

Blackwell Global Holdings Limited
Annual Meeting of Shareholder's
Chair's Address
28 September 2021

Introduction

During the course of the financial year ended 31 March 2021, the Directors resolved to wind down the Group's finance company operations given the Company was unable to raise sufficient funding to grow and develop a meaningful finance company operation.

In parallel with the wind down of the finance company operation, the Board implemented a number of strategies to reduce the outgoings of the Company. These initiatives included the disestablishment of the roles of Chief Executive Officer and Chief Operating Officer. Both executives left the employment of the group in February 2021.

During the course of the financial year, one of the non-executive directors Ewe Leong Lim elected to retire from his role with the Group effective from 31 March 2021.

On 23 June 2021, the independent directors of the Company agreed with its major shareholder, Blackwell Global Group Limited ("BGGL") that:

- Firstly, BGGL would, subject to obtaining shareholder approval, capitalise \$500,000 of the secured bonds previously issued by the Company to BGGL ("Bonds") into 71,428,571 new ordinary shares in the Company, at an issue price of \$0.007 per share (the "Capitalisation"); and
- Secondly, the Company would redeem \$1,000,000 of the Bonds for cash and would pay that sum to BGGL prior to the end of June 2021.

Resolution 3 of this meeting addresses the approvals required to implement the capitalization of \$500,000 of the BGGL bonds into new BGI shares.

Following the completion of both of the above transactions there will be \$1,000,000 of Bonds that remain outstanding (to be repaid by the Company in accordance with their terms).

The proceeds of the Capitalisation will be applied towards funding the working capital requirements of the Company.

NZX Issue

As described on page 35 of the annual report, in late June 2021 the company was notified by NZ RegCo that it had concluded an investigation into the company's inadvertent error when entering the Net Tangible Assets per share figure in the Market Announcement Platform and a prescribed form released to the market in June 2020.

The company has no reason to believe the inadvertent error was the cause of unusual trading volumes, and volatile price discovery, prior to and the after the announcement and the company was not aware of the error until NZX Operations drew the matter to the company's attention in late July 2020.

The company also misstated the prior comparative figure on the NZX form, so the position shown was a deterioration in the company's net assets and the correct figures were clear from the full financial statements released to the market at the same time.

The company has been in correspondence with NZ RegCo about reaching a settlement of the matter, which we hope will be concluded in a few weeks. But NZ RegCo has indicated they would refer the matter to the NZ Markets Disciplinary Tribunal for determination, and seek a financial penalty of \$50,000 plus their costs estimated as up to another \$40,000 or so, if the matter cannot be settled.

Once the matter has been resolved conclusively an announcement will be made to the market accordingly.

Moving forward

The Board is actively looking to identify a suitable business opportunity to invest in and/or acquire through a reverse takeover transaction, otherwise known as an RTO. Discussions have been had with several potential acquisition targets to date, but none of those discussions have developed into a tangible transaction.

An RTO is a transaction structured such that the Company would acquire 100% of the business assets, or the shares in the company that owns the business assets, in consideration for the payment of cash and/or the issue of new shares in the Company, to the vendors, to fund the acquisition. The new business acquired would then effectively become a subsidiary of the Company (the listed company), trading on the NZX Main Board. The stakeholders in the business acquired, would ultimately become shareholders in the Company as part of the RTO, and would have representation at the Board level as appropriate. In conjunction with the RTO process, the Company would seek to raise additional growth capital to assist in funding the future growth of the business.

The Board continues to investigate all credible investment opportunities that may present themselves and are hopeful of having a transaction underway in the near term.

COVID 19 has made progressing an RTO transaction more difficult for several reasons. Many companies are focused on navigating their way through the various challenges that COVID 19 presents. This is understandable, but also means that many companies are not looking at the opportunity to take their business public and look to grow through the opportunities that the capital markets provide. Instead, they are simply wanting to consolidate and make it through this challenging period.

We will keep you advised on any development in respect of the RTO process as they come to hand.