

Linfox Armaguard Pty Ltd

Proposed Merger with Prosegur Australia Holdings Pty Ltd

Statement of: Rodney Philip Mills
Address: 37 Vaughan Street, Essendon Fields, Melbourne, Victoria 3041
Occupation: Chief Financial Officer
Date: 26 August 2022

On 26 August 2022, I, Rodney Philip Mills of 37 Vaughan Street, Essendon Fields, Melbourne, Victoria 3041, say:

1. I am the Chief Financial Officer (**CFO**) at Linfox Armaguard Pty Ltd (**Armaguard**).
2. I have been asked to make a statement by MinterEllison for the purpose of the Australian Competition and Consumer Commission's (**ACCC**) review of Armaguard and Prosegur Australia Holdings Pty Ltd's (**Prosegur**) application for merger authorisation (**ACCC's Review**).
3. Based on my experience and role, in this statement I explain:
 - (a) Armaguard's historic financial position for the cash-in-transit (**CIT**) and ATM businesses in Australia;
 - (b) Armaguard's current financial position;
 - (c) the reason for the financial decline of Armaguard's CIT business over the past five years and the steps that Armaguard has taken to seek to improve that position; and
 - (d) the future prospects of Armaguard's CIT and ATM businesses absent the merger.
4. I am authorised to make this statement on behalf of Armaguard for the purpose of the ACCC's Review. I have prepared the parts of this statement that refer to specific financial values with assistance of members of my financial and commercial team.

EXPERIENCE AND EMPLOYMENT HISTORY

5. I hold the following educational qualifications:
 - (a) General Management Program – Harvard Business School;

- (b) Post Graduate Diploma in Management, Business Administration and Management from Melbourne Business School;
 - (c) Organisational Leadership – University of Virginia Darden School of Business;
 - (d) Certified Practising Accountant – CPA Australia; and
 - (e) Bachelor of Business Administration – BBA, Accounting and Business/ Management with La Trobe University.
6. I have worked in the financial industry for over 30 years.
 7. Before I commenced my current role at Armaguard, I worked as the General Manager for Transformation and Change in 2017 and 2018. In that role I assisted with the development and delivery of strategic transformational programs across Armaguard.
 8. In August 2018, I started working in my current role as CFO. In this position I am responsible for the financial and commercial governance of the broader Armaguard Group and lead the planning and implementation of all finance activities, providing strategic direction and advice whilst driving continuous improvement to grow the organisation. I lead a team of 57 people and am a member of Armaguard's Executive Leadership Team.
 9. Prior to joining Armaguard, I have had various roles related to my expertise in finance:
 - (a) 1989 - 1997, various accounting roles (financial accountant and cost accountant) at Gerrard Signode Pty Ltd;
 - (b) 1997 - 2002, as a senior business analyst at Hallmark Cards Australia;
 - (c) 2002 - 2003, as a senior financial planning analyst at Mayne; and
 - (d) 2003 - 2017, I held various senior financial, commercial and management roles at Linfox.

ABOUT ARMAGUARD

10. Armaguard is an Australian currency management provider that was established in 1938, as the armoured car division of former logistics provider Mayne Nickless.
11. Linfox acquired Armaguard in 2003, and it has since grown to become the leading end-to-end currency management and technology solutions provider in Australia. Armaguard provides services across Australia and New Zealand, and also has a presence in South East Asia.
12. Armaguard has three Australian based business units:
 - (a) **Armaguard Australia:** the business that provides Armaguard's CIT services and precious cargo transportation services;
 - (b) **Integrated Technology Solutions Australia (ITS):** ITS' main business is providing hardware and software support and maintenance for ATMs and other technology associated with the distribution of cash. Services include repair and maintenance, field services, monitoring, helpdesk and call centre operations, hardware solutions and software

integration and solutions; and

- (c) **Armaguard Technology Solutions (ATS)**: which is responsible for providing and managing Armaguard's network of ATMs.

13. Armaguard is headquartered in Melbourne and currently provides cash processing services from 24 locations nationally. These are known as 'Approved Cash Centres' (**ACCs**). It also currently operates six transport hubs.

THE FINANCIAL POSITION OF ARMAGUARD'S CIT AND ATM BUSINESSES

Armaguard's historical financial position

14. Armaguard Australia was previously a profitable business, which has been in decline since the 2017 financial year and, in my opinion, is no longer financially viable in its current form.

15. The business is currently loss-making and is forecast to continue to be loss making into the future.

[REDACTED]

16. A summary of the Armaguard Australia, ITS and ATS EBITDA¹ (excluding the IFRS16 accounting adjustments) for the 2012 to 2021 financial years are set out in the table below (in millions):

[REDACTED]

[REDACTED]

17. Within the last 5 years, Armaguard's annual CIT revenue has [REDACTED]. In my view, the decline in revenue from FY17 to FY22 is the result of the following factors:

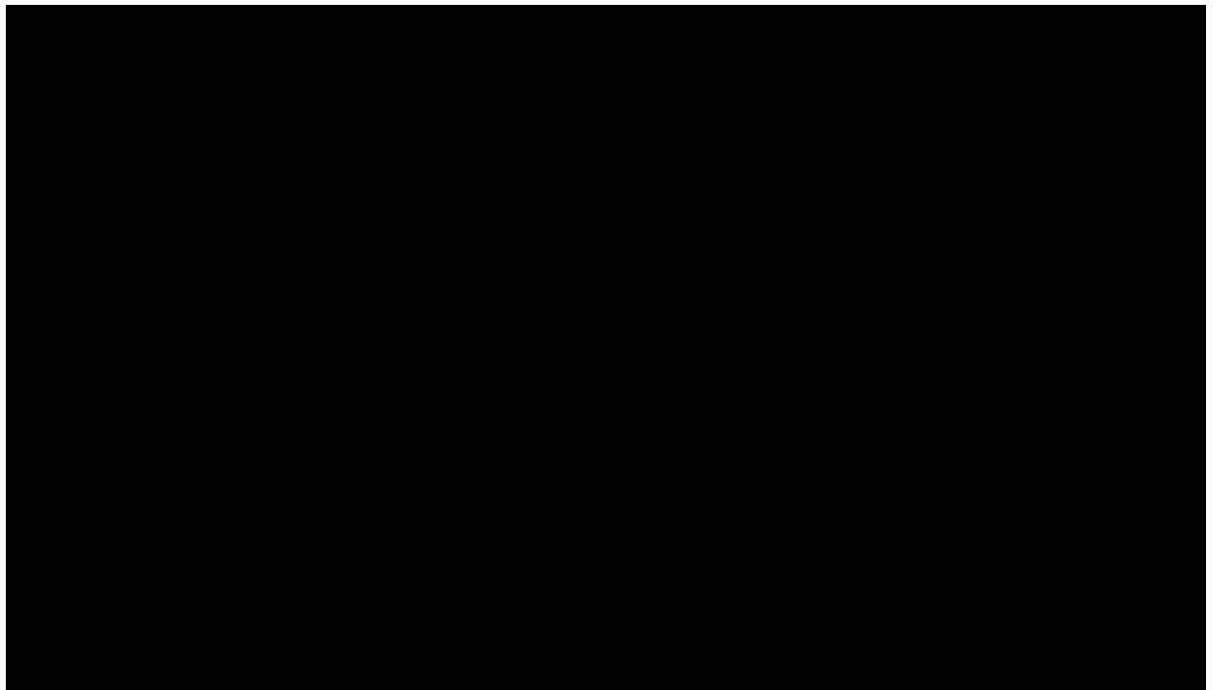
- (a) a competitive landscape involving the oversupply of cash infrastructure, which has driven untenable price reductions being provided to customers. In recent years, the need to offer

¹ EBITDA stands for earnings before interest, taxes, depreciation, and amortisation and is used as an indicator of the overall profitability of a business. This excludes IFRS16 accounting adjustments. IFRS16 refers to an International Financial Reporting Standard and is a book value accounting adjustment. I have taken this approach to enable a like for like comparison to prior years.

[REDACTED] for major customer contracts such as banks, supermarkets and other major retailers has resulted in significantly deteriorating profitability;

- (b) the decline in the transactional use of cash in the Australian economy which has been accelerated by the COVID-19 pandemic, with cash being replaced by the use of credit cards and other alternative types of payment; and
- (c) service rationalisation by banks and other financial institutions, which have removed ATMs and closed their branches, which has been caused by and contributed to the decline in cash usage in the Australian economy.

18. The table below provides a summary of the effect that these market forces have had on Armaguard's revenue and profitability. I created this table in around September 2021, with the assistance of a member of my team, to help me understand the material drivers leading to the degradation of profitability at Armaguard Australia (i.e. the CIT business) between FY2017 and FY2022. It is expressed in thousands [REDACTED]



19. Section A shows the impact on revenue of lost contracts [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

² [REDACTED]
[REDACTED]

- 20. Section B shows the impact on revenue from the decline in cash usage over that period. This includes actual and planned loss of revenue from COVID-19, additional loss of revenue associated with unexpected further COVID-19 lockdowns and associated service rationalisation. For example, reduced service frequency due to less cash in circulation during lockdowns.
- 21. Section C incorporates the other cost saving initiatives adopted by Armaguard during this period, which I describe further below.

Armaguard's forecast financial position

- 22. I have recently finished preparing the Armaguard financial plan for FY22 to FY25. A copy of the financial forecast for Armaguard Australia is Annexure "A" to this statement. It shows forecast earnings (before IFRS16³ and restructure costs) as follows: [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- 23. [REDACTED]

- 24. By contrast, the current and forecast position of the ATS and ITS businesses earnings (before IFRS16 and restructure costs) is as follows: [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

³ IFRS16 refers to an International Financial Reporting Standard and is a book value accounting adjustment. I have taken this approach to enable a like for like comparison to prior years.

[REDACTED]

[REDACTED]

[REDACTED]

25. Recent interest rate increases are negatively impacting Armaguard's financial position. Armaguard currently has a bailment facility with the [REDACTED], which it uses to operate its ATM business, particularly replenishing ATMs with cash. The interest charged on this facility has [REDACTED], but recent and anticipated interest rate increases means that Armaguard will be liable for interest of approximately [REDACTED]. At the time of making this witness statement, Armaguard have experienced a [REDACTED]. However, based on my observations of the market, I expect it will [REDACTED]. This will equate to a [REDACTED] in interest costs. Armaguard uses the bailment facility to stock the ATMs with cash so that when a cardholder withdraws cash it is immediately available for dispensing.

CONSIDERING THE STATUS QUO: PRICING MECHANISMS AND CUSTOMER RESPONSE

Pricing major CIT service contracts

26. Since about April 2018 I have been responsible for reviewing and approving the pricing for major customer contracts.
27. Armaguard typically negotiates contracts to provide CIT services with major customers, such as banks, supermarkets and other major retailers, via the following process:
- (a) the customer's procurement department issues a request for tender (**RFT**) for the service;

[REDACTED]

- (c) Armaguard negotiates commercial and legal terms to a mutually agreed position;
- (d) after the initial RFT submission, the process differs between customers, as follows:

[REDACTED]

28. When submitting (or re-submitting) its response to an RFT, Armaguard sets its prices by:

[REDACTED]

[Redacted]

[Redacted]

[Redacted]

29.

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

30.

[Redacted]

[Redacted]

[Redacted]

[Redacted]

31.

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Downward pressure on pricing in CIT service contracts

- 32. When setting its prices, Armaguard also considers the customer's willingness to pay and the current market conditions. Since about 2017, the prices that customers have required for Armaguard to win a tender have resulted in [REDACTED] to the price derived from the process set out in paragraphs 28 to 31 above.

- 33. Since around 2019, customers have been placing increasing downward pressure on prices via the RFT process explained in paragraph 27 above. It has been increasingly common for customers to ask Armaguard to revise and re-submit its response to an RFT, as well as to provide more than one BAFO. [REDACTED]
[REDACTED]
[REDACTED].

- 34. The current competitive landscape has resulted in an untenable environment, whereby margins have eroded and the decision to retain or win market share is largely based on the avoidance of the worst alternative to a negotiated agreement, that being the loss of the contract altogether.

- 35. As Armaguard is a network business, it has limited ability to remove the costs associated with the loss of a contract. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

- 36. As the CIT business has significant fixed costs, for most large customers, [REDACTED]
[REDACTED] contract retention through a loss-making pricing offer is a better alternative to the loss of full contract. [REDACTED]
[REDACTED]

- 37. Armaguard also considers and presents incremental business opportunities to customers in order to [REDACTED] For example, [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

38. [Redacted]
[Redacted]
[Redacted]

39. [Redacted]
[Redacted]
[Redacted]

40. [Redacted]
[Redacted]
[Redacted]
[Redacted]

41. [Redacted]
[Redacted]
[Redacted]

42. [Redacted]
[Redacted]
[Redacted]
[Redacted]

43. [Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]

44. [Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]

[Redacted]

45. [Redacted]

46. [Redacted text block]

47. [Redacted text block]

48. [Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Redacted text block]

49. [Redacted text block]

50. [Redacted text block]

51.

[Redacted text block for item 51]

52.

[Redacted text block for item 52]

53.

[Redacted text block for item 53]

[Redacted text block]

54.

[Redacted text block for item 54]

55.

[Redacted text block for item 55]

- [REDACTED]
56. [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
57. [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
58. [REDACTED]
- [REDACTED]
59. [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
60. [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
61. [REDACTED]
- [REDACTED]
- [REDACTED]
62. [REDACTED]

63. [Redacted]

64. [Redacted]

65. [Redacted]

66. [Redacted]

67. [Redacted]

[Redacted]

68. [Redacted]

69. [Redacted]

⁴ By "Contribution Margin", I mean the extent to which the margin from the contract contributes to the recovery of the direct and indirect costs of providing the services under the contract.

[REDACTED]

70. [REDACTED]

71. [REDACTED]

[REDACTED]

72. [REDACTED]

73. [REDACTED]

74. [REDACTED]

ARMAGUARD'S RESPONSE TO ITS DECLINING FINANCIAL POSITION

75. Armaguard Australia has implemented numerous initiatives since 2018 to reduce the costs of the business in response to its declining financial position. Some of the major cost savings initiatives are set out below.

A. Changes to the Armaguard footprint / network

76. **Branch Network Changes and Sub-contracting.** In response to the decline in operational activities, Armaguard has made the following network changes:

- (a) November 2018 – closure of Ballarat and Mount Gambier depots;
- (b) April to June 2019 – conversion of the Gold Coast and Maroochydore depots into a transport hubs in order to centralise all cash handling operations at Brisbane;
- (c) May 2019 – closure of the Wagga Wagga depot;
- (d) June 2021 – closure of the Avalon and Carrum Downs transport hub and Devonport depot; and
- (e) October 2021 – closure of the Gold Coast transport hub in October 2021.

77. Last year Armaguard initiated an efficiency project to consider whether it could sub-contract out cash transport and/or cash processing services in a number of locations where its ACCs had significant underutilised capacity and high fixed costs. Cash transport services consist of two parts:
(i) linehaul – transporting cash between the regional ACC and the nearest metropolitan ACC; and
(ii) local delivery – between customer locations and the regional ACC.

78. One of the potential benefits of sub-contracting is greater flexibility to respond to the ongoing decline in cash volumes for transport services. [REDACTED]

[REDACTED]

79. As part of the subcontracting project, for each ACC, we considered three alternatives to the status quo for cash transport services:

- (a) outsourcing linehaul and local delivery to a sub-contractor;
- (b) outsourcing linehaul only to a sub-contractor; or
- (c) outsourcing local delivery only to a sub-contractor.

80. [REDACTED]

[REDACTED]

81. Prosegur was the first business we sought quotations from because, as an ACCO, they were able to provide a processing service as well as a complete transport service whereas other sub-contractors would only be able to provide a transport service. Armaguard also has an existing sub-contractor relationship in place with Prosegur where it provides CIT services on Prosegur's behalf in the Mt Isa region, and it has previously done so in the Broken Hill region.

82. [REDACTED]

83. As a result of that process, Armaguard determined that the greatest efficiencies were likely to come from sub-contracting the transport services (both local and linehaul transport) at the identified ACCs. Armaguard then sought quotations from a range of sub-contractors to provide outsourced cash transport services for the nominated ACCs. While some of the sub-contractors, Armaguard had an existing relationship with, others had not previously been engaged by Armaguard, and would need to increase their capacity and/or obtain relevant licences prior to providing Armaguard with services.

84. Armaguard then compared the pricing it obtained from the various sub-contractors against the cost to itself of continuing to provide the relevant service as well as the risk of engaging a sub-contractor.

85. As a result, the outcome of the outsourcing process was that Armaguard would continue to provide cash processing at each of the ACCs but sub-contract out certain transport services where it was cost efficient to do so:

(a) Victoria:

[REDACTED]

(b) New South Wales:

[Redacted]

(c) Queensland:

[Redacted]

(d) Northern Territory:

[Redacted]

(e) Western Australia:

[Redacted]

(f) Tasmania:

[Redacted]

86. All of the successful sub-contractors engaged by Armaguard for each ACC as set out above

[Redacted] Those same sub-contractor [Redacted]

87. While Armaguard continues to seek further efficiencies, there is a limit to the extent to which it can sub-contract services and maintain service levels. At present, I do not consider there are additional material savings to be made from further outsourcing in other regions as long as Armaguard is required to provide the major banks and commercial customers [Redacted]

88. At this stage, Armaguard has determined that it can [Redacted]

[Redacted]

Based on this assessment, additional network changes were made in the first half of 2022, being:

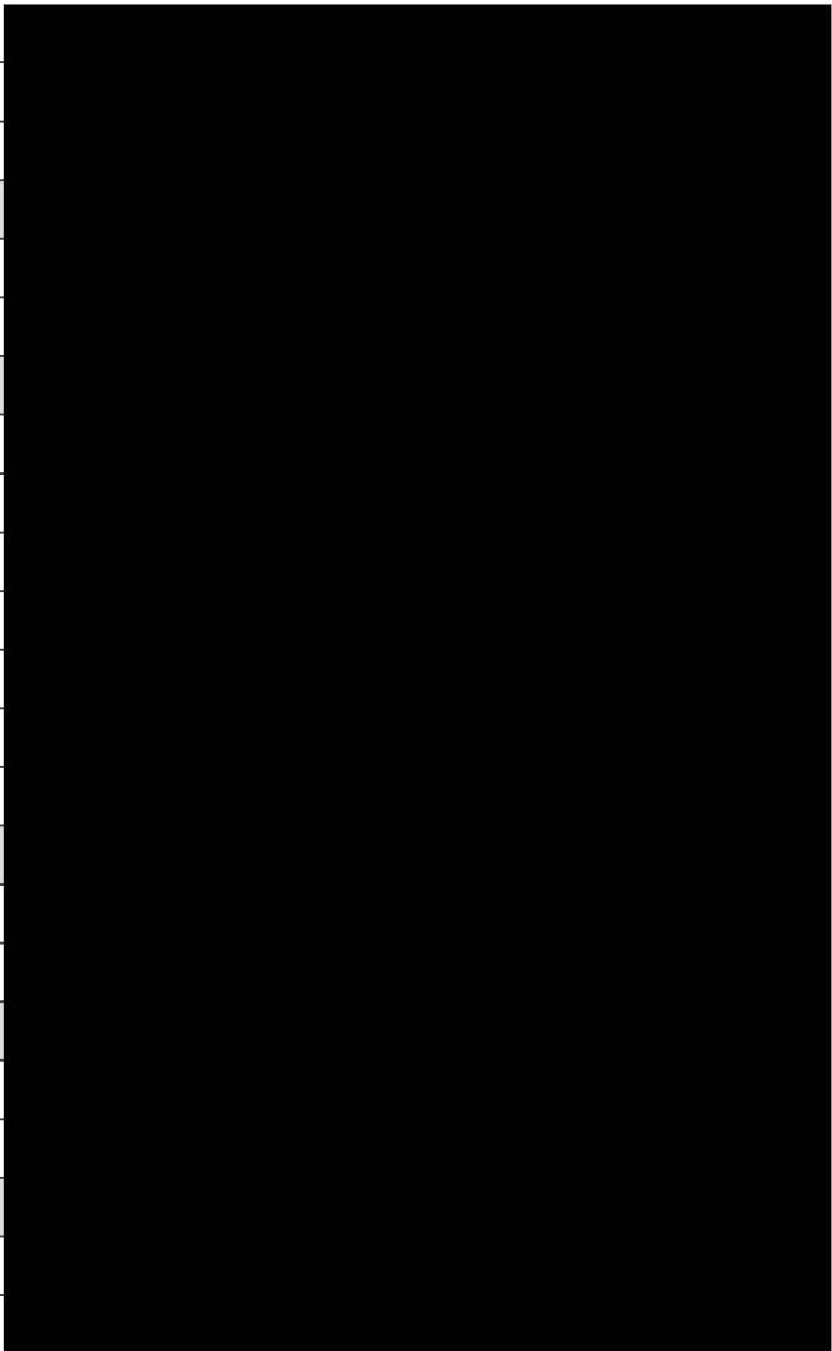
- (a) Mar 2022 - closure of Maroochydore transport hub;
- (b) Apr 2022 - closure of Geraldton cash processing depot and conversion of Warrnambool and Bateman's Bay depots into transport hub;
- (c) May 2022 – conversion of Wollongong and Bendigo depots into a transport hub;
- (d) Jun 2022 – closure of Bunbury depot and conversion of Morwell and Newcastle depots into a transport hub.

89. It is also intended that in coming months, Armaguard will close the Wollongong transport hub and Newcastle depot. [REDACTED]

90. The table below sets out Armaguard's current network of ACCs including those that have been converted to transport hubs and / or will be closed in the near future, facilitated through the implementation of [REDACTED], which I describe in further detail below. [REDACTED]

Location		Comment
New South Wales		[REDACTED]
1.	Sydney	
2.	Newcastle	
3.	Port Macquarie	
4.	Grafton	
5.	Orange	
6.	Wollongong	
7.	Tamworth	
8.	Bateman's Bay	
Australian Capital Territory		
9.	Canberra	
Victoria		
10.	Essendon	
11.	Bendigo	
12.	Wodonga	

13.	Warrnambool
14.	Morwell
15.	Mildura
Tasmania	
16.	Hobart
17.	Launceston
Queensland	
18.	Brisbane
19.	Cairns
20.	Rockhampton
21.	Townsville
22.	Bundaberg
23.	Mackay
24.	Mount Isa
South Australia	
25.	Adelaide
26.	Whyalla
Northern Territory	
27.	Darwin
28.	Alice Springs
Western Australia	
29.	Perth
30.	Kalgoorlie



91. It is currently intended that this model will be fully secured for Warrnambool, Bendigo and Morwell by the end of the 2023 Financial Year. A presentation that was made to the Board on this issue on 8 June 2022 is at Annexure "G".

92. [Redacted]

93. [Redacted]

94. [Redacted]

95. [Redacted]

96. [Redacted]

B. Personnel

97. [Redacted]

98. **Operations rightsizing (Branch Organisational Structure Review).** Armaguard undertook the process of reviewing the management structure at each branch and, where appropriate, removing unnecessary layers of management or consolidating management in the region. This process was implemented across the country between FY19-21 with savings in each FY as tabled below.



A large rectangular area of the document is completely redacted with a solid black box, obscuring the table mentioned in the text above.

99. [Redacted text block]

100. **Corporate overhead restructure.** Since FY19, Armaguard has undertaken multiple rounds of corporate head office restructuring, resulting in changes to the Executive Management Team, business development, account management, security, IT, operations support, human resources and finance teams. [Redacted text block]

C. Operational Continuous Improvement Initiatives

101. [Redacted text block]

102. [Redacted text block]

103. **Reduced Operating Days.** In response to the decline in demand for CIT services from COVID-19 in 2020 and 2021, Armaguard worked with its customers and the relevant unions to reduce operational days at its depots. Most depots have moved to a 4-day per week operation and some smaller depots have moved to a 3-day per week operation. [REDACTED]

[REDACTED]
[REDACTED] This was a temporary adjustment and we returned to pre-COVID service days earlier this year.

104. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

105. [REDACTED]
[REDACTED]
[REDACTED]

D. Other

106. The Board has considered the following four further strategies to address Armaguard Australia's poor and declining financial position and its impact on the overall Armaguard business.

107. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

108. [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

109. [REDACTED]

110. [REDACTED]

THE PROPOSED MERGER

111. In my role as CFO of Armaguard, I had input into the proposed Initial Business Plan for the merged entity which Armaguard and Prosegur have agreed to implement should the merger be approved by the Australian Competition and Consumer Commission and the proposed transaction proceed.⁵ A copy of the Initial Business Plan dated 27 July 2022 is Annexure "H" to my statement. The Initial Business Plan is based on the merged entity maintaining the national coverage Armaguard and Prosegur provide today including in remote regions with a lower cost to serve.⁶

112. Deloitte produced a financial forecast for the merged entity as part of the work it undertook for Armaguard and Prosegur as Joint Business Adviser for the purpose of undertaking a valuation of the merged entity which it referred to as MergeCo.⁷ Armaguard and Prosegur used Deloitte's financial forecast as the base for preparing their own financial forecast for the merged entity but revised it to account for future market forces. Those revisions are set out in the Initial Business Plan,⁸ and include the impact of inflation on revenue and cost (Deloitte assumed no inflation). However, the Initial Business Plan does not otherwise assume any increases in revenue as a result of increased prices for customers.⁹ A reconciliation of the impact on the forecast EBITDA of the merged entity as a result of those revisions for future market forces is included in the Initial Business Plan.¹⁰

113. In my opinion, the only viable strategic response to the financial difficulties with Armaguard's CIT business is a merger between Armaguard and Prosegur. I have formed this view because

⁵ Clause 6.4 of the Shareholders Deed for Linfox Armaguard Pty Ltd dated 28 July 2022.

⁶ See page 21 of the Initial Business Plan as at Annexure H to my statement.

⁷ A copy of the forecast produced by Deloitte is at page 23 of the Initial Business Plan as at Annexure H to my statement.

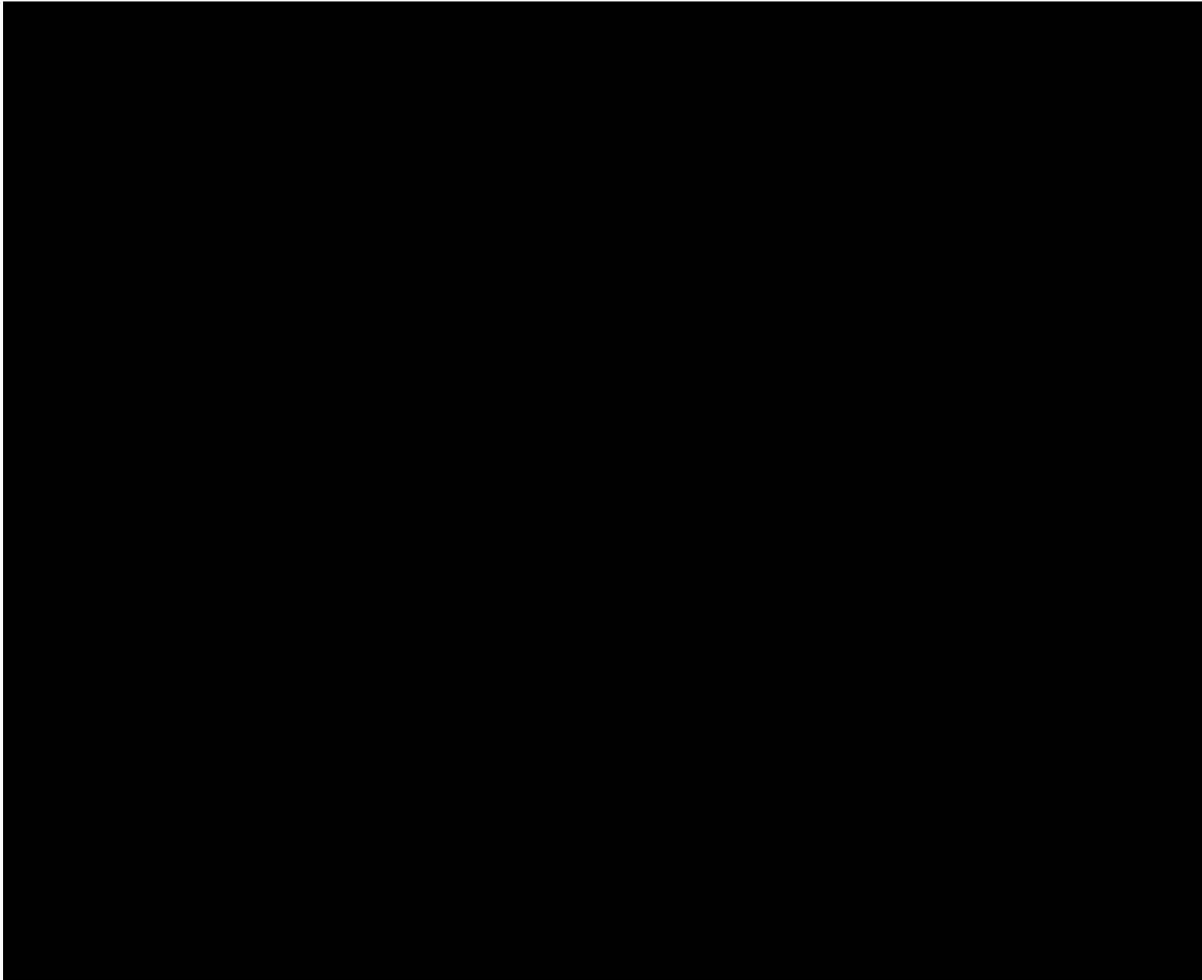
⁸ See page 24 of the Initial Business Plan as at Annexure H to my statement.

⁹ MergeCo Post Merger Forecast, page 24 of the Initial Business Plan as at Annexure H to my statement. The changes that Armaguard and Prosegur made to the assumptions used by Deloitte to produce its financial forecasts are stated on page 24 of the Initial Business Plan.

¹⁰ See page 25 of the Initial Business Plan as at Annexure H to my statement.

Armaguard Australia's ongoing declining financial position is unlikely to be able to be reversed in circumstances where cash remains in decline and customers continue to push down prices.

114. It is unlikely that any of the current initiatives described in my statement will be sufficient to return Armaguard Australia to profitability. This is because the losses that the business is incurring are far greater than the savings that these opportunities provide and are not confined to any specific geographical areas.
115. For example, as depicted in the graph below, as at FY21, [REDACTED] of Armaguard Australia's [REDACTED] ACCs at that time made a pre-tax loss. Those ACCs contributed almost [REDACTED] of Armaguard Australia's operating revenue. [REDACTED]



116. For that reason, if the Proposed Transaction does not go ahead I would not recommend that Armaguard consider or pursue any commercial arrangement with Prosegur short of a full merger. This is because any such arrangement would not realise the cost savings necessary to create a financially sustainable business. The report prepared by Deloitte for Prosegur and Armaguard in

May 2022 on the potential synergies from the Proposed Transaction,¹¹ shows that most of the synergies come from the deduplication of the parties' operations and related corporate structures.

117. Upon further detailed analysis, the consolidation of the metropolitan operations (and the related corporate functions) delivers the majority [REDACTED] of the synergies with very little being derived from the consolidation of rural and regional operations. A copy of this analysis is attached as Annexure "I".¹² These synergies can only be realised by Armaguard and Prosegur investing the estimated [REDACTED] in one off restructure costs as part of the establishment of the merged entity which they are obliged to do under the terms of the proposed transaction. Armaguard and Prosegur will also be required to fund capital integration costs in the region of [REDACTED] in the first year, and over the following three years the ongoing replacement capital investment of approximately [REDACTED] which it expects to source from sustainable earnings.

118. It is my view that the CIT industry is critically impaired and unsustainable with two major providers. The key to a sustainable industry is consolidation of volume in the network and the removal of the excess capacity that currently exists. This was described in a presentation to the Board in May 2022, a copy of which is Annexure "J" to this statement.

119. If the Proposed Transaction does not go ahead, my recommendation to the Executive Leadership Team and the Board will be that Armaguard approach the RBA to provide Armaguard with:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

which would significantly reduce Armaguard's costs. While the implementation of the measures above would not enable Armaguard to be financially sustainable on an ongoing basis, they would result in a significant reduction in Armaguard's costs.

120. Another way to achieve a similar reduction in Armaguard's costs would be government subsidies reflecting the critical nature of CIT services and the fact that the current model of cash distribution

¹¹ Deloitte Project Denver: Synergy Assessment prepared May 2022.

¹² The analysis in Annexure I is based upon the Initial Business Plan rather than the Business Plan prepared by Deloitte. As a result the estimated value of the synergies is [REDACTED] (mid point) and the cost of achieving them is [REDACTED] in comparison to under the Business Plan prepared by Deloitte which estimated the synergies as between [REDACTED] and the one off costs to be [REDACTED]

in Australia has become financially unsustainable due to over-capacity and ongoing decline in the use of cash as a payment method.

121. I would also recommend that Armaguard consider fundamentally changing the nature of the CIT services it offers national customers so that there is: [REDACTED]

[REDACTED]

122. [REDACTED]

123. [REDACTED]

Signed by Rodney Philip Mills on 26 August 2022



Signature of Rodney Philip Mills