



ASX: IHR Release

29th March 2023

intelliHR enters into Transaction Implementation Deed with TAG – Independent Board Committee recommends **ACCEPT** TAG Transaction and **REJECT** Humanforce Bid

intelliHR Limited ('**intelliHR**' or '**Company**') (ASX: IHR/Company) refers to:

- the announcement released on 27 March 2023 in which it advised that it had received an improved binding proposal from The Access Group (**TAG**) to acquire 100% of the Company for up to \$0.22 per share; and
- the announcement released earlier today in which it notified the market that the IHR directors had withdrawn their recommendation of the scheme of arrangement proposed by Humanforce Holdings Pty Ltd (**Humanforce**) and intended to terminate the scheme implementation deed entered into with Humanforce on 30 January 2023 (as amended) (**Humanforce SID**).

intelliHR announces that:

- it has terminated the Humanforce SID and is now required to pay Humanforce a Break Fee of \$390,200; and
- it has entered into a Transaction Implementation Deed (**TID**) with Access Workspace Pty Limited (**TAG Bidder**), a wholly-owned subsidiary of TAG, under which it is proposed that TAG Bidder will acquire all of the issued shares in the Company (**TAG Transaction**).

Overview of TAG Transaction

The TAG Transaction will proceed as a scheme of arrangement (**TAG Scheme**) and simultaneous takeover bid (**TAG Takeover Bid**).

If the TAG Transaction is effected by way of the TAG Scheme, the offer price will be \$0.22 per share in the Company (**IHR Share**).

If the TAG Transaction is effected by way of the TAG Takeover Bid:

- and TAG obtains a relevant interest in more than 75% of the IHR Shares (on a fully diluted basis), the offer price will be \$0.215 per IHR Share; and
- and TAG obtains a relevant interest in more than 50.1% of the IHR Shares (on a fully diluted basis), the offer price will be \$0.21 per IHR Share.

The IHR Independent Board Committee unanimously recommends that IHR Shareholders:

- vote in favour of the TAG Scheme; and
- accept the TAG Takeover Bid,

in each case, in the absence of a superior proposal and subject to the Independent Expert concluding (and continuing to conclude) that the TAG Scheme is in the best interests of IHR Shareholders and that the TAG Takeover Bid is fair and reasonable.

Subject to the same qualifications, each of the IHR directors intends to:

- vote all of the IHR Shares held or controlled by them in favour of the TAG Scheme, and
- accept the shares held or controlled by them into the TAG Takeover Bid.

The premium represented by the TAG Transaction is as follows:

	TAG Scheme at \$0.22 cents	TAG Takeover Bid at \$0.215 cents (75% acceptances)	TAG Takeover Bid at \$0.21 cents (50.1% acceptances)
Closing price of IHR Shares on 30 January 2023 (being the last trading day before the announcement of the Humanforce scheme of arrangement)	249%	241%	233%
Humanforce Scheme Offer – \$0.165	+33.3%	+30.3%	+27.3%
Humanforce On-Market Takeover Bid - \$0.195	+12.8%	+10.3%	+7.7%

Limited conditions of the TAG Transaction

The TAG Transaction is subject to limited conditions (as described further below). Full details of the conditions of the TAG Transaction under both the TAG Scheme and TAG Takeover Bid are set out in the TID, an executed copy of which is attached to this announcement.

As noted in the announcement released earlier today, IntelliHR is pleased to confirm that TAG received approval from the Foreign Investment Review Board (**FIRB**) on 27 March 2023 in relation to both the TAG Scheme and TAG Takeover Bid. Contrary to statements made by Humanforce in the Supplementary Bidder's Statement released on 28 March 2023 (**HF Supplementary Bidder's Statement**), **neither the TAG Scheme nor the TAG Takeover Bid is subject to FIRB approval.**

Overview of the TAG Scheme

Under the terms of the TAG Scheme, IntelliHR Shareholders will receive \$0.22 per share, subject to all applicable customary conditions being satisfied or waived, and the TAG Scheme being implemented.

The customary conditions to the TAG Scheme include:

- IHR Shareholder approval;
- Court approval;
- no prescribed occurrences (as defined in the TID); and
- the Independent Expert concluding (and continuing to conclude) that the TAG Scheme is in the best interests of IntelliHR Shareholders.

Overview of the TAG Takeover Bid

Under the terms of the TAG Takeover Bid:

- if TAG obtains a relevant interest in more than 75% of the IHR Shares (on a fully diluted basis), accepting TAG Shareholders will receive \$0.215 per IHR Share; and
- if TAG obtains a relevant interest in more than 50.1% of the IHR Shares (on a fully diluted basis), accepting TAG Shareholders will receive \$0.21 per IHR Share.

Pursuant to the terms of the TID, IntelliHR has agreed to the reconstitution of the IntelliHR Board as directed by TAG following TAG receiving acceptances under the TAG Takeover Offer of at least 50.1% and having declared the TAG Takeover Bid unconditional.

The conditions to the TAG Takeover Bid include the following:

- TAG receiving acceptances from IntelliHR Shareholders representing at least 50.1% of the IntelliHR shares on issue (on a fully diluted basis);
- the TAG Scheme not being approved by IntelliHR Shareholders *or* the Court;
- no prescribed occurrences (as defined in the TID); and
- the TID not being terminated by TAG due to material breach of the TID by IntelliHR.

Other key terms of TID

The TID also includes exclusivity provisions which are customary for a transaction of this nature (including a matching right regime in respect of a superior proposal being received by IntelliHR), the payment of a mutual break fee in certain prescribed circumstances and maximum liability provisions in favour of each party.

Indicative timetable and next steps

IntelliHR's shareholders do not need to take any action in relation to the TAG Transaction at this time. IntelliHR will prepare a Transaction Booklet setting out all information required by TAG shareholders to decide how to respond to the TAG Transaction. The Transaction Booklet is expected to be dispatched to shareholders in late April – early May 2023. A TAG Scheme meeting is expected to be held in June 2023 and, if approved, the TAG Scheme would be implemented shortly thereafter. These dates are indicative and subject to change.

TAG loan facility

Simultaneous with signing the TID, IntelliHR entered into a loan agreement with TAG Bidder under which TAG Bidder has agreed to provide an interest-free loan of up to \$1 million to IntelliHR. The loan monies can be used for general corporate and working capital purposes and to pay the break fee under the Humanforce SID. The loan is repayable in certain circumstances, including where the TID is terminated, where the TAG Scheme does not become effective, whether IntelliHR is required to pay TAG a break fee under the TID, and whether a person other than TAG or its related bodies corporate acquires a relevant interest of at least 50.1% of the IHR shares. The loan is generally repayable on the date that is 20 business days after the date of any of the above-mentioned events occurring. However, where the TAG Scheme does not become effective as a result of IntelliHR Shareholders not voting in favour of the TAG Scheme, the loan is repayable on the date that is 6 months and 20 business days after the date of the relevant shareholder meeting.

About TAG

TAG is one of the leading providers of business management software to small and mid-sized organisations in the UK, Ireland and Asia Pacific. TAG has over 75,000 customers across commercial and not-for-profit sectors.

TAG is backed by significant and experienced investors, Hg Capital, TA Associates and GIC that have supported the business to undertake over 80 transactions across the UK and APAC. In October 2022, TAG completed its last funding round, valuing the business at an enterprise value of GBP9.2 billion (AUD \$16.4 billion¹).

TAG is one of the largest software companies in the UK and have a growing presence in APAC which has been successfully built through acquisitions over the last 3 years. APAC is a core growth market for TAG and an area in which they see significant opportunity to grow organically and make strategic acquisitions, such as IntelliHR, to enhance its product offering to provide value added products to TAG customers. TAG has deployed over \$800 million in APAC transactions over the last 4 years.

Response to Humanforce Supplementary Bidder's Statement

IntelliHR notes that the Humanforce Second Supplementary Bidder's Statement contains a number of statements which are incorrect or out of date or which omit material information. IntelliHR will respond to the Humanforce Bid in the form of a Target's Statement in due course. In the meantime, IntelliHR Shareholders should **REJECT** the Humanforce Bid. To do this, simply ignore any public statements or documents sent to you by Humanforce.

Advisers

IntelliHR has engaged Mills Oakley as legal counsel.

TAG has engaged Allens as legal counsel and Oaktower Partnership as financial advisor.

Authorised for release by the Independent Board Committee

Further Information

IntelliHR Investor Relations

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About ASX:IHR

IntelliHR is the intelligent people platform that empowers global leaders to make more intelligent people decisions. Helping them create an inclusive, engaging, performing, and aligned working culture. The IntelliHR platform is the cloud-based way to drive employee engagement, performance and retention, in today's hybrid working world. Easily implemented, employing best-of-breed integrations, with powerful data at its core, IntelliHR is the HR software choice for 330+ progressive organisations and over 84,000 users across 20 countries. For more information, visit www.intellihr.com

¹ Based on exchange rate of AUD 1 = STG 0.56 on 3 March 2023