



ASX: IHR Release

29th March 2023

IHR Board withdraws recommendation for Humanforce Scheme – intention to terminate implementation deed with Humanforce

intelliHR Limited ('intelliHR' or 'Company') (ASX: IHR/Company) provides the following update in relation to the change of control proposals received from The Access Group (**TAG**) and Humanforce Holdings Pty Ltd (**Humanforce**).

First TAG Proposal

On 20 March 2023, the Company announced the receipt of a binding proposal (**First TAG Proposal**) from The Access Group (**TAG**) to acquire all of the Company's shares by way of a scheme of arrangement at an offer price of 20 cents per share, subject to certain pre-conditions for entry into formal transaction documents and subject to certain transaction conditions, including approval from the Foreign Investment Review Board (**FIRB**) and other customary conditions. Under the terms of the binding Scheme Implementation Deed between the Company and Humanforce (as amended) (**Humanforce SID**), Humanforce was entitled to announce or provide a counter proposal to the Company within a 5-business day matching period.

Humanforce Counter Proposal

In its Supplementary Bidder's Statement on Monday 27 March 2023, Humanforce announced an increase to the consideration payable under its on-market takeover bid (**Humanforce Bid**) from 16.5 cents to 19.5 cents per share (**Humanforce Counter Proposal**). As part of the Humanforce Counter Proposal, it did *not* increase the consideration offered under its proposed scheme of arrangement between the Company and its shareholders, under which Humanforce has offered to acquire all of the Company's shares (that it does not already own) at 16.5 cents per share (**Humanforce Scheme**) in accordance with the Humanforce SID.

Humanforce Counter Proposal is Inferior to the First TAG Proposal

The Company's independent board committee (**Board Committee**), which was established on Friday 17 March 2023 to consider the change of control proposals, has reviewed the Humanforce Counter Proposal in good faith and in accordance with its statutory and fiduciary duties, and has:

- (a) determined that, pursuant to clause 8.7(a)(iii) of the Humanforce SID, the First TAG Proposal is a *Superior Proposal* (as defined in the Humanforce SID) to the Humanforce Counter Proposal; and
- (b) concluded that, pursuant to clause 8.7(a)(B)(1) of the Humanforce SID, the Humanforce Counter Proposal announced on 27 March 2023 does not provide an equivalent or superior outcome for the Company's shareholders compared with the First TAG Proposal.

In forming its determination, the Board Committee has taken into account a number of considerations, including Humanforce's 19.9% relevant interest in IHR's shares and the fact that in light of Humanforce's revised on-

market bid at 19.5 cents, the Humanforce Scheme has little practical prospect of being approved by the required majority of the Company's shareholders. The Board Committee has also considered the greater consideration offered by TAG in the First TAG Proposal, the working capital facility offered by TAG, as well as confirmation from TAG that it has obtained FIRB approval (see below).

Given the Board Committee's determination, the IHR directors have determined to withdraw their recommendation in relation to the Humanforce Scheme. Accordingly, IHR intends to terminate the Humanforce SID following the release of this announcement.

Second TAG Proposal

On 27 March 2023, after announcement of the Humanforce Counter Proposal, the Company announced the receipt of a further improved binding proposal from TAG to acquire the Company pursuant to a concurrent scheme of arrangement and off-market takeover bid (with a 50.1% minimum acceptance condition (amongst others)) at a price of:

- (a) 22 cents per share under a scheme of arrangement;
- (b) 21.5 cents per share under a takeover bid if TAG acquires more than 75% of the Company's shares; and
- (c) 21 cents per share under a takeover bid if TAG acquires more than 50.1% of the Company's shares,

subject to the satisfaction of certain conditions (**Second TAG Proposal**).

Prospect of Success of the Second TAG Proposal

The Board Committee considers that the Second Tag Proposal, comprising the scheme and off-market takeover bid, has a good prospect of success.

Recommendation relating to Humanforce Scheme and Humanforce Bid

At this time, IHR's Board Committee recommends that IHR shareholders **TAKE NO ACTION IN RELATION TO THE HUMANFORCE BID OR THE HUMANFORCE SCHEME**.

Authorised for release by the Independent Board Committee

Further Information

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