



5 December 2024

NZX Limited
WELLINGTON

Clarification of sale of shares in Being Consultants Limited

Being AI Limited (“BAI”) would like to provide further explanation clarifying the sale of shares in Being Consultants Limited (“Being Consultants”) to the market.

As referred to in BAI’s interim results announcement on 29 November, BAI has sold all of its shares (“Shares”) in Being Consultants to 2384 LP (“2384”). 2384 is a limited partnership controlled by BAI’s CEO, David McDonald.

The sale of the Shares was part of the Board’s broader strategy of focussing BAI’s AI product development. As signalled at the September AGM, the Board’s focus is on two key pillars of AI development, being:

- AI-enabled commerce through Project Treehouse. Project Treehouse is an AI-native marketplace for AI to AI transactions; and
- AI-enabled learning and education platforms and tools. This includes Projects Fingerprint and Blueprint as well as other initiatives being undertaken by BAI and its remaining group entities (the “Group”).

BAI has validated these two key growth opportunities by engaging with existing and potential partners, and has worked with EverEdge IP to assess potential market size and value, and the potential for exponential growth. This work has reinforced the importance of a focus on AI product development and informed the decisions made by the Board and its advisors.

Resource allocation is an obvious and critical part of achieving this desired focus, and therefore, in addition to capping its investment in Tymestack.com (as set out in BAI’s interim results announcement), the Board determined that it was in the best interests of the Group (and therefore the shareholders) to divest the Shares, as AI consulting and reseller services (being the business conducted by Being Consultants) is not a core strategic business area for the Group and has also not performed to the Board’s expectations since its acquisition in March 2024.

Online
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Key terms of the sale

Pursuant to the terms agreed with 2384:

- 2384 has acquired all of the Shares owned by BAI in Being Consultants.
The value of the Shares has been determined by the Board, with support of its external advisors, to be \$5 million.
- The consideration for the sale of the Shares is the cancellation by 2384 of its rights in respect of the “earn-in” shares granted to it at the time BAI acquired Being Consultants in March 2024.
The interim financial statements record the value of those “earn-in” shares as being circa \$38m (being contingent consideration and therefore a liability for BAI). As the entitlement to the “earn-in” shares was conditional, and had therefore not materialised or crystallised, this does not reflect the current value the parties ascribed to the entitlement to the “earn in” shares.
- BAI retains ownership of its intellectual property, including that which has been contributed to by Being Consultants and its subsidiaries. In particular, following a transition period, neither Being Consultants, nor its wholly owned subsidiaries (Being Ventures Limited and Being Labs Limited) will be permitted to continue operating using the words “Being” or “Being AI”.
- As also noted in the interim financial statements:
 - Being Consultants owed approximately \$736,000 to Send Global Limited. This debt has been novated to 2384 and BAI has agreed to a corresponding increase in the amount owed by the Group resulting in a net-zero effect on the Group’s existing debt;
 - BAI has agreed to pay the salary and annual leave entitlements of the three Being Consultant employees as at 29 November 2024 and a reimbursement of approximately \$107,000 to Being Consultants for future entitlements of the Being Consultants’ employees.

Effect of the sale on the Group

The sale of the Shares will impact key personnel involved in Being Consultant’s as follows:

1. Nyssa Waters leaves BAI to head up the consulting practice;
2. Dr Nicolas Fourrier and Head of Product, Craig Boxall, will become part of the Project Treehouse team; and
3. David McDonald remains CEO of BAI, and also becomes the Head of Project Treehouse.

The Board strongly believes that the sale of Being Consultants will have a positive impact on the Group. This is not simply from a financial perspective (where, as noted in the interim results announcement of 29 November, the negative impact of the IFRS fair value adjustment associated with the contingent consideration will be reversed), but will also enable the Group to focus on its core strategy of building a strong AI products company, without distraction.





Validity of the sale transaction

On 4 December BAI received correspondence from the solicitors of one of the two directors of the general partner of 2384 stating that their client had not agreed to the purchase of Being Consultants.

BAI requested a trading halt while it assessed this information.

BAI considers that the sale agreement with 2384 is legally binding and has been provided with evidence that the limited partners of 2384 holding 85% of units in 2384 concur and wish to proceed with the sale.

Accordingly, BAI will proceed to implement the terms of the sale agreement.

END

For more information on the content of this announcement, please contact:

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