \$20.6 million (primarily buildings)
- property, plant and equipment – \$15.3 million (mainly plant and equipment and land and buildings).

The Company's current liabilities of \$26.4 million as at 30 September 2023 consisted mainly of:

- trade and other payables – \$8.2 million
- net contract liabilities – \$6.5 million
- employee entitlements – \$5.7 million
- loans and borrowings – \$2.9 million.

Non current liabilities as at 30 September 2023 consisted mainly of:

- loans and borrowings – \$29.9 million
- lease liabilities – \$19.5 million.

Bank loans and overdrafts are secured by a composite debenture over MHM's assets, supported by a registered first charge over the Company's properties.

Shareholders' equity of \$36.8 million as at 30 September 2023 consisted of:

- \$65.9 million of issued share capital
- negative \$32.6 million of accumulated losses
- \$3.5 million of reserves.

4.8 Cash Flows

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

Summary of MHM Cash Flows				
	Year to 30 Jun 21 (Audited) \$000	Year to 30 Jun 22 (Audited) \$000	Year to 30 Jun 23 (Audited) \$000	Year to 30 Jun 24 (Budget) \$000
Net cash inflow from operating activities	5,935	8,778	6,549	6,270
Net cash inflow / (outflow) from investing activities	2,930	(2,004)	(12,966)	(603)
Net cash inflow / (outflow) from financing activities	(4,197)	(1,689)	2,576	(5,343)
Net increase / (decrease) in cash held	4,668	5,085	(3,841)	324
Opening cash balance	2,323	6,992	12,011	8,099
Effect of exchange rate changes	1	(66)	(71)	-
Closing cash balance	<u>6,992</u>	<u>12,011</u>	<u>8,099</u>	<u>8,423</u>

Source: MHM annual reports and 2024 budget

Investing cash flows:

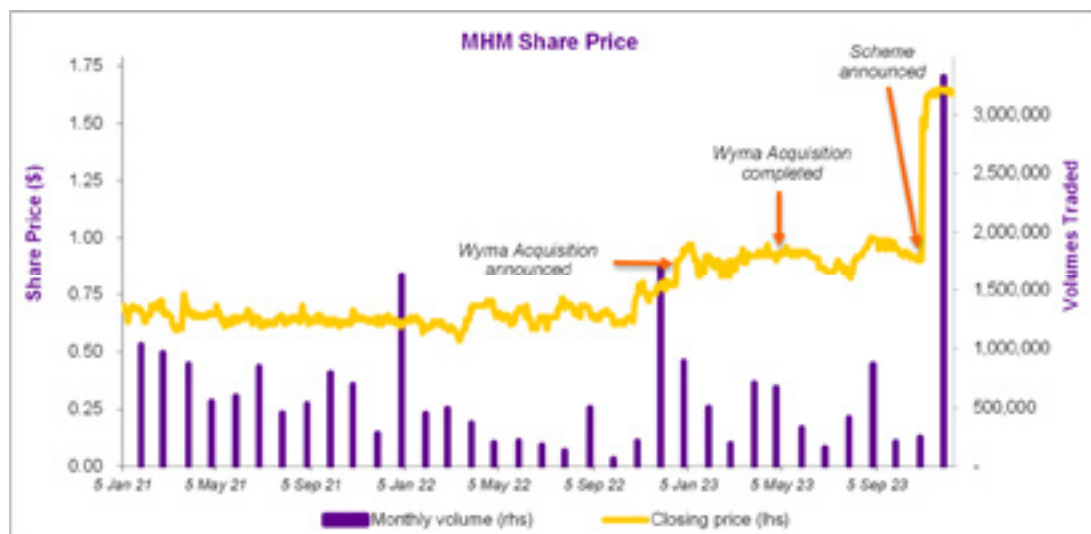
- in the 2021 financial year included \$4.0 million from the disposal of the New Plymouth stainless fabrication assets
- in the 2023 financial year included \$11.7 million in respect of the Wyma Acquisition.

Financing cash flows:

- in the 2021 financial year included the repayment of \$3.6 million of borrowings
- in the 2023 financial year included the (net) drawdown of \$4.6 million of borrowings.

4.9 Share Price History

Set out below is a summary of MHM's daily closing share price and monthly volumes of shares traded from 5 January 2021 to 12 December 2023.



Source: NZX Company Research

During the period, MHM's shares have traded between \$0.55 and \$1.65 at a VWAP of \$0.854.

An analysis of VWAP, traded volumes and liquidity (measured as traded volumes as a percentage of shares outstanding) up to 2 November 2023 (being the last trading day prior to the announcement of the Scheme) is set out below.

MHM Share Trading up to 2 November 2023					
Period	Low \$	High \$	VWAP \$	Volume Traded (000)	Liquidity
1 month	0.90	0.95	0.923	231	0.3%
3 months	0.84	1.00	0.903	1,293	1.5%
6 months	0.82	1.00	0.899	2,188	2.5%
12 months	0.72	1.00	0.851	6,788	7.6%

Source: NZX Company Research

Trading in the Company's shares is relatively thin, with only 7.6% of the shares trading in the year up to 2 November 2023 on 245 days.

Since the announcement of the Scheme, 3,310,110 shares have traded (3.7%) between \$1.48 and \$1.65 at a VWAP of \$1.606 up to 12 December 2023.

5. Valuation of MHM Automation Limited

5.1 Introduction

The outcome of an implemented scheme of arrangement is identical to that of a successful full takeover offer for all of a company's shares – ie the bidder acquires 100% of the target company's shares.

In such circumstances, we are of the view that the appropriate basis upon which to evaluate the fairness of the Scheme is to compare the Scheme Consideration of \$1.70 per ordinary share with the full underlying value of MHM on a standalone basis, pro-rated across all ordinary shares.

Such an approach attributes full control value to MHM under its current strategic and operational initiatives, but excludes the value of any synergies that may accrue to a specific acquirer.

The resulting value exceeds the price at which we would expect minority interests in MHM to trade on the NZX Main Board in the absence of the Scheme.

5.2 Standard of Value

We have assessed the fair market value of 100% of the ordinary shares in MHM.

Fair market value is defined as the price that a willing but not anxious buyer, with access to all relevant information and acting on an arm's length basis, would be prepared to pay to a willing but not anxious seller in an open, unrestricted and stable market.

5.3 Basis of Valuation

In general terms it is recognised that the value of a share represents the present value of the net cash flows expected therefrom. Cash flows can be in the form of either dividends and share sale proceeds or a residual sum derived from the liquidation of the business.

There are a number of methodologies used in valuing shares and businesses. The most commonly applied methodologies include:

- discounted cash flow (**DCF**)
- capitalisation of earnings
- net assets or estimated proceeds from an orderly realisation of assets.

Each of these valuation methodologies is applicable in different circumstances. The appropriate methodology is determined by a number of factors including the future prospects of the business, the stage of development of the business and the valuation practice or benchmark usually adopted by purchasers of the type of business involved.

The DCF method is the fundamental valuation approach used to assess the present value of future free cash flows (**FCF**), recognising the time value of money and risk. The value of an investment is equal to the value of FCF arising from the investment, discounted at the investor's required rate of return.

The capitalisation of earnings method is an adaptation of the DCF method. It requires an assessment of the maintainable earnings of the business and a selection of a capitalisation rate (or earnings multiple) appropriate to that particular business for the purpose of capitalising the earnings figure.

An assets based methodology is often used in circumstances where the assets of a company have a market value independent of the profitability of the company that owns them. A valuation based on an orderly realisation of assets is normally restricted to instances where the investor holds sufficient control to effect a sale of the assets and/or there is some indication that an orderly realisation is contemplated.

5.4 Valuation Approach

We have assessed the fair market value of MHM using the capitalisation of earnings method. We have also undertaken a high level DCF assessment of MHM as a cross-check of our capitalisation of earnings assessment.

The capitalisation of earnings method that we have applied derives an assessment of the value of the core operating business, prior to considering how the business is financed or whether it has any significant surplus assets. This ungeared business value is commonly referred to as the enterprise value and represents the market value of the operating assets (i.e. operating working capital, fixed assets and intangible assets such as brand names, licences, know-how and general business goodwill) that generate the operating income of the business.

In order to assess the value of MHM's ordinary shares, we have added the value of cash and cash equivalents and the proceeds (if any) from the exercise of the Options to the Company's enterprise value and deducted the value of MHM's interest bearing debt (**IBD**).

5.5 Capitalisation of Earnings Valuation

Overview

We have assessed the Company's maintainable earnings and have reviewed the market valuation and operational performance of comparable companies to derive a range of earnings multiples to apply to our assessed level of maintainable earnings.

Maintainable Earnings

The evaluation of maintainable earnings involves an assessment of the level of profitability which (on average) the business can expect to generate in the future, notwithstanding the vagaries of the economic cycle.

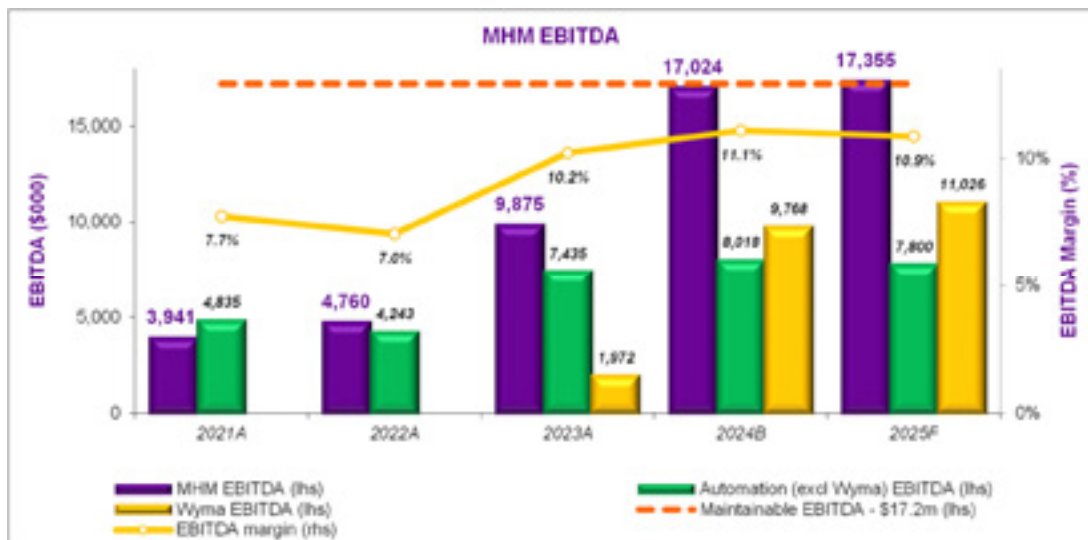
The assessment of maintainable earnings is made after considering such factors as the risk profile of the business, the characteristics of the market in which it operates, its historical and forecast performance, non-recurring items of income and expenditure and known factors likely to impact on future operating performance.

We have used EBITDA as the measure of earnings. The use of EBITDA and EBITDA multiples is common in valuing businesses for acquisition purposes as it eliminates the effect of financial leverage which is ultimately in the control of the acquirer and also eliminates any distortions from the tax position of the business and differing accounting policies in respect of depreciation and the amortisation of intangible assets.

As stated in section 3.6, the Wyma Acquisition on 1 May 2023 was a transformational transaction for MHM. The acquisition has significantly increased the scale of the Company's operations and the addition of the Wyma business is the primary driver of the projected growth in MHM's revenue and profitability.

Given the transformation in the size and nature of MHM's operations, we consider it appropriate to base maintainable earnings on the projected EBITDA for the 2024 financial year as this reflects the full impact of the Wyma Acquisition on MHM's financial performance, whereas the results for the 2023 financial year included only 2 months of Wyma's financial performance.

The graph below shows MHM's operating EBITDA for the 2021 to 2025 financial years, along with Automation (excluding Wyma) EBITDA and Wyma EBITDA.



The graph shows that EBITDA is budgeted to increase by \$7.1 million from \$9.9 million in 2023 to \$17.0 million in 2024:

- the increase is largely driven by a budgeted \$7.8 million increase in Wyma EBITDA from \$2.0 million in 2023 (2 months) to \$9.8 million in 2024 (full year)
- Automation (excluding Wyma) EBITDA is budgeted to increase by \$0.6 million
- Fabrication EBITDA is budgeted to reduce by \$0.3 million
- Corporate EBITDA (unallocated overheads) is budgeted to decrease by \$1.0 million in 2024.

As stated in section 3.4, the potential cost savings available to Bettcher Inc. arising from the delisting of the Company are likely to be approximately \$0.2 million per annum. On the basis that these costs savings would be available to any purchaser of MHM that would delist the Company, we have taken these cost savings into account in determining maintainable EBITDA.

Based on the above, we assess MHM's maintainable EBITDA to be in the range of \$17.2 million, based on budgeted EBITDA of \$17.0 million for 2024 plus the \$0.2 million of delisting cost savings.

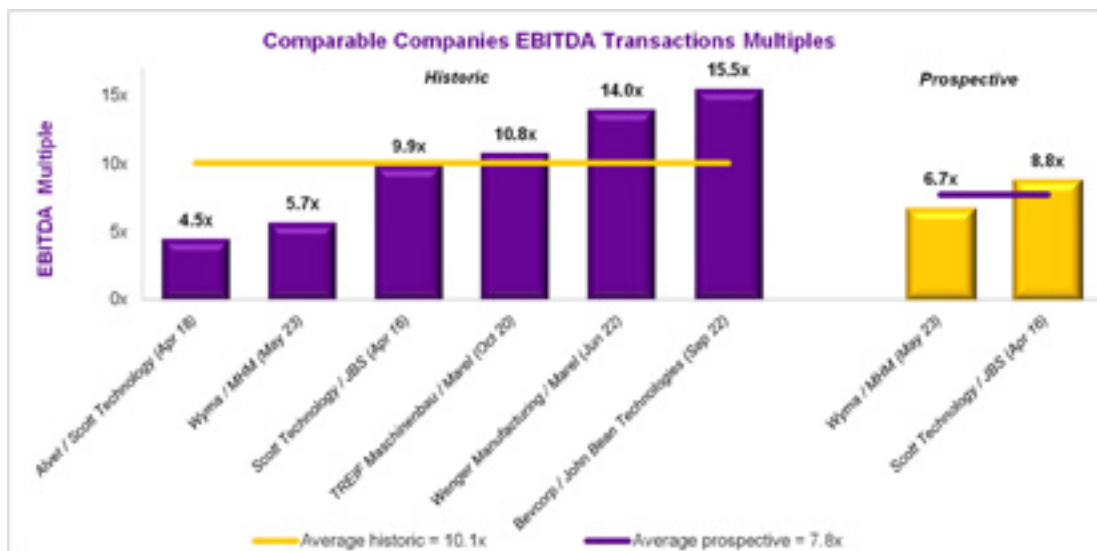
Earnings Multiple

Actual sales of comparable businesses can provide reliable support for the selection of an appropriate earnings multiple. In addition, we can infer multiples from other evidence such as minority shareholding trades for listed companies in New Zealand and overseas with similar characteristics to MHM or transactions involving businesses that develop automated solutions in the food processing sector.

Transaction Multiples

There is limited information publicly available in respect of recent transactions involving the acquisition of businesses that are truly comparable with MHM.

Set out at Appendix I is an analysis of 6 transactions involving automated solutions businesses, showing historic and prospective EBITDA multiples.

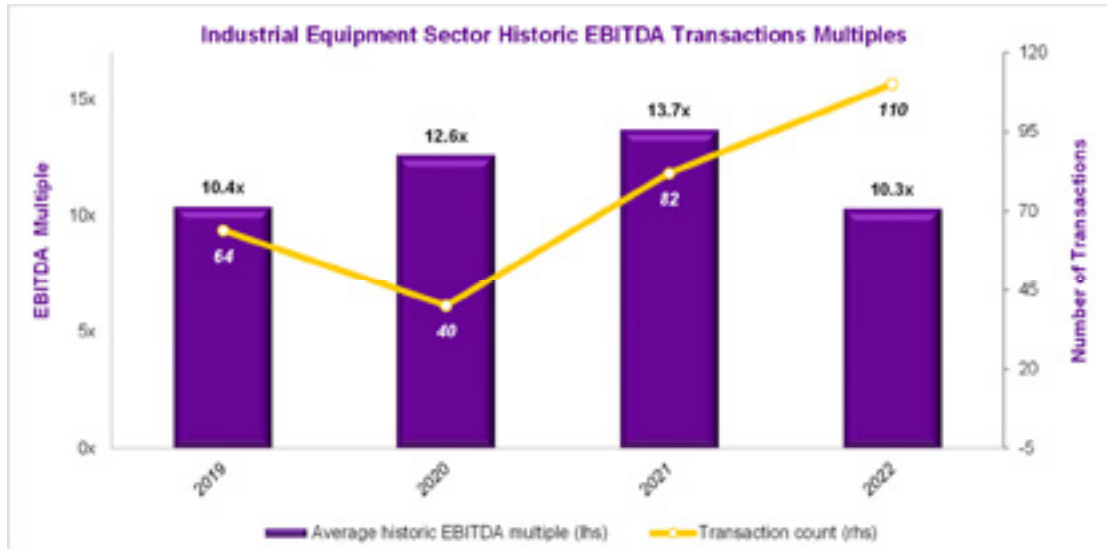


Source: S&P Capital IQ, broker's reports, media coverage, company websites

The analysis shows that:

- the historic EBITDA transaction multiples range from 4.5x to 15.5x at an average of 10.1x and a median of 10.4x
- the (limited) prospective EBITDA transaction multiples range from 6.7x to 8.8x at an average of 7.8x and a median of 7.8x.

Given the limited comparable transaction data available, we have also reviewed transaction data for the wider industrial equipment sector over the past 4 years.



Source: Robert W Baird & Co. Incorporated (Baird) Industrial Equipment Sector Update April 2023

The analysis shows that the annual average historic EBITDA transactions multiples for the industrial equipment sector have ranged between 10.3x (in 2022) and 13.7x (in 2021) over the past 4 years.

Trading Multiples

Set out in Appendix II is an analysis of historic and prospective EBITDA multiples for 8 listed companies whose operations include the provision of automated solutions to the food processing sector.

The comparable companies' multiples are based on minority trades and as such do not include any premium for control.

Of the 8 listed companies selected, we consider that most relevant comparable companies to be:

- Scott Technology Limited (being listed on the NZX Main Board and with similar product offering to a small degree)
- John Bean Technologies Corporation (similar product offering and target markets)
- Marel hf. (similar product offering and target markets).



Source: S&P Capital IQ, data as at 13 December 2023

The analysis shows that:

- the historic EBITDA trading multiples range from 8.3x to 17.8x at an average of 13.0x and a median of 12.7x
- the prospective EBITDA trading multiples range from 7.2x to 16.7x at an average of 12.4x and a median of 12.4x.

Conclusion

There is a considerable range in the observed multiples – particularly the trading multiples. In general terms, the smaller companies trade at lower multiples than the larger companies.

In assessing an appropriate EBITDA multiple for MHM, we have taken into account the following factors:

- maintainable EBITDA is based on the 2024 budget, which reflects the first full year of Wyma operating results. Assuming Wyma is efficiently integrated into MHM and the Company is able to achieve its expected synergies from the acquisition, the potential for growth in earnings beyond 2024 is significant
- the Fabrication division is budgeted to contribute approximately 8% of MHM's earnings in 2024. Companies operating in the fabrication sector tend to trade at lower multiples than those in the automated solutions sector
- the observed trading multiples are based on minority trades and as such do not include any premium for control
- MHM is significantly smaller than most of the comparable companies.

Given the above, we consider an appropriate prospective EBITDA multiple for MHM to be in the range of 11.0x to 12.0x.

Valuation Conclusion

We assess the value of MHM's existing business to be in the range of \$189.2 million to \$206.4 million as at the present date based on the capitalisation of earnings method.

Valuation of MHM Business		
	Low \$000	High \$000
Maintainable EBITDA	17,200	17,200
EBITDA multiple	11.0x	12.0x
Value of MHM business	<u>189,200</u>	<u>206,400</u>

5.6 Valuation of MHM Ordinary Shares

To derive the value of the MHM ordinary shares, the Company's cash and cash equivalents and proceeds (if any) from the exercise of the Options are added to the enterprise value and IBD is deducted.

The Company held cash and cash equivalents of approximately \$3.6 million as at 30 September 2023.

Under the terms of the Options, the exercise of the 300,000 Options will be for nil consideration.

MHM's IBD was approximately \$53.4 million as at 30 September 2023:

- borrowings – \$32.8 million
- lease liabilities – \$20.6 million.

We assess the fair market value of 100% of the ordinary shares in MHM to be in the range of \$139.4 million to \$156.6 million as at the present date. This equates to a value of \$1.56 to \$1.75 per ordinary share.

Valuation of MHM Ordinary Shares		
	Low \$000	High \$000
Value of MHM business	189,200	206,400
Cash and cash equivalents	3,581	3,581
Proceeds from exercise of Options	-	-
IBD	(53,429)	(53,429)
Value of 100% of MHM ordinary shares	<u>139,352</u>	<u>156,552</u>
Number of ordinary shares on issue ¹	89,335,734	89,335,734
Value per ordinary share	<u>\$1.56</u>	<u>\$1.75</u>

¹ 89,035,734 shares currently on issue + 300,000 new shares issued upon the exercise of the Options

The valuation represents the full underlying standalone value of MHM based on its current strategic and operational initiatives. The value exceeds the price at which we would expect minority interests in MHM to trade at the present time in the absence of a takeover offer.

5.7 Comparison With Equity Analyst's Valuations

MHM is followed by one equity analyst in New Zealand – Forsyth Barr.

Recent research papers by Forsyth Barr assessed the value of MHM's shares to be:

- \$1.38 prior to the announcement of the Scheme
- \$1.21 following the announcement of the Scheme.

Forsyth Barr Valuations			
Date of Research Report	Valuation		
	DCF	Peers Comparable	Spot ¹
31 August 2023	\$1.41	\$1.35	\$1.38
6 November 2023	\$1.23	\$1.19	\$1.21

¹ Average of DCF and Peers Comparison valuations
Source: Forsyth Barr equity research reports

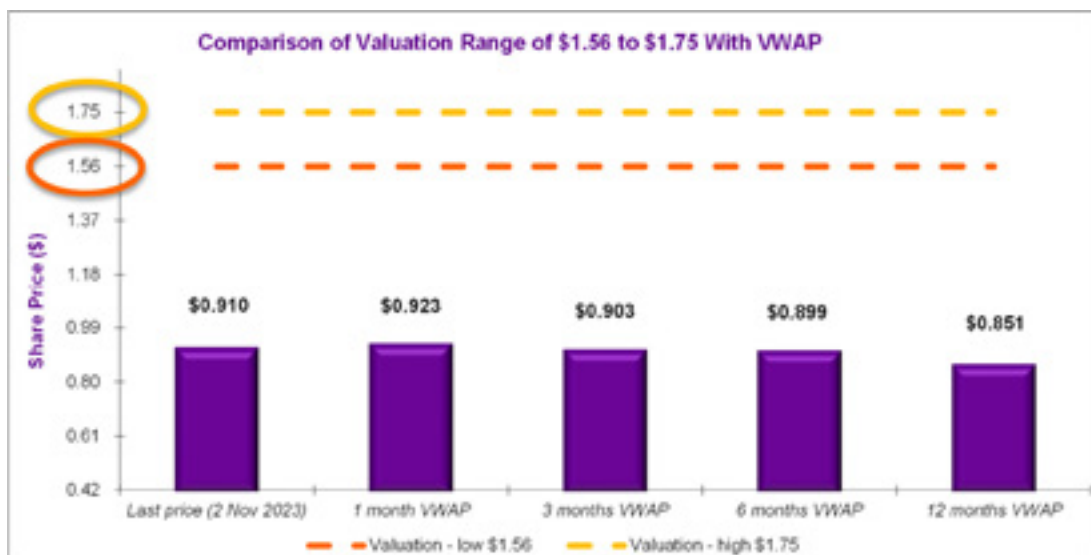
The Forsyth Barr spot valuation of \$1.21 as at 6 November 2023 is 22% below the bottom of our valuation range.

5.8 Implied Premium for Control

Purchasers may be prepared to pay a premium in an acquisition that will give them control of a company. Frequently, purchasers will pay more for control of a business where they perceive they can add substantial value to the business operations through synergies with other operations, changed management practices, reduced or eliminated competition, ensured sources of material supply or sales or other means.

Gaining control in itself does not create value - real value enhancement can only flow from factors that either increase future cash flows or reduce the risk of the combined entity. All rational bidders will have made some assessment of the value of the synergies that are available and the proportion of that value that they are prepared to pay away in order to complete the acquisition.

Our valuation range of \$1.56 to \$1.75 represents premia ranging from 69% to 106% over MHM's share prices over the past 12 months up to the announcement of the Scheme on 3 November 2023.



6. Sources of Information, Reliance on Information, Disclaimer and Indemnity

6.1 Sources of Information

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

- the draft notice of special meeting
- the SIA
- the Voting Agreements
- the draft Scheme Booklet
- the MHM annual reports for the years ended 30 June, 2020 to 2023
- the MHM management accounts for the 3 months ended 30 September 2023
- the MHM budget for the year ended 30 June 2024
- the MHM forecast for the year ended 30 June 2025
- MHM share price data and shareholder data from NZX Company Research
- information on comparable companies from S&P Capital IQ and Baird.

During the course of preparing this report, we have had discussions with and / or received information from the Non-Conflicted Directors.

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

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

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

6.2 Reliance on Information

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

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

6.3 Disclaimer

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

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

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

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

6.4 Indemnity

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

7. Qualifications and Expertise, Independence, Declarations and Consents

7.1 Qualifications and Expertise

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

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

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

7.2 Independence

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

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

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

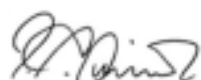
7.3 Declarations

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

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

7.4 Consents

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

A handwritten signature in black ink, appearing to read "P. Simmons".

Peter Simmons
Director

Simmons Corporate Finance Limited
13 December 2023

Appendix I

Comparable Companies Transaction Multiples

Transaction Multiples					
Date	Target	Acquirer	Enterprise Value (\$m)	EBITDA Multiple	
				Hist.	Pros.
May 2023	Wyma	MHM	60	5.7x	6.7x
Sep 2022	Bevcorp	John Bean Technologies	476	15.5x	n/a
Jun 2022	Wenger Manufacturing	Marel	824	14.0x	n/a
Oct 2020	TREIF Maschinenbau	Marel	252	10.8x	n/a
Apr 2018	Alvey Group	Scott Technology	20	4.5x	n/a
Apr 2016	Scott Technology	JBS	82	9.9x	8.8x
Minimum				4.5x	6.7x
Average				10.1x	7.8x
Median				10.4x	7.8x
Maximum				15.5x	8.8x

n/a: not available

Source: S&P Capital IQ, brokers' reports, media coverage, company websites

Wyma / MHM

Under the Wyma Acquisition (as described in section 1.4), MHM acquired Wyma at an implied enterprise value of \$60 million on 1 May 2023.

Bevcorp / John Bean Technologies

John Bean Technologies Corporation acquired Bevcorp LLC from Enprotech Corp. for US\$290 million (\$476 million) on 1 September 2022. Bevcorp LLC manufactures and sells beverage processing equipment for customers in carbonated soft drink, beer, water, juice, energy drink and non-carbonated beverage industries. The company is based in Willoughby, Ohio, United States.

Wenger Manufacturing / Marel

Marel hf. acquired Wenger Manufacturing, Inc. from the seller family for US\$530 million (\$824 million) on 9 June 2022. Wenger Manufacturing, Inc. manufactures and supplies extrusion cooking systems for grain and food processing industries in the United States and internationally. The company is based in Sabetha, Kansas, United States with additional offices in the United States, Belgium, Brazil, Taiwan, and China.

TREIF Maschinenbau / Marel

Marel hf. acquired TREIF Maschinenbau GmbH from Uwe Reifenhäuser for €140 million (\$252 million) on 8 October 2020. TREIF Maschinenbau GmbH manufactures machinery, plants, and systems for cutting and slicing food. The company is based in Oberlahr, Germany. It has locations in China, France, the United States and Belgium.

Alvey Group / Scott Technology

Scott Technology Limited acquired Alvey Group a.s. at a transaction value of €12 million (\$20 million) on 24 April 2018. Alvey Group specialises in tailor-made industrial automation projects. It is headquartered in Belgium with operations in France, Czech Republic and the United Kingdom.

Scott Technology / JBS

JBS Australia Pty Limited (**JBS**) made an offer to acquire at least 50.1% of the shares in Scott Technology Limited on 20 August 2015. The offer was in the form of a scheme of arrangement. Under the offer, Scott Technology made a placement of 10 million shares to JBS at \$1.39 to provide the capital, JBS offered to purchase existing shares at \$1.39 from any shareholder who wished to exit or reduce their shareholding, Scott Technology made a 1 for 8 non-renounceable rights issue at \$1.39 for shareholders who did not want to sell but wanted to increase their shareholding and a further placement at \$1.39 to give JBS a shareholding of 50.1%. The offer implied an enterprise value of \$82 million for Scott Technology. The scheme was implemented on 14 April 2016.

Appendix II

Comparable Companies Trading Multiples

Trading Multiples							
Company	Country	Market Capitalisation (\$m)	Enterprise Value (\$m)	EBITDA Multiple		PE Multiple	
				Historic	Prospective	Historic	Prospective
Scott Technology	New Zealand	270	283	9.6x	8.1x	17.2x	16.2x
John Bean Technologies	United States	5,420	5,614	11.6x	12.2x	25.0x	22.9x
Rockwell Automation	United States	53,072	57,071	17.8x	16.7x	23.7x	22.0x
Fanuc	Japan	42,640	36,808	13.5x	16.5x	25.5x	28.0x
OMRON	Japan	13,494	12,822	11.8x	12.6x	23.2x	31.2x
ABB	Switzerland	126,769	134,848	14.3x	13.6x	19.0x	20.4x
GEA	Germany	10,341	9,902	8.3x	7.2x	13.3x	13.6x
Marel	Iceland	3,834	5,309	16.7x	11.9x	55.4x	30.4x
Minimum				8.3x	7.2x	13.6x	13.6x
Average				13.0x	12.4x	25.3x	23.1x
Median				12.7x	12.4x	22.4x	22.4x
Maximum				17.8x	16.7x	55.4x	31.2x

Source: S&P Capital IQ, data as at 13 December 2023

Scott Technology Limited designs, manufactures, sells and services automated and robotic production lines and processes for various industries in New Zealand and internationally. The company offers rock crushers, pulverisers, ringmills and reference materials for mining companies and laboratories under the *Rocklabs* brand name, appliance automation systems (comprising cooking systems, laundry cabinet assembly systems, water heating equipment lines and refrigerator equipment lines) and bandsaw safety equipment for meat processing under the *BladeStop* brand name. The company also provides automated guided vehicles under the *Transbotics* brand name, palletising, conveying and warehouse automation under the *ALVEY* brand name and an industrial software under the *MAESTRO+* brand name. It serves appliances, materials handling and logistics, meat processing, mining and other industrial automation industries. Scott Technology Limited was founded in 1913 and is headquartered in Dunedin.

John Bean Technologies Corporation provides technology solutions to the food and beverage industry and equipment and services to air transportation industries in North America, Europe, Middle East, Africa, Asia Pacific and Latin America. The company operates through 2 segments – FoodTech and AeroTech. It offers value-added processing that includes chilling, mixing / grinding, injecting, blending, marinating, tumbling, flattening, foaming, portioning, coating, cooking, frying, freezing, weighing and inspection. The company also provides processing solutions for extracting, blending, pasteurising, sterilising, concentrating, high pressure processing, filling, closing, sealing and packaging, as well as processing equipment and packaging systems for poultry, beef, pork, seafood, ready-to-eat meals, fruits, vegetables, dairy, bakery, pet foods, soups, sauces, plant based meats, juices and carbonated beverages. In addition, it offers automated guided vehicle systems for material movement in the manufacturing, warehouse and medical facilities. The company also provides mobile air transportation equipment, fixed equipment for passenger boarding and offers airport equipment, systems and facilities maintenance services. The company markets and sells its products and solutions through direct sales force, independent distributors, sales representatives and technical service teams. John Bean Technologies Corporation was incorporated in 1994 and is headquartered in Chicago, Illinois, United States.

Rockwell Automation, Inc. provides industrial automation and digital transformation solutions in North America, Europe, the Middle East, Africa, Asia Pacific and Latin America. The company operates through 3 segments - Intelligent Devices, Software & Control and Lifecycle Services. Its solutions include hardware and software products and services. The Intelligent Devices segment offers drives, motion, safety, sensing, industrial components and configured-to-order products. The Software & Control segment provides control and visualization software and hardware, information software and network and security infrastructure solutions. The Lifecycle Services segment provides consulting, professional services and solutions and connected and maintenance services. The company sells its solutions primarily through independent distributors in relation with its direct sales force. It serves discrete end markets, including automotive, semiconductor and warehousing and logistics, as well as general industries comprising printing and publishing, marine, glass, fibre and textiles, airports and aerospace, hybrid end markets such as food and beverage, life sciences, household and personal care and tire, as well as eco industrial (including water / wastewater, waste management, mass transit and renewable energy) and process end markets comprising oil and gas, mining, metals, chemicals, pulp and paper and others. Rockwell Automation, Inc. was founded in 1903 and is headquartered in Milwaukee, Wisconsin, United States.

Fanuc Corporation provides factory automation products in Japan, the Americas, Europe, China, the rest of Asia and internationally. The company offers CNC series products, servo motors, lasers, robots, compact machining centres, electric injection moulding machines, wire electrical discharge machines and ultra-precision machines. It also provides FANUC intelligent edge link and drive system, an open platform for the manufacturing industry. Fanuc Corporation was incorporated in 1950 and is headquartered in Yamanashi, Japan.

OMRON Corporation engages in industrial automation, device and module solutions, social systems and healthcare businesses worldwide. The Industrial Automation Business offers sensors, switches, safety and control components, relays, motion and drives, robotics, energy conservation, power supplies and automation system products. It also offers environmental mobility, digital devices, food and commodity, logistic and warehouse automation, medical, robotic, panel, vision, software and traceability related solutions. The Social Systems, Solutions and Service Business provides energy, public transport, traffic safety, network protection, payment, infrastructure monitoring, management service and DX solutions. The Healthcare Business provides cardiovascular, respiratory care, pain management, remote patient monitoring and other solutions. The Device and Module Solutions Business offers relays, switches, connectors and sensors. OMRON Corporation was founded in 1933 and is headquartered in Kyoto, Japan.

ABB Limited manufactures and sells electrification, automation, robotics and motion products for customers in utilities, industry and transport and infrastructure in Switzerland and internationally. Its Electrification segment provides electric vehicle charging infrastructure, renewable power solutions, modular substation packages, distribution automation products, switchboards and panel boards, switchgears, UPS solutions, circuit breakers, measuring and sensing devices, control products, wiring accessories, enclosures and cabling systems and intelligent home and building solutions. The company's Robotics & Discrete Automation segment offers industrial robots, software, autonomous mobile robotics, robotic solutions, field services, spare parts and digital services. Its Motion segment designs, manufactures and sells drives, motors, generators and traction converters. The company's Process Automation segment develops and sells control technologies, advanced process control software and manufacturing execution systems, sensing, measurement and analytical instrumentation, marine propulsion systems and turbochargers. It serves aluminium, automotive, battery manufacturing, buildings and infrastructure, cement, channel partners, chemical, data centres, food and beverage, process automation, life sciences, ports, marine, mining, oil and gas, ports, power generation, printing, pulp and paper, railway, smart cities, water and wind power industries. The company was founded in 1883 and is headquartered in Zurich, Switzerland.

GEA Group Aktiengesellschaft engages in the development and production of systems and components to the food, beverage and pharmaceutical industries. It operates through Separation & Flow Technologies, Liquid & Power Technologies, Food & Health Technologies, Farm Technologies and Heating & Refrigeration Technologies segments. The Separation & Flow Technologies segment manufactures process-related components and machinery. The Liquid & Power Technologies segment offers brewing systems, liquid processing and filling, concentration, precision fermentation, crystallisation, purification, drying, powder handling and packaging. The Food & Health Technologies segment engages in the preparation, marination and processing of meat, poultry, seafood and vegan products, pasta and confectionery products, baking, slicing, packaging and frozen food processing for the food processing industry and provides table presses for the pharmaceutical industry. The Farm Technologies segment offers customer solutions for milk production and livestock farming. The Heating & Refrigeration Technologies segment provides energy solutions in the field of industrial refrigeration and heating for an array of industries including food, beverage, dairy and oil and gas. GEA Group Aktiengesellschaft was formerly known as mg technologies ag and changed its name to GEA Group Aktiengesellschaft in 2005. The company was founded in 1881 and is headquartered in Düsseldorf, Germany.

Marel hf. develops, distributes and sells solutions, software, and services to food processing industries in Europe, the Middle East, Africa, the Americas, Asia and Oceania. The company's Poultry Processing segment offers integrated systems, software and services for processing broilers, turkeys and ducks. Its Meat Processing segment supplies primary, secondary and further processing equipment, systems, software and services of pork, beef, veal and sheep. The company's Fish Processing segment offers equipment, systems, software and services for farmed and wild salmon and whitefish processing. Its Plant, Pet & Feed segment provides solutions and services to the pet food, plant-based protein and aqua feed markets. Marel hf. was founded in 1977 and is based in Garðabær, Iceland.

SCHEME PLAN

SCHEME OF ARRANGEMENT PURSUANT TO PART 15 OF THE COMPANIES ACT 1993

PARTIES

- (1) **MHM AUTOMATION LIMITED (Company)**
- (2) **BETTCHEER INDUSTRIES, INC. (Acquirer)**
- (3) Each person who is registered in the Register as the holder of one or more Scheme Shares (together, the **Scheme Shareholders**)

1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions:** In this scheme plan:

Acquirer Nominee has the meaning given to that term in clause 1.5.

Business Day means any day (other than a Saturday, Sunday or a statutory public holiday) in Auckland or Christchurch, New Zealand and excluding any day between 27 December 2023 and 12 January 2024;

Companies Act means the Companies Act 1993;

Conditions means the conditions precedent set out in the first column of the table of clause 3.1 of the Scheme Implementation Agreement;

Consideration means NZ\$1.70 in cash in respect of each Scheme Share held by a Scheme Shareholder or such other amount notified to the Company by the Acquirer in accordance with clause 7.1;

Court means the High Court of New Zealand, Christchurch Registry;

Deed Poll means the deed poll entered into by the Acquirer and, if applicable, the Acquirer Nominee in favour of the Scheme Shareholders dated 30 November 2023;

Encumbrance means any security interest (within the meaning of section 17(1)(a) of the Personal Property Securities Act 1999) and any option, right to acquire, right of pre-emption, assignment by way of security, trust arrangement for the purpose of providing security, retention arrangement or other security interest of any kind (other than any reservation of title by suppliers in the ordinary course of business), and any agreement to create any of the foregoing;

End Date has the meaning given to that term in the Scheme Implementation Agreement;

Final Orders means orders of the Court on application of the Company, that the Scheme be binding on the Company, the Acquirer, the Acquirer Nominee (if applicable), the Shareholders and such other persons or class of persons as the Court may specify, in accordance with section 236(1) (and section 237, if applicable) of the Companies Act;

Final Orders Date means the day on which the Final Orders are granted by the Court;

Funds has the meaning given to that term in clause 3.1;

Government Agency means any government, department, officer or minister of any government and any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial agency, authority, board, commission, tribunal or entity;

Implementation Date means the date on which the Scheme is to be implemented, being five Business Days after the Record Date, or such other date agreed between the parties in writing;

Initial Orders means, on application by the Company, orders by the Court for the purposes of section 236(2) of the Companies Act;

LINK means Link Market Services Limited;

NZX means NZX Limited and, where the context requires, the main board financial market that it operates;

NZX Listing Rules means the NZX Listing Rules for the NZX Main Board;

OIO Condition has the meaning given to that term in the Scheme Implementation Agreement;

Record Date means 7.00pm on the date which is five Business Days after the later of:

- (a) the Final Orders Date; and
 - (b) the date on which the OIO Condition is satisfied,
- or such other date agreed between the parties in writing;

Register means the register of Shares maintained by LINK on behalf of the Company;

Registered Address means, in relation to a Shareholder, the address shown in the Register as at the Record Date;

Scheme means this scheme of arrangement, subject to any alterations or conditions made or required by the Court under Part 15 of the Companies Act and approved by the Acquirer and the Company in writing;

Scheme Implementation Agreement means the scheme implementation agreement between the Acquirer and the Company dated 3 November 2023;

Scheme Meeting means the meeting of Shareholders which (as applicable) is to be, or has been, ordered by the Court to be convened pursuant to the Initial Orders in respect of the Scheme and includes any adjournment of that meeting;

Scheme Shareholder means a person who is registered in the Register as the holder of one or more Scheme Shares as at the Record Date;

Scheme Shares means all of the Shares on issue at 7.00pm on the Record Date;

Share means a fully paid ordinary share in the issued capital of the Company;

Shareholder means a person who is registered in the Register as the holder of one or more Shares from time to time;

Trading Halt Date means the date which is two Business Days after the later of:

- (a) the Final Orders Date; and
- (b) the date on which the OIO Condition is satisfied,

or such other date as the Company and the Acquirer agree in writing;

Trust Account has the meaning given to that term in clause 3.1; and

Unconditional means the satisfaction or, if capable of waiver, waiver of each of the conditions in clause 2.

1.2 **Interpretation:** In this scheme plan, unless the context otherwise requires:

- (a) any reference, express or implied, to any legislation in any jurisdiction includes:
 - (i) that legislation as amended, extended or applied by or under any other legislation made before or after execution of this scheme plan;
 - (ii) any legislation which that legislation re-enacts with or without modification; and
 - (iii) any subordinate legislation made before or after execution of this scheme plan under that legislation, including (where applicable) that legislation as amended, extended or applied as described in clause 1.2(a)(i), or under any legislation which it re-enacts as described in clause 1.2(a)(ii);
- (b) a reference to the NZX Listing Rules includes any variation, consolidation or replacement of those rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party;
- (c) references to persons or entities include natural persons, bodies corporate, partnerships, trusts and unincorporated associations of persons;
- (d) references to an individual or a natural person include his her or its estate and personal representatives;
- (e) a reference to a clause, schedule or annexure is a reference to a clause, schedule or annexure of or to this scheme plan (and the schedules and annexures form part of this scheme plan);
- (f) subject to clause 20.2 of the Scheme Implementation Agreement, references to a party to this scheme plan include the successors or assigns (immediate or otherwise) of that party;
- (g) a reference to any instrument or document includes any variation or replacement of it;
- (h) a reference to any time is a reference to that time in New Zealand;
- (i) unless otherwise stated, a reference to \$, or dollars is to New Zealand currency;
- (j) singular words include the plural and vice versa;
- (k) a word of any gender includes the corresponding words of any other gender;
- (l) if a word or phrase is defined, other grammatical forms of that word have a corresponding meaning;
- (m) general words must not be given a restrictive meaning just because they are followed by particular examples intended to be embraced by the general words; and
- (n) headings are to be ignored in construing this scheme plan.

- 1.3 **Things required to be done other than on a Business Day:** Unless otherwise indicated, if the day on or by which any act, matter or thing is to be done is a day other than a Business Day, that act, matter or thing must be done on or by the next Business Day.
- 1.4 **No contra proferentem:** No term or condition of this scheme plan will be construed adversely to a party solely because that party was responsible for the preparation of this scheme plan or a provision of it.
- 1.5 **Acquirer Nominee:** The Acquirer may elect a directly or indirectly wholly-owned subsidiary of the Acquirer (or a directly or indirectly wholly-owned subsidiary of a holding company of the Acquirer) (**Acquirer Nominee**) to acquire all of the Scheme Shares under the Scheme by giving written notice to the Company of the relevant subsidiary at least five Business Days before the First Court Date. If the Acquirer nominates an Acquirer Nominee to acquire all of the Scheme Shares pursuant to the Scheme Implementation Agreement, the Acquirer will procure that the Acquirer Nominee completes the acquisition of the Scheme Shares, and the Acquirer will pay the Consideration on behalf of the Acquirer Nominee, each in accordance with the terms of the Scheme Implementation Agreement and the Deed Poll.

2. CONDITIONS

- 2.1 **Conditions:** The implementation of the Scheme is conditional in all respects on:
- (a) all of the Conditions having been satisfied or, if capable of waiver, waived in accordance with the terms of the Scheme Implementation Agreement by 8.00am on the Implementation Date;
 - (b) neither the Scheme Implementation Agreement nor the Deed Poll having been terminated in accordance with their respective terms before 8.00am on the Implementation Date; and
 - (c) such other conditions made or required by the Court under section 236(1) and 237 of the Companies Act and agreed to in writing by the Company and the Acquirer in accordance with clause 3.2 of the Scheme Implementation Agreement having been satisfied or waived (to the extent capable of waiver) before 8.00am on the Implementation Date.

3. PAYMENT OF CONSIDERATION INTO TRUST ACCOUNT

- 3.1 **Obligation to pay Consideration into Trust Account:** Subject to:
- (a) the Scheme Implementation Agreement not having been terminated; and
 - (b) the Scheme having become Unconditional (except for the Conditions set out in clauses 3.1(e) to 3.1(g) of the Scheme Implementation Agreement),

the Acquirer must, by no later than 5.00pm on the Business Day before the Implementation Date, deposit, or procure the deposit of, in immediately available cleared funds an amount equal to the aggregate amount of the Consideration payable to the Scheme Shareholders in a New Zealand dollar denominated trust account operated by LINK and notified by LINK to the Acquirer no later than 5.00pm on the Business Day falling at least five Business Days before the Implementation Date (the **Funds** and that account, the **Trust Account**).

3.2 Trust Account:

- (a) Subject to clauses 3.2(b), 5.4, 5.5 and 5.6, the Trust Account will be held and operated by LINK on the basis that the Funds are held on trust for the Acquirer and to its order, such that only the Acquirer may direct how the Funds will be paid from the Trust Account.
- (b) Clause 3.2(a) is subject to a standing written direction from the Acquirer to the Company and to LINK to make payment of the Consideration to Scheme Shareholders in accordance with this scheme plan upon transfer of the Scheme Shares to the Acquirer under clause 4.1(c).
- (c) The details of the Trust Account will be provided to the Acquirer by (or on behalf of) LINK not less than five Business Days before the Implementation Date.

3.3 Interest: Any interest earned on the amounts deposited by the Acquirer into the Trust Account is payable to the Acquirer as directed by the Acquirer, less any bank fees or other third party costs or withholdings or deductions required by law.

3.4 Scheme not implemented: If

- (a) the Scheme is not implemented for any reason by 5.00pm on the Implementation Date; or
- (b) this Scheme becomes void under clause 7.5,

LINK will immediately repay the Funds to the Acquirer less any bank fees or other third party costs or withholdings or deductions required by law.

4. IMPLEMENTATION OF THE SCHEME

4.1 Implementation obligations: Subject to:

- (a) the Scheme becoming Unconditional (to be confirmed to LINK by written notice from the Acquirer and the Company prior to 9.00am on the Implementation Date, which written notice must be so given immediately after 8.00am on the Implementation Date upon the conditions in clause 2 being satisfied); and
- (b) the Consideration having been deposited into the Trust Account in accordance with clause 3.1,

commencing at 9.00am on the Implementation Date, the following steps will occur sequentially:

- (c) without any further act or formality, all the Scheme Shares, together with all rights and entitlements attaching to them as at the Implementation Date, will be transferred to the Acquirer or, if nominated pursuant to clause 1.5, the Acquirer Nominee, and the Company must enter, or procure that LINK enters, the name of the Acquirer or, if nominated pursuant to clause 1.5, the Acquirer Nominee in the Register in respect of all of the Scheme Shares; and
- (d) in accordance with the direction set out in clause 3.2(b), subject to compliance in full with clause 4.1(c), the Company must instruct LINK to pay or procure the payment from the Trust Account of the Consideration to each Scheme Shareholder based on the number of Scheme Shares held by such Scheme Shareholder as set out in the Register on the Record Date in accordance with clause 5.

5. PAYMENT OF THE CONSIDERATION

5.1 **Method of payment:** The payment under clause 4.1(d) will be satisfied by:

- (a) where a Scheme Shareholder has, prior to the Record Date, provided bank account details to enable LINK and the Company to make payments of New Zealand dollars by electronic funds transfer, LINK must pay the Consideration in New Zealand dollars to the Scheme Shareholder by electronic funds transfer of the relevant amount to the bank account nominated by that Scheme Shareholder;
- (b) where a Scheme Shareholder has not, prior to the Record Date, provided bank account details to enable LINK and the Company to make payments of New Zealand dollars by electronic funds transfer, the following and clause 5.7 will apply. Where a Scheme Shareholder with a Registered Address outside of New Zealand has, prior to the Record Date, provided sufficient written instructions (to LINK's satisfaction) to enable LINK to make payment in a currency other than New Zealand dollars (and LINK is able to make payment in that currency), LINK must pay the Consideration (less any applicable costs, exchange rate spread and fees) to the Scheme Shareholder by electronic funds transfer of the relevant amount in the applicable currency to the bank account nominated by that Scheme Shareholder; or
- (c) where a Scheme Shareholder has not provided the information and/or taken the steps contemplated by clauses 5.1(a) or 5.1(b) to enable payment to be made to such Scheme Shareholder in a manner contemplated by one of those clauses (or if an electronic payment to such Scheme Shareholder is rejected by the recipient bank) LINK must retain the Consideration owed to that Scheme Shareholder in the Trust Account to be claimed by the Scheme Shareholder in accordance with clause 5.5.

If a Shareholder has given more than one payment direction, then the later direction in time of receipt will be followed.

5.2 **Joint holders:** In the case of Scheme Shares held in joint names:

- (a) the Consideration is payable to the bank account nominated by the joint holders or, at the sole discretion of the Company, nominated by the holder whose name appears first in the Register as at the Record Date; and
- (b) any other document required to be sent under this scheme plan will be sent to either, at the sole discretion of the Company, the holder whose name appears first in the Register as at the Record Date or to the joint holders.

5.3 **Surplus in Trust Account:** To the extent that, following satisfaction of the obligations under clause 4.1(d), there is a surplus in the Trust Account, LINK must pay that surplus, less:

- (a) any amount retained under clauses 5.1(c) or 5.6(b); and
- (b) any bank fees or other third party costs or withholdings or deductions required by law, to the Acquirer in accordance with the Acquirer's written instructions to LINK.

5.4 **Holding on trust:** The Company must, in respect of any monies retained by LINK pursuant to clauses 5.1(c) or 5.6(b), instruct LINK to hold such monies in the Trust Account on trust for the

relevant Scheme Shareholders for a period of 24 months and thereafter, subject to clause 5.5, to pay any remaining money in the Trust Account to the Company.

- 5.5 **Unclaimed monies:** During the period of 24 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder that has not received payment of the Consideration in accordance with clause 5.1(a) or 5.1(b), LINK must, if such Scheme Shareholder has taken the necessary steps required to effect payment to such Scheme Shareholder in a manner contemplated by clause 5.1(a) or 5.1(b), pay to that Scheme Shareholder the Consideration held on trust for that Scheme Shareholder in a manner contemplated by clause 5.1(a) or 5.1(b) (or in any other manner approved by LINK and agreed to by that Scheme Shareholder).
- 5.6 **Orders of a court or Government Agency:** Notwithstanding any other provision of this scheme plan, if written notice is given to the Company on or prior to the Record Date of an order or direction made by a court of competent jurisdiction or a Government Agency that:
- (a) requires Consideration to be provided to a third party in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder in accordance with clause 4.1(d), the Company will be entitled to procure, and the Acquirer will be deemed to have instructed LINK to ensure, that provision of that Consideration is made in accordance with that order or direction; or
 - (b) prevents the Consideration from being provided to any particular Scheme Shareholder in accordance with clause 4.1(d), or the payment of such Consideration is otherwise prohibited by applicable law, the payment (equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Consideration) will be retained in the Trust Account until such time as provision of the Consideration to the Scheme Shareholder in accordance with clause 4.1(d) or clause 5.5 (as applicable) is permitted by that order or direction or otherwise by law, and such provision or retention (as the case may be) will constitute the full discharge of the Acquirer's and the Company's obligations under clause 4.1(d) with respect to the amount so provided or retained.
- 5.7 **Exchange rate:** If a Scheme Shareholder elects to be paid in a currency other than New Zealand dollars, the conversion of the Consideration from New Zealand dollars into the relevant currency will be undertaken in a manner and at an exchange rate determined by LINK (in LINK's discretion) and neither the Acquirer nor the Company will be responsible for, or have any liability of any nature, in connection with that conversion.

6. DEALING IN SHARES

6.1 Recognition of dealings:

- (a) Following the sealing of the Final Orders, the Company will advise NZX of the grant of the Final Orders and, once known, the Trading Halt Date and Record Date and use its reasonable endeavours to procure that the NZX suspend trading in the Shares from the close of trading on the Trading Halt Date.
- (b) The Company must not accept for registration, nor recognise for any purpose (except a transfer pursuant to this scheme plan and any subsequent transfer by the Acquirer or its successors in title), any Share transfer or Share transmission application or other similar

request received after 7.00pm on the Record Date or received prior to such time but not in registrable or actionable forms.

6.2 Register:

- (a) The Company must register registrable transmission applications or registrable transfers of Shares received prior to the close of trading on the Trading Halt Date before 7.00pm on the Record Date provided that, for the avoidance of doubt, nothing in this clause 6.2(a) requires the Company to register a transfer that relates to a transfer of Shares on which the Company has a lien.
- (b) A holder of Scheme Shares (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them, after 7.00pm on the Trading Halt Date otherwise than pursuant to this scheme plan, and any attempt to do so will have no effect and the Company and the Acquirer are entitled to disregard any such disposal.
- (c) For the purpose of determining entitlements to the Consideration, but subject to the requirements of the NZX Listing Rules, the Company must maintain the Register in accordance with the provisions of this clause 6.2 until the Consideration has been paid to the Scheme Shareholders. The Register in this form will solely determine entitlements to the Consideration.
- (d) From 7.00pm on the Record Date, each entry that is current on the Register, will cease to have effect except as evidence of entitlement to the Consideration in respect of the Scheme Shares relating to that entry.
- (e) As soon as possible on the first Business Day after the Record Date and in any event by 7.00pm on that day, the Company must make available to the Acquirer in the form the Acquirer reasonably requires, details of the names, Registered Addresses and holdings of Shares for each Scheme Shareholder as shown in the Register on the Record Date.

7. GENERAL PROVISIONS

7.1 Amendments to Consideration: The Acquirer may increase the Consideration by written notice at any time to the Company prior to the Scheme Meeting, provided that the Scheme Implementation Agreement has not been terminated in accordance with its terms prior to the date on which the Acquirer is required to deposit the aggregate Consideration in the Trust Account under clause 3.1.

7.2 Title to and rights in Scheme Shares:

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this scheme plan to the Acquirer (or, if nominated pursuant to clause 1.5, the Acquirer Nominee) will, at the time of transfer of them to the Acquirer or, if applicable, the Acquirer Nominee, vest in the Acquirer or the Acquirer Nominee (as applicable) free from all Encumbrances and free from any restrictions on transfer of any kind.
- (b) Each Scheme Shareholder is taken to have warranted to the Acquirer or, if nominated pursuant to clause 1.5, the Acquirer Nominee on the Implementation Date that all their

Scheme Shares (including any rights and entitlements attaching to those Shares) which are transferred under this scheme plan will, at the time of transfer, be fully paid and free from all Encumbrances and restrictions on transfer of any kind, and that the Scheme Shareholder has full power and capacity to transfer the Scheme Shareholder's Shares to the Acquirer or the Acquirer Nominee (as applicable) together with any rights and entitlements attaching to those Shares.

7.3 Authority given to the Company: Each Scheme Shareholder, without the need for any further act:

- (a) on the Final Orders Date irrevocably appoints the Company as the Scheme Shareholder's attorney and agent for the purpose of enforcing the Deed Poll against the Acquirer and the Acquirer Nominee (if applicable) (but without limiting each Scheme Shareholder's right to itself enforce the Deed Poll); and
- (b) on the Implementation Date, irrevocably appoints the Company as the Scheme Shareholder's attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to the Scheme and the transactions contemplated by it,

and the Company, for itself and on behalf of each of its directors, accepts each such appointment. Each such attorney and agent, may sub-delegate its functions, authorities or powers under this clause 7.3 to one or more of the Company's directors or senior executives.

7.4 Binding effect of Scheme:

- (a) The Scheme binds:
 - (i) the Company;
 - (ii) the Acquirer;
 - (iii) the Acquirer Nominee (if applicable); and
 - (iv) all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting).
- (b) In the event of any inconsistency, this scheme plan overrides the constitution of the Company.

7.5 When this Scheme becomes void: If the Scheme has not become Unconditional on or before the End Date, or if the Scheme Implementation Agreement is terminated in accordance with its terms at any time, this Scheme Plan is immediately void and of no further force or effect (other than clauses 3.3 and 3.4).

7.6 No liability when acting in good faith: Each Scheme Shareholder agrees that none of the directors, officers, employees or advisers of the Company or the Acquirer will be liable for anything done or omitted to be done in the performance of the Scheme in good faith.

7.7 Governing law: This scheme plan is governed by the laws of New Zealand and the parties submit to the non-exclusive jurisdiction of the courts of New Zealand in respect of any dispute or proceeding arising out of this scheme plan. The parties irrevocably waive any objection to the

venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

- 7.8 **Service of process:** The Acquirer appoints Matthew Olsen of Mayne Wetherell as its agent in New Zealand for service of process and other documents in any legal action or proceedings arising out of or in connection with this agreement and will ensure that at all times prior to the Implementation Date or termination of this agreement, Mayne Wetherell or a replacement appointed by the Acquirer and approved by the Company, is authorised and able to accept service of process and other documents on its behalf in New Zealand.
- 7.9 **Successor obligations:** To the extent that any provision of the Scheme or this scheme plan imposes any obligation on the Acquirer or the Company that continues or arises after the implementation of the Scheme, such obligation may instead be performed by any successor or related company of the Acquirer or the Company (as applicable) in which case the obligation will be satisfied as if performed by the Acquirer or the Company (as applicable).

**DEED POLL RELATING TO THE
SCHEME OF ARRANGEMENT
INVOLVING MHM AUTOMATION
LIMITED**

Given by
BETTCHER INDUSTRIES, INC.

and

MERLIN NZD BIDCO LIMITED

in favour of
SCHEME SHAREHOLDERS

DATED 30 November 2023

BY:

- (1) **BETTCHEER INDUSTRIES, INC. (Acquirer)**
- (2) **MERLIN NZD BIDCO LIMITED (Acquirer Nominee)**
- (3) **IN FAVOUR OF: SCHEME SHAREHOLDERS** (as defined below)

INTRODUCTION

- A. MHM Automation Limited (**Company**) and the Acquirer are parties to the Scheme Implementation Agreement.
- B. The Company has agreed in the Scheme Implementation Agreement to propose a scheme of arrangement between the Company, the Acquirer and the Scheme Shareholders, the effect of which will be that all Scheme Shares will be transferred to the Acquirer Nominee, and the Acquirer will provide or procure the provision of the Consideration to the Scheme Shareholders.
- C. The Acquirer is entering into this deed poll for the purpose of undertaking in favour of the Scheme Shareholders to pay the Consideration on behalf of the Acquirer Nominee to the Scheme Shareholders in accordance with the terms of the Scheme Plan.
- D. The Acquirer Nominee is entering into this deed poll as the Acquirer's nominee to acquire all of the Scheme Shares in accordance with the terms of the Scheme Plan in consideration for, and simultaneously with, the payment of the Consideration by the Acquirer on behalf of the Acquirer Nominee to Scheme Shareholders.

1. DEFINITIONS AND INTERPRETATION

1.1 **Defined terms:** In this deed poll, unless the context requires otherwise:

Final Orders means orders of the Court on application of the Company, that the Scheme shall be binding on the Company, the Acquirer, the Acquirer Nominee, the Scheme Shareholders and such other persons or class of persons as the Court may specify, in accordance with section 236(1) (and section 237, if applicable) of the Companies Act;

Scheme Implementation Agreement means the scheme implementation agreement between the Company and the Acquirer dated 3 November 2023 whereby the Company has agreed to propose a scheme of arrangement under which all of the Scheme Shares held by Scheme Shareholders will be transferred to the Acquirer Nominee and the Acquirer will pay the Consideration to the Scheme Shareholders;

Scheme Plan means the scheme plan attached as annexure 1 to the Scheme Implementation Agreement, subject to any alterations or conditions approved by the Acquirer and the Company in writing and which are disclosed to the Court prior to the Court making the Final Orders;

Scheme Shareholder means a person who is registered in the Register as the holder of one or more Scheme Shares as at the Record Date; and

Unconditional means the satisfaction or, where capable of waiver, waiver of each of the conditions in clause 2 of the Scheme Plan.

- 1.2 **Other defined terms:** Words defined in the Scheme Plan which are not separately defined in this deed poll have the same meaning when used in this deed poll.
- 1.3 **Interpretation:** Clauses 1.2, 1.3 and 1.4 of the Scheme Plan apply to the interpretation of this deed poll, except that references to “this scheme plan” are to be read as reference to “this deed poll”.

2. NATURE OF THIS DEED POLL

- 2.1 **Third party rights and appointment of attorney:** Each of the Acquirer and the Acquirer Nominee acknowledges and agrees that:
- (a) this deed poll is intended to, and does, confer a benefit on, and therefore may be relied on and enforced by, any Scheme Shareholder in accordance with its terms under Part 2, Subpart 1 of the Contract and Commercial Law Act 2017 (but not otherwise), even though the Scheme Shareholders are not party to it; and
 - (b) under the Scheme Plan each Scheme Shareholder appoints the Company as the Scheme Shareholder’s attorney and agent to enforce this deed poll against the Acquirer and the Acquirer Nominee with effect on and from the date prescribed for such appointment in the Scheme Plan (but without limiting each Scheme Shareholder’s right to itself enforce this deed poll).

Notwithstanding clauses 2.1(a) and 2.1(b) this deed poll may be varied by agreement between the Company and the Acquirer in accordance with clause 8.2 without the approval of any Scheme Shareholder.

- 2.2 **Continuing obligations:** This deed poll is irrevocable and, subject to clause 3, remains in full force and effect until either:
- (a) the Acquirer and the Acquirer Nominee have fully performed their obligations under it; or
 - (b) it is terminated under clause 4.1.

3. CONDITIONS

- 3.1 The Acquirer’s and the Acquirer Nominee’s obligations under clause 5.2 are conditional on the Scheme becoming Unconditional.

4. TERMINATION

- 4.1 **Termination:** The obligations of the Acquirer and the Acquirer Nominee under this deed poll will automatically terminate, and the terms of this deed poll will be of no force or effect, if the Scheme Implementation Agreement is validly terminated in accordance with its terms before the Scheme becomes Unconditional unless the Acquirer and the Company otherwise agree in writing.
- 4.2 **Consequences of termination:** If this deed poll is terminated under clause 4.1, then each of the Acquirer and the Acquirer Nominee is released from its obligations to further perform this deed poll.

5. SCHEME CONSIDERATION

5.1 **Deposit of Consideration:** Subject to:

- (a) the Scheme Implementation Agreement not being terminated; and
- (b) the Scheme having become Unconditional (except for the Conditions set out in clauses 3.1(e) to 3.1(g) of the Scheme Implementation Agreement),

the Acquirer undertakes in favour of each Scheme Shareholder to deposit, or procure the deposit of, in immediately available cleared funds, by no later than 5.00pm on the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Consideration payable to all Scheme Shareholders as set out in the Scheme Plan, such deposit to be made into the Trust Account to be held and dealt with by LINK in accordance with the Scheme Plan.

5.2 **Payment of Consideration:** The Acquirer irrevocably acknowledges and agrees that, subject to:

- (a) the Scheme becoming Unconditional; and
- (b) compliance in full by the Company with its obligations under clause 4.1(c) of the Scheme Plan,

the Consideration deposited into the trust account referred to in clause 5.1 must be, and will be, paid in accordance with clauses 3.1, 4.1(d) and 5 of the Scheme Plan in satisfaction of the Scheme Shareholders' respective entitlements to receive the Consideration under the Scheme in accordance with the Scheme Plan.

6. WARRANTIES

6.1 The Acquirer and the Acquirer Nominee warrant in favour of each Scheme Shareholder that:

- (a) it is a company or other body corporate validly incorporated under the laws of its place of incorporation;
- (b) it has the corporate power to enter into, and perform its obligations under, this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken, or will prior to the Implementation Date take, all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and
- (e) this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

7. NOTICES

7.1 **Manner of giving notice:** Any notice or other communication to be given under this deed poll must be in writing and may be physically delivered or sent by email to the Acquirer as follows:

Address: 6801 State Route 60, Birmingham, Ohio 44889, United States

Attention: Mark Dowdle

Email: MarkDowdle@bettcher.com

with a copy (which will not constitute notice) to:

Address: Mayne Wetherell, Level 5, Bayleys House, 30 Gaunt Street, Auckland 1010

Attention: Matthew Olsen / Cameron Reeves

Email: matthew.olsen@maynewetherell.com / cameron.reeves@maynewetherell.com

or at any such other address or email address notified for this purpose to the other parties under this clause. Any notice or other communication sent by post must be sent by prepaid ordinary post (if the country of destination is the same as the country of origin) or by airmail (if the country of destination is not the same as the country of origin).

7.2 **When notice given:** In the absence of earlier receipt, any notice or other communication is deemed to have been given:

(a) if delivered, on the date of delivery; or

(b) if sent by email, four business hours (being the hours between 9am and 5pm on a Business Day in the jurisdiction of the recipient) after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered (excluding an "out of office" automated message),

but if the notice or other communication would otherwise be taken to be received after 5.00pm or on a Saturday, Sunday or public holiday in the place of receipt then the notice or communication is taken to be received at 9.00am on the next day that is not a Saturday, Sunday or public holiday in the place of receipt.

7.3 **Proof of service:** In proving service of a notice or other communication, it is sufficient to prove that delivery was made or that the e-mail was properly addressed and transmitted by the sender's server into the network and there was no apparent error in the operation of the sender's e-mail system, as the case may be.

7.4 **Documents relating to legal proceedings:** This clause 7 does not apply in relation to the service of any claim form, notice, order, judgment or other document relating to or in connection with any proceedings, suit or action arising out of or in connection with this deed poll.

8. GENERAL

8.1 Waiver:

- (a) Neither the Acquirer nor the Acquirer Nominee may rely on the words or conduct of any Scheme Shareholder as a waiver of any right in respect of the Scheme unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.
- (b) For the purposes of clause 8.1(a):
 - (i) conduct includes a delay in exercising a right;
 - (ii) right means any right arising under or in connection with this deed poll and includes the right to rely on this clause; and
 - (iii) waiver includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

8.2 Variation:

- (a) Subject to clauses 8.2(b) and 8.2(c), this deed poll may not be varied.
- (b) Before the date on which the Final Orders are made, this deed poll may be varied by agreement in writing between the Acquirer and the Company, in which event the Acquirer and the Acquirer Nominee will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.
- (c) If the Court orders that it is a condition of the Scheme that the Acquirer enter into a new deed poll which has the effect of reversing any variation under clause 8.2(b), then, if the Acquirer so agrees, the Acquirer and the Acquirer Nominee must promptly enter into a further deed poll in favour of the Scheme Shareholders to give effect to the reversal of that variation.

8.3 **Cumulative rights:** The rights, powers and remedies of the Acquirer, the Acquirer Nominee and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

8.4 **Assignment:** The rights and obligations of the Acquirer, the Acquirer Nominee and each Scheme Shareholder under this deed poll are personal. They cannot be assigned, charged or otherwise dealt with at law or in equity. Any purported dealing in contravention of this clause 8.4 is invalid.

8.5 **Governing law:** This deed poll is governed by the laws of New Zealand and the parties submit to the non-exclusive jurisdiction of the courts of New Zealand in respect of any dispute or proceeding arising out of this deed poll. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

8.6 **Service of process:** The Acquirer appoints Matthew Olsen of Mayne Wetherell as its agent in New Zealand for service of process and other documents in any legal action or proceedings arising out of or in connection with this deed poll and will ensure that at all times prior to the Implementation Date or termination of this deed poll, Mayne Wetherell or a replacement appointed by the Acquirer and approved by the Company, is authorised and able to accept service of process and other documents on its behalf in New Zealand.

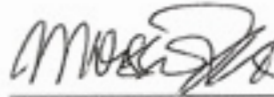
EXECUTION:

**EXECUTED as a DEED by
BETTCHEER INDUSTRIES, INC.**

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Signature of authorised signatory

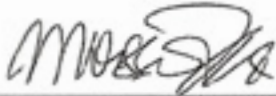
Massimo Bizzi

Name of authorised signatory

**EXECUTED as a DEED by
MERLIN NZD BIDCO LIMITED**

)

)



Signature of director

Massimo Bizzi

Name of director

)



Signature of director

Kevin Harry

Name of director

DIRECTORY

DIRECTORS OF THE COMPANY

Trevor Burt (Chair and Independent Director)

Paul Smart (Independent Director)

Richard Rookes (Executive Director)

Andrew Barclay (Executive Director)

George Rolleston (Non-Executive Director)

LEGAL ADVISERS TO THE COMPANY

Buddle Findlay

83 Victoria Street
Christchurch Central City
Christchurch 8013

INDEPENDENT ADVISER

Simmons Corporate Finance Limited

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Level 5/70 Shortland Street,
Auckland 1010

SHARE REGISTRAR

Link Market Services Limited

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15 Customs Street West
Auckland 1010

+64 9 375 5998

enquiries@linkmarketservices.co.nz

www.linkmarketservices.co.nz

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trevor@breakawayinvestments.co.nz

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MHMAUTOMATION.COM