

# ASX ANNOUNCEMENT

8 April 2021

Redflex Holdings Limited | ABN 96 069 306 216

Redflex

## Proposed acquisition by Verra Mobility Corporation – ASIC Registration of Scheme Booklet

Redflex Holdings Limited (**ASX:RDF**) (**Redflex**) is pleased to announce that the Australian Securities and Investments Commission (**ASIC**) has registered the scheme booklet (**Scheme Booklet**) to be issued in connection with the proposed acquisition of Redflex by VM Consolidated, Inc., an indirect wholly owned subsidiary of Verra Mobility Corporation, by way of a scheme of arrangement (**Scheme**). The proposed transaction was announced to ASX on 22 January 2021.

This follows an announcement yesterday that the Federal Court of Australia has ordered the despatch of the Scheme Booklet to Redflex shareholders (**Shareholders**) and the convening of a meeting of Shareholders to vote on the Scheme (**Scheme Meeting**).

### Scheme Booklet

The Scheme Booklet **attached** to this release sets out information that Shareholders require in order to evaluate the Scheme (and provides the Notice of Scheme Meeting at Appendix F). An electronic version of the Scheme Booklet will also be available for downloading and viewing online at Redflex's website (<https://redflex.com/investors/>).

Shareholders who have elected to receive communications electronically will receive an email that will contain instructions about how to view or download a copy of the Scheme Booklet, and to lodge their proxies for the Scheme Meeting online. Shareholders who have not made such an election will receive a hard copy of the Scheme Booklet by post together with a hard copy proxy form for the Scheme Meeting.

### Virtual Scheme Meeting

The Scheme Meeting will be conducted as a virtual meeting by way of a live webcast only at **9:00am (AEST) on Monday, 10 May 2021**.

Shareholders and their proxies, attorneys or corporate representatives (as applicable) will be able to participate in the Scheme Meeting through an online platform available at [www.web.lumiagm.com/345207949](http://www.web.lumiagm.com/345207949). No physical place of meeting will be made available.

All Shareholders are encouraged to vote either by participating in the virtual Scheme Meeting or by lodging a proxy if they cannot (or choose not to) participate in the virtual Scheme Meeting.

Further details on how to participate in the Scheme Meeting and how to vote (including by way of proxy, attorney or corporate representative) are provided in the Scheme Booklet, the Notice of Scheme Meeting and the Scheme Meeting Online Meeting Guide available for viewing at Redflex's website (<https://redflex.com/investors/>).

### Scheme Meeting Online Meeting Guide

The Scheme Meeting Online Meeting Guide provides details about how to ensure your internet browser is compatible with the Scheme Meeting virtual platform, as well as a step-by-step guide to login and navigate the Scheme Meeting site. It is available for viewing at Redflex's website (<https://redflex.com/investors/>). The Meeting ID for the meeting is **Meeting ID 345-207-949**.

### Redflex Holdings Limited

31 Market Street (P.O. Box 720), South Melbourne, Victoria, Australia 3205 t: +613 9093 3324

e: [redflexholdingslimited@redflex.com.au](mailto:redflexholdingslimited@redflex.com.au)

[www.redflex.com](http://www.redflex.com)

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The Redflex logo features the word "Redflex" in a white, sans-serif font, followed by a stylized green circular graphic that resembles a lowercase 'r' or a signal wave.

## Independent Expert's conclusion

The Scheme Booklet includes an Independent Expert's Report prepared by BDO Corporate Finance (East Coast) Pty Ltd (the **Independent Expert**) which concludes that the Scheme is fair and reasonable and therefore in the best interests of Shareholders, in the absence of a superior proposal.

The Independent Expert's conclusions should be read in context with the full Independent Expert's Report and the Scheme Booklet.

## Recommendation of the Board

The Redflex board of directors (**Board**) has carefully considered the terms and conditions of the Scheme and unanimously considers the Scheme to be in the best interests of Shareholders and unanimously recommends to Shareholders that the Scheme resolution be approved at the Scheme Meeting, subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders and there being no superior proposal.

Subject to those same qualifications, each member of the Board who holds, or who has control over voting rights attaching to, shares in Redflex intends to vote those shares in favour of the Scheme resolution.

## Further information

Shareholders are encouraged to read the Scheme Booklet in full (carefully taking notice of the advantages, disadvantages and risks of the Scheme) before deciding whether and how to vote at the Scheme Meeting. The Board also encourages Shareholders to note key events and indicative dates that are set out in the Scheme Booklet.

For further information in relation to the Scheme Booklet or the Scheme, please call the Shareholder Information Line on 1300 378 941 (Australia toll free) or +61 3 9415 4399 (outside Australia) any time between 8:30am to 5:30pm (AEST) on Monday to Friday.

For more specific advice pertinent to your own circumstances, you should seek professional guidance from your financial, legal, taxation or other independent and qualified professional adviser.

## About Redflex

During the past 25 years, Redflex has established itself as a world leader in developing and implementing intelligent traffic management products and services which are sold and managed in Asia Pacific, North America, United Kingdom, Europe and Middle East regions. Redflex develops, manufactures and operates a wide range of platform-based solutions all utilising advanced sensor and image capture technologies enabling active management of state and local motorways.

The Redflex Group runs its own systems engineering operations, system integration technologies and innovation centre for research and development. With a continuous program of product development, Redflex has been helping to improve roadway safety, alleviate congestion and reduce the harmful impacts of vehicle emissions.

Redflex Holdings Limited was listed on the Australian Securities Exchange in January 1997.

This release is authorised by the SVP – Group General Counsel & Corporate Secretary. For further information please contact:

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Redflex 

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Redflex Holdings Limited | ACN 069 306 216

# SCHEME BOOKLET

For a scheme of arrangement between Redflex Holdings Limited and its shareholders in relation to a proposal from Verra Mobility Corporation to acquire all of the shares in Redflex Holdings Limited

**Notice is given of a Scheme Meeting to be held by way of live webcast only at 9:00am (AEST) on Monday, 10 May 2021. A notice for the Scheme Meeting is included in Appendix F to this Scheme Booklet. A Proxy Form for the Scheme Meeting also accompanies this Scheme Booklet.**

**The Directors unanimously consider the Scheme to be in the best interests of Shareholders and unanimously recommend that Shareholders approve the Scheme Resolution, subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders and there being no Superior Proposal.**

**The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Shareholders, in the absence of a Superior Proposal.**

This is an important document and requires your immediate attention. You should read this document in full carefully (taking notice of the advantages, disadvantages and risks of the Scheme) before you decide whether and how to vote on the Scheme Resolution at the Scheme Meeting.

If, after reading this Scheme Booklet, you have any questions of a general nature, or require further information, please call the Company's Shareholder Information Line on 1300 378 941 (Australia toll free) or +61 3 9415 4399 (outside Australia). For more specific advice pertinent to your own circumstances, you should seek professional guidance from your financial, legal, taxation or other independent and qualified professional adviser.

This Scheme Booklet has been sent to you because you are shown in the Register as holding shares in the Company. If you have recently sold all of your shares in the Company, please disregard this document.

This Scheme Booklet is dated 7 April 2021.

## IMPORTANT NOTICES

### Scheme Booklet

This Scheme Booklet is important and requires your immediate attention. You should carefully read this Scheme Booklet in full and the accompanying appendices in their entirety before making a decision as to how to vote on the Scheme Resolution at the Scheme Meeting. The Scheme has advantages, disadvantages and risks, which may affect Shareholders in different ways depending on their individual circumstances. You should seek professional guidance from your financial, legal, taxation or other independent and qualified professional adviser before making any investment decision in relation to the Scheme and any decision as to whether or not to vote in favour of the Scheme Resolution.

The purpose of this Scheme Booklet is to:

- explain the terms of the Proposed Transaction and the manner in which the Scheme will be considered and implemented (if approved by the Requisite Majorities of Shareholders and by the Court);
- set out certain information required or prescribed by law; and
- provide all other information (other than information previously disclosed to Shareholders) which is known to the Company and which is material to the decision of Shareholders whether or not to vote in favour of the Scheme Resolution.

An electronic version of this Scheme Booklet is available for viewing and downloading online on the Company's website ([www.redflex.com](http://www.redflex.com)) and on the ASX website ([www2.asx.com.au](http://www2.asx.com.au)).

This Scheme Booklet has been sent to you because you are shown in the Register as holding shares in the Company. If you have recently sold all of your shares in the Company, please disregard this document.

### Status of Scheme Booklet

This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Section 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order made by the Court under section 411(1) or section 411(1A) of the Corporations Act.

### ASIC and ASX

This Scheme Booklet is the explanatory statement for the scheme of arrangement between the Company and Shareholders for the purposes of section 412(1) of the Corporations Act. A copy of the proposed Scheme is included in Appendix D of this Scheme Booklet.

A copy of this Scheme Booklet (including the Independent Expert's Report) was provided to ASIC for examination pursuant to section 411(2) of the Corporations Act and has been registered with ASIC pursuant to section 412(6) of the Corporations Act. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the

Corporations Act, that it has no objection to the Scheme. If ASIC provides such statement, then it will be produced to the Court at the time of the Second Court Hearing. Neither ASIC, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been lodged with ASX. Neither ASX, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

### Investment decisions

The information contained in this Scheme Booklet is not personal to you and therefore does not take into account your individual investment objectives, financial situation or any particular needs. The information in this Scheme Booklet does not constitute financial product advice and should not be relied upon as the sole basis for any investment decision in relation to the Scheme.

Before making any investment decision in relation to the Scheme, you should carefully consider whether that decision is appropriate in light of your particular investment needs, objectives and financial circumstances. The Board encourages you to seek professional guidance from your financial, legal, taxation or other independent and qualified professional adviser before making any investment decision and any decision as to whether or not to vote in favour of the Scheme Resolution at the Scheme Meeting.

### Not an offer

This Scheme Booklet does not constitute or contain an offer to Shareholders, or a solicitation of an offer from Shareholders, in any jurisdiction.

### Responsibility statement

The Company has prepared and is responsible for the Redflex Information contained in this Scheme Booklet, and none of Verra Mobility or its Related Bodies Corporate or their respective directors, officers or employees assumes any responsibility or liability for the accuracy or completeness of the Redflex Information.

Verra Mobility has prepared and is responsible for the Verra Mobility Information contained in this Scheme Booklet and no other part of the Scheme Booklet, and none of the Company or its Related Bodies Corporate or their respective directors, officers or employees assumes any responsibility or liability for the accuracy or completeness of the Verra Mobility Information.

The Independent Expert is responsible for the Independent Expert's Report, and none of Verra Mobility or its Related Bodies Corporate or their respective directors, officers or employees, nor the Company or its Related Bodies Corporate or their respective directors, officers or employees, assumes any responsibility or liability for the accuracy or completeness of the Independent Expert's Report.

### Notice of Meeting

The Notice of Meeting is set out in Appendix F of this Scheme Booklet.

In order to minimise the public health risks created by the COVID-19 pandemic, and in accordance with the



restrictions imposed by Australian Federal and State governments in response to it, the Scheme Meeting will be held virtually by way of a live webcast only at 9:00am (AEST) on 10 May 2021.

**Shareholders and their proxies, attorneys or corporate representatives (as applicable) will not be able to attend a physical meeting.**

Shareholders and their proxies, attorneys or corporate representatives (as applicable) will be able to participate in the live webcast of the Scheme Meeting through the Lumi platform ([www.web.lumiagm.com/345207949](http://www.web.lumiagm.com/345207949)).

If you are unable to participate and vote during the live webcast, or choose not to do so, you can vote by way of proxy, attorney or corporate representative (as applicable).

Further details with respect to the conduct of the Scheme Meeting, including how to join the live webcast of the Scheme Meeting, ask questions during the Scheme Meeting, and vote at the Scheme Meeting, are set out in the Notice of Meeting (in Appendix F of this Scheme Booklet) and summarised in Section 3.

**Role of the Court**

A copy of this Scheme Booklet was lodged with the Court to obtain an order of the Court approving the convening of the Scheme Meeting.

The fact that the Court, under section 411(1) of the Corporations Act, has ordered that the Scheme Meeting be convened and has approved the despatch of this Scheme Booklet (and the accompanying Notice of Meeting) to Shareholders does not mean that the Court:

- has formed any view as to the merits of the Scheme or as to how Shareholders should vote (in respect of which Shareholders must reach their own conclusion);
- has prepared, or is responsible for, the content of this Scheme Booklet; or
- has approved, or will approve, the terms of the Scheme at the Second Court Hearing.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Proposed Transaction or Scheme.

**Second Court Hearing**

If Shareholders approve the Scheme Resolution by the Requisite Majorities at the Scheme Meeting, the Court will be asked to approve the Scheme at the Second Court Hearing, expected to be held at 10.15am on 14 May 2021, Law Courts Building, 184 Phillip Street, Sydney NSW 2000.

Any Shareholder may appear at the Second Court Hearing.

Any Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on the Company a notice of appearance in the prescribed form, together with any affidavit that the Shareholder proposes to rely on. The notice of appearance and affidavit must be served on the

Company at its address for service at least one day before the Second Court Hearing.

It is possible that, because of restrictions imposed in response to the COVID-19 pandemic, the Second Court Hearing will be conducted by remote access technology, including via "Microsoft Teams" or telephone conferencing. A Shareholder seeking to view the Second Court Hearing should review the Court list (available at [www.fedcourt.gov.au/court-calendar/daily-court-lists/nsw](http://www.fedcourt.gov.au/court-calendar/daily-court-lists/nsw)) for details of the hearing and how such hearing can be viewed. The Court list is usually available by 4:30pm the day before a scheduled hearing. Any change to the date or arrangements for the conduct of the Second Court Hearing will be announced on ASX ([www2.asx.com.au](http://www2.asx.com.au)) and will also be notified on the Company's website ([www.redflex.com](http://www.redflex.com)).

**Foreign jurisdictions**

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with the laws of Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia. This Scheme Booklet and the Scheme do not constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

**Privacy and personal information**

Verra Mobility, the Company and the Registry may collect personal information, including from each other, in the process of implementing the Scheme. The personal information collected by Verra Mobility, the Company and the Registry may include a person's name, address, contact information, bank account information, security holding and other personal information (including the names and contact details of individuals appointed by Shareholders as proxies, attorneys or corporate representatives at the Scheme Meeting). The purpose of the collection of personal information is to assist the Company and Verra Mobility in the conduct of the Scheme Meeting and to enable the Scheme to be implemented.

The personal information may be collected from you as a Shareholder, or as a proxy, attorney or corporate representative of a Shareholder. You may be requested to disclose your personal information to Verra Mobility, the Company and the Registry in a document or orally. Shareholders who appoint an individual as their proxy, attorney or corporate representative to vote at the Scheme Meeting should inform that individual of the matters outlined in this privacy notice and have the proxy, attorney or corporate representative's consent to disclose their personal information to the Company, the Registry or Verra Mobility.

By completing a form with your personal information or orally disclosing your personal information to the Company, you consent to the collection, use and disclosure of your personal information by Verra Mobility, the Company and the Registry for the purpose of responding to your queries and implementing the Scheme (including carrying out appropriate administration of the Proxy Form, dealing with any requests you may have, and completing activities described in this Scheme Booklet), and in accordance with this privacy notice.

The personal information collected by Verra Mobility, the Company and the Registry may be disclosed between them (which may include overseas disclosures to the United States of America), to securities brokers, to print and mail service providers, to any other service providers and advisers engaged by the Company, Verra Mobility and the Registry for the purposes described in this privacy notice and to any other third party permitted by law.

If the information outlined above is not collected, the Company may be hindered in, or prevented from, conducting the Scheme Meeting and implementing the Scheme. You may have certain rights to access or correct personal information collected about you. You may contact the Registry in the first instance on 1300 378 941 (within Australia) or +61 3 9415 4399 (outside Australia) if you wish to understand and/or exercise those rights, or to discuss any query you may have in relation to the collection of your personal information.

The collection, maintenance and disclosure of personal information will occur in accordance with the *Privacy Act 1988* (Cth), the Corporations Act (where applicable) and certain rules such as the ASX Settlement Operating Rules (where applicable).

For further information about how:

- the Company handles your personal information, please read the Company's Privacy Policy ([www.redflex.com/privacy-policy](http://www.redflex.com/privacy-policy));
- the Registry handles your personal information, please read the Registry's Privacy Policy ([www.computershare.com/au/help/Pages/privacy-policies.aspx](http://www.computershare.com/au/help/Pages/privacy-policies.aspx)) or contact its Privacy Officer at [privacy@computershare.com.au](mailto:privacy@computershare.com.au); and
- Verra Mobility handles your personal information, please read Verra Mobility's Privacy Policy ([www.verramobility.com/privacy-policy](http://www.verramobility.com/privacy-policy)).

### Forward-looking statements

Certain statements in this Scheme Booklet relate to the future. These statements may include, without limitation, any statements preceded by, followed by, or including words such as "target", "believe", "expect", "aim", "intend", "may", "anticipate", "estimate", "plan", "project", "will", "can have", "likely", "should", "would", "could" and other words and terms of similar meaning or the negative thereof. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of the Redflex Group to be materially different from future results, performance or achievements expressed or implied by such statements.

Such forward-looking statements are based on numerous assumptions regarding present and future business strategies, an assessment of present economic and operating conditions and the environment in which the Redflex Group will operate in the future, which may prove to be incorrect. Certain important factors that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the risk factors described in this Scheme Booklet and other unknown risks and uncertainties. Forward-looking statements should, therefore, be construed in light of such risk factors and reliance should not be placed on forward-looking statements. Other than as required by law, neither the Company nor Verra Mobility nor any other person gives any representation, assurance or guarantee that the occurrence of the events, results and outcomes expressed or implied in any forward-looking statements in this Scheme Booklet will actually occur. The forward-looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet.

Subject to the Corporations Act, the ASX Listing Rules and any other applicable laws, the Company and its directors and officers and Verra Mobility and its directors and officers disclaim any obligation or undertaking to disseminate, after the date of this Scheme Booklet, any updates or revisions to any forward-looking statements to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any such statements are based, other than with respect to information that the Company and Verra Mobility respectively become aware of prior to the Scheme Meeting, which is material to the making of a decision by a Shareholder regarding whether or not to vote in favour of the Scheme Resolution.

### Interpretation

Capitalised terms used in this Scheme Booklet are defined in the Glossary set out in Section 11.

A reference to a section or appendix is to a section of, or appendix to, this Scheme Booklet.

Some of the documents reproduced in the appendices to this Scheme Booklet have their own defined terms, which are sometimes different to those in the Glossary set out in Section 11.

Any diagrams, charts, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless otherwise stated, all data in charts, graphs and tables is based on information available at the date of this Scheme Booklet. All numbers are rounded unless otherwise indicated.

The financial amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated. A reference to \$, A\$ and AUD and cents is to Australian currency, unless otherwise stated. All share prices and trading volumes refer to ordinary shares in the capital of the Company trading on ASX.

### Estimates and rounding

Unless otherwise indicated, all references to estimates (and derivations of the same) in this Scheme Booklet are

references to estimates by the Company. The Directors believe that these estimates have been made on reasonable grounds and that the assumptions on which those estimates are based are reasonable. The Company's estimates are based on views at the date of this Scheme Booklet and actual facts or outcomes may differ materially.

A number of amounts, calculations of value, estimates, figures, fractions, percentages and prices in this Scheme Booklet are subject to the effect of rounding.

Accordingly, the actual calculation of these amounts, calculations of value, estimates, figures, fractions, percentages and prices may differ from the amounts, calculations of value, estimates, figures, fractions, percentages and prices set out in this Scheme Booklet.

Any discrepancies between totals in tables, or in calculations, charts or graphs, are due to rounding.

#### **Times and dates**

All times and dates referred to in this Scheme Booklet are according to AEST, unless otherwise indicated. All times and dates relating to the implementation of the Scheme referred to in this Scheme Booklet may change and, among other things, are subject to the Court approval process and the satisfaction or, where capable, the waiver of the Conditions Precedent. The Conditions Precedent are summarised in Section 9.4 and set out in full in clause 3.1 of the Implementation Agreement.

#### **Tax implications of the Scheme**

If the Scheme becomes Effective and is implemented, there will be tax consequences for Scheme Participants which may include tax being payable. For further detail about the general Australian tax consequences of the Scheme for Shareholders, refer to Appendix A of this Scheme Booklet.

The information in Appendix A is general in nature, limited to Australian tax implications and should not be relied on by Shareholders as tax advice. The tax treatment of the disposal of Scheme Shares may vary depending on the nature and characteristics of Shareholders and their specific circumstances. Shareholders are strongly urged to seek professional guidance from their tax advisers as to the specific tax consequences for them in connection with the Scheme, including the applicability and effect of foreign and local income and other tax laws in their particular circumstances.

#### **External websites**

Unless expressly stated otherwise, the contents of the Company's website ([www.redflex.com](http://www.redflex.com)) and Verra Mobility's website ([www.verramobility.com](http://www.verramobility.com)) do not form part of this Scheme Booklet and Shareholders should not rely on any such content.

#### **Date of this Scheme Booklet**

This Scheme Booklet is dated 7 April 2021.

Unless otherwise indicated, all information included in this Scheme Booklet (including views, recommendations and statements of intention) is current as at that date.

#### **Queries**

If, after reading this Scheme Booklet, you have any further questions of a general nature, or require further information, please call the Shareholder Information Line on 1300 378 941 (Australia toll free) or +61 3 9415 4399 (outside Australia).

For more specific advice pertinent to your own circumstances, you should seek professional guidance from your financial, legal, taxation or other independent and qualified professional adviser.



## TABLE OF CONTENTS

IMPORTANT NOTICES .....	2
TABLE OF CONTENTS .....	6
IMPORTANT DATES.....	7
ACTIONS FOR SHAREHOLDERS .....	8
LETTER FROM THE CHAIR OF REDFLEX HOLDINGS LIMITED .....	9
1. SUMMARY OF THE SCHEME.....	14
2. FREQUENTLY ASKED QUESTIONS.....	20
3. WHAT TO DO AND HOW TO VOTE .....	34
4. KEY CONSIDERATIONS RELEVANT TO YOUR VOTE .....	39
5. INFORMATION ABOUT THE COMPANY .....	47
6. INFORMATION ON VERRA MOBILITY AND VM CONSOLIDATED .....	57
7. RISKS .....	64
8. IMPLEMENTATION OF THE SCHEME.....	71
9. KEY TERMS OF THE IMPLEMENTATION AGREEMENT .....	76
10. ADDITIONAL INFORMATION .....	83
11. GLOSSARY .....	91
APPENDIX A: TAXATION IMPLICATIONS FOR SHAREHOLDERS.....	100
APPENDIX B: INDEPENDENT EXPERT'S REPORT .....	103
APPENDIX C: IMPLEMENTATION AGREEMENT .....	145
APPENDIX D: SCHEME.....	208
APPENDIX E: DEED POLL.....	223
APPENDIX F: NOTICE OF MEETING .....	232
CORPORATE DIRECTORY .....	236

## IMPORTANT DATES

Key Event	Indicative Date
<b>Date of this Scheme Booklet</b>	7 April 2021
<b>Latest date and time to lodge Proxy Forms for Scheme Meeting</b> Latest time and date by which Proxy Forms must be received by the Registry for the Scheme Meeting	9:00am on 8 May 2021
<b>Voting Record Date</b> Time and date for determining eligibility of Shareholders to vote at the Scheme Meeting	7:00pm on 8 May 2021
<b>Scheme Meeting</b> Shareholders attend the Scheme Meeting (by way of live webcast due to COVID-19 restrictions) and vote on whether to approve the Scheme	9:00am on 10 May 2021

### Following Shareholder approval of the Scheme:

Key Event	Indicative Date
<b>Second Court Hearing Date</b> Date of the Second Court Hearing for approval of the Scheme by the Court	10:15am on 14 May 2021
<b>Effective Date</b> The Company lodges the Court order with ASIC and the "Effective Date" for the Scheme is announced on ASX Last day of trading in Shares. Shares are suspended from trading on ASX (from close of trading)	17 May 2021
<b>Record Date</b> Time and date for determining entitlements of Shareholders to receive the Scheme Consideration	7:00pm on 19 May 2021
<b>Implementation Date</b> Date of transfer of all Scheme Shares to VM Consolidated and payment of the Scheme Consideration to Scheme Participants	26 May 2021

**This timetable is indicative only and, amongst other things, is subject to Court availability and the Conditions Precedent to the Scheme being satisfied or (where capable) waived. In particular, the Scheme is subject to Shareholder, regulatory and Court approvals. The Company has the right to vary any or all of these dates and times.**

Any material variation to the timetable set out above will be announced to ASX ([www2.asx.com.au](http://www2.asx.com.au)) and will also be notified on the Company's website ([www.redflex.com](http://www.redflex.com)). All dates and times are in AEST.

## ACTIONS FOR SHAREHOLDERS

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### **Step 1: Read this Scheme Booklet and consider the Scheme**

On 22 January 2021, the Company announced that it had entered into the Implementation Agreement with Verra Mobility, under which it is proposed that VM Consolidated, an indirect wholly-owned subsidiary of Verra Mobility, will acquire 100% of the share capital of the Company by way of a scheme of arrangement. If the Scheme is implemented, Shareholders will receive \$0.92 cash for each Share that they hold as at the Record Date.

This Scheme Booklet has been sent to you to help you understand the terms of the Scheme and to provide you with information to consider before voting on whether to approve the Scheme Resolution at the Scheme Meeting.

You should read and carefully consider the information included in this Scheme Booklet (including the advantages and disadvantages of the Scheme at Section 4.3 and Section 4.4 respectively, the risks at Section 7, and the Independent Expert's Report in Appendix B) to help you make an informed decision before voting on the Scheme Resolution.

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### **Step 2: Vote on the Scheme Resolution**

In order to minimise the public health risks created by the COVID-19 pandemic, and in accordance with the restrictions imposed by Australian Federal and State governments in response to it, the Scheme Meeting to approve the Scheme will be conducted as a virtual meeting by way of a live webcast only at 9:00am (AEST) on 10 May 2021.

Shareholders who are registered as at 7:00pm (AEST) on 8 May 2021 in the Register will be entitled to vote at the Scheme Meeting by way of the live webcast.

If you are entitled to vote at the Scheme Meeting but are unable to participate and vote during the live webcast, or choose not to do so, you can vote by way of proxy, attorney or corporate representative (as applicable).

Refer to Section 3 for further information on how to vote.

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### **Step 3: Participate in the Scheme**

If you are eligible and wish to participate in the Scheme, you will need to ensure that you do not sell your Shares prior to 7:00pm (AEST) on 19 May 2021, being the expected Record Date.

Otherwise, and assuming the Regulatory Approvals are obtained and the Scheme is approved by the Requisite Majorities of Shareholders and the Court (and all other Conditions Precedent are satisfied or (where capable) waived), you do not need to do anything further to participate in the Scheme.

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### **For further information**

If you have any further questions of a general nature, or require further information, please call the Shareholder Information Line on 1300 378 941 (Australia toll free) or +61 3 9415 4399 (outside Australia). For more specific advice pertinent to your own circumstances, you should seek professional guidance from your financial, legal, taxation or other independent and qualified professional adviser.

## LETTER FROM THE CHAIR OF REDFLEX HOLDINGS LIMITED



7 April 2021

Dear Shareholder,

On behalf of the Board, I am pleased to provide you with this Scheme Booklet, which contains important information for you to consider in relation to the proposed acquisition of Redflex Holdings Limited (the **Company**) by the NASDAQ listed company Verra Mobility.

On 22 January 2021, the Company announced that it had entered into the Implementation Agreement with Verra Mobility, under which it is proposed that Verra Mobility, through its indirect wholly-owned subsidiary, VM Consolidated, will acquire 100% of the share capital of the Company by way of a scheme of arrangement. The Scheme is subject to a number of Conditions Precedent, including the receipt of Regulatory Approvals and approval by the Court and Shareholders. If the Scheme is implemented, Shareholders will receive \$0.92 cash for each Share held by them on the Record Date.

We are proud of the work that has been performed over the last several years to help the Company move beyond a difficult chapter in its history, chart an exciting path forward, assemble a terrific management team and execute across a broad range of key initiatives to improve operating and financial performance. The Company has overcome challenges along the way, and we have become more proactive in our approach to rebuilding the Business. At each point, we have asked for, and received, strong support from our key stakeholders to enable continuity and to fund key investments. Concurrently, the Board has carefully considered a broad range of strategic initiatives with a view to maximising Shareholder value.

Notwithstanding the Company's progress, and set against our view of the Company's current prospects, the Board unanimously recommends the Scheme to Shareholders, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders. No Superior Proposal has been received by the Board as at the date of this Scheme Booklet, and the Board is not aware, as at the date of this Scheme Booklet, of any Superior Proposal that is likely to emerge.

You will find below and throughout this Scheme Booklet important information relating to the Scheme, including reasons why you may wish to vote in favour of or against the Scheme Resolution, as well as the Independent Expert's Report.

However, it is important that Shareholders understand that the Board believes, after careful consideration, that the Scheme offers a superior value to Shareholders than the Business might otherwise generate on its own in the foreseeable future. In addition, the Scheme represents immediate and certain value for Shareholders, contrasted against the Company's currently limited public market liquidity and the additional market and business risks associated with a continued investment in the Company (as outlined in this Scheme Booklet).

As pleased as we are of the progress that the Company has made recently, the Board is also cognisant of the fact that during the 2020 calendar year the Company's reported financial performance was bolstered by \$8.5 million of COVID-19 related government subsidies in the United States and Australia (of which \$6.2 million was included in FY20).

Also, the Board believes that the Company has, in Verra Mobility, a trade buyer that is prepared to pay a meaningful premium (being a multiple of nearly 13x FY20 adjusted EBITDA<sup>1</sup> and a price that is 31% higher than the Company's highest closing Share price at any point in the five years leading up to announcement of the Scheme) given the many synergies - both revenue and cost - that would be uniquely available to it through this combination. And while we believe that the Company would continue to drive towards profitable growth on its own without this proposed merger, there are a number of challenges and risks associated with that independent journey (as outlined in this Scheme Booklet).

On behalf of the Board, I am pleased to invite you to take part in the Scheme Meeting that will be held by way of live webcast at 9:00am (AEST) on 10 May 2021, to consider and vote on the Scheme Resolution.

### **Overview of the Scheme**

If the necessary approvals for the Scheme (including the approval of the Scheme Resolution by the Requisite Majorities of Shareholders) are obtained and the Scheme becomes Effective, VM Consolidated will acquire all of the Shares and, in exchange, Shareholders will receive \$0.92 cash for each Share held by them on the Record Date.

The Scheme Consideration of \$0.92 cash per Share represents a significant premium to the trading prices of Shares in the period leading up to the announcement of the Scheme on 22 January 2021, including:

- a 130% premium to the Company's closing Share price on 21 January 2021 of \$0.40, being the last trading day prior to the announcement of the Scheme;
- a 132% premium to the Company's one month VWAP up to and including 21 January 2021;
- a 130% premium to the Company's three month VWAP up to and including 21 January 2021; and
- a 31% premium to the Company's highest closing Share price at any point in the last five years up to and including 21 January 2021.

Further details of the Scheme, the Scheme Consideration and the Conditions Precedent are set out in this Scheme Booklet.

### **Your vote is important**

For the Scheme to be implemented, the Requisite Majorities of Shareholders must vote to approve the Scheme Resolution at the Scheme Meeting. You will be entitled to vote at the Scheme Meeting if you are registered as a Shareholder on the Register at 7:00pm (AEST) on 8 May 2021. Your vote is important regardless of how many Shares you own.

In order to minimise the public health risks created by the COVID-19 pandemic, and in accordance with the restrictions imposed by Australian Federal and State governments in response to it, the Scheme Meeting will be held virtually by way of a live webcast only.

Section 3 provides further details on how to participate and vote during the Scheme Meeting by way of live webcast and how to vote by way of proxy, attorney or corporate representative (as applicable).

### **The Board unanimously recommends that you vote in favour of the Scheme Resolution**

The Board has considered the advantages, disadvantages and risks of the Scheme and, for the reasons set out in this Scheme Booklet, the Board unanimously recommends that you vote in favour of the Scheme Resolution at the Scheme Meeting, in the absence of a Superior Proposal and subject to the

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<sup>1</sup> Earnings before interest, tax, depreciation, amortisation, impairments, and COVID-19 related government subsidies.

Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders. Subject to those same qualifications, each member of the Board who holds, or who has control over voting rights attaching to, shares in the Company intends to vote those Shares in favour of the Scheme Resolution. The interests of the Directors are set out in Section 10.1.

In relation to the recommendation by the Redflex Group's CEO, Mark J. Talbot, Shareholders should have regard to the fact that, if the Scheme is implemented, all of the unvested Performance Rights and Options held by Mr Talbot will vest. Therefore, subject to the Scheme becoming Effective, Mr Talbot will on the Record Date (assuming the vesting and exercise of all of his Performance Rights and Options in the manner contemplated by Section 10.4 before the Record Date) hold a total of 4,589,514 Shares (2.89% of all Shares) represented by those Performance Rights and Options, for which he will receive the Scheme Consideration. The maximum value of the net benefit to be received by Mr Talbot if all of those Performance Rights and Options are exercised is \$2,808,597.25 (being 4,589,514 Shares to be issued to Mr Talbot on vesting and exercise of those Performance Rights and Options multiplied by the Scheme Consideration, and deducting the exercise price payable on exercise of all of the Options). This is in addition to the Shares that Mr Talbot currently holds, for which he will also receive the Scheme Consideration. Given the importance of the Scheme and Mr Talbot's deep understanding of the Company's business, the Board (in the absence of Mr Talbot) was satisfied that Mr Talbot could, and should if he wished to do so, make a recommendation on the Scheme notwithstanding the nature and quantum of the benefits (being the additional Scheme Consideration due to the accelerated vesting of his unvested Performance Rights and Options) that he will receive if the Scheme becomes Effective. Mr Talbot considers that it is appropriate for him, notwithstanding the nature and quantum of the benefits described above, to make a recommendation on the Scheme in light of the importance of the Scheme and Mr Talbot's deep understanding of the Company's business and his role as the Redflex Group's CEO. Further details are set out in Sections 10.1(b), 10.2 and 10.4. Shareholders should have regard to these matters, which appear throughout this Scheme Booklet, when considering Mr Talbot's recommendation on the Scheme.

### **Advantages, disadvantages and risks of the Scheme**

The Scheme has a number of advantages, disadvantages and risks which may affect Shareholders in different ways depending on their individual circumstances.

The advantages, or reasons to vote in favour, of the Scheme are set out in detail in Section 4.3. There are also disadvantages of, or reasons why you may wish to vote against, the Scheme, which are set out in Section 4.4, together with risk factors associated with the Scheme that are outlined at Section 7.

After carefully considering the advantages, disadvantages and risks of the Scheme, the Board is of the unanimous view that the benefits of the Scheme outweigh its potential disadvantages and risks.

The Board believes that the advantages of the Scheme include the following:

- the Scheme Consideration offered to Shareholders represents a significant premium to the historical trading prices of Shares and an attractive valuation multiple (being an implied enterprise value of approximately 12.7x FY20 adjusted EBITDA<sup>2</sup>);
- the Board considers this premium and valuation multiple to be attractive, particularly in light of:
  - the capital-intensive nature of the Business (noting that capital expenditures consumed approximately 84% of the Company's EBITDA generated over the last three completed financial years);
  - the fact that the Company has generated limited cash reserves, and has not generated any net profit, in recent periods; and

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<sup>2</sup> Earnings before interest, tax, depreciation, amortisation, impairments, and COVID-19 related government subsidies.



- the fact that the Company is unlikely to be in a position to pay a dividend in the foreseeable future;
- the Scheme Consideration provides an attractive opportunity for Shareholders to realise immediate and certain value of \$0.92 per Share for their investment in the Company (regardless of the number of Shares held), for Shares with historically low levels of public market liquidity;
- having canvassed the marketplace comprehensively and evaluated various strategic opportunities for the Company over the last several years, no Superior Proposal has been received by the Board as at the date of this Scheme Booklet, and the Board is not aware, as at the date of this Scheme Booklet, of any Superior Proposal that is likely to emerge;
- if the Scheme proceeds, Shareholders will no longer be exposed to the various geographic, regulatory and operational risks and uncertainties associated with an investment in the Redflex Group (including exposure to a company that requires additional capital to meaningfully grow, with any additional funding potentially being expensive and dilutive);
- no brokerage or stamp duty should be payable by Shareholders on the transfer of their Shares under the Scheme (refer to Appendix A); and
- the Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Shareholders, in the absence of a Superior Proposal.

The Board believes that the potential disadvantages of the Scheme include the following:

- the costs to the Company of carrying out the Proposed Transaction (noting, however, that a large portion of these costs have already been incurred and will be incurred regardless of whether the Scheme is implemented);
- Shareholders may disagree with both the Board's recommendation and the opinion of the Independent Expert and may consider that the Scheme is not in their best interests;
- Shareholders may wish to accept the ongoing operating and investment risks associated with the Redflex Group and maintain their investment in the Company as an ASX listed entity;
- the disposal of Scheme Shares pursuant to the Proposed Transaction may have taxation consequences for Shareholders that may not be suitable to their financial circumstances or position; and
- Shareholders may consider that there is potential for a Superior Proposal to be made in the foreseeable future (although the Board is not aware of any such proposal as at the date of this Scheme Booklet).

The Board believes that the potential risks of the Scheme include the following:

- the Scheme is subject to a number of Conditions Precedent (that are outlined at Section 9.4), including approval by the Court and the receipt of Regulatory Approvals. There is a risk that such approvals may not be obtained, or may be obtained subject to conditions upon which Verra Mobility, the Company or both (as applicable) are not prepared to accept (acting reasonably), or may be delayed; and
- in the event that the Scheme does not proceed:
  - the price at which Shares trade on ASX may fall (assuming no comparable proposal or Superior Proposal emerges);
  - the Company may be required to pay the Break Fee to Verra Mobility in certain circumstances;
  - the Company could suffer reputational damage associated with a failed public transaction;
  - there is a risk that the Company's personnel will experience a decline in morale and may choose to leave the Company to pursue other opportunities; and
  - any growth strategies of the Company that require a material capital investment (such as an acquisition) could require the Company to raise equity, which would be dilutive to existing Shareholders (if not undertaken on a pro rata basis).

A detailed overview of the potential risks related to the Scheme is set out at Section 7, together with:

- the risks associated with the COVID-19 pandemic (as they relate to your current investment in Shares);
- general investment risks; and
- specific risks associated with your current investment in Shares.

You should carefully read this Scheme Booklet in full before making any decision as to whether and how to vote on the Scheme Resolution.

### **Independent Expert**

The Board's unanimous recommendation of the Scheme is supported by the conclusion of BDO Corporate Finance (East Coast) Pty Ltd, the Independent Expert engaged by the Company to assess the merits of the Scheme and opine on whether it is in the best interests of Shareholders.

### **The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Shareholders, in the absence of a Superior Proposal.**

In arriving at this conclusion, the Independent Expert assessed the fair market value (**FMV**) of the Company's equity using the capitalisation of earnings (**COE**) method - EBITDA multiple (on a control basis) as \$0.68 to \$0.76 per Share, with a mid-point of \$0.72 per Share. This methodology reflects the Independent Expert's highest assessed value of a Share as compared to the other methodologies used by the Independent Expert to value the Company's equity. Refer to Section 4.3(g) for further information on the three methodologies used. The Independent Expert, after considering these FMV methodologies, considered a preferred FMV range of \$0.60 to \$0.70 to be appropriate for a Share, on a control basis, prior to implementation of the Scheme. The cash amount of the Scheme Consideration per Share, being \$0.92, exceeds this range.

A complete copy of the Independent Expert's Report is included in Appendix B and I encourage you to read it in full.

### **Further information**

Please read this document carefully and in its entirety.

If, after reading this document, you have any further questions of a general nature, or require further information, please call the Shareholder Information Line on 1300 378 941 (Australia toll free) or +61 3 9415 4399 (outside Australia). For more specific advice pertinent to your own circumstances, you should seek professional guidance from your financial, legal, taxation or other independent and qualified professional adviser.

On behalf of the Board, I would like to take this opportunity to thank you for your continued support of the Company and I look forward to your participation at the Scheme Meeting.

Yours sincerely



**Adam L. Gray**  
Chair

## **1. SUMMARY OF THE SCHEME**

This Section 1 includes information that may be described in greater detail elsewhere in this Scheme Booklet. It does not include all of the important information contained in this Scheme Booklet. Accordingly, Shareholders should carefully read the entire Scheme Booklet and other documents referred to in, or accompanying, this Scheme Booklet for a more complete understanding of the Scheme before deciding how to vote on the Scheme Resolution.

### **1.1 Background**

On 22 January 2021, the Company announced that it had entered into the Implementation Agreement with Verra Mobility, under which it is proposed that VM Consolidated (an indirect wholly-owned subsidiary of Verra Mobility) will acquire 100% of the share capital of the Company by way of a court-approved scheme of arrangement pursuant to the Corporations Act in an all-cash offer. If the Scheme is implemented, each Scheme Participant will receive \$0.92 cash for each Share held as at the Record Date.

A copy of the Implementation Agreement (without its annexures) is included in Appendix C.

The Board has, over the last several years, evaluated various strategic opportunities for the Company, and carefully considered the risks and opportunities associated with each (including the prospect of continuing to invest in and grow the Redflex Group on a standalone basis). The result of this effort is the Proposed Transaction, and the Board's unanimous recommendation that Shareholders vote in favour of the Scheme Resolution relating to it, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders. No Superior Proposal has been received by the Board as at the date of this Scheme Booklet, and the Board is not aware, as at the date of this Scheme Booklet, of any Superior Proposal that is likely to emerge.

Implementation of the Scheme is currently expected to occur on 26 May 2021 and is subject to satisfaction of a number of Conditions Precedent, including the receipt of Regulatory Approvals, as well as approval by the Court at the Second Court Hearing and Shareholders at the Scheme Meeting. The Conditions Precedent are summarised in Section 9.4.

For the Scheme to be implemented, the Requisite Majorities of Shareholders must vote to approve the Scheme at the Scheme Meeting, which is currently intended to be held at 9:00am (AEST) on 10 May 2021. In order to minimise the public health risks created by the COVID-19 pandemic, and in accordance with the restrictions imposed by Australian Federal and State governments in response to it, the Scheme Meeting will be held virtually by way of a live webcast only. Further details on how to participate in the Scheme Meeting by way of live webcast (if applicable) and how to vote (including by way of proxy, attorney or corporate representative) are provided in Section 3.

If the Scheme is approved by Shareholders at the Scheme Meeting and by the Court, and if all other necessary approvals and Conditions Precedent are satisfied or (where capable) waived and the Scheme becomes Effective and is implemented, the Company will become a wholly-owned subsidiary of VM Consolidated and will be delisted from ASX. If the Scheme is approved and becomes Effective and you hold Shares on the Record Date, you will be bound by the Scheme irrespective of whether you voted in favour of the Scheme Resolution at the Scheme Meeting (and irrespective of whether you voted at all).

If the Scheme is not approved, the Scheme will not proceed, you will not be bound by it, you will retain your Shares, and the Company will continue to operate as an entity listed on ASX.

## **1.2 How the Scheme will be implemented**

For an overview of the key steps involved in implementing the Scheme, refer to Section 8.4. Briefly, if the Scheme Resolution is passed by the Requisite Majorities of Shareholders, then, subject to the Court approving the Scheme and all other Conditions Precedent to the Scheme being satisfied or (where capable) waived, the Company will lodge the Court order approving the Scheme with ASIC, upon which the Scheme will become Effective and the Scheme will be implemented.

## **1.3 Overall effect of the Scheme**

Verra Mobility has nominated VM Consolidated, an indirect wholly-owned subsidiary of Verra Mobility, to acquire the Scheme Shares pursuant to the Scheme.

Implementation of the Scheme, through the transfer of 100% of the Scheme Shares to VM Consolidated, will result in:

- VM Consolidated holding 100% of the issued share capital in the Company; and
- the Company becoming a wholly-owned subsidiary of VM Consolidated (and, indirectly, a wholly-owned subsidiary of Verra Mobility).

## **1.4 What you will receive under the Scheme**

On the Implementation Date, Scheme Participants will receive \$0.92 cash for each Share held by them as at the Record Date.

If you reside in Australia and you wish to receive electronic payment of the Scheme Consideration on the Implementation Date, you should ensure that you have recorded your correct and up to date banking details with the Registry prior to 19 May 2021. You can do so by logging into your online shareholder account ([www.investorcentre.com/au](http://www.investorcentre.com/au)) to check or change your bank account details.

## **1.5 Summary of reasons why you may vote in favour of, or against, the Scheme**

The Scheme has a number of advantages and disadvantages which may affect Shareholders in different ways depending on their individual circumstances. Shareholders should seek professional guidance from their financial, legal, taxation or other independent and qualified professional adviser before making any investment decision and any decision as to whether or not to vote in favour of the Scheme Resolution.

You should read this Scheme Booklet in full, including the Independent Expert's Report in Appendix B, before making any investment decision in relation to the Scheme and any decision as to whether or not to vote in favour of the Scheme Resolution. The Board believes the reasons to vote in favour of the Scheme Resolution outweigh the reasons to vote against the Scheme Resolution.

### **Advantages of the Scheme**

Section 4.3 provides an overview of some of the advantages of the Scheme, including:

- the Scheme Consideration offered to Shareholders represents a significant premium to the historical trading prices of Shares and an attractive valuation multiple (being an

- implied enterprise value of approximately 12.7x FY20 adjusted EBITDA<sup>3</sup>);
- the Board considers this premium and valuation multiple to be attractive, particularly in light of:
  - the capital-intensive nature of the Business (noting that capital expenditures consumed approximately 84% of the Company's EBITDA generated over the last three completed financial years);
  - the fact that the Company has generated limited cash reserves, and has not generated any net profit, in recent periods; and
  - the fact that the Company is unlikely to be in a position to pay a dividend in the foreseeable future;
- the Scheme Consideration provides an attractive opportunity for Shareholders to realise immediate and certain value of \$0.92 per Share for their investment in the Company (regardless of the number of Shares held), for Shares with historically low levels of public market liquidity;
- having canvassed the marketplace comprehensively and evaluated various strategic opportunities for the Company over the last several years, no Superior Proposal has been received by the Board as at the date of this Scheme Booklet, and the Board is not aware, as at the date of this Scheme Booklet, of any Superior Proposal that is likely to emerge;
- if the Scheme proceeds, Shareholders will no longer be exposed to the various geographic, regulatory and operational risks and uncertainties associated with an investment in the Redflex Group (including exposure to a company that requires additional capital to meaningfully grow, with any additional funding potentially being expensive and dilutive);
- no brokerage or stamp duty should be payable by Shareholders on the transfer of their Shares under the Scheme (refer to Appendix A); and
- the Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Shareholders, in the absence of a Superior Proposal.

### **Disadvantages of the Scheme**

Section 4.4 sets out some of the disadvantages of the Scheme, including:

- the costs to the Company of carrying out the Proposed Transaction (noting, however, that a large portion of these costs have already been incurred and will be incurred regardless of whether the Scheme is implemented);
- Shareholders may disagree with both the Board's recommendation and the opinion of the Independent Expert and may consider that the Scheme is not in their best interests;
- Shareholders may wish to accept the ongoing operating and investment risks associated with the Redflex Group and maintain their investment in the Company as an ASX listed entity;
- the disposal of Scheme Shares pursuant to the Proposed Transaction may have taxation consequences for Shareholders that may not be suitable to their financial circumstances or position; and
- Shareholders may consider that there is potential for a Superior Proposal to be made in the foreseeable future (although the Board is not aware of any such proposal as at the date of this Scheme Booklet).

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<sup>3</sup> Earnings before interest, tax, depreciation, amortisation, impairments, and COVID-19 related government subsidies.

## 1.6 Risks

The Board considers that it is appropriate for Shareholders, in considering the Scheme, to be aware that there are a number of risk factors associated with the Scheme, as well as risk factors that currently exist with respect to the Company which could materially adversely affect the future operating and financial performance of the Company as well as the value of the Company in the future (should the Proposed Transaction not proceed).

The Board believes that the potential risks of the Scheme include the following:

- the Scheme is subject to a number of Conditions Precedent, including approval by the Court and the receipt of Regulatory Approvals. There is a risk that such approvals may not be obtained, or may be obtained subject to conditions upon which Verra Mobility, the Company or both (as applicable) are not prepared to accept (acting reasonably), or may be delayed; and
- in the event that the Scheme does not proceed:
  - the price at which Shares trade on ASX may fall (assuming no comparable proposal or Superior Proposal emerges);
  - the Company may be required to pay the Break Fee to Verra Mobility in certain circumstances;
  - the Company could suffer reputational damage associated with a failed public transaction;
  - there is a risk that the Company's personnel will experience a decline in morale and may choose to leave the Company to pursue other opportunities; and
  - any growth strategies of the Company that require a material capital investment (such as an acquisition) could require the Company to raise equity, which would be dilutive to existing Shareholders (if not undertaken on a pro rata basis).

A detailed overview of the potential risks related to the Scheme is set out at Section 7, together with:

- the risks associated with the COVID-19 pandemic (as they relate to your current investment in Shares);
- general investment risks; and
- specific risks associated with your current investment in Shares.

If the Scheme is implemented, Shareholders will no longer be exposed to the risks associated with the COVID-19 pandemic (as they relate to their current investment in the Company), general investment risks and specific risks associated with an investment in Shares, as they will no longer have an investment in the share capital of the Company.

If the Scheme is not implemented and the Proposed Transaction does not proceed (and no other acceptable proposal is received), Shares are expected to remain quoted on ASX. As a result, Shareholders will remain exposed to the risks associated with the COVID-19 pandemic (as they relate to their current investment in the Company), general investment risks and specific risks associated with an investment in Shares.

## 1.7 Taxation implications for Shareholders

If the Scheme becomes Effective and is implemented, all Scheme Participants will transfer all of their Scheme Shares to VM Consolidated on the Implementation Date in exchange for the Scheme Consideration.



Refer to Appendix A for a general outline of the Australian taxation implications for Shareholders who dispose of their Shares held as at the Record Date under the Scheme.

The information in Appendix A is general in nature, limited to Australian tax implications and should not be relied on by Shareholders as tax advice. The tax treatment of the disposal of Scheme Shares may vary depending on the nature and characteristics of Shareholders and their specific circumstances. Shareholders are strongly urged to seek professional guidance from their tax advisers as to the specific tax consequences for them in connection with the Scheme, including the applicability and effect of foreign and local income and other tax laws in their particular circumstances.

## **1.8 Conditions Precedent**

The implementation of the Scheme is subject to the satisfaction of a number of Conditions Precedent, which are set out in full in clause 3.1 of the Implementation Agreement. The Conditions Precedent are summarised at Section 9.4 and include (among others):

- the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders (and not publicly withdrawing, qualifying or changing that conclusion by notice in writing to the Company prior to the Second Court Hearing Date);
- Shareholders approving the Scheme by the Requisite Majorities at the Scheme Meeting;
- ASIC and ASX issuing or providing any consents or approvals, or doing any other acts, which the parties agree are reasonably necessary to implement the Scheme (and not withdrawing or revoking those consents, approvals or other acts prior to the Second Court Hearing Date);
- the Court making orders approving the Scheme; and
- Verra Mobility obtaining the Regulatory Approvals.

The Conditions Precedent must be either satisfied or (where capable) waived in accordance with the Scheme and the Implementation Agreement in order for the Scheme to be implemented.

## **1.9 Independent Expert's Report**

The Company appointed the Independent Expert to assess whether in its view the Scheme is in the best interests of Shareholders. A copy of the Independent Expert's Report is set out in Appendix B.

**The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Shareholders, in the absence of a Superior Proposal.**

## **1.10 Board's recommendation**

**The Board has carefully considered the terms and conditions of the Scheme and unanimously considers the Scheme to be in the best interests of Shareholders and unanimously recommends that Shareholders approve the Scheme Resolution, subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders and there being no Superior Proposal.<sup>4</sup>**

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<sup>4</sup> When assessing the Board's recommendation and considering how to vote on the Scheme Resolution, Shareholders should read and take into account the interests of the Directors set out in Section 10.1 and the accelerated vesting of the unvested Performance Rights and Options held by the Company's CEO, Mark J. Talbot, if the Scheme Resolution is passed by the Requisite Majorities of Shareholders at the Scheme Meeting, as set out in Section 10.2.

Subject to those same qualifications, each member of the Board who holds, or who has control over voting rights attaching to, shares in the Company intends to vote those Shares in favour of the Scheme. The interests of the Directors are set out in Section 10.1.

#### **1.11 No brokerage or stamp duty**

Shareholders should not incur any brokerage or stamp duty on the transfer of Scheme Shares pursuant to the Scheme. For more information, refer to Appendix A.

#### **1.12 Appointment of the Company as agent and attorney**

Under the terms of the Scheme, each Scheme Participant, without the need for any further action by that Scheme Participant, irrevocably appoints the Company and each of the Directors and officers of the Company, jointly and severally, as its attorney and agent for the purposes of doing all things and executing all deeds, instruments, transfers and other documents that may be necessary or desirable to give full effect to the Scheme and the transactions contemplated by it. For more information, see Section 8.7.

#### **1.13 Warranties provided by Scheme Participants**

Under the terms of the Scheme, each Scheme Participant warrants to Verra Mobility, and is deemed to have appointed and authorised the Company as that Scheme Participant's agent and attorney to warrant to Verra Mobility, that:

- all of its Scheme Shares (including any rights and entitlements attaching to them) transferred to VM Consolidated under the Scheme will, on the date of the transfer, be free from all Encumbrances;
- all of its Scheme Shares will be fully paid on the date of transfer; and
- it has full power and capacity to sell and transfer its Scheme Shares (including all rights and entitlements attaching to them) to VM Consolidated under the Scheme.

#### **1.14 Exclusivity**

The Implementation Agreement contains certain customary exclusivity arrangements that the Company has made in favour of Verra Mobility. These include a "no shop" and "no talk" restriction, a "notification" obligation and a "matching right". These exclusivity arrangements are summarised in Section 9.1.

#### **1.15 Break Fee and Reverse Break Fee**

If the Scheme does not become Effective, there are certain circumstances under which the Company may be required to pay Verra Mobility the Break Fee, and certain circumstances under which Verra Mobility may be required to pay the Company the Reverse Break Fee. The Break Fee triggers do not include a situation where the Scheme does not proceed simply because Shareholders do not approve the Scheme at the Scheme Meeting.

Details of the Break Fee and Reverse Break Fee, and the circumstances in which they may become payable, are summarised in Section 9.2 and Section 9.3 respectively.

## 2. FREQUENTLY ASKED QUESTIONS

This Section 2 answers some frequently asked questions about the Proposed Transaction. The information is however a summary only and it should therefore be read in conjunction with the entire Scheme Booklet before deciding how to vote on the Scheme Resolution. This Section 2 is not intended to address all relevant issues for Shareholders.

Question	Answer	More Information
<b>SCHEME MEETING AND VOTING</b>		
<b>Why have I received this Scheme Booklet?</b>	<p>This Scheme Booklet has been sent to you because you are shown in the Register as being a shareholder of the Company. This Scheme Booklet contains information relevant to your consideration of the Scheme. The purpose of this Scheme Booklet is to assist you in making a decision as to whether or not to vote in favour of the Scheme Resolution being proposed.</p> <p>If you have recently sold all of your Shares, please disregard this document.</p>	N/A
<b>When is the Scheme Meeting?</b>	<p>In order to minimise the public health risks created by the COVID-19 pandemic, and in accordance with the restrictions imposed by Australian Federal and State governments in response to it, the Scheme Meeting will be held virtually by way of a live webcast only at 9:00am (AEST) on 10 May 2021.</p>	N/A
<b>What am I being asked to vote on at the Scheme Meeting?</b>	<p>The resolution on which Shareholders are being asked to vote is to approve the Scheme under which VM Consolidated will acquire 100% of the share capital of the Company in return for Scheme Participants receiving the Scheme Consideration.</p> <p>The Scheme Resolution is set out in full in the Notice of Meeting in Appendix F to this Scheme Booklet.</p>	Appendix F
<b>Am I entitled to vote?</b>	<p>Shareholders who are registered as at 7:00pm (AEST) on 8 May 2021 in the Register will be entitled to vote at the Scheme Meeting (to be held by way of live webcast only).</p>	Section 3.4
<b>Should I vote?</b>	<p>While you do not have to vote, the Board strongly encourages you to do so at the Scheme Meeting by way of the live</p>	Section 4

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webcast personally, or by proxy, attorney or corporate representative (as applicable).

**The Board unanimously considers the Scheme to be in the best interests of Shareholders and unanimously recommends that Shareholders approve the Scheme Resolution, subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders and there being no Superior Proposal.<sup>5</sup>**

The Board asks you to read this Scheme Booklet carefully and, if eligible, to vote on the Scheme Resolution by personally taking part in the Scheme Meeting by way of live webcast personally, or by proxy, attorney or corporate representative (as applicable).

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**How will voting at the Scheme Meeting be conducted?**

Voting at the Scheme Meeting will be conducted by way of a poll. Every Shareholder registered as at 7:00pm (AEST) on 8 May 2021 in the Register who is present virtually by way of the live webcast, or by proxy, attorney or corporate representative (as applicable), at the Scheme Meeting will have one vote for each Share held by them.

N/A

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**What happens if I do not vote, or vote against the Scheme, and the Scheme is approved?**

Shareholders who vote against the Scheme Resolution are ultimately voting against the Scheme. If the Scheme is not approved by the Requisite Majorities of Shareholders, this will prevent the Company from realising the benefits that may arise from the advantages of the Scheme identified at Section 4.3. At the same time, some of the disadvantages of the Scheme as described in Section 4.4 may not arise. In addition, Shareholders will be exposed to the risks associated with the Scheme not proceeding and the risks associated with their continued investment in the Company (as set out in Section 7).

If you vote against the Scheme Resolution (or do not vote at all), and the necessary approvals for the Scheme (including approval by the Requisite Majorities of Shareholders) are still obtained, the Scheme will become Effective and the Scheme will be implemented. This will occur regardless of whether you voted for or against the Scheme Resolution or irrespective of whether you voted at all.

Section 4.6(a)

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**How do I vote?**

**Your vote is very important.**

Section 3

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<sup>5</sup> When assessing the Board's recommendation and considering how to vote on the Scheme Resolution, Shareholders should read and take into account the interests of the Directors set out in Section 10.1 and the accelerated vesting of the unvested Performance Rights and Options held by the Company's CEO, Mark J. Talbot, if the Scheme Resolution is passed by the Requisite Majorities of Shareholders at the Scheme Meeting, as set out in Section 10.2.

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In order to minimise the public health risks created by the COVID-19 pandemic, and in accordance with the restrictions imposed by Australian Federal and State governments in response to it, the Scheme Meeting will be held virtually by way of a live webcast only.

Shareholders entitled to vote are encouraged to participate in the virtual meeting by way of live webcast and can do so on a mobile or computer device via the Lumi platform ([www.web.lumiagm.com/345207949](http://www.web.lumiagm.com/345207949)) in accordance with the instructions provided at Section 3.7 of this Scheme Booklet.

Taking part in the Scheme Meeting by way of live webcast will enable Shareholders to listen to the Scheme Meeting live, view slides and proxy results and to also ask questions and cast their vote at the appropriate times while the meeting is in progress.

Additional information regarding participating in the live webcast, including browser requirements, is detailed in the Scheme Meeting User Guide, which is available at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide).

If you are unable to participate in the Scheme Meeting and vote by way of live webcast, or choose not to do so, you can vote by way of proxy, attorney or corporate representative (as applicable).

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**Can I attend a physical Scheme Meeting in person?**

No. You may only participate in the live webcast of the Scheme Meeting that will be conducted via the Lumi platform ([www.web.lumiagm.com/345207949](http://www.web.lumiagm.com/345207949)), which can be accessed from computers and mobile devices.

Section 3

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**When will the result of the Scheme Meeting be known?**

The result of the Scheme Meeting will be announced to ASX shortly after the conclusion of the Scheme Meeting. The result will be accessible from the ASX website ([www2.asx.com.au](http://www2.asx.com.au)). Even if the Scheme Resolution is passed by the Requisite Majorities of Shareholders at the Scheme Meeting, the Scheme will not become Effective unless and until it is approved by the Court at the Second Court Hearing and the Court order is lodged with ASIC.

N/A

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**SCHEME**

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**What is the Scheme?**

The Scheme involves VM Consolidated, an indirect wholly-owned subsidiary of Verra Mobility, acquiring all of the Scheme Shares by way of a scheme of arrangement, for payment of the Scheme Consideration. The Scheme is subject to the satisfaction or (where capable) waiver of

Section 1.1

	Conditions Precedent, including the receipt of Regulatory Approvals and approval by Shareholders and the Court.	
<b>What is a 'scheme of arrangement'?</b>	<p>A scheme of arrangement is a statutory procedure under the Corporations Act that is commonly used to enable one company to acquire the shares of another company.</p> <p>The Scheme is between the Company and the Scheme Participants and will effect the acquisition of the Company by VM Consolidated.</p>	N/A
<b>What is the Implementation Agreement and is it binding on me?</b>	<p>The Implementation Agreement contains various undertakings by the Company and Verra Mobility to pursue and progress the Scheme. The key terms of the Implementation Agreement are summarised in Section 9.</p> <p>The Implementation Agreement is binding on the Company only and not on Shareholders. The Scheme will only become binding on Shareholders if and when the Scheme becomes Effective, which will only occur if the Scheme is approved by the Requisite Majorities of Shareholders at the Scheme Meeting and approved by the Court at the Second Court Hearing and if a copy of the Court orders are lodged with ASIC.</p>	Section 9
<b>What is the effect of approving the Scheme?</b>	In summary, if the Scheme Resolution is passed by the Requisite Majorities of Shareholders, then, subject to the Court approving the Scheme and all Conditions Precedent to the Scheme being satisfied or (where capable) waived, the Company will lodge the Court order approving the Scheme with ASIC, upon which the Scheme will become Effective and the Scheme will be implemented.	Section 8
<b>What are the advantages if the Scheme is implemented?</b>	<p>The Board believes that the advantages of the Scheme to Shareholders include the following:</p> <ul style="list-style-type: none"> <li>the Scheme Consideration offered to Shareholders represents a significant premium to the historical trading prices of Shares and an attractive valuation multiple (being an implied enterprise value of approximately 12.7x FY20 adjusted EBITDA<sup>6</sup>);</li> <li>the Board considers this premium and valuation multiple to be attractive, particularly in light of: <ul style="list-style-type: none"> <li>the capital-intensive nature of the Business (noting that capital expenditures consumed approximately 84% of the Company's EBITDA generated over the last three completed financial</li> </ul> </li> </ul>	Section 4.3

<sup>6</sup> Earnings before interest, tax, depreciation, amortisation, impairments, and COVID-19 related government subsidies.



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years);

- the fact that the Company has generated limited cash reserves, and has not generated any net profit, in recent periods; and
- the fact that the Company is unlikely to be in a position to pay a dividend in the foreseeable future;
- the Scheme Consideration provides an attractive opportunity for Shareholders to realise immediate and certain value of \$0.92 per Share for their investment in the Company (regardless of the number of Shares held), for Shares with historically low levels of public market liquidity;
- having canvassed the marketplace comprehensively and evaluated various strategic opportunities for the Company over the last several years, no Superior Proposal has been received by the Board as at the date of this Scheme Booklet, and the Board is not aware, as at the date of this Scheme Booklet, of any Superior Proposal that is likely to emerge;
- if the Scheme proceeds, Shareholders will no longer be exposed to the various geographic, regulatory and operational risks and uncertainties associated with an investment in the Redflex Group (including exposure to a company that requires additional capital to meaningfully grow, with any additional funding potentially being expensive and dilutive);
- no brokerage or stamp duty should be payable by Shareholders on the transfer of their Shares under the Scheme (refer to Appendix A); and
- the Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Shareholders, in the absence of a Superior Proposal.

Further information regarding the advantages, and reasons to vote in favour, of the Scheme is set out in Section 4.3.

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**What are the potential disadvantages if the Scheme is implemented?**

The Board acknowledges that the potential disadvantages of the Scheme to Shareholders include the following:

Section 4.4

- the costs to the Company of carrying out the Proposed Transaction (noting, however, that a large portion of these costs have already been incurred and will be incurred regardless of whether the Scheme is implemented);
  - Shareholders may disagree with both the Board's recommendation and the opinion of the Independent Expert and may consider that the Scheme is not in their best interests;
  - Shareholders may wish to accept the ongoing operating
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and investment risks associated with the Redflex Group and maintain their investment in the Company as an ASX listed entity;

- the disposal of Scheme Shares pursuant to the Proposed Transaction may have taxation consequences for Shareholders that may not be suitable to their financial circumstances or position; and
- Shareholders may consider that there is potential for a Superior Proposal to be made in the foreseeable future (although the Board is not aware of any such proposal as at the date of this Scheme Booklet).

Further information regarding the disadvantages of, and reasons to vote against, the Scheme is set out in Section 4.4.

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**What happens if the Proposed Transaction does not proceed?**

If the Scheme is not approved at the Scheme Meeting (or is approved at the Scheme Meeting but is not approved by the Court or any of the other Conditions Precedent to the Scheme becoming Effective are not satisfied or (where capable) waived or the Implementation Agreement is terminated), then the Scheme will not become Effective and will not be implemented.

Section 4.5

In that event:

- Shareholders will retain their Shares (unless they dispose of them) and the rights of Shareholders will remain unchanged;
  - Shareholders will continue to be exposed to risks and opportunities associated with their investment in the Company. See Sections 7.2, 7.3 and 7.4 for a summary of these key risks;
  - the advantages of the Scheme as described in Section 4.3 may not be realised;
  - some of the disadvantages of the Scheme as described in Section 4.4 may not arise. In addition, Shareholders will be exposed to the risks associated with the Scheme not proceeding and the risks associated with their continued investment in the Company (as set out in Section 7);
  - the Company will continue to operate under its existing corporate structure with its current directors and management in place (unless personnel choose to leave the Company);
  - the Company will continue to operate as an entity listed on ASX;
  - the Shares will trade on the basis that the Scheme will not proceed;
  - subject to their respective governing documents, the unvested Performance Rights and Options will not be
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	<p>subject to accelerated vesting as would have occurred in the event that the Scheme proceeded under the terms of the Implementation Agreement; and</p> <ul style="list-style-type: none"> <li>Shareholders may not, in the near term, realise a price for their Shares which is equivalent to or greater than the value of the Scheme Consideration.</li> </ul> <p>In addition, depending on the reasons for the Proposed Transaction not proceeding:</p> <ul style="list-style-type: none"> <li>the Company may also be liable to pay the Break Fee. Details of the Break Fee and the circumstances in which it may become payable are set out in Section 9.2; and</li> <li>Verra Mobility may also be liable to pay the Reverse Break Fee. Details of the Reverse Break Fee and the circumstances in which it may become payable are set out in Section 9.3.</li> </ul>	
<p><b>What are the risks associated with an investment in the Company if the Proposed Transaction does not proceed?</b></p>	<p>If the Scheme is not approved and implemented, you will continue to be a Shareholder (unless you dispose of your Shares) and exposed to risk factors that currently exist with respect to the Company which could materially adversely affect the future operating and financial performance of the Company and the value of the Company in the future (should the Proposed Transaction not proceed).</p> <p>In particular, Shareholders will continue to be exposed to the risks associated with the COVID-19 pandemic (as they relate to their current investment in the Company) (refer to Section 7.2), general investment risks (refer to Section 7.3) and specific risks associated with an investment in Shares (refer to Section 7.4).</p> <p>In addition, there are risks associated with the Scheme that may arise if the Scheme does not proceed, the details of which are outlined at Section 7.1(b),(c), (d), (e) and (f).</p> <p>The Scheme provides Shareholders with the opportunity to avoid these risks and uncertainties and allows Shareholders to fully exit their investment in the Company and realise immediate and certain value of \$0.92 per Share for their investment in the Company (regardless of the number of Shares held), for Shares with historically low levels of public market liquidity and for a company that is unlikely to be in a position to pay a dividend in the foreseeable future.</p>	<p>Section 7</p>
<p><b>Is the Scheme subject to any conditions?</b></p>	<p>The Scheme is subject to the receipt of Regulatory Approvals, Shareholder approval by the Requisite Majorities and Court approval, as well as a number of other Conditions Precedent. A list of the Conditions Precedent to which the Scheme is subject can be found in clause 3.1 of the Implementation</p>	<p>Appendix C and Section 9.4</p>

	Agreement contained in Appendix C. A summary of the Conditions Precedent is contained in Section 9.4.	
<b>Can the Scheme be terminated?</b>	Yes. The Implementation Agreement may be terminated in certain circumstances, the details of which are summarised in Section 9.5. If the Implementation Agreement is terminated, the Scheme will not proceed.	Appendix C and Section 9.5

## RECOMMENDATIONS

<b>What does the Board recommend?</b>	<b>The Board has carefully considered the terms and conditions of the Scheme and unanimously considers the Scheme to be in the best interests of Shareholders and unanimously recommends that Shareholders approve the Scheme Resolution, subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders and there being no Superior Proposal.<sup>7</sup></b>	Section 4.1
<b>How are the Directors intending to vote?</b>	Each Director intends to vote, or cause to be voted, all Shares held or controlled by that Director in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders.	Section 4.1
<b>What is the opinion of the Independent Expert?</b>	The Independent Expert has considered the Scheme and has concluded that the Scheme is fair and reasonable and therefore in the best interests of Shareholders, in the absence of a Superior Proposal.	Appendix B
<b>What if the Independent Expert changes its opinion?</b>	<p>If the Independent Expert changes its opinion and concludes that the Scheme is not in the best interests of Shareholders, the Board will carefully consider the Independent Expert's revised opinion and advise you of its recommendation.</p> <p>If the Independent Expert has concluded that the Scheme is not in the best interests of Shareholders, the Board may, after consulting in good faith with Verra Mobility, withdraw or change its recommendation that Shareholders approve the Scheme Resolution and may terminate the Implementation Agreement without requiring the Company to pay the Break Fee (except where a Competing Proposal has been</p>	N/A

<sup>7</sup> When assessing the Board's recommendation and considering how to vote on the Scheme Resolution, Shareholders should read and take into account the interests of the Directors set out in Section 10.1 and the accelerated vesting of the unvested Performance Rights and Options held by the Company's CEO, Mark J. Talbot, if the Scheme Resolution is passed by the Requisite Majorities of Shareholders at the Scheme Meeting, as set out in Section 10.2.

	proposed or announced before the Independent Expert's Report is issued which the Independent Expert may reasonably regard to be on more favourable terms than the Proposed Transaction).	
<b>What happens if a Competing Proposal for the Company emerges?</b>	<p>Although no Competing Proposal has emerged as at the date of this Scheme Booklet (and the Board is not aware, as at the date of this Scheme Booklet, of any Superior Proposal that is likely to emerge), it is possible that one could emerge before the Scheme Meeting.</p> <p>Subject to the paragraph below, the Company has agreed to terms in the Implementation Agreement which prohibit the Company and its Representatives, during the Exclusivity Period, from negotiating or participating in negotiations or discussions with any Third Party regarding a Competing Proposal or any agreement, understanding or arrangement that may be reasonably expected to lead to a Competing Proposal.</p> <p>However, the Company is permitted to respond to a genuine Competing Proposal (which was not solicited, invited, encouraged or initiated by the Company) should the Board determine in good faith and acting reasonably that:</p> <ul style="list-style-type: none"> <li>• after consultation with its financial adviser, such a genuine Competing Proposal is, or could reasonably be expected to become, a Superior Proposal; and</li> <li>• after receiving written legal advice from its external legal advisers, failing to respond to or failing to take or refusing or omitting to take the relevant action (as the case may be) in relation to such a genuine Competing Proposal would be reasonably likely to constitute a breach of the Board's fiduciary or statutory obligations.</li> </ul> <p>Before any member of the Redflex Group, during the Exclusivity Period, may enter into any legally binding agreement to give effect to any Competing Proposal received, the Implementation Agreement provides a matching right to Verra Mobility to provide a matching or superior Proposal to the terms of the Competing Proposal.</p> <p>If an unsolicited Competing Proposal for the Company is received before the Scheme Meeting, the Directors will carefully consider it in light of the above requirements and will inform Shareholders of any material developments which may affect the Directors' view that the Scheme is presently in the best interests of Shareholders. Any change to the Directors' recommendation in response to a Competing Proposal that is proposed or announced may result in the Company being obligated to pay the Break Fee to Verra</p>	Sections 4.4(e) and 9.1

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Mobility.

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## QUESTIONS ABOUT YOUR ENTITLEMENT UNDER THE SCHEME

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<b>What will I receive if the Scheme becomes Effective?</b>	Scheme Participants will receive \$0.92 cash for each Share held by them on the Record Date.	N/A
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<b>When will I receive the Scheme Consideration?</b>	If all Conditions Precedent to the Scheme becoming Effective are satisfied or (where capable) waived, the Company will pay or procure the payment, from the Trust Account, of the Scheme Consideration to each Scheme Participant on the Implementation Date.	N/A
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<b>How will I receive my Scheme Consideration?</b>	<p>The Company will pay or procure the payment, from the Trust Account, to each Scheme Participant the Scheme Consideration to which that Scheme Participant is entitled under the Scheme. This will be satisfied by the Company (in its absolute discretion) doing any of the following at its election:</p> <ul style="list-style-type: none"><li>• where a Scheme Participant has, before the Record Date, made a valid election in accordance with the requirements of the Registry to receive dividend payments from the Company by electronic funds transfer to a bank account nominated by the Scheme Participant, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or</li><li>• otherwise, whether or not the Scheme Participant has made an election referred to in the preceding subparagraph, despatching, or procuring the despatch of, a cheque for the relevant amount in Australian currency to the Scheme Participant by prepaid post to their registered address, such cheque being drawn in the name of the Scheme Participant for the relevant amount.</li></ul> <p>If you reside in Australia and you wish to receive electronic payment of the Scheme Consideration on the Implementation Date, you should ensure that you have recorded your correct and up to date banking details with the Registry prior to 19 May 2021. You can do so by logging into your online shareholder account (<a href="http://www.investorcentre.com/au">www.investorcentre.com/au</a>) to check or change your bank account details.</p>	Section 8.4
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<b>What obliges Verra Mobility to provide</b>	Verra Mobility has executed the Deed Poll (contained in Appendix E) pursuant to which Verra Mobility covenants in
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<b>the Scheme Consideration?</b>	<p>favour of Scheme Participants to perform obligations attributed to it under the Scheme. This includes an undertaking in favour of each Scheme Participant that in consideration of the transfer to VM Consolidated of all of the Scheme Shares, Verra Mobility will provide (or procure the provision of) the Scheme Consideration to each Scheme Participant in accordance with the Scheme, subject to and in accordance with the terms of the Scheme.</p>	
<b>Can I keep my Shares?</b>	<p>You cannot keep your Shares if the Scheme is implemented.</p> <p>If the Scheme is implemented, each Scheme Participant will receive the Scheme Consideration and the Scheme Shares will be transferred to VM Consolidated, regardless of whether you voted for or against the Scheme Resolution or did not vote at all.</p> <p>If the Scheme is not implemented, you will keep your Shares (unless you dispose of them).</p>	
<b>Will I have to pay brokerage fees or stamp duty?</b>	<p>No brokerage or stamp duty should be payable by you on the transfer of your Shares to VM Consolidated under the Scheme.</p> <p>If you sell your Shares on ASX, rather than disposing of them via the Scheme, you may incur brokerage charges (and, potentially, GST on those charges).</p>	Appendix A
<b>Will I pay any tax on the disposal of my Shares?</b>	<p>Refer to Appendix A for a general outline of the Australian taxation implications for Shareholders who dispose of their Shares held as at the Record Date under the Scheme.</p> <p>The information in Appendix A is general in nature and should not be relied on by Shareholders as tax advice. The tax treatment of the disposal of Scheme Shares may vary depending on the nature and characteristics of Shareholders and their specific circumstances. Shareholders are strongly urged to seek professional guidance from their tax advisers as to the specific tax consequences for them in connection with the Scheme, including the applicability and effect of foreign and local income and other tax laws in their particular circumstances.</p> <p>You should also note that, even if the Scheme does not proceed, taxation consequences (including income tax consequences) may arise at any future time that you sell or otherwise dispose of your Shares.</p>	Appendix A

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## VERRA MOBILITY AND VM CONSOLIDATED

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<b>Who is Verra Mobility?</b>	<p>Verra Mobility is a Delaware company listed on NASDAQ and headquartered in Arizona, United States of America. As at 31 December 2020, Verra Mobility had a market capitalisation of approximately USD2.2 billion and employed 640 people in six countries.</p> <p>Pursuant to the Proposed Transaction it is proposed that Verra Mobility will, through its indirect wholly-owned subsidiary, VM Consolidated, acquire 100% of the share capital of the Company.</p>	Sections 1.1 and 6.1
<b>Who is VM Consolidated?</b>	<p>VM Consolidated is an indirect wholly-owned subsidiary of Verra Mobility, incorporated in Delaware, United States of America.</p> <p>If the Scheme is implemented, VM Consolidated will become the holder of all Shares and the Company will become a wholly-owned subsidiary of VM Consolidated.</p>	Sections 6.1 and 6.4
<b>How is the Scheme Consideration being funded?</b>	<p>Verra Mobility will provide and/or will procure to VM Consolidated all amounts that VM Consolidated requires to pay the Scheme Consideration.</p> <p>Verra Mobility intends to fund the acquisition by VM Consolidated through a combination of internal group cash reserves and existing and/or refinanced third-party debt capacity. Verra Mobility is currently undertaking a refinancing of existing facilities, which if completed before implementation, will include debt capacity for the Proposed Transaction.</p>	Section 6.5
<b>What are Verra Mobility and VM Consolidated's intentions for the Company?</b>	<p>Except for the changes and intentions set out in Section 6.4, following Implementation, VM Consolidated intends, based on the information presently known to it:</p> <ul style="list-style-type: none"><li>• to continue the business of the Company;</li><li>• not to make any major changes to the Business or the deployment of the Company's assets; and</li><li>• to continue the employment of the Company's employees other than changes that may be made due to redundancies as described in Section 6.4(g).</li></ul> <p>Final decisions on these matters will only be made by VM Consolidated in light of all material facts and circumstances at the relevant time and after VM Consolidated has had the opportunity to undertake a detailed review of the Business</p>	Section 6.4

	following Implementation. Verra Mobility has the same present intentions as VM Consolidated in relation to these matters.	
<b>Do VM Consolidated or Verra Mobility currently hold any Shares?</b>	As at the date of this Scheme Booklet, VM Consolidated and Verra Mobility do not have any interest in Shares.	N/A
<b>OTHER</b>		
<b>What are the Requisite Majorities of Shareholders?</b>	<p>For the Scheme to proceed, the Scheme Resolution must be approved by the Requisite Majorities of Shareholders, being:</p> <ul style="list-style-type: none"> <li>• (unless the Court orders otherwise) a majority in number (more than 50%) of Shareholders present and voting (either in person or by proxy, attorney or corporate representative) at the Scheme Meeting by way of live webcast; and</li> <li>• at least 75% of the total number of votes cast on the Scheme Resolution.</li> </ul>	N/A
<b>What happens at the Second Court Hearing?</b>	<p>If the Scheme is approved by the Requisite Majorities of Shareholders at the Scheme Meeting, the Court will be asked to approve the Scheme at the Second Court Hearing.</p> <p>Any Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on the Company a notice of appearance in the prescribed form, together with any affidavit that the Shareholder proposes to rely on. The notice of appearance and affidavit must be served on the Company at its address for service at least one day before the Second Court Hearing.</p>	N/A
<b>Can I dispose of my Shares now?</b>	The Scheme does not preclude you from disposing of some or all of your Shares on ASX for cash prior to implementation of the Scheme, if you wish, provided that you dispose of your Shares before the close of trading on ASX on the Effective Date (subject to the Company's share trading policy).	N/A
<b>Who can help answer my questions about the Scheme?</b>	If you have any further questions of a general nature, or require further information, please call the Shareholder Information Line on 1300 378 941 (Australia toll free) or +61 3 9415 4399 (outside Australia).	N/A

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For more specific advice pertinent to your own circumstances, you should seek professional guidance from your financial, legal, taxation or other independent and qualified professional adviser.

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### 3. WHAT TO DO AND HOW TO VOTE

#### 3.1 Carefully read and consider this Scheme Booklet

This is an important document. You should read the information in this Scheme Booklet in full (including the advantages and disadvantages of the Scheme at Section 4.3 and Section 4.4 respectively, the risks factors at Section 7 and the Independent Expert's Report in Appendix B) before making any decision as to whether and how to vote on the Scheme Resolution.

It is important that you consider the information disclosed in light of your own particular investment needs, objectives and financial circumstances.

#### 3.2 Board's recommendation and opinion of the Independent Expert

**As detailed in Section 4.1 of this Scheme Booklet, the Board has carefully considered the terms and conditions of the Scheme and unanimously considers the Scheme to be in the best interests of Shareholders and unanimously recommends that Shareholders approve the Scheme Resolution, subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders and there being no Superior Proposal.<sup>8</sup>**

The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Shareholders, in the absence of a Superior Proposal.

#### 3.3 Your vote is important

For the Scheme to proceed, the Scheme Resolution must be approved by the **Requisite Majorities** of Shareholders, being:

- (unless the Court orders otherwise) a majority in number (more than 50%) of Shareholders present and voting (either in person or by proxy, attorney or corporate representative) at the Scheme Meeting by way of live webcast; and
- at least 75% of the total number of votes cast on the Scheme Resolution.

Following approval of the Scheme Resolution by the Requisite Majorities of Shareholders, the Court must also approve the Scheme. The Court has discretion as to whether or not to approve the Scheme, even if the Scheme Resolution has been approved by the Requisite Majorities of Shareholders.

#### 3.4 Who can vote?

Shareholders who are registered as at 7:00pm (AEST) on 8 May 2021 in the Register will be entitled to vote at the Scheme Meeting (to be held by way of live webcast only). Accordingly, transactions registered after this time will be disregarded for determining a Shareholder's entitlement to take part in and vote at the Scheme Meeting.

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<sup>8</sup> When assessing the Board's recommendation and considering how to vote on the Scheme Resolution, Shareholders should read and take into account the interests of the Directors set out in Section 10.1 and the accelerated vesting of the unvested Performance Rights and Options held by the Company's CEO, Mark J. Talbot, if the Scheme Resolution is passed by the Requisite Majorities of Shareholders at the Scheme Meeting, as set out in Section 10.2.

### 3.5 What is being voted on at the Scheme Meeting?

The resolution on which Shareholders are being asked to vote is to approve the Scheme under which VM Consolidated, an indirect wholly-owned subsidiary of Verra Mobility, will acquire 100% of the share capital of the Company and in return Scheme Participants will receive the Scheme Consideration for each Share that they hold as at the Record Date. The Scheme Resolution is set out in full in the Notice of Meeting in Appendix F to this Scheme Booklet.

### 3.6 What to do and how to vote

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<b>Step 1</b>	You should read this Scheme Booklet in full and the accompanying appendices in their entirety before making a decision as to how to vote on the Scheme Resolution. If you are in doubt as to what you should do, you should consult your financial, legal, taxation or other independent and qualified professional adviser.
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<b>Step 2</b>	If you have any queries concerning the Scheme of a general nature, or require further information, please call the Shareholder Information Line on 1300 378 941 (Australia toll free) or +61 3 9415 4399 (outside Australia). For more specific advice pertinent to your own circumstances, you should seek professional guidance from your financial, legal, taxation or other independent and qualified professional adviser.
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<b>Step 3</b>	<p>Exercise your right to vote by attending the Scheme Meeting (to be held via live webcast only). In order to minimise the public health risks created by the COVID-19 pandemic, and in accordance with the restrictions imposed by Australian Federal and State governments in response to it, the Scheme Meeting will be held virtually by way of a live webcast only. You will not be able to attend the Scheme Meeting physically and are encouraged to participate by way of the live webcast. For further details on the live webcast, see Section 3.7 of this Scheme Booklet.</p> <p>If you are unable to participate in the live webcast, or choose not to do so, you can vote by way of proxy, attorney or corporate representative (as applicable).</p>
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### 3.7 Participating and voting at the virtual Scheme Meeting

The Scheme Meeting to approve the Scheme Resolution is currently intended to be held at 9:00am (AEST) on 10 May 2021 by way of live webcast through the Lumi platform. The Company strongly encourages the participation of Shareholders in the live webcast, which will enable Shareholders to listen to the Scheme Meeting live, view slides and proxy results and to also ask questions and cast their vote at the appropriate times while the Scheme Meeting is in progress.

#### Step 1: Access the Lumi Platform

If you are a Shareholder (and eligible to vote at the Scheme Meeting), you can access the live webcast of the Scheme Meeting through the Lumi platform on a computer or mobile device, by entering the URL “[www.web.lumiagm.com/345207949](http://www.web.lumiagm.com/345207949)” in your browser.

A link to the Lumi platform will also be made available on the Company's website ([www.redflex.com](http://www.redflex.com)).

## **Step 2: Enter meeting ID, your username and your password**

Once you have access to the Lumi platform on your computer or mobile device, you will be asked to enter:

1. **the meeting ID** for the Scheme Meeting, which is **345-207-949**;
2. **your username**, which is your SRN or HIN (these can be found towards the top right hand corner of your Registry issued holding statement and on shareholder communications from the Registry); and
3. **your password**, which is the postcode registered to your holding if you are a Shareholder in Australia. Shareholders outside of Australia should refer to the Scheme Meeting User Guide, which is available at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide), for their password details.

More information regarding participating in the live webcast, including how to vote and ask questions during the live webcast of the Scheme Meeting (as well as browser requirements), is detailed in the Scheme Meeting User Guide, which is available at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide). Instructions will also be provided during the Scheme Meeting.

Shareholders are also invited to lodge questions in advance of the Scheme Meeting by sending an email containing their question(s) to [redflexholdingslimited@redflex.com](mailto:redflexholdingslimited@redflex.com) by 5:00pm (AEST) on 8 May 2021 or at [www.investorvote.com.au](http://www.investorvote.com.au) when voting online by proxy. The Company intends to address these questions during the Scheme Meeting.

### **3.8 Voting by proxy**

All Shareholders who are unable to take part in the Scheme Meeting by way of live webcast, or choose not to, are encouraged to submit their votes by proxy instead.

To vote by proxy, please vote online or complete and sign the enclosed Proxy Form and return it in accordance with the instructions set out on the Proxy Form.

**Completed Proxy Forms must be received by the Registry by no later than 9:00am (AEST) on 8 May 2021.**

A Shareholder entitled to take part in and vote at the Scheme Meeting (by way of live webcast) may appoint an individual or a body corporate as a proxy. A proxy need not be a Shareholder.

If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the Scheme Meeting.

A Shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the Shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.

Shareholders entitled to take part in the Scheme Meeting and vote on the Scheme Resolution (by way of live webcast) who return their Proxy Forms, but do not nominate the identity of a proxy, will be taken to have nominated the Chair as their proxy to vote on their behalf. If the Proxy Form

is returned, but the nominated proxy does not take part in the Scheme Meeting, the Chair will act in the place of the nominated proxy and vote (or abstain from voting) in accordance with the instructions on the Proxy Form.

**The Chair intends to vote all valid undirected proxies which he receives  
for (or in favour of) the Scheme Resolution.**

Details for completion and lodgement of proxies are on the reverse side of the Proxy Form. Please read the instructions on the Proxy Form carefully when completing the form.

To be effective, the Proxy Form must be received by the Registry by no later than 9:00am (AEST) on 8 May 2021. Proxy forms received after this time will be invalid. Proxies must be received by the Registry before that time by one of the following methods:

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<b>Online</b>	<p><a href="http://www.investorvote.com.au">www.investorvote.com.au</a></p> <p>You will need your SRN or HIN and your allocated Control Number as shown on your Proxy Form</p> <p>You will be taken to have signed the Proxy Form if you lodge your proxy in accordance with the instructions on the website. Please read the instructions for online proxy submissions carefully before you lodge your proxy</p>
<b>By post</b>	<p>Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001 Australia</p>
<b>Mobile voting</b>	<p>Scan the QR Code on your Proxy Form and follow the prompts</p>
<b>By custodians</b>	<p>For Intermediary Online subscribers only (custodians), please visit <a href="http://intermediaryonline.com">intermediaryonline.com</a> to submit your voting intentions</p>
<b>Facsimile</b>	<p>In Australia: 1800 783 447</p> <p>From outside of Australia: +61 3 9473 2555</p>

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Additional or replacement Proxy Forms may be obtained from the Registry at the address above.

Completing and returning a Proxy Form will not preclude you from taking part in and voting at the Scheme Meeting by way of live webcast. You may revoke your proxy at any time prior to the start of the Scheme Meeting by:

- providing a written notice of revocation to the Registry at the above address before the Scheme Meeting;
- properly executing and delivering a later dated Proxy Form to the Registry (either online or by post) by no later than 9:00am (AEST) on 8 May 2021; or



- taking part in the Scheme Meeting by way of live webcast and voting on the Scheme Resolution.

### **3.9 Voting by attorney**

If you wish for your attorney to take part in and vote at the Scheme Meeting (by way of live webcast only) on your behalf, the original or a certified copy of the power of attorney authorising your attorney to take part in and vote at the Scheme Meeting (by way of live webcast only), and a declaration or statement by the attorney that he or she has not received any notice of revocation of appointment, must be lodged with the Registry by the cut-off time for receipt of proxies for the Scheme Meeting set out above, being 9:00am (AEST) on 8 May 2021.

You may lodge the power of attorney (and any supporting documents) by delivering, posting or faxing it to the Registry at the address above.

### **3.10 Voting by corporate representative**

A body corporate that is a Shareholder, or that has been appointed as a proxy, is entitled to appoint any person to act as its representative at the Scheme Meeting. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act. The representative should lodge with the Registry (by the closing time for receipt of proxies for the Scheme Meeting set out above, being 9:00am (AEST) on 8 May 2021) a properly executed 'Certificate of Appointment of Corporate Representative' (available from the Registry or under 'Printable Forms' at [www.investorcentre.com/au](http://www.investorcentre.com/au)) confirming its authority to act as the body corporate's representative.

### **3.11 Jointly held securities**

A joint holder may vote at the Scheme Meeting either personally or by proxy, attorney or representative as if that person was the sole holder. If more than one joint holder tenders a vote in respect of the relevant Shares, the vote of the holder named first in the Register who tenders a vote, whether in person or by proxy, attorney or representative, must be accepted to the exclusion of the votes of the other joint holders.

### **3.12 Further information**

Further information concerning the Scheme Resolution is set out in the Notice of Meeting in Appendix F to this Scheme Booklet. If you have any further questions of a general nature, or require further information, please call the Shareholder Information Line on 1300 378 941 (Australia toll free) or +61 3 9415 4399 (outside Australia). For more specific advice pertinent to your own circumstances, you should seek professional guidance from your financial, legal, taxation or other independent and qualified professional adviser.

## 4. KEY CONSIDERATIONS RELEVANT TO YOUR VOTE

The Scheme has a number of advantages, disadvantages and risks which may affect Shareholders in different ways depending on their individual circumstances. Shareholders should seek professional guidance from their financial, legal, taxation or other independent and qualified professional adviser before voting on the Scheme.

Section 4.3 provides a summary of some of the advantages of the Scheme. Section 4.3 should be read in conjunction with Section 4.4, which sets out some of the disadvantages of, or reasons why Shareholders may wish to vote against, the Scheme. There are also a number of risk factors that should be considered before voting on the Scheme that are outlined in Section 7.

The Board believes that the advantages of the Scheme outweigh the disadvantages of the Scheme.

You should read this Scheme Booklet in full, including the Independent Expert's Report, before deciding how to vote in relation to the Scheme.

### 4.1 The Board's recommendation

**The Board has carefully considered the terms and conditions of the Scheme and unanimously considers the Scheme to be in the best interests of Shareholders and unanimously recommends that Shareholders approve the Scheme Resolution, subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders and there being no Superior Proposal.<sup>9</sup>**

In making this recommendation, the Board has, among other things, considered:

- the advantages of the Scheme, as set out in Section 4.3;
- the disadvantages of the Scheme, as set out in Section 4.4;
- the risks factors, as set out in Section 7; and
- the Independent Expert's Report, in Appendix B.

The Board's recommendation is subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders and there being no Superior Proposal. Subject to those same qualifications, each member of the Board who holds, or who has control over voting rights attaching to, shares in the Company intends to vote those Shares in favour of the Scheme Resolution. The interests of the Directors are set out in Section 10.1.

In considering whether to vote in favour of, or against, the Scheme Resolution (or abstain from voting on the Scheme Resolution), the Board encourages you to:

- read the whole of this Scheme Booklet, including its appendices;
- have regard to your financial circumstances, individual risk profile, portfolio strategy and tax position; and
- obtain advice on the Scheme from your financial, legal, taxation or other independent and

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<sup>9</sup> When assessing the Board's recommendation and considering how to vote on the Scheme Resolution, Shareholders should read and take into account the interests of the Directors set out in Section 10.1 and the accelerated vesting of the unvested Performance Rights and Options held by the Company's CEO, Mark J. Talbot, if the Scheme Resolution is passed by the Requisite Majorities of Shareholders at the Scheme Meeting, as set out in Section 10.2.

qualified professional adviser, which takes into account your particular circumstances.

#### **4.2 The Independent Expert's opinion**

**The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Shareholders, in the absence of a Superior Proposal.**

A copy of the Independent Expert's Report, which includes the reasons for the Independent Expert's conclusion, is contained in Appendix B. Shareholders are encouraged to read the Independent Expert's Report carefully and in full before considering whether to vote in favour of, or against, the Scheme Resolution (or abstain from voting on the Scheme Resolution).

#### **4.3 Advantages of the Scheme**

The Scheme has a number of advantages and disadvantages which may affect Shareholders in different ways depending on their individual circumstances. Shareholders should seek professional guidance from their financial, legal, taxation or other independent and qualified professional adviser before making any investment decision in relation to the Scheme and any decision as to whether or not to vote in favour of the Scheme Resolution.

Advantages of the Scheme, which may lead Shareholders to consider voting in favour of the Scheme Resolution, include:

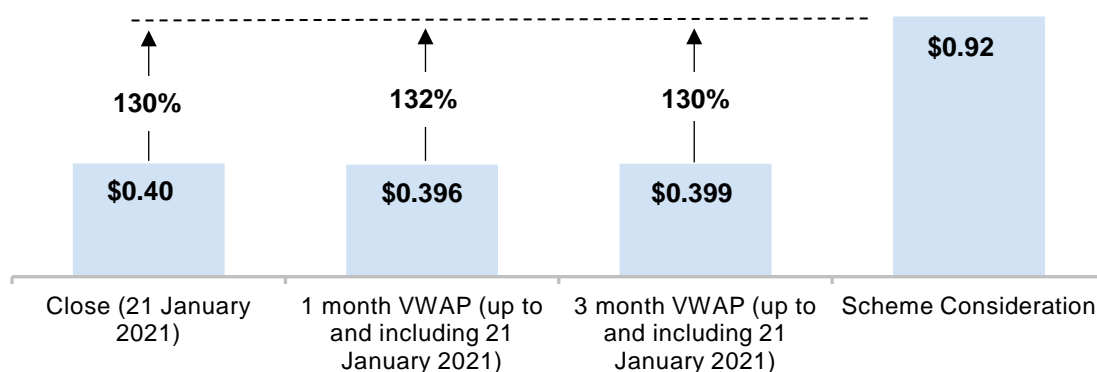
**(a) The value of the Scheme Consideration represents a significant premium for Shares**

The Scheme Consideration of \$0.92 per Share values the Company's equity on a fully diluted basis at approximately \$146,100,393 and represents an attractive and significant premium to recent trading levels of Shares, including:

- a 130% premium to the Company's closing Share price on 21 January 2021 of \$0.40. 21 January 2021 was the last trading day before the Company's announcement to ASX on 22 January 2021 that it had entered into the Implementation Agreement with Verra Mobility;
- a 132% premium to the Company's one month VWAP of \$0.396 up to and including 21 January 2021;
- a 130% premium to the Company's three month VWAP of \$0.399 up to and including 21 January 2021; and
- a 31% premium to the Company's highest closing Share price at any point in the last five years up to and including 21 January 2021.

Figure 1 below shows the Scheme Consideration, and the premia associated with the last closing price and the above VWAPs of Shares on 21 January 2021.

Figure 1 – Premium of Scheme Consideration over historical trading prices of Shares<sup>10</sup>



Source: ASX.

**(b) The Scheme Consideration represents an attractive valuation multiple**

The Scheme Consideration of \$0.92 per Share represents an implied enterprise value of the Company of approximately 12.7x FY20 adjusted EBITDA<sup>11</sup>. This is considered by the Board to be attractive given the Independent Expert applied an EBITDA multiple range of 9.0x to 10.0x in its assessment of the value of the Company on a control basis.

Additionally, the Company's FY20 cash generation, after taking into account capital expenditures and capitalised development costs, was negative.

As a result, the Board believes that the Scheme Consideration of \$0.92 per Share, and the valuation multiple implied thereby, are attractive, particularly in light of:

- the capital-intensive nature of the Business (noting that capital expenditures consumed approximately 84% of the Company's EBITDA generated over the last three completed financial years);
- the fact that the Company has generated limited cash reserves, and has not generated any net profit, in recent periods; and
- the fact that the Company is unlikely to be in a position to pay a dividend in the foreseeable future.

**(c) The Scheme Consideration provides an attractive opportunity for Shareholders to realise immediate and certain value of \$0.92 per Share for their investment in the Company (regardless of the number of Shares held), for Shares with historically low levels of public market liquidity**

The Scheme Consideration of \$0.92 per Share provides Shareholders with an attractive opportunity to realise immediate and certain value of \$0.92 per Share held on the Record Date for their investment in the Company (regardless of the volume of Shares held) and an opportunity to utilise the cash received pursuant to the Scheme for other purposes, such as alternative investments.

<sup>10</sup> Close (21 January 2021) based on Share price on 21 January 2021, being the last trading day prior to the Company's announcement of the Proposed Transaction on ASX. 1-month VWAP up to and including 21 January 2021. 3-month VWAP up to and including 21 January 2021.

<sup>11</sup> Earnings before interest, tax, depreciation, amortisation, impairments, and COVID-19 related government subsidies.

Given the historic low levels of public market liquidity in the trading of Shares on ASX (based, in part, on the consolidated nature of the Register), the certainty of the Scheme Consideration for their entire holding may benefit Shareholders because:

- there may not be sufficient trading volume for Shareholders to dispose of their Shares in the future; and/or
- Shareholders may not be able to dispose of their Shares in the future at a higher price than the Scheme Consideration.

The certainty of the Scheme Consideration should be compared with the risks and uncertainties of remaining a Shareholder, which are described in Sections 4.3(e), 7.2, 7.3 and 7.4.

**(d) Having canvassed the marketplace comprehensively and evaluated various strategic opportunities for the Company over the last several years, no Superior Proposal has been received by the Board as at the date of this Scheme Booklet, and the Board is not aware, as at the date of this Scheme Booklet, of any Superior Proposal that is likely to emerge**

Over the last several years, the Board has been active in evaluating strategic opportunities for the Company, including acquisitions, disposals, mergers and other strategic combinations. The terms of the Proposed Transaction, together with the premium at the level represented by the Scheme Consideration, is in the Board's view the most compelling corporate control proposal for the Company that has been received by the Board during this time.

Since the announcement of the execution of the Implementation Agreement on 22 January 2021 up to the date of this Scheme Booklet, no Superior Proposal has emerged, and the Board is not aware, as at the date of this Scheme Booklet, of any Superior Proposal that is likely to emerge.

**(e) If the Scheme proceeds, Shareholders will no longer be exposed to the various geographic, regulatory and operational risks and uncertainties associated with an investment in the Redflex Group**

If the Scheme becomes Effective, Shareholders will no longer be exposed to the various geographic, regulatory and operational risks and uncertainties of remaining a Shareholder, which include (without limitation) the risks associated with COVID-19 (as they relate to their current investment in the Company), general investment risks and specific risks associated with an investment in Shares (outlined in Sections 7.2, 7.3 and 7.4 respectively).

The Scheme Consideration removes these risks and uncertainties for Shareholders and allows Shareholders to exit their investment in the Company at a price that the Board considers to be attractive. If the Scheme is approved and implemented, these risks and uncertainties will be assumed by Verra Mobility. If the Scheme does not become Effective, Shares will continue to remain quoted on ASX and Shareholders will, through their holding of Shares, continue to be exposed to the risks associated with COVID-19 (as they relate to their current investment in the Company), general investment risks and specific risks associated with an investment in Shares. This includes exposure to a company that requires additional capital to meaningfully grow, with any additional funding potentially being expensive and dilutive (refer to Section 7.4(h) for more information).

There are also certain risks specific to the Scheme that may arise if the Scheme does not proceed, the details of which are outlined at Sections 7.1(b),(c), (d), (e) and (f).

**(f) You should not incur any brokerage or stamp duty charges on the transfer of your Shares if the Scheme proceeds**

You should not incur brokerage or stamp duty charges on the transfer of your Shares to VM Consolidated pursuant to the Scheme (refer to Appendix A). If you sell your Shares on ASX (rather than disposing of them via the Scheme), you may incur brokerage charges (and, potentially, GST on those charges).

**(g) The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Shareholders, in the absence of a Superior Proposal**

The Company appointed the Independent Expert to prepare the Independent Expert's Report to provide an opinion as to whether, in its view, the Scheme is in the best interests of Shareholders.

**The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Shareholders, in the absence of a Superior Proposal.**

In arriving at this conclusion, the Independent Expert assessed the FMV of the Company's equity using the COE method - EBITDA multiple (on a control basis) as \$0.68 to \$0.76 per Share, with a mid-point of \$0.72 per Share. This methodology reflects the Independent Expert's highest assessed value of a Share as compared to the other methodologies used by the Independent Expert to value the Company's equity, outlined in the following table.

<b>Independent Expert's methodology (on a control basis)</b>	<b>Low (\$)</b>	<b>High (\$)</b>
FMV of a Share using quoted market price method	0.47	0.48
FMV of a Share using COE Method – EBIT multiple	0.54	0.58
FMV of a Share using COE Method – EBITDA multiple	0.68	0.76
<b>Independent Expert's preferred value of a Share prior to implementation of the Scheme</b>	<b>0.60</b>	<b>0.70</b>

The Independent Expert, after considering these FMV methodologies, considered a preferred FMV range of \$0.60 to \$0.70 to be appropriate for a Share, on a control basis, prior to implementation of the Scheme. The cash amount of the Scheme Consideration per Share, being \$0.92, exceeds this range.

A complete copy of the Independent Expert's Report is included in Appendix B, and the Board encourages you to read the report in full.

#### **4.4 Disadvantages of the Scheme**

Shareholders should consider a number of potential disadvantages in deciding whether or not to vote in favour of the Scheme Resolution. While the Board is of the opinion that these disadvantages are outweighed by the Scheme's advantages, Shareholders should consider their individual circumstances and make their own determination.

Disadvantages of the Scheme, which may lead Shareholders to consider voting against the Scheme Resolution, include:

**(a) The costs of carrying out the Proposed Transaction**

The Company will incur significant transaction costs in connection with the Proposed Transaction. The Company will pay transaction fees and other expenses related to the Scheme, including financial advisers' fees, filing fees, legal and accounting fees, regulatory fees and mailing costs.

It is important to note, however, that a large portion of these transaction costs have already been incurred as part of the Proposed Transaction (or will be incurred regardless of whether the Scheme is implemented) including obtaining the Independent Expert's Report and preparing and distributing this Scheme Booklet. For more information about the transaction costs, refer to Section 10.5.

**(b) You may disagree with both the Board's recommendation and the opinion of the Independent Expert and consider that the Scheme is not in your best interests**

In concluding that the Scheme is in the best interests of Shareholders, absent a Superior Proposal, the Board and the Independent Expert are making judgments based on future trading conditions and events which cannot be predicted with any certainty and which may prove to be inaccurate (positively or negatively).

Despite this, you may hold a different view from, and are not obliged to follow the recommendation of, the Board, and you may not agree with the Independent Expert's conclusion.

**(c) You may wish to accept the ongoing operating and investment risks associated with the Redflex Group and maintain your investment in the Company as an ASX listed entity**

You may wish to maintain your investment in the Company in order to have an investment in a publicly listed company with the specific characteristics of the Company in terms of industry, operational profile, size, capital structure and potential dividend payments (**Investment Profile**).

Implementation of the Scheme may result in a disadvantage to those who wish to maintain their Investment Profile. Shareholders who wish to maintain their Investment Profile may find it difficult to find an investment with a similar profile to that of the Company and they may incur transaction costs in undertaking any new investment.

**(d) The tax consequences of the Scheme may not suit your financial position**

If the Scheme proceeds, it may result in taxation consequences (including income tax consequences) for Scheme Participants, which may arise earlier than may otherwise be the case.

Refer to Appendix A for a general outline of the Australian taxation implications for Shareholders who dispose of their Scheme Shares under the Scheme.

The information in Appendix A is general in nature, limited to Australian tax implications and should not be relied on by Shareholders as tax advice. The tax treatment of the disposal of Scheme Shares may vary depending on the nature and characteristics of Shareholders and their specific circumstances. Shareholders are strongly urged to seek professional guidance from their tax advisers as to the specific tax consequences for them in connection with the Scheme, including the applicability and effect of foreign and local income and other tax laws in their particular circumstances.

You should also note that even if the Scheme does not proceed, taxation consequences (including income tax consequences) may arise at any future time that you sell or otherwise dispose of your Shares.

**(e) You may consider that there is potential for a Superior Proposal to be made in the foreseeable future**

It is possible that, if the Company were to continue as a listed entity, a corporate control proposal for the Company could materialise in the future, such as a takeover bid with a higher price than the Scheme Consideration.

Implementation of the Scheme will mean that Shareholders will not receive the benefit of any such proposal. Since the announcement of the Scheme to ASX by the Company on 22 January 2021 up to the date of this Scheme Booklet, no Superior Proposal has emerged, and the Board is not aware, as at the date of this Scheme Booklet, of any Superior Proposal that is likely to emerge.

#### **4.5 If the Scheme does not proceed**

The Scheme will not proceed if:

- Shareholders do not approve the Scheme Resolution by the Requisite Majorities;
- the Court does not approve the Scheme at the Second Court Hearing;
- any Condition Precedent is not satisfied or (where capable) waived; or
- the Implementation Agreement is terminated by the Company or Verra Mobility in accordance with its terms.

In that event:

- Shareholders will retain their Shares (unless they dispose of them) and the rights of Shareholders will remain unchanged;
- Shareholders will continue to be exposed to risks and opportunities associated with their investment in the Company. See Sections 7.2, 7.3 and 7.4 for a summary of these key risks;
- the advantages of the Scheme as described in Section 4.3 may not be realised;
- some of the disadvantages of the Scheme as described in Section 4.4 may not arise. In addition, Shareholders will be exposed to the risks associated with the Scheme not proceeding and the risks associated with their continued investment in the Company (as set out in Section 7);
- the Company will continue to operate under its existing corporate structure with its current directors and management in place (unless personnel choose to leave the Company);
- the Company will continue to operate as an entity listed on ASX;
- the Shares will trade on the basis that the Scheme will not proceed;
- subject to their respective governing documents, the unvested Performance Rights and Options will not be subject to accelerated vesting as would have occurred in the event that the Scheme proceeded under the terms of the Implementation Agreement; and
- Shareholders may not, in the near term, realise a price for their Shares which is equivalent to or greater than the value of the Scheme Consideration.

In addition, there are certain circumstances in which the Company may be liable to pay the Break Fee or where Verra Mobility may be liable to pay the Reverse Break Fee if the Scheme does not proceed. The Break Fee triggers do not include a situation where the Scheme does not proceed simply because Shareholders do not approve the Scheme by the Requisite



Majorities at the Scheme Meeting. Details of the Break Fee and Reverse Break Fee and the circumstances in which they may become payable are set out in Section 9.2 and Section 9.3 respectively.

#### **4.6 Other relevant considerations**

##### **(a) The Scheme may be implemented even if you vote against the Scheme Resolution or you do not vote at all**

If you vote against the Scheme Resolution (or do not vote at all), and the necessary approvals for the Scheme (including approval by the Court and the Requisite Majorities of Shareholders) are still obtained, the Scheme will become Effective and the Scheme will be implemented. This will occur regardless of whether you voted for or against the Scheme Resolution or did not vote at all. If this happens (and you do not sell your Shares before the close of trading on ASX on the Effective Date), your Shares will be transferred to VM Consolidated and you will receive the Scheme Consideration.

##### **(b) Conditions Precedent**

The implementation of the Scheme is subject to the satisfaction of a number of Conditions Precedent, which are set out at clause 3.1 of the Implementation Agreement and summarised in Section 9.4. All of the Conditions Precedent must be either satisfied or (where capable) waived in accordance with the Scheme and the Implementation Agreement for the Proposed Transaction to be implemented.

##### **(c) Appointment of the Company as agent and attorney**

Under the terms of the Scheme, each Scheme Participant, without the need for any further action by that Scheme Participant, irrevocably appoints the Company and each of the directors and officers of the Company, jointly and severally, as its attorney and agent for the purposes of doing all things and executing all deeds, instruments, transfers and other documents that may be necessary or desirable to give full effect to the Scheme and the transactions contemplated by it. For more information, see Section 8.7.

##### **(d) Exclusivity**

The Implementation Agreement contains certain customary exclusivity arrangements that the Company has made in favour of Verra Mobility. These include a “no shop” and “no talk” restriction, a “notification” obligation and a “matching right”.

These exclusivity arrangements are described in further detail in Section 9.1.

#### **4.7 Frequently Asked Questions**

If you have any questions in relation to this Scheme Booklet or the Scheme, refer to Section 2 of this Scheme Booklet for a response to frequently asked questions.

If, after reading this Scheme Booklet, you have any further questions of a general nature, or require further information, please call the Shareholder Information Line on 1300 378 941 (Australia toll free) or +61 3 9415 4399 (outside Australia). For more specific advice pertinent to your own circumstances, you should seek professional guidance from your financial, legal, taxation or other independent and qualified professional adviser.

## 5. INFORMATION ABOUT THE COMPANY

### 5.1 Corporate overview

The Company is a public limited liability company incorporated in Australia. The Company listed on ASX in January 1997 and is currently trading on ASX under the ticker code “RDF”.

The Company’s registered office is located at 31 Market Street, South Melbourne, Victoria, 3205, Australia.

The Redflex Group’s principal places of Business are:

- **(Australia):** 31 Market Street, South Melbourne VIC 3205, Australia;
- **(United Kingdom):** Unit 20 Russell House, Chalcroft Business Park, Burnetts Lane, West End Southampton, Hampshire SO30 2PA, United Kingdom; and
- **(United States of America):** 5561 West Talavi Boulevard, Suite 200, Glendale AZ 85306-1893, United States of America.

### 5.2 Overview of business and operations

The Redflex Group develops and implements intelligent traffic management products and services which are sold and managed in Asia Pacific, North America, the United Kingdom, Europe and the Middle East. The Redflex Group also develops, manufactures and operates a wide range of platform-based solutions all utilising advanced sensor and image capture technologies enabling active management of state and local motorways. The Redflex Group’s solutions include:

- Alcyon, a cloud-based case management and photo enforcement processing solution;
- Alcyon Express, a system monitoring, data matching, and alerting solution;
- Radarcam, a speed detection and enforcement device;
- Halo, an enforcement solution that delivers a diverse range of Intelligent Traffic Systems applications;
- Halo Distributed, a vehicle detection point to point system for accurate automatic number plate recognition applications, traffic monitoring, and enforcement;
- Deployable 250, a solution that utilises dual radar technology to capture incident and enforcement rates;
- Edge, a video analytics program for enforcement across a wide array of environments and offence types; and
- Red X, a lane management solution which alerts drivers to speed changes and lane closures.

The Redflex Group runs its own systems engineering operations, system integration technologies and innovation centre for research and development. With a continuous program of product development, the Redflex Group has been helping for many years to improve roadway safety, alleviate congestion and reduce the harmful impacts of vehicle emissions.

The Redflex Group employs over 530 people globally.

### 5.3 Company's issued securities

As at the date of this Scheme Booklet, the securities of the Company on issue are as follows:

Security	Number
Shares	151,990,560
Options	3,004,369
Performance Rights	3,809,846
<b>Total</b>	<b>158,804,775</b>

### 5.4 The Company's group structure

The Company is the ultimate parent company of the Redflex Group and is domiciled in Australia. The following entities are Subsidiaries of the Company.

Name	Country of incorporation	Ownership interest
<b>Controlled entities of the Company</b>		
Redflex Enforcement Services Pty Ltd (ACN 126 165 875)	Australia	100%
Redflex Irish Investments Pty Ltd (ACN 158 846 578)	Australia	100%
Redflex Pty. Ltd (ACN 006 176 736)	Australia	100%
Redflex Traffic Systems Pty Ltd (ACN 006 403 925)	Australia	100%
RTS R & D Pty Ltd (ACN 118 339 861)	Australia	100%
Transtoll Pty Ltd (ACN 152 933 269)	Australia	100%
Redflex Traffic Systems, Inc. (Company Number 10020998)	United States of America	100%
Redflex Traffic Systems (Canada) Limited (registry ID BC0859743)	Canada	100%
Redflex Traffic Systems Limited (CRN 05980177)	United Kingdom	100%
Redflex Traffic Systems Malaysia Sdn Bhd (Company Registration Number 1003956A)	Malaysia	100%
Fourlev Limited (Company Number 516238763)	Israel	100%
<b>Controlled entities of Redflex Enforcement Services Pty Ltd<sup>12</sup></b>		

<sup>12</sup> The Company owns the other 10% of the shares in Redflex Traffic Systems India Private Limited and Traffic Operating Systems (Saudi Arabia), LLC.

Redflex Traffic Systems India Private Limited (CIN U72900TN2019FTC131801)	India	90%
Traffic Operating Systems (Saudi Arabia), LLC (Commercial Registry No. 2050110584)	Saudi Arabia	90%
<b>Controlled entities of Redflex Traffic Systems Pty Ltd</b>		
Redflex Traffic Pty Ltd (ACN 130 051 035)	Australia	100%
<b>Controlled entities of Redflex Traffic Systems, Inc.</b>		
Redflex Traffic Systems (California), Inc. (Company Number C2170373)	United States of America	100%
Redflex Guardian, Inc. (Company Number 5156297)	United States of America	100%

The Company also owns a 16% non-voting equity interest in Road Safety Operations Holdings Unlimited Company T/A Go Safe, via its Subsidiary Redflex Irish Investments Pty Ltd.

## 5.5 Board and senior management

### (a) Board

As at the date of this Scheme Booklet, the Board consists of the following persons.

Name	Current position
Adam L. Gray	Non-executive Chair
Mark J. Talbot	Group CEO and Managing Director
Robert DeVincenzi	Non-executive Director
Clark Davey	Non-executive Director
David McIntyre	Non-executive Director
Terence Winters	Non-executive Director
John Worthington	Non-executive Director

Further information about the members of the Board, their experience and qualifications can be obtained by visiting the Company's website ([www.redflex.com/investors](http://www.redflex.com/investors)). The security holdings that each Director has in the Company are detailed in Section 10.1.

### (b) Senior management

As at the date of this Scheme Booklet, the Company's senior management consists of the following persons.

Name	Current position
Mark J. Talbot	Group CEO and Managing Director
Neville Joyce	Senior Vice President, CFO
Craig Durham	Senior Vice President, Group General Counsel and Company Secretary
Lewis H. Miller	Senior Vice President, Global Operations
Fergus Porter	Senior Vice President, Engineering and Delivery
Laurence Giles	Senior Vice President, Global Markets and Solutions
Angela Fair	Senior Vice President, People & Performance
Jane Prosch-Jensen	Vice President, Government Relations
Kenneth M. Dodd	Vice President, Global Sales Operations
Becky Bouwman	Vice President, Global Bid Management

Further information about the senior management team of the Company can be obtained by visiting the Company's website ([www.redflex.com/who-we-are](http://www.redflex.com/who-we-are)).

## 5.6 Board intentions

Under the Implementation Agreement, as soon as practicable after the Second Court Hearing Date, Verra Mobility is required to determine, and notify the Company of, the required composition of the board of directors of each entity within the Redflex Group, including the Company (**Verra Mobility Nominees**).

The Company must then (in accordance with the Implementation Agreement):

- take all actions necessary to appoint the Verra Mobility Nominees to the Board and the board of directors of each other entity within the Redflex Group; and
- procure the resignation of all directors from the Board and the board of directors of each other entity within the Redflex Group (other than the Verra Mobility Nominees),

with effect on and from the Implementation Date.

Accordingly, it is not possible for the current Directors to provide a statement of their intentions regarding:

- the continuation of the business of the Redflex Group or how the Company's existing business will be conducted;
- any major changes to be made to the business of the Company and the Redflex Group, including any redeployment of any fixed assets; or
- the future employment of the present employees of the Company and the Redflex Group,

in each case, after the Scheme is implemented.

If the Scheme is implemented, VM Consolidated will own all of the Shares and Verra Mobility will be the ultimate holding company of the Company. The current intentions of VM Consolidated and Verra Mobility with respect to these matters are set out in Section 6.

If the Scheme is not implemented, the Directors intend to continue to operate the business of the Company and the Redflex Group in the ordinary course and in a manner consistent with current practices. There are a range of specific risks associated with the Redflex Group's business and general investment in the Company that Shareholders will continue to be subject to if the Scheme does not proceed. These specific and general risks include (without limitation) the risks set out in Sections 7.2, 7.3 and 7.4.

## 5.7 Recent Share price performance

On 21 January 2021, the last trading day before the announcement made by the Company to ASX on 22 January 2021 that it had entered into the Implementation Agreement with Verra Mobility, the Share price closed at \$0.40. On 22 January 2021, the date of the announcement made by the Company that it had entered into the Implementation Agreement with Verra Mobility, the Share price closed at \$0.86. From the trading day after the announcement of the Proposed Transaction to 1 April 2021 (being the last practicable trading date before the date of this Scheme Booklet), the closing price of Shares has ranged between \$0.86 and \$0.89.

During the three months ending on 21 January 2021 (i.e. from 21 October 2020 to 21 January 2021):

- the highest recorded daily closing Share price for Shares was \$0.44 per Share on 30 November 2020; and
- the lowest recorded daily closing Share price for Shares was \$0.36 per Share on 21 October 2020.

## 5.8 Substantial Shareholders

As extracted from the most recent substantial holding notices provided to the Company and released on ASX, as at 1 April 2021 (being the last practicable trading date before the date of this Scheme Booklet), the following persons have disclosed pursuant to the Corporations Act that they are Substantial Shareholders of the Company as at the dates stated in their most recent substantial holding notices.

Name of Substantial Shareholder	Number of Shares <sup>13</sup>	% of issued capital <sup>14</sup>
Coliseum Capital Management, LLC	43,209,820	28.4%
Investaco Pty Ltd and Ho & Associates International Pty Ltd	16,331,809	10.7%
Elizabeth Cooper	20,998,609	13.8%
Duke University	16,257,138	10.7%
Christopher Cooper	10,700,476	7.0%

<sup>13</sup> Based on information in the substantial holding notices.

<sup>14</sup> Based on the Company's issued ordinary share capital as at the date of this Scheme Booklet.

Cheng Man Oy	9,604,803	6.3%
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The shareholdings listed in this Section 5.8 are as disclosed to the Company and ASX by the Shareholders in those substantial holding notices.

## 5.9 Summary of historical financial information

The financial information contained in this Section 5.9 is in summary form only and has been prepared and extracted for the purposes of this Scheme Booklet only. The financial information has been extracted from the Company's financial results for the full financial years ended 30 June 2018 (**FY18**), 30 June 2019 (**FY19**) and 30 June 2020 (**FY20**), which were each audited by the Company's auditor, PwC.

The financial information of the Company (which includes the financial information of its Subsidiaries) is presented below in an abbreviated form and does not contain all the disclosures, presentations, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act, and should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements.

Further details about the Company's financial performance can be found on the Company's website ([www.redflex.com](http://www.redflex.com)) and on the ASX website ([www2.asx.com.au](http://www2.asx.com.au)).

### (a) Summary of the historical consolidated income statements

The audited historical consolidated income statements for FY18, FY19 and FY20 are summarised below.

	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue from operations	105,611	117,011	100,733
<b>Total revenue</b>	<b>105,611</b>	<b>117,011</b>	<b>100,733</b>
Payroll related expenses	54,710	56,974	50,763
Materials and other costs	18,904	24,702	18,436
Sales and marketing related expenses	875	1,391	850
Administrative related expenses	18,828	17,777	12,371
Depreciation	11,762	12,503	9,845
Amortisation	8,223	6,549	11,359
Impairment of intangible asset	-	-	1,498
Impairment / (recovery) of trade receivables	(1,067)	2,142	-
Impairment of Texas related equipment	-	2,119	-
Other expenses	1,486	515	-
<b>Loss before tax and financing costs</b>	<b>(8,110)</b>	<b>(7,661)</b>	<b>(4,389)</b>
Net finance costs	986	943	1,853
<b>Loss before tax</b>	<b>(9,096)</b>	<b>(8,604)</b>	<b>(6,242)</b>

Income tax expense / (benefit)	3,024	(3,000)	4,168
<b>Loss for the period</b>	<b>(12,120)</b>	<b>(5,604)</b>	<b>(10,410)</b>

#### Other comprehensive loss

Foreign currency translation that may be reclassified to the profit or loss, net of tax	1,235	2,375	29
<b>Total comprehensive loss for the period</b>	<b>(10,885)</b>	<b>(3,229)</b>	<b>(10,381)</b>

#### (b) Summary of the historical consolidated balance sheets

The audited historical consolidated balance sheets for FY18, FY19 and FY20 are summarised below.

	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	18,864	21,204	22,328
Trade and other receivables	26,897	25,587	26,584
Inventories	5,741	6,405	5,630
Other current assets	2,643	1,952	2,394
<b>Total Current Assets</b>	<b>54,145</b>	<b>55,148</b>	<b>56,936</b>
<b>Non-Current Assets</b>			
Plant and equipment	38,551	32,013	39,780
Right of use asset	-	-	8,245
Deferred tax assets	18,603	18,096	14,907
Intangible assets	18,633	14,159	8,092
Other financial assets	441	441	441
Other non-current assets	165	130	648
<b>Total Non-Current Assets</b>	<b>76,393</b>	<b>64,839</b>	<b>72,113</b>
<b>TOTAL ASSETS</b>	<b>130,538</b>	<b>119,987</b>	<b>129,049</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade and other payables	17,867	16,620	16,817
Lease liabilities	-	-	3,087
Interest bearing liabilities	796	853	3,171
Deferred revenue	2,395	1,174	1,589
Income tax payable	192	371	283
Provisions	8,015	8,673	6,859
<b>Total Current Liabilities</b>	<b>29,265</b>	<b>27,691</b>	<b>31,806</b>
<b>Non-Current Liabilities</b>			
Trade and other payables	10,403	10,020	8,480
Lease liabilities	-	-	6,019
Interest bearing liabilities	5,551	5,029	16,063
Deferred tax liabilities	4,410	-	-



Provisions	4,568	3,650	3,708
<b>Total Non-Current Liabilities</b>	<b>24,932</b>	<b>18,699</b>	<b>34,270</b>
<b>TOTAL LIABILITIES</b>	<b>54,197</b>	<b>46,390</b>	<b>66,076</b>
<b>NET ASSETS</b>	<b>76,341</b>	<b>73,597</b>	<b>62,973</b>
<b>Equity attributable to equity holders of the parent company</b>			
Contributed equity	117,387	117,387	117,387
Reserves	6,356	9,216	9,732
Accumulated losses	(47,402)	(53,006)	(64,146)
<b>TOTAL EQUITY</b>	<b>76,341</b>	<b>73,597</b>	<b>62,973</b>

**(c) Summary of the historical consolidated cash flow statements**

The audited historical consolidated statements of cash flows for FY18, FY19 and FY20 are summarised below.

	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Operating activities</b>			
Cash receipts from customers	104,974	114,542	99,976
Payments to suppliers, employees and GST	(95,822)	(102,988)	(91,315)
Cash received from government grants	-	-	5,636
Payment for Chicago restitution	(6,406)	(1,416)	(1,466)
Interest paid	(463)	(477)	(694)
Income tax paid	(690)	(346)	(603)
<b>Net cash flows from operating activities</b>	<b>1,593</b>	<b>9,315</b>	<b>11,534</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	(9,003)	(3,415)	(17,066)
Capitalised development costs paid	(3,513)	(3,451)	(2,957)
<b>Net cash flows (used in) investing activities</b>	<b>(12,516)</b>	<b>(6,866)</b>	<b>(20,023)</b>
<b>Financing activities</b>			
Proceeds from bank borrowings	6,406	-	14,542
Repayment of bank borrowings	(407)	(816)	(1,310)
Payment for lease liabilities	-	-	(3,859)
Proceeds from issue of shares (net of costs)	15,288	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>21,287</b>	<b>(816)</b>	<b>9,373</b>
<b>Net increase in cash held</b>	<b>10,364</b>	<b>1,633</b>	<b>884</b>
Effect of exchange rate changes on cash	301	707	240
Cash and cash equivalents at beginning of financial year	8,199	18,864	21,204
<b>Cash and cash equivalents at the end of financial year</b>	<b>18,864</b>	<b>21,204</b>	<b>22,328</b>

**Reconciliation of cash****Cash at the end of the period consists of:**

Cash at banks and on hand	18,864	21,204	22,328
<b>Cash at banks and on hand</b>	<b>18,864</b>	<b>21,204</b>	<b>22,328</b>

**(d) Material changes in the Company's financial position since 31 December 2020**

So far as the Board is aware and other than as disclosed in this Scheme Booklet or announced on ASX, there has been no material change in the Company's financial position since 31 December 2020, being the last date of the period to which the financial statements for the half-year ended 31 December 2020 relate.

**5.10 Risks relating to the Redflex Group's business**

There are existing risks relating to the Redflex Group's business and an investment in the Company. If the Scheme does not become Effective, these risks continue to be relevant to Shareholders. A summary of the existing key risks relating to the Redflex Group's business and an investment in the Company is set out in Sections 7.2, 7.3 and 7.4.

There are also certain risks specific to the Scheme that may arise if the Scheme does not proceed, the details of which are outlined at Section 7.1(b),(c), (d), (e) and (f).

**5.11 Publicly available information about the Company**

The Company is a listed "disclosing entity" for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. The Company is required to notify ASX (subject to certain exceptions) immediately if it becomes aware of any information concerning the Company which a reasonable person would expect to have a material effect on the price or value of its securities.

ASX maintains files containing publicly disclosed information about all companies listed on the ASX. Information disclosed to ASX by the Company is available on the ASX website ([www2.asx.com.au](http://www2.asx.com.au)).

Further announcements concerning developments relating to the Company will continue to be made available on the ASX website after the date of this Scheme Booklet in accordance with the Company's continuous disclosure obligations.

In addition, the Company is required to lodge various documents with ASIC. Copies of certain documents lodged with ASIC by the Company may be obtained from ASIC online.

Shareholders may obtain a copy of:

- the Company's constitution;
- the Company's 2020 Annual Report (being the last full financial year financial statements given to ASX); and
- any other document or financial statements lodged by the Company with ASIC or ASX under the continuous disclosure reporting requirements in the period after the lodgement of the annual financial statements for the year ended 30 June 2020 and before the lodgement of this Scheme Booklet with ASIC,

free of charge, by calling the Shareholder Information Line on 1300 378 941 (Australia toll free) or +61 3 9415 4399 (outside Australia), or from the Company's website ([www.redflex.com](http://www.redflex.com)) or the ASX website ([www2.asx.com.au](http://www2.asx.com.au)).

## **6. INFORMATION ON VERRA MOBILITY AND VM CONSOLIDATED**

The information in this Section 6 of the Scheme Booklet has been prepared by, and is the responsibility of, Verra Mobility. None of the Company or its Related Bodies Corporate or their respective directors, officers or employees assumes any responsibility or liability for the accuracy or completeness of this information.

### **6.1 Overview of Verra Mobility and VM Consolidated**

#### **(a) Verra Mobility**

Verra Mobility is a Delaware company listed on NASDAQ and headquartered in Arizona, United States of America. As at 31 December 2020, Verra Mobility had a market capitalisation of approximately USD2.2 billion and employed 640 people in six countries.

Verra Mobility is a global operator in smart transportation, enabling smart roadways by providing integrated technology to manage tolls, violations and vehicle registrations for commercial customers which include rental car companies, fleet management companies and large fleet operators. Verra Mobility also fosters the development of safe cities, partnering with law enforcement agencies, transportation departments and school districts across North America operating thousands of red-light, speed, and school bus stop arm safety cameras. By using the latest technology solutions and data intelligence, Verra Mobility brings together vehicles, devices, information and people to make road transportation easier and safer for its customers and the constituencies which those customers serve.

Verra Mobility:

- serves the world's largest commercial fleets and rental car companies to manage tolling transactions and violations in over 17 countries for millions of vehicles by working with more than 8,000 violation issuing authorities and directly integrating with over 400 of such issuing authorities; and
- contracts with government customers (municipalities and school districts), installing leading photo enforcement technology to positively impact driver behaviour and enhance road safety.

#### **(b) VM Consolidated**

VM Consolidated is an indirect wholly-owned subsidiary of Verra Mobility, incorporated in Delaware, United States of America. Through its subsidiaries, VM Consolidated provides integrated technology to manage tolls, violations and vehicle registrations for commercial customers which include rental car companies, fleet management companies and large fleet operators, and engages with government customers, installing photo enforcement technology including red light, speed, school bus stop arm, and bus lane cameras.

### **6.2 Rationale for VM Consolidated's proposed acquisition of the Company**

Verra Mobility's indirect acquisition of the Company is driven by the aim of enhancing the combined group's global reach and enhancing, expanding and diversifying its product offerings in the delivery of leading road safety products and services. Verra Mobility and its subsidiaries, including VM Consolidated, will be bolstered by the Company's additional resources, allowing the group to maximise economies of scale. Following Implementation, the combined group will be able to accelerate its development of enhanced technology capabilities and the ability to provide innovative solutions and world-class services for all of its customers.

### 6.3 Directors

As at the date of this Scheme Booklet, the directors of each of Verra Mobility and VM Consolidated are as follows:

Company	Director	Profile
<b>Verra Mobility</b>	<b>Jacob Kotzubei</b>	<p>Mr Kotzubei has served as a member of Verra Mobility's Board since the acquisition of Verra Mobility by Gores Holdings II, Inc. (<b>Business Combination</b>). Mr Kotzubei is a Partner at Platinum Equity and currently serves as a member of their Investment Committee. He also serves as an officer and director of various portfolio companies of Platinum Equity. Mr Kotzubei is currently a director of Vertiv Holdings Co., Key Energy Services, Inc. and Ryerson Holding Corporation.</p> <p>Prior to joining Platinum Equity in 2002, Mr Kotzubei worked for Goldman Sachs' Investment Banking Division and as a Mergers and Acquisitions attorney at Sullivan &amp; Cromwell LLP in New York City.</p> <p>Mr Kotzubei holds a bachelor's degree from Wesleyan University and a JD from Columbia University School of Law.</p>
<b>Verra Mobility</b>	<b>Bryan Kelln</b>	<p>Mr Kelln has served as a member of Verra Mobility's Board since the consummation of the Business Combination. Mr Kelln is a Partner at Platinum Equity and serves as the President of Portfolio Operations, a group responsible for overseeing the business strategy and operations of Platinum Equity's portfolio companies. Mr Kelln also currently serves as a director of Key Energy Services, Inc.</p> <p>Prior to joining Platinum Equity in 2008, Mr Kelln held senior operations roles at a number of companies including Nortek, Inc., Jacuzzi, Inc., RockShox, Inc. and General Cable Corporation.</p> <p>Mr Kelln holds a bachelor's degree, summa cum laude, from Washington State University and an MBA from the Fisher College of Business at Ohio State University.</p>
<b>Verra Mobility</b>	<b>John Rexford</b>	<p>Mr Rexford has served as a member of Verra Mobility's Board since the consummation of the Business Combination. Mr Rexford is the Managing Director of Ramona Park Consulting LLC, which he founded in 2016. Mr Rexford also serves as director, and compensation committee member, of Exela Technologies.</p> <p>Mr Rexford has over 36 years of finance experience that includes serving as Global M&amp;A Head from 2010 to 2015 at Xerox Corporation and serving in various positions at Affiliated Computer Services, Inc. (which was acquired by Xerox Corporation), including Chief Financial Officer from 2006 to 2007.</p> <p>Mr Rexford holds a bachelor's degree in business administration from Southern Methodist University and an MBA from the Cox School of Business at Southern Methodist University.</p>

Company	Director	Profile
<b>Verra Mobility</b>	<b>Douglas Davis</b>	<p>Mr Davis currently serves as an independent director of Digital Aerolus and was previously a director of Blue Pillar, Inc, and HERE Technologies.</p> <p>Mr Davis held various positions of increasing responsibility at Intel Corporation from 1984 to 2019, most recently as Senior Vice President of the Automated Driving Group and Senior Vice President and General Manager of the Internet of Things Group.</p> <p>Mr Davis holds a bachelor's degree in electrical engineering from New Mexico State University and an MBA from W.P. Carey Graduate School of Business at Arizona State University.</p>
<b>Verra Mobility</b>	<b>Cynthia Russo</b>	<p>Ms Russo currently serves as director of PAR Technology Corporation and UserTesting, Inc. Ms Russo also serves as the audit committee chair and a member of the compensation and nominating and governance committees for PAR. She previously served as PAR's lead director. She also serves as the chair of the audit committee for UserTesting.</p> <p>Ms Russo previously served as Executive Vice President and Chief Financial Officer of Cvent, Inc., a cloud-based enterprise event management platform, from September 2015 to September 2018. Prior to that, Ms Russo served in a variety of senior financial roles of increasing responsibility at MICROS Systems, Inc., including as Executive Vice President and Chief Financial Officer from April 2010 until MICROS Systems' acquisition by Oracle in September 2014.</p> <p>Ms Russo holds a bachelor's degree in business administration from James Madison University and is a Certified Public Accountant and Certified Internal Auditor.</p>
<b>Verra Mobility</b>	<b>Patrick Byrne</b>	<p>Mr Byrne currently serves as the Chief Executive Officer of GE Digital, the software division of General Electric Company.</p> <p>Mr Byrne previously served as the Senior Vice President of Fortive Corporation from July 2016 to June 2019, when Danaher Corporation (<b>Danaher</b>), where Mr Byrne previously served as the Chief Technical Officer, completed the separation of its Test Measurement and Industrial Technologies segments. Mr Byrne previously served as an independent director of Micron Technology, Inc. (<b>Micron</b>) from January 2011 to January 2020, including as a member of Micron's Audit Committee from 2019 to 2020. Mr Byrne also served as President of Tektronix, a subsidiary of Danaher, from July 2014 to July 2016.</p> <p>Mr Byrne holds a BS in Electrical Engineering from the University of California, Berkeley, and an MS in Electrical Engineering from Stanford University.</p>
<b>Verra Mobility and</b>	<b>David Roberts</b>	<p>Mr Roberts has served as a member of Verra Mobility's Board since the consummation of the Business Combination on 17</p>

Company	Director	Profile
<b>VM Consolidated</b>		<p>October 2018. Mr Roberts is the President and Chief Executive Officer of Verra Mobility. In such capacity, Mr Roberts has established a high performing company that embraces consistent financial performance, market leadership and culture as the driver of performance.</p> <p>Prior to joining Verra Mobility, Mr Roberts was President and Chief Executive Officer of BillingTree, a multi-channel electronic payment platform and President and Chief Executive Officer of Equity Methods, an employee stock option valuation software and services company which was later sold to Bank of America Merrill Lynch.</p> <p>Mr Roberts earned a bachelor's degree in business administration at Baylor University at the Hankamer School of Business and an MBA from the University of Chicago Booth School of Business with concentrations in Finance and Strategy. Mr Roberts has served as an Adjunct Professor at the W.P. Carey Graduate School of Business at Arizona State University. Mr Roberts currently serves as an adviser for the Arizona Feed My Starving Children Leadership Committee.</p>
<b>VM Consolidated</b>	<b>Patricia Chiodo</b>	<p>Ms Chiodo has served as Verra Mobility's Chief Financial Officer since the consummation of the Business Combination and served in the same capacity at ATS Consolidated, Inc. since June 2015.</p> <p>Prior to joining Verra Mobility, Ms Chiodo served as the Co-President and Chief Financial Officer of Origami Owl LLC from September 2013 to April 2015. Ms Chiodo also served as a director of Acme Lift Company from March 2013 to March 2015. Prior to joining Origami Owl LLC, Ms Chiodo was a consultant to privately held companies from May 2012 to August 2013, and was the Senior Vice President and Chief Financial Officer for RSC Holdings, Inc. from April 2010 to April 2012.</p> <p>Ms Chiodo holds a bachelor's degree in business administration from the University of Arizona.</p>
<b>VM Consolidated</b>	<b>Rebecca Collins</b>	<p>Ms Collins has served as Verra Mobility's General Counsel since the consummation of the Business Combination and served in the same capacity at ATS Consolidated, Inc. since May 2016.</p> <p>Prior to joining Verra Mobility, Ms Collins served as General Counsel and Chief Compliance Officer at Contractor Management Services (now known as Openforce) from November 2015 to May 2016, which followed her role as Deputy General Counsel at NJOY, Inc. from August 2013 to October 2015. Prior to working at NJOY, Inc., Ms Collins served as Senior Associate General Counsel at General Dynamics C4 Systems, where she started in May 2001.</p>

Company	Director	Profile
		Ms Collins holds a bachelor's degree from the University of Pennsylvania and a JD from the James E. Rogers College of Law at the University of Arizona.

## 6.4 VM Consolidated's intentions if the Scheme is implemented

### (a) Introduction

This Section 6.4 sets out VM Consolidated's present intentions in relation to the continuation of the Business, any major changes to be made to the Business, including any redeployment of the fixed assets of the Company and the future employment of the present employees of the Company, if the Scheme is implemented.

Verra Mobility has the same intentions as VM Consolidated in relation to these matters.

The statements set out in this Section 6.4 are statements of present intention only and have been formed on the basis of facts and information concerning the Company and the general business environment which is known to VM Consolidated at the time of preparing this Scheme Booklet. VM Consolidated does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess all of the operational, commercial, taxation and financial implications of its current intentions. Final decisions on these matters will only be made by VM Consolidated in light of all material facts and circumstances at the relevant time and after VM Consolidated has had an opportunity to undertake a detailed review of the Business following Implementation (**Detailed Review**). Accordingly, statements set out in this Section 6.4 are statements of current intention only which may change as new information becomes available or as circumstances change, and the statements in this section should be read in that context.

### (b) Wholly-owned subsidiary

If the Scheme is implemented, VM Consolidated will become the holder of all Shares and the Company will become a wholly-owned subsidiary of VM Consolidated.

### (c) Removal from ASX

If the Scheme is implemented, VM Consolidated intends to apply for the Company to be removed from the official list of ASX on or around the Business Day immediately following the Implementation Date.

### (d) Board of directors

As at the date of this Scheme Booklet, VM Consolidated has not confirmed the proposed members of the Board if the Scheme is implemented.

### (e) Business focus

VM Consolidated currently intends to continue the Business' focus of, among other things, developing and implementing intelligent traffic management products and services, and developing, manufacturing and operating platform-based solutions utilising advanced sensor and image capture technologies to enable active management of state and local motorways.



**(f) Melbourne office**

VM Consolidated currently intends for the Company to maintain its current office in Melbourne, Australia following Implementation, although responsibility for certain management functions currently resting with the Company may be relocated to Verra Mobility in the United States of America (or other jurisdictions in which Verra Mobility operates) following the Detailed Review. No decisions have been made concerning management functions and employees pending completion of the Detailed Review.

**(g) Employees**

The Company is driven by innovative and committed people. VM Consolidated considers that a specialised, experienced and motivated workforce is critical to maintaining the high standards of the Company, and that the retention and incentivisation of staff is an essential component to the future success of the Company. VM Consolidated currently intends to work with the management team to ensure the Company is appropriately staffed and incentivised to pursue the growth opportunities and continuation of the Business, which may involve redeployment of some employees to other roles in relation to certain functions and/or redundancies in relation to other functions. No decisions have been made concerning investments and redundancies pending completion of the Detailed Review.

**(h) General**

Except for the changes and intentions set out in this Section 6.4, following Implementation, VM Consolidated intends, based on the information presently known to it:

- to continue the Business;
- not to make any major changes to the Business or the deployment of the Company's assets; and
- to continue the employment of the Company's employees other than changes that may be made due to redundancies as described in subparagraph (g) above.

## **6.5 Funding the Scheme Consideration**

**(a) Maximum cash consideration**

Based on the number of securities on issue as at the date of this Scheme Booklet the maximum amount of cash payable by VM Consolidated in connection with the Scheme will be approximately \$146.1 million.

On the basis of the arrangements described in this Section 6.5, VM Consolidated is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will have sufficient funds available to meet its payment obligations under the Scheme.

**(b) Overview of funding arrangements**

Verra Mobility will provide and/or will procure to VM Consolidated all amounts that VM Consolidated requires to pay the Scheme Consideration.

Verra Mobility intends to fund the acquisition by VM Consolidated through a combination of internal group cash reserves and existing and/or refinanced third-party debt capacity. Verra Mobility is currently undertaking a refinancing of existing facilities, which if completed before implementation, will include debt capacity for the Proposed Transaction.

As at 31 December 2020, Verra Mobility had USD120.3 million available in existing cash reserves, USD48.8 million available on existing lines of credit with lenders, and USD200 million incremental borrowing available on the existing credit facilities (**Facilities**). In aggregate, the funds available from existing cash reserves and undrawn amounts under the Facilities and/or refinanced third-party facilities will be sufficient to fund the Scheme Consideration payable by VM Consolidated. There are no material conditions to drawdown of funds under the terms of the Facilities and Verra Mobility does not expect there to be any material conditions to drawdown under the terms of any refinanced facilities. Lender approval is not required to drawdown the funds under the Facilities for the purpose of paying the Scheme Consideration.

#### **6.6 No interests in Shares**

As at the date of this Scheme Booklet, VM Consolidated and its Associates, including Verra Mobility do not have any interest in Shares.

#### **6.7 No dealing in Shares in previous four months**

Except for the consideration to be provided under the Scheme, during the period of four months before the date of this Scheme Booklet, neither VM Consolidated nor any of its Associates, including Verra Mobility, have provided or agreed to provide consideration for any Shares under a purchase or agreement.

#### **6.8 Benefits to holders of Shares**

Neither VM Consolidated nor any of its Associates, including Verra Mobility, has given or offered to give or agreed to give a benefit to another person that was likely to induce the other person, or an Associate of that person to:

- vote in favour of the Scheme; or
- dispose of Shares,

during the period of four months ending on the date of this Scheme Booklet and which was not offered to all other Shareholders.

#### **6.9 No other material information**

Except as disclosed elsewhere in this Scheme Booklet, there is no other information that is material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any director of VM Consolidated, at the date of this Scheme Booklet, which has not previously been disclosed to Shareholders.

## 7. RISKS

The Board considers that it is appropriate for Shareholders, in considering the Scheme, to be aware that there are a number of risk factors associated with the Scheme, as well as risk factors that currently exist with respect to the Company which could materially adversely affect the future operating and financial performance of the Company and the value of the Company in the future (should the Proposed Transaction not proceed).

This Section 7 outlines:

- specific risks relating to the Scheme (refer to Section 7.1);
- the risks associated with the COVID-19 pandemic (as they relate to your current investment in the Company) (refer to Section 7.2);
- general investment risks (refer to Section 7.3); and
- specific risks associated with your current investment in Shares (refer to Section 7.4).

If the Scheme is implemented, Shareholders will no longer be exposed to the risks associated with the COVID-19 pandemic (as they relate to their current investment in the Company), general investment risks and specific risks associated with an investment in Shares (outlined at Sections 7.2, 7.3 and 7.4 respectively), as they will no longer have an investment in the share capital of the Company.

If the Scheme is not implemented and the Proposed Transaction does not proceed (and no competing proposal or Superior Proposal is received), Shares are expected to remain quoted on ASX. As a result, Shareholders will remain exposed to the risks associated with the COVID-19 pandemic (as they relate to their current investment in the Company), general investment risks and specific risks associated with an investment in Shares (outlined at Sections 7.2, 7.3 and 7.4 respectively).

The outline of risks in this Section 7 is a summary only and should not be considered exhaustive. This Section 7 does not purport to list every risk that may be associated with an investment in the Company now or in the future or which may prevent the Scheme from becoming Effective or being implemented. The occurrence or consequences of some of the risks described in this Section 7 may be partially or completely outside the control of the Company or Verra Mobility or their respective directors and management teams.

This Section 7 does not take into account the investment objectives, financial situation, taxation position or particular needs of Shareholders. Shareholders should have regard to the entire Scheme Booklet and its appendices, consider their personal circumstances and seek professional guidance from their financial, legal, taxation or other independent and qualified professional adviser before deciding how to vote on the Scheme Resolution.

### 7.1 Specific risks relating to the Scheme

#### (a) Conditions Precedent

The Scheme is subject to a number of Conditions Precedent (that are outlined at Section 9.4), including approval by the Court and the receipt of Regulatory Approvals. There is a risk that such approvals may not be obtained, or may be obtained subject to conditions which Verra Mobility, the Company or both (as applicable) are not prepared to accept (acting reasonably), or may be delayed. The status of the Regulatory Approvals as at the date of this Scheme Booklet is set out in Section 8.11.

As at the date of this Scheme Booklet, the Board is not aware of any circumstances that would

cause the Conditions Precedent not to be satisfied or (where capable) waived. Despite this, there is a possibility that one or more of the Conditions Precedent will not be satisfied or waived with the result being that the Scheme will not be implemented.

The Company will keep Shareholders informed of any material developments regarding the satisfaction or waiver of the Conditions Precedent, including by making announcements on ASX. Shareholders are encouraged to continue to monitor the Company's website ([www.redflex.com](http://www.redflex.com)) and the ASX website ([www2.asx.com.au](http://www2.asx.com.au)) until the Scheme is implemented.

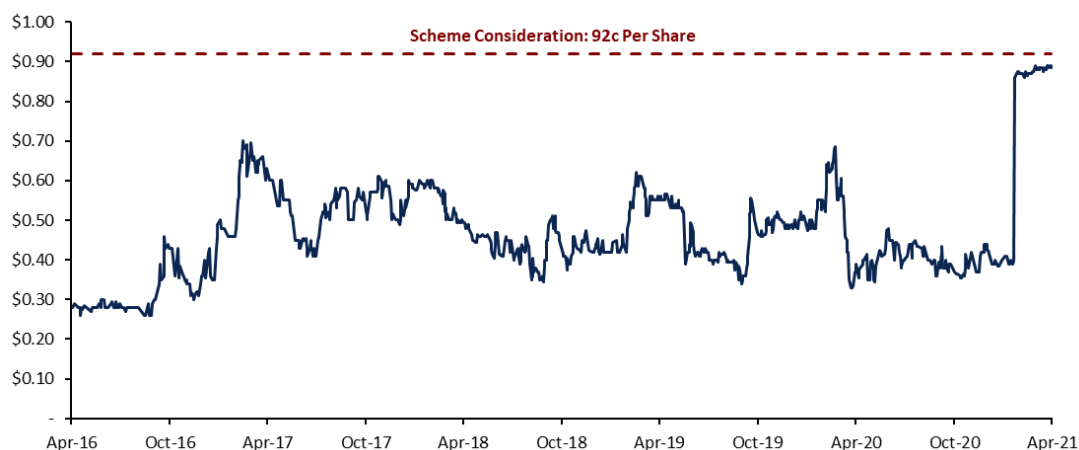
**(b) The price at which Shares trade on ASX may fall if the Scheme does not proceed (assuming no comparable proposal or Superior Proposal emerges)**

The Board is unable to predict the price at which Shares will trade in the future, but considers that if the Scheme is not implemented, and no comparable proposal or Superior Proposal is received by the Board, the price at which Shares trade on ASX may fall, including to a price that is well below the value of the Scheme Consideration.

On the last trading day before the announcement of the Proposed Transaction (21 January 2021), the Share price closed at \$0.40. On the day of the announcement of the Proposed Transaction (22 January 2021), the Share price closed at \$0.86. If the Scheme is approved and implemented, Shareholders who participate in the Scheme will receive the Scheme Consideration of \$0.92 cash for each Share held by them on the Record Date.

Since 21 January 2021, the Share price has increased by 122.5% up to \$0.89 per Share on 1 April 2021 (being the last practicable trading date before the date of this Scheme Booklet), reflecting a material premium to any price the Shares have traded over the preceding five-year period as reflected in the chart below.

*Figure 2: The Company's historical Share price*



In addition, the future trading price of the Shares will continue to be subject to market volatility if the Scheme is not implemented, compared to the certain and immediate value of \$0.92 cash per Share available under the Scheme.

**(c) Payment of the Break Fee to Verra Mobility if the Scheme does not proceed**

Under the Implementation Agreement, the Company is required to pay the Break Fee to Verra Mobility if the Scheme does not proceed in certain circumstances. The Break Fee triggers do not include a situation where the Scheme does not proceed simply because Shareholders do not

approve the Scheme at the Scheme Meeting. See Section 9.2 for further information on the Break Fee.

**(d) Public perception and reputational risk if the Scheme does not proceed**

The public nature of the Proposed Transaction presents a potential material risk in that the Company could suffer reputational damage associated with a failed public transaction if the Scheme does not proceed. Though such risk is difficult to quantify, the failure of the Scheme could negatively impact the perception of the Company as an employer, a service provider and a contractual counterparty.

If this risk were to materialise, it could have a material adverse impact on the operating performance, financial performance and/or financial condition of the Redflex Group.

**(e) Decline in morale and loss of personnel if the Scheme does not proceed**

If the Scheme does not proceed there is a risk that the Company's employees and senior management will experience a decline in morale, and there is a risk that some of these individuals may choose to leave the Company to pursue other opportunities, which may result in:

- loss of key employees and/or senior management;
- delay (and potentially substantial cost) in finding suitable replacements for lost personnel;
- inability to find suitably qualified and experienced personnel to operate and grow the Business in the specific industry within which the Company operates; and/or
- potential loss of current customers of the Redflex Group, where those customers have relationships with lost personnel.

If this risk was to materialise:

- it could have a material adverse impact on the operating performance, financial performance and/or financial condition of the Redflex Group; and/or
- the Redflex Group may be unable to successfully manage its growth, or otherwise compete effectively.

**(f) Any growth strategies of the Company that require a material capital investment (such as an acquisition) could require the Company to raise equity, which would be dilutive to existing Shareholders (if not undertaken on a pro rata basis)**

Refer to Section 7.4(h) for more information on this risk.

## **7.2 COVID-19**

Governments around the world have been launching unprecedented public health and economic responses to the existing COVID-19 pandemic, including implementing travel, movement, social distancing and related rules, practices and policies (collectively, **COVID-19 Restrictions**).

The Company is closely monitoring the impact of COVID-19 on its business and operations and remains committed to addressing the needs of stakeholders. An overview of the impact of COVID-19 on the Company's operations is set out below.

The COVID-19 pandemic created significant business disruption for the Redflex Group during the second half of FY20. The Company has several volume-based contracts in the North American market that were adversely impacted by lower traffic volumes due to movement restrictions in some cities. Additionally, the implementation of some programs in North America

and the United Kingdom were delayed due to movement restrictions. As a result, the Company estimates that approximately \$7 million of revenue was lost or delayed during FY20.

In response to the pandemic, the Company undertook several actions. The Board and senior executive team reduced their fees and salaries, respectively, by 20% for a ten-week period from April 2020. Other staff agreed to reduce their working hours by 20% during the same period. The Company also accessed relevant government support packages where appropriate. Specifically, the Company has received funding under the Paycheck Protection Plan in the United States of America (USD2.933 million) and the JobKeeper scheme in Australia (\$4.337 million). Combined with salary reductions, access to these schemes has enabled the Company to retain its employees and capability during the COVID-19 pandemic.

In some jurisdictions, the COVID-19 Restrictions have eased and programs have recommenced, although the Company continues to monitor and respond rapidly to changing circumstances. It is expected that the COVID-19 pandemic and associated COVID-19 Restrictions will have an ongoing impact on transport and economic conditions until a public health resolution is achieved and widely implemented in the Company's operating areas.

The Company will continue to provide material updates on the effects of COVID-19 on the Company's operations, as appropriate, through its website ([www.redflex.com](http://www.redflex.com)) and via the ASX website ([www2.asx.com.au](http://www2.asx.com.au)).

### **7.3 General investment risks**

Like many companies, the Company is exposed to a number of general risks that could materially adversely affect its financial position, assets and liabilities, reputation, profits, prospects and the market price and/or value of Shares. These could include any or all of the following:

- fluctuations in economic conditions in Australia, the United States of America, the United Kingdom, Canada, Malaysia, Saudi Arabia, Israel and in other countries, including fluctuations in economic growth, interest rates, exchange rates, the level of inflation and employment levels;
- liquidity, functionality and openness of the public equity and debt markets in key geographies around the world;
- geopolitical risk within and between countries (e.g. tariffs, embargo etc.);
- fluctuations in Australian, United States of America and other overseas stock-markets and currencies;
- changes in government fiscal, monetary, regulatory and/or foreign policy in relevant jurisdictions and changes to political or judicial policies or conditions (including the impact of referendums in relevant jurisdictions);
- increases in expenses (including wage inflation);
- changes to accounting or financial reporting standards;
- changes in taxation laws (or their interpretation); and
- natural disasters (including bushfires and floods), catastrophic events, terrorism and epidemics/pandemics (including COVID-19, which is discussed above).

The risk factors in this Section 7.3 have been set out without regard to the impact of COVID-19 and the COVID-19 Restrictions on the Company's operations, and apply independently of the COVID-19 issues addressed in Section 7.2. These factors may vary across the markets in which the Redflex Group operates and have differing effects on different parts of the Business and therefore the price of Shares.

## **7.4 Specific risks associated with an investment in Shares**

There are a range of business-specific risks associated with a current investment in Shares, as set out below.

These risks have been identified as those most likely to have a significant effect on the Company's performance in future periods. Many of these risks are currently relevant to Shareholders and will only continue to be relevant to Shareholders if the Scheme does not become Effective and Shareholders retain their Shares in the Company.

The risk factors in this Section 7.4 have been set out without regard to the impact of COVID-19 and the COVID-19 Restrictions on the Company's operations, and apply independently of the COVID-19 issues addressed in Section 7.2.

### **(a) Change in regulatory and legal frameworks**

The Company has operations in a number of overseas jurisdictions and is exposed to a range of different legal and regulatory regimes, including in new and existing jurisdictions in which the Company is expanding its operations. The Company is subject to the risks associated with doing business in its existing jurisdictions where enforcement programs are reliant on local enabling laws forming the regulatory and legal framework to support these programs.

Moreover, as the Company expands its presence in new jurisdictions, the Company is subject to the risks associated with doing business in regions that may have political, legal and economic instability or less sophisticated legal and regulatory systems and frameworks including:

- unexpected changes in, or inconsistent application of, applicable foreign laws and regulatory requirements;
- less sophisticated technology standards;
- difficulties with engaging local resources; and
- potential for political upheaval or civil unrest.

If the Company enters newer and unfamiliar regions, there is a risk that it may fail to understand the law, regulations and business customs of these regions. This gives rise to risks relating to matters such as labour practices, foreign ownership restrictions, tax regulation, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal and regulatory regimes and other issues in foreign jurisdictions in which the Company may operate. This could interrupt or adversely affect parts of the Company's business.

### **(b) Potential legal action**

Potential legal action (including putative and certified class actions) challenging the validity of the enforcement programs of the Company's customers may cause the Company significant costs to defend or result in the loss of revenue.

As at the date of this Scheme Booklet, the Company's U.S. subsidiary, Redflex Traffic Systems, Inc., is currently a party to two legal actions in the United States of America that have arisen during the ordinary course of its business. The actions are challenging the legality of some programs in the states of Louisiana and Ohio. Any liabilities arising from these actions are uncertain and indeterminate as at the date of this Scheme Booklet.

### **(c) Security breaches and hacker attacks**

Any significant malicious attack on the Company's systems, processes or people from external or internal sources could put the integrity and privacy of customers' data and business systems used by the Company at risk. The impact of loss or leakage of customer or business data could

include remediation costs (including rebates payable to customers), potential service disruption, litigation and brand damage, resulting in reduced revenues.

**(d) Cessation and enforcement of customer contracts**

The nature of the Company's contracts means that revenue is uneven (i.e. some revenue is generated by one-off project sales while other revenue is annually recurring), and this makes it difficult to predict future financial performance.

In addition, the non-performance, termination or non-renewal of key customer contracts could have a negative impact on the Company. Many of the Company's key customer contracts can be terminated by the counterparties for convenience.

The Company will likely enter into further contracts, which may also be material to the Company's business. Some of these contracts will be governed by laws other than the laws of Australia, and there may be difficulties in enforcing contracts in jurisdictions other than Australia.

**(e) Epidemic or pandemic**

In addition to the existing COVID-19 pandemic, any related epidemic or pandemic arising from a mutation, variation or derivative of the COVID-19 virus, or any new epidemic or pandemic, has the potential to adversely affect the Company's revenue due to a number of possible factors, including government mandated lockdowns, work stoppages, customer contract or program terminations or scope reductions, delayed or abandoned requests for tenders for new business, government focus transferred to the management and control of the epidemic or pandemic and social isolation which inevitably reduces traffic volumes.

**(f) Infringement of third party intellectual property rights**

If a third party accuses the Company of infringing its intellectual property rights or if a third party commences litigation against the Company for the infringement of patents or other intellectual property rights, the Company may incur significant costs in defending such action, whether or not it ultimately prevails. Typically, patent litigation is expensive. Costs that the Company incurs in defending third party infringement actions would also include diversion of management's and technical personnel's time.

In addition, parties making claims against the Company may be able to obtain injunctive or other equitable relief that could prevent the Company from further developing new products or services or commercialising its products and services. In the event of a successful claim of infringement against the Company, it may be required to pay damages and/or obtain one or more licences from the prevailing third party. If the Company is not able to obtain these licences at a reasonable cost, or at all, it could encounter delays in product introductions and loss of substantial resources while it attempts to develop alternative products. Defence of any lawsuit or failure to obtain any of these licences could prevent the Company from commercialising available products and could cause it to incur substantial expenditure.

**(g) Competition and technology**

The emergence of new competitors or technology in the market, or any technological development providing an alternative to the Company's offerings, could impact the market share that the Company is able to acquire and cause downward price pressure on its products, which would result in a reduction in the Company's margins and revenues. Further, existing providers of similar products and services may also respond aggressively to retain or regain market share, which could also negatively impact the Company's margins and revenues. Due to some



consolidation in the industry in which the Company operates, the Company is increasingly competing with corporate groups of a larger scale and capability. At a global level, the Company (at its current scale) is a subscale competitor, which makes it very difficult to compete effectively on multiple continents.

**(h) Access to additional funding**

The Company requires additional funding for future meaningful growth (including to support new contract awards and ongoing product development).

Access to additional sources of funding (including debt), and/or the ability to raise equity capital on the public markets, may be limited or otherwise not available to the Company.

The Company's ability to access various debt and equity markets may impact its financial performance and may be constrained by a number of factors, including the scale and nature of its business, its financial performance and condition, the consolidated nature of its share register, generally applicable debt and equity capital market conditions and generally applicable economic conditions. Additional funding could potentially be expensive.

Any additional equity financing (including, for example, to pursue any growth strategies of the Company that require a material capital investment (such as an acquisition)) could dilute shareholdings in the Company (if not undertaken on a pro rata basis), and any additional debt financing, if available, may involve restrictive covenants that adversely impact the Company's financing and/or operating activities.

If the Company is unable to obtain additional financing as needed, it will constrain its ability to meaningfully grow and engage in the transformation of its solution portfolio, and may also require the Company to reduce the scope of its operations, encumber its assets, undertake asset sales and/or scale back its expansion and development programmes.

**(i) Concentrated revenue and failure to retain and attract customers**

The Redflex Group's revenue is significantly concentrated around a small number of large value customers, particularly in the Company's international business (outside the United States of America). The Company's ability to generate revenue and profit depends on the volume and quality of the project sales and annual recurring revenue sales it makes on its offerings. As with any business, there is a risk that the Company's business development strategies will not be sufficiently effective in generating the increased customer scale the Company is targeting.

**(j) Brand and reputation risk**

The reputation and brand of the Company and its individual products and services are important in retaining existing customers and attracting potential new customers. Any reputational damage or negative publicity around the Company, its brand or its solutions could adversely impact the Company's business.

For example, the Redflex Group's historic probity issues involving the City of Chicago (which have been previously disclosed to the market) have damaged its brand (in the United States of America, in particular), and this has caused the loss of some customer contracts and difficulties in competing for new customer contracts.

## 8. IMPLEMENTATION OF THE SCHEME

### 8.1. Key dates for implementation of the Scheme

Refer to page 7 of this Scheme Booklet for a table of key dates.

### 8.2. Overall effect of the Scheme

The Proposed Transaction is to be implemented through the Scheme outlined in this Scheme Booklet between the Company and its shareholders and on the terms of the Transaction Documents.

The Scheme is a statutory procedure under the Corporations Act that is commonly used to enable one company to acquire another company.

If the Scheme is approved by the Requisite Majorities of Shareholders at the Scheme Meeting and by the Court, and if all other Conditions Precedent are satisfied or (where capable) waived and the Scheme becomes Effective and is implemented, the Company will become owned by VM Consolidated, an indirect wholly-owned subsidiary of Verra Mobility, and will subsequently be delisted from ASX.

### 8.3. Scheme Consideration

Pursuant to the Deed Poll, Verra Mobility has undertaken in favour of each Scheme Participant to deposit, or procure the deposit of, in cleared funds an amount equal to the aggregate Scheme Consideration payable to all Scheme Participants into the Trust Account. A copy of the Deed Poll is included in Appendix E.

If the Scheme is approved and implemented, Scheme Participants will receive a total cash payment of \$0.92 per Scheme Share held, in return for the transfer of their Scheme Shares to VM Consolidated.

The Company will pay or procure the payment, from the Trust Account, to each Scheme Participant the Scheme Consideration to which that Scheme Participant is entitled under the Scheme. This will be satisfied by the Company (in its absolute discretion) doing any of the following at its election:

- (a) where a Scheme Participant has, before the Record Date, made a valid election in accordance with the requirements of the Registry to receive dividend payments from the Company by electronic funds transfer to a bank account nominated by the Scheme Participant, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or
- (b) otherwise, whether or not the Scheme Participant has made an election referred to in subparagraph (a), despatching, or procuring the despatch of, a cheque for the relevant amount in Australian currency to the Scheme Participant by prepaid post to their registered address, such cheque being drawn in the name of the Scheme Participant for the relevant amount.

### 8.4. Key steps in implementing the Scheme

As at the date of this Scheme Booklet, the following key steps have been taken to prepare the Scheme for implementation:

- (a) **(Implementation Agreement):** the Company and Verra Mobility entered into the Implementation Agreement on 22 January 2021, under which they agreed to implement the Scheme. A copy of the Implementation Agreement (without its annexures) is included in Appendix C; and
- (b) **(Deed Poll):** on or about 31 March 2021, Verra Mobility executed the Deed Poll for the benefit of Shareholders, under which Verra Mobility undertook to perform obligations

attributed to it under the Scheme, including covenanting to provide the Scheme Consideration. A copy of the Deed Poll is included in Appendix E.

The following key steps are required to be taken to implement the Scheme:

- (c) **(Scheme Meeting)**: the Scheme Meeting will be held at 9:00am (AEST) on 10 May 2021 for Shareholders to consider whether to approve the Scheme by voting on the Scheme Resolution;
- (d) **(Second Court Hearing)**: if the Scheme is approved by the Requisite Majorities of Shareholders at the Scheme Meeting and all other Conditions Precedent (other than Court approval and lodgement of that Court approval with ASIC) have been satisfied or (where capable) waived, the Company will apply to the Court for approval of the Scheme. The Court has discretion to refuse to make orders approving the Scheme, even if the Scheme Resolution is approved by the Requisite Majorities of Shareholders;
- (e) **(Effective Date)**: if the Court approves the Scheme, the Company will lodge with ASIC an office copy of the Court order approving the Scheme. The date on which this occurs will be the Effective Date. Shares will be suspended (from the close of trading) and it will be the last day for the trading of Shares on ASX; and
- (f) **(Implementation Date)**: the Scheme will be implemented by the Company and VM Consolidated undertaking the following steps:
  - (i) **(Deposit of aggregate Scheme Consideration by VM Consolidated)**: VM Consolidated will deposit in cleared funds into the Trust Account an amount equal to the aggregate amount of the Scheme Consideration payable to Scheme Participants (which must be received in the Trust Account by no later than 12:00pm on the Business Day before the Implementation Date);
  - (ii) **(Transfer of Scheme Shares to VM Consolidated)**: subject to the payment of the Scheme Consideration by VM Consolidated as referred to in subparagraph (i) above, all of the Scheme Shares will be transferred to VM Consolidated and the Company will enter the name of VM Consolidated into the Register as the holder of all of the Scheme Shares on the Implementation Date; and
  - (iii) **(Payment of Scheme Consideration)**: the Scheme Consideration will be paid by or on behalf of the Company to Scheme Participants on the Implementation Date as described in Section 8.3.

## 8.5. Effect of the Scheme

The Scheme binds the Company and all Scheme Participants (including those who do not attend the Scheme Meeting, do not vote at the Scheme Meeting or vote against the Scheme) and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of the Company.

## 8.6. Establishing Scheme Participants

### (a) Determination of Scheme Participants

Each Scheme Participant will be entitled to participate in the Scheme.

For the purpose of establishing the persons who are Scheme Participants, dealings in Scheme Shares will only be recognised by the Company provided that:

- (i) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Shares on or before the Record Date; and

- (ii) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Registry on or before the Record Date.

The Company will not accept for registration, nor recognise for any purpose, any transfer or transmission application in respect of Shares received after the Record Date, or received prior to the Record Date but not in actionable or registrable form (as appropriate), other than to VM Consolidated and its successors in title on and from the Implementation Date in accordance with the terms of the Scheme.

**(b) Effect of share certificates and holding statements**

Subject to provision of the Scheme Consideration and registration of the transfer of all of the Scheme Shares to VM Consolidated in accordance with the terms of the Scheme, from the Record Date (other than for VM Consolidated and its successors in title on and from the Implementation Date), all certificates and Registry issued holding statements for Scheme Shares will cease to have effect as documents of title in respect of those Scheme Shares.

After the Record Date (and other than for VM Consolidated and its successors in title on and from the Implementation Date), each entry into the Register as at the Record Date relating to Scheme Shares will cease to have any effect other than as evidence of the entitlements of Scheme Participants to the Scheme Consideration in respect of those Scheme Shares.

**(c) No disposals after the Record Date**

If the Scheme becomes Effective, each Scheme Participant (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 (other than a transfer to VM Consolidated in accordance with the Scheme and any subsequent transfers by VM Consolidated or its successors in title), and any attempt to do so will be void and have no legal effect and the Company will be entitled to disregard any such disposal, purported disposal or agreement.

**(d) Provision of information**

The Company must procure that, as soon as reasonably practicable (and, in any event, within three Business Days) after the Record Date, details of the names, registered addresses and holdings of Shares of every Scheme Participant as shown in the Register as at the Record Date are made available to Verra Mobility in such form as Verra Mobility may reasonably require.

**8.7. Appointment of the Company as agent and attorney**

Under the terms of the Scheme, each Scheme Participant, without the need for any further action by that Scheme Participant, irrevocably appoints the Company and each of the directors and officers of the Company, jointly and severally, as its attorney and agent for the purposes of doing all things and executing all deeds, instruments, transfers and other documents that may be necessary or desirable to give full effect to the Scheme and the transactions contemplated by it, including:

- (a) in the case of Scheme Shares in a CHESS holding:
  - (i) causing a message to be transmitted to ASX Settlement in accordance with the ASX Settlement Operating Rules so as to transfer the Scheme Shares held by the Scheme Participant from the CHESS sub-register of the Company to the issuer sponsored sub-register operated by the Company or the Registry at any time after Verra Mobility has provided (or procured the provision of) the Scheme Consideration which is due under the Scheme to Scheme Participants; and

- (ii) completing and signing on behalf of Scheme Participants any required form of transfer of Scheme Shares;
- (b) in the case of Scheme Shares registered in the issuer sponsored sub-register operated by the Company or the Registry, completing and signing on behalf of Scheme Participants any required form of transfer;
- (c) in all cases, executing any document or doing any other act necessary or desirable to give full effect to the Scheme and the transactions contemplated by it; and
- (d) enforcing the Deed Poll against Verra Mobility.

#### **8.8. Warranty by Scheme Participants**

Under the terms of the Scheme, each Shareholder warrants to Verra Mobility, and is deemed to have appointed and authorised the Company as that Scheme Participant's agent and attorney to warrant to Verra Mobility, that:

- (a) all of its Scheme Shares (including any rights and entitlements attaching to them) transferred to VM Consolidated under the Scheme will, on the date of the transfer, be free from all Encumbrances;
- (b) all of its Scheme Shares will be fully paid on the date of transfer; and
- (c) it has full power and capacity to sell and transfer its Scheme Shares (including all rights and entitlements attaching to them) to VM Consolidated under the Scheme.

#### **8.9. Title to Scheme Shares**

On and from the Implementation Date, subject to provision of the Scheme Consideration, VM Consolidated will be beneficially entitled to all of the Scheme Shares pending registration by the Company of VM Consolidated in the Register as the holder of all of the Scheme Shares.

#### **8.10. Appointment of Verra Mobility as sole proxy**

On and from the Implementation Date and subject to the deposit of the Scheme Consideration in accordance with the terms of the Scheme, until the Company registers VM Consolidated in the Register as the holder of all of the Scheme Shares, each Scheme Participant:

- (a) is deemed to have irrevocably appointed the Company as attorney and agent (and directs the Company in such capacity) to appoint Verra Mobility and each of its directors, officers and any secretary or agent nominated by Verra Mobility from time to time (jointly and each of them individually) as its sole proxy and, where applicable, corporate representative, to attend Shareholders' meetings of the Company, exercise the votes attached to the Scheme Shares registered in its name and sign any Shareholders' resolutions of the Company, whether in person, by proxy or by corporate representative;
- (b) must not itself attend or vote at any Shareholders' meetings of the Company, or sign any resolutions, whether in person, by proxy or by corporate representative, other than under this Section 8.10;
- (c) must take all other actions in the capacity of the registered holder of Scheme Shares as Verra Mobility reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in Section 8.10(a), Verra Mobility and any director, officer, secretary or agent nominated under Section 8.10(a) may act in the best interests of Verra Mobility as the intended registered holder of the Scheme Shares.

The Company undertakes in favour of each Scheme Participant that it will appoint Verra Mobility and each of its directors, officers and any secretary or agent nominated by Verra Mobility from

time to time (jointly and each of them individually) as that Scheme Participant's proxy or, where applicable, corporate representative in accordance with Section 8.10(a).

#### **8.11. Status of Regulatory Approvals**

- (a) **(OIO Notification):** Verra Mobility lodged an OIO Notification on 18 February 2021. Verra Mobility received written confirmation from the New Zealand Overseas Investment Office on 3 March 2021 that a "direction order" under the OIO Act had been issued by the OIO Minister in relation to the Proposed Transaction without conditions.
- (b) **(GAC approval):** Verra Mobility lodged an application with GAC seeking approval in respect of the Scheme in accordance with Article 11(1) of the Saudi Competition Law on or around 25 February 2021.
- (c) **(FIRB approval):** Verra Mobility lodged an application with FIRB seeking a no objection notification to the Proposed Transaction on 18 February 2021.

#### **8.12. If the Scheme does not proceed**

If the Scheme does not proceed (as described in greater detail in Section 7.1(b),(c), (d), (e) and (f)):

- the price at which Shares trade on ASX may fall (assuming no comparable proposal or Superior Proposal emerges);
- the Company may be required to pay the Break Fee to Verra Mobility in certain circumstances;
- the Company could suffer reputational damage associated with a failed public transaction;
- there is a risk that the Company's personnel will experience a decline in morale and may choose to leave the Company to pursue other opportunities; and
- any growth strategies of the Company that require a material capital investment (such as an acquisition) could require the Company to raise equity, which would be dilutive to existing Shareholders (if not undertaken on a pro rata basis).

If the Scheme does not proceed the Company will remain an entity listed on ASX and Scheme Participants will not receive the Scheme Consideration and will continue to retain their interest in the Company and continue to collectively control the Company. In this case, the advantages of the Scheme described in Section 4.3 will not be realised. Shareholders will remain exposed to the risks associated with the COVID-19 pandemic (as they relate to their current investment in Shares), general investment risks and specific risks associated with an investment in Shares (outlined at Sections 7.2, 7.3 and 7.4 respectively). See Section 4.5 for further details of the consequences of the Scheme not proceeding.

## **9. KEY TERMS OF THE IMPLEMENTATION AGREEMENT**

The Implementation Agreement sets out the obligations of the Company and Verra Mobility in connection with the implementation of the Scheme. A summary of the key terms of the Implementation Agreement is set out below. A copy of the Implementation Agreement (without its annexures) is included in Appendix C.

### **9.1. Exclusivity**

The Implementation Agreement provides that the Company is subject to certain exclusivity obligations during the Exclusivity Period. These are summarised below. Full details of the exclusivity provisions are set out in clause 10 of the Implementation Agreement.

The Company will keep Shareholders informed of any material developments relating to the matters the subject of the exclusivity provisions, including by making announcements via the ASX. Shareholders are encouraged to continue to monitor the Company's website ([www.redflex.com](http://www.redflex.com)) and the ASX website ([www2.asx.com.au](http://www2.asx.com.au)) until the Scheme is implemented.

#### **(a) No shop**

During the Exclusivity Period, the Company must ensure that neither it nor any of its Representatives, directly or indirectly, (i) solicits, invites, encourages or initiates any enquiries, expressions of interest, offers, proposals, negotiations or discussions with any Third Party, or (ii) communicates any intention to do any of these things, with a view to, or that may be reasonably expected to encourage or lead to, obtaining any offer, proposal or expression of interest from any Third Party in relation to a Competing Proposal.

#### **(b) No talk**

Subject to the fiduciary carve-out set out in Section 9.1(d), during the Exclusivity Period, the Company must ensure that neither it nor any of its Representatives (i) negotiates, or (ii) participates in negotiations or discussions with any Third Party regarding, a Competing Proposal or any agreement, understanding or arrangement that may be reasonably expected to lead to a Competing Proposal, even if that person's Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by the Company or any of its Representatives or the person has publicly announced the Competing Proposal.

#### **(c) No due diligence**

Subject to the fiduciary carve-out set out in Section 9.1(d), during the Exclusivity Period, the Company must ensure that neither it nor any of its Representatives in relation to a Competing Proposal (i) enables any Third Party to undertake due diligence investigations on any member of the Redflex Group, any of the operations or assets of the Business or any part thereof, (ii) makes available to any Third Party, or permits any Third Party to receive, (in the course of due diligence investigations or otherwise) any non-public information relating to any member of the Redflex Group, any of the operations or assets of the Business or any part thereof, or (iii) makes available to any Third Party, or permits any Third Party to have access to, (in the course of due diligence investigations or otherwise) any officers or employees of the Redflex Group.

#### **(d) Fiduciary carve-out**

The obligations in relation to the 'no talk' obligation and 'no due diligence' obligation, as set out above at Section 9.1(b) and 9.1(c) respectively, do not prohibit the Company or the Board from taking or refusing or omitting to take any action with respect to a genuine Competing Proposal



(which was not solicited, invited, encouraged or initiated in contravention of the 'no shop' obligation at Section 9.1(a)), provided that the Board has determined, in good faith and acting reasonably that (i) after consultation with its financial adviser, such a genuine Competing Proposal is, or could reasonably be expected to become, a Superior Proposal, and (ii) after receiving written legal advice from its external legal advisers (who must be reputable advisers experienced in transactions of this nature), failing to respond to or failing to take or refusing or omitting to take the relevant action (as the case may be) in relation to such a genuine Competing Proposal (including providing some or all of the relevant information) would be reasonably likely to constitute a breach of the Board's fiduciary or statutory obligations.

**(e) Matching rights**

Under the Implementation Agreement, the Company has agreed that before any member of the Redflex Group, during the Exclusivity Period, enters into any legally binding agreement to give effect to any Competing Proposal, each of the following conditions must be satisfied:

- (i) the Board, acting in good faith and in order to satisfy what the Board considers to be its statutory or fiduciary duties (after taking advice from its legal and financial advisers), determines that the Competing Proposal would be or would be likely to be an actual, proposed or potential Superior Proposal;
- (ii) the Company must provide Verra Mobility with the material terms and conditions of the Competing Proposal, including price and the identity of the Third Party making the Competing Proposal;
- (iii) the Company must give Verra Mobility until the Cut Off Date to provide a matching or superior proposal to the terms of the Competing Proposal (**Verra Mobility Counterproposal**); and
- (iv) the Company agrees that each successive modification of any such Competing Proposal will constitute a new Competing Proposal for the purposes of the requirements stipulated in the preceding subparagraphs and the Company will be required to satisfy each condition in the preceding subparagraphs in respect of each such successive modification.

If Verra Mobility does not submit to the Company a Verra Mobility Counterproposal by the Cut Off Date, then Verra Mobility will have no further matching rights in respect of that Competing Proposal under the Implementation Agreement.

If Verra Mobility provides to the Company a Verra Mobility Counterproposal, the Company must procure that the Board considers the Verra Mobility Counterproposal and determines whether, acting reasonably and in good faith, the Verra Mobility Counterproposal would provide an equivalent or more favourable outcome to Shareholders as a whole compared with the Competing Proposal. Following that determination, the Company must:

- (i) procure that the Board promptly, and in any event within two Business Days, notifies Verra Mobility of the determination in writing, stating reasons for that determination;
- (ii) if the determination is that the Verra Mobility Counterproposal would provide an equivalent or more favourable outcome to Shareholders as a whole compared with the Competing Proposal, for a period of two Business Days after the Company delivers to Verra Mobility the notice referred to in subparagraph (i) above, the Company and Verra Mobility must use their reasonable endeavours to agree to the transaction documentation required to implement the Verra Mobility Counterproposal as soon as reasonably practicable, and the Company must use its reasonable endeavours to procure that each Director continues to recommend the Scheme (as modified by the Verra Mobility Counterproposal) to Shareholders (subject to the Independent Expert concluding, and continuing to conclude,



that the Scheme is in the best interests of Shareholders and there being no Superior Proposal); and

- (iii) if the determination is that the Verra Mobility Counterproposal would not provide an equivalent or more favourable outcome to Shareholders as a whole compared with the Competing Proposal, then Verra Mobility may take steps to amend the Verra Mobility Counterproposal to address the reasons given within a further period of two Business Days. If Verra Mobility does so to the Company's satisfaction, then the process in subparagraph (ii) applies to that amended Verra Mobility Counterproposal. If Verra Mobility does not do so to the Company's satisfaction, then Verra Mobility will have no further matching rights in respect of that Competing Proposal under the Implementation Agreement.

**(f) Notification**

During the Exclusivity Period, the Company must promptly, and in any event within two Business Days, inform Verra Mobility in writing if it or any of its Representatives receives any approach with respect to any Competing Proposal and must disclose to Verra Mobility the fact that such an approach has been made and the general nature of the approach, including details of the identity or nature of the person making the approach (or, if different, details of the identity or nature of the proposed bidder or acquirer) and reasonable details of the material terms of the Competing Proposal the subject of the approach (as known by the Board at that time).

**9.2. Break Fee**

The Company must pay the Break Fee to Verra Mobility in certain circumstances. These are summarised below:

- (a) **(change of recommendation)**: at any time before the Sunset Date or, if earlier, the date on which the Implementation Agreement is terminated under clause 13 of the Implementation Agreement, any Director:
  - (i) fails to recommend the Scheme or changes, withdraws or adversely modifies his or her recommendation that Shareholders vote in favour of the Scheme Resolution at the Scheme Meeting; or
  - (ii) makes a public statement indicating that he or she no longer supports the Scheme or recommends or makes a statement supporting or endorsing an actual, proposed or potential Competing Proposal,

other than in circumstances where the Independent Expert has concluded that the Scheme is not in the best interests of Shareholders (except where a Competing Proposal has been proposed or announced before the report is issued which the Independent Expert may reasonably regard to be on more favourable terms than the Proposed Transaction);

- (b) **(Competing Proposal)**: at any time before the Sunset Date or, if earlier, the date on which the Implementation Agreement is terminated under clause 13 of the Implementation Agreement, a Competing Proposal is announced by a Third Party and, within one year after that occurring, the Third Party who announced or made the Competing Proposal either alone or together with its Associates:
  - (i) completes a transaction of the kind referred to in any of paragraphs (a), (b), (c), (d) or (e) of the definition of Competing Proposal; or
  - (ii) directly or indirectly acquires Voting Power in, or a Relevant Interest in, or has a right to acquire a legal, beneficial or economic interest in, or Control of, more than 50% of the securities in any member of the Redflex Group; or

- (c) **(termination for material breach by the Company)**: Verra Mobility validly terminates the Implementation Agreement for material breach by the Company.

Full details of the terms and conditions relating to the Break Free are set out in clause 11 of the Implementation Agreement (a copy of which, without its annexures, is included in Appendix C).

### 9.3. Reverse Break Fee

Verra Mobility must pay the Reverse Break Fee to the Company in certain circumstances. These are summarised below:

- (a) **(failure to pay Scheme Consideration)**: Verra Mobility does not pay the Scheme Consideration in accordance with the Scheme; or
- (b) **(termination for material breach by Verra Mobility)**: the Company validly terminates the Implementation Agreement for a material breach by Verra Mobility.

Full details of the terms and conditions relating to the Reverse Break Free are set out in clause 12 of the Implementation Agreement (a copy of which, without its annexures, is included in Appendix C).

### 9.4. Conditions Precedent

The Scheme is subject to the satisfaction or (where capable) waiver of the Conditions Precedent, which are summarised below and set out at clause 3.1 of the Implementation Agreement (a copy of which, without its annexures, is included in Appendix C).

If the Conditions Precedent are not satisfied or (where capable) waived by the Sunset Date, the Scheme will not proceed and Shareholders will not receive the Scheme Consideration.

As at the date of this Scheme Booklet, the following Conditions Precedent have been satisfied:

- (a) **(Regulatory Approvals)**: Before 8:00am on the Second Court Hearing Date:
  - (i) **(OIO notification)**: either:
    - (A) Verra Mobility receives written confirmation from the New Zealand Overseas Investment Office that a “direction order” under the OIO Act has been issued by the OIO Minister in relation to the Proposed Transaction, either without conditions or with conditions reasonably satisfactory to Verra Mobility; or
    - (B) section 53 of the Overseas Investment (Urgent Measures) Amendment Act 2020 (NZ) comes into force (replacing the emergency notification regime with a more permanent call-in regime) and the Proposed Transaction is not a ‘call-in transaction’ as defined in that section.
  - (b) **(Government Agency)**: All other approvals, waivers, consents or rulings of a Government Agency that the parties agree (each acting reasonably) are necessary to implement the Scheme are obtained and those approvals have not been withdrawn or revoked.

As at the date of this Scheme Booklet, the outstanding Conditions Precedent which must be satisfied or (where capable) waived before the Scheme can become Effective are summarised as follows:

- (c) **(Regulatory Approvals):** Before 8:00am on the Second Court Hearing Date:
- (i) **(GAC approval):** Verra Mobility obtains the approval of the GAC in respect of the Scheme in accordance with Article 11(1) of the Saudi Competition Law or the period for such approval lapses in accordance with Article 11(2) of the Saudi Competition Law, either without conditions or with conditions reasonably satisfactory to Verra Mobility; and
  - (ii) **(FIRB approval):** if the FATA applies, either:
    - (A) the Treasurer (or the Treasurer's delegate) has provided a written no objection notification to the Proposed Transaction either without conditions or with conditions reasonably satisfactory to Verra Mobility; or
    - (B) following notice of the Proposed Transaction having been given by Verra Mobility to the Treasurer under the FATA, the Treasurer has ceased to be empowered to make any order under Part 3 of the FATA because the applicable time limit on making orders and decisions under the FATA has expired.
- (d) **(ASIC and ASX):** Before 8:00am on the Second Court Hearing Date, ASIC and ASX issue or provide any consents or approvals, or have done any other acts, which the parties agree are reasonably necessary to implement the Scheme, and those consents, approvals or other acts have not been withdrawn or revoked at that time.
- (e) **(Independent Expert's Report):** The Independent Expert does not publicly withdraw, qualify or change its conclusion that the Scheme is in the best interests of Shareholders by notice in writing to the Company prior to 8:00am on the Second Court Hearing Date.
- (f) **(Shareholder approval of Scheme):** Shareholders approve the Scheme Resolution by the Requisite Majorities at the Scheme Meeting.
- (g) **(Court approval of the Scheme):** The Court makes orders approving the Scheme.
- (h) **(No restraints):** No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal prohibition or restraint preventing implementation of the Proposed Transaction is in effect as at 8:00am on the Second Court Hearing Date.
- (i) **(Material Proceedings):** No Proceedings are announced or commenced against any Redflex Group entity after the date of the Implementation Agreement which, if decided against the Redflex Group entity, would give rise to a liability of more than \$10 million (in respect of any individual matter, or in aggregate under multiple matters of the same or similar nature arising out of the same facts or circumstances) for the Redflex Group (**Material Proceedings**), provided that, if there are any such Material Proceedings, a reputable senior barrister or litigation counsel in the relevant jurisdiction experienced in matters of the nature of the Material Proceedings (as engaged by the Company, in consultation with Verra Mobility) has not provided, within 15 Business Days of the Material Proceedings being announced or commenced, a written opinion that the Material Proceedings have no reasonable prospects of giving rise to the relevant liability claimed.
- (j) **(No Redflex Material Adverse Effect):** No Redflex Material Adverse Effect occurs between (and including) the date of the Implementation Agreement and 8:00am on the

Second Court Hearing Date.

- (k) **(No Redflex Prescribed Occurrence)**: No Redflex Prescribed Occurrence occurs between (and including) the date of the Implementation Agreement and 8:00am on the Second Court Hearing Date.
- (l) **(Redflex Warranties)**: The Redflex Warranties are true and correct in all material respects as at the time they are given.
- (m) **(Consents)**: All approvals, consents or waivers of a third party which the parties have agreed in writing are necessary to implement the Scheme are obtained, and those consents, approvals or waivers have not been withdrawn or revoked.
- (n) **(Verra Mobility Warranties)**: The Verra Mobility Warranties are true and correct in all material respects as at the time they are given.

For full details of the Conditions Precedent, see clause 3 of the Implementation Agreement.

## 9.5. Termination

As outlined in clause 13 of the Implementation Agreement, the Implementation Agreement may be terminated in certain circumstances which are summarised below.

The Company or Verra Mobility may terminate the Implementation Agreement by written notice to the other party at any time before 8:00am on the Second Court Hearing Date:

- (a) if:
  - (i) either:
    - (A) the other party is in material breach of any provision of the Implementation Agreement (other than a Verra Mobility Warranty or a Redflex Warranty not being true and correct, which is addressed by subparagraph (B) below); or
    - (B) a warranty given by the other party (being a Verra Mobility Warranty where the “other party” is Verra Mobility or a Redflex Warranty where the “other party” is Redflex) is not true and correct, and where that breach of warranty is material in the context of the Proposed Transaction taken as a whole;
  - (ii) the party wishing to terminate has given written notice to the other party setting out the relevant circumstances and stating an intention to terminate the Implementation Agreement; and
  - (iii) the relevant circumstances continue to exist for five Business Days from the time the notice of intention to terminate is given to the other party (or any shorter period ending at 5:00pm on the Business Day immediately before the Second Court Hearing Date); or
- (b) in the circumstances set out in, and in accordance with, clause 3.7(b) of the Implementation Agreement (which relates to failure to satisfy or waive the Conditions Precedent) or clause 5.6 of the Implementation Agreement (which relates to a situation where the Court refuses to make any orders convening the Scheme Meeting or approving the Scheme and an independent experienced counsel of the New South Wales bar advises that, in his or her view, an appeal would have no reasonable prospect of success before the Sunset Date).

Verra Mobility may terminate the Implementation Agreement by written notice to the Company at any time before 8:00am on the Second Court Hearing Date if any Director has changed,

withdrawn or adversely modified his or her recommendation that Shareholders vote in favour of the Scheme Resolution at the Scheme Meeting or otherwise makes a public statement recommending that the Directors no longer support the Scheme or has recommended or made a statement supporting or endorsing an actual, proposed or potential Competing Proposal.

The Company may terminate the Implementation Agreement by written notice to Verra Mobility at any time before 8:00am on the Second Court Hearing Date if the Board changes or withdraws its recommendation under, and in accordance with, clause 7.3 of the Implementation Agreement or publicly recommends, promotes or otherwise endorses a Superior Proposal.

Full details of the termination events are set out in clause 13 of the Implementation Agreement (a copy of which, without its annexures, is included in Appendix C).

If the Implementation Agreement is terminated, the Scheme will not proceed.

#### **9.6. Sunset Date**

The Scheme will lapse and be of no further force or effect if the Scheme has not become Effective on or before the Sunset Date.

## 10. ADDITIONAL INFORMATION

### 10.1. Interests of Directors

#### (a) Shares

As at the date of this Scheme Booklet, the Relevant Interests of the Directors in Shares are as follows:

Director	Shares	%
Adam L. Gray	44,702,428	29.4
Mark J. Talbot	1,597,523	1.05
Robert DeVincenzi	178,000	0.11
Clark Davey	548,678	0.36
David McIntyre	62,618	0.04
Terence Winters	64,345	0.04
John Worthington	None	None

Each Director who holds Shares:

- as at the Voting Record Date will be entitled to vote at the Scheme Meeting; and
- as at the Record Date will be entitled to receive the Scheme Consideration,

along with the other Shareholders who hold Shares at the Voting Record Date and the Record Date respectively.

Each Director who holds, or who has control over voting rights attaching to, shares in the Company intends to vote those Shares in favour of the Scheme Resolution, subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Shareholders and there being no Superior Proposal.

#### (b) Performance Rights and Options

As at the date of this Scheme Booklet, the Directors who hold Performance Rights and Options are as follows:

Director	Performance Rights	Options
Mark J. Talbot	1,585,145	3,004,369

Under the terms of the Performance Rights and Options, if the Scheme Resolution is passed by the Requisite Majorities of Shareholders at the Scheme Meeting, all of the unvested Performance Rights and Options held by Mr Talbot will automatically vest on that date. In that event:

- in relation to the Performance Rights, Mr Talbot will have until the date that is five Business Days after the date of the Scheme Meeting to exercise those Performance

- Rights and be issued Shares; and
- in relation to the Options held by Mr Talbot, he will have until:
  - the date that is seven days after the date of the Scheme Meeting in respect of the 786,174 Options issued to Mr Talbot in 2019 to exercise those Options and be issued Shares; and
  - midday (Melbourne time) on the date that is two Business Days before the Record Date in respect of the 2,218,195 Options issued to Mr Talbot in 2017 if the Court approves the Scheme at the Second Court Hearing to exercise those Options and be issued Shares or the date that is five years after the relevant vesting date of each of those Options if the Court does not approve the Scheme at the Second Court Hearing to exercise those Options and be issued Shares.

If the Court approves the Scheme at the Second Court Hearing and Mr Talbot exercises all of his Performance Rights and Options within the relevant exercise periods, then Mr Talbot will be issued 4,589,514 Shares (2.89% of all Shares) represented by those Performance Rights and Options (which Shares, if held by Mr Talbot on the Record Date, will entitle Mr Talbot to receive the Scheme Consideration). The maximum value of the net benefit to be received by Mr Talbot if all of those Performance Rights and Options are exercised is \$2,808,597.25 (being 4,589,514 Shares to be issued to Mr Talbot on vesting and exercise of those Performance Rights and Options multiplied by the Scheme Consideration, and deducting the exercise price payable on exercise of all of the Options).

For further information on the accelerated vesting and exercise of Performance Rights and Options, refer to Section 10.4.

**(c) Verra Mobility securities**

As at the date of the Scheme Booklet, no Director has a Relevant Interest in any securities of Verra Mobility or any of its Related Bodies Corporate.

**(d) Verra Mobility contracts**

No Director has an interest in any contract entered into by Verra Mobility or any of its Related Bodies Corporate.

**(e) Agreements or arrangements with Directors**

Other than as set out in this Scheme Booklet, there are no agreements or arrangements made between the Company and any Director in connection with, or conditional upon, the outcome of the Scheme.

**(f) Other interests of Directors**

Other than as set out in this Scheme Booklet, no Director has any other interest, whether as a director, member or creditor of the Company or otherwise, which is material to the Scheme, other than in their capacity as a holder of Shares.

**10.2. Payments or other benefits to Directors and executive officers in connection with the Scheme**

Other than as set out in this Scheme Booklet and for the holders of Performance Rights and Options (as detailed in Section 10.4), there are no agreements or arrangements made between the Company and any other person in connection with, or conditional upon, the outcome of the Scheme.

### Mark J. Talbot

As mentioned in Section 10.1(b), under the terms of the Performance Rights and Options, if the Scheme Resolution is passed by the Requisite Majorities of Shareholders at the Scheme Meeting, all of the unvested Performance Rights and Options held by Mr Talbot will automatically vest on that date. In that event:

- in relation to the Performance Rights, Mr Talbot will have until the date that is five Business Days after the date of the Scheme Meeting to exercise those Performance Rights and be issued Shares; and
- in relation to the Options held by Mr Talbot, he will have until:
  - the date that is seven days after the date of the Scheme Meeting in respect of the 786,174 Options issued to Mr Talbot in 2019 to exercise those Options and be issued Shares; and
  - midday (Melbourne time) on the date that is two Business Days before the Record Date in respect of the 2,218,195 Options issued to Mr Talbot in 2017 if the Court approves the Scheme at the Second Court Hearing to exercise those Options and be issued Shares or the date that is five years after the relevant vesting date of each of those Options if the Court does not approve the Scheme at the Second Court Hearing to exercise those Options and be issued Shares.

If the Court approves the Scheme at the Second Court Hearing and Mr Talbot exercises all of his Performance Rights and Options within the relevant exercise periods, then Mr Talbot will be issued 4,589,514 Shares (2.89% of all Shares) represented by those Performance Rights and Options (which Shares, if held by Mr Talbot on the Record Date, will entitle Mr Talbot to receive the Scheme Consideration). The maximum value of the net benefit to be received by Mr Talbot if all of those Performance Rights and Options are exercised is \$2,808,597.25 (being 4,589,514 Shares to be issued to Mr Talbot on vesting and exercise of those Performance Rights and Options multiplied by the Scheme Consideration, and deducting the exercise price payable on exercise of all of the Options). Refer to Section 10.4 for further details.

### Payments to Directors not conditional on implementation of the Scheme

Special exertion payments, each in the gross amount of USD25,000 (or the Australian dollar equivalent), have been made to certain non-executive directors of the Company (being Robert DeVincenzi, David McIntyre and Clark Davey) in recognition of the special exertion and extra work that each of them has undertaken and is expected to continue to undertake in relation to the Proposed Transaction in their role as members of a special committee of the Board formed for the purposes of the Proposed Transaction (**Special Committee**), including (without limitation):

- the special exertion and extra services that each member of the Special Committee had provided to the Company in relation to the Proposed Transaction, including attending numerous meetings, assisting with the negotiation of the Implementation Agreement and reviewing multiple drafts of the Implementation Agreement, all of which work was outside their normal role as non-executive directors of the Company; and
- the Special Committee members' extraordinary and significant time-based contribution to the Company's deliberations, decision-making and continued efforts to support its other corporate development activities over the last two years.

These special exertion payments were not conditional on any aspect of the Proposed Transaction being implemented and were paid on 12 February 2021 to Mr Davey and on 15 February 2021 to Mr DeVincenzi and Mr McIntyre. No similar agreement or arrangement exists with any other Director.



### Payments to certain senior executives conditional on implementation of the Scheme

If, at the Second Court Hearing Date:

- the Court approves the Scheme; and
- Craig Durham (Group General Counsel & Company Secretary) and Neville Joyce (Group CFO) continue to be employed by the Company at that date,

then each of Mr Durham and Mr Joyce will receive additional remuneration of \$150,000 in cash (less applicable taxes) in recognition of:

- the extensive additional workload that both individuals have undertaken, and will continue to undertake, in respect of the Proposed Transaction;
- the nature of the Proposed Transaction (being a change of control transaction) which has already involved, and will continue to involve, substantial further work from these individuals outside of and in addition to their normal duties; and
- the high level of responsibility these executives have, and will continue to have, to assist with the successful implementation of the Scheme.

### No payment in connection with retirement

No payment or other benefit is proposed to be made or given to any Director, secretary or executive officer of the Company or any Related Body Corporate of the Company as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office as a Director, secretary or executive officer of the Company or any Related Body Corporate of the Company as a result of the Scheme or the Proposed Transaction.

### **10.3. Company's interests and dealings in Verra Mobility securities**

The Company has no interests, including any Relevant Interest, in any securities of Verra Mobility or any of its Related Bodies Corporate.

### **10.4. Performance Rights and Options**

As at the date of this Scheme Booklet, the Company has 3,809,846 Performance Rights and 3,004,369 Options outstanding (which, on vesting and exercise, will entitle holders to be issued a maximum of 6,814,215 Shares).

The 3,809,846 Performance Rights are held by eight senior executives of the Company (including 1,585,145 Performance Rights held by the Company's CEO, Mr Talbot).

The 3,004,369 Options are held by the Company's CEO, Mr Talbot.

Under the terms of the Performance Rights and Options, if the Scheme Resolution is passed by the Requisite Majorities of Shareholders at the Scheme Meeting, all of the unvested Performance Rights and Options will automatically vest and become exercisable by holders as further described below.

#### **(a) Performance Rights**

Pursuant to the Plan Rules, if the Scheme Resolution is passed by the Requisite Majorities of Shareholders at the Scheme Meeting, this will trigger a "Change of Control Event" (as that term is defined in the Plan Rules) (with the date of the Scheme Meeting being the **Vesting Date**), at which time:

- all vesting conditions in respect of unvested Performance Rights will be deemed to be satisfied and all unvested Performance Rights will automatically become vested Performance Rights; and
- holders of vested Performance Rights will have five Business Days after the Vesting Date to exercise their Performance Rights and be issued Shares. On expiry of that exercise period, any unexercised Performance Rights will lapse.

The maximum number of Shares into which outstanding Performance Rights may be converted, on vesting and exercise of those Performance Rights, is 3,809,846 Shares (which, if held by holders on the Record Date, will entitle holders to receive the Scheme Consideration).

## **(b) Options**

The contractual arrangements between the Company and Mr Talbot (**Option Arrangements**), pursuant to which the Company has granted Options to Mr Talbot, provide for the accelerated vesting of any unvested Options in the event of a proposed change of control of the Company (which includes the change of control contemplated by the Scheme).

In accordance with the terms of the Option Arrangements:

- on the Vesting Date, all vesting conditions in respect of unvested Options will be deemed to be satisfied and all unvested Options will automatically become vested Options; and
- Mr Talbot will have until:
  - the date that is seven days after the date of the Scheme Meeting in respect of the 786,174 Options issued to Mr Talbot in 2019 to exercise those Options and be issued Shares; and
  - midday (Melbourne time) on the date that is two Business Days before the Record Date in respect of the 2,218,195 Options issued to Mr Talbot in 2017 if the Court approves the Scheme at the Second Court Hearing to exercise those Options and be issued Shares or the date that is five years after the relevant vesting date of each of those Options if the Court does not approve the Scheme at the Second Court Hearing to exercise those Options and be issued Shares.

On expiry of the applicable exercise period, any unexercised Options will lapse.

The maximum number of Shares into which outstanding Options may be converted, on vesting and exercise of those Options, is 3,004,369 Shares (which, if held by Mr Talbot on the Record Date, will entitle Mr Talbot to receive the Scheme Consideration).

If the Scheme Resolution is not passed by the Requisite Majorities of Shareholders at the Scheme Meeting, the matters outlined in this Section 10.4 will not take place and the Performance Rights and Options will continue to be held subject to the Plan Rules and Option Arrangements respectively.

## **10.5. Transaction costs**

The Company estimates that it will incur approximately \$5.5 million (excluding GST and disbursements) in external transaction costs related to the Scheme if it is implemented. This includes advisory fees (including for the Company's financial and legal advisers), the Independent Expert's fees, registry, printing and mailing costs and expenses associated with convening and holding the Scheme Meeting.

Of this, approximately \$2.5 million (excluding GST and disbursements) will be incurred regardless of whether or not the Scheme is implemented, excluding the Break Fee that is payable

by the Company to Verra Mobility in certain circumstances (the details of which are summarised in Section 9.2).

#### **10.6. ASIC and ASX waivers, confirmations and approvals**

##### ASIC

Regulation 5.1.01(b) and clause 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires the Scheme Booklet to set out whether, within the knowledge of the Directors, the financial position of the Company has materially changed since the date of the last balance sheet laid before the Company in general meeting or sent to Shareholders in accordance with section 314 and 317 of the Corporations Act, being its financial statements for the financial year ended 30 June 2020, as well as full particulars of the changes.

The Company sought relief from this requirement from ASIC so that this Scheme Booklet only needs to set out whether, within the knowledge of the Directors, the financial position of the Company has materially changed since 31 December 2020 (being the last date of the period to which the financial statements for the half-year ended 31 December 2020 relate). ASIC has confirmed that it has made an in-principle decision to grant the relief.

##### ASX

No relief was sought from ASX in connection with the Proposed Transaction.

#### **10.7. Implications for creditors of the Company**

As at the date of this Scheme Booklet, other than as described in Section 7.4(b), the Company is not aware of any material contractual disputes or litigation matters in respect of the Company, including with its customers or other third parties. The Company has paid and is paying all its creditors in accordance with the Company's normal terms of trade. The Company is solvent and is trading in an ordinary commercial manner.

The Scheme, if implemented, is not expected to materially prejudice the Company's ability to pay its creditors. No material new liability (other than transaction costs) is expected to be incurred by the Company as a consequence of the implementation of the Scheme.

#### **10.8. Consents and disclaimers**

The following persons have given, and have not withdrawn before the date of this Scheme Booklet, their consent to be named in this Scheme Booklet in the form and context in which they are named:

<b>Name of person</b>	<b>Named as</b>
Computershare Investor Services Pty Limited	Registry
KPMG Law	Legal adviser to the Company
GCA Advisors LLC	Financial adviser to the Company

The Independent Expert has given, and has not withdrawn, its consent to be named in this Scheme Booklet and to the inclusion of the Independent Expert's Report in Appendix B to this Scheme Booklet and to the references to the Independent Expert's Report in this Scheme Booklet being made in the form and context in which each such reference is included.

PwC has given, and has not withdrawn, its consent to be named in this Scheme Booklet and to the inclusion of the information in Appendix A to this Scheme Booklet in the form and context in which it is named and Appendix A is included.

Verra Mobility and VM Consolidated have each given, and have not withdrawn, their consent to be named in this Scheme Booklet and to the inclusion of the Verra Mobility Information in this Scheme Booklet in the form and context in which that information is included.

Each person named in this Section 10.8:

- has not authorised or caused the issue of this Scheme Booklet;
- does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based other than as specified in this Section 10.8; and
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet, other than a reference to its name and services and the statements (if any) included in this Scheme Booklet with the consent of that person as specified in this Section 10.8.

#### **10.9. No other material information known to the Company**

Except as disclosed elsewhere in this Scheme Booklet, so far as the Directors are aware, there is no other information that is:

- material to the making of a decision by a Shareholder whether or not to vote in favour of the Scheme Resolution; and
- known to any Director or any director of a Related Body Corporate of the Company at the date of lodging this Scheme Booklet with ASIC for registration.

#### **10.10. Supplementary Information**

If the Company becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration with ASIC and the Effective Date:

- a material statement in this Scheme Booklet is false or misleading;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter in this Scheme Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if known about at the date of lodgement with ASIC,

then depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, the Company may circulate and publish any supplementary document by:

- making an announcement to ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to Shareholders at their registered address as shown in the Register; and/or
- posting a statement on the Company's website ([www.redflex.com](http://www.redflex.com)),

as the Company in its absolute discretion considers appropriate.

#### **10.11. Consent to lodgement of Scheme Booklet**

Each Director has given, and not withdrawn, his or her consent to the lodgement of this Scheme Booklet as an explanatory statement in relation to the Scheme with ASIC.

By order of the Board

A handwritten signature in black ink, appearing to read 'Adam Gray', written in a cursive style.

Adam L. Gray, Chair

## 11. GLOSSARY

Expression	Meaning
Adviser	in relation to a person, a financier, financial adviser, corporate adviser, legal adviser (including counsel engaged by that legal adviser), or technical or other expert adviser or consultant (including the Registry) who provides advisory services to that person in a professional capacity
AEST	Australian Eastern Standard Time
Affiliate	in respect of a person ( <b>Primary Person</b> ), a person: <ul style="list-style-type: none"> <li>(a) Controlled directly or indirectly by the Primary Person;</li> <li>(b) Controlling directly or indirectly the Primary Person;</li> <li>(c) who is Controlled, directly or indirectly, by a person or persons who Control the Primary Person; or</li> <li>(d) directly or indirectly under the common Control of the Primary Person and another person or persons</li> </ul>
Appendix	section(s) at the end of this Scheme Booklet categorised by an alphabetical letter (unless the context requires otherwise)
ASIC	the Australian Securities and Investments Commission
Associate	has the meaning set out in section 12 of the Corporations Act
ASX	ASX Limited (ABN 98 008 624 691) or the securities market which it operates, as the context requires
ASX Listing Rules	the official listing rules of ASX, modified to the extent of any express written waiver by ASX
ASX Settlement	ASX Settlement Pty Limited (ABN 49 008 504 532) as the holder of a licence to operate a clearing and settlement facility
ASX Settlement Operating Rules	the operating rules of the clearing and settlement facility operated by ASX Settlement for the time being and from time to time, as modified by any express written exemption or waiver given by ASX or ASX Settlement
Board	the board of directors of the Company
Break Fee	an amount equal to \$1,461,000
Business	the business currently conducted by the Redflex Group
Business Day	a day on which banks are open for general banking business in Mesa, Arizona, USA and Melbourne, Victoria, Australia (not being a Saturday, Sunday or public holiday in either of those places)

CEO	Chief Executive Officer
CFO	Chief Financial Officer
Chair	the presiding officer of the Board
CHESS	the Clearing House Electronic Sub-Register System of share transfers operated by ASX Settlement
COE	capitalisation of earnings
Company	Redflex Holdings Limited (ACN 069 306 216)
Competing Proposal	<p>any offer, proposal, agreement, arrangement or transaction, whether existing before, on or after the date of the Implementation Agreement, which, if entered into or completed substantially in accordance with its terms, could mean that a person other than Verra Mobility or its Affiliates (either alone or with any Associate thereof) would:</p> <ul style="list-style-type: none"> <li>(a) directly or indirectly acquire Voting Power in, or have a right to acquire a legal, beneficial or economic interest in, or control of, 20% or more of the issued share capital of the Company or in or of the securities in any member of the Redflex Group;</li> <li>(b) acquire control of any member of the Redflex Group within the meaning of section 50AA of the Corporations Act;</li> <li>(c) directly or indirectly acquire or become the holder of, or otherwise acquire or have a right to acquire a legal, beneficial or economic interest in, or control of, all or substantially all or a material part of the business or assets of any member of the Redflex Group;</li> <li>(d) otherwise directly or indirectly acquire, be stapled with or merge with the Company; or</li> <li>(e) require Verra Mobility to abandon, or otherwise fail to proceed with, the Proposed Transaction, <p>whether by way of a takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, buy back, sale, lease or purchase of shares, other securities or assets, assignment of assets or liabilities, joint venture, dual listed company structure (or other synthetic merger), deed of company arrangement, debt for equity arrangement or other transaction or arrangement</p> </li></ul>
Conditions Precedent	each of the conditions precedent set out in clause 3.1 of the Implementation Agreement and which are summarised at Section 9.4
Control	<p>with respect to any person (other than an individual), the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person whether through the ownership of voting securities, by agreement or otherwise, and includes the following:</p> <ul style="list-style-type: none"> <li>(a) direct or indirect ownership of more than 50% of the voting rights of such person; or</li> </ul>

	(b) the right to appoint the majority of the members of the board of directors of such person (or similar governing body) or to manage on a discretionary basis the assets of such person
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Corporations Regulations	<i>Corporations Regulations 2001</i> (Cth)
Court	the Federal Court of Australia or any other court of competent jurisdiction under the Corporations Act agreed in writing by the Company and Verra Mobility
COVID-19	the coronavirus disease
Cut Off Date	means the date that is four Business Days after the date of the provision of the information referred to in Section 9.1(e)(i) of this Scheme Booklet
Deed Poll	the deed poll executed by Verra Mobility contained in Appendix E, pursuant to which Verra Mobility covenants in favour of Scheme Participants to perform obligations attributed to it under the Scheme, with such amendments as are approved in accordance with its terms
Detailed Review	as defined in Section 6.4(a) of this Scheme Booklet
Directors	the directors of the Company
EBIT	earnings before interest and taxes
EBITDA	earnings before interest, tax, depreciation, amortisation
Effective	in relation to the Scheme, 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, but in any event at no time before an office copy of the order of the Court is lodged with ASIC
Effective Date	the date on which the Scheme becomes Effective
Encumbrance	any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any “security interest” as defined in sections 12(1) or 12(2) of the <i>Personal Property Securities Act 2009</i> (Cth) or any agreement to create any of them or allow them to exist
Exclusivity Period	the period commencing on the date of the Implementation Agreement and ending on the earlier of: <ul style="list-style-type: none"> <li>(a) the termination of the Implementation Agreement in accordance with its terms;</li> <li>(b) the Implementation Date; and</li> <li>(c) the Sunset Date</li> </ul>



FATA	<i>Foreign Acquisitions and Takeovers Act 1975 (Cth)</i>
FIRB	the Australian Foreign Investment Review Board
FMV	fair market value
FTC	the Federal Trade Commission
FY20	has its meaning given in Section 5.9 of this Scheme Booklet
GAC	the General Authority for Competition in the Kingdom of Saudi Arabia
Government Agency	any government or representative, instrumentality or delegate of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, board, organisation, tribunal, agency, competition authority or entity and includes any minister (including the Treasurer), ASIC, the Australian Competition and Consumer Commission, the Australian Taxation Office, FIRB, ASX, the Takeovers Panel, NZCO, NASDAQ, the SEC, the FTC, the Antitrust Division of the U.S. Department of Justice and any regulatory organisation established under statute or any stock exchange
GST	has the same meaning as “GST” in <i>A New Tax System (Goods and Services Tax) Act 1999 (Cth)</i>
HIN	Holder Identification Number
Implementation	means the implementation of the Scheme in accordance with its terms after the Scheme becomes Effective
Implementation Agreement	the scheme implementation agreement entered into between the Company and Verra Mobility on 22 January 2021 contained in Appendix C (without its annexures)
Implementation Date	the date of Implementation, being the 5th Business Day after the Record Date, or such other date as the Company and Verra Mobility may agree in writing
Independent Expert	BDO Corporate Finance (East Coast) Pty Ltd (Australian Financial Services Licence number 247420), the independent expert in respect of the Scheme approved by Verra Mobility and appointed by the Company to consider whether the Scheme is in the best interests of Shareholders
Independent Expert's Report	the report prepared by the Independent Expert in accordance with ASIC Regulatory Guide 111 for inclusion in this Scheme Booklet, including any update or supplementary report, stating whether or not in the Independent Expert's opinion the Scheme is in the best interests of Shareholders, contained in Appendix B
NASDAQ	NASDAQ Stock Market LLC
Notice of Meeting	the notice of the Scheme Meeting contained in Appendix F

NZCO	the New Zealand Companies Office
OIO Act	the Overseas Investment Act 2005 (NZ)
OIO Minister	the New Zealand Minister of the Crown who is responsible for the administration of the OIO Act
OIO Notification	notification of the Proposed Transaction to the OIO Minister pursuant to section 85 of the OIO Act
Options	options to subscribe for Shares granted to Mark J. Talbot, further details of which are set out in schedule 5 to the Implementation Agreement
Performance Rights	the performance rights granted to certain employees of the Redflex Group pursuant to the Plan Rules, further details of which are set out in schedule 5 to the Implementation Agreement
Plan Rules	Redflex Holdings Limited LTI Performance Rights Plan Rules
Proceedings	an enforcement action, investigation, Claim or dispute (each a <b>Matter</b> ), not including any Matter to the extent that Matter is fairly disclosed in the Due Diligence Materials (as that term is defined in the Implementation Agreement)
Proposed Transaction	the proposed transaction pursuant to which VM Consolidated will acquire all of the Scheme Shares under the Scheme upon implementation of the Scheme in accordance with the terms of the Transaction Documents
Proxy Form	a proxy form for the Scheme Meeting which accompanies this Scheme Booklet and which is available from the Registry
PwC	PricewaterhouseCoopers ABN 52 780 433 757
Record Date	7:00pm on the day which is two Business Days after the Effective Date, or any other date (after the Effective Date) agreed by the Company and Verra Mobility to be the record date for the purpose of determining entitlements to receive the Scheme Consideration under the Scheme
Redflex Group	the Company and its Subsidiaries
Redflex Information	all information contained in the Scheme Booklet, and any updates to that information prepared by or on behalf of the Company in accordance with clause 5.1(j) of the Implementation Agreement, other than: <ul style="list-style-type: none"> <li>(a) the Verra Mobility Information; and</li> <li>(b) the Independent Expert's Report</li> </ul>
Redflex Material Adverse Effect	has the meaning set out in the Implementation Agreement
Redflex Prescribed Occurrence	has the meaning set out in the Implementation Agreement

Redflex Warranties	the representations and warranties of the Company set out in schedule 2 to the Implementation Agreement
Register	the register of members of the Company
Registry	the person operating the Register, being Computershare Investor Services Pty Limited (ACN 078 279 277)
Regulatory Approvals	the approvals set out in Section 9.4(a) and 9.4(c) of this Scheme Booklet
Related Body Corporate	has the meaning given in the Corporations Act
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act
Representative	in relation to a person: <ul style="list-style-type: none"> <li>(a) a Related Body Corporate of the person;</li> <li>(b) a director, officer or employee of the person or any of its Related Bodies Corporate; or</li> <li>(c) an Adviser to the person or any of its Related Bodies Corporate</li> </ul>
Requisite Majorities	as defined in Section 3.3 of this Scheme Booklet
Reverse Break Fee	an amount equal to \$1,461,000
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between the Company and Scheme Participants, in the form of Appendix D (or such other form agreed to in writing by the Company and Verra Mobility), under which all of the Scheme Shares will be transferred to VM Consolidated as described in the Scheme, in consideration for the provision of the Scheme Consideration to Scheme Participants, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act to the extent they are approved in writing by each of the Company and Verra Mobility in accordance with the Scheme
Scheme Booklet	this document, including its appendices, approved by the Court and despatched to Shareholders to, inter alia, assist Shareholders in deciding how to vote on the Scheme Resolution
Scheme Consideration	the cash amount that Scheme Participants will receive as consideration for transferring their Scheme Shares to VM Consolidated under the Scheme, being \$0.92 cash for each Scheme Share
Scheme Meeting	the meeting of Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider the approval of the Scheme Resolution
Scheme Participant	a Shareholder registered in the Register as the holder of one or more Shares at the Record Date

Scheme Resolution	a resolution of Shareholders to approve the Scheme under section 411(4)(a)(ii) of the Corporations Act
Scheme Share	a Share held by a Scheme Participant as at the Record Date
SEC	U.S. Securities and Exchange Commission
Second Court Hearing or Second Court Hearing Date	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned for any reason, the day on which the adjourned application is heard
Share	a fully paid ordinary share in the capital of the Company
Shareholder	a person entered in the Register as the holder of one or more Shares from time to time
SRN	Securityholder Reference Number
Subsidiary	<p>has the meaning given in the Corporations Act, provided that a person will also be taken to be a Subsidiary of another person if it is controlled by that other person (as 'control' is defined in section 50AA of the Corporations Act) and, without limitation:</p> <ul style="list-style-type: none"> <li>(a) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share;</li> <li>(b) a person may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation; and</li> <li>(c) a person will also be deemed to be a Subsidiary of another person if that person is required by relevant accounting standards to be consolidated with that other person</li> </ul>
Substantial Shareholder	a Shareholder who has a 'substantial holding' (defined in section 9 of the Corporations Act) in a company
Sunset Date	<ul style="list-style-type: none"> <li>(a) the date that is six months after the date of the Implementation Agreement; or</li> <li>(b) if either the Company or Verra Mobility reasonably expects a condition relating to Regulatory Approvals will not be satisfied or waived by the date referred to in paragraph (a), a subsequent date nominated by that person no later than 5:00pm on the day prior to the date referred to in paragraph (a), not to exceed more than three months after such date; or</li> <li>(c) such other date as may be agreed in writing between the Company and Verra Mobility both acting reasonably</li> </ul>
Superior Proposal	<p>a bona fide Competing Proposal which the Board, acting in good faith in the interests of the Company and the Shareholders, and after taking advice from its legal and financial advisers, determines:</p> <ul style="list-style-type: none"> <li>(a) would, if completed substantially in accordance with its terms, result in an acquisition of control (within the meaning of section</li> </ul>

	50AA of the Corporations Act) of the Company or all or substantially all of the Redflex Group;
	(b) is reasonably capable of being completed in accordance with its terms taking into account all aspects of the Competing Proposal, including its conditions, the identity, reputation and financial condition of the person making such proposal, and all relevant legal, regulatory and financial matters; and
	(c) would be more favourable to the Shareholders as a whole than the latest proposal provided by Verra Mobility to the Company, taking into account all aspects of the Competing Proposal and the latest proposal provided by Verra Mobility to the Company, including the identity, reputation and financial condition of the person making such proposal, legal, regulatory and financial matters, certainty and any other matters affecting the probability of the relevant proposal being completed in accordance with its terms
Takeovers Panel	the Takeovers Panel constituted under the <i>Australian Securities and Investments Commission Act 2001</i> (Cth)
Third Party	a person other than Verra Mobility or any of its Related Bodies Corporate
Transaction Documents	the Implementation Agreement, the Scheme and the Deed Poll
Treasurer	the Treasurer of the Commonwealth of Australia
Trust Account	an Australian dollar denominated trust account operated by the Company (or by the Registry on behalf of the Company) to hold the Scheme Consideration on trust for the purpose of paying the Scheme Consideration to Scheme Participants in accordance with clause 6.2 of the Scheme
USD	United States dollars
Verra Mobility	Verra Mobility Corporation
Verra Mobility Information	the information contained in Section 6 of this Scheme Booklet and the answers to the questions under the heading 'Verra Mobility and VM Consolidated' in Section 2 of this Scheme Booklet
Verra Mobility Warranties	the representations and warranties of Verra Mobility set out in schedule 1 to the Implementation Agreement
VM Consolidated	VM Consolidated, Inc., an indirect wholly-owned Subsidiary of Verra Mobility nominated by Verra Mobility to acquire the Scheme Shares under the Scheme
Voting Power	has the meaning given in section 610 of the Corporations Act
Voting Record Date	time and date for determining eligibility of Shareholders to vote at the Scheme Meeting

VWAP

volume weighted average price

## APPENDIX A: TAXATION IMPLICATIONS FOR SHAREHOLDERS

Capitalised terms in this Appendix A that are not otherwise defined have the same meaning as is given to those terms in the Scheme Booklet, of which this Appendix A forms part.

This Appendix A is a general overview of the Australian income tax (including capital gains tax (**CGT**)), goods and services tax (**GST**) and stamp duty implications of the Scheme Consideration offered to Shareholders who are registered in the Register as the holder of one or more Shares at the Record Date (**Scheme Participants**), who are Australian resident individuals, complying superannuation entities, trusts, and corporate investors and who hold their Shares on capital account for income tax purposes.

The comments do not apply to Shareholders who:

- are not residents for Australian income tax purposes;
- are exempt from Australian income tax;
- hold their Shares as revenue assets or trading stock (which will generally be the case if they are a bank, insurance company or carry on a business of share trading);
- are partnerships or individuals who are partners of such partnerships;
- are subject to the Taxation of Financial Arrangement (**TOFA**) provisions in Division 230 of the *Income Tax Assessment Act 1997* in relation to their Shares;
- acquired their Shares under any employee share scheme; or
- are under a legal disability.

This summary is based on the Australian tax law, and the practice of the tax authorities, as at the date of the Scheme Booklet. The Australian tax laws are complex and subject to change periodically as is their interpretation by the courts and the tax authorities. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. This summary does not take into account the tax law of countries other than Australia. The precise implications of ownership or disposal of Shares will depend upon each Shareholder's specific circumstances. Shareholders should seek independent advice from an appropriate professional adviser in relation to the tax implications of the acquisition of their Shares based on their own individual circumstances.

The Company and its officers, employees, taxation advisers and other advisers do not accept any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences of any Shareholder.

### 1.1 CGT Event on the disposal of Scheme Shares to VM Consolidated

Pursuant to the Scheme, if implemented, Scheme Participants will dispose of their Shares to VM Consolidated in exchange for the Scheme Consideration, comprising of \$0.92 per Share held as at the Record Date (**Scheme Share**). The disposal of the Scheme Shares to VM Consolidated under the Scheme will give rise to a CGT event for Scheme Participants. The timing of the CGT event for the Scheme Participants should be the date the Scheme Shares are disposed of, which will occur on the Implementation Date (currently expected to be 26 May 2021).

As the Scheme Consideration comprises of cash proceeds only, no CGT rollover-relief should be available for Scheme Participants. Accordingly, the following tax consequences are expected to arise for the Scheme Participants that acquired (or are deemed to have acquired) their Scheme Shares on or after 20 September 1985:

- a capital gain will be derived to the extent the capital proceeds received by a Scheme Participant from the disposal of their Scheme Shares exceed the cost base of those Shares; or

- a capital loss will be incurred to the extent the capital proceeds received by a Scheme Participant from the disposal of their Scheme Shares are less than the reduced cost base of those Shares.

Capital losses can only be offset against capital gains derived in the same income year or later income years. Specific loss recoupment rules apply to companies and trusts which must be satisfied if those carry forward capital losses are to be used in future years. Shareholders should seek their own tax advice in relation to the operation of these rules.

## **1.2 Capital proceeds received by Scheme Participants**

The capital proceeds on the disposal of Scheme Shares should be equal to the Scheme Consideration received by the Scheme Participants.

## **1.3 Cost base and reduced cost base of a Scheme Share**

The cost base of a Scheme Share will generally be equal to the cost of acquiring that Share, plus any incidental costs of acquisition and disposal (such as brokerage fees and legal costs). The reduced cost base of a Scheme Share is determined in a manner similar to the cost base although some differences in the calculation of reduced cost base do exist depending on the Scheme Participant's individual circumstances. The cost base and reduced cost base of each Scheme Share will depend on the individual circumstances of each Scheme Participant.

## **1.4 Indexation of a Scheme Share**

Scheme Participants who acquired their Scheme Shares before 11:45am on 21 September 1999 can increase the cost base of their Scheme Shares for indexation based on the "consumer price index" movement from the date of acquisition to 30 September 1999.

Alternatively, certain Scheme Participants (such as individuals, trusts and superannuation funds) may choose to forego indexation of the cost base of their Scheme Shares and instead apply the CGT discount (described below at Section 1.5), to the extent that this is otherwise available to them. In addition, indexation is not permitted when calculating the reduced cost base of Scheme Shares. This means that indexation cannot be taken into account to increase the amount of a capital loss.

## **1.5 CGT discount**

The CGT discount may be available for Scheme Participants that are individuals, complying superannuation funds or trusts, who have held, or are taken to have held, their Scheme Shares for at least 12 months (not including the date of acquisition or the date of disposal) at the time of the disposal of their Scheme Shares to VM Consolidated.

The CGT discount represents the extent to which a Scheme Participant can reduce their capital gain before including it in their assessable income. It is determined on the following basis:

- 50% if the Scheme Participant is an individual or trustee: meaning only 50% of the capital gain (without any allowance for indexation) will be included in the eligible Scheme Participant's assessable income; and
- 33.33% if the Scheme Participant is a trustee of a complying superannuation entity: meaning only two-thirds of the capital gain (without any allowance for indexation) will be included in the eligible Scheme Participant's assessable income.

The CGT discount is not available to Scheme Participants that are companies, or Scheme Participants who choose for indexation to apply (as described above at Section 1.4).

If a Scheme Participant makes a discounted capital gain, any current year and/or carried forward capital losses will be applied to reduce the undiscounted capital gain before the relevant CGT



discount is applied. The resulting amount is then included in the Scheme Participant's net capital gain for the income year and included in assessable income.

The CGT discount rules relating to trusts are complex. Accordingly, trustees should seek their own independent advice on how the CGT discount applies to them and the trust's beneficiaries.

## **1.6 GST**

No GST should be payable by Scheme Participants on the acquisition by VM Consolidated of their Scheme Shares under the Scheme. Scheme Participants who are registered for GST may not be entitled to input tax credits (or may only be entitled to reduced input tax credits) for any GST incurred on costs associated with the disposal of their Scheme Shares (e.g. GST on lawyers' and accountants' fees).

Scheme Participants should seek their own tax advice on the impact of GST to them, having regard to their own particular circumstances.

## **1.7 Stamp duty**

Stamp duty should not be payable by Scheme Participants in respect of the acquisition of their Scheme Shares by VM Consolidated on the assumption that all acquisitions occur when all of the securities in the Company are quoted on ASX and no Scheme Participant (together with interests of associated persons and interests acquired under associated transactions) holds an interest of 90% or more in the Company.

## **APPENDIX B: INDEPENDENT EXPERT'S REPORT**

Attached.



# INDEPENDENT EXPERT REPORT

## REDFLEX HOLDINGS LIMITED

In relation to the proposed acquisition of Redflex Holdings Limited  
shares by Verra Mobility Corporation via Scheme of Arrangement

1 April 2021

## FINANCIAL SERVICES GUIDE

Dated: 1 April 2021

This Financial Services Guide ('FSG') helps you decide whether to use any of the financial services offered by BDO Corporate Finance (East Coast) Pty Ltd ('BDO Corporate Finance, we, us, our').

The FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No: 247420
- Remuneration that we and/or our staff and any associates receive in connection with the financial services
- Any relevant associations or relationships we have
- Our complaints handling procedures and how you may access them.

### FINANCIAL SERVICES WE ARE LICENSED TO PROVIDE

We hold an Australian Financial Services Licence which authorises us to provide financial product advice to retail and wholesale clients about securities and certain derivatives (limited to old law securities, options contracts and warrants). We can also arrange for customers to deal in securities, in some circumstances. Whilst we are authorised to provide personal and general advice to retail and wholesale clients, we only provide *general* advice to retail clients.

Any general advice we provide is provided on our own behalf, as a financial services licensee.

### GENERAL FINANCIAL PRODUCT ADVICE

Our general advice is typically included in written reports. In those reports, we provide general financial product advice that is prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

### FEES, COMMISSIONS AND OTHER BENEFITS THAT WE MAY RECEIVE

We charge fees for providing reports. These fees are negotiated and agreed to with the person who engages us to provide the report. Fees will be agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. In this instance, the Company has agreed to pay us \$65,000 for preparing the Report.

Except for the fees referred to above, neither BDO Corporate Finance, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of general advice.

All our employees receive a salary. Our employees are eligible for bonuses based on overall company performance but not directly in connection with any engagement for the provision of a report.

### REFERRALS

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

### ASSOCIATIONS AND RELATIONSHIPS

BDO Corporate Finance is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The general financial product advice in our report is provided by BDO Corporate Finance and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

### COMPLAINTS RESOLUTION

#### Internal Complaints Resolution Process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. Complaints can be in writing, addressed to the Complaints Officer, BDO Corporate Finance, Level 11, 1 Margaret St, Sydney NSW 2001 or by telephone or email, using the contact details at the top of this FSG.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

#### Referral to External Dispute Resolution Scheme

If a complaint relating to general advice to a retail client is not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority (AFCA). AFCA is an independent company that has been established to impartially resolve disputes between consumers and participating financial services providers.

BDO Corporate Finance is a member of AFCA (Member Number 11843).

Further details about AFCA are available at the AFCA website [www.afca.org.au](http://www.afca.org.au) or by contacting them directly via the details set out below.

Australian Financial Complaints Authority  
GPO Box 3  
MELBOURNE VIC 3001  
Toll free: 1800 931 678  
Email: [info@afca.org.au](mailto:info@afca.org.au)

### COMPENSATION ARRANGEMENTS

BDO Corporate Finance and its related entities hold Professional Indemnity insurance for the purpose of compensating retail clients for loss or damage suffered because of breaches of relevant obligations by BDO Corporate Finance or its representatives under Chapter 7 of the Corporations Act 2001. These arrangements and the level of cover held by BDO Corporate Finance satisfy the requirements of section 912B of the Corporations Act 2001.

### CONTACT DETAILS

You may provide us with instructions using the details set out at the top of this FSG or by emailing - [cf.ecp@bdo.com.au](mailto:cf.ecp@bdo.com.au)



## SUMMARY OF FINDINGS

The Directors  
Redflex Holdings Limited  
31 Market Street  
South Melbourne, VIC 3205

1 April 2021

Dear Directors

**INDEPENDENT EXPERT REPORT IN RELATION TO THE PROPOSED ACQUISITION OF REDFLEX HOLDINGS LIMITED BY VERRA MOBILITY CORPORATION VIA SCHEME OF ARRANGEMENT**

## **1. INTRODUCTION**

BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170) (**BDOCF**, **we**, **us** or **our**) have been engaged by the Directors (**Directors**) of Redflex Holdings Limited (**Redflex** or the **Company**) to prepare this independent expert report (**Report** or **IER**), setting out our opinion as to whether the proposed acquisition of Redflex shares by Verra Mobility Corporation (**Verra Mobility**) via Scheme of Arrangement (**Proposed Scheme**), is fair and reasonable and therefore in the best interests of the shareholders of Redflex (**Shareholders**), in the absence of a superior proposal.

Redflex, together with its subsidiaries, develops and implements intelligent traffic management solutions in Australia, New Zealand, Asia, the United States, Canada, the United Kingdom, Ireland and the Middle East. Redflex is listed on the Australian Securities Exchange (**ASX**).

Verra Mobility provides smart mobility technology solutions and services in the United States, Canada, and Europe. Verra Mobility is headquartered in Mesa, Arizona and listed on the NASDAQ.

On 22 January 2021, Redflex entered into a scheme implementation agreement with Verra Mobility. Under the Proposed Scheme, Verra Mobility through its 100% subsidiary VM Consolidated Inc., will acquire 100% of the outstanding share capital of Redflex by way of a court-approved scheme of arrangement in an all-cash offer. If the Proposed Scheme is approved, the Shareholders will receive cash consideration of \$0.92 for each Redflex share held (**Scheme Consideration**).

Full details of the Proposed Scheme are set out in the scheme booklet that has been prepared for the Shareholders by the Directors (**Scheme Booklet**).

## **2. PURPOSE OF REPORT**

The Directors have engaged us to prepare a Report in relation to the Proposed Scheme to satisfy the requirements of:

- ▶ the Corporations Act 2001 (Cth) (**Corporations Act** or the **Act**), specifically Section 411; and
- ▶ the Australian Securities and Investments Commission's (**ASIC**) Regulatory Guide 60 'Schemes of Arrangement' (**RG 60**).

The regulatory requirements relevant to this IER are summarised below.

### **2.1. Section 411 of the Corporations Act and RG 60**

The Proposed Scheme is to be implemented pursuant to section 411 of the Corporations Act. Part 3 of Schedule 8 to the Act prescribes the information to be sent to Shareholders in relation to schemes of arrangement pursuant to section 411 of the Act and RG 60 'Schemes of Arrangement'.

In terms of the provisions of RG 60.74 as well as paragraph 8303 of Schedule 8 of the Act, the Scheme Booklet is to be accompanied by an independent expert report in a situation where any party to the scheme of arrangement has a prescribed shareholding in the company, or where there are common directors in the entities involved in the scheme of arrangement.

Verra Mobility does not hold any shares in Redflex and there are no common directors. Therefore an independent expert's report is not specifically required in relation to the Proposed Scheme. However, the Directors of Redflex have

requested that BDOCF prepare this Report as if it were an independent expert's report pursuant to section 411 of the Act, and to provide an opinion as to whether the Proposed Scheme is fair and reasonable, and therefore in the best interests of the Shareholders.

This IER is to accompany the Scheme Booklet to be provided to Redflex Shareholders. It has been prepared to assist and enable Shareholders to assess the merits of the Proposed Scheme and to decide whether or not to approve the Proposed Scheme.

### 3. APPROACH

In preparing our IER, we have considered the requirements of:

- ▶ ASIC Regulatory Guide 111 Content of expert reports (RG 111);
- ▶ ASIC Regulatory Guide 112 Independence of experts (RG 112); and
- ▶ Accounting Professional & Ethical Standards Board (APESB) professional standard APES 225 'Valuation Services' (APES 225).

RG 111 establishes guidelines in respect of independent expert reports under the Act. This regulatory guide provides guidance as to what matters an independent expert should consider to assist shareholders to make informed decisions about transactions.

RG 111 states that there should be a separate assessment of fairness and reasonableness. RG 111 indicates that an independent expert would be able to conclude that the scheme of arrangement was in the best interests of the shareholders if they consider a proposal is "fair and reasonable". Further, RG 111 states that even if a proposal was "not fair but reasonable", the expert may conclude that the scheme of arrangement is in the best interests of shareholders should there be sufficient reasons for shareholders to vote in favour of the scheme of arrangement in the absence of a higher offer.

This engagement is a Valuation Engagement as defined by APES 225.

#### 3.1. Fairness

RG 111.11 indicates that an offer is 'fair' if the value of the Scheme Consideration is equal to or greater than the value of the securities the subject of the offer. The comparison must be made assuming:

- ▶ a knowledgeable and willing but not anxious buyer, and a knowledgeable and willing but not anxious seller acting at arm's length; and
- ▶ 100% ownership of the target company, irrespective of the percentage holding of the bidder or its associates in the target company.

Based on our interpretation of RG111.11, we have compared:

- ▶ The fair market value (FMV) of a Redflex share prior to the Proposed Scheme on a control basis (being the value of the securities the subject of the offer, per RG 111.11); and
- ▶ The cash consideration of \$0.92 per share.

#### 3.2. Reasonableness

In accordance with paragraph 60 of RG111, an offer is 'reasonable' if it is 'fair'. It might also be 'reasonable' if, despite being 'not fair', the expert believes there are sufficient reasons to vote for the proposal.

When deciding whether a transaction is 'reasonable', factors an expert might consider include:

- ▶ the financial situation and solvency of the entity;
- ▶ the alternative options available to the entity;
- ▶ the entity's bargaining position;
- ▶ whether there is selective treatment of any shareholder; and
- ▶ any special value of the transaction to the purchaser.

## 4. SUMMARY OF OPINION

We have concluded that the Proposed Scheme is fair and reasonable, and as a result is in the best interests of the Redflex Shareholders at the time of writing this Report, in the absence of a superior offer.

A summary of our analysis in forming the above opinion is provided below. This summary should be read in conjunction with our full IER that sets out in full the purpose, scope, basis of evaluation, limitations, information relied upon, analysis and our findings.

### 4.1. Fairness assessment

In undertaking our assessment of fairness, we have had regard to ASIC RG 111.

Our analysis has been performed by comparing the value of:

- ▶ The FMV of a Redflex share pre-transaction on a control basis (being the value of the securities that are the subject of the offer, per RG111.11); and
- ▶ The Scheme Consideration of \$0.92 per share.

The Proposed Scheme will be fair if the Scheme Consideration is equal to or greater than the FMV of a Redflex share pre-transaction, on a controlling interest basis.

We have assessed the FMV of Redflex, on a control basis, prior to the Proposed Scheme using the quoted market price (QMP) and capitalisation of earnings (COE) methods.

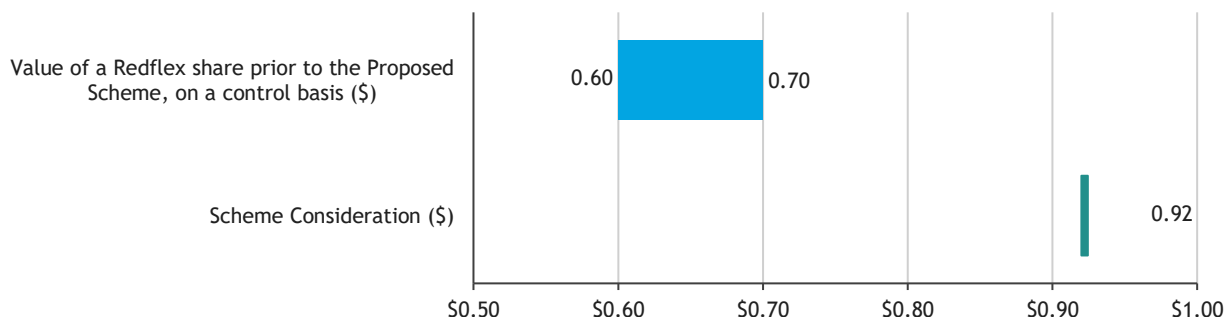
The result of our fairness analysis is summarised below.

**Table 1: Fairness summary**

Fairness assessment	Ref	Low	High
Value of a Redflex share prior to the Proposed Scheme, on a control basis (\$)	8	0.60	0.70
Scheme Consideration (\$)		0.92	0.92

Source: BDOCF analysis

**Figure 1: Fairness summary**



Source: BDOCF analysis

As set out above, the Scheme Consideration of \$0.92 per share is above the assessed FMV range of a Redflex share prior to the Proposed Scheme (on a control basis).

Therefore, we have concluded that the Proposed Scheme is fair to Shareholders.

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time. Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to us.

### 4.2. Reasonableness conclusion

In accordance with RG 111, an offer is reasonable if it is fair. On this basis, the Proposed Scheme is reasonable to Redflex Shareholders.

Nevertheless, we have set out below a summary of reasonableness factors we consider relevant in assisting Redflex Shareholders in deciding whether or not to vote in favour of the Proposed Scheme.



**Table 2: Summary of factors considered in the reasonableness assessment**

Advantages	
The Scheme Consideration represents a premium to Redflex's volume weighted average price (VWAP)	The Scheme Consideration of \$0.92 per share represents a 130% premium to the 1 month and 3 months VWAP of \$0.40 and a 136% premium to the 6 months VWAP of \$0.39 (the VWAP is calculated up to 21 January 2021 being the last trading date prior to the announcement of the Proposed Scheme).
Certainty of the cash consideration	<p>The Proposed Scheme involves the acquisition of all the outstanding shares in Redflex for a cash price of \$0.92 per share. Cash consideration offers certainty of return, and provides Shareholders with an opportunity to utilise the cash for other purposes such as alternative investments.</p> <p>Given the low level of liquidity in the trading of Redflex shares (refer section 6.1 and 6.2), the certainty of the cash may benefit Shareholders if they are not able to sell their shares at a higher price. In particular, those who hold large parcels of shares may have difficulty selling their shares on market, or in the event that they are able to sell, they may cause the quoted market price to fall.</p>
No longer exposed to any risks associated with being a Redflex Shareholder	<p>A cash offer represents a lower risk alternative to holding shares in Redflex which provides exposure to general market volatility as well as risks specific to Redflex.</p> <p>If the Proposed Scheme is approved, Shareholders will no longer be exposed to any risks associated with holding shares in Redflex.</p>
Possible decline in Redflex trading price if the Proposed Scheme is rejected	If the Proposed Scheme is rejected, there may be a decline in Redflex's share price. Prior to the Proposed Scheme, Redflex's 1 month VWAP was \$0.40 per share.
Disadvantages	
Inability to participate in the potential upside of Redflex's operations	If the Proposed Scheme is approved, the Shareholders will no longer have any equity interest in Redflex and will be unable to participate in the potential upside from Redflex's trading operations going forward.
Other considerations	
Tax implications	If the Proposed Scheme is approved, Shareholders will dispose of their shares for \$0.92 each. This may crystalize a taxable gain or loss for Shareholders.

Source: BDOCF analysis

## 5. OTHER MATTERS

### 5.1. Shareholders' individual circumstances

Our analysis has been undertaken, and our conclusions are expressed, at an aggregate level. Accordingly, BDOCF has not considered the effect of the Proposed Scheme on the particular circumstances of individual Shareholders. Some individual Shareholders may place a different emphasis on various aspects of the Proposed Scheme from that adopted in this IER. Accordingly, individual Shareholders may reach different conclusions as to whether or not the Proposed Scheme is fair and reasonable in their individual circumstances.

The decision of an individual Redflex Shareholder in relation to the Proposed Scheme may be influenced by their particular circumstances and accordingly the Shareholders are advised to seek their own independent advice.

Approval or rejection of the Proposed Scheme is a matter for individual Shareholders based on their expectations as to the expected value and future prospects and market conditions together with their particular circumstances, including risk profile, liquidity preference, portfolio strategy and tax position. The Shareholders should carefully consider the Scheme Booklet. Shareholders who are in doubt as to the action they should take in relation to the Proposed Scheme should consult their professional advisor.

## 5.2. General requirements in relation to the IER

In preparing the IER, ASIC requires the independent expert when deciding on the form of analysis for a report, to bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated by those persons affected by the Proposed Scheme. In preparing the IER we considered ASIC regulatory guides and commercial practice.

The IER also includes the following information and disclosures:

- ▶ particulars of any relationship, pecuniary or otherwise, whether existing presently or at any time in the past, between BDO Group Holdings Limited or BDOCF and any of the parties to the Proposed Scheme;
- ▶ the nature of any fee or pecuniary interest or benefit, whether direct or indirect, that we have received or will or may receive for or in connection with the preparation of the IER;
- ▶ we have been appointed as independent expert for the purposes of providing an IER in relation to the Proposed Scheme for the Directors;
- ▶ that we have relied on information provided by the Directors and management of Redflex (**Management**) and that we have not carried out any form of audit or independent verification of the information; and
- ▶ that we have received representations from the Directors in relation to the completeness and accuracy of the information provided to us for the purpose of our IER.

## 5.3. Current market conditions

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time.

Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to us.

## 5.4. Glossary

Capitalised terms used in this IER have the meanings set out in the glossary. A glossary of terms used throughout this IER is set out in **Appendix 1**.

## 5.5. Sources of information

**Appendix 2** to the IER sets out details of information referred to and relied upon by us during the course of preparing this IER and forming our opinion.

The statements and opinions contained in this IER are given in good faith and are based upon our consideration and assessment of information provided by Redflex.

Under the terms of our engagement, Redflex has agreed to indemnify BDO Group Holdings Limited and BDOCF and their partners, directors, employees, officers and agents (as applicable) against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

## 5.6. Limitations

This IER has been prepared at the request of the Directors for the sole benefit of the Directors and Shareholders of Redflex to assist them in their decision to approve or reject the Proposed Scheme. This IER is to accompany the Scheme Booklet to be sent to the Shareholders to consider the Proposed Scheme and was not prepared for any other purpose.

Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Directors and Shareholders without our written consent. We accept no responsibility to any person other than the Directors and Shareholders in relation to this IER.

This IER should not be used for any other purpose and we do not accept any responsibility for its use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of our IER, in whole or in part, should be reproduced without our written consent, as to the form and context in which it may appear.

We have consented to the inclusion of the IER with the Scheme Booklet. Apart from this IER, we are not responsible for the contents of the Scheme Booklet or any other document associated with the Proposed Scheme. We acknowledge that this IER may be lodged with regulatory authorities.

## 5.7. Summary

This summary should be read in conjunction with our full IER that sets out in full the purpose, scope, basis of evaluation, limitations, information relied upon, analysis and our findings.

### 5.8. Financial Service Guide

BDOCF holds an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues. A financial services guide is attached to this IER.

Yours faithfully

**BDO CORPORATE FINANCE (EAST COAST) PTY LTD**



**David McCourt**  
Director



**Sebastian Stevens**  
Director



# INDEPENDENT EXPERT REPORT

## TABLE OF CONTENTS

<b>1.</b>	<b>PURPOSE AND BACKGROUND</b>	<b>1</b>
1.1.	Purpose	1
1.2.	Proposed Scheme	1
<b>2.</b>	<b>SCOPE AND LIMITATIONS</b>	<b>1</b>
2.1.	Scope	1
2.2.	Summary of regulatory requirements	1
2.3.	Basis of assessment	2
2.4.	Special value	3
2.5.	Reliance on information	3
2.6.	Limitations	3
2.7.	Assumptions	4
<b>3.</b>	<b>PROFILE OF REDFLEX</b>	<b>4</b>
3.1.	Overview	4
3.2.	Group structure	4
3.3.	Directors and management	5
3.4.	Historical Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
3.5.	Historical Consolidated Statement of Financial Position	7
3.6.	Capital structure	8
<b>4.</b>	<b>PROFILE OF VERRA MOBILITY</b>	<b>9</b>
4.1.	Overview	9
4.2.	Historical Consolidated Statement of Profit or Loss and Other Comprehensive Income	9
4.3.	Historical Consolidated Statement of Financial Position	10
<b>5.</b>	<b>FAIRNESS ASSESSMENT AND VALUATION METHODOLOGY</b>	<b>10</b>
5.1.	Fairness assessment overview	10
5.2.	Valuation methods	10
5.3.	Selected valuation methods for Redflex	11
5.4.	Other valuation considerations	11
<b>6.</b>	<b>VALUATION OF REDFLEX USING THE QMP METHODOLOGY</b>	<b>13</b>
6.1.	Trading history	13
6.2.	Redflex VWAP	13
6.3.	FMV of a Redflex share under the QMP method	14
<b>7.</b>	<b>VALUATION OF REDFLEX USING THE COE METHODOLOGY</b>	<b>14</b>
7.1.	FMV of a Redflex Share under the COE method	14
7.2.	Conclusion as to the FMV of Redflex as per COE methodology	18
<b>8.</b>	<b>CONCLUSION AS TO THE FMV OF REDFLEX PRIOR TO THE PROPOSED SCHEME</b>	<b>19</b>
<b>9.</b>	<b>FAIRNESS ASSESSMENT</b>	<b>19</b>
<b>10.</b>	<b>REASONABLENESS ASSESSMENT</b>	<b>20</b>
<b>11.</b>	<b>OVERALL OPINION</b>	<b>21</b>
<b>12.</b>	<b>QUALIFICATIONS, DECLARATIONS AND CONSENTS</b>	<b>21</b>
12.1.	Qualifications	21
12.2.	Independence	22
12.3.	Disclaimer	22
	<b>APPENDIX 1: GLOSSARY</b>	<b>23</b>
	<b>APPENDIX 2: SOURCES OF INFORMATION</b>	<b>24</b>
	<b>APPENDIX 3: VALUATION METHODS - BUSINESSES AND ASSETS</b>	<b>25</b>
	<b>APPENDIX 4: TYPES OF VALUATION ENGAGEMENTS UNDER APES 225</b>	<b>27</b>
	<b>APPENDIX 5: COMPARABLE COMPANY DESCRIPTIONS</b>	<b>28</b>

## 1. PURPOSE AND BACKGROUND

### 1.1. Purpose

BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170) (**BDOCF**, **we**, **us** or **our**) have been engaged by the Directors (**Directors**) of Redflex Holdings Limited (**Redflex** or the **Company**) to prepare this independent expert report (**Report** or **IER**), setting out our opinion as to whether the proposed acquisition of Redflex shares by Verra Mobility Corporation (**Verra Mobility**) via Scheme of Arrangement (**Proposed Scheme**), is fair and reasonable and therefore in the best interests of the shareholders of Redflex (**Shareholders**), in the absence of a superior proposal.

This IER is to accompany the Scheme Booklet to be provided to Redflex Shareholders. It has been prepared to assist and enable Shareholders to assess the merits of the Proposed Scheme and to decide whether or not to approve the Proposed Scheme.

A summary of the Proposed Scheme is set out below.

### 1.2. Proposed Scheme

On 22 January 2021, Redflex entered into a scheme implementation agreement with Verra Mobility.

Under the Proposed Scheme, Verra Mobility, through its 100% subsidiary VM Consolidated Inc., will acquire 100% of the outstanding share capital of Redflex by way of a court-approved scheme of arrangement in an all-cash offer. If the Proposed Scheme is approved, the Shareholders will receive cash consideration of \$0.92 for each Redflex share held (**Scheme Consideration**).

Full details of the Proposed Scheme are set out in the scheme booklet that has been prepared for the Shareholders by the Directors (**Scheme Booklet**).

## 2. SCOPE AND LIMITATIONS

### 2.1. Scope

The scope of the procedures we undertook in forming our opinion on whether the Proposed Scheme is fair and reasonable and in the bests interest of Redflex Shareholders has been limited to those procedures we believe are required in order to form our opinion. Our procedures did not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards.

Our assessment involved determining the fair market value (**FMV**) of various securities, assets and liabilities. For the purposes of our opinion, the term FMV is defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser and a knowledgeable, willing, but not anxious vendor, acting at arm's length.

### 2.2. Summary of regulatory requirements

The Directors have engaged us to prepare an IER in relation to the Proposed Scheme to satisfy the requirements of:

- ▶ Section 411 of the Act.
- ▶ RG 60 'Schemes of Arrangement'.

The regulatory requirements relevant to this IER are summarised below.

#### 2.2.1. Section 411 of the Act and RG 60

The Proposed Scheme is to be implemented pursuant to section 411 of the Corporations Act and RG 60. Part 3 of Schedule 8 to the Act prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to section 411 of the Act.

In terms of the provisions of RG 60.74 as well as paragraph 8303 of Schedule 8 of the Act, the Scheme Booklet is to be accompanied by an independent expert report in a situation where any party to the Scheme of Arrangement has a prescribed shareholding in the company, or where there are common directors in the entities involved in the scheme of arrangement.

Verra Mobility does not hold any shares in Redflex and there are no common directors, hence an independent expert's report is not specifically required in relation to the Proposed Scheme. However, the Directors of Redflex have requested that BDOCF prepare this Report as if it were an independent expert's report pursuant to section 411 of the Act, and to provide an opinion as to whether the Directors are justified in recommending the Proposed Scheme in the absence of a superior proposal.

Accordingly, the Directors have requested that BDOCF prepare this IER to accompany the Scheme Booklet required to be provided to the Redflex Shareholders to enable them to assess the Proposed Scheme and to decide whether to approve the Proposed Scheme.

### 2.3. Basis of assessment

In determining whether the Proposed Scheme is fair and reasonable to the Shareholders, we have had regard to:

- ▶ RG 111 'Content of expert reports'
- ▶ RG 112 'Independence of experts'

RG 111 establishes two distinct criteria for an expert analysing a control transaction. The tests are:

- ▶ Is the offer 'fair'?
- ▶ Is it 'reasonable'?

RG 111 indicates that an independent expert would be able to conclude that the scheme of arrangement was in the best interests of the shareholders if they consider a proposal is "fair and reasonable". Further, RG 111 states that even if a proposal was "not fair but reasonable", the expert may conclude that the scheme of arrangement is in the best interests of shareholders should there be sufficient reasons for shareholders to vote in favour of the scheme of arrangement in the absence of a higher offer.

The terms fair and reasonable are regarded as separate elements and are not regarded as a compound phrase.

#### 2.3.1. Fairness

RG 111.11 indicates that an offer is 'fair' if the value of the Scheme Consideration is equal to or greater than the value of the securities the subject of the offer.

The value of the securities the subject of the offer is determined assuming:

- ▶ A knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.
- ▶ 100% ownership of the target company, irrespective of the percentage holding of the bidder or its associates in the target company.

The Proposed Scheme will be fair if the Scheme Consideration, being cash of \$0.92 per Redflex share, is equal to or greater than the FMV of the securities that are the subject of the Proposed Scheme, being one Redflex share prior to the Proposed Scheme on a control basis.

#### 2.3.2. Reasonableness

In accordance with paragraph 12 of RG 111, an offer is 'reasonable' if it is 'fair'. An offer could be considered 'reasonable' if there are valid reasons to approve it (in the absence of any higher bid before the close of the offer), notwithstanding that it may not be regarded as 'fair'.

RG 111.13 sets out some of the factors that an expert might consider in assessing the reasonableness of an offer, including:

- ▶ the bidder's pre-existing voting power in securities in the target;
- ▶ other significant security holding blocks in the target;
- ▶ the liquidity of the market in the target's securities;
- ▶ taxation losses, cash flow or other benefits through achieving 100% ownership of the target;
- ▶ any special value of the target to the bidder, such as particular technology, the potential to write off outstanding loans from the target, etc.;
- ▶ the likely market price if the offer is unsuccessful; and
- ▶ the value to an alternative bidder and likelihood of an alternative offer being made.

#### 2.3.3. General requirements in relation to the IER

In preparing the IER, ASIC requires the independent expert, when deciding on the form of analysis for a report, to bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the Proposed Scheme. In preparing the IER we considered the necessary legal requirements and guidance of the Act, ASIC regulatory guides and commercial practice.

The IER also includes the following information and disclosures:

- ▶ particulars of any relationship, pecuniary or otherwise, whether existing presently or at any time within the last two years, between BDO Group Holdings Limited or BDOCF and any of the parties to the Proposed Scheme;

- ▶ the nature of any fee or pecuniary interest or benefit, whether direct or indirect, that we have received or will or may receive for or in connection with the preparation of the IER;
- ▶ we have been appointed as independent expert for the purposes of providing an IER for the Scheme Booklet;
- ▶ that we have relied on information provided by the Directors and Management of Redflex and that we have not carried out any form of audit or independent verification of the information provided; and
- ▶ that we have received representations from the Directors and Management of Redflex in relation to the completeness and accuracy of the information provided to us for the purpose of our IER.

#### **2.4. Special value**

We have not considered special value in forming our opinion. Special value is the amount that a potential acquirer may be prepared to pay for a business in excess of the FMV. This premium represents the value to the particular potential acquirer of potential economies of scale, reduction in competition, other synergies and cost savings arising from the acquisition under consideration not available to likely purchasers generally. Special value is not normally considered in the assessment of FMV as it relates to the individual circumstances of special purchasers.

#### **2.5. Reliance on information**

This IER is based upon financial and other information provided by the Directors, Management and other representatives of Redflex. We have considered and relied upon this information. Unless there are indications to the contrary, we have assumed that the information provided was reliable, complete and not misleading, and material facts were not withheld. The information provided was evaluated through analysis, inquiry and review for the purpose of forming an opinion as to whether the Proposed Scheme is fair and reasonable and in the best interest of Redflex Shareholders in the absence of a superior proposal.

We do not warrant that our inquiries have identified or verified all of the matters which an audit, extensive examination or “due diligence” investigation might disclose. In any event, an opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion rather than an audit or detailed investigation.

It is understood that the accounting information provided to us was prepared in accordance with generally accepted accounting principles.

Where we relied on the views and judgement of Management the information was evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of direct external verification or validation.

Under the terms of our engagement, Redflex has agreed to indemnify BDO Group Holdings Limited, BDOCF, and their partners, directors, employees, officers and agents (as applicable) against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

#### **2.6. Limitations**

We acknowledge that this IER may be lodged by the Directors with regulatory and statutory bodies and will be included with the Scheme Booklet to be sent to the Shareholders. The Directors acknowledge that our IER has been prepared solely for the purposes noted in the Scheme Booklet and accordingly we disclaim any responsibility from reliance on the IER in regard to its use for any other purpose. Except in accordance with the stated purposes, no extract, quote or copy of the IER, in whole or in part, should be reproduced without our prior written consent, as to the form and context in which it may appear.

It was not our role to undertake, and we have not undertaken any commercial, technical, financial, legal, taxation or other due diligence, or other similar investigative activities in respect of Redflex. We understand that the Directors have been advised by legal, accounting, tax and other appropriate advisors in relation to such matters as necessary. We provide no warranty or guarantee as to the existence, extent, adequacy, effectiveness and/or completeness of any due diligence or other similar investigative activities by the Directors or their advisors.

We note that the IER does not deal with the individual investment circumstances of Shareholders and no opinion has been provided in relation to same. Some individual Shareholders may place a different emphasis on various aspects of the Proposed Scheme from that adopted in our IER. Accordingly, individuals may reach different conclusions on whether or not the Proposed Scheme is fair and reasonable. An individual Shareholder’s decision in relation to the Proposed Scheme may be influenced by their particular circumstances and, therefore, Shareholders are advised to seek their own independent advice.

Apart from the IER, we are not responsible for the contents of the Scheme Booklet or any other document. We have provided consent for inclusion of the IER in the Scheme Booklet. Our consent and the Scheme Booklet acknowledge that we have not been involved with the issue of the Scheme Booklet and that we accept no responsibility for the Scheme Booklet apart from the IER.



## 2.7. Assumptions

In forming our opinion, we have made certain assumptions and outline these in our IER including:

- ▶ assumptions outlined in the valuation sections;
- ▶ that matters such as title to all relevant assets, compliance with laws and regulations and contracts in place are in good standing, and will remain so, and that there are no material legal proceedings, other than as publicly disclosed;
- ▶ information sent out in relation to the Proposed Scheme to Shareholders or any regulatory or statutory body is complete, accurate and fairly presented in all material respects;
- ▶ publicly available information relied on by us is accurate, complete and not misleading;
- ▶ if the Proposed Scheme is implemented, that it will be implemented in accordance with the stated terms;
- ▶ the legal mechanisms to implement the Proposed Scheme are correct and effective; and
- ▶ there are no undue changes to the terms and conditions of the Proposed Scheme or material issues unknown to us.

## 3. PROFILE OF REDFLEX

### 3.1. Overview

Redflex, together with its subsidiaries, develops and implements intelligent traffic management solutions in Australia, New Zealand, Asia, the United States, Canada, the United Kingdom, Ireland and the Middle East. Redflex was founded in 1995 and listed on the ASX in January 1997 with the ticker ASX:RDF.

Redflex develops, manufactures and operates a wide range of platform-based solutions all utilising advanced sensor and image capture technologies enabling active management of state and local motorways. The Company's solutions include:

- ▶ Alcyon, a cloud-based case management and photo enforcement processing solution
- ▶ Alcyon Express, a system monitoring, data matching, and alerting solution
- ▶ Radarcam, a speed detection and enforcement device
- ▶ Halo, an enforcement solution that delivers a diverse range of Intelligent Traffic Systems applications
- ▶ Halo Distributed, a vehicle detection point to point system for accurate automatic number plate recognition applications, traffic monitoring, and enforcement
- ▶ Deployable 250, a solution that utilises dual radar technology to capture incident and enforcement rates
- ▶ Edge, a video analytics program for enforcement across a wide array of environments and offence types
- ▶ Red X, a lane management solution which alerts drivers to speed changes and lane closures.

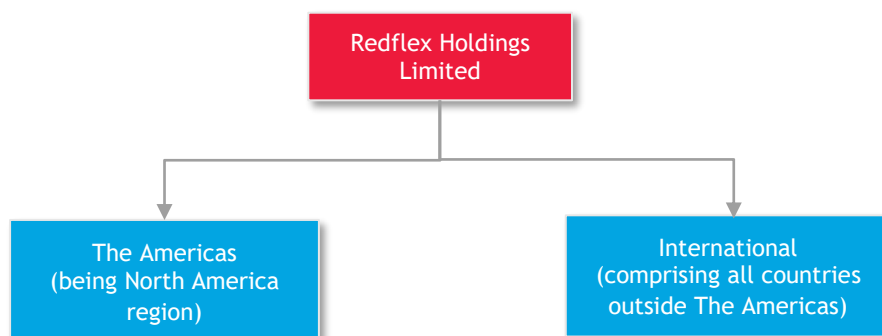
Redflex runs its own systems engineering operations, system integration technologies and innovation centre for research and development. With a continuous program of product development, Redflex has been helping to improve roadway safety, alleviate congestion and reduce the harmful impacts of vehicle emissions.

### 3.2. Group structure

Redflex's operations are divided in two operating segments, the North America region (**the Americas**) and all the other business outside of the Americas (**International**).

The two segments operate as separate strategic business units which are organised and managed according to the respective nature of the contracts, products and services provided.

**Figure 2: Redflex operating segments**



The Americas segment is predominantly a Build Own Operate and Maintain (**BOOM**) business providing fully outsourced traffic enforcement programs. It provides turnkey solutions which includes installation, maintenance and verification/processing of traffic violations.

The Americas segment primarily earns a fee for the provision of photo enforcement services to customers. The fee may be fixed in nature based on the number of systems installed, or may be variable in nature based on the volume of violations issued and paid.

The International segment involves the sale and maintenance of traffic enforcement products. The duration of maintenance contracts ranges between three to five years. Unlike the Americas segment, other than in the Northern Territory in Australia, the International business does not involve verification, processing or regulatory approval of the traffic infringements.

The International segment primarily earns:

- upfront fees on sale of products;
- recurring fees on maintenance contracts; and
- recurring fees on a NSW speed camera contract.

In addition, Redflex, through a subsidiary, owns 16% interest in Road Safety Operations Holdings Unlimited Company (trading as "GoSafe") (**Road Safety**) which operates roadside safety cameras in Ireland.

### 3.3. Directors and management

The current board of directors and senior management of Redflex are:

**Table 3: Directors and key management personnel**

Director/manager name	Capacity
Mark Talbot	Managing Director and Chief Executive Officer
Adam Grey	Non-executive Chairman
Robert DeVincenzi	Non-executive Director
Terence Winters	Non-executive Director
John Worthington	Non-executive Director
Clark Davey	Non-executive Director
David McIntyre	Non-executive Director
Neville Joyce	Group Chief Financial Officer
Craig Durham	Group General Counsel and Company Secretary

Source: Annual report FY20

### 3.4. Historical Consolidated Statement of Profit or Loss and Other Comprehensive Income

The audited income statement for the financial years ended 30 June 2019 (FY19), 30 June 2020 (FY20) and management forecasts for the year ended 30 June 2021 (FY21F) are set out below.

**Table 4: Historical Statement of Profit or Loss**

\$'000	Notes	FY19	FY20	FY21F
Revenue	1	117,011	100,733	121,062
<b>Total revenue</b>		<b>117,011</b>	<b>100,733</b>	<b>121,062</b>
Cost of goods sold		(64,870)	(54,677)	(68,948)
<b>Gross Profit</b>		<b>52,141</b>	<b>46,056</b>	<b>52,114</b>
Payroll related operating expenses	2	(16,806)	(14,522)	(15,461)
Sales and marketing related expenses		(1,391)	(850)	(1,724)
Administrative expenses	2	(17,777)	(12,371)	(4,653)
Other expenses		(515)	-	(7,942)
<b>EBITDA</b>		<b>15,652</b>	<b>18,313</b>	<b>22,334</b>
Depreciation	3	(12,503)	(9,845)	(14,927)
Amortisation	4	(6,549)	(11,359)	(3,499)
Impairment of assets	5	(4,261)	(1,498)	-
<b>EBIT</b>		<b>(7,661)</b>	<b>(4,389)</b>	<b>3,908</b>
Less finance costs		(943)	(1,853)	
<b>Profit before tax</b>		<b>(8,604)</b>	<b>(6,242)</b>	
Income tax (expense)/benefit		3,000	(4,168)	
<b>Profit/(loss) after tax</b>		<b>(5,604)</b>	<b>(10,410)</b>	

Source: Annual report FY20, management information and management forecasts.

Notes to the above statement of profit and loss are detailed below:

1. Consolidated revenue of \$c.100.7m during FY20 was c.\$16.3m lower than the prior year. The reduction was primarily attributable to the termination of Texas based contracts during May 2019 which represented

approximately 13% of prior year revenue. Revenue in FY20 was also negatively impacted by the disruption to a number of programs due to the COVID-19 pandemic. Significant contracts in Canada, Pennsylvania and the Los Angeles metro area have been won during FY20, however were delayed due to the pandemic. Uplift in revenue and profitability from these contracts will be reflected in FY21F, however revenue amounting to approximately \$7m-\$10m will be one off in nature and will not form part of recurring income.

2. Payroll and administration costs declined during FY20 due to structural changes following the loss of Texas based contracts in May 2019. Working hours were reduced across the group for a 10 week period during the COVID-19 pandemic, and administration costs were offset by government programs used to support staff retention during the pandemic.
3. Depreciation during FY20 reduced primarily due to termination of Texas based contracts and thus reduction in the asset retirement obligations. The Americas segment is based on individual contracts with municipalities for Redflex to install and operate red light and/or speed enforcement equipment, generally for 5 years. These contracts require that, upon termination, Redflex remove the equipment and restore the municipality's site to its original condition.
4. Increased amortisation expenses reflects the adoption of AASB 16 - Leases which has resulted in leasing costs being capitalised and amortised as right-of-use assets. Additionally, the Company accelerated the amortisation of development costs on the Halo and Alcyon platforms.
5. Under impairment of assets, the Company factored in the termination of Texas based contracts (May 2019) and the COVID-19 pandemic on forecast traffic volumes and the timing of new contract commencements. This resulted in an accelerated impairment of intangibles by c.\$4.3m during FY19 and c.\$1.5m during FY20.

### 3.4.1. Summary Profit and Loss Statement - The Americas

A summary of the income statement for the Americas segment for FY19, FY20 and forecast management accounts for the year ended 30 June 2021 (FY21F) and 30 June 2022 (FY22F) are set out below:

**Table 5: Summary of results - The Americas**

\$'000	FY19	FY20	FY21F	FY22F
<b>Total segment revenue</b>	<b>61,797</b>	<b>44,805</b>	<b>62,330</b>	<b>69,688</b>
COGS	(28,699)	(20,455)	(32,798)	(36,887)
<b>Gross Profits</b>	<b>33,098</b>	<b>24,350</b>	<b>29,532</b>	<b>32,782</b>
Operating expenses	(23,477)	(15,248)	(15,823)	(17,428)
<b>Segment EBITDA before holding costs</b>	<b>9,621</b>	<b>9,102</b>	<b>13,709</b>	<b>15,354</b>

Source: Annual report FY20 and management forecasts

Note: Segment EBITDA for FY20 and onwards does not include lease expenses due to adoption of AASB 16 Leases

- ▶ The Americas segment is predominantly a BOOM business providing fully outsourced traffic enforcement programs. It provides turnkey solutions which includes installation, maintenance and verification/processing of traffic violations.
- ▶ In May 2019, Texas based contracts were terminated by the local regulatory bodies which led to a drop in revenue of approximately \$16.3m during FY20. Despite the reduction in revenue, segment EBITDA did not drop significantly primarily due to the adoption of AASB 16, which lead lease expenses to be capitalised rather than expensed during FY20.
- ▶ Management has advised that significant contracts in Canada, Pennsylvania and the Los Angeles metro area have been won during FY20, however they have been delayed due to the pandemic. Uplift in revenue and profitability from these contracts will be reflected in FY21F. Further, we note that out of the total increase in revenue during FY21 (c.\$18m), approximately \$7m-\$10m will be one off in nature and will not form part of recurring income.

### 3.4.2. Summary Profit and Loss Statement - International

A summary of the income statement for the International segment for the financial years ended FY19 and FY20 and forecast management accounts for FY21 and FY22 is set out below:

**Table 6: Summary of results - International**

\$'000	FY19	FY20	FY21F	FY22F
<b>Total segment revenue</b>	<b>55,215</b>	<b>55,929</b>	<b>58,732</b>	<b>64,860</b>
COGS	(36,171)	(34,221)	(36,150)	(39,571)
<b>Gross Profits</b>	<b>19,043</b>	<b>21,707</b>	<b>22,582</b>	<b>25,289</b>
Operating expenses	(12,881)	(13,281)	(14,632)	(16,062)
<b>Segment EBITDA before holding costs</b>	<b>6,163</b>	<b>8,427</b>	<b>7,950</b>	<b>9,227</b>

Source: Annual report FY20 and management forecasts

Note: Segment EBITDA for FY20 and onwards does not include lease expenses due to the adoption of AASB 16 Leases

- ▶ The International segment involves the sale and maintenance of traffic enforcement products. The duration of maintenance contracts ranges between three to five years. Unlike the Americas, there is no involvement in the verification, processing and regulatory approvals of the traffic infringements.

- Uplift in the segment EBITDA during FY20 was primarily due to implementation of AASB 16 with lease expenses capitalised as right of use asset.

### 3.5. Historical Consolidated Statement of Financial Position

The Historical Statement of Financial Position for Redflex as at FY19 and FY20 as per the audited financial accounts and YTD21 as per unaudited management accounts to December 2020 are set out below.

**Table 7: Redflex's Historical Statement of Financial Position**

\$'000	Notes	FY19	FY20	YTD21
Cash and cash equivalents	1	21,204	22,328	15,268
Trade and other receivables	2	25,587	26,584	19,797
Inventories		6,405	5,630	7,326
Other current assets		1,952	2,394	2,944
<b>Total current assets</b>		<b>55,148</b>	<b>56,936</b>	<b>45,335</b>
Plant and equipment	3	32,013	39,780	34,737
Right of use asset		-	8,245	6,454
Deferred tax assets		18,096	14,907	14,896
Intangible assets	4	14,159	8,092	10,515
Other financial assets		441	441	441
Other non-current assets		130	648	612
<b>Total non-current assets</b>		<b>64,839</b>	<b>72,113</b>	<b>67,655</b>
<b>Total assets</b>		<b>119,987</b>	<b>129,049</b>	<b>112,990</b>
Trade and other payables		16,620	16,817	16,317
Lease liabilities		-	3,087	1,958
Interest bearing liabilities		853	3,171	6,180
Deferred revenue		1,174	1,589	917
Income tax payable		371	283	78
Provisions		8,673	6,859	6,783
<b>Total current liabilities</b>		<b>27,691</b>	<b>31,806</b>	<b>32,233</b>
Payable to City of Chicago	5	10,020	8,480	7,063
Lease liabilities		-	6,019	5,222
Interest bearing liabilities	6	5,029	16,063	9,376
Provisions		3,650	3,708	3,446
<b>Total non-current liabilities</b>		<b>18,699</b>	<b>34,270</b>	<b>25,107</b>
<b>Total liabilities</b>		<b>46,390</b>	<b>66,076</b>	<b>57,340</b>
<b>Net assets</b>		<b>73,597</b>	<b>62,973</b>	<b>55,650</b>
Equity		117,387	117,387	117,387
Reserves		9,216	9,732	5,511
Accumulated losses		(53,006)	(64,146)	(67,248)
<b>Total equity</b>		<b>73,597</b>	<b>62,973</b>	<b>55,650</b>

Source: Annual report FY20 and half yearly results for YTD21

Notes to the above statement of financial position are detailed below:

1. The reduction in cash balance from \$22.3m as at 30 June 2020 to \$15.3m as at 31 December 2020 was primarily driven by increased capital expenditure in the Americas segment of \$7.7m, the repayment of \$1.5m of a term loan and repayment of \$1.3m on the Chicago settlement (discussed in further detail at note 5 below).
2. Trade receivables are normally on 30 day terms, with the exception of Saudi Arabia, which generally has 90 day payment terms. Approximately 70% of the trade receivables pertains to the Americas segment.
3. Plant and equipment mainly consists of red light and speed camera detection equipment in the Americas segment. Significant capital expenditure was invested in the Americas segment during FY20 to support new growth after the loss of business in Texas due to regulatory changes.  
  
These assets have been installed in various cities throughout the North America region. The contract periods for these assets vary significantly, however most contract periods are at least five years and have extension options of either one year or two years.
4. The intangible assets relates to capitalised research and development expenditure. These are mainly attributed to capitalised labour associated with the development of new technology. The Company amortises these assets over a maximum of five years on a straight line basis regardless of the length of individual contracts for which the technology is used. Management assesses development costs at each reporting date and if the technology is no longer in use it is considered impaired.

5. In March 2017, Redflex pleaded guilty for bribery and related offenses in relation to the City contracts. The City of Chicago Court directed the Company to pay US\$20m as compensatory damages to the City. US\$7m (including current and non-current portion) is still outstanding as at 31 December 2020.
6. Borrowings are comprised of a US\$15m credit facility with the Western Alliance Bank. The facility was used to fund capital expenditure and the payment of Chicago settlement instalments.

### 3.6. Capital structure

The share structure of Redflex as at 1 March 2021 is outlined below.

**Table 8: Redflex securities**

Particulars	Total securities
Fully Paid Ordinary Shares	151,990,560
Options	3,004,369
Performance rights	3,809,846

Source: Redflex shareholders as at 1 March 2021 and Management information

#### 3.6.1. Ownership

As at 1 March 2021, Redflex had c.152m fully paid ordinary shares on issue. The top 20 shareholders collectively own c.85% of the shares in Redflex.

The top 20 Redflex Shareholders as at 1 March 2021 are shown below.

**Table 9: Redflex's top 20 shareholders**

Rank	Shareholder	Current shares	% of total shares
1	HSBC Custody Nominees (Australia) Limited-Gsco Eca	44,702,428	29.4%
2	Blue Jade Pty Ltd	11,067,528	7.3%
3	HSBC Custody Nominees (Australia) Limited	10,212,029	6.7%
4	Mrs Elizabeth Geraldine Cooper	9,920,041	6.5%
5	Ms Cheng Man Oy	9,604,803	6.3%
6	Investaco Pty Ltd	8,029,540	5.3%
7	Sandhurst Trustees Ltd	4,390,083	2.9%
8	J P Morgan Nominees Australia Pty Limited	4,179,495	2.7%
9	Citicorp Nominees Pty Limited	4,162,882	2.7%
10	Investaco Pty Ltd	4,050,622	2.7%
11	Mr Christopher Austin Cooper	3,686,735	2.4%
12	Edinwood Pty Ltd	3,330,000	2.2%
13	Vertex Bianca Nominees Pty Ltd	2,149,944	1.4%
14	Mr Graham Davie	1,858,994	1.2%
15	Mr Mark J Talbot	1,597,523	1.1%
16	O'Connor Holdings Pty Ltd	1,571,215	1.0%
17	Character Home Sales Pty Ltd	1,326,139	0.9%
18	Vertex Bianca Nominees Pty Ltd	1,307,943	0.9%
19	Mrs Elizabeth Geraldine Cooper	986,040	0.6%
20	Debuscey Pty Ltd	784,179	0.5%
<b>Top 20 shareholders</b>		<b>128,918,163</b>	<b>84.8%</b>
Other shareholders		23,072,397	15.2%
<b>Total shares</b>		<b>151,990,560</b>	<b>100.0%</b>

Source: Redflex share registry records as at 1 March 2021

#### 3.6.2. Other securities

As at 1 March 2021, Redflex had 3,004,369 options outstanding. All the options were issued to Mr Mark Talbot, the Group CEO and Managing Director and have a conversion ratio of 1:1 per ordinary share of Redflex.

The terms of the options are summarised below.

**Table 10: Redflex's options**

Particulars	Exercise price	Total options	Options vested 21-Feb-21	Exercise amount payable(\$)
Mark Talbot - 2017 options	\$ 0.48	2,218,195	1,709,844	823,119
Mark Talbot - 2019 options	\$ 0.44	786,174	465,872	204,984
<b>Total options</b>		<b>3,004,369</b>	<b>2,175,716</b>	<b>1,028,103</b>

Source: Management information

Up until 21 February 2021, 1,709,844 (Mark Talbot - 2017 options) and 465,872 (Mark Talbot - 2019 options) options have already been vested.

In addition, 3,809,846 performance rights have been issued for NIL consideration as part of the remuneration entitlement for executives.

**Table 11: Redflex's performance rights**

Particulars	Exercise price	No. of rights
Performance rights	NIL	3,809,846

Source: Management information

Vesting of performance rights is subject to the satisfaction of certain financial milestones or otherwise in accordance with the LTI Performance Rights Plan Rules published on the Redflex website.

## 4. PROFILE OF VERRA MOBILITY

### 4.1. Overview

Verra Mobility is a global operator in smart transportation, enabling smart roadways by providing integrated technology to manage tolls, violations and vehicle registrations for commercial customers which include rental car companies, fleet management companies and large fleet operators. Verra Mobility is listed on NASDAQ (NASDAQ:VRRM) and has a market capitalisation of US\$ 2.3b.

VM Consolidated, Inc. is an indirect wholly owned subsidiary of Verra Mobility and provides integrated technology to manage tolls, violations and vehicle registrations for commercial customers which include rental car companies, fleet management companies and large fleet operators, and engages with government customers, installing photo enforcement technology including red light, speed, school bus stop arm, and bus lane cameras.

### 4.2. Historical Consolidated Statement of Profit or Loss and Other Comprehensive Income

A summary of the income statement of Verra Mobility for the year ended 31 December 2018 and 31 December 2019 is set out below:

**Table 12: Historical Statement of Profit or Loss**

US\$'000	12 months 31-Dec-18	12 months 31-Dec-19	12 months 31-Dec-20
Service revenue	365,076	416,723	336,274
Product sales	5,070	32,014	57,319
<b>Total revenue</b>	<b>370,146</b>	<b>448,737</b>	<b>393,593</b>
Cost of service revenue	(5,788)	(5,561)	(3,967)
Cost of product sales	(3,447)	(13,919)	(29,573)
Operating expenses	(108,883)	(125,640)	(115,729)
Selling, general and administration expenses	(136,069)	(85,493)	(89,664)
<b>EBITDA</b>	<b>115,959</b>	<b>218,124</b>	<b>154,660</b>
Depreciation and amortisation	(103,353)	(115,771)	(116,844)
Impairment of assets	-	(5,898)	-
<b>EBIT</b>	<b>12,606</b>	<b>96,455</b>	<b>37,816</b>
Interest expense, net	(69,550)	(60,729)	(40,865)
Tax receivable agreement liability adjustment	-	106	(6,850)
Loss on extinguishment of debt	(26,486)	-	-
Other net income (expenses)	8,795	11,092	11,885
<b>Profit before tax</b>	<b>(74,635)</b>	<b>46,924</b>	<b>1,986</b>
Income tax (expense)/benefit	16,241	(13,581)	(5,431)
<b>Profit/(loss) after tax</b>	<b>(58,394)</b>	<b>33,343</b>	<b>(3,445)</b>

Source: Verra Mobility 10-K for the year ended 31 December 2019 and 31 December 2020

### 4.3. Historical Consolidated Statement of Financial Position

A summary of the balance sheet of Verra Mobility as at 31 December 2018 and 31 December 2019 is set out below:

**Table 13: Historical Statement of Financial Position**

US\$'000	31-Dec-18	31-Dec-19	31-Dec-20
Cash and cash equivalents (incl. restricted cash)	67,081	132,430	120,892
Accounts receivable	87,511	93,514	168,783
Unbilled receivables	12,956	20,003	14,045
Prepaid expenses and other current assets	17,600	26,491	24,317
<b>Total current assets</b>	<b>185,148</b>	<b>272,438</b>	<b>328,037</b>
Installation and services parts, net	9,282	8,841	7,944
Property and equipment, net	69,243	72,266	70,284
Operating lease assets	-	32,177	29,787
Intangible assets, net	514,542	434,443	342,139
Goodwill	564,723	584,150	586,435
Other non-current assets	1,845	3,111	2,699
<b>Total non-current assets</b>	<b>1,159,635</b>	<b>1,134,988</b>	<b>1,039,288</b>
<b>Total assets</b>	<b>1,344,783</b>	<b>1,407,426</b>	<b>1,367,325</b>
Accounts payable	45,188	50,825	34,509
Accrued liabilities	14,444	25,277	20,427
Current portion of long term debt	9,104	28,779	9,104
<b>Total current liabilities</b>	<b>68,736</b>	<b>104,881</b>	<b>64,040</b>
long term debt, net of current portion and deferred financing costs	860,249	837,686	832,941
Operating lease liabilities, net of current portion	-	30,130	27,986
Other long-term liabilities	3,369	2,183	494
Payable to related party pursuant to tax receivable agreement	69,996	61,174	67,869
Asset retirement obligation	6,750	6,309	6,409
Deferred tax liabilities	33,627	25,716	21,148
<b>Total non-current liabilities</b>	<b>973,991</b>	<b>963,198</b>	<b>956,847</b>
<b>Total liabilities</b>	<b>1,042,727</b>	<b>1,068,079</b>	<b>1,020,887</b>
<b>Net assets</b>	<b>302,056</b>	<b>339,347</b>	<b>346,438</b>
Equity (including contingent consideration)	421,183	422,144	430,586
Accumulated deficit	(113,306)	(80,220)	(84,359)
Accumulated other comprehensive loss	(5,821)	(2,577)	211
<b>Total Equity</b>	<b>302,056</b>	<b>339,347</b>	<b>346,438</b>

Source: Verra Mobility 10-K for the year ended 31 December 2019 and 31 December 2020

## 5. FAIRNESS ASSESSMENT AND VALUATION METHODOLOGY

### 5.1. Fairness assessment overview

RG 111.11 indicates that an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer.

Based on our interpretation of RG111.11, the Proposed Scheme is fair if the Scheme Consideration, being cash of \$0.92 per Redflex share, is equal to or greater than the FMV of a Redflex share pre-transaction on a control basis.

Accordingly, we have undertaken an assessment of the value of a Redflex share prior to the Proposed Scheme on a control basis. We have utilised a valuation date of 21 January 2021 for the purposes of our valuation.

The valuation methods commonly used for the above analyses are considered below.

### 5.2. Valuation methods

Details of common methodologies for valuing businesses and assets are included at Appendix 3. The principal methodologies which can be used are as follows:

- ▶ Discounted cash flow (DCF)
- ▶ Capitalisation of earnings (COE)
- ▶ Net asset value (NAV)
- ▶ Quoted market price basis (QMP), and



► Recent capital transactions.

Set out below is a discussion around the valuation methods we consider appropriate for the purposes of undertaking our fairness assessment.

### 5.3. Selected valuation methods for Redflex

In accordance with RG 111.15, we have considered the fair market value of Redflex on the basis of “a knowledgeable and willing but not anxious seller that is able to consider alternative options to the bid”. This approach does not take into account the particular circumstances of any specific transaction, and therefore we have not considered whether there is any premium in value attached to the strategic benefits or gains from synergies that may be inherent in an acquisition by a specific party, e.g. an industry competitor or supplier.

As summarised below, we consider the QMP and COE approaches to be the most appropriate valuation methods for Redflex.

**Table 14: Selection of valuation methodology**

Methodology	Appropriate for Redflex	Explanation
QMP	✓	The QMP method represents the value that a Redflex Shareholder can receive for a share if sold on the ASX.
		The QMP basis is a relevant methodology to consider because Redflex shares are listed on the ASX and this reflects the value that a Shareholder will receive when selling to a willing but not anxious buyer. This price means that there is a regulated and observable market where Redflex shares can be traded. However, in order for the QMP to be considered appropriate, the Company’s shares should be sufficiently liquid and the market should be fully informed of the Company’s activities.
COE	✓	COE method is most commonly applicable to profitable businesses with steady growth history and forecasts.
		We note that Redflex has two segments; the Americas and International, both of which have profitable history at EBITDA level with stable growth in the forecasts. We note that Redflex has generated negative EBIT in FY19 and FY20. We have assessed EBIT and EBITDA in our valuation, on a normalised basis.  The normalised historical financial performance and forecasts enable us to adopt the COE methodology.
DCF	×	Management has provided forecasts for the business on a consolidated basis to FY25. However, considering the steady profitability at EBITDA level in the business both historically and forecast, and the shares being listed in the ASX, we have adopted the COE and QMP methodologies as preferred methodologies over the DCF for our analysis.
NAV	×	The NAV approach considers the valuation of the net assets and is usually appropriate where the majority of assets consist of cash or passive investments, or where the business is under performing. Further, this method does not take into account any potential growth in the Redflex business, which the QMP and COE valuation may reflect.  Therefore, we have not applied the NAV approach.

### 5.4. Other valuation considerations

#### 5.4.1. Future events

The business of Redflex that we have considered is that which existed as at the date of this IER. Growth potential, which may result from new activities, business initiatives, acquisitions and the like (which are not capable of estimation), is not within the scope of our assessment.

#### 5.4.2. Synergies

The level of synergies that can be derived from a takeover or merger is dependent on the nature of the respective businesses and their geographical and operational overlap.

We have not considered special value in forming our opinion. Accordingly, we have not attributed any value to the potential synergies listed above in our valuation approach beyond those generally observed in the market. These synergies have been reflected in the value of Redflex prior to the Proposed Scheme via the inclusion of a premium for control.

#### 5.4.3. Control premium

Investment fundamentals dictate that the value of 100% of an entity is normally greater than the sum of values attributable to the individual shares of that company based on transactions in minority share holdings.



The difference between the value of 100% of a company and the total value of minority share holdings is referred to as a “premium for control” taking into account control and synergistic benefits for the acquirer.

Control of a company by a shareholder gives that shareholder rights to which minority shareholders are not entitled, including control of the company’s policies and strategies, and use of cash flows of the company.

A premium for control is applicable when an acquisition would give rise to benefits such as:

- ▶ the ability to realise synergistic benefits;
- ▶ access to cash flows;
- ▶ access to tax benefits; and
- ▶ control of the board of directors of the company.

Therefore, a transaction premium would typically include a premium for control as well as potential buyer specific synergies.

The level of premium for control paid in a takeover bid will vary across industries and is dependent upon the specifics of the company being acquired. In arriving at an appropriate premium for control to apply, we note that buyers would generally assess the following considerations:

- ▶ level of liquidity in the trade of the target’s securities;
- ▶ synergistic value;
- ▶ nature and magnitude of non-operating assets;
- ▶ nature and magnitude of discretionary expenses;
- ▶ perceived quality of existing management;
- ▶ nature and magnitude of business opportunities not currently being exploited; and
- ▶ ability to integrate the target into the acquirer’s business.

An acquirer of the Company could potentially reduce corporate overheads and realise synergies through the integration into their business while, at the same time, incurring one-off integration expenses.

We have analysed control premiums paid in the traffic management industry over the past 5 years as set out in the table below.

**Table 15: Control premiums**

Transaction ID	Transaction Closed date	Target	Country	1D share premium	1W share premium	1M share premium
IQTR686238199	28/01/2021	Microwave Vision S.A.	France	4%	4%	9%
IQTR694606077	23/10/2020	Blow & Drive Interlock Corporation	United States	NA	NA	NA
IQTR654214036	24/06/2020	Isra Vision AG	Germany	43%	47%	28%
IQTR618290221	12/03/2020	First Sensor AG	Germany	15%	22%	23%
IQTR641674904	29/02/2020	United Engineers Limited	Singapore	2%	6%	6%
IQTR428009056	31/05/2017	ATS Consolidated, Inc. (nka:Verra Mobility Corporation)	United States	NA	NA	NA
IQTR406243123	14/10/2016	Sirrus Corp.	United States	NA	NA	NA
IQTR380780709	14/09/2016	VIA optronics AG	Germany	NA	NA	NA
IQTR323361486	2/09/2016	Tyco International plc	Ireland	11%	12%	6%
IQTR314564562	15/08/2016	Wincor Nixdorf Aktiengesellschaft (nka:Diebold Nixdorf AG)	Germany	28%	30%	34%
IQTR329371510	10/05/2016	Mobotix AG	Germany	58%	52%	55%
<b>Mean</b>				<b>23%</b>	<b>25%</b>	<b>23%</b>
<b>Median</b>				<b>15%</b>	<b>22%</b>	<b>23%</b>

Source: CapitalIQ

Note: NA represents transaction data that was not available or not disclosed in CapitalIQ

Our results indicate that there is a significant spread in relation to discounts and premiums paid. The average 1-day, 1-week, and 1-month premia range from 23% to 25% whereas the median indications range from 15% to 23%. We note the above transactions include premia paid for acquisition specific synergies therefore, we have adjusted our applied premium to account only for control.

Based on the above, we consider a control premium of 20% to be appropriate for Redflex.

#### 5.4.4. Valuation in accordance with APES 225

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services, as issued by the Australian Professional and Ethical Standards Board.

## 6. VALUATION OF REDFLEX USING THE QMP METHODOLOGY

In our analysis, we typically exclude all trading after the announcement of the Proposed Scheme to remove any impact the Proposed Scheme may have on the share price.

The Proposed Scheme was announced on 22 January 2021. Therefore 21 January 2021 is the last trading day before the announcement.

As such, we have analysed the trading history of Redflex for the 12 months up to 21 January 2021. Redflex's share price movements for the 12 months to 21 January 2021 are shown below.

### 6.1. Trading history

Set out below is the trading history of Redflex over the twelve months to 21 January 2021.

**Figure 3: Monthly closing share price and trading volume (from 22 January 2020 to 21 January 2021)**



Source: CapitalIQ

We note the following key movements from the chart above:

1. Redflex's share price reached a 52 week high close price of \$0.69 on 24 February 2020
2. Redflex's share price reached a 52 week low close price of \$0.32 on 26 March 2020
3. The largest daily trading volume was 385k shares with the total value of \$144k on 22 October 2020.

Set out below is a summary of the Company's price-sensitive announcements in the twelve months prior to 21 January 2021.

**Table 16: Summary of price-sensitive announcements for the 12 months ending 21 January 2021**

Date	Announcement	Share price 1 day before (\$)	Share price 1 day after (\$)	Change (\$)	Change (%)
27-Aug-20	FY2020 Preliminary Final Report and FY2020 Annual Report	0.40	0.36	(0.04)	(10.00%)
30-Mar-20	COVID-19 Pandemic Update	0.34	0.37	0.04	10.45%
02-Mar-20	Amendment to Western Alliance Bank Credit Facility	0.55	0.58	0.03	5.45%
24-Feb-20	H1 FY20 Performance Summary	0.68	0.61	(0.08)	(11.0%)
20-Jan-20	Q2 FY20 Sales Activity Update	0.48	0.53	0.05	10.40%

Source: ASX website, Capital IQ and BDO analysis

### 6.2. Redflex VWAP

The table below summarises the trade results for the 12 month period to 21 January 2021.

Over the three months ended 21 January 2021, the total trading volume relative to shares on issue was low. The total value traded was only \$200k over the 3 months ended 21 January 2021.

**Table 17: VWAP for the 12 months ending 21 January 2021**

Period	Price (Low) \$	Price (High) \$	Price VWAP \$	Cumulative Value \$m	Cumulative Volume m
1 day	0.39	0.40	0.39	0.02	0.04
1 week	0.39	0.40	0.39	0.02	0.05
1 month	0.39	0.41	0.40	0.10	0.25
3 months	0.39	0.42	0.40	0.20	0.51
6 months	0.37	0.44	0.39	0.51	1.29
12 months	0.35	0.44	0.39	0.93	2.41

Source: Capital IQ, BDO analysis

### 6.3. FMV of a Redflex share under the QMP method

We estimate the FMV of a Redflex share per the QMP method to range from \$0.39 to \$0.40 on a minority basis. As discussed in Section 5.4.3, we have applied a 20% control premium to conclude on the fair value of a Redflex share on a controlling basis.

**Table 18: QMP conclusion**

Particulars	Ref	Low	High
Quoted market price of Redflex - on minority basis (\$)	6.3	0.39	0.40
Control premium	5.4.3	20%	20%
<b>Quoted market price of Redflex- on control basis (\$)</b>		<b>0.47</b>	<b>0.48</b>

Source: Capital IQ, BDO analysis

Based on above, the quoted market price of Redflex on a control basis ranges between \$0.47 and \$0.48.

We note that Redflex shares are thinly traded therefore we consider the QMP methodology to be a less reliable measure of value.

## 7. VALUATION OF REDFLEX USING THE COE METHODOLOGY

We have assessed the FMV of Redflex on a control basis prior to the Proposed Scheme using the COE method.

We assessed historical and forecast earnings for the Americas and International segments to estimate a consolidated level of future maintainable earnings (FME) for Redflex.

The selected FME has then been capitalised using a market based multiple to conclude on an enterprise value range. To arrive at a per share value, the enterprise value has been adjusted for cash, debt and debt-like items and the total equity value is divided by the total shares on issue.

Set out in the following sections is the valuation assessment of Redflex based upon the COE method.

### 7.1. FMV of a Redflex Share under the COE method

A summary of our valuation as per the COE methodology is set out below.

**Table 19: Redflex COE valuation**

\$'000	Ref	EBIT			EBITDA		
		Low	Mid	High	Low	Mid	High
Future maintainable earnings	7.1.1	6,500	6,500	6,500	12,500	12,500	12,500
Selected multiples	7.1.2	14.0x	14.5x	15.0x	9.0x	9.5x	10.0x
<b>Enterprise value of Redflex</b>		<b>91,000</b>	<b>94,250</b>	<b>97,500</b>	<b>112,500</b>	<b>118,750</b>	<b>125,000</b>
<b>Net debt:</b>							
Cash and cash equivalents	7.1.3	15,268	15,268	15,268	15,268	15,268	15,268
Cash received from exercise of options	7.1.4	1,028	1,028	1,028	1,028	1,028	1,028
Borrowings - Term loan	7.1.5	(15,556)	(15,556)	(15,556)	(15,556)	(15,556)	(15,556)
Liability for Chicago settlement	7.1.6	(9,100)	(9,100)	(9,100)	(9,100)	(9,100)	(9,100)
<b>Equity value of Redflex (Pre-transaction)</b>		<b>82,640</b>	<b>85,890</b>	<b>89,140</b>	<b>104,140</b>	<b>110,390</b>	<b>116,640</b>
Shares outstanding prior to the Proposed Scheme	7.1.7	154,166	154,166	154,166	154,166	154,166	154,166
<b>Equity value per share of Redflex (Pre-transaction)</b>		<b>0.54</b>	<b>0.56</b>	<b>0.58</b>	<b>0.68</b>	<b>0.72</b>	<b>0.76</b>

Source: BDOCF analysis

#### 7.1.1. Future maintainable earnings

Our selected FME is based on both EBITDA and EBIT.

We have adopted underlying EBITDA as it allows comparison of companies with different gearing levels and amortisation/depreciation policies.

We note that our EBITDA is calculated after deducting any amortisation associated with AASB 16.

Further, as the Redflex operations require significant maintenance capital expenditure (capex) and development costs for Intellectual property each year, we have also considered normalised EBIT after considering Redflex's recurring capex requirements.

The table below details our assessment of Redflex's FME using the FY19, FY20 and FY21F income statements.

**Table 20: Redflex FME - EBITDA and EBIT**

\$'000	Notes	Total
EBITDA from continuing operations (before Head office overheads)	1	14,000
Less: Head office overheads	2	(1,500)
<b>Consolidated EBITDA from continuing operations</b>		<b>12,500</b>
Less: Recurring cost of development	3	(3,000)
Less: Maintenance capex	4	(3,000)
<b>Consolidated EBIT from continuing operations</b>		<b>6,500</b>

Source: Annual report FY19, FY20, management information and BDOCF analysis

**Notes:**

**EBITDA from continuing operations:**

We have analysed the operating performance of the Americas and International segments in section 3.4.1 and 3.4.2 respectively.

**Table 21: Summary of results the Americas and International**

\$'000	Ref	FY19	FY20	FY21F	Adopted
Reported EBITDA - The Americas	3.4.1	9,621	9,102	13,709	9,500
Reported EBITDA - International	3.4.2	6,163	8,427	7,950	8,000
<b>Total</b>		<b>15,784</b>	<b>17,529</b>	<b>21,659</b>	<b>17,500</b>
Less: Amortisation charge - AASB 16 adjustment		-	(3,804)	(3,499)	(3,500)
<b>Consolidated EBITDA from continuing operations</b>		<b>15,784</b>	<b>13,725</b>	<b>18,160</b>	<b>14,000</b>

Source: Annual report FY20, management forecasts, and BDOCF analysis

- 1 

Under the Americas segment, significant contracts in Canada, Pennsylvania and Los Angeles metro area have been won during FY20, however there have been delays in execution due to the COVID-19 pandemic. Uplift in revenue and profitability from these contracts will be reflected during FY21F. However, earnings in FY21F will also include income from one time contracts (approximately \$4.0m). Based on our analysis and discussion with Management, the EBITDA for FY19, FY20 and FY21F (after excluding one off income) reflect the normalised earnings of the Americas segment from continuing operations. Thus, we have considered \$9,500k as the normalised maintainable EBITDA from continuing operations for the Americas segment.
- 2 

The International segment experienced an uplift in the EBITDA during FY20 primarily due to adoption of AASB 16, which led to lease expenses being capitalised as right of use assets. This was also supplemented by structural changes in the labour cost during the COVID-19 pandemic. Historically the operating revenue and profitability of the International segment has remained stable and is expected to continue on this basis. Thus, we have considered normalised earnings of \$8,000k as EBITDA from continuing operations for the International segment.

EBITDA for FY20 and FY21F do not include lease expenses due to adoption of AASB 16. We have applied a notional amortisation charge of \$3,500k from FY21F onwards for our analysis. Management have advised that lease charges from FY21F will be reduced as a result of relocation of the Americas office premises.

**Head office overheads:**

We have applied the overheads that are incurred at the holding entity level. These costs are not allocated to the two operating segments.

Based on the historical trend and management's estimates, the annual normalised level of head office costs/overheads are expected to be \$1,500k.

### Recurring cost of development:

As discussed in section 3.5, the development costs are mainly attributed to capitalised labour associated with the development of new technology for traffic enforcement. The Company amortises these assets over a maximum of five years on a straight line basis regardless of the length of individual contracts for which the technology is used.

The table below exhibits the development cost capitalised during FY19, FY20 and management estimation for FY21F and FY22F.

3 **Table 22: Cost of development capitalised**

\$'000	FY19	FY20	FY21F	FY22F
Capitalised development cost	3,451	2,957	2,799	2,689

Source: Annual report FY20, management forecasts and BDOCF analysis

Based on the capitalised cost of development during FY19, FY20 and the management forecasts, it has been observed that normal annual development costs range between \$2,500k and \$3,500k to maintain the current levels of revenue and profitability. We have applied the mid-point of \$3,000k as a normalised level of development cost to arrive at EBIT in our analysis.

### Maintenance capex:

As discussed in section 3.5, Redflex incurs significant capex primarily on red light and speed camera detection equipment each year. These assets are depreciated over the life of the contracts ranging between 5-7 years.

The table below separates the historical and forecast capex into growth and maintenance components.

**Table 23: Redflex's historical and forecast capital expenditure**

\$'000	FY18	FY19	FY20	FY21F
Growth capex during the year	4,811	1,479	13,380	5,806
Maintenance capex during the year	4,013	2,503	3,930	2,294
<b>Total capex during the year</b>	<b>8,824</b>	<b>3,982</b>	<b>17,310</b>	<b>8,100</b>

Source: Annual report FY20 and management forecasts

We consider the inclusion of only the maintenance capex to be appropriate to reflect the normalised recurring earnings of Redflex.

Considering the continued investment in capex historically and the management forecasts for FY21, it is estimated that recurring maintenance capex ranges between \$2,000k and \$4,000k. We have applied the mid-point of \$3,000k as a normalised level of maintenance capex to arrive at EBIT in our analysis.

Based on the above observations, we have adopted the normalised consolidated EBITDA of \$12.5m and EBIT of \$6.5m as the best estimate of Redflex's FME.

### 7.1.2. Selected multiple

The appropriate multiple is usually assessed by collecting market evidence with respect to the earnings multiples of companies with operations that are broadly comparable to those of the entity being valued. Such multiples are derived from:

- ▶ Trading and operational performance of comparable listed companies; and
- ▶ Prices achieved in mergers and acquisitions of comparable companies (usually reflecting a controlling interest status).

For the trading comparable company multiples, we have researched a range of broadly comparable companies that provide similar services and insights as Redflex. We have analysed EBITDA and EBIT multiples based on the share pricing of ASX listed companies operating in the security control, surveillance and detection equipments industry, as well as transaction multiples sourced from target mergers & acquisitions in the same industry. Set out in Appendix 5 are descriptions of the operations of the identified companies.

The results of our analyses are set out in the tables below.

**Table 24: Public company trading multiples**

Company	Ticker	Country	Year end	Market Cap (\$'m)	EV/ EBITDA	EV/ EBITDA	EV/ LTM EBITDA	EV/ NTM EBITDA	EV/ EBIT	EV/ EBIT	EV/ LTM EBIT
					FY -1	FY	31-Dec-20	31-Dec-20	FY-1	FY	31-Dec-20
Track Group, Inc.	OTCPK:TRCK	USA	30/09/2020	9	5.7	4.5	4.5	N/A	N/A	9.8	9.8
Coda Octopus Group, Inc.	NasdaqCM:CODA	USA	31/10/2020	83	7.7	14.1	14.1	7.0	8.6	17.4	17.4
Spectra Systems Corporation	AIM:SPSC	USA	31/12/2019	144	16.4	15.2	15.2	13.6	20.5	18.6	18.9
Napco Security Technologies, Inc.	NasdaqGS:NSSC	USA	30/06/2020	679	39.4	40.2	43.7	29.2	43.5	44.7	49.5
Conduent Incorporated	NasdaqGS:CNDT	USA	31/12/2019	1,380	3.6	4.7	4.9	5.2	11.7	47.1	80.1
OSI Systems, Inc.	NasdaqGS:OSIS	USA	30/06/2020	2,136	12.1	11.8	11.7	11.4	15.8	16.1	16.1
Jenoptik AG	XTRA:JEN	Germany	31/12/2019	2,279	13.4	13.8	15.8	N/A	17.6	18.7	22.8
Verra Mobility Corporation	NasdaqCM:VRRM	USA	31/12/2019	2,718	17.0	13.9	17.5	N/A	37.0	27.6	47.1
FLIR Systems, Inc.	NasdaqGS:FLIR	USA	31/12/2019	9,152	19.4	18.9	18.2	18.7	22.9	24.4	23.0
Trimble Inc.	NasdaqGS:TRMB	USA	3/01/2020	22,654	31.8	29.5	28.8	28.6	46.2	41.0	39.0
Mean				4,123.5	16.7x	16.6x	17.4x	16.3x	24.9x	26.5x	32.4x
Median				1,758.2	14.9x	14.0x	15.5x	13.6x	20.5x	21.6x	22.9x
Mean (selected entities)				78.8	9.9x	11.2x	11.2x	10.3x	14.5x	15.3x	15.3x
Median (selected entities)				82.7	7.7x	14.1x	14.1x	10.3x	14.5x	17.4x	17.4x

Source: CapitalIQ and BDO analysis

The comparable company median EBITDA multiples range from 13.6x to 15.5x and the median EBIT multiple ranges between 20.5x to 22.9x. The comparable company market capitalisations have been adjusted to include a 20.0% control premium.

Considering the size, reasonable stability in the earnings (historical and forecast) and diversification of the operations of broadly comparable companies listed above, Track Group Inc., Code Octopus Group Inc. and Spectra Systems Corporation appear to be the closest comparable entities.

For these selected three entities, the median EBITDA multiples range from 7.7x to 14.1x and the median EBIT multiple ranges between 14.5x to 17.4x.

We have also observed the implied EBITDA multiples of mergers and acquisitions in Redflex's industry. Set out below are transaction multiples for companies in the last 5 years.

**Table 25: Comparable transaction multiples**

Transaction Closed date	Target	Country	Implied Enterprise Value (\$m)	Implied Enterprise Value / EBITDA	Implied Enterprise Value / EBIT
28/01/2021	Microwave Vision S.A.	France	236.1	10.2	13.7
23/10/2020	Blow & Drive Interlock Corporation	United States	4.2	NA	NA
24/06/2020	Isra Vision AG	Germany	1,809.1	NA	NA
12/03/2020	First Sensor AG	Germany	551.5	21.0	71.7
29/02/2020	United Engineers Limited	Singapore	2,987.1	NA	NA
31/05/2017	ATS Consolidated, Inc. (nka:Verra Mobility Corporation)	United States	720.9	NA	NA
14/10/2016	Sirrus Corp.	United States	0.1	NA	NM
14/09/2016	VIA optronics AG	Germany	92.1	27.4	NA
2/09/2016	Tyco International plc	Ireland	23,682.9	10.5	13.4
15/08/2016	Wincor Nixdorf Aktiengesellschaft (nka:Diebold Nixdorf AG)	Germany	2,544.9	6.8	8.6
10/05/2016	Mobotix AG	Germany	381.4	NA	NA
Mean			3,000.9	15.2	26.8
Median			551.5	10.5	13.5

Source: CapitalIQ and BDOCF analysis

The comparable transaction EBITDA multiples range from 6.8x to 27.4x with a median of 10.5x and EBIT multiples range from 8.6x to 71.7x with a median of 13.5x, on a controlling basis.

Based on the public company trading multiples and comparable transaction multiples, and in particular:

- ▶ Median EBITDA trading multiples of the three most comparable companies between 7.7x and 14.1x;
- ▶ Median EBIT trading multiples of the three most comparable companies between 14.5x and 17.4x; and
- ▶ Redflex's smaller size and business risk associated compared to the public comparable companies;

we consider a range of 9.0x to 10.0x for EBITDA multiple and 14.0x to 15.0x for EBIT multiple range to be appropriate for Redflex.

**Table 26: Selected FME multiples**

	Low	Mid	High
EV/EBITDA multiple	9.0x	9.5x	10.0x
EV/EBIT multiple	14.0x	14.5x	15.0x

Source: CapitalIQ and BDOCF analysis

### 7.1.3. Cash and cash equivalents:

As at 31 December 2020, Redflex held cash and cash equivalents amounting to \$15.3m.

### 7.1.4. Cash on exercise of options:

As set out at section 3.6.2, Redflex has 3,004,369 options outstanding as at 1 March 2021. All the options were issued to Mr Mark Talbot, Group CEO and Managing Director. Up until 21 February 2021, 1,709,844 (Mark Talbot - 2017 options) and 465,872 (Mark Talbot - 2019 options) options have already been vested.

The options have a conversion ratio of 1:1 per ordinary share of Redflex.

The terms of the options are summarised below.

**Table 27: Redflex's options**

Particulars	Exercise price	Total options	Options vested 21-Feb-21	Exercise amount payable(\$)
Mark Talbot - 2017 options	\$ 0.48	2,218,195	1,709,844	823,119
Mark Talbot - 2019 options	\$ 0.44	786,174	465,872	204,984
<b>Total options</b>		<b>3,004,369</b>	<b>2,175,716</b>	<b>1,028,103</b>

Source: Redflex shareholders as at 1 March 2021 and Management information

As the exercise price of the options is less than the FMV of a Redflex share, we assume that the options that have already vested would be exercised by Mr. Talbot. Redflex will receive cash amounting to c.\$1,028k on exercise of these options.

### 7.1.5. Borrowings - Term loan:

Borrowings are comprised of a US\$15m credit facility with the Western Alliance Bank. The facility was used to fund capital expenditure and the payment of Chicago settlement instalments. As at 31 December 2020, the total outstanding term loan balance was \$15.6m.

### 7.1.6. Liability for the Chicago settlement:

In March 2017, Redflex pleaded guilty for bribery and related offenses in relation to the City contracts. The City of Chicago Court directed the Company to pay US\$20m as compensatory damages to the City. US\$7m is still outstanding as at 31 December 2020. We have applied a \$/US\$ exchange rate of 1.3.

### 7.1.7. Shares outstanding prior to the Proposed Scheme:

As set out at section 3.6, the total number of shares outstanding of Redflex (including vested options to be exercised) prior to the implementation of the Proposed Scheme is 154,166,276.

**Table 28: Redflex's shares prior to the Proposed Scheme**

Particulars	Total
Existing ordinary shares	151,990,560
Shares issued on exercise of options	2,175,716
<b>Total shares outstanding prior to the Proposed Scheme</b>	<b>154,166,276</b>

Source: Redflex shareholders as at 1 March 2021

We note that unvested options and performance rights outstanding as set out in section 3.6 will immediately become vested on a change of control. However, as our assessment of fairness considers a valuation of Redflex prior to the Proposed Scheme, we have considered the likelihood of the options and performance rights vesting prior to any acceleration associated with the Scheme.

As the exercise price is less than the FMV of a Redflex share, we assume Mr Talbot will prefer to exercise his vested options.

There is uncertainty as to whether the milestones associated with the performance rights will be met (unless assessed at the time of change of control). Therefore we have assumed that no additional shares will be issued in relation to the performance rights, prior to the Proposed Scheme.

## 7.2. Conclusion as to the FMV of Redflex as per COE methodology

Based on the COE methodology in section 7.1 above, we estimate the FMV of Redflex's equity as following:

- ▶ EBIT multiple - \$0.54 to \$0.58 per share, with a mid-point of \$0.56 per share.



- ▶ EBITDA multiple - \$0.68 to \$0.76 per share, with a mid-point of \$0.72 per share.

**Table 29: Summary of FMV based on COE methodology**

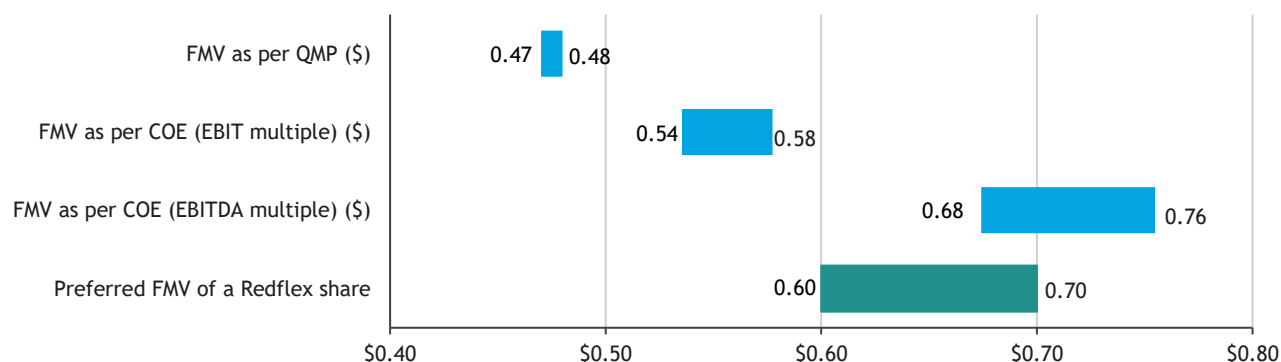
	Low	Mid	High
FMV as per EBIT multiple (\$)	\$ 0.54	\$ 0.56	\$ 0.58
FMV as per EBITDA multiple (\$)	\$ 0.68	\$ 0.72	\$ 0.76

Source: BDOCF analysis

## 8. CONCLUSION AS TO THE FMV OF REDFLEX PRIOR TO THE PROPOSED SCHEME

A summary of our valuations is set out below.

**Figure 4: Summary of the FMV of a Redflex share as per the QMP and COE methodologies**



Source: BDOCF analysis

**Table 30: Redflex FMV Summary**

Methodology	Ref	Low	High
FMV of Redflex share using QMP method (on control basis)	6.3	\$ 0.47	\$ 0.48
FMV of Redflex share using COE method - EBIT multiple (on control basis)	7.2	\$ 0.54	\$ 0.58
FMV of Redflex share using COE method - EBITDA multiple (on control basis)	7.2	\$ 0.68	\$ 0.76
<b>Preferred value of Redflex share - prior to the Proposed Scheme</b>		<b>\$ 0.60</b>	<b>\$ 0.70</b>

Source: BDOCF analysis

We have adopted the COE method (on control basis) over the QMP method, as our preferred value for a Redflex share. The QMP approach is limited by the lower trade volumes observed in the Redflex trading history. Over the three months ended 21 January 2021, the total value of trades was only \$200k (500k shares traded). The COE method reflects the highest assessed value of a Redflex share.

We consider a preferred FMV range of \$0.60 to \$0.70 to be appropriate for a Redflex share, on a control basis, prior to the implementation of the Proposed Scheme. This range considers the top end of the EBIT COE approach and the midpoint of the EBITDA COE approach.

## 9. FAIRNESS ASSESSMENT

Our analysis has been performed by comparing the value of:

- ▶ The FMV of a Redflex share pre-transaction on a control basis (being the value of the securities that are the subject of the offer, per RG111.11); and
- ▶ The value of the Scheme Consideration.

The Proposed Scheme will be fair if the Scheme Consideration is equal to or greater than the FMV of a Redflex share prior to the announcement of the Proposed Scheme, on a controlling interest basis.

The result of our fairness analysis is summarised below.

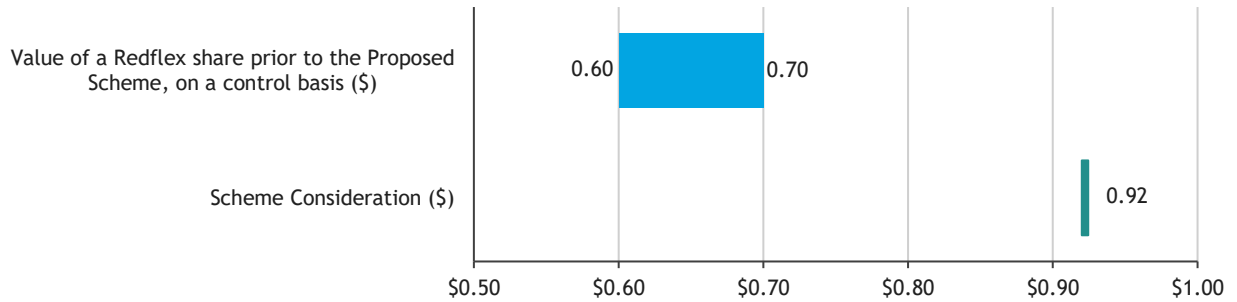
**Table 31: Fairness summary**

Fairness assessment	Ref	Low	High
Value of a Redflex share prior to the Proposed Scheme, on a control basis (\$)	8	0.60	0.70
Scheme Consideration (\$)		0.92	0.92

Source: BDOCF analysis



**Figure 5: Fairness summary**



Source: BDOCF analysis

As set out above, the Scheme Consideration of \$0.92 per share is above the assessed FMV range of a Redflex share prior to the Proposed Scheme (on a control basis).

Therefore, we have concluded that the Proposed Scheme is fair to Shareholders.

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time. Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to us.

## 10. REASONABLENESS ASSESSMENT

In accordance with RG 111 an offer is reasonable if it is fair. On this basis, the Proposed Scheme is reasonable to Redflex Shareholders.

Nevertheless, we have set out below a summary of other factors we consider relevant in assisting Redflex Shareholders in deciding whether or not to vote in favour of the Proposed Scheme.

**Table 32: Summary of factors considered in the reasonableness assessment**

Advantages	
The Scheme Consideration represents a premium to Redflex's volume weighted average price (VWAP)	The Scheme Consideration of \$0.92 per share represents a 130% premium to the 1 month and 3 months VWAP of \$0.40 and a 136% premium to the 6 months VWAP of \$0.39 (the VWAP is calculated up to 21 January 2021 being the last trading date prior to the announcement of the Proposed Scheme).
Certainty of the cash consideration	<p>The Proposed Scheme involves the acquisition of all the outstanding shares in Redflex for a cash price of \$0.92 per share. Cash consideration offers certainty of return, and provides Shareholders with an opportunity to utilise the cash for other purposes such as alternative investments.</p> <p>Given the low level of liquidity in the trading of Redflex shares (refer section 6.1 and 6.2), the certainty of the cash may benefit Shareholders if they are not able to sell their shares at a higher price. In particular, those who hold large parcels of shares may have difficulty selling their shares on market, or in the event that they are able to sell, they may cause the quoted market price to fall.</p>
No longer exposed to any risks associated with being a Redflex Shareholder	<p>A cash offer represents a lower risk alternative to holding shares in Redflex which provides exposure to general market volatility as well as risks specific to Redflex.</p> <p>If the Proposed Scheme is approved, Shareholders will no longer be exposed to any risks associated with holding shares in Redflex.</p>
Possible decline in Redflex trading price if the Proposed Scheme is rejected	If the scheme is rejected, there may be a decline in Redflex's share price. Prior to the Proposed Scheme, Redflex's 1 month VWAP was \$0.40 per share.
Disadvantages	
Inability to participate in the potential upside of Redflex's operations	If the Proposed Scheme is approved, the Shareholders will no longer have any equity interest in Redflex and will be unable to participate in the potential upside from Redflex's trading operations going forward.
Other considerations	
Tax implications	If the Proposed Scheme is approved, Shareholders will dispose of their shares for \$0.92 each. This may crystalize a taxable gain or loss for Shareholders.

Source: BDOCF analysis

## 11. OVERALL OPINION

We have considered the terms of the Proposed Scheme, as outlined in this Report, and have concluded that the Proposed Scheme is fair and reasonable to the Shareholders.

## 12. QUALIFICATIONS, DECLARATIONS AND CONSENTS

### 12.1. Qualifications

BDOCF is the licensed corporate finance arm of BDO Group Holdings Limited, Chartered Accountants and Business Advisers. BDOCF provides advice in relation to all aspects of valuations and has extensive experience in the valuation of corporate entities and provision of expert's reports.

Mr David McCourt, B.Bus, CA, is a director of BDOCF. Mr McCourt is also a partner of BDO Group Holdings Limited. Mr McCourt has been responsible for the preparation of this IER.

Mr McCourt has over 20 years of experience in a number of specialist corporate advisory activities including company valuations, financial modelling, preparation and review of business feasibility studies, accounting, advising on mergers and acquisitions and advising on independent expert reports. Accordingly, Mr McCourt is considered to have the appropriate experience and professional qualifications to provide the advice offered.

Mr Sebastian Stevens, B.Bus, CPA is a Director of BDOCF. Mr Stevens is also a partner of BDO Group Holdings Limited.

Mr Stevens is the Director responsible for the review of this IER. Mr Stevens has over 25 years of experience in a number of specialist corporate advisory activities including company valuations advising on independent expert reports, due diligence investigations, preparation and review of business feasibility studies, public company floats, accounting, advising on mergers and acquisitions, preparation of information memoranda and other corporate investigations. Accordingly, Mr Stevens is considered to have the appropriate experience and professional qualifications to provide the advice offered.

### 12.2. Independence

BDOCF is not aware of any matter or circumstance that would preclude it from preparing this IER on the grounds of independence either under regulatory or professional requirements. In particular, we have had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and ASIC.

BDOCF considers itself to be independent in terms of RG 112 independence of experts.

BDOCF was not involved in advising on, negotiating, setting, or otherwise acting in any capacity for Redflex in relation to the Proposed Scheme. Further, BDOCF has not held and, at the date of this IER, does not hold any shareholding in, or other relationship with Redflex that could be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Scheme.

BDOCF will receive a fee of up to \$65,000 plus Goods and Services Tax for the preparation of this IER. BDOCF will not receive any fee contingent upon the outcome of the Proposed Scheme, and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Proposed Scheme.

A draft of this IER was provided to the Directors and their advisors for review of factual accuracy. Certain changes were made to the IER as a result of the circulation of the draft IER. However, no changes were made to the methodology, conclusions, or recommendations made to the Shareholders as a result of issuing the draft IER.

### 12.3. Disclaimer

This IER has been prepared at the request of the Directors and was not prepared for any purpose other than that stated in this IER. This IER has been prepared for the sole benefit of the Directors and the Shareholders. Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Directors and the Shareholders without the written consent of BDOCF. BDOCF accepts no responsibility to any person other than the Directors and the Shareholders in relation to this IER.

The statements and opinions contained in this IER are given in good faith and are based upon BDOCF's consideration and assessment of information provided by the Directors, executives and Management of the Company.

## APPENDIX 1: GLOSSARY

Term	Definition
A\$ or AUD	Australian dollars
APES 225	Accounting Professional & Ethical Standards Board Limited issued professional standard APES 225 on valuation services
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
BDOCF, we, our or us	BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170)
Capex	Capital expenditure
COE	Capitalisation of maintainable earnings
Corporations Act or Act	Corporations Act 2001
DCF	Discounted cash flow method
Directors	Directors of Redflex Holdings Limited
EBITDA	Earnings before interest, tax, depreciation and amortisation
EV	Enterprise value
FMV	Fair market value
FOS	Financial Ombudsman Service Limited
FSG	Financial Services Guide
FY19	Financial year ended/ending 30 June 2019
FY20	Financial year ended/ending 30 June 2020
FY21F	Forecast year ending 30 June 2021
FY22F	Forecast year ending 30 June 2022
k	thousand
Licence	Australian Financial Services Licence No: 247420
m	million
Management	Management, Directors and other representatives of Redflex
NAV	Net asset value
NPAT	Net Profit after Tax
Proposed Scheme	The proposed scheme of arrangement with Verra Mobility
QMP	Quoted market price basis
Road Safety	Road Safety Operations Holdings, Ireland
RBA	Reserve Bank of Australia
Redflex or the Company	Redflex Holdings Limited
Report or IER	Independent Expert's Report
RG 60	ASIC Regulatory Guide 60: Schemes of arrangement
RG 111	ASIC Regulatory Guide 111 Content of expert reports
RG 112	ASIC Regulatory Guide 112 Independence of experts
Scheme Booklet	Redflex's scheme booklet in relation to the Proposed Scheme, on or about the date of this Report
Scheme Consideration	The cash consideration of A\$0.92 per share of Redflex outstanding
Shareholders	Shareholders of Redflex
US\$ or USD	US dollar
USA	United States of America
Verra Mobility	Verra Mobility Corporation
VWAP	Volume Weighted Average Price

Source: BDOCF

## APPENDIX 2: SOURCES OF INFORMATION

In preparing this IER, we had access to and relied upon the following principal sources of information:

- ▶ Scheme Implementation Agreement dated 22 January 2021
- ▶ Redflex Annual Report FY19 and FY20
- ▶ Redflex Half yearly results for 31 December 2020
- ▶ Management forecasts for Redflex
- ▶ Redflex Share Register as at 1 March 2021
- ▶ Verra Mobility Form 10-K for the year ended 31 December 2019 and 31 December 2020
- ▶ Public announcements
- ▶ Discussions with the Directors and Management of Redflex
- ▶ Information sourced from CapitalIQ, [www.xe.com.au](http://www.xe.com.au) and ASX
- ▶ ASIC guidance notes and regulatory guides as applicable
- ▶ Other generally available public information

## APPENDIX 3: VALUATION METHODS - BUSINESSES AND ASSETS

In conducting our assessment of the fair market value of Redflex, the following commonly used business valuation methods have been considered:

### Discounted Cash Flow Method

The discounted cash flow (DCF) method is based on the premise that the value of a business or any asset is represented by the present value of its future cash flows. It requires two essential elements:

- ▶ the forecast of future cash flows of the business asset for a number of years (usually five to 10 years); and
- ▶ the discount rate that reflects the riskiness of those cash flows used to discount the forecast cash flows back to net present value (NPV).

DCF is appropriate where:

- ▶ the businesses' earnings are capable of being forecast for a reasonable period (preferably 5 to 10 years) with reasonable accuracy;
- ▶ earnings or cash flows are expected to fluctuate significantly from year to year;
- ▶ the business or asset has a finite life;
- ▶ the business is in a 'start up' or in early stages of development;
- ▶ the business has irregular capital expenditure requirements;
- ▶ the business involves infrastructure projects with major capital expenditure requirements; or
- ▶ the business is currently making losses but is expected to recover.

### Capitalisation of Earnings Method

This method involves the capitalisation of normalised earnings by an appropriate multiple. Normalised earnings are the assessed sustainable profits that can be derived by the target's business and exclude any one off profits or losses. An appropriate earnings multiple is assessed by reference to market evidence as to the earnings multiples of comparable companies.

This method is suitable for the valuation of businesses with indefinite trading lives and where earnings are relatively stable or a reliable trend in earnings is evident.

### Net Asset Value Methods

Asset based valuations involve the determination of the fair market value of a business based on the net realisable value of the assets used in the business.

Valuation of net realisable assets involves:

- ▶ separating the business or entity into components which can be readily sold, such as individual business securities or collection of individual items of plant and equipment and other net assets; and
- ▶ ascribing a value to each based on the net amount that could be obtained for this asset if sold.

The net realisable value of the assets can be determined on the basis of:

- ▶ orderly realisation (NRV): this method estimates fair market value by determining the net assets of the underlying business including an allowance for the reasonable costs of carrying out the sale of assets, taxation charges and the time value of money assuming the business is wound up in an orderly manner. This is not a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value;
- ▶ liquidation: this is a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value; or
- ▶ continuing operations (NAV): this is a valuation of the net assets on the basis that the operations of the business will continue. It estimates the market value of the net assets but does not take into account any realisation costs. This method is often considered appropriate for the valuation of an investment or property holding entity. Adjustments may need to be made to the book value of assets and liabilities to reflect their value based on the continuation of operations.

The net realisable value of a trading entity's assets will generally provide the lowest possible value for the business. The difference between the value of the entity's identifiable net assets (including identifiable intangibles) and the value obtained by capitalising earnings is attributable to goodwill.

The net realisable value of assets is relevant where an entity is making sustained losses or profits but at a level less than the required rate of return, where it is close to liquidation, where it is a holding entity, or where all its assets are liquid. It is also relevant to businesses which are being segmented and divested and to value assets that are surplus to the core operating business. The net realisable assets methodology is also used as a check for the value derived using other methods.

These approaches ignore the possibility that the entity's value could exceed the realisable value of its assets.

#### **Quoted Market Prices**

The price that an entity's security trades on an exchange can be an appropriate basis for valuation where:

- ▶ the security trades in an efficient market place where 'willing' buyers and sellers readily trade the entity's security; and
- ▶ the market for the entity's security is active and liquid.

#### **Recent Capital Transactions**

The price of a recent capital raise can be used as a reliable indicator of value where:

- ▶ the equity was issued at 'arm's length' meaning included a willing buyer under no compulsion to buy and a willing seller under no compulsion to sell, each having knowledge of the relevant facts
- ▶ the equity was issued to new investors
- ▶ the transaction occurred no longer than 6 to 12 months prior to the valuation date.

#### **Other Valuation Considerations**

##### **Future events**

The business of Redflex to be considered in this valuation is that which exists as at the current date.

Other growth potentials, which may result from new activities, business initiatives, acquisitions and the like (which are not capable of estimation), are not within the scope of this valuation.

## APPENDIX 4: TYPES OF VALUATION ENGAGEMENTS UNDER APES 225

- ▶ Valuation Engagement means an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time. Where a Member has entered into a Valuation Engagement but during the course of performing the Valuation Engagement the Member becomes aware of a limitation or restriction that, if it had been known at the time the Engagement or Assignment was entered into, would have made the Engagement or Assignment a Limited Scope Valuation Engagement, then the Valuation Engagement will become a Limited Scope Valuation Engagement.
- ▶ Limited Scope Valuation Engagement means an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the scope of work is limited or restricted. The scope of work is limited or restricted where the Member is not free, as the Member would be but for the limitation or restriction, to employ the Valuation Approaches, Valuation Methods and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time, and it is reasonable to expect that the effect of the limitation or restriction on the estimate of value is material. A limitation or restriction may be imposed by the Client or Employer or it may arise from other sources or circumstances. A limitation or restriction may be present and known at the outset of the Engagement or Assignment or may arise or become known during the course of a Valuation Engagement. A Limited Scope Valuation Engagement may also be referred to as a “restricted-scope valuation engagement” or an “indicative valuation engagement”.
- ▶ Calculation Engagement means an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member and the Client or Employer agree on the Valuation Approaches, Valuation Methods and Valuation Procedures the Member will employ. A Calculation Engagement generally does not include all of the Valuation Procedures required for a Valuation Engagement or a Limited Scope Valuation Engagement.



## APPENDIX 5: COMPARABLE COMPANY DESCRIPTIONS

Company Name	Business Description
Track Group, Inc.	Track Group, Inc., together with its subsidiaries, designs, manufactures, and markets location tracking devices. It also develops and sells various related software, services, accessories, networking solutions, and monitoring applications. The company offers ReliAlert XC4, a GPS monitoring device; ReliAlert XC 3, which enables agencies to track offender movements and communicate directly with offenders in real-time through on-board two/three-way voice communication technology. The company was formerly known as SecureAlert, Inc. and changed its name to Track Group, Inc. in May 2015. Track Group, Inc. was incorporated in 1995 and is headquartered in Naperville, Illinois.
Coda Octopus Group, Inc.	Coda Octopus Group, Inc., together with its subsidiaries, develops and sells underwater technologies and equipment for imaging, mapping, defense, and survey applications in the Americas, Europe, Australia, Asia, the Middle East, and Africa. The company operates through two segments, Marine Engineering Business and Marine Technology Business. It offers CodaOctopus GeoSurvey data acquisition and interpretation software; acquisition products, such as hardware and software solutions for field acquisition of sidescan sonar and sub-bottom profiler; and CodaOctopus GeoSurvey productivity suite of software that automates the tasks of analyzing, annotating, and mosaicing complex data sets. It markets its products under the CodaOctopus brand name. Coda Octopus Group, Inc. was founded in 1994 and is headquartered in Orlando, Florida.
Spectra Systems Corporation	Spectra Systems Corporation discovers, develops, and sells integrated optical systems in Rhode Island and internationally. It operates in three segments: Authentication Systems, Secure Transactions, and Banknote Cleaning. The company offers integrated solutions, including a system of taggant materials and sensor equipment to authenticate banknotes that are used by central banks, as well as G7 country for passport security; banknote cleaning solution that lifts sebum and other substances from the banknote through a dry process based on supercritical CO2 cleaning; and solutions to authenticate brand name products. The company was formerly known as Spectra Science Corporation and changed its name to Spectra Systems Corporation in June 2001. Spectra Systems Corporation was founded in 1996 and is headquartered in Providence, Rhode Island.
Napco Security Technologies, Inc.	Napco Security Technologies, Inc. develops, manufactures, and sells security products in the United States and internationally. The company offers access control systems, door-locking products, intrusion and fire alarm systems, and video surveillance systems for commercial, residential, institutional, industrial, and governmental applications. Its access control systems include various types of identification readers, control panels, PC-based computers, and electronically activated door-locking devices; and door locking devices comprise microprocessor-based electronic door locks with push button, card readers and biometric operation, door alarms, mechanical door locks, and simple dead bolt locks. Napco Security Technologies, Inc. was founded in 1969 and is headquartered in Amityville, New York.
Conduent Incorporated	Conduent Incorporated provides business process services with capabilities in transaction-intensive processing, analytics, and automation in the United States, Europe, and internationally. It operates through three segments: Commercial Industries, Government Services, and Transportation. The Commercial Industries segment offers business process services and customized solutions to clients in various industries. The Transportation segment offers systems and support comprising mission-critical mobility and payment solutions to government clients. Conduent Incorporated is headquartered in Florham Park, New Jersey.
OSI Systems, Inc.	OSI Systems, Inc. designs, manufactures, and sells electronic systems and components worldwide. It operates through three segments: Security, Healthcare, and Optoelectronics and Manufacturing. The Security segment offers baggage and parcel inspection, cargo and vehicle inspection, hold baggage and people screening, radiation detection, and explosive and narcotics trace detection systems under the Rapiscan Systems and AS&E names. It also provides site design, installation, training, and technical support services; and security screening solutions under the S2 name. The company was founded in 1987 and is headquartered in Hawthorne, California.
Jenoptik AG	Jenoptik AG engages in the photonics business in Germany and internationally. The company operates through Light & Optics, Light & Production, and Light & Safety segments. It offers automation solutions and and thermographic camera, imaging modules, polymer-based camera modules, and digital imaging platforms; and diode and solid state lasers, laser distance meters, laser machines, and objective lenses and beam expanders for laser perforation, laser cutting, and laser welding applications. The company also provides light detection and ranging sensors; optical systems; optoelectronic systems and components. Jenoptik AG was founded in 1846 and is headquartered in Jena, Germany.
Verra Mobility Corporation	Verra Mobility Corporation provides smart mobility technology solutions and services in the United States, Canada, and Europe. It operates through two segments, Government Solutions and Commercial Services. The Government Solutions segment offers automated safety solutions, including services and technologies that enable photo enforcement through road safety camera programs, which detects and process traffic violations related to red light, speed, school bus, and city bus lanes. This segment serves municipalities, counties, school districts, and law enforcement agencies. The Commercial Services segment provides automated toll and violations management, and title and registration solutions to rental car companies, fleet management companies, and other large fleet owners. The company is headquartered in Mesa, Arizona.

Company Name	Business Description
FLIR Systems, Inc.	FLIR Systems, Inc. designs, develops, markets, and distributes thermal imaging systems, visible-light imaging systems, locator systems, measurement and diagnostic systems, and threat-detection solutions worldwide. The company operates in three segments: Industrial Business Unit, Government and Defense Business Unit, and Commercial Business Unit. FLIR Systems, Inc. was founded in 1978 and is headquartered in Wilsonville, Oregon.
Trimble Inc.	Trimble Inc. provides technology solutions that enable professionals and field mobile workers to improve or transform their work processes worldwide. It operates through four segments: Buildings and Infrastructure, Geospatial, Resources and Utilities, and Transportation. The Buildings and Infrastructure segment offers field and office software for route selection and design; systems to guide and control construction equipment; systems to monitor, track, and manage assets, equipment, and workers; software to share and communicate data; 3D conceptual design and modeling software; building information modeling software; integrated site layout and measurement systems; cost estimating, scheduling, and project controls solutions; applications for sub-contractors and trades; and an integrated workplace management software. Trimble Inc. was founded in 1978 and is headquartered in Sunnyvale, California.

Source: CapitalIQ



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## **APPENDIX C: IMPLEMENTATION AGREEMENT**

Attached.

# SCHEME IMPLEMENTATION AGREEMENT

---

Redflex Holdings Limited

Verra Mobility Corporation



**KPMG Law**

KPMG  
International Towers Sydney 3  
300 Barangaroo Avenue  
Sydney NSW 2000  
ABN 78 399 289 481 | DX1056 Sydney

**Liability limited by a scheme approved under Professional Standards Legislation**

## CONTENTS

1.	DEFINITIONS AND INTERPRETATION .....	1
2.	AGREEMENT TO PROPOSE AND IMPLEMENT THE SCHEME .....	12
3.	CONDITIONS .....	13
4.	SCHEME .....	18
5.	IMPLEMENTATION .....	19
6.	CONDUCT OF BUSINESS AND ACCESS .....	26
7.	REDFLEX BOARD RECOMMENDATION AND INTENTIONS .....	30
8.	WARRANTIES .....	31
9.	RELEASES .....	33
10.	EXCLUSIVITY .....	33
11.	BREAK FEE .....	36
12.	REVERSE BREAK FEE .....	38
13.	TERMINATION .....	39
14.	PUBLIC ANNOUNCEMENTS .....	40
15.	CONFIDENTIALITY .....	41
16.	GST .....	41
17.	DUTY, COSTS AND EXPENSES .....	42
18.	NOTICES .....	42
19.	GENERAL .....	43
	SCHEDULE 1 - VERRA WARRANTIES .....	46
	SCHEDULE 2 - REDFLEX WARRANTIES .....	48
	SCHEDULE 3 - REDFLEX PRESCRIBED OCCURRENCES .....	52
	SCHEDULE 4 - TIMETABLE .....	54
	SCHEDULE 5 - REDFLEX CAPITAL STRUCTURE .....	56
	ANNEXURE A - SCHEME OF ARRANGEMENT .....	58
	ANNEXURE B - DEED POLL .....	59

DATED 22 JANUARY 2021

## PARTIES

**Redflex Holdings Limited** (ACN 069 306 216) of 31 Market Street, South Melbourne, VIC 3205, Australia (**Redflex**)

**Verra Mobility Corporation** of 1150 North Alma School Road, Mesa, Arizona 85201, United States of America (**Verra**)

## RECITALS

- A. Redflex and Verra propose to merge by way of a scheme of arrangement under Part 5.1 of the Corporations Act.
- B. At the request of Verra, Redflex intends to propose and implement the Scheme.
- C. Redflex and Verra wish to implement the Scheme on the terms and conditions of this agreement.

## OPERATIVE PROVISIONS

### 1. DEFINITIONS AND INTERPRETATION

#### 1.1. Definitions

The following definitions apply in this agreement, unless the context requires otherwise:

**Accounting Standards** means:

- (a) accounting standards as defined in the Corporations Act; and
- (b) to the extent consistent with paragraph (a), other accounting standards, principles and practices generally accepted in Australia for a business similar to that conducted by the Redflex Group, consistently applied.

**Adviser** means, in relation to a person, a financier, financial adviser, corporate adviser, legal adviser (including counsel engaged by that legal adviser), or technical or other expert adviser or consultant (including the Registry) who provides advisory services to that person in a professional capacity.

**Affiliate** means, in respect of a person (**Primary Person**), a person:

- (a) Controlled directly or indirectly by the Primary Person;
- (b) Controlling directly or indirectly the Primary Person;
- (c) who is Controlled, directly or indirectly, by a person or persons who Control the Primary Person; or
- (d) directly or indirectly under the common Control of the Primary Person and another person or persons.

**Agreed Bonus Payment** means the payment of cash incentives, bonuses or special exertion fees to existing directors or employees of the Redflex Group (as Redflex and Verra may agree) of up to US\$500,000 (in aggregate).

**Announcement Date** means the date on which this agreement is executed.

**ASIC** means the Australian Securities and Investments Commission.

**ASIC Policy** means the regulatory policies (including regulatory guides) issued by ASIC as at the date of this agreement setting out its policy in relation to (among other things) the interpretation and enforcement of relevant sections of the Corporations Act.

**Associate** has the meaning set out in section 12 of the Corporations Act, as if section 12(1) included a reference to this agreement.

**ASX** means ASX Limited (ABN 98 008 624 691) or the securities market which it operates, as the context requires.

**ASX Listing Rules** means the official listing rules of ASX, modified to the extent of any express written waiver by ASX.

**Audited Accounts** means the audited accounts of the Redflex Group for the financial year ending 30 June 2020, as disclosed on ASX.

**Break Fee** means an amount equal to \$1,461,000.

**Business** means the business currently conducted by the Redflex Group.

**Business Day** means a day on which banks are open for general banking business in Mesa, Arizona, USA and Melbourne, Victoria, Australia (not being a Saturday, Sunday or public holiday in either of those places).

**CARES Act** means The Coronavirus Aid, Relief, and Economic Security Act (Pub. L. 116-136) and any U.S. executive order relating to the deferral of U.S. federal payroll taxes, and includes any treasury regulations or other official guidance promulgated with respect to the foregoing.

**Claim** means, in relation to a person, a demand, claim, action or proceeding (including any appeal) made or brought by or against the person, however arising and whether present, unascertained, immediate, future or contingent.

**Clean Team Agreement** means the supplementary deed dated 23 December 2020 between Redflex, Verra and ATS Consolidated, Inc. relating to the Confidentiality Agreement and the Exclusivity Agreement dated 11 December 2020.

**Clean Team Members** has the meaning given to that term in the Clean Team Agreement.

**Competing Proposal** means any offer, proposal, agreement, arrangement or transaction, whether existing before, on or after the date of this agreement, which, if entered into or completed substantially in accordance with its terms, could mean that a person other than Verra or its Affiliates (either alone or with any Associate thereof) would:

- (a) directly or indirectly acquire Voting Power in, or have a right to acquire a legal, beneficial or economic interest in, or control of, 20% or more of the issued share capital of Redflex or in or of the securities in any member of the Redflex Group;
- (b) acquire control of any member of the Redflex Group within the meaning of section 50AA of the Corporations Act;
- (c) directly or indirectly acquire or become the holder of, or otherwise acquire or have a right to acquire a legal, beneficial or economic interest in, or control of, all or substantially all or a material part of the business or assets of any member of the Redflex Group;
- (d) otherwise directly or indirectly acquire, be stapled with or merge with Redflex; or
- (e) require Verra to abandon, or otherwise fail to proceed with, the Proposed Transaction,

whether by way of a takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, buy back, sale, lease or purchase of shares, other securities or assets, assignment of assets or liabilities, joint venture, dual listed company structure (or other synthetic merger), deed of company arrangement, debt for equity arrangement or other transaction or arrangement.

**Condition** means a condition precedent set out in clause 3.1.



**Conduct** has the meaning given in clause 19.5.

**Confidentiality Agreement** means the mutual nondisclosure agreement dated 3 November 2020 between Redflex, Verra and ATS Consolidated, Inc., as supplemented by the Clean Team Agreement.

**Control** means, with respect to any person (other than an individual), the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person whether through the ownership of voting securities, by agreement or otherwise, and includes the following:

- (a) direct or indirect ownership of more than 50% of the voting rights of such person; or
- (b) the right to appoint the majority of the members of the board of directors of such person (or similar governing body) or to manage on a discretionary basis the assets of such person.

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

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

**Court** means the Federal Court of Australia, or such other court of competent jurisdiction under the Corporations Act agreed to in writing by the parties.

**Cut Off Date** means the date that is four Business Days after the date of the provision of the information referred to in clause 10.6(a).

**D&O Run-Off Insurance** has the meaning given in clause 6.6(b).

**Data Room** means the virtual data room named "Spectrum" established for the purposes of the Proposed Transaction and hosted by Donnelley Financial Solutions Venue, the index of which has been initialised by, or on behalf of, the parties for the purposes of identification.

**Data Room Cut Off Date** means 12:00pm on 21 January 2021.

**Deed Poll** means the deed poll to be executed by Verra or the Vera Nominated Acquirer (if applicable) substantially in the form of Annexure B.

**DOJ** means the Antitrust Division of the U.S. Department of Justice.

**Due Diligence Materials** means all the information and documents contained in the Data Room between 3 November 2020 and the Data Room Cut Off Date and all written answers given to written questions in the Data Room submitted by or on behalf of Verra or any of its Representatives as part of the question and answer process provided via the Data Room in connection with the Proposed Transaction.

**Duty** means any stamp, transaction or registration duty or similar charge imposed by any Government Agency and includes any interest, fine, penalty charge or other amount imposed in respect of any of them, but excludes any Tax.

**Effective** means, in relation to the Scheme, 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, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

**Effective Date** means the date on which the Scheme becomes Effective.

**Encumbrance** means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or 12(2) of the PPSA or any agreement to create any of them or allow them to exist.

**Exclusivity Period** means the period commencing on the date of this agreement and ending on the earlier of:

- (a) the termination of this agreement in accordance with its terms;

- (b) the Implementation Date; and
- (c) the Sunset Date.

**FATA** means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

**FIRB** means the Australian Foreign Investment Review Board.

**First Court Hearing Date** means the first day of the hearing of the Court for an application for an order under section 411(1) of the Corporations Act convening the Scheme Meeting or, if the application is adjourned for any reason, the day on which the adjourned application is heard.

**FTC** means the Federal Trade Commission.

**GAC** means the General Authority for Competition in the Kingdom of Saudi Arabia.

**Government Agency** means any government or representative, instrumentality or delegate of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, board, organisation, tribunal, agency, competition authority or entity and includes any minister (including the Treasurer), ASIC, the Australian Competition and Consumer Commission, the Australian Taxation Office, FIRB, ASX, the Takeovers Panel, NZCO, NASDAQ, the SEC, the FTC, the DOJ and any regulatory organisation established under statute or any stock exchange.

**GST** has the same meaning as “GST” in the GST Act.

**GST Act** means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Implementation** means the implementation of the Scheme in accordance with its terms after the Scheme becomes Effective.

**Implementation Date** means the date of Implementation, being the 5th Business Day after the Record Date, or such other date as Redflex and Verra may agree in writing.

**Independent Expert** means the independent expert in respect of the Scheme approved by Verra and appointed by Redflex to consider whether the Scheme is in the best interests of Shareholders.

**Independent Expert’s Report** means the report prepared by the Independent Expert in accordance with ASIC Regulatory Guide 111 for inclusion in the Scheme Booklet, including any update or supplementary report, stating whether or not the Scheme is in the best interests of Shareholders.

**Insolvency Event** means, in the case of any person:

- (a) it ceases, suspends, or threatens to cease or suspend, the conduct of all or a substantial part of its business or disposes of or threatens to dispose of all or a substantial part of its assets;
- (b) it stops or suspends, or threatens to stop or suspend, payment of all or a class of its debts;
- (c) it is, or under legislation is presumed or taken to be, insolvent (other than as the result of a failure to pay a debt or Claim the subject of a good faith dispute);
- (d) it has an administrator, controller or similar officer appointed, or any step preliminary to the appointment of such an officer is taken;
- (e) an application or an order is made, proceedings are commenced or a resolution is passed (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days) for:
  - (i) its winding up, dissolution or administration; or
  - (ii) it entering into an arrangement, moratorium, compromise or composition with, or assignment for, the benefit of its creditors or a class of them;
- (f) the person is in liquidation, in provisional liquidation, under administration or wound up or:
  - (i) a liquidator, provisional liquidator, receiver, receiver and manager, administrative receiver or similar officer is appointed in relation to;

- (ii) an Encumbrance becomes enforceable or is enforced over; or
- (iii) a distress, attachment or other execution is levied or enforced or applied for over, all or a substantial part of its assets;
- (g) the person is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand;
- (h) the person is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or the entity making a statement from which another party to this agreement reasonably deduces it is so subject); or
- (i) anything analogous to anything referred to in the above paragraphs, or which has substantially similar effect, occurs with respect to it under the law of any jurisdiction.

**Key Personnel** means Mark Talbot, Neville Joyce, Craig Durham, Lew Miller, Fergus Porter, Angela Fair, Victor Wardrop, Scott Fitzgerald, Mark Onisiforou, Scott Stewart and Phil Mabey.

**Launch Announcement** means the public announcement of the Proposed Transaction to be made by Redflex on the ASX on the Announcement Date, in a form agreed between the parties.

**Losses** means all Claims, damages, losses, costs, expenses and liabilities.

**Material Cyber Security Event** means a cyber security Specified Event that is suffered by any member of the Redflex Group between (and including) the date of this agreement and 8:00am on the Second Court Hearing Date that has or is reasonably likely to have or result in:

- (a) remediation costs and expenses for the Redflex Group (including any associated penalties and fines) of at least \$7.5 million; or
- (b) a shutdown of the systems or operations of the Redflex Group that results in a customer or customers terminating their customer contract or contracts which contribute or are forecast to contribute (individually or collectively) annual customer revenue for the Redflex Group of at least \$7.5 million.

**Maximum Share Number** means 158,804,775 Shares or such larger number as agreed in writing between Redflex and Verra.

**NASDAQ** means the NASDAQ Stock Market LLC.

**NASDAQ Listing Rules** means the official listing rules of NASDAQ.

**NZCO** means the New Zealand Companies Office.

**OIO Act** means the Overseas Investment Act 2005 (NZ).

**OIO Minister** means the New Zealand Minister of the Crown who is responsible for the administration of the OIO Act.

**OIO Notification** means the notification of the Proposed Transaction to the OIO Minister pursuant to section 85 of the OIO Act.

**Options** means options to subscribe for Shares granted to Mr Mark Talbot, further details of which are set out in Schedule 5.

**Performance Rights** means performance rights granted to certain employees of the Redflex Group pursuant to the Plan Rules, further details of which are set out in Schedule 5.

**Permitted Encumbrance** means any of the following:

- (a) any Encumbrance arising by operation of law that arises in the ordinary course of business;
- (b) any retention of title or conditional sale arrangement in connection with the acquisition of goods in the ordinary course of business;
- (c) any security interest that arises solely by virtue of operation of section 12(3) of the PPSA; and

- (d) any Encumbrance approved in writing by Verra (such approval not to be unreasonably withheld, conditioned or delayed),

provided that no member of the Redflex Group is in default, or any liability secured by such Encumbrance is overdue for payment, under the relevant arrangement.

**Plan Rules** means the Redflex Holdings Limited LTI Performance Rights Plan Rules.

**PPP Borrower** means Redflex Traffic Systems, Inc., a Delaware corporation.

**PPP Loan** means the loan in the principal amount of US\$2,933,400 received by the PPP Borrower from Western Alliance Bank, N.A. pursuant to the Paycheck Protection Program established under the CARES Act.

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

**Proceedings** means an enforcement action, investigation, Claim or dispute (each a **Matter**), not including any Matter to the extent that Matter is fairly disclosed in the Due Diligence Materials.

**Proposed Transaction** means the proposed transaction pursuant to which Verra will acquire all of the Scheme Shares under the Scheme upon implementation of the Scheme in accordance with the terms of the Transaction Documents.

**Record Date** means 7:00pm on the day which is two Business Days after the Effective Date, or any other date (after the Effective Date) agreed by the parties to be the record date for the purpose of determining entitlements to receive the Scheme Consideration under the Scheme.

**Redflex** means Redflex Holdings Limited (ACN 069 306 216).

**Redflex Board** means the board of directors of Redflex.

**Redflex Director** means a director of Redflex.

**Redflex Group** means Redflex and its Subsidiaries.

**Redflex Group Revenue** means the consolidated annual revenue and other income of the Redflex Group (excluding revenue in relation to any customer contracts discontinued as at the date of this agreement), calculated in accordance with the Accounting Standards and the accounting policies and practices applied by the Redflex Group for the purposes of the Audited Accounts.

**Redflex Information** means all information contained in the Scheme Booklet, and any updates to that information prepared by or on behalf of Redflex in accordance with clause 5.1(j), other than:

- (a) the Verra Information; and
- (b) the Independent Expert's Report.

**Redflex Material Adverse Effect** means:

- (a) a Specified Event which, either individually or when aggregated with any other Specified Events, reduces or is reasonably likely to reduce:
  - (i) Redflex Group Revenue by at least \$7.5 million (provided that in determining whether this \$7.5 million threshold has been met, the amount of any increases in annual revenue (as calculated below) must be taken into account, and if the net effect of any such increases against the reduction or reasonably likely reduction in annual revenue is less than \$7.5 million a Redflex Material Adverse Effect will not have occurred), which will be calculated:
    - a. on a full annual run rate basis;
    - b. subject to paragraph (a)(i)c. below, for the purposes of determining any increases in revenue, taking into account (but assuming the minimum contracted commitment only) the amount of annual revenue from any customer contracts which are signed or renewed after the date of this agreement, but excluding any such revenue derived

from such customer contracts or renewals which have a term of less than 3 years;  
and

- c. where a customer contract contemplated under paragraph (a)(i)b. above is a new contract for, or a renewal of a contract with, an existing customer of the Redflex Group, taking into account only the incremental annual revenue from such contract which exceeds the average annual revenue from the prior contract with that customer; or

- (ii) the consolidated net assets of the Redflex Group (taken as a whole) at any time by at least \$10 million; or

- (b) a Material Cyber Security Event.

A Redflex Material Adverse Effect does not include any Specified Event which:

- (c) is required or expressly permitted to be undertaken by any member of the Redflex Group pursuant to this agreement, the Scheme, or the transactions expressly contemplated by them;
- (d) occurs with the written consent or at the written request of Verra;
- (e) is fairly disclosed in the Due Diligence Materials;
- (f) is fairly disclosed by Redflex in an announcement made by Redflex to ASX or in a document lodged by Redflex with ASIC in the 18 months immediately prior to the date of this agreement;
- (g) arises from:
  - (i) any actual or proposed change (which has been publicly announced before the date of this agreement) in any law (including taxation laws) or government policy, or changes in the Accounting Standards, after the date of this agreement;
  - (ii) any change in general economic, political or business conditions in the markets and jurisdictions in which the Redflex Group operates (including any change in exchange rates or interest rates) or any change in the securities markets in general;
  - (iii) any act of terrorism (not specifically targeted at the Redflex Group), war (whether or not declared), natural disaster or any similar event, occurrence or matter occurring after the date of this agreement; or
  - (iv) the occurrence or continuation of the COVID-19 global pandemic or any related epidemic or pandemic arising from a mutation, variation or derivative of the COVID-19 virus,

except where such changes have a disproportionately adverse effect on the Redflex Group relative to other persons operating in the integrated traffic solutions industry in Australia and the United States; or

- (h) arises from costs and expenses reasonably incurred by Redflex and paid or payable to external Advisers in connection with the Proposed Transaction, including the incurring or payment of all fees and expenses (including disbursements) payable to those external Advisers and any fees and expenses (including disbursements) reasonably incurred or payable in connection with any Takeovers Panel or other legal proceedings.

**Redflex Prescribed Occurrence** means the occurrence of any of the events set out in Schedule 3, other than:

- (a) as required or expressly permitted to be undertaken by any member of the Redflex Group pursuant to this agreement, the Scheme, or the transactions expressly contemplated by them;
- (b) in respect of those events set out in paragraphs 6 to 13 of Schedule 3, as fairly disclosed by Redflex in an announcement made by Redflex to ASX or in a document lodged by Redflex with ASIC in the 18 months immediately prior to the date of this agreement; or
- (c) as required to be done by law, a Government Agency or a court,

and provided further that a Redflex Prescribed Occurrence detailed in Schedule 3 will not occur where Redflex has first consulted with Verra in relation to the event and Verra has approved the event in writing.

**Redflex Released Person** means any member of the Redflex Group or any director, officer, employee or Adviser of any member of the Redflex Group, other than Redflex.

**Redflex Specified Executives** means Mark Talbot, Neville Joyce, Craig Durham, Lew Miller, Fergus Porter and Angela Fair.

**Redflex Warranties** means the representations and warranties of Redflex set out in Schedule 2.

**Register** means the register of members of Redflex.

**Registry** means the person operating the Register, being Computershare Investor Services Pty Limited (ACN 078 279 277).

**Regulatory Approvals** means the approvals set out in clause 3.1(a).

**Related Body Corporate** has the meaning given in the Corporations Act.

**Relevant Interest** has the meaning given in sections 608 and 609 of the Corporations Act.

**Representative** means, in relation to a party:

- (a) a Related Body Corporate of the party;
- (b) a director, officer or employee of the party or any of its Related Bodies Corporate; or
- (c) an Adviser to the party or any of its Related Bodies Corporate.

**Resigning Director** has the meaning given in clause 5.5(b)(ii).

**Reverse Break Fee** means an amount equal to \$1,461,000.

**Review Draft** means the draft of the Scheme Booklet in a form acceptable to both parties, which is provided to ASIC for approval under section 411(2) of the Corporations Act.

**Run-Off Insurances** has the meaning given in clause 6.7(d).

**Scheme** means the scheme of arrangement under Part 5.1 of the Corporations Act between Redflex and Scheme Participants, in the form of Annexure A (or such other form agreed to in writing by the parties), under which all of the Scheme Shares will be transferred to Verra as described in the Scheme, in consideration for the provision of the Scheme Consideration to Scheme Participants, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act to the extent they are approved in writing by each of Redflex and Verra in accordance with the Scheme.

**Scheme Booklet** means the information booklet in respect of the Scheme to be prepared in accordance with clause 5.3 and approved by the Court and despatched to Shareholders.

**Scheme Consideration** means the consideration described in clause 4.3 payable by Verra to each Scheme Participant under the terms of the Scheme for the transfer of its Scheme Shares to Verra.

**Scheme Meeting** means the meeting of Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider approval of the Scheme Resolution.

**Scheme Participant** means a Shareholder registered in the Register as the holder of one or more Shares at the Record Date.

**Scheme Resolution** means a resolution of Shareholders to approve the Scheme under section 411(4)(a)(ii) of the Corporations Act.

**Scheme Share** means a Share held by a Scheme Participant as at the Record Date.

**SEC** means the U.S. Securities and Exchange Commission.



**Second Court Hearing Date** means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned for any reason, the day on which the adjourned application is heard.

**Share** means a fully paid ordinary share in the capital of Redflex.

**Shareholder** means a person entered in the Register as the holder of one or more Shares from time to time.

**Specified Event** means an event, occurrence or matter that:

- (a) occurs after the date of this agreement;
- (b) occurs before the date of this agreement but is only announced or publicly disclosed after the date of this agreement; or
- (c) will or is likely to occur after the date of this agreement and which has not been publicly announced prior to the date of this agreement.

**Specified Insurances** means the following insurances of the Redflex Group:

- (a) crime protection and employment practices liability insurance;
- (b) civil liability insurance for information technology organisations insurance;
- (c) the claims made cover provided under the umbrella liability insurance;
- (d) excess cyber liability insurance;
- (e) corporate practices protection insurance; and
- (f) any other claims made policies as agreed in writing between the parties.

**Subsidiary** has the meaning given in the Corporations Act, provided that a person will also be taken to be a Subsidiary of another person if it is controlled by that other person (as 'control' is defined in section 50AA of the Corporations Act) and, without limitation:

- (a) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share;
- (b) a person may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation; and
- (c) a person will also be deemed to be a Subsidiary of another person if that person is required by relevant accounting standards to be consolidated with that other person.

**Sunset Date** means:

- (a) the date that is 6 months after the date of this agreement; or
- (b) if either party reasonably expects a condition relating to Regulatory Approvals will not be satisfied or waived by the date referred to in paragraph (a), a subsequent date nominated by that party no later than 5:00pm on the day prior to the date referred to in paragraph (a), not to exceed more than 3 months after such date; or
- (c) such other date as may be agreed in writing between Redflex and Verra both acting reasonably.

**Superior Proposal** means a bona fide Competing Proposal which the Redflex Board, acting in good faith in the interests of Redflex and the Shareholders, and after taking advice from its legal and financial advisers, determines:

- (a) would, if completed substantially in accordance with its terms, result in an acquisition of control (within the meaning of section 50AA of the Corporations Act) of Redflex or all or substantially all of the Redflex Group;
- (b) is reasonably capable of being completed in accordance with its terms taking into account all aspects of the Competing Proposal, including its conditions, the identity, reputation and financial

condition of the person making such proposal, and all relevant legal, regulatory and financial matters; and

- (c) would be more favourable to the Shareholders as a whole than the latest proposal provided by Verra to Redflex, taking into account all aspects of the Competing Proposal and the latest proposal provided by Verra to Redflex, including the identity, reputation and financial condition of the person making such proposal, legal, regulatory and financial matters, certainty and any other matters affecting the probability of the relevant proposal being completed in accordance with its terms.

**Takeovers Panel** means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

**Tax** means any tax, levy, charge, impost, fee, deduction, GST, compulsory loan or withholding that is assessed, levied, imposed or collected by any Government Agency and includes any interest, fine, penalty, charge, fee or any other amount imposed on or in respect of any of the above, but excludes any Duty.

**Third Party** means a person other than Verra or any of its Related Bodies Corporate.

**Timetable** means the indicative timetable for the implementation of the Proposed Transaction as set out in Schedule 4, subject to any modifications as the parties may agree in writing or as may be required by ASX.

**Transaction Documents** means:

- (a) this agreement;
- (b) the Scheme; and
- (c) the Deed Poll.

**Transaction Implementation Committee** means a committee to be made up of:

- (a) the chief executive officer of each of Redflex and Verra;
- (b) a representative from each of the legal and financial advisors of each party; and
- (c) such other persons as the parties may agree from time to time.

**Treasurer** means the Treasurer of the Commonwealth of Australia.

**Verra** means Verra Mobility Corporation.

**Verra Counterproposal** has the meaning given in clause 10.6(c).

**Verra Group** means Verra and its Subsidiaries (but excluding, at any time, Redflex and its Subsidiaries to the extent that Redflex and its Subsidiaries are subsidiaries of Verra at that time).

**Verra Information** means the information regarding Verra as is required to be included in the Scheme Booklet under the Corporations Act, the Corporations Regulations or applicable ASIC Policy. For clarity, Verra Information does not include information about the Redflex Group (except to the extent it relates to any statement of intention relating to the Redflex Group following the Effective Date).

**Verra Nominated Acquirer** has the meaning given in clause 2.3.

**Verra Nominees** has the meaning given in clause 5.5(a).

**Verra Released Person** means any member of the Verra Group or any director, officer, employee or Adviser of any member of the Verra Group, other than Verra.

**Verra Specified Executives** means David Roberts, Rebecca Collins, Tricia Chiodo, Michael McMillin and Raph Avraham.

**Verra Warranties** means the representations and warranties of Verra set out in Schedule 1.

**Voting Power** has the meaning it is given in section 610 of the Corporations Act.



## 1.2. Interpretation

In the interpretation of this agreement, the following provisions apply unless the context otherwise requires:

- (a) The singular includes the plural and conversely.
- (b) A gender includes all genders.
- (c) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a “person” includes an individual, a body corporate, a corporation, trust, partnership, unincorporated body or any other entity or organisation.
- (e) A reference to a clause, schedule, annexure or party is a reference to a clause of, or a schedule, annexure or party to, this agreement and references to this agreement include any schedules and annexures.
- (f) A reference to an agreement or document (including a reference to this agreement) is to the agreement or document as amended, varied, supplemented, novated or replaced, except to the extent prohibited by this agreement or that other agreement or document.
- (g) A reference to a person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns.
- (h) A reference to legislation (including subordinate legislation) or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (i) A reference to writing includes any method of representing or reproducing words, figures, drawings or symbols in a visible and tangible form (and includes a communication by electronic mail).
- (j) A reference to \$ or A\$ is a reference to the lawful currency of Australia.
- (k) A reference to time is a reference to time in Melbourne, Australia.
- (l) The meaning of general words is not limited by specific examples introduced by including, for example, or similar expressions.
- (m) A fact, matter or circumstance is **disclosed** or **fairly disclosed** for the purposes of this agreement if sufficient information has been publicly disclosed to the ASX or disclosed to Verra by the Data Room Cut Off Date to the extent, and in reasonably sufficient detail, so as to allow a reasonable and sophisticated bidder experienced in transactions of the nature of the Proposed Transaction to identify the nature and substance of the relevant fact, matter or circumstance.
- (n) Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this agreement.
- (o) If the day on or by which a person must do something under this agreement is not a Business Day, the person must do it on or by the next Business Day.

## 1.3. Reasonable endeavours

A reference in this agreement to a party using or having an obligation to use its reasonable endeavours does not oblige that party to:

- (a) pay money in the form of an inducement or consideration to a third party to procure something (other than the payment of applicable Government Agency fees or immaterial expenses or costs, including costs of Advisers, to procure the relevant thing) or in circumstances that are commercially onerous or unreasonable in the context of this agreement;
- (b) provide other valuable consideration to or for the benefit of any person;

- (c) agree to commercially onerous or unreasonable conditions; or
- (d) commence or defend any legal action or proceeding against any person.

#### **1.4. Consents or approvals**

If the doing of any act, matter or thing under this agreement is dependent on the consent or approval of a party or is within the discretion of a party, the consent or approval may be given or the discretion may be exercised conditionally or unconditionally or withheld by the party in its absolute discretion unless expressly provided otherwise.

#### **1.5. Knowledge, belief or awareness of Redflex**

- (a) Certain statements made in this agreement (including certain Redflex Warranties) are given and made by Redflex only on the basis of its knowledge, belief or awareness. For the purposes of this agreement, Redflex's knowledge, belief or awareness is limited to the actual knowledge, belief or awareness of the Redflex Specified Executives and any knowledge that any of those persons would have had if they had made reasonable enquiries of their respective direct reports who have been briefed on the Proposed Transaction.
- (b) Subject to clause 1.5(a), the knowledge, belief or awareness of any person other than the Redflex Specified Executives will not be imputed to Redflex.
- (c) None of the Redflex Specified Executives will bear any personal liability in respect of the Redflex Warranties or otherwise under this agreement (except to the extent that the relevant Redflex Specified Executive has acted fraudulently or has engaged in wilful misconduct).

#### **1.6. Listing requirements included as law**

A listing rule or business rule of a securities exchange will be regarded as a "law", and a reference to such a rule is to be taken to be subject to any waiver or exemption granted to a party.

### **2. AGREEMENT TO PROPOSE AND IMPLEMENT THE SCHEME**

#### **2.1. Redflex to propose and implement**

Redflex agrees to propose and implement the Scheme in accordance with the Corporations Act and applicable ASIC Policy and on and subject to the terms and conditions of this agreement, and to use all reasonable endeavours to do so as soon as reasonably practicable and otherwise in accordance with the Timetable.

#### **2.2. Verra to assist**

Verra agrees to assist Redflex to propose and implement the Scheme in accordance with the Corporations Act and applicable ASIC Policy and on and subject to the terms and conditions of this agreement, and to use all reasonable endeavours to do so as soon as reasonably practicable and otherwise in accordance with the Timetable.

#### **2.3. Nomination of acquirer Subsidiary**

At any time prior to the Business Day before the First Court Hearing Date, Verra may nominate any wholly-owned Subsidiary of Verra (**Verra Nominated Acquirer**) to acquire the Scheme Shares under the Scheme by providing a written notice which sets out the details of the Verra Nominated Acquirer to Redflex. If Verra decides to nominate the Verra Nominated Acquirer to acquire the Scheme Shares:

- (a) the parties must procure that the Scheme Shares to be transferred under the Scheme are transferred to the Verra Nominated Acquirer rather than to Verra;
- (b) Verra must procure that the Verra Nominated Acquirer complies with all of the relevant obligations of Verra under the Transaction Documents; and
- (c) any such nomination will not relieve Verra of its obligations under the Transaction Documents, including the obligation to provide (or procure the provision of) the Scheme Consideration in accordance with the terms of the Transaction Documents, provided that Verra will not be in

breach of the Transaction Documents for failing to perform an obligation of Verra if that obligation is fully discharged by the Verra Nominated Acquirer.

### 3. CONDITIONS

#### 3.1. Conditions precedent

Subject to this clause 3, the Scheme will not become Effective, and the respective obligations of the parties in relation to the implementation of the Scheme will not become binding, unless and until each of the following Conditions is satisfied or (to the extent they can be) waived under clause 3.5:

##### Conditions for the benefit of both parties

- (a) **(Regulatory Approvals)**: Before 8:00am on the Second Court Hearing Date:
  - (i) **(OIO notification)**: either:
    - (A) Verra receives written confirmation from the New Zealand Overseas Investment Office that a “direction order” under the OIO Act has been issued by the OIO Minister in relation to the Proposed Transaction, either without conditions or with conditions reasonably satisfactory to Verra; or
    - (B) section 53 of the Overseas Investment (Urgent Measures) Amendment Act 2020 (NZ) comes into force (replacing the emergency notification regime with a more permanent call-in regime) and the Proposed Transaction is not a ‘call-in transaction’ as defined in that section;
  - (ii) **(GAC approval)**: Verra obtains the approval of the GAC in respect of the Scheme in accordance with Article 11(1) of the Saudi Competition Law or the period for such approval lapses in accordance with Article 11(2) of the Saudi Competition Law, either without conditions or with conditions reasonably satisfactory to Verra; and
  - (iii) **(FIRB approval)**: if the FATA applies, either:
    - (A) the Treasurer (or the Treasurer’s delegate) has provided a written no objection notification to the Proposed Transaction either without conditions or with conditions reasonably satisfactory to Verra; or
    - (B) following notice of the Proposed Transaction having been given by Verra to the Treasurer under the FATA, the Treasurer has ceased to be empowered to make any order under Part 3 of the FATA because the applicable time limit on making orders and decisions under the FATA has expired.
- (b) **(Government Agency)**: All other approvals, waivers, consents or rulings of a Government Agency that the parties agree (each acting reasonably) are necessary to implement the Scheme are obtained and those approvals have not been withdrawn or revoked.
- (c) **(ASIC and ASX)**: Before 8:00am on the Second Court Hearing Date, ASIC and ASX issue or provide any consents or approvals, or have done any other acts, which the parties agree are reasonably necessary to implement the Scheme, and those consents, approvals or other acts have not been withdrawn or revoked at that time.
- (d) **(Independent Expert’s Report)**: The Independent Expert issues an Independent Expert’s Report on or before the date on which the Scheme Booklet is lodged with ASIC, which concludes that the Scheme is in the best interests of Shareholders, without publicly withdrawing, qualifying or changing that conclusion by notice in writing to Redflex prior to 8:00am on the Second Court Hearing Date.
- (e) **(Shareholder approval of Scheme)**: Shareholders approve the Scheme Resolution by the requisite majorities under section 411(4)(a)(ii) of the Corporations Act at the Scheme Meeting.
- (f) **(Court approval of the Scheme)**: The Court makes orders under section 411(4)(b) of the Corporations Act approving the Scheme.

- (g) **(No restraints)**: No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal prohibition or restraint preventing implementation of the Proposed Transaction is in effect as at 8:00am on the Second Court Hearing Date.

#### **Conditions for the benefit of Verra only**

- (h) **(Material Proceedings)**: No Proceedings are announced or commenced against any Redflex Group entity after the date of this agreement which, if decided against the Redflex Group entity, would give rise to a liability of more than \$10 million (in respect of any individual matter, or in aggregate under multiple matters of the same or similar nature arising out of the same facts or circumstances) for the Redflex Group (**Material Proceedings**), provided that, if there are any such Material Proceedings, a reputable senior barrister or litigation counsel in the relevant jurisdiction experienced in matters of the nature of the Material Proceedings (as engaged by Redflex, in consultation with Verra) has not provided, within 15 Business Days of the Material Proceedings being announced or commenced, a written opinion that the Material Proceedings have no reasonable prospects of giving rise to the relevant liability claimed.
- (i) **(No Redflex Material Adverse Effect)**: No Redflex Material Adverse Effect occurs between (and including) the date of this agreement and 8:00am on the Second Court Hearing Date.
- (j) **(No Redflex Prescribed Occurrence)**: No Redflex Prescribed Occurrence occurs between (and including) the date of this agreement and 8:00am on the Second Court Hearing Date.
- (k) **(Redflex Warranties)**: The Redflex Warranties are true and correct in all material respects as at the time they are given.
- (l) **(Consents)**: All approvals, consents or waivers of a third party which the parties have agreed in writing before the date of this agreement are necessary to implement the Scheme are obtained, and those consents, approvals or waivers have not been withdrawn or revoked.

#### **Conditions for the benefit of Redflex only**

- (m) **(Verra Warranties)**: The Verra Warranties are true and correct in all material respects as at the time they are given.

### **3.2. Reasonable endeavours and co-operation**

Without prejudice to any other obligations of the parties under this agreement:

- (a) Verra must use its reasonable endeavours to satisfy, or procure the satisfaction of, the Conditions in clauses 3.1(a), 3.1(b) and 3.1(m);
- (b) Redflex must use its reasonable endeavours to satisfy, or procure the satisfaction of, the Conditions in clauses 3.1(d), 3.1(e) and clauses 3.1(h) to 3.1(l);
- (c) each party must, to the extent it is within its power or control to do so, use its reasonable endeavours to satisfy, or procure the satisfaction of, the Conditions in clauses 3.1(c), 3.1(f) and 3.1(g); and
- (d) no party will take any action that will or is likely to hinder or prevent the satisfaction of any Condition, except to the extent that such action is required to be done pursuant to, or is otherwise permitted by, the Transaction Documents or is required by law.

### **3.3. Regulatory Approvals**

Without limiting the generality of clause 3.2:

- (a) **(applying for Regulatory Approvals)**: to the extent that it has not already done so prior to the date of this agreement, Verra must apply for all Regulatory Approvals, pay all costs and expenses (including application fees) in connection with such applications, and provide Redflex with a final copy of such applications (provided that any commercially sensitive information may be redacted from the copy provided);

- (b) **(Regulatory Approval process)**: each party must take all reasonable steps required of it as part of the approval process in respect of any such application, including responding to reasonable requests for information at the earliest practicable time;
- (c) **(consultation)**: each party must consult with the other party in advance in relation to all communications (whether written or oral, and whether direct or via a Representative) with any Government Agency relating to any Regulatory Approval and:
  - (i) provide the other party with drafts of any material written communications to be sent to a Government Agency and make any amendments as the other party reasonably requires; and
  - (ii) provide copies of any material written communications sent to or received from a Government Agency to the other party promptly upon despatch or receipt (as the case may be),
 in each case to the extent it is reasonable to do so; and
- (d) **(Government Agency)**: Verra must promptly offer to the relevant Government Agency, and agree or accept, all undertakings, commitments and conditions necessary or appropriate in order to obtain the approval or consent (as the case may be) as soon as possible, unless it would be unreasonable to do so.

#### **3.4. FIRB condition**

The parties acknowledge that the tax conditions set out in Attachment A to Guidance Note 47 issued by FIRB from time to time are acceptable if imposed on the no objections notifications.

#### **3.5. Benefit and waiver of Conditions**

- (a) The Conditions in clauses 3.1(a) to 3.1(g) (inclusive) are for the benefit of Redflex and Verra. Any breach or non-satisfaction of the Conditions in clauses 3.1(a), 3.1(e) and 3.1(f) cannot be waived. Any breach or non-satisfaction of the Conditions in clauses 3.1(b), 3.1(c), 3.1(d) and 3.1(g) may only be waived with the written consent of both parties.
- (b) The Conditions in clauses 3.1(h) to 3.1(l) are for the sole benefit of Verra, and any breach or non-satisfaction of those Conditions may only be waived by Verra giving its written consent.
- (c) The Condition in clause 3.1(m) is for the sole benefit of Redflex, and any breach or non-satisfaction of that Condition may only be waived by Redflex giving its written consent.
- (d) A party entitled to waive the breach or non-satisfaction of a Condition pursuant to this clause 3.5 may do so in its absolute discretion.
- (e) If a waiver by a party of a Condition is itself expressed to be conditional and the other party accepts the conditions, the terms of the conditions apply accordingly. If the other party does not accept the conditions, the relevant Condition has not been waived.
- (f) If a party waives the breach or non-satisfaction of a Condition, that waiver will not preclude it from suing the other party for any breach of this agreement constituted by the same event that gave rise to the breach or non-satisfaction of the Condition.
- (g) A waiver of a breach or non-satisfaction in respect of one Condition does not constitute:
  - (i) a waiver of a breach or non-satisfaction of any other Condition resulting from the same events or circumstances; or
  - (ii) a waiver of a breach or non-satisfaction of that Condition resulting from any other event or circumstance.

#### **3.6. Notices in relation to Conditions**

Each party must:

- (a) **(notice of steps)**: keep the other party promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions;
- (b) **(notice of satisfaction)**: promptly notify the other party in writing if it becomes aware that any Condition has been satisfied, in which case the notifying party must also provide reasonable evidence that the Condition has been satisfied;
- (c) **(notice of failure)**: promptly notify the other party in writing of a failure to satisfy a Condition or of any fact or circumstance that results in that Condition becoming incapable of being satisfied or that may or is reasonably likely to result in that Condition not being satisfied in accordance with its terms; and
- (d) **(notice of waiver)**: upon receipt of a notice given under clause 3.6(c), promptly notify the other party in writing (and in any event before 5:00pm on the day before the Second Court Hearing Date) as to whether or not it waives the failure to satisfy any Condition capable of being waived, specifying the Condition in question.

### 3.7. Condition not satisfied or waived

- (a) If:
  - (i) there is a breach or non-satisfaction of a Condition which is not waived in accordance with this agreement by the time or date specified in this agreement for the satisfaction of the Condition;
  - (ii) there is an act, failure to act or occurrence which will prevent a Condition being satisfied by the time or date specified in this agreement for the satisfaction of the Condition (and the breach or non-satisfaction which would otherwise occur has not already been waived in accordance with this agreement);
  - (iii) the OIO Minister revokes (other than as a result of such order no longer being required) the “direction order” in relation to the Proposed Transaction; or
  - (iv) the Scheme has not become Effective by the Sunset Date,

the parties must promptly consult in good faith with a view to determine whether:

  - (v) the Scheme may proceed by way of alternative means or methods;
  - (vi) to extend the relevant time or date for satisfaction of the Condition;
  - (vii) to change the First Court Hearing Date or to adjourn the application for orders pursuant to section 411(1) of the Corporations Act convening the Scheme Meeting to another date agreed by the parties;
  - (viii) to change the Second Court Hearing Date or to adjourn the application for orders pursuant to section 411(4)(b) of the Corporations Act approving the Scheme to another date agreed by the parties; or
  - (ix) to extend the Sunset Date.
- (b) If Redflex and Verra are unable to reach agreement under clauses 3.7(a)(v), 3.7(a)(vi), 3.7(a)(vii), 3.7(a)(viii) or 3.7(a)(ix) within 5 Business Days after their consultations commence (or any shorter period ending at 5:00pm on the Business Day immediately before the Second Court Hearing Date), either party may terminate this agreement by notice in writing to the other party before 8:00am on the Second Court Hearing Date, provided that:
  - (i) the relevant Condition is for the benefit of that party (whether or not the Condition is also for the benefit of the other party); and
  - (ii) there has been no deliberate failure (by way of an act or omission) by that party to comply with its obligations under this agreement, where that failure contributed in a material respect to the relevant Condition becoming incapable of satisfaction or being breached or not fulfilled before the Sunset Date,

in which case clause 13.2 will have effect.

### **3.8. Parties to provide certificates to Court**

On the Second Court Hearing Date:

- (a) Redflex must provide to the Court:
  - (i) a certificate (or such other evidence as the Court may request) signed by one of its directors and made in accordance with a resolution of its board confirming (in respect of matters within its knowledge) whether or not as at 8:00am on the Second Court Hearing Date:
    - (A) the Conditions set out in clauses 3.1(c), 3.1(d), 3.1(e) and clauses 3.1(h) to 3.1(l) have been satisfied or (to the extent they can be) waived in accordance with this agreement; and
    - (B) to the best of Redflex's knowledge, the Condition set out in clause 3.1(g) has been satisfied or (to the extent it can be) waived in accordance with this agreement; and
  - (ii) any certificate provided to it by Verra under clause 3.8(b); and
- (b) Verra must provide to Redflex a certificate for Redflex to provide to the Court (or such other evidence as the Court may request) signed by one of its directors and made in accordance with a resolution of its board confirming (in respect of matters within its knowledge) whether or not as at 8:00am on the Second Court Hearing Date:
  - (i) the Conditions set out in clauses 3.1(a), 3.1(b), 3.1(c) and 3.1(m) have been satisfied or (to the extent they can be) waived in accordance with this agreement; and
  - (ii) to the best of Verra's knowledge, the Condition set out in clause 3.1(g) has been satisfied or (to the extent it can be) waived in accordance with this agreement.

Each party must provide to the other party a draft of the certificate to be provided by it pursuant to this clause 3.8 by 5:00pm on the day that is two Business Days prior to the Second Court Hearing Date, and must provide to the other party on the Second Court Hearing Date a copy of the final certificate or other evidence provided to the Court.

### **3.9. Requirement to notify of Redflex Material Adverse Effect**

- (a) If either Redflex or Verra becomes aware of a Specified Event that constitutes a Redflex Material Adverse Effect, it must promptly notify the other party of the relevant Specified Event (**MAE Notice**). The MAE Notice must include reasonable details of the relevant Specified Event then known to the notifying party and state that it is a notice for the purposes of this clause 3.9(a).
- (b) If Redflex:
  - (i) gives a MAE Notice to Verra under clause 3.9(a), that notice must also include details of:
    - (A) Redflex's good faith estimate of the actual and forecast financial impact of any such Specified Event;
    - (B) any matters that Redflex, acting reasonably, believes should be excluded or disregarded under the definition of Redflex Material Adverse Effect in relation to that Specified Event; and
    - (C) if Redflex believes that any amount is reasonably expected to be recoverable under the Redflex Group's insurance policies in relation to the Specified Event, written advice from its external legal adviser or insurance broker as to the prospects of that recoverability; or
  - (ii) receives a MAE Notice from Verra under clause 3.9(a), then Redflex must respond in writing to Verra within 5 Business Days of receiving that MAE Notice with the details of:

- (A) Redflex's good faith estimate of the actual and forecast financial impact of any such Specified Event;
  - (B) any matters that Redflex, acting reasonably, believes should be excluded or disregarded under the definition of Redflex Material Adverse Effect in relation to that Specified Event; and
  - (C) if Redflex believes that any amount is reasonably expected to be recoverable under Redflex Group's insurance policies in relation to the Specified Event, written advice from its external legal adviser or insurance broker as to the prospects of that recoverability.
- (c) On written request from Verra, Redflex must provide documents and information reasonably requested by Verra to enable Verra or any of its Representatives to assess whether a Redflex Material Adverse Effect has occurred or is reasonably likely to occur, provided that this obligation does not require Redflex to provide any confidential, competitively sensitive or privileged information where the provision of such information is reasonably likely to cause the Redflex Group to be in breach of contract or applicable law (including competition laws) or would be reasonably likely to prejudice the Redflex Group's compliance with the conditions of any tender in which it is participating, or may participate, or its prospects of success in such a tender, or result in a loss of any attorney-client work product or other legal privilege.
- (d) After either Redflex or Verra has given a MAE Notice, the parties must consult with each other in good faith for at least five Business Days or, if shorter, until 5:00pm on the day prior to the Implementation Date, regarding the appropriate method of calculating the adverse financial consequences of the Specified Event on the Redflex Group Revenue or net assets, having regard to the matters which are to be excluded or disregarded under the definition of Redflex Material Adverse Effect.

## **4. SCHEME**

### **4.1. Outline of Scheme**

The parties acknowledge that, subject to the Scheme becoming Effective, on the Implementation Date:

- (a) all of the Scheme Shares will be transferred to Verra in accordance with the terms of the Scheme; and
- (b) as consideration for the transfer to Verra of all of the Scheme Shares held by Scheme Participants, Scheme Participants will be entitled to receive the Scheme Consideration in accordance with the terms of the Scheme.

### **4.2. No amendments to the Scheme without consent**

Redflex 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 Verra, such consent not to be unreasonably withheld, conditioned or delayed.

### **4.3. Scheme Consideration**

The parties agree that the Scheme consideration will be an amount equal to \$0.92 per Scheme Share (**Scheme Consideration**).

### **4.4. Provision of Scheme Consideration**

Verra covenants to Redflex that, in consideration of the transfer to Verra of the Scheme Shares under the terms of the Scheme, Verra will provide (or procure the provision of) the Scheme Consideration to Scheme Participants in accordance with the terms of the Scheme.

### **4.5. Deed Poll**

Verra or the Verra Nominated Acquirer (as applicable) must execute and deliver the Deed Poll by no later than the First Court Hearing Date.



#### 4.6. Performance Rights and Options

- (a) Redflex must ensure that, by no later than the Business Day before the Record Date, there are no outstanding Performance Rights or Options.
- (b) In order to comply with its obligation under clause 4.6(a), and except as otherwise agreed in writing by the parties, Redflex must:
  - (i) cause all outstanding Performance Rights to vest, so that they may be exercised by the holders of those Performance Rights and convert into Shares or, if not exercised, expire, by no later than the Business Day before the Record Date, in accordance with the Plan Rules;
  - (ii) on exercise of those Performance Rights (as contemplated by subparagraph (i) above), issue the number of Shares required to be issued under the Plan Rules by no later than the Business Day before the Record Date, which in aggregate must be no more than 3,809,846 Shares;
  - (iii) cause all outstanding Options to vest, so that they may be exercised by Mr Mark Talbot and convert into Shares or, if not exercised, lapse, by no later than the Business Day before the Record Date, in accordance with their terms;
  - (iv) on exercise of those Options (as contemplated by subparagraph (iii) above), issue the number of Shares required to be issued under the terms of those Options by no later than the Business Day before the Record Date, which in aggregate must be no more than 3,004,369 Shares; and
  - (v) if applicable, make any necessary waiver applications under the ASX Listing Rules in respect of the actions contemplated by this clause 4.6(b).

### 5. IMPLEMENTATION

#### 5.1. Redflex's obligations

Subject to the terms of this agreement, Redflex must take all reasonable steps to propose and implement the Proposed Transaction on a basis consistent with this agreement as soon as is reasonably practicable after the date of this agreement and must use reasonable endeavours to ensure (within and to the extent of its power or control) that each step in the Timetable is undertaken by the date set out beside that step, and, in particular, must do each of the following:

- (a) **(Launch Announcement):** Make the Launch Announcement on the Announcement Date in accordance with clause 14.1.
- (b) **(Prepare Scheme Booklet):** As soon as reasonably practicable after the date of this agreement, prepare the Scheme Booklet in accordance with clauses 5.3(a) to 5.3(c) and consult with Verra in relation to its content and presentation, in accordance with clause 5.3(f).
- (c) **(Independent Expert):** Promptly appoint the Independent Expert, commission the preparation of the Independent Expert's Report and provide all assistance and information reasonably requested by the Independent Expert to enable the Independent Expert to prepare the Independent Expert's Report as soon as practicable.
- (d) **(Lodgement of Review Draft):** As soon as reasonably practicable after the date of this agreement but no later than 14 days before the First Court Hearing Date, and following Verra giving confirmation or providing changes as contemplated by this agreement, provide the Review Draft to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act, and to Verra, and keep Verra reasonably informed of any matters raised by ASIC in relation to the Review Draft (and of any resolution of those matters), and use reasonable endeavours, in consultation with Verra, to resolve any such matters (provided that Redflex may not resolve any such matters without the prior written consent of Verra to the extent that such

matters relate to the Verra Information, such consent not to be unreasonably withheld, conditioned or delayed).

- (e) **(Indication of intent)**: Apply to ASIC for a letter indicating whether ASIC proposes to make submissions to the Court, or intervene to oppose the Scheme, on the First Court Hearing Date under section 411(2)(b)(ii) of the Corporations Act.
- (f) **(Approval of Scheme Booklet)**: As soon as reasonably practicable after ASIC has provided its indication of intent in accordance with clause 5.1(e), procure that a meeting of the Redflex Board is convened for the purpose of approving the Scheme Booklet for despatch to Shareholders.
- (g) **(Court direction)**: Apply to the Court for an order under section 411(1) of the Corporations Act directing Redflex to convene the Scheme Meeting.
- (h) **(ASIC registration)**: If the Court directs Redflex to convene the Scheme Meeting, as soon as possible after such orders are made, request ASIC to register the Scheme Booklet in the form approved by the Court.
- (i) **(Despatch Scheme Booklet)**: Send the Scheme Booklet to Shareholders as soon as reasonably practicable following registration of the Scheme Booklet by ASIC (subject to having received Verra's prior written consent in accordance with clause 5.2(g) to the inclusion of the Verra Information in the form and context in which the Verra Information appears in such version of the Scheme Booklet).
- (j) **(Supplementary disclosure)**: If, after the Scheme Booklet has been sent to Shareholders, it becomes aware of information that is:
  - (i) not included in the Scheme Booklet and that is:
    - (A) material for disclosure to Shareholders in deciding whether to approve the Scheme; or
    - (B) required to be disclosed to Shareholders under any applicable law; or
  - (ii) included in the Scheme Booklet and is misleading or deceptive in a material respect in the form and context in which it appears in the Scheme Booklet,

inform Shareholders of the information in an appropriate and timely manner, in accordance with applicable law. Redflex must promptly consult with Verra in good faith as to the need for, and the form and content of, any supplementary disclosure Redflex considers reasonably necessary in the circumstances (having regard to applicable disclosure requirements and to ensure that there would be no breach of the Redflex Warranty in paragraph 9 of Schedule 2 if it applied as at the date that information arose) before it is made to Shareholders, and, to the extent reasonably practicable, must provide Verra with a reasonable opportunity to review and comment on such disclosure before it is made and must consider in good faith any reasonable comments promptly provided by or on behalf of Verra. To the extent that any supplementary disclosure relates to (or constitutes) Verra Information, it may only be made with Verra's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed).

- (k) **(Promote Proposed Transaction)**: Participate in efforts reasonably requested by Verra to promote the merits of the Proposed Transaction, including, where reasonably requested by Verra, meeting with key Shareholders.
- (l) **(Redflex Director's voting)**: Procure that each Redflex Director who holds Shares, or who has control over voting rights attaching to Shares, votes those Shares in favour of the Scheme Resolution, subject to the Independent Expert concluding, and continuing to conclude, that the Scheme is in the best interests of Shareholders and there being no Superior Proposal.

- (m) **(Scheme Meeting)**: Convene and hold the Scheme Meeting to approve the Scheme Resolution (in accordance with any orders made by the Court) pursuant to section 411(1) of the Corporations Act.
- (n) **(No objection statement)**: Apply to ASIC for the production of a statement in writing pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme.
- (o) **(Court approval)**: Subject to all Conditions in clause 3.1 (other than the Condition in clause 3.1(f)) being satisfied or (to the extent they can be) waived in accordance with this agreement, apply to the Court for orders approving the Scheme under section 411(4)(b) of the Corporations Act.
- (p) **(Certificate)**: 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 Verra and the Court the certificate referred to in clause 3.8(a).
- (q) **(Not act inconsistently)**: Not act in a manner inconsistent with obtaining Court approval for the Scheme.
- (r) **(Lodge copy of Court order)**: Lodge with ASIC an office copy of any Court order approving the Scheme as approved by Shareholders at the Scheme Meeting in accordance with section 411(10) of the Corporations Act by no later than the first Business Day after the day such office copy is received (or such later date as Verra may agree in writing).
- (s) **(Representation)**: Allow, and not oppose, any application by Verra for leave of the Court to be represented by counsel at the Court hearings in relation to the Scheme.
- (t) **(Information)**: Prepare and promptly provide all necessary information, and procure (within and to the extent of its power or control) that the Registry provides all necessary information, in each case in a form reasonably requested by Verra, for the purpose of understanding the legal and beneficial ownership of Shares and proxy appointments and directions received by Redflex prior to the Scheme Meeting.
- (u) **(Implementation of the Scheme)**: If the Scheme becomes Effective:
  - (i) use its reasonable endeavours to ensure that ASX suspends trading in Shares with effect from the close of trading on the Effective Date;
  - (ii) close the Register at the Record Date to determine the identity of Scheme Participants and their entitlements to the Scheme Consideration (in accordance with the Scheme and the Deed Poll); and
  - (iii) subject to Verra satisfying its obligations under clause 4.4, execute proper instruments of transfer of the Scheme Shares on behalf of Scheme Participants in favour of Verra and procure the registration in the Register of all transfers of Scheme Shares to Verra under those instruments on the Implementation Date.
- (v) **(Regulatory notifications)**: In relation to the Regulatory Approvals, lodge with any Government Agency within the relevant time periods all documentation and filings required by law to be so lodged by Redflex in relation to the Proposed Transaction.
- (w) **(ASX listing)**: Take all reasonable steps to maintain Redflex's listing on ASX, notwithstanding any suspension of the quotation of Shares, up to and including the Implementation Date, including making any necessary applications to ASX and ASIC.
- (x) **(Verra Information)**: Ensure that the Verra Information is treated as "Confidential Information" for the purposes of, and in accordance with, the Confidentiality Agreement.
- (y) **(Other steps)**: If the Scheme becomes Effective, do all things within its power or control that are reasonably necessary to lawfully give effect to the Scheme and the orders of the Court approving the Scheme.

## 5.2. Verra's obligations

Subject to the terms of this agreement, Verra must take all reasonable steps to assist Redflex to implement the Proposed Transaction on a basis consistent with this agreement as soon as is reasonably practicable after the date of this agreement and must use reasonable endeavours to ensure (within and to the extent of its power or control) that each step in the Timetable is undertaken by the date set out beside that step, and, in particular, must do each of the following:

- (a) **(Provide Verra Information)**: Prepare and promptly provide the Verra Information to Redflex.
- (b) **(Regulatory notifications)**: In relation to the Regulatory Approvals, lodge with any Government Agency within the relevant time periods all documentation and filings required by law to be so lodged by Verra in relation to the Proposed Transaction in accordance with clause 3.3.
- (c) **(Preparation of Scheme Booklet)**: Provide assistance to Redflex with the preparation of the Scheme Booklet in accordance with clause 5.3.
- (d) **(Independent Expert information)**: Provide any assistance or information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report.
- (e) **(Verification of Verra Information)**: Before the Scheme Booklet is provided to ASIC pursuant to section 411(2) of the Corporations Act:
  - (i) confirm in writing to Redflex that the Verra Information in the form and context in which it appears in the Scheme Booklet is not misleading or deceptive in any material respect and does not contain any material omission; or
  - (ii) provide to Redflex the changes required to ensure that the Verra Information in the form and context in which it appears in the Scheme Booklet is not misleading or deceptive in any material respect and does not contain any material omission.
- (f) **(Liaison with ASIC)**: Provide reasonable assistance to Redflex to assist Redflex to resolve any matter raised by ASIC regarding the Scheme Booklet or the Scheme during its review of the Scheme Booklet.
- (g) **(Approval of Verra Information)**: As soon as reasonably practicable after the conclusion of the review by ASIC of the Scheme Booklet, provide its consent to the inclusion of the Verra Information in the Scheme Booklet in the form and context in which the Verra Information appears.
- (h) **(Update Verra Information)**: Promptly provide to Redflex any further or new Verra Information as may arise after the Scheme Booklet has been sent to Shareholders and until (and including) the date of the Scheme Meeting as may be necessary to ensure that the Verra Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission) and to ensure that there would be no breach of the Verra Warranty in paragraph 8 of Schedule 1 if it applied as at the date on which such further or new Verra Information arose.
- (i) **(Certificate)**: 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 Redflex for the provision to the Court the certificate referred to in clause 3.8(b).
- (j) **(Deed Poll)**: Before the first Court hearing on the First Court Hearing Date, enter into the Deed Poll and deliver it to Redflex.
- (k) **(Share transfer)**: If the Court approves the Scheme, accept a transfer of the Scheme Shares and promptly execute proper instruments of transfer of the Scheme Shares to Verra in accordance with the Scheme.
- (l) **(Court representation)**: Procure that it is represented by counsel at the Court hearings convened in relation to the Scheme, and, through its counsel or solicitors, undertake (if

requested by the Court) to do all such things and take all such steps within its power or control as may be reasonably necessary in order to ensure the fulfilment of its obligations under the Transaction Documents.

- (m) **(Scheme Consideration)**: If the Scheme becomes Effective, provide the Scheme Consideration in the manner and amount contemplated by clauses 4.3 and 4.4 and the terms of the Transaction Documents.
- (n) **(Redflex Information)**: Ensure that the Redflex Information is treated as “Confidential Information” for the purposes of, and in accordance with, the Confidentiality Agreement.
- (o) **(Promote Proposed Transaction)**: Participate in efforts reasonably requested by Redflex to promote the merits of the Proposed Transaction, including, where reasonably requested by Redflex, meeting with key Shareholders.
- (p) **(Scheme)**: If the Scheme becomes Effective, do all things within its power or control that are reasonably necessary to lawfully give effect to the Scheme and the orders of the Court approving the Scheme.

### 5.3. Preparation of Scheme Booklet

- (a) **(Redflex to prepare)**: Redflex must prepare the Scheme Booklet as soon as is reasonably practicable after the date of this agreement and otherwise substantially in accordance with the Timetable.
- (b) **(Compliance requirements)**: Redflex must ensure that the Scheme Booklet complies with and includes all information as required by the Corporations Act, the Corporations Regulations, applicable ASIC Policy (including ASIC Regulatory Guide 60), applicable Takeovers Panel policy and guidance notes and the ASX Listing Rules, except that the obligation to do so in respect of Verra Information is subject to Verra complying with its obligations under clause 5.3(e) and the Verra Warranty given in paragraph 8 of Schedule 1.
- (c) **(Content of Scheme Booklet)**: Without limiting clause 5.3(b), Redflex must ensure that the Scheme Booklet includes or is accompanied by:
  - (i) the Scheme;
  - (ii) the notice of meeting for the Scheme Meeting;
  - (iii) an explanatory statement complying with the requirements of the Corporations Act;
  - (iv) the proxy form for the Scheme Meeting;
  - (v) a copy of this agreement (without its annexures) or a summary of it;
  - (vi) a copy of the executed Deed Poll;
  - (vii) the Independent Expert’s Report;
  - (viii) the recommendation and statements contemplated by clause 7; and
  - (ix) the statement contemplated by clause 5.3(d).
- (d) **(Responsibility statement)**: Verra and Redflex agree that the Scheme Booklet will contain a responsibility statement in a form to be agreed between the parties (acting reasonably) to the effect that:
  - (i) Redflex has prepared and is responsible for the Redflex Information contained in the Scheme Booklet, and none of Verra or its Related Bodies Corporate or their respective directors, officers or employees assumes any responsibility or liability for the accuracy or completeness of the Redflex Information;
  - (ii) Verra has prepared and is responsible for the Verra Information contained in the Scheme Booklet and no other part of the Scheme Booklet, and none of Redflex or its Related

- Bodies Corporate or their respective directors, officers or employees assumes any responsibility or liability for the accuracy or completeness of the Verra Information; and
- (iii) the Independent Expert is responsible for the Independent Expert's Report, and none of Verra or its Related Bodies Corporate or their respective directors, officers or employees, nor Redflex or its Related Bodies Corporate or their respective directors, officers or employees, assumes any responsibility or liability for the accuracy or completeness of the Independent Expert's Report.
- (e) **(Verra Information):** Verra must provide the Verra Information to Redflex as soon as is reasonably practicable after the date of this agreement and otherwise substantially in accordance with the Timetable for inclusion in the Scheme Booklet, and must provide to Redflex such assistance as Redflex may reasonably require in order to adapt such information for inclusion in the Scheme Booklet.
  - (f) **(Review by Verra):** Redflex must consult with Verra as to the content and presentation of:
    - (i) the Scheme Booklet, which includes:
      - (A) allowing Verra a reasonable opportunity to review and make comments on successive drafts of the Scheme Booklet (accepting that any review of the Independent Expert's Report is limited to review for factual accuracy of those parts that include information relating to Verra);
      - (B) taking any reasonable comments made by Verra into account in good faith when producing a revised draft of the Scheme Booklet;
      - (C) providing to Verra a revised draft of the Scheme Booklet within a reasonable time before the draft of the Scheme Booklet which is provided to ASIC for approval pursuant to section 411(2) of the Corporations Act is finalised; and
      - (D) obtaining Verra's consent to the inclusion of the Verra Information (including in respect of the form and context in which the Verra Information appears in the Scheme Booklet); and
    - (ii) documents required for the purposes of the Court hearings held for the purposes of sections 411(1) and 411(4)(b) of the Corporations Act in relation to the Scheme (including originating processes, affidavits, submissions and draft minutes of Court orders), and consider in good faith any comments on, or suggested amendments to, those documents from Verra prior to filing those documents with the Court.
  - (g) **(Review by Redflex):** Verra must consider in good faith any comments on drafts of the Verra Information provided by or on behalf of Redflex.
  - (h) **(Disagreement on content):** If, after a reasonable period of consultation, Redflex and Verra, acting reasonably and in good faith, are unable to decide the final form or content of the Scheme Booklet, then:
    - (i) if the disagreement relates to the form or content of the Verra Information, Verra will, acting in good faith, decide the final form or content of that information in the Scheme Booklet; and
    - (ii) if the disagreement relates to the form or content of the Redflex Information, Redflex will, acting in good faith, decide the final form or content of that information in the Scheme Booklet.



#### **5.4. Verification**

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

#### **5.5. Appointment of directors**

- (a) As soon as practicable after the Second Court Hearing Date, Verra must determine, and notify Redflex of, the required composition of the board of directors of each Redflex Group entity, including Redflex, (**Verra Nominees**) and must provide all assistance reasonably requested by Redflex to enable it to comply with its obligations under clause 5.5(b)(i).
- (b) Redflex must:
  - (i) take all actions necessary to appoint the Verra Nominees to the Redflex Board and the board of each member of the Redflex Group (as relevant and in accordance with Verra's instructions in clause 5.5(a)); and
  - (ii) procure the resignation of all directors from the Redflex Board and the board of each member of the Redflex Group (not including the Verra Nominees) (each a **Resigning Director**),

in each case, to take effect on and from the Implementation Date, but subject to the Scheme Consideration having been paid by Verra in accordance with the Transaction Documents and receipt by Redflex (and/or the relevant member of the Redflex Group) of consents to act respectively signed by each of the Verra Nominees and any other information in relation to the Verra Nominees that Redflex or a Government Agency may require in order to effect the appointment of the Verra Nominees to the board of each member of the Redflex Group.

#### **5.6. Appeal process**

If the Court refuses to make any orders convening the Scheme Meeting or approving the Scheme, Redflex and Verra must consult with each other in good faith as to whether to appeal the Court's decision and, unless the parties agree in writing not to appeal the Court's decision, the parties must appeal the Court's decision, except to the extent that an independent experienced counsel of the New South Wales bar representing that party in relation to the Scheme advises that, in his or her view, an appeal would have no reasonable prospect of success before the Sunset Date, in which case either party pay terminate this agreement in accordance with clause 13.1(a)(ii). Any costs incurred as a result of the operation of this clause 5.6 will be borne by Verra (unless Redflex appeals without the request of Verra).

#### **5.7. Right to separate representation**

Each party is entitled to separate representation at all Court proceedings relating to the Proposed Transaction. Nothing in this agreement is to be taken to give Redflex or Verra (as applicable) any right or power to make or give undertakings to the Court for on behalf of the other party.

#### **5.8. Transaction Implementation Committee**

The parties must establish a Transaction Implementation Committee as soon as reasonably practicable after the date of this agreement. The role of the Transaction Implementation Committee will be to act as a forum for consultation and planning by the parties to:

- (a) implement the Scheme; and
- (b) subject to clause 5.9, ensure the smooth transition of the management of the business and affairs of the Redflex Group to Verra following the implementation of the Scheme.

#### **5.9. No partnership or joint venture**

Subject to this agreement, nothing in clause 5.8 requires either party to act at the direction of the other and, for clarity, the members of the Transaction Implementation Committee will be subject to the terms and conditions of the Confidentiality Agreement. The business of each party will continue to operate

independently from the other until the Implementation Date. The parties agree that nothing in this agreement constitutes the relationship of a partnership or a joint venture between the parties.

## **6. CONDUCT OF BUSINESS AND ACCESS**

### **6.1. Conduct of the Redflex business**

During the period from the date of this agreement up to and including the earlier of the date on which this agreement is validly terminated and the Implementation Date, Redflex must:

- (a) procure that the Redflex Group conducts its business and operations in the ordinary course and substantially consistent (subject to any applicable laws and regulations) with the manner in which such business and operations have been conducted in the reporting period prior to the date of this agreement;
- (b) keep Verra reasonably informed of material developments concerning the conduct of Redflex's business, provided that this obligation does not require Redflex to provide any confidential, competitively sensitive or privileged information where the provision of such information is reasonably likely to cause the Redflex Group to be in breach of contract or applicable law (including competition laws) or would be reasonably likely to prejudice the Redflex Group's compliance with the conditions of any tender in which it is participating, or may participate, or its prospects of success in such a tender, or result in a loss of any attorney-client work product or other legal privilege;
- (c) to the extent consistent with clause 6.1(a), use reasonable endeavours to maintain the condition of the businesses and the assets of the Redflex Group;
- (d) to the extent consistent with clause 6.1(a), use reasonable endeavours to retain the services of its Key Personnel (and, for clarity, this undertaking will not be breached if any such person voluntarily resigns or ceases to be employed or engaged due to retirement, death, illness (including mental illness), serious disability or permanent incapacity through ill health);
- (e) to the extent consistent with clause 6.1(a), use reasonable endeavours to preserve its relationships with Government Agencies and material customers, suppliers, licensors, licensees, joint venturers and others with whom it has material business dealings;
- (f) ensure that there is no material decrease in the amount of cash in Redflex other than as used in the ordinary course of business and consistent with forecast cash utilisation;
- (g) ensure that no Redflex Prescribed Occurrence occurs;
- (h) ensure that none of the following occurs:
  - (i) any member of the Redflex Group acquires, agrees to acquire, disposes of, agrees to dispose of, or offers, proposes or announces a bid or tender for, any entity, business, assets or undertaking (other than assets acquired or disposed of in the ordinary course of business), where the value of such entity, business, assets or undertaking exceeds \$3 million (either individually or, in the case of related businesses or classes of assets or a series of related transactions, collectively);
  - (ii) any member of the Redflex Group incurs capital expenditure after the date of this agreement which would result in the Redflex Group's aggregate capital expenditure for the year in which the expenditure is incurred exceeding the Redflex Group's budgeted aggregate capital expenditure for that year by \$3 million or more (excluding any capital expenditure required to be incurred to fund new or existing revenue producing customer contracts that have been entered into on or prior to the date of this agreement or are entered into after the date of this agreement);
  - (iii) any member of the Redflex Group amends in any material respect any arrangement with its financial advisors in respect of transactions contemplated by this agreement;
  - (iv) enter into or resolve to enter into a joint venture or partnership with any person;



- (v) take any action in respect of its information technology systems which would have a material impact on those systems; or
- (vi) agree to do any of the matters set out above,

in each case, except to the extent:

- (i) required or expressly permitted by this agreement or the Scheme;
- (j) required in order to comply with any court order, applicable law or obligations imposed by a Government Agency (including in connection with the COVID-19 pandemic), including to pay any Tax or Duty when due;
- (k) fairly disclosed in the Due Diligence Materials as being an action that Redflex will carry out between (and including) the date of this agreement and the Implementation Date;
- (l) required to obtain or maintain insurances for the Redflex Group or the Business;
- (m) that, in the reasonable opinion of Redflex, is necessary and prudent to respond to any emergency or disaster (including a situation giving rise to a risk of personal injury or damage to property);
- (n) fairly disclosed by Redflex in an announcement made by Redflex to ASX or in a document lodged by Redflex with ASIC in the 18 months immediately prior to the date of this agreement;
- (o) agreed to in writing by Verra; or
- (p) arising from costs and expenses reasonably incurred by Redflex and paid or payable to external Advisers in connection with the Proposed Transaction, including the incurring or payment of all fees and expenses (including disbursements) payable to those external Advisers and any fees and expenses (including disbursements) reasonably incurred or payable in connection with any Takeovers Panel or other legal proceedings.

## 6.2. Response to Competing Proposal

For clarity, nothing in clause 6.1 restricts the ability of Redflex to respond to a Competing Proposal in accordance with clause 10.

## 6.3. Access to information and co-operation

- (a) **(Provision of access and information):** During the period from the date of this agreement up to and including the Implementation Date, Redflex must respond to reasonable requests from Verra and its Representatives for information concerning the Redflex Group's business, operations and affairs as soon as reasonably practicable after such requests are made, and give Verra and its Representatives reasonable access to the Redflex Group's senior executives and records, and otherwise provide reasonable co-operation to Verra and its Representatives, in each case for the purposes of:
  - (i) the implementation of the Scheme;
  - (ii) integration planning prior to implementation of the Scheme which, for clarity, does not include ongoing due diligence on the Redflex Group;
  - (iii) any application which Verra makes to any Government Agency and in response to any requests for information required by any Government Agency; or
  - (iv) any other purpose that is agreed in writing by the parties.
- (b) **(Limits on Redflex obligations):** The obligations in clause 6.3(a) do not require Redflex to:
  - (i) do anything which would cause undue disruption to the operation of its business in the ordinary course;

- (ii) require a member of the Redflex Group to take any action that would reasonably be expected to conflict with or violate the entity's constituent documents or any applicable law (including competition laws);
  - (iii) require a member of the Redflex Group to take any action that would breach an obligation to any person (including any confidentiality obligations);
  - (iv) provide information to Verra concerning the Redflex directors' and management's consideration of the Scheme or, subject to clause 10, any Competing Proposal; or
  - (v) provide any confidential, competitively sensitive or privileged information where the provision of such information is reasonably likely to cause prejudice to the commercial or legal interests of the Redflex Group taken as a whole, or would be reasonably likely to jeopardise any attorney-client work product or other legal privilege.
- (c) **(Confidentiality)**: The parties acknowledge that all information that is provided pursuant to this clause 6.3 will be provided subject to the terms of the Confidentiality Agreement and will be made available in the Data Room.

#### 6.4. Change of control

As soon as reasonably practicable after the date of this agreement, Redflex and Verra must:

- (a) seek to identify any change of control or unilateral termination rights in any material contracts to which any member of the Redflex Group is party which may be triggered by or exercised in response to the implementation of the Scheme (**Change of Control Requirements**); and
- (b) unless otherwise agreed between Redflex and Verra, use all reasonable endeavours to obtain any material consents required in accordance with the terms of any identified Change of Control Requirements as soon as reasonably practicable and in any event before the Second Court Hearing Date, and which will include:
  - (i) Redflex initiating contact, including joint discussions if required, with the relevant counterparties and requesting that they provide any consents or confirmations required or appropriate, provided that Verra must not contact any counterparties without Redflex being present or without Redflex's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed);
  - (ii) Redflex cooperating with, and providing reasonable assistance to, Verra to obtain such consents or confirmations as expeditiously as possible, including by promptly providing any information reasonably required by counterparties (but nothing in this clause requires Redflex or Verra to incur any material expense); and
  - (iii) Verra taking all actions to comply with any requirements of the counterparties that are reasonably necessary to obtain the relevant consent or confirmation, including providing any information required and entering into parent company guarantees or such other forms of guarantee or security as counterparties may reasonably require and make its officers and employees available, where necessary, to meet with counterparties to address any issues arising in relation to the relevant matter.

#### 6.5. PPP Loan

Redflex undertakes to take all actions that are reasonably necessary to obtain forgiveness of the PPP Loan prior to the Implementation Date and to comply in a timely manner with all reasonable requests for further documentation or information by Western Alliance Bank or the U.S. Small Business Association in connection therewith.

#### 6.6. Directors' and officers' insurance and indemnities

- (a) Subject to the Scheme becoming Effective and the Proposed Transaction completing, Verra undertakes in favour of Redflex and each person who is a director or officer of a member of the Redflex Group that it will:

- (i) to the extent permitted by law and unless otherwise agreed, for a period of seven years from the Implementation Date or until a company ceases to be part of the Redflex Group (whichever is earlier), ensure that the constitutions of Redflex and each other member of the Redflex Group continue to contain such rules as are contained in those constitutions at the date of this agreement that provide for each company to indemnify each of its current and previous directors and officers against any liability incurred by that person in his or her capacity as a director or officer of the company to any person other than a member of the Redflex Group, and must ensure there is no variation of those constitutional arrangements in a manner which is less favourable to those persons than their terms as at the date of this agreement unless such variation is effected with the prior agreement of all affected current and previous directors and officers; and
  - (ii) procure that to the extent permitted by law and unless otherwise agreed, each member of the Redflex Group ensures there is no variation of any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers as at the date of this agreement in a manner which is less favourable to those persons than their terms as at the date of this agreement unless such variation is effected with the prior agreement of all affected current and previous directors and officers.
- (b) Notwithstanding any other provision of this agreement, Redflex must, at Redflex's cost, prior to the Implementation Date, enter into arrangements to secure separate directors' and officers' run-off insurance for a period of at least seven years on and from the Implementation Date for the retiring officers and other individuals and entities who are insured under the current directors' and officers' liability insurance policy for the Redflex Group, on terms no less favourable than such current policy in force or expiring as at the Implementation Date, in respect of acts or omissions occurring in the period up to and including the Implementation Date (including in connection with the Proposed Transaction) (**D&O Run-Off Insurance**). Before entering into any D&O Run-Off Insurance, Redflex must first present to Verra a quotation for such insurance policy, and Verra must first approve such quotation (such approval not to be unreasonably withheld, conditioned or delayed) before Redflex may enter into that contract of insurance.
- (c) To the extent permitted by law and unless otherwise agreed, Verra must not, and from the Implementation Date must procure that each member of the Redflex Group must not, amend or cancel the D&O Run-Off Insurance at any time after the Implementation Date, or do anything or fail to do anything within its reasonable control which would prejudice or adversely affect the D&O Run-Off Insurance (or the cover under such) at any time after the Implementation Date.
- (d) The undertakings contained in clause 6.6(a) are subject to any Corporations Act restrictions and will be read down accordingly.
- (e) Redflex receives and holds the benefit of clauses 6.6(a) and 6.6(c) as trustee for and on behalf of each person who is a director or officer of a member of the Redflex Group.
- (f) The undertakings contained in clauses 6.6(a) and 6.6(c) are given until the earlier of the end of the relevant period specified in clause 6.6(a) and the relevant member of the Redflex Group ceasing to be part of the Redflex Group.

#### **6.7. Other insurance policies confirmation and run off policies**

- (a) Prior to the Implementation Date, Redflex will, or will procure that the relevant member of the Redflex Group will, provide any notifications which are required to be provided under the Redflex Group's insurance policies prior to the Implementation Date in respect of the Proposed Transaction.
- (b) Notwithstanding any other provision of this agreement, Redflex must, at Redflex's cost, prior to the Implementation Date, enter into arrangements to secure separate run-off insurance for the Specified Insurances for a period of at least seven years on and from the Implementation Date for the individuals and entities who are insured under the current policies for the Specified

Insurances, on terms no less favourable than such current policy in force or expiring as at the Implementation Date, in respect of acts or omissions occurring in the period up to and including the Implementation Date (including in connection with the Proposed Transaction) (**Specified Run-Off Insurance**). Before entering into any Specified Run-Off Insurance, Redflex must first present to Verra a quotation for such insurance policy, and Verra must first approve such quotation (such approval not to be unreasonably withheld, conditioned or delayed) before Redflex may enter into that contract of insurance.

- (c) As soon as reasonably practicable after the date of this agreement, Redflex must notify the insurers under the Redflex Group's insurance policies of the Proposed Transaction and use its reasonable endeavours to obtain written confirmation from the insurers under the Redflex Group's insurance policies (apart from the current directors' and officers' liability insurance policy for the Redflex Group and the policies for the Specified Insurances) that the Proposed Transaction will not affect coverage under those policies, including that the relevant policy will not go into run-off as a result of the Proposed Transaction and will remain in force and effect following Implementation upon the same terms as prior to Implementation. If Redflex is not able to obtain such confirmation within 10 Business Days prior to Implementation, Redflex's obligations under clause 6.7(d) apply in relation to those policies.
- (d) If this clause 6.7(d) applies following the application of clause 6.7(c), Verra consents to Redflex arranging and effecting, and Redflex must arrange and effect, or procure that the relevant member of the Redflex Group arranges and effects, at Redflex's cost, insurance for a period of at least seven years on and from the Implementation Date for individuals and entities who are insured under the current insurance policies of the Redflex Group, on terms no less favourable than such current policy in force or expiring as at the Implementation Date, in respect of acts or omissions occurring in the period up to and including the Implementation Date (including in connection with the Proposed Transaction) (**Run-Off Insurances**). Before entering into any Run-Off Insurance, Redflex must first present to Verra a quotation for such insurance policy, and Verra must first approve such quotation (such approval not to be unreasonably withheld, conditioned or delayed) before Redflex may enter into that contract of insurance.

## **7. REDFLEX BOARD RECOMMENDATION AND INTENTIONS**

### **7.1. Redflex Board recommendation**

- (a) Redflex must procure that the Launch Announcement to be issued by Redflex on the Announcement Date states (on the basis of written statements made to Redflex by each Redflex Director) that the Redflex Board unanimously considers the Scheme to be in the best interests of Shareholders and intends to recommend to Shareholders that the Scheme Resolution be approved, subject to the Independent Expert concluding, and continuing to conclude, that the Scheme is in the best interests of Shareholders and there being no Superior Proposal.
- (b) Redflex must procure that the Scheme Booklet despatched by Redflex contains a statement by the Redflex Board that the Redflex Board unanimously considers the Scheme to be in the best interests of Shareholders and unanimously recommends that Shareholders approve the Scheme Resolution, subject to the Independent Expert concluding, and continuing to conclude, that the Scheme is in the best interests of Shareholders and there being no Superior Proposal unless there has been a change or withdrawal of recommendation under clause 7.3.

### **7.2. Redflex Director intentions**

- (a) Redflex must procure that the Launch Announcement to be issued by Redflex on the Announcement Date states (on the basis of written statements made to Redflex by each of the relevant Redflex Directors) that each Redflex Director who holds Shares intends to vote those Shares in favour of the Scheme Resolution, subject to the Independent Expert concluding, and continuing to conclude, that the Scheme is in the best interests of Shareholders and there being no Superior Proposal.



(b) Redflex must:

- (i) procure that the Scheme Booklet contains a statement by the Redflex Board that each Redflex Director who holds Shares, or who has control over voting rights attaching to Shares, intends to vote those Shares in favour of the Scheme Resolution, subject to the Independent Expert concluding, and continuing to conclude, that the Scheme is in the best interests of Shareholders and there being no Superior Proposal unless there has been a change or withdrawal of recommendation under clause 7.3; and
- (ii) procure that each Redflex Director who holds Shares, or who has control over voting rights attaching to Shares, votes those Shares in favour of the Scheme Resolution, subject to the Independent Expert concluding, and continuing to conclude, that the Scheme is in the best interests of Shareholders and there being no Superior Proposal.

**7.3. Withdrawal or change of recommendation**

(a) Redflex must use its reasonable endeavours to procure that none of the Redflex Directors withdraws or changes his or her recommendation that Shareholders approve the Scheme Resolution, unless:

- (i) there is a Superior Proposal; or
- (ii) the Independent Expert concludes that the Scheme is not in the best interests of the Shareholders, or adversely changes its previously given opinion that the Scheme is in the best interests of Shareholders,

and the Redflex Board determines in good faith and acting reasonably, having received expert advice in writing from its legal advisors (who must be reputable advisers experienced in transactions of this nature) that they must do so because of their fiduciary or statutory duties to Shareholders.

(b) Without limiting clause 10, if a Redflex Director proposes to withdraw or change his or her recommendation in accordance with clause 7.3(a):

- (i) Redflex must notify Verra in writing immediately; and
- (ii) the parties must consult in good faith for 2 Business Days after the date on which the notification in subparagraph (i) is given to consider and determine whether the recommendation in place at the time can be maintained. That recommendation cannot be withdrawn or changed in accordance with clause 7.3(a) until the end of the consultation period.

**8. WARRANTIES**

**8.1. Verra Warranties**

Verra represents and warrants to Redflex (on its own behalf and separately as trustee or nominee for each of the Redflex Released Persons) that each Verra Warranty is true and correct.

**8.2. Verra indemnity**

Verra agrees with Redflex (on its own behalf and separately as trustee or nominee for each of the Redflex Released Persons) to indemnify Redflex and each of the Redflex Released Persons against all Losses of whatever nature and however arising that Redflex or any of the Redflex Released Persons suffers, incurs or is liable for arising out of any breach of the Verra Warranties.

**8.3. Redflex Warranties**

- (a) Redflex warrants to Verra (on its own behalf and separately as trustee or nominee for each of the Verra directors) that each Redflex Warranty is true and correct.
- (b) Verra acknowledges and agrees that the Redflex Warranties are given subject to those matters which:

- (i) are fairly disclosed in the Due Diligence Materials;
- (ii) are fairly disclosed by Redflex in an announcement made by Redflex to ASX or in a document lodged by Redflex with ASIC in the 18 months immediately prior to the date of this agreement;
- (iii) would have been known to Verra had it conducted searches of public records maintained by:
  - (A) ASIC and NZCO;
  - (B) the register established under the PPSA and equivalent register(s) in New Zealand; and
  - (C) the High Court of Australia, the Federal Court of Australia and the Supreme Courts of each state and territory in Australia and equivalent courts in New Zealand,
 as at 5 Business Days before the date of this agreement, in each case in respect of the Redflex Group entities incorporated in the relevant jurisdiction; or
- (iv) are within the actual knowledge of a Verra Specified Executive or the knowledge that any of those persons would have had if they had made reasonable enquiries of their respective direct reports involved in Verra's due diligence investigations in connection with the Proposed Transaction, as at the date of this agreement.

#### **8.4. Redflex indemnity**

Subject to clause 8.3(b), Redflex agrees with Verra (on its own behalf and separately as trustee or nominee for each of the Verra Released Persons) to indemnify Verra and each of the Verra Released Persons against all Losses of whatever nature and however arising that Verra or any of the Verra Released Persons suffers, incurs or is liable for arising out of any breach of the Redflex Warranties.

#### **8.5. Timing of warranties**

Unless expressed to be given at a particular time or during a particular period (in which case it is given at that time or during that period), each Verra Warranty and each Redflex Warranty is given:

- (a) at the date of this agreement; and
- (b) at 8:00am on the Second Court Hearing Date.

#### **8.6. Survival of warranties**

Each Verra Warranty and each Redflex Warranty:

- (a) is severable and separate, and is not limited by reference to any other Verra Warranty or Redflex Warranty (as applicable) or any other provision of this agreement; and
- (b) survives the termination of this agreement (but does not survive, and will be taken to have no further force or effect following, implementation of the Scheme).

#### **8.7. Reliance**

The parties acknowledge that Verra has entered into this agreement in reliance on the Redflex Warranties and Redflex has entered into this agreement in reliance on the Verra Warranties.

#### **8.8. Notification of material breach**

- (a) Between the date of this agreement and the Second Court Hearing Date, Redflex must promptly notify Verra in writing of any material breach of this agreement by Redflex (including any breach of a Redflex Warranty) of which Redflex becomes aware.
- (b) Between the date of this agreement and the Second Court Hearing Date, Verra must promptly notify Redflex in writing of any material breach of this agreement by Verra (including any breach of a Verra Warranty) of which Verra becomes aware.

- (c) Any written notification provided by a party under clause 8.8(a) or clause 8.8(b) must include a reasonable summary of the relevant material breach, to the extent the details are known to the party providing the notice.

## **9. RELEASES**

### **9.1. Redflex Released Persons**

- (a) Subject to clause 9.1(b), Verra releases its rights against, and agrees with Redflex that it will not make a Claim against, any Redflex Released Person in connection with:
  - (i) any breach of any representation, warranty or covenant of Redflex in this agreement; or
  - (ii) any disclosure made (at any time) by any Redflex Released Person that contains any statement which is false or misleading whether in content or by omission,  
whether current, future, known or unknown, arising at common law, in equity, under statute or otherwise, except to the extent that the relevant Redflex Released Person has acted fraudulently or has engaged in wilful misconduct.
- (b) Clause 9.1(a) is subject to any Corporations Act restrictions and will (if and to the extent required) be read down accordingly. Redflex receives and holds the benefit of this clause 9.1 as trustee for and on behalf of each Redflex Released Person.
- (c) Nothing in this clause 9.1 limits Verra's rights to terminate this agreement under clause 13.1.

### **9.2. Verra Released Persons**

- (a) Subject to clause 9.2(b), Redflex releases its rights against, and agrees with Verra that it will not make a Claim against, any Verra Released Person in connection with:
  - (i) any breach of any representation, warranty or covenant of Verra in this agreement; or
  - (ii) any disclosure made (at any time) by any Verra Released Person that contains any statement which is false or misleading whether in content or by omission,  
whether current, future, known or unknown, arising at common law, in equity, under statute or otherwise, except to the extent that the relevant Verra Released Person has acted fraudulently or has engaged in wilful misconduct.
- (b) Clause 9.2(a) is subject to any Corporations Act restrictions and will (if and to the extent required) be read down accordingly. Verra receives and holds the benefit of this clause 9.2 as trustee for and on behalf of each Verra Released Person.
- (c) Nothing in this clause 9.2 limits Redflex's rights to terminate this agreement under clause 13.1.

## **10. EXCLUSIVITY**

### **10.1. No existing discussions**

- (a) Redflex represents and warrants that, as at the time of execution of this agreement, it is not in negotiations or discussions in respect of any Competing Proposal with any Third Party.
- (b) As soon as practicable following the execution of this agreement, to the extent it has not already done so, Redflex must promptly request the return or destruction of Redflex's confidential information that has been provided to a Third Party under a confidentiality agreement in relation to a Competing Proposal in accordance with, but only to the extent provided by, the terms of that confidentiality agreement.

### **10.2. No-shop**

During the Exclusivity Period, Redflex must ensure that neither it nor any of its Representatives, directly or indirectly:

- (a) solicits, invites, encourages or initiates any enquiries, expressions of interest, offers, proposals, negotiations or discussions with any Third Party; or

- (b) communicates any intention to do any of these things,

with a view to, or that may be reasonably expected to encourage or lead to, obtaining any offer, proposal or expression of interest from any Third Party in relation to a Competing Proposal.

#### **10.3. No talk**

Subject to clause 10.5, during the Exclusivity Period, Redflex must ensure that neither it nor any of its Representatives:

- (a) negotiates; or
- (b) participates in negotiations or discussions with any Third Party regarding,

a Competing Proposal or any agreement, understanding or arrangement that may be reasonably expected to lead to a Competing Proposal, even if that person's Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by Redflex or any of its Representatives or the person has publicly announced the Competing Proposal.

#### **10.4. No due diligence**

Subject to clause 10.5, during the Exclusivity Period, Redflex must ensure that neither it nor any of its Representatives in relation to a Competing Proposal:

- (a) enables any Third Party to undertake due diligence investigations on any member of the Redflex Group, any of the operations or assets of the Business or any part thereof;
- (b) makes available to any Third Party, or permits any Third Party to receive, (in the course of due diligence investigations or otherwise) any non-public information relating to any member of the Redflex Group, any of the operations or assets of the Business or any part thereof; or
- (c) makes available to any Third Party, or permits any Third Party to have access to, (in the course of due diligence investigations or otherwise) any officers or employees of the Redflex Group.

#### **10.5. Fiduciary carve out**

Clauses 10.3 and 10.4 do not apply to the extent that they restrict Redflex or the Redflex Board from taking or refusing or omitting to take any action with respect to a genuine Competing Proposal (which was not solicited, invited, encouraged or initiated in contravention of clause 10.2), provided that the Redflex Board has determined, in good faith and acting reasonably that:

- (a) after consultation with its financial adviser, such a genuine Competing Proposal is, or could reasonably be expected to become, a Superior Proposal; and
- (b) after receiving written legal advice from its external legal advisers (who must be reputable advisers experienced in transactions of this nature), failing to respond to or failing to take or refusing or omitting to take the relevant action (as the case may be) in relation to such a genuine Competing Proposal (including providing some or all of the relevant information) would be reasonably likely to constitute a breach of the Redflex Board's fiduciary or statutory obligations.

#### **10.6. Matching right**

Subject to clause 10.8, before any member of the Redflex Group, during the Exclusivity Period, enters into any legally binding agreement to give effect to any Competing Proposal, each of the following conditions must be satisfied:

- (a) the Redflex Board, acting in good faith and in order to satisfy what the Redflex Board considers to be its statutory or fiduciary duties (after taking advice from its legal and financial advisers), determines that the Competing Proposal would be or would be likely to be an actual, proposed or potential Superior Proposal;
- (b) Redflex must provide Verra with the material terms and conditions of the Competing Proposal, including price and the identity of the Third Party making the Competing Proposal;



- (c) Redflex must give Verra until the Cut Off Date to provide a matching or superior proposal to the terms of the Competing Proposal (**Verra Counterproposal**); and
- (d) Redflex agrees that each successive modification of any such Competing Proposal will constitute a new Competing Proposal for the purposes of the requirements under this clause 10.6 and Redflex will be required to satisfy each condition of this clause 10.6 in respect of each such successive modification.

#### **10.7. No matching or superior Verra proposal**

If Verra does not submit to Redflex a Verra Counterproposal by the Cut Off Date, in respect of a Competing Proposal notified under clause 10.6(b), then without prejudice to Redflex's rights under clause 13.1(c), Verra will have no further rights under clause 10.6 or 10.8 in respect of that Competing Proposal.

#### **10.8. Matching or superior Verra proposal**

If, in accordance with clause 10.6(c), Verra provides to Redflex a Verra Counterproposal, Redflex must procure that the Redflex Board considers the Verra Counterproposal and determines whether, acting reasonably and in good faith, the Verra Counterproposal would provide an equivalent or more favourable outcome to Shareholders as a whole compared with the Competing Proposal. Following that determination, Redflex must:

- (a) procure that the Redflex Board promptly, and in any event within two Business Days, notifies Verra of the determination in writing, stating reasons for that determination;
- (b) if the determination is that the Verra Counterproposal would provide an equivalent or more favourable outcome to Shareholders as a whole compared with the Competing Proposal, for a period of two Business Days after Redflex delivers to Verra the notice referred to in subparagraph (a) above, Redflex and Verra must use their reasonable endeavours to agree to the transaction documentation required to implement the Verra Counterproposal as soon as reasonably practicable, and Redflex must use its reasonable endeavours to procure that each Redflex Director continues to recommend the Scheme (as modified by the Verra Counterproposal) to Shareholders (subject to the Independent Expert concluding, and continuing to conclude, that the Scheme is in the best interests of Shareholders and there being no Superior Proposal); and
- (c) if the determination is that the Verra Counterproposal would not provide an equivalent or more favourable outcome to Shareholders as a whole compared with the Competing Proposal, then Verra may take steps to amend the Verra Counterproposal to address the reasons given within a further period of two Business Days. If Verra does so to Redflex's satisfaction, then the process in subparagraph (b) applies to that amended Verra Counterproposal. If Verra does not do so to Redflex's satisfaction, then without prejudice to Redflex's rights under clause 13.1(c), Verra will have no further rights under clause 10.6 or this clause 10.8 in respect of that Competing Proposal.

#### **10.9. Exceptions to the exclusivity arrangement**

Nothing in this clause 10 prevents Redflex from:

- (a) engaging with Shareholders (in their capacity as a Shareholder of Redflex) in relation to the Redflex Group, provided that such engagement does not relate to Redflex soliciting, inviting, encouraging or initiating an actual, proposed or potential Competing Proposal;
- (b) making presentations to, and responding to enquiries from, brokers, portfolio investors, analysts and other Third Parties in the ordinary course in relation to the Business generally;
- (c) fulfilling its ASX continuous disclosure requirements;
- (d) providing information to its Representatives;
- (e) providing information to any Government Agency or as required by applicable law;

- (f) providing information to its Shareholders, auditors, customers, joint venturers and suppliers acting in that capacity in the ordinary course in relation to the Business generally; or
- (g) providing information, other than information relating to the exclusivity terms under this clause 10, as required under any member of the Redflex Group's existing contractual obligations other than any contractual obligations relating to a Competing Proposal.

#### **10.10. Notification**

During the Exclusivity Period, Redflex must promptly, and in any event within two Business Days, inform Verra in writing if it or any of its Representatives receives any approach with respect to any Competing Proposal and must disclose to Verra the fact that such an approach has been made and the general nature of the approach, including details of the identity or nature of the person making the approach (or, if different, details of the identity or nature of the proposed bidder or acquirer) and reasonable details of the material terms of the Competing Proposal the subject of the approach (as known by the Redflex Board at that time).

### **11. BREAK FEE**

#### **11.1. Background**

This clause 11 has been agreed to in circumstances where:

- (a) Redflex believes that the implementation of the Scheme will provide significant benefits to Redflex and its Shareholders, and acknowledges that, if Verra enters into this agreement and the Scheme is subsequently not implemented, Verra will have incurred significant costs, including those set out in clause 11.5;
- (b) Verra requested provision to be made for the relevant payment outlined in this clause 11, without which it would not have entered into this agreement;
- (c) the Redflex Board believes that it is appropriate to agree to the payment referred to in this clause 11 to secure Verra's entry into this agreement; and
- (d) Redflex has received separate legal advice in relation to this agreement and the operation of this clause 11.

The parties acknowledge and agree that the costs actually incurred by Verra as referred to in clause 11.1(a) will be of such nature that they cannot be accurately ascertained, but that the Break Fee is a genuine and reasonable pre-estimate of the costs and loss that would actually be incurred and suffered by Verra.

#### **11.2. Payment of Break Fee**

Subject to clauses 11.3, 11.6 and 11.7, Redflex must pay the Break Fee to Verra if:

- (a) **(change of recommendation):** at any time before the Sunset Date or, if earlier, the date on which this agreement is terminated under clause 13, any Redflex Director:
  - (i) fails to recommend the Scheme or changes, withdraws or adversely modifies his or her recommendation that Shareholders vote in favour of the Scheme Resolution at the Scheme Meeting; or
  - (ii) makes a public statement indicating that he or she no longer supports the Scheme or recommends or makes a statement supporting or endorsing an actual, proposed or potential Competing Proposal,

other than where the Independent Expert has concluded that the Scheme is not in the best interests of Shareholders (except where a Competing Proposal has been proposed or announced before the report is issued which the Independent Expert may reasonably regard to be on more favourable terms than the transaction contemplated by this agreement);

- (b) **(Competing Proposal):** at any time before the Sunset Date or, if earlier, the date on which this agreement is terminated under clause 13, a Competing Proposal is announced by a Third Party

and, within one year after that occurring, the Third Party who announced or made the Competing Proposal either alone or together with its Associates:

- (i) completes a transaction of the kind referred to in any of paragraphs (a), (b), (c), (d) or (e) of the definition of Competing Proposal; or
  - (ii) directly or indirectly acquires Voting Power in, or a Relevant Interest in, or has a right to acquire a legal, beneficial or economic interest in, or Control of, more than 50% of the securities in any member of the Redflex Group; or
- (c) **(termination for material breach by Redflex)**: Verra validly terminates this agreement under clause 13.1(a)(i).

### **11.3. Payment conditions**

- (a) Notwithstanding the occurrence of any event under clause 11.2, no amount is payable under that clause if the Scheme becomes Effective.
- (b) Redflex can only ever be liable to pay the Break Fee once.

### **11.4. Timing of payment**

If the Break Fee is payable under this clause 11, Redflex must pay the Break Fee to Verra without set-off or withholding within 10 Business Days after receipt of a demand for payment from Verra.

### **11.5. Nature of payment**

The amount payable by Redflex to Verra under clause 11.2 is an amount to compensate Verra for:

- (a) advisory costs (including costs of Advisers other than success fees);
- (b) costs of management and directors' time;
- (c) out-of-pocket expenses;
- (d) opportunity costs incurred in pursuing the Proposed Transaction (including the disruption of its existing business and diversion of board and management time and focus from its existing business) or in not pursuing other alternative transactions or strategic initiatives which could have been developed to further its business objectives; and
- (e) damage to Verra's reputation associated with a failed transaction and the implications of that damage to Verra's business.

### **11.6. Compliance with law**

- (a) This clause 11 imposes obligations on Redflex only to the extent that the performance of all or part of those obligations:
  - (i) does not constitute unacceptable circumstances as declared by the Takeovers Panel; and
  - (ii) is not determined to be unlawful by a court,subject to all proper avenues of appeal and review, judicial and otherwise, having been exhausted.
- (b) The parties must not make, or cause or permit to be made, any application to the Takeovers Panel or a court for or in relation to a declaration or determination of a kind referred to in clause 11.6(a).

### **11.7. Limitation of liability**

Notwithstanding any other provision of this agreement but excluding a breach by Redflex of any of its obligations under clause 10 and subject to clause 11.6 and other than where there has been fraud or wilful misconduct by any member of the Redflex Group or any officer or director of any member of the Redflex Group:

- (a) the maximum aggregate liability of Redflex to Verra under or in connection with this agreement or the Scheme, including in respect of any breach of this agreement, will be the amount of the Break Fee;
- (b) a payment by Redflex of the Break Fee in accordance with this clause 11 represents the sole and absolute liability of Redflex to Verra under or in connection with this agreement or the Scheme and no further damages, fees, expenses or reimbursements of any kind will be payable by Redflex to Verra in connection with this agreement or the Scheme; and
- (c) the amount of the Break Fee payable to Verra under this clause 11 must be reduced by the amount of any loss or damage recovered by Verra in relation to a breach of any other clause of this agreement.

## **12. REVERSE BREAK FEE**

### **12.1. Background**

This clause 12 has been agreed to in circumstances where:

- (a) Verra believes that the implementation of the Scheme will provide significant benefits to Verra and its investors, and acknowledges that, if Redflex enters into this agreement and the Scheme is subsequently not implemented, Redflex will have incurred significant costs, including those set out in clause 12.5;
- (b) Redflex requested provision to be made for the relevant payment outlined in this clause 12, without which it would not have entered into this agreement;
- (c) Verra's board of directors believes that it is appropriate to agree to the payment referred to in this clause 12 to secure Redflex's entry into this agreement; and
- (d) Verra has received separate legal advice in relation to this agreement and the operation of this clause 12.

The parties acknowledge and agree that the costs actually incurred by Redflex as referred to in clause 12.1(a) will be of such nature that they cannot be accurately ascertained, but that the Reverse Break Fee is a genuine and reasonable pre-estimate of the costs and loss that would actually be incurred and suffered by Redflex.

### **12.2. Payment of Reverse Break Fee**

Subject to clauses 12.3, 12.6, 12.7 and 12.8, Verra must pay the Reverse Break Fee to Redflex if:

- (a) **(failure to pay Scheme Consideration):** Verra does not pay the Scheme Consideration in accordance with the Scheme; or
- (b) **(termination for material breach by Verra):** Redflex validly terminates this agreement under clause 13.1(a)(i).

### **12.3. Payment conditions**

- (a) Verra can only ever be liable to pay the Reverse Break Fee once.
- (b) Notwithstanding the occurrence of any event under clause 12.2, no amount is payable under that clause if the Scheme becomes Effective and the Scheme Consideration is paid in accordance with the Scheme.

### **12.4. Timing of payment**

If the Reverse Break Fee is payable under this clause 12, Verra must pay the Reverse Break Fee to Redflex without set-off or withholding within 10 Business Days after receipt of a demand for payment from Redflex.

### **12.5. Nature of payment**

The amount payable by Verra to Redflex under clause 12.2 is an amount to compensate Redflex for:

- (a) advisory costs (including costs of Advisers other than success fees);
- (b) costs of management and directors' time;
- (c) out-of-pocket expenses;
- (d) opportunity costs incurred in pursuing the Proposed Transaction (including the disruption of its existing business and diversion of board and management time and focus from its existing business) or in not pursuing other alternative transactions or strategic initiatives which could have been developed to further its business objectives; and
- (e) damage to Redflex's reputation associated with a failed transaction and the implications of that damage to Redflex's business.

#### **12.6. Compliance with law**

- (a) This clause 12 imposes obligations on Verra only to the extent that the performance of all or part of those obligations:
  - (i) does not constitute unacceptable circumstances as declared by the Takeovers Panel; and
  - (ii) is not determined to be unlawful by a court,
 subject to all proper avenues of appeal and review, judicial and otherwise, having been exhausted.
- (b) The parties must not make, or cause or permit to be made, any application to the Takeovers Panel or a court for or in relation to a declaration or determination of a kind referred to in clause 12.6(a).

#### **12.7. Limitation of liability**

Notwithstanding any other provision of this agreement (other than clause 12.8):

- (a) the maximum aggregate liability of Verra to Redflex under or in connection with this agreement, including in respect of any breach of this agreement, will be the amount of the Reverse Break Fee;
- (b) a payment by Verra of the Reverse Break Fee in accordance with this clause 12 represents the sole and absolute liability of Verra to Redflex under or in connection with this agreement and no further damages, fees, expenses or reimbursements of any kind will be payable by Verra to Redflex in connection with this agreement; and
- (c) the amount of the Reverse Break Fee payable to Redflex under this clause 12 must be reduced by the amount of any loss or damage recovered by Redflex in relation to a breach of any other clause of this agreement.

#### **12.8. Failure to perform**

Clause 12.7 does not apply to any Claim in respect of, and does not limit the liability of Verra under, the Deed Poll.

### **13. TERMINATION**

#### **13.1. General termination rights**

- (a) Either party may terminate this agreement by written notice to the other party at any time before 8:00am on the Second Court Hearing Date:
  - (i) if:
    - (A) either:
      - (1) the other party is in material breach of any provision of this agreement (other than a Verra Warranty or a Redflex Warranty not being true and correct, which is addressed by subparagraph (2) below); or

- (2) a warranty given by the other party (being a Verra Warranty where the “other party” is Verra or a Redflex Warranty where the “other party” is Redflex) is not true and correct, and where that breach of warranty is material in the context of the Proposed Transaction taken as a whole;
- (B) the party wishing to terminate has given written notice to the other party setting out the relevant circumstances and stating an intention to terminate this agreement; and
- (C) the relevant circumstances continue to exist for 5 Business Days from the time the notice of intention to terminate is given to the other party (or any shorter period ending at 5:00pm on the Business Day immediately before the Second Court Hearing Date); or
- (ii) in the circumstances set out in, and in accordance with, clause 3.7(b) or clause 5.6.
- (b) Verra may terminate this agreement by written notice to Redflex at any time before 8:00am on the Second Court Hearing Date if any Redflex Director has changed, withdrawn or adversely modified his or her recommendation that Shareholders vote in favour of the Scheme Resolution at the Scheme Meeting or otherwise makes a public statement recommending that the Redflex Directors no longer support the Scheme or has recommended or made a statement supporting or endorsing an actual, proposed or potential Competing Proposal.
- (c) Redflex may terminate this agreement by written notice to Verra at any time before 8:00am on the Second Court Hearing Date if the Redflex Board changes or withdraws its recommendation under, and in accordance with, clause 7.3 or publicly recommends, promotes or otherwise endorses a Superior Proposal.

### **13.2. Effect of termination**

If this agreement is terminated under clause 13.1, this agreement will have no further force or effect and the parties will have no further obligations under this agreement, provided that:

- (a) this clause 13 and clauses 1, 6.6, 8.6, 9, 11, 12, 14, 15, 16, 17, 18 and 19 will survive termination; and
- (b) each party will retain any accrued rights and remedies, including any rights and remedies that it has or may have against the other party in respect of any past breach of this agreement.

### **13.3. No other termination**

No party may terminate or rescind this agreement except as permitted by this clause 13.

## **14. PUBLIC ANNOUNCEMENTS**

### **14.1. Launch Announcement**

- (a) On the Announcement Date, Verra and Redflex must issue a joint public announcement of the proposed Scheme in the form of the Launch Announcement, which has attached to it a copy of this agreement.
- (b) On the Announcement Date, Verra may issue its own public announcement of the proposed Scheme in the form agreed between the parties.

### **14.2. Other announcements and communications**

- (a) Subject to clause 15, where a party is required by applicable law (including the ASX Listing Rules, the NASDAQ Listing Rules or is requested or required by a Government Agency) to make any announcement or to make any disclosure in connection with this agreement, the Proposed Transaction or any transactions contemplated by the Transaction Documents, it may do so but must promptly consult with the other party before making the relevant disclosure and must give the other party as much notice as is reasonably practicable in the context of any



deadline imposed by applicable law. However, nothing in this clause 14.2 requires the giving of prior notice or the taking of action if to do so would lead to a party breaching applicable law.

- (b) Following the Launch Announcement, without limiting any other provision of this agreement, each party is free to communicate with its officers, employees, customers or suppliers regarding the Proposed Transaction, provided that the communications are not inconsistent in any material respect with the material statements included in the Launch Announcement, the public announcement referred to in clause 14.1(b) or any other announcement under clause 14.2(a) and, in the case of such communications by Redflex which are material, Redflex has first consulted with Verra before making those communications.

## 15. CONFIDENTIALITY

Each party acknowledges and agrees that:

- (a) it continues to be bound by the terms of the Confidentiality Agreement, except that:
  - (i) the terms of this agreement prevail over the terms of the Confidentiality Agreement to the extent of any inconsistency; and
  - (ii) notwithstanding any provision of this agreement or the Confidentiality Agreement, Redflex will not be required to consult with Verra in relation to any public announcement relating to any Competing Proposal or termination of this agreement; and
- (b) the rights and obligations of the parties under the Confidentiality Agreement survive termination of this agreement.

## 16. GST

- (a) In this clause 16:
  - (i) any words or expressions used in this clause which have a particular meaning in the GST Act have the same meanings given to those terms in the GST Act unless the context otherwise requires; and
  - (ii) "Supplier" means any party treated by the GST Act as making a Supply under this agreement.
- (b) Unless otherwise expressly stated, all prices or other sums payable under or in accordance with this agreement are exclusive of GST.
- (c) If GST is imposed on any Supply made under or in accordance with this agreement, the Recipient of the Taxable Supply must pay to the Supplier an additional amount equal to the GST payable on or for the Taxable Supply, subject to the Recipient receiving a valid Tax Invoice in respect of the Supply at or before the time of payment.
- (d) Payment of the additional amount must be made at the same time as payment for the Taxable Supply is required to be made in accordance with this agreement.
- (e) This clause does not apply to the extent that the consideration for the supply is expressly stated to include GST or the supply is subject to a reverse-charge.
- (f) If this agreement requires a party (the **First Party**) to pay for, reimburse, set off or contribute to any expense, loss or outgoing (**Reimbursable Expense**) suffered or incurred by the other party (the **Other Party**), the amount required to be paid, reimbursed, set off or contributed by the First Party will be the sum of:
  - (i) the amount of the Reimbursable Expense net of Input Tax Credits (if any) to which the Other Party (or the representative member of any GST group of which the Other Party is a member) is entitled in respect of the Reimbursable Expense (**Net Amount**); and
  - (ii) if the Other Party's recovery from the First Party is a Taxable Supply, any GST payable in respect of that Supply,

such that after the Other Party meets the GST liability, it retains the Net Amount.

- (g) If an adjustment event occurs in relation to a Supply made under or in connection with this agreement, the GST payable on or for the Taxable Supply will be recalculated to reflect that adjustment and an appropriate payment will be made between the parties.

## **17. DUTY, COSTS AND EXPENSES**

### **17.1. Duty**

Verra:

- (a) must pay all Duties and any related interest, fines and penalties in respect of this agreement, the Proposed Transaction, the Scheme or any transaction or steps effected or taken under this agreement, the Proposed Transaction or the Scheme, except to the extent that any fines, penalties or interest have been imposed as a consequence of delay by Redflex; and
- (b) indemnifies Redflex against any liability arising from or in connection with any failure by Verra to comply with clause 17.1(a).

### **17.2. Costs and expenses**

Except as otherwise provided in this agreement, each party must pay its own costs and expenses in connection with the negotiation, preparation, execution and performance of this agreement and the proposed, attempted or actual implementation of the Proposed Transaction.

## **18. NOTICES**

### **18.1. How to give notice**

Any notice, demand, consent or other communication (**Notice**) given or made under this agreement:

- (a) must be in writing and signed by a person duly authorised by the sender; and
- (b) must be delivered to the intended recipient by hand, prepaid post or by email to that person's address or email address set out in clause 18.3.

### **18.2. When notice is given**

Any Notice given or made under this agreement will be taken to be received:

- (a) in the case of delivery by hand, when delivered at the relevant address;
- (b) in the case of delivery by post, three Business Days after the date of posting (if posted to an address in the same country) and seven Business Days after the date of posting (if posted to an address outside of the same country); and
- (c) in the case of email, when sent by the sender (as recorded on the device from which the sender sent the email) unless the sender receives a delivery failure notification indicating that the email has not been delivered to the addressee,

but if the result is that a Notice would be taken to be received on a day that is not a Business Day in the place to which the Notice is sent or is later than 5:00pm (local time), it will be taken to have been duly given or made at 9:00am on the next Business Day in that place.

### **18.3. Address for notices**

A party's address and email address are those set out below (or as the party subsequently notifies the sender):

#### **Redflex**

Address: 31 Market Street, South Melbourne, VIC 3205, Australia  
Email address: Craig.Durham@redflex.com  
Attention: Craig Durham



*and copy to:*

**KPMG Law**

Address: International Towers Sydney 3, 300 Barangaroo Avenue, Sydney, NSW 2000  
Email address: davidpmorris@kpmg.com.au  
Attention: David Morris

**Verra**

Address: 1150 North Alma School Road, Mesa, Arizona 85201, United States of America  
Email address: Rebecca.Collins@verramobility.com  
Attention: Rebecca Collins

*and copy to:*

**King & Wood Mallesons**

Address: Level 61, 1 Farrer Place, Sydney, NSW 2000  
Email address: Lee.Horan@au.kwm.com  
Attention: Lee Horan

**19. GENERAL**

**19.1. Amendment**

This agreement may only be amended or replaced by another document duly executed by all the parties.

**19.2. Assignment**

Neither party may assign, novate, declare a trust over, transfer or otherwise deal with its rights or obligations under this agreement without the prior written consent of the other party.

**19.3. Further steps**

Each party agrees to do anything (such as obtaining consents, signing and producing documents, producing receipts and getting documents completed and signed) which the other party asks and considers reasonably necessary to:

- (a) bind the party and any other person intended to be bound under this agreement; or
- (b) show whether the party is complying with this agreement.

**19.4. No representation or reliance**

- (a) Each party acknowledges that no other party (nor any person acting on behalf of another party) has made any representation or other inducement to it to enter into this agreement, except for the representations or inducements expressly set out in this agreement and (to the maximum extent permitted by law) all other representations, warranties and conditions implied by statute or otherwise in relation to any matter relating to this agreement, the circumstances surrounding the parties' entry into it and the transactions contemplated by it are expressly excluded.
- (b) Each party acknowledges and confirms that it does not enter into this agreement in reliance on any representation or other inducement by or on behalf of any other person, except for any representation or inducement expressly set out in this agreement.

#### **19.5. Entire agreement**

This agreement contains the entire agreement between the parties with respect to its subject matter. It sets out the only conduct, representations, warranties, covenants, conditions, agreements or understandings (collectively, **Conduct**) relied on by the parties, and supersedes all earlier Conduct by or between the parties, in connection with its subject matter. No party has relied on or is relying on any other Conduct in entering into this agreement and completing the transactions contemplated by it.

#### **19.6. Remedies cumulative**

Except as provided in this agreement and permitted by law or equity, the rights, powers and remedies provided to each party in this agreement are in addition to, and do not exclude or limit, any right, power or remedy provided by law or equity or by any agreement.

#### **19.7. No merger**

The provisions of this agreement will not merge on Implementation. They will survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any transaction contemplated by this agreement.

#### **19.8. Severability of provisions**

Any provision of this agreement that is prohibited or unenforceable in any jurisdiction is ineffective as to that jurisdiction to the extent of the prohibition or unenforceability. That does not invalidate the remaining provisions of this agreement nor affect the validity or enforceability of that provision in any other jurisdiction.

#### **19.9. Waivers**

- (a) Failure to exercise or enforce or a delay in exercising or enforcing or the partial exercise or enforcement of any right, power or remedy provided by law or under this agreement by any party will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement of that or any other right, power or remedy provided by law or under this agreement.
- (b) No waiver of a breach of any term of this agreement will operate as a waiver of another breach of that term or of a breach of any other term of this agreement.
- (c) Nothing in this agreement obliges a party to exercise a right to waive any conditional term of this agreement that may be in its power.
- (d) A provision of or right under this agreement may not be waived except in writing signed by the person granting the waiver.

#### **19.10. Conflict of interest**

Each party may exercise their rights, powers and remedies in connection with this agreement even if this involves a conflict of duty or they have a personal interest in their exercise.

#### **19.11. Enforceability**

For the purpose of this agreement:

- (a) Redflex is taken to be acting as agent and trustee on behalf of and for the benefit of Redflex and the Redflex Released Persons; and
- (b) Verra is taken to be acting as agent and trustee on behalf of and for the benefit of Verra and the Verra Released Persons,

and all of those persons are to this extent taken to be parties to this agreement.

**19.12. Construction**

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, this agreement or any part of it.

**19.13. Governing law**

This agreement is governed by the laws of New South Wales, Australia. The parties irrevocably submit to the non-exclusive jurisdiction of its courts and courts of appeal from them. The parties will not object to the exercise of jurisdiction by those courts on any basis.

**19.14. Serving documents**

Without preventing any other method of service, any document in an action in connection with this agreement may be served on a party by being delivered or left at that party's address for service of notices under clause 18.3.

**19.15. Counterparts**

This agreement may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.

## SCHEDULE 1 - VERRA WARRANTIES

- 1      **(Status):** Verra is a corporation duly incorporated and validly existing under the laws of the place of its incorporation.
- 2      **(Power and capacity):** Verra has the power and capacity to enter into and perform its obligations under this agreement and to carry out the transactions contemplated by this agreement.
- 3      **(Corporate authorisations):** Verra has taken all necessary corporate action to authorise the entry into and performance of this agreement by it and to carry out the transactions contemplated by this agreement.
- 4      **(Agreement binding):** This agreement is Verra's valid and binding obligation enforceable in accordance with its terms.
- 5      **(Transactions permitted):** The execution and performance by Verra of this agreement and each transaction contemplated by this agreement does not and will not violate any provision of:
  - (a) a law or treaty or a judgment, ruling, order or decree of a Government Agency binding on or applicable to it or any of its Related Bodies Corporate or their assets;
  - (b) its constitution, by-laws, certificate of incorporation or other constituent documents or cause a limitation on its powers or the powers of its directors to be exceeded; or
  - (c) so far as Verra is aware, any document or obligation binding on or applicable to Verra.
- 6      **(Solvency):** Verra is not affected by an Insolvency Event.
- 7      **(Regulatory approvals):** So far as Verra is aware, no approval from any Government Agency is required to be obtained by Verra in order for it to execute, deliver and perform this agreement, other than the Regulatory Approvals, and so far as Verra is aware, as at the date of this agreement, no regulatory action of any nature has been taken that would prevent or restrict its ability to fulfil its obligations under this agreement.
- 8      **(Verra Information):** As at the date of the Scheme Booklet, the Verra Information provided to Redflex in accordance with this agreement:
  - (a) will be true and correct in all material respects, and not contain any statement which is misleading or deceptive in any material respect nor contain any material omission having regard to applicable disclosure requirements; and
  - (b) will comply in all material respects with the requirements under the Corporations Act, the Corporations Regulations, applicable ASIC Policy (including ASIC Regulatory Guide 60), applicable Takeovers Panel policy and guidance notes and the ASX Listing Rules.
- 9      **(Provision of information to Independent Expert):** All information provided by or on behalf of Verra to the Independent Expert to enable the Independent Expert's Report to be included in the Scheme Booklet will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's Report.
- 10     **(No Relevant Interest):** No member of the Verra Group has a Relevant Interest in any Shares.
- 11     **(No dealings with Shareholders):** No member of the Verra Group has any agreement, arrangement or understanding with any Shareholder under which that Shareholder (or an Associate of that Shareholder) would be entitled to receive any collateral benefit in relation to the Scheme, or under which that Shareholder has agreed to vote in favour of the Scheme (or against any Competing Proposal).
- 12     **(No dealings with Redflex directors or employees):** No member of the Verra Group has any agreement, arrangement or understanding with any director or employee of any member of the Redflex Group relating in any way to the Proposed Transaction or the operations of the Redflex

Group after the Implementation Date.

- 13 **(Adequacy of finance):** Verra has, on the date of this agreement, and will have, by no later than 12:00pm on the Business Day before the Implementation Date, available to it on an unconditional basis sufficient cash amounts (whether from internal cash reserves or external funding arrangements, including equity and debt financing, or a combination of both) to satisfy Verra's obligations to provide or procure the provision of the Scheme Consideration in accordance with its obligations under the Transaction Documents.
- 14 **(No shareholder approvals):** No approvals are required from shareholders of Verra (or any class of them) in connection with the execution or performance of this agreement or the Deed Poll.

## SCHEDULE 2 - REDFLEX WARRANTIES

- 1       **(Status):** Redflex is a corporation duly incorporated and validly existing under the laws of the place of its incorporation.
- 2       **(Power and capacity):** Redflex has the power and capacity to enter into and perform its obligations under this agreement and to carry out the transactions contemplated by this agreement.
- 3       **(Corporate authorisations):** Redflex has taken all necessary corporate action to authorise the entry into and performance of this agreement by it and to carry out the transactions contemplated by this agreement.
- 4       **(Agreement binding):** This agreement is Redflex's valid and binding obligation enforceable in accordance with its terms.
- 5       **(Transactions permitted):** The execution and performance by Redflex of this agreement and each transaction contemplated by this agreement does not and will not violate any provision of:
  - (a) a law or treaty or a judgment, ruling, order or decree of a Government Agency binding on or applicable to it or any of its Related Bodies Corporate or their assets;
  - (b) its constitution or other constituent documents or cause a limitation on its powers or the powers of its directors to be exceeded; or
  - (c) so far as Redflex is aware, any document or obligation binding on or applicable to Redflex.
- 6       **(Solvency):** No member of the Redflex Group is affected by an Insolvency Event.
- 7       **(Capital structure):**
  - (a) As at the date of this agreement, the capital structure of Redflex is as set out in Schedule 5 and there are no other securities in or of Redflex issued or outstanding which may convert into Shares other than as set out in Schedule 5.
  - (b) No member of the Redflex Group is subject to any obligation (including any contingent obligation) to issue or have transferred to any person any securities in or of it, other than the obligation of Redflex to issue Shares upon the exercise of Performance Rights or Options which are on issue and outstanding as at the date of this agreement.
- 8       **(Continuous disclosure):**
  - (a) Redflex is not in breach of its continuous disclosure obligations under ASX Listing Rules.
  - (b) As at the date of this agreement, Redflex is not withholding any information from public disclosure in reliance on ASX Listing Rule 3.1A (other than information in relation to the Proposed Transaction).
- 9       **(Redflex Information):** The Redflex Information contained in the Scheme Booklet as at the date of the Scheme Booklet:
  - (a) will be true and correct in all material respects, and not contain any statement which is misleading or deceptive in any material respect nor contain any material omission having regard to applicable disclosure requirements; and
  - (b) will comply in all material respects with the requirements under the Corporations Act, the Corporations Regulations, applicable ASIC Policy (including ASIC Regulatory Guide 60), applicable Takeovers Panel policy and guidance notes and the ASX Listing Rules.
- 10       **(Reliance):** The Redflex Information contained in the Scheme Booklet will be included in good faith and on the understanding that Verra and its directors will rely on that information for the purposes of considering and approving the information in the Scheme Booklet before it is despatched and approving Verra's entry into the Deed Poll.

- 11 **(No material breach of laws):** So far as Redflex is aware, the Redflex Group is in compliance in all material respects with all Australian and foreign laws and regulations applicable to it and orders of Australian and foreign Government Agencies having jurisdiction over it.
- 12 **(Material licences and authorisations):** The Redflex Group has all material licences, permits and authorisations necessary for it to conduct its business as it has been conducted in the 12 months prior to the date of this agreement.
- 13 **(Due Diligence Materials):**
- (a) The Due Diligence Materials have been collated, prepared and made available to Verra and its Representatives in good faith and with reasonable care and, as far as Redflex is aware, all information contained in the Due Diligence Materials is accurate in all material respects and not misleading or deceptive in any material respect whether by omission or otherwise, except that certain commercially sensitive information that is subject to the Clean Team Agreement has only been provided to the Clean Team Members and has not otherwise been made available to Verra; and
  - (b) Redflex has not intentionally withheld information from disclosure to Verra which could reasonably be expected to be material to Verra's evaluation of the Redflex Group and the merits of the Proposed Transaction,
- except that "information" for the purposes of this Redflex Warranty does not include information which would be reasonably likely to prejudice the Redflex Group's compliance with the conditions of any tender in which it is participating, or may participate, or its prospects of success in such a tender.
- 14 **(Provision of information to Independent Expert):** All information provided by or on behalf of Redflex to the Independent Expert to enable the Independent Expert's Report to be included in the Scheme Booklet will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's Report.
- 15 **(Litigation):** The Redflex Group has not been subject to any material litigation or material regulatory actions within the two years immediately prior to the date of this agreement which have not been disclosed to ASX or to Verra and, so far as Redflex is aware, as at the date of this agreement, there are no threats of material litigation or material regulatory actions against any member of the Redflex Group.
- 16 **(No default):** So far as Redflex is aware, neither Redflex nor any member of the Redflex Group is in material default under any material document, agreement or instrument binding on it or its assets nor has anything occurred which is or would with the giving of notice or lapse of time constitute an event of default, prepayment event or similar event, or give another party a termination right or right to accelerate any right or obligation, under any such document or agreement with such an effect.
- 17 **(Regulatory approvals):** So far as Redflex is aware, as at the date of this agreement, no approval from any Government Agency is required to be obtained by Redflex in order for it to execute, deliver and perform this agreement, other than the Regulatory Approvals, and so far as Redflex is aware, as at the date of this agreement, no regulatory action of any nature has been taken that would prevent or restrict its ability to fulfil its obligations under this agreement.
- 18 **(Anti-corruption laws and sanctions):**
- (a) So far as Redflex is aware, neither the Redflex Group, nor any of its officers, directors or employees, nor any agent or other third party representative acting on behalf of, and with the actual authority of, the Redflex Group, has made, offered, promised or authorised, directly or indirectly, any payment for unlawful contributions, gifts, entertainment or other expenses relating to political activity, or any bribe, rebate, payoff, influence payment, kickback or other similar unlawful payment, to any person for the purpose of gaining an improper business advantage in violation of any applicable Anti-Corruption Laws.
  - (b) So far as Redflex is aware, neither the Redflex Group, nor any of its officers, directors,

employees, agents or other third party representatives acting on behalf of, and with the actual authority of, the Redflex Group, is a Sanctioned Person or has transacted business with a Sanctioned Person or in violation of Sanctions.

- (c) None of the Redflex Group's officers, directors or employees is currently a Government Official.
- (d) The Redflex Group has implemented and adhered in all material respects to policies and procedures designed to prevent conduct that would constitute a violation of applicable Anti-Corruption Laws, Sanctions and Anti-Money Laundering Laws, and has maintained in all material respects complete and accurate books and records in that regard, including records of payments to any agents, consultants, representatives, third parties and government officials.
- (e) During the 5 years prior to the date of this agreement, other than from the Australian Federal Police (which was the subject of ASX announcements dated 1 February 2016 and 17 January 2019), the Redflex Group has not received from any Government Agency or any other person any notice, inquiry or internal or external allegation, or made any voluntary or involuntary disclosure to a Government Agency, related to any actual or potential violation of applicable Anti-Corruption Laws, Anti-Money Laundering Laws or Sanctions. No proceeding by or before any Government Agency involving Redflex with respect to Anti-Corruption Laws, Anti-Money Laundering Laws or Sanctions is pending or, so far as Redflex is aware, threatened.
- (f) Redflex shall not use any proceeds transferred pursuant to the Scheme in violation of any Anti-Corruption Laws, nor shall it directly or knowingly indirectly transfer such proceeds to or for the benefit of any Sanctioned Person or in violation of Sanctions.

For the purposes of this warranty 18:

- (g) **Anti-Corruption Laws** means laws, rules, regulations, industry codes or orders relating to anti-bribery, anti-corruption, fraud or other similar activities which apply to the Redflex Group, including the *Criminal Code Act 1995* (Cth), the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth), the *Crimes (Secret Commissions) Amendment Act 1987* (NSW), the *UK Bribery Act 2010* (and, in relation to conduct prior to 1 July 2011, the *Public Bodies Corrupt Practices Act 1889* and the *Prevention of Corruption Act 1906*), the *US Foreign Corrupt Practices Act 1977* and all national and international laws enacted to implement and comply with the OECD Convention on Combating Bribery of Foreign Officials on International Business Transactions.
- (h) **Anti-Money Laundering Laws** means anti-money laundering and anti-terrorist financing statutes, rules and regulations of all jurisdictions applicable to the Redflex Group, including the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth).
- (i) **Government Official** means any employees, executives, directors, contractors, agents or officers of any:
  - (i) Government Agency;
  - (ii) state-owned or state-controlled corporation;
  - (iii) private entities which operate substantially based on public funds;
  - (iv) public international organisations;
  - (v) political parties, including political representatives, candidates or nominated candidates for political office anywhere in the world; or
  - (vi) private person acting on behalf of any such government, department, agency, instrumentality or public international organization, in each case, whether overseas, Commonwealth, Federal, State or local, including any persons performing duties of an office under the law of any relevant country (including legislative, administrative and judicial offices),



or any other party considered to be an official under any applicable laws.

(j) **Sanctions** means any:

- (i) U.S. Economic Sanctions including any “Specially Designated Nationals and Blocked Persons” or any government, national, resident or legal entity of Cuba, North Korea, Syria, Sudan, Iran, Libya or any other country with respect to which “U.S. persons”, as defined in the U.S. Economic Sanctions, are prohibited from doing business;
- (ii) Australian autonomous sanctions, including designated persons and entities subject to targeted financial sanctions in Myanmar, North Korea, Former Federal Republic of Yugoslavia, Iran, Libya, Syria, Russia, Ukraine and Zimbabwe; or
- (iii) sanctions imposed by the United Nations Security Council.

(k) **Sanctioned Person** means any person the subject of a Sanction.

19 **(No Encumbrances):** There are no Encumbrances over all or any of its assets or revenues, other than a Permitted Encumbrance.

20 **(Redflex Prescribed Occurrences):** No Redflex Prescribed Occurrences have occurred between 1 July 2020 and the date of this agreement.

21 **(PPP Loan):** The PPP Borrower met all applicable conditions and was eligible to participate in, has complied in all material respects with, and is not in violation of, the Paycheck Protection Program as set forth in the CARES Act. The PPP Borrower has complied in all material respects with all laws relating to the PPP Loan and made materially complete certifications with respect to the PPP Loan and all loan documents ancillary thereto and each such certification was true and correct at the time of such certification. All statements of fact, certifications and representations and warranties made by the PPP Borrower in its PPP Loan application were true, correct and complete as of the date of such PPP Loan application and as of the date on which the PPP Borrower received its PPP Loan. The PPP Borrower has spent the proceeds of the PPP Loans only on eligible expenses (as described in the applicable U.S. Small Business Administration regulations) and has applied for, and meets the requirements for, forgiveness of its PPP Loan in full.

22 **(CARES Act):** Neither Redflex nor any member of the Redflex Group has elected to defer any Taxes payable by any member of the Redflex Group pursuant to Section 2302 of the CARES Act. All Taxes payable by Redflex or any member of the Redflex Group which have been so deferred have been properly accrued for.

## SCHEDULE 3 - REDFLEX PRESCRIBED OCCURRENCES

- 1     **(Conversion):** Redflex converts all or any of its shares into a larger or smaller number of shares.
- 2     **(Reduction of share capital):** Redflex or any member of the Redflex Group resolves to reduce its share capital in any way or reclassifies, combines, splits, redeems or repurchases directly or indirectly any of its shares.
- 3     **(Distribution):** Redflex agrees to pay, declares, pays, announces an intention to make or declare, makes, or incurs a liability to pay or make, any distribution (whether by way of a dividend, capital reduction or otherwise and whether in cash or specie).
- 4     **(Buy-back):** Redflex or any member of the Redflex Group enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under the Corporations Act.
- 5     **(Issuing or granting shares or options):** Any member of the Redflex Group issues securities to any person, or grants an option over or a right to receive its securities to any person, or agrees to make such an issue or grant such an option or right, other than the issue of Shares upon the exercise of Performance Rights or Options which are on issue and outstanding as at the date of this agreement and which are detailed in Schedule 5 provided that the total number of Shares on both the Record Date and the Implementation Date does not exceed the Maximum Share Number.
- 6     **(Disposal):** Any member of the Redflex Group disposes, or agrees to dispose, of the whole or a substantial part of its business or property.
- 7     **(Encumbrance):** Any member of the Redflex Group grants, or agrees to grant, an Encumbrance over the whole or a substantial part of the business or property of the Redflex Group, other than a Permitted Encumbrance or in connection with the Redflex Group's existing financing and security arrangements with Western Alliance Bank (including any increase to the Redflex Group's existing facilities with Western Alliance Bank) on terms no less favorable than those fairly disclosed in the Due Diligence Materials.
- 8     **(Constitution):** Redflex adopts a new constitution or modifies or repeals its constitution or a provision of it.
- 9     **(Restraint):** A member of the Redflex Group enters into a contract or commitment which materially restrains a member of the Redflex Group (or, from the Implementation Date, the Verra Group) from competing with any person or conducting activities in the integrated traffic solutions market.
- 10    **(Employees):** Other than in the ordinary course of business, and except for the Agreed Bonus Payment, any member of the Redflex Group:
  - (a)   hires or terminates (save for serious misconduct) or makes a material change to the terms of the employment or engagement of any of its Key Personnel;
  - (b)   increases the remuneration of directors or employees;
  - (c)   accelerates the rights of any of its directors or employees to compensation or benefits of any kind (including under any Redflex executive or employee share plans), except as agreed with Verra (including pursuant to clause 4.6); or
  - (d)   pays any of its employees, officers or consultants a termination or retention payment (otherwise than in accordance with an existing contract in place at the date of this agreement or as required by law).
- 11    **(Related party arrangements):** A member of the Redflex Group enters into or resolves to enter into a transaction with any related party of Redflex (other than a related party which is a member

of the Redflex Group) as defined in section 228 of the Corporations Act which would require shareholder approval under Chapter 2E of the Corporations Act or under Chapter 10 of the Listing Rules.

- 12 **(New term debt):** A member of the Redflex Group incurs or commits to additional indebtedness with any financier or refinances its existing facilities (and, for the avoidance of doubt, such indebtedness does not restrict ordinary course of business draw-downs on existing warehouse, working capital, merchant or overdraft facilities), other than any increase to the Redflex Group's existing facilities with Western Alliance Bank (such increase not to exceed US\$5 million) on terms no less favorable than those fairly disclosed in the Due Diligence Materials.
- 13 **(Commitments and settlements):** Other than in the ordinary course of business and consistent with past practice, any member of the Redflex Group:
- (a) enters into any contract or commitment involving revenue or expenditure of more than \$2 million over the term of the contract or commitment (or \$5 million in aggregate for all contracts or commitments over their term);
  - (b) (without limiting the above) enters into any contract or commitment relating to the same matter or project involving revenue or expenditure which exceeds \$2 million in aggregate over the term of the contract or commitment;
  - (c) terminates or amends in a material manner any individual contract material to the conduct of the Redflex Group's business or which involves revenue or expenditure of more than \$2 million over the term of the contract or any number of contracts involving revenue or expenditure (in aggregate) of \$5 million over the term of those contracts;
  - (d) waives any material third party default where the financial impact of the waiver on the Redflex Group as a whole will be in excess of \$1 million (individually or in aggregate); or
  - (e) accepts as a settlement or compromise of a material Claim or dispute (relating to an amount in excess of \$5 million) less than 90% of the full compensation due to Redflex or a member of the Redflex Group (unless based on advice of appropriate legal counsel and a determination by Redflex that it would be in the best interests of the member of the Redflex Group to accept such amount).
- 14 **(Insolvency Event):** Redflex or any of its Related Bodies Corporate suffers an Insolvency Event.

## SCHEDULE 4 - TIMETABLE

*The following timetable is indicative only and, amongst other things, is subject to consultation with ASX and others (e.g. Registry), Court availability and the Conditions being satisfied or waived.*

Event	Indicative date
<b>Redflex and Verra enter into Scheme Implementation Agreement</b> The Scheme Implementation Agreement commits Redflex and Verra to the Proposed Transaction and sets out the terms of the Scheme.	22 January 2021
<b>Announcement of Proposed Transaction</b> Launch Announcement released on ASX.	22 January 2021 (following entry into Scheme Implementation Agreement)
<b>Lodgement of draft Scheme Booklet with ASIC</b> Redflex lodges the draft Scheme Booklet with ASIC for review (which takes a minimum of 14 days) prior to the First Court Hearing Date.	22 March 2021
<b>First Court Hearing Date*</b> Date of first Court hearing for Redflex to seek the Court's approval to despatch the Scheme Booklet to Shareholders and convene the Scheme Meeting.	7 April 2021
<b>Registration and despatch of Scheme Booklet</b> Scheme Booklet is registered with ASIC and released on ASX. Scheme Booklet is printed and despatched to Shareholders.	7 April 2021 (after First Court Hearing Date)
<b>Voting Record Date</b> Time and date for determining eligibility of Shareholders to vote at the Scheme Meeting.	7.00pm on 5 May 2021
<b>Scheme Meeting</b> Shareholders attend the Scheme Meeting (likely by way of live webcast due to COVID-19 restrictions) and vote on whether to approve the Scheme.	7 May 2021

Following Shareholder approval of the Scheme:

Event	Indicative date
<b>Second Court Hearing Date*</b> Date of second Court hearing for approval of the Scheme.	14 May 2021

Court approval (and intention to lodge Court orders with ASIC) announced on ASX.	
<b>Effective Date</b> Court orders lodged with ASIC and “Effective Date” for Scheme announced on ASX. Last day for trading in Shares. Shares suspended from trading on ASX (from close of trading).	17 May 2021
<b>Record Date</b> Time and date for determining entitlements of Shareholders to receive Scheme Consideration.	7.00pm on 19 May 2021
<b>Implementation Date</b> Date of transfer of all Scheme Shares to Verra and payment of Scheme Consideration to Scheme Participants.	26 May 2021

*\*Subject to Court availability*

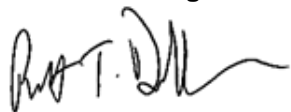
## SCHEDULE 5 - REDFLEX CAPITAL STRUCTURE

Security	Total number on issue	Maximum number of Shares to be issued on exercise
Shares	151,990,560	N/A
Performance Rights	3,809,846	3,809,846
Options	3,004,369	3,004,369
<b>TOTAL</b>	<b>158,804,775</b>	<b>6,814,215</b>

## EXECUTION PAGES

### Executed as an agreement

Executed in accordance with section 127  
of the *Corporations Act 2001* (Cth) by  
**Redflex Holdings Limited:**



---

Signature of director

---

Robert DeVincenzi

---

Name of director (print)



---

Signature of company secretary

---

Craig Richard Durham

---

Name of company secretary (print)

Executed by **Verra Mobility Corporation**  
in the presence of:

---

Signature of witness

---

Name of witness (print)

---

Signature of authorised signatory

---

Name of authorised signatory (print)

By signing this document the witness states that they witnessed the signature of the signatory over audio visual link in accordance with s14G of the *Electronic Transactions Act 2000* (NSW).

## EXECUTION PAGES

### Executed as an agreement

Executed in accordance with section 127  
of the *Corporations Act 2001* (Cth) by  
**Redflex Holdings Limited:**

---

Signature of director

Robert DeVincenzi

---

Name of director (print)

---


Signature of company secretary

Craig Richard Durham

---

Name of company secretary (print)

Executed by **Verra Mobility Corporation**  
in the presence of:



---

Signature of witness

Raphael Avraham

---

Name of witness (print)



---

Signature of authorised signatory

David Roberts

---

Name of authorised signatory (print)

By signing this document the witness states that they witnessed the signature of the signatory over audio visual link in accordance with s14G of the *Electronic Transactions Act 2000* (NSW).



## ANNEXURE A - SCHEME OF ARRANGEMENT

Attached.

## ANNEXURE B - DEED POLL

Attached.

## **APPENDIX D: SCHEME**

Attached.

# SCHEME OF ARRANGEMENT

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Redflex Holdings Limited (ACN 069 306 216)

The registered holders of fully paid ordinary shares in the capital of  
Redflex Holdings Limited as at the Record Date



**KPMG Law**

KPMG  
International Towers Sydney 3  
300 Barangaroo Avenue  
Sydney NSW 2000  
ABN 78 399 289 481 | DX1056 Sydney

Liability limited by a scheme approved under Professional Standards Legislation

## CONTENTS

1. DEFINITIONS AND INTERPRETATION .....	3
2. RECITALS .....	6
3. CONDITIONS .....	7
4. SCHEME BECOMING EFFECTIVE .....	8
5. IMPLEMENTATION OF SCHEME .....	8
6. SCHEME CONSIDERATION .....	8
7. DEALINGS IN SCHEME SHARES .....	10
8. SUSPENSION AND TERMINATION OF QUOTATION OF SHARES .....	11
9. GENERAL PROVISIONS .....	11
10. GOVERNING LAW AND JURISDICTION .....	14
11. SERVING DOCUMENTS .....	14

# SCHEME OF ARRANGEMENT

pursuant to section 411 of the *Corporations Act 2001* (Cth)

## PARTIES

**Redflex Holdings Limited** (ACN 069 306 216) of 31 Market Street, South Melbourne, VIC 3205, Australia (**Redflex**)

**The registered holders of fully paid ordinary shares in the capital of Redflex as at the Record Date (Scheme Participants)**

## OPERATIVE PROVISIONS

### 1. DEFINITIONS AND INTERPRETATION

#### 1.1. Definitions

The following definitions apply in this document, unless the context requires otherwise:

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) or the securities market which it operates, as the context requires.

**ASX Settlement** means ASX Settlement Pty Limited (ABN 49 008 504 532) as the holder of a licence to operate a clearing and settlement facility.

**ASX Settlement Operating Rules** means the operating rules of the clearing and settlement facility operated by ASX Settlement for the time being and from time to time, as modified by any express written exemption or waiver given by ASX or ASX Settlement.

**Business Day** means a day on which banks are open for general banking business in Mesa, Arizona, USA and Melbourne, Victoria, Australia (not being a Saturday, Sunday or public holiday in either of those places).

**CHES** means the clearing house electronic sub-register system for the electronic transfer of securities operated by ASX Settlement.

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

**Court** means the Federal Court of Australia, or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Verra and Redflex.

**Deed Poll** means the deed poll to be executed by Verra substantially in the form of Annexure B to the Implementation Agreement or otherwise agreed by Redflex and Verra pursuant to which Verra covenants in favour of Scheme Participants to perform obligations attributed to it under this Scheme, with such amendments as are approved in accordance with its terms.

**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 this Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

**Effective Date** means the date on which this Scheme becomes Effective.

**Encumbrance** means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or 12(2) of the PPSA (as

defined in the Implementation Agreement) or any agreement to create any of them or allow them to exist.

**Implementation** means the implementation of this Scheme in accordance with its terms on this Scheme becoming Effective.

**Implementation Agreement** means the scheme implementation agreement dated 22 January 2021 between Redflex and Verra under which, amongst other things, Redflex has agreed to propose this Scheme to Shareholders and each of Verra and Redflex has agreed to take certain steps to give effect to this Scheme.

**Implementation Date** means the date of Implementation, being the 5th Business Day after the Record Date, or such other date as Redflex and Verra may agree in writing.

**NASDAQ** means The NASDAQ Stock Market LLC.

**Record Date** means 7:00pm on the day which is two Business Days after the Effective Date, or any other date (after the Effective Date) agreed by Redflex and Verra to be the record date for the purpose of determining entitlements to receive the Scheme Consideration under this Scheme.

**Redflex** means Redflex Holdings Limited (ACN 069 306 216).

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

**Registered Address** means, in relation to a Scheme Participant, the address of that Scheme Participant shown in the Register as at the Record Date.

**Registry** means the person operating the Register, being Computershare Investor Services Pty Limited (ACN 078 279 277).

**Scheme** means this scheme of arrangement between Redflex and Scheme Participants under which all of the Scheme Shares will be transferred to Verra (or a Verra Nominated Acquirer) under Part 5.1 of the Corporations Act as described in clause 5, in consideration for the provision of the Scheme Consideration to Scheme Participants, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act to the extent they are approved in writing by each of Redflex and Verra in accordance with clause 3.1(c).

**Scheme Consideration** means the consideration payable under the terms of this Scheme for the transfer of Scheme Shares to Verra (or a Verra Nominated Acquirer), being an amount equal to \$0.92 per Scheme Share held by a Scheme Participant on the Record Date.

**Scheme Meeting** means the meeting of Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider approval of the Scheme Resolution and includes any meeting convened following any adjournment or postponement of that meeting.

**Scheme Participant** means a Shareholder registered in the Register as the holder of one or more Shares at the Record Date.

**Scheme Resolution** means a resolution of Shareholders to approve this Scheme under section 411(4)(a)(ii) of the Corporations Act.

**Scheme Share** means a Share held by a Scheme Participant as at the Record Date.

**Scheme Transfer** means, in relation to each Scheme Participant, a duly completed and executed 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 the Scheme Shares.

**Second Court Hearing Date** means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving this Scheme is heard or, if the application is adjourned for any reason, the day on which the adjourned application is heard.

**Share** means a fully paid ordinary share in the capital of Redflex.

**Shareholder** means a person entered in the Register as the holder of one or more Shares.

**Sunset Date** has the meaning given in the Implementation Agreement.

**Trust Account** means an Australian dollar denominated trust account operated by Redflex (or by the Registry on behalf of Redflex) to hold the Scheme Consideration on trust for the purpose of paying the Scheme Consideration to Scheme Participants in accordance with clause 6.2.

**Verra** means Verra Mobility Corporation.

**Verra Nominated Acquirer** has the meaning given in clause 2.3 of the Implementation Agreement.

## **1.2. Interpretation**

In the interpretation of this document, the following provisions apply unless the context otherwise requires:

- (a) The singular includes the plural and conversely.
- (b) A gender includes all genders.
- (c) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a “person” includes an individual, a body corporate, a corporation, trust, partnership, unincorporated body or any other entity or organisation.
- (e) A reference to a clause, schedule, annexure or party is a reference to a clause of, and a schedule, annexure or party to, this document and references to this document include any schedules and annexures.
- (f) A reference to an agreement or document (including a reference to this document) is to the agreement or document as amended, varied, supplemented, novated or replaced, except to the extent prohibited by this document or that other agreement or document.
- (g) A reference to a person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns.
- (h) A reference to legislation (including subordinate legislation) or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (i) A reference to writing includes any method of representing or reproducing words, figures, drawings or symbols in a visible and tangible form (and includes a communication by electronic mail).
- (j) A reference to \$ or A\$ is to the lawful currency of Australia.
- (k) A reference to time is a reference to time in Melbourne, Australia.
- (l) A period of time starting from a given day or the day of an act or event is to be calculated exclusive of that day.
- (m) If a party must do something under this document on or by a given day and it is done after 5:00pm on that day, it is taken to be done on the next day.



- (n) The meaning of general words is not limited by specific examples introduced by including, for example, or similar expressions.
- (o) Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this document.
- (p) If the day on or by which a person must do something under this Scheme is not a Business Day, the person must do it on or by the next Business Day.

## **2. RECITALS**

### **2.1. Redflex**

Redflex:

- (a) is a public company limited by shares incorporated in Australia and its registered office is located at 31 Market Street, South Melbourne, Victoria 3205, Australia;
- (b) is admitted to the official list of ASX and its shares are quoted on ASX; and
- (c) as at the date of the Implementation Agreement, has the capital structure set out in Schedule 5 of the Implementation Agreement.

### **2.2. Verra**

Verra:

- (a) is a public corporation formed under the laws of Delaware in the United States of America and its principal business address is located at 1150 North Alma School Road, Mesa, Arizona 85201, United States of America; and
- (b) is admitted to NASDAQ and its securities are quoted on NASDAQ.

### **2.3. Implementation Agreement and Deed Poll**

- (a) Redflex and Verra have entered into the Implementation Agreement which sets out the terms on which Redflex has agreed to propose this Scheme to Shareholders, and each of Redflex and Verra has agreed to take certain steps to give effect to this Scheme.
- (b) This Scheme attributes actions to Verra but does not itself impose an obligation on Verra to perform those actions. Verra has executed the Deed Poll in favour of each Scheme Participant, pursuant to which it has covenanted, subject to this Scheme becoming Effective, to perform (or procure the performance of) obligations attributed to it under this Scheme, including to provide the Scheme Consideration, in accordance with the terms of this Scheme.

### **2.4. Effect of this Scheme**

If this Scheme becomes Effective:

- (a) in consideration of the transfer of each Scheme Share to Verra (or a Verra Nominated Acquirer), Redflex must provide or procure the provision of the Scheme Consideration to each Scheme Participant in accordance with the terms of this Scheme and the Deed Poll;
- (b) all of the Scheme Shares and all of the rights and entitlements attaching to them will be transferred to Verra (or a Verra Nominated Acquirer) on the Implementation Date; and
- (c) Redflex will enter the name and address of Verra (or a Verra Nominated Acquirer) in the Register as the holder of the Scheme Shares transferred to Verra (or a Verra Nominated Acquirer) in accordance with the terms of this Scheme,

subject to and in accordance with the provisions of this Scheme.

### **3. CONDITIONS**

#### **3.1. Conditions precedent to Implementation**

This Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8.00am on the Second Court Hearing Date, neither the Implementation Agreement nor the Deed Poll have been terminated in accordance with their terms;
- (b) as at 8:00am on the Second Court Hearing Date, each of the conditions precedent set out in clause 3.1 of the Implementation Agreement (other than the condition precedent relating to the approval of the Court set out in clause 3.1(f)) has been satisfied or (to the extent they can be) waived in accordance with the terms of the Implementation Agreement;
- (c) the Court makes orders approving this Scheme under section 411(4)(b) of the Corporations Act, including with such alterations made or required by the Court under section 411(6) of the Corporations Act as are acceptable to Redflex and Verra;
- (d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Scheme as are acceptable to Redflex and Verra have been satisfied; and
- (e) the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving this Scheme come into effect, pursuant to section 411(10) of the Corporations Act,

and the provisions of clauses 4, 5, 6, 7 and 8 will not come into effect unless and until each of these conditions precedent in this clause 3.1 has been satisfied.

#### **3.2. Certificate in relation to conditions precedent**

On the Second Court Hearing Date:

- (a) Redflex must provide to the Court a certificate (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not as at 8:00am on the Second Court Hearing Date the conditions precedent set out in clauses 3.1(c), 3.1(d), 3.1(e) and clauses 3.1(h) to 3.1(l) of the Implementation Agreement have been satisfied or (to the extent they can be) waived and whether or not, to the best of its knowledge, the condition precedent set out in clause 3.1(g) of the Implementation Agreement has been satisfied or (to the extent it can be) waived.
- (b) Verra must provide to Redflex a certificate for Redflex to provide to the Court (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not as at 8:00am on the Second Court Hearing Date the conditions precedent set out in clauses 3.1(a), 3.1(b), 3.1(c) and 3.1(m) of the Implementation Agreement have been satisfied or (to the extent they can be) waived and whether or not, to the best of its knowledge, the condition precedent set out in clause 3.1(g) of the Implementation Agreement has been satisfied or (to the extent it can be) waived.
- (c) The giving of a certificate by each of Redflex and Verra under clause 3.2(a) and 3.2(b) respectively will, in the absence of manifest error, be conclusive evidence of whether the conditions precedent referred to in the certificate have been satisfied or waived as at 8:00am on the Second Court Hearing Date.

#### **4. SCHEME BECOMING EFFECTIVE**

##### **4.1. Effective Date**

Subject to clause 4.2, this Scheme takes effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

##### **4.2. Sunset Date**

This Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date has not occurred on or before the Sunset Date; or
- (b) the Implementation Agreement or the Deed Poll is terminated in accordance with its terms,

unless Redflex and Verra otherwise agree in writing.

#### **5. IMPLEMENTATION OF SCHEME**

##### **5.1. Lodgement of Court order**

If the conditions precedent set out in clause 3.1 are satisfied (other than the condition precedent set out clause 3.1(e)), Redflex must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order under section 411(4)(b) approving this Scheme as soon as possible and, in any event, by no later than 5:00pm on the first Business Day after the day on which the Court approves this Scheme (or such later date as Verra may agree in writing).

##### **5.2. Transfer and registration of Scheme Shares**

Subject to this Scheme becoming Effective and Verra having satisfied its obligations in clause 6.2, on the Implementation Date, all of the Scheme Shares, together with all rights and entitlements attaching to them at the Implementation Date, will be transferred to Verra (or a Verra Nominated Acquirer), without the need for any further act by any Scheme Participant (other than acts performed by Redflex or any of its directors and officers as attorney and agent for Scheme Participants under clause 9.1), by Redflex (or by the Registry on behalf of Redflex) effecting a valid transfer or transfers of the Scheme Shares to Verra (or a Verra Nominated Acquirer) under section 1074D of the Corporations Act or, if that procedure is not available for any reason, by:

- (a) Redflex delivering to Verra for execution a duly completed Scheme Transfer to transfer all of the Scheme Shares to Verra (or a Verra Nominated Acquirer), duly executed by Redflex (or any of its directors and officers) as the attorney and agent of each Scheme Participant as transferor under clause 9.1;
- (b) Verra executing (or procuring a Verra Nominated Acquirer to execute) the Scheme Transfer as transferee and delivering it to Redflex for registration; and
- (c) Redflex (as soon as practicable after receipt of the Scheme Transfer under clause 5.2(b)) entering, or procuring the entry of, the name and address of Verra (or a Verra Nominated Acquirer) in the Register as the holder of all of the Scheme Shares transferred to Verra (or a Verra Nominated Acquirer) in accordance with the terms of this Scheme.

#### **6. SCHEME CONSIDERATION**

##### **6.1. Entitlement to Scheme Consideration**

On the Implementation Date, subject to the terms of this Scheme, each Scheme Participant will be entitled to the Scheme Consideration for each Scheme Share held by that Scheme Participant.

## **6.2. Provision of Scheme Consideration**

Subject to the conditions precedent in clause 3.1 being satisfied, Verra must deposit (or procure the deposit of) in cleared funds into the Trust Account an amount equal to the aggregate amount of the Scheme Consideration payable to Scheme Participants, with such amount to be received in the Trust Account by no later than 12:00pm on the Business Day before the Implementation Date and with such amount to be held by Redflex on trust for the purpose of paying the Scheme Consideration to Scheme Participants who are entitled to receive it pursuant to clause 6.3(a).

## **6.3. Payment to Scheme Participants**

- (a) On the Implementation Date, subject to Verra having satisfied its obligations in clause 6.2, Redflex must pay or procure the payment, from the Trust Account, to each Scheme Participant the Scheme Consideration to which that Scheme Participant is entitled under this clause 6.
- (b) The obligations of Redflex under clauses 2.4(a) and 6.3(a) will be satisfied by Redflex (in its absolute discretion) doing any of the following at its election:
  - (i) where a Scheme Participant has, before the Record Date, made a valid election in accordance with the requirements of the Registry to receive dividend payments from Redflex by electronic funds transfer to a bank account nominated by the Scheme Participant, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or
  - (ii) otherwise, whether or not the Scheme Participant has made an election referred to in clause 6.3(b)(i), despatching, or procuring the despatch of, a cheque for the relevant amount in Australian currency to the Scheme Participant by prepaid post to their Registered Address, such cheque being drawn in the name of the Scheme Participant (or in the case of joint holders, in accordance with the procedures set out in clause 6.4), for the relevant amount.

## **6.4. Joint holders**

In the case of Scheme Shares held in joint names:

- (a) any Scheme Consideration will be paid to the holder whose name appears first in the Register as at the Record Date; and
- (b) any other document required to be sent under this Scheme will be forwarded to either, at the sole discretion of Redflex, the holder whose name appears first in the Register as at the Record Date or to the joint holders.

## **6.5. Fractional entitlements**

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

## **6.6. Unclaimed monies**

- (a) Redflex may cancel a cheque or electronic funds transfer issued under this clause 6 if the cheque or electronic funds transfer:
  - (i) is returned to Redflex or the Registry; or
  - (ii) in the case of a cheque, has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Participant to Redflex or the Registry (which request may not be made until the date which is 20 Business Days after the Implementation Date), Redflex must reissue a cheque or electronic funds transfer that was previously cancelled under this clause 6.6.

- (c) The *Unclaimed Money Act 2008* (Vic) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in the *Unclaimed Money Act 2008* (Vic)).

#### **6.7. Remaining monies (if any) in Trust Account**

To the extent that, following satisfaction of Verra's and Redflex's obligations under the other provisions of this clause 6, there is a surplus in the Trust Account, then that surplus (less any bank fees and related charges) shall be paid by Redflex (or by the Registry on Redflex's behalf) to Verra.

#### **6.8. Orders of a court**

- (a) If written notice is given to Redflex (or the Registry) of an order or direction made by a court of competent jurisdiction that:
  - (i) requires payment to be provided 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 by Redflex in accordance with this clause 6, then Redflex may procure compliance with that order or direction; or
  - (ii) prevents Redflex from providing all or part of the Scheme Consideration to any particular Scheme Participant in accordance with this clause 6, or the payment of such consideration is otherwise prohibited by applicable law, Redflex may retain the relevant part of the Scheme Consideration to which that Scheme Participant would otherwise have been entitled to receive pursuant to this clause 6 until such time as provision of that part of the Scheme Consideration to that Scheme Participant is permitted by that order or direction or otherwise by law.
- (b) To the extent that amounts are so deducted or withheld in accordance with clause 6.8(a), such deducted or withheld amounts will be treated for all purposes under this Scheme as having been paid to the person in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted as required.

### **7. DEALINGS IN SCHEME SHARES**

#### **7.1. Determination of Scheme Participants**

- (a) Each Scheme Participant will be entitled to participate in this Scheme.
- (b) For the purpose of establishing the persons who are Scheme Participants, dealings in Shares will only be recognised by Redflex provided that:
  - (i) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Shares on or before the Record Date; and
  - (ii) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Registry on or before the Record Date.
- (c) Redflex must register registrable transfers or transmission applications of the kind referred to in clause 7.1(b)(ii) on or by the Record Date.
- (d) Redflex will not accept for registration, nor recognise for any purpose, any transfer or transmission application in respect of Shares received after the Record Date, or received prior to the Record Date but not in actionable or registrable form (as appropriate), other than the transfers contemplated by clause 5.2.

#### **7.2. Maintenance of the Register**

Redflex must, until the Scheme Consideration has been provided and the name and address of Verra (or a Verra Nominated Acquirer) has been entered in the Register as holder of all of the Scheme Shares, maintain, or procure the maintenance of, the Register in accordance with

this clause 7. The Register in this form and the terms of this Scheme will solely determine entitlements to the Scheme Consideration.

### **7.3. Effect of share certificates and holding statements**

Subject to provision of the Scheme Consideration and registration of the transfer of Scheme Shares to Verra (or a Verra Nominated Acquirer) in accordance with the terms of this Scheme, from the Record Date (other than for Verra (or a Verra Nominated Acquirer) and its successors in title on and from the Implementation Date), all certificates and holding statements for Scheme Shares will cease to have effect as documents of title in respect of those Scheme Shares. After the Record Date (and other than for Verra (or a Verra Nominated Acquirer) and its successors in title on and from the Implementation Date), each entry into the Register as at the Record Date relating to Scheme Shares will cease to have any effect other than as evidence of the entitlements of Scheme Participant to the Scheme Consideration in respect of those Scheme Shares.

### **7.4. Information to be made available to Verra**

Redflex must procure that, as soon as reasonably practicable (and, in any event, within 3 Business Days) after the Record Date, details of the names, registered addresses and holdings of Shares of every Scheme Participant as shown in the Register as at the Record Date are made available to Verra in such form as Verra may reasonably require.

### **7.5. No disposals after Record Date**

If this Scheme becomes Effective, each Scheme Participant (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 (other than a transfer to Verra (or a Verra Nominated Acquirer) in accordance with this Scheme and any subsequent transfers by Verra (or a Verra Nominated Acquirer) or its successors in title), and any attempt to do so will be void and have no legal effect and Redflex shall be entitled to disregard any such disposal, purported disposal or agreement.

## **8. SUSPENSION AND TERMINATION OF QUOTATION OF SHARES**

Redflex will:

- (a) apply to ASX for the suspension of trading of Shares on ASX with effect from the close of trading on the ASX on the Effective Date; and
- (b) if this Scheme has been fully implemented in accordance with its terms, if directed by Verra, apply to ASX for termination of official quotation of Shares on ASX and to have Redflex removed from the official list of ASX with effect on a Business Day (after the Implementation Date) nominated by Verra (including lodging a request for removal with ASX before the Implementation Date) and subject to Redflex and Verra satisfying any conditions reasonably required by ASX for it to act on that request.

## **9. GENERAL PROVISIONS**

### **9.1. Appointment of Redflex as agent and attorney**

Each Scheme Participant, without the need for any further action by that Scheme Participant, irrevocably appoints Redflex and each of the directors and officers of Redflex, jointly and severally, as its attorney and agent for the purposes of doing all things and executing all deeds, instruments, transfers and other documents that may be necessary or desirable to give full effect to this Scheme and the transactions contemplated by it, including:

- (a) in the case of Scheme Shares in a CHESS holding:
  - (i) causing a message to be transmitted to ASX Settlement in accordance with the ASX Settlement Operating Rules so as to transfer the Scheme Shares held by the

Scheme Participant from the CHESS sub-register of Redflex to the issuer sponsored sub-register operated by Redflex or the Registry at any time after Verra has provided (or procured the provision of) the Scheme Consideration which is due under this Scheme to Scheme Participants; and

- (ii) completing and signing on behalf of Scheme Participants any required form of transfer of Scheme Shares;
- (b) in the case of Scheme Shares registered in the issuer sponsored sub-register operated by Redflex or the Registry, completing and signing on behalf of Scheme Participants any required form of transfer;
- (c) in all cases, executing any document or doing any other act necessary or desirable to give full effect to this Scheme and the transactions contemplated by it, including the execution and delivery of documents required to give effect to the transfers contemplated under clause 5.2; and
- (d) enforcing the Deed Poll against Verra,

and Redflex accepts such appointment. Redflex, as agent and attorney of each Scheme Participant, may sub delegate its functions, authorities or powers under this clause 9.1 to all or any of its directors and officers (jointly, severally, or jointly and severally).

## **9.2. Scheme Participant's agreement and consent**

Under this Scheme, each Scheme Participant:

- (a) irrevocably agrees to the transfer of its Scheme Shares, together with all rights and entitlements attaching to them, to Verra (or a Verra Nominated Acquirer) in accordance with the terms of this Scheme; and
- (b) agrees to the variation, cancellation or modification (if any) of the rights attached to its Shares constituted by or resulting from this Scheme,

without the need for any further act by that Scheme Participant.

## **9.3. Warranty by Scheme Participants**

Each Scheme Participant warrants to Verra, and is deemed to have appointed and authorised Redflex as that Scheme Participant's agent and attorney to warrant to Verra, that:

- (a) all of its Scheme Shares (including any rights and entitlements attaching to them) transferred to Verra (or a Verra Nominated Acquirer) under this Scheme will, on the date of the transfer, be free from all Encumbrances;
- (b) all of its Scheme Shares will be fully paid on the date of transfer; and
- (c) it has full power and capacity to sell and transfer its Scheme Shares (including all rights and entitlements attaching to them) to Verra (or a Verra Nominated Acquirer) under this Scheme.

## **9.4. Transfer free of Encumbrances**

To the extent permitted by law, all Scheme Shares (including any rights and entitlements attaching to those shares) which are transferred to Verra (or a Verra Nominated Acquirer) under this Scheme will, at the date of the transfer of them to Verra (or a Verra Nominated Acquirer), vest in Verra (or a Verra Nominated Acquirer) 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.

**9.5. Title to Scheme Shares**

On and from the Implementation Date, subject to provision of the Scheme Consideration, Verra (or a Verra Nominated Acquirer) will be beneficially entitled to all of the Scheme Shares pending registration by Redflex of Verra (or a Verra Nominated Acquirer) in the Register as the holder of all of the Scheme Shares.

**9.6. Appointment of Verra as sole proxy**

Subject to provision of the Scheme Consideration in the manner contemplated by clause 6.2, on and from the Implementation Date, until Redflex registers Verra (or a Verra Nominated Acquirer) in the Register as the holder of all of the Scheme Shares, each Scheme Participant:

- (a) is deemed to have irrevocably appointed Redflex as attorney and agent (and directs Redflex in such capacity) to appoint Verra and each of its directors, officers and any secretary or agent nominated by Verra from time to time (jointly and each of them individually) as its sole proxy and, where applicable, corporate representative, to attend shareholders' meetings of Redflex, exercise the votes attached to the Scheme Shares registered in its name and sign any shareholders' resolutions of Redflex, whether in person, by proxy or by corporate representative;
- (b) must not itself attend or vote at any shareholders' meetings of Redflex, or sign any resolutions, whether in person, by proxy or by corporate representative, other than under this clause 9.6;
- (c) must take all other actions in the capacity of the registered holder of Scheme Shares as Verra reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 9.6(a), Verra and any director, officer, secretary or agent nominated under clause 9.6(a) may act in the best interests of Verra as the intended registered holder of the Scheme Shares.

Redflex undertakes in favour of each Scheme Participant that it will appoint Verra and each of its directors, officers and any secretary or agent nominated by Verra from time to time (jointly and each of them individually) as that Scheme Participant's proxy or, where applicable, corporate representative in accordance with clause 9.6(a) of this Scheme.

**9.7. Scheme alterations and conditions**

If the Court proposes to approve this Scheme subject to any alterations or conditions, Redflex may, by its counsel or solicitors, and with the consent of Verra, consent to those alterations or conditions on behalf of all persons concerned, including, for the avoidance of doubt, all Scheme Participants. Each Scheme Participant agrees to any such alterations or conditions which Redflex consents to under this clause 9.7.

**9.8. No liability when acting in good faith**

Each Scheme Participant agrees that neither Redflex nor Verra, nor any of their respective officers or agents, will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

**9.9. Effect of Scheme**

This Scheme binds Redflex and all Scheme Participants (including those who do not attend the Scheme Meeting, do not vote at the Scheme Meeting or vote against this Scheme) and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of Redflex.



#### **9.10. Consent**

Each Scheme Participant consents to Redflex and Verra doing all things necessary or expedient for or incidental to the implementation of this Scheme.

#### **9.11. Notices**

Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Redflex, it is deemed to have been received on the date (if any) on which it is actually received at Redflex's registered office or at the place where the Register is kept and on no other date.

#### **9.12. Omission to give notice**

The accidental omission to give notice of the Scheme Meeting or non-receipt of such notice by any Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or any proceedings of the Scheme Meeting.

#### **9.13. Further assurances**

- (a) Each party must at its own expense, whenever requested by the other party, promptly do or, to the extent reasonably practicable, arrange for others to do everything, including executing all documents, reasonably necessary or desirable to give full effect to this Scheme and the transactions contemplated by it.
- (b) Without limiting Redflex's other powers under this Scheme, Redflex has power to do all things that it considers necessary or desirable to give effect to this Scheme and the Implementation Agreement.

#### **9.14. Costs and stamp duty**

Subject to the terms of the Implementation Agreement, Redflex will pay the costs of this Scheme, except that Verra will pay (or procure the payment of) any stamp duty and any related fines, penalties or interest payable on or in connection with the transfer by Scheme Participants of the Scheme Shares to Verra (or a Verra Nominated Acquirer) pursuant to this Scheme (other than to the extent that any fines, penalties or interest have been imposed as a consequence of delay by Redflex).

### **10. GOVERNING LAW AND JURISDICTION**

This Scheme is governed by the laws of New South Wales, Australia. The parties irrevocably submit to the non-exclusive jurisdiction of its courts and courts of appeal from them. The parties will not object to the exercise of jurisdiction by those courts on any basis.

### **11. SERVING DOCUMENTS**

Without preventing any other method of service, any document in an action in connection with this document may be served on Redflex by being delivered or left at Redflex's address set out in the 'Parties' section of this document.

## **APPENDIX E: DEED POLL**

Attached.

# DEED POLL

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Verra Mobility Corporation

In favour of each registered holder of fully paid ordinary shares in  
Redflex Holdings Limited (ACN 069 306 216) as at the Record Date

Dated: *March 31,* 2021



**KPMG Law**

KPMG  
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Liability limited by a scheme approved under Professional Standards Legislation

## CONTENTS

1. DEFINITIONS AND INTERPRETATION .....	1
2. CONDITIONS AND TERMINATION .....	2
3. PERFORMANCE OF OBLIGATIONS GENERALLY .....	2
4. PROVISION OF SCHEME CONSIDERATION .....	2
5. REPRESENTATIONS AND WARRANTIES .....	3
6. CONTINUING OBLIGATIONS .....	3
7. NOTICES .....	3
8. GENERAL .....	4
9. GOVERNING LAW AND JURISDICTION .....	5
EXECUTION PAGES .....	6

## PARTIES

**Verra Mobility Corporation** of 1150 North Alma School Road, Mesa, Arizona 85201, United States of America (**Verra**)

**In favour of** each registered holder of fully paid ordinary shares in Redflex Holdings Limited (ACN 069 306 216) (**Redflex**) as at the Record Date (**Scheme Participant**)

## RECITALS

- A. Verra and Redflex have entered into the Implementation Agreement.
- B. Redflex has agreed in the Implementation Agreement to propose the Scheme, pursuant to which, subject to the satisfaction or (where applicable) the waiver of certain conditions precedent, Verra (or a Verra Nominated Acquirer) will be transferred all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares.
- C. Verra has agreed in the Implementation Agreement to provide (or procure the provision of) the Scheme Consideration to Scheme Participants in accordance with the terms of the Scheme in consideration of the transfer to Verra (or a Verra Nominated Acquirer) of the Scheme Shares under the terms of the Scheme.
- D. Verra is entering into this deed poll for the purpose of covenanting in favour of Scheme Participants to perform obligations attributed to it under the Scheme.

## OPERATIVE PROVISIONS

### 1. DEFINITIONS AND INTERPRETATION

#### 1.1. Definitions

Unless the contrary intention appears, these meanings apply:

**Implementation Agreement** means the scheme implementation agreement dated 22 January 2021 between Redflex and Verra under which, amongst other things, Redflex has agreed to propose the Scheme to Shareholders and each of Verra and Redflex has agreed to take certain steps to give effect to the Scheme.

**Scheme** means the proposed scheme of arrangement between Redflex and Scheme Participants under Part 5.1 of the Corporations Act, under which all of the Scheme Shares will be transferred to Verra (or a Verra Nominated Acquirer) as described in the scheme, in consideration for the provision of the Scheme Consideration to Scheme Participants, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act to the extent they are approved in writing by each of Redflex and Verra in accordance with the scheme.

All other words and phrases used in this deed poll have the same meaning as given to them in the Scheme when used in this deed poll, unless the context makes it clear that a definition is not intended to apply or the relevant term is otherwise defined in this deed poll.

#### 1.2. Interpretation

The provisions of clause 1.2 ("Interpretation") of the Scheme form part of this deed poll as if set out in full in this deed poll, except that references to 'this document' in those provisions are to be read as references to 'this deed poll'.

#### 1.3. Nature of this deed poll

Verra acknowledges that:

- (a) this document is a deed poll and may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not a party to it; and
- (b) under the Scheme, each Scheme Participant irrevocably appoints Redflex and each of its directors and officers, jointly and severally, as its agent and attorney to enforce this document against Verra on behalf of the Scheme Participants.

## **2. CONDITIONS AND TERMINATION**

### **2.1. Conditions precedent**

The obligations of Verra under clause 4 in relation to the Scheme are subject to the Scheme becoming Effective.

### **2.2. Termination**

Verra's obligations under this deed poll will automatically terminate and the terms of this deed poll will be of no further force or effect if:

- (a) the Implementation Agreement is terminated in accordance with its terms prior to the Effective Date; or
- (b) the Scheme has not become Effective on or before the Sunset Date, unless Redflex and Verra otherwise agree in writing.

### **2.3. Consequences of termination**

If this deed poll is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Verra is released from having to further perform its obligations under this deed poll, except those obligations under clause 8.1; and
- (b) each Scheme Participant retains any rights, powers or remedies that the Scheme Participant has against Verra in respect of any breach of its obligations under this deed poll that occurred before termination of this deed poll.

## **3. PERFORMANCE OF OBLIGATIONS GENERALLY**

Subject to clause 2, Verra undertakes to each Scheme Participant to perform the actions attributed to it, and to fulfil its obligations, under the Scheme and to do all acts and things necessary or desirable on its part to give full effect to the Scheme, as if it were a party to the Scheme.

## **4. PROVISION OF SCHEME CONSIDERATION**

### **4.1. Scheme Consideration**

Subject to clause 2, Verra undertakes in favour of the Scheme Participants that in consideration of the transfer to Verra (or a Verra Nominated Acquirer) of all of the Scheme Shares, it will provide (or procure the provision of) to each Scheme Participant the Scheme Consideration in accordance with the Scheme, subject to and in accordance with the terms of the Scheme.

### **4.2. Provision of Scheme Consideration**

Verra's obligation under clause 4.1 will be satisfied by Verra, no later than 12:00pm on the Business Day before the Implementation Date, depositing (or procuring the deposit of) in cleared funds an amount equal to 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 will be to Verra's account).

## 5. REPRESENTATIONS AND WARRANTIES

Verra represents and warrants in favour of each Scheme Participant that:

- (a) **(Status)**: Verra is a corporation duly incorporated and validly existing under the laws of the place of its incorporation.
- (b) **(Power and capacity)**: Verra has the power and capacity to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll.
- (c) **(Corporate authorisations)**: Verra has taken all necessary corporate action to authorise the entry into and performance of this deed poll by it and to carry out the transactions contemplated by this deed poll.
- (d) **(Document binding)**: This deed poll is Verra's valid and binding obligation enforceable in accordance with its terms.
- (e) **(Transactions permitted)**: The execution and performance by Verra of this deed poll and each transaction contemplated by this deed poll does not and will not violate any provision of:
  - (i) a law or treaty or a judgment, ruling, order or decree of a Government Agency (as defined in the Implementation Agreement) binding on or applicable to it or its assets;
  - (ii) its constitution, by-laws, certificate of incorporation or other constituent documents or cause a limitation on its powers or the powers of its directors to be exceeded; or
  - (iii) so far as Verra is aware, any document or obligation binding on or applicable to Verra.

## 6. CONTINUING OBLIGATIONS

Subject to clause 8.2, this deed poll is irrevocable and, subject to clause 2, remains in full force and effect until the earlier of:

- (a) Verra having fully performed its obligations under this deed poll; and
- (b) the termination of this deed poll under clause 2.2.

## 7. NOTICES

### 7.1. How to give notice

Any notice, demand, consent or other communication (**Notice**) given to Verra under or in connection with this deed poll:

- (a) must be in writing and signed by a person duly authorised by the sender; and
- (b) must be delivered to the intended recipient by hand, prepaid post or by email to that person's address or email address set out in clause 7.3.

### 7.2. When notice is given

Any Notice given or made under this deed poll will be taken to be received:

- (a) in the case of delivery by hand, when delivered at the relevant address;
- (b) in the case of delivery by post, three Business Days after the date of posting (if posted to an address in the same country) and seven Business Days after the date of posting (if posted to an address outside of the same country); and

- (c) in the case of email, when sent by the sender (as recorded on the device from which the sender sent the email) unless the sender receives a delivery failure notification indicating that the email has not been delivered to the addressee,

but if the result is that a Notice would be taken to be received on a day that is not a Business Day in the place to which the Notice is sent or is later than 5.00pm (local time), it will be taken to have been duly given or made at 9.00am on the next Business Day in that place.

**7.3. Address for notices**

The address and email address of Verra are set out below (or as Verra otherwise notifies):

Address: 1150 North Alma School Road, Mesa, Arizona 85201, United States of America

Email address: Rebecca.Collins@verramobility.com

Attention: Rebecca Collins

*and copy to:*

**King & Wood Mallesons**

Address: Level 61, 1 Farrer Place, Sydney, NSW 2000

Email address: Lee.Horan@au.kwm.com

Attention: Lee Horan

**8. GENERAL**

**8.1. Costs and duty**

- (a) Verra must bear its own costs arising out of the negotiation, preparation and execution of this deed poll, the performance of this deed poll and each transaction effected by or made under this deed poll.
- (b) All duty (including stamp duty and any fines, penalties and interest) payable on or in connection with this deed poll, the performance of this deed poll and each transaction effected by or made under this deed poll (including any instrument executed under this deed poll) must be borne by Verra.
- (c) Verra must indemnify each Scheme Participant against any liability arising from a failure to comply with clause 8.1(b).

**8.2. Amendment or variation**

No amendment or variation of this deed poll is valid or binding unless:

- (a) if before the First Court Hearing Date, the amendment or variation is agreed to by Redflex in writing;
- (b) if on or after the First Court Hearing Date but before the Second Court Hearing Date, the amendment or variation is agreed in writing by Redflex (on behalf of each Scheme Participant, but without the need for Redflex to refer the amendment or variation to any Scheme Participant) and (if required) is approved by the Court; or
- (c) if on or after the Second Court Hearing Date, the amendment or variation is agreed in writing by Redflex (on behalf of each Scheme Participant, but without the need for Redflex to refer the amendment or variation to any Scheme Participant) and is approved by the Court,

and Verra executes a further deed poll in favour of each Scheme Participant giving effect to that amendment or variation.



**8.3. Remedies cumulative**

The rights, powers and remedies of Verra and of each Scheme Participant under this deed poll are in addition to, and do not exclude or limit, any right, power or remedy provided by law independently of this deed poll.

**8.4. Assignment**

The rights and obligations of Verra and of each Scheme Participant under this deed poll are personal and they cannot be assigned, encumbered or otherwise dealt with at law or in equity and no person may attempt, or purport, to do so without the prior written consent of Redflex and Verra.

**8.5. Further assurances**

Verra will, on its own behalf and, to the extent authorised by the Scheme, on behalf of each Scheme Participant, do all things and execute all deeds, instruments, transfers or other documents as may be reasonably necessary to give full effect to the provisions of this deed poll and the transactions contemplated by it.

**8.6. No waiver**

In relation to this deed poll:

- (a) a failure to exercise or enforce or a delay in exercising or enforcing or the partial exercise or enforcement of any right, power or remedy provided by law or under this deed poll by any party will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement of that or any other right, power or remedy provided by law or under this deed poll;
- (b) no waiver of a breach of any term of this deed poll will operate as a waiver of another breach of that term or of a breach of any other term of this deed poll;
- (c) nothing in this deed poll obliges a party to exercise a right to waive any conditional term of this deed poll that may be in its power; and
- (d) a provision of or right under this deed poll may not be waived except in writing signed by the person granting the waiver.

**8.7. Process agent**

Without preventing any method of service allowed under any relevant law, Verra irrevocably appoints Dabserv Corporate Services Pty Ltd of Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 to receive on its behalf service of process issued out of the courts of New South Wales, Australia or courts exercising jurisdiction in New South Wales in relation to any dispute, claim, legal action or proceeding arising out of or in any way related to this deed and related non-contractual matters, and agrees that service of any process or documents on the agent will be sufficient service on it.

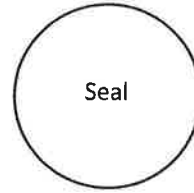
**9. GOVERNING LAW AND JURISDICTION**

This deed poll is governed by the laws of New South Wales, Australia. Verra irrevocably and unconditionally submits to the non-exclusive jurisdiction of its courts and courts of appeal from them. Verra will not object to the exercise of jurisdiction by those courts on any basis.

## EXECUTION PAGE

### Executed and delivered as a deed

Signed, Sealed and Delivered as a deed  
by **Verra Mobility Corporation** in the  
presence of:



A handwritten signature in blue ink, reading "Stacy M. Tussey", written over a horizontal line.

Signature of witness

A handwritten signature in blue ink, reading "Patricia Chiodo", written over a horizontal line.

Signature of authorised signatory

The name "Stacy M. Tussey" printed in blue ink, written over a horizontal line.

Name of witness (print)

The name "Patricia Chiodo" printed in blue ink, written over a horizontal line.

Name of authorised signatory (print)

## **APPENDIX F: NOTICE OF MEETING**

Attached.

# Notice of a Court Ordered Scheme Meeting of Shareholders

Redflex Holdings Limited ACN 069 306 216

Notice is given that, in accordance with an order of the Federal Court of Australia, made on 7 April 2021, pursuant to section 411(1) of the Corporations Act, a meeting of Shareholders will be held at 9:00am (AEST) on 10 May 2021. In order to minimise the public health risks created by the COVID-19 pandemic, and in accordance with the restrictions imposed by Australian Federal and State governments in response to it, the Scheme Meeting will be held virtually by way of a live webcast only.

Capitalised terms in this Notice of Meeting that are not otherwise defined have the same meaning as is given to those terms in the Scheme Booklet, of which this Notice of Meeting forms part.

## Purpose of the Scheme Meeting

The purpose of the Scheme Meeting to be held pursuant to this Notice of Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without modification by the Court) proposed to be made between the Company and its shareholders.

## Scheme Resolution

To consider and, if thought fit, to pass the following resolution:

*“That pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between the Company and the holders of its ordinary shares, the terms of which are described in the Scheme Booklet, of which the notice convening this meeting forms part, is approved, and the Board is authorised to agree to such alterations or conditions as are thought fit by the Court and, subject to approval of the Scheme by the Court, to implement the Scheme with any such alterations or conditions.”*

## Important note:

The Chair of the Scheme Meeting and the members of the Board intend to vote all valid undirected proxies which they receive for (or in favour of) the Scheme Resolution.

By order of the Court



**Craig Durham**  
Company Secretary

## **EXPLANATORY NOTES**

### **Scheme Booklet**

To enable you to make an informed decision about taking part in the Scheme Meeting (by way of live webcast) and voting on the Scheme Resolution, further information on the Scheme is set out in the Scheme Booklet, of which this Notice of Meeting forms part. You should read the Scheme Booklet and its appendices in full before making a decision whether, and as to how, you intend to vote on the Scheme Resolution.

The purpose of the Scheme Booklet is to explain the terms of the Scheme (and, more broadly, the Proposed Transaction), the manner in which the Scheme will be considered and (if approved) implemented, to set out certain information required by law and to provide all other information (other than information previously disclosed to Shareholders) which is known to the Company and which is material to the decision of Shareholders on whether or not to vote in favour of the Scheme Resolution.

### **Shareholder approval of the Scheme Resolution**

For the Scheme to proceed, the Scheme Resolution must be approved by the Requisite Majorities of Shareholders, being:

- (unless the Court orders otherwise) a majority in number (more than 50%) of Shareholders present and voting (either in person or by proxy, attorney or corporate representative) at the Scheme Meeting by way of live webcast; and
- at least 75% of the total number of votes cast on the Scheme Resolution.

### **Court approval**

The Scheme is subject to approval by the Court. The Court has discretion whether or not to approve the Scheme, even if the Scheme Resolution is approved by the Requisite Majorities of Shareholders.

### **Entitlement to vote**

Shareholders who are registered in the Register as at 7:00pm (AEST) on 8 May 2021 will be entitled to vote at the Scheme Meeting by way of live webcast. Accordingly, transactions registered after that time will be disregarded for determining a Shareholder's entitlement to take part in and vote at the Scheme Meeting.

Voting on the Scheme Resolution will be conducted by way of a poll. As such, each Shareholder is entitled to one vote on the Scheme Resolution for each Share held.

### **To vote**

The live webcast of the Scheme Meeting will be available to view via the Company's website ([www.redflex.com](http://www.redflex.com)). Taking part in the Scheme Meeting by way of live webcast will enable Shareholders to listen to the Scheme Meeting live, view slides and proxy results and to also ask questions and cast their vote at the appropriate times while the Scheme Meeting is in progress.

The Company strongly encourages the participation of Shareholders in the Scheme Meeting. Instructions on how to participate in the live webcast through your computer or mobile device are provided in Section 3.7 of the Scheme Booklet. Additional information regarding participating in the live webcast, including how to vote and ask questions during the live webcast of the Scheme Meeting (as well as browser requirements), is detailed in the Scheme Meeting User Guide, which is available at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide). Instructions will also be provided during the Scheme Meeting.

Shareholders are also invited to lodge questions in advance of the Scheme Meeting by sending an email containing their question(s) to [redflexholdingslimited@redflex.com](mailto:redflexholdingslimited@redflex.com) by 5:00pm (AEST) on 8 May

2021 or at [www.investorvote.com.au](http://www.investorvote.com.au) when voting online by proxy. The Company intends to address these questions during the Scheme Meeting.

Shareholders who are unable to personally take part in the Scheme Meeting by way of live webcast (or choose not to) are strongly encouraged to:

- appoint a proxy to take part in the Scheme Meeting by way of live webcast and vote on their behalf using the Proxy Form that accompanies the Scheme Booklet;
- appoint an attorney to take part in the Scheme Meeting and vote on their behalf by way of live webcast, using a power of attorney; or
- in the case of a body corporate, appoint a body corporate representative to take part in the Scheme Meeting by way of live webcast and vote on their behalf, using a certificate of appointment of corporate representative.

Details about how to appoint a proxy, attorney or corporate representative (as relevant) are set out in Section 3 of the Scheme Booklet, entitled “What to do and how to vote”.

#### **Further information**

Further information concerning the Scheme Resolution and the voting procedures for the Scheme Meeting is set out in Section 3 of the Scheme Booklet, entitled “What to do and how to vote”.

If you have any further questions of a general nature, or require further information, please call the Shareholder Information Line on 1300 378 941 (Australia toll free) or +61 3 9415 4399 (outside Australia).

For more specific advice pertinent to your own circumstances, you should seek professional guidance from your financial, legal, taxation or other independent and qualified professional adviser.

## CORPORATE DIRECTORY

### Company

Redflex Holdings Limited  
ACN 069 306 216

### Directors

Adam L. Gray  
Mark J. Talbot  
Robert DeVincenzi  
Clark Davey  
David McIntyre  
Terence Winters  
John Worthington

### Company Secretary

Craig Durham

### Registered Office

31 Market Street  
South Melbourne VIC 3205  
Australia

### Principal Places of Business

Australia  
31 Market Street  
South Melbourne VIC 3205  
Australia  
Phone: +61 3 9093 3324

United Kingdom  
Unit 20 Russell House  
Chalcroft Business Park  
Burnetts Lane  
West End Southampton Hampshire S030 2PA  
United Kingdom

United States of America  
5561 West Talavi Boulevard  
Suite 200  
Glendale AZ 85306-1893  
United States of America

### Registry

Computershare Investor Services  
Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia  
Phone: 1300 850 505

### Legal Adviser

KPMG Law  
Tower Three  
International Towers Sydney  
300 Barangaroo Avenue  
Sydney NSW 2000  
Australia

### Auditor

PricewaterhouseCoopers  
2 Riverside Quay  
Southbank VIC 3000  
Australia

### Australian Tax Adviser

PricewaterhouseCoopers  
2 Riverside Quay  
Southbank VIC 3000  
Australia

### Shareholder Information Line

1300 378 941 (Australia toll free)  
  
+61 3 9415 4399 (outside Australia)  
  
8:30am to 5:30pm (AEST)  
Monday to Friday

### Listing

ASX:RDF

### Website

[www.redflex.com](http://www.redflex.com)