

21 November 2018

Dear Shareholder

Please find **enclosed** the notice of special meeting of Energy Mad Limited ("**Company**") which will be held on 6 December 2018 at Link Market Services, Level 11, Deloitte Centre, 80 Queen Street, Auckland, starting at 10:00am. Shareholder registration will open at 9:00am.

## The Transactions

The resolutions being put forward at the meeting are intended to approve transactions ("**Transactions**") whereby:

- The assets of the Company, Energy Mad NZ Limited ("**EML Subco**"), Intellectual Property Energy Mad Limited and Energy Mad Build Limited (each a directly wholly owned subsidiary of the Company) are sold to Ecobulb Limited ("**Ecobulb**").
- The Company makes an in-specie distribution to the shareholders of the Company of all of the shares of EML Subco (which, following a proposed restructure, will be the direct holding company of Intellectual Property Energy Mad Limited, Energy Mad Build Limited, EcoSmartHome Limited and Energy Mad US LLC).
- The Company acquires the business and assets of PaySauce Limited ("**PaySauce**") through an acquisition of 100% of the ordinary shares in PaySauce ("**Acquired Shares**"). The total consideration for the Acquired Shares is \$10 million.
- The consideration for the Acquired Shares is ultimately satisfied by way of an issue to the shareholders of PaySauce ("**Vendors**") of 5,667,706,766 fully paid ordinary shares in the Company ("**Share Consideration**").

The Transactions constitute a reverse acquisition or a 'backdoor listing', which occurs where a private company (PaySauce) is acquired by a listed company (the Company), and the listed company issues its shares to the private company's shareholders, resulting in the listing of the business of the private company. As a result of the Transactions:

- the Vendors will become new shareholders of the Company (together holding approximately 97% of the total shares in the Company);
- the Company's existing shareholders will retain their shares in the Company (with their shareholding significantly diluted (to approximately 3% of the total shares in the Company) due to the issue of the Share Consideration to the Vendors);
- the Company's existing directors will resign from the Board, and new directors, including the current directors of PaySauce, will be appointed to the Board; and
- the essential nature of the Company's business will change, to focus on developing and operating business interests in the cloud-based Software-as-a-Service payroll solutions sector, which is the expertise of PaySauce and certain of its directors.

The Board intends to wind up and liquidate EML Subco following Completion. The Board does not expect there to be any amounts available to shareholders from EML Subco's liquidation.

The Notice of Meeting should be read in conjunction with the enclosed combined independent report and independent adviser's report prepared by Simmons Corporate Finance Limited ("**Simmons**") ("**Independent Report**"), which assess the fairness of the Transactions, and the enclosed Profile prepared by PaySauce which details the Acquired Shares and the associated business plan to be pursued by the Company following the Transactions.

### **Consideration**

The Company will satisfy the consideration for the Acquired Shares through the issue of the Share Consideration, being the issue of 5,667,706,766 fully paid ordinary shares in the Company at a price of 0.18 cents per share (rounded, being the agreed Company value of \$310,243 (explained below) divided by the current number of shares in the Company of 175,836,635).

In deriving the number of shares to be issued to the Vendors, the relevant transaction figures are:

- The consideration for the Acquired Shares is \$10 million.
- The Company is valued at \$310,243, being the implied equity value of the Company prior to Completion, which was set by reference to the Company's 50 day average market capitalisation to the date of the Term Sheet (defined below).

Both these numbers were negotiated between the Company and PaySauce, and agreed under a non-binding term sheet dated 2 March 2018 ("**Term Sheet**"). Based on these numbers, the existing shareholders of the Company will, in aggregate, have approximately a 3% interest in the Company, and the Vendors will, in aggregate, have approximately a 97% interest in the Company, following completion of the Transactions ("**Completion**"). Further information on the reasonableness of the Consideration for the Acquired Shares (referred to as the "Purchase Price" in the Independent Report) is in section 7 of the Independent Report.

### **Benefits of the Transactions**

The board of directors of the Company ("**Board**") considers the effect of the Transactions to be of significant benefit to shareholders because:

- The Transactions introduce new assets, business operations and growth prospects into the Company with a focus on the cloud-based Software-as-a-Service payroll solutions sector. The Transactions give shareholders an indirect shareholding in PaySauce for no cash consideration.
- The Transactions will give shareholders a percentage shareholding in EML Subco equivalent to their percentage shareholding in the Company as at 5:00pm on 7 December 2018 (being the Record Date), although the EML Subco Distribution is not expected to provide any return to shareholders following EML Subco's liquidation.
- Subject to completion of the Transactions, PaySauce has agreed to provide funding for the Company and certain subsidiaries of the Company to satisfy their major outstanding creditors.

The Board considers that the Transactions provide a very worthwhile set of opportunities for the Company's shareholders and believes the Transactions are in the shareholders' best interests. The advantages to the shareholders of the Transactions and other issues for consideration are outlined in further detail at sections 3.10 and 3.12 of the Independent Report.

The main potentially negative implication for shareholders of the Transactions is that their proportionate interest in the Company will be significantly diluted by 97%, and the risk profile of the

Company will change significantly. The negative implications for shareholders of the Transactions and other issues for consideration are outlined in further detail at sections 3.11 and 3.12 of the Independent Report.

If the Transactions do not proceed, the Company will be unlikely to seek to conduct a transaction of the type contained in this Notice of Meeting again, and the Board considers there is limited likelihood of finding an alternative counterparty with which to engage in this respect. PaySauce has agreed to continue to meet the Company's out of pocket third party costs of the Transactions (this is discussed in further detail in the Explanatory Notes to the Notice of Meeting).

### **Shareholder action required**

Due to the nature of the Transactions, shareholder approval is required. A description of the Transactions and the requirement for the resolutions to be considered at the meeting is set out in the Explanatory Notes that form part of the enclosed Notice of Meeting.

The Directors believe that the Transactions will benefit shareholders and encourage you to read the enclosed Notice of Meeting (including the Explanatory Notes), together with the enclosed Profile and the Independent Report, and to exercise your right to vote.

The enclosed shareholder voting form has detailed instructions on how shareholders may lodge their vote or appoint a proxy to vote on their behalf if they are unable to attend the meeting.

### **Directors' recommendation**

**The Directors consider that the Transactions are in the best interests of the Company and its shareholders and, therefore, unanimously recommend that shareholders vote in favour of the resolutions outlined in the Notice of Meeting.**

Please read the enclosed documentation in its entirety, and consult with your financial or professional adviser if you have any questions about the resolutions.

I look forward to seeing you at the meeting.



Brent Wheeler  
Chairman

## NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

Notice is hereby given that a Special Meeting ("**Meeting**") of shareholders of Energy Mad Limited ("**Company**") will be held on 6 December 2018 at Link Market Services, Level 11, Deloitte Centre, 80 Queen Street, Auckland, Auckland, starting at 10:00am. Shareholder registration will open at 9:00am.

The Explanatory Notes which accompany this Notice of Meeting set out the details of the transactions which are the subject of the resolutions ("**Transactions**") and the approval required for each resolution by the shareholders of the Company pursuant to the NZX Main Board Listing Rules ("**Listing Rules**"), the Companies Act 1993 ("**Companies Act**"), the Takeovers Regulations 2000 ("**Takeovers Code**"), and the constitution of the Company ("**Constitution**").

Capitalised terms used in this Notice of Meeting have the meaning given to them in the Glossary commencing on page 40 of this Notice of Meeting.

### AGENDA

- A. Chairman's introduction.
- B. Presentation to shareholders.
- C. Shareholder discussion.
- D. Resolutions.

### RESOLUTIONS:

#### ***Ecobulb Asset Sale***

To consider, and if thought fit, pass the following resolution as a special resolution:

- (a) **Resolution 1 – Ecobulb Asset Sale:** that, in accordance with Listing Rules 9.1.1 and 9.2.1 and section 129 of the Companies Act, and pursuant to the agreement for the sale and purchase of assets entered into between the Company, EML Subco, Intellectual Property Energy Mad Limited, Energy Mad Build Limited (together, the "**Ecobulb Vendors**") and Ecobulb Limited ("**Ecobulb Agreement**"), the Ecobulb Vendors sell to Ecobulb Limited all of the assets set out in the Ecobulb Agreement, and the transactions described in the Ecobulb Agreement are approved, and the Directors of the Company be authorised to take all actions, do all things and execute all documents and agreements as necessary or considered by them to be expedient to give effect to such transactions.

#### ***The PaySauce Transactions***

To consider, and if thought fit, pass the following resolutions as special resolutions:

- (a) **Resolution 2 – EML Intercompany Loan Forgiveness:** that, in accordance with Listing Rule 9.1.1 and section 129 of the Companies Act, the forgiveness of any intercompany loan balances owing between the Company on the one hand and EML Subco, Intellectual Property Energy Mad Limited, Energy Mad Build Limited, EcoSmartHome Limited or Energy Mad US LLC on the other hand (the "**EML Intercompany Loan Forgiveness**") is approved, and the Directors of the Company be authorised to take all actions, do all things and execute

all documents and agreements as necessary or considered by them to be expedient to give effect to the EML Intercompany Loan Forgiveness.

- (b) **Resolution 3 – EML Subco Distribution:** that, in accordance with Listing Rule 9.1.1 and section 129 of the Companies Act, the Company distribute in-specie all of the fully paid ordinary shares in EML Subco to the existing shareholders of the Company as at 5:00pm on 7 December 2018 ("**Record Date**") on a pro rata basis for no cash consideration ("**EML Subco Distribution**") and that the Directors be authorised to take all actions, do all things and execute all documents and agreements as necessary or considered by them to be expedient to give effect to the EML Subco Distribution;
- (c) **Resolution 4 - Acquisition:** that, in accordance with Listing Rule 9.1.1 and section 129 of the Companies Act, and pursuant to the Transaction Management Agreement dated 9 August 2018 entered into between the Company, EML Subco, the shareholders of PaySauce Limited ("**Vendors**"), Asantha Wijeyeratne and Troy Tarrant (as the founders of PaySauce) and Coulthard Barnes Capital Limited ("**Acquisition Agreement**"), the Company acquire the business and assets of PaySauce Limited ("**PaySauce**") through the acquisition of 100% of the shares on issue in PaySauce ("**Acquisition**"), and that the Directors be authorised to take all actions, do all things and execute all documents and agreements as necessary or considered by them to be expedient to give effect to the Acquisition;
- (d) **Resolution 5 - Issue of Consideration Shares:** that, in accordance with Listing Rules 7.3.1 and 9.1.1 and rule 7(d) of the Takeovers Code, the Company issue 5,667,706,766 fully paid ordinary shares ("**Consideration Shares**") to the Vendors (or their nominees), at an issue price of 0.18 cents per share (rounded, being the Company value of \$310,243 divided by the current number of shares in the Company of 175,836,635), in satisfaction of the consideration for the Acquisition under the Acquisition Agreement, and such Consideration Shares when issued, shall rank pari passu (equally) with all existing ordinary shares of the Company, and that the Directors be authorised to take all actions, do all things and execute all documents and agreements as necessary or considered by them to be expedient to give effect to the issue of Consideration Shares;
- (e) **Resolution 6 - Adoption of New Constitution:** that, in accordance with section 32(2) of the Companies Act, the constitution of the Company be revoked and the Company adopt the new constitution described in this Notice of Meeting ("**New Constitution**"), with effect from completion of the Acquisition; and
- (f) **Resolution 7 - Appointment of New Directors:** that, in accordance with the Company's existing constitution, Asantha Wijeyeratne, Andrew Barnes, Gavin Thompson, Mandy Simpson and Nick Lewis each be appointed director of the Company with effect from completion of the Acquisition.

By order of the Board of Directors



Brent Wheeler  
Chairman  
21 November 2018

## PROCEDURAL NOTES

### 1. Explanatory Notes

Explanatory Notes for Resolutions 1 to 7 are set out in the following pages. Additional information about the subject matter of the resolutions is contained in the Profile that forms part of this document, together with the Independent Report that accompanies this document.

### 2. Interdependence of Resolutions

Resolution 1 is not interdependent with any of the other Resolutions, meaning that transactions recorded in the Ecobulb Agreement will be given effect to if Resolution 1 is passed by shareholders, regardless of whether any of the other Resolutions are passed.

Each of the other Resolutions ("**PaySauce Transaction Resolutions**") are interdependent, and requires that each of those Resolutions, as well as Resolution 1, be passed by shareholders in order for the transactions referred to in the PaySauce Transaction Resolutions be effected.

### 3. Special Resolutions

All of the Resolutions are special resolutions. A special resolution is a resolution passed by a majority of 75% or more of the votes of those shareholders entitled to vote and voting on the resolution in person or by proxy. By comparison, an ordinary resolution is a resolution passed by a simple majority of votes of those shareholders entitled to vote and are voting on the resolutions in person or by proxy.

The Company views the transactions contemplated under Resolutions 2 to 7 to be part of a series of related transactions. Therefore, although Resolution 7 only requires approval by ordinary resolution of the Company (as explained in the Explanatory Notes), Resolutions 2, 3, 4, 5 and 6 all require approval by special resolution of the Company, and overall, the higher approval threshold has been adopted for Resolution 7.

### 4. Voting Restrictions

Under Listing Rule 9.3.1, a person who is a party or beneficiary to or of the transactions which are the subject of a resolution under Listing Rule 9.2.1 will be prohibited from voting on any such resolution.

In relation to Resolution 1 (*Ecobulb Asset Sale*) and pursuant to Listing Rule 9.3.1, the Company's shareholders who are Associated Persons of Ecobulb are prohibited from voting any shares that they hold.

Under the Listing Rules, a person (first person) is an Associated Person of another person (second person) if the first person is associated with the second person, which includes where:

- (a) in making a decision or exercising a power affecting an issuer, the first person could be influenced as a consequence of an arrangement or relationship existing between, or involving, the first and the second person; or
- (b) the first person and second person are acting jointly or in concert; or
- (c) the first person is a company, and the second person is a Director, or a Related Company, or a Director of a Related Company, of that company.

The Company will disregard any votes cast on Resolution 1 by any persons to whom the foregoing applies. Any discretionary proxies given to persons disqualified from voting under the requirements

set out above will not be valid. Discretionary proxies may be provided to any Director or the Chairman, each of whom are not disqualified from voting on any of the Resolutions.

Those persons who are prohibited from voting on a resolution may not act as a discretionary proxy in respect of a resolution, but may vote in accordance with express instructions.

## 5. Proxies

All persons registered on the Company's register of shareholders as at 5:00pm on 4 December 2018 shall, subject only to the preceding restrictions, be entitled to vote at the Meeting in person or by proxy.

Any shareholder of the Company who is entitled to attend and vote at the meeting may appoint a proxy to attend and vote on their behalf. A corporation which is a shareholder may appoint a representative to attend the meeting on its behalf in the same manner as it could appoint a proxy. A proxy does not need to be a shareholder of the Company. A Proxy Form can be returned by delivery, mail, email, fax, or online (as set out below).

The Chairman of the Meeting and the Directors are prepared to act as proxy. The Chairman and each of the Directors intends to vote in favour of all of the Resolutions where appointed as a discretionary proxy on those Resolutions.

To appoint a proxy you should complete and sign the enclosed Proxy Form and either return it by delivery, mail, email or fax to the share registrar of the Company:

**By delivery:**

Link Market Services Limited  
Level 11, Deloitte Centre,  
80 Queen Street,  
Auckland 1010

**By mail:**

Link Market Services Limited  
PO Box 91976  
Auckland 1142

**By email:** meetings@linkmarketservices.co.nz (please put the words "*Energy Mad Limited Proxy Form*" in the subject line for easy identification)

**By fax:** +64 9 375 5990

You may also lodge your proxy online at <https://investorcentre.linkmarketservices.co.nz/voting/MAD>. You will require your CSN/Holder Number and FIN to complete your proxy appointment. A shareholder will be taken to have signed the Proxy Form by lodging it in accordance with the instructions on the website.

The completed Proxy Form must be received by Link Market Services Limited no later than 48 hours before the meeting, being 10:00am on 4 December 2018. Online proxy appointments must also be completed by this time.

## 6. No Motions

The only matters being discussed and voted on at the Meeting are the Resolutions contained in this Notice of Meeting. No motions will be allowed from the floor.



## 7. Minority Buy-Out Rights

If Resolutions 1, 2, 3, and 4 are passed and any shareholder has cast all the votes attached to the shares registered in that shareholder's name and having the same beneficial owner, against any of those Resolutions, then that shareholder is entitled to require the Company to purchase those shares in accordance with section 110 of the Companies Act ("**Minority Buy-out Rights**").

If this right is validly exercised by any shareholders, the Companies Act provides for the Company to acquire (or procure the acquisition of) the relevant shares at a fair and reasonable price as at the close of business on 5 December 2018 (being the day before the date of the special meeting), disregarding any value attributable to the shares from the Transactions.

Shareholders that wish to exercise their Minority Buy-out Rights should note that, if all of the Resolutions are passed, they will still be distributed shares in EML Subco, because the Record Date for entitlements will be 5:00pm on 7 December 2018.

Appendix One to this Notice of Meeting sets out the procedure for Minority Buy-out Rights.

Shareholders who become entitled to exercise this right are strongly encouraged to first seek independent professional advice from a financial adviser.

## 8. Independent Report

Accompanying this Notice of Meeting is the Independent Report. The Independent Report has been prepared by Simmons and constitutes an appraisal report on the Ecobulb Asset Sale for the purposes of the NZX Listing Rules, an independent report on the Transactions as required by the NZX guidance note titled "*Guidance Note - Backdoor and Reverse Listing Transactions*", and a report from an independent adviser for the purposes of the Takeovers Code. Shareholders are urged to read the Independent Report in full.

## 9. Profile

A Profile under Listing Rule 7.1.1 accompanies this Notice of Meeting.

The Profile discloses particulars of the assets and business of the Company if the Resolutions are passed. The Profile is forward looking and assumes:

- the Resolutions contained in this Notice of Meeting have been passed; and
- the Transactions are implemented on the basis set out in this Notice of Meeting.

## 10. Special Division Approval

This Notice of Meeting has been approved by the Special Division of the New Zealand Markets Disciplinary Tribunal ("**Special Division**"). However, the Special Division does not take responsibility for any statement contained in this Notice of Meeting.

## EXPLANATORY NOTES

### INTRODUCTION

Energy Mad Limited ("**Company**") is an importer and distributor of energy efficient LED and compact fluorescent light bulbs.

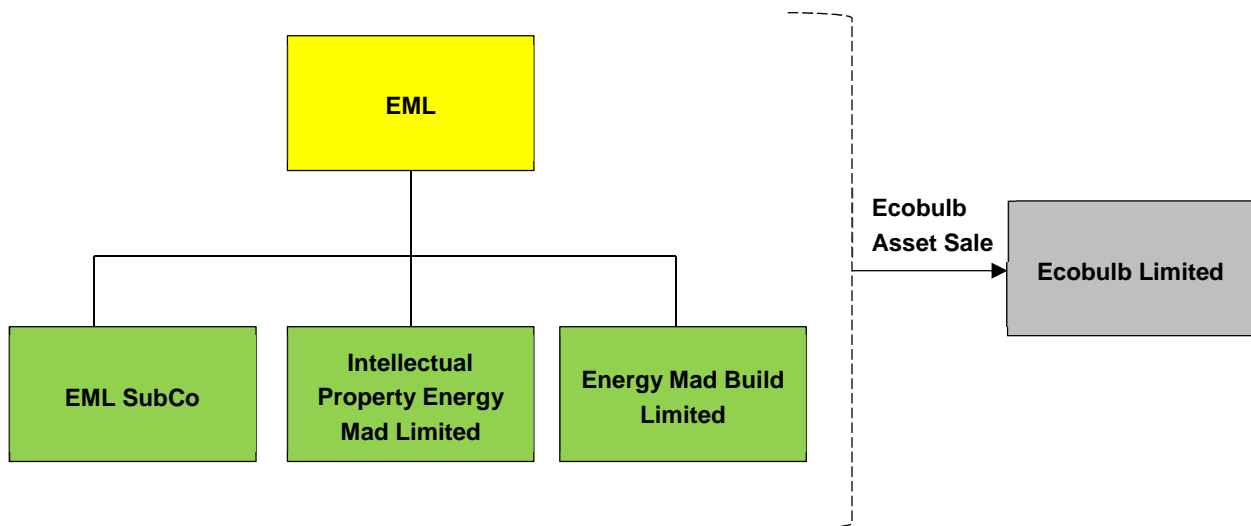
The Company is seeking the implementation of a significant operational and capital restructure which has been negotiated and endorsed by the Board of the Company. The Company intends to acquire the business of PaySauce Limited ("**PaySauce**") by purchasing 100% of the fully paid ordinary shares in PaySauce ("**Acquisition**"). The consideration for the Acquisition shall ultimately be satisfied by way of the Company issuing fully paid ordinary shares to the shareholders of PaySauce ("**Vendors**").

To this end on 9 August 2018, the Company entered into a Transaction Management Agreement ("**Acquisition Agreement**") with the Vendors, Asantha Wijeyeratne and Troy Tarrant (as the founders of PaySauce), Coulthard Barnes Capital Limited and Energy Mad NZ Limited ("**EML Subco**"). The various transactions contemplated in the Acquisition Agreement are each subject to approval by the shareholders of the Company at the Special Meeting of Shareholders ("**Meeting**").

### Summary of the Transactions

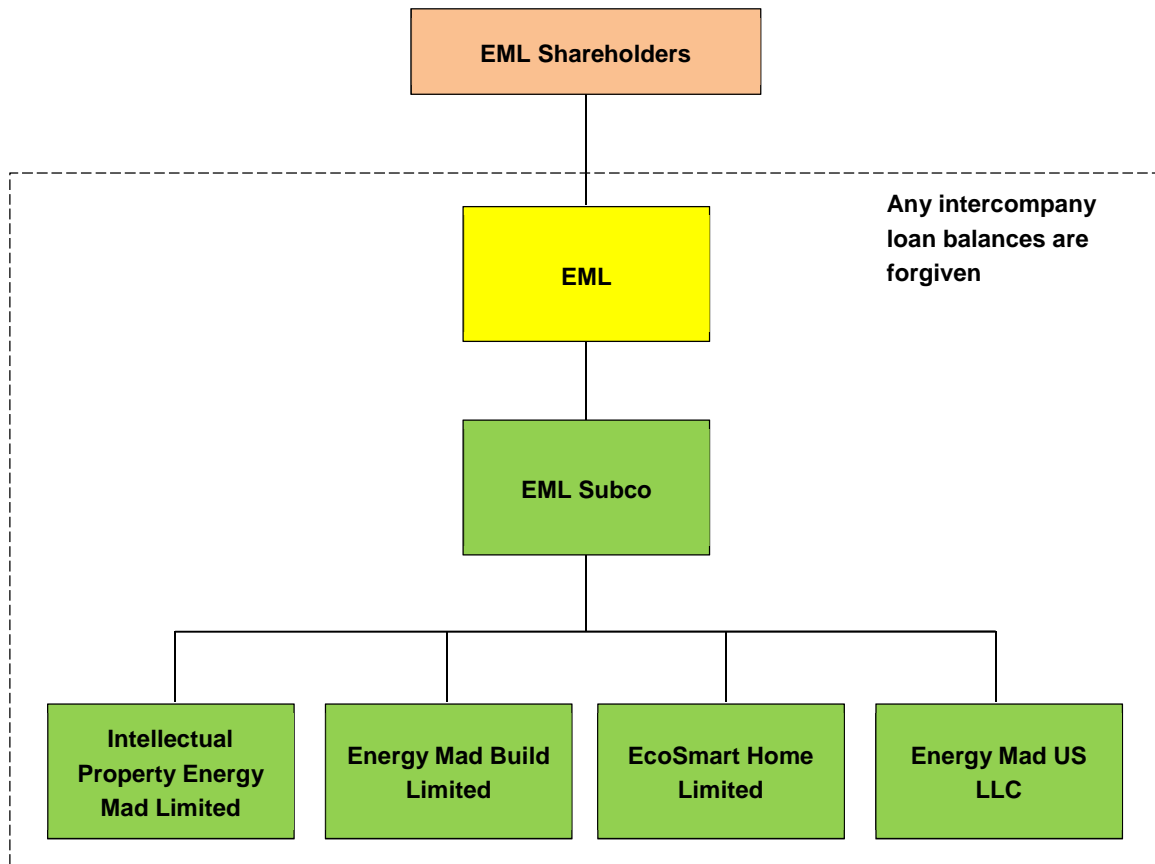
The principal transactions contemplated in the Acquisition Agreement, which shall each occur on or immediately following completion of the Acquisition, are summarised below (together, the "**Transactions**").

1. The assets of the Company, EML Subco, Intellectual Property Energy Mad Limited and Energy Mad Build Limited (each a wholly owned subsidiary of the Company) are sold to Ecobulb Limited ("**Ecobulb**") ("**Ecobulb Asset Sale**").

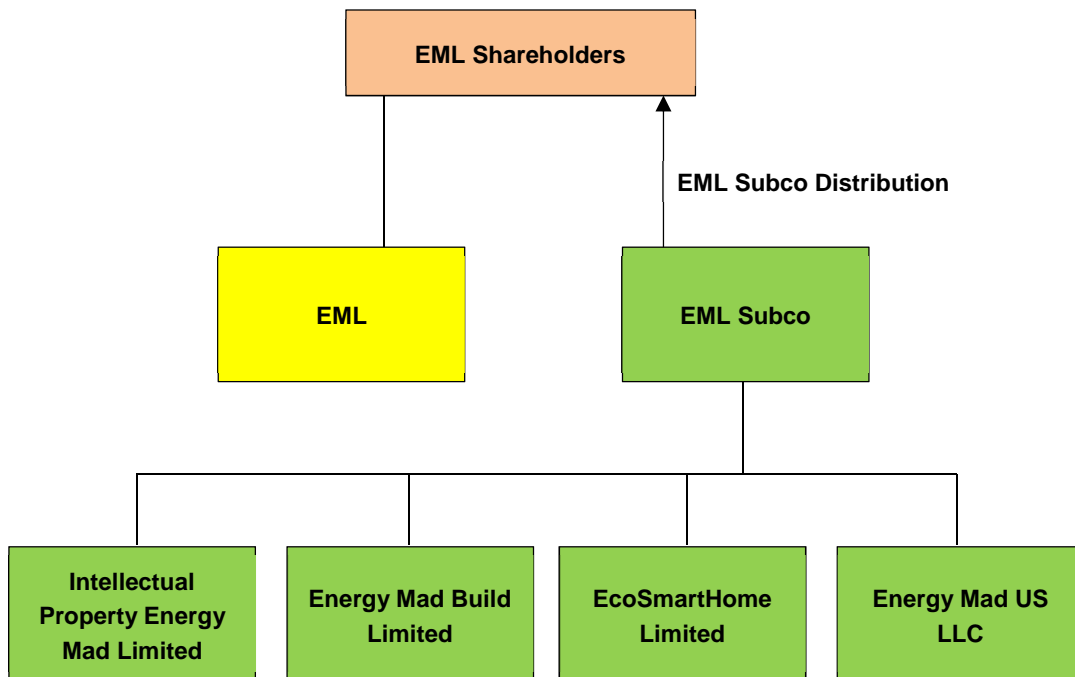


2. Any intercompany loan balances owing between the Company on the one hand and EML Subco, Intellectual Property Energy Mad Limited, Energy Mad Build Limited, EcoSmartHome

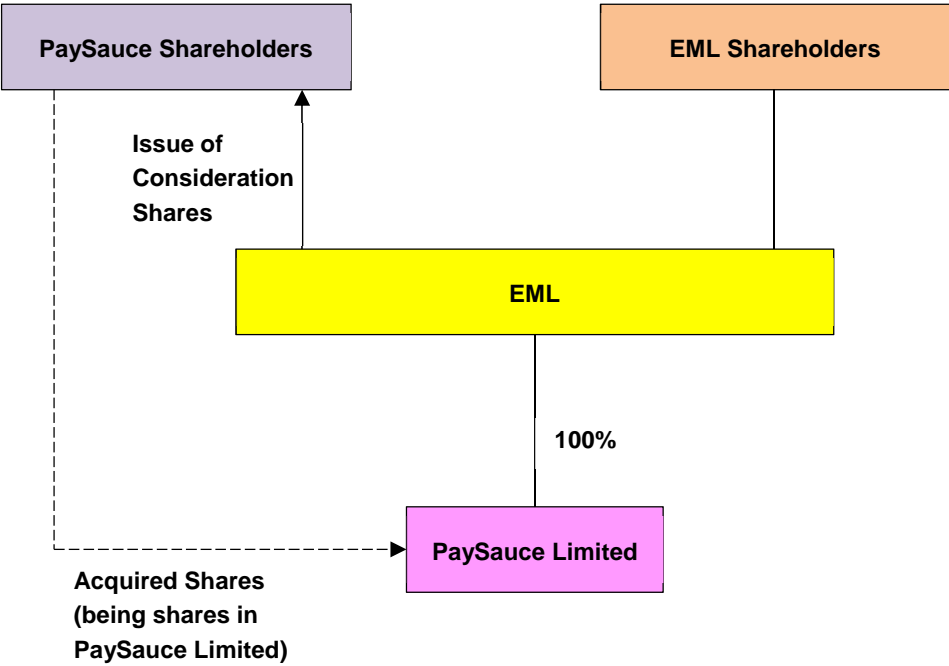
Limited or Energy Mad US LLC on the other hand are forgiven (“**EML Intercompany Loan Forgiveness**”).



3. The Company makes an in-specie distribution of all of the shares in EML Subco to the Company's existing shareholders as at 5:00pm on 7 December 2018 ("**Record Date**") on a pro rata basis for zero consideration ("**EML Subco Distribution**").

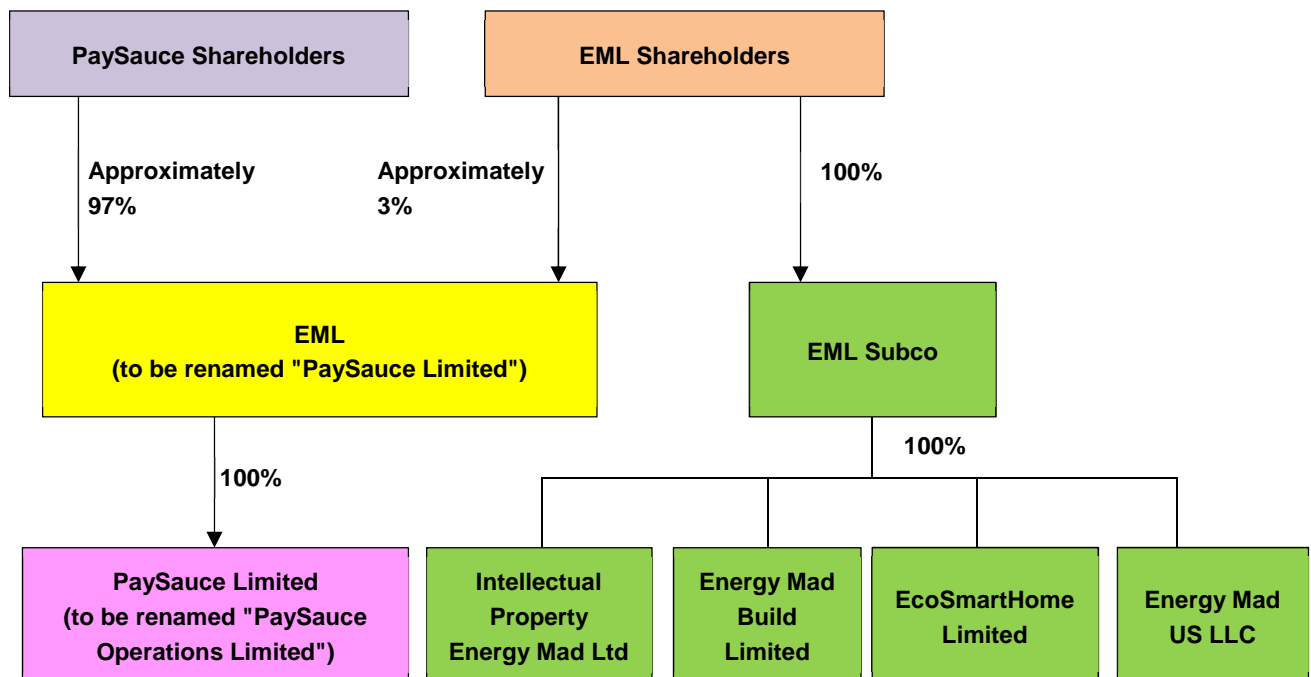


- 4. The Company acquires 100% of the fully paid ordinary shares in PaySauce ("**Acquired Shares**") for a total consideration of \$10 million ("**Consideration**").
- 5. The Company issues 5,667,706,766 new fully paid ordinary shares in the Company ("**Consideration Shares**") to the Vendors (or their nominees), at an issue price of 0.18 cents per share (rounded), in satisfaction of the Consideration for the Acquired Shares.



- 6. The Company revokes its existing constitution and adopts a new constitution ("**New Constitution**").
- 7. The existing directors of the Company resign as directors, and Asanthe Wijeyeratne, Andrew Barnes, Gavin Thompson, Mandy Simpson and Nick Lewis are appointed as new directors of the Company.
- 8. The Company changes its name to PaySauce Limited, and PaySauce Limited changes its name to PaySauce Operations Limited.

The following diagram illustrates the structure of the Company and EML Subco immediately following Completion.



The Transactions will effectively result in the backdoor listing of PaySauce through the Company. If the Transactions are approved by shareholders, the Company's business will change from an energy efficient LED and compact fluorescent light bulb importation and distribution business to a cloud-based Software-as-a-Service payroll solutions business. For further information on the Company's proposed new business, please refer to the Profile accompanying this Notice of Meeting.

The Directors of EML unanimously support the Transactions and consider that the Transactions are in the best interests of the Company. No director has a personal interest in the Transactions that is not in common with shareholders.

This Notice of Meeting should be read in conjunction with:

- the Profile, which discloses particulars of the assets and business plan of the Company if the Resolutions are passed; and
- the Independent Report, which assesses the fairness of the Transactions.

### Summary of the Independent Report

The Independent Report summarises the shareholders' options in regards to voting on the Transactions at sections 1.5, 3.2 and 4.2 of the Independent Report.

When considering these options, shareholders should also consider the following:

- Simmons has assessed the reasonableness of the Consideration for the Acquired Shares (referred to as the "Purchase Price" in the Independent Report) by reference to the multiples implied by comparable market evidence and recent share transactions involving the Vendors (see section 7 of the Independent Report). In Simmons' opinion, the Consideration is not unreasonable, albeit at the upper end of what would be considered reasonable;

- In Simmons' opinion, having regard to all of the relevant factors (see section 2.2 of the Independent Report), the consideration and the terms and conditions of the Ecobulb Asset Sale are fair to the non-associated shareholders (being shareholders other than the shareholders who are Associated Persons of Ecobulb).
- In Simmons' opinion (see section 4.2 of the Independent Report), the terms of the PaySauce Transactions are fair and reasonable to the shareholders and the PaySauce Transactions are in the best interests of the Company given the options reasonably available to the Company at the current time.
- In Simmons' opinion, based on the analysis of the merits of the PaySauce Transactions (see section 3.2 of the Independent Report), after having regard to all relevant factors, the positive aspects of the PaySauce Transactions significantly outweigh the negative aspects.

In assessing the merits of the Transactions, shareholders should consider sections 2, 3, and 4 of the Independent Report. The impact on the control of the Company as a result of the Transactions is discussed in section 3.7 of the Independent Report. The implications of the Transactions if the Resolutions are not approved are set out in sections 2.5 and 3.16 of the Independent Report.

Simmons' opinion is to be considered as a whole. Selecting portions of the analyses or factors considered by it, without considering all the factors and analyses together, could create a misleading view of the process underlying the opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary. For the avoidance of doubt, shareholders are encouraged to read the Independent Report in full.

The issue price of ordinary shares under the Acquisition does not necessarily reflect what those shares will trade at on the NZX Main Board following Completion.

### Key dates

The key dates leading up to completion of the Acquisition are as follows:

Event	Date
This Notice of Meeting, the Profile and the Independent Report are released to shareholders.	21 November 2018
EML Shareholders' Meeting	10:00am on 6 December 2018
Record Date for EML Subco Distribution	5:00pm on 7 December 2018
Completion of the Ecobulb Asset Sale	21 December 2018
The EML Subco Distribution takes effect as per Record Date entitlements	21 December 2018
Expected completion date of the Acquisition and the issue of the Consideration Shares	21 December 2018

### DESCRIPTION OF TRANSACTIONS

The Resolutions put forward in this Notice of Meeting are intended to approve the following Transactions:

- the Ecobulb Asset Sale;
- the EML Intercompany Loan Forgiveness;
- the EML Subco Distribution;
- the Acquisition and the issue of Consideration Shares;
- the adoption of New Constitution; and
- the appointment of new directors.

The Transactions will have the effect of changing the essential nature of the Company's business to a cloud-based Software-as-a-Service payroll solutions business as is more fully described in the Profile.

Each of the key elements to the Transactions are discussed in further detail below.

### **Ecobulb Asset Sale**

On 5 May 2017, the Company, EML Subco, Intellectual Property Energy Mad Limited, Energy Mad Build Limited (as vendors) and Ecobulb (as purchaser) entered into an agreement under which Ecobulb agreed to purchase the assets and assume certain liabilities of each the vendors ("**Ecobulb Asset Sale Agreement**").

The assets that are subject to the Ecobulb Asset Sale Agreement are specified stock, intellectual property, contracts and physical assets belonging to the vendor companies.

The purchase price of the assets to be sold to Ecobulb was agreed between the parties to be \$62,173 as at 1 April 2018 (based on stock values of \$41,427 as at that date), with an adjustment to be applied for reduction in stock (due to sales) between that date and the settlement date. By way of example, as at 31 October 2018, the stock value was \$13,868, so the purchase price as at that date would have been \$34,614 (being \$62,173, less the difference between \$41,427 (stock values as at 1 April) and \$13,868 (stock values as at 31 October)). The purchase price will further reduce to reflect any further stock sales taking place prior to the settlement date. All amounts exclude GST. It is proposed that the purchase price received under the Ecobulb Asset Sale will be used to meet the liabilities of the EML Group.

The Ecobulb Asset Sale is conditional on shareholder approval.

In assessing the fairness of the Ecobulb Asset Sale, shareholders should consider section 2 of the Independent Report.

### **EML Intercompany Loan Forgiveness**

The Company proposes that, conditional on shareholder approval, any intercompany loan balances owing between the Company on the one hand and EML Subco, Intellectual Property Energy Mad Limited, Energy Mad Build Limited, EcoSmartHome Limited or Energy Mad US LLC on the other hand be forgiven at or around the time of Completion. The EML Intercompany Loan Forgiveness is one of the pre-conditions to Completion under the Acquisition Agreement.

The intercompany loan balances in respect of amounts owing to the Company at or around the time of Completion are estimated to total \$6,738,066. It is estimated that no amounts will be owing by the Company to the other companies in the EML Group at or around the time of Completion.

### **EML Subco Distribution**

Immediately prior to Completion, the Company will undertake a restructure of the Company's subsidiaries, whereby the Company will transfer all of its shares in Intellectual Property Energy Mad Limited, Energy Mad Build Limited, EcoSmartHome Limited and Energy Mad US LLC to EML Subco ("**EML Restructure**"). Upon completing the EML Restructure, EML Subco will effectively hold all of the remaining assets of the business of EML.

At Completion, EML will make an in-specie distribution of all of the shares in EML Subco to EML shareholders on a pro rata basis ("**EML Subco Distribution**").

The effect of the EML Subco Distribution for shareholders is that, following completion of the Acquisition, they will hold shares in two companies without paying any new money:

- **The Company:** Shareholders will continue to hold shares in the Company, although following Completion those shares will represent a materially smaller percentage shareholding in the Company (approximately 3%) than they do currently. Following Completion, the Company will own the Acquired Shares and the business currently operated by PaySauce.
- **EML Subco:** Shareholders will receive shares in EML Subco, which will give shareholders a percentage shareholding in EML Subco equivalent to their percentage shareholding in the Company on the Record Date (5:00pm on 7 December 2018). Following the proposed restructure outlined above, EML Subco will be the direct holding company of Intellectual Property Energy Mad Limited, Energy Mad Build Limited, EcoSmartHome Limited and Energy Mad US LLC.

The Board intends to wind up and liquidate EML Subco following the Completion. The Board does not expect there to be any distribution available to shareholders from EML Subco's liquidation.

### **The Acquisition and the issue of Consideration Shares**

On 9 August 2018, the Company entered into the Acquisition Agreement to acquire the Acquired Shares from the Vendors for \$10 million.

The following is a summary of the material commercial terms under the Acquisition Agreement.

#### *Consideration for the Acquired Shares*

The Consideration agreed under the Acquisition Agreement for the Acquired Shares is \$10 million.

The Consideration for the Acquisition will ultimately be satisfied by the issue of 5,667,706,766 fully paid ordinary shares in the Company ("**Consideration Shares**") to the Vendors, at an issue price of 0.18 cents per share (rounded), which PaySauce has advised the Company are to be split between the Vendors on a pro-rata basis (based on the current shareholdings in PaySauce).

As a result of the issue of the Consideration Shares, the Vendors will hold approximately 97% of the shares in the Company, and Shareholders will hold approximately 3% of the shares in the Company. Further information on the reasonableness of the Consideration for the Acquired Shares (referred to as the "Purchase Price" in the Independent Report) is in section 7 of the Independent Report.



### *Issue Price*

The issue price for each Consideration Share is 0.18 cents (rounded, being the agreed Company value of \$310,243 divided by the current number of shares in the Company of 175,836,635). The Board believes that the issue price of 0.18 cents (rounded) represents fair value to the Company taking into account the following considerations:

- The issue price for the Consideration Shares was negotiated between the Board and PaySauce; and
- With an anticipated capital base of 175,836,635 shares on issue as at the date of the completion of the Acquisition, and immediately prior to the issue of the Consideration Shares, the issue price of 0.18 cents (rounded) effectively values the Company at approximately \$310,243, which, in the Board's opinion represents a fair valuation of the Company as a listed vehicle having regard to the Company's current financial position and prospects, including the current cash position of the Company, and the intangible value of the Company as a "listed shell".

The Consideration Shares issue price represents a discount of 89% to the recent volume weighted average price of the Company. However as outlined in further detail at section 8 of the Independent Report, in Simmons' opinion the current share price for the Company reflects a heavy speculative element and is not necessarily reflective of the fair market value of the shares. Simmons considers the issue price of 0.18 cents (rounded) per share to be reasonable, as it significantly exceeds the asset backing of the shares in the Company.

### *Conditions*

Completion of the Acquisition (and the other Transactions) is conditional on (among other matters):

- approval of the shareholders at the Meeting; and
- the Special Division granting the Company any waivers sought from the requirements under the NZX Listing Rules.

Any of the conditions are capable of being waived by agreement between the Company, the Founders and the Vendors' Representative.

### *Completion of the Acquisition*

The intended date for completion of the Acquisition is 21 December 2018 unless a deferral is required, for example to enable all conditions under the Acquisition Agreement to be satisfied.

If all of the Resolutions are approved, the Consideration Shares shall be issued by the Company to the Vendors contemporaneously with completion of the Acquisition.

The long stop date by which all of the conditions set out under the Acquisition Agreement must be satisfied (unless the Company and PaySauce agree otherwise) is 31 December 2018. If all of the conditions are not satisfied by that date then the Company, the Founders, or the Vendors' Representative may terminate the Acquisition Agreement.

On completion of the Acquisition, in addition to the sale of the Acquired Shares to the Company:

- the Board will be replaced with appointees of PaySauce, comprising Asantha Wijeyeratne, Andrew Barnes, Gavin Thompson, Mandy Simpson and Nick Lewis; and

- the Company will change its name to "PaySauce Limited".

#### *Warranties and indemnities*

Under the Acquisition Agreement, each of the Company, EML Subco, the Founders, the Vendors, and the Vendors' Representative provide a limited set of warranties and indemnities, including as to the accuracy of the information provided to each prior to entering into the Acquisition Agreement.

Each party's total liability under these warranties and indemnities is limited to claims brought within 18 months of completion of the Acquisition and to an aggregate amount of \$310,243.

#### *Funding of the transaction costs associated with the Transactions*

The Company has negotiated with PaySauce for PaySauce to fund the Company's costs associated with the Transactions, subject to the qualification below. These costs include Simmons' fees, the costs of preparing the Profile, NZX fees, registry fees, the costs of convening and holding the Meeting, directors' fees, and legal and accounting fees.

It is envisaged that the quantum of the costs of the Transactions will be approximately \$250,000.

PaySauce paid an initial sum of \$100,000 to the Company on 6 March 2018. Once this amount has been spent or committed in the manner agreed between the parties, and the Company has provided evidence of such expenditure, PaySauce will pay further amounts to the Company (up to an aggregate cap of \$250,000) on production of a tax invoice addressed to PaySauce together with evidence of costs incurred. These costs will be paid by PaySauce within 10 business days of the date of receipt by PaySauce of EML tax invoices for the respective costs incurred.

The amounts paid by PaySauce will constitute an unsecured interest free loan by PaySauce to the Company. If the transaction proceeds that loan will be repayable on demand to PaySauce (which will be a subsidiary of the Company) at any time following completion of the Acquisition.

If the Transactions do not proceed (but subject to the paragraph below), the Company will, in full and final settlement of the loan, provide to PaySauce the benefit of, and its title to, the reports and work in progress on which the advanced funds have been expended.

If the Transactions do not proceed because:

- (i) the Company's shareholders vote against any of the Resolutions; or
- (ii) the Company terminates the Transactions without cause; or
- (iii) the Founders or Coulthard Barnes Capital Limited terminates the Acquisition Agreement in accordance with its terms as a consequence of a material breach by the Company of the Acquisition Agreement,

then, in addition to PaySauce obtaining the benefit and title to the reports and work in progress, the loan will convert to an unsecured interest free loan, repayable by the Company over a 36 month term.

#### *Funding of EML Group creditors*

PaySauce has agreed to fund the payment of outstanding creditors of EML and its subsidiaries following Completion.

Subject to Completion occurring:

- certain agreed outstanding debts of EML as at Completion will be funded by PaySauce following Completion; and
- PaySauce will guarantee the payment of certain agreed outstanding debts of EML Subco and Intellectual Property Energy Mad Limited as at Completion.

The Board estimates the total of the outstanding debts of EML as at Completion to be funded by PaySauce, and the debts of EML Subco and Intellectual Property Energy Mad Limited guaranteed by PaySauce (together, the "**Estimated EML Debt**"), to be \$576,339.18 as at the date of this Notice.

### **Adoption of New Constitution**

The Company adopted its current constitution on 13 July 2011. The Company considers the current constitution requires replacing in order for the Company to:

- comply with current market practice and replace references to legislation no longer in force with the relevant provisions;
- meet the requirements of the Australian Securities Exchange Listing Rules (**ASX Listing Rules**) in the event that the Company decides in the future to apply to dual list on the ASX.

Accordingly, the Company proposes to revoke its current constitution, and adopt the New Constitution.

If there are any provisions in the New Constitution that are inconsistent with the NZX Listing Rules relevant to the Company, the NZX Listing Rules will prevail (also see below regarding treatment of inconsistencies between the New Constitution and the ASX Listing Rules).

### *Key changes*

The principal changes proposed by the New Constitution from the provisions of the Company's current constitution are:

- Clause 2.6 incorporates the ASX Listing Rules into the New Constitution by reference (should the Company wish to dual list in the future). This means that if the Company applies to be listed on the ASX, it will not need to further amend its constitution and, once listed:
  - the Company will be subject to the ASX Listing Rules; and
  - where there is a conflict between an ASX Listing Rule and an NZX Listing Rule, the Directors must take all reasonable steps to obtain a waiver of the inconsistent ASX Listing Rule from the ASX.

While the Company has no current intention to list on the ASX, it considers it prudent to provide for this flexibility in the New Constitution now, to enable the Company to pursue such a listing in the future should it so wish. The Special Division has approved the New Constitution for the purposes of NZX Listing Rule 6.1.1. However, the Special Division does not take responsibility for any statement contained in this Notice of Meeting.

### *Availability*

A full copy of the New Constitution is available online on the Company's website at <http://www.energymad.com/Investors>.

A copy of the New Constitution can also be viewed at Link Market Services Limited's Auckland office at Level 11, Deloitte Centre, 80 Queen Street, Auckland 1010, New Zealand or its Ashburton office at

138 Tancred Street, Ashburton 7740, New Zealand, or obtained upon request by emailing enquiries@linkmarketservices.com.

A copy of the NZX Listing rules is available on NZX's website at nzx.com.

### **Appointment of New Directors**

The constitution of the Company and the Listing Rules require there to be at least three directors of the Company, two of whom must be resident in New Zealand, and two of whom must be independent directors (as that term is defined in the Listing Rules).

It is anticipated that following completion of the Acquisition:

- Each of the existing directors of the Company – being, David Jarman, Aidan Johnstone and Brent Wheeler - will resign from the Board; and
- Asantha Wijeyeratne, Andrew Barnes, Gavin Thompson, Mandy Simpson and Nick Lewis will be appointed to the Board of the Company.

PaySauce considers that following the completion of the Acquisition, Mandy Simpson and Nick Lewis will be independent directors of the Company.

Biographies for each of Asantha Wijeyeratne, Andrew Barnes, Gavin Thompson, Mandy Simpson and Nick Lewis are provided below.

#### ***Asantha Wijeyeratne QSM – Director (Non-Independent)***

Asantha moved to New Zealand in his twenties and built a number of successful businesses prior to founding New Zealand's largest SME payroll provider, SmartPayRoll, with software licenced from Datacom. He sold that business due to technical limitations which prevented SmartPayRoll from responding rapidly to customer needs. He founded PaySauce to bring a fresh approach to payroll software and revolutionise the way SME owners pay staff and manage employment obligations.

Asantha's vision and success in the payroll industry are critical to PaySauce's early access to capital, recruitment of critical team members, and customer-first philosophy.

#### ***Andrew Barnes – Director (Non-Independent) / Chairman***

Andrew has a track record of market-changing innovations and the digitisation of various industries. Andrew is the founder of Perpetual Guardian and Managing Director of Complectus.

Andrew was previously a director and founder of Just Wills Holdings Limited, a UK-based will writing and estate planning business. Prior to this, he was CEO of Bestinvest, a US\$5.7 billion, UK-based investment management and advisory company; leading the sale to private capital in 2007, and was managing director of Australian Wealth Management Limited, a major Australian wealth management and trustee business which he led to IPO in 2005. Andrew was also Chairman of realestate.com.au Limited (now REA Group) which he led to IPO in 1999, and an Executive Director of Macquarie Bank.

Andrew holds an MA from Selwyn College, Cambridge and an ACIB (UK), and has attended the Program for Management Development at Harvard Business School.

#### ***Gavin Thompson – Director (Non-Independent)***

Gavin is the founder and a director of Catalyst IT, New Zealand's largest open-source IT service provider. He has over 25 years' experience in developing software systems in the manufacturing, engineering, financial, and government sectors. This experience is critical in advising on technical matters as PaySauce scales.

***Mandy Simpson – Independent Non-Executive Director***

Mandy Simpson is a director, consultant and keynote speaker with a focus on the business and human impacts of technology. Over the past decade, Mandy has held a number of senior executive roles in New Zealand including Chief Financial Officer at Fronde and Chief Operating Officer at NZX.

Mandy is a blockchain and cryptocurrencies faculty member at Singularity University, a US think tank exploring the opportunities and implications of exponential technologies, and a director at Punakaiki Fund, a company investing in high growth New Zealand companies.

Originally from the UK, Mandy has a law degree from Cambridge University. She is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the New Zealand Institute of Directors and a member of New Zealand Global Women.

***Nick Lewis – Independent Non-Executive Director***

Nick currently chairs the board of Mojo Coffee, and is on the boards of renewable electricity generator Pioneer Energy and CarboNZero-certified energy retailer Ecotricity.

A graduate of Lehigh University in Pennsylvania, US with a mechanical engineering degree, Nick initially worked in the commercial nuclear power industry before founding a successful data management firm. On the sale of his business, he became an investment banker at JP Morgan and CIBC World Markets in New York where he worked on mergers & acquisitions, divestitures, initial public offerings, bond, bank, and derivatives deals. Nick next took-up the role of CEO of a smart meter and data management technology company in Wellington, then was the founding CEO of the climate change website, Celsias.com, before co-founding the financial advisory and institutional stock broking firm, Woodward Partners.

Nick is an angel investor in early-stage tech companies, and was the first chair of the crowdfunding website PledgeMe.

## **EFFECT OF RESOLUTIONS**

### **Effect of Resolutions Passing**

Resolution 1 is not interdependent with any of the other Resolutions, meaning that transactions recorded in the Ecobulb Agreement will be given effect to if Resolution 1 is passed by shareholders, regardless of whether any of the other Resolutions are passed.

Each of the PaySauce Transaction Resolutions are interdependent, and requires that each of those Resolutions, as well as Resolution 1, be passed by shareholders in order for the transactions referred to in the PaySauce Transaction Resolutions be effected. If all of the Resolutions are passed:

- The Ecobulb Asset Sale will be completed.
- The EML Intercompany Loan Forgiveness will be completed.
- The EML Subco Distribution will be completed.
- The Acquisition will be completed, including the Company issuing the Consideration Shares to the Vendors. The Acquisition and the issue of the Consideration Shares to the Vendors will result in the backdoor listing of PaySauce through the Company.
- The New Constitution will be adopted for the Company and will come into force on Completion.
- On Completion:

- The essential nature of the Company's business will change from a company which imports and distributes energy efficient LED and compact fluorescent light bulbs to a company which provides cloud-based Software-as-a-Service payroll solutions.
- The shareholders will continue to have an interest in the Company and its new business plans (although their interest will represent a significantly smaller percentage shareholder in the Company).<sup>1</sup> The shareholders will also receive shares in EML Subco, which will give shareholders a percentage shareholding in EML Subco equivalent to their percentage shareholding in the Company on the Record Date. Following the proposed restructure of the EML Group, EML Subco will be the direct holding company of Intellectual Property Energy Mad Limited, Energy Mad Build Limited, EcoSmartHome Limited and Energy Mad US LLC.
- The name of the Company will change to PaySauce Limited (NZX:PYS).
- Each of David Jarman, Aidan Johnstone and Brent Wheeler will resign from the Board, and Asantha Wijeyeratne, Andrew Barnes, Gavin Thompson, Mandy Simpson and Nick Lewis will be appointed to the Board.

This Notice of Meeting should be read in conjunction with:

- The Profile, which discloses the particulars of the assets and business plan of the Company if the Resolutions are passed; and
- the Independent Report which assesses the fairness of the Transactions.

### **Effect of Resolutions Not Passing**

If Resolution 1 is not passed, the Ecobulb Asset Sale and the PaySauce Transactions will not go ahead. The Company will likely need to offer its New Zealand inventory to another party to sell and its Australian inventory would likely be sold through a clearing house (also see below the explanation of the effects of the PaySauce Transactions not going ahead).

If Resolution 1 is passed, but any of Resolutions 2 to 7 are not passed, the Ecobulb Asset Sale will be completed, but none of the PaySauce Transactions will go ahead. Consequently:

- The Company will not acquire PaySauce and the current business will remain the business of the Company.
- The Company will be liable to repay to PaySauce the amounts paid by PaySauce to the Company on account of the Company's costs in connection with the Transactions within 36 months. The quantum of the costs of the transaction is estimated to be approximately \$250,000.
- The current constitution will remain in force and the New Constitution will not be adopted.
- The EML Subco Distribution will not go ahead and EML Subco will continue to be a wholly owned subsidiary of EML.
- The Company will be unlikely to seek to conduct a transaction of the type contained in this Notice of Meeting again and the Board considers there is limited likelihood of finding an alternative counterparty with which to engage in this respect.

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<sup>1</sup> Refer to Dilution Effect table on page 23 of this Notice of Meeting.

## Independent Report

In assessing the merits of the Transactions, shareholders should consider sections 2, 3 and 4 of the Independent Report. The impact on the control position of the Company as a result of the Transactions is discussed in section 3.7 of the Independent Report. The implications of the Transactions if the Resolutions are not approved are set out in sections 2.5 and 3.16 of the Independent Report.

## Change in the essential nature of the Business of the Company

If the Transactions are approved by the shareholders, the Company's business will change from a business which imports and distributes energy efficient LED and compact fluorescent light bulbs to a business which provides cloud-based Software-as-a-Service payroll solutions.

PaySauce enables small and medium enterprise owners to pay staff accurately and efficiently using web, iOS, and Android applications. The services provided by the PaySauce platform includes mobile timesheets, payroll calculations, banking integration, PAYE filing, labour costing, automated general ledger entries, and digital employment contracts.

For further information on the Company's proposed new business, please refer to the Profile accompanying this Notice of Meeting.

## Dilution Effect

If Resolution 5 is passed, the issue of Consideration Shares will have the following dilutionary effect on shareholders:

Total shares on issue prior to the issue of Consideration Shares	175,836,635
Consideration Shares to be issued under Resolution 5	5,667,706,766
Total shares on issue after the issue of Consideration Shares	5,843,543,401
Percentage of shares held by shareholders of the Company prior to the issue of Consideration Shares	100%
Percentage of shares held by shareholders of the Company after the issue of Consideration Shares	3.0%
Example shareholder: pre-Transactions percentage holding	10%
Example shareholder: post-Transactions percentage holding	0.3%

The issue of shares under Resolution 5 will result in each shareholder's shareholding in the Company being materially diluted.

The number of shares that each shareholder has in the Company following the issue of Consideration Shares will remain unchanged, but the percentage of the Company that the shareholder holds will be materially reduced because of the dilutionary effect of issuing the Consideration Shares.

The Company's share price may also be volatile as the Company's new business operations are assessed and priced by the market.

When assessing the dilutionary impact of the Acquisition, shareholders should consider section 3.8 of the Independent Report.

### Liquidity risk

As a result of the Acquisition and the issue of Consideration Shares, the majority of the shares on issue will not be widely held and there will be reduced liquidity in the shares.

#### Major shareholders

Following the issue of Consideration Shares, the major shareholdings in EML are likely to be:

- the Wijeyeratne Persons, who together will hold approximately 35.74% of the shares in the Company;
- the Barnes Persons, who together will hold approximately 24.01% of the shares in the Company; and
- Gibson Sheat Trustees Limited and Troy Tarrant (as trustees of the Gondolin Trust), who will hold approximately 14.31% of the shares in the Company.

Following the issue of Consideration Shares, the shareholdings of the Company are expected to be:

Shareholders	No. of Shares (000s)	Percentage (%) rounded to 2 decimal places
Wijeyeratne Persons	2,088,507,476	35.74%
Barnes Persons	1,403,257,187	24.01%
Gibson Sheat Trustees Limited and Troy Tarrant (as trustees of the Gondolin Trust)	836,481,557	14.31%
Other PaySauce Shareholders	1,339,460,547	22.92%
<b>Total PaySauce Shareholders</b>	<b>5,667,706,766</b>	<b>96.99%</b>
<b>Total Existing EML Shareholders</b>	<b>175,836,635</b>	<b>3.01%</b>
<b>Total</b>	<b>5,843,543,401</b>	<b>100.00%</b>

This table assumes that:

- 5,843,543,401 shares will be on issue after the issue of Consideration Shares; and
- no shares are acquired by the Company under the Minority Buy-Out Rights.

Each of the following persons have agreed that they will not dispose of their shareholdings in the Company following Completion, without the prior written approval of the Special Division, until audited financial statements for the Company for financial year ended 31 March 2019 are available to the public:

- Coulthard Barnes (PaySauce) Limited, who will hold 1,169,332,884 shares following Completion;



- Gibson Sheat Trustees Limited (as trustee of the Gondolin Trust) and Troy Tarrant (as trustee and sole beneficiary of the Gondolin Trust), who will, together, hold 836,481,557 shares following Completion; and
- the Wijeyeratne Persons, who will, together, hold 2,088,507,476 shares following Completion, (together, the "**Escrowed Persons**").

One or more shareholders who are not the Escrowed Persons, including the Barnes Persons (other than Coulthard Barnes (PaySauce) Limited), may wish to sell some or all of their shareholdings following Completion. Should this happen then, depending on the level of demand for the shares, the sale could depress the share price.

The major shareholders of the Company will collectively have a major influence over matters that require the passing of ordinary resolutions by shareholders unless they are required to abstain from voting by law and/or the NZX Listing Rules.

When assessing the impact of the Acquisition on liquidity, shareholders should consider section 3.9 of the Independent Report.

### **Minority buy-out rights**

In respect of those shareholders who vote against any of Resolutions 1, 2, 3 or 4, section 110 of the Companies Act gives those shareholders certain rights to require the Company to purchase their shares in the Company, if all of the Resolutions are approved.

The right to have shares purchased must be exercised by the dissenting shareholder giving written notice to the Company within 10 business days of passing of the Resolutions. Appendix One to this Notice of Meeting sets out the procedure in more detail.

## **REQUIREMENTS FOR RESOLUTIONS**

### **The Ecobulb Asset Sale**

Shareholder approval for Resolution 1 is required under Listing Rules 9.1.1 and 9.2.1, and section 129 of the Companies Act.

#### *Listing Rule 9.1.1 – Disposal or Acquisition of Assets*

The Ecobulb Asset Sale constitutes a transaction to dispose of assets of the Company which has the effect of changing the essential nature of the business of the Company under Listing Rule 9.1.1(a).

#### *Listing Rule 9.2.1 – Transactions with Related Parties*

The Ecobulb Asset Sale also constitutes a Material Transaction with a Related Party under Listing Rule 9.2.1(a).

For the purposes of Listing Rule 9.2.1:

1. a "Material Transaction" includes a transaction or a series of related transactions whereby an Issuer sells or otherwise disposes of assets having an Aggregate Net Value in excess of 10% of the average market capitalisation of the Issuer; and

2. a "Related Party" includes a person who is at the time of a Material Transaction, or was at any time within six months before a material transaction:
- (a) a director of the Issuer or any of its subsidiaries; or
  - (b) an Associated Person of the Issuer or of the persons referred to in (a) above.

Under Listing Rule 1.8.3, a person (first person) is an Associated Person of another person (second person) if the first person is a company and the second person is a director of the first person.

Chris Mardon is both a shareholder, and the sole director, of Ecobulb. Chris Mardon was also a director of various Company subsidiaries until 5 May 2017. On the date of the Ecobulb Agreement (being 5 May 2017):

- Chris Mardon was a Related Party of the Company;
- Ecobulb was an Associated Person of Chris Mardon; and
- Ecobulb was Related Party of the Company by virtue of being an Associated Person of Chris Mardon.

On the date of the Ecobulb Agreement, the value of the assets to be sold to Ecobulb under the Ecobulb Asset Sale was valued at approximately \$390,798. EML's average market capitalisation on the date of the Ecobulb Agreement was \$2,358,986. Therefore, on the date of the Ecobulb Agreement, the Ecobulb Asset Sale contemplated in the Ecobulb Agreement constituted a Material Transaction for the purposes of Listing Rule 9.2.1.

#### *Section 129 of the Companies Act – Major Transaction*

The Ecobulb Asset Sale is likely to be a major transaction under section 129 of the Companies Act, as it may involve the Company indirectly disposing of assets which are more than half the value of the Company's assets before the disposition.

### **The PaySauce Transactions**

#### EML Intercompany Loan Forgiveness

Shareholder approval for Resolution 2 is required under Listing Rule 9.1.1 and section 129 of the Companies Act.

#### *Listing Rule 9.1.1 – Disposal or Acquisition of Assets*

The EML Intercompany Loan Forgiveness is likely to be a transaction (or, together with the other PaySauce Transactions, part of a series of related transactions) which has the effect of changing the essential nature of the business of the Company under Listing Rule 9.1.1(a).

#### *Section 129 of the Companies Act – Major Transaction*

The EML Intercompany Loan Forgiveness is also a major transaction under section 129 of the Companies Act, as it involves the Company disposing of assets which are more than half the value of the Company's assets before the acquisition.

#### EML Subco Distribution

Shareholder approval for Resolution 3 is required under Listing Rule 9.1.1 and section 129 of the Companies Act.

#### *Listing Rule 9.1.1 – Disposal or Acquisition of Assets*

The EML Subco Distribution is a transaction (or, together with the other PaySauce Transactions, part of a series of related transactions) which has the effect of changing the essential nature of the business of the Company under Listing Rule 9.1.1(a).

*Section 129 of the Companies Act – Major Transaction*

The EML Subco Distribution is also a major transaction under section 129 of the Companies Act, as it involves the Company disposing of assets which are more than half the value of the Company's assets before the acquisition.

The Acquisition

Shareholder approval for Resolution 4 is required under Listing Rule 9.1.1 and section 129 of the Companies Act.

*Listing Rule 9.1.1 – Disposal or Acquisition of Assets*

The Acquisition is a transaction (or, together with the other PaySauce Transactions, part of a series of related transactions) which has the effect of the Company:

- changing the essential nature of the business of the Company under Listing Rule 9.1.1(a); and
- acquiring assets having a gross value that exceeds 50% of the average market capitalisation of the Company under Listing Rule 9.1.1(b).

*Section 129 of the Companies Act – Major Transaction*

The Acquisition is also a major transaction under section 129 of the Companies Act, as it involves the Company acquiring assets which are more than half the value of the Company's assets before the acquisition.

Issue of Consideration Shares

Shareholder approval for Resolution 5 is required under Listing Rules 7.3.1 and 9.1.1 and rule 7(d) of the Takeovers Code.

*Listing Rule 7.3.1(a) – Issue of New Equity Securities*

The Company wishes to issue the Consideration Shares in accordance with Listing Rule 7.3.1(a).

Listing Rule 7.3.1(a) provides that shareholders must approve the precise terms and conditions of a share issue by an issuer and that the share issue must be completed within 12 months of the date that the shareholders approve the share issue.

The table below sets out the specific disclosures required by Listing Rule 6.2.1 for the issue of Consideration Shares:

<b>Share Issues</b>	
<b>The number of shares to be issued:</b>	5,667,706,766 fully paid ordinary shares.

<p><b>Purpose of, and consideration for, issue:</b></p>	<p>The purpose of, and the consideration for, the issue of Consideration Shares are as follows:</p> <ul style="list-style-type: none"> <li>• The Company has entered into the Acquisition Agreement with the Vendors which provides for the Acquisition.</li> <li>• The Acquisition Agreement provides for, amongst other matters, the Company to issue the Consideration Shares to the Vendors in satisfaction of the Consideration for the Acquired Shares.</li> </ul>
<p><b>Issue Price:</b></p>	<p>0.18 cents per share (rounded, being the agreed Company value of \$310,243 divided by the current number of shares in the Company of 175,836,635).</p>

<p><b>Parties to whom shares will be issued</b></p>	<ul style="list-style-type: none"> <li>• Cloud Investments Limited</li> <li>• Gibson Sheat Trustees Limited and Troy Tarrant (as the trustees of The Gondolin Trust)</li> <li>• Wijeyeratne &amp; Co Limited</li> <li>• Coulthard Barnes (PaySauce) Limited</li> <li>• Cloud Investments Two Limited</li> <li>• Kevin McDonald Trustee Limited and Lisa Bentley Spelling (as the trustees of the Be Brave Trust)</li> <li>• Ian Stewart Frame and Pamela Anne Frame</li> <li>• Krishnakumar Guda</li> <li>• McKay Nominees Limited</li> <li>• Gavin Thompson</li> <li>• Robert John Woodward and Tracey Jan Woodward (as trustees of the Woodward Family Trust)</li> <li>• Amanda Higgins, Patrick Higgins and Paul Philipson (as trustees of the Higgins Family Trust)</li> <li>• Cameron McKeown</li> <li>• Bruce Gilmour, Lucy Robertshawe and Tim Aitken (as trustees of the Steyning Trust)</li> <li>• Pradeep Anthony Fernando</li> <li>• Corey Robert Marsland and Rachel Pike Marsland (as trustees of the CR and RP Marsland Investment Trust)</li> <li>• Jennifer Roseanne Sabina Fernando</li> <li>• Hasitha Liyanaarachchi and Saranga Hitihamillage</li> <li>• Andrew Bell</li> <li>• Right Click Universal Limited</li> <li>• Perrow Capital No.2 Limited</li> <li>• Hibernian Capital No.2 Limited</li> <li>• Adrian Blot</li> <li>• Ben Colgate</li> <li>• Logan Tyson</li> <li>• Vicki Taylor</li> <li>• Lal Teshi</li> <li>• Lynne Fursdon</li> <li>• Tina O'Shea</li> <li>• Rauno Birger Engel, Adithi Pandit and Johnston Lawrence Trustee Services Limited (as trustee of the Pandit Engel Family Trust)</li> <li>• Nick Lewis and Diane Lewis (as trustee of the Lewis Family Trust)</li> <li>• Chris and Tracey Pound</li> <li>• Public Trust Class 10 Nominees Limited</li> <li>• Will Mahon-Heap</li> <li>• Anusha Fernando Barnes</li> <li>• Lance Jones</li> </ul>
<p><b>Time period for the issue:</b></p>	<p>The issue of Consideration Shares will occur at Completion</p>
<p><b>Ranking of new shares:</b></p>	<p>The Consideration Shares will rank equally in all respects with all other ordinary shares on issue.</p>

*Listing rule 9.1.1 – Disposal or acquisition of Assets*

The issue of Consideration Shares is a transaction (or, together with the other PaySauce Transactions, part of a series of related transactions) which has the effect of the Company:

- changing the essential nature of the business of the Company under Listing Rule 9.1.1(a); and
- acquiring assets having a gross value that exceeds 50% of the average market capitalisation of the Company under Listing Rule 9.1.1(b).

*Takeovers Code – Rule 16*

The Company is a "Code Company" under the Takeovers Code. The Takeovers Code restricts persons and their associates acquiring voting rights (or the control of voting rights) above a 20% threshold in the Company.

Rule 7(d) of the Takeovers Code permits the Company's non-associated shareholders to approve an acquisition of voting rights above the threshold by ordinary resolution.

For the purposes of the Takeovers Code, the following Vendors are associates, which together will hold over 20% of the shares in the Company following the issue of Consideration Shares:

<b>PaySauce shareholders</b>	<b>Explanation of Association</b>
<ul style="list-style-type: none"> <li>• Cloud Investments Limited ("<b>CIL</b>"); and</li> <li>• Wijeyeratne &amp; Co Limited ("<b>WCL</b>"),</li> </ul> <p>(together, the "<b>Wijeyeratne Persons</b>")</p>	<p>Asantha Wijeyeratne is the sole director and a shareholder of both CIL and WCL – therefore, CIL and WCL are associates of each other for the purposes of the Takeovers Code.</p>
<ul style="list-style-type: none"> <li>• Coulthard Barnes (PaySauce) Limited ("<b>CBPL</b>");</li> <li>• Perrow Capital No.2 Limited ("<b>Perrow</b>");</li> <li>• Hibernian Capital No.2 Limited ("<b>Hibernian</b>");</li> <li>• Cloud Investments Two Limited ("<b>CITL</b>"); and</li> <li>• Anusha Fernando Barnes.</li> </ul> <p>(together, the "<b>Barnes Persons</b>")</p>	<p>Andrew Barnes is the sole director and sole shareholder of CBPL.</p> <p>Mark Perrow is the sole director and a shareholder of Perrow. Patrick Gamble is the sole director and sole shareholder of Hibernian.</p> <p>Mark Perrow and Patrick Gamble are the sole directors of CITL. Perrow and Hibernian are the sole shareholders of CITL.</p> <p>Anusha Fernando Barnes has a personal relationship with Andrew Barnes.</p> <p>By virtue of the business relationship between Andrew Barnes and each of Mark Perrow and Patrick Gamble, and the personal relationship between Andrew Barnes and Anusha Fernando Barnes, CBPL, Perrow, Hibernian, CITL and Anusha Fernando Barnes are associates of each other for the purposes of the Takeovers Code.</p>

The table below sets out the specific disclosures required by rule 16(a) and (b) of the Takeovers Code for the issue of the Consideration Shares.

The date used to determine the particulars set out in the table below is 21 November 2018. The assumptions on which the particulars in the table below are calculated are as follows:

- a) the number of shares on issue immediately prior to the issue of the Consideration Shares is 175,836,635;
- b) following the issue of the Consideration Shares, the total number of shares on issue shall be 5,843,543,401; and
- c) no Minority Buy-out Rights are exercised.

All percentages have been rounded to two decimal places.

<b>Information required by Rule 16 of the Takeovers Code</b>				
<b>The identity of the allottee<sup>2</sup></b>	<b>Number of voting securities being allotted</b>	<b>% of the aggregate of all existing voting securities and all voting securities being allotted that the number represents</b>	<b>% of voting securities held or controlled by the allottee after completion of the allotment</b>	<b>% of voting securities held or controlled by the allottee and the allottee's associates after completion of the allotment</b>
Cloud Investments Limited	641,651,402	10.98%	10.98%	35.74%
Gibson Sheat Trustees Limited and Troy Tarrant (as the trustees of The Gondolin Trust)	836,481,557	14.31%	14.31%	14.31%
Wijeyeratne & Co Limited	1,446,856,073	24.76%	24.76%	35.74%
Coulthard Barnes (PaySauce) Limited	1,169,332,884	20.01%	20.01%	24.01%
Cloud Investments Two Limited	167,159,292	2.86%	2.86%	24.01%
Kevin McDonald Trustee Limited and Lisa Bentley Spelling (as the trustees of the Be Brave Trust)	131,160,785	2.24%	2.24%	2.24%
Ian Stewart Frame and Pamela Anne Frame	116,058,480	1.99%	1.99%	1.99%
Krishnakumar Guda	78,724,554	1.35%	1.35%	1.35%
McKay Nominees Limited	90,727,775	1.55%	1.55%	1.55%
Gavin Thompson	88,104,652	1.51%	1.51%	1.51%
Robert John Woodward and Tracey Jan Woodward (as trustees of the Woodward Family Trust)	95,522,987	1.63%	1.63%	1.63%
Amanda Higgins, Patrick Higgins and Paul Philipson (as trustees of the Higgins Family Trust)	52,734,033	0.90%	0.90%	0.90%
Cameron McKeown	52,734,033	0.90%	0.90%	0.90%
Bruce Gilmour, Lucy Robertshawe and Tim Aitken (as trustees of the Steyning Trust)	52,484,064	0.90%	0.90%	0.90%
Pradeep Anthony Fernando	64,360,759	1.10%	1.10%	1.10%
Corey Robert Marsland and Rachel Pike Marsland (as trustees of the CR and RP Marsland Investment Trust)	26,367,016	0.45%	0.45%	0.45%
Jennifer Roseanne Sabina Fernando	37,999,914	0.65%	0.65%	0.65%
Hasitha Liyanaarachchi and Saranga Hitthamillage	11,572,602	0.20%	0.20%	0.20%
Andrew Bell	10,497,121	0.18%	0.18%	0.18%
Right Click Universal Limited	3,857,534	0.07%	0.07%	0.07%
Perrow Capital No.2 Limited	18,545,836	0.32%	0.32%	24.01%

<sup>2</sup> And if different from the allottee, the identity of any person who will become a controller of an increased percentage of voting securities in the code company as a result of the allotment or allotments.

<b>Information required by Rule 16 of the Takeovers Code</b>				
<b>The identity of the allottee<sup>2</sup></b>	<b>Number of voting securities being allotted</b>	<b>% of the aggregate of all existing voting securities and all voting securities being allotted that the number represents</b>	<b>% of voting securities held or controlled by the allottee after completion of the allotment</b>	<b>% of voting securities held or controlled by the allottee and the allottee's associates after completion of the allotment</b>
Hibernian Capital No.2 Limited	18,545,836	0.32%	0.32%	24.01%
Adrian Blot	22,255,004	0.38%	0.38%	0.38%
Ben Colgate	37,091,673	0.63%	0.63%	0.63%
Logan Tyson	46,364,591	0.79%	0.79%	0.79%
Vicki Taylor	55,637,509	0.95%	0.95%	0.95%
Lal Teshi	1,854,584	0.03%	0.03%	0.03%
Lynne Fursdon	3,709,167	0.06%	0.06%	0.06%
Tina O'Shea	3,709,167	0.06%	0.06%	0.06%
Rauno Birger Engel, Adithi Pandit and Johnston Lawrence Trustee Services Limited (as trustee of the Pandit Engel Family Trust)	7,418,335	0.13%	0.13%	0.13%
Nick Lewis and Diane Lewis (as trustee of the Lewis Family Trust)	37,091,673	0.63%	0.63%	0.63%
Chris Pound and Tracey Pound	14,836,669	0.25%	0.25%	0.25%
Public Trust Class 10 Nominees Limited	185,458,365	3.17%	3.17%	3.17%
Will Mahon-Heap	3,709,167	0.06%	0.06%	0.06%
Anusha Fernando Barnes	29,673,338	0.51%	0.51%	24.01%
Lance Jones	7,418,335	0.13%	0.13%	0.13%

### **The issue price for the voting securities to be allotted**

The issue price is 0.18 cents (rounded, being the agreed Company value of \$310,243 divided by the current number of shares in the Company of 175,836,635) for each Consideration Share issued to each of the allottees. The total consideration for the allotment of the Consideration Shares is \$10 million in aggregate.

The consideration will be satisfied upon the completion of the Acquisition. The consideration for the subscription for the Consideration Shares will ultimately be satisfied by the transfer of the Acquired Shares to the Company.

### **Reasons for the allotment**

The reasons for the Company issuing and allotting the Consideration Shares to the allottees are as follows:

- The Company has entered into the Acquisition Agreement with the allottees which provides for the Acquisition;
- The Acquisition Agreement provides for, amongst other matters, the Company to issue the Consideration Shares to the allottees in satisfaction of the consideration for the Acquired Shares.

The allotment of Consideration Shares, if approved, will be permitted under rule 7(d) of the Takeovers Code as an exception to rule 6 of the Takeovers Code.

The allottees have confirmed that there are no agreements or arrangements (whether legally enforceable or not) that have been, or are intended to be, entered into between the allottees and any other person (other than between the allottees and the Company in respect of the matters referred to in this Notice of Meeting) relating to the allotment, holding or control of the voting securities to be allotted, or to the exercise of voting rights in the Company.



## **Independent Report and Directors' Recommendation**

The Independent Report accompanies this Notice of Meeting. The directors of the Company recommend approval of Resolution 5 for the reasons set out in the "*Directors' Recommendation*" at the end of this Notice of Meeting.

### *Dilution effect and liquidity risk*

The Vendors are expected to hold or control not less than 97% of the total number of voting securities on issue in the Company in aggregate immediately following the completion of the Acquisition. The dilution effect of the issue of Consideration Shares and the liquidity risk of the Acquisition are discussed at page 23 of this Notice of Meeting.

### Adoption of New Constitution

Shareholder approval for Resolution 6 is required under section 32(2) of the Companies Act.

*Section 32(2) of the Companies Act*

In accordance with section 32(2) of the Companies Act, the adoption of the New Constitution must be approved by special resolution of shareholders.

*Listing Rules*

The Special Division has approved the New Constitution in accordance with Listing Rule 6.1.1.

Appointment of New Directors

Shareholder approval for Resolution 7 is required under clause 20.3 of the Company's constitution.


The Listing Rules and (by its incorporation of the Listing Rules by reference) the constitution of the Company both require there to be at least three directors of the Company, two of whom must be resident in New Zealand, and two of whom must be independent directors (as that term is defined in the Listing Rules).

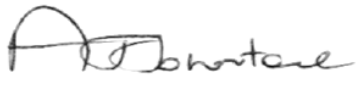
## DIRECTORS' RECOMMENDATION – RULE 19 OF THE TAKEOVERS CODE


The directors of the Company unanimously recommend that shareholders vote in favour of Resolution 5 for the purposes of the Takeovers Code.

The reasons for this recommendation are:

1. Shareholders of the Company will retain their shares in the Company which will give them an interest in a business which provides Software-as-a-Service payroll solutions with strong growth prospects;
2. Through the EML Subco Distribution, Shareholders will obtain a shareholding in EML Subco equivalent to their percentage shareholding in the Company as at the Record Date, as well as retaining their existing indirect proportionate interests in Intellectual Property Energy Mad Limited, Energy Mad Build Limited, EcoSmartHome Limited and Energy Mad US LLC;
3. Shareholders are put to no cost to receive the outcomes under paragraphs 1 and 2 above;
4. The Company has limited commercial opportunities at present in light of its current financial position, and this is reflected in the current market for the Company's shares;
5. The funding arrangement with PaySauce will ensure that certain agreed major outstanding creditors of EML and its subsidiaries are satisfied following Completion;
6. The proposed Acquisition provides an opportunity to improve the financial position of the Company;
7. Having regard to the financial resources of the Company, the value attributed to the Company as a listed shell under the Transactions, and the business opportunity afforded to the Company with the Acquisition, the Board believes that the proposed Acquisition presents a credible opportunity for the Company and its shareholders;
8. Having undertaken an extensive consideration of all of its options, the Directors consider that the proposed Acquisition offers the best of the available alternatives for the Company and that proceeding will avoid circumstances that would likely to lead to significant financial distress; and
9. Simmons Corporate Finance Limited, as independent adviser, has:
  - (a) in section 2.2 on page 9 of the Independent Report opined that the consideration and the terms and conditions of the Ecobulb Asset Sale are fair to the non-associated shareholders (being shareholders other than the shareholders who are Associated Persons of Ecobulb).
  - (b) in section 3.2 on page 14 of the Independent Report opined that the positive aspects of the PaySauce Transactions significantly outweigh the negative aspects from the perspective of the shareholders; and
  - (c) in section 4.2 on page 29 of the Independent Report opined that the terms of the PaySauce Transactions are fair and reasonable to shareholders and in the best interests of the Company given the options reasonably available to the Company at the current time.

  
\_\_\_\_\_  
David Jarman

  
\_\_\_\_\_  
Aidan Johnstone

  
\_\_\_\_\_  
Brent Wheeler

## Appendix One

### Minority Buy-out Rights

The information in this Appendix contains information about the ability of shareholders, who vote against any of Resolutions 1, 2, 3, and 4, to require the Company to acquire their shares in accordance with section 110 of the Companies Act 1993.

#### Shareholders may require Company to purchase shares

Section 110 of the Companies Act provides that where:

- (a) a shareholder is entitled to vote on a major transaction; and
- (b) the shareholders of the Company approve the resolution approving the major transaction; and
- (c) a shareholder ("**Dissenting Shareholder**") cast all the votes attached to shares registered in the Dissenting Shareholder's name and having the same beneficial owner against the resolution approving the major transaction,
- (d) that Dissenting Shareholder is entitled to require the Company to purchase those shares held by the Dissenting Shareholder in accordance with the provisions of the Companies Act.

#### Notice requiring purchase

Section 111 of the Companies Act provides that the Dissenting Shareholder may within 10 working days of the passing of the resolution at the meeting of shareholders give a written notice to the Company requiring the Company to purchase those shares.

Within 20 working days of the Company receiving the Dissenting Shareholder's notice, the Board of the Company must:

- (a) agree to the purchase of the shares by the Company; or
- (b) arrange for some other person to agree to purchase the shares; or
- (c) apply to the Court for an order under section 114 or section 115 of the Companies Act (the details of which are referred to below); or
- (d) arrange, before taking the action concerned, for the special resolution approving the major transaction to be rescinded in accordance with section 106 of the Companies Act or decide in the appropriate manner not to take the action concerned, as the case may be; and
- (e) give written notice to the shareholder of the Board's decision regarding its proposed course of action.

#### Price for shares to be purchased by Company determined

Within 5 working days of the Board giving the notice referred to above in (e), the Board must give to the Dissenting Shareholder written notice of the price the Company offers to pay for those shares.

The price the Company intends to pay for the Dissenting Shareholders Shares must be a fair and reasonable price (as at the close of business on the day before the date on which the resolution was passed) for the Dissenting Shareholders shares, calculated as follows:

- (a) first, the fair and reasonable value of the total shares in each class to which the shares belong must be calculated (the "**Class Value**");

- (b) secondly, each class value must be adjusted to exclude any fluctuation (whether positive or negative) in the Class Value that has occurred (whether before or after the resolution was passed) that was due to, or in expectation of, the event proposed or authorised by the resolution:
- (c) thirdly, a portion of each adjusted Class Value must be allocated to the Dissenting Shareholder in proportion to the number of shares the Dissenting Shareholders holds in the relevant class.

However, a different methodology from that set out above may be used to calculate the fair and reasonable price for the shares if using the methodology set out in those paragraphs would be clearly unfair to the Dissenting Shareholder or the Company. The written notice to the shareholder must state how (a) to (c) above was calculated or why using this methodology was clearly unfair to the Company or the shareholder.

The Dissenting Shareholder may object to the price offered by the Board for the shares by giving written notice to the Company no later than 10 working days after the date on which the Board gave written notice to the Dissenting Shareholder.

If the Company does not receive an objection to the price, the Company must purchase all the Dissenting Shareholders shares at the nominated price no later than 10 working days after:

- (a) the date on which the Board's offer is accepted; or
- (b) if the Board has not received an acceptance, the date that is 10 working days after the date on which the Board gave written notice to the shareholder.

The time periods above do not apply if there is a written agreement between the board and the Dissenting shareholder that specifically sets a different date for purchase of the shares.

#### **Price for shares referred to arbitration if shareholder objects to price**

If the Company receives an objection to the price offered for the shares by the Company:

- (a) the following issues must be submitted to arbitration:
  - (i) the fair and reasonable price for the shares, on the basis set out in section 112(2) and (3) of the Companies Act; and
  - (ii) the remedies available to the Dissenting Shareholder or the Company in respect of any price for the shares that differs from that determined by the Board; and
- (b) the Company must, within 5 working days of receiving the objection, pay to the Dissenting shareholder a provisional price in respect of each share equal to the price offered by the Board.

If the price determined by the arbitrator for the Dissenting Shareholder's shares:

- (a) exceeds the provisional price paid, the arbitrator must order the Company to pay the balance owing to the Dissenting Shareholder;
- (b) is less than the provisional price paid, the arbitrator must order the Dissenting Shareholder to pay the excess to the Company.

Except in exceptional circumstances, an arbitrator must award interest on any balance owing or excess to be paid. If a balance is owing to the Dissenting Shareholder, an arbitrator may award to the Dissenting Shareholder, in addition to or instead of an award of interest, damages for loss attributable to the shortfall in the initial payment. Any sum that must be paid in accordance with the arbitrator's decision must be paid no later than 10 days after the date of the arbitrator's determination, unless the arbitral tribunal specifically orders otherwise.

#### **Timing of transfer of shares**

On the day on which the Board gives notice that the Board agrees to the purchase of the Dissenting Shareholder's shares by the Company, the legal title to those shares passes to the Company and the rights of the Dissenting Shareholder in relation to those shares end.

Where the Company agrees to arrange a third party to purchase the shares, the provisions set out above apply (subject to such modifications as may be necessary) to that purchase of the shares. Every Dissenting Shareholder whose shares are purchased through a third party pursuant to such an arrangement is indemnified by the Company in respect of loss suffered by reason of the failure by the third party who has agreed to purchase the shares to purchase them at the price nominated or fixed by arbitration, as the case may be.

## Glossary

The following terms have the following meaning where used in this Notice of Meeting unless the context otherwise requires:

"**Acquired Shares**" means 100% of the ordinary shares in PaySauce.

"**Acquisition**" means the acquisition of the Acquired Shares.

"**Acquisition Agreement**" means the Transaction Management Agreement entered into between the Company, the Vendors, the Founders, the Vendors Representative, and EML Subco.

"**average market capitalisation**" means, in relation to the Company and the Transactions, the volume weighted average market capitalisation of the EML shares calculated from trades on the NZX Main Board over the 20 business days before 9 August 2018, being the day the Acquisition Agreement was entered into and the Transactions were announced to the market.

"**ASX Listing Rules**" means the listing rules of the Australian Securities Exchange.

"**associate**" has the meaning in the Takeovers Code.

"**Associated Person**" has the meaning in the NZX Listing Rules.

"**Barnes Persons**" means Coulthard Barnes (PaySauce) Limited, Cloud Investments Two Limited, Perrow Capital No.2 Limited, Hibernian Capital No.2 Limited and Anusha Fernando Barnes, each of whom are associates of each other for the purposes of the Takeovers Code.

"**Board**" means the board of directors of EML.

"**Companies Act**" means the Companies Act 1993.

"**Completion**" means completion of the Acquisition.

"**Consideration**" means the total consideration for the Acquired Shares, being \$10 million.

"**Consideration Shares**" means the 5,667,706,766 of ordinary shares of the Company to be issued to the shareholders of PaySauce in satisfaction of the Consideration for the Acquired Shares.

"**Constitution**" means the constitution of the Company.

"**Directors**" means the directors of EML.

"**Ecobulb**" means Ecobulb Limited.

"**Ecobulb Agreement**" means the agreement for the sale and purchase of assets entered into between the Ecobulb Vendors and Ecobulb dated 5 May 2017.

"**Ecobulb Asset Sale**" means the sale of the assets of the Company, EML Subco, Intellectual Property Energy Mad Limited and Energy Mad Build Limited to Ecobulb, in accordance with the Ecobulb Agreement.

"**Ecobulb Vendors**" means the Company, EML Subco, Intellectual Property Energy Mad Limited, and Energy Mad Build Limited.



"**EML**" or "**Company**" means Energy Mad Limited.

"**EML Group**" means, the Company and its subsidiaries prior to Completion, comprising EML Subco, Intellectual Property Energy Mad Limited, Energy Mad Build Limited, EcoSmartHome Limited and Energy Mad US LLC.

"**EML Intercompany Loan Forgiveness**" means the forgiveness of any intercompany loan balances owing between the Company on the one hand and EML Subco, Intellectual Property Energy Mad Limited, Energy Mad Build Limited, EcoSmartHome Limited or Energy Mad US LLC on the other hand.

"**EML Subco**" means Energy Mad NZ Limited.

"**EML Subco Distribution**" means the in-specie distribution of 100% of the shares in EML Subco by the Company to the Company's existing shareholders as at the Record Date on a pro rata basis for zero consideration.

"**Escrowed Persons**" means Coulthard Barnes (PaySauce) Limited, Gibson Sheat Trustees Limited (as trustee of the Gondolin Trust), Troy Tarrant (as trustee and sole beneficiary of the Gondolin Trust), Wijeyeratne & Co Limited and Cloud Investments Limited.

"**Estimated EML Debt**" means the outstanding debts of EML as at Completion to be funded by PaySauce, and the debts of EML Subco and Intellectual Property Energy Mad Limited guaranteed by PaySauce (as explained at pages 18 and 19 of this Notice of Meeting).

"**Explanatory Notes**" means the explanatory notes that form part of this Notice of Meeting.

"**Founders**" means Asantha Wijeyeratne and Troy Tarrant, as the "Founders" under the Acquisition Agreement.

"**Independent Report**" means the independent adviser's report and the independent appraisal report prepared by Simmons Corporate Finance Limited, a copy of which accompanies this Notice of Meeting.

"**major transaction**" has the meaning in the Companies Act.

"**Meeting**" means the special meeting of shareholders of the Company to be held on 6 December 2018 at Link Market Services, Level 11, Deloitte Centre, 80 Queen Street, Auckland starting at 10:00am.

"**Minority Buy-out Rights**" means a shareholder's right to require the Company to purchase that shareholder's shares in accordance with section 110 of the Companies Act, as discussed in Appendix One.

"**New Constitution**" means the proposed new constitution of the Company, approval for which is sought in Resolution 6.

"**Notice of Meeting**" or "**Notice**" means this notice of special meeting, including the Explanatory Notes.

"**NZX**" means NZX Limited.

**"NZX Listing Rules"** means the listing rules of the NZX Main Board and **"Listing Rule"** means a rule contained in the NZX Listing Rules.

**"NZX Main Board"** means the main board equity securities market operated by NZX.

**"PaySauce"** means PaySauce Limited.

**"PaySauce Group"** means PaySauce and Right Remuneration Limited.

**"PaySauce Transactions"** means the transactions contemplated under Resolutions 2 to 7 (inclusive).

**"Profile"** means the NZX profile prepared by the Company in relation to the Acquired Shares and the associated business plan to be pursued by the Company following the Transactions, a copy of which accompanies this Notice of Meeting.

**"Proxy Form"** means a proxy form in relation to this Notice of Meeting, a personalised copy of which accompanies this Notice of Meeting.

**"Record Date"** means 5:00pm on 7 December 2018.

**"Resolutions"** means the resolutions set out in the Notice of Meeting.

**"shareholder"** means a shareholder of EML.

**"Simmons"** means Simmons Corporate Finance Limited.

**"Special Division"** means the Special Division of the New Zealand Markets Disciplinary Tribunal.

**"Takeovers Code"** means the Takeovers Regulations 2000 (SR 2000/210).

**"Transactions"** means the EML Subco Distribution, the Ecobulb Asset Sale, the Acquisition and the issue of Consideration Shares.

**"Vendors"** means the shareholders of PaySauce.

**"Vendors' Representative"** means Coulthard Barnes Capital Limited, as the "Vendors' Representative" under the Acquisition Agreement.

**"Wijeyeratne Persons"** means Cloud Investments Limited and Wijeyeratne & Co Limited, who are associates of each other for the purposes of the Takeovers Code.