



Next Generation Deal Technology

ASX Announcement
thedocyard (ASX: TDY)
18 August 2020

Heads of Agreement

thedocyard Limited (**ASX: TDY**, '**thedocyard**' or '**Company**') refers to its announcement released today, 18 August 2020, regarding thedocyard and Ansarada.

The Heads of Agreement document, referenced in the release, is as attached.

[ENDS]

Approved for release by the Board.

Media and Investor Enquiries

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About thedocyard

thedocyard Limited (**ASX:TDY**) is a cloud-based deal space built specifically for managing the entire lifecycle of any corporate or commercial transaction.

For more information visit: www.thedocyard.co

18 August 2020

Heads of Agreement

This Heads of Agreement (**Heads of Agreement**) has been prepared in connection with the proposed acquisition by thedocyard Limited of 100% of the equity of Ansarada NewCo Pty Ltd (**Proposed Transaction**).

This Heads of Agreement is binding in respect of certain terms, and outlines key commercial terms to form the basis of good faith negotiations of full form transaction documents (**Transaction Documents**). The Transaction Documents will include a Merger Implementation Agreement, and a Sale Agreement.

Conditions required for any party to undertake any transaction the subject of this Heads of Agreement include, without limitation, due diligence by each party, execution of satisfactory documentation and receipt of all necessary consents and approvals.

Parties to this Heads of Agreement		
thedocyard Limited ACN 602 586 407 (TDY)		
Ansarada NewCo Pty Ltd ACN 619 911 223 (Ansarada or Company)		
Parties to the Implementation Agreement		
1.	Purchaser	thedocyard Limited ACN 602 586 407
2.	Company	Ansarada NewCo Pty Ltd ACN 619 911 223
Parties to the Share Purchase Agreement		
3.	Purchaser	thedocyard Limited ACN 602 586 407
4.	Company	Ansarada NewCo Pty Ltd ACN 619 911 223
5.	Vendors	<div>(a) Each shareholder of Ansarada, including each noteholder of Ansarada that elects to convert its notes to shares in the Company as part of the Proposed Transaction.</div> <div>(b) Each Noteholder that elects to sell its notes direct to the Purchaser in exchange for scrip in TDY (such noteholder a Selling Noteholder) (if the noteholder elects to do the latter, the price payable will be the price it would have received if it had converted its notes to shares in the Company).</div> <div>It is proposed that the Vendors will accede to the Sale Agreement via a deed of accession.</div>
Proposed Transaction – Key Terms		
6.	Proposed Transaction	<div>The Proposed Transaction will comprise:</div> <div>(a) an acquisition of all of the existing shares and options in Ansarada (or Notes, in relation to Selling Noteholders) by</div>

		<p>TDY from the Vendors, for 100% scrip consideration (Acquisition), on the basis that:</p> <p>(i) the aggregate enterprise value of TDY on a cash free debt free basis, after the Acquisition but prior to completing the Capital Raising (defined below) (MergeCo), is A\$105m (EV), and where:</p> <p>(A) TDY shareholders hold 20% of MergeCo; and;</p> <p>(B) Ansarada stakeholders (being convertible noteholders and shareholders) hold 80% of MergeCo, on a fully diluted basis, prior to completing the Capital Raising and assuming completion of the redemption of notes contemplated in clause 7; and</p> <p>(b) a Capital Raising is undertaken by TDY, described below. MergeCo only comes into existence on completion of the capital raise.</p> <p>The parties will agree appropriate arrangements so as to ensure that MergeCo has a reasonable working capital position at completion of the Proposed Transaction.</p>
7.	Capital raising	<p>TDY will undertake a capital raising of a minimum of A\$45.0 million in capital under a prospectus (Capital Raising), the proceeds of which will be applied as follows:</p> <p>(a) approximately \$20m will be retained by MergeCo for capital and growth;</p> <p>(b) part of the proceeds will be applied to redeeming the convertible notes of those Noteholders who have not elected to convert to shares or sell their Notes to TDY in exchange for scrip consideration;</p> <p>(c) part of the proceeds will be applied to pay transaction costs associated with the Proposed Transaction; and</p> <p>(d) The parties will seek to have the Capital Raising fully underwritten.</p>
8.	Shareholder Approval – TDY	<p>TDY will require Shareholder approval including in accordance with the ASX Listing Rules.</p>
9.	Shareholder Approval – Ansarada	<p>The Proposed Transaction must be approved by a special majority resolution of shareholders (i.e. shareholders holding at least 75% of the total issued share capital of Ansarada) (Approving Shareholders).</p> <p>The Approving Shareholders will exercise their drag along rights under the Ansarada Shareholders Deed in relation to the remaining 25%, if necessary.</p>

10.	Allocation of Purchase Consideration	On Completion, TDY will issue scrip to each Vendor in proportion to their respective entitlements in Ansarada immediately prior to Completion, subject to any necessary adjustment (to be determined by Ansarada) as between Ansarada's stakeholders in accordance with the Shareholders Deed, Preference Note terms and Convertible Note Deeds.
11.	Treatment of options and performance shares	Treatment of existing employee options and performance shares of each party, and the option pool going forward is to be discussed in good faith. Any such discussions regarding treatment of existing options and performance shares will not alter the equity percentages in clause 6 above.
12.	Conditions precedent to Completion	<p>(a) Receipt of any necessary consents and approvals (including without limitation shareholder approvals, ASX approval, and any necessary ASX or ASIC waivers);</p> <p>(b) Satisfaction, if required, of ASX's requirements for re-admission to the Official List;</p> <p>(c) Completion of a successful Capital Raising; and</p> <p>(d) Mutual due diligence by the parties, to be completed prior to the entry into of the Transaction Documents.</p>
13.	Warranties	<p>Warranties to cover Vendors' title and authority to their shares in Ansarada.</p> <p>Customary information warranties to be provided by Ansarada to TDY, and TDY to Ansarada.</p>
14.	Escrow arrangements	Escrow arrangements for Ansarada shareholders (including converted noteholders) to be agreed and based on advice from the underwriters for the Capital Raising.
15.	Public announcements	<p>TDY and Ansarada will agree the appropriate timing and contents of public announcements.</p> <p>TDY will, subject to compliance with the ASX Listing Rules, use all reasonable endeavours to consult with Ansarada regarding any unscheduled announcement required under continuous disclosure.</p>
16.	Board composition	The board of MergeCo will be comprised of Stuart Clout, Sam Riley, Peter James and David Pullini. An additional independent director will be appointed at the appropriate time after Completion.
Negotiation and preparation of Key Documents		
17.	Obligation to work in good faith	<p>The parties will work in good faith, and use reasonable endeavours to:</p> <p>(a) negotiate and sign a Merger Implementation Deed and Sale Agreement (Transaction Documents) to reflect the Key Terms of the Proposed Transaction (outlined in clauses 1 to 16, 21 and 22 inclusive);</p>

		<div>(b) ascertain the combined capital table for the merged entity;</div> <div>(c) prepare a Prospectus for the Capital Raising; and</div> <div>(d) seek any necessary ASX or ASIC approvals, or relief, for the Proposed Transaction, including any application for re-admission to ASX that may be required.</div>														
18.	Shareholder approvals	<div>The parties will use reasonable endeavours to:</div> <div>(a) convene any requisite shareholder meetings or otherwise seek requisite shareholder approvals (Shareholder Meetings);</div> <div>(b) prepare any necessary materials for the Shareholder Meetings; and</div> <div>(c) where required, provide reasonable assistance and information to one another for the purposes of preparing materials for the Shareholder Meetings.</div>														
Timetable and Exclusivity																
19.	Timetable	<div>The parties will work in good faith to the following timetable, subject to satisfaction of conditions precedent referred to above, with a view to completing a transaction by early December 2020:</div> <table><thead><tr><th>Item / Milestone</th><th>Indicative Timing</th></tr></thead><tbody><tr><td>Commencement of mutual due diligence</td><td>On execution of this Heads of Agreement (T)</td></tr><tr><td>Completion of mutual due diligence, for entry into Transaction Documents</td><td>T + 3 weeks</td></tr><tr><td>Finalisation of Transaction Documents</td><td>T + 3 weeks</td></tr><tr><td>Shareholder approvals</td><td>T + 11 weeks</td></tr><tr><td>Completion of capital raising</td><td>T + 15 weeks</td></tr><tr><td>Settlement of the transaction</td><td>T + 15 weeks</td></tr></tbody></table> <div>Where an adjustment to the above timetable is necessary to accommodate a regulatory requirement, or to ensure the success of the Capital Raising, the parties agree to act reasonably to agree on a revised timetable provided that the Proposed Transaction is completed by 31 December 2020.</div>	Item / Milestone	Indicative Timing	Commencement of mutual due diligence	On execution of this Heads of Agreement (T)	Completion of mutual due diligence, for entry into Transaction Documents	T + 3 weeks	Finalisation of Transaction Documents	T + 3 weeks	Shareholder approvals	T + 11 weeks	Completion of capital raising	T + 15 weeks	Settlement of the transaction	T + 15 weeks
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20.	Exclusivity	<div>During the period from the date of this Heads of Agreement until the earlier of: (1) the execution of the Merger Implementation Deed; and (2) 6 September 2020 (Exclusivity Period), each</div>														

		<p>party to this Heads of Agreement agrees and acknowledges for the benefit of the other party that:</p> <p>(a) subject to clause 20, it will deal exclusively with the other party, and will not participate in any discussions relating to the transactions and arrangements contemplated by this Heads of Agreement, or any alternative competitive proposal, with any third party (other than to inform the third party that it is restricted by an exclusivity arrangement and cannot enter into discussions); and</p> <p>(b) it will not solicit any alternative competing proposal to that which is contemplated in this Heads of Agreement.</p> <p>This clause 20 will automatically cease to apply to the parties to this Heads of Agreement on and from the expiry of the Exclusivity Period, unless the parties to this Heads of Agreement agree in writing to extend the term of the Exclusivity Period.</p>
Miscellaneous		
21.	Costs	<p>(a) Each party to this Heads of Agreement will bear its own advisory and legal costs of and incidental to the preparation and execution of this Heads of Agreement.</p> <p>(b) Subject to paragraph (d) below, the Purchaser will bear (1) its own due diligence and legal costs of and incidental to the preparation, negotiation and execution of any Transaction Documents; and (2) any stamp duty payable on the Transaction Documents.</p> <p>(c) Subject to paragraph (d) below, the Vendors and Ansarada respectively will bear their own advisory costs of and incidental to the preparation, negotiation and execution of any Transaction Documents.</p> <p>(d) MergeCo will bear the cost of the Capital Raising.</p>
22.	No change to capital structure	<p>Each party to this Heads of Agreement agrees that it will not alter its capital structure (including (without limitation) by the issue of new shares, options or warrants), during the period on and from the date of this Heads of Agreement until execution of the Transaction Documents, save as previously disclosed by TDY to the ASX in relation to the LockBox Technologies acquisition by TDY or otherwise.</p>
23.	Termination Events	<p>A party may terminate this Heads of Agreement by written notice if there is a material breach or failure to meet the terms of this Heads of Agreement by the other party (including, without limitation, as to compliance with the Timetable), that is not remedied within 5 business days.</p> <p>If a termination right has accrued, but has not been exercised – this Heads of Agreement may remain on foot unless and until</p>

		the termination right is exercised. A termination right does not expire or lapse for delay.
24.	Counterparts	This Heads of Agreement may be executed in any number of counterparts, each of which, when executed, is an original. Counterparts may be executed electronically.
25.	Confidentiality	<p>The parties agree that this Heads of Agreement may be disclosed to the market, provided that any accompanying announcement is approved by both parties (acting reasonably).</p> <p>The parties agree that all related discussions and correspondence, and any negotiations of Transaction Documents or other Key Documents, or information otherwise disclosed to each party pursuant to this Heads of Agreement, form part of the "Confidential Information" the subject of the existing Confidentiality Agreement between TDY and Ansarada.</p>
26.	Governing law	This Heads of Agreement is governed by the laws of New South Wales.
27.	Legal Effect	The parties to this Heads of Agreement agree that clauses 17 to 27 inclusive are intended to be legally binding on the parties, on and subject to the terms of this Heads of Agreement.

By executing and exchanging a copy of this Heads of Agreement, thedocyard Limited and Ansarada Newco Pty Ltd each confirm that, in consideration for the commitments made by the other party, they have agreed to the terms of this Heads of Agreement.

Confidential

Executed by thedocyard Limited in
accordance with section 127 of the
Corporations Act 2001 (Cth):



Signature of Director

Stuart Clout

Name of Director

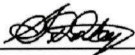
Steven Coffey

Signature of Director/Secretary

Steven Coffey

Name of Director/Secretary

Executed by Ansarada Newco Pty Ltd in
accordance with section 127 of the
Corporations Act 2001 (Cth):



Signature of Director

Samuel Riley

Name of Director



Signature of Director/Secretary

P. R. JAMES

Name of Director/Secretary