

2 March 2018

Acquisition Transaction with PaySauce Limited – Price Sensitive

Energy Mad Limited (the **Company**) advises that it has signed a non-binding indicative term sheet (**Term Sheet**) with PaySauce Limited (**PaySauce**).

PaySauce is a provider of cloud-based, software-as-a-service payroll solutions. View www.paysauce.com for more information.

The details of the Term Sheet are as follows:

1. **Transaction summary:** The transaction will involve all of the Company's assets being transferred to the Company's wholly owned subsidiary, Energy Mad NZ Limited (**MAD Subsidiary**). The shares in MAD Subsidiary will then be distributed pro rata for zero consideration to all of the Company's existing shareholders.

The business of PaySauce will then be acquired by the Company through the Company issuing shares to shareholders of PaySauce in exchange for all of the shares in PaySauce. The Company will then change its name to PaySauce Limited.

2. **Effect of the transaction:** The effect for the Company's shareholders if the transaction is completed is that they will retain their current shares, which become an indirect interest in PaySauce, but will also, for no consideration, receive shares in MAD Subsidiary which will be an interest in the same assets that the Company currently has.

Upon completion of collection of outstanding receivables and disposition of inventory, MAD Subsidiary will be liquidated and the proceeds (less costs) will be distributed to MAD Subsidiary's shareholders and the Company's bondholders as applicable.

It is currently anticipated that the Company will be sufficiently funded to pay its liabilities upon completion of the transaction, subject to all of the conditions of the transaction being satisfied.

3. **Valuation:** The initial indicative and non-binding estimates for the transaction are:
 - a. the value of the shares in PaySauce (on a debt free / cash free basis) is approximately \$10 million; and
 - b. the value of the shares in the Company is approximately \$310,243 (based on the 50 day moving average market capitalisation to the date of the Term Sheet).

Based on these valuations the shareholders of the Company will retain approximately 3% of the share capital and the current shareholders of PaySauce will hold the remaining 97% of the share capital in the Company. These values are subject to final determination and may vary.

4. **Conditions:** The transactions contemplated by the Term Sheet are conditional on:
 - a. the Company conducting a due diligence investigation of PaySauce;
 - b. PaySauce conducting a due diligence investigation of the Company;
 - c. entry into legally binding transaction documents between the Company and PaySauce;
 - d. obtaining any necessary waivers from NZX that are required in order to proceed with the transaction;

- e. the Company obtaining shareholder approval for the sale of the assets of the Company, MAD Subsidiary, Intellectual Property Energy Mad Limited and Energy Mad Build Limited to Ecobulb Limited (announced as a possibility on 9 May 2017); and
- f. the Company obtaining all shareholder approvals that are required to undertake the transactions, including under the Companies Act 1993, the Takeovers Code and the NZX Listing Rules.

A notice of special meeting to approve the transactions, and all other required documentation, will be circulated to the Company's shareholders in due course. Such documentation will include an independent report and appraisal report on the merits of the transaction as required under the Takeovers Code and the Listing Rules. A profile document on the business of PaySauce will also be circulated as required under the Listing Rules.

- 5. **Timetable:** The Company and PaySauce will seek to hold the required shareholders' meeting as soon as practicable with the intention of completing the transactions shortly after such approvals are obtained.
- 6. **Reasons for the transaction:** If the transaction is successful, the Company's shareholders will retain their current shares, which will become an indirect interest in PaySauce. The Company's shareholders will also receive shares in MAD Subsidiary, which will hold all of the assets the Company currently has, for no consideration. Accordingly, the Company's shareholders receive an indirect interest in PaySauce while retaining their interest in the Company's assets. The Company's proposed sale of its assets to Ecobulb is expected to take place concurrently.

PaySauce will pay the costs of the transaction. However, in the event that the Company's shareholders vote against the transaction, the Company terminates the transaction without cause or the Company materially breaches the transaction documents, the Company will be liable to pay its share of the costs of the transaction.

Ends

For more information, contact Brent Wheeler, Chairman, 021 834 279.

Brent Wheeler

Chair