

23 June 2022

PayGroup Limited enters into Scheme Implementation Agreement with global payroll company Deel, Inc. and Deel Australia Holdings Pty Ltd

- PayGroup Limited has entered into a Scheme Implementation Agreement with Deel, Inc. ("Deel") and Deel Australia Holdings Pty Ltd ("Deel Australia") under which Deel Australia will acquire 100% of PayGroup shares for a cash offer price of A\$1.00 per share¹, via a scheme of arrangement ("Scheme")
- Deel is a leading global compliance and payroll solution with a presence in over 150 countries servicing more than 8,000 customers
- Cash offer price represents a 174.0% premium to the last closing price of \$0.365, and a 172.4% premium to the 1-month VWAP \$0.367
- The PayGroup Board unanimously recommends that shareholders vote in favour of the Scheme
- If approved, the Scheme is expected to complete in October 2022

Melbourne, 23 June 2022: PayGroup Limited ("PayGroup" or "Company") announces that it has today entered into a Scheme Implementation Agreement ("SIA") with a leading global compliance and payroll platform, Deel, and Deel Australia, under which it is proposed that Deel Australia will acquire 100% of the ordinary shares in PayGroup by way of a scheme of arrangement for cash consideration of A\$1.00 per PayGroup share.¹

Founded in 2019, Deel is a leading global compliance and payroll solution that helps businesses hire anyone, anywhere. Using a tech-enabled self-serve process, Deel's customers can hire independent contractors and full-time employees in over 150 countries, compliantly and in minutes. The company serves more than 8,000 customers, including Coinbase, Lyre's, Zoomo, Intercom, and Shopify. PayGroup's strong payroll and payments presence in Asia, Africa, and the Middle East will extend Deel's capabilities and better serve employers and their teams, no matter their location.

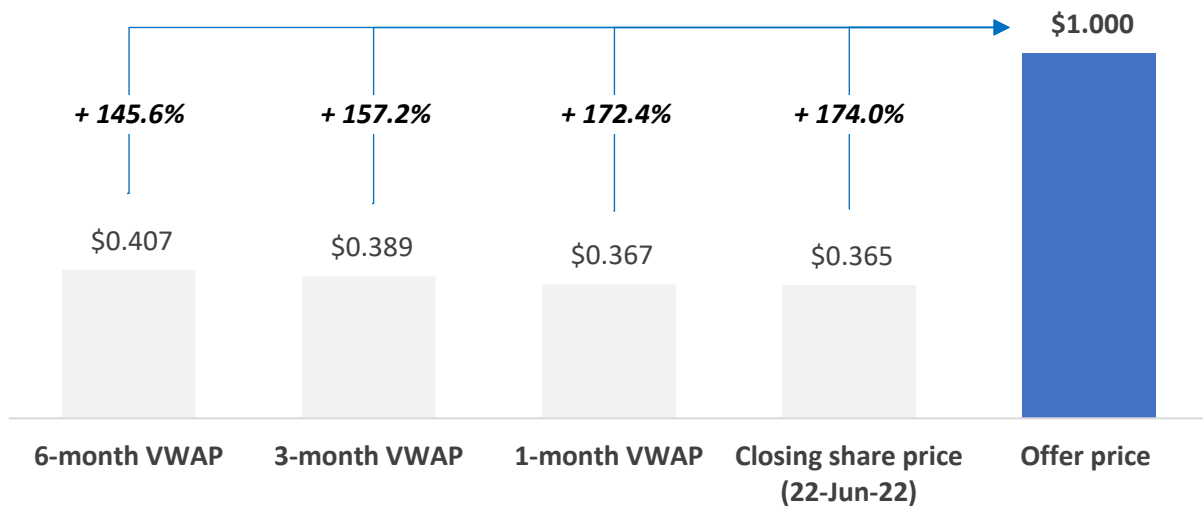
Under the terms of the Scheme, PayGroup shareholders will receive cash consideration of A\$1.00 for each PayGroup share held, subject to a price adjustment if the number of PayGroup shares on issue on the record date (as that term is defined in the SIA) exceeds 119,830,380¹ ("**Scheme Consideration**").

The Scheme Consideration implies a total equity value for PayGroup of approximately A\$119.3 million² and represents a substantial premium against PayGroup's recent and historical trading as highlighted below.

¹ Subject to a maximum equity value of \$119,830,380. If the number of fully paid ordinary shares on issue as at the Record Date (as that term is defined in the SIA) exceeds 119,830,380, then the cash price per PayGroup share will be adjusted down on a proportional basis.

² Calculated on the basis that PayGroup's fully diluted share capital is 119,330,380 ordinary shares.

Figure 1: Offer premia for PayGroup shareholders



PAYGROUP BOARD RECOMMENDATION

The PayGroup Board unanimously recommends that PayGroup shareholders vote in favour of the Scheme, and each director intends to vote all of the PayGroup shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Scheme is in the best interests of PayGroup shareholders.

Ian Basser, Chairman of PayGroup, commented:

“The PayGroup Board is unanimous in its view that this transaction is in the best interests of PayGroup shareholders. In making this assessment, the Board, including the independent directors, have carefully considered a range of matters including its view of the intrinsic value of PayGroup and the certainty for shareholders of this all-cash offer. We believe this transaction is a very good outcome for PayGroup shareholders, and for PayGroup’s stakeholders more broadly, including our employees, customers and suppliers.”

Mark Samlal, Managing Director of PayGroup, commented:

“We are delighted by this proposed transaction with Deel. The value offered is testament to the strength of the PayGroup business we have grown over the last 4 years since listing on the ASX in 2018. We have built a high quality business with strong, recurring revenues from blue-chip customers across Asia-Pacific and beyond. We are immensely proud of the achievements of the PayGroup team and we look forward to continuing to build this together as part of Deel, one of the world’s fastest growing and leading global compliance and payroll solution companies.”

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DETAILS OF THE SCHEME

The implementation of the Scheme is subject to a limited number of conditions which include:

- PayGroup shareholder approval;
- Court approval; and
- No Material Adverse Change occurring in relation to PayGroup.

The SIA contains customary exclusivity provisions including no shop, no talk, due diligence restrictions, a notification obligation, as well as a matching right in favour of Deel Australia. The SIA also contains limited circumstances under which PayGroup may be required to pay Deel Australia a break fee and limited circumstances under which Deel Australia may be required to pay PayGroup a reverse break fee, both equivalent to approximately \$1.2 million.

The full terms of the SIA are enclosed with this announcement.

Subject to the relevant conditions being satisfied, the Scheme is expected to be implemented in October 2022.

ILLUSTRATIVE TIMETABLE

PayGroup shareholders do not need to take any action at this time.

A Scheme Booklet containing information relating to the Scheme, the Independent Expert's Report, the reasons for the PayGroup directors' unanimous recommendation and details of the Scheme meeting, is expected to be provided to PayGroup shareholders in August 2022. PayGroup shareholders will then have the opportunity to vote on the Scheme at the Court-convened Scheme meeting which is expected to be held during September 2022.

ADVISORS

PayGroup is advised by Deloitte Corporate Finance as financial advisor and K&L Gates as legal advisor in relation to the transaction.

For further information please contact:

Company

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This announcement was authorised for release to the market by the Board of Directors.

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About PayGroup

PayGroup is a leading provider of enterprise payroll and human capital management (HCM) solutions, delivering mission-critical services. Leveraging PayGroup's deep regulatory and compliance expertise, PayGroup now proudly services enterprise clients in over 82 countries, representing more than 8.1m payslips and over A\$11 billion in transactions per annum. PayGroup's core business provides a great foundation for sustainable long-term growth, allowing it to further unlock monetisation opportunities. More information on PayGroup can be found at www.paygrouplimited.com.

About Deel

Deel is a leading global compliance and payroll solution that helps businesses hire anyone, anywhere. Deel's technology offers unmatched payroll, HR, compliance, perks, benefits, and other capabilities needed to hire and manage a global team. Using a tech-enabled self-serve process, Deel's customers can hire independent contractors and full-time employees in over 150 countries, compliantly and in minutes. With more than 250 legal, accounting, mobility, and tax experts as partners, Deel enables any business to create, sign and send compliant localized contracts from a library of templates and pay teams in more than 120 currencies with just a click. Founded in 2019 by Alex Bouaziz and Shuo Wang, Deel is a fully distributed company with employees based worldwide. Learn more about Deel here www.letsdeel.com.

-ENDS-

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K&L GATES

Scheme Implementation Agreement

Paygroup Limited

ACN 620 435 038

and

Deel Australia Holdings Pty Ltd

ACN 660 260 051

and

Deel, Inc.

K&L Gates
Melbourne office
Ref: NM:AG

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Scheme Implementation Agreement

Date **June 2022**

Parties

1. **Paygroup Limited** ACN 620 435 038 of Level 1, 325 Flinders Lane, Melbourne 3000 (**Target**)
2. **Deel Australia Holdings Pty Ltd** ACN 660 260 051 of 51A Sheahans Road, Bulleen, Victoria 3105 (**Bidder**)
3. **Deel, Inc.** of 425 1st Street, Unit 1502, San Francisco, California 94105, USA (**Guarantor**)

Background

- A. The Bidder proposes to acquire all ordinary shares of the Target by means of a scheme of arrangement under Part 5.1 of the Corporations Act.
- B. The Target and the Bidder have agreed to implement the Scheme on the terms of this Agreement.
- C. The Guarantor is the ultimate holding company of the Bidder and has agreed to guarantee the obligations and liabilities of the Bidder under this Agreement.

Agreed terms

1. Definitions and interpretation

1.1 Definitions

In this Agreement:

Accounting Standards means:

- (a) the requirements of the Corporations Act about the preparation and contents of financial reports; and
- (b) the accounting standards approved under the Corporations Act, being the Australian Accounting Standards and any authoritative interpretations issued by the Australian Accounting Standards Board;

Adviser means any person who is engaged to provide professional advice of any type (including legal, accounting, consulting or financial advice) to the Target or the Bidder (as applicable);

Agreement means this agreement including any schedules and any annexures;

ASIC means the Australian Securities and Investments Commission;

Associate has the meaning given to that term in section 12 of the Corporations Act;

ASX means ASX Limited or Australian Securities Exchange, as appropriate;

ATO means the Australian Taxation Office;

Authorised Officer means in respect of:

- (a) the Target, any Target Director; and
- (b) the Bidder, Philippe Bouaziz;

Beneficiary means, in respect of a Condition, the party listed as the beneficiary of the Condition as set out in Schedule 1;

Bidder Group means the Bidder and its Subsidiaries;

Bidder Indemnified Party means each member of the Bidder Group and their respective Representatives;

Bidder Knowledge Parties means the people listed in Document 0.025.01 in the Data Room;

Bidder Obligations means the obligations of the Bidder set out in Schedule 5;

Bidder Scheme Information means all information regarding the Bidder Group that:

- (a) is required to be included in the Scheme Booklet under applicable Law, including the Corporations Act, Corporations Regulations and ASIC policies and guidance, including information about the Bidder, the Bidder's arrangements for funding the Scheme Consideration and the Bidder's intentions with respect to the assets, business and employees of the Target if the Scheme is approved and implemented; and
- (b) the Independent Expert requires to prepare the Independent Expert's Report,

but excluding information about the Target Group (except to the extent it relates to any statement of intention relating to the Target Group following the Implementation Date);

Bidder Warranties means the representations and warranties of the Bidder set out in Schedule 5;

Break Fee means \$1,198,303.80;

Business means the business conducted by the Target as at the date of this Agreement;

Business Day means a day that is not a Saturday, Sunday, public holiday or bank holiday in Melbourne;

Capital Structure Conditions means the Conditions contained in items 9 (Restructure and Confirmation Steps), 10 (Contingent Target Share Issues) and 11 (Escrowed Target Shares) of Schedule 1;

Claim means a claim, notice, demand, action, proceeding, litigation, prosecution, arbitration, investigation, judgment, award, damage, loss, cost, expense or liability however arising, whether present, unascertained, immediate, future or contingent, whether based in contract, tort or statute;

Competing Proposal means any proposal, agreement, arrangement or transaction (other than the Scheme and the transactions contemplated by this Agreement) that

would, if completed substantially in accordance with its terms, result in any person or persons (other than the Bidder or its Associates):

- (a) acquiring a Relevant Interest in more than 20% of Target Shares or of the securities of any member of the Target Group;
- (b) directly or indirectly acquiring an interest (including an economic interest) in all or a material part of the business or assets of the Target or the Target Group;
- (c) acquiring Control of the Target or any member of the Target Group; or
- (d) otherwise acquiring, or being acquired by, the Target or any member of the Target Group (including by way of takeover, reverse takeover, scheme of arrangement, capital reduction, sale of assets, sale of securities, strategic alliance, dual listed company structure or joint venture),

or would otherwise result in the Transaction not being able to be implemented on the basis set out in this Agreement;

Condition means a condition set out in Schedule 1;

Confidentiality Deed means the Confidentiality Deed Poll granted by the Bidder in favour of the Target;

Contingent Target Share Issues means any obligation of the Target to issue Target Shares to Third Parties, whether contingent or otherwise, as set out in Document 1.14.03 and Document 7.09.02 in the Data Room;

Control has the meaning given in section 50AA of the Corporations Act;

Continuing Clauses means this clause 1, and clauses 8 (Public announcement), 9.3 (Target indemnity), 10.2 (Bidder indemnity), 11 (Release), 13 (Break Fee), 14 (Reverse Break Fee), 16 (Confidentiality), 17 (GST), 21.10 (Costs and expenses), 21.18 (Governing law and jurisdiction), 19.1 (Notices) and any other clause that by its terms survives termination of this Agreement;

Corporations Act means the *Corporations Act 2001 (Cth)*;

Corporations Regulations means the *Corporations Regulations 2001 (Cth)*;

Court means the Federal Court of Australia or any other court of competent jurisdiction under the Corporations Act as the parties may agree;

Court Documents means the documents required for the purposes of a Court Hearing, including (as applicable) originating process, affidavits, submissions and draft minutes of Court orders;

Court Hearing means the First Court Hearing or the Second Court Hearing (as applicable), and Court Hearings means both of them;

Data Room means the virtual data room established by the Target and hosted by Ansarada containing information relating to the Target Group and to which the Bidder and its Representatives had access in the Due Diligence Period;

Deed Poll means the deed poll substantially in the form of Annexure 3, or such other form agreed in writing by the Target and the Bidder;

Dispatch Date means the date the Scheme Booklet is dispatched to Target Shareholders;

Due Diligence Period means the period between the date of the Confidentiality Deed and the date that is one Business Day prior to the date of this Agreement;

Effective means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme;

Effective Date means the date on which the Scheme becomes Effective;

Encumbrance means:

- (a) any:
 - (i) legal or equitable interest or power created, arising in or reserved in or over an interest in any property or asset; or
 - (ii) security for payment of money, performance of obligations or protection against default (including a mortgage, bill of sale, charge, lien, pledge, trust, power or retention of title arrangement, right of set-off, assignment of income, garnishee order, monetary claim and flawed deposit arrangement);
- (b) any thing or preferential interest or arrangement of any kind giving a person priority or preference over claims or other persons with respect to any property or asset;
- (c) a PPSA Security Interest; or
- (d) any agreement or arrangement (whether legally binding or not) to grant or create anything referred to in paragraphs (a), (b) or (c);

Escrowed Target Shares means any Target Shares which are the subject of voluntary escrow arrangements or other restrictions on disposal;

Exclusivity Period means the period from the date of this Agreement to the earlier of:

- (a) the termination of this Agreement;
- (b) the Effective Date; and
- (c) the Sunset Date;

Fairly Disclosed means in relation to a matter, event or circumstance, that information about the matter, event or circumstance is disclosed to a sufficient extent and in sufficient detail having made all reasonable enquiries to enable a reasonable person experienced in the industries in which the Target Group and the Bidder Group operate or transactions similar to the Transaction to identify the nature and scope of the relevant matter, event or circumstance;

First Court Date means the date the Court first hears the application to order the convening of the Scheme Meeting under section 411(1) of the Corporations Act, with such hearing being the **First Court Hearing**;

Government Agency means ASIC, the Court, the Takeovers Panel and any other government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and includes any minister and any regulatory organisation established under statute or any stock exchange;

Headcount Test means the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme at the Scheme Meeting is passed by a majority in number of Target Shareholders present and voting, either in person or proxy;

Implementation Date means, the fifth Business Day after the Record Date, or such other Business Day the parties agree;

Independent Expert means Lonergan Edwards & Associates Limited, being the expert engaged by the Target to produce the Independent Expert's Report;

Independent Expert's Report means the report from the Independent Expert which includes a statement by the Independent Expert on whether, in its opinion, the Scheme is in the best interests of Target Shareholders;

Intellectual Property Rights means all intellectual property rights, including all current and future registered and unregistered rights in respect of copyright, designs, circuit layouts, trade marks, know-how, confidential information, patents, inventions, discoveries, business names and domain names and all other intellectual property as defined in article 2 of the convention establishing the World Intellectual Property Organisation 1967;

Law includes:

- (a) any statute, regulation, rule, by-law, ordinance, proclamation, treaty, decree, convention, rule of any applicable stock exchange, or requirement or approval (including any Government Agency);
- (b) any judgement, court order, injunction or rule or principle of common law or equity; and
- (c) that law as amended, consolidated, supplemented, re-enacted or replaced;

Listing Rules means the listing rules of ASX;

Loss means any loss, Claim, liability (whether contingent or otherwise), damage, charges, payments, cost or expense (whether direct, indirect or consequential and whether accrued or paid) including legal fees and disbursements and costs of investigation, litigation, settlement, judgment, interest and penalties;

Material Adverse Change means either:

- (a) any Target Director or senior executive of the Target Group being charged with a criminal offence relating to any financial or corporate matter or being disqualified from managing a corporation under the Corporations Act or any equivalent legislation in another jurisdiction; or
- (b) any Government Agency commences any public action or investigation against a Target Group Member, Target Director or senior executive of the Target Group or publicly announces that it intends to take such action,

in each case, where such event has had, or is reasonably likely to have, a material adverse effect on the reputation of the Target Group, but does not include:

- (c) any matter required to be done or procured, or which is permitted pursuant to this Agreement or the Scheme;
- (d) any matter Fairly Disclosed in the Target Due Diligence Information;
- (e) any matter which would have been disclosed to the Bidder had the Bidder conducted searches 10 Business Days before the date of this Agreement of:
 - (i) the registers maintained by ASIC;
 - (ii) registers maintained by the High Court and the Federal Court of Australia, and the Supreme Courts of the States and Territories in Australia; or
 - (iii) the PPSR; or
- (f) any matter undertaken with the prior written consent of the Bidder;

PPSA means the *Personal Property Securities Act 2009 (Cth)*;

PPSA Security Interest means a security interest as defined in the PPSA;

PPSR means the register maintained pursuant to the PPSA;

Recommendation has the meaning given to that term in clause 6.7(a);

Record Date means 5.00 pm on the date which is 2 Business Days after the Effective Date, or such other Business Day agreed by the Bidder and the Target;

Regulatory Approval means any approval of a Government Agency to the Scheme or any aspect of it which is necessary or desirable for the implementation of the Scheme;

Related Body Corporate has the meaning given in the Corporations Act;

Relevant Interest has the meaning given to that term in sections 608 and 609 of the Corporations Act, as modified by any legislative instrument issued by ASIC;

Representative means in respect of a party:

- (a) a Related Body Corporate of that party; and
- (b) that party's directors, officers, employees, contractors, potential debt or equity financing sources and Advisers (including a director, officer or employee of that Adviser);

Responsible Party means, in respect of a Condition, the party listed as the Responsible Party of the Condition as set out in Schedule 1;

Restructure and Confirmation Steps means the steps outlined in Document 0.025.02 in the Data Room;

Reverse Break Fee means \$1,198,303.80;

Scheme means the proposed scheme of arrangement pursuant to Part 5.1 of the Corporations Act between the Target and Scheme Participants in respect of the Scheme Shares, substantially in the form set out in Annexure 2, subject to any amendments made under section 411(6) of the Corporations Act and approved in writing by the Bidder;

Scheme Booklet means the explanatory booklet to be approved by the Court in respect of the Scheme and to be dispatched to Target Shareholders, and includes the Scheme; a copy of the Deed Poll executed by the Bidder; an explanatory statement as that term is defined in section 412 of the Corporations Act; the Independent Expert's Report; and a notice of meeting and proxy form;

Scheme Consideration means the consideration payable by the Bidder for the transfer of Scheme Shares held by a Scheme Participant to the Bidder, being the lesser of:

- (a) \$1.00 per Scheme Share; and
- (b) the amount per Scheme Share calculated in accordance with the following formula:

$$SC = (\text{Maximum Equity Value}/N)$$

where:

SC means the consideration payable per Scheme Share;

Maximum Equity Value means \$119,830,380; and

N means the number of Scheme Shares on issue as at the Record Date;

Scheme Meeting means the meeting of Target Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting;

Scheme Share means a Target Share on issue as at the Record Date;

Scheme Participant means a person who holds one or more Scheme Shares;

Second Court Date means the first day on which the application to approve the Scheme under section 411(4)(b) of the Corporations Act is heard by the Court, with such hearing being the **Second Court Hearing**;

Subsidiary has the meaning given in the Corporations Act;

Sunset Date means 5:00 pm on the date which is 5 months after the date of this Agreement or such other date and time agreed between the Bidder and the Target;

Superior Proposal means a bona fide Competing Proposal which the Target Board, acting in good faith in order to satisfy what the Target Board reasonably considers to be its fiduciary or statutory duties and after taking advice from the Target's legal and financial advisers, determines:

- (a) is reasonably likely to be completed in accordance with its terms in a timely fashion taking into account all financial, regulatory and other aspects of such

proposal, including its conditionality and the ability of the proposing party to fund and consummate the transactions contemplated by the Competing Proposal; and

- (b) would, if completed substantially in accordance with its terms, result in a transaction that is more favourable to Target Shareholders than the Transaction, taking into account the terms and conditions of the Competing Proposal;

Takeovers Panel means the review body continuing in existence under section 261 of the Australian Securities and Investments *Commission Act 2001 (Cth)* and given powers under Part 6.10 of the Corporations Act;

Target Board means the board of directors of the Target as constituted from time to time;

Target Director means a director of the Target;

Target Due Diligence Information means all written information and materials relating to the Target and Target Shares made available to the Bidder and its Advisers during the Due Diligence Period in the Data Room, including any written answers as contained in the Data Room during the Due Diligence Period in response to requests for further information made by the Bidder and its Representatives;

Target Group means the Target, each of its Subsidiaries (as assessed on the basis that each entity in column two of the Restructure and Confirmation Steps is a wholly-owned subsidiary of the Target) and **Target Group Member** means any one of them;

Target Indemnified Party means each Target Group Member and their respective Representatives;

Target Obligations means the obligations of the Target set out in Schedule 2;

Target Prescribed Occurrence means the occurrence of any of the following:

- (a) the Target converts all or any of its shares into a larger or smaller number of shares;
- (b) the Target resolves to reduce its share capital in any way or resolves to re-classify, combine, split, redeem or re-purchase directly or indirectly any of its shares;
- (c) the Target:
- (i) enters into a buy-back agreement under the Corporations Act; or
 - (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act;
- (d) any member of the Target Group issues shares, or grants a performance right, a phantom performance right, or an option over its shares, or agrees to make such an issue or grant such a performance right, phantom performance right or an option;
- (e) any member of the Target Group issues, or agrees to issue, convertible notes or any other security convertible to shares;

- (f) the Target declares, pays or distributes any dividend, bonus or other share of its profits or assets by way of dividend, return of capital or otherwise;
- (g) any member of the Target Group creates or agrees to create, any Encumbrance over the whole, or a substantial part, of its business or property, other than in the usual and ordinary course of business consistent with past practice;
- (h) the Target Shares cease to be quoted on ASX;
- (i) the Target or any of its Subsidiaries disposes, or agrees to dispose, of the whole or a substantial part of its business or property; or
- (j) any member of the Target Group becomes Insolvent,

provided that a Target Prescribed Occurrence will not include any matter:

- (k) that has been Fairly Disclosed in the Target Due Diligence Information;
- (l) which was actually known by the Bidder Knowledge Parties as at the date of this Agreement;
- (m) which would have been disclosed to the Bidder had the Bidder conducted searches 10 Business Days before the date of this Agreement of:
 - (i) the registers maintained by ASIC;
 - (ii) the registers maintained by the High Court and the Federal Court of Australia, and the Supreme Courts of the States and Territories in Australia; or
 - (iii) the PPSR;
- (n) required to be done or procured, or which is permitted pursuant to this Agreement or the Scheme;
- (o) required by Law or by an order of a court or Government Agency; or
- (p) which the Bidder has previously approved in writing (which approval must not be unreasonably withheld or delayed);

Target Scheme Information means all information included in the Scheme Booklet and the Independent Expert's Report other than the Bidder Scheme Information;

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

Target Shareholder means each person who is registered in the Target register of members as a holder of Target Shares;

Target Warranties means the representations and warranties of the Target set out in Schedule 4;

Third Party means a person other than Target, the Bidder or their respective Related Bodies Corporate;

Timetable means the indicative timetable in relation to the Scheme set out in Annexure 1 with such modifications as may be agreed in writing by the parties;

Transaction means the acquisition of the Target by the Bidder through the implementation of the Scheme in accordance with the terms of this Agreement;

Transaction Costs means the Target's transaction costs with respect to the Transaction as set out in Document 0.025.09 in the Data Room; and

Voting Intention has the meaning given to that term in clause 6.7(a).

1.2 Interpretation

In this Agreement unless the context requires otherwise:

- (a) the singular includes the plural and vice versa;
- (b) a gender includes the other genders;
- (c) the headings are used for convenience only and do not affect the interpretation of this Agreement;
- (d) other grammatical forms of defined words or expressions have corresponding meanings;
- (e) a reference to a document includes the document as modified from time to time and any document replacing it;
- (f) a reference to a party is to a party to this Agreement and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (g) if something is to be or may be done on a day that is not a Business Day then it must be done on the next Business Day;
- (h) the word "person" includes a natural person, partnership, body corporate, association, governmental or local authority, agency and any body or entity whether incorporated or not;
- (i) the word "month" means calendar month and the word "year" means 12 months;
- (j) the words "in writing" include any communication sent by letter, facsimile transmission or email or any other form of communication capable of being read by the recipient;
- (k) a reference to a thing includes a part of that thing;
- (l) a reference to all or any part of a statute, rule, regulation or ordinance (**statute**) includes that statute as amended, consolidated, re-enacted or replaced from time to time;
- (m) wherever "include", "for example" or any form of those words or similar expressions is used, it must be construed as if it were followed by "(without being limited to)";
- (n) money amounts are stated in Australian currency unless otherwise specified;
- (o) a reference to time is to Melbourne, Australia time;

- (p) a reference to any agency or body, if that agency or body ceases to exist or is reconstituted, renamed or replaced or has its powers or functions removed (**defunct body**), means the agency or body which performs most closely the functions of the defunct body;
- (q) any agreement, representation, warranty or indemnity in favour of two or more parties (whether those parties are included in the same defined term or not) is for the benefit of them jointly and severally; and
- (r) any agreement, representation, warranty or indemnity by two or more parties (whether those parties are included in the same defined term or not) binds them jointly and severally.

1.3 Best and reasonable endeavours

Any provision of this Agreement which requires a party to use best endeavours or all reasonable endeavours to procure that something is performed or occurs or does not occur, does not include any obligation:

- (a) to pay any money or to provide any financial compensation, valuable consideration or any other incentive to or for the benefit of any person except for payment of any applicable fee for the lodgement or filing of any relevant application in connection with any Regulatory Approval; or
- (b) to commence any legal action or proceeding against any person, except where that provision expressly specifies otherwise.

1.4 Payments

Unless otherwise expressly provided in this Agreement, where an amount is required to be paid under this Agreement to a party, that amount must be paid in immediately available funds without deduction, withholding or set-off.

2. Agreement to implement the Scheme

The Target and the Bidder must take all reasonable steps to propose and implement the Scheme in accordance with this Agreement.

3. Conditions and pre-implementation steps

3.1 Conditions

Subject to this clause 3, the obligations of the parties in Item 8 of Schedule 2 and Item 6 of Schedule 3 will not become binding and the Scheme will not become Effective, until each of the Conditions are satisfied or waived in accordance with clause 3.2.

3.2 Waiver of Condition

A Condition may only be waived in writing by the Beneficiary (and if more than one, by both Beneficiaries) and will be effective only to the extent specifically set out in that waiver. A party entitled to waive the breach or non-fulfilment of a Condition may do so in its absolute discretion.

3.3 Best endeavours

The parties must use their best endeavours to procure that:

- (a) each Condition for which it is the Responsible Party is satisfied as soon as practicable after the date of this Agreement and continues to be satisfied for the purposes of this Agreement; and
- (b) there is no occurrence within its control which would prevent that Condition being (or remaining) satisfied.

3.4 Regulatory Approvals

Without limiting clause 3.3, each party must:

- (a) promptly apply for all relevant Regulatory Approvals, including taking all steps required of it as part of the approval process, including responding promptly to requests for information from the relevant Government Agency;
- (b) consult with the other party in advance in relation to all material written communications with any Government Agency relating to any Regulatory Approval and take into account such amendments to the communications as the other party reasonably requests;
- (c) promptly provide the other party with all information reasonably requested in connection with Regulatory Approval applications;
- (d) keep the other party informed in relation to the progress of the Regulatory Approval applications;
- (e) promptly provide to the other party (on a confidential basis) copies of all documents provided to, and all correspondence received from, any Government Agency in relation to any Regulatory Approval,

and in the case of clauses 3.4(b) to 3.4(e), to the extent it is reasonable to do so, and the parties acknowledge and agree that neither party is required to disclose commercially sensitive information in relation to the application for a Regulatory Approval to the other party and the party applying for a Regulatory Approval may withhold or redact information or documents from the other party if and to the extent that they are either confidential to a third party or commercially sensitive and confidential to the applicant.

3.5 Capital Structure Conditions

Without limiting clause 3.3, the Target must:

- (a) consult with the Bidder in advance in relation to all material communications with any Third Party relating to any Capital Structure Condition and take into account such amendments to the communications as the Bidder reasonably requests;
- (b) promptly provide the Bidder with all information reasonably requested in connection with the satisfaction of the Capital Structure Conditions;
- (c) keep the Bidder informed in relation to the status of the Capital Structure Conditions; and

- (d) promptly provide to the Bidder (on a confidential basis) copies of all documents provided to, and all correspondence received from, any Third Party in relation to any Capital Structure Condition.

3.6 Notices

- (a) Each party must:
- (i) promptly notify the other of satisfaction of a Condition and provide evidence of the satisfaction of the Condition as may be reasonably requested;
 - (ii) promptly give the other party notice of a failure to satisfy a Condition or of any event that is expected to prevent a Condition being satisfied;
 - (iii) give written notice to the other party as soon as reasonably practicable (and in any event before 5.00 pm on the day before the Second Court Date) as to whether or not it waives the breach or non-fulfilment of any Condition notified pursuant to clause 3.6(a)(ii); and
 - (iv) give to:
 - (A) the other (in draft) by 5:00 pm on the day immediately prior to the Second Court Date; and
 - (B) the Court (in final form), on the Second Court Date,
 a certificate signed by an Authorised Officer (in respect of the Conditions of which it is the Responsible Party, other than the Condition 3) which states whether or not those Conditions have been satisfied or waived.

3.7 Conditions not satisfied

- (a) If:
- (i) any of the Conditions are not satisfied, fulfilled or waived by the date specified in this Agreement for their satisfaction; or
 - (ii) the Scheme has not become Effective by the Sunset Date,
- then, on notice by either party, the parties will consult in good faith to try to agree an alternative acceptable to both of them, including any of the following:
- (iii) determining whether the Scheme may proceed by way of alternative means or methods;
 - (iv) extending the date for satisfaction of the relevant Condition;
 - (v) adjourning or changing the date of an application to the Court; and
 - (vi) extending the Sunset Date.
- (b) If the parties are unable to reach agreement under clause 3.7(a) within 5 Business Days after the date of the notice given under clause 3.7(a), (or any shorter period ending at 5.00 pm on the day before the Second Court Date), then either party may terminate this Agreement in accordance with clause 15.1.

- (c) A party will not be entitled to terminate pursuant to clause 3.7(b) if the relevant occurrence or the failure of the Condition to be satisfied or of the Scheme to become Effective arises out of:
- (i) a breach of the Agreement by that party; or
 - (ii) a deliberate act or omission by that party for the purpose of frustrating satisfaction of a Condition.

3.8 Appealing Court decision

- (a) If the Court refuses to grant orders directing the Target to convene the Scheme Meeting or approving the Scheme, the Target and the Bidder must promptly consult with each other to decide whether to appeal the Court's decision. If senior counsel representing either party opines that there are reasonable prospects of successfully appealing the Court's decision, then:
- (i) the Target must appeal the Court's decision within 5 Business Days, the cost of which must be borne equally by the parties; and
 - (ii) the Sunset Date will be extended by a period of 4 weeks, or such other period agreed by the parties to account for the period of determination of the appeal.
- (b) The Target is not required to appeal the Court's decision if the parties agree otherwise.

3.9 Scheme voted down because of Headcount Test

If Condition 2 is not satisfied only because of a failure to obtain the majority required by section 411(4)(a)(ii)(A) of the Corporations Act, then either party may by written notice to the other within 3 Business Days after the date of the conclusion of the Scheme Meeting require the approval of the Court to be sought, pursuant to the Court's discretion in that section, provided the party has in good faith formed the view that the prospect of the Court exercising its discretion in that way is reasonable and if such a notice is provided by either party, the Target must:

- (a) apply for an order of the Court contemplated by section 411(4)(a)(ii)(A) of the Corporations Act to disregard the Headcount Test and seek Court approval of the Scheme under section 411(4)(b) of the Corporations Act, notwithstanding that the Headcount Test has not been satisfied; and
- (b) make such admissions to the Court and file such evidence as counsel engaged by the Target to represent it in Court proceedings relating to the Scheme, in consultation with the Bidder, considers is reasonably required to seek to persuade the Court to exercise its discretion under section 411(4)(a)(ii)(A) of the Corporations Act by making an order to disregard the Headcount Test.

4. Scheme of Arrangement

4.1 The Target to propose the Scheme

The Target must propose and seek to implement the Scheme in accordance with this Agreement.

4.2 Scheme Consideration

- (a) In consideration of the Scheme Participants transferring their Scheme Shares to the Bidder on the Implementation Date, the Bidder undertakes and warrants to the Target (in its own right and as trustee or nominee for each Scheme Participant), that it will provide the Scheme Consideration to the Target on behalf of each Scheme Participant, in accordance with the terms of the Scheme and the Deed Poll.
- (b) The Target must:
 - (i) receive in a trust account in accordance with the Scheme and as agent for each Scheme Participant, the payment referred to in clause 4.2(a); and
 - (ii) pay to each Scheme Participant such amount as the Scheme Participant is entitled to receive in accordance with the Scheme.

4.3 Deed Poll

The Bidder undertakes to the Target (in its own right and as trustee or nominee for each Scheme Participant) to execute and deliver the Deed Poll prior to the First Court Date and, if the Scheme becomes Effective, to perform the Deed Poll.

4.4 No amendment

The Target must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of the Bidder.

5. Scheme Booklet

5.1 Preparation

The Target must prepare the Scheme Booklet and dispatch the Scheme Booklet to Target Shareholders.

5.2 Target compliance

The Target must take all steps reasonably necessary to ensure that the Scheme Booklet (other than with respect to the Bidder Scheme Information):

- (a) complies with all applicable Laws, including the Corporations Act, the Corporations Regulations, any applicable ASIC policy and guidance and the Listing Rules;
- (b) is not, having regard to applicable disclosure requirements, misleading or deceptive in any material respect (including because of any material omission); and
- (c) includes:
 - (i) the Scheme;
 - (ii) a notice of the Scheme Meeting and proxy forms;

- (iii) an explanatory statement for the Scheme prepared in accordance with section 412 Corporations Act and registered by ASIC;
- (iv) the Independent Expert's Report, this Agreement and the executed Deed Poll;
- (v) a statement, which may be subject to no Superior Proposal arising and the Independent Expert's Report concluding that the Scheme is in the best interest of Target Shareholders, that each Target Director considers the Scheme to be in the best interest of Target Shareholders and recommends to Target Shareholders to vote in favour of the Scheme; and
- (vi) a statement, which may be subject to no Superior Proposal arising and the Independent Expert's Report concluding that the Scheme is in the best interest of Target Shareholders, that each Target Director who holds Target Shares, or on whose behalf Target Shares are held, intends to vote those Target Shares in favour of the Scheme.

5.3 Bidder compliance

The Bidder must take all reasonable steps necessary to ensure that the Bidder Scheme Information that it has provided for inclusion in the Scheme Booklet, in the form and context in which it appears in the Scheme Booklet:

- (a) complies with all applicable Laws, including the Corporations Act, the Corporations Regulations, any applicable ASIC policy and guidance and the Listing Rules; and
- (b) is not, having regard to applicable disclosure requirements, misleading or deceptive in any material respect (including because of any material omission).

5.4 Consultation

The Target must:

- (a) provide the Bidder with drafts of the Scheme Booklet;
- (b) consult with the Bidder in relation to the content and presentation of the Scheme Booklet;
- (c) give the Bidder a reasonable opportunity to provide input about the content and presentation of the Scheme Booklet and take the comments made by the Bidder into account in good faith when producing a revised draft of the Scheme Booklet;
- (d) implement such changes to those parts of the Scheme Booklet relating to Bidder Scheme Information as reasonably requested by Bidder;
- (e) keep the Bidder informed of any matter raised by ASIC in relation to the Scheme Booklet and use all reasonable endeavours, in cooperation with the Bidder, to resolve such matters; and
- (f) obtain the Bidder's consent to include the Bidder Scheme Information in the form and context in which it appears in the Scheme Booklet.

5.5 Verification

Each party must undertake appropriate verification processes for the information supplied by that party for the Scheme Booklet.

5.6 Responsibility statements

The Scheme Booklet will include responsibility statements to the following effect:

- (a) that the Target has prepared, and is responsible for, the Target Scheme Information and to the maximum extent possible at law, the Target will not be responsible for any Bidder Scheme Information and will disclaim any liability for Bidder Scheme Information appearing in the Scheme Booklet; and
- (b) that the Bidder has prepared, and is responsible for, the Bidder Scheme Information and to the maximum extent possible at law, the Bidder will not be responsible for any information appearing in the Scheme Booklet other than the Bidder Scheme Information and will disclaim any liability for any information appearing in the Scheme Booklet other than the Bidder Scheme Information.

5.7 Disagreement

- (a) If the Target and Bidder disagree on the form or content of the Scheme Booklet, they must consult in good faith to try to settle an agreed form of the Scheme Booklet.
- (b) If within 2 Business Days of the consultation referred to in clause 5.7(a), the parties are still unable to agree:
 - (i) if the disagreement relates to the contents of the Bidder Scheme Information, the Target must make such amendments as the Bidder reasonably requires; and
 - (ii) if the disagreement relates to the form or content of any other part of the Scheme Booklet, the Target will, acting reasonably, decide the final form of the content or content of the disputed part of the Scheme Booklet.

5.8 New information

- (a) The Target must provide to the Bidder all such further or new information of which the Target becomes aware that arises after the Dispatch Date to the date of the Scheme Meeting where this is or may be necessary to ensure that the Scheme Booklet continues to comply with the Corporations Act, the Corporations Regulations, any applicable ASIC policy and guidance and the Listing Rules and is not misleading or deceptive in any material respect (whether by omission or otherwise).
- (b) The Bidder must provide to the Target all such further or new information of which the Bidder becomes aware that arises after the Dispatch Date to the date of the Scheme Meeting where this is or may be necessary to ensure that the Bidder Scheme Information continues to comply with the Corporations Act, the Corporations Regulations, any applicable ASIC policy and guidance and the Listing Rules and is not misleading or deceptive in any material respect (whether by omission or otherwise).

6. Implementation of Scheme of Arrangement

6.1 General obligation to co-operate

The Target and the Bidder must each:

- (a) execute all documents and do all acts and things as may be reasonably necessary or desirable, including contributing all reasonable resources; and
- (b) procure that its officers and advisers work in good faith and in a timely and co-operative fashion with the other party, including by attending meetings and providing such information which may reasonably be required,

to implement the Scheme substantially in accordance with the Timetable and in any event before the Sunset Date.

6.2 Target's obligations

The Target must comply with the Target Obligations and must take all steps reasonably necessary to propose and implement the Scheme substantially in accordance with the Timetable and in any event before the Sunset Date.

6.3 Bidder's obligations

The Bidder must comply with the Bidder Obligations and must take all steps reasonably necessary to assist the Target to implement the Scheme substantially in accordance with the Timetable and in any event before the Sunset Date.

6.4 Bidder Nominee

- (a) The Bidder may by notice to the Target, not later than 3 Business Days before the Second Court Date, nominate:
 - (i) an entity of which at least 90% of the interests in that entity are directly or indirectly owned by the Bidder;
 - (ii) an entity which is at least 90% owned (directly or through one or more wholly owned subsidiaries) by the partners of a partnership of which:
 - (A) the Bidder is the general partner; or
 - (B) the general partner of that partnership is a wholly-owned subsidiary of the Bidder,

(the **Nominee**) to pay the Scheme Consideration and to be the entity to which Scheme Shares will be transferred in accordance with this Agreement, if the Scheme becomes Effective.

- (b) From the date of receipt by the Target of the notice referred to in clause 6.4(a) (Notification Date), the Bidder must procure that the Nominee complies with this Agreement as if the Nominee were a party to it.
- (c) Notwithstanding any of the above provisions, the Bidder will continue to be bound by all of the obligations of the Bidder under this Agreement and will not be released from any obligations or liabilities under this Agreement.

- (d) The Target agrees that any obligation of the Bidder fully discharged by the Nominee will be taken to have been fully discharged by the Bidder.

6.5 Existing financing and security

The Target must cooperate with, and undertake all steps reasonably required or requested by the Bidder in connection with any repayment of existing debt of the Target Group and the discharge of any Encumbrances over the assets of the Target Group as may be required in connection with the Transaction, including:

- (a) liaising with the Bidder in good faith in relation to using the existing cash reserves of the Target for this purpose; and
- (b) using all reasonable endeavours to procure:
- (i) deeds of release, discharges of real property mortgages and registrations on the PPSR (or any other relevant security register in other jurisdictions as applicable) from secured parties in relation to any Encumbrance granted by a member of the Target Group in favour of that party and procuring the return of any title documents held by a secured party; and
 - (ii) the termination or replacement of any letters of credit, bank guarantees, financial undertakings or similar instruments outstanding in connection with such repayment, discharge or termination,

subject always to the Target not being required to actually effect such repayment until the Implementation Date.

6.6 Obligations of the Target Board

- (a) The Target must, on the date of this Agreement, make a public announcement, in a form agreed between Bidder and the Target, (on the basis of written statements made to it by each of the Target Directors) that each Target Director:
- (i) considers the Scheme to be in the best interests of Target Shareholders
 - (ii) recommends to Target Shareholders to vote in favour of the Scheme; and
 - (iii) intends to vote any Target Shares which they hold or control in favour of the Scheme,

subject to no Superior Proposal emerging and the Independent Expert's Report concluding that the Scheme is in the best interests of Target Shareholders.

- (b) The Target must ensure that the Scheme Booklet includes:
- (i) a statement, which may be subject to no Superior Proposal arising and the Independent Expert's Report concluding that the Scheme is in the best interest of Target Shareholders, that each Target Director considers the Scheme to be in the best interest of Target Shareholders and recommends to Target Shareholders to vote in favour of the Scheme; and
 - (ii) a statement, which may be subject to no Superior Proposal arising and the Independent Expert's Report concluding that the Scheme is in the best interest of Target Shareholders, that each Target Director who holds

Target Shares, or on whose behalf Target Shares are held, intends to vote those Target Shares in favour of the Scheme.

- (c) The Target represents and warrants to the Bidder that as at the date of this Agreement, each Target Director has confirmed to the Target that he or she will act in accordance with clauses 6.6(a) and 6.6(b).

6.7 Withdrawal or change of recommendation

- (a) The Target must procure that each Target Director does not:
- (i) change, qualify or withdraw their recommendation of the Scheme (**Recommendation**) or voting intention in respect of the Scheme (**Voting Intention**); or
 - (ii) make any public statement or take any other action that is inconsistent with their Recommendation or Voting Intention,

in each case except where:

- (iii) the Target receives a Competing Proposal and, after complying with its obligations in clauses 12.5 and 12.6 in circumstances where the Bidder elects not to submit a Matching Offer, Target Board determines that the Competing Proposal constitutes a Superior Proposal; or
 - (iv) the Independent Expert does not conclude in the Independent Expert's Report that the Scheme is in the best interests of Target Shareholders, or initially concludes that it is in the best interests of Target Shareholders but subsequently changes its conclusion.
- (b) The Target represents and warrants to the Bidder that each Target Director has confirmed their Recommendation and Voting Intention and their agreement not to do anything inconsistent with their Recommendation and Voting Intention (including withdrawing, changing or in any way qualifying their Recommendation or Voting Intention) other than in the circumstances referred to in clause 6.7(a).
- (c) Without limiting clause 12, if circumstances arise which may lead to one or more Target Directors changing, withdrawing or modifying his or her Recommendation as permitted under this Agreement or if the Target receives notice from a Target Director that he or she proposes to withdraw, change or modify his or her Recommendation to vote in favour of the Scheme:
- (i) the Target must promptly notify the Bidder in writing; and
 - (ii) the parties must consult in good faith for 2 Business Days after the date on which the notification in clause 6.7(c) is received by the Bidder (**Consultation Period**) to consider and to determine whether there are any steps that can be taken to avoid such withdrawal, change or modification (as applicable). The Recommendation cannot be withdrawn, changed or modified under clause 6.7(a) until the end of the Consultation Period.

6.8 Appointment of directors

On the Implementation Date, the Target must, subject to completion of the transfer of the Scheme Shares to the Bidder in accordance with the Scheme:

- (a) take all action necessary to cause the appointment of each person nominated by the Bidder as a director of the Target and a director of each Subsidiary of the Target (including, for the avoidance of doubt, PayAsia Malaysia), subject to receipt of signed consents to act from those persons; and
- (b) ensure that the resigning directors of the Target Board resign from the Target Board and that the resigning directors of each Subsidiary of the Target (including, for the avoidance of doubt, PayAsia Malaysia) resign from their office, in each case, with such resignation to confirm that the outgoing directors have no claim against any member of the Target Group.

7. Conduct of business before the Implementation Date

7.1 No change in conduct of the Target's business

From the date of this Agreement up to and including the Implementation Date, the Target must (and must procure that each of its Subsidiaries):

- (a) conduct its business:
 - (i) in the ordinary and usual course of business and consistent with past practice; and
 - (ii) substantially in accordance with the budget for the Target Group in respect of the financial year ending 31 March 2023 a copy of which is included in the Target Due Diligence Information; and
- (b) use reasonable endeavours to:
 - (i) maintain and preserve its business and assets and relationships with all customers, contractors, suppliers and others having material business dealings with any member of the Target Group; and
 - (ii) retain the services of all officers and employees;
- (c) manage its working capital requirements in the ordinary course consistent with past practice, including ensuring that there is no material decrease in the amount of cash in the Target Group other than in the ordinary course of business and consistent with budgets and projections Fairly Disclosed to the Bidder prior to the date of this Agreement;
- (d) comply in all material respects with all material contracts to which a member of the Target Group is a party, and with all Laws, authorisations and licences applicable to each member of the Target Group;
- (e) maintain such policies of insurance as are appropriate to the Target Group's operations, property and assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses and assets; and
- (f) keep the Bidder informed of any material developments concerning the Target Group.

7.2 Specific conduct

Without limiting clause 7.1, from the date of this Agreement up to and including the Implementation Date, the Target must not and must procure that each of its Subsidiaries do not:

- (a) **Employees:** either:
- (i) increase the remuneration of (including with regard to superannuation benefits) or benefits provided to or pay any bonus (other than in accordance with existing arrangements and in the ordinary course) or otherwise materially vary the employment agreements with, any of its directors or employees;
 - (ii) accelerate the rights of any of its directors or employees to benefits of any kind;
 - (iii) pay a director, executive or employee a termination or retention payment;
 - (iv) hire or terminate (other than for cause) any employee or contractor (excluding suppliers in the ordinary course of business) with a base salary of \$150,000 or higher;
- (b) **Issue shares:** issue or agree to issue any Target Shares or any options, securities or other rights, whether convertible or exchangeable into Target Shares or otherwise;
- (c) **Dividends:** declare, pay or distribute any dividend, bonus or other share of its profits or assets by way of dividend, capital reduction or otherwise;
- (d) **Business assets:** acquire or dispose of any interest in an asset, business, real property, entity or undertaking, that would require expenditure or the foregoing of revenue (or in the case of a disposal, with a book value) of an amount which exceeds \$500,000 in aggregate, other than in the ordinary course of business;
- (e) **Material contracts:** either:
- (i) enter into any contract or commitment involving revenue or expenditure of more than \$300,000 over the term of the contract or commitment or which cannot be terminated on less than 12 months' notice except to the extent budgeted or provisioned for in the FY23 PYG budget set out in Document 1.08.03.01 in the Data Room;
 - (ii) enter into any contract or commitment restraining any member of the Target Group from competing with any person or conducting activities in any market;
 - (iii) terminate or amend in a material manner any contract material to the conduct of the Target Group's business or which involves revenue or expenditure of more than \$300,000 over the term of the contract;
 - (iv) waive any third party default under any material contract; or
 - (v) accept as a settlement or compromise of a material matter (relating to an amount in excess of \$150,000) less than the full compensation due to it;

- (f) **Capital Structure Conditions:** enter into any arrangement, agreement or understanding with a Third Party in connection with a Capital Structure Condition which would result in the Target Group incurring a liability or assuming an obligation not in existence as at the date of this Agreement including, accelerating any Contingent Target Share Issues, paying cash in lieu of issuing shares in connection with any Contingent Target Share Issues, or otherwise varying the terms of any Contingent Target Share Issues;
- (g) **Capital expenditure:** make any capital expenditure, or incur any obligations or liabilities in connection therewith, except pursuant to existing contracts or that, in the aggregate, would not exceed \$200,000 during any fiscal quarter;
- (h) **Debt:** incur any additional financial indebtedness (except for draw-downs on existing banking facilities), or guarantee or indemnify the obligations of any person other than a member of the Target Group, other than in the usual and ordinary course of business and consistent with past practice;
- (i) **Transaction costs:** pay, incur or agree to pay or incur transaction costs (being any investment banking, financial adviser, legal, accounting, share registry and other costs payable to other advisers or third party service providers, and any payments to employee that relate to the Transaction such as deal or retention bonuses) other than the Transaction Costs;
- (j) **Financial benefit:** give or agree to give a financial benefit to any of the Scheme Participants or to another related party of the Target;
- (k) **Related party arrangements:** enter into or resolve to enter into a transaction with any related party of the Target as defined in section 228 of the Corporations Act which would require shareholder approval under Chapter 2E or under Chapter 10 of the Listing Rules;
- (l) **Constitution:** amend its constitution;
- (m) **Accounting policies:** alter in any material respect any accounting policy of the Target Group;
- (n) **Tax:** other than in the ordinary course of business or in respect of existing tax obligations as at the date of this Agreement, make any tax election (including any change of residence) or settle or compromise any liability relating to tax, unless that election, settlement or compromise is required by tax law, is supported by an opinion of the Target Group's tax advisers, or is in the ordinary course of business and is consistent with past practices;
- (o) **Proceedings:** either:
- (i) settle any legal proceedings, claim, investigation, arbitration or other like proceedings where the amount claimed exceeds \$250,000; or
 - (ii) commence any legal proceeding, claim or arbitration;
- (p) **Prescribed Occurrence:** take any action that would be or give rise to a Target Prescribed Occurrence; or
- (q) **Agreement:** agree to do any of the matters set out above.

7.3 Activities which are permitted

The restrictions in clauses 7.1 and 7.2 do not apply in respect of any matter, and do not restrict any Target Group Member from, doing or omitting to do, any of the following:

- (a) anything which the Target Group reasonably determines in good faith as urgent or critical to the continued operations of the Business;
- (b) anything required under a contract or commitment to which an entity in the Target Group is bound and that has been Fairly Disclosed in the Target Due Diligence Information;
- (c) anything required to be done pursuant to this Agreement or the Scheme;
- (d) anything required by Law or by an order of a court or Government Agency;
- (e) anything required to reasonably or prudently respond to an emergency or a disaster (including a situation giving rise to a risk of personal injury or damage to property); or
- (f) anything which the Bidder has approved in writing (which approval must not be unreasonably withheld or delayed).

7.4 Provision of information and access

From the date of this Agreement up to and including the earlier of the Implementation Date or the date this Agreement is terminated, the Target must:

- (a) on request from the Bidder, provide the Bidder and its Representatives with reasonable access during usual business hours to:
 - (i) the books, documents, records, management accounts, financial statements and other information (subject to any existing confidentiality obligations owed to third parties, and applicable Laws including privacy laws) of any member of the Target Group; and
 - (ii) the Target's executive directors, senior executive officers and Advisers, for the purposes of:
 - (A) understanding the Target's financial position and trading performance;
 - (B) applying for the Regulatory Approvals;
 - (C) implementing the Scheme;
 - (D) preparing for carrying on the business of the Target following implementation of the Scheme; and
 - (E) any other purpose which is agreed by the parties,

provided in every case that such access is reasonably necessary to the Bidder and does not cause unreasonable disruption to the Target's business or place an unreasonable burden on the Target's ability to run its business;

- (b) provide the Bidder with copies of the following materials, promptly following the relevant meeting at which the relevant materials are considered:
- (i) the minutes of the Target Board held between the date of this Agreement and the Implementation Date; and
 - (ii) any reports of the Chief Executive Officer and the Chief Financial Officer provided to the Target Board,

provided that the Target has no obligation under this clause 7.4(b) to provide the Bidder with, and may redact or withhold in its entirety, any information about, or otherwise in connection with the Target Board's consideration of the Transaction, any advice provided to the Target Board in connection with the Transaction and information in connection with any Competing Proposal.

7.5 Business updates

From the date of this Agreement up to and including the Implementation Date, the Target must use reasonable endeavours to notify the Bidder in writing of any of the following matters of which the Target becomes aware:

- (a) events, facts, matters or circumstances which have had, or are reasonably likely to have, a material adverse effect on:
 - (i) the financial or operational performance of, or the reputation of, the Target Group (taken as a whole); or
 - (ii) the Target Group's relationships with Government Agencies or the counterparties to material contracts;
- (b) developments in relation to discussions with potential new customers or existing customers in relation to extensions of existing contracts;
- (c) proposed or potential changes to the composition of the Target's executive management team;
- (d) the resignation of any employee of the Target Group with a base salary of \$150,000 or higher;
- (e) any Target Prescribed Occurrence; and
- (f) any material breach of this Agreement by the Target.

7.6 Change of control

- (a) As soon as practicable after the date of this Agreement, the parties must seek to identify any change of control or similar provisions in leases and material contracts to which the Target or a member of the Target Group is a party which may be triggered by the implementation of the Scheme.
- (b) In respect of any lease or material contract identified under clause 7.6(a), the parties agree that:
 - (i) the Target and the Bidder will agree upon a proposed course of action and then jointly initiate contact with the relevant landlord or counterparty and request that they provide any consents required;

- (ii) neither the Bidder nor its Representatives may contact any landlord or counterparty without the Target's express written approval; and
- (iii) each party must cooperate with, and provide reasonable assistance to, the other party to obtain such consents as expeditiously as possible, including by:
 - (A) promptly providing any information reasonably required by landlords or counterparties; and
 - (B) making its Representatives available, where necessary, to meet with landlords or counterparties to deal with issues arising in relation to the change of control of the Target.
- (c) For the avoidance of doubt, a failure by a member of the Target Group to obtain any landlord or third party consent will not constitute a breach of this Agreement by the Target and, together with any consequences that arise, will be disregarded when assessing the operation of any other provision of this Agreement.

8. Public announcement

8.1 Announcement of the Scheme

Immediately after the execution of this Agreement, the Target must issue a public announcement of the Transaction in a form previously agreed with the Bidder.

8.2 Public announcements

- (a) Subject to clauses 8.1 and 8.3, neither party may make a public announcement in connection with this Agreement (including any termination of this Agreement), the Scheme Booklet or the Scheme except in a form approved by both parties (acting reasonably).
- (b) Each party must use all reasonable endeavours to approve a public announcement in connection with this Agreement (including any termination of this Agreement) as soon as practicable.

8.3 Required disclosure

Where a party is required by applicable Law or the Listing Rules to make any announcement or disclosure relating to this Agreement or the Scheme, it may do so only after it has, to the fullest extent the circumstances allow, given as much prior notice to the other party as possible, and consulted with the other party and its Advisers about the form and content of the announcement or disclosure.

8.4 Statements on termination

The parties must use all reasonable endeavours to issue an agreed statement or announcement regarding any termination of this Agreement.

9. Target Warranties and indemnities

9.1 Warranties

- (a) The Target represents and warrants to the Bidder that each of the Target Warranties is true and correct in all material respects as at the date of this Agreement and at 8:00 am on the Second Court Date.
- (b) Where a Target Warranty is expressed to be made only at a particular date it is given only at that date.

9.2 Disclosure material

The Target Warranties are subject to, and the Target is not liable in respect of any Loss incurred by the Bidder related to a breach of a Target Warranty, to the extent the Loss arises from, or in connection with, any fact, matter or circumstance:

- (a) which has been Fairly Disclosed in the Target Due Diligence Information;
- (b) which would have been disclosed to the Bidder had the Bidder conducted searches 10 Business Days before the date of this Agreement of:
 - (i) the registers maintained by ASIC;
 - (ii) the registers maintained by the High Court and the Federal Court of Australia, and the Supreme Courts of the States and Territories in Australia;
 - (iii) the PPSR; or
- (c) which was actually known by the Bidder Knowledge Parties as at the date of this Agreement.

9.3 Target indemnity

The Target indemnifies each Bidder Indemnified Party from and against all Loss that a Bidder Indemnified Party suffers or incurs by reason of any breach of clause 9.1.

9.4 Notification of breach

The Target must promptly advise the Bidder in writing if it becomes aware of any fact, matter or circumstance which constitutes or is reasonably expected to constitute a breach of any of the representations or warranties given by it under this clause 9.

9.5 No other warranties

The parties acknowledge that, except as expressly stated in this Agreement, the Bidder has not relied on any representation or warranty of any kind made by or on behalf of the Target in relation to the subject matter of this Agreement.

10. Bidder Warranties

10.1 Bidder Warranties

- (a) The Bidder represents and warrants to the Target that each of the Bidder Warranties is true and correct in all material respects as at the date of this Agreement and at 8:00 am on the Second Court Date.
- (b) Where a Bidder Warranty is expressed to be made only at a particular date it is given only at that date.

10.2 Bidder indemnity

The Bidder indemnifies each Target Indemnified Party from and against all Loss that a Target Indemnified Party suffers or incurs by reason of any breach of clause 10.1.

10.3 Notification of breach

The Bidder must promptly advise the Target in writing if it becomes aware of any fact, matter or circumstance which constitutes or is reasonably expected to constitute a breach of any of the representations or warranties given by it under this clause 10.

11. Release

11.1 Release of Representatives

Each party:

- (a) releases its rights against, and will not make any Claim against, any past or present Representative of any other party in relation to any act or omission in connection with the Scheme, any transaction contemplated by or representation or warranty given in this Agreement, any information provided to it by another party or in relation to its execution or delivery this Agreement, to the extent that the past or present Representative has acted in good faith and has not engaged in any wilful misconduct. Nothing in this clause 11.1(a) excludes any liability that may arise from wilful misconduct or bad faith on the part of any person; and
- (b) holds the releases in clause 11.1(a) in respect of its past and present Representatives as trustee for those Representatives.

12. Exclusivity

12.1 Termination of existing discussions

- (a) The Target represents and warrants that, as at the date of this Agreement the Target Group is not (including through its Representatives) in any current negotiations or discussions with any person in respect of any Competing Proposal, and it has ceased any existing negotiations or discussions, in respect of any Competing Proposal with any Third Party.
- (b) Unless otherwise agreed by the Bidder, the Target must:
 - (i) promptly enforce the terms of any confidentiality agreement, deed or undertaking (or similar document) entered into with a person other than the

Bidder or its Associates in the 18 months prior to the date of this Agreement in relation to any potential Competing Proposal; and

- (ii) not waive, and must promptly enforce, any standstill obligations of any such person (other than to the extent necessary to facilitate the Transaction).

12.2 No shop restriction

During the Exclusivity Period, the Target must not and must procure that its Representatives do not, directly or indirectly:

- (a) solicit, invite, initiate, facilitate or encourage any enquiries, negotiations or discussions with a view to obtaining an expression of interest, proposal or offer from any Third Party in relation to a Competing Proposal or which may be reasonably be expected to lead to an actual or potential Competing Proposal; or
- (b) communicate any intention to do any of the above things.

12.3 No talk restriction

Subject to clause 12.7, during the Exclusivity Period, the Target must not and must procure that its Representatives do not, directly or indirectly:

- (a) facilitate, enter into or otherwise participate (including by way of responding) in any negotiations or discussions with any Third Party:
 - (i) in relation to a possible Competing Proposal;
 - (ii) which may reasonably be expected to encourage or lead to an actual or potential Competing Proposal; or
 - (iii) which may otherwise lead to the Transaction not being completed, even if not directly or indirectly solicited, invited, encouraged or initiated by the Target or its Representatives, or that person has publicly announced the Competing Proposal;
- (b) enter into any agreement, arrangement or understanding with any Third Party:
 - (i) regarding a Competing Proposal;
 - (ii) which may reasonably be expected to lead to a Competing Proposal; or
 - (iii) which may otherwise lead to the Transaction not being completed;
- (c) communicate to any person an intention to do any of the things referred to in clause 12.3(a) or clause 12.3(b); or
- (d) approve or recommend a Competing Proposal.

12.4 No due diligence

- (a) Subject to clause 12.7, during the Exclusivity Period, the Target must not and must procure that its Representatives do not, directly or indirectly, make available to any Third Party or permit any Third Party to receive (in the course of due

diligence investigations or otherwise) any non-public information relating to it or its business or operations (or those of its Subsidiaries), for the purpose of assisting that Third Party to make a Competing Proposal.

- (b) If the Target proposes that any non-public information relating to the business or operations of the Target Group which has not been provided to the Bidder be provided to a Third Party while validly relying on the exception in clause 12.7 then the Target must promptly, and in any event within 2 Business Days after providing it to the Third Party, provide a copy of such information to the Bidder.

12.5 Notification of Competing Proposal

- (a) During the Exclusivity Period, if the Target receives or becomes aware of any approach or attempt to initiate discussions or negotiations by a Third Party regarding a Competing Proposal or that could reasonably be expected to lead to a Competing Proposal, the Target must promptly (and in any event, no later than 48 hours of becoming so aware) notify the Bidder in writing.
- (b) Subject to clause 12.5(c), a notice given under clause 12.5(a) must be accompanied by all relevant details of the relevant approach, including the identity of the person that made the approach and the material terms and conditions of the Competing Proposal (including proposed price or implied value, conditions, timing and details of any break fee) to the extent known to the Target.
- (c) Clause 12.5(b) does not apply if the Target Board has determined, in good faith and acting reasonably, that complying with clause 12.5(b) would cause the Target Board to breach fiduciary or statutory obligations to which it or the Target is subject. Nothing in this clause 12.5(c) limits or relieves the Target of its obligation to comply with clause 12.5(a).

12.6 Matching right

- (a) During the Exclusivity Period, the Target must not enter, and must procure that no member of the Target Group enters, into any legally binding agreement, arrangement or understanding pursuant to which a Third Party or the Target proposes to undertake or give effect to a Competing Proposal, unless:
 - (i) the Competing Proposal was not encouraged, solicited, invited or initiated by the Target (or any of its Representatives) in contravention of clause 12.2;
 - (ii) the Target Board acting in good faith and in order to satisfy what the Target Board considers to be its statutory or fiduciary duties (having consulted with its Advisers), determines that the Competing Proposal is a Superior Proposal;
 - (iii) the Target has provided the Bidder with the material terms and conditions of the Competing Proposal, including price, conditions, details of any break fee and the identity of the party making the proposal; and
 - (iv) the Target has given the Bidder 5 Business Days after the provision of the information referred to in clause 12.6(a)(iii) to provide a matching or superior proposal (**Matching Offer**) to the terms of the Competing Proposal.

- (b) This clause 12.6 has repeating applications so that if any further proposal which constitutes a Competing Proposal is made after the Bidder has made a Matching Offer, the Target must comply with clause 12.6 of this clause in respect of any new Competing Proposal.
- (c) The Target Board must consider the Matching Offer and if it determines, acting in good faith, that the Matching Offer would provide an outcome that is at least as favourable to Target Shareholders as the relevant Competing Proposal, the Target and the Bidder must use their best endeavours to:
- (i) agree any amendments to this Agreement and the contents of the Scheme Booklet which are reasonably necessary to reflect the Matching Offer; and
 - (ii) enter into an appropriate amending agreement to give effect to those amendments and to implement the Matching Offer,
- in each case, as soon as reasonably practicable.

12.7 Fiduciary exception

- (a) The restrictions and obligations in clauses 12.3 and 12.4 do not apply to the extent they restrict the Target or the Target Board from taking, or require the Target or the Target Board to take, any action with respect to a Competing Proposal (in relation to which there has been no contravention of this clause 12) provided that:
- (i) the Competing Proposal is bona fide and is made in writing by or on behalf of a person that the Target Board considers is of reputable commercial standing; and
 - (ii) the Target Board has determined in good faith, after consulting with the Target's Advisers, that:
 - (A) the Competing Proposal is, or is reasonably likely to become, a Superior Proposal; and
 - (B) taking or failing to take the action with respect to the Competing Proposal would, or would be reasonably likely to, involve a breach of the fiduciary or statutory obligations of any Target Director.
- (b) If the Target proposes that any non-public information be provided to a Third Party while relying on the exception in clause 12.7(a), then:
- (i) before the Target provides such information, the Third Party must enter into an agreement which contains obligations on the recipient that are no less onerous in any respect than the obligations imposed on the Bidder and the Target in connection with this Transaction; and
 - (ii) any non-public information provided to that Third Party must also be provided to the Bidder.

12.8 Normal provision of information

Nothing in this clause 12 prevents the Target from:

- (a) providing information in the ordinary course to rating agencies, any Government Agency or its auditors acting in that capacity; or
- (b) continuing to make presentations to, and to respond to enquiries from, shareholders, investors and other stakeholders in the ordinary course, in relation to the Scheme or its business generally.

13. Break Fee

13.1 Background

This clause 13 has been agreed in circumstances where:

- (a) the Target and the Bidder believe that the Scheme will provide significant benefits to the Target, the Bidder and their respective shareholders, and the Bidder and the Target acknowledge that, if they enter into this Agreement and the Scheme is subsequently not implemented, the Bidder will incur significant costs, including those set out in clause 13.5;
- (b) the Bidder requested that provision be made for the Break Fee, without which the Bidder would not have entered into this Agreement;
- (c) the Target believes it is appropriate for it to agree to the payment referred to in this clause to secure the Bidder's entry into this Agreement and participation in the Scheme; and
- (d) both parties have received legal advice on this Agreement and the operation of this clause.

13.2 Payment by the Target to the Bidder

Subject to clauses 13.3, 13.4 and 13.5, the Target agrees to pay the Break Fee to the Bidder without withholding or set off if:

- (a) a Competing Proposal is announced during the Exclusivity Period and, within 12 months of such announcement, the proponent of that Competing Proposal (or any of its Associates):
 - (i) completes or otherwise implements a Competing Proposal of a kind referred to in paragraphs (b) or (c) of the definition of "Competing Proposal"; or
 - (ii) otherwise acquires a Relevant Interest in, or an economic interest in, 50% or more of the Target Shares or Control of the Target and that acquisition is unconditional;
- (b) during the Exclusivity Period, any Target Director fails to recommend the Scheme or withdraws, adversely changes or adversely qualifies his or her Recommendation or otherwise makes a public statement indicating that he or she no longer supports the Scheme, except where:
 - (i) the Independent Expert concludes in the Independent Expert's Report (or any update or variation to that report) that the Scheme is not in the best interest of Target Shareholders (other than where the reason for the

Independent Expert's conclusion is due wholly or partly to the existence of a Competing Proposal); or

- (ii) the Target is entitled to terminate this Agreement pursuant to clause 15.1 and has given the appropriate termination notice to the Bidder; or
- (c) the Bidder validly terminates this Agreement in accordance with clause 15.1(a).

13.3 Modifications required to Break Fee

If it is finally determined following the exhaustion of all reasonable avenues of appeal to the Takeovers Panel or a Court that all or any part of the amount payable under clause 13.2:

- (a) is unlawful;
- (b) involves a breach of the duties of the Target Board; or
- (c) constitutes unacceptable circumstances within the meaning of the Corporations Act,

(Impugned Amount),

then the Target's obligation to pay the Break Fee does not apply to the extent of the Impugned Amount and if the Bidder has received any part of the Impugned Amount it must refund it within 10 Business Days of such final determination.

13.4 No amount payable if Scheme becomes Effective

No amount is payable by the Target under clause 13.2 if the Scheme becomes Effective and if any amount has already been paid under clause 13.2 it must be refunded by the Bidder within 10 Business Days after the Scheme becomes Effective.

13.5 Timing of payment

- (a) A demand by the Bidder for payment of the Break Fee under clause 13.2 must:
 - (i) be in writing;
 - (ii) be made after the occurrence of the event in that clause giving rise to the right to payment;
 - (iii) state the circumstances which give rise to the demand; and
 - (iv) nominate an account into which the Target must pay the Break Fee.
- (b) The Target must pay the Break Fee to the Bidder under clause 13.2 without withholding or set-off within 10 Business Days of receipt by the Target of a valid demand for payment from the Bidder under clause 13.5(a).

13.6 Nature of payment

- (a) The Break Fee is an amount to compensate the Bidder for:
 - (i) advisory costs (including costs of advisers other than success fees);

- (ii) costs of management and directors' time;
 - (iii) out-of-pocket expenses;
 - (iv) damage to the Bidder's reputation associated with a failed transaction and the implications of that damage to the Bidder's business; and
 - (v) reasonable opportunity costs incurred by the Bidder in pursuing the Transaction or in not pursuing other alternative acquisitions or initiatives.
- (b) The parties agree that the costs incurred are and will be of a nature that they cannot be accurately quantified and that a genuine pre-estimate of the costs would equal or exceed the amount payable under clause 13.2.

13.7 Limitation of liability

Notwithstanding any other provision of this Agreement, the parties acknowledge and agree that:

- (a) the maximum liability of the Target to the Bidder under or in connection with this Agreement including in respect of any breach of this Agreement will be the Break Fee and in no event will the aggregate liability of the Target under or in connection with a breach of this Agreement exceed an amount equal to the Break Fee; and
- (b) the payment by the Target of the Break Fee represents the sole and absolute amount of liability of the Target to the Bidder under or in connection with this Agreement and no further damages, fees, expenses or reimbursements of any kind will be payable by the Target to the Bidder in connection with this Agreement,

provided that nothing in this clause 13.7 impacts the Bidder's ability to seek and obtain the remedy of specific performance.

13.8 Survival

Any accrued obligations under this clause survive termination of this Agreement.

14. Reverse Break Fee

14.1 Background

This clause 14 has been agreed in circumstances where:

- (a) the Target and the Bidder believe that the Scheme will provide significant benefits to the Target, the Bidder and their respective shareholders, and the Bidder and the Target acknowledge that, if they enter into this Agreement and the Scheme is subsequently not implemented, the Target will incur significant costs, including those set out in clause 14.6;
- (b) the Target requested that provision be made for the Reverse Break Fee, without which the Target would not have entered into this Agreement;
- (c) the Bidder believes it is appropriate for it to agree to the payment referred to in this clause to secure the Target's entry into this Agreement and participation in the Scheme; and

- (d) both parties have received legal advice on this Agreement and the operation of this clause.

14.2 Payment by the Bidder to the Target

- (a) Subject to clauses 14.3, 14.4 and 14.5, the Bidder agrees to pay the Reverse Break Fee to the Target without withholding or set off if the Scheme does not become Effective because:
- (i) the Agreement is terminated by the Target under clause 15.1(a); or
 - (ii) the Bidder does not pay the aggregate Scheme Consideration when it is required to do so in accordance with the terms and conditions of this Agreement, the Scheme and the Deed Poll.

14.3 Modification required to Reverse Break Fee

If it is finally determined following the exhaustion of all reasonable avenues of appeal to the Takeovers Panel or a Court that all or any part of the amount payable under clause 14.2:

- (i) is unlawful;
- (ii) involves a breach of the duties of the Bidder's board; or
- (iii) constitutes unacceptable circumstances within the meaning of the Corporations Act,

(Impugned Amount),

then the Bidder's obligation to pay the Reverse Break Fee does not apply to the extent of the Impugned Amount and if the Target has received any part of the Impugned Amount it must refund it within 10 Business Days of such final determination.

14.4 No amount payable if Scheme becomes Effective

No amount is payable by the Bidder under clause 14.2 if the Scheme becomes Effective and if any amount has already been paid under clause 14.2 it must be refunded by the Target within 10 Business Days after the Scheme becomes Effective.

14.5 Timing of payment

- (a) A demand by the Target for payment of the Reverse Break Fee under clause 14.2 must:
- (i) be in writing;
 - (ii) be made after the occurrence of the event in that clause giving rise to the right to payment;
 - (iii) state the circumstances which give rise to the demand; and
 - (iv) nominate an account into which the Bidder must pay the Reverse Break Fee.

- (b) The Bidder must pay the Reverse Break Fee to the Target under clause 14.2 without withholding or set-off within 10 Business Days of receipt by the Bidder of a valid demand for payment from the Target under clause 14.5(a).

14.6 Nature of payment

- (a) The Reverse Break Fee is an amount to compensate the Target for:
- (i) advisory costs (including costs of advisers other than success fees);
 - (ii) costs of management and directors' time;
 - (iii) out-of-pocket expenses;
 - (iv) damage to the Target's reputation associated with a failed transaction and the implications of that damage to the Target's business; and
 - (v) reasonable opportunity costs incurred by the Target in pursuing the Transaction or in not pursuing other alternative acquisitions or initiatives.
- (b) The parties agree that the costs incurred are and will be of a nature that they cannot be accurately quantified and that a genuine pre-estimate of the costs would equal or exceed the amount payable under clause 14.2.

14.7 Limitation of liability

Notwithstanding any other provision of this Agreement, the parties acknowledge and agree that:

- (a) the maximum liability of the Bidder to the Target under or in connection with this Agreement including in respect of any breach of this Agreement will be the Reverse Break Fee and in no event will the aggregate liability of the Bidder under or in connection with a breach of this Agreement exceed an amount equal to the Reverse Break Fee; and
- (b) the payment by the Bidder of the Reverse Break Fee represents the sole and absolute amount of liability of the Bidder to the Target under or in connection with this Agreement and no further damages, fees, expenses or reimbursements of any kind will be payable by the Bidder to the Target in connection with this Agreement,

provided that nothing in this clause limits the Bidder's liability under the Deed Poll.

14.8 Survival

Any accrued obligations under this clause survive termination of this Agreement.

15. Termination

15.1 Termination by either party

Without prejudice to any other rights of termination in this Agreement, this Agreement may be terminated by either party by written notice to the other at any time prior to 8.00 am on the Second Court Date if:

- (a) the other party (**Breaching Party**) is in material breach of this Agreement (including any material breach of any Target Warranty or Bidder Warranty); and
 - (i) the non-Breaching Party has given written notice to the Breaching Party setting out the relevant circumstances and stating an intention to terminate; and
 - (ii) the relevant circumstances have continued to exist for 5 Business Days (or any shorter period ending at 5.00 pm on the day before the Second Court Date) from the time such notice is given;
- (b) it is permitted to do so under clause 3.7(b);
- (c) if the Scheme is not Effective by the Sunset Date;
- (d) Target Shareholders do not approve the Scheme;
- (e) the Court refuses to grant orders directing the Target to convene the Scheme Meeting or approving the Scheme, and either an appeal made pursuant to clause 3.8 is not successful or no appeal is made in accordance with clause 3.8;
- (f) a Court or other Government Agency has issued a final and non-appealable order, decree or ruling or taken other action which permanently restrains or prohibits the Scheme;
- (g) the other party is Insolvent; or
- (h) it is agreed to in writing by the parties.

15.2 Termination following withdrawal of Recommendation or Superior Proposal

Without prejudice to any other rights of termination in this Agreement:

- (a) the Bidder may terminate this Agreement by giving written notice to the Target at any time prior to 8.00 am on the Second Court Date if any member of the Target Board fails to make the Recommendation, withdraws their Recommendation, adversely changes or qualifies their Recommendation, or otherwise makes a public statement indicating that he or she no longer supports the Scheme (excluding a statement that no action should be taken by the Target Shareholders pending the assessment of a Competing Proposal by the Target Board); and
- (b) either party may terminate this Agreement by giving written notice to the other party at any time prior to 8.00 am on the Second Court Date if the Target Board determines that a Competing Proposal is a Superior Proposal and communicates that determination to the Target Shareholders, and provided that the Competing Proposal was not solicited or facilitated by the Target or its Representatives in breach of the Target's obligations in clause 12.2.

15.3 Effect of termination

- (a) Subject to clause 15.3(b), if this Agreement is terminated by a party, or this Agreement otherwise terminates in accordance with its terms, then all obligations of the parties under this Agreement immediately cease to be of further effect.
- (b) The termination of this Agreement will not affect:

- (i) any other rights the parties have against one another at Law;
- (ii) the Continuing Clauses, which survive termination of this Agreement; or
- (iii) a right or claim which arises before termination.

15.4 Damages

Subject to the limitations in clauses 13.7 and 14.7, and in addition to the right of termination under clause 15.1, where there is no appropriate remedy for the breach in this Agreement (other than termination), the non-Breaching Party is entitled to damages for Losses suffered by it and expenses incurred by it as a result of the breach of the terms of this Agreement.

16. Confidentiality Deed

The parties agree and acknowledge that they are bound by the terms of the Confidentiality Deed except that the terms of this Agreement will prevail over the Confidentiality Deed to the extent of any inconsistency.

17. GST

17.1 Interpretation

In this clause 17:

- (a) terms or expressions which have a defined meaning in the *A New Tax System (Goods and Services Tax) Act 1999 (Cth)* (**GST Act**) have the same meaning as in the GST Act; and
- (b) any reference to a party includes the representative member of a GST group of which that party is a member.

17.2 Consideration excludes GST

Unless otherwise expressly stated, all consideration to be paid or provided under this Agreement is expressed exclusive of GST.

17.3 Payment of GST

- (a) If GST is payable on any supply made under this Agreement, the recipient must pay to the supplier an additional amount (**GST Amount**) equal to the GST payable on that supply at the same time as the consideration for the supply is to be paid or provided.
- (b) Clause 17.3(a) does not apply to the extent that:
 - (i) the consideration for the supply is stated to include GST; or
 - (ii) GST on the supply is reverse charged and payable by the recipient.

17.4 Tax invoice

The recipient need not pay the GST Amount until it has received a tax invoice or adjustment note, as the case may be.

17.5 Adjustment events

If an adjustment event arises in relation to a supply made under this Agreement, the GST Amount must be adjusted to reflect that adjustment event. A corresponding payment must be made by the supplier to the recipient or by the recipient to the supplier, as the case may be.

17.6 Calculation of amounts

If this Agreement requires an amount to be calculated by reference to another amount (**Reference Amount**) that will be:

- (a) received for a taxable supply; or
- (b) paid for a creditable acquisition,

then the Reference Amount must be reduced so as to exclude any part of the Reference Amount paid or received on account of GST, as the case may be.

17.7 Reimbursement and indemnity payments

If this Agreement requires a party to reimburse or indemnify another party for a cost or expense, the amount of the cost or expense must be reduced by an amount equal to any input tax credit to which the party being reimbursed or indemnified is entitled for that cost or expense.

17.8 Survival

This clause 17 will survive and continue to apply following the termination or completion of this Agreement.

18. Withholding tax

- (a) If the Bidder is required by Subdivision 14-D of Schedule 1 of the *Taxation Administration Act 1953* (Cth) (**Subdivision 14-D**) to pay amounts to the ATO in respect of the acquisition of Target Shares from certain Target Shareholders, the Bidder is permitted to deduct the relevant amounts from the payment of the Scheme Consideration to those Target Shareholders, and remit such amounts to the ATO. The aggregate sum payable to Target Shareholders shall not be increased to reflect the deduction and the net aggregate sum payable to those Target Shareholders shall be taken to be in full and final satisfaction of the amounts owing to those Target Shareholders.
- (b) The Target agrees that the Bidder may approach the ATO to obtain clarification as to the application of Subdivision 14-D to the Transaction and will provide all information and assistance that the Bidder reasonably requires in making that approach.
- (c) The Bidder agrees:
 - (i) to provide the Target a reasonable opportunity to review the form and content of all materials to be provided to the ATO, to take into account the Target's comments on those documents and more generally in relation to the Bidder's engagement with the ATO and to participate in any

discussions and correspondence between the Target and the ATO in connection with the application of Subdivision 14-D to the Transaction; and

- (ii) not to contact any Target Shareholders in connection with the application of Subdivision 14-D to the Transaction without the Target's prior written consent.
- (d) The parties agree to consult in good faith as to the application of Subdivision 14-D, including taking into account any clarification provided by the ATO following the process specified above in this clause 18. The parties agree to take all actions that they agree (each acting reasonably) are necessary or desirable following that consultation which may include, without limitation, making amendments to this Agreement and the Scheme) to ensure that relevant representations are obtained from the Target Shareholders.

19. Notices

19.1 Notices

- (a) Any notice or other communication to or by a party under this Agreement:
 - (i) unless stated otherwise, must be given by letter or email;
 - (ii) must be in writing and in English and must be legible;
 - (iii) must be in writing, legible and in English addressed (depending on the manner in which it is given) as shown below:

(A) If to the Target:

Address: Level 1, 325 Flinders Lane, Melbourne 3000
 Attention: Mr Mark Samlal
 Email: mark.samlal@paygrouplimited.com

with a copy to:

Address: K&L Gates, Level 25, 525 Collins St, Melbourne VIC 3000
 Attention: Andrew Gaffney
 Email: Andrew.Gaffney@klgates.com

(B) If to the Bidder or the Guarantor:

Address: 425 1st Street, Unit 1502, San Francisco, California 94105, USA
 Attention: Dor Barda
 Email: dor@deel.com

with a copy to:

Address: Level 13, Collins Arch, 447 Collins Street, Melbourne, Victoria 3000
 Attention: Vaughan Petherbridge and Jol Rogers

Email: Vaughan.Petherbridge@gadens.com and
Jol.Rogers@gadens.com

or addressed in accordance with any updated details last notified by the party to the sender by notice given in accordance with this clause; and

- (iv) subject to clause 19.1(d), must be signed by or on behalf of the sender and, where the sender is a corporation, must be signed on behalf of the sender:
- (A) in the case of a corporation registered in Australia, by the appropriate office holders of that corporation under section 127 of the Corporations Act; or
- (B) in the case of a corporation registered outside Australia, by a person duly authorised by that corporation under the laws governing the place of registration of that corporation.
- (b) Any notice or other communication given under this Agreement in accordance with clauses 19.1(a) and 19.1(d) is deemed to be given by the sender and received by the addressee:
- (i) if delivered in person, when delivered to the addressee;
- (ii) if posted, at 9.00 am on the third Business Day after the date of posting or, if posted to or from a place outside Australia, on the seventh Business Day after the date of posting, whether delivered or not; or
- (iii) if by way of email, as specified in clause 19.1(e).
- (c) If any notice or other communication would be deemed by clauses 19.1(b) or 19.1(e) to be delivered or received on a day which is not a Business Day or is after 4.00 pm (addressee's time), it is deemed to have been received at 9.00 am on the next Business Day.
- (d) If any notice or other communication is to be given under this Agreement by email:
- (i) it may be given by email or attached (as an electronic scanned version of that notice or communication) to an email;
- (ii) where it is given by email, the email must be signed in accordance with clause 19.1(a)(iv) by typing the signatory's name following the main substantive text of the email;
- (iii) where it is attached to an email, the notice or other communication must be signed in accordance with clause 19.1(a)(iv) but the covering email does not itself need to be signed;
- (iv) the subject line of the email must contain the following words or words to a similar effect:
- (v) "Notice to [Full name of addressee party] under the Notices clause 19.1 of the Scheme Implementation Agreement between PayGroup Limited, Deel Australia Holdings Pty Ltd and Deel, Inc.";

- (vi) the email must be in an appropriate and commonly used format; and
 - (vii) any attached file must be a pdf, jpeg, tiff or other appropriate and commonly used format.
- (e) For the purposes of clause 19.1(b)(iii), any notice or other communication given under this Agreement by email in accordance with clauses 19.1(a) and 19.1(d) is deemed to be delivered and received on the earlier of:
- (i) the sender receiving a delivery confirmation message from the recipient's information system; and
 - (ii) 4 hours after the time the email is sent to the relevant email address unless the sender receives an automatic notification (other than an out of office greeting) that the email has not been delivered.

20. Guarantee & Indemnity

- (a) In consideration of the Target entering into this Agreement with the Bidder at the request of the Guarantor, the Guarantor:
- (i) unconditionally and irrevocably guarantees to the Target on demand, the due and punctual performance of the Bidder's obligations under this Agreement; and
 - (ii) agrees to indemnify the Target against all Loss incurred by the Target arising from any failure by the Bidder to perform any of its obligations under this Agreement.
- (b) This clause is a continuing obligation and remains in force for as long as the Bidder has any liability or obligation to any other party under this Agreement and until all of those liabilities and obligations have been fully discharged.
- (c) The Guarantor's obligations and the Target's rights under this guarantee and indemnity are not affected by anything which might otherwise affect them at Law.
- (d) The Guarantor's liability under this clause 20 in respect of any claim against the Bidder or the Guarantor will not exceed the Bidder's liability in respect of that claim.

21. General

21.1 Entire understanding

- (a) This Agreement and the Confidentiality Deed contain the entire understanding between the parties concerning the subject matter of this Agreement and supersede, terminate and replace all prior agreements and communications between the parties.
- (b) Each party acknowledges that, except as expressly stated in this Agreement, it has not relied on any representation, warranty, undertaking or statement made by or on behalf of another party in relation to this Agreement or its subject matter.

21.2 No adverse construction

No provision of this Agreement is to be construed to the disadvantage of a party solely because that party was responsible for preparing or proposing this Agreement or the provision.

21.3 Further assurances

A party, at its own expense and within a reasonable time of being requested by another party to do so, must do all things and execute all documents that are reasonably necessary to give full effect to this Agreement.

21.4 No waiver

- (a) A failure to exercise, a delay in exercising or partially exercising any power, right or remedy conferred on a party by or in respect of this Agreement does not operate as a waiver by that party of the power, right or remedy.
- (b) A single or partial exercise of any power, right or remedy does not preclude a further exercise of it or the exercise of any other power, right or remedy.
- (c) A waiver of a breach does not operate as a waiver of any other breach.

21.5 Remedies cumulative

Except as set out in this Agreement, the powers, rights and remedies under this Agreement are cumulative with and not exclusive of any powers, rights and remedies provided by law independently of this Agreement.

21.6 Severability

Any provision of this Agreement which is invalid in any jurisdiction must, in relation to that jurisdiction be:

- (a) read down to the minimum extent necessary to achieve its validity, if applicable; and
- (b) severed from this Agreement in any other case,

without invalidating or affecting the remaining provisions of this Agreement or the validity of that provision in any other jurisdiction.

21.7 No assignment

A party cannot assign or otherwise transfer the benefit of this Agreement without the prior written consent of the other party.

21.8 Consents and approvals

Unless this Agreement provides otherwise, where anything depends on the consent or approval of a party, then that consent or approval may be given conditionally, unconditionally or withheld, in the absolute discretion of that party.

21.9 No variation

This Agreement cannot be amended or varied except in writing signed by the parties.

21.10 Costs

Each party must pay its own legal costs of and incidental to the preparation, negotiation and execution of this Agreement and in connection with the implementation of the Scheme and the transaction contemplated by it.

21.11 Duty

Any duty (including related interest or penalties) payable in respect of this Agreement or any instrument created in connection with it must be paid by the Bidder.

21.12 Conflicting provisions

If there is any conflict between the main body of this Agreement and any schedules or annexures comprising it, then the provisions of the main body of this Agreement prevail.

21.13 No merger

Unless otherwise provided in this Agreement, the representations, undertakings, warranties and indemnities of the parties in, or the rights and remedies of the parties under, this Agreement will not merge on the completion of any transaction contemplated by this Agreement but will survive and remain enforceable to the fullest extent.

21.14 Operation of indemnities

Unless this Agreement expressly provides otherwise:

- (a) each indemnity in this Agreement is a continuing obligation and survives the completion, expiry or termination of this Agreement;
- (b) each indemnity given by a party in this Agreement is an additional, separate and independent obligation of the party and no one indemnity limits the operation of any other indemnity; and
- (c) a party may enforce and recover a payment under an indemnity in this Agreement before it incurs any expense or makes the payment in respect of which the indemnity is given.

21.15 No right of set-off

Unless this Agreement expressly provides otherwise, a party has no right of set-off against a payment due to another party.

21.16 Relationship of parties

Unless this Agreement expressly provides otherwise, nothing in this Agreement may be construed as creating a relationship of partnership, of principal and agent or of trustee and beneficiary.

21.17 Counterparts

If this Agreement consists of a number of signed counterparts, each is an original and all of the counterparts together constitute the same document. A party may sign a counterpart by executing a signature page and electronically transmitting a copy of the signed page to each other party or their authorised representative.

21.18 Governing law and jurisdiction

- (a) This Agreement is governed by and must be construed in accordance with the laws in force in Victoria.
- (b) The parties submit to the exclusive jurisdiction of the courts of that State and the Commonwealth of Australia in respect of all matters arising out of or relating to this Agreement, its performance or subject matter.
- (c) Each party waives any rights to:
 - (i) object to the venue of any proceedings; or
 - (ii) claim that the proceedings have been brought in an inconvenient forum or that the courts of another place are a more convenient forum,

if the proceedings have been brought in a court referred to in clause 21.18(b).

Schedule 1 - Conditions

	Condition	Beneficiary	Responsible Party
1.	Orders convening Scheme Meeting: The Court orders the convening of the Scheme Meeting under section 411(1) of the Corporations Act.	None	Target
2.	Target Shareholder approval: The Scheme being approved by Target Shareholders by the requisite majorities under section 411(4)(a) of the Corporations Act.	None	Target
3.	Court approval of Scheme: The Court approves the Scheme under section 411(4)(b) of the Corporations Act and a copy of those orders is lodged with ASIC as contemplated in section 411(10) of the Corporations Act.	None	Bidder and Target
4.	No restraints: No Court or Government Agency issues or takes steps to issue a restraining order, preliminary or permanent injunction or other material legal restraint or prohibition preventing the Scheme or requiring a material change to the terms of the Scheme, which remains in force at 8.00 am on the Second Court Date.	Bidder and Target	Bidder and Target
5.	No Target Prescribed Occurrences: No Target Prescribed Occurrence has occurred between the date of this Agreement and 8.00 am on the Second Court Date, which has not been remedied as at 8.00 am on the Second Court Date.	Bidder	Target
6.	No Material Adverse Change: No Material Adverse Change has occurred between the date of this Agreement and 8.00 am on the Second Court Date.	Bidder	Target
7.	Target Warranties: Each of the Target Warranties are true and correct in all material respects on the date those representations are given.	Bidder	Target
8.	Bidder Warranties: Each of the Bidder Warranties are true and correct in all material respects on the date those representations are	Target	Bidder

	given.		
9.	Restructure and Confirmation Steps: The Restructure and Confirmation Steps being completed to the Bidder's reasonable satisfaction before 8.00 am on the Second Court Date.	Bidder	Target
10.	Contingent Target Share Issues: Before 8.00 am on the Second Court Date, the Target has taken all actions required to ensure that no Third Party has any entitlement to be issued Target Shares on or after the Effective Date, including in relation to any Contingent Target Share Issues.	Bidder	Target
11.	Escrowed Target Shares: Before 8.00 am on the Second Court Date, the Target has taken all actions required to enable all Escrowed Target Shares to be acquired by the Bidder under the Scheme.	Bidder and Target	Target

Schedule 2 - Target Obligations

	Obligation
1.	<p>Independent Expert</p> <p>(a) Appoint an Independent Expert to provide the Independent Expert's Report and provide any assistance and information reasonably requested by the Independent Expert to enable it to prepare the Independent Expert's Report.</p> <p>(b) On receipt, provide the Bidder with a copy of any draft or final Independent Expert Report.</p>
2.	<p>Scheme Booklet</p> <p>(a) Prepare the Scheme Booklet pursuant to clause 5.</p> <p>(b) As soon as reasonably practicable after the date of this Agreement:</p> <p>(i) provide an advanced draft of the Scheme Booklet to ASIC for its review and approval; and</p> <p>(ii) liaise with ASIC during the period of its review of the draft Scheme Booklet and keep the Bidder reasonably informed of any matters raised by ASIC in relation to the Scheme Booklet and use reasonable endeavours, in consultation with the Bidder, to resolve any such matters (provided that, where any matters relate to Bidder Scheme Information, the Target must not take any steps to address them without the prior written consent of the Bidder, such consent not to be unreasonably withheld or delayed).</p> <p>(c) As soon as reasonably practicable after the conclusion of ASIC's review of the Scheme Booklet, procuring that a meeting of the Target Board is held to consider and if thought fit, approve the Scheme Booklet as suitable for dispatch to Target Shareholders, subject to orders of the Court under section 411(1) of the Corporations Act.</p>
3.	<p>ASIC</p> <p>(a) Apply to ASIC for a written statement that ASIC does not intend to appear before the Court at the First Court Hearing and under section 411(17)(b) Corporations Act that ASIC has no objection to the Scheme.</p> <p>(b) Request ASIC to register the explanatory statement included in the Scheme Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act.</p>
4.	<p>Court Proceedings</p> <p>(a) Consult with the Bidder in relation to the form and content of the</p>

	<p>Court Documents required for the Court Hearings held for the purpose of sections 411(1) and 411(4)(b) of the Corporations Act in relation to the Scheme and consider in good faith, for the purpose of amending drafts of those Court Documents, reasonable comments from the Bidder.</p> <p>(b) Engage suitable counsel to represent the Target in all Court proceedings related to the Scheme.</p> <p>(c) Apply to the Court for orders under section 411(1) of the Corporations Act directing the Target to convene the Scheme Meeting.</p>
5.	<p>Scheme Booklet Dispatch</p> <p>(a) Send the Scheme Booklet to Target Shareholders as soon as practicable after the Court orders the Target to convene the Scheme Meeting.</p> <p>(b) Ensure that the Target Scheme Information is not false, misleading or deceptive in any material respect (whether by omission or otherwise) at the Dispatch Date.</p> <p>(c) Provide to Target Shareholders such further or new Target Scheme Information as may arise after the Dispatch Date as may be necessary to ensure that the Target Scheme Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (whether by omission or otherwise).</p>
6.	<p>Scheme Meeting</p> <p>Convene and hold the Scheme Meeting in accordance with any orders made by the Court.</p>
7.	<p>Certificate</p> <p>(a) Provide the certificates required under clause 3.6(a)(iv).</p> <p>(b) Before commencement of the hearing by the Court of the application for the order under section 411(4)(b) of the Corporations Act, give to the Bidder a certificate signed by the Target stating whether or not each representation or warranty given by the Target is true and correct in all material respects as at the time it is given or made under clause 9.</p>
8.	<p>Implementation</p> <p>(a) Apply to the Court for an order approving the Scheme under sections 411(4)(b) and 411(6) of the Corporations Act.</p> <p>(b) Lodge with ASIC an office copy of the orders approving the Scheme in accordance with section 411(10) of the Corporations Act.</p>

	<ul style="list-style-type: none"> (c) Pay the Transaction Costs as and when they are due and payable. (d) Provide the Scheme Consideration to each Scheme Participant, in accordance with the terms of the Scheme. (e) Execute proper instruments of transfer and register the transfer of the Scheme Shares to the Bidder on the Implementation Date. (f) Do all other things necessary to give effect to the Scheme and the Court orders approving the Scheme.
9.	<p>Proxy Information</p> <p>Upon request of the Bidder made before the commencement of the Scheme Meeting, inform the Bidder of the total number of proxy votes in respect of which the appointment for the Scheme Meeting specified that:</p> <ul style="list-style-type: none"> (a) the proxy is to vote in favour of the Scheme; (b) the proxy is to vote against the Scheme; (c) the proxy is to abstain on the Share Scheme Resolution; and (d) the proxy may vote at the proxy's discretion.
10.	<p>Quotation and listing of Target Shares</p> <ul style="list-style-type: none"> (a) Apply to ASX to suspend trading in Target Shares with effect from the close of trading on the Effective Date. (b) Take all reasonable steps to maintain the Target's listing on ASX, notwithstanding any suspension of the quotation of Target Shares, up to and including the Implementation Date, including making appropriate applications to ASX and ASIC, and take any action as reasonably requested by the Bidder to obtain the approval of ASX to the de-listing of the Target following implementation of the Scheme.

Schedule 3 - Bidder Obligations

	Obligation
1.	<p>Scheme Booklet</p> <ul style="list-style-type: none"> (a) Assist in the preparation of the Scheme Booklet in accordance with clause 5. (b) Provide to the Target such Bidder Scheme Information that the Target reasonably requires, and in a form suitable for inclusion in the Scheme Booklet and in accordance with all applicable Laws, including the Corporations Act, Corporations Regulations and ASIC policies and guidance. (c) Procure that a meeting of the Bidder's Board of Directors is held to consider and if thought fit, approve those sections of the draft Scheme Booklet that relate to the Bidder as suitable for provision to ASIC for its review. (d) Subject to item 1.1(c), confirming in writing to the Target that: <ul style="list-style-type: none"> (i) it consents to the inclusion of the Bidder Scheme Information in the Scheme Booklet, in the form and context in which the Bidder Scheme Information appears; and (ii) the Bidder Scheme Information is accurate and not false, misleading or deceptive in any material respect (whether by omission or otherwise).
2.	<p>Deed Poll</p> <p>Execute the Deed prior to the First Court Date.</p>
3.	<p>Scheme Booklet Dispatch</p> <ul style="list-style-type: none"> (a) Approve those sections of the draft Scheme Booklet that relate to the Bidder as suitable for dispatch to Target Shareholders, subject to orders of the Court under section 411(1) of the Corporations Act. (b) Ensure that the Bidder Scheme Information is not false, misleading or deceptive in any material respect (whether by omission or otherwise) at the Dispatch Date. (c) If, after the Dispatch Date, it becomes aware that any of the Bidder Scheme Information is misleading or deceptive in any material respect (whether by omission or otherwise) having regard to applicable disclosure requirements, providing all necessary and appropriate information to the Target to enable it to provide that information to Target Shareholders.

4.	<p>Court Proceedings</p> <p>(a) Provide any assistance or information reasonably requested by the Target or its Representatives in connection with the preparation of the Court Documents, including reviewing the drafts of the Court Documents prepared by the Target and providing comments in a timely manner on those drafts.</p> <p>(b) Procure that the Bidder is represented by counsel at the Court hearings convened in relation to the Scheme for the purposes of sections 411(1) and 411(4)(b) of the Corporations Act and, if requested by the Court, undertake (through its counsel) to do all things and take all steps within its power that may be necessary to fulfil its obligations under the Scheme.</p>
5.	<p>Independent Expert</p> <p>Subject to the Independent Expert agreeing to reasonable confidentiality restrictions, promptly provide all assistance and information reasonably requested by the Independent Expert to enable it to prepare the Independent Expert's Report for inclusion in the Scheme Booklet.</p>
6.	<p>Implementation</p> <p>(a) If the Scheme becomes Effective, pay the Scheme Consideration to the Target on behalf of each Scheme Participant in accordance with clause 4.2.</p> <p>(b) If the Scheme becomes Effective, accept the transfer of the Scheme Shares.</p> <p>(c) Do all other things necessary to give effect to the Scheme and the Court orders approving the Scheme.</p>
7.	<p>Certificate</p> <p>(a) Provide the certificates required under clause 3.6(a)(iv).</p> <p>(b) Before commencement of the hearing by the Court of the application for the order under section 411(4)(b) of the Corporations Act, give to the Target a certificate signed by the Bidder stating whether or not each representation or warranty given by the Bidder is true and correct in all material respects as at the time it is given or made under clause 10.</p>

Schedule 4 - Target Warranties

1. Power and Authority

- 1.1 Each member of the Target Group is a validly existing corporation registered under the laws of its place of incorporation.
- 1.2 The Target has has taken all necessary action to authorise its entry into and performance of this Agreement and to carry out the transactions contemplated by this Agreement.
- 1.3 The Target has the power to enter into and perform its obligations under this Agreement and to carry out the transactions contemplated by this Agreement.
- 1.4 The obligations of the Target under this Agreement constitute legal, valid and binding obligations on the Target and enforceable against the Target in accordance with their terms.
- 1.5 The entry into and performance of this Agreement by the Target does not and will not result in a contravention of its constitution, or any Law, judgment, ruling, order, decree or authorisation binding on it.

2. Information

- 2.1 The Target Due Diligence Information was prepared and provided in good faith for the purpose of informing the Bidder about the Target Shares, the Target Group and its Business and as at the date of this Agreement is not misleading or deceptive in any material respect (whether by omission or otherwise).
- 2.2 The Target Scheme Information included in the Scheme Booklet:
 - (a) was prepared in good faith and on the understanding that the Bidder would rely on that information for the purposes of preparing the Bidder Scheme Information and approving and implementing the Scheme; and
 - (b) as at the Dispatch Date, will comply in all material respects with the requirements of the Corporations Act, Corporations Regulations, applicable ASIC guidance and the Listing Rules and will not, having regard to applicable disclosure requirements, be misleading or deceptive in any material respect (including because of any material omission).
- 2.3 The Target will, as a continuing obligation (but in respect of Bidder Scheme Information only to the extent the Bidder provides the Target with updates to the Bidder Scheme Information), ensure that the Scheme Booklet is updated or supplemented to include all further or new information which arises and the Target becomes aware of after the Dispatch Date until the date of the Scheme Meeting which is necessary to ensure that the Scheme Booklet is not misleading or deceptive (including by way of omission).
- 2.4 The Target as at the date of this Agreement is not in breach of its continuous or periodic financial disclosure obligations under the Listing Rules or the Corporations Act and, subject to the announcement of the Scheme, as at the date of this Agreement the Target is not relying on Listing Rule 3.1A to withhold any information from disclosure under the Listing Rules.

3. Compliance with law

- 3.1 To the best of the Target's knowledge and belief, each member of the Target Group as at the date of this Agreement has complied in all material respects with all Australian and foreign laws and regulations applicable to it and orders of Australian and foreign governmental agencies having jurisdiction over it and has all material licenses, permits and authorisations necessary for it to conduct its respective businesses as presently being conducted.

4. Financial statements

- 4.1 As far as the Target is aware, as at the date of this Agreement, there has not been any event, change, effect or development that would require the Target to restate the Target's financial statements as disclosed to ASX.

5. Intellectual property

- 5.1 A member of the Target Group is the sole and exclusive owner of, or has a valid and enforceable right to use, all Intellectual Property Rights necessary for the Target Group to conduct its business as currently conducted.
- 5.2 No member of the Target Group has received notice from any person alleging that the business of the Target Group infringes or otherwise violates any Intellectual Property Rights of a third party.
- 5.3 So far as the Target is aware after making due enquiries, no person has infringed or otherwise violated the Intellectual Property Rights of the Target Group.

6. Material contracts

- 6.1 As at the date of this Agreement, neither the Target nor any member of the Target Group is in default under any material contract binding on it nor has anything occurred which is, or would with the giving of notice or lapse of time, constitute an event of default or give another party a termination right under any such material contract.

7. Litigation and investigations

- 7.1 There is no material litigation or regulatory investigation commenced or threatened against any member of the Target Group of any nature.

8. Target

- 8.1 The Target has provided the Bidder complete and accurate information relating to the level of financial indebtedness of the Target as at the date of this Agreement.
- 8.2 The issued capital of the Target as of the date of this Agreement is as follows and it has not issued any other securities or instruments which are still outstanding and may convert into Target securities:

Number	Class
118,327,272	Ordinary Shares

2,411,290	<p>options to purchase Target Shares (Options) with the exercise prices of:</p> <p>1.2m Options with the exercise price of \$1.10 per Target Share, and</p> <p>1.2m Options with the exercise price of \$1.20 per Target Share</p>
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8.3 All the issued securities of each Target Group Member (other than the Target) are held by either the Target or another Target Group Member that is directly or indirectly wholly-owned by the Target.

8.4 With the exception of the Contingent Target Share Issues, no Target Group Member has issued or granted (or agreed to issue or grant) any other securities, options, warrants, performance rights or other instruments which are still outstanding and may convert into shares and no Target Group Member is under any obligation to issue or grant, and no person has any right to call for the issue or grant of, any shares, options, warrants, performance rights or other securities or instruments in a Target Group Member.

9. Solvency

9.1 No Target Group Member is Insolvent.

Schedule 5 - Bidder Warranties

1. It is a validly existing corporation registered under the laws of its place of incorporation.
2. It has taken all necessary action to authorise its entry into and performance of this Agreement and to carry out the transactions contemplated by this Agreement.
3. It has the power to enter into and perform its obligations under this Agreement and to carry out the transactions contemplated by this Agreement.
4. The obligations of the Bidder under this Agreement constitute legal, valid and binding obligations on the Bidder and enforceable against the Bidder in accordance with their terms.
5. The entry into and performance of this Agreement by it does not and will not result in a contravention of its constitution, or any Law, judgment, ruling, order, decree or authorisation binding on it.
6. It has obtained (or will have obtained prior to 8.00 am on the Second Court Date) all necessary consents and approvals to enable it to enter into and perform its obligations under this Agreement.
7. To the best of the Bidder's knowledge, as at the date of this Agreement, it has completely and accurately disclosed all information known to it which has been reasonably requested by the Target for the purposes of conducting due diligence on the Bidder and implementing the Scheme, and it has not knowingly concealed any information which would reasonably be expected to be material to the Target or Target Shareholders.
8. The Bidder Scheme Information:
 - (a) was prepared in good faith and on the understanding that the Target would rely on that information for the purposes of preparing the Scheme Booklet and implementing the Scheme; and
 - (b) as at the Dispatch Date, will comply in all material respects with the requirements of the Corporations Act, Corporations Regulations, applicable ASIC guidance and the Listing Rules and will not, having regard to applicable disclosure requirements, be misleading or deceptive in any material respect (including because of any material omission).
9. The Bidder will, as a continuing obligation, provide to the Target all further or new information which arises after the Dispatch Date until the date of the Scheme Meeting which is necessary to ensure that the Bidder Scheme Information is not misleading or deceptive in any material respect (including by way of omission).
10. It is not insolvent.
11. It has (or has access to) the necessary funds, upon the Scheme becoming Effective, to satisfy its payment obligations under the Scheme and the Deed Poll.

Executed as an agreement

Signed for and on behalf of **Paygroup Limited**)
ACN 620 435 038 in accordance with Section)
127(1) of the *Corporations Act 2001 (Cth)*:)
)

.....
Signature of Director

.....
Signature of Director/ Secretary

.....
Name of Director (please print)

.....
Name of Director/Secretary (please print)

Signed for and on behalf of **Deel Australia**)
Holdings Pty Ltd ACN 660 260 051 in)
accordance with Section 127(1) of the)
Corporations Act 2001 (Cth):)
)

.....
Signature of Sole Director/Secretary

.....
Name of Sole Director/Secretary (please print)

Signed for and on behalf of **Deel, Inc.** in)
accordance with its Constitution, By-Laws and)
applicable laws:)
)

.....
Signature of authorised representative

.....
Name of authorised representative (please print)

For personal use only

Annexure 1 - Timetable

Event	Indicative Date
Announcement and signing of Scheme Implementation Agreement	Date of this Agreement (Start Date)
Provide Scheme Booklet to ASIC for review	30 days from the Start Date
First Court Hearing	50 days from the Start Date
Dispatch Scheme Booklet to Target Shareholders	55 days from the Start Date
Scheme Meeting	90 days from the Start Date
Second Court Hearing	105 days from the Start Date
Effective Date (lodge office copy of Court order approving Scheme with ASIC)	106 days from the Start Date
Record Date for Scheme	5.00pm on the second Business Day following the Effective Date
Implementation Date	Seven Business Days following the Effective Date

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Annexure 2- Scheme of Arrangement

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K&L GATES

Scheme of arrangement

Paygroup Limited

ACN 620 435 038

and

Scheme Participants

K&L Gates
Melbourne office
Ref: AXG

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Scheme of arrangement

Date

Parties

1. **Paygroup Limited** ACN 620 435 038 of Level 1, 325 Flinders Lane, Melbourne 3000 (**Target**)
2. The holders of fully paid ordinary shares in the capital of Target as at the Record Date (each a **Scheme Participant**)

Background

- A. The Target, the Bidder and the Guarantor have entered into a Scheme Implementation Agreement pursuant to which the Target has agreed to propose the Scheme to Scheme Participants.
- B. The Bidder and the Guarantor have executed a Deed Poll pursuant to which the Bidder covenants in favour of Scheme Participants to perform certain obligations to give effect to the Scheme and the Guarantor covenants in favour of Scheme Participants to procure that such obligations of the Bidder are met.

Agreed terms

1. Definitions and interpretation

1.1 Definitions

In this Scheme:

Accrued Interest has the meaning given to that term in clause 5.2(b);

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited or Australian Securities Exchange, as appropriate;

Bidder means Deel Australia Holdings Pty Ltd ACN 660 260 051 of 51A Sheahans Road, Bulleen, Victoria 3105;

Business Day means a day that is not a Saturday, Sunday, public holiday or bank holiday in Melbourne;

CHESS means the Clearing House Electronic Subregister System of share transfers operated by ASX Settlement Pty Limited ACN 008 504 532;

Corporations Act means the *Corporations Act 2001 (Cth)*;

Court means the Federal Court of Australia or any other court of competent jurisdiction under the Corporations Act as the Bidder and Target may agree;

Deed Poll means the deed poll to be executed by the Bidder and the Guarantor substantially in the form of Annexure 3 of the Scheme Implementation Agreement or

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such other form agreed in writing by the Target and the Bidder under which the Bidder covenants in favour of each Scheme Participant to perform its obligations under this Scheme;

Effective means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme;

Effective Date means the date on which the Scheme becomes Effective;

Encumbrance means:

- (a) any:
 - (i) legal or equitable interest or power created, arising in or reserved in or over an interest in any property or asset; or
 - (ii) security for payment of money, performance of obligations or protection against default (including a mortgage, bill of sale, charge, lien, pledge, trust, power or retention of title arrangement, right of set-off, assignment of income, garnishee order, monetary claim and flawed deposit arrangement);
- (b) any thing or preferential interest or arrangement of any kind giving a person priority or preference over claims or other persons with respect to any property or asset;
- (c) a PPSA Security Interest; or
- (d) any agreement or arrangement (whether legally binding or not) to grant or create anything referred to in paragraphs (a), (b) or (c);

Government Agency means ASIC, the Court, the Takeovers Panel and any other government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and includes any minister and any regulatory organisation established under statute or any stock exchange;

Guarantor means Deel, Inc. of 425 1st Street, Unit 1502, San Francisco, California 94105, USA;

Immediately Available Funds means a bank cheque or other form of cleared funds acceptable to the Target;

Implementation Date means, the fifth Business Day after the Record Date, or such other Business Day the parties agree;

Nominee means the person nominated by the Bidder no later than 3 Business Days before the Second Court Date which is:

- (a) an entity of which at least 90% of the interests in that entity are directly or indirectly owned by the Bidder; or

- (b) an entity which is at least 90% owned (directly or through one or more wholly owned subsidiaries) by the partners of a partnership of which:
- (i) the Bidder is the general partner; or
 - (ii) the general partner of that partnership is a wholly-owned subsidiary of the Bidder;

PPSA means the *Personal Property Securities Act 2009 (Cth)*;

PPSA Security Interest means a security interest as defined in the PPSA;

Record Date means, 5.00 pm on the date which is the second Business Day after the Effective Date, or such other Business Day agreed by the Bidder and the Target;

Register means the register of members of the Target maintained by or on behalf of the Target in accordance with section 168(1) of the Corporations Act;

Registered Address means the address of a Scheme Participant shown in the Register;

Registry means the share registry of the Target, being Computershare Investor Services Pty Limited;

Scheme means this scheme of arrangement pursuant to Part 5.1 of the Corporations Act between the Target and Scheme Participants in respect of the Scheme Shares, subject to any amendments made under section 411(6) of the Corporations Act and approved by the Bidder;

Scheme Consideration means the consideration payable by the Bidder for the transfer of Scheme Shares held by a Scheme Participant to the Bidder, being the lesser of:

- (a) \$1.00 per Scheme Share; and
- (b) the amount per Scheme Share calculated in accordance with the following formula:

$$SC = (\text{Maximum Equity Value}/N)$$

where:

SC means the consideration payable per Scheme Share;

Maximum Equity Value means \$119,830,380; and

N means the number of Scheme Shares on issue as at the Record Date;

Scheme Implementation Agreement means the scheme implementation agreement dated **date** between the Bidder, the Guarantor and the Target;

Scheme Meeting means the meeting of Target Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme;

Scheme Share means a Target Share on issue as at the Record Date;

Scheme Transfer means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Participant for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares;

Second Court Date means the first day on which the application to approve the Scheme under section 411(4)(b) of the Corporations Act is heard by the Court;

Separate Account has the meaning given to that term in clause 5.3(c);

Sunset Date means 5:00 pm on the date which is 5 months after the date of the Scheme Implementation Agreement or such other date and time agreed between the Bidder and the Target;

Takeovers Panel means the review body continuing in existence under section 261 of the *Australian Securities and Investments Commission Act 2001 (Cth)* and given powers under Part 6.10 of the Corporations Act;

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

Target Shareholder means each person who is registered in the Register as a holder of Target Shares;

Trust Account means the trust account operated by or on behalf of the Target to hold the Scheme Consideration on trust for the purpose of paying the Scheme Consideration to the Scheme Participants in accordance with clause 5.3 of this Scheme; and

Unclaimed Money Act means the *Unclaimed Money Act 2008 (Vic)*.

1.2 Interpretation

In this Scheme unless the context requires otherwise:

- (a) the singular includes the plural and vice versa;
- (b) a gender includes the other genders;
- (c) headings are used for convenience only and do not affect the interpretation of this Scheme;
- (d) other grammatical forms of a defined word or expression have a corresponding meanings;
- (e) a reference to a document is to that document as amended, novated, supplemented, extended or restated from time to time;
- (f) a reference to a party is to a party to this Scheme and includes that party's executors, administrators, successors, permitted assigns and permitted substitutes;
- (g) if something is to be or may be done on a day that is not a Business Day then it must be done on the next Business Day;

- (h) "person" includes a natural person, partnership, body corporate, association, joint venture, governmental or local authority, and any other body or entity whether incorporated or not;
- (i) "month" means calendar month and "year" means 12 consecutive months;
- (j) a reference to all or any part of a statute, rule, regulation or ordinance (**statute**) is to that statute as amended, consolidated, re-enacted or replaced from time to time;
- (k) "include", "for example" and any similar expressions are not used, and must not be interpreted, as words of limitation;
- (l) money amounts are stated in Australian currency unless otherwise specified;
- (m) a reference to time is to Melbourne, Australia time;
- (n) a reference to any agency or body that ceases to exist, is reconstituted, renamed or replaced, or has its powers or functions removed (**defunct body**) is to the agency or body that performs most closely the powers or functions of the defunct body;
- (o) any provision in this Scheme which is in favour of more than one person benefits all of them jointly and each of them severally; and
- (p) any provision in this Scheme which binds more than one person binds all of them jointly and each of them severally.

2. Preliminary

2.1 Target

The Target is a public company limited by shares, incorporated and registered in Victoria, Australia.

- (a) The Target is admitted to the official list of the ASX and Target Shares are officially quoted on the securities market conducted by ASX.
- (b) As at the date of the Scheme Implementation Agreement, the Target had the following securities on issue:

Number	Class
118,327,272	Ordinary Shares
2,411,290	Options to purchase Target Shares (Options), with the exercise prices of: 1.2m Options with the exercise price of \$1.10 per Target Share, and 1.2m Options with the exercise price of \$1.20 per Target Share

2.2 Bidder

The Bidder is proprietary company limited by shares, incorporated and registered in Victoria, Australia.

2.3 Consequences of this Scheme becoming Effective

If the Scheme becomes Effective, on the Implementation Date:

- (a) the Bidder will, in consideration of the transfer of each Scheme Share to the Bidder or its Nominee, provide or procure the provision of the Scheme Consideration to Scheme Participants in accordance with the terms of this Scheme and the Deed Poll;
- (b) all the Scheme Shares held by Scheme Participants, and all the rights and entitlements attaching to them, will be transferred to the Bidder or its Nominee; and
- (c) the Target will enter the Bidder's or its Nominee's name in the Register in respect of the Scheme Shares held by Scheme Participants in accordance with the terms of this Scheme.

2.4 Scheme Implementation Agreement and Deed Poll

- (a) The Bidder and the Target have agreed, by executing the Scheme Implementation Agreement, to implement the terms of this Scheme.
- (b) This Scheme attributes actions to the Bidder but does not itself impose an obligation on the Bidder to perform those actions. The Bidder has agreed by executing the Deed Poll to perform (or procure the performance of) its obligations as contemplated by this Scheme, including to provide the Scheme Consideration to Scheme Participants. The Guarantor has executed the Deed Poll for the purpose of covenanting in favour of each Scheme Participant to procure that all obligations of the Bidder under the Deed Poll and the Scheme are met.

3. Conditions, Effective Date and Sunset Date

3.1 Conditions to the Scheme

The Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions (each a **Condition**):

	Condition
1.	Scheme Implementation Agreement Conditions: All the conditions set out in Schedule 1 of the Scheme Implementation Agreement (other than the condition in Item 3 of Schedule 1 of the Scheme Implementation Agreement) ¹ have been satisfied or waived in accordance with the terms of the Scheme Implementation

¹ Being the condition relating to Court approval of the Scheme.

	Condition
	Agreement by 8.00 am on the Second Court Date.
2.	No termination: As at 8.00 am on the Second Court Date, neither the Scheme Implementation Agreement nor the Deed Poll having been terminated in accordance with their terms.
3.	Court approval: The Court having approved the Scheme pursuant to section 411(4)(b) of the Corporations Act, without modification or with modifications which are agreed to in writing between the Target and the Bidder.
4.	Additional Conditions: Such other conditions made or required by the Court under section 411(6) of the Corporations Act (and agreed to by the Target and the Bidder) have been satisfied or waived.
5.	Court orders effective: The Court orders made under section 411(4)(b), and if applicable section 411(6) of the Corporations Act approving the Scheme come into effect pursuant to section 411(10) of the Corporations Act, on or before the Sunset Date.

3.2 Certificates

The Bidder and the Target must each give to the Court on the Second Court Date a certificate confirming (in respect of matters within their knowledge), whether or not all of the Conditions set out in Item 1 and Item 2 of clause 3.1 have been satisfied or waived as at 8.00 am on the Second Court Date.

3.3 Effective Date

Subject to clause 3.4, the Scheme will take effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

3.4 Sunset Date

The Scheme will lapse and be of no further force or effect, and each of the Bidder and the Target are released from any further obligation to take steps to implement the Scheme, if:

- (a) the Effective Date does not occur on or before the Sunset Date; or
- (b) the Scheme Implementation Agreement or Deed Poll are terminated in accordance with their terms,

unless the Target and the Bidder agree in writing otherwise, with the approval of the Court, if required.

4. Implementation of the Scheme

4.1 Lodgement

The Target must lodge with ASIC an office copy of the orders approving the Scheme in accordance with section 411(10) of the Corporations Act, on or before 5.00 pm on the next Business Day after the Court approves the Scheme or such later time as the Target and the Bidder agree in writing.

4.2 Transfer of Scheme Shares

On the Implementation Date, subject to the payment of the Scheme Consideration in accordance with clauses 5.1 to 5.3 of this Scheme:

- (a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to the Bidder or its Nominee, without the need for any further act by any Scheme Participant (other than acts performed by the Target as attorney and agent for Scheme Participants under clause 7.1 of this Scheme) by:
 - (i) the Target delivering to the Bidder a duly completed and executed Scheme Transfer executed on behalf of the Scheme Participants; and
 - (ii) the Bidder or its Nominee duly executing the Scheme Transfer and delivering it to the Target for registration; and
- (b) as soon as practicable after receipt of the executed Scheme Transfer, the Target must enter, or procure the entry of, the name of the Bidder or its Nominee in the Register as the holder of the Scheme Shares.

4.3 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to the Bidder or its Nominee of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of their Scheme Shares in accordance with clause 5 of this Scheme.

4.4 Title and rights in Target Shares

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 5 of this Scheme, on and from the Implementation Date, the Bidder or its Nominee will be beneficially entitled to the Scheme Shares transferred to it under the Scheme, pending registration by the Target of the Bidder or its Nominee in the Register as the holder of the Scheme Shares.

4.5 Scheme Participants' agreements

Under this Scheme, each Scheme Participant agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, in accordance with the terms of this Scheme.

4.6 Transfer free of Encumbrances

To the extent permitted by law, all Target Shares (including any rights and entitlements attaching to those shares) which are transferred to the Bidder or its

Nominee under this Scheme will, at the date of the transfer of them to the Bidder or its Nominee, vest in the Bidder or its Nominee free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind not referred to in this Scheme.

5. Scheme Consideration

5.1 Consideration under the Scheme

On the Implementation Date, the Target must procure the Bidder to pay (or procure the payment of) the Scheme Consideration to the Scheme Participants in accordance with clauses 5.2, 5.3 and 5.4 of this Scheme.

5.2 Satisfaction of obligations and interest accruing

- (a) The obligation of the Target to procure payment of the Scheme Consideration pursuant to clause 5.1 of this Scheme will be satisfied by the Target using its best endeavours to procure the Bidder, no later than 2 Business Days before the Implementation Date, deposits (or procures the deposit) in Immediately Available Funds the aggregate amount of the Scheme Consideration payable to all Scheme Participants into the Trust Account, such amount to be held by the Target on trust for Scheme Participants for the purposes of paying the Scheme Consideration to the Scheme Participants in accordance with clause 5.3(a).
- (b) The amount of any interest (less any bank fees and other charges) on the amount deposited in the Trust Account will be to the Bidder's account (**Accrued Interest**).

5.3 Payment of Scheme Consideration

- (a) On the Implementation Date, subject to receipt of the Scheme Consideration from the Bidder in accordance with clause 5.2 of this Scheme, the Target must pay or procure payment to each Scheme Participant from the Trust Account an amount equal to the Scheme Consideration for each Scheme Share transferred to the Bidder or its Nominee on the Implementation Date by that Scheme Participant.
- (b) Unless otherwise directed by a Scheme Participant before the Record Date, the amounts referred to in clause 5.3(a) of this Scheme must be paid by:
 - (i) electronic funds transfer to an account nominated by the Scheme Participant prior to the Record Date; or
 - (ii) sending a cheque drawn on an Australian bank in Australian currency on the Implementation Date to the Scheme Participant by pre-paid regular post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) to their Registered Address as at 5.00 pm on the Record Date (or in the case of joint holders, in accordance with clause 5.7).
- (c) In the event that:
 - (i) either:

- (A) a Scheme Participant does not have a Registered Address; or
- (B) the Target as trustee for the Scheme Participants believes that a Scheme Participant is not known at the Scheme Participant's Registered Address,

and no account has been notified in accordance with clause 5.3(b)(i) or a deposit into such account is rejected or refunded; or

- (ii) a cheque issued under this clause 5.3 has been cancelled in accordance with clause 5.4(a),

the Target as the trustee for the Scheme Participants may credit the amount payable to the relevant Scheme Participant to a separate bank account of the Target (**Separate Account**) to be held until the Scheme Participant claims the amount or the amount is dealt with in accordance with the Unclaimed Money Act. To avoid doubt, if the amount is not credited to a Separate Account, the amount will continue to be held in the Trust Account until the Scheme Participant claims the amount or the amount is dealt with in accordance with the Unclaimed Money Act. Until such time as the amount is dealt with in accordance with the Unclaimed Money Act, the Target must hold the amount on trust for the relevant Scheme Participant, but any interest or other benefit accruing from the amount will be to the benefit of the Bidder. An amount credited to the Separate Account or Trust Account (as applicable) is to be treated as having been paid to the Scheme Participant when credited to the Separate Account or Trust Account (as applicable). The Target must maintain records of the amounts paid, the people who are entitled to the amounts and any transfers of the amounts.

- (d) To the extent that there is a surplus in the amount held by the Target as the trustee for the Scheme Participants in the Trust Account, that surplus may be paid by the Target as the trustee for the Scheme Participants to the Bidder following the satisfaction of the Target's obligations as the trustee for the Scheme Participants under this clause 5.3.
- (e) The Target must pay any Accrued Interest to any account nominated by the Bidder following satisfaction of the Target's obligations under this clause 5.3.

5.4 Unclaimed monies

- (a) The Target may cancel a cheque issued under clause 5.3 of this Scheme if the cheque:
 - (i) is returned to the Target; or
 - (ii) has not been presented for payment within 6 months after the date on which the cheque was sent.
- (b) During the period of one year commencing on the Implementation Date, on request in writing from a Scheme Participant to the Target, the Target must reissue a cheque that was previously cancelled under clause 5.4(a).
- (c) The Unclaimed Money Act will apply in relation to any Scheme Consideration which becomes "unclaimed money" (as defined in section 3 of the Unclaimed Money Act).

- (d) Any interest or other benefit accruing from unclaimed Scheme Consideration will be to the benefit of the Bidder.

5.5 Orders of a court or Government Agency

In the case of notice having been given to the Target (or the Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency:

- (a) which requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Participant, which would otherwise be payable to that Scheme Participant in accordance with clause 5.3 of this Scheme, then the Target must procure that payment is made in accordance with that order or direction; or
- (b) which would prevent the Target from dispatching payment to any particular Scheme Participant in accordance with clause 5.3 of this Scheme, or such payment is otherwise prohibited by applicable law, the Target will retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Participant multiplied by the Scheme Consideration until such time as payment in accordance with clause 5.3 of this Scheme is permitted by that order or direction or otherwise by law,

and the payment or retention by the Target (or the Registry) will constitute the full discharge of the Target's obligations under clause 5.3(a) with respect to the amount so paid or retained until, in the case of clause 5.5(b), it is no longer required to be retained.

5.6 Withholding

- (a) If the Bidder determines, having regard to legal advice, that the Bidder is either:
- (i) required by law to withhold any amount from a payment to a Scheme Participant; or
- (ii) liable to pay an amount to the Commissioner of Taxation under section 14-200 of Schedule 1 to the *Taxation Administration Act 1953* (Cth) (amounts required to be paid for CGT non-resident withholding) in respect of the acquisition of Scheme Shares from a Scheme Participant,

then the Bidder is entitled to withhold the relevant amount before making the payment to the Scheme Participant (and payment of the reduced shall be taken to be full payment of the relevant amount for the purposes of this Scheme, including clause 5.3).

- (b) The Bidder must pay any amount so withheld to the relevant taxation authority within the time permitted by law, and, if requested in writing by the relevant Scheme Participant, provide a receipt or other appropriate evidence (or procure the provision of such receipt or other evidence) of such payment to the relevant Scheme Participant.

5.7 Joint holders

In the case of Scheme Shares held in joint names the Scheme Consideration is payable to and must be forwarded to the holder whose name appears first in the Register as at 5.00 pm on the Record Date.

5.8 Fractional entitlements

Where the calculation of the aggregate amount of the Scheme Consideration to be provided to a Scheme Participant would result in the Scheme Participant becoming entitled to a fraction of a cent, that fractional entitlement will be rounded down to the nearest whole cent.

6. Dealings in Scheme Shares

6.1 Determination of Scheme Participants

To establish the identity of the Scheme Participants, dealings in Scheme Shares will only be recognised by the Target if:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Register as the holder of the relevant Scheme Shares on or before 5.00 pm on the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before 5.00 pm on the Record Date at the place where the Register is kept.

6.2 Register

The Target must register any registrable transmission application or transfers of the Scheme Shares received in accordance with clause 6.1(b) of this Scheme on or before 5.00 pm on the Record Date.

6.3 No disposals after Record Date

- (a) If this Scheme becomes Effective, 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 the Record Date in any way except as set out in this Scheme and any such disposal will be void and of no legal effect.
- (b) The Target will not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Scheme Shares received after 5.00 pm on the Record Date (except a transfer to the Bidder or its Nominee pursuant to this Scheme and any subsequent transfer by the Bidder, its Nominee or its successors in title).

6.4 Maintenance of Target Register

For the purpose of determining entitlements to the Scheme Consideration, the Target must maintain the Register in accordance with the provisions of this clause 6 until the Scheme Consideration has been paid to the Scheme Participants and the Bidder or its Nominee has been entered in the Register as the holder of all the Scheme Shares.

The Register in this form will solely determine entitlements to the Scheme Consideration.

6.5 Effect of certificates and holding statements

- (a) Subject to provision of the Scheme Consideration and registration of the transfer to the Bidder or its Nominee contemplated in clauses 4.2 and 5.3 of this Scheme, any statements of holding in respect of Scheme Shares (other than statements of holding in favour of the Bidder, its Nominee or their successors in title) will cease to have effect after 5.00 pm on the Record Date as documents of title in respect of those shares.
- (b) After 5.00 pm on the Record Date, each entry current on the Register as at 5.00 pm on the Record Date (other than entries in respect of the Bidder, its Nominee or their successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration.

6.6 Details of Scheme Participants

As soon as practicable after the Record Date, and in any event within one Business Day of the Record Date, the Target must ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant, as shown in the Register at 5.00 pm on the Record Date, are available to the Bidder in such form as the Bidder reasonably requires.

6.7 Quotation of Target Shares

- (a) The Target must apply to ASX to suspend trading on ASX in Target Shares with effect from the close of trading on ASX on the Effective Date.
- (b) After the Scheme has been fully implemented, the Target must apply:
 - (i) for termination of the official quotation of Target Shares on ASX; and
 - (ii) to have itself removed from the official list of the ASX.

7. General Scheme provisions

7.1 Appointment of agent and attorney

Each Scheme Participant, without the need for any further act, irrevocably appoints the Target as its agent and attorney for the purpose of:

- (a) executing any document or form or doing any other act necessary to give effect to the terms of this Scheme including, without limitation, the Scheme Transfer and the giving of the Scheme Participant's consent under clause 7.8; and
- (b) enforcing the Deed Poll against the Bidder and the Guarantor,

and the Target accepts such appointment. The Target, as agent of each Scheme Participant, may sub-delegate its functions, authorities or powers under this clause 7.1 to all or any of its directors and officers (jointly, severally or jointly and severally).

7.2 Appointment of Bidder as sole proxy

On the provision of the Scheme Consideration for the Scheme Shares in accordance with clause 5.3 of this Scheme and until the Target registers the Bidder or its Nominee as the holder of all Scheme Shares in the Register, each Scheme Participant:

- (a) irrevocably appoints the Bidder as its attorney and agent (and directs the Bidder in such capacity) to appoint an officer or agent nominated by the Bidder as its sole proxy and, where applicable, corporate representative to attend shareholders' meetings of the Target, exercise the votes attaching to the Scheme Shares registered in its name and sign any shareholders' resolution;
- (b) undertakes not to attend shareholders' meetings, exercise the votes attaching to Scheme Shares registered in its name or sign or vote on any resolution (whether in person, by proxy or by corporate representative) other than pursuant to clause 7.2(a);
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as the Bidder reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 7.2(a), the Bidder and an officer or agent nominated by the Bidder under clause 7.2(a) may act in the best interests of the Bidder as the intended registered holder of Scheme Shares.

7.3 Alterations to Scheme or condition

The Target may, by its counsel or solicitors, and with the consent of the Bidder (which cannot be unreasonably withheld), consent on behalf of all persons concerned, including a Scheme Participant, to any alteration or condition to the Scheme which the Court thinks fit to impose. Each Scheme Participant agrees to any such variation, alteration or condition.

7.4 Binding effect of Scheme

This Scheme binds the Target and all Scheme Participants (including those who did not attend the Scheme Meeting, those who did not vote at that meeting, or who voted against this Scheme at that meeting) and, to the extent of any inconsistency, overrides the constitution of the Target.

7.5 Further action by the Target

The Target must execute all documents and do all things (on its own behalf and on behalf of each Scheme Participant) necessary or expedient to implement, and perform its obligations under, this Scheme.

7.6 No liability when acting in good faith

Neither the Target, the Bidder nor its Nominee, nor any of their respective officers, employees and advisers (as applicable), will be liable for anything done or omitted to be done in the performance of this Scheme in good faith.

7.7 Enforcement of Deed Poll

The Target undertakes in favour of each Scheme Participant that it will enforce the Deed Poll against the Bidder and the Guarantor on behalf of and as agent and attorney for the Scheme Participants.

7.8 Scheme Participants' consent

Each Scheme Participant irrevocably:

- (a) agrees to the transfer of their Scheme Shares together with all rights and entitlements attaching to those Scheme Shares in accordance with this Scheme;
- (b) consents to the Target and the Bidder or its Nominee doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, incidental or expedient to the implementation and performance of the Scheme;
- (c) agrees to any variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from this Scheme;
- (d) agrees to, on the direction of the Target, destroy any holding statements or share certificates relating to their Scheme Shares;
- (e) acknowledges that the Scheme binds the Target and all of the Scheme Participants (including those who do not attend the Scheme Meeting, do not vote at that meeting or vote against the Scheme); and
- (f) agrees to any alteration or condition to the Scheme which the Court thinks fit to impose.

7.9 Warranty by Scheme Participants

- (a) Each Scheme Participant warrants to the Bidder, and is deemed to have authorised the Target as its agent and attorney to warrant to the Bidder, that:
 - (i) all their Scheme Shares (including any rights and entitlements attaching to those shares) will, at the date of their transfer to the Bidder, be fully paid and free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
 - (ii) they have full power and capacity to sell and to transfer their Scheme Shares together with any rights and entitlements attaching to such shares; and
 - (iii) they have no existing right to be issued any Target Shares, options exercisable into Target Shares, convertible notes convertible into Target Shares or any other securities issued by the Target.
- (b) The Target undertakes that it will provide the warranties in clause 7.9(a) to the Bidder as agent and attorney of each Scheme Participant on the Implementation Date.

- (c) To the extent permitted by law, Scheme Shares transferred under the Scheme will be transferred free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise.

8. General

8.1 Notices

Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to the Target, it will be deemed to be received on the date (if any) on which it is actually received at the Target's registered office, and will not be deemed to be received on any other date.

8.2 Nature of obligations

Each obligation imposed on a party by this Scheme in favour of another is a separate obligation. Unless specified otherwise, the performance of one obligation is not dependent or conditional on the performance of any other obligation.

8.3 No variation

This Scheme cannot be amended or varied except in writing signed by the parties.

8.4 Duty

Any duty (including related interest or penalties) payable in respect of this Scheme or any instrument created in connection with it must be paid by the Bidder.

8.5 Further assurances

A party, at its own expense and within a reasonable time of being requested by another party to do so, must do all things and execute all documents that are reasonably necessary to give full effect to this Scheme.

8.6 Governing law and jurisdiction

- (a) This Scheme is governed by and must be construed in accordance with the laws in force in Victoria.
- (b) The parties submit to the exclusive jurisdiction of the courts of that State and the Commonwealth of Australia in respect of all matters arising out of or relating to this Scheme, its performance or subject matter.

Annexure 3 - Deed Poll

For personal use only

K&L GATES

Deed Poll

Deel Australia Holdings Pty Ltd

ACN 660 260 051

and

Deel, Inc.

in favour of each Scheme Participant

K&L Gates
Melbourne office
Ref: NZM:AXG

For personal use only

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1.2 Interpretation

The provisions of clause 1.2 of the Scheme form part of this Deed Poll as if set out at length in this Deed Poll, except that references to "this Scheme" are to be read as references to "this Deed Poll".

1.3 Nature of deed poll

The parties acknowledge that:

- (a) this Deed Poll may be relied on and enforced by any Scheme Participant in accordance with its terms, even though the Scheme Participant is not party to it; and
- (b) each Scheme Participant irrevocably appoints the Target and each of its directors and officers (jointly and severally) as its agent and attorney to enforce this Deed Poll against the parties on behalf of that Scheme Participant.

2. Condition precedent and termination

2.1 Condition precedent to obligations of the Scheme

The obligations of the parties under this Deed Poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of the parties under this Deed Poll will automatically terminate, and the terms of this Deed Poll will be of no force or effect, if:

- (a) the Scheme Implementation Agreement is terminated in accordance with its terms; or
- (b) the Scheme is not Effective by the Sunset Date,

unless the parties and the Target agree in writing otherwise, with the approval of the Court, if required.

2.3 Consequences of termination

If this Deed Poll is terminated under clause 2.2:

- (a) the parties are released from their obligations to further perform this Deed Poll, except those obligations under clause 8.5; and
- (b) in addition and without prejudice to any other rights, powers or remedies available to them, each Scheme Participant retains the rights it has against the parties in respect of any breach of this Deed Poll which occurs before it is terminated.

3. Scheme obligations

3.1 Undertaking Scheme obligations

Subject to clause 2, the Bidder covenants in favour of each Scheme Participant to perform all actions attributed to it under, and otherwise comply with, the Scheme as if it were a party to the Scheme, and the Guarantor covenants in favour of each Scheme Participant to procure that all obligations of the Bidder under this Deed Poll and the Scheme are met.

3.2 Provision of Scheme Consideration

Subject to clause 2, the Bidder undertakes in favour of each Scheme Participant to provide the Scheme Consideration to the Trust Account on behalf of each Scheme Participant subject to and in accordance with the terms of the Scheme.

3.3 Payment of Scheme Consideration

The Bidder's obligation to provide the Scheme Consideration to the Target on behalf of each Scheme Participant is satisfied by the Bidder, no later than 2 Business Days before the Implementation Date, depositing in Immediately Available Funds the aggregate amount of the Scheme Consideration payable to all Scheme Participants into the Trust Account, except that the amount of any interest on the amount deposited (less bank fees and other charges) will be to the Bidder's account.

4. Representations and warranties

The Bidder and the Guarantor each represent and warrant in favour of each Scheme Participant that:

- (a) it is a corporation validly existing under the laws of its place of registration;
- (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 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) the obligations of the Bidder and the Guarantor under this Deed Poll constitute legal, valid and binding obligations on the Bidder and the Guarantor and are enforceable against the Bidder and the Guarantor in accordance with their terms,
- (e) neither the Bidder nor the Guarantor is insolvent, and
- (f) the Bidder has (or has access to) the necessary funds, upon the Scheme becoming Effective, to satisfy its payment obligations under the Scheme and this Deed Poll.

5. Continuing obligations

This Deed Poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) the parties have fully performed their obligations under this Deed Poll; or
- (b) the earlier termination of this Deed Poll under clause 2.

6. Notices

Any notice or other communication to the Bidder or the Guarantor in respect of this Deed Poll:

- (a) must be given in accordance with this clause 6;
- (b) may be given by personal service, post or email;
- (c) must be in writing, legible and in English addressed (depending on the manner in which it is given) as shown below:

Address: 425 1st Street, Unit 1502, San Francisco, California
94105, USA
Attention: Dor Barda
Email: dor@deel.com

with a copy to:

Address: Level 13, Collins Arch, 447 Collins Street, Melbourne,
Victoria 3000
Attention: Vaughan Petherbridge and Jol Rogers
Email: Vaughan.Petherbridge@gadens.com and
Jol.Rogers@gadens.com

or addressed in accordance with any updated details last notified by the Bidder or Guarantor;

- (d) must be signed by the sender (if an individual) or by that party's authorised officer, agent or representative:
 - (i) in the case of a corporation registered in Australia, by any authorised representative or by the appropriate office holders of that corporation under section 127 of the Corporations Act; or
 - (ii) in the case of a corporation registered outside of Australia, by a person duly authorised by the sender in accordance with the laws governing the place of registration of that corporation; and
- (e) if sent by email
 - (i) the email itself (whether or not a notice is attached to it) must be signed by typing the signatory's name after the substantive text of the email and any notice attached to the email must be signed in accordance with clause 7(d); and

- (ii) any attached file must be a .pdf, .jpeg, .tiff or other appropriate and commonly used format; and
- (f) is deemed to be given by the sender and received by the addressee:
- (i) if delivered in person, when delivered to the addressee;
 - (ii) if posted, at 9.00 am on the third Business Day after the date of posting to the addressee or, if posted to or from a place outside Australia, on the seventh Business Day after the date of posting to the addressee, whether delivered or not; or
 - (iii) if sent by email, 1 hour after the time the email is sent to the party's email address set out in clause 7(c) above, unless the sender receives, within that time period, an automatic notification (other than an out of office message) indicating that the email has not been delivered.

but if the delivery or receipt is on a day which is not a Business Day or is after 4.00 pm (addressee's time), it is deemed to have been received at 9.00 am on the next Business Day.

7. General

7.1 Waiver

- (a) A failure to exercise, a delay in exercising or partially exercising any power, right or remedy conferred on a Scheme Participant by this Deed Poll does not operate as a waiver by that party of the power, right or remedy.
- (b) A single or partial exercise of any power, right or remedy does not preclude a further exercise of it or the exercise of any other power, right or remedy under this Deed Poll.
- (c) A waiver of a breach does not operate as a waiver of any other breach.

7.2 Variation

This Deed Poll may not be varied unless:

- (a) if before the First Court Date, the variation is agreed to in writing by the parties and the Target; or
- (b) if on or after the First Court Date, the variation is agreed to in writing by the parties and the Target and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event the parties must enter into a further deed poll in favour of the Scheme Participants giving effect to the variation.

7.3 Remedies cumulative

The powers, rights and remedies of the parties and the Scheme Participants under this Deed Poll are cumulative with and not exclusive of any powers, rights or remedies provided by law independently of this Deed Poll.

7.4 No assignment

The rights created by this Deed Poll are personal to the parties and each Scheme Participant and may only be assigned with the prior written consent of the parties.

7.5 Stamp duty

The Bidder must pay any stamp duties and any related fines and penalties in respect of this Deed Poll, the performance of this Deed Poll and each transaction effected by or made under or pursuant to this Deed Poll.

7.6 Further assurances

The Bidder must, at its own expense, promptly do all things necessary or expedient to be done by it in connection with the matters referred to in this Deed Poll and to implement the Scheme.

7.7 Governing law

- (a) This Deed Poll is governed by and must be construed in accordance with the laws in force in the State of Victoria.
- (b) The parties irrevocably, generally and unconditionally submit to the exclusive jurisdiction of the courts of that State and the Commonwealth of Australia in respect of all matters arising out of or relating to this Deed Poll, its performance or subject matter.
- (c) The parties irrevocably waive any objection to the venue of any legal process in any court referred to in this clause and agree not to make any application to stay proceedings on the basis that the process has been brought in an inconvenient forum.

Executed as a deed poll.

Signed for and on behalf of **Deel Australia**)
Holdings Pty Ltd ACN 660 260 051 in)
accordance with Section 127(1) of the)
Corporations Act 2001 (Cth):)

.....
Signature of Sole Director/Secretary

.....
Name of Sole Director/Secretary (please print)

Signed for and on behalf of **Deel, Inc.** in)
accordance with its Constitution, By-Laws and)
applicable laws:)
)

.....
Signature of authorised representative

.....
Name of authorised representative (please print)

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K&L GATES

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