

## DRAGONTAIL SCHEME IMPLEMENTATION UPDATE (including the Scheme Booklet)

**19 July 2021: Dragontail Systems Limited** (ASX:DTS, **Dragontail** or **DTS**), bringing process efficiency and improving customer satisfaction through its Algo SaaS platform and QT AI camera system to the Quick Service Restaurant (QSR) and foodservice industry, is pleased to provide an update on the Scheme of Arrangement (**Scheme**) to effect the acquisition by Yum Connect Australia Pty Ltd, as follows:

- As announced on Friday 16 July 2021, the Federal Court of Australia has issued orders relating to convening a meeting of Dragontail ordinary shareholders to consider and vote on the Scheme (**Scheme Meeting**).
- The Australian Securities and Investments Commission (**ASIC**) has registered the Scheme Booklet in relation to the Scheme.

The Scheme Booklet contains an explanatory statement providing information about the Scheme, the Independent Expert's Report and notice of the Scheme Meeting.

**A copy of the Scheme Booklet is attached to this announcement.**

- The Scheme Booklet will be despatched to DTS ordinary shareholders on 22 July 2021. DTS ordinary shareholders who have elected to receive electronic communications will receive the materials by email. All other shareholders will receive a letter by post with a link to the Scheme Booklet.

DTS ordinary shareholders are encouraged to read the Scheme Booklet in its entirety before deciding whether or not to vote in favour of the Scheme at the Scheme Meeting. DTS also encourages shareholders to note the key events and indicative dates as set out in the Scheme Booklet. The Scheme Booklet provides information on how to lodge your proxy form and how to attend the Scheme Meeting.

- The Scheme Meeting will be held virtually (online) and at Level 9, 40 St Georges Terrace, Perth WA 6000, Australia at 12 noon (Perth time) on 23 August 2021.
- The Independent Expert, BDO Corporate Finance (East Coast) Pty Ltd, has concluded that the Scheme is fair and reasonable and is therefore in the best interests of DTS ordinary shareholders in the absence of a superior proposal. The Independent Expert's Report is part of the Scheme Booklet attached to this announcement.
- The DTS Board of Directors unanimously recommend that DTS ordinary shareholders vote in favour of the Scheme at the Scheme Meeting in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of DTS ordinary shareholders.

Subject to those same qualifications, each DTS Director intends to vote all the DTS shares held or controlled by them in favour of the Scheme at the Scheme Meeting.

- If you have any questions in relation to the Scheme Booklet or the Scheme, please call the Dragontail Share Registry on +61 8 9389 8033 Monday to Friday between 9.00am and 5.00pm (Perth time).

*This ASX Announcement was approved and authorised by Dragontail's Managing Director.*

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### About Dragontail Systems

Dragontail is revolutionising the Quick Service Restaurant (QSR) and foodservice industry with its core technology offering being its patented **Algo Platform** and **QT AI camera system**, sold under a cloud-based monthly subscription-based Software-as-a-Service (SaaS) revenue model which results in time and cost savings, and improved customer satisfaction through:

- Optimising and managing kitchen process task flow and timing from order to delivery
- Checking food quality and consistency

- Providing customers visibility over their food orders
- Acting as a valuable training tool for staff
- Controlling for food hygiene and sanitisation
- Managing driver activities leading to increased efficiency

The **Algo Platform** is the first system in the world to fully automate and streamline the kitchen flow to deliver an immediate and significant return on investment to fast food and quick service restaurants. The Algo integrates into a QSR's point of sale (POS) system.

The **QT AI camera** system's sensor and camera automatically monitor the preparation and cooking process in the kitchen. Using proprietary patented advanced AI machine-learning technology, the system keeps improving its diagnostics, becoming even more efficient. The QT has been upgraded in 2020 for hygiene and sanitisation checking. Dragontail's offering consists of:

1. **Total Technology solution:** Algo Platform + POS + online ordering developed by Dragontail in partnership, resulting in a full and ready integration).
2. **Algo Platform or full Algo:** Ready to integrate into an existing QSR POS system, managing the entire food preparation process from order to delivery.
3. **Algo Lite:** A delivery module – driver tracking and order aggregation. A QSR may begin with this system and migrate across to the full Algo over time.
4. **QT AI camera quality system:** Proprietary developed camera hardware and software used to quality control food preparation.

Dragontail is rolling out its technology globally and has signed contracts with leading QSR franchisors and franchisees including key contracts with Yum! Brands, TelePizza and household names like Dominos, Pizza Hut, KFC, Papa John's and Sweetgreen, and has formed partnerships with global aggregators (third party delivery operators such as Uber Eats, Deliveroo, DoorDash, Grab and FOOD PANDA), across a growing number of countries globally.

For more information, visit [www.dragontail.com](http://www.dragontail.com).



# **Scheme Booklet for the acquisition of DRAGONTAIL SYSTEMS LIMITED**

(ACN 614 800 136)

by Yum Connect Australia Pty Ltd (ACN 650 324 146), a subsidiary of YUM! Brands, Inc.

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## **VOTE IN FAVOUR**

The DTS Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the DTS Shareholders.

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

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### **THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

You should read it in its entirety before deciding whether or not to vote in favour of the resolution to implement the Scheme. If you are in any doubt as to how to deal with this Scheme Booklet, you should consult your broker, financial adviser or other professional adviser immediately.

#### **IMPORTANT NOTICE TO ALL SCHEME PARTICIPANTS**

Unless you are eligible for an exemption, Israeli Withholding Tax will be withheld from your Scheme Consideration.

Please see Sections 2.2 and 12 and Annexure B of this Scheme Booklet for further information as to the Israeli Withholding Tax arrangement that applies to you, including the documentation that you will have to provide in order to determine your eligibility for an exemption from or reduced rate of withholding from your Scheme Consideration.

This Scheme Booklet is made available for persons shown on the Register as holding DTS Shares. If you have recently sold all of your DTS Shares, please disregard this Scheme Booklet.

If you have any questions in relation to this Scheme Booklet or the Scheme, please call the Dragontail Share Registry on +61 8 9389 8033 Monday to Friday between 9.00am and 5.00pm (Perth time).

Australian legal adviser to DTS

**THOMSON GEER**  
LAWYERS

## IMPORTANT NOTICES

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### Purpose of this document

This Scheme Booklet provides DTS Shareholders with information about the proposed acquisition of DTS by YUM! BidCo by way of a scheme of arrangement between DTS and the Scheme Participants under Part 5.1 of the Corporations Act. This document includes the explanatory statement for the purposes of section 412(1) of the Corporations Act.

If you have sold all of your DTS Shares, please ignore this Scheme Booklet.

### Defined terms and interpretation

Capitalised terms and certain abbreviations used in this Scheme Booklet are defined in the Glossary at Section 14. The documents reproduced in some of the annexures to this Scheme Booklet each have their own defined terms which are sometimes different from those in the Glossary. Any diagrams, charts, maps, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, their actual calculations may differ from the calculations set out in this Scheme Booklet.

### Investment decisions

This Scheme Booklet is intended for all DTS Shareholders generally and does not take into account the investment objectives, financial situation or particular needs of each DTS Shareholder or any other particular person. This Scheme Booklet should not be relied upon as the sole basis for any investment decision in relation to the Scheme or your DTS Shares and the information included in this Scheme Booklet does not constitute financial product advice. Before making any decision in relation to the Scheme or your DTS Shares, including any decision to vote for or against the Scheme, you should consider whether that decision is appropriate in the light of your particular investment needs, objectives and financial circumstances. If you are in any doubt about what you should do, you should seek independent financial, legal, taxation or other professional advice before making any investment decision.

### Not an offer

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

### Responsibility for information

The information concerning the DTS Group and the intentions, views and opinions of DTS and its Directors contained in this Scheme Booklet has been prepared by DTS and its Directors and is the sole responsibility of DTS. DTS has been solely responsible for preparing the information contained in this Scheme Booklet, except that:

- YUM! BidCo has been solely responsible for preparing the YUM! Information. DTS and its Related Bodies Corporate, directors, officers, employees and advisers to the maximum extent permitted by law expressly disclaim all liability and take no responsibility for the accuracy or completeness of the YUM! Information;
- BDO Corporate Tax (WA) Pty Ltd has prepared the Australian Tax Letter in relation to the Scheme and takes responsibility for that letter. DTS and YUM! BidCo and their respective Related Bodies Corporate, directors, officers, employees and advisers to the maximum extent permitted by law expressly disclaim all liability and take no responsibility for the accuracy or completeness of the information contained in that letter. The Australian Tax Letter is set out in Section 11;
- Kost, Forer, Gabbay & Kasierer has prepared the Israeli Tax Letter in relation to the Scheme and takes responsibility for that letter. DTS and YUM! BidCo and their respective Related Bodies Corporate, directors, officers, employees and advisers to the maximum extent permitted by law expressly disclaim all liability and take no responsibility for the accuracy or completeness of the information contained in that letter. The Israeli Tax Letter is set out in Section 12;
- BDO Corporate Finance has prepared the Independent Expert's Report in relation to the Scheme and takes responsibility for that report. DTS and YUM! BidCo and their respective Related Bodies Corporate, directors, officers, employees and advisers to the maximum extent permitted by law expressly disclaim all liability and take no responsibility for the accuracy or completeness of the information contained in that report. The Independent Expert's Report is set out in Annexure A; and
- Mrs Ester Copley, NAATI accreditation no. CPN7BN49E, who is fluent in both the Hebrew and English languages, was presented with both the Hebrew text of the Israeli Withholding Tax Ruling and its translated English text and she checked and compared the English translation to the Hebrew text and after some minor corrections, agrees that the English translation has been done accurately and in full. DTS and YUM! BidCo and their respective Related Bodies Corporate, directors, officers, employees and advisers to the maximum extent permitted by law expressly disclaim all liability and take no responsibility for the accuracy or completeness of the information contained in the English translation of the Israeli Withholding Tax Ruling in Annexure B.

## ASIC

A copy of this Scheme Booklet has been provided to ASIC for the purpose of section 411(2) of the Corporations Act and registered by ASIC for the purpose of section 412(6) of the Corporations Act. ASIC has examined a copy of this Scheme Booklet. ASIC will be requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Second Court Date to approve the Scheme. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

## IMPORTANT NOTICE ASSOCIATED WITH COURT ORDER UNDER SECTION 411(1) OF THE CORPORATIONS ACT

**The fact that under section 411(1) of the Corporations Act the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the notice of the meeting does not mean that the Court:**

- **has formed any view as to the merits of the proposed scheme or as to how members should vote (on this matter members must reach their own decision); or**
- **has prepared, or is responsible for, the content of the explanatory statement.**

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

### Forward looking statements

This Scheme Booklet contains various forward looking statements. Statements other than statements of historical fact may be forward looking statements. DTS Shareholders should note that such statements are subject to inherent risks and uncertainties as they may be affected by a variety of known and unknown risks, assumptions, variables and other factors, many of which are beyond the control of the DTS Group. Actual results, values, performance or achievement may differ materially from results, values, performance or achievement expressed or implied in any forward looking statement. Any statements contained in this Scheme Booklet about the impact that the Scheme may have on the results of DTS's operations, and the advantages and disadvantages anticipated to result from the Scheme, are also forward looking statements. Neither DTS, YUM! BidCo, their respective Related Bodies Corporate, directors, officers, employees or advisers, any person named in this Scheme Booklet with their consent nor any person involved in the preparation of this Scheme Booklet makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any results, values, performance or achievement expressed or implied in any forward looking statement, except to the extent required by law. DTS Shareholders should not place undue reliance on any such statement. The forward looking statements in this Scheme Booklet only reflect views held as at the Last Practicable Date.

All subsequent written and oral forward looking statements attributable to any member of DTS or any person acting on its behalf are qualified by this cautionary statement. Subject to any continuing obligations under relevant laws or the listing rules of a relevant exchange, no member of DTS gives any undertaking to update or revise any such statements after the date of this Scheme Booklet, to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

### Privacy

DTS may collect personal information in the process of implementing the Scheme. Such information may include the name, contact details and shareholdings of DTS Shareholders and the name of persons appointed by those persons to act as a proxy, attorney or corporate representative at the Scheme Meeting. The primary purpose of the collection of personal information is to assist DTS to conduct the Scheme Meeting and implement the Scheme. Personal information of the type described above may be disclosed to the DTS Share Registry, print and mail service providers and authorised securities brokers. DTS Shareholders have certain rights to access personal information that has been collected. DTS Shareholders should contact the DTS Share Registry in the first instance, if they wish to access their personal information. DTS Shareholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of these matters.

### Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside Australia who come into possession of this Scheme Booklet should seek advice on and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Scheme Booklet has been prepared in accordance with Australian law and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with laws and regulations outside Australia.

It is important that DTS Shareholders who are not Australian resident taxpayers or who are liable for tax outside Australia seek specific taxation advice in relation to the Australian and overseas tax consequences of the Scheme.

### Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Annexure F.

### **DTS Shareholders' right to appear at the Second Court Hearing**

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the votes at the Scheme Meeting. Any DTS Shareholder may appear at the Second Court Hearing, expected to be held at 10:15am (Sydney time) on 30 August 2021 at the Federal Court of Australia, Law Courts Building, 184 Phillip Street, Queens Square, Sydney NSW 2000, Australia. Any DTS Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on DTS a notice of appearance in the prescribed form together with any affidavit on which the DTS Shareholder proposes to rely.

DTS Shareholders should note that the protocols for attendance at the Second Court Hearing may change at short notice in light of developments relating to COVID-19. Any change will be announced to the ASX and will be available under DTS's profile on the ASX at [www.asx.com.au](http://www.asx.com.au).

### **Date**

This Scheme Booklet is dated 19 July 2021.

### **IMPORTANT NOTICE TO ALL SCHEME PARTICIPANTS**

Unless you are eligible for an exemption, Israeli Withholding Tax will be withheld from your Scheme Consideration.

Please see Sections 2.2 and 12 and Annexure B of this Scheme Booklet for further information as to the Israeli Withholding Tax arrangement that applies to you, including the documentation that you will have to provide in order to determine your eligibility for an exemption from or reduced rate of withholding from your Scheme Consideration.

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#### **Annexure A**

Independent Expert's Report

#### **Annexure B**

Israeli Withholding Tax Ruling

#### **Annexure C**

Scheme Implementation Deed

#### **Annexure D**

Scheme of Arrangement

#### **Annexure E**

Deed Poll

#### **Annexure F**

Notice of Scheme Meeting

#### **CORPORATE DIRECTORY**



## INDICATIVE KEY DATES

Event	Date (Perth time)
Date of this Scheme Booklet	19 July 2021
Latest time and date for receipt of Proxy Forms (including proxies lodged online), powers of attorney and certificates of appointment of body corporate representative by the DTS Share Registry for the Scheme Meeting	12 noon on 21 August 2021
Date and time for determining eligibility to vote at Scheme Meeting	5.00pm on 21 August 2021
Scheme Meeting	12 noon on 23 August 2021
<b>If the Scheme is approved by DTS Shareholders, then:</b>	
Second Court Date, for approval of the Scheme	30 August 2021
Effective Date, the date on which the Scheme becomes Effective and is binding on the DTS Shareholders The last day of trading in DTS Shares, with DTS suspended from trading on the ASX from close of trading on this day	31 August 2021
Scheme Record Date for determining entitlements to Scheme Consideration	5.00pm on 2 September 2021
Implementation Date	7 September 2021
Despatch of Scheme Consideration to Scheme Participants	As soon as possible after implementation of the Scheme
Due date for Scheme Participants to provide Israeli Withholding Tax Declaration (with all supporting documents) or a Valid Certificate (if applicable) to the Paying Agent in accordance with the Israeli Withholding Tax Ruling	1 September 2022

### **IMPORTANT NOTICE TO ALL SCHEME PARTICIPANTS**

Unless you are eligible for an exemption, Israeli Withholding Tax will be withheld from your Scheme Consideration.

Please see Sections 2.2 and 12 and Annexure B of this Scheme Booklet for further information as to the Israeli Withholding Tax arrangement that applies to you, including the documentation that you will have to provide in order to determine your eligibility for an exemption from or reduced rate of withholding from your Scheme Consideration.

A reference to time in the timetable above is a reference to Perth time, unless otherwise indicated.

All dates in the timetable above are indicative only and may change. Any changes to the above timetable (which may include an earlier or later date for the Second Court Date) will be announced to the ASX and will be available under DTS's profile on the ASX at [www.asx.com.au](http://www.asx.com.au)

DTS Shareholders who have elected to receive communications electronically will receive an email which contains instructions about how to view or download a copy of the Scheme Booklet, and to lodge their proxy vote online. The Scheme Booklet will also be available for viewing and downloading on the DTS website at [www.dragontailsystems.com/investors/](http://www.dragontailsystems.com/investors/). DTS Shareholders who wish to receive a printed copy of the Scheme Booklet may request one by calling the Dragontail Share Registry on +61 8 9389 8033 Monday to Friday between 9.00am and 5.00pm (Perth time).

## LETTER FROM THE DTS BOARD

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19 July 2021

Dear DTS Shareholder,

On behalf of the DTS Board, I would like to take this opportunity to thank shareholders and express my sincere appreciation for the vote of confidence in DTS and its technology thus far. As part of the journey with DTS and its one-of-a-kind technology, we have been provided with an opportunity to continue to progress the Company by way of acquisition by Yum Connect Australia Pty Ltd (**YUM! BidCo**), an entity controlled by YUM! Brands, Inc.

Your Board of Directors is pleased to provide you with this Scheme Booklet. This Scheme Booklet contains information you should consider, in relation to the proposed acquisition of DTS by YUM! BidCo by way of a scheme of arrangement. You should read this Scheme Booklet carefully and I would encourage you to participate in the Scheme Meeting.

Pursuant to the Scheme, if approved and implemented, DTS Shareholders will receive A\$0.235 for every DTS Share held as at the record date for the Scheme.

### DTS Shareholder approval

The Scheme requires the approval of the DTS Shareholders. You will be able to vote on the Scheme at the Scheme Meeting.

If you are unable to attend the Scheme Meeting in person or virtually (online), I would encourage you to vote by completing your Proxy Form and lodging it with the DTS Share Registry by the due date and time specified on the Proxy Form. Due to COVID-19, there may be government restrictions placed on non-essential gatherings (which may include the Scheme Meeting) at short notice. Further detail as to how to vote is set out in Section 3 of this Scheme Booklet.

As a DTS Shareholder, your vote is important in determining whether or not the Scheme is approved and proceeds. If the Scheme is not approved, then the DTS Shareholders will not receive the Scheme Consideration, being A\$0.235 per Scheme Share.

### Directors' Recommendation

Your Board of Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal.

Your Directors who hold DTS Shares intend to vote in favour of the Scheme in respect of their DTS Shares (in the absence of a Superior Proposal).

Your Directors have considered a number of relevant circumstances, and a discussion of the reasons to vote in favour of and possibly against the Scheme, subject to your unique circumstances, are set out in Sections 6.2 and 6.3 of this Scheme Booklet respectively and summarised in the table below.

For completeness and as previously disclosed to DTS Shareholders and the ASX, Mr Yehuda Shamai (chair of the DTS Board) controls a company which is the owner / franchisor of the Pizza Hut Israel chain. This arrangement is completely unconnected with the outcome of the Scheme. Further details are set out in Section 13.12(b) below. Taking into account all of the circumstances, the DTS Board (absent Mr Shamai) and, separately, Mr Shamai, have determined that Mr Shamai can, and should if he wishes to do so, make a recommendation on the Scheme. Given the importance of the Scheme and Mr Shamai's role as chair of the DTS Board, Mr Shamai considers that it is appropriate for him to make a recommendation on the Scheme.

Reasons why you should vote in favour of the Scheme Resolution to be considered at the Scheme Meeting include:	Reasons why you may consider voting against the Scheme Resolution to be considered at the Scheme Meeting include:
<ul style="list-style-type: none"><li>The Scheme has been unanimously recommended by your Board of Directors as being in the best interests of DTS</li></ul>	<ul style="list-style-type: none"><li>You may disagree with the recommendation of your Board of Directors and the conclusion of the Independent Expert. You may be of the</li></ul>

Reasons why you should vote in favour of the Scheme Resolution to be considered at the Scheme Meeting include:	Reasons why you may consider voting against the Scheme Resolution to be considered at the Scheme Meeting include:
<p>Shareholders in the absence of a Superior Proposal.</p> <ul style="list-style-type: none"> <li>• The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of DTS Shareholders in the absence of a Superior Proposal.</li> <li>• The Scheme Consideration represents a 27% premium to the closing price of DTS Shares on 26 May 2021 (before announcement of the Scheme on 27 May 2021).</li> <li>• The Scheme Consideration is in cash and the Scheme presents an opportunity to realise value for all of your Scheme Shares that may not otherwise be possible.</li> <li>• If the Scheme is not implemented, DTS may need to raise additional capital with unfavourable outcomes for DTS Shareholders, including diluting their holdings in the Company.</li> <li>• If the Scheme is not implemented, DTS may lose a significant share of its potential markets as the YUM! Group, an existing key customer, may choose a different technology solution.</li> <li>• If the Scheme is not implemented, DTS Shareholders will continue to be subject to the risks associated with an investment in DTS.</li> <li>• The DTS Share price may fall if the Scheme is not implemented.</li> <li>• No Superior Proposal has emerged.</li> <li>• No brokerage charges or stamp duty will be payable by you for the transfer of your DTS Shares under the Scheme.</li> </ul>	<p>opinion that the Scheme Consideration does not adequately reflect the DTS Group's value.</p> <ul style="list-style-type: none"> <li>• You may consider that there is the potential for a Superior Proposal to be made in the foreseeable future.</li> <li>• You may consider the terms of the Scheme or the associated commercial arrangements, including the Conditions Precedent, to be unacceptable.</li> <li>• You may wish to maintain your current investment profile, including being able to participate in any potential upside that may result from being a DTS Shareholder and being entitled to potential possible future dividend income from DTS.</li> <li>• The tax consequences of the Scheme for you may not be suitable to your financial position.</li> </ul>

### Independent Expert's opinion

The Independent Expert has concluded that the Scheme is in the best interests of DTS Shareholders in the absence of a Superior Proposal.

The Independent Expert has assessed the value of DTS Shares on a controlling interest basis to be A\$0.22 to A\$0.25 per DTS Share. The Independent Expert states that the Scheme Consideration (being A\$0.235 per Scheme Share) is within the Independent Expert's assessed valuation range for DTS on a 100% controlling interest basis.

Your Directors recommend that you read the full Independent Expert's Report set out in Annexure A.

## Alceon's voting intention

Alceon Liquid Strategies Pty Ltd (ACN 156 017 659) in its capacity as trustee of the Alceon High Conviction Absolute Return Fund (ABN 70 299 388 630) (**Alceon**) is the beneficial owner of 800,000 ordinary shares in the Company and 30,769,232 convertible preference shares in the Company (representing approximately 7.76% of the share capital of the Company including ordinary shares and convertible preference shares). Assuming its convertible preference shares are converted into ordinary shares before the Scheme Meeting (which is a condition of the Scheme), Alceon intends to vote, or procure the vote of, all of those shares plus all other ordinary shares that it holds in favour of the Scheme, subject to there being no Superior Proposal.

### **IMPORTANT NOTICE TO ALL SCHEME PARTICIPANTS**

Unless you are eligible for an exemption, Israeli Withholding Tax will be withheld from your Scheme Consideration.

Please see Sections 2.2 and 12 and Annexure B of this Scheme Booklet for further information as to the Israeli Withholding Tax arrangement that applies to you, including the documentation that you will have to provide in order to determine your eligibility for an exemption from or reduced rate of withholding from your Scheme Consideration.

## Further information

Further information in relation to the Scheme is contained in this Scheme Booklet, including reasons for your Directors' recommendation to vote in favour of the Scheme. I encourage you to read this Scheme Booklet in full before making your decision and voting at the Scheme Meeting to be held on 23 August 2021 at 12 noon (Perth time).

If you have any questions in relation to this Scheme Booklet or the Scheme, you can call the Dragontail Share Registry on +61 8 9389 8033 Monday to Friday between 9.00am and 5.00pm (Perth time), or consult your licensed financial, legal, taxation or other professional advisor.

Yours sincerely,



**Mr Ido Levanon**  
Managing Director  
Dragontail Systems Limited

## 1 KEY CONSIDERATIONS RELEVANT TO YOUR VOTE

You should read this Scheme Booklet in full before deciding how to vote. Sections 6 and 10 contain a more detailed assessment of the matters which your Board of Directors consider are important in relation to your decision whether or not to vote in favour of the Scheme Resolution.

Key reasons to vote <b>IN FAVOUR</b> of the Scheme Resolution
The Scheme has been unanimously recommended by your Board of Directors as being in the best interests of DTS Shareholders in the absence of a Superior Proposal.
The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of DTS Shareholders in the absence of a Superior Proposal.
The Scheme Consideration represents a 27% premium to the closing price of DTS Shares on 26 May 2021 (before announcement of the Scheme on 27 May 2021).
The Scheme Consideration is in cash and the Scheme presents an opportunity to realise value for all of your Scheme Shares that may not otherwise be possible.
If the Scheme is not implemented, DTS may need to raise additional capital with unfavourable outcomes for DTS Shareholders, including diluting their holdings in the Company.
If the Scheme is not implemented, DTS may lose a significant share of its potential markets as the YUM! Group, an existing key customer, may choose a different technology solution.
If the Scheme is not implemented, DTS Shareholders will continue to be subject to the risks associated with an investment in DTS.
The DTS Share price may fall if the Scheme is not implemented.
No Superior Proposal has emerged.
No brokerage charges or stamp duty will be payable by you for the transfer of your DTS Shares under the Scheme.

Although the Scheme is recommended by your Board of Directors in the absence of a Superior Proposal, and the Independent Expert has concluded that the Scheme is in the best interests of DTS Shareholders in the absence of a Superior Proposal, there may be factors which may lead you to vote against the Scheme, including those set out below:

Key reasons to vote <b>AGAINST</b> the Scheme Resolution
You may disagree with the recommendation of your Board of Directors and the conclusion of the Independent Expert. You may be of the opinion that the Scheme Consideration does not adequately reflect the DTS Group's value.
You may consider that there is the potential for a Superior Proposal to be made in the foreseeable future.
You may consider the terms of the Scheme or the associated commercial arrangements, including the Conditions Precedent, to be unacceptable.
You may wish to maintain your current investment profile, including being able to participate in any potential upside that may result from being a DTS Shareholder and being entitled to potential possible future dividend income from DTS.
The tax consequences of the Scheme for you may not be suitable to your financial position.

## 2 WHAT ARE YOUR OPTIONS AND WHAT SHOULD YOU DO?

### 2.1 The Scheme

The Scheme is an "all or nothing" proposal to DTS Shareholders. If all of the conditions and approvals for the Scheme are satisfied or waived (as applicable):

- the Scheme will bind all persons registered as DTS Shareholders as at the Scheme Record Date, including those who do not vote on the Scheme and those who vote against it; and
- DTS will become wholly owned and controlled by YUM! BidCo upon implementation of the Scheme.

Conversely, if any of the conditions and approvals for the Scheme are not satisfied or waived (as applicable), DTS Shareholders will retain all of their DTS Shares and will not receive the Scheme Consideration – see Section 10 for further information.

DTS Shareholders have the following options:

<b>Vote in favour of the Scheme Resolution</b>	<p><b>This is the course of action unanimously recommended by your Board of Directors in the absence of a Superior Proposal.</b></p> <p>To follow your Directors' unanimous recommendation, you should vote in favour of the Scheme Resolution at the Scheme Meeting to be held on 23 August 2021. All DTS Shareholders can vote at the Scheme Meeting.</p> <p>For details on how to vote, please refer to Section 3 and the Notice of Scheme Meeting at Annexure F.</p>
<b>Vote against the Scheme Resolution</b>	<p>If, despite your Directors' unanimous recommendation, you do not support the Scheme, you may vote against the Scheme Resolution at the Scheme Meeting to be held on 23 August 2021.</p>
<b>Sell your DTS Shares</b>	<p>The existence of YUM! Proposal does not preclude you from selling some or all of your DTS Shares on market if you wish, provided you do so before 5.00pm (Perth time) on the date of the Scheme Record Date (expected to be 2 September 2021).</p> <p>If you are considering selling some or all of your DTS Shares, you should consider and compare the price offered for your DTS Shares to the Scheme Consideration.</p> <p>If you sell some or all of your DTS Shares before the Scheme Record Date:</p> <ul style="list-style-type: none"><li>• you may incur a brokerage charge;</li><li>• you may be liable for CGT on the disposal of your DTS Shares (as you may also be under the Scheme); and</li><li>• you may receive payment (which may vary from the Scheme Consideration) for the sale of your DTS Shares sooner than you would receive the Scheme Consideration under the Scheme.</li></ul>
<b>Seek further information</b>	<p>If you have any questions in relation to this Scheme Booklet or the Scheme, you can call the Dragontail Share Registry on +61 8 9389 8033 Monday to Friday between 9.00am and 5.00pm (Perth time), or consult your licensed financial, legal, taxation or other professional advisor.</p>
<b>Do nothing</b>	<p>DTS Shareholders who elect to not vote at the Scheme Meeting or not sell their DTS Shares will:</p> <ul style="list-style-type: none"><li>• if the Scheme Consideration is paid and the Scheme is implemented, have their DTS Shares compulsorily transferred to YUM! BidCo under the Scheme and receive the Scheme Consideration; or</li><li>• if the Scheme is not implemented and the Scheme Consideration is not paid, retain their DTS Shares.</li></ul>

## 2.2 Israeli Withholding Tax Declaration

The transfer of your DTS Shares to YUM! BidCo under the Scheme may have tax consequences depending on your personal facts and circumstances. You should seek professional taxation advice regarding the individual tax consequences applicable to you.

Under the Israeli Tax Ordinance [New Version], 5721-1961, a foreign tax resident may be subject to Israeli tax for capital gain arising from the sale of rights and/or shares of a foreign tax resident company which has its main assets in Israel (whether the asset is held directly or indirectly). Also, under Israeli law, a withholding tax should be deducted from income by a foreign resident if such income is subject to Israeli tax. The obligation to deduct such withholding tax falls on the payer of consideration, even if such payer is a non-Israeli tax resident. It is notable, however, that the Israeli Tax Ordinance also provides an exemption from Israeli tax for capital gain arising at the hands of a foreign tax resident from the sale of shares of a foreign company its main assets are an Israeli company, subject to certain conditions (such as, inter alia, that the capital gain is not in the seller's permanent enterprise in Israel, and that the shares are not traded on a stock exchange market in Israel).

Therefore, DTS has applied for and obtained a tax ruling issued by the Israeli Tax Authority (ITA) dated 16 June 2021 with regard to the Israeli withholding tax arrangement applicable to the payment of Scheme Consideration (**Israeli Withholding Tax Ruling**).

A copy of the Israeli Withholding Tax Ruling is set out in Annexure B and a summary of its contents is provided in the Israeli Tax Letter in Section 12. An Israeli Withholding Tax Declaration is enclosed.

To ensure you receive your Scheme Consideration promptly after implementation of the Scheme (without deduction for any Israeli Withholding Tax, to the extent that you are eligible for an exemption from Israeli Withholding Tax), please review both the table and the flowchart below to determine which category applies to you and follow the instructions in the Israeli Withholding Tax Ruling. (Instructions on signing and return of the Israeli Withholding Tax Declaration form are specified on that form.)

Type of Scheme Participant	Will the Paying Agent deduct Israeli withholding tax from the Scheme Consideration for this type of Scheme Participant?	Are there any conditions that must be met under the Israeli Withholding Tax Ruling to enable payment of the Scheme Consideration by the Paying Agent to this type of Scheme Participant?	What are the consequences if the Scheme Participant does not comply with the terms of the Israeli Withholding Tax Ruling?
1. If the Scheme Participant is a non-Israeli broker (ie, nominee or custodian) holding Scheme Shares in the name of members of the Israel Stock Exchange ( <b>Members of ISE</b> ) for the benefit of Scheme Participants. (Section 3.3.1 of the Israeli Withholding Tax Ruling)	No, the Paying Agent will pay 100% of the Scheme Consideration to this Scheme Participant <sup>1</sup> , subject to compliance with the terms of the Israeli Withholding Tax Ruling.  This Scheme Participant will transfer 100% of the Scheme Consideration attributable to each Member of ISE after such Member of ISE provides a completed Israeli Withholding Tax Declaration (with all	The Paying Agent will pay 100% of the Scheme Consideration to this Scheme Participant <sup>1</sup> after each Member of ISE provides a completed Israeli Withholding Tax Declaration (with all required supporting documents) to this Scheme Participant and after such declaration is approved by the Withholding Agent. The Members of ISE will be responsible for any Israeli Withholding Tax required pursuant to Israeli tax law.	If any Member of ISE does not provide a completed Israeli Withholding Tax Declaration (with all required supporting documents) to this Scheme Participant by 1 September 2022 <sup>2</sup> , then the Paying Agent will pay 75% of the Scheme Consideration (in Australian dollars) to this Scheme Participant <sup>1</sup> and 25% of the Scheme Consideration (in Australian dollars) to the Withholding Agent, who will remit such amount (in Israeli new shekels)

<sup>1</sup> If payment is rejected or returned, then the *Unclaimed Money Act 1995* (NSW) may apply in accordance with the Scheme.

<sup>2</sup> Indicative date. The due date under the Scheme is 3 business days before the 365th day after the Implementation Date.

Type of Scheme Participant	Will the Paying Agent deduct Israeli withholding tax from the Scheme Consideration for this type of Scheme Participant?	Are there any conditions that must be met under the Israeli Withholding Tax Ruling to enable payment of the Scheme Consideration by the Paying Agent to this type of Scheme Participant?	What are the consequences if the Scheme Participant does not comply with the terms of the Israeli Withholding Tax Ruling?
	required supporting documents) to this Scheme Participant and after such declaration is approved by the Withholding Agent.		<p>to the ITA – such payment satisfies the Israeli Withholding Tax obligation of this Scheme Participant in full.</p> <p>It may be possible to obtain a refund from the ITA of the tax withheld if the Members of ISE should have been exempt from Israeli Withholding Tax or if a lower Israeli Withholding Tax rate applies to the Members of ISE. To apply for such a refund, this Scheme Participant should seek professional taxation advice and contact the Withholding Agent.</p> <p>Please note that any such refund (if payable) will be paid by the Israeli Tax Authority in Israeli new shekels. Accordingly, subject to exchange rate fluctuations and the applicable rate of withholding tax, the value of the refund amount when converted to Australian dollars may be higher or lower than the 25% of the Scheme Consideration in Australian dollars.</p>
2. A non-Israeli resident holding Scheme Shares in their own name or through a non-Israeli broker (ie, nominee or custodian), where the number of Scheme Shares held by that person is less than 5% of all Scheme Shares	No, the Paying Agent will pay 100% of the Scheme Consideration to this Scheme Participant <sup>3</sup> , subject to compliance with the terms of the Israeli Withholding Tax Ruling and such Scheme Participant's eligibility for an	This Scheme Participant will need to provide to the Paying Agent by 1 September 2022 <sup>4</sup> , an Israeli Withholding Tax Declaration in which the Scheme Participant confirms they meet the requirements to be eligible for an exemption from Israeli Withholding Tax (as set out in the Israeli Withholding Tax	If this Scheme Participant does not comply with the terms of the Israeli Withholding Tax Ruling by 1 September 2022 <sup>4</sup> , then the Paying Agent will pay 75% of the Scheme Consideration (in Australian dollars) to this Scheme Participant <sup>3</sup>

<sup>3</sup> If payment is rejected or returned, then the *Unclaimed Money Act 1995* (NSW) may apply in accordance with the Scheme.

<sup>4</sup> Indicative date. The due date under the Scheme is 3 business days before the 365th day after the Implementation Date.



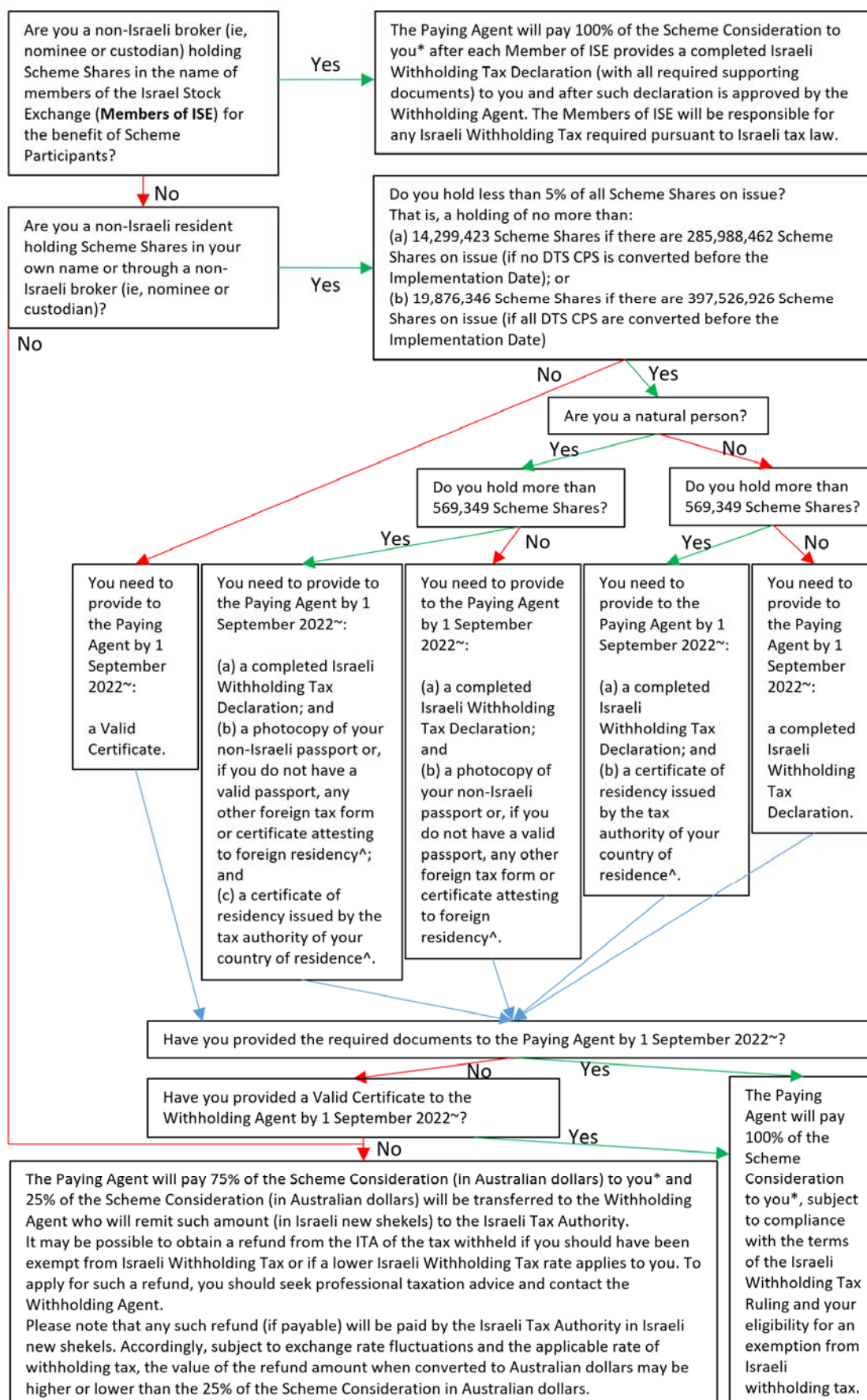
Type of Scheme Participant	Will the Paying Agent deduct Israeli withholding tax from the Scheme Consideration for this type of Scheme Participant?	Are there any conditions that must be met under the Israeli Withholding Tax Ruling to enable payment of the Scheme Consideration by the Paying Agent to this type of Scheme Participant?	What are the consequences if the Scheme Participant does not comply with the terms of the Israeli Withholding Tax Ruling?
<p>on issue – that is, a holding of no more than:</p> <p>(a) 14,299,423 Scheme Shares if there are 285,988,462 Scheme Shares on issue (if no DTS CPS is converted before the Implementation Date)</p> <p>(b) 19,876,346 Scheme Shares if there are 397,526,926 Scheme Shares on issue (if all DTS CPS are converted before the Implementation Date)</p>	<p>exemption from Israeli withholding tax.</p>	<p>Declaration), together with all required supporting documents set out below.</p> <p>The supporting documents to be provided are as follows:</p> <p>(a) (if this Scheme Participant is a natural person) a photocopy of their non-Israeli passport or, if there is no valid passport, any other foreign tax form or certificate attesting to foreign residency; and</p> <p>(b) (if this Scheme Participant holds more than 569,349<sup>5</sup> Scheme Shares) a certificate of residency issued by the tax authority in their country of residence.</p>	<p>and 25% of the Scheme Consideration (in Australian dollars) to the Withholding Agent, who will remit such amount (in Israeli new shekels) to the ITA – such payment satisfies the Israeli Withholding Tax obligation of this Scheme Participant in full.</p> <p>It may be possible to obtain a refund from the ITA of the tax withheld if this Scheme Participant should have been exempt from Israeli Withholding Tax or if a lower Israeli Withholding Tax rate applies to this Scheme Participant. To apply for such a refund, this Scheme Participant should seek professional taxation advice and contact the Withholding Agent.</p> <p>Please note that any such refund (if payable) will be paid by the Israeli Tax Authority in Israeli new shekels. Accordingly, subject to exchange rate fluctuations and the applicable rate of withholding tax, the value of the refund amount when converted to Australian dollars may be higher or lower than the 25% of the Scheme Consideration in Australian dollars.</p>

<sup>5</sup> Being the equivalent of US\$100,000 worth of Scheme Shares, derived by applying an exchange rate of US\$1:A\$0.7474 and dividing by A\$0.235 (being the Scheme Consideration).

Type of Scheme Participant	Will the Paying Agent deduct Israeli withholding tax from the Scheme Consideration for this type of Scheme Participant?	Are there any conditions that must be met under the Israeli Withholding Tax Ruling to enable payment of the Scheme Consideration by the Paying Agent to this type of Scheme Participant?	What are the consequences if the Scheme Participant does not comply with the terms of the Israeli Withholding Tax Ruling?
3. A Scheme Participant who does not fit within the criteria in categories 1 to 2 above (including any Scheme Participant holding 5% or more of the Scheme Shares on issue).	Yes, the Paying Agent will pay 75% of the Scheme Consideration to this Scheme Participant <sup>6</sup> and 25% of the Scheme Consideration will be transferred to the Withholding Agent who will remit such amounts to the ITA unless a Valid Certificate indicating otherwise has been presented to the Withholding Agent by 1 September 2022 <sup>7</sup> .	<p>In case the Scheme Participant wishes to avoid withholding of 25% of the Scheme Consideration, the Scheme Participant must provide to the Withholding Agent by 1 September 2022<sup>7</sup>:</p> <p>(a) a Valid Certificate obtained from the ITA by submitting an application using Form 114A (see copy attached to the Israeli Tax Letter in Section 12); and</p> <p>(b) a certificate of residency issued by the tax authority in their country of residence; and</p> <p>(c) any other forms required by the ITA.</p>	Same as for category 2 above.

<sup>6</sup> If payment is rejected or returned, then the *Unclaimed Money Act 1995* (NSW) may apply in accordance with the Scheme.

<sup>7</sup> Indicative date. The due date under the Scheme is 3 business days before the 365th day after the Implementation Date.



\*Note: If payment is rejected or returned, then the Unclaimed Money Act 1995 (NSW) may apply in accordance with the Scheme.

~Note: Indicative date. The due date under the Scheme is 3 business days before the 365th day after the Implementation Date.

^Note: Please contact the tax authority of your country of residence as to the required procedures.

### 3 DETAILS OF THE SCHEME MEETING

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#### 3.1 Scheme Meeting

The Scheme Meeting will be held at Level 9, 40 St Georges Terrace, Perth WA 6000, Australia at 12 noon (Perth time) on 23 August 2021.

The Notice of Scheme Meeting is set out in Annexure F.

For the Scheme to proceed, the Scheme must be approved by DTS Shareholders by the Requisite Majorities as set out below:

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

The Scheme is conditional on the Scheme Resolution being approved at the Scheme Meeting, Court approval and satisfaction or waiver (as applicable) of the other Conditions Precedent. If all the Conditions Precedent to the Scheme are not satisfied or waived by the End Date, then the Scheme will not proceed and the Scheme Consideration will not be paid.

#### 3.2 Exercising your vote

DTS Shareholders may vote by (where permitted) attending the Scheme Meeting in person or virtually (online), or by proxy, attorney or (in the case of a corporation which is a DTS Shareholder) by corporate representative.

#### 3.3 Virtual (online) attendance and voting

Due to COVID-19, there may be government restrictions placed on non-essential gatherings (which may include the Scheme Meeting) at short notice. As such, DTS Shareholders are encouraged to consider participating in the Scheme Meeting virtually (online) or voting by proxy rather than attending the Scheme Meeting in person.

Instructions on how to participate in the Scheme Meeting virtually (online) and voting by proxy are set out on your Proxy Form.

#### 3.4 Voting in person

To vote in person at the Scheme Meeting, the DTS Shareholder must attend the Scheme Meeting. A DTS Shareholder who wishes to attend and vote at the Scheme Meeting in person will be admitted to the Scheme Meeting and given a voting card upon disclosure of their name and address at the point of entry to that Meeting.

#### 3.5 Voting by proxy

Any DTS Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint a proxy to attend and vote instead of the DTS Shareholder. If the DTS Shareholder is entitled to cast 2 or more votes at the Scheme Meeting, that DTS Shareholder may appoint 2 proxies. Where 2 proxies are appointed, each proxy may be appointed to represent a specified proportion or number of the DTS Shareholder's voting rights. If the DTS Shareholder does not specify the proportion or number of the DTS Shareholder's voting rights that each proxy is to represent, each proxy will be entitled to exercise half the DTS Shareholder's votes. A proxy does not need to be a DTS Shareholder.

If you wish to appoint a proxy in respect of the Scheme Meeting, you are requested to complete your personalised Proxy Form or lodge your proxy nomination online. Proxy Forms should be provided to the DTS Share Registry in any of the following ways:

- (a) **lodge your proxy nomination online** by logging on to [www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login) using the holding details as shown on the Proxy Form and then following the relevant instructions on the website;

- (b) **mail your completed Proxy Form** in the enclosed reply paid envelope to:  
Dragontail Systems Limited, c/- Advanced Share Registry Ltd, PO Box 1156, Nedlands  
WA 6909, Australia
- (c) **fax your completed Proxy Form** to +61 8 6370 4203;
- (d) **email your completed Proxy Form** to [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au); or
- (e) **hand deliver your completed Proxy Form** to the DTS Share Registry at 110 Stirling  
Hwy, Nedlands WA 6009, Australia.

Your completed Proxy Form must be received by the DTS Share Registry by 12 noon (Perth time) on 21 August 2021 (or if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of that Scheme Meeting).

Please note that post only reaches the DTS Share Registry on business days in Perth, Western Australia.

A proxy will be admitted to the Scheme Meeting and given a voting card upon providing written evidence of their name and address at the point of entry to the Scheme Meeting. The return of a completed Proxy Form will not preclude a DTS Shareholder from attending in person or virtually (online) and voting at the Scheme Meeting.

### 3.6 **Voting by attorney**

Your attorney may attend the Scheme Meeting and vote on your behalf.

If you wish to vote by attorney at the Scheme Meeting, you must, if you have not already presented an appropriate power of attorney to DTS for notation, deliver to the DTS Share Registry the original or certified copy of the power of attorney by post or by hand delivery (as per the addresses specified in Section 3.5) so that it is received by the DTS Share Registry before the Scheme Meeting commences or, alternatively, it should be brought to the Scheme Meeting.

Your attorney will be admitted to the Scheme Meeting and given a voting card upon providing written evidence of their appointment, their name and address and the identity of their appointer (i.e., you) at the point of entry to the Scheme Meeting.

### 3.7 **Voting by corporate representative**

A corporation that is a DTS Shareholder must appoint a person to act as its representative to vote at the Scheme Meeting (if it does not wish to vote by proxy or attorney). The appointment must comply with the Corporations Act. An authorised corporate representative will be admitted to the Scheme Meeting and given a voting card upon providing written evidence of their appointment including any authority under which it is signed, their name and address and the identity of their appointer at the point of entry to the Scheme Meeting.

### 3.8 **Voting entitlement**

If you are a DTS Shareholder and are registered as such on the Register at 5.00pm (Perth time) on 21 August 2021, you will be entitled to attend and vote at the Scheme Meeting.

Accordingly, registrable transmission applications or transfers registered after the time specified above will be disregarded in determining entitlements to vote at the Scheme Meeting.

In the case of DTS Shares held by joint holders, only one of the joint shareholders is entitled to vote. If more than one DTS Shareholder votes in respect of jointly held DTS Shares, only the vote of the DTS Shareholder whose name appears first in the Register will be counted.

### 3.9 **Further Information**

If you have any questions in relation to this Scheme Booklet or the Scheme, please call the Dragontail Share Registry on +61 8 9389 8033 Monday to Friday between 9.00am and 5.00pm (Perth time), or consult your licensed financial, legal, taxation or other professional advisor.

## 4 FREQUENTLY ASKED QUESTIONS

Question	Answer	More Information
4.1 <b>What is the Scheme?</b>	<p>The Scheme is a scheme of arrangement between DTS and Scheme Participants.</p> <p>If the Scheme becomes Effective, YUM! BidCo will acquire all of the DTS Shares on issue for the Scheme Consideration, and DTS will become a wholly-owned subsidiary of YUM! BidCo upon implementation of the Scheme.</p>	Section 5 contains a summary of the Scheme and a copy of the Scheme is contained in Annexure D.
4.2 <b>What will I be entitled to receive if the Scheme becomes Effective?</b>	If the Scheme becomes Effective, DTS Shareholders will be entitled to receive the Scheme Consideration in cash for each DTS Share held by them on the Scheme Record Date.	Section 5 provides further information in relation to the Scheme Consideration.
4.3 <b>Who is entitled to receive Scheme Consideration?</b>	DTS Shareholders who hold DTS Shares at the Scheme Record Date are entitled to receive the Scheme Consideration in respect of those shares.	See Sections 5.2 and 7.3.
4.4 <b>Why should you vote in favour of the Scheme Resolution?</b>	<p>Reasons why you should vote in favour of the Scheme Resolution to be considered at the Scheme Meeting include:</p> <ul style="list-style-type: none"> <li>The Scheme has been unanimously recommended by your Board of Directors as being in the best interests of DTS Shareholders in the absence of a Superior Proposal.</li> </ul> <p>For completeness and as previously disclosed to DTS Shareholders and the ASX, Mr Yehuda Shamai (chair of the DTS Board) controls a company which is the owner / franchisor of the Pizza Hut Israel chain. This arrangement is completely unconnected with the outcome of the Scheme. Further details are set out in Section 13.12(b) below. Taking into account all of the circumstances, the DTS Board (absent Mr Shamai) and, separately, Mr Shamai, have determined that Mr Shamai can, and should if he wishes to do so, make a recommendation on the Scheme. Given the importance of the Scheme and Mr Shamai's role as chair of the DTS Board, Mr Shamai considers that it is appropriate for him to make a recommendation on the Scheme.</p> <ul style="list-style-type: none"> <li>The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of DTS Shareholders in the absence of a Superior Proposal.</li> <li>The Scheme Consideration represents a 27% premium to the closing price of DTS Shares on 26 May 2021 (before announcement of the Scheme on 27 May 2021).</li> <li>The Scheme Consideration is in cash and the Scheme presents an opportunity to realise value</li> </ul>	See Sections 6.2 and 13.12(b) for further information.

Question	Answer	More Information
	<p>for all of your Scheme Shares that may not otherwise be possible.</p> <ul style="list-style-type: none"> <li>• If the Scheme is not implemented, DTS may need to raise additional capital with unfavourable outcomes for DTS Shareholders, including diluting their holdings in the Company.</li> <li>• If the Scheme is not implemented, DTS may lose a significant share of its potential markets as the YUM! Group, an existing key customer, may choose a different technology solution.</li> <li>• If the Scheme is not implemented, DTS Shareholders will continue to be subject to the risks associated with an investment in DTS.</li> <li>• The DTS Share price may fall if the Scheme is not implemented.</li> <li>• No Superior Proposal has emerged.</li> <li>• No brokerage charges or stamp duty will be payable by you for the transfer of your DTS Shares under the Scheme.</li> </ul>	
<p>4.5 <b>Why might you consider voting against the Scheme Resolution?</b></p>	<p>Reasons why you may consider voting against the Scheme Resolution to be considered at the Scheme Meeting include:</p> <ul style="list-style-type: none"> <li>• You may disagree with the recommendation of your Board of Directors and the conclusion of the Independent Expert. You may be of the opinion that the Scheme Consideration does not adequately reflect the DTS Group's value.</li> <li>• You may consider that there is the potential for a Superior Proposal to be made in the foreseeable future.</li> <li>• You may consider the terms of the Scheme or the associated commercial arrangements, including the Conditions Precedent, to be unacceptable.</li> <li>• You may wish to maintain your current investment profile, including being able to participate in any potential upside that may result from being a DTS Shareholder and being entitled to potential possible future dividend income from DTS.</li> <li>• The tax consequences of the Scheme for you may not be suitable to your financial position.</li> </ul>	<p>See Section 6.3 for further information.</p>

Question	Answer	More Information
<p>4.6 <b>When will I receive the Scheme Consideration?</b></p>	<p>The Scheme Consideration will be paid by YUM! BidCo to the Paying Agent ahead of the Implementation Date (expected to be 7 September 2021).</p> <p>Following the Implementation Date, the Paying Agent will coordinate payment of the Scheme Consideration.</p> <p>Scheme Participants who have validly registered their bank account details with the DTS Share Registry (by 5.00pm (Perth time) on the Scheme Record Date) will have their Scheme Consideration sent directly to their bank account.</p> <p>Scheme Participants who have not registered their bank account details with DTS Share Registry (by 5.00pm (Perth time) on the Scheme Record Date) will have their Scheme Consideration sent by cheque to the address shown on the Register.</p> <p>The timing of despatch of the Scheme Consideration to each Scheme Participant will depend on which Israeli withholding tax arrangement applies to that Scheme Participant.</p>	<p>See Sections 2.2 and 7.4(h) below and clause 5 of the Scheme contained in Annexure D for further details.</p>
<p>4.7 <b>Is it possible to receive the Scheme Consideration without being subject to Israeli Withholding Tax?</b></p>	<p>Depending on your personal circumstances you may be eligible to an exemption (or reduced rate) from Israeli Withholding Tax with respect to your Scheme Consideration.</p> <p>Unless you are eligible for an exemption, Israeli Withholding Tax will be withheld from your Scheme Consideration.</p> <p>Please see Sections 2.2 and 12 and Annexure B of this Scheme Booklet for further information as to the Israeli Withholding Tax arrangement that applies to you, including the documentation that you will have to provide in order to determine your eligibility for an exemption from or reduced rate of withholding from your Scheme Consideration.</p> <p>The transfer of your DTS Shares to YUM! BidCo under the Scheme may have tax consequences depending on your personal facts and circumstances. You should seek professional taxation advice regarding the individual tax consequences applicable to you.</p>	<p>See general summary in Section 2.2, the Israeli Tax Letter in Section 12, the Israeli Withholding Tax Ruling in Annexure B and clause 5 of the Scheme contained in Annexure D for further details.</p>
<p>4.8 <b>In case Israeli Withholding Tax was deducted from my Scheme Consideration, will I be able to receive a refund?</b></p>	<p>It may be possible to obtain a refund from the Israeli Tax Authority of the tax withheld if you should have been exempt from Israeli Withholding Tax or if a lower Israeli Withholding Tax rate applies to you. To apply for such a refund, please seek professional taxation advice and contact the Withholding Agent.</p> <p>Please note that any such refund (if payable) will be paid by the Israeli Tax Authority in Israeli new shekels. Accordingly, subject to exchange rate fluctuations and the applicable rate of withholding tax, the value of the refund amount when converted to Australian dollars may be higher or lower than the 25% of the Scheme Consideration in Australian dollars.</p> <p>The transfer of your DTS Shares to YUM! BidCo under the Scheme may have tax consequences depending on your personal facts and circumstances. You should</p>	<p>See general summary in Section 2.2, the Israeli Tax Letter in Section 12, the Israeli Withholding Tax Ruling in Annexure B and clause 5 of the Scheme contained in Annexure D for further details.</p>



Question	Answer	More Information
	seek professional taxation advice regarding the individual tax consequences applicable to you.	
4.9 <b>What is the DTS Shareholder approval threshold?</b>	<p>In order to become Effective, the Scheme requires the approval of the DTS Shareholders by the Requisite Majorities as set out below.</p> <ul style="list-style-type: none"> <li>approval by more than 50% of DTS Shareholders present and voting at the Scheme Meeting in person or virtually (online) or by proxy, attorney or corporate representative, unless the Court orders otherwise; and</li> <li>approval by at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by DTS Shareholders.</li> </ul> <p>Even if the Scheme is agreed to by DTS Shareholders at the Scheme Meeting on 23 August 2021, the Scheme is still subject to the approval of the Court (as well as other Conditions Precedent outlined in Section 13.1(a)).</p>	Section 3 and the Notice of Scheme Meeting contained in Annexure F set out further information on the relevant approval requirements.
4.10 <b>Are there any conditions to the Scheme?</b>	<p>There are several Conditions Precedent that will need to be satisfied or waived (as applicable) before the Scheme can be implemented.</p> <p>In summary, as at the Last Practicable Date, the outstanding Conditions Precedent include, among others:</p> <ul style="list-style-type: none"> <li>ASIC and ASX approvals required for the Scheme to proceed have been obtained;</li> <li>no regulatory restraints;</li> <li>approval of the Scheme Resolution by DTS Shareholders;</li> <li>approval by the Court;</li> <li>no Material Adverse Event occurring; and</li> <li>no Prescribed Occurrences occurring.</li> </ul> <p>A list of Conditions Precedent to the Scheme is set out in Section 13.1(a).</p>	Section 13.1(a) contains further information on the Conditions Precedent to the Scheme.
4.11 <b>When will the Scheme Meeting be held?</b>	The Scheme Meeting will be held at Level 9, 40 St Georges Terrace, Perth WA 6000, Australia at 12 noon (Perth time) on 23 August 2021.	The Notice of Scheme Meeting contained in Annexure F sets out further information on the Scheme Meeting.
4.12 <b>Am I entitled to vote at the Scheme Meeting?</b>	If you are a DTS Shareholder and are registered as such on the Register at 5.00pm (Perth time) on 21 August 2021, you will be entitled to attend and vote at the Scheme Meeting.	The Notice of Scheme Meeting contained in Annexure F sets out further information on your entitlement to vote.
4.13 <b>How can I vote at the Scheme Meeting?</b>	<p>You can vote at the Scheme Meeting, by:</p> <ul style="list-style-type: none"> <li>attending the Scheme Meeting in person;</li> </ul>	The Notice of Scheme Meeting contained in Annexure F sets

Question	Answer	More Information
	<ul style="list-style-type: none"> <li>attending the Scheme Meeting virtually (online); or</li> <li>vote by appointing a proxy or attorney to attend the Scheme Meeting and vote on your behalf as follows:               <ul style="list-style-type: none"> <li>(a) lodge your proxy nomination online by logging on to <a href="http://www.advancedshare.com.au/investor-login">www.advancedshare.com.au/investor-login</a> using the holding details as shown on the Proxy Form and then following the relevant instructions on the website;</li> <li>(b) mail your completed Proxy Form in the enclosed reply paid envelope to: Dragontail Systems Limited, c/- Advanced Share Registry Ltd, PO Box 1156, Nedlands WA 6909, Australia</li> <li>(c) fax your completed Proxy Form to +61 8 6370 4203;</li> <li>(d) email your completed Proxy Form to <a href="mailto:admin@advancedshare.com.au">admin@advancedshare.com.au</a>; or</li> <li>(e) hand deliver your completed Proxy Form to the DTS Share Registry at 110 Stirling Hwy, Nedlands WA 6009, Australia</li> </ul> </li> </ul> <p>To be valid, your completed Proxy Form must be received by the DTS Share Registry by 12 noon (Perth time) on 21 August 2021.</p>	<p>out further information on how to vote at the Scheme Meeting.</p>
<p>4.14 <b>When will the results of the Scheme Meeting be known?</b></p>	<p>DTS intends to announce the results of the Scheme Meeting to be held on 23 August 2021 on the ASX Announcements Platform and on the DTS website (<a href="http://www.dragontailsystems.com/investors/">www.dragontailsystems.com/investors/</a>) shortly after the conclusion of the Scheme Meeting.</p> <p>Even if the Scheme is approved by the Requisite Majorities, the Scheme is still subject to the approval of the Court and the other Conditions Precedent set out in the Scheme Implementation Deed and the Scheme of Arrangement.</p>	-
<p>4.15 <b>What happens to my DTS Shares if I do not vote, or if I vote against the Scheme?</b></p>	<p>If you do not vote, or if you vote against the Scheme, and the Scheme becomes Effective and is implemented, any Scheme Shares held by you on the Scheme Record Date (expected to be 5.00pm (Perth time) on 2 September 2021) will be transferred to YUM! BidCo and you will be paid the Scheme Consideration, notwithstanding that you may not have voted or you may have voted against the Scheme Resolution.</p>	<p>Section 2 contains further information on the voting options of DTS Shareholders.</p>
<p>4.16 <b>What happens if a Competing Proposal is received?</b></p>	<p>If a Competing Proposal is received:</p> <ul style="list-style-type: none"> <li>your Board of Directors will carefully consider the proposal; and</li> <li>(if and as applicable) the Company will comply with its obligations under the Scheme Implementation Deed in relation to the receipt of a Competing Proposal.</li> </ul>	<p>See Section 13.1 and Annexure C for further information.</p>

Question	Answer	More Information
4.17 <b>Will I have to pay brokerage or stamp duty?</b>	No brokerage or stamp duty is payable by you on the transfer of your DTS Shares to YUM! BidCo pursuant to the Scheme.	See Section 7.7 for further information.
4.18 <b>Can I sell my DTS Shares now?</b>	<p>You can sell your DTS Shares at any time before 5.00pm (Perth time) on the date of the Scheme Record Date (expected to be 2 September 2021).</p> <p>The DTS Board intends to refuse to register any transfers of DTS Shares received by the DTS Share Registry after 5.00pm (Perth time) on the date of the Scheme Record Date until the Scheme Consideration has been paid in accordance with the Scheme.</p>	See Annexure D for further information.
4.19 <b>If the Scheme becomes Effective, how will my DTS Shares be transferred?</b>	<p>If the Scheme becomes Effective, DTS will automatically have authority to transfer your DTS Shares on your behalf when the Scheme is implemented, and the Scheme Consideration will then be paid to you. However, you should be aware that under the Scheme, you are deemed to have warranted to YUM! BidCo and DTS that (in summary):</p> <ul style="list-style-type: none"> <li>all your Scheme Shares which are transferred to YUM! BidCo under the Scheme are fully paid and free from all encumbrances on the date of transfer, and</li> <li>you have full power and capacity to transfer your Scheme Shares to YUM! BidCo.</li> </ul>	See Annexure D and Section 7.5 for further information.
4.20 <b>What are the taxation implications of the Scheme?</b>	<p>The taxation implications of the Scheme will depend on your personal facts and circumstances.</p> <p>Section 11 contains the Australian Tax Letter which provides an overview of the Australian taxation consequences for Scheme Participants.</p> <p>Sections 2.2 and 12 provides general information about the Israeli withholding tax arrangements applicable to the payment of Scheme Consideration. A copy of the Israeli Withholding Tax Ruling is set out in Annexure B.</p> <p>You should seek professional taxation advice with respect to your individual tax situation.</p>	See Sections 2.2, 11 and 12 and Annexure B for further information.
4.21 <b>When will the Scheme become Effective?</b>	Subject to the satisfaction or waiver (as applicable) of the Conditions Precedent, the Scheme will become Effective on the Effective Date (expected to be 31 August 2021) and will be implemented on the Implementation Date (expected to be 7 September 2021).	Section 7 contains further information on when the Scheme will become Effective.
4.22 <b>Where can I get further information?</b>	If you have any questions in relation to this Scheme Booklet or the Scheme, please call the Dragontail Share Registry on +61 8 9389 8033 Monday to Friday between 9.00am and 5.00pm (Perth time), or consult your licensed financial, legal, taxation or other professional advisor.	-

## 5 SUMMARY OF THE SCHEME

### 5.1 The YUM! Proposal

DTS has entered into a Scheme Implementation Deed with YUM! BidCo dated 27 May 2021 (as amended and restated by the Deed of Amendment and Restatement: Scheme Implementation Deed dated 2 July 2021 and by the Second Deed of Amendment and Restatement: Scheme Implementation Deed dated 9 July 2021). Pursuant to the Scheme Implementation Deed, it is proposed that YUM! BidCo will acquire all of the DTS Shares by way of a scheme of arrangement, subject to the approval of DTS Shareholders and the Court and certain other Conditions Precedent.

### 5.2 Scheme Consideration

If the Scheme is approved and becomes Effective, DTS Shareholders who hold DTS Shares at the Scheme Record Date will receive, for each DTS Share (**Scheme Share**), the amount of A\$0.235. Payment of the Scheme Consideration for the total holding of Scheme Shares for each Scheme Participant will be rounded up to the nearest whole cent.

It is expected that the Scheme Consideration payable by YUM! BidCo for all DTS Shares will be A\$93,418,827.61 (in aggregate), subject to rounding and assuming all convertible preference shares (**DTS CPS**) are converted into DTS Shares (but no other DTS Shares are issued) before the Scheme Record Date.

### 5.3 Implementation of the Scheme

The proposed acquisition of DTS Shares by YUM! BidCo is to be undertaken pursuant to a Court approved scheme of arrangement. A scheme of arrangement is a legal arrangement that provides an opportunity for shareholders to vote on the scheme.

Approval of a share scheme of arrangement requires, in respect of each class of shareholders, a 50% majority of the number of shareholders voting, unless the Court orders otherwise, and a 75% majority of the total votes cast being in favour of the scheme of arrangement.

If the requisite approval threshold by shareholders is met and the scheme is approved by the Court, the scheme binds the company and all of its shareholders upon the Court orders approving the scheme being lodged with ASIC.

Section 7 sets out in detail the steps required to be taken for the approval and implementation of the Scheme.

### 5.4 If the Scheme is approved

If the Scheme is approved by the Requisite Majorities of DTS Shareholders at the Scheme Meeting and by the Court, and you are a DTS Shareholder as at the Scheme Record Date, you will be considered a Scheme Participant and each of your DTS Shares will be transferred to YUM! BidCo under the Scheme. YUM! BidCo will provide the Scheme Consideration, in cash, to the Paying Agent ahead of the Implementation Date. Following the Implementation Date, the Paying Agent will coordinate payment of the Scheme Consideration.

#### **IMPORTANT NOTICE TO ALL SCHEME PARTICIPANTS**

Unless you are eligible for an exemption, Israeli Withholding Tax will be withheld from your Scheme Consideration.

Please see Sections 2.2 and 12 and Annexure B of this Scheme Booklet for further information as to the Israeli Withholding Tax arrangement that applies to you, including the documentation that you will have to provide in order to determine your eligibility for an exemption from or reduced rate of withholding from your Scheme Consideration.

## 6 DIRECTORS' RECOMMENDATION

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### 6.1 Recommendation

Your Board of Directors unanimously recommend that DTS Shareholders vote in favour of the Scheme Resolution at the Scheme Meeting. Those Directors who hold or control DTS Shares intend to vote those DTS Shares in favour of the Scheme Resolution in the absence of a Superior Proposal.

Your Board of Directors carefully considered a range of alternatives for DTS, as well as the advantages, disadvantages and risks associated with the Scheme. A detailed assessment of the matters which your Board of Directors consider are important in relation to your decision whether or not to vote in favour of the Scheme is set out below.

For completeness and as previously disclosed to DTS Shareholders and the ASX, Mr Yehuda Shamai (chair of the DTS Board) controls a company which is the owner / franchisor of the Pizza Hut Israel chain. This arrangement is completely unconnected with the outcome of the Scheme. Further details are set out in Section 13.12(b) below. Taking into account all of the circumstances, the DTS Board (absent Mr Shamai) and, separately, Mr Shamai, have determined that Mr Shamai can, and should if he wishes to do so, make a recommendation on the Scheme. Given the importance of the Scheme and Mr Shamai's role as chair of the DTS Board, Mr Shamai considers that it is appropriate for him to make a recommendation on the Scheme.

### 6.2 Key reasons for recommending and advantages of the Scheme and the YUM! Proposal

The following is a discussion of the key reasons to vote in favour of the Scheme. This Section 6.2 should be read in conjunction with Section 6.3 which sets out the key reasons why you may consider voting against the Scheme, and Section 6.4 which sets out other considerations.

Your Board of Directors consider that the key reasons to vote in favour of the Scheme are as follows:

(a) **The Scheme has been unanimously recommended by your Board of Directors as being in the best interests of DTS Shareholders in the absence of a Superior Proposal.**

Your Directors:

- unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal; and
- if they hold DTS Shares, intend to vote their DTS Shares in favour of the Scheme.

In reaching that conclusion, your Directors considered:

- all of those matters explained in the Chairman's Letter forming part of this Scheme Booklet;
- the initiatives undertaken, and avenues considered, to date, by the DTS Board and senior management to improve DTS's performance and value;
- the trading outlook in the DTS Group's important markets and the capital expenditure needed to keep abreast of customer demands and expectations;
- the Independent Expert's Report and that the Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of DTS Shareholders in the absence of a Superior Proposal;
- the DTS Group's current debt and financial positions;
- the value and transaction certainty offered in the YUM! Proposal, and YUM! BidCo's stated intentions in respect of the DTS Group and its business forward (see Section 9);
- the absence of any Superior Proposal from the date of the Scheme Implementation Deed to the Last Practicable Date;

- the continuing risks and uncertainties inherent in the business which are likely to continue if the Scheme does not proceed (see in particular Section 10);
- the avoidance of the risk of potentially losing a significant share of DTS's potential markets if the YUM! Group, an existing key customer, chooses a different technology solution (see Section 6.2(f)); and
- the possible lack of need to raise additional capital with unfavourable outcomes for DTS Shareholders including diluting their holdings in the Company.

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

The Independent Expert has completed an independent assessment of the Scheme and has concluded that the Scheme is in the best interests of DTS Shareholders, in the absence of a Superior Proposal.

The Independent Expert has assessed the value of DTS Shares on a controlling interest basis to be A\$0.22 to A\$0.25 per DTS Share. The Independent Expert states that the Scheme Consideration (being A\$0.235 per Scheme Share) is within the Independent Expert's assessed valuation range for DTS on a 100% controlling interest basis. Accordingly, the Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of DTS Shareholders, in the absence of a Superior Proposal.

Your Directors recommend that you read the Independent Expert's Report (in Annexure A) before attending and voting at the Scheme Meeting, or completing your personalised Proxy Form (if you are unable to attend the Scheme Meeting in person or virtually (online)).

(c) **The Scheme Consideration represents a premium to the closing price and the 1-week, 1-month, 3-month and 6-month VWAPs of the DTS Shares on 26 May 2021 (before announcement of the Scheme on 27 May 2021).**

The Scheme Consideration (being an amount of A\$0.235 per DTS Share) represents:

- a 27% premium to the closing price of DTS Shares on 26 May 2021 (before announcement of the YUM! Proposal on 27 May 2021) of \$0.185 per DTS Share;
- a 30% premium to the 1-week VWAP of DTS Shares on 26 May 2021 of \$0.1809 per DTS Shares;<sup>8</sup>
- a 16% premium to the 1-month VWAP of DTS Shares on 26 May 2021 of \$0.2032 per DTS Shares;<sup>8</sup>
- a 28% premium to the 3-month VWAP of DTS Shares on 26 May 2021 of \$0.1836 per DTS Shares;<sup>8</sup> and
- a 42% premium to the 6-month VWAP of DTS Shares on 26 May 2021 of \$0.1652 per DTS Shares.<sup>8</sup>

(d) **The Scheme Consideration is in cash and the Scheme presents an opportunity to realise value for all of your Scheme Shares that may not otherwise be possible.**

The YUM! Proposal to DTS Shareholders is a 100% cash offer.

If the Scheme is approved and becomes Effective, DTS Shareholders will receive A\$0.235 for each Scheme Share held. Payment of the Scheme Consideration for the total holding of Scheme Shares for each Scheme Participant will be rounded up to the nearest whole cent.

It is expected that the Scheme Consideration payable by YUM! BidCo for all DTS Shares will be A\$93,418,827.61 (in aggregate), subject to rounding and assuming all DTS CPS

<sup>8</sup> VWAP based on cumulative trading volume and value up to and including 26 May 2021. VWAP rounded to 4 decimal places. Premium rounded to nearest percent.

are converted into DTS Shares (but no other DTS Shares are issued) before the Scheme Record Date.

The Scheme Consideration is to be paid and despatched to Scheme Participants as soon as possible after implementation of the Scheme, as summarised in Section 7.4(h). The timing of despatch of the Scheme Consideration to each Scheme Participant will depend on which Israeli Withholding Tax arrangement applies to that Scheme Participant – see Section 2.2 for further information.

- (e) **If the Scheme is not implemented, DTS may need to raise additional capital with unfavourable outcomes for DTS Shareholders, including diluting their holdings in the Company.**

If the Scheme is not implemented, the DTS Group may be required to raise additional equity or debt capital in the future to secure and finance its growth opportunities. Equity capital raising will have a dilutive effect on existing DTS Shareholders, potentially reducing the value of their DTS Shares.

- (f) **If the Scheme is not implemented, DTS may lose a significant share of its potential markets as the YUM! Group, an existing key customer, may choose a different technology solution.**

The YUM! Group is an existing key customer of the DTS Group. If the Scheme is not implemented, the YUM! Group may (subject to applicable contractual terms) choose not to continue its business relationship with the DTS Group.

- (g) **If the Scheme is not implemented, DTS Shareholders will continue to be subject to the risks associated with an investment in DTS.**

If the Scheme is not implemented, the amount which DTS Shareholders will be able to realise for their DTS Shares in terms of price and future dividends is uncertain and will necessarily be subject to risks including those outlined in Section 10 (including general market movements and general economic conditions).

- (h) **The DTS Share price may fall if the Scheme is not implemented.**

If the Scheme is not implemented and no Competing Proposal or Superior Proposal is received by the DTS Board, then the price of the DTS Shares may fall to a price that is materially below the Scheme Consideration.

- (i) **No Superior Proposal has emerged.**

Since the date of the Scheme Implementation Deed (27 May 2021), no Superior Proposal or Competing Proposal has emerged as at the Last Practicable Date.

- (j) **No brokerage charges or stamp duty will be payable by you for the transfer of your DTS Shares under the Scheme.**

No brokerage or stamp duty is payable by you on the transfer of your DTS Shares to YUM! BidCo pursuant to the Scheme.

### 6.3 **Reasons why DTS Shareholders may consider voting against the Scheme and disadvantages of the YUM! Proposal**

Although the Scheme is recommended by your Directors in the absence of a Superior Proposal, and the Independent Expert has concluded that the Scheme is in the best interests of DTS Shareholders in the absence of a Superior Proposal, there may be factors which may lead you to vote against the Scheme, including those set out below:

- (a) **You may disagree with the recommendation of your Directors and the conclusion of the Independent Expert. You may be of the opinion that the Scheme Consideration does not adequately reflect the DTS Group's value.**

You may disagree with the recommendation of your Directors and the conclusion of the Independent Expert that the Scheme is in the best interests of the DTS Shareholders in the absence of a Superior Proposal.

In particular, you may be of the opinion that the Scheme Consideration does not adequately reflect the DTS Group's value.

For details regarding the DTS Group's financial position, please refer to Section 8.3.

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

You may consider that there is a possibility that a Superior Proposal could emerge in the foreseeable future, despite:

- (i) no Superior Proposal or Competing Proposal having emerged since the date of the Scheme Implementation Deed and as at the Last Practicable Date; and
- (ii) the fact that your Directors are not presently aware of any Superior Proposal or Competing Proposal.

You should also be aware that the Scheme Implementation Deed restricts DTS from:

- (i) soliciting, inviting, encouraging or initiating any Competing Proposal or any enquiries, negotiations or discussions with any Third Party in relation to, or that may reasonably be expected to encourage or lead to the making of an actual, proposed or potential Competing Proposal;
- (ii) responding to enquiries or proposals or participating in negotiations or discussion with any third party relating to a Competing Proposal (however, this does not apply to the extent the Competing Proposal is, or may reasonably be expected to lead to, a Superior Proposal or DTS or your Directors are required to do or refrain from doing anything that would, or would be likely to, constitute a breach of the duties of the Directors); or
- (iii) providing non-public information relating to any member of the DTS Group to enable a Third Party to conduct due diligence on DTS (however, this does not apply to the extent the Competing Proposal is, or may reasonably be expected to lead to, a Superior Proposal or DTS or your Directors are required to do or refrain from doing anything that would, or would be likely to, constitute a breach of the duties of the Directors).

In addition, the Scheme Implementation Deed requires DTS to notify YUM! BidCo of Competing Proposals and give YUM! BidCo the opportunity to exercise its right of last offer.

Please refer to Section 13.1(c) for further details on these restrictions.

- (c) **You may consider the terms of the Scheme or the associated commercial arrangements, including the Conditions Precedent, to be unacceptable.**

After having considered this Scheme Booklet (including the Scheme Implementation Deed in Annexure C), you may consider that the terms of the Scheme or the YUM! Proposal to be unacceptable in respect of your DTS Shares.

Your Directors carefully considered the terms of the Scheme Implementation Deed and the YUM! Proposal in the context of all applicable circumstances (as outlined in Section 6.2(a) above) before arriving at their recommendation that you vote in favour of the Scheme in the absence of a Superior Proposal.



- (d) **You may wish to maintain your current investment profile, including being able to participate in any potential upside that may result from being a DTS Shareholder and being entitled to potential possible future dividend income from DTS.**

If the Scheme is implemented, you will no longer be a DTS Shareholder. This will mean that:

- (i) you will not be able to participate in any potential upside that may result from being a DTS Shareholder including ability to participate in DTS's future financial performance or the future prospects of its ongoing business; and
- (ii) you will not be entitled to potential possible future dividend income from DTS.

Accordingly, you may wish to maintain your investment in DTS in order to have an investment in a public company with the specific characteristics of DTS in terms of industry, operational profile, size and other aspects.

However, as with all investments in securities:

- (i) there can be no guarantee as to the DTS Group's future performance, and some of the continuing business risks are detailed at Section 10; and
- (ii) any future dividend payments are not certain and are subject to the performance and investment requirements of DTS and the approval of your Directors.

- (e) **The tax consequences of the Scheme for you may not be suitable to your financial position.**

If the Scheme is implemented, it will potentially result in taxation consequences (including CGT) for DTS Shareholders, which may not be optimal for DTS Shareholders depending on their individual circumstances.

The taxation implications of the Scheme will depend on your personal facts and circumstances. You should seek professional taxation advice with respect to your individual tax situation.

Section 11 contains the Australian Tax Letter which provides an overview of the Australian taxation consequences for Scheme Participants.

Sections 2.2 and 12 provides general information about the Israeli withholding tax arrangements applicable to the payment of Scheme Consideration. A copy of the Israeli Withholding Tax Ruling is set out in Annexure B.

**IMPORTANT NOTICE TO ALL SCHEME PARTICIPANTS**

Unless you are eligible for an exemption, Israeli Withholding Tax will be withheld from your Scheme Consideration.

Please see Sections 2.2 and 12 and Annexure B of this Scheme Booklet for further information as to the Israeli Withholding Tax arrangement that applies to you, including the documentation that you will have to provide in order to determine your eligibility for an exemption from or reduced rate of withholding from your Scheme Consideration.

**6.4 Other considerations**

- (a) **All or nothing proposal**

The Scheme is an all or nothing proposal to DTS Shareholders. If all of the conditions and approvals for the Scheme are satisfied or waived (as applicable):

- (i) the Scheme will bind all persons registered as DTS Shareholders as at the Scheme Record Date, including those who do not vote on the Scheme and those who vote against it; and

- (ii) DTS will become wholly-owned and controlled by YUM! BidCo upon implementation of the Scheme.

Conversely, if any of the conditions and approvals for the Scheme are not satisfied or waived (as applicable), DTS Shareholders will retain all of their DTS Shares and the Scheme will not be implemented.

(b) **Conditions Precedent**

Implementation of the Scheme is subject to several Conditions Precedent, including those which are summarised at Section 13.1(a) as being outstanding as at the Last Practicable Date. If those outstanding Conditions Precedent are not satisfied or waived (as applicable), then the Scheme will not proceed (even if it has been approved by DTS Shareholders and the Court) and DTS Shareholders will not receive the Scheme Consideration as contemplated by the Scheme.

(c) **Transaction Costs**

DTS has incurred significant costs in implementing the Scheme (including in negotiations with YUM! BidCo, retention of advisers, engagement of the Independent Expert and preparation of this Scheme Booklet), which DTS is paying as and when they fall due.

Based on the Scheme being implemented, a breakdown of the items that constitute Transaction Costs and the estimated amount of each item are set out below:

Transaction Cost	Amount (AUD, incl GST)
Option cancellation payments to DTS Option holders	\$834,016
Professional advisers' and Independent Expert's fees and expenses	\$372,973
Regulatory authority fees, Court fees, and share registry, information line, printing, mailing and other implementation costs	\$181,390
<b>Estimated total Transaction Costs</b>	<b>\$1,388,379</b>

Even if the Scheme is not approved and implemented and if a Superior Proposal does not emerge and become effective, DTS will be required to bear Transaction Costs of approximately \$498,150 (including GST) in relation to the Scheme.

## 7 IMPLEMENTATION OF THE SCHEME

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### 7.1 Background

DTS has entered into a Scheme Implementation Deed dated 27 May 2021 (as amended and restated) with YUM! BidCo, pursuant to which it is proposed that YUM! BidCo will acquire all of the DTS Shares by way of a scheme of arrangement, subject to the approval of DTS Shareholders and certain other Conditions Precedent including the approval of the Court (as detailed at Section 13.1(a) below).

### 7.2 Overview of steps for implementing the Scheme

The key steps to implementing the Scheme are:

- (a) All DTS CPS held by Alceon will be converted into DTS Shares prior to the Scheme Meeting;
- (b) If conversion of Eldridge's DTS CPS is approved by DTS Shareholders at the extraordinary general meeting of DTS to be held on or about 26 July 2021, all DTS CPS held by Eldridge will be converted into DTS Shares prior to the Scheme Meeting;
- (c) DTS Shareholders will vote on whether to approve the Scheme at the Scheme Meeting;
- (d) If the Requisite Majorities of DTS Shareholders approve the Scheme, and all Conditions Precedent to the Scheme (other than Court approval and lodgement of the Court order with ASIC) have been satisfied or waived (as applicable), DTS will apply to the Court for approval of the Scheme;
- (e) If the Court approves the Scheme, DTS will lodge with ASIC a copy of the Court's orders approving the Scheme – the date on which this lodgement occurs will be the Effective Date for the Scheme;
- (f) With effect on the Effective Date, each DTS Option then on issue by DTS will be cancelled;
- (g) By the Business Day before the Implementation Date, YUM! BidCo will pay the Scheme Consideration to the Paying Agent;
- (h) On the Implementation Date, YUM! BidCo will acquire:
  - (i) all DTS Shares; and
  - (ii) if conversion of Eldridge's DTS CPS is not approved by DTS Shareholders at the extraordinary general meeting of DTS to be held on or about 26 July 2021, all DTS CPS held by Eldridge;
- (i) Following the Implementation Date, the Paying Agent will coordinate payment of the Scheme Consideration.

These steps are discussed further below. The expected dates for the key steps are set out on page 7 of this Scheme Booklet (but those dates are indicative only and subject to change).

### 7.3 Scheme Consideration

If the Scheme is approved and becomes Effective, DTS Shareholders who hold DTS Shares at the Scheme Record Date will receive, for each DTS Share (**Scheme Share**), the amount of A\$0.235. Payment of the Scheme Consideration for the total holding of Scheme Shares for each Scheme Participant will be rounded up to the nearest whole cent.

It is expected that the Scheme Consideration payable by YUM! BidCo for all DTS Shares will be A\$93,418,827.61 (in aggregate), subject to rounding and assuming all DTS CPS are converted into DTS Shares (but no other DTS Shares are issued) before the Scheme Record Date.

If the Scheme becomes Effective, then YUM! BidCo will provide the Scheme Consideration to the Paying Agent, in cash, ahead of the Implementation Date.

Following the Implementation Date, the Paying Agent will coordinate payment of the Scheme Consideration.

#### 7.4 Steps for implementing the Scheme

(a) Transaction documents

DTS and YUM! BidCo entered into a Scheme Implementation Deed dated 27 May 2021 (as amended and restated), pursuant to which they agreed, among other things, to implement the Scheme in accordance with its terms.

On 27 May 2021, YUM! BidCo executed the Deed Poll (as required under the Scheme Implementation Deed), under which it agreed, subject to the Scheme becoming Effective, to deposit the Scheme Consideration into the accounts nominated by DTS in accordance with the terms of the Scheme and otherwise comply with its obligations under the Scheme.

A copy of the Scheme Implementation Deed is set out in Annexure C of this Scheme Booklet.

A copy of the proposed Scheme of Arrangement is set out in Annexure D of this Scheme Booklet.

A copy of the executed Deed Poll is set out in Annexure E of this Scheme Booklet.

(b) DTS CPS

On 27 May 2021, DTS, YUM! BidCo, Eldridge and Alceon entered into an agreement which sets out how all DTS CPS held by each of Alceon and Eldridge will be dealt with (**CPS Agreement**).

In accordance with the CPS Agreement:

- (i) Alceon will issue a conversion notice for all 30,769,232 DTS CPS held and all of Alceon's DTS CPS will be converted into DTS Shares before the Scheme Meeting.
- (ii) The conversion of Eldridge's DTS CPS requires DTS Shareholder approval for the purposes of section 611 (item 7) of the Corporations Act, which will be sought at the extraordinary general meeting of DTS to be held on or about 26 July 2021. Accordingly:
  - (A) If that approval is granted, then Eldridge will issue a conversion notice for all 80,769,232 DTS CPS held and all of Eldridge's DTS CPS will be converted into DTS Shares before the Scheme Meeting.
  - (B) If that approval is not granted, then YUM! BidCo will acquire all of Eldridge's DTS CPS (without conversion) on the Implementation Date for the Scheme.

(c) Scheme Meeting

On 16 July 2021, the Court ordered that the Scheme Meeting be convened in accordance with the Notice of Scheme Meeting.

If you are a DTS Shareholder and are registered as such on the Register at 5.00pm (Perth time) on 21 August 2021, you will be entitled to attend and vote at the Scheme Meeting to be held at 12 noon (Perth time) on 23 August 2021.

In order to become Effective, the Scheme requires the approval of DTS Shareholders by the Requisite Majorities as set out below:

- (i) approval by more than 50% of DTS Shareholders present and voting at the Scheme Meeting in person or virtually (online) or by proxy, attorney or corporate representative (**Headcount Test**); and

- (ii) approval by at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by DTS Shareholders.

If the Scheme is not approved by DTS Shareholders at the Scheme Meeting by reason only of the non-satisfaction of the Headcount Test and DTS considers (acting reasonably) that some abusive or improper conduct may have caused or contributed to the Headcount Test not having been satisfied, then DTS must apply to the Court for the Court to exercise its discretion to disregard the Headcount Test and use its best endeavours to seek Court approval of the Scheme, notwithstanding that the Headcount Test has not been satisfied.

Further details on how to vote are provided in Section 3 and in the Notice of Scheme Meeting set out in Annexure F.

(d) Second Court Hearing

If the Scheme is approved by the Requisite Majorities and all other Conditions Precedent are satisfied or waived (as applicable), DTS will apply to the Court for orders approving the Scheme at the Second Court Hearing. The Court has broad discretion as to whether or not to approve the Scheme under section 411(4)(b) of the Corporations Act.

Any DTS Shareholder, or with the Court's permission, any other interested person may appear at the Second Court Hearing in person or through counsel to support or oppose the approval by the Court of the Scheme or make representations to the Court in relation to the Scheme.

(e) Lodgement of Court orders and Effective Date

If the Court makes orders approving the Scheme, DTS will lodge a copy of those orders with ASIC under section 411(10) of the Corporations Act. As soon as the copy of the Court orders approving the Scheme is lodged with ASIC, the Scheme will become Effective. This is expected to occur on the first Business Day after the issue of the Court orders approving the Scheme (expected to be 31 August 2021).

If the Scheme becomes Effective, DTS and YUM! BidCo will be bound to implement the Scheme in accordance with the terms of the Scheme and the Deed Poll.

(f) DTS Options

DTS has entered into an Option Cancellation Deed with each DTS Optionholder to cancel all DTS Options subject to the Scheme becoming Effective.

Accordingly, once the Scheme becomes Effective, then all DTS Options then on issue will be cancelled on the Effective Date.

(g) Scheme Record Date

DTS Shareholders on the Register at the Scheme Record Date (expected to be at 5.00pm (Perth time) on 2 September 2021) will become entitled to the Scheme Consideration for the DTS Shares they hold at that time.

For the purposes of determining entitlements to the Scheme Consideration only, DTS will, from the Scheme Record Date until the Scheme Consideration has been paid to Scheme Participants in accordance with the Scheme, maintain the Register in the same form as at the Scheme Record Date, which will solely determine entitlements to the Scheme Consideration.

From the Scheme Record Date, each entry current on the Register will cease to be of any effect other than as evidence of entitlement to the Scheme Consideration in respect of the DTS Shares relating to that entry.

Any statements of holding in respect of DTS Shares will, from the Scheme Record Date, cease to have any effect as documents of evidence of title in respect of such DTS Shares.

(h) Implementation – Payment of Scheme Consideration

If the Scheme becomes Effective, then:

- (i) By the Business Day before the Implementation Date, YUM! BidCo will deposit the Scheme Consideration in cleared funds to account(s) nominated by the Paying Agent;
- (ii) Following the Implementation Date, subject to receipt of payment of the Scheme Consideration from YUM! BidCo as referred to in Section 7.4(h)(i), the Paying Agent will make arrangements to despatch the Scheme Consideration to DTS Shareholders:
  - (A) if notified by the DTS Shareholder on or before the Scheme Record Date - by depositing into an Australian bank account with an ADI (as defined in the *Banking Act 1959* (Cth)); or
  - (B) in all other cases - by the despatch of a cheque to the DTS Shareholder by pre-paid post to that DTS Shareholder's address (as recorded in the Register as at the Scheme Record Date) for the Scheme Consideration payable to that DTS Shareholder, such cheque being drawn in the name of the DTS Shareholder (or in the case of joint DTS Shareholders, to the joint holder whose name appears first in the Register on the Scheme Record Date);
- (iii) The timing of despatch of the Scheme Consideration to each Scheme Participant will depend on which Israeli Withholding Tax arrangement applies to that Scheme Participant – see Section 2.2 for further information.

Subject to and simultaneously upon implementation of the Scheme, all DTS Shares will be transferred to YUM! BidCo and DTS will enter the name of YUM! BidCo in the Register in respect of all DTS Shares.

**7.5 Transfer of DTS Shares to YUM! BidCo free from third party interests**

Under clause 7.4 of the Scheme of Arrangement (contained in Annexure D), each DTS Shareholder on the Scheme Record Date is deemed to have warranted to YUM! BidCo that:

- (a) all of its DTS Shares will, at the time of the transfer to YUM! BidCo pursuant to the Scheme, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
- (b) they have full power and capacity to sell and to transfer their DTS Shares to YUM! BidCo.

**7.6 DTS Board composition if the Scheme is implemented**

If the Scheme is implemented, it is intended that the DTS Board will be reconstituted. It is for the reconstituted DTS Board to determine its intentions as to the continuation of the business of the DTS Group and any major changes (if any) to the DTS Group's business and the future employment of the present employees of the DTS Group.

The current intentions of YUM! BidCo with respect to these matters are set out in Section 9.

**7.7 No brokerage or stamp duty**

No brokerage or stamp duty is payable by you on the transfer of your DTS Shares to YUM! BidCo pursuant to the Scheme.

**7.8 Tax Implications**

The transfer of your DTS Shares to YUM! BidCo under the Scheme may have tax consequences depending on your personal facts and circumstances. You should seek professional taxation advice regarding the individual tax consequences applicable to you.

Section 11 contains the Australian Tax Letter which provides an overview of the Australian taxation consequences for Scheme Participants.

Sections 2.2 and 12 provides general information about the Israeli withholding tax arrangements applicable to the payment of Scheme Consideration. A copy of the Israeli Withholding Tax Ruling is set out in Annexure B.

**IMPORTANT NOTICE TO ALL SCHEME PARTICIPANTS**

Unless you are eligible for an exemption, Israeli Withholding Tax will be withheld from your Scheme Consideration.

Please see Sections 2.2 and 12 and Annexure B of this Scheme Booklet for further information as to the Israeli Withholding Tax arrangement that applies to you, including the documentation that you will have to provide in order to determine your eligibility for an exemption from or reduced rate of withholding from your Scheme Consideration.

**7.9 End Date – if the Scheme does not proceed**

If, by 30 September 2021 (or such later date that DTS and YUM! BidCo agree in writing) (**End Date**):

- (a) a Condition Precedent set out in clause 3.1 of the Scheme Implementation Deed is not waived or becomes incapable of satisfaction, and the parties have consulted in good faith with a view to determining whether the Scheme may proceed by an alternative means or method, to extend the relevant time or date for satisfaction of the Condition Precedent, to change the date of the application to be made to the Court or to extend the End Date, but failed to reach an agreement by the 7<sup>th</sup> Business Day after the notice of failure of the Condition Precedent, provided that there has been no failure by such terminating party to comply with its obligations under the Scheme Implementation Deed that directly and materially contributed to the Condition Precedent not being satisfied; or
- (b) the Scheme has not become Effective;

then either DTS or YUM! BidCo can terminate the Scheme Implementation Deed.

If the Scheme Implementation Deed is terminated (whether in the manner described above or otherwise), then the Scheme will not proceed and the Scheme Consideration will not be paid.

## 8 INFORMATION ABOUT THE DTS GROUP

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### 8.1 DTS background

The DTS Group's business focuses on revolutionising the Quick Service Restaurant (**QSR**) and food service industry with its two core technology offerings, sold under a cloud-based, monthly subscription, software-as-a-service model:

- (a) Algo Platform: the first system in the world to fully automate and streamline the kitchen flow to deliver an immediate and significant return on investment to fast food and QSR, integrating directly into the QSR's point of sale system; and
- (b) QT AI camera system: a sensor and camera system which automatically monitors the preparation and cooking process in the kitchen, improving its efficiency and diagnostics using proprietary patented, advanced AI machine-learning technology.

The DTS Group is active in locations throughout Australia, New Zealand, USA, Latin America, Canada, Europe – UK, Belgium, Singapore, South Africa, Israel.

### 8.2 Directors and Company Secretary

The Directors and Company Secretary of DTS as at the Last Practicable Date are:

- (a) Mr Yehuda Shamaï (Chairman and Non-executive Director)
- (b) Mr Ido Levanon (Managing Director)
- (c) Mr Henry Shiner (Non-executive Director)
- (d) Mr Adam Sierakowski (Non-executive Director)
- (e) Mr Ron Zuckerman (Non-executive Director)
- (f) Mr Jonathan Weber (Non-executive Director)
- (g) Mr Jeff Wilbur (Non-executive Director)
- (h) Mr Stephen Hewitt-Dutton (Company Secretary)

### 8.3 The DTS Group financial information

The DTS Group's most recent consolidated annual report for the full year reporting period from 1 January 2020 to 31 December 2020 (**2020 Annual Report**) was released to the ASX on 31 March 2021.

Any DTS Shareholder who would like a copy of the report described above can call the Dragontail Share Registry on +61 8 9389 8033 Monday to Friday between 9.00am and 5.00pm (Perth time), and a copy will be sent to them free of charge.

The financial statements set out below have been extracted from the 2020 Annual Report. These extracts do not contain all the disclosures usually provided in an annual financial report prepared in accordance with the Corporations Act. Notes to, and forming part of, the financial statements below are set out in the 2020 Annual Report.



Consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 December 2020

	Note	Year ended 31 December	
		2020	2019
		USD	
Revenues	5	1,451,325	769,247
Other income	5	600,050	504,879
<b>Total income</b>		<b>2,051,375</b>	<b>1,274,126</b>
<b>Expenses</b>			
Research and development expenses	6	(2,110,020)	(3,475,044)
Selling and marketing expenses	6	(278,328)	(272,188)
Operational expenses	6	(1,878,293)	(1,794,215)
General and administrative expenses	6	(1,604,432)	(1,886,223)
Share based payments	17	(175,508)	(765,906)
<b>Total operating expenses</b>		<b>(6,046,581)</b>	<b>(8,193,576)</b>
<b>Operating loss</b>		<b>(3,995,206)</b>	<b>(6,919,450)</b>
Net finance income/(expenses)	6	103,321	(777,637)
<b>Loss before income tax</b>		<b>(3,891,885)</b>	<b>(7,697,087)</b>
Income tax expense	8	-	-
<b>Loss for the year after income tax</b>		<b>(3,891,885)</b>	<b>(7,697,087)</b>
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		(402,382)	(61,424)
<b>Total items that may be reclassified to profit or loss</b>		<b>(402,382)</b>	<b>(61,424)</b>
<b>Other comprehensive profit / (loss) for the year</b>		<b>(402,382)</b>	<b>(61,424)</b>
<b>Total comprehensive profit / (loss) for the year attributable to the members of Dragontail Systems Limited</b>		<b>(4,294,267)</b>	<b>(7,758,511)</b>
Loss per share (basic and diluted) (cents)	18	(1.47)	(3.10)

	Note	As of 31 December,	
		2020	2019
		USD	
<b><u>Current Assets</u></b>			
Cash and cash equivalents	19	2,202,877	957,010
Trade receivables	9	128,656	104,509
Inventories	10	30,232	33,636
Other receivables	9	156,575	257,665
<b>Total Current Assets</b>		<b>2,518,340</b>	<b>1,352,820</b>
<b><u>Non-Current Assets</u></b>			
Other receivables	9	12,625	11,628
Property, Plant and Equipment	11	63,127	64,463
<b>Total Non-Current Assets</b>		<b>75,752</b>	<b>76,091</b>
<b>Total Assets</b>		<b>2,594,092</b>	<b>1,428,911</b>
<b><u>Current Liabilities</u></b>			
Trade payables	12	(426,643)	(205,819)
Other payables	12	(728,448)	(728,655)
Borrowings	13	-	(3,014,852)
Convertible preference shares	14	(4,700,281)	-
<b>Total Current Liabilities</b>		<b>(5,855,372)</b>	<b>(3,949,326)</b>
<b>Net Assets/ (Liabilities)</b>		<b>(3,261,280)</b>	<b>(2,520,415)</b>
<b><u>Equity</u></b>			
Issued capital	15	22,136,247	18,688,069
Reserves	16	2,039,732	2,336,890
Retained losses		(27,437,259)	(23,545,374)
<b>Total Equity/ (Deficiency in Equity)</b>		<b>(3,261,280)</b>	<b>(2,520,415)</b>

		Year ended 31 December	
Note	2020	2019	
USD			
<u>Cash flows from operating activities</u>			
	1,587,554	1,016,005	
Receipts from customers			
Receipt from ATO for R&D incentive	600,050	512,495	
Payments to suppliers and employees	(5,689,671)	(7,267,950)	
Interest received	1,789	8,838	
Net cash used in operating activities	19 (3,500,278)	(5,730,612)	
<u>Cash flows from investing activities:</u>			
Payments for property, plant and equipment	(41,879)	(10,239)	
Net cash used in investing activities	(41,879)	(10,239)	
<u>Cash flows from financing activities:</u>			
Proceeds from issue of share capital	3,448,177	-	
Proceeds from loan	-	3,014,852	
Short term loan repayment	(3,014,852)	-	
Proceeds from issue of convertible preference shares	4,700,281	-	
Interest expense	(219,979)	(207,941)	
Net cash provided by financing activities	4,913,627	2,806,911	
Exchange differences on balances of cash and cash equivalents	(125,603)	106,272	
Decrease/increase in cash and cash equivalents	1,245,867	(2,827,668)	
Cash and cash equivalents at the beginning of the year	957,010	3,784,678	
Cash and cash equivalents at the end of the year	19 2,202,877	957,010	

#### 8.4 Material changes to financial position of DTS

On 25 March 2021, the Company announced that it had completed stage 2 of its approximately US\$13.9 million<sup>9</sup> (A\$19.25 million) strategic fund raising.

Stage 2 involved the issue of 55,769,232 DTS CPS, raising approximately US\$5.6 million<sup>10</sup> (A\$7.25 million) in cash.

Within the knowledge of the Directors and other than as disclosed in this Scheme Booklet, the financial position of DTS has not materially changed since 31 December 2020.

#### 8.5 Capital structure

##### (a) DTS Shares:

As at the Last Practicable Date, DTS had on issue 285,988,462 DTS Shares.

It is expected that all DTS CPS will be converted into DTS Shares on a one-for-one basis prior to the Scheme Meeting and, as a result, DTS will have 111,538,464 additional DTS Shares on issue.

<sup>9</sup> Applying an exchange rate of US\$1:A\$0.69 (June 2020 average rate) for the A\$12 million stage 1 fund raise and an exchange rate of US\$1:A\$0.77 (February-March 2021 average rate) for the A\$7.25 million stage 2 fund raise.

<sup>10</sup> Applying an exchange rate of US\$1:A\$0.77.

If that conversion occurs, then it is expected that immediately prior to the Scheme Meeting and the Scheme Record Date, DTS will have on issue 397,526,926 DTS Shares.

DTS is prohibited from issuing any new DTS Shares prior to implementation of the Scheme.

(b) DTS CPS:

As at the Last Practicable Date, DTS had on issue 111,538,464 DTS CPS, of which 30,769,232 DTS CPS were held by Alceon and 80,769,232 DTS CPS were held by Eldridge.

It is expected that all DTS CPS will be converted into DTS Shares on a one-for-one basis prior to the Scheme Meeting.

If that conversion occurs, then it is expected that immediately prior to the Scheme Meeting and as at the Scheme Record Date, DTS will have no DTS CPS on issue.

Further information about the conversion of DTS CPS is set out in Sections 7.4(b) and 13.2.

(c) DTS Options:

As at the date of this Scheme Booklet, DTS had on issue:

- (i) 7,754,166 DTS Options pursuant to the Company's incentive option plan – pursuant to the Option Cancellation Deeds, it is expected that these DTS Options will be cancelled (without being exercised) subject to and upon the Scheme becoming Effective; and
- (ii) one call option to subscribe for 5,000,000 DTS Shares with an exercise price of A\$0.22 per DTS Share, and one call option to subscribe for 5,000,000 DTS Shares with an exercise price of A\$0.25 per DTS Share – pursuant to the Option Cancellation Deed with Alceon, both of these call options are scheduled to expire (without being exercised) on 5pm on 16 July 2021 (Sydney time) in accordance with their terms of issue.

Accordingly, it is expected that as at the Scheme Record Date, DTS will have no DTS Options on issue.

Further information about the cancellation of DTS Options is set out in Sections 7.4(f) and 13.3.

## 8.6 Top 20 DTS Shareholders

As at the Last Practicable Date, the top 20 DTS Shareholders in the Register held 208,918,388 DTS Shares, equivalent to approximately 73.05% of all issued DTS Shares.

## 8.7 Substantial DTS Shareholders

As at the Last Practicable Date, the substantial DTS Shareholders and their interests in DTS were:

Name of substantial holder	DTS Shares	% of DTS Shares
Goudy Park Management LLC	39,943,588	13.97%
Yehuda Shamai	35,051,763	12.26%
Ido Levanon	22,975,830	8.03%

DTS has relied on substantial holder notices provided to it up to the Last Practicable Date to compile the above table. Information in regard to substantial holdings arising, changing or increasing after this time is not included above.

## 8.8 Recent DTS Share price performance

DTS Shares are listed on the ASX under the ticker code "DTS".

During the 3 months up to and including the Last Practicable Date:

- (a) the highest recorded daily closing price for DTS Shares was A\$0.235 on 29 April 2021, 27, 28 and 31 May 2021, and 1 and 2 June 2021; and
- (b) the lowest recorded daily closing price for DTS Shares was A\$0.17 on 13 May 2021 and 24 May 2021.

The 3-month VWAP for DTS Shares on the Last Practicable Date was A\$0.2237.<sup>11</sup>

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<sup>11</sup> VWAP based on cumulative trading volume and value up to and including the Last Practicable Date. VWAP rounded to 4 decimal places.

## 9 INFORMATION ABOUT YUM! BRANDS AND YUM

### 9.1 Introduction

The information contained in this Section 9 has been prepared by YUM! BidCo. The information concerning YUM! Brands, Inc. (**YUM! Brands**) and its group companies (including YUM! BidCo) and the intentions, views and opinions contained in this Section are the responsibility of YUM! BidCo. DTS and its directors, officers, employees and advisers do not assume any responsibility for the accuracy or completeness of this information.

### 9.2 Overview of YUM! Brands

YUM! Brands is a global fast-food corporation headquartered in Louisville, Kentucky, United States and listed on the New York Stock Exchange (NYSE: YUM). As at the Last Practicable Date, YUM! Brands had a market capitalisation of US\$35,423,426,103.23 and recorded revenue for the year ended 31 December 2020 of approximately US\$5.65 billion.

YUM! Brands develops, operates and franchises a worldwide system of both traditional and non-traditional quick service restaurants primarily operating under the four concepts of "Pizza Hut", "KFC", "Taco Bell" and "The Habit Burger Grill" (together, the **Concepts**). YUM! Brands' Pizza Hut, KFC and Taco Bell brands are global leaders of the pizza, chicken and Mexican-style food categories respectively. The "Habit Burger Grill", a Concept which YUM! Brands acquired on 18 March 2020, is a fast-casual restaurant concept specialising in made-to-order chargrilled burgers, sandwiches and more. YUM! Brands has over 50,000 restaurants in more than 150 countries and territories collectively, with approximately 98% of restaurants operated as franchises.

YUM! Brands utilises both store-level franchise and master franchise programs to grow its businesses across the four Concepts. Of the over 49,000 restaurants operated under a franchise model, approximately 30% of these restaurants operate under master franchise programs, with the remainder of the restaurants operated under store-level franchise agreements.

YUM! Brands' restaurant operations and results were significantly impacted by COVID-19 in the year ending 31 December 2020. This included having a significant number of its open restaurants subject to dining room closures and other limitations on access. In response, YUM! Brands accelerated its deployment of digital and technology initiatives to enhance the customer experience and its off-premise capabilities. This included increasing its focus on driving digital sales where customers utilise ordering interaction that is primarily facilitated by automated technology. In 2020, YUM! Brands restaurants generated digital sales of US\$17 billion, which represented an approximate 45% increase over 2019. Additionally, the number of restaurants that now offer delivery increased to over 35,000 restaurants, which represents over 70% of YUM! Brands' global system.

YUM! Brands' strategic vision is grounded in its "Recipe for Growth and Good." The Recipe for Growth and Good focuses on four growth drivers intended to accelerate same-store sales growth and net-new restaurant development at KFC, Pizza Hut and Taco Bell around the world. YUM! Brands remains focused on building the world's most loved, trusted and fastest growing restaurant brands by:

- growing unrivaled culture and talent to leverage its culture and people capability to fuel brand performance and franchise success.
- developing unmatched franchise operating capability, by recruiting and equipping the best restaurant operators in the world to deliver great customer experiences;
- building relevant, easy and distinctive brands, by innovating and elevating iconic restaurant brands people trust and champion; and
- achieving bold restaurant development by driving market and franchise expansion with strong economics.

These four growth drivers underpin YUM! Brands' key promises to serve delicious food, make YUM! Brands' food accessible to customers, give employees a place to grow and make a difference, offer opportunities for franchisees and deliver strong returns and long-term value.

These growth capabilities are also the key drivers of same-store sales and net-new unit growth and serve as guiding principles in all business decisions for YUM! Brands.

Through YUM! Brands' "Recipe for Growth and Good", it intends to unlock the growth potential of its Concepts and YUM! Brands, drive increased collaboration across its Concepts and geographies and consistently deliver better customer experiences, improved unit economics and higher rates of growth. A key enabler is the accelerated use of technology to better leverage YUM! Brands' systemwide scale.

### 9.3 **YUM! Brands board of directors**

As at the date of this Scheme Booklet, the Board of YUM! Brands comprises the following directors:

- Brian C. Cornell (Chair)
- David W. Gibbs (Chief Executive Officer);
- Paget L. Alves (Non-executive Director)
- Keith Barr (Non-executive Director);
- Christopher M. Connor (Non-executive Director);
- Tanya L. Domier (Non-executive Director);
- Mirian M. Graddick-Weir (Non-executive Director);
- Lauren R. Hobart (Non-executive Director);
- Thomas C. Nelson (Non-executive Director);
- P. Justin Skala (Non-executive Director);
- Elane B. Stock (Non-executive Director); and
- Annie Young-Scrivner (Non-executive Director).

Profiles of each of the directors of YUM! Brands can be found at <https://www.yum.com/wps/portal/yumbrands/Yumbrands/company/about-yum-brands/yum-board-of-directors>

### 9.4 **Overview of YUM! BidCo and its operations**

YUM! BidCo is an Australian proprietary company incorporated on 19 May 2021 for the purpose of acquiring the Scheme Shares pursuant to the terms of the Scheme.

YUM! BidCo is a direct-wholly owned subsidiary of YUM! Connect, LLC, which is in turn a direct wholly-owned subsidiary of Yum Restaurant Services Group, LLC, which in turn is a direct wholly-owned subsidiary of YUM! Brands.

YUM! BidCo has not conducted any business and does not own any assets or have any liabilities other than in connection with its incorporation, entry into the Scheme Implementation Deed and the taking of such other actions as necessary to facilitate the implementation of the Scheme (including actions in relation to the incurrence of costs, fees and expenses in connection with the Scheme).

The following structure chart depicts the ownership structure of YUM! BidCo:



## 9.5 YUM! BidCo's board of directors

As at the date of this Scheme Booklet, the directors of YUM! BidCo are Sally M. Glover and Andrew G. Deane. Brief profiles of each of these directors are set out below:

### **Sally M. Glover**

*Chief Legal and Corporate Affairs Officer, KFC South Pacific*

As Chief Legal and Corporate Affairs Officer, Sally is responsible for the effective delivery of all legal, corporate affairs, public policy and corporate social responsibility initiatives for the business. Sally has worked for Kentucky Fried Chicken Pty Ltd (a subsidiary of YUM! Brands) (the Franchisor) and in the KFC system for more than 9 years. Sally joined KFC in August 2011 with more than 17 years' legal experience under her belt. Sally started her career as a lawyer in a large commercial law firm in Adelaide where she subsequently became a partner. She then worked as the Senior Legal Adviser to the former Premier of South Australia, before making the move in-house to lead the Australia/New Zealand Legal Departments of Pfizer Pharmaceuticals, and Constellation Wines (now Accolade Wines).

### **Andrew G. Deane**

*Acting Chief Financial Officer, KFC South Pacific*

Andrew has worked within the YUM! Brands franchise system for more than 29 years, of which more than 17 years has been with the Franchisor. In April 2021 Andrew was appointed Acting Chief Financial Officer and is responsible for all KFC South Pacific Finance activities including the development, approval and execution of policies, strategies, objectives and plans to achieve growth for KFC South Pacific.

Andrew commenced his career with YUM! Brands in 1991 as a Customer Service Representative for Pizza Hut. During his time with the company, Andrew has worked in a variety of roles for Pizza Hut and KFC both in Australia and overseas. He has previously worked as Call Centre Manager, Supply Chain Manager, Financial Accountant and Finance Manager for Yum! in Australia. In 2009, Andrew transferred to KFC Germany and whilst there, was promoted to Financial Controller - Germany/Netherlands. Andrew returned to KFC South Pacific in late 2011 in the role of Development Manager prior to commencing the role of Franchise Business Development Manager in 2016. Andrew was appointed Financial Controller – KFC South Pacific in October 2017 and Financial Control Director – KFC South Pacific in November 2019 being responsible for managing the Control function for KFC South Pacific including Taxation and Treasury.

## 9.6 Rationale for the acquisition of DTS

The acquisition of DTS aligns with YUM! Brands transformation strategy of accelerating digital innovation and delivering a personalised ordering experience. Delivery has been a key part of YUM! Brands strategy, and YUM! Brands now has over 39,000 restaurants offering delivery as of the first quarter of 2021, driven by expanded aggregator partnerships and continued investment in its own branded channels.

The addition of DTS to YUM! Brands' growing technology portfolio is intended to give the Company the ability to scale DTS's artificial intelligence (AI) kitchen order management and



delivery technology across its brands globally over time. With DTS, YUM! Brands expects to tap into the power of AI to accelerate and further enhance its delivery technology capabilities, especially at Pizza Hut, and optimise the end-to-end food preparation process.

A “connected, intelligent, end-to-end” AI solution, the Algo-DTS platform automates the kitchen flow combined with the process of dispatching drivers. It helps restaurants sequence and time each order, while planning optimal delivery routes and combining delivery orders by location. The technology also offers consumer-facing capabilities that enable customers to track their order in en route.

## 9.7 Funding arrangements for the Scheme Consideration

As part of the terms of the Deed Poll, YUM! BidCo has undertaken in favour of each Scheme Participant to pay the Scheme Consideration into a trust account for the benefit of the Scheme Participants no later than the Business Day before the Implementation Date, conditional upon the Scheme becoming Effective.

If the Scheme is implemented, Scheme Participants will become entitled to receive the Scheme Consideration of A\$0.235 per Scheme Share, which will be payable by YUM! BidCo. Payment of the Scheme Consideration for the total holding of Scheme Shares for each Scheme Participant will be rounded up to the nearest whole cent.

It is expected that the Scheme Consideration payable by YUM! BidCo for all Scheme Shares will be A\$93,418,827.61 (in aggregate), subject to rounding and assuming all DTS CPS are converted into DTS Shares (but no other DTS Shares are issued) before the Scheme Record Date. Applying an AUD/USD exchange rate of 0.75, as at the Last Practicable Date, this equals approximately US\$70,064,120.71.

As at 31 March 2021, YUM! Brands (on a consolidated basis) had cash reserves of approximately US\$561 million (approximately A\$739 million based on a USD/AUD exchange rate of 1.3166, as at 31 March 2021).

YUM! BidCo has received a legally binding funding commitment letter from YUM! Brands, under which YUM! Brands agrees to cause YUM! BidCo to receive the aggregate amount of A\$93.5 million if the Scheme becomes Effective (**Funding**). The Funding is to be provided for the sole purpose of paying the Scheme Consideration (and other amounts payable under the Scheme Implementation Deed). The funding commitment letter is also addressed to, and may be enforced by, DTS.

On the basis of the arrangements described above, YUM! BidCo is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will be able to satisfy its payment obligations under the Scheme, as well as the costs associated with the Scheme.

## 9.8 Intentions for DTS if the Scheme is implemented

This Section sets out the current intentions of YUM! Brands in relation to:

- the continuation of the operations and business of DTS Group, including any redeployment of significant assets of DTS Group;
- changes to the DTS Board and management team;
- the future employment of the present employees of DTS Group; and
- the delisting of DTS from ASX.

The statements in this Section 9.8 regarding YUM! Brands' intentions are based on information concerning the DTS Group and the general business environment which are known to YUM! Brands at the time of the preparation of the Scheme Booklet. Final decisions regarding these matters will be made in light of all material information, facts and circumstances at the relevant time if the Scheme is implemented. Accordingly, it is important to recognise that the statements set out in this Section 9.8 are statements of current intention only and may change as new information becomes available or circumstances change.

## **Operations**

If the Scheme is implemented, the addition of DTS to YUM! Brands' growing technology portfolio is intended to give YUM! Brands the ability to scale DTS's artificial intelligence (AI) kitchen order management and delivery technology across predominantly Pizza Hut and potentially key markets of other brands globally. YUM! Brands expects to tap into the power of AI to accelerate and further enhance its delivery technology capabilities, especially at Pizza Hut, and optimise the end-to-end food preparation process. In addition to its kitchen order management and delivery technology, YUM! Brands' purchase of DTS would also bring in house other DTS Group technologies.

If the Scheme is implemented, YUM! Brands intends to conduct a review of the DTS Group's business to verify YUM! Brands' understanding of the information, facts and circumstances concerning the business, assets, strategies and operations of the DTS Group as at the date of this Scheme Booklet. YUM! Brands will then work with the DTS management team to determine how to further develop the business of DTS Group in order to maximise its operating performance and potential.

## **Board of directors**

If the Scheme is implemented, YUM! Brands may replace the members of the DTS Board and the boards of DTS's subsidiaries with nominees of YUM! Brands (who are yet to be identified).

## **Management**

YUM! Brands expects there to be significant value and knowledge in the existing staff of the DTS Group. YUM! Brands plans to draw on the expertise of the existing management team of DTS to ensure that the businesses and cultures of each organisation are integrated and operated effectively, if the Scheme is implemented.

Following the general operational review described above, YUM! Brands may combine and centralise certain roles within the DTS management team with those in the broader YUM! Brands group.

## **Employees**

DTS employees are an integral part of, and key to the success of, the business. Definitive plans in relation to the broader employee base of DTS Group have not yet been determined and will be developed during integration planning and post closing of deal. YUM! Brands will evaluate the future management and administrative requirements of DTS Group following completion of the general operational review described above.

## **Delisting**

If the Scheme is implemented, YUM! Brands intends to apply to the ASX for the removal of DTS from the official list of ASX.

### **9.9 YUM! Brands' current interest in DTS Shares**

As at the date of this Scheme Booklet, YUM! Brands has no interests in DTS.

## 10 RISKS ASSOCIATED WITH THE DTS GROUP IF THE SCHEME IS NOT IMPLEMENTED

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DTS Shareholders, in considering the Scheme, should be aware that there are a number of risk factors and consequences which may adversely affect the future performance of DTS and the DTS Share value if the Scheme is not implemented.

The risk factors and consequences described in this Section 10 are not an exhaustive list and should be considered in conjunction with the other information contained in this Scheme Booklet.

### 10.1 Consequences of not implementing the Scheme

If the Scheme is not implemented:

- (a) In the absence of any Competing Proposal, DTS will continue to operate as a standalone entity.
- (b) The Directors intend to operate the DTS Group's business in its ordinary course, which includes reviewing the strategy and operations of the DTS Group in accordance with their usual responsibilities.
- (c) DTS Shareholders will retain their DTS Shares as they will not be acquired by YUM! BidCo for the Scheme Consideration.
- (d) DTS Shareholders will continue to participate in the benefits of, and be exposed to the risks associated with, an investment in DTS.
- (e) DTS Shareholders will not receive the Scheme Consideration.
- (f) DTS and senior management of DTS will comprise the persons listed in Section 8, subject to key personnel retention risk as described in Section 10.2(o).
- (g) Decisions in relation to the future of the DTS Group will continue to be taken by the DTS Board.
- (h) DTS may need to raise additional capital with unfavourable outcomes for DTS Shareholders, including diluting their holdings in the Company (see Section 6.2(e)).
- (i) DTS may lose a significant share of its potential markets as the YUM! Group, an existing key customer, may choose a different technology solution (see Section 6.2(f)).
- (j) The DTS Share price may fall in the absence of any Competing Proposal (see Section 6.2(h)).
- (k) The advantages of the Scheme as outlined in Section 6.2 will not be realised and the disadvantages of the Scheme described in Section 6.3 need not be considered.
- (l) DTS will continue to explore options to maximise shareholder value as described in the Chairman's Letter.

If the Scheme does not proceed, the DTS Group will continue to be subject to a number of risks and uncertainties, which are both specific to the DTS Group and of a more general nature, and which may affect the future operating and financial performance of the DTS Group and the value of DTS Shares.

These risks will only continue to be relevant to DTS Shareholders if the Scheme does not proceed and DTS Shareholders retain their current investment in DTS, and may be relevant to the decision by DTS Shareholders as to whether or not to vote in favour of the Scheme. If the Scheme proceeds and DTS Shareholders receive the Scheme Consideration in exchange for their DTS Shares, they will no longer be exposed to these risks, as they will cease to be DTS Shareholders.

The outline of the risks in this Section 10 is a summary only and should not be considered exhaustive. Additional risks and uncertainties not currently known to the DTS Group may have a material adverse effect on the DTS Group's business and the information set out below does not

purport to be, nor should it be construed as representing, an exhaustive list of the risks that may affect the DTS Group.

In deciding whether to vote in favour of the Scheme, you should carefully consider the following risk factors. These risk factors do not take into account the individual investment objectives, financial situation, position or particular needs of DTS Shareholders. DTS Shareholders should consider that an investment in DTS is highly speculative.

## 10.2 Specific risk factors

### (a) Customers and suppliers arrangements

The DTS Group's customers, suppliers and other business partners may (subject to applicable contractual terms) choose to not continue dealing with the DTS Group in light of the YUM! Proposal being announced. If that occurs and the YUM! Proposal is ultimately not implemented, the DTS Group will need to re-establish its business relationships with those entities who have chosen to terminate their arrangements with the DTS Group.

If the Scheme is not implemented, DTS may lose a significant share of its potential markets as the YUM! Group, an existing key customer, may choose a different technology solution. Please refer to Section 6.2(f) for further information.

### (b) Future profitability

The DTS Group is in the growth stage of its development and its R&D expenses have resulted in it making losses since its foundation in 2013. The DTS Group's profitability may be impacted by, among other things, the success of its business strategies (such as growth and expansion, research and development, and sales and marketing), its ability to successfully provide a high quality product and level of service to customers, economic conditions in the markets in which it operates, competition factors and any regulatory developments. Accordingly, the extent of future profits (if any) and the time required to achieve sustained profitability are uncertain and cannot be reliably predicted.

### (c) New industry challenges

The Company's business continues to depend on additional customers agreeing to adopt the Algo Dispatching System and/or the QT Camera quality control system, which generally involves significant changes to the preparation, delivery, marketing and management processes of their restaurants. This process takes time and resources to implement and learn, which can be a difficult prospect for restaurants given the fast paced nature of their working environments and the long trading hours they already have to deal with. Although the Company's products are already implemented in hundreds of stores worldwide, there is a risk that other restaurants will decide not to adopt the Company's technologies in fear of potentially impacting operations during the implementation and learning period, or simply because it is an unfamiliar technology to them which represents a significant departure from traditional restaurant operations. If the Scheme is not implemented, the YUM! Group may choose a different technological solution and, if that occurs, there is also a risk that the DTS Group's technology may appear less attractive in the market which may lead to an increase in the difficulty of gaining additional market share.

The Company notes, however, that its products have already been adopted by some of the biggest companies in the QSR (Quick Service Restaurant) industry and believes that it will be able to keep accelerating market awareness for the Company's technologies through marketing programs and through any customers reporting successful results from the Company's technologies.

### (d) QSR industry risks

Naturally, the Company will only be able to retain a customer for as long as the customer remains in business. The restaurant industry in particular is extremely competitive and restaurants are often forced to shut down as a result. If a restaurant that was using the Company's technologies were to close down, the Company's revenues from that

customer would also stop. This may affect the performance of the Company, particularly if several customers close down at about the same time (eg, amidst difficult economic conditions). This risk is compounded by the impact of COVID-19 on the restaurant sector as well as the economy more generally (see Section 10.3(g)).

(e) Growth and expansion risks

One of the Company's strategies moving forward is to continue to grow and expand, with a focus on Israel, Canada, the USA, Europe, Australia and Asia. This expansion plan may place significant strain on the Company's managerial, operational and financial resources. Although the Company is confident about its prospects in these markets, there is no guarantee that the Company's growth and expansion strategies will be successful in any or all of these markets.

Further, the Company cannot give assurance that its personnel, systems, procedures and controls will be effectively replicated in new offices or will otherwise be adequate to support growth in new markets. The Company will, however, take steps to mitigate risks associated with growth and expansion, including by undertaking appropriate due diligence.

The Company's ability to retain existing customers will depend upon their satisfaction level with the Company's products and services. As the Company's operations expand, the Company may be unable to meet each and every customer's demands if it does not have adequate resources to do so. The Company intends to manage its growth rate to ensure it has sufficient resources to maintain high levels of customer service.

The Company may seek to develop products and services that allow it to enter into new markets beyond the restaurant industry, such as the supermarket delivery and airline catering industries. Moving into these new markets may require the Company to devote significant resources and incur considerable expenses. The potential demand for the Company's products and services in new markets is unknown and there is a risk that the Company may not be able to successfully commercialise its products and services and meet the needs of customers in these markets.

The Company also considers that the success of its research and development, and sales and marketing programs will impact on its ability to successfully grow and expand into existing and new markets.

(f) Research and development risk

In order to maintain its competitive position in the market, the Company will undertake R&D from time to time, including on Algo, its 'quality assurance sensors and QT camera system' (Quality Control Camera) and, potentially, new products. The Company considers R&D to be a key means by which it will sustain its market position and grow its business. There is a risk that, despite significant time and expenditure being applied to R&D projects, certain projects may not result in an advancement of the Company's technology and products. The failure of an R&D project could have a materially adverse impact on the Company's operations and financial performance.

(g) Sales and marketing success

The Company intends to use some of its available funds on sales and marketing measures to continue to promote the Company's technologies and grow its business. By their nature, there is no guarantee that the Company's sales and marketing campaigns will continue to be successful.

(h) Faults with products and services

Because the Company's products are technologically complex, errors or defects may be identified by the Company or its customers which could harm the Company's reputation and business. Technology-based products often contain undetected errors when first introduced or when new versions or enhancements are released.

Though the Company provides support to clients and is continuously updating and improving its products, there is a risk that the products provided are faulty or do not

perform as intended. The Company has a strategy in place to ensure that such faults are resolved prior to being provided to the customer, but in instances where a fault still occurs it could adversely impact the Company's brand and reputation.

At times, the Company engages third parties to implement the Company's technologies into its customers' restaurants. Whether undertaken by the Company or a third party agent, there is always a risk that installation or customer training is incorrectly performed. This may adversely affect the customer's experience with the Company's technologies, as well as the Company's reputation and business.

Customers may need to engage with the Company's customer service personnel in certain circumstances, such as if they have a question about its products or if there is a dispute. The Company will continuously need to recruit and retain staff with interpersonal skills sufficient to respond appropriately to customer services requests. Poor customer service experiences may result in the loss of customers. If the Company loses key customer service personnel, or fails to provide adequate training and resources for customer service personnel, or if the computer systems relied on by customer service personnel are disrupted by technological failures, this could lead to adverse publicity, litigation, regulatory inquiries or a decrease in customers, all of which may negatively impact on the Company's profitability.

(i) Reputational damage

Like most businesses, the Company's reputation is important for attracting and retaining customers. There is a risk that the Company's reputation could be tarnished by incidents such as negative publicity, data security breaches or unforeseen events that negatively reflect on the Company, any of which may be outside the control of the Company. The occurrence of such incidents may result in the Company losing existing customers and failing to attract new customers, which is likely to adversely affect the Company's financial performance.

(j) International operations

The Company currently operates in Israel, Canada, the USA, Europe, Australia and Asia. The Company will also consider expanding into other markets internationally in the future. Therefore, the Company will be exposed to risks relating to operating in those countries. Many of these risks are inherent in doing business internationally, and will include, but are not limited to:

- (i) changes in the regulatory environment;
- (ii) trade barriers or the imposition of taxes;
- (iii) difficulties with staffing or managing any foreign operations;
- (iv) issues or restrictions on the free transfer of funds;
- (v) technology export or import restrictions; and
- (vi) delays in dealing across borders caused by customers or regulatory authorities.

(k) Competition and new technologies

Although the Company is not aware of any existing products or technologies similar to the Company's technologies, the Company does still compete against other providers of software and services in the broader technology space, and its operating performance is influenced by a number of competitive factors such as the Company continuing to update and upgrade its services to provide the solutions that its customers need. The Company may fail to anticipate and adapt to technology changes or client expectations.

Further, competitors may attempt to compete with the Company's technologies directly through technological innovation, marketing or price discounting. The Company will have no influence or control over the activities or actions of competitors.

(l) Protection of intellectual property rights

To an extent, the value of the Company's key asset and flagship products, the Algo Dispatching System and the QT Camera, are dependent on the Company's ability to protect its intellectual property rights. If the Company fails to protect its intellectual property rights, competitors may gain access to its technology which would in turn harm its business. However, this risk is partially mitigated as third parties may find it difficult to replicate the Company's technologies without the Company's deep knowledge and experience in the technology and QSR industries.

The Company has been granted patents in the USA and New Zealand in respect of the QT Camera, and has pending patent applications in respect of certain of the Company's technologies in the USA, Canada, Australia, China, Thailand and Singapore. There is no guarantee that pending patent applications will be granted, or that any other future patent applications will be granted. Any patents issued may not provide the Company with any competitive advantages, or may be challenged by third parties.

Third parties may knowingly or unknowingly infringe on the Company's intellectual property rights. Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain and vary. Effective patent, trademark, copyright and trade secret protection may not be available to the Company in every country in which its products are available. Accordingly, despite its efforts, the Company may not be able to prevent third parties from infringing upon or misappropriating its intellectual property.

The Company may be required to incur significant expenses in monitoring and protecting its intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and cause a distraction to management.

Unauthorised use of the 'Algo', 'QT' or 'Dragontail' brands in counterfeit products or services may not only result in potential revenue loss, but also have an adverse impact on its brand value and perceptions of its product qualities.

(m) Infringement of third party intellectual property rights

There is a risk that a third party may allege that the Company has infringed on its intellectual property rights without consent or permission. Resolution of such claims may require protracted negotiation, litigation and the payment of damages. In addition, such claims may increase as the Company grows and expands its business into new markets. If the Company was found to have infringed a third party's intellectual property rights, the Company's operations and financial performance may be adversely affected.

(n) Contract risk

The Company is, and intends to be, party to a number of contracts with customers and service providers, under which it either provides products and services, or receives products and services, for the purposes of its operations. If one or more of these contracts were to be terminated as a result of, for example, default by a party, then the Company's operations and financial performance may be adversely impacted. In addition, if one or more of these contracts were not renewed upon expiry, and the Company was unable to enter into a similar contract with another party, then its operations and financial performance may also be adversely affected.

Further, the Company must ensure that its trade payables are aligned with its trade receivables to allow the Company to efficiently maintain its working capital. Customers are required to pay the Company a monthly licensing fee to use the Company's technologies. If customers make payments late or not at all, the Company's working capital will be affected and it may materially impact on the Company's ability to pay its creditors. This could create solvency issues for the Company, or otherwise affect the Company's operations and performance.

(o) Reliance on key personnel

To an extent, the Company's success is dependent upon the retention of key personnel, in particular, one of its founders, Managing Director, Ido Levanon, as well as other members of the senior management team and Directors. There is no assurance that engagement contracts for such personnel will not be terminated or will be renewed on their expiry. If such contracts were terminated, or if members of the senior management team were otherwise no longer able to continue in their role, the Company would need to replace them which may not be possible if suitable candidates are not available. As a result, the Company's operations and financial performance would likely be adversely affected.

(p) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been considered at the date of this Scheme Booklet. Although the Company is not currently aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company and its proposed business plans.

(q) Future funding needs

Further funding may be required by the Company to support its ongoing operations and implement its strategies. For example, funding may be needed to develop new and existing products, or acquire complementary businesses and technologies. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for the Company's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely adversely affect the potential growth of the Company.

(r) Foreign exchange risks

The Company's costs and expenses in Israel are denominated in US dollars and Israeli new shekels. Accordingly, the depreciation of the Australian dollar, or the appreciation of the US dollar relative to the Australian dollar, may result in a translation loss on consolidation which is taken directly to shareholder equity. In addition, the Company's financial reports are denominated in US dollars. Any depreciation of the US dollar relative to the Australian dollar may result in lower than anticipated revenues or profits.

The Company is exposed to foreign exchange risks between various foreign currencies, primarily the Australian, Canadian and US dollars and the Israeli new shekel, on an ongoing basis and, accordingly, it will have to continuously monitor this risk. Any change in the ability to convert US dollars to Australian dollars due to currency control may have an adverse effect on the financial position of the Company from time to time.

(s) Hacker attacks

The Company relies on the availability of its customers' IT systems in order to provide its services. Hackers could render a customer's IT system unavailable through disruptive attacks. Although the Company has strategies in place to minimise such attacks, these strategies may not be successful. Hacker attacks could hinder the Company's ability to retain existing customers or attract new customers, which would have a material adverse impact on the Company's activities.

Hacker attacks may also result in the leak of commercially sensitive information or private data (eg, customer data), which could affect the Company's reputation and business.

(t) Litigation

The Company may in the ordinary course of business become involved in litigation and disputes, for example with service providers, customers or third parties infringing the Company's intellectual property rights. Any such litigation or dispute could involve significant economic costs and damage to relationships with contractors, customers or



other stakeholders. Such outcomes may have an adverse impact on the Company's business, reputation and financial performance.

(u) Insurance coverage

The Company maintains adequate insurance over its operations within the ranges that the Company believes to be consistent with industry practice and having regard to the nature of its activities. However, the Company may not be insured against all risks because, for instance, appropriate cover is not available, or the Directors consider the required premiums to be excessive having regard to the benefits they provide.

10.3 **General risks**

(a) Investment risk

An investment in DTS Shares should be considered highly speculative. There is no guarantee that the prevailing trading price of DTS Shares will be the same as or higher than the Scheme Consideration if the Scheme does not proceed. Investors must make their own assessment of the risks and determine whether an investment in the Company is appropriate in their own circumstances.

(b) Share market

Share market conditions may affect the value of DTS Shares regardless of the Company's operating performance. There is no assurance that the price of DTS Shares will increase even if the Company's earnings increase. Some factors include, but are not limited to, the following:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital;
- (vi) terrorism or other hostilities; and
- (vii) other factors beyond the control of the Company.

(c) Changes to laws and regulations

The Company may be affected by changes to laws and regulations (in Australia and other countries in which the Company operates) concerning property, the environment, superannuation, taxation trade practices and competition, government grants, incentive schemes and accounting standards. Such changes could have adverse impacts on the Company from a financial and operational perspective.

(d) Economic risks

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the technology industry including, but not limited to, the following:

- (i) general economic conditions in jurisdictions in which the Company operates;
- (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (iii) the strength of equity and share markets in Australia and throughout the world and, in particular, investor sentiment towards the technology sector;
- (iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and

- (v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

(e) Taxation

The acquisition and disposal of DTS Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All investors in the Company are urged to obtain independent financial advice about the consequences of acquiring and selling DTS Shares from a taxation point of view and generally.

(f) Force majeure

Events may occur within or outside the markets in which the Company operates that could impact upon the global and Australian economies, the operations of the Company and the market price of DTS Shares. These events include acts of terrorism, outbreaks of international hostilities, fires, pandemics, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease, and other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. Given the Company has only a limited ability to insure against some of these risks, its business, financial performance and operations may be materially and adversely affected if any of the events described above occur.

(g) COVID-19

Throughout 2020 and 2021, COVID-19 has had an effect on the Australian and global economies, and may have a material negative impact on future economic growth and capital markets. Although restrictions have been gradually eased in Australia and vaccinations have begun rolling out in Australia and in overseas territories (including in the United States and Israel), restrictions may be reinstated if further outbreaks of COVID-19 or related disease outbreaks occur. Although it is difficult to predict the scope of any further negative impacts, sustained closures or restrictions and reduced capital expenditures may have a detrimental impact on the financial performance and customer supply contracts of the DTS Group. In addition, there may be material impacts on the DTS Group's suppliers' ability to enable the use of DTS's technology or increase in the cost of inputs.



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Private & Confidential

The Ordinary Shareholders  
Dragontail Systems Limited  
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PERTH WA 6000

9 July 2021

Dear Ordinary Shareholders

#### AUSTRALIAN TAX IMPLICATIONS FOR THE PROPOSED SCHEME OF ARRANGEMENT

This letter has been prepared at the request of Dragontail Systems Limited ('Dragontail') for inclusion in the Scheme Booklet to be issued by Dragontail on or about the date of this letter ('Scheme Booklet').

Unless otherwise defined, capitalised terms used in this letter have the same meaning as defined terms in the Scheme Booklet.

#### PURPOSE OF THIS LETTER

The purpose of this letter is to provide a general overview of the Australian income and capital gains tax consequences for Scheme Participants if the Scheme is implemented, and has been prepared for inclusion in this Scheme Booklet and should be read in conjunction with the remainder of this Scheme Booklet.

The comments set out below are limited to those Scheme Participants who are individuals, complying superannuation entities and certain companies, trusts or partnerships, each of whom hold their Scheme Shares on capital account. This summary does not consider the consequences for Scheme Participants who are insurance companies, banks, investors that hold their Scheme Shares on revenue account or carry on a business of dealing in securities (e.g. as trading stock), Scheme Participants who acquired their Scheme Shares pursuant to an employee share or option plan or Scheme Participants who are exempt from Australian tax. This summary also does not cover the consequences for Scheme Participants who are subject to Division 230 of the *Income Tax Assessment Act 1997* (the Taxation of Financial Arrangements or TOFA regime).

Scheme Participants who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into

account the tax consequences under the laws of their country of residence, as well as under Australian law, of the disposal of their Scheme Shares to Yum! BidCo.

The following summary is based upon the legislation and established interpretation of legislation as at the date of this Scheme Booklet, but is not intended to be an authoritative or complete statement of the law relevant to the circumstances of any particular individual or entity. It should be noted that the Australian taxation laws are complex and Scheme Participants' own circumstances will affect the taxation outcomes of the disposal of their Scheme Shares to Yum! BidCo. It is therefore recommended that both resident and non-resident Scheme Participants seek independent professional advice in relation to their own particular circumstances.

#### AUSTRALIAN RESIDENT SCHEME PARTICIPANTS

##### a) Capital Gains Tax ('CGT') Event

If the Scheme is implemented, Yum! BidCo will acquire all Scheme Share. This change in the ownership of the Scheme Shares will constitute a CGT event for Australian CGT purposes.

The date of disposal for CGT purposes will be the Implementation Date.

##### b) Calculation of capital gain or capital loss

Scheme Participant may make a capital gain on the transfer of Scheme Shares, to the extent that the capital proceeds from the disposal of the Scheme Shares are more than the tax cost base (or in some cases indexed tax cost base) of those Scheme Shares. Conversely, Scheme Participants will make a capital loss to the extent that the capital proceeds are less than their reduced tax cost base of those Scheme Shares.

The tax cost base of the Scheme Shares generally includes the cost of acquisition and any incidental costs of acquisition and disposal that are not deductible to the Scheme Participant.

The capital proceeds of the capital gains tax event will include the Scheme Consideration received by the Scheme Participants in respect of the disposal of the Scheme Shares.

Individuals, complying superannuation entities or trustees that have held Scheme Shares for at least 12 months prior to disposal of the Scheme Shares may be entitled to discount the amount of the capital gain (after application of capital losses) from the disposal of Scheme Shares by 50% in the case of individuals and trusts or by 33.33% for complying superannuation entities. For trusts, the ultimate availability of the discount may depend on a beneficiary's entitlement to the discount.

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. Any net capital gain is included in assessable income and is subject to income tax. Capital losses may not be deducted against other income for income tax

purposes, but may be carried forward to offset against future capital gains.

#### NON-RESIDENT SHAREHOLDERS

For a Scheme Participant who:

- a) is not a resident of Australia for Australian tax purposes; and
- b) does not hold their Scheme Shares in carrying on a business through a permanent establishment in Australia,

the disposal of Scheme Shares will generally only result in Australian CGT implications if:

1. The Scheme Participant together with its associates held 10 percent or more of the Scheme Shares at the time of disposal or for any continuous 12 month period within 2 years preceding the disposal; and
2. more than 50% of the value of Dragontail's assets is attributable to direct or indirect interests in Australian Real Property, i.e. land, and /or mining, quarrying or prospecting rights to minerals, petroleum or quarry materials situated in Australia (the principal asset test).

However, it should be noted that it is unlikely that Dragontail holds a direct or indirect interest in Australian real property, and would therefore not satisfy the principal asset test.

A non-Australian resident Scheme Participant who has previously been a resident of Australia and chose to disregard a capital gain or loss on ceasing to be a resident will be subject to Australian CGT consequences on disposal of the Scheme Shares.

#### FOREIGN RESIDENT CAPITAL GAINS WITHHOLDING TAX ('FRCGWT') REGIME

The FRCGWT Regime requires the purchaser of an Australian Real Property Interest from a foreign resident to withhold 12.5% non-final withholding tax on the purchase price, if Yum! BidCo:

- a) knows, or reasonably believes, that a Scheme Participant is a foreign resident for tax purposes; or
- b) does not reasonably believe that a Scheme Participant is an Australian resident for tax purposes, and:
  1. the holder has an address outside Australia; or
  2. Yum! BidCo is authorised to pay the holder's entitlement to Scheme

Consideration to a place outside Australia (whether to the holder or anyone else),

then a liability to foreign resident CGT withholding tax (payable by Yum! BidCo to the Australian Taxation Office ('ATO')) will be expected to arise, if:

- c) that Scheme Participant together with its associates held 10 percent or more of the Scheme Shares at the time of disposal or for any continuous 12 month period within 2 years preceding the disposal; and
- d) Dragontail satisfies the principal asset test.

As noted above, it is unlikely that Dragontail would satisfy the principal asset test. Accordingly, no CGT liability should arise for the foreign resident Scheme Participants.

#### WITHHOLDING REQUIRED BY LAW

If Yum! BidCo receives professional advice that:

- a) any withholding or other tax is, or is reasonably likely to be, required by law to be withheld from payment by Yum! BidCo to Scheme Participants on account of their address as shown in the Register being in a jurisdiction outside Australia; and
- b) it is, or is reasonably likely to be, required to pay an amount under Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth) in respect of the disposal of a Scheme Participant's Scheme Shares (being on account of foreign resident CGT withholding tax),

Yum! BidCo is entitled to withhold the relevant amount from the Scheme Consideration due to the relevant Scheme Participants for their Scheme Shares (and payment of the reduced amount shall be taken to be full payment for the purposes of the Scheme) and Yum! BidCo must pay the relevant amount to the ATO within the time permitted by law and if requested by the Scheme Participant, must provide a receipt or other appropriate evidence of such payment (or procure the provision of such receipt or other evidence).

#### CERTIFICATE OF RESIDENCY

We understand that Scheme Participants may be required to confirm their Australian tax residency for the purposes of the Israeli Withholding Tax Ruling and Israeli tax law (see Section 2.2 of the Scheme Booklet). Australian tax resident Scheme Participants can request a Certificate of Residency from the ATO. Each Scheme Participant is responsible to request their own Certificate of Residency where required. This application process can take up to 28 days from the day you lodge the relevant request with the ATO.



#### GOODS AND SERVICES TAX ('GST')

Holders of Scheme Shares should not be liable to GST in respect of a disposal or exercise of those Scheme Shares.

Scheme Participants may be charged GST on costs (such as advisor fees) that relate to their participation in the Scheme. Scheme Participants may be entitled to input tax credits or reduced input tax credits for such costs, but should seek independent advice in relation to their individual circumstances.

#### STAMP DUTY

No Stamp Duty should be payable in Australia by Scheme Participants in relation to the disposal of their Scheme Shares to Yum! BidCo under the Scheme.

\* \* \*

Yours sincerely  
BDO Corporate Tax (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Eng Hua Ng', with a long horizontal line extending to the right.

Eng Hua Ng  
Director



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June 20, 2021

To Dragontail Systems Shareholders

**Re: Application for Israeli Withholding Tax Exemption**

This letter has been prepared at the request of Dragontail Systems Limited ("**Dragontail**") for inclusion in the scheme booklet to be issued by Dragontail on or about the date of this letter in relation to the acquisition of Dragontail by Yum Connect Australia Pty Ltd ("**Scheme Booklet**"). Dragontail has applied for and obtained a tax ruling issued by the Israeli Tax Authorities ("**ITA**") dated June 16, 2021 with regard to Israeli withholding tax arrangement applicable to the payment of scheme consideration as defined in the Scheme Booklet ("**Tax Ruling**"). A copy of the Tax Ruling is attached as Annexure B to the Scheme Booklet.

Unless otherwise defined, capitalised terms used in this letter have the same meaning as defined terms in the Tax Ruling.

The purpose of this letter is to summarize the requirements prescribed in the Tax Ruling for Scheme Participants to receive their Scheme Consideration from the Paying Agent, as follows:

1. The Acquisition Consideration paid to the Foreign Brokers holding shares listed on the Australian Stock Exchange in the name of the Members of the Israel Stock Exchange for the benefit of the Transferring Shareholders, shall be exempt from withholding tax subject to fulfilling certain requirements set in sec 3.3.1 in the Tax Ruling.
2. The Acquisition Consideration paid to foreign-resident shareholders of Shares Registered by Name and the Acquisition Consideration paid to the Transferring Shareholders who are foreign-residents, who hold their shares through Foreign Brokers is exempt from tax WHT subject to providing the following:
  - a. Declaration according to the form in Appendix "A" in the Tax Ruling, which states, *inter alia*, the following:
    - i. They are not residents of Israel.
    - ii. They purchased their shares after the registration of these shares for trade on the Australia Stock Exchange.
    - iii. They did not purchase their shares while they were residents of Israel
    - iv. They hold less than 5% of the Company's capital
  - b. A passport of a foreign resident or, if they do not have a valid passport, a foreign tax form or any other certificate attesting on residency.



- c. Also, with regards the Transferring Shareholders who are foreign residents whose consideration in the transaction paid to each of them separately exceeds USD 100,000 shall provide, in addition to the requirements stated above, a certificate of residency approved by the tax authorities of the foreign country.
3. From the Acquisition Consideration paid to the other rights holders, for whom Sections 1 and 2 above do not apply, such as shareholders holding 5% or more of the shares, the Tax Trustee will withhold tax from the Acquisition Consideration on the actual payment date to the rights holder in accordance with the rate set forth in the Israeli Withholding Tax Regulations (usually 25%) unless the Tax Trustee will be provided with a valid certificate by the Israel Tax Authority indicating a different withholding tax rate or an exemption from withholding tax.

A foreign tax resident wishing to apply for obtaining a WHT certificate from the Israel tax authority should submit to the Israeli Tax Authority Form 114A (attached as Appendix A) filled properly and signed along with a tax residency certificate from their respective jurisdiction. The Israeli Tax Authorities may also require additional information and/or an additional form such as capital gain report, and in such a case it would be recommended to obtain the assistance of a Hebrew speaking local representative.

It is notable that the Israeli Tax Ordinance provides an exemption from Israeli tax for capital gain arising at the hands of a foreign resident from the sale of shares of a foreign company its main assets are an Israeli company, subject to certain conditions.

It is notable that a refund for the tax withheld is possible to obtain if the shareholder should have been exempt or if a lower withholding tax rate is applicable. To obtain a refund the shareholder should register with the Israeli Tax Authority in Israel and submit a tax return for income from Israeli source.

*Please note this letter is provided to you for informational purposes only and does not constitute a tax opinion or advice and cannot be relied upon for any purpose including penalty protection, therefore reliance is restricted. The full and binding withholding arrangement is as set in the Tax Ruling attached.*

*Parties should consult their own tax advisors concerning the tax consequences of their particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign or other taxing jurisdiction.*

*We note that the information herein is based on the current tax laws, regulations, rulings and current administrative practice of the relevant tax authorities as of this date, all of which are subject to change, perhaps with retroactive effect, and to differing interpretations. In the event of such change, this document as set forth herein may be affected and may not be relied upon. We have assumed no responsibility to update this document as a result of any such change in law or rulings.*




*You may disclose this report/document to any person if you are required to do so. However, this document may not be relied upon by any other person, and you must inform any person to whom you disclose this document, that they may not rely upon it for any purpose without our prior agreement in writing.*

*Please note that our comments herein relate solely to tax issues; we express no opinion on non-tax issues, such as corporate law matters. Lawyers in Israel and abroad (if relevant) should be consulted on all legal issues. Our comments do not provide a legal analysis.*

Appendixes:

*Appendix A: Form 114A*

Truly yours,  
  
Kost, Forer, Gabbay & Kasierer  
Certified Public Accountants

**CLAIM FOR REDUCED RATE OF WITHHOLDING TAX/EXEMPTION  
FROM WITHHOLDING TAX IN ISRAEL ON PAYMENTS TO A NON RESIDENT**

This form shall be completed and signed by the recipient of income or by an authorized officer or representative of the recipient.

**PART A: BASIS OF CLAIM FOR REDUCED RATE OF WITHHOLDING TAX/EXEMPTION FROM WITHHOLDING TAX**

- ☐ This claim is made pursuant to the Double Tax Convention between Israel and \_\_\_\_\_, Article \_\_\_\_\_.  
☐ This claim is not made pursuant to a Double Tax Convention.

**PART B: GENERAL NATURE OF THE TRANSACTION AND INCOME**

1. Provide a brief description of the transaction involved: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

2. The income received is from

- ☐ dividends ☐ interest ☐ royalties ☐ other (specify) \_\_\_\_\_

**PART C: THE RECIPIENT**

1. Full name of the recipient: \_\_\_\_\_  
 \_\_\_\_\_

2. Home address or registered office of recipient: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

3. Identity number, social security number, or registration number of recipient: \_\_\_\_\_  
 \_\_\_\_\_

4. Form of organization of recipient (Company, Partnership, etc.): \_\_\_\_\_

Date of establishment: \_\_\_\_\_

5. Income Tax File number of recipient in place of residence: \_\_\_\_\_

6. Address of local income tax assessing office in recipient's place of residence: \_\_\_\_\_  
 \_\_\_\_\_

7. The recipient is a fiscal resident of \_\_\_\_\_ (country) since \_\_\_\_\_ (date).

8. If the recipient is an individual, has he been present in Israel at any time in the past 3 years for any period exceeding one month? ☐ No ☐ Yes

If yes, specify the dates and duration of such stays in Israel: \_\_\_\_\_  
 \_\_\_\_\_

9. Does the recipient conduct business in Israel, directly or indirectly, in any manner? ☐ No ☐ Yes

Specify: \_\_\_\_\_  
 \_\_\_\_\_

10. If the recipient is a corporation, is a majority of any class of shares in the recipient controlled, directly or indirectly, by persons who are not fiscal residents of the recipient's state of residence? ☐ No ☐ Yes

Specify: \_\_\_\_\_  
 \_\_\_\_\_

1. Full name of the payer of the income:

2. Home address or registered office of payer:

3. Income Tax File number of payer in Israel:

4. Does any special relationship exist between the payer of the income and the recipient (for example: family, partnership, corporate control): ☐ Yes ☐ No

Specify:

Date of receipt	Place of receipt (country, city, bank account number)	Amount/Currency	Description of Income	Method of Calculation (e.g. rate of interest, percentage of sales, daily fee)

2. Have similar items of income been the subject of previous claims? ☐ No ☐ Yes

If yes, specify dates, amounts and rates of withholding tax approved in the past two instances:

3. If the income is a dividend and the recipient claims an additional reduction of withholding tax due to direct ownership in the distributing company (pursuant to a Double Tax Convention), specify nature, extent and duration of such ownership:

Attach all relevant documents pertaining to the transaction (for example, contracts and invoices).

List all documents attached: 1.

1. The recipient declares that:

a. he is the beneficial owner of the income received;

b. he does not carry on business in Israel through a permanent establishment there nor perform independent personal services from a fixed base in Israel, to which the income is effectively connected;

c. all the information provided above is accurate and complete.

Date of Signature

Signature of Recipient  
or authorized officer or representative

2. Name of authorized officer or representative:

3. Capacity or Title of authorized officer or representative:

4. Address of authorized officer or representative:

**PART H: CERTIFICATION OF FOREIGN INCOME TAX AUTHORITY**

**Form A/114**

This part shall be completed and signed by the Income Tax Authorities of the recipient's place of residence

1. I certify that:

- a. the recipient of the income is a fiscal resident of \_\_\_\_\_ (country);
- b. the recipient regularly reports his income as required, the most recent income tax return filed being for the year \_\_\_\_\_;
- c. the income concerned ☐ is ☐ is not subject to income tax in \_\_\_\_\_ (the recipient's country of residence).

\_\_\_\_\_  
Date of Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Official Stamp

2. Name of Income Tax Authority official making this certification: \_\_\_\_\_

3. Position or Title of certifying official: \_\_\_\_\_

4. Address of certifying official: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## 13 ADDITIONAL INFORMATION

This Section 13 sets out the additional information required pursuant to the Corporations Act and the Corporations Regulations in respect of the Scheme, as well as some other relevant information.

### 13.1 Summary of the Scheme Implementation Deed

DTS and YUM! BidCo have entered into a Scheme Implementation Deed dated 27 May 2021 (as amended and restated by the Deed of Amendment and Restatement: Scheme Implementation Deed dated 2 July 2021 and by the Second Deed of Amendment and Restatement: Scheme Implementation Deed dated 9 July 2021). The Scheme Implementation Deed sets out each party's rights and obligations in connection with the implementation of the Scheme. This Section 13.1 outlines certain key terms of the Scheme Implementation Deed. The full terms of the Scheme Implementation Deed (including all variations, but without annexures) are contained in Annexure C.

#### (a) Conditions Precedent

Implementation of the Scheme is subject to several conditions precedent (**Conditions Precedent**).

As at the Last Practicable Date, the outstanding Conditions Precedent that must be satisfied or waived (as applicable) in order for the Scheme to proceed are:

- (i) **(Regulatory approvals)** ASIC and the ASX have issued or provided (and not withdrawn, revoked or varied) such consents, waivers, modifications and/or approvals or have done such other acts which are necessary or reasonably necessary to implement the Scheme, either unconditionally or subject to conditions acceptable to DTS and YUM! BidCo (acting reasonably);
- (ii) **(No restraints)** no temporary restraining order, preliminary or permanent injunction or other judgment, order or decree issued by any court of competent jurisdiction or government agency or other legal restraint or prohibition preventing or materially restricting the Scheme or its implementation;
- (iii) **(Independent Expert's Report)** the Independent Expert does not change its conclusion that the Scheme is in the best interests of the DTS Shareholders or withdraw the Independent Expert's Report;
- (iv) **(Orders convening Scheme Meeting)** the Court orders the convening of the Scheme Meeting under section 411(1) of the Corporations Act;
- (v) **(DTS Shareholder approval)** the Scheme is approved by the requisite majorities of DTS Shareholders under section 411(4)(a)(ii) of the Corporations Act;
- (vi) **(Court approval)** the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;
- (vii) **(Court Order lodgement)** an office copy of the Court order approving the Scheme is lodged with ASIC as contemplated by section 411(10) of the Corporations Act;
- (viii) **(No Material Adverse Event)** no Material Adverse Event occurs or is discovered, announced, disclosed or otherwise becomes known to YUM! BidCo;
- (ix) **(No Prescribed Occurrence)** no Prescribed Occurrence occurs;
- (x) **(No change of Target Board recommendation)** no member of the DTS Board changes, qualifies or withdraws his or her recommendation to DTS Shareholders to vote in favour of the Scheme or otherwise makes a public statement indicating that he or she no longer supports the Scheme between (and including) the date of this deed and the close of the Scheme Meeting, unless such change, qualification or withdrawal is as a result of the Court indicating at the First Court



Hearing that it is not appropriate for that director to make a recommendation to vote in favour of the Scheme and that such recommendation made by the director must be changed, qualified or withdrawn;

- (xi) **(Representations and warranties)** the representations and warranties given by each of DTS and YUM! BidCo set out in the Scheme Implementation Deed are true and correct in all respects;
- (xii) **(Approval of Options cancellation)** DTS satisfies or obtains a waiver from any requirement of the ASX Listing Rules that must be met to validly effect the cancellation of the DTS Options;
- (xiii) **(No Competing Proposal)** DTS has not entered into any agreement, arrangement or understanding with a third party in relation to a Competing Proposal;
- (xiv) **(Interest in DTS)** no person (other than a holder of DTS CPS or any existing institutional or portfolio investor who is a DTS Shareholder or YUM! BidCo or any of its Related Bodies Corporate) has acquired an interest in securities so as to have voting power in 10% or more of DTS Shares and YUM! BidCo determines acting reasonably and in good faith (after consulting with DTS and considering its feedback) that such person has acquired that interest with an intention to vote against the Scheme at the Scheme Meeting;
- (xv) **(Net Cash Certificate)** on the Business Day immediately prior to the Second Court Date, DTS delivers to YUM! BidCo a certificate duly signed by two directors or a director and company secretary of DTS, on terms reasonably satisfactory to YUM! BidCo, certifying that:
  - (A) the Net Cash (as that term is defined in the Scheme Implementation Deed) of DTS is, and it is expected, after having made reasonable enquiries, to be on Implementation (as that term is defined in the Scheme Implementation Deed) A\$3,200,000 or more; and
  - (B) the aggregate amount of Debt (as that term is defined in the Scheme Implementation Deed) of the DTS Group is the Current Debt Amount (as that term is defined in the Scheme Implementation Deed) and no Debt of any kind will be incurred by DTS on or before the Implementation Date,and which certificate attaches evidence (on terms acceptable to YUM! BidCo acting reasonably) thereof; and
- (xvi) **(Withholding Tax Ruling)** before 8:00am on the Second Court Date, the ITA has issued or provided (and not withdrawn, revoked or varied) the Israeli Withholding Tax Ruling. If the Israeli Withholding Tax Ruling is subject to conditions those conditions must be acceptable to Bidder and Target (acting reasonably).

(b) **Recommendation of the Directors**

Under the Scheme Implementation Deed, DTS must use its best endeavours to procure that the DTS Board collectively, and the DTS Board members individually, do not change, withdraw or modify its, his or her recommendation to vote in favour of the Scheme, unless:

- (i) in respect of a Target Board Member individually, the Court indicates at the First Court Hearing that it is not appropriate for a Director to make a recommendation to vote in favour of the Scheme and that such recommendation of the Director must be changed, qualified or withdrawn;
- (ii) the Independent Expert provides a report to DTS (including either the Independent Expert's Report or any update or supplement to it) that concludes that the Scheme is not in the best interest of Scheme Participants; or
- (iii) DTS has received (other than as a result of a breach of clause 11 of the Scheme Implementation Deed) a Superior Proposal.

(c) **Exclusivity arrangements**

The Scheme Implementation Deed contains exclusivity arrangements, a summary of which is set out below:

- (i) **(No existing discussions)** as at the date of the Scheme Implementation Deed, DTS represented and warranted to YUM! BidCo that it was not in negotiations or discussions and had ceased any existing negotiations or discussions with any Third Party in relation to, or which could reasonably be expected to encourage or lead to the making of an actual, proposed or potential Competing Proposal.
- (ii) During the Exclusivity Period:
  - (A) **(no shop restriction)** DTS must not, and must ensure that each of its Representatives do not, except with the prior written consent of YUM! BidCo, directly or indirectly solicit, invite, encourage or initiate any Competing Proposal or any enquiries, negotiations or discussions with any Third Party in relation to, or that may reasonably be expected to encourage or lead to the making of an actual, proposed or potential Competing Proposal, or communicate an intention to do any of those things to any person;
  - (B) **(no talk restriction)** DTS must not, and must ensure that its Representatives do not, except with the prior written consent of YUM! BidCo, directly or indirectly enter into, continue or participate in negotiations or discussions with, or enter into any agreement, arrangement or understanding with, any Third Party in relation to, or that may reasonably be expected to encourage or lead to the making of an actual, proposed or potential Competing Proposal;
  - (C) **(no due diligence)** DTS must not make available to any Third Party or permit any Third Party to receive any non-public information relating to any member of the DTS Group in connection with such Third Party formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal, or otherwise solicit, initiate, facilitate or encourage any Third Party to undertake due diligence on the DTS Group;
  - (D) **(notification of approach)** DTS must promptly inform YUM! BidCo in writing if it or any member of the DTS Group is approached by any Third Party to take any action of a kind that would breach its obligations referred to in Sections 13.1(c)(ii)(A), 13.1(c)(ii)(B) and 13.1(c)(ii)(C) above, and DTS must:
    - (I) provide YUM! BidCo with information in all material respects of oral and written communication with that Third Party and the material terms and conditions of the Competing Proposal; and
    - (II) promptly and within 3 Business Days provide all information as is reasonably necessary to keep YUM! BidCo informed in all material respects of all oral or written communications with the Third Party regarding, and the status and material details of any actual, proposed or potential Competing Proposal,

in each case, unless the DTS Group receives a bona fide written Competing Proposal that was not directly or indirectly encouraged, solicited, invited, facilitated or initiated by DTS, and the DTS Board determines, acting in good faith and having received legal and financial advice from its legal and financial advisers, that failing to respond to such Competing Proposal would or would be likely to constitute a breach of the fiduciary or statutory duties owed by any Director of the DTS Group or would otherwise be unlawful.

- (iii) **(YUM! BidCo's right of last offer)** DTS must not take any action described in Section 13.1(c)(ii), unless it has provided YUM! BidCo with 5 clear Business Days



to submit a proposal to revise the Scheme. If YUM! BidCo submits a proposal to revise the Scheme in that period, DTS must ensure that the DTS Board considers in good faith, and receives advice from DTS's legal and financial advisers in relation to, whether the proposed revisions are capable of being completed and would make the Scheme more favourable or no less favourable to DTS Shareholders than the Competing Proposal (viewed in aggregate, taking into account a qualitative assessment of the identity, reputation and financial standing of the party making the Competing Proposal). If it would, the parties must each use best endeavours to, as soon as reasonably practicable, agree the reasonably necessary amendments to the Scheme Implementation Deed and ancillary transaction documents, and enter into one or more appropriate amended agreements to give effect to those amendments. DTS must use its best endeavours to procure that the DTS Board collectively, and the DTS Board members individually, continues to recommend YUM! BidCo's revised proposal to DTS Shareholders and not the applicable Competing Proposal.

Full details of the exclusivity arrangements are set out in clause 11 of the Scheme Implementation Deed.

**(d) Termination**

Either DTS or YUM! BidCo may terminate the Scheme Implementation Deed by giving notice to the other party, in any of the following circumstances:

- (i) if a Condition Precedent set out in clause 3.1 of the Scheme Implementation Deed is not waived or becomes incapable of satisfaction, and the parties have consulted in good faith with a view to determining whether the Scheme may proceed by an alternative means or method, to extend the relevant time or date for satisfaction of the Condition precedent, to change the date of the application to be made to the Court or to extend the End Date, but failed to reach an agreement by the 7<sup>th</sup> Business Day after the notice of failure of the Condition Precedent, provided that there has been no failure by such terminating party to comply with its obligations under the Scheme Implementation Deed that directly and materially contributed to the Condition Precedent not being satisfied;
- (ii) if the non-terminating party is in material breach of the Scheme Implementation Deed (including a material breach of a representation or warranty given by that party as described in Section 13.1(f) below), provided that:
  - (A) the terminating party has given notice to the non-terminating party setting out the relevant circumstances and stating an intention to terminate the Scheme Implementation Deed; and
  - (B) the relevant circumstances have continued to exist for 10 Business Days (or any shorter period ending at 5.00pm on the last Business Day before the Second Court Date);
- (iii) if such termination is mutually agreed upon by the other party;
- (iv) (for DTS only) if DTS has paid the break fee to YUM! BidCo (see Section 13.1(e)) and a DTS Board member withdraws or adversely revises or modifies their recommendation to DTS Shareholders to vote in favour of the Scheme or determines and publicly announces that a Competing Proposal is a Superior Proposal; or
- (v) (for YUM! BidCo only) if:
  - (A) DTS is in breach of any representation or warranty given in respect of its total issued capital and diluted capital, being the issued capital as set out in Section 8.5 (other than a nominal variation in the numbers provided);
  - (B) DTS is in breach of any of its obligations under clause 6.1(b) of the Scheme Implementation Deed, being restrictions on its conduct including but not limited to:

- (I) disposing, agreeing to dispose or offering to dispose of any securities, business or interest in excess value of US\$100,000 or any asset in excess value of US\$200,000 to any person other than sale of goods in the ordinary course of business or a disposal which has been specifically disclosed to YUM! BidCo;
  - (II) acquiring, agreeing to acquire or offering to acquire any securities, business or interest in excess value of US\$100,000 or any asset in excess value of US\$200,000 to any person other than sale of goods in the ordinary course of business or a disposal which has been specifically disclosed to YUM! BidCo;
  - (III) declaring or paying any dividends or making any other distributions to DTS Shareholders;
  - (IV) undertake capital expenditure in excess of A\$200,000 in aggregate; and
  - (V) increasing DTS's aggregate amount of Debt above the Current Debt Amount (as those terms are defined in the Scheme Implementation Deed).
- (C) DTS enters into a definitive agreement to implement a Competing Proposal.

Full details are set out in clause 13 of the Scheme Implementation Deed.

(e) **Break fee**

DTS may be required to pay to YUM! BidCo a break fee of A\$935,000 (exclusive of GST) if the Scheme is not implemented as a result of the following circumstances:

- (i) if the DTS Board or a DTS Director fails to state that the Scheme is in the best interests of the DTS Shareholders, fails to recommend that the DTS Shareholders approve the Scheme or publicly changes (including by attaching qualifications to) or withdraws their statement or recommendation to DTS Shareholders that they consider the Scheme to be in the best interest of the DTS Shareholders (other than where the Independent Expert has concluded that the Scheme is not in the best interest of the DTS Shareholders or if the Court indicates at the First Court Hearing that it is not appropriate for the relevant DTS Director to make a recommendation to vote in favour of the Scheme);
- (ii) a Competing Proposal for DTS is announced or made and is publicly recommended, promoted or otherwise endorsed by the DTS Board or by a majority of the Directors during the Exclusivity Period;
- (iii) a Competing Proposal for DTS is announced or made and is completed at any time prior to the first anniversary of the date of the Scheme Implementation Deed and, as a result, a Third Party acquires control (within the meaning of section 50AA of the Corporations Act, disregarding sub-section 50AA(4)), a Relevant Interest in or otherwise acquires an economic interest or control of 20% or more of DTS;
- (iv) YUM! BidCo terminates the Scheme Implementation Deed pursuant to a material breach of the Scheme Implementation Deed by DTS; or
- (v) YUM! BidCo terminates the Scheme Implementation Deed as a consequence of a Material Adverse Event or Prescribed Occurrence occurring between the date of the Scheme Implementation Deed and the Second Court Date.

Full details are set out in clause 12.2 of the Scheme Implementation Deed.

(f) **Representations and warranties**

Full details of the representations and warranties are set out in clause 9 of the Scheme Implementation Deed (contained in Annexure C) and clause 7.4 of the Scheme of Arrangement (contained in Annexure D).

Each of DTS and YUM! BidCo has given representations and warranties to each other. Full details of these representations and warranties are set out in clause 9 of the Scheme Implementation Deed (contained in Annexure C).

**In addition, under clause 7.4 of the Scheme of Arrangement (contained in Annexure D), each DTS Shareholder on the Scheme Record Date is deemed to have warranted to YUM! BidCo that all of its DTS Shares will, at the time of their transfer to YUM! BidCo pursuant to the Scheme, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to sell and to transfer their DTS Shares to YUM! BidCo pursuant to the Scheme.**

(g) **End Date**

DTS and YUM! BidCo have committed to implement the Scheme by the End Date. The End Date may be extended where DTS and YUM! BidCo agree in writing, or where the Court refuses to grant an order approving the Scheme and DTS appeals that decision.

13.2 **DTS CPS**

On 27 May 2021, DTS, YUM! BidCo, Eldridge and Alceon entered into an agreement which sets out how all DTS CPS held by each of Alceon and Eldridge will be dealt with (**CPS Agreement**).

In accordance with the CPS Agreement:

- (a) Alceon will issue a conversion notice for all 30,769,232 DTS CPS held and all of Alceon's DTS CPS will be converted into DTS Shares before the Scheme Meeting.
- (b) The conversion of Eldridge's DTS CPS requires DTS Shareholder approval for the purposes of section 611 (item 7) of the Corporations Act, which will be sought at the extraordinary general meeting of DTS to be held on or about 26 July 2021.
- (c) DTS agrees in favour of Eldridge and Alceon to use its best endeavours to hold such extraordinary general meeting as soon as practicable and in any event by no later than 15 Business Days before the Scheme Meeting.
- (d) Accordingly:
  - (i) If approval is granted at that extraordinary general meeting, then Eldridge will issue a conversion notice for all 80,769,232 DTS CPS held and all of Eldridge's DTS CPS will be converted into DTS Shares before the Scheme Meeting.
  - (ii) If approval is not granted at the extraordinary general meeting, then (subject to the Scheme becoming Effective and none of Eldridge's DTS CPS being converted before the Scheme Meeting) YUM! BidCo will acquire all of Eldridge's DTS CPS (without conversion) on the Implementation Date for the Scheme. The purchase price payable by YUM! BidCo to Eldridge will equal the consideration that would be payable to Eldridge had its DTS CPS converted into DTS Shares and were transferred to YUM! BidCo in accordance with the terms of the Scheme.

13.3 **Option Cancellation Deeds**

In or about May 2021, DTS entered into Option Cancellation Deeds with each holder of DTS Options.

Pursuant to each Option Cancellation Deed:

- (a) (for the 7,754,166 DTS Options on issue pursuant to DTS's incentive option plan) all DTS Options will be cancelled subject to and upon the Scheme becoming Effective;
- (b) (for the 2 DTS Options held by Alceon) all DTS Options will expire at 5pm on 16 July 2021 (Sydney time) in accordance with their terms of issue, and (if they are not expired by that time) they will be cancelled subject to and upon the Scheme becoming Effective;
- (c) DTS Options will not be exercised before the DTS Options expire or are cancelled or if the Option Cancellation Deed is terminated;
- (d) the DTS Optionholder consents to the cancellation of its DTS Options and agrees to not make any claims against DTS in connection with its DTS Options;
- (e) the cancellation of DTS Options is subject to the following conditions precedent:
  - (i) the Court approving the Scheme at the Second Court Hearing; and
  - (ii) if required, either
    - (A) the ASX granting a waiver of ASX Listing Rule 6.23.2 and such other ASX Listing Rules as DTS deems appropriate; or
    - (B) the cancellation of DTS Options is approved by DTS Shareholders in accordance with the ASX Listing Rules.

The aggregate amount payable by DTS to all DTS Optionholders under all Option Cancellation Deeds is A\$834,016 and such payment must be made by no later than the time when the Scheme becomes Effective.

On 18 June 2021, the ASX granted DTS a waiver of ASX Listing Rule 6.23.2 and, accordingly, no DTS Shareholder approval is required for the cancellation of DTS Options under the ASX Listing Rules.

None of the DTS Optionholders holds a "managerial or executive office" as defined in section 200AA of the Corporations Act and, as such, no DTS Shareholder approval is required for the cancellation of DTS Options under section 200C of the Corporations Act.

#### 13.4 **Australian Paying Agent Deed**

On 8 July 2021, DTS and Advanced Share Registry Ltd (**Paying Agent**) entered into a deed which sets out the terms of appointment of the Paying Agent as paying agent in relation to the Scheme (**Australian Paying Agent Deed**).

In accordance with the Australian Paying Agent Deed:

- (a) the Paying Agent is appointed as paying agent to hold the Scheme Consideration on trust for the benefit of the Scheme Participants on the terms of the Australian Paying Agent Deed; and
- (b) the Paying Agent will hold, transfer, distribute and otherwise deal with the Scheme Consideration for each Scheme Participant in accordance with the Scheme of Arrangement and the Israeli Withholding Tax Ruling and in accordance with the instructions and communications from DTS and the Withholding Agent (including, if applicable, deducting an amount equal to the Israeli Withholding Tax applicable to the Scheme Consideration for a Scheme Participant and remitting such amount to the Withholding Agent).

DTS will pay the Paying Agent A\$34,888.70 (including GST) for its paying agent services.

#### 13.5 **Israeli Withholding Agent Deed**

On 8 July 2021, DTS, YUM! BidCo, I.B.I Trust Management (**Withholding Agent**) and Advanced Share Registry Ltd (**Paying Agent**) entered into a deed which sets out the terms of appointment

of the Withholding Agent as withholding agent in relation to the Scheme (**Israeli Withholding Agent Deed**).

In accordance with the Israeli Withholding Agent Deed:

- (a) the Withholding Agent is appointed as withholding agent to review and approve Valid Certificates, Israeli Withholding Tax Declarations and supporting documents provided by Scheme Participants to the Paying Agent, and confirm to the Paying Agent whether any amounts need to be withheld from the Scheme Consideration payable to Scheme Participants pursuant to Israeli tax law and the Israeli Withholding Tax Ruling; and
- (b) if any Israeli Withholding Tax is withheld from the Scheme Consideration for a Scheme Participant, the Withholding Agent will remit that Israeli Withholding Tax to the ITA.

DTS will pay the Withholding Agent US\$17,550.00 (including Israeli value added tax) for its withholding agent services.

### 13.6 Directors' interests in DTS Shares

The Directors and the number of DTS Shares in which they have a Relevant Interest as at the date of this Scheme Booklet, and are expected to have as at the Scheme Record Date, each Director's voting power and expected entitlement to Scheme Consideration, are all set out in the table below:

Name	DTS Shares held as at the date of this Scheme Booklet	Voting power as at the date of this Scheme Booklet <sup>12</sup>	Expected voting power as at the record date for the Scheme Meeting <sup>13</sup>	DTS Shares expected to be held as at the Scheme Record Date	Scheme Consideration expected to be received <sup>14</sup> (AUD)
Yehuda Shamai	33,735,392	11.80%	8.49%	33,735,392	\$7,927,817.12
Ido Levanon	22,975,830	8.03%	5.78%	22,975,830	\$5,399,320.05
Henry Shiner	0	0.00%	0.00%	0	\$0.00
Adam Sierakowski	2,437,593	0.85%	0.61%	2,437,593	\$572,834.36
Ron Zuckerman	8,433,020	2.95%	2.12%	8,433,020	\$1,981,759.70
Jonathan Weber	0	0.00%	0.00%	0	\$0.00
Jeff Wilbur	0	0.00%	0.00%	0	\$0.00
<b>TOTAL</b>	<b>67,581,835</b>	<b>23.63%</b>	<b>17.00%</b>	<b>67,581,835</b>	<b>\$15,881,731.23</b>

As at the Last Practicable Date, no Director has a Relevant Interest in any DTS Shares except as disclosed in this Scheme Booklet.

Each of your Directors consider that the Scheme is in the best interests of DTS Shareholders and those Directors who hold DTS Shares intend to vote their DTS Shares in favour of the Scheme in the absence of a Superior Proposal.

<sup>12</sup> The number of DTS Shares held as at the date of this Scheme Booklet divided by 285,988,462 DTS Shares on issue, then rounded to 2 decimal places.

<sup>13</sup> The number of DTS Shares held as at the date of this Scheme Booklet divided by 397,526,926 DTS Shares on issue (assuming all DTS CPS are converted into DTS Shares), then rounded to 2 decimal places.

<sup>14</sup> The number of DTS Shares expected to be held as at the Scheme Record Date multiplied by A\$0.235 and then (where applicable) rounded up to the nearest whole cent. Payment of Scheme Consideration will be made subject to and in accordance with the terms of the Scheme.

### 13.7 **Interests in YUM! BidCo securities held by DTS and its Directors**

As at the Last Practicable Date, neither DTS nor any Director has a Relevant Interest in any securities of YUM! BidCo.

### 13.8 **Interest held by Directors in contracts of YUM! BidCo**

Except as set out in Section 13.12, no Director has an interest in any contract entered into by YUM! BidCo.

### 13.9 **Other interests of Directors**

Except as set out in Section 13.12, no Director has any other interest, whether as a director, member or creditor of DTS or otherwise, material to the Scheme.

### 13.10 **Agreements or arrangements with Directors**

Except as set out in Section 13.12, there is no agreement or arrangement made between any Director and any other person, including YUM! BidCo, in connection with or conditional upon the outcome of the Scheme.

### 13.11 **Payments and other benefits to Directors, secretaries or executive officers of DTS**

Except as set out in Section 13.12, no payment or other benefit is proposed to be made or given to a director, secretary or executive officer of the DTS Group as compensation for loss of, or as consideration for or in connection with their retirement from office in the DTS Group as a result of the Scheme.

### 13.12 **Disclosures**

#### (a) Indemnity by YUM! BidCo in favour of DTS and its directors, officers and employees

Under clause 9.4 of the Scheme Implementation Deed, YUM! BidCo has agreed to indemnify each member of DTS and each Director, officer and employee of DTS from any claim, loss or liability which any of those persons may suffer or incur arising out of any breach of any of the representations and warranties given by YUM! BidCo in clause 9.3 of the Scheme Implementation Deed.

#### (b) Tabasco Holdings Ltd

As previously disclosed to DTS Shareholders and the ASX:

- (i) Tabasco Holdings Ltd (**Tabasco**) is the owner / franchisor of the Pizza Hut Israel chain; and
- (ii) Tabasco is controlled by Mr Yehuda (Udi) Shamai, who is the chair and a non-executive director of DTS,

in each case, since well before the YUM! Proposal was made.

Mr Shamai has confirmed to DTS that:

- (i) Tabasco and YUM! Brands are contracting on an arm's-length basis with respect to the Pizza Hut Israel chain.
- (ii) Neither he nor Tabasco has entered into any arrangement with YUM! Brands or its subsidiaries which is connected to or condition upon the outcome of the Scheme.
- (iii) Other than as a DTS Shareholder, he has no interest in the outcome of the Scheme.

Taking into account all of the circumstances, the DTS Board (absent Mr Shamai) and, separately, Mr Shamai, have determined that Mr Shamai can, and should if he wishes to do so, make a recommendation on the Scheme. Given the importance of the Scheme

and Mr Shamai's role as chair of the DTS Board, Mr Shamai considers that it is appropriate for him to make a recommendation on the Scheme.

For completeness, and also as previously disclosed, DTS has a supply agreement with Tabasco, pursuant to which:

- (i) For a period of 10 years from the first installation (i.e. February 2014) (**10 Year Period**), for the first 25 Pizza Hut Israel locations for which Tabasco receives services from DTS, Tabasco is not required to pay any initial set up fees and DTS provides the ongoing services at cost.
- (ii) For the 26th to 100th Pizza Hut Israel locations, for the 10 Year Period, Tabasco pays a reduced initial set up fee (to be determined by the parties at the relevant time), and receives a 75% discount on the monthly fees, based on the DTS price list.

The above discounted rates will cease to apply at the end of the 10 Year Period.

DTS notes that Tabasco has dedicated a significant amount of time and effort to the development of Algo and has helped it improve to its current state.

### 13.13 Consents

(a) YUM! BidCo

YUM! BidCo has given, and has not withdrawn before the Last Practicable Date, its written consent to being named in this Scheme Booklet in the form and context in which it is named, to the inclusion of the YUM! Information, and to the inclusion of all references to the YUM! Information in the form and context in which they are included in this Scheme Booklet. YUM! BidCo does not make or purport to make any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based and takes no responsibility for any part of this Scheme Booklet other than any reference to its name and the YUM! Information.

(b) Alceon

Alceon has given, and has not withdrawn before the Last Practicable Date, its written consent to being named in this Scheme Booklet in the form and context in which it is named, to the inclusion of its voting intention statement in the Chairman's Letter (**Voting Intention Statement**), and to the inclusion of all references to the Voting Intention Statement in the form and context in which they are included in this Scheme Booklet. Alceon does not make or purport to make any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based and takes no responsibility for any part of this Scheme Booklet other than any reference to its name and its Voting Intention Statement.

(c) Eldridge

Eldridge has given, and has not withdrawn before the Last Practicable Date, its written consent to being named in this Scheme Booklet in the form and context in which it is named. Eldridge does not make or purport to make any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based and takes no responsibility for any part of this Scheme Booklet other than any reference to its name.

(d) BDO Corporate Finance

BDO Corporate Finance has acted as the Independent Expert to DTS in relation to the YUM! Proposal. BDO Corporate Finance has given, and has not withdrawn before the Last Practicable Date, its written consent to being named in this Scheme Booklet in the form and context in which it is named, to the inclusion of its Independent Expert's Report at Annexure A to this Scheme Booklet, and to the inclusion of all references to the Independent Expert's Report in the form and context in which they are included in this Scheme Booklet. BDO Corporate Finance does not make or purport to make any statement in this Scheme Booklet or any statement on which a statement in this Scheme

Booklet is based and takes no responsibility for any part of this Scheme Booklet other than any reference to its name and the Independent Expert's Report.

(e) Thomson Geer

Thomson Geer has acted as the Australian legal adviser to DTS in relation to the YUM! Proposal. Thomson Geer has given, and has not withdrawn before the Last Practicable Date, its written consent to being named in this Scheme Booklet in the form and context in which it is named. Thomson Geer does not make or purport to make any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based and takes no responsibility for any part of this Scheme Booklet other than any reference to its name.

(f) BDO Corporate Tax (WA) Pty Ltd

BDO Corporate Tax (WA) Pty Ltd has acted as the Australian tax adviser to DTS in relation to the YUM! Proposal. BDO Corporate Tax (WA) Pty Ltd has given, and has not withdrawn before the Last Practicable Date, its written consent to being named in this Scheme Booklet in the form and context in which it is named, to the inclusion of the Australian Tax Letter at Section 11, and to the inclusion of all references to the Australian Tax Letter in the form and context in which they are included in this Scheme Booklet. BDO Corporate Tax (WA) Pty Ltd does not make or purport to make any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based and takes no responsibility for any part of this Scheme Booklet other than any reference to its name and the Australian Tax Letter.

(g) Kost, Forer, Gabbay & Kasierer

Kost, Forer, Gabbay & Kasierer has acted as the Israeli tax adviser to DTS in relation to the YUM! Proposal. Kost, Forer, Gabbay & Kasierer has given, and has not withdrawn before the Last Practicable Date, its written consent to being named in this Scheme Booklet in the form and context in which it is named, to the inclusion of the Israeli Tax Letter at Section 12, and to the inclusion of all references to the Israeli Tax Letter in the form and context in which they are included in this Scheme Booklet. Kost, Forer, Gabbay & Kasierer does not make or purport to make any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based and takes no responsibility for any part of this Scheme Booklet other than any reference to its name and the Israeli Tax Letter.

(h) BDO Audit (WA) Pty Ltd

BDO Audit (WA) Pty Ltd has given, and has not withdrawn before the Last Practicable Date, its written consent to being named in this Scheme Booklet in the form and context in which it is named, to the inclusion of information extracted from DTS's audited financial statements at Section 8.3 (**FS Information**) and to the inclusion of all references to the FS Information in the form and context in which they are included in this Scheme Booklet. BDO Audit (WA) Pty Ltd does not make or purport to make any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based and takes no responsibility for any part of this Scheme Booklet other than any reference to its name and the FS Information.

(i) Advanced Share Registry Ltd

Advanced Share Registry Ltd has acted as the Registry to DTS and the Paying Agent. Advanced Share Registry Ltd has given, and has not withdrawn before the Last Practicable Date, its written consent to being named in this Scheme Booklet in the form and context in which it is named. Advanced Share Registry Ltd does not make or purport to make any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based and takes no responsibility for any part of this Scheme Booklet other than any reference to its name.



(j) I.B.I. Trust Management

I.B.I. Trust Management has acted as the Withholding Agent. I.B.I. Trust Management has given, and has not withdrawn before the Last Practicable Date, its written consent to being named in this Scheme Booklet in the form and context in which it is named. I.B.I. Trust Management does not make or purport to make any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based and takes no responsibility for any part of this Scheme Booklet other than any reference to its name.

(k) Mrs Ester Copley

Mrs Ester Copley, NAATI accreditation no. CPN7BN49E, who is fluent in both the Hebrew and English languages, was presented with both the Hebrew text of the Israeli Withholding Tax Ruling and its translated English text and she checked and compared the English translation to the Hebrew text and after some minor corrections, agrees that the English translation has been done accurately and in full. Mrs Copley has given, and has not withdrawn before the Last Practicable Date, her written consent to being named in this Scheme Booklet in the form and context in which she is named, to the inclusion of the English translation of the Israeli Withholding Tax Ruling at Annexure B (**English Translation**), and to the inclusion of all references to the English Translation in the form and context in which they are included in this Scheme Booklet. Mrs Copley does not make or purport to make any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based and takes no responsibility for any part of this Scheme Booklet other than any reference to her name and the English Translation.

**13.14 Fees and interests of advisers**

Each person named in Section 13.13 (other than YUM! BidCo) as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet will be entitled to receive professional fees charged in accordance with their normal basis of charging.

Transaction Costs would be incurred in relation to legal and other professional advisory services fees payable to those parties engaged by DTS in relation to the Scheme, even if the Scheme does not proceed. See Section 6.4(c) for further details.

**13.15 Creditors of DTS**

The Scheme, if implemented, is not expected to materially prejudice the ability of DTS to pay future creditors as it involves the purchase of DTS Shares rather than DTS's underlying assets. No material new liability is expected to be incurred by DTS as a consequence of the implementation of the Scheme. As at the date of this Scheme Booklet, DTS has paid and is paying all of its creditors within normal terms of trade and is solvent and trading in an ordinary commercial manner.

**13.16 No unacceptable circumstances**

Your Directors believe that the Scheme does not involve any circumstances in relation to the affairs of any members of the DTS Group that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

**13.17 Documents available for inspection**

As an ASX listed company and a "disclosing entity" for the purposes of section 111AC(1) of the Corporations Act, DTS is subject to regular reporting and disclosure obligations. Broadly, these obligations require DTS to announce price sensitive information to ASX as soon as it becomes aware of the information, subject to exceptions for certain confidential information.

DTS's most recent major press releases are available on the DTS website at:  
[www.dragontailsystems.com/investors/](http://www.dragontailsystems.com/investors/)

ASX maintains files containing publicly available information about entities listed on its exchange. DTS's files are available for inspection at DTS's registered office during normal business hours and are available on the ASX website at [www.asx.com.au](http://www.asx.com.au)

Additionally, copies of documents lodged with ASIC in relation to DTS may be obtained from or inspected at an ASIC service centre. Please note that ASIC may charge a fee in respect of such services.

The following documents are available for inspection free of charge prior to the Scheme Meeting during normal business hours at the registered office of DTS:

- (a) the DTS Constitution;
- (b) DTS's annual report for the year ended 31 December 2020; and
- (c) DTS's public announcements.

#### 13.18 **Supplementary Information**

DTS will issue a supplementary document to this Scheme Booklet if, between the date of lodgement of this Scheme Booklet for registration by ASIC and the date of the Scheme Meeting, it becomes aware of any of the following:

- (a) a material statement in this Scheme Booklet is false or misleading;
- (b) a material omission from this Scheme Booklet;
- (c) a significant change affecting a matter included in this Scheme Booklet; or
- (d) a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

DTS intends to make available any supplementary material by releasing that material to ASX ([www.asx.com.au](http://www.asx.com.au)) and posting the supplementary document to DTS's website ([www.dragontailsystems.com/investors/](http://www.dragontailsystems.com/investors/)). Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, DTS may also send such supplementary materials to DTS Shareholders.

#### 13.19 **Other**

- (a) No restrictions in the DTS Constitution

There are no restrictions in the DTS Constitution on the right to transfer DTS Shares pursuant to the Scheme.

- (b) Litigation

As at the Last Practicable Date, the DTS Group is not a party to any material litigation.

- (c) No other material information

Otherwise than as contained or referred to in this Scheme Booklet, there is no other information that is material to the making of a decision by a DTS Shareholder in relation to the Scheme Resolution to be considered at the Scheme Meeting, being information that is known to any Director and which has not previously been disclosed to DTS Shareholders.

## 14 GLOSSARY AND INTERPRETATION

### 14.1 Glossary and definitions

<b>Alceon</b>	Alceon Liquid Strategies Pty Ltd (ACN 156 017 659) in its capacity as trustee of the Alceon High Conviction Absolute Return Fund (ABN 70 299 388 630).
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>Australian Paying Agent Deed</b>	the paying agent deed between DTS and the Paying Agent dated 8 July 2021.
<b>Australian Tax Letter</b>	the letter from BDO Corporate Tax (WA) Pty Ltd to DTS Shareholders, in the form contained in Section 11.
<b>Business Day</b>	a day on which the banks are open for business in Sydney, Australia other than a Saturday, Sunday, public holiday in Sydney, Australia or other day on which commercial banks are authorised or required by law to be closed in Sydney, Australia.
<b>CGT</b>	Australian capital gains tax.
<b>Chairman</b>	the chairman of the DTS Board.
<b>Competing Proposal</b>	has the meaning given to that expression in clause 1.1 of the Scheme Implementation Deed.
<b>Conditions Precedent</b>	the conditions precedent set out in clause 3.1 of the Scheme Implementation Deed and in clause 3.1 of the Scheme of Arrangement.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Corporations Regulations</b>	the <i>Corporations Regulations 2001</i> (Cth).
<b>Court</b>	the Federal Court of Australia.
<b>COVID-19</b>	the Novel Coronavirus (COVID-19) pandemic.
<b>CPS Agreement</b>	the preference share sale agreement dated 27 May 2021 between DTS, YUM! BidCo, Eldridge and Alceon which sets out how all DTS CPS held by each of Alceon and Eldridge will be dealt with.
<b>Deed Poll</b>	the deed poll executed by YUM! BidCo in favour of the Scheme Participants dated 27 May 2021, a copy of which is contained in Annexure E.
<b>Director or DTS Director or your Director</b>	a director of DTS, in office at the Last Practicable Date, or in office from time to time, as the context requires, and <b>Directors</b> means all of the directors of DTS.
<b>DTS or the Company</b>	Dragontail Systems Limited (ACN 614 800 136).
<b>DTS Board or your Board of Directors</b>	the board of Directors of DTS.
<b>DTS Constitution</b>	DTS's constitution, as amended from time to time.
<b>DTS CPS</b>	the convertible preference shares in the capital of DTS, described in Section 8.5(b).
<b>DTS Group</b>	DTS and its Subsidiaries prior to the implementation of the Scheme.
<b>DTS Options</b>	the options to subscribe for new DTS Shares, described in Section 8.5(c).
<b>DTS Share</b>	a fully paid ordinary share in the capital of DTS.
<b>DTS Share Registry</b>	Advanced Share Registry Ltd.
<b>DTS Shareholder</b>	a person who is registered in the Register as a holder of DTS Shares from time to time.
<b>Effective</b>	when used in relation to the Scheme, the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme coming into effect pursuant to section 411(10) of the Corporations Act, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

<b>Effective Date</b>	the date on which the Scheme becomes Effective.
<b>Eldridge</b>	Eldridge DTS Funding, LLC (a limited liability company formed in the State of Delaware, United States of America).
<b>End Date</b>	has the meaning given to that expression in clause 1.1 of the Scheme Implementation Deed.
<b>Exclusivity Period</b>	<p>the period commencing on 27 May 2021 and ending on the earliest to occur of:</p> <ul style="list-style-type: none"> <li>the date on which the Scheme Implementation Deed is terminated;</li> <li>the Implementation Date; and</li> <li>the End Date.</li> </ul>
<b>First Court Date</b>	<p>either:</p> <ul style="list-style-type: none"> <li>the first day of hearing of an application made to the Court by DTS for orders pursuant to section 411(1) of the Corporations Act convening the Scheme Meeting; or</li> <li>if the hearing of such application is adjourned or if the application is subject to appeal for any reason – the first day of the adjourned hearing or the first day on which the appeal is heard (as the case may be),</li> </ul> <p>with such hearing being the <b>First Court Hearing</b>.</p>
<b>GST</b>	goods and services tax or similar value added tax levied or imposed in Australia under the GST Law or otherwise on a supply.
<b>GST Law</b>	has the same meaning as in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
<b>Implementation Date</b>	7 September 2021, or such other later date as DTS and YUM! BidCo may mutually agree upon up to and including the End Date provided DTS has provided 5 Business Days prior written notice of any such other date.
<b>Independent Expert or BDO Corporate Finance</b>	BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170).
<b>Independent Expert's Report</b>	the report from the Independent Expert commissioned by DTS for inclusion in this Scheme Booklet, and any update to such report that the Independent Expert issues prior to the Scheme Meeting, a copy of which is contained in Annexure A.
<b>Israeli Tax Letter</b>	the letter from Kost, Forer, Gabbay & Kasierer to DTS Shareholders, in the form contained in Section 12.
<b>Israeli Withholding Agent Deed</b>	the withholding agent deed between DTS, YUM! BidCo, the Withholding Agent and the Paying Agent dated 8 July 2021.
<b>Israeli Withholding Tax</b>	any tax which may be withheld on the Scheme Consideration under any Israeli tax law, regulation, legislation or ruling whatsoever and howsoever described (including but not limited to the Israeli Withholding Tax Ruling).
<b>Israeli Withholding Tax Declaration</b>	the Israeli withholding tax declaration form attached as Appendix A to the Israeli Withholding Tax Ruling, a copy of which accompanies this Scheme Booklet.
<b>Israeli Withholding Tax Ruling</b>	the tax ruling issued by the ITA on 16 June 2021 as set out in Annexure B in Hebrew. For ease of reference, an English translation is also provided in Annexure B.
<b>ITA</b>	Israeli Tax Authority.
<b>Last Practicable Date</b>	12 July 2021.
<b>Material Adverse Event</b>	has the meaning given to that expression in clause 1.1 of the Scheme Implementation Deed.

<b>NAATI</b>	the National Accreditation Authority for Translators and Interpreters.
<b>Notice of Scheme Meeting</b>	the notice of meeting set out in Annexure F.
<b>Option Cancellation Deed</b>	the option cancellation deed between DTS and each holder of DTS Options dated in or about May 2021.
<b>Paying Agent</b>	Advanced Share Registry Ltd.
<b>Perth time</b>	the time in Perth, Western Australia.
<b>Prescribed Occurrence</b>	has the meaning given to that expression in clause 1.1 of the Scheme Implementation Deed.
<b>Proxy Form</b>	the proxy form accompanying this Scheme Booklet, or the electronic version of those proxy form utilised for electronic proxy lodgement at <a href="http://www.advancedshare.com.au/investor-login">www.advancedshare.com.au/investor-login</a> .
<b>QSR</b>	quick service restaurant.
<b>Register</b>	the register of members of DTS maintained by or on behalf of DTS in accordance with section 168(1)(a) of the Corporations Act.
<b>Related Body Corporate</b>	has the meaning given to that expression in the Corporations Act.
<b>Relevant Interest</b>	has the meaning given to that expression in sections 608 and 609 of the Corporations Act.
<b>Representative</b>	has the meaning given to that expression in clause 1.1 of the Scheme Implementation Deed.
<b>Requisite Majorities</b>	<p>the threshold for approval of a resolution on a scheme of arrangement between a body and its members under Part 5.1 of the Corporations Act, being votes 'in favour' of the resolution received from:</p> <ul style="list-style-type: none"> <li>a majority in number (more than 50%) of the members, who are present and voting, either in person or virtually (online) or by proxy, attorney or (in the case of a corporation) its duly appointed corporate representative, unless the Court orders otherwise; and</li> <li>at least 75% of the total number of votes cast on the resolution.</li> </ul>
<b>Scheme or Scheme of Arrangement</b>	the scheme of arrangement under Part 5.1 of the Corporations Act between DTS and the Scheme Participants, substantially in the form set out in Annexure D, subject to any alterations or conditions made or required by the Court and agreed to by DTS and YUM! BidCo in writing.
<b>Scheme Booklet</b>	this document, including the annexures to it.
<b>Scheme Consideration</b>	has the meaning given to that expression in clause 1.1 of the Scheme Implementation Deed.
<b>Scheme Implementation Deed</b>	the Scheme Implementation Deed between DTS and YUM! BidCo dated 27 May 2021 as amended and restated by the Deed of Amendment and Restatement: Scheme Implementation Deed dated 2 July 2021 and the Second Deed of Amendment and Restatement: Scheme Implementation Deed dated 9 July 2021. A copy of the Scheme Implementation Deed (including all variations, but without annexures) is contained in Annexure C.
<b>Scheme Meeting</b>	the meeting of DTS Shareholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act in relation to the Scheme to be held at Level 9, 40 St Georges Terrace, Perth WA 6000, Australia at 12 noon (Perth time) on 23 August 2021, and includes any adjournment of that meeting.
<b>Scheme Participant</b>	a person who is registered in the Register as a holder of Scheme Shares as at the Scheme Record Date.
<b>Scheme Record Date</b>	5:00pm (Perth time) on the date that is 5 Business Days after the Effective Date, or such other date as may be agreed in writing between DTS and YUM! BidCo or as may be required by the ASX (expected to be 2 September 2021).

<b>Scheme Resolution</b>	the resolution to approve the terms of the Scheme, as set out in the Notice of Scheme Meeting.
<b>Scheme Share</b>	each DTS Share on issue as at the Scheme Record Date.
<b>Second Court Date</b>	<p>either:</p> <ul style="list-style-type: none"> <li>the first day of hearing of an application made to the Court by DTS for orders pursuant to section 411(4)(b) of the Corporations Act approving the Scheme (expected to be 30 August 2021); or</li> <li>if the hearing of such application is adjourned or if the application is subject to appeal for any reason – the first day of the adjourned hearing or the first day on which the appeal is heard (as the case may be),</li> </ul> <p>with such hearing being the <b>Second Court Hearing</b>.</p>
<b>Subsidiary</b>	has the meaning given to that expression in the Corporations Act.
<b>Superior Proposal</b>	has the meaning given to that expression in clause 1.1 of the Scheme Implementation Deed.
<b>Sydney time</b>	the time in Sydney, New South Wales, Australia.
<b>Third Party</b>	has the meaning given to that expression in clause 1.1 of the Scheme Implementation Deed.
<b>Transaction Costs</b>	all transaction costs (including any broker's, finder's, financial adviser's, legal, accounting or investment banker's fee, cost or commission, or similar payments, fees and costs incurred in connection with conducting the scheme of arrangement process) in connection with the Scheme or the transactions contemplated by the Scheme Implementation Deed.
<b>Valid Certificate</b>	a valid certificate, ruling or other written instructions issued by the ITA regarding the withholding (or exemption from withholding) of Israeli tax that is applicable to the payments or other consideration payable in respect thereof in accordance with the Scheme of Arrangement or providing other instructions regarding such payments or withholding, to the Withholding Agent's reasonable satisfaction.
<b>VWAP</b>	volume weighted average price.
<b>Withholding Agent</b>	I.B.I. Trust Management (a company incorporated in Israel).
<b>YUM! Information</b>	has the meaning given to "Bidder Scheme Booklet Information" in clause 1.1 of the Scheme Implementation Deed.
<b>YUM! Proposal</b>	the proposed Scheme under which it is proposed that YUM! BidCo will acquire 100% of the DTS Shares which it does not already own for the Scheme Consideration.
<b>YUM! BidCo</b>	Yum Connect Australia Pty Ltd (ACN 650 324 146).
<b>YUM! Brands</b>	YUM! Brands, Inc.
<b>YUM! Group</b>	YUM! Brands and its Subsidiaries prior to implementation of the Scheme.

## 14.2 Interpretation

In this Scheme Booklet, unless the context requires otherwise:

- other words and phrases have the same meaning (if any) given to them in the Corporations Act;
- words of any gender include all genders;
- words importing the singular include the plural and vice versa;

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- (d) a person or entity includes an individual, a firm, a body corporate, a trust, an unincorporated association or an authority;
  - (e) any contract or other instrument includes any variation or replacement of it and as it may be assigned or novated;
  - (f) a reference to a Section or Annexure is a reference to a Section of or Annexure of this Scheme Booklet as relevant;
  - (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
  - (h) headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;
  - (i) a reference to time is a reference to Perth time unless otherwise specified;
  - (j) a reference to dollars, \$, A\$, AUD, cents, c, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia;
  - (k) all data contained in diagrams, charts, maps, graphs and tables is based on information available at the Last Practicable Date;
  - (l) an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia; and
  - (m) the meaning of any general language is not restricted by any accompanying example, and the words 'includes', 'including', 'such as', 'for example' or similar words are not words of limitation.

**Annexure A**  
**Independent Expert's Report**

See over page.

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# INDEPENDENT EXPERT REPORT

Dragontail Systems Limited

In relation to the proposed acquisition of Dragontail Systems Limited by Yum Connect Australia Pty Ltd via Scheme of Arrangement

14 JULY 2021

## FINANCIAL SERVICES GUIDE

Dated: 14 July 2021

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

The FSG includes information about:

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

### FINANCIAL SERVICES WE ARE LICENSED TO PROVIDE

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

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

### GENERAL FINANCIAL PRODUCT ADVICE

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

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

We charge fees for providing reports. These fees are negotiated and agreed to with the person who engages us to provide the report. Fees will be agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. In this instance, the Company has agreed to pay us approximately \$50,000 for preparing the Report.

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

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

### REFERRALS

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

### ASSOCIATIONS AND RELATIONSHIPS

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

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

### COMPLAINTS RESOLUTION

#### Internal Complaints Resolution Process

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

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

#### Referral to External Dispute Resolution Scheme

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

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

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

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

### COMPENSATION ARRANGEMENTS

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

### CONTACT DETAILS

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

**SUMMARY OF FINDINGS**

The Directors  
Dragontail Systems Limited  
c/- Thomson Geer  
Level 14, 60 Martin Place  
SYDNEY NSW 2000

14 July 2021

Dear Directors

## INDEPENDENT EXPERT'S REPORT IN RELATION TO THE ACQUISITION OF DRAGONTAIL SYSTEMS LIMITED VIA SCHEME OF ARRANGEMENT

### 1. INTRODUCTION

BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170) (**BDOCF**, **we**, **us** or **our**) has been engaged by the directors (**Directors**) of Dragontail Systems Limited (**DTS** or **the Company**) to prepare an independent expert report (**Report** or **IER**). This Report sets out our opinion as to whether the proposed acquisition of 100% of DTS' fully paid ordinary shares (**Ordinary Shares**) via Scheme of Arrangement (**Proposed Scheme**), is fair and reasonable and in the best interests of the shareholders of DTS (**Shareholders**).

### 2. PROPOSED SCHEME

On 27 May 2021, DTS announced that it had entered into a scheme implementation deed (which has since been amended and restated by the Deed of Amendment and Restatement: Scheme Implementation Deed dated 2 July 2021 and by the Second Deed of Amendment and Restatement: Scheme Implementation Deed dated 9 July 2021) (**SID**) with Yum! Connect Australia Pty Ltd (**YCA**), an entity controlled by Yum! Brands, Inc. (**Yum**), pursuant to which YCA will acquire all of the Ordinary Shares by way of scheme of arrangement under Part 5.1 of the Corporations Act 2001 (Cth) (**Scheme**).

The aggregate Scheme consideration is approximately A\$93.5m or A\$0.235 per Ordinary Share (**Scheme Consideration**).

Shareholders will vote on the Scheme at a meeting convened for that purpose (**Scheme Meeting**).

Prior to the Proposed Scheme, all outstanding Convertible Preference Shares (**CP Shares**) are to be converted to Ordinary Shares in DTS as a condition precedent for the Scheme.

Full details of the Proposed Scheme are set out in the Scheme Booklet (**Scheme Booklet**).

### 3. PURPOSE OF REPORT

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

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

The regulatory requirements relevant to this IER are summarised below.

#### 3.1. Section 411 of the Corporations Act and RG 60

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

The Scheme Booklet is to be accompanied by an independent expert report in a situation where any party to the scheme of arrangement has a prescribed shareholding in the company, or where there are common directors in the entities involved in the scheme of arrangement.

YCA does not hold any shares in DTS and there are no common directors, hence an independent expert's report is not specifically required in relation to the Proposed Scheme. However, the directors of DTS have requested that BDOCF prepare this Report as if it were an independent expert's report pursuant to section 411 of the Act, and to provide an opinion as to whether the directors of DTS are justified in recommending the Proposed Scheme in the absence of a superior proposal.

This IER is to accompany the Scheme Booklet to be provided to Shareholders. It has been prepared to assist and enable Shareholders to assess the merits of the Proposed Scheme and to decide whether or not to approve the Proposed Scheme.

#### 4. APPROACH

In preparing our IER, we have considered the requirements of:

- ▶ ASIC Regulatory Guide 111 Content of expert reports (RG 111); and
- ▶ ASIC Regulatory Guide 112 Independence of experts (RG 112).

RG 111 establishes guidelines in respect of independent expert reports under the Act. This regulatory guide provides guidance as to what matters an independent expert should consider to assist shareholders to make informed decisions about transactions.

RG 111 states that there should be a separate assessment of fairness and reasonableness. RG 111 indicates that an independent expert would be able to conclude that the scheme of arrangement was in the best interests of the shareholders if they consider a proposal is "fair and reasonable." Further, RG 111 states that even if a proposal was "not fair but reasonable", the expert may conclude that the scheme of arrangement is in the best interests of shareholders should there be sufficient reasons for shareholders to vote in favour of the scheme of arrangement in the absence of a higher offer.

##### 4.1. Fairness

RG 111.11 indicates that an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. The comparison must be made assuming:

- ▶ a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length; and
- ▶ 100% ownership of the target company, irrespective of the percentage holding of the bidder or its associates in the target company.

Based on our interpretation of RG111.11, we have compared the fair market value (FMV) of an Ordinary Share pre-transaction on a control basis (being the value of the securities the subject of the offer, per RG 111.11) to the Scheme Consideration.

##### 4.2. Reasonableness

In accordance with paragraph 60 of RG 111, an offer is 'reasonable' if it is 'fair'. It might also be 'reasonable' if, despite being 'not fair', the expert believes there are sufficient reasons to accept the offer.

When deciding whether an offer is 'reasonable', factors an expert might consider include:

- ▶ the financial situation and solvency of the entity;
- ▶ the alternative options available to the entity;
- ▶ the entity's bargaining position;
- ▶ whether there is selective treatment of any shareholder; and
- ▶ any special value of the transaction to the purchaser.

## 5. SUMMARY OF OPINION

We have concluded that the Proposed Scheme is fair and reasonable and as a result is in the best interest of the Shareholders at the time of writing this Report.

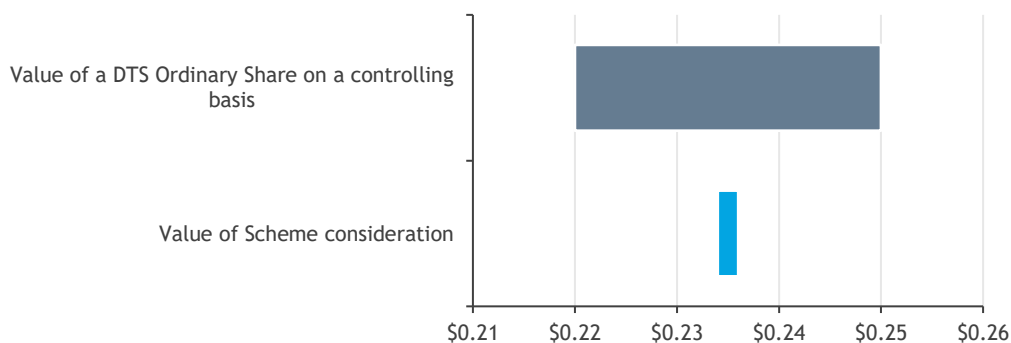
A summary of our analysis in forming the above opinion is provided below. This summary should be read in conjunction with our full IER that sets out in full the purpose, scope, basis of evaluation, limitations, information relied upon, analysis and our findings.

### 5.1. Fairness Assessment

In undertaking our assessment of fairness, we have had regard to the ASIC RG 111.

The Proposed Scheme will be fair if the Scheme Consideration is equal to or greater than the Fair Market Value (FMV) of a DTS share prior to announcement of the Proposed Scheme, on a controlling interest basis.

Figure 1: Fairness summary



The value of the Scheme Consideration of A\$0.235 per Ordinary Share is within the assessed FMV range of an Ordinary Share prior to the Proposed Scheme. As such, we conclude that the Proposed Scheme is fair for Shareholders.

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time. Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to us.

### 5.2. Reasonableness Conclusion

In accordance with RG 111, an offer is reasonable if it is fair. On this basis, the Proposed Scheme is reasonable to DTS' Shareholders.

We have set out below a summary of reasonableness factors we consider relevant in assisting the DTS' Shareholders in deciding whether or not to vote in favour of the Proposed Scheme.

**Table 1: Summary of factors considered in the reasonableness assessment**

Advantages	
The Proposed Scheme is fair	Our analysis concludes that the Proposed Scheme is fair to Shareholders. RG 111 states that an offer is reasonable if it is fair.
The Scheme Consideration represents a premium to DTS' volume weighted average price (VWAP)	The Scheme Consideration of A\$0.235 per Ordinary Share represents a 17.5% premium to the 1 month VWAP of A\$0.20 and a 38.2% premium to the 6 months VWAP of A\$0.17 (the VWAP is calculated up to 26 May 2021 being the last trading date prior to the announcement of the Proposed Scheme).
Certainty of cash	<p>The Scheme represents an opportunity for Shareholders to receive certain value for their investment in DTS free of any realisation costs at a premium that may not be available in the absence of the Scheme.</p> <p>Given the low level of liquidity in the trading of DTS' shares (refer Section 3.5.1), the certainty of the cash may benefit Shareholders if they are not able to sell their shares at a higher price. In particular, those who hold large parcels of shares may have difficulty selling their shares on market, or in the event that they are able to sell, they may cause the quoted market price to fall.</p>
No longer exposed to any risks associated with being a Shareholder	<p>A cash offer represents a lower risk alternative to holding shares in DTS which provides exposure to general market volatility as well as risks specific to DTS.</p> <p>If the Proposed Scheme is approved, Shareholders will no longer be exposed to any risks associated with holding shares in DTS.</p>
Possible decline in DTS trading price if the Proposed Scheme is rejected	If the Proposed Scheme is rejected, there may be a decline in DTS' share price. DTS shares were trading at A\$0.23 as at 4 June 2021. Prior to the Proposed Scheme, DTS' 1 month VWAP was A\$0.20 per share.
Disadvantages	
Tax consequences for Shareholders	<p>The Shareholder may be liable for capital gains tax upon receipt of the Scheme Consideration.</p> <p>Shareholders should seek independent income tax advice in relation to the tax consequences of the Proposed Scheme.</p> <p>Under the Proposed Scheme, Shareholders are required to return an Israeli Withholding Tax Declaration to ensure that the Scheme Consideration is not subject to Israeli Withholding Tax.</p>
No exposure to potential upside in DTS	Implementation of the Scheme will result in Shareholders no longer owning DTS shares. Shareholders will not benefit from any potential future profits and capital growth.
Other considerations	
Directors' recommendation	The Directors have recommended that Shareholders vote in favour of the Proposed Scheme and subject to the Independent Expert continuing to conclude that the Proposed Scheme is in the best interests of the Shareholders.

Source: BDOCF analysis

### 5.3. Conclusion

On balance, the advantages of approving the Proposed Scheme outweigh the disadvantages of approving it.

Based on the above analysis, we consider the Proposed Scheme to be reasonable to the Shareholders of DTS.

## 6. OTHER MATTERS

### 6.1. Securityholders' individual circumstances

Our analysis has been undertaken, and our conclusions are expressed at an aggregate level. Accordingly, BDO has not considered the effect of the Proposed Scheme on the particular circumstances of individual Shareholders. Some individual Shareholders may place a different emphasis on various aspects of the Proposed Scheme from that adopted in this IER. Accordingly, individual Shareholders may reach different conclusions as to whether or not the Proposed Scheme is fair and reasonable and in the best interests in their individual circumstances.

The decision of an individual Shareholder in relation to the Proposed Scheme may be influenced by their particular circumstances and accordingly Shareholders are advised to seek their own independent advice.

Approval or rejection of the Proposed Scheme is a matter for individual Shareholders based on their expectations as to the expected value and future prospects and market conditions together with their particular circumstances, including risk profile, liquidity preference, portfolio strategy and tax position. Shareholders should carefully consider the Scheme Booklet. Shareholders who are in doubt as to the action they should take in relation to the Proposed Scheme should consult their professional adviser.

### 6.2. General requirements in relation to the IER

In preparing the IER, ASIC requires the independent expert when deciding on the form of analysis for a report, to bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated by those persons affected by the Proposed Scheme. In preparing the IER we considered ASIC regulatory guides and commercial practice.

The IER also includes the following information and disclosures:

- ▶ Particulars of any relationship, pecuniary or otherwise, whether existing presently or at any time within the past, between BDOCF and any of the parties to the Proposed Scheme.
- ▶ The nature of any fee or pecuniary interest or benefit, whether direct or indirect, that we have received or will or may receive for or in connection with the preparation of the IER.
- ▶ We have been appointed as independent expert for the purposes of providing an IER in relation to the Proposed Scheme for the Directors.
- ▶ That we have relied on information provided by the Directors and Management of DTS (**Management**) and that we have not carried out any form of audit or independent verification of the information provided other than our review of the valuation reports.
- ▶ That we have received representations from the Directors in relation to the completeness and accuracy of the information provided to us for the purpose of our IER.
- ▶ BDO Audit (WA) Pty Ltd is the auditor of DTS. BDO Audit (WA) Pty Ltd and BDOCF are both independent from DTS. These roles do not impair our independence.
- ▶ BDOCF also prepared an IER dated 21 June 2021 in relation to the conversion of the CP Shares.

### 6.3. Current Market Conditions

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time.

Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to us.

### 6.4. Glossary

Capitalised terms used in this IER have the meanings set out in the glossary. A glossary of terms used throughout this IER is set out in **Appendix 1**.

### 6.5. Sources of Information

**Appendix 2** to the IER sets out details of information referred to and relied upon by us during the course of preparing this IER and forming our opinion.

The statements and opinions contained in this IER are given in good faith and are based upon our consideration and assessment of information provided by DTS.



Under the terms of our engagement, DTS agreed to indemnify the partners, directors and staff (as appropriate) of BDOCF and their associated entities, against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided by DTS which is false or misleading or omits any material particulars, or arising from failure to supply relevant information.

#### **6.6. Limitations**

This IER has been prepared at the request of the Directors for the sole benefit of the Directors and Shareholders to assist them in their decision to approve or reject the Proposed Scheme. This IER is to accompany the Scheme Booklet to be sent to Shareholders to consider the Proposed Scheme and was not prepared for any other purpose.

Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Directors and Shareholders without our written consent. We accept no responsibility to any person other than the Directors and Shareholders in relation to this IER.

This IER should not be used for any other purpose and we do not accept any responsibility for its use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of our IER, in whole or in part, should be reproduced without our written consent, as to the form and context in which it may appear.

We have consented to the inclusion of the IER with the Scheme Booklet. Apart from this IER, we are not responsible for the contents of the Scheme Booklet or any other document associated with the Proposed Scheme. We acknowledge that this IER may be lodged with regulatory authorities, including ASIC.

#### **6.7. Summary**

This summary should be read in conjunction with our full IER that sets out in full the purpose, scope, basis of evaluation, limitations, information relied upon, analysis and our findings.

#### **6.8. Financial Service Guide**

BDOCF holds an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues. A financial services guide is attached to this IER.

Yours faithfully

**BDO CORPORATE FINANCE (EAST COAST) PTY LTD**



**David McCourt**  
Director



**Sebastian Stevens**  
Director

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**INDEPENDENT EXPERT REPORT**



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## 1. PURPOSE AND BACKGROUND

### 1.1. Purpose

We have been appointed by the Directors to prepare an IER setting out our opinion as to whether the Proposed Scheme is fair and reasonable and therefore in the best interests of the Shareholders.

This IER is to accompany the Scheme Booklet (**Scheme Booklet**) to be provided to Shareholders. It has been prepared to assist and enable Shareholders to assess the Proposed Scheme and to decide whether to approve the Proposed Scheme.

A summary of the background to the terms of the Proposed Scheme is set out below.

### 1.2. Background of the Proposed Scheme

On 27 May 2021, DTS announced that it had entered into a scheme implementation deed (which has since been amended and restated by the Deed of Amendment and Restatement: Scheme Implementation Deed dated 2 July 2021 and by the Second Deed of Amendment and Restatement: Scheme Implementation Deed dated 9 July 2021) (**SID**) with Yum! Connect Australia Pty Ltd (**YCA**), an entity controlled by Yum! Brands, Inc. (**Yum**), pursuant to which YCA will acquire all of the Ordinary Shares by way of scheme of arrangement under Part 5.1 of the Corporations Act 2001 (Cth) (**Scheme**).

The aggregate Scheme consideration is approximately A\$93.5m or A\$0.235 per Ordinary Share (**Scheme Consideration**).

Shareholders will vote on the Scheme at a meeting convened for that purpose (**Scheme Meeting**).

Prior to the Proposed Scheme, all outstanding Convertible Preference Shares (**CP Shares**) are to be converted to Ordinary Shares in DTS as a condition precedent for the Scheme.

Full details of the Proposed Scheme are set out in the Scheme Booklet (**Scheme Booklet**).

## 2. SCOPE AND LIMITATIONS

### 2.1. Scope

The scope of the procedures we undertook in forming our opinion on whether the Proposed Scheme is fair and reasonable and in the best interest of Shareholders has been limited to those procedures we believe are required in order to form our opinion. Our procedures did not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards.

Our assessment involved determining the FMV of various securities, assets and liabilities. For the purposes of our opinion, the term FMV is defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser and a knowledgeable, willing, but not anxious vendor, acting at arm's length.

### 2.2. Summary of regulatory requirements

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

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

The regulatory requirements relevant to this IER are summarised below.

#### 2.2.1. Section 411 of the Act and RG 60

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

The Scheme Booklet is to be accompanied by an independent expert report in a situation where any party to the scheme of arrangement has a prescribed shareholding in the company, or where there are common directors in the entities involved in the scheme of arrangement.

YCA does not hold any shares in DTS and there are no common directors, hence an independent expert's report is not specifically required in relation to the Proposed Scheme. However, the directors of DTS have requested that BDOCF prepare this Report as if it were an independent expert's report pursuant to section 411 of the Act, and to provide an opinion as to whether the directors of DTS are justified in recommending the Proposed Scheme in the absence of a superior proposal.

This IER is to accompany the Scheme Booklet to be provided to Shareholders. It has been prepared to assist and enable Shareholders to assess the merits of the Proposed Scheme and to decide whether or not to approve the Proposed Scheme.

### 2.3. Basis of assessment

In determining whether the Proposed Scheme is fair and reasonable and in the best interest to Shareholders we have had regard to:

- ▶ RG 111 'Content of expert reports'
- ▶ RG 112 'Independence of experts'

RG 111 establishes two distinct criteria for an expert analysing a control transaction. The tests are:

- ▶ Is the offer 'fair'?
- ▶ Is it 'reasonable'?

RG 111 indicates that an independent expert would be able to conclude that the scheme of arrangement was in the best interests of the shareholders if they consider a proposal is "fair and reasonable". Further, RG 111 states that even if a proposal was "not fair but reasonable", the expert may conclude that the scheme of arrangement is in the best interests of shareholders should there be sufficient reasons for shareholders to vote in favour of the scheme of arrangement in the absence of a higher offer.

The terms fair and reasonable are regarded as separate elements and are not regarded as a compound phrase.

#### 2.3.1. Fairness

RG 111.11 indicates that an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer.

The value of the securities the subject of the offer is determined assuming:

- ▶ A knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.
- ▶ 100% ownership of the target company, irrespective of the percentage holding of the bidder or its associates in the target company.

The Proposed Scheme will be fair if the Scheme Consideration is equal to or greater than the value of the securities the subject of the Proposed Scheme, being one DTS share prior to the Proposed Scheme on a control basis.

#### 2.3.2. Reasonableness

In accordance with paragraph 12 of RG 111, an offer is 'reasonable' if it is 'fair'. An offer could be considered 'reasonable' if there are valid reasons to approve it (in the absence of any higher bid before the close of the offer), notwithstanding that it may not be regarded as 'fair'.

RG 111.13 sets out some of the factors that an expert might consider in assessing the reasonableness of an offer, including:

- ▶ the bidder's pre-existing voting power in securities in the target;
- ▶ other significant security holding blocks in the target;
- ▶ the liquidity of the market in the target's securities;
- ▶ taxation losses, cash flow or other benefits through achieving 100% ownership of the target;
- ▶ any special value of the target to the bidder, such as particular technology, the potential to write off outstanding loans from the target, etc;
- ▶ the likely market price if the offer is unsuccessful; and
- ▶ the value to an alternative bidder and likelihood of an alternative offer being made.

#### 2.3.3. General requirements in relation to the IER

In preparing the IER, ASIC requires the independent expert when deciding on the form of analysis for a report, to bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the Proposed Scheme. In preparing the IER we considered the necessary legal requirements and guidance of the Act, ASIC regulatory guides and commercial practice.

The IER also includes the following information and disclosures:

- ▶ particulars of any relationship, pecuniary or otherwise, whether existing presently or at any time within the last two years, between BDO Group Holdings Limited or BDOCF and any of the parties to the Proposed Scheme;
- ▶ the nature of any fee or pecuniary interest or benefit, whether direct or indirect, that we have received or will or may receive for or in connection with the preparation of the IER;
- ▶ we have been appointed as independent expert for the purposes of providing an IER for the Scheme Booklet;

- ▶ that we have relied on information provided by the Directors and Management of DTS and that we have not carried out any form of audit or independent verification of the information provided;
- ▶ that we have received representations from the Directors in relation to the completeness and accuracy of the information provided to us for the purpose of our IER; and
- ▶ BDO Audit (WA) Pty Ltd is the auditor of DTS. BDO Audit (WA) Pty Ltd and BDOCF are both independent from DTS. These roles do not impair our independence; and
- ▶ BDOCF also prepared an IER dated 21 June 2021 in relation to the conversion of the CP Shares.

#### **2.4. Special value**

We have not considered special value in forming our opinion. Special value is the amount that a potential acquirer may be prepared to pay for a business in excess of the FMV. This premium represents the value to the particular potential acquirer of potential economies of scale, reduction in competition, other synergies and cost savings arising from the acquisition under consideration not available to likely purchasers generally. Special value is not normally considered in the assessment of FMV as it relates to the individual circumstances of special purchasers.

#### **2.5. Reliance on information**

This IER is based upon financial and other information provided by the Directors, Management and other representatives of DTS. We have also been provided with information directly by representatives of DTS. We have considered and relied upon this information. Unless there are indications to the contrary, we have assumed that the information provided was reliable, complete and not misleading, and material facts were not withheld. The information provided was evaluated through analysis, inquiry and review for the purpose of forming an opinion as to whether the Proposed Scheme is fair and reasonable and in the best interest of Shareholders in the absence of a superior proposal.

We do not warrant that our inquiries have identified or verified all of the matters which an audit, extensive examination or “due diligence” investigation might disclose. In any event, an opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion rather than an audit or detailed investigation.

It is understood that the accounting information provided to us was prepared in accordance with generally accepted accounting principles.

Where we relied on the views and judgement of management the information was evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of direct external verification or validation.

Under the terms of our engagement, DTS has agreed to indemnify BDOCF, and their partners, directors, employees, officers and agents (as applicable) against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

#### **2.6. Limitations**

We acknowledge that this IER may be lodged by the Directors with regulatory and statutory bodies and will be included in the Scheme Booklet to be sent to the Shareholders. The Directors acknowledges that our IER has been prepared solely for the purposes noted in the Scheme Booklet and accordingly we disclaim any responsibility from reliance on the IER in regard to its use for any other purpose. Except in accordance with the stated purposes, no extract, quote or copy of the IER, in whole or in part, should be reproduced without our prior written consent, as to the form and context in which it may appear.

It was not our role to undertake, and we have not undertaken any commercial, technical, financial, legal, taxation or other due diligence, other similar investigative activities in respect of DTS. We understand that the Directors have been advised by legal, accounting, tax and other appropriate advisors in relation to such matters as necessary. We provide no warranty or guarantee as to the existence, extent, adequacy, effectiveness and/or completeness of any due diligence or other similar investigative activities by the Directors or their advisors.

We note that the IER does not deal with the individual investment circumstances of Shareholders and no opinion has been provided in relation to same. Some individual Shareholders may place a different emphasis on various aspects of the Proposed Scheme from that adopted in our IER. Accordingly, individuals may reach different conclusions on whether or not the Proposed Scheme is fair and reasonable and in their best interests. An individual Shareholder’s decision in relation to the Proposed Scheme may be influenced by their particular circumstances and, therefore, Shareholders are advised to seek their own independent advice.

Apart from the IER, we are not responsible for the contents of the Scheme Booklet or any other document. We have provided consent for inclusion of the IER in the Scheme Booklet. Our consent and the Scheme Booklet acknowledge that we have not been involved with the issue of the Scheme Booklet and that we accept no responsibility for the Scheme Booklet apart from the IER.

## 2.7. Assumptions

In forming our opinion, we have made certain assumptions and outline these in our IER including:

- ▶ assumptions outlined in the valuation sections;
- ▶ that matters such as title to all relevant assets, compliance with laws and regulations and contracts in place are in good standing, and will remain so, and that there are no material legal proceedings, other than as publicly disclosed;
- ▶ information sent out in relation to the Proposed Scheme to Shareholders or any regulatory or statutory body is complete, accurate and fairly presented in all material respects;
- ▶ publicly available information relied on by us is accurate, complete and not misleading;
- ▶ if the Proposed Scheme is implemented, that it will be implemented in accordance with the stated terms;
- ▶ the legal mechanisms to implement the Proposed Scheme are correct and effective; and
- ▶ there are no undue changes to the terms and conditions of the Proposed Scheme or material issues unknown to us.

## 3. PROFILE OF DTS

### 3.1. Overview

DTS researches and develops software for customers in the field of fast food or Quick Service Restaurants (QSR). DTS services QSR's globally, offering the following end-to-end software products:

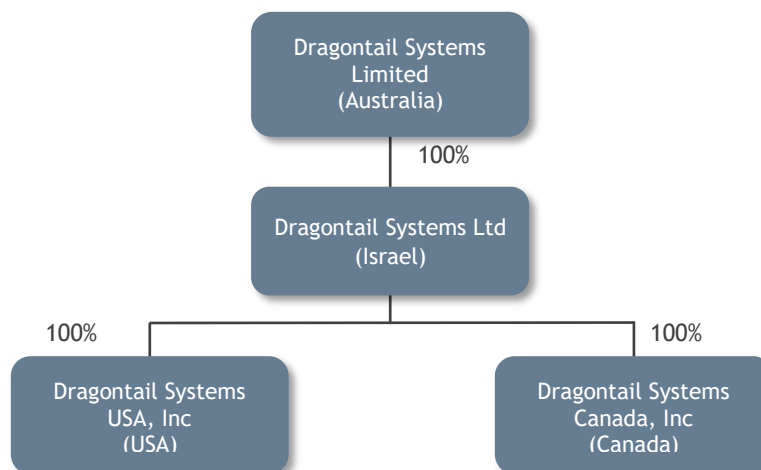
- Algo Platform: A system which automates and streamlines the kitchen flow, integrating into a QSR's point of sale (POS) system;
- Total Technology solution: The combination of the Algo platform, POS and DTS' online ordering developed partnership;
- Algo Light: Interactive display of customers' orders, driver's location and dispatching recommendations; and
- QT quality control AI Camera: Proprietary developed camera hardware and software used to quality control food preparation.

The Company was established in 2013 and operates out of Perth, Australia. DTS was admitted to the ASX on 19 December 2016 (ASX:DTS).

The Company is the ultimate parent company of the DTS Group (Group), and is responsible for the Group's sales and support operations in Australia and the Asia-Pacific region.

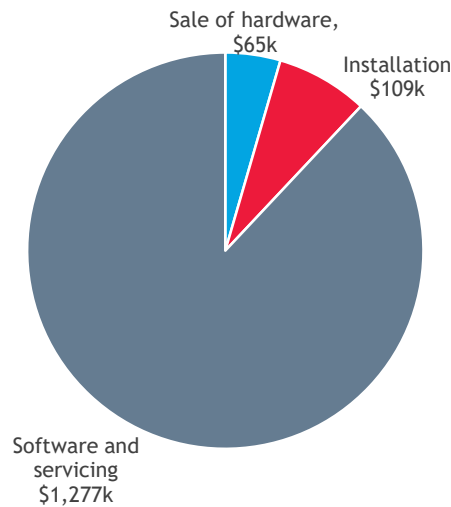
Dragontail Systems Ltd (Israel) holds 100% of the issued capital in Dragontail Systems USA, Inc (USA) and Dragontail Systems Canada, Inc (Canada). These entities are responsible for the sales and support services in their respective regions.

**Figure 2: DTS Group**



DTS recognises revenue through the sale of hardware, provision of installation services and a software, subscription and service offering. A breakdown of FY20 (latest available) revenue is set out below:

**Figure 3: FY20 revenue breakdown by service offering**



Source: Audited financial statements of DTS for FY20

DTS' principal customers are within the QSR industry. DTS' largest customers are the YCA Restaurant Services Group, Inc (Pizza Hut brand) and Domino's Pizza Enterprises Limited (**Domino's**). DTS has serviced Domino's from November 2016 for the installation of the Artificial Intelligence QT camera system. As of December 2020, DTS has 9,291 contracted stores, and 2,663 installed stores.

The current board of directors and senior management of DTS are:

- Mr. Ido Levanon - Managing Director;
- Mr. Yehuda Shamaï - Non-Executive Director;
- Mr. Ron Zuckerman - Non-Executive Director;
- Mr. Adam Sierakowski - Non-Executive Director;
- Mr. Henry Shiner - Non-Executive Director;
- Mr. Jeff Wilbur - Non-Executive Director; and
- Mr. Jonathan Weber - Non-Executive Director.



### 3.2. Historical Financial Information

This sections sets out the historical financial information of DTS.

#### 3.2.1. Historical statement of profit or loss and other comprehensive income

The audited income statements for the financial years 31 December 2018 (FY18), 31 December 2019 (FY19) and 30 December 2020 (FY20) are set out below.

**Table 2: Historical statement of profit or loss and other comprehensive income**

US\$'000		FY18	FY19	FY20
Revenue	1	1,075	769	1,451
Research and development tax incentive		80	-	-
Other income		-	505	600
<b>Total revenue</b>		<b>1,154</b>	<b>1,274</b>	<b>2,051</b>
Research and development expenses	2	(3,110)	(3,475)	(2,110)
Selling and marketing expenses		(349)	(272)	(278)
General and administrative expenses		(1,900)	(1,886)	(1,604)
Operating expenses	3	(1,903)	(1,794)	(1,878)
Share based payment expenses		(729)	(766)	(176)
<b>Total operating expenses</b>		<b>(7,990)</b>	<b>(8,194)</b>	<b>(6,047)</b>
<b>Operating loss</b>		<b>(6,836)</b>	<b>(6,919)</b>	<b>(3,995)</b>
Net finance income/(expense)		(206)	(778)	103
<b>Loss before income tax</b>		<b>(7,042)</b>	<b>(7,697)</b>	<b>(3,892)</b>
Income tax benefit		-	-	-
<b>Loss for the year/half-year</b>		<b>(7,042)</b>	<b>(7,697)</b>	<b>(3,892)</b>
Other comprehensive income		(75)	(61)	(402)
<b>Total comprehensive loss</b>		<b>(7,116)</b>	<b>(7,759)</b>	<b>(4,294)</b>

Source: Audited financial statements of DTS for FY18, FY19 and FY20

We note the following regarding DTS' historical statements of profit or loss and other comprehensive income:

1	Revenue is earned through the sale of hardware, installation services and through software subscription and servicing.
2	Management has determined that it is unable to capitalise development costs to intangible assets as it has not met the predetermined conditions to capitalise. All development costs incurred by DTS have been expensed. Research and development costs incurred predominantly relate to payroll and related expenses.
3	Operating expenses relate to payroll and related expenses, software and program operating, subcontractors, travel and communications.

### 3.2.2. Historical statement of financial position

The audited statements of financial position of DTS as at 31 December 2018, 31 December 2019 and 31 December 2020 are set out below.

**Table 3: Historical statement of financial position**

US\$'000		Dec-18	Dec-19	Dec-20
<b>Current assets</b>				
Cash and cash equivalents	1	3,785	957	2,203
Trade receivables		377	105	129
Inventories		307	34	30
Other receivables		193	258	157
<b>Total current assets</b>		<b>4,662</b>	<b>1,353</b>	<b>2,518</b>
<b>Non-current assets</b>				
Other receivables		7	12	13
Property, plant and equipment		105	64	63
<b>Total non current assets</b>		<b>113</b>	<b>76</b>	<b>76</b>
<b>Total assets</b>		<b>4,775</b>	<b>1,429</b>	<b>2,594</b>
<b>Current liabilities</b>				
Trade payables		(280)	(206)	(427)
Other payables		(490)	(729)	(728)
Borrowings	2	-	(3,015)	-
Convertible preference shares	3	-	-	(4,700)
<b>Total current liabilities</b>		<b>(770)</b>	<b>(3,949)</b>	<b>(5,855)</b>
<b>Total liabilities</b>		<b>(770)</b>	<b>(3,949)</b>	<b>(5,855)</b>
<b>Net assets/(liabilities)</b>		<b>4,005</b>	<b>(2,520)</b>	<b>(3,261)</b>
<b>Equity</b>				
Issued capital	4	18,348	18,688	22,136
Reserves		1,505	2,337	2,040
Retained losses		(15,848)	(23,545)	(27,437)
<b>Total equity</b>		<b>4,005</b>	<b>(2,520)</b>	<b>(3,261)</b>

Source: Audited financial statements of DTS for FY18, FY19 and FY20

We note the following regarding DTS' historical statements of financial position:

1	Increased spend in research and development initiatives across FY19 has reduced DTS' cash balances from \$3.8m as at 31 December 2018 to \$1.0m as at 31 December 2019.
2	In July 2019, DTS received debt funding from Alceon for A\$4.3m, this borrowing was subsequently repaid in FY20 in conjunction with the CP Shares issue. DTS and Alceon agreed that Alceon's initial CP Share subscription of A\$2.0m is to offset against the borrowings owing.
3	<p>DTS entered into a binding subscription agreement for A\$19.25m CP Shares at an issue price of A\$0.13 on 23 March 2020 consisting of two stages:</p> <ul style="list-style-type: none"> <li>▶ Stage 1 - A\$12.0m: Eldridge A\$5.25m, Goudy Park Capital LP A\$4.75m, Alceon A\$2.0m</li> <li>▶ Stage 2 - A\$7.25m: Eldridge A\$5.25m, Alceon A\$2.0m.</li> </ul> <p>As at 31 December 2020, only Stage 1 funding has been received.</p>
4	Issued capital increased from \$18.7m as at 31 December 2019 to \$22.1m as at 31 December 2020 following the \$3.4m cumulative conversion of 36,538,462 preference shares into ordinary shares within the year, and the \$0.6m exercise of employee incentive plan options.

### 3.2.3. Historical statement of cash flows

The audited statements of cash flows of DTS for FY18, FY19 and FY20 are set out below.

**Table 4: Historical statement of cash flows**

US\$'000	FY18	FY19	FY20
Receipts from customers	720	1,016	1,588
Receipt from ATO for R&D incentive	-	512	600
Payments to suppliers and employees	(7,668)	(7,268)	(5,690)
Interest received	26	9	2
<b>Net cash used in operating activities</b>	<b>1</b>	<b>(5,731)</b>	<b>(3,500)</b>
Payments for property, plant and equipment	(65)	(10)	(42)
<b>Net cash used in investing activities</b>	<b>(65)</b>	<b>(10)</b>	<b>(42)</b>
Proceeds from issue of share capital	4,601	-	3,448
Proceeds from loan	-	3,015	-
Short term loan repayment	-	-	(3,015)
Proceeds from issue of convertible preference shares	-	-	4,700
Interest expense	-	(208)	(220)
Share issues costs	(11)	-	-
<b>Net cash provided by financing activities</b>	<b>4,590</b>	<b>2,807</b>	<b>4,914</b>
Exchange differences on balances of cash and cash equivalents	(223)	106	(126)
Decrease/increase in cash and cash equivalents	2	(2,828)	1,246
Cash and cash equivalents at the beginning of the year	6,404	3,785	957
<b>Cash and cash equivalents at the end of the year</b>	<b>3,785</b>	<b>957</b>	<b>2,203</b>

Source: Audited financial statements of DTS for FY18, FY19 and FY20.

We note the following regarding DTS' historical statements of cash flows:

1	Net cash used in operating activities was negative across FY18, FY19 and FY20 due to the Company's large research and development activities and general level of operating expenditure.
2	As shown above, net cash flow over FY20 is \$1.2m.

### 3.3. Capital structure

The share structure of DTS at 19 April 2021 is outlined below.

**Table 5: DTS's ordinary shares on issue**

	No. of securities
Fully paid Ordinary Shares at as 19 April 2021	285,988,462
New Ordinary Shares issued upon conversion of CP Shares	111,538,464
Number of options	7,754,168

Source: DTS share registry at 19 April 2021, DTS options register as at 27 May 2021

### 3.4. Ownership

As at 19 April 2021, DTS had c286.0m fully paid Ordinary Shares on issue. This is prior to the conversion of the CP Shares. Upon conversion of the CP Shares, Eldridge DTS Funding, LLC (**Eldridge**) will hold 80.8 million Ordinary Shares, and Alceon Liquid Strategies Pty Ltd in its capacity as trustee of the Alceon High Conviction Absolute Return Fund (**Alceon**) will hold 30.8 million Ordinary Shares.

The top 20 Shareholders as at 19 April 2021 are shown below.

Table 6: DTS top 20 shareholders

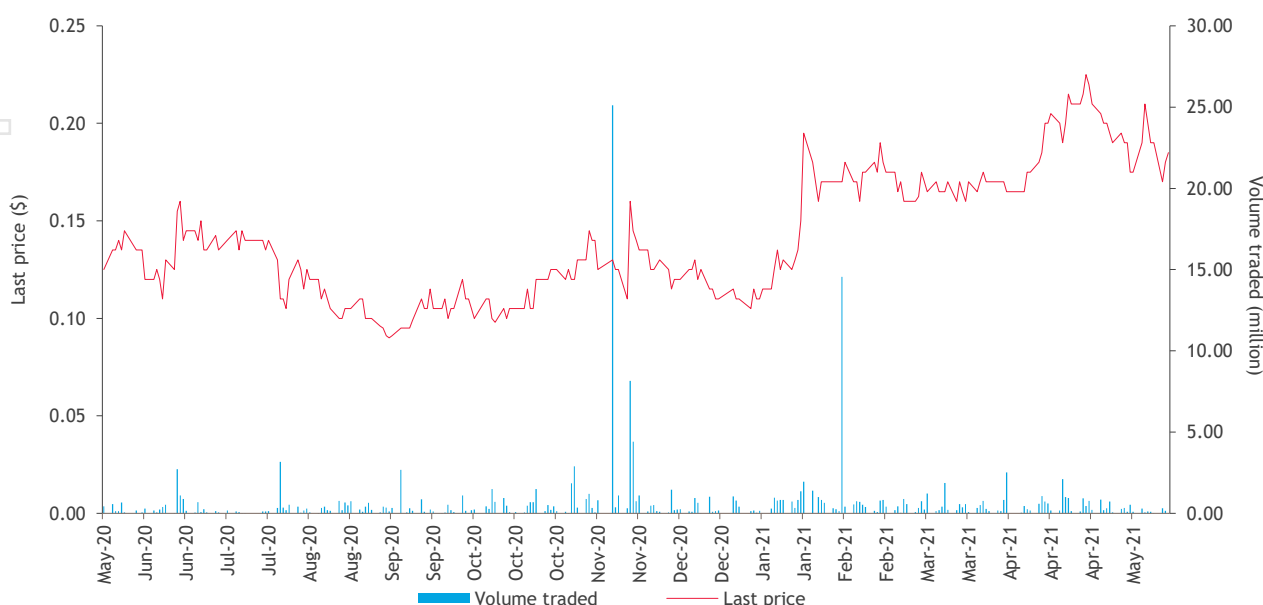
Rank	Shareholder	Current shares	% of total shares
1	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	37,738,810	13.2%
2	IBI TRUST MANAGEMENT <YEHUDA SHAMAI A/C>	31,374,924	11.0%
3	CITICORP NOMINEES PTY LIMITED	24,512,070	8.6%
4	IBI TRUST MANAGEMENT <IDO LEVANON A/C>	22,450,830	7.9%
5	EXHIBITION LP	14,940,000	5.2%
6	IBI TRUST MANAGEMENT <GUY BRANDWIN A/C>	14,162,810	5.0%
7	EXHIBITION LP	9,497,508	3.3%
8	IBI TRUST MANAGEMENT <BONALE FOUNDATION A/C>	8,433,020	2.9%
9	IBI TRUST MANAGEMENT <BAUMANN LTD A/C>	3,253,013	1.1%
10	TRIDENT CAPITAL PTY LTD	3,150,000	1.1%
11	IBI TRUST MANAGEMENT <MARCELO FABIN ROITMAN A/C>	3,001,610	1.0%
12	SAMLISA NOMINEES PTY LTD	3,000,000	1.0%
13	TWO TOPS PTY LTD	3,000,000	1.0%
14	3RD WAVE INVESTORS PTY LTD	2,950,000	1.0%
15	IBI CAPITAL MANAGEMENT <MORDEHAI & MEIRA BARAM A/C>	2,777,021	1.0%
16	IBI TRUST MANAGEMENT <TABASCO HOLDINGS LTD A/C>	2,360,468	0.8%
17	CBC CO PTY LIMITED <CANNON-BROOKES H/T A/C>	2,272,728	0.8%
18	CAMBRIAN HOLDINGS PTY LTD	2,213,659	0.8%
19	IBI CAPITAL MANAGEMENT <SAROL LTD A/C>	2,179,962	0.8%
20	IBI TRUST MANAGEMENT <RELIGION GADEL ENT A/C>	2,034,395	0.7%
Total top 20 shareholders		195,302,828	68.3%

Source: DTS share registry at 19 April 2021

### 3.5. Historical share trading analysis

DTS' share price movement over the 12 month period to 26 May 2021 is shown below.

Figure 4: Daily closing share price and trading volume (27 May 2020 to 26 May 2021)



Source: S&P Capital IQ

We note that in January 2021, DTS experienced a significant increase in its share price from a low of A\$0.125 on 15 January 2021 to an intraday high of A\$0.20 on 22 January 2021 following its announcement on quarterly cash flows as well as media exposure in the USA discussing DTS' drone technology. The significant increase in share price resulted in an ASX trading halt.

**Table 7: Selected DTS ASX Announcements from 27 May 2020 to 26 May 2021**

Date	Headline	Share Price following announcement (A\$)	Change (%)
20/04/2021	Dragontail's Significant Growth Continues - Q1 2021 Results opens new window	0.20	1.0%
25/03/2021	DTS Closes Out A\$19.25m Fund Raising Receiving Final A\$2.0m opens new window	0.17	0.0%
25/02/2021	DTS continues its Growth. FY2020 Results and Appendix 4E opens new window	0.16	0.0%
5/02/2021	Alceon Commits to 2nd Stage Funding of A\$2m opens new window	0.17	-1.0%
22/01/2021	Response to ASX Price and Volume Query opens new window	0.18	-1.5%
22/01/2021	Trading Halt opens new window	0.18	-1.5%
22/01/2021	Pause in Trading opens new window	0.18	-1.5%
12/01/2021	DTS Q4-2020 Activities Report - Another Quarter of Growth opens new window	0.14	1.0%
30/11/2020	Eldridge Commits to 2nd Stage Funding Raising A\$5.25m opens new window	0.13	-1.0%
24/11/2020	Market Update - US opens new window	0.15	-1.5%
27/10/2020	Quarterly Activities and Appendix 4C opens new window	0.13	0.5%
1/10/2020	Dragontail Signs MSA with Food Delivery Brands Group opens new window	0.10	-0.5%
31/08/2020	Half Yearly Report and Accounts opens new window	0.10	-0.1%
24/07/2020	Quarterly Activities and Appendix 4C opens new window	0.13	-1.0%
19/06/2020	Dragontail Completes Strategic Funding opens new window	0.13	-0.5%

Source: ASX Announcements, S&P Capital IQ and BDOCF analysis

### 3.5.1. Volume weighted average price

DTS's volume weighted average price (VWAP) over the 12-month period preceding 26 May 2021 is set out in the table below.

**Table 8: DTS's VWAP analysis (to 26 May 2021)**

Period	Price (Low) A\$	Price (High) A\$	Price VWAP A\$	Cumulative value A\$m	Cumulative volume m	% of Issued capital
1 day	0.19	0.19	0.19	0.00	0.01	0.0%
1 week	0.17	0.20	0.18	0.10	0.57	0.2%
1 month	0.17	0.24	0.20	1.39	6.84	2.4%
3 months	0.15	0.24	0.18	5.19	28.22	9.9%
6 months	0.10	0.24	0.17	12.32	74.46	26.0%
12 months	0.08	0.24	0.14	23.11	163.34	57.7%

Source: S&P Capital IQ

We note the following with respect to the VWAP analysis displayed above:

- DTS' share price has been subject to significant volatility in the preceding 12 months due to the outbreak of COVID-19, exhibited by the share price range of A\$0.08 to A\$0.24.
- Over the 12-month period preceding 26 May 2021, the cumulative value of DTS shares traded was A\$23.1m, with the 12-month volume traded equivalent to 57.7% of total issued capital.
- DTS is considered to have relatively low levels of liquidity as less than 1.0% of total issued capital is traded on a weekly basis.

### 3.5.2. Pro forma financial position

For the purposes of our analysis we have prepared a pro forma balance sheet based on the 31 December 2020, being the date of the most recent consolidated financial information available at the time of writing.

Any material transactions that occurred post 31 December 2020 have been adjusted in Table 11 to form a pro forma financial position as at the date of this Report below for the purposes of our analysis.

**Table 9: Pro forma financial position**

US\$'000	Dec-20	1 Face value of Stage 2 fund raise	2 31 March cash flows	3 Conversion of CP Shares	Pro forma Mar- 21
<b>Current assets</b>					
Cash and cash equivalents	2,203	5,575	(1,414)	-	6,364
Trade receivables	129	-	-	-	129
Inventories	30	-	-	-	30
Other receivables	157	-	-	-	157
<b>Total current assets</b>	<b>2,518</b>	<b>5,575</b>	<b>(1,414)</b>	<b>-</b>	<b>6,679</b>
<b>Non-current assets</b>					
Other receivables	13	-	-	-	13
Property, plant and equipment	63	-	-	-	63
<b>Total non current assets</b>	<b>76</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76</b>
<b>Total assets</b>	<b>2,594</b>	<b>5,575</b>	<b>(1,414)</b>	<b>-</b>	<b>6,755</b>
<b>Current liabilities</b>					
Trade payables	(427)	-	-	-	(427)
Other payables	(728)	-	-	-	(728)
Convertible preference shares	(4,700)	(5,575)	-	10,275	-
<b>Total current liabilities</b>	<b>(5,855)</b>	<b>(5,575)</b>	<b>-</b>	<b>10,275</b>	<b>(1,155)</b>
<b>Total liabilities</b>	<b>(5,855)</b>	<b>(5,575)</b>	<b>-</b>	<b>10,275</b>	<b>(1,155)</b>
<b>Net assets/(liabilities)</b>	<b>(3,261)</b>	<b>-</b>	<b>(1,414)</b>	<b>10,275</b>	<b>5,600</b>

**Notes:**

1	<p>DTS entered into a binding subscription agreement for A\$19.25m CP Shares at an issue price of A\$0.13 on 23 March 2020, consisting of 2 stages:</p> <ul style="list-style-type: none"> <li>▶ Stage 1 - A\$12.0m: Eldridge A\$5.3m, Goudy Park Capital LP A\$4.8m, Alceon A\$2.0m</li> <li>▶ Stage 2 - A\$7.3m: Eldridge A\$5.3m, Alceon A\$2.0m.</li> </ul> <p>On 30 November 2020, DTS received commitment from Eldridge for Stage 2 of the strategic funding of A\$5.3m. On 25 March 2021, DTS received the final A\$2.0m fund raising from Alceon, closing out the total A\$19.3m CP Share fund raise. The final A\$7.3m (US\$5.6m) fund raise from Eldridge and Alceon was received in the March 2021 quarter, after the most recent consolidated financial information available in our analysis. We have adjusted the statement of financial position as at 31 December 2020 to reflect the face value of the fund raise.</p>
2	<p>We have considered any material cash inflows and outflows post 31 December 2020 through our review of DTS' cash flow report for the quarter ended 31 March 2021 released by way of an ASX announcement on 20 April 2021. As a result, any cash flow movements for the quarter to 31 March 2021, were reflected as pro forma adjustments.</p>
3	<p>We have assumed that all outstanding CP Shares convert into Ordinary Shares.</p>

## 4. FAIRNESS ASSESSMENT AND VALUATION METHODOLOGY

### 4.1. Fairness assessment overview

The Proposed Scheme is fair if the purchase consideration offered by YCA per DTS share is equal to or greater than the fair market value of an Ordinary Share before announcement of the Scheme (on a controlling basis).

Accordingly, we have undertaken an assessment of the value of an Ordinary Share before and after the announcement of the Scheme.

The valuation methods commonly used for the above analyses are considered below.

### 4.2. Valuation methods

Details of common methodologies for valuing businesses and assets are included at Appendix 3. The principal methodologies which can be used are as follows:

- ▶ Discount cash flow (DCF)
- ▶ Capitalisation of maintainable earnings (COE)
- ▶ Net asset value (NAV)
- ▶ Net tangible assets on a realisation basis (NRV)
- ▶ Quoted market price basis (QMP).

Set out below is a discussion around the valuation methods we consider appropriate for the purposes of undertaking our valuation assessment of DTS.

### 4.3. Selected valuation methods for DTS

As summarised below, we consider the QMP approach to be the most appropriate valuation method for DTS in relation to the Proposed Scheme. We have cross-checked our valuation of DTS using the NAV approach.

**Table 10: Selection of valuation methodology**

Methodology	Appropriate	Explanation
QMP	✓	<p>The QMP method represents the value that a Shareholder can receive for a share if sold on the ASX market.</p> <p>The QMP basis is a relevant methodology to consider because DTS shares are listed on the ASX and this reflects the value that a Shareholder will receive when selling to a willing but not anxious buyer. This price means that there is a regulated and observable market where shares can be traded. However, in order for the QMP to be considered appropriate, the Company's shares should be sufficiently liquid and the market should be fully informed of the Company's activities.</p>
NAV	✓	<p>Asset based methods generally provide the lowest possible value for a business and are relevant where a company is making sustained losses or profits at a level less than the required rate of return. However, asset based approaches are not typically applied to early-stage technology companies valued on a going concern basis (provided the future prospects for the business justify a value above its assets).</p>
FME	x	<p>The future maintainable earnings method is most commonly applicable to profitable businesses with steady growth history and forecasts. We do not consider the FME methodology to be appropriate for DTS due to its earnings volatility.</p>
DCF	x	<p>We have not applied the DCF method to value DTS due to the lack of suitably reliable long term forecast financial information.</p>

### 4.4. Other valuation considerations

#### 4.4.1. Future events

The business of DTS that we have considered is that which existed as at the date the Proposed Scheme was announced. Growth potential, which may result from new activities, business initiatives, acquisitions and the like (which are not capable of estimation), is not within the scope of our assessment.

#### 4.4.2. Synergies

The level of synergies that can be derived from a takeover or merger is dependent on the nature of the respective businesses and their geographical and operational overlap.

In relation to the Proposed Scheme, potential synergies may be available across a range of areas, including a reduction in the management expense ratio as a result of the removal of duplicated expenses between the two companies as well as a larger pool of assets to spread the expenses across.

We have not considered special value in forming our opinion. Accordingly, we have not attributed any value to the potential synergies listed above in our valuation approach beyond those generally observed in the market. These synergies have been reflected in the value of DTS prior to the Proposed Scheme via the inclusion of a premium for control.

#### 4.4.3. Premium for control

Investment fundamentals dictate that the value of 100% of an entity is normally greater than the sum of values attributable to the individual shares of that company based on transactions in minority share holdings.

The difference between the value of 100% of a company and the total value of minority share holdings is referred to as a “premium for control” taking into account control and synergistic benefits for the acquirer.

Control of a company by a shareholder gives that shareholder rights to which minority shareholders are not entitled, including control of the company’s policies and strategies, and use of cash flows of the company.

A premium for control is applicable when an acquisition would give rise to benefits such as:

- the ability to realise synergistic benefits;
- access to cash flows;
- access to tax benefits; and
- control of the board of directors of the company.

Therefore, a transaction premium would typically include a premium for control as well as potential buyer specific synergies.

The level of premium for control paid in a takeover bid will vary across industries and is dependent upon the specifics of the company being acquired. In arriving at an appropriate premium for control to apply, we note that buyers would generally assess the following considerations:

- level of liquidity in the trade of the target’s securities;
- synergistic value;
- nature and magnitude of non-operating assets;
- nature and magnitude of discretionary expenses;
- perceived quality of existing management;
- nature and magnitude of business opportunities not currently being exploited; and
- ability to integrate the target into the acquirer’s business.

An acquirer of the Company could potentially reduce corporate overheads and realise synergies through the integration into their business while, at the same time incurring one-off integration expenses.

In our assessment of an appropriate control premium for DTS, we reviewed Australian acquisitions announced and/or closed over the period 2016 to 2021 within the Information Technology and Application Software industries where a significant stake (in excess of 20%) was sought. We reviewed the one day and one week offer premiums to the share price one trading day before the offer announcement. The details of the transactions are set out below.



We note one-day prior control premiums are in the range of 7.7% to 146.2%, with a median premium of c.26.5%, while one-week premiums are in the range of 7.7% to 146.2%, with a median premium of c.32.5%.

**Table 11: Control premiums**

Transaction Announced Date	Target	Buyer	1-Day Premium	1-Week Premium	1-Month Premium
29/04/2021	Adherium Limited	Respiri Limited	19.0%	11.6%	11.6%
21/01/2021	Redflex Holdings Limited	Verra Mobility Corporation	146.2%	146.2%	149.4%
30/11/2020	WPP AUNZ Limited	Cavendish Square Holding B.V.	60.0%	68.2%	56.2%
10/09/2020	Wameja Limited	Mastercard Incorporated	53.6%	45.7%	66.2%
4/09/2020	Webcentral Group Limited	5G Networks Limited	26.5%	32.5%	32.5%
11/11/2016	Cellnet Group Limited	Wentronic Holding GmbH	7.7%	7.7%	14.3%
<b>Maximum</b>			<b>146.2%</b>	<b>146.2%</b>	<b>149.4%</b>
<b>Minimum</b>			<b>7.7%</b>	<b>7.7%</b>	<b>11.6%</b>
<b>Average (excl. outliers)</b>			<b>33.4%</b>	<b>33.1%</b>	<b>36.2%</b>
<b>Median (excl. outliers)</b>			<b>26.5%</b>	<b>32.5%</b>	<b>32.5%</b>

Source: ASX announcements, Capital IQ and BDOCF analysis

To exclude buyer specific synergies that market participants could not generally realise, we have applied a lower control premium range of 20.0% to 25.0% compared to the average observed above of 26.5% to 32.5%.

#### 4.4.4. Valuation in accordance with APES 225

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services, as issued by the Australian Professional and Ethical Standards Board.

## 5. VALUATION OF DTS PRIOR TO THE PROPOSED SCHEME

Our valuation assessment of DTS' shares pre transaction is based upon the QMP method and the NAV method. See below for the valuation assessment of DTS based upon these valuation methodologies.

### 5.1. FMV of DTS using the QMP method

Our primary adopted valuation approach to DTS is the quoted market price for an Ordinary Share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.69 states that for the quoted market price methodology to be an appropriate methodology, there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- regular trading in a company's securities;
- approximately 1% of a company's securities are traded on a weekly basis;
- the spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- there are no significant and unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active'. However, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

Our analysis of the quoted market price of an Ordinary Share is based on pricing up to 30 April 2021. This is because the value of an Ordinary Share after the announcement may include the effects of any change in value as a result of the Proposed Scheme itself.

As seen in Section 3.5.1 the shares of DTS are not liquid, however, the traded price is the highest observable price negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchasers and sellers on an arm's length basis.

Information on the Proposed Scheme was announced to the market on 27 May 2021. Therefore, we have assessed the share price of DTS up to 26 May 2021.

**Table 12: Share price analysis**

Period	Price (Low) A\$	Price (High) A\$	Price VWAP A\$	Cumulative value A\$m	Cumulative volume m	% of Issued capital
1 day	0.19	0.19	0.19	0.00	0.01	0.0%
1 week	0.17	0.20	0.18	0.10	0.57	0.2%
1 month	0.17	0.24	0.20	1.39	6.84	2.4%
3 months	0.15	0.24	0.18	5.19	28.22	9.9%
6 months	0.10	0.24	0.17	12.32	74.46	26.0%
12 months	0.08	0.24	0.14	23.11	163.34	57.7%

Source: Capital IQ and BDOCF analysis

On the basis of the VWAP analysis for DTS as at 26 May 2021, we consider the FMV of DTS to be in the range of A\$0.18 to A\$0.20 on a minority basis, based on the preceding 1 month of trading to 26 May 2021.

The market has been informed of the CP Shares and the fact that the conversion price is significantly below the current trading price. Alceon is able to convert 100% of their CP Shares without Shareholder approval whereas, Eldridge is able to immediately convert c.89% (or c.71.7m CP Shares) of their CP Shares without Shareholder approval.

It is our expectation that the conversion of these CP Shares (which would result in a dilution of value of existing Shareholders) has been reflected in the above share prices.

The FMV of DTS including a control premium range of 20% to 25% (refer to Section 4.4.3) is observed below.

**Table 13: QMP approach**

	Low	High
Price range (A\$)	0.18	0.20
Control premium	20%	25%
<b>FMV per DTS share using the QMP approach (A\$)</b>	<b>0.22</b>	<b>0.25</b>

Source: Capital IQ and BDOCF analysis

Overall, we consider a value of A\$0.22 and A\$0.25 on a control basis under the QMP method to be an appropriate value for an Ordinary Share.

## 5.2. FMV of DTS using the NAV method

We have also assessed the FMV range of DTS using NAV valuation methodology prior to the Proposed Scheme.

The total net asset value represents 100% of the equity value and typically represents a controlling interest value. The total net asset value was used to determine the FMV of an Ordinary Share prior to the Proposed Scheme on a controlling basis.

The NAV valuation has been performed using the pro forma statement of financial position (see Section 3.5.2) and is summarised in the following table.

**Table 14: NAV**

\$'000	Note	Low	High
<b>Pro forma net assets prior to the Proposed Scheme (US\$)</b>	<b>1</b>	<b>5,600</b>	<b>5,600</b>
Units for shares outstanding as at 19 April 2021 ('000)		285,988	285,988
Units for additional shares upon exercise of outstanding CPS ('000)		111,538	111,538
<b>Units outstanding ('000)</b>	<b>2</b>	<b>397,527</b>	<b>397,527</b>
<b>Value per share (US\$) (controlling basis)</b>		<b>0.014</b>	<b>0.014</b>
A\$/US\$ as at 26 May 2021		0.779	0.779
<b>Value per share (A\$) (controlling basis)</b>		<b>0.018</b>	<b>0.018</b>

Source: Audited financial statements of DTS for FY20, BDOCF analysis

## Notes:

1	<p>Net assets As discussed in Section 3.5.2, net assets were subject to pro forma adjustments to reflect:</p> <ul style="list-style-type: none"> <li>▶ stage 2 CP Shares funding;</li> <li>▶ subsequent cash inflows and outflows for the March 2021 quarter; and</li> <li>▶ the conversion of all outstanding CP Shares in the event that the Eldridge takeover proceeds under item 7, Section 611 of the Act.</li> </ul>
2	<p>Share outstanding In the event that the Eldridge's CP Shares convert, all outstanding CP Shares units will convert into Ordinary Shares at a 1:1 conversion ratio, increasing the number of outstanding Ordinary Shares to 397.5m.</p>

On the basis of the pro forma statement of financial position, we consider the NAV per share of DTS prior to the Proposed Scheme at a value per share of A\$0.018.

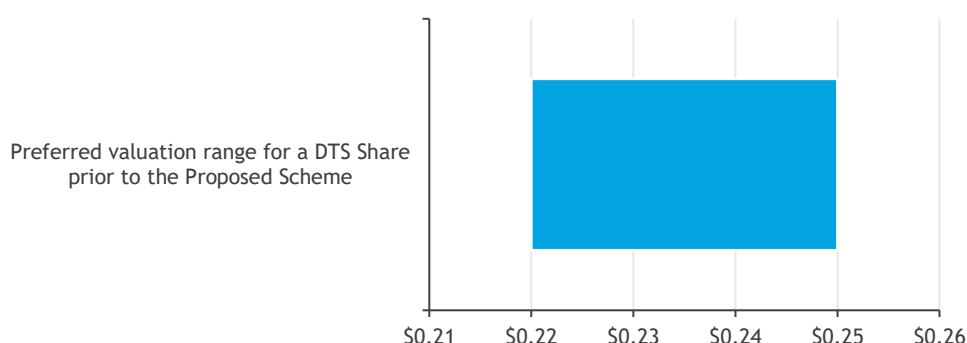
### 5.3. Conclusion as to the FMV of an Ordinary Share

Our preferred valuation approach for DTS is the QMP methodology as the traded price is theoretically the highest observable price negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser and sellers on an arm's length basis.

We consider our preferred value range of A\$0.22 to A\$0.25 per Ordinary Share to be appropriate for DTS, on a control basis, prior to the implementation of the Proposed Scheme. We have not included the NAV valuation as it results in a value of nil.

A summary of our valuation is set out below.

**Figure 5: DTS FMV Summary**



Source: BDOCF analysis

## 6. VALUATION OF SCHEME CONSIDERATION

### 6.1. Scheme Consideration

The Scheme Consideration is cash of A\$0.235 per Ordinary Share.

## 7. ASSESSMENT OF FAIRNESS

### 7.1. Fairness assessment

In undertaking our fairness opinion, we have had regard to ASIC RG 111.

RG 111.11 indicates that an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. The comparison must be made assuming:

- A knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.
- 100% ownership of the target company, irrespective of the percentage holding of the bidder or its associates in the target company.

- In relation to the interpretation of RG111.11, ASIC has advised that the appropriate assessment is to compare:
  - The fair market value of a share pre-transaction on a control basis (being the value of the securities the subject of the offer, per RG 111.11); and
  - The fair market value of the offer price (Scheme Consideration)

The Scheme will be fair if the Scheme Consideration is equal to or greater than the fair market value of an Ordinary Share prior to announcement of the Proposed Scheme, on a controlling interest basis.

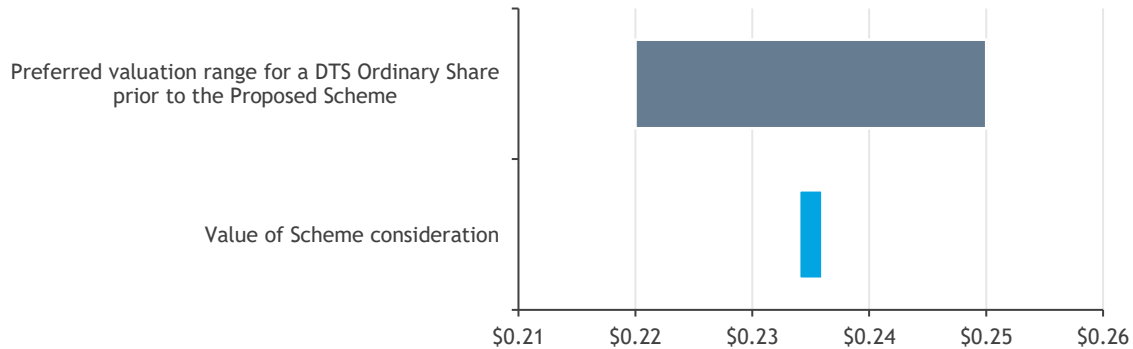
The result of our fairness analysis is summarised below.

**Table 15: Summary of fairness**

	Low	High
FMV of an Ordinary Share prior to the Proposed Scheme, on a control basis (A\$)	0.22	0.25
Scheme consideration (A\$)	0.235	0.235

Source: BDOCF analysis

**Figure 6: Graphical summary of fairness assessment**



Source: BDOCF analysis

Based on the above, the value of the Scheme Consideration of A\$0.235 per Ordinary Share is within the assessed FMV range of an Ordinary Share prior to the Proposed Scheme. As such, the Proposed Scheme is fair for DTS Shareholders.

## 8. ASSESSMENT OF REASONABLENESS

In accordance with RG 111, an offer is reasonable if it is fair. On this basis, the Proposed Scheme is reasonable to Shareholders.

Nevertheless, we have set out below a summary of other factors we consider relevant in assisting the Shareholders in deciding whether or not to vote in favour of the Proposed Scheme.

**Table 16: Summary of factors considered in the reasonableness assessment**

Advantages	
The Proposed Scheme is fair	Our analysis concludes that the Proposed Scheme is fair to Shareholders. RG 111 states that an offer is reasonable if it is fair.
The Scheme Consideration represents a premium to DTS' volume weighted average price (VWAP)	The Scheme Consideration of A\$0.235 per Ordinary Share represents a 17.5% premium to the 1 month VWAP of A\$0.20 and a 38.2% premium to the 6 months VWAP of A\$0.17 (the VWAP is calculated up to 26 May 2021 being the last trading date prior to the announcement of the Proposed Scheme).
Certainty of cash	<p>The Scheme represents an opportunity for Shareholders to receive certain value for their investment in DTS free of any realisation costs at a premium that may not be available in the absence of the Scheme.</p> <p>Given the low level of liquidity in the trading of DTS' shares (refer Section 3.5.1), the certainty of the cash may benefit Shareholders if they are not able to sell their shares at a higher price. In particular, those who hold large parcels of shares may have difficulty selling their shares on market, or in the event that they are able to sell, they may cause the quoted market price to fall.</p>
No longer exposed to any risks associated with being a Shareholder	<p>A cash offer represents a lower risk alternative to holding shares in DTS which provides exposure to general market volatility as well as risks specific to DTS.</p> <p>If the Proposed Scheme is approved, Shareholders will no longer be exposed to any risks associated with holding shares in DTS.</p>
Possible decline in DTS trading price if the Proposed Scheme is rejected	If the Proposed Scheme is rejected, there may be a decline in DTS' share price. DTS shares were trading at A\$0.23 as at 4 June 2021. Prior to the Proposed Scheme, DTS' 1 month VWAP was A\$0.20 per share.
Disadvantages	
Tax consequences for Shareholders	<p>The Shareholder may be liable for capital gains tax upon receipt of the Scheme Consideration.</p> <p>Shareholders should seek independent income tax advice in relation to the tax consequences of the Proposed Scheme.</p> <p>Under the Proposed Scheme, Shareholders are required to return an Israeli Withholding Tax Declaration to ensure that the Scheme Consideration is not subject to Israeli Withholding Tax.</p>
No exposure to potential upside in DTS	Implementation of the Scheme will result in Shareholders no longer owning DTS shares. Shareholders will not benefit from any potential future profits and capital growth.
Other considerations	
Directors' recommendation	The Directors have recommended that Shareholders vote in favour of the Proposed Scheme and subject to the Independent Expert continuing to conclude that the Proposed Scheme is in the best interests of the Shareholders.

Source: BDOCF analysis

### 8.1. Conclusion on reasonableness

On balance, the advantages of approving the Proposed Scheme outweigh the disadvantages of approving it.

Based on the above analysis, we consider the Proposed Scheme to be reasonable to the Shareholders of DTS.

## 9. OVERALL OPINION

We have concluded that the Proposed Scheme is fair and reasonable and as a result is in the best interest of the Shareholders at the time of writing this Report.

## 10. QUALIFICATIONS, DECLARATIONS AND CONSENTS

### 10.1. Qualifications

BDO is the licensed corporate finance arm of BDO Group Holdings Limited, Chartered Accountants and Business Advisers. BDO provides advice in relation to all aspects of valuations and has extensive experience in the valuation of corporate entities and provision of expert's reports.

Mr David McCourt, B.Bus, CA, is a director of BDO. Mr McCourt is also a partner of BDO Group Holdings Limited. Mr McCourt has been responsible for the preparation of this IER.

Mr McCourt has over 20 years of experience in a number of specialist corporate advisory activities including company valuations, financial modelling, preparation and review of business feasibility studies, accounting, advising on mergers and acquisitions and advising on independent expert reports. Accordingly, Mr McCourt is considered to have the appropriate experience and professional qualifications to provide the advice offered.

Mr Sebastian Stevens, B.Bus, CPA is a Director of BDO. Mr Stevens is also a partner of BDO Group Holdings Limited.

Mr Stevens is the Director responsible for the review of this IER. Mr Stevens has over 25 years of experience in a number of specialist corporate advisory activities including company valuations advising on independent expert reports, due diligence investigations, preparation and review of business feasibility studies, public company floats, accounting, advising on mergers and acquisitions, preparation of information memoranda and other corporate investigations. Accordingly, Mr Stevens is considered to have the appropriate experience and professional qualifications to provide the advice offered.

### 10.2. Independence

We are not aware of any matter or circumstance that would preclude us from preparing this IER on the grounds of independence either under regulatory or professional requirements. In particular, we have had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and ASIC.

We consider ourselves to be independent in terms of RG 112 Independence of experts, issued by ASIC.

BDO was not involved in advising on, negotiating, setting, or otherwise acting in any capacity for DTS in relation to the Proposed Scheme. Further, BDO has not held and, at the date of this IER, does not hold any shareholding in, or other relationship with DTS that could be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Scheme.

- ▶ BDO Audit (WA) Pty Ltd is the auditor of DTS. BDO Audit (WA) Pty Ltd and BDOCF are both independent from DTS. These roles do not impair our independence.
- ▶ BDOCF also prepared an IER dated 21 June 2021 in relation to the conversion of the CP Shares.

### 10.3. Disclaimer

This IER has been prepared at the request of the Directors and was not prepared for any purpose other than that stated in this IER. This IER has been prepared for the sole benefit of the Directors and Shareholders. Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Directors and Shareholders without our written consent. We accept no responsibility to any person other than the Directors and Shareholders in relation to this IER.

The statements and opinions contained in this IER are given in good faith and are based upon our consideration and assessment of information provided by the Directors, executives and management of all the entities.

## APPENDIX 1: GLOSSARY

Term	Definition
AFCA	Australian Financial Complaints Authority
Alceon	Alceon Liquid Strategies Pty Ltd in its capacity as trustee of the Alceon High Conviction Absolute Return Fund
APES	Accounting Professional & Ethical Standards
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
BDOCF, we, our or us	BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170)
COE	Capitalisation of maintainable earnings
Corporations Act or the Act	Corporations Act 2001
CP Shares	Convertible Preference Shares
DCF	Discounted cash flow method
Directors	Directors of DTS
Domino's	Domino's Pizza Enterprises Limited
DTS or the Company	Dragontail Systems Limited
Eldridge	Eldridge Industries, LLC
FMV	Fair market value
FOS	Financial Ombudsman Service Limited
FSG	Financial Services Guide
FYxx	Financial year ended/ending 30 June 20xx
Group	The DTS Group
Management	Management of DTS
NAV	Net asset value
NPV	Net present value
NTA	Net tangible assets
Ordinary Shares	Ordinary shares in DTS
POS	Point of sale
Proposed Scheme	YCA's proposed acquisition of 100% of the issued capital of DTS (on a fully diluted basis) by way of scheme of arrangement
QMP	Quoted market price basis
QSR	Quick Service Restaurants
Report or IER	Independent expert's report
RG 60	ASIC Regulatory Guide 60 Schemes of Arrangement
RG 111	ASIC Regulatory Guide 111 Content of expert reports
RG 112	ASIC Regulatory Guide 112 Independence of experts
Scheme	The proposed takeover by Yum to acquire all of the Ordinary Shares by way of scheme of arrangement under Part 5.1 of the Corporations Act 2001 (Cth)
Scheme Booklet	Scheme Booklet for the Proposed Scheme
SID	Scheme implementation deed
Scheme Meeting	The opportunity available to Shareholders to vote on the Scheme
Shareholders	An individual who owns an interest in DTS
Valuation Date	26 May 2021
VWAP	Volume weighted average price
YCA	Yum Connect Australia Pty Ltd
Yum	Yum! Brands, Inc.

Source: BDOCF

## APPENDIX 2: SOURCES OF INFORMATION

In preparing this IER, we had access to and relied upon the following principal sources of information:

- ▶ Scheme Booklet provided to Shareholders in connection with the Proposed Scheme.
- ▶ Audited financial statements of DTS for the financial years ended 31 December 2018, 31 December 2019 and 31 December 2020
- ▶ ASX announcements
- ▶ Various discussions with and information supplied by the Directors and Management of DTS
- ▶ Share registry as at 19 April 2021
- ▶ Options registry as at 27 May 2021
- ▶ BDOCF analysis
- ▶ Connect 4
- ▶ Mergermarket
- ▶ Capital IQ
- ▶ Other generally available public information



## APPENDIX 3: VALUATION METHODS - BUSINESSES AND ASSETS

In conducting our assessment of the fair market value of DTS securities, the following commonly used business valuation methods have been considered:

### Discounted Cash Flow Method

The discounted cash flow (DCF) method is based on the premise that the value of a business or any asset is represented by the present value of its future cash flows. It requires two essential elements:

- ▶ the forecast of future cash flows of the business asset for a number of years (usually five to 10 years); and
- ▶ the discount rate that reflects the riskiness of those cash flows used to discount the forecast cash flows back to net present value (NPV).

DCF is appropriate where:

- ▶ the businesses' earnings are capable of being forecast for a reasonable period (preferably 5 to 10 years) with reasonable accuracy;
- ▶ earnings or cash flows are expected to fluctuate significantly from year to year;
- ▶ the business or asset has a finite life;
- ▶ the business is in a 'start up' or in early stages of development;
- ▶ the business has irregular capital expenditure requirements;
- ▶ the business involves infrastructure projects with major capital expenditure requirements; or
- ▶ the business is currently making losses but is expected to recover.

### Capitalisation of Earnings Method

This method involves the capitalisation of normalised earnings by an appropriate multiple. Normalised earnings are the assessed sustainable profits that can be derived by the vendor's business and exclude any one off profits or losses. An appropriate earnings multiple is assessed by reference to market evidence as to the earnings multiples of comparable companies.

This method is suitable for the valuation of businesses with indefinite trading lives and where earnings are relatively stable or a reliable trend in earnings is evident.

### Net Asset Value Methods

Asset based valuations involve the determination of the fair market value of a business based on the net realisable value of the assets used in the business.

Valuation of net realisable assets involves:

- ▶ separating the business or entity into components which can be readily sold, such as individual business securities or collection of individual items of plant and equipment and other net assets; and
- ▶ ascribing a value to each based on the net amount that could be obtained for this asset if sold.

The net realisable value of the assets can be determined on the basis of:

- ▶ orderly realisation (NRV): this method estimates fair market value by determining the net assets of the underlying business including an allowance for the reasonable costs of carrying out the sale of assets, taxation charges and the time value of money assuming the business is wound up in an orderly manner. This is not a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value;
- ▶ liquidation: this is a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value; or
- ▶ continuing operations (NAV): this is a valuation of the net assets on the basis that the operations of the business will continue. It estimates the market value of the net assets but does not take into account any realisation costs. This method is often considered appropriate for the valuation of an investment or property holding entity. Adjustments may need to be made to the book value of assets and liabilities to reflect their value based on the continuation of operations.

The net realisable value of a trading entity's assets will generally provide the lowest possible value for the business. The difference between the value of the entity's identifiable net assets (including identifiable intangibles) and the value obtained by capitalising earnings is attributable to goodwill.

The net realisable value of assets is relevant where an entity is making sustained losses or profits but at a level less than the required rate of return, where it is close to liquidation, where it is a holding entity, or where all its assets are liquid. It is also relevant to businesses which are being segmented and divested and to value assets that are surplus to the core operating business. The net realisable assets methodology is also used as a check for the value derived using other methods.

These approaches ignore the possibility that the entity's value could exceed the realisable value of its assets.

#### Quoted Market Prices

The price that an entity's security trades on an exchange can be an appropriate basis for valuation where:

- ▶ the security trades in an efficient market place where 'willing' buyers and sellers readily trade the entity's security; and
- ▶ the market for the entity's security is active and liquid.

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**Annexure B**  
**Israeli Withholding Tax Ruling**


See over page.

## TRANSLATION DECLARATION


I, Ester Copley, am a professional translator (NAATI No. CPN7BN49E), and I do hereby certify that:

- 1 I am fluent in English;
- 2 I am fluent in Hebrew;
- 3 I was presented with both the attached Hebrew document marked "B" and its translated English text, and I checked and compared that English text to that Hebrew document and (after making some minor corrections) produced the attached English document marked as "A"; and
- 4 The attached document marked as "A" is a true, correct and complete translation of the attached document marked as "B", from Hebrew into English.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the date written below.

By:   
Ester Copley

Subscribed and sworn to before me, in my presence,  
this 9th day of July 2021

  
Notary Public  
Name: Dianne Evelyn Beer



"A"

Israel Tax Authority  
The Professional Division  
Capital Market Department

June 16, 2021 Application No. 20210812

Kost Forer Gabbay & Kasierer - CPAS  
2 Pal Yam Street  
Haifa

Dear Sir/Madam,



Re: Dragontail Systems Limited  
Arrangement regarding withholding tax as part of an acquisition transaction  
(Reference: Your application dated May 30, 2021)

**1 The facts as provided to us by you**

- 1.1 Dragontail Systems Limited (hereunder - the "**Applicant Company**" and/or the "**Company**") is a public company resident in Australia which was incorporated in the year 2016. The Company's shares are traded on the Australian Stock Exchange (Trading Symbol: DTS) commencing December 2016.
- 1.2 The Company holds all of the shares of Dragontail Systems Ltd. private company no. 514981232, a company resident in Israel (hereunder - the "Israeli Subsidiary" or the "Israeli Company"). The Israeli Subsidiary holds two subsidiaries as follows:
- Dragontail Systems Canada, Inc., a company resident in Canada (hereunder - the "Canadian Company").
  - Dragontail Systems USA Inc., a company resident in the United States (hereunder - the "US Company").
- The Company, the Israeli Subsidiary, the Canadian Company and the US Company will collectively be referred to herein as the "**Dragontail Group**".
- 1.3 Dragontail Group is engaged in software solution, which enables fast food restaurants to optimize delivery management, as well as solutions in the field of kitchen management by using cameras that examine product quality. The Dragontail Group has employees around the world, including in Israel, who are employed in the Group's companies.
- 1.4 It should be noted that prior to the establishment of the Company, and in order to enable raising capital by way of a public offering on the Australian Stock Exchange, all of the holdings in the Israeli Company were transferred tax-free to the Applicant Company (hereunder - the "**Restructuring**"). The Restructuring was performed pursuant to Section 104B of the Income Tax Ordinance [New Version], 5721-1961 (hereunder - the "**Ordinance**"). The Restructuring was done in the framework of a tax ruling dated 8.11.2016 (reference: 20161317) (hereunder - the "**Restructuring Tax Ruling**"). The trustee for the Restructuring is IBI Trust Management private company no. 515020428 withholding file 936080233 (hereunder - the "**104B Trustee**").
- 1.5 Following the Restructuring, the shares of the Applicant Company were issued and listed for trading on the Australian Stock Exchange commencing December 20, 2016.
- 1.6 According to its declaration, the Israeli Company is not demanding and/or has not demanded tax benefits under the Law for the Encouragement of Capital Investments, 5719-1959 (hereunder - the "**Law for the Encouragement of Capital Investments**") since its formation.
- 1.7 According to its declaration, the Company is not a Real Estate Association, within the meaning of this term in the Land Taxation Law (Appreciation and Acquisition), 5723-1963.
- 1.8 As at the date of filing the referenced application, the issued and paid-in share capital of the Applicant Company consists of 285,988,462 ordinary shares and 111,538,464 preferred shares

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that are convertible into ordinary shares. After converting the preferred shares (as stated in Section 1.10 below) the number of ordinary shares will be 397,526,926.

1.9 The Company's shares are held as follows:

- 1.9.1 Part of the Company's shares were acquired via members of the Israel Stock Exchange (through foreign brokers), and are held via Advanced Share Registry Ltd, the Australian registration company, in the name of members of the Israel Stock Exchange (hereunder - the **"Members of the Israel Stock Exchange"** and **"Registration Company"**, respectively).
- 1.9.2 An additional part of the Company's shares were acquired via foreign brokers, and are held through the Registration Company in the name of the foreign brokers (hereunder - the **"Foreign Brokers"**).
- 1.9.3 The Company has a number of shareholders who directly hold the Company's shares and are registered directly in the Company's shareholders' register, and not through any registration company (hereunder - the **"Shares Registered by Name"**).
- 1.9.4 In addition, the Company granted rights and/or shares to employees and consultants who are residents of Israel and who are not residents of Israel, who are employed by the Applicant Company, the Israeli Company, the Canadian Company, and the US Company. The grants to Israeli employees, who are non-controlling shareholders, were made under the capital gains track, within the meaning of this term in Section 102 of the Ordinance, and are held by IBI Trust Management private company no. 515020428 withholding file 936080233 (hereunder- the **"Israeli Option holders"** and **"102 Trustee"** respectively). It should be noted that prior to the Acquisition (as defined below), all the rights held by the Israeli Options holders, which are held by the 102 Trustee, will be cancelled against payment for them. The 102 Trustee shall be liable for the withholding tax, in accordance with the provisions of Section 102 of the Ordinance, as the case may be.

1.9.5 As stated above, the Company's shares which were allotted as part of the Restructuring are held by the 104B Trustee.

- 1.10 On May 27, 2021, an agreement was signed for the acquisition of all of the rights in the Applicant Company (hereunder - the **"Acquisition Agreement"**), whereby Yum Connect Australia Pty Ltd (hereunder - the **"Purchaser"**), on the closing date of the transaction, will acquire all of the shares in the Company in an off-exchange purchase transaction (hereunder - the **"Acquisition"**). The Acquisition will be made according to the plan of a Scheme of Arrangement pursuant to the provisions of the Australian companies law (Corporations Act 2001 (Cth)) with the approval and supervision of the Australian court. It will be clarified that before the Acquisition transaction is closed, the entire preferred shares will be converted into ordinary shares of the Company in accordance with the economic value of the classes of the shares.
- 1.11 Pursuant to the plan in the Acquisition Agreement, all the shares of the Applicant Company will be redeemed from the shareholders (hereunder - the **"Transferring Shareholders"**) at a price of AUD 0.235 per share, at a total value of AUD 93,500,000 which will be paid in full in cash (hereunder the **"Acquisition Consideration"**).
- 1.12 According to the plan in the Acquisition Agreement, the full consideration will be transferred to the Registration Company - Advanced Share Registry Ltd., which serves in the transaction as a foreign paying agent (hereunder - the **"Foreign Paying Agent"**). In addition to the Foreign Paying Agent, it was provided that IBI Trust Management private company no. 515020428 withholding file 936080233 will handle the execution of the withholding tax in Israel, to the extent required (the **"Tax Trustee"**).
- 1.13 The entire Acquisition Consideration will be transferred in cash by the Purchaser to the Foreign Paying Agent. The Foreign Paying Agent will transfer the portion of the consideration to the transferring shareholders whose shares are listed for trading through Foreign Brokers. It should be noted that part of the consideration will be transferred via Foreign Brokers to Members of the Israel Stock Exchange, for shareholders who are residents of Israel who hold their shares through the Foreign Brokers. The portion of the consideration, intended for the shareholders of Shares Registered by Name, shall be transferred by the Foreign Paying Agent directly to such shareholders.



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- 1.14 Since the purchase of the shares which are currently listed for trading on the Australian Stock Exchange will be made as an off-exchange transaction, in the framework of the transaction it will be possible to classify shareholders from the public in accordance with their declarations.
- 1.15 It should be noted that at the end of the engagement period with the Foreign Paying Agent and the Tax Trustee, which is limited to 365 days from the closing date of the transaction (the "**End of the Engagement Period**"), the balance of the consideration not transferred from the Foreign Paying Agent to shareholders due to non-submission of forms or other information, to the extent required, from the shareholders, will be transferred to these shareholders less Israeli tax which shall be transferred to the Tax Trustee, who will be responsible for its remittance to the Israel Tax Authority.
- 1.16 In addition, to the extent a balance remains with the Foreign Paying Agent, this balance will be transferred to the Purchaser, and all according and subject to the Acquisition Agreement, less Israeli tax which will be transferred to the Tax Trustee, who will be responsible for its remittance to the Israel Tax Authority.
- 1.17 The plan described in sections 1.15 and 1.16 above is subject to the approval of the court in Australia.

## **2 The Application**

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Determining the withholding tax arrangement that will apply to the Foreign Paying Agent, the Tax Trustee and the Purchaser company or anyone on its behalf, for the cash consideration to be paid as part of the Acquisition.

## **3 Taxation Decision**

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Subject to the correctness of the facts presented to us and which are set out in Section 1 above and in your application referenced above, we hereby inform you, as follows:

### **Withholding Tax Arrangement**

- 3.1 The withholding tax in respect of the Acquisition Consideration, which is paid to the Transferring Shareholders who will sell their shares as part of the Acquisition, shall be in accordance with the provisions of the Ordinance and the rates specified in the Income Tax Regulations (Deduction from Consideration, Payment or Capital Gain on Sale of a Security, in the Sale of a Mutual Fund Unit, or in a Future Transaction) 5763-2002 (hereunder: the "**Withholding Tax Regulations**"), and subject to the provisions of this taxation decision.
- 3.2 The transfer of the Acquisition Consideration in respect of all the rights in the Company from the Purchaser company and/or anyone on its behalf to the Foreign Paying Agent and/or to the Tax Trustee and transferring the consideration and/or part of the consideration from the Foreign Paying Agent to the Tax Trustee, as the case may be, will be exempt from withholding tax. The Purchaser company and/or the Foreign Paying Agent and/or the Tax Trustee and/or anyone on their behalf will have no liability to withhold tax at source from the Acquisition transaction's consideration upon its payment on the closing date of the transaction (and provided that the funds were not transferred to any of the Transferring Shareholders). The withholding of tax at source, to the extent required in accordance with the taxation decision, will be made on the date of transfer of the Acquisition Consideration by the Foreign Paying Trustee or the Tax Trustee to the Transferring Shareholders (except for the transfer to 104B Trustee, and 102 Trustee, as set out in Section 3.3.5 below) in accordance with the provisions of this taxation decision.
- 3.3 The withholding of tax at source at the time of Acquisition Consideration payment to the Transferring Shareholders, shall be as follows:
- 3.3.1 The Acquisition Consideration paid to the Foreign Brokers holding shares listed on the Australian Stock Exchange in the name of the Members of the Israel Stock Exchange as stated in Section 1.9.1 above for the benefit of the Transferring Shareholders, shall be exempt from withholding tax. Therefore, the Foreign Paying Trustee will transfer the said part of the Acquisition Consideration to the Foreign Brokers for the benefit of the







Members of the Israel Stock Exchange, together with a notice that this is a gross consideration, from which no tax at source has been withheld. The transfer of part of the Acquisition Consideration to the Members of the Israel Stock Exchange will be made after a declaration is sent by the Members of the Israel Stock Exchange to the Foreign Brokers, according to which it is a stock exchange member in Israel who holds the Company's shares for the benefit of the Transferring Shareholders in the form attached to this taxation decision as Appendix A, approved by the Tax Trustee. The Members of the Israel Stock Exchange will be responsible for withholding the tax at source in accordance with the Ordinance and the rates specified in the Withholding Tax Regulations.

- 3.3.2 The Acquisition Consideration paid to foreign-resident shareholders of Shares Registered by Name and the Acquisition Consideration paid to the Transferring Shareholders who are foreign-residents, who hold their shares through Foreign Brokers (excluding controlling shareholders, within the meaning of this term in Section 3(i) of the Ordinance), who do not hold the Company's shares which are listed via the Members of the Israel Stock Exchange, and who declared in the attached form as **Appendix A** that they: (a) are not residents of Israel, (b) purchased their shares after the registration of these shares for trade on the Australia Stock Exchange (i.e., after December 20, 2016), (c) did not purchase their shares while they were residents of Israel, and (d) that they hold less than 5% of the Company's capital, shall be exempt from withholding tax. Therefore, after receiving the said forms, checking them and approving them as aforesaid by the Tax Trustee, the Foreign Paying Agent will transfer part of the said Acquisition Consideration in full to the Foreign Brokers who will transfer the proceeds of the transaction in full to those entitled thereto, together with a notice that it is a gross consideration, from which no tax at source has been withheld.
- 3.3.3 The payment paid to employees and/or foreign tax residents' consultants, as mentioned in Section 1.9.4 above, will be transferred free of withholding tax, subject to the foreign employee declaring in the form attached as **Appendix B**, which has been reviewed and approved by the Tax Trustee, in relation to each of the options/rights held by him that he (a) is not a resident of Israel and (b) received the options/rights for his work and/or granting of service abroad. It is clarified that the payment stated in this section does not constitute part of the Acquisition Consideration, as defined in Section 1.11 above.
- 3.3.4 From the Acquisition Consideration paid to the other rights holders for whom Sections 3.3.1-3.3.3 above do not apply, the Tax Trustee will withhold tax at source from the Acquisition Consideration on the actual payment date to the rights holder in accordance with the rate set forth in the Withholding Tax Regulations, unless it will be presented with a valid certificate issued by the Israel Tax Authority providing a different withholding tax rate or an exemption from withholding tax. Therefore, to the extent that no certificate of exemption from withholding tax is provided, the Foreign Paying Trustee will transfer the said portion of Acquisition Consideration to the Foreign Brokers or to the shareholder, together with a notice that it is a net consideration after tax at source has been withheld.
- 3.3.5 For the avoidance of doubt, the aforesaid in Section 3.3.4 shall not apply to the 102 Trustee and the 104B Trustee, as the case may be, who shall be responsible for the withholding tax at source in accordance with the provisions of applicable law and/or the Restructuring Tax Ruling, as the case may be.
- 3.3.6 To the extent that the Foreign Paying Agent retains a portion of the Acquisition Consideration that has not been transferred to the Transferring Shareholders due to non-demand for payment by any of these shareholders, this portion of the Acquisition Consideration will be transferred to the Purchaser subject to withholding tax, all according and subject to the Acquisition Agreement. Accordingly, the Tax Trustee will withhold from this portion of the Acquisition Consideration on the actual payment date to the Purchaser in accordance with the rate set forth in the Withholding Tax Regulations, and the Foreign Paying Trustee shall transfer to the Purchaser the portion of the said Acquisition Consideration, net of tax.
- 3.4 The exemption from withholding tax on the consideration and the payments in the transaction with respect to all foreign-resident Transferring Shareholders who are exempt from withholding tax in Israel as stated in Sections 3.3.1 and 3.3.3 above shall apply, provided that a notice is attached by the Tax Trustee stating that this is a gross consideration from which no tax has been withheld at source, and subject to all of the following conditions:

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*[Signature]*

- 3.4.1 The Transferring Shareholders who are individuals will present a passport of a foreign resident or, if they do not have a valid passport, will present a foreign tax form or any other certificate attesting to residency.
- 3.4.2 The Transferring Shareholders who are foreign residents whose consideration in the transaction paid to each of them separately exceeds USD 100,000 shall present, in addition to the section 3.4.1 above, a certificate of residency approved by the tax authorities of the foreign country.
- 3.5 The transfer of the withholding tax to the Tax Authority as stated in Section 3.3 above will be made via the Tax Trustee, and/or 104B Trustee and/or 102 Trustee, as the case may be, who will be the "obligator" as defined in the Withholding Tax Regulations, regarding the amounts of withholding tax to be transferred to him by the Foreign Paying Agent, and he will bear with respect to these amounts full responsibility for the withholding of tax at source from the payment of the Acquisition Consideration and its decision to the assessing officer (hereunder - the "Withholding Assessing Officer") and all in accordance with the provisions set forth in the Withholding Tax Regulations. It is clarified that with respect to the consideration transferred to the Members of the Israel Stock Exchange, as specified in section 3.3.1, the responsibility for withholding the tax at source will be imposed on the Members of the Israel Stock Exchange all in accordance with and subject to the provisions of the Withholding Tax Regulations. It will also be clarified that the Purchaser company (or anyone on its behalf) will be exempt from withholding tax.
- 3.6 The Tax Trustee shall transfer to a shareholder for which tax has been withheld from the consideration, a certificate of withholding tax in accordance with the Income Tax Regulations (Certificate of Withholding), 5471-1980.

#### General instructions

- 3.7 It is clarified that the tax arrangement does not determine the classification of the tax event and/or the classification of the income and/or the amount of the income and its nature in the hands of all the Transferring Shareholders. It is emphasized that this taxation decision does not determine the manner of treatment for tax purposes in the Company's books. The provisions of this taxation decision do not constitute an assessment of the Company and the provisions of this taxation decision do not restrict the assessing officer in making an assessment, including with respect to the consequences arising from the transaction as aforesaid with respect to the Law for the Encouragement of Capital Investment, and except for the withholding tax issues covered in this taxation decision, and subject to it.
- 3.8 For the avoidance of doubt, it will be clarified that the foregoing does not invalidate valid withholding tax certificates issued by the assessing officer regarding the withholding tax rate from transactions in the capital market. In cases where shareholders present certificates as mentioned above, tax will be withheld in accordance with the provisions of these certificates.
- 3.9 It should be emphasized that the tax arrangement detailed above is for withholding tax purposes only and does not exhaust the final tax liability of all of the shareholders, including shareholders from the public. This taxation decision does not detract from the eligibility of a shareholder who considers himself entitled to such a tax refund to apply directly to the assessing officer, in order to receive the tax amount, which was withheld at source and transferred to the Withholding Assessing Officer. It is clarified that the aforesaid shall be done solely by submitting a tax return, within the meaning of Section 131 of the Ordinance, to the assessing officer. It is clarified that the above does not derogate from the authority given in the Ordinance to the assessing officer.
- 3.10 This taxation decision was given subject to the correctness of the facts, provided to us by you and subject to us having been provided with all the full and relevant details, including those appearing in this taxation decision. The Tax Authority may revoke this taxation decision, in whole or in part, immediately or retroactively, if it will become clear that the details provided are incorrect and/or if it will become clear that material details were not provided at all.
- 3.11 This tax decision does not constitute an assessment and/or confirmation of the facts as presented by you. The facts, presented as aforesaid, shall be verified by the relevant assessing officer during the assessment hearings.



- 3.12 The aforesaid does not obligate the Capital Market, Insurance and Savings Division of the Ministry of Finance, the Bank of Israel, another tax authority or any other entity.
- 3.13 The Company and the Tax Trustee undertake to send to the professional division of the Tax Authority and the assessing officer, within 30 days from the date of issuance of this taxation decision, a letter in which they confirm acceptance of all the terms of the taxation decision, as written and without reservation. If such a letter is not received, within the said time, this taxation decision will be considered as a taxation decision with no consent and all the provisions regarding withholding tax will be considered null and void retrospectively.

Sincerely,

Assi Mazuz, CPA  
Sector Head National Inspector of Companies

Cc:

Mr. Roland Am-Shalem, C.P.A. (L.L.B.) - Senior VP for Professional Affairs  
Mr. Nadav Nagar, C.P.A. - Senior Sector Manager (Professional)  
Mr. Avi Bachar, C.P.A. - Gush-Dan Tax Assessor  
Mr. Tomer Gam Zoo Letova, C.P.A - Senior Sector Head Capital Market  
Mr. Shaul Cohen, Adv. - Legal Counsel Capital Market Department

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125 Menachem Begin Street, 67012 Tel – Aviv, level 18 Tel. 074 – 7614785 Fax: 076 – 8090363



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The Professional Division  
Capital Market Department

Appendix A

**DECLARATION OF STATUS FOR ISRAELI INCOME TAX PURPOSES**

You are receiving this form "Declaration of Status for Israeli Income Tax Purposes" as a holder of Ordinary Shares, nominal value of AUD \_\_\_\_ per share (the "Shares") Dragontail Systems Ltd. (the "Company"), in connection with the acquisition of the Company by Yum Connect Australia Pty Ltd., a company organized under the laws of Australia. By completing this form in a manner that would substantiate your eligibility for an exemption from Israeli withholding tax, you will allow a paying agent and/or an Israeli withholding tax agent and/or your broker or any other withholding agent, or their authorized representatives to exempt you from Israeli withholding tax.

<b>PART I Identification and details of Shareholder (including Eligible Israeli Brokers) (see instructions)</b>	
<b>1. Name:</b> (please print full name)	<b>2. Type of Shareholder</b> (more than one box may be applicable): <input type="checkbox"/> Corporation (or Limited Liability Company) <input type="checkbox"/> Individual <input type="checkbox"/> Trust <input type="checkbox"/> Partnership <input type="checkbox"/> Other: _____ <input type="checkbox"/> Bank <input type="checkbox"/> Broker <input type="checkbox"/> Financial Institution
<b>3. For individuals only:</b> Date of birth: ____/____/____ month / day / year Country of residence: Countries of citizenship (name all citizenships): Passport No. (if applicable): _____ Passport's Issuer Country: _____ Or TIN No. _____	<b>4. For all other Shareholders</b> Country of incorporation or organization: Registration number of corporation (if applicable): Country of residence:
<b>5. Permanent Address</b> (state, city, zip or postal code, street, house number, apartment number):	
<b>6. Mailing Address</b> (if different from above):	<b>7. Contact Details:</b> Name: _____ Capacity: _____ Telephone Number _____ (country code, area code and number):
<b>8. I hold the Shares of the Company</b> (mark X in the appropriate place): <input type="checkbox"/> directly, as a registered holder <input type="checkbox"/> Through a broker. If you marked this box, please state the name of your broker: _____	
<b>9. I hold less than 5% of the Company's issued shares.</b> Yes <input type="checkbox"/> No <input type="checkbox"/>	

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The Professional Division  
Capital Market Department

**PART II Declaration by Non-Israeli Residents (see instructions) ► Eligible Israeli Brokers should not complete this Part II**

**A. To be completed only by Individuals.** I hereby declare that: (if the statement is correct, mark X in the following boxes)

A.1 ☐ I am NOT and at the date of purchase of my Shares was not a "resident of Israel" for tax purposes as defined under Israeli law and provided in Appendix A attached hereto, which means, among other things, that:

- The State of Israel is not my permanent place of residence,
- The State of Israel is neither my place of residence nor that of my family,
- My ordinary or permanent place of activity is NOT in the State of Israel and I do NOT have a permanent establishment in the State of Israel,
- I do NOT engage in an occupation in the State of Israel,
- I do NOT own a business or part of a business in the State of Israel,
- I am NOT insured by the Israeli National Insurance Institution,
- I was NOT present (nor am I planning to be present) in Israel for 183 days or more during this tax year,
- I was NOT present (nor am I planning to be present) in Israel for 30 days or more during this tax year, and the total period of my presence in Israel during this tax year and the two previous tax years is less than 425 days in total;

A.2 ☐ I acquired the Shares on or after the initial public offering of the Company on the Australian Securities Exchange (ASX) (i.e., after December 20<sup>th</sup>, 2016).

☐ My share's net worth is less than USD \$100,000.

**B. To be completed by Corporations (except Partnerships and Trusts).** I hereby declare that: (if correct, mark X in the following boxes)

B.1 ☐ The corporation is NOT and at the date of purchase of its Shares was not a "resident of Israel" for tax purposes as defined under Israeli law and provided in Appendix A attached hereto, which means, among other things, that:

- The corporation is NOT registered with the Registrar of Companies in Israel,
- The corporation is NOT registered with the Registrar of "Amutot" (non-profit organizations) in Israel,
- The control of the corporation is NOT located in Israel,
- The management of the corporation is NOT located in Israel,
- The corporation does NOT have a permanent establishment in Israel, and
- No Israeli resident holds, directly or indirectly via shares or through a trust or in any other manner or with another who is an Israeli resident, 25% or more of any "means of control" in the corporation as specified below:
  - The right to participate in profits;
  - The right to appoint a director;
  - The right to vote;
  - The right to share in the assets of the corporation at the time of its liquidation; and
  - The right to direct the manner of exercising one of the rights specified above;

B.2 ☐ The corporation acquired the Shares on or after the initial public offering of the Company on the Australian Securities Exchange (ASX) (i.e., after December 20<sup>th</sup>, 2016).

☐ My share's net worth is less than USD 100,000.

E.C. [Signature]



The Professional Division  
Capital Market Department

**C. To be completed by Partnerships.** I hereby declare that: (if correct, mark X in the following boxes)

C.1 ☐ The partnership is NOT and at the date of purchase of its Shares was not a "resident of Israel" for tax purposes as defined under Israeli law and provided in Appendix A attached hereto, which means, among other things, that:

- The partnership is NOT registered with the Registrar of Partnerships in Israel,
- The control of the partnership is NOT located in Israel,
- The management of the partnership is NOT located in Israel,
- The partnership does NOT have a permanent establishment in Israel,
- NO Israeli resident holds, directly or indirectly via shares or through a trust or in any other manner or with another who is an Israeli resident, 25% or more of the rights in the partnership, and
- NO partner in the partnership is an Israeli resident;

C.2 ☐ The partnership acquired the Shares on or after the initial public offering of the Company on the Australian Securities Exchange (ASX) (i.e., after December 20<sup>th</sup>, 2016).

☐ My share's net worth is less than USD 100,000.

**D. To be completed by Trusts.** I hereby declare that: (if correct, mark X in the following boxes)

D.1 ☐ The trust is NOT and at the date of purchase of its Shares was not a "resident of Israel" for tax purposes as defined under Israeli law and provided in Appendix A attached hereto, which means, among other things, that:

- The trust is NOT registered in Israel,
- The settlor of the trust is NOT an Israeli resident,
- The beneficiaries of the trust are NOT Israeli residents, and
- The trustee of the trust is NOT an Israeli resident;

D.2 ☐ The trust acquired the Shares on or after the initial public offering of the Company on the Australian Securities Exchange (ASX) (i.e., after December 20<sup>th</sup>, 2016).

☐ My share's net worth is less than USD 100,000.

**PART III Declaration by Israeli Bank, Broker or Financial Institution** (see instructions)

**Non-Israeli Residents should not complete this Part III**

I hereby declare that: (if correct, mark X in the following box)

☐ I am a bank, broker or financial institution that is a "resident of Israel" within the meaning of that term in Section 1 of the Ordinance (See Instruction II), I am holding the Shares solely on behalf of beneficial shareholder(s) and I am subject to the provisions of the Ordinance and the regulations promulgated thereunder relating to the withholding of Israeli tax, including with respect to the cash payment (if any) made by me to such beneficial shareholder(s) with respect to Shares in connection with the Scheme of Arrangement.

**PART IV**

**Certification.** By signing this form, I also declare that:

- I understood this form and completed it correctly and pursuant to the instructions.
- I provided accurate, full and complete details in this form.
- I am aware that providing false details constitutes criminal offense.
- I am aware that this form may be provided to the Israeli Tax Authority, in case the Israeli Tax Authority so requests, for purposes of audit or otherwise.

E.C.

DSB

For personal use only



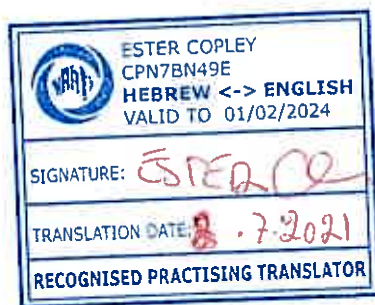
The Professional Division  
Capital Market Department

**SIGN HERE ►**

\_\_\_\_\_  
Signature of Shareholder

\_\_\_\_\_  
Date

\_\_\_\_\_  
Capacity in which acting (or  
individual authorized to sign  
on your behalf)



E.C

BER



The Professional Division  
Capital Market Department

- I do NOT engage in an occupation in the State of Israel,
- I do NOT own a business or part of a business in the State of Israel,
- I am NOT insured by the Israeli National Insurance Institution,
- I was NOT present (nor am I planning to be present) in Israel for 183 days or more during this tax year,
- I was NOT present (nor am I planning to be present) in Israel for 30 days or more during this tax year, and the total period of my presence in Israel during this tax year and the two previous tax years is less than 425 days in total;

A.2. ☐ I was not granted the Options for work or services that performed in the State of Israel.

☐ I was granted the Options after initial public offering (i.e., on or after December 20<sup>th</sup>, 2016).

☐ My Option's net worth is less than USD 100,000

**PART III Certification.** By signing this form, I also declare that:

- I understood this form and completed it correctly and pursuant to the instructions.
- I provided accurate, full and complete details in this form.
- I am aware that providing false details constitutes criminal offense.
- I am aware that this form may be provided to the Israeli Tax Authority, in case the Israeli Tax Authority so requests, for purposes of audit or otherwise.

**SIGN HERE ►**

\_\_\_\_\_  
Signature of the Options holder

\_\_\_\_\_  
Date



E.C.

AR





The Professional Division  
Capital Market Department

### Appendix B

#### DECLARATION OF STATUS FOR ISRAELI INCOME TAX PURPOSES

You are receiving this form of "Declaration of Status For Israeli Income Tax Purposes" as an individual holder of options to purchase ordinary shares (the "Options") of Dragontail Systems Ltd. (the "Company"), a company organized under the laws of Australia. By completing this form in a manner that would substantiate your eligibility for an exemption from Israeli withholding tax, you will allow, paying agent, Israeli withholding tax agent, your broker or any other withholding agent, or their authorized representatives to exempt you from Israeli withholding tax

<b>PART I Identification and details of the Options holder</b> (see instructions)	
<b>1. Name:</b> (please print full name)	
<b>2. For individuals Options holder only:</b> Date of birth: ____/____/____ month / day / year Countries of citizenship (name all citizenships): Country of residence: Passport No.: (if applicable): Passport's Issuer country:	
<b>3. Permanent Address</b> (state, city, zip or postal code, street, house number, apartment number):	
<b>4. Mailing Address</b> (if different from above):	<b>5. Contact Details:</b> Name: _____ Capacity: _____ Telephone Number _____ (country code, area code and number):
<b>6. I hold the Options of the Company</b> (mark X in the appropriate place): <input type="checkbox"/> Through a broker. If you marked this box, please state the name of your broker: _____	
<b>PART II Declaration by Non-Israeli Residents</b> (see instructions)	
<b>A. Declaration.</b> I hereby declare that: (if the statement is correct, mark X in the following box)	
A.1 <input type="checkbox"/> I am NOT a "resident of Israel", and at the time of issuance of the Options to me was not, a "resident of Israel" for tax purposes, which means, among other things, that: <ul style="list-style-type: none"><li>• The State of Israel is not my permanent place of residence,</li><li>• The State of Israel is neither my place of residence nor that of my family,</li><li>• My ordinary or permanent place of activity is NOT in the State of Israel and I do NOT have a permanent establishment in the State of Israel,</li></ul>	

E.C. [Signature]



**החטיבה המקצועית  
מחלקת שוק ההון**

16 יוני, 2021  
וי תמוז, תשפ"א  
בקשה מספר: 20210812



לכבוד  
קוסט פורר גבאי את קסירר – רואי חשבון  
רח' פל 2  
חיפה

א.ג.נ.

**הנדון: Dragontail Systems Limited**

**הסדר בעניין ניכוי מס במקור במסגרת עסקת רכישה**

(סימוכין: פנייתכם מיום 30 במאי, 2021)

**1. העובדות כפי שנמסרו לנו על ידכם:**

- 1.1 חברת Dragontail Systems Limited (להלן: "החברה המבקשת" ו/או "החברה"), הינה חברה ציבורית תושבת אוסטרליה אשר התאגדה בשנת 2016. מניותיה של החברה נסחרות בבורסת אוסטרליה (סמל מסחר: DTS) החל מדצמבר 2016.
- 1.2 החברה מחזיקה במלוא מניות חברת דראגון טייל מערכות בע"מ ח.פ. 514981232, חברה תושבת ישראל (להלן – "חברת הבת הישראלית" או "החברה הישראלית"). חברת הבת הישראלית מחזיקה בשתי חברות בנות כדלהלן:
  - Dragontail Systems Canada, Inc חברה תושבת קנדה (להלן – "החברה הקנדית").
  - Dragontail Systems USA, Inc חברה תושבת ארה"ב (להלן – "החברה האמריקאית").החברה, חברת הבת הישראלית, החברה הקנדית והחברה האמריקאית יקראו יחדיו להלן – "קבוצת דרגונטייל".
- 1.3 קבוצת דרגונטייל עוסקת בפתרון תוכנה, שמאפשר למסעדות מזון מהיר אופטימיזציה של ניהול המשלוחים, וכן פתרונות גם בתחום ניהול המטבח באמצעות מצלמות שבוחנות את איכות המוצר. לקבוצת דרגונטייל עובדים ברחבי העולם, לרבות בישראל המועסקים בחברות הקבוצה.
- 1.4 יצוין כי בטרם הקמתה של החברה, ועל מנת לאפשר גיוס השקעות בדרך של הנפקה בבורסה האוסטרלית, כל האחזקות בחברה הישראלית הועברו בפטור ממס לחברה המבקשת (להלן – "שינוי המבנה"). שינוי המבנה בוצע באמצעות סעיף 104ב לפקודת מס הכנסה (נוסח חדש), תשכ"א-1961 (להלן – "הפקודה"). שינוי המבנה נעשה במסגרת החלטת מיסוי מיום 8.11.2016 (סימוכין: 20161317) (להלן: "החלטת המיסוי של שינוי המבנה"). הנאמן לשינוי המבנה הינה אי. בי. אי. ניהול נאמנויות ח.פ. 515020428 תיק ניכויים 936080233 (להלן: "נאמן 104ב").
- 1.5 לאחר שינוי המבנה מניות החברה המבקשת הונפקו ונרשמו למסחר בבורסה של אוסטרליה וזאת החל מיום 20 בדצמבר, 2016.
- 1.6 על פי הצהרתה, החברה הישראלית אינה דורשת ו/או דרשה הטבות מס לפי חוק לעידוד השקעות הון, התשי"ט-1959 (להלן: "החוק לעידוד השקעות הון") מאז היווסדה.



### החטיבה המקצועית מחלקת שוק ההון

1.7. על פי הצהרתה, החברה אינה איגוד מקרקעין, כמשמעות מונח זה בחוק מיסוי מקרקעין (שבח ורכישה), התשכ"ג-1963.

1.8. נכון ליום הגשת הבקשה שבסימוכין, הון המניות המונפק והנפרע של החברה המבקשת מורכב מ- 285,988,462 מניות רגילות ו- 111,538,464 מניות בכורה שניתנות להמרה למניות רגילות. לאחר המרת מניות הבכורה (כאמור בסעיף 1.10 להלן) מספר המניות הרגילות יהיה 397,526,926.

1.9. מניות החברה מוחזקות באופן הבא:

1.9.1. חלק ממניות החברה, נרכשו באמצעות חברי הבורסה בישראל (דרך ברוקרים זרים), והן מוחזקות באמצעות Advanced Share Registry Ltd, החברה האוסטרלית לרישום, על שם חברי הבורסה בישראל (להלן: "חברי הבורסה בישראל" ו-"החברה לרישומים", בהתאמה).

1.9.2. חלק נוסף ממניות החברה נרכש באמצעות ברוקרים זרים, והן מוחזקות באמצעות החברה לרישומים על שם הברוקרים הזרים (להלן: "הברוקרים הזרים").

1.9.3. לחברה מספר בעלי מניות המחזיקים במישרין במניות החברה ורישומים ישירות במרשם בעלי המניות של החברה, ולא באמצעות חברה לרישומים כלשהי (להלן: "מניות רשומות על שם").

1.9.4. כמו כן, החברה העניקה זכויות ו/או מניות לעובדים ויועצים תושבי ישראל ושאינם תושבי ישראל, המועסקים בחברה המבקשת, בחברה הישראלית, בחברה הקנדית, והחברה האמריקאית. ההענקות לעובדים תושבי ישראל, אשר אינם בעלי שליטה, בוצעו תחת מסלול רווח הון, כמשמעות מונח זה בסעיף 102 לפקודה, והן מוחזקות אצל הנאמן חברת אי. בי. אי. ניהול נאמנויות ח.פ. 515020428 תיק ניכויים 936080233 (להלן: "מחזיקי האופציות הישראלים" ו-"נאמן 102" בהתאמה). יצוין כי בטרם הרכישה (כהגדרתה להלן), מלוא הזכויות שבידי מחזיקי האופציות הישראלים, אשר מוחזקות בידי נאמן 102, יבוטלו כנגד תשלום בעבורן. נאמן 102 יהא אחראי לניכוי המס, בהתאם להוראות סעיף 102 לפקודה, לפי העניין.

1.9.5. כאמור לעיל, מניות החברה שהוקצו במסגרת שינוי המבנה מוחזקות על ידי נאמן 104ב.

1.10. ביום ה-27.5.2021 נחתם הסכם לרכישת מלוא הזכויות בחברה המבקשת (להלן: "הסכם הרכישה"), לפיו חברת Yum Connect Australia Pty Ltd (להלן: "הרוכשת"), תרכוש במועד השלמת העסקה את מלוא המניות בחברה בעסקת רכישה מחוץ לבורסה (להלן: "הרכישה"). הרכישה תבצע על פי מתווה של Scheme of Arrangement בהתאם להוראות חוק החברות האוסטרלי (Corporations Act 2001) (Cth) באישור ופיקוח בית המשפט באוסטרליה. יובהר כי בטרם תושלם עסקה הרכישה, מלוא מניות הבכורה יומרו למניות רגילות של החברה וזאת בהתאם לשווי הכלכלי של סוגי המניות.

1.11. בהתאם למתווה בהסכם הרכישה, כל מניות החברה המבקשת ייפדו מבעלי המניות (להלן: "בעלי המניות המעבירים") במחיר של 0.235 דולר אוסטרלי למניה, בשווי כולל של 93,500,000 דולר אוסטרלי אשר ישולם במלואו במזומן (להלן: "תמורת הרכישה").

1.12. על פי המתווה בהסכם הרכישה, מלוא התמורה תועבר לידי החברה לרישומים - Advanced Share Registry Ltd, אשר משמשת בעסקה כנאמן המשלם הזר (להלן: "הנאמן המשלם הזר"). בנוסף לנאמן המשלם הזר, נקבע כי חברת אי. בי. אי. ניהול נאמנויות ח.פ. 515020428 תיק ניכויים 936080233, תטפל בביצוע ניכוי המס במקור בישראל, ככל שנדרש (להלן: "נאמן המס").

1.13. כלל תמורת הרכישה תועבר במזומן ע"י הרוכשת אל הנאמן המשלם הזר. הנאמן המשלם הזר יעביר את חלק התמורה לבעלי המניות המעבירים שמניותיהם רשומות למסחר באמצעות הברוקרים הזרים. יצוין,

ע. כ



### החטיבה המקצועית מחלקת שוק ההון

כי חלק מהתמורה תועבר באמצעות הברוקרים הזרים לחברי הבורסה בישראל עבור בעלי מניות תושבי ישראל המחזיקים את מניותיהם דרכם. את חלק התמורה, המיועד לבעלי המניות הרשומות על שם, יעביר הנאמן המשלם הזר ישירות לבעלי המניות כאמור.

1.14. מאחר ורכישת המניות הרשומות כיום למסחר בבורסה באוסטרליה, תתבצע כעסקה מחוץ לבורסה, הרי שבמסגרת העסקה ניתן יהיה לסווג בעלי מניות מהציבור בהתאם להצהרותיהם.

1.15. יצוין כי בתום תקופת ההתקשרות עם הנאמן המשלם הזר ונאמן המס אשר מוגבלת ל- 365 ימים ממועד השלמת העסקה ("תום תקופת ההתקשרות"), יתרת התמורה שלא הועברה מהנאמן המשלם הזר לבעלי המניות בשל אי-הגשת טפסים או מידע אחר, ככל שיידרשו, על ידי בעלי המניות, תועבר לבעלי מניות אלה בניכוי מס ישראלי אשר יועבר לנאמן המס, אשר יהיה אחראי להעברתו לרשות המסים בישראל.

1.16. בנוסף, ככל תוותר יתרה בידי הנאמן המשלם הזר, תועבר יתרה זו לרוכשת, והכל בהתאם ובכפוף להסכם הרכישה, וזאת בניכוי מס ישראלי אשר יועבר לנאמן המס, אשר יהיה אחראי להעברתו לרשות המסים בישראל.

1.17. המתווה המתואר בסעיפים 1.15 ו- 1.16 כפוף לאישורו של בית המשפט באוסטרליה.

## 2. הבקשה

קביעת הסדר ניכוי המס במקור אשר יחול על הנאמן המשלם הזר, נאמן המס והחברה הרוכשת או מי מטעמה, בשל התמורה במזומן שתשולם במסגרת הרכישה.

## 3. החלטת המיסוי:

בכפוף לנכונות העובדות שהוצגו בפנינו והמפורטות בסעיף 1 לעיל ובפנייתכם שבסימוכין, הריני להודיעכם, כדלקמן:

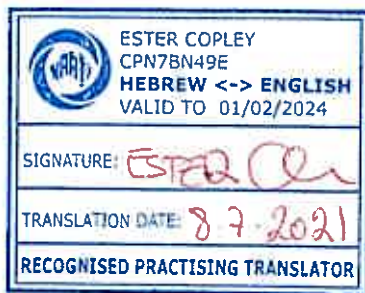
### הסדר ניכוי המס במקור:

3.1. ניכוי המס במקור בגין תמורת הרכישה, שמשולמת לבעלי המניות המעבירים שימכרו את מניותיהם במסגרת הרכישה, יהא בהתאם להוראות הפקודה ולשיעורים המפורטים בתקנות מס הכנסה (ניכוי מתמורה, מתשלום או מרווח הון במכירת ני"ע, במכירת יחידה בקרן נאמנות או בעסקה עתידית), התשס"ג - 2002 (להלן: "תקנות ניכוי במקור"), ובכפוף לאמור בהחלטת מיסוי זו.

3.2. העברת תמורת הרכישה בגין כלל הזכויות בחברה מהחברה הרוכשת ו/או מי מטעמה לנאמן המשלם הזר ו/או לנאמן המס והעברת התמורה ו/או חלק מהתמורה מהנאמן המשלם הזר לנאמן המס, לפי העניין, תהא פטורה מניכוי מס במקור. לחברה הרוכשת ו/או לנאמן המשלם הזר ו/או לנאמן המס ו/או מי מטעמם לא תהיה כל חבות לנכות מס במקור מתמורת עסקת הרכישה בעת תשלומה במועד סגירת העסקה (ובלבד שהכספים לא הועברו לידי מי מבעלי המניות המעבירים). ניכוי המס במקור, ככל שנדרש בהתאם להחלטת המיסוי, יבוצע במועד העברת תמורת הרכישה על ידי הנאמן המשלם הזר או נאמן המס לבעלי המניות המעבירים (למעט ההעברה לנאמן 104ב ונאמן 102, כמפורט בסעיף 3.3.5 להלן) בהתאם להוראות החלטת מיסוי זו.

3.3. ניכוי המס במקור במועד תשלום תמורת הרכישה לבעלי המניות המעבירים, יהא כדלקמן:

ע.ח



### החטיבה המקצועית מחלקת שוק ההון

3.3.1 תמורת הרכישה המשולמת לברוקרים הזרים המחזיקים במניות הרשומות בבורסת אוסטרליה על שם חברי הבורסה בישראל כאמור בסעיף 1.9.1 לעיל בעבור בעלי מניות המעבירים, תהא פטורה מניכוי מס במקור. לפיכך, הנאמן המשלם הזר יעביר את חלק תמורת הרכישה כאמור לברוקרים הזרים בעבור חברי הבורסה בישראל, בצירוף הודעה, כי מדובר בתמורה ברוטו, אשר לא נוכה ממנה מס במקור. העברת חלק תמורת הרכישה לחברי הבורסה בישראל תתבצע לאחר הצהרה שתועבר ע"י חברי הבורסה בישראל לברוקרים הזרים, לפיה מדובר בחבר בורסה בישראל המחזיק במניות החברה עבור בעלי המניות המעבירים בטופס המצורף להחלטת מיסוי זו **כנספה א'** המאושרת על-ידי נאמן המס. חברי הבורסה בישראל יהיו אחראים על ניכוי המס במקור בהתאם לפקודה ולשיעורים המפורטים בתקנות ניכוי במקור.

3.3.2 תמורת הרכישה המשולמת לבעלי המניות הרשומות על שם שהינם תושבי חוץ ותמורת הרכישה המשולמת לבעלי המניות המעבירים שהינם תושבי חוץ, המחזיקים במניותיהם באמצעות הברוקרים הזרים (למעט בעלי שליטה, כמשמעות מונח זה בסעיף 3(ט) לפקודה), אשר אינם מחזיקים את מניות החברה הרשומות למסחר באמצעות חברי הבורסה בישראל, והצהירו בטופס המצורף **כנספה א'** על כך שהם: (א) אינם תושבי ישראל, (ב) רכשו את מניותיהם לאחר רישומן של מניות אלה למסחר בבורסת אוסטרליה (קרי, לאחר 20 בדצמבר 2016), (ג) לא רכשו את מניותיהם בעת היותם תושבי ישראל, ו-(ד) וכי הם מחזיקים פחות מ-5% בהון החברה, תהא פטורה מניכוי מס במקור. לפיכך, לאחר קבלת הטפסים, בדיקתם ואישורם כאמור לעיל ע"י נאמן המס, יעביר הנאמן המשלם הזר את חלק מתמורת הרכישה כאמור במלואה לברוקרים הזרים אשר יעבירו את התמורה בעסקה במלואה לזכאים לה, בצירוף הודעה, כי מדובר בתמורה ברוטו, אשר לא נוכה ממנה מס במקור.

3.3.3 התשלום המשולם לעובדים ו/או יועצים תושבי מס זרים, כאמור בסעיף 1.9.4 לעיל, יועבר ללא ניכוי מס במקור, בכפוף לכך כי העובד תושב חוץ הצהיר בטופס המצורף **כנספה ב'**, אשר נבדק ואושר על ידי נאמן המס, ביחס לכל אחת מהאופציות/זכויות המוחזקות על ידיו על כך שהוא (א) אינו תושב ישראל ו-(ב) קיבל את האופציות/זכויות בגין עבודתו ו/או מתן שירות בחו"ל. יובהר כי התשלום האמור בסעיף זה אינו מהווה חלק מתמורת הרכישה, כהגדרתה בסעיף 1.11 לעיל.

3.3.4 מתמורת הרכישה המשולמת לשאר בעלי הזכויות אשר לא מתקיימים לגביהם סעיפים 3.3.1-3.3.3 לעיל, ינכה נאמן המס מס במקור מתמורת הרכישה במועד התשלום בפועל לבעל הזכויות בהתאם לשיעור הקבוע בתקנות ניכוי במקור, אלא אם יומצא לו אישור תקף מרשות המסים בישראל המורה על שיעור ניכוי מס אחר או פטור מניכוי מס במקור. לפיכך, ככל שלא יומצא אישור המורה על פטור מניכוי מס במקור, הנאמן המשלם הזר יעביר את חלק תמורת הרכישה כאמור בניכוי המס לברוקרים הזרים או לבעל המניות, בצירוף הודעה, כי מדובר בתמורה נטו לאחר ניכוי מס במקור.

3.3.5 למען הסר ספק, האמור בסעיף 3.3.4 לא יחול על נאמן 102 ונאמן 104ב, לפי העניין, אשר יהא אחראי על ניכוי המס במקור בהתאם להוראות הדין ו/או החלטת המיסוי של שיוני המבנה, לפי העניין.

3.3.6 ככל שיוותר בידי הנאמן המשלם הזר חלק מתמורת הרכישה שלא הועבר לבעלי המניות המעבירים בשל אי-דרישת תשלום על ידי מי מבעלי מניות אלה, יועבר חלק זה של תמורת הרכישה לרוכשת בניכוי מס במקור, והכל בהתאם ובכפוף להסכם הרכישה. לפיכך, נאמן המס ינכה במקור מחלק זה





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של תמורה הרכישה כאמור במועד התשלום בפועל לרוכשת בהתאם לשיעור הקבוע בתקנות ניכוי במקור, והנאמן המשלם הזר יעביר לרוכשת את חלק תמורת הרכישה כאמור בניכוי המס.

3.4 הפטור מניכוי מס במקור על התמורה והתשלומים בעסקה בהתייחס לכלל בעלי המניות המעבירים תושבי חוץ, אשר פטורים מניכוי מס במקור בישראל כאמור בסעיף 3.3.1 ו- 3.3.3 לעיל יחול, ובלבד שצורפה הודעה על ידי נאמן המס כי מדובר בתמורה ברוטו אשר לא נוכה ממנה מס במקור, ובכפוף לכל התנאים הבאים:

3.4.1 בעלי המניות המעבירים שהם יחידים יציגו דרכון של תושב חוץ או, ככל שאין ברשותם דרכון בתוקף ימציאו טופס מס זר או כל תעודה אחרת המעידה על תושבות.

3.4.2 בעלי המניות המעבירים שהינם תושבי חוץ אשר התמורה בעסקה המשולמת לכל אחד מהם בנפרד עולה על 100,000 דולר ארה"ב ימציאו בנוסף לסעיף 3.4.1 גם אישור תושבות המאושר על ידי רשויות המס של מדינת החוץ.

3.5 העברת כספי ניכוי המס במקור לרשות המסים כאמור בסעיף 3.3 לעיל תבוצע באמצעות נאמן המס, ו/או נאמן 104ב ו/או נאמן 102, לפי העניין, אשר יהא ה"חייב" כהגדרת המונח בתקנות ניכוי במקור, לגבי סכומי ניכוי המס במקור שיועברו אליו על ידי הנאמן המשלם הזר, והוא יישא לגבי סכומים אלו במלוא האחריות לניכוי מס במקור מתשלום תמורת הרכישה לפי החלטת מיסוי זו והעברתו לפקיד השומה (להלן: "פקיד השומה ניכויים") והכול בהתאם להוראות הקבועות בתקנות ניכוי במקור. יובהר כי לעניין התמורה המועברת לחברי הבורסה בישראל כמפורט בסעיף 3.3.1, האחריות לניכוי המס במקור תוטל על חברי הבורסה בישראל והכל בהתאם ובכפוף להוראות הקבועות בתקנות הניכוי במקור. יובהר כי החברה הרוכשת (או מי מטעמה) יהיו פטורות מניכוי מס במקור.

3.6 נאמן המס יעביר לבעל מניות שנוכה לו מס מהתמורה אישור ניכוי מס במקור בהתאם לתקנות מס הכנסה (אישור בדבר ניכוי במקור), התשמ"א - 1980.

#### הוראות כלליות:

3.7 מובהר, הסדר המס אינו קובע את סיווג אירוע המס ו/או את סיווגה של ההכנסה ו/או את סכומה של ההכנסה ואופייה בידי כלל בעלי המניות המעבירים. מודגש, כי אין בהחלטת מיסוי זו בכדי לקבוע את אופן הטיפול לצורכי מס בספרי החברה. אין באמור בהחלטת מיסוי זו משום עריכת שומה לחברה ואין באמור בהחלטת מיסוי זו כדי להגביל את פקיד השומה בעריכת השומה, לרבות לעניין השלכות הנובעות מהעסקה כאמור לעיל לעניין החוק לעידוד השקעות הון, ולמעט לגבי סוגיות הניכוי המקור שהוסדרו בהחלטת מיסוי זו, ובכפוף לה.

3.8 למען הסר ספק יובהר, כי אין באמור לעיל בכדי לבטל אישורי ניכוי מס במקור תקפים, שניתנו על ידי פקיד השומה, לגבי שיעור ניכוי המס במקור מעסקאות בשוק ההון. במקרים בהם יציגו בעלי מניות אישורים כאמור לעיל, ינוכה מס במקור בהתאם לאמור באישורים אלה.

3.9 יודגש, כי הסדר המס המפורט לעיל, הינו לצרכי ניכוי מס במקור בלבד ואינו ממצה את חבות המס הסופית של כלל בעלי המניות לרבות בעלי המניות מהציבור. אין באמור בהחלטת מיסוי זו בכדי לגרוע מזכאותו של בעל מניות, הרואה עצמו זכאי להחזר מס כאמור, לפנות ישירות לפקיד השומה, על מנת לקבל את סכום המס, אשר נוכה במקור והועבר לפקיד השומה ניכויים. יובהר, כי האמור לעיל יעשה אך ורק באמצעות הגשת דו"ח,

ע.ל

*Dr. Re*



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כמשמעותו בסעיף 131 לפקודה, לפקיד השומה. מובהר, כי אין באמור לעיל בכדי לגרוע מהסמכות הנתונה בפקודה לפקיד השומה.

3.10 החלטת מיסוי זו ניתנה בכפוף לנכונות העובדות, שנמסרו לנו על ידכם ובכפוף לכך, שנמסרו לנו כל הפרטים המלאים והרלוונטיים, לרבות אלו המופיעים בהחלטת מיסוי זו. רשות המסים רשאית לבטל החלטת מיסוי זו, חלקה או כולה, לאלתר או למפרע, באם יתברר, כי הפרטים שנמסרו אינם נכונים ו/או באם יתברר כי פרטים מהותיים לא נמסרו כלל.

3.11 אין בהחלטת מיסוי זו משום עשיית שומה ו/או אישור לעובדות כפי שהוצגו על-ידכם. העובדות, שהוצגו כאמור תיבדקנה על-ידי פקיד השומה הרלוונטי במהלך דיוני שומות.

3.12 אין באמור לעיל כדי לחייב את אגף שוק ההון הביטוח והחיסכון במשרד האוצר, את בנק ישראל, רשות מס אחרת או כל גוף אחר.

3.13 החברה ונאמן המס מתחייבים להעביר לחטיבה המקצועית שברשות המסים ולפקיד השומה, תוך 30 ימים מיום מתן החלטת מיסוי זו, מכתב בו הם מאשרים את קבלת כל תנאי החלטת המיסוי, ככתבם וכלשונם וללא הסתייגות. במידה ומכתב כאמור לא יתקבל, תוך הזמן האמור, החלטת מיסוי זו תיחשב כהחלטת מיסוי שלא בהסכם וכל ההוראות לגבי ניכוי המס במקור יחשבו כבטלות למפרע.

בברכה,

אסי מזוז, ר"ח  
מנהל תחום מפקח ארצי חברות



E.C.

196 Ben

### העתיקים :

מר רולנד עס-שלם, ר"ח (משפטן) - סמנכ"ל בכיר לעניינים מקצועיים  
מר נדב נגר, ר"ח - מנהל אגף בכיר (מקצועית)  
מר אבי בכר, ר"ח - פקיד שומה גוש-דן  
מר תומר גם זו לטובה, ר"ח - מנהל תחום בכיר שוק ההון  
מר שאול כהן, עו"ד - יועץ משפטי מחלקת שוק ההון



החטיבה המקצועית  
מחלקת שוק ההון

נספח א'

### DECLARATION OF STATUS FOR ISRAELI INCOME TAX PURPOSES

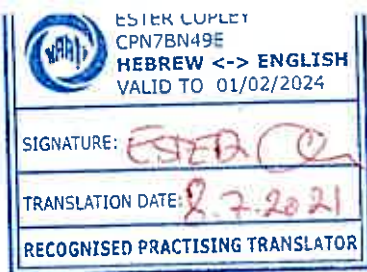
You are receiving this form "Declaration of Status for Israeli Income Tax Purposes" as a holder of Ordinary Shares, nominal value of AUD \_\_\_\_ per share (the "Shares") Dragontail Systems Ltd. (the "Company"), in connection with the acquisition of the Company by Yum Connect Australia Pty Ltd., a company organized under the laws of Australia. By completing this form in a manner that would substantiate your eligibility for an exemption from Israeli withholding tax, you will allow a paying agent and/or an Israeli withholding tax agent and/or your broker or any other withholding agent, or their authorized representatives to exempt you from Israeli withholding tax.

PART I Identification and details of Shareholder (including Eligible Israeli Brokers) (see instructions)	
<b>1. Name:</b> (please print full name)	<b>2. Type of Shareholder</b> (more than one box may be applicable): <input type="checkbox"/> Corporation (or Limited Liability Company) <input type="checkbox"/> Individual <input type="checkbox"/> Trust <input type="checkbox"/> Partnership <input type="checkbox"/> Other: _____ <input type="checkbox"/> Bank <input type="checkbox"/> Broker <input type="checkbox"/> Financial Institution
<b>3. For individuals only:</b> Date of birth: ____/____/____ month / day / year Country of residence: Countries of citizenship (name all citizenships): Passport No. (if applicable): _____ Passport's Issuer Country: _____ Or TIN No. _____	<b>4. For all other Shareholders</b> Country of incorporation or organization: Registration number of corporation (if applicable): Country of residence:
<b>5. Permanent Address</b> (state, city, zip or postal code, street, house number, apartment number):	
<b>6. Mailing Address</b> (if different from above):	<b>7. Contact Details:</b> Name: _____ Capacity: _____ Telephone Number _____ (country code, area code and number):
<b>8. I hold the Shares of the Company</b> (mark X in the appropriate place): <input type="checkbox"/> directly, as a registered holder <input type="checkbox"/> Through a broker. If you marked this box, please state the name of your broker: _____	
<b>9. I hold less than 5% of the Company's issued shares.</b> Yes <input type="checkbox"/> No <input type="checkbox"/>	

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**PART II Declaration by Non-Israeli Residents (see instructions) ► Eligible Israeli Brokers should not complete this Part II**

**A. To be completed only by Individuals.** I hereby declare that: (if the statement is correct, mark X in the following boxes)

- A.1 ☐ I am NOT and at the date of purchase of my Shares was not a "resident of Israel" for tax purposes as defined under Israeli law and provided in Appendix A attached hereto, which means, among other things, that:
- The State of Israel is not my permanent place of residence,
  - The State of Israel is neither my place of residence nor that of my family,
  - My ordinary or permanent place of activity is NOT in the State of Israel and I do NOT have a permanent establishment in the State of Israel,
  - I do NOT engage in an occupation in the State of Israel,
  - I do NOT own a business or part of a business in the State of Israel,
  - I am NOT insured by the Israeli National Insurance Institution,
  - I was NOT present (nor am I planning to be present) in Israel for 183 days or more during this tax year,
  - I was NOT present (nor am I planning to be present) in Israel for 30 days or more during this tax year, and the total period of my presence in Israel during this tax year and the two previous tax years is less than 425 days in total;
- A.2 ☐ I acquired the Shares on or after the initial public offering of the Company on the Australian Securities Exchange (ASX) (i.e., after December 20<sup>th</sup>, 2016).
- ☐ My share's net worth is less than USD \$100,000.

**B. To be completed by Corporations (except Partnerships and Trusts).** I hereby declare that: (if correct, mark X in the following boxes)

- B.1 ☐ The corporation is NOT and at the date of purchase of its Shares was not a "resident of Israel" for tax purposes as defined under Israeli law and provided in Appendix A attached hereto, which means, among other things, that:
- The corporation is NOT registered with the Registrar of Companies in Israel,
  - The corporation is NOT registered with the Registrar of "Amutot" (non-profit organizations) in Israel,
  - The control of the corporation is NOT located in Israel,
  - The management of the corporation is NOT located in Israel,
  - The corporation does NOT have a permanent establishment in Israel, and
  - No Israeli resident holds, directly or indirectly via shares or through a trust or in any other manner or with another who is an Israeli resident, 25% or more of any "means of control" in the corporation as specified below:
    - The right to participate in profits;
    - The right to appoint a director;
    - The right to vote;
    - The right to share in the assets of the corporation at the time of its liquidation; and
    - The right to direct the manner of exercising one of the rights specified above;
- B.2 ☐ The corporation acquired the Shares on or after the initial public offering of the Company on the Australian Securities Exchange (ASX) (i.e., after December 20<sup>th</sup>, 2016).
- ☐ My share's net worth is less than USD \$100,000.

**C. To be completed by Partnerships.** I hereby declare that: (if correct, mark X in the following boxes)

E. c. *Dr. Ben*



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C.1 ☐ The partnership is NOT and at the date of purchase of its Shares was not a "resident of Israel" for tax purposes as defined under Israeli law and provided in Appendix A attached hereto, which means, among other things, that:

- The partnership is NOT registered with the Registrar of Partnerships in Israel,
- The control of the partnership is NOT located in Israel,
- The management of the partnership is NOT located in Israel,
- The partnership does NOT have a permanent establishment in Israel,
- NO Israeli resident holds, directly or indirectly via shares or through a trust or in any other manner or with another who is an Israeli resident, 25% or more of the rights in the partnership, and
- NO partner in the partnership is an Israeli resident;

C.2 ☐ The partnership acquired the Shares on or after the initial public offering of the Company on the Australian Securities Exchange (ASX) (i.e., after December 20<sup>th</sup>, 2016).

☐ My share's net worth is less than USD \$100,000.

**D. To be completed by Trusts.** I hereby declare that: (if correct, mark X in the following boxes)

D.1 ☐ The trust is NOT and at the date of purchase of its Shares was not a "resident of Israel" for tax purposes as defined under Israeli law and provided in Appendix A attached hereto, which means, among other things, that:

- The trust is NOT registered in Israel,
- The settlor of the trust is NOT an Israeli resident,
- The beneficiaries of the trust are NOT Israeli residents, and
- The trustee of the trust is NOT an Israeli resident;

D.2 ☐ The trust acquired the Shares on or after the initial public offering of the Company on the Australian Securities Exchange (ASX) (i.e., after December 20<sup>th</sup>, 2016).

☐ My share's net worth is less than USD \$100,000.

**PART III Declaration by Israeli Bank, Broker or Financial Institution** (see instructions)  
**Non-Israeli Residents should not complete this Part III**

I hereby declare that: (if correct, mark X in the following box)

☐ I am a bank, broker or financial institution that is a "resident of Israel" within the meaning of that term in Section 1 of the Ordinance (See Instruction II), I am holding the Shares solely on behalf of beneficial shareholder(s) and I am subject to the provisions of the Ordinance and the regulations promulgated thereunder relating to the withholding of Israeli tax, including with respect to the cash payment (if any) made by me to such beneficial shareholder(s) with respect to Shares in connection with the Scheme of Arrangement.

**PART IV Certification.** By signing this form, I also declare that:

- I understood this form and completed it correctly and pursuant to the instructions.
- I provided accurate, full and complete details in this form.
- I am aware that providing false details constitutes criminal offense.
- I am aware that this form may be provided to the Israeli Tax Authority, in case the Israeli Tax Authority so requests, for purposes of audit or otherwise.

**SIGN HERE ►**

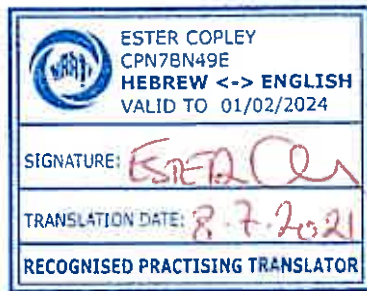
Signature of Shareholder

Date

Capacity in which acting (or individual authorized to sign on your behalf)

E.C

27/8/21



החטיבה המקצועית  
מחלקת שוק ההון  
נספח ב'

### DECLARATION OF STATUS FOR ISRAELI INCOME TAX PURPOSES

You are receiving this form of "Declaration of Status For Israeli Income Tax Purposes" as an individual holder of options to purchase ordinary shares (the "Options") of Dragontail Systems Ltd. (the "Company"), a company organized under the laws of Australia. By completing this form in a manner that would substantiate your eligibility for an exemption from Israeli withholding tax, you will allow, paying agent, Israeli withholding tax agent, your broker or any other withholding agent, or their authorized representatives to exempt you from Israeli withholding tax

#### PART I Identification and details of the Options holder (see instructions)

**1. Name:**

(please print full name)

**2. For individuals Options holder only:**

Date of birth: \_\_\_\_/\_\_\_\_/\_\_\_\_  
month / day / year

Countries of citizenship (name all citizenships):

Country of residence:

Passport No.: (if applicable):

Passport's Issuer county:

**3. Permanent Address** (state, city, zip or postal code, street, house number, apartment number):

**4. Mailing Address** (if different from above):

**5. Contact Details:**

Name: \_\_\_\_\_

Capacity: \_\_\_\_\_

Telephone Number \_\_\_\_\_  
(country code, area code and number):

**6. I hold the Options of the Company** (mark X in the appropriate place):

☐ Through a broker. If you marked this box, please state the name of your broker: \_\_\_\_\_

#### PART II

#### Declaration by Non-Israeli Residents (see instructions)

**A. Declaration.** I hereby declare that: (if the statement is correct, mark X in the following box)

A.1 ☐ I am NOT a "resident of Israel", and at the time of issuance of the Options to me was not, a "resident of Israel" for tax purposes, which means, among other things, that:

- The State of Israel is not my permanent place of residence,
- The State of Israel is neither my place of residence nor that of my family,
- My ordinary or permanent place of activity is NOT in the State of Israel and I do NOT have a permanent establishment in the State of Israel,
- I do NOT engage in an occupation in the State of Israel,



החטיבה המקצועית  
מחלקת שוק ההון

- I do NOT own a business or part of a business in the State of Israel,
- I am NOT insured by the Israeli National Insurance Institution,
- I was NOT present (nor am I planning to be present) in Israel for 183 days or more during this tax year,
- I was NOT present (nor am I planning to be present) in Israel for 30 days or more during this tax year, and the total period of my presence in Israel during this tax year and the two previous tax years is less than 425 days in total;

A.2. ☐ I was not granted the Options for work or services that performed in the State of Israel.

☐ I was granted the Options after initial public offering (i.e., on or after December 20<sup>th</sup>, 2016).

☐ My Option's net worth is less than USD \$100,000.

**PART  
III**

**Certification.** By signing this form, I also declare that:

- I understood this form and completed it correctly and pursuant to the instructions.
- I provided accurate, full and complete details in this form.
- I am aware that providing false details constitutes criminal offense.
- I am aware that this form may be provided to the Israeli Tax Authority, in case the Israeli Tax Authority so requests, for purposes of audit or otherwise.

**SIGN HERE ►**

\_\_\_\_\_  
Signature of the Options holder

\_\_\_\_\_  
Date



ע. כ

*[Handwritten signature]*

**Annexure C**  
**Scheme Implementation Deed**

See over page.

## Scheme Implementation Deed

between

**Yum Connect Australia Pty Ltd**  
ACN 650 324 146  
(Bidder)

and

**Dragontail Systems Limited**  
ABN 63 614 800 136  
(Target)



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**This deed** is made on 27 May 2021

between **Yum Connect Australia Pty Ltd** (ACN 650 324 146) of Level 1, 20 Rodborough Road, Frenchs Forrest, NSW 2086 (**Bidder**)

and **Dragontail Systems Limited** (ABN 63 614 800 136) of Level 24, 44 St Georges Terrace, Perth WA 6000, Australia (**Target**)

## Recitals

- A Bidder and Target have agreed that Bidder will acquire Target by means of a scheme of arrangement under Part 5.1 of the Corporations Act between Target and the Scheme Participants.
- B The Target Board unanimously considers that the Scheme is in the best interest of the Target and Target Shareholders, subject to the findings of the Independent Expert and no Superior Proposal emerging.
- C Bidder and Target propose to implement the Scheme on and subject to the terms and conditions of this deed.
- D Bidder and Target have agreed certain other matters in connection with the proposed implementation of the Scheme as set out in this deed.

**Now it is covenanted and agreed** as follows:

## 1 Definitions and interpretation

---

### 1.1 Definitions

In this deed:

**Accounts Payable** means:

- (a) all trade debts incurred in the ordinary course of business on arm's length terms; plus
- (b) all amounts payable to employees and contractors of the Target in the ordinary course of business on arm's length terms (which, for the avoidance of doubt, does not include bonuses or any other one-off payments whether in connection with Target Options or otherwise);

**Accounting Standards** means the accounting standards made or in force under the Corporations Act, being the Australian Accounting Standards and any authoritative interpretations issued by the Australian Accounting Standards Board, and if any matter is not covered by those accounting standards, generally accepted accounting principles;

**Announcement** means any press release or other public announcement (including any announcement to the ASX) in connection with the transactions contemplated by this deed, including the Scheme;

**ASIC** means the Australian Securities and Investments Commission;

**ASIC Regulatory Guides** means the regulatory guides published by ASIC from time to time;

**ASX** means ASX Limited (ACN 008 624 691) or as the context requires the securities exchange which it operates;

**ASX Listing Rules** means the official listing rules of the ASX;

**Bidder Board** means the board of directors of Bidder;

**Bidder Break Fee** means an amount equal to \$935,000;

**Bidder Disclosed Information** means all information (in whatever form) provided by Bidder and its Representatives to Target and its Representatives in writing before the date of this deed in connection with the transactions contemplated in this deed, including the Scheme;

**Bidder Group** means the Bidder, Yum! Brands, Inc. and its Subsidiaries prior to implementation of the Scheme;

**Bidder Indemnified Parties** means each member of the Bidder Group and its directors, officers and employees;

**Bidder Scheme Booklet Information** means all information regarding the Bidder Group that is provided by or on behalf of Bidder to Target or any of its Representatives in writing to enable the Scheme Booklet to be prepared and completed in accordance with clause 5.3 and any updates to that information prepared by or on behalf of Bidder (and, for the avoidance of doubt, the Bidder Scheme Booklet Information excludes the Target Scheme Booklet Information, the Independent Expert's Report and any other report or letter issued to Target by a Third Party);

**Business Day** means:

- (a) for the purposes of receiving a Notice, a day which is not a Saturday, Sunday, public holiday or bank holiday in the city in which the Notice is to be received; and
- (b) for any other purpose, a day on which the banks are open for business in Sydney, New South Wales, Australia other than a Saturday, Sunday or public holiday in Sydney, New South Wales, Australia;

**CD Options** means the Target Options issued to:

- (a) Trident Capital Pty Ltd on 20 June 2018; and
- (b) Elad Zada on 29 October 2018 and 14 January 2020;

**Claim** means any claim, demand, legal proceeding or cause of action including any claim, demand, legal proceeding or cause of action under common law or under statute in any way relating to this deed or the Scheme, and includes a claim, demand, legal proceeding or cause of action arising from a breach of a warranty in clause 9.1 or under the indemnities in clause 9.2 of this deed;

**Competing Proposal** means any proposed or possible agreement, transaction or arrangement pursuant to which, if ultimately completed, a Third Party (either alone or together with any one or more of its associates) would:

- (a) directly or indirectly, acquire a Relevant Interest in, become the holder of, have a right to acquire or have an economic interest in more than 5% of the shares on issue in Target;
- (b) directly or indirectly acquire or become the holder of, or otherwise acquire, have a right to acquire or have a legal, beneficial or economic interest in or control of 20% or more by value of the business of the Target Group;
- (c) acquire control (within the meaning of section 50AA of the Corporations Act, disregarding sub-section 50AA(4)) of Target or a Subsidiary which represents 20% or more of the economic value of the Target Group; or
- (d) otherwise acquire or merge with Target or a Subsidiary which represents 20% or more of the economic value of the Target Group; or
- (e) require Target to abandon, or otherwise fail to proceed with, the Scheme,

whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction or buy-back, sale or purchase of shares or assets, joint venture, dual-listed company structure (or other synthetic merger), or other transaction or arrangement;

**Conditions Precedent** means the conditions precedent set out in clause 3.1;

**Confidentiality Agreement** means the Mutual Confidentiality and Non-Disclosure Agreement between Yum! Restaurants International, Inc. and Target dated 4 February 2019;

**Convertible Preference Share** means a fully paid convertible preference share in the capital of the Target, the terms of issue of which are set out in the Annexure of the Target's notice of meeting dated 11 February 2021;

**Corporations Act** means the *Corporations Act 2001* (Cth);

**Corporations Regulations** means the *Corporations Regulations 2001* (Cth);

**Court** means an Australian court of competent jurisdiction under the Corporations Act;

**Current Debt Amount** means the aggregate amount of Debt (apart from, for this purpose, any Debt under limb (f) of that definition) of the Target Group as at the date of this deed, being A\$0;

**Debt** in respect of the Target Group, means the aggregate of the monetary liability or indebtedness (whether present or future, actual or contingent) of those persons for or in respect of:

- (a) money borrowed or raised from and debit balances at bank or financial institutions;
- (b) its obligations as lessee under any finance lease or capital lease, except a lease in the nature of an operating lease;
- (c) any indemnity obligation in respect of any guarantee, indemnity, bond or letter of credit or similar instrument issued by a financial institution, other than those issued or provided in the ordinary course of its business or provided for the benefit of the Target or any of its Subsidiaries;
- (d) any guarantee, indemnity, letter of credit or similar assurance in respect of financial loss given in connection with any indebtedness referred to in any other paragraph of this definition of another person, other than those issued or provided in the ordinary course of its business or provided for the benefit of the Target or any of its Subsidiaries;
- (e) any amount payable in connection with the issuance and/or the redemption of any preference share issued by that person (including for the avoidance of doubt the Convertible Preference Shares except for any interest payable on the Convertible Preference Shares if they are held by the Bidder);
- (f) all monies due from Target to holder of Target Options for the cancellation of Target Options on the terms set out in the Option Cancellation Deeds;
- (g) amounts raised under or in connection with any bill acceptance, endorsement or discounting arrangement;
- (h) amounts raised under or in connection with any bond, debenture, note, loan stock or similar instruments;
- (i) receivables sold or discounted (other than to the extent they are sold on a nonrecourse basis);
- (j) any futures contract, forward exchange or forward purchase contract, any swap, hedge, cap, collar, ceiling or floor or option contract in respect of any currency, interest rates or any commodity or any similar transaction in connection with borrowings or the raising of money, except those arising in the ordinary course of its business;

- (k) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession where the advance or deferred payment is arranged primarily as a method of raising finance or financing or refinancing the acquisition of that asset;
- (l) amounts raised under any other transaction or series of transactions having the commercial effect of a borrowing or raising of money;
- (m) dividends declared and payable; and
- (n) accrued but unpaid interest, prepayment and redemption premiums or penalties (if any), unpaid fees or expenses and other monetary obligations on any financial indebtedness referred to in paragraphs (a) to (k) above,

but excludes Accounts Payable. This definition does not operate to double count any liability or indebtedness.

**Deed Poll** means a deed poll to be executed by Bidder in favour of the Scheme Participants, substantially in the form set out in Annexure B (or in such other form agreed between Bidder and Target in writing);

**Domino's Contract** means the Camera Supply & Licensing Agreement between Target and Domino's Pizza Enterprises Limited (ACN 010 489 326) dated 8 November 2017;

**Effective** means, when used in relation to the Scheme, the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme coming into effect pursuant to section 411(10) of the Corporations Act;

**Effective Date** means the date on which the Scheme becomes Effective;

**End Date** means 30 September 2021 or such later date as Bidder and Target may agree in writing;

**Exclusivity Period** means the period commencing on the date of this deed and ending on the earlier of:

- (a) the termination of this deed in accordance with its terms;
- (b) the Implementation Date; and
- (c) the End Date;

**Financial Advisers** means any financial adviser retained by Target in relation to the Scheme or a Competing Proposal from time to time acting in its capacity as such;

**First Court Date** means the first day of hearing of an application made to the Court by Target for orders pursuant to section 411(1) of the Corporations Act convening the Scheme Meeting or, if the hearing of such application is adjourned or if the application is subject to appeal for any reason, means the first day of the adjourned hearing or the first day on which the appeal is heard (as the case may be);

**Government Agency** means any government, governmental, semi governmental, administrative, fiscal or judicial body department, commission, authority, tribunal, agency or entity including ASIC, the ASX, the Takeovers Panel, the Australian Taxation Office, the Australian Competition and Consumer Commission and the ITA;

**GST** means goods and services tax or similar value added tax levied or imposed in Australia under the GST Law or otherwise on a supply;

**GST Act** means *A New Tax System (Goods and Services Tax) Act 1999* (Cth);

**GST Law** has the same meaning as in the GST Act;

**Headcount Test** means the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme at the Scheme Meeting is passed by a majority in number of Target Shareholders present and voting, either in person or by proxy;

**Implementation Date** means the date that is 5 Business Days after the Record Date, or such other date as Target and Bidder may agree in writing or as may be required by the ASX;

**Independent Expert** means an independent expert to be engaged by Target to express an opinion on whether the Scheme is in the best interests of Target Shareholders;

**Independent Expert's Report** means the report from the Independent Expert commissioned by Target for inclusion in the Scheme Booklet, and any update to such report that the Independent Expert issues prior to the Scheme Meeting;

**Insolvency Event** means the occurrence of any one or more of the following events in relation to any party to this deed:

- (a) a meeting has been convened, resolution proposed, petition presented or order made for the winding up or dissolution of that party, and such meeting, resolution, petition or order is not withdrawn, struck out or dismissed within 21 days of it being convened or filed;
- (b) a receiver, receiver and manager, administrator, provisional liquidator, liquidator, or other officer of the court, or other person of similar function has been appointed regarding all or any material asset of the party, and such appointment is not terminated within 21 days;
- (c) a security holder, mortgagee or chargee has taken, attempted or indicated an intention to exercise its rights under any security of which the party is the security provider, mortgagor or charger and any such attempt or action is not withdrawn or dismissed within 21 days;
- (d) the party has executed a deed of company arrangement;
- (e) the party has ceased, or has threatened to cease to, carry on substantially all the business conducted by it as at the date of this deed;
- (f) the party has been deregistered as a company or otherwise dissolved; or
- (g) an event has taken place with respect to the party which would make, or deem it to be, insolvent under any law applicable to it;

**ITA** means the Israeli Tax Authority;

**Material Adverse Event** means any effect, change, event, circumstance, occurrence or matter which individually, or when aggregated with all such effects, changes, events, circumstances, occurrences or matters, other than:

- (a) those required or expressly permitted to be done or procured by Target Group pursuant to the Scheme or the Transaction Documents;
- (b) those relating to changes in business conditions or financial or securities markets affecting:
  - (i) the industry in which the Target Group conducts business generally; and/or
  - (ii) the economy of any region in which the Target Group conducts business;
- (c) an event, occurrence or matter that was fairly disclosed in the Target Disclosed Information; or
- (d) an event done with the prior written approval of Bidder (acting reasonably),

has, has had, or is reasonably likely to have, the effect of:

- (e) the Target Group being unable to carry on its business in substantially the same manner as carried on as at the date of this deed (including as a result of any Claim against the Target Group for breach of applicable law or infringement of third party intellectual property rights);
- (f) reducing the number of locations using the Target Group's technology products as at the date of this deed (including the Dragontail quality assurance camera and Algo dispatching system) by 10% or more (**Location Reduction Threshold**), but excluding for the purposes of determining whether the Location Reduction Threshold has been met, any reduction which results from the termination or variation of:
  - (i) the Domino's Contract; or
  - (ii) any other agreement with Domino's, Papa Johns or Cara Group (other than a member of the Bidder Group) which is in a country where the Bidder Group currently has operations; or
  - (iii) any arrangement where such reduction or termination is not a direct result of a breach by the Target Group of the terms of such arrangement, including a breach of any applicable service level obligations; or
  - (iv) any agreement between the Target Group and the Bidder Group (other than the termination or variation of any agreement as a result of a breach by the Target Group of the terms of such agreement, including a breach of any applicable service level obligations);
- (g) increasing the total comprehensive loss for the period ending 30 June 2021 attributable to the Target Shareholders to greater than US\$2,900,000 (excluding the one off cost of approximately US\$300,000 which will be incurred by the Target in connection with an agreement between the Target and the Bidder Group); or
- (h) increasing the consolidated total current liabilities of the Target Group as at 30 June 2021 to greater than US\$1,270,600 (excluding liabilities in connection with the Convertible Preference Shares, all monies due from Target to holders of Target Options for the cancellation of Target Options on the terms set out in the Option Cancellation Deeds and fees and expenses incurred in connection with the Transaction Documents).

**Material Contracts** means the Domino's Contract;

**Net Cash** means the aggregate amount, calculated in AUD, of any cash on hand or credited to an account with a bank or other financial institution to which the member of the Target Group is beneficially entitled less any Debt, calculated on a consolidated basis, and after deduction of all Transaction expenses (including legal fees) payable by the Target in connection with the Transaction (whether such expenses are due and/or payable prior to or after the Implementation Date), and for the purpose of converting amounts specified in any currency other than AUD into AUD, the rate of exchange shall be the rate for exchanges between them published on [www.oanda.com](http://www.oanda.com) for the nearest Business Day for which that rate is published on or before the date of the conversion;

**Officer** means, in relation to an entity, its directors, officers and company secretaries;

**Option Cancellation Deed** means a deed in relation to the cancellation of Target Options in substantially the form agreed between the parties;

**Paying Agent** means Advanced Share Registry Ltd (or such other person appointed by Target (with the prior approval of Bidder (such approval not to be unreasonably withheld or delayed))) which shall hold and distribute the Scheme Consideration to Scheme Participants under the terms of the Scheme;

**Paying Agent Deed** means the deed to be entered into between Target and the Paying Agent in or around July 2021;

**Prescribed Occurrence** means the occurrence of any of the following:

- (a) a member of the Target Group converting all or any of its securities into a larger or smaller number of securities;
- (b) a member of the Target Group resolving to reduce its capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its securities;
- (c) Target declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning to return any capital to its members, by way of dividend, capital reduction, buyback or otherwise, or announcing an intention to do any of these things;
- (d) a member of the Target Group:
  - (i) entering into a buyback agreement; or
  - (ii) resolving to approve the terms of a buyback agreement under the Corporations Act;
- (e) a member of the Target Group issuing securities or convertible instruments, or granting an option (including a performance right) over its securities (whether issued or unissued), or agreeing to make such an issue or grant such an option (including a performance right), other than securities being issued:
  - (i) pursuant to the Scheme; or
  - (ii) pursuant to or consistently with arrangements entered into before the date of this deed which have been disclosed in the Target Disclosed Information (including the issue of securities of Target approved at a general meeting of Target or following exercise of existing options or performance rights under Target's incentive plan for employees (or any further grant of options or performance rights under such plan as disclosed before the date of this deed and/or consistently with past practice) or pursuant to Target's dividend reinvestment plan in place as at the date of this deed);
- (f) a member of the Target Group making any change or amendment to its constitution;
- (g) a member of the Target Group:
  - (i) acquiring, or agreeing to acquire, the issued securities in or the business or assets of a Third Party; or
  - (ii) disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or assets;
- (h) a member of the Target Group creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property other than in the ordinary course of business;
- (i) other than in the ordinary course of business, a member of the Target Group providing financial accommodation other than to members of its group irrespective of what form of that financial accommodation takes;
- (j) an Insolvency Event occurring in relation to a member of the Target Group; or
- (k) a member of the Target Group making any significant change to its accounting practices or policies applied by it to report its financial position other than as a result of written advice received from its auditors or to comply with the Accounting Standards,

provided that a Prescribed Occurrence will not include a matter:



- (l) which is required to be done or procured by Target pursuant to the Scheme or the Transaction Documents;
- (m) the undertaking of which has the prior written consent of Bidder; or
- (n) that has been fairly disclosed in writing by Target to Bidder as part of the Target Disclosed Information;

**Record Date** means 7:00pm on the date that is 5 Business Days after the Effective Date, or such other date as may be agreed in writing between Bidder and Target or as may be required by the ASX;

**Regulatory Approvals** means those regulatory approvals referred to in clause 3.1(a);

**Related Body Corporate** has the meaning given to that expression in the Corporations Act;

**Relevant Interest** has the meaning given to that expression in the Corporations Act;

**Representatives** means, in relation to an entity:

- (a) each of the entity's Related Bodies Corporate; and
- (b) each of its directors, officers, employees, contractors, advisers (including legal, financial and other expert advisers) and agents, but excluding the Independent Expert;

**Scheme** means a scheme of arrangement under Part 5.1 of the Corporations Act between Target and the Scheme Participants substantially in the form set out in Annexure A to this deed or as otherwise agreed by Bidder and Target in writing;

**Scheme Booklet** means the explanatory material to be prepared in respect of the Scheme in accordance with the terms of this deed and to be despatched by Target to Target Shareholders, including the Independent Expert's Report, the Scheme, the Deed Poll and the notice convening the Scheme Meeting;

**Scheme Consideration** means the consideration to be provided by Bidder to the Paying Agent to be distributed under the terms of the Scheme to Scheme Participants for the transfer to Bidder of their Scheme Shares, being not less than \$0.235 for every one Scheme Share held by each Scheme Participant at the Record Date provided however that if the consideration amount payable for the total holding of Scheme Shares for a Scheme Participant is a fraction of a cent then such consideration amount must be rounded up to the nearest whole cent;

**Scheme Meeting** means the meeting(s) of Target Shareholders to be ordered by the Court in relation to the Scheme to be convened pursuant to section 411(1) of the Corporations Act, and includes any meeting convened following any adjournment or postponement of such meeting(s);

**Scheme Participant** means a Target Shareholder who is registered in the Target Register as at the Record Date;

**Scheme Shares** means the Target Shares on issue as at the Record Date;

**Second Court Date** means the first day of hearing of an application made to the Court by Target for orders pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the hearing of such application is adjourned or if the application is subject to appeal for any reason, means the first day of the adjourned hearing or the first day on which the appeal is heard (as the case may be);

**Subsidiary** has the meaning given to that expression in the Corporations Act;

**Superior Proposal** means, in relation to Target, an unsolicited, bona fide written Competing Proposal for Target, which the board of directors of Target determines, acting in good faith and after having taken written advice from its external legal advisers and Financial Advisers (if any);

- (a) is reasonably capable of being valued and completed in a timely fashion taking into account all aspects of the Competing Proposal, including any timing considerations, its conditions and the identity of the proponent; and
- (b) would, if completed substantially in accordance with its terms, be more favourable to the Target Shareholders (as a whole) than the Transaction viewed in aggregate, taking into account all the terms and conditions of the Competing Proposal (including consideration, conditionality, funding, certainty and timing);

**Takeovers Panel** means the panel established by section 171 of the *Australian Securities and Investments Commission Act 1989* (Cth);

**Target Board** means the board of directors of Target;

**Target Break Fee** means an amount equal to \$935,000;

**Target Disclosed Information** means all information (in whatever form) provided by Target and its Representatives to Bidder and its Representatives before 8:00am on the Business Day before the date of this deed in the online data room established for and on behalf of the Target (including management presentations and in response to requests for information provided in the online data room) in connection with the transactions contemplated in this deed (an index and CD of which has been initialled by the parties for the purpose of identification);

**Target Group** means Target and its Subsidiaries;

**Target Indemnified Parties** means each member of the Target Group and its directors, officers and employees;

**Target Options** means options to subscribe for new Target Shares;

**Target Performance Rights** means zero exercise price options to subscribe for new Target Shares referred to in resolution 9 of the notice of the Company's 2018 annual general meeting;

**Target Performance Shares** means the Class A performances shares issued by Target on 12 December 2016;

**Target Register** means the register of members of Target maintained by or on behalf of Target in accordance with section 168(1) of the Corporations Act;

**Target Scheme Booklet Information** means all information regarding the Target Group that is prepared by or on behalf of Target or any of its Representatives and information otherwise required to be included in the Scheme Booklet (excluding the Bidder Scheme Booklet Information and the Independent Expert's Report) to enable the Scheme Booklet to be prepared and completed in accordance with clause 5.3 and any updates to that information prepared by or on behalf of Target;

**Target Share** means a fully paid ordinary share in the capital of Target;

**Target Shareholder** means a person who is registered in the Target Register as a holder of Target Shares from time to time;

**Tax Declaration** means a declaration in which a Scheme Participant provides certain information and supporting documentation, as required by and in accordance with the Withholding Tax Ruling, that is necessary for the Withholding Agent to determine whether any amounts need to be withheld from the Scheme Consideration payable to such Scheme Participant pursuant to Israeli tax law; the Withholding Tax Ruling may require certain groups of Scheme Participants to provide different declarations and different supporting documentation, and a Scheme Participant will be considered as providing a valid Tax Declaration for purposes of the Scheme only if such Scheme Participant provides the proper information and documentation applicable to it under the Withholding Tax Ruling;

**Timetable** means the indicative timetable for the implementation of the Scheme set out in Schedule 1, subject to any amendments as the parties may agree in writing;

**Third Party** means any of the following:

- (a) a person other than any member of the Bidder Group; or
- (b) a consortium, partnership, limited partnership, syndicate or other group in which no member of the Bidder Group has agreed in writing to be a participant;

**Transaction** means the acquisition of all of the issued capital of Target by Bidder through implementation of the Scheme;

**Transaction Documents** means:

- (a) this deed;
- (b) the Scheme;
- (c) the Deed Poll; and
- (d) the Confidentiality Agreement.

**Withholding Agent** means IBI Trust Management (an Israeli Company), in its capacity as withholding agent with respect to Israeli taxes arising in connection with the Scheme;

**Withholding Agent Deed** means the deed to be entered into between Target, Bidder, the Withholding Agent and the Paying Agent in or around July 2021, under which the Withholding Agent (in its capacity as such and also in its capacity as the 102 Trustee and the Reorganization Trustee (as such terms are defined in the Scheme)) will provide to Bidder the undertaking pursuant to Section 6.2.4.3 of the Israeli Income Tax Circular 19/2018 (Transaction for Sale of Rights in a Corporation that includes Consideration that will be Transferred to the Seller at Future Dates) with respect to all Scheme Consideration payable to Scheme Participants (including such portion of the Scheme Consideration payable to Scheme Participants through the 102 Trustee and/or the Reorganization Trustee);

**Withholding Tax Application** means an application for the Withholding Tax Ruling including all supporting documentation as may be necessary or desirable;

**Withholding Tax Ruling** means the ruling dated 16 June 2021 issued by the ITA:

- (a) providing for the deposit of all Scheme Consideration by the Bidder with the Paying Agent, free of any withholding or deduction of any taxes imposed under Israeli law, by no later than the Business Day before the Implementation Date and for the Withholding Agent to be treated as withholding agent for purposes of Israeli tax law for a period of 365 days after the Implementation Date;
- (b) instructing the Withholding Agent how its obligation to withhold Israeli tax at the source from any Scheme Consideration payable or otherwise deliverable pursuant to this deed and the Scheme is to be executed, and in particular, with respect to the classes or categories of holders of Scheme Shares from which tax is to be withheld (if any), the rate or rates of withholding to be applied and how to identify non-Israeli residents in connection thereto; and
- (c) providing such other instructions from the ITA with respect to the withholding of any taxes from Scheme Consideration payable pursuant to this deed and the Scheme;

**WTR Application Deadline** means 5.00pm on the date that is 5 Business Days after the date of this deed or such later date as Bidder and Target may agree in writing;

**WTR Deadline** means the later of:

- (a) WTR Target Date;
- (b) if the Withholding Tax Ruling has not been issued by the WTR Target Date and Target is in compliance with its obligations under clause 13, 16 July 2021; or

- (c) such later date as Bidder and Target may agree in writing; and

**WTR Target Date** means 2 July 2021.

## 1.2 Interpretation

In this deed, unless the context otherwise requires:

- (a) a reference to:
  - (i) one gender includes the others;
  - (ii) the singular includes the plural and the plural includes the singular;
  - (iii) a recital, clause, schedule or annexure is a reference to a clause of or recital, schedule or annexure to this deed and references to this deed include any recital, schedule or annexure;
  - (iv) any contract (including this deed) or other instrument includes any variation or replacement of it and as it may be assigned or novated;
  - (v) a statute, ordinance, code or other law includes subordinate legislation (including regulations) and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
  - (vi) a person or entity includes an individual, a firm, a body corporate, a trust, an unincorporated association or an authority;
  - (vii) a person includes their legal personal representatives (including executors), administrators, successors, substitutes (including by way of novation) and permitted assigns;
  - (viii) a group of persons is a reference to any 2 or more of them taken together and to each of them individually;
  - (ix) an entity which has been reconstituted or merged means the body as reconstituted or merged, and to an entity which has ceased to exist where its functions have been substantially taken over by another body, means that other body;
  - (x) a reference to a day or a month means a calendar day or calendar month;
  - (xi) money (including '\$', 'AUD' or 'dollars') is to Australian currency; and
  - (xii) any time is to time in Sydney, New South Wales, Australia;
- (b) unless expressly stated, no party enters into this deed as agent for any other person (or otherwise on their behalf or for their benefit);
- (c) the meaning of any general language is not restricted by any accompanying example, and the words 'includes', 'including', 'such as', 'for example' or similar words are not words of limitation;
- (d) headings and the table of contents are for convenience only and do not form part of this deed or affect its interpretation;
- (e) if the last day for doing an act is not a Business Day, the act must be done instead on the next Business Day;
- (f) a provision of this deed must not be construed to the disadvantage of a party merely because that party was responsible for the preparation of this deed or the inclusion of the provision in this deed; and

- (g) a reference to 'fairly disclosed' means disclosed to Bidder or any of its Representatives to the extent that, and in sufficient detail, so as to enable a reasonable bidder (or one of its Representatives) experienced in transaction processes similar to that applicable to the Transaction, and experienced in a business similar to any business conducted by the Target Group, to identify the nature and scope of the relevant matter, event or circumstance.

### 1.3 Best and reasonable endeavours

Any provision of this document which requires a party to use best endeavours, reasonable endeavours or all reasonable endeavours to ensure that something is performed or occurs or does not occur does not include any obligation:

- (a) to pay any money or to provide any financial compensation, valuable consideration or any other incentive to or for the benefit of any person except for payment of any applicable fee for the lodgement or filing of any relevant application with any regulatory authority;
- (b) to commence any legal action or proceeding against any person; or
- (c) to agree to amend, vary or modify this document,

except in accordance with the express terms of this deed.

### 1.4 Awareness

Where a representation or warranty is given 'so far as Target is aware' or with a similar qualification as to Target's awareness or knowledge, Target's awareness or knowledge is limited to and deemed to only include those facts, matters or circumstances of which each of Yehuda Shamai, Ido Levanon, Guy Brandwine, Itzik Bachar, Chen Krichevsky, David Kotan, Haim Lazarov, Jordan Ferenz, Guy Klien and Noa Barak is actually aware as at the date of this deed, having turned their mind to the relevant representations and warranties.

## 2 Agreement to propose the Scheme

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### 2.1 Proceed with Scheme

Target and Bidder agree to implement the Scheme upon and subject to the terms and conditions of this deed.

### 2.2 Proposal of Scheme

- (a) Target agrees to propose the Scheme on and subject to the terms of this deed.
- (b) Bidder agrees with Target to assist Target to propose and comply with its obligations under the Scheme to give effect to the Scheme on and subject to the terms of this deed.

### 2.3 Compliance with obligations

The parties' obligations under this deed to propose the Scheme are subject to their compliance with their respective obligations, functions, powers and duties under this deed, Target's constitution, at law and under the ASX Listing Rules.

## 3 Conditions Precedent

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### 3.1 Conditions Precedent

Subject to this clause 3, the Scheme will not become Effective, and the obligations of Target under clause 5.1(p) and Bidder's obligation to provide the Scheme Consideration in accordance with the Deed Poll and clause 4.2 will not become binding, until each of the

following Conditions Precedent are satisfied or waived to the extent and in the manner set out in clauses 3.2 and 3.3:

1	2	3	4	5
Condition Precedent	Party responsible for satisfaction of the Condition Precedent (clause 3.3(a)(i))	Party entitled to benefit of the Condition Precedent (clauses 3.2(a) and 3.6(b)(iii))	Party entitled to exercise right to waive the Condition Precedent (clause 3.2(b))	Party whose certificate must refer to the Condition Precedent (clause 3.7)
(a) <b>Regulatory Approvals:</b> before 8:00am on the Second Court Date, ASIC and the ASX have issued or provided (and not withdrawn, revoked or varied) such consents, waivers, modifications and/or approvals or have done such other acts which are necessary or reasonably necessary to implement the Scheme. If such consents, waivers, modifications and/or approvals are subject to conditions those conditions must be acceptable to Bidder and Target (acting reasonably).	Target and Bidder	Target and Bidder	Target and Bidder	Target and Bidder
(b) <b>No restraints:</b> no temporary restraining order, preliminary or permanent injunction or other judgment, order or decree issued by any court of competent jurisdiction or Government Agency or other legal restraint or prohibition preventing or materially restricting the Scheme or its implementation is in effect at 8:00am on the Second Court Date.	Target and Bidder	Target and Bidder	Target and Bidder	Target and Bidder – to the best of their respective knowledge
(c) <b>Independent Expert's Report:</b> the Independent Expert provides the draft Independent Expert's Report to Target prior to the date on which the Scheme Booklet is provided to ASIC, stating that in its opinion the Scheme is in the best interests of Target Shareholders, and the Independent Expert does not change its conclusion in its final Independent Expert's Report to Target or withdraw the Independent Expert's	Target	Target and Bidder	Target and Bidder	Target

1	2	3	4	5
Condition Precedent	Party responsible for satisfaction of the Condition Precedent (clause 3.3(a)(i))	Party entitled to benefit of the Condition Precedent (clauses 3.2(a) and 3.6(b)(iii))	Party entitled to exercise right to waive the Condition Precedent (clause 3.2(b))	Party whose certificate must refer to the Condition Precedent (clause 3.7)
Report by notice in writing to Target prior to 8:00am on the Second Court Date.				
(d) <b>Orders convening Scheme Meeting:</b> the Court orders the convening of the Scheme Meeting under section 411(1) of the Corporations Act.	Target and Bidder	Target and Bidder	None – Condition Precedent cannot be waived	None
(e) <b>Target Shareholder approval:</b> before 8:00am on the Second Court Date, the Scheme is approved by the requisite majorities of Target Shareholders under section 411(4)(a)(ii) of the Corporations Act.	Target	Target and Bidder	None – Condition Precedent cannot be waived	Target
(f) <b>Court approval:</b> the Scheme is approved by the Court in accordance with section 411(4)(b) of the Corporations Act.	Target and Bidder	Target and Bidder	None – Condition Precedent cannot be waived	None
(g) <b>Court Order lodgement:</b> An office copy of the Court order approving the Scheme is lodged with ASIC as contemplated by section 411(10) of the Corporations Act before the End Date.	Target and Bidder	Target and Bidder	None – Condition Precedent cannot be waived	None
(h) <b>No Material Adverse Event:</b> no Material Adverse Event occurs or is discovered, announced, disclosed or otherwise becomes known to Bidder between (and including) the date of this deed and 8:00am on the Second Court Date.	Target	Bidder	Bidder	Target
(i) <b>No Prescribed Occurrence:</b> no Prescribed Occurrence occurs between (and including) the date of this deed and 8:00am on the Second Court Date.	Target	Bidder	Bidder	Target

1	2	3	4	5
Condition Precedent	Party responsible for satisfaction of the Condition Precedent (clause 3.3(a)(i))	Party entitled to benefit of the Condition Precedent (clauses 3.2(a) and 3.6(b)(iii))	Party entitled to exercise right to waive the Condition Precedent (clause 3.2(b))	Party whose certificate must refer to the Condition Precedent (clause 3.7)
(j) <b>No change of Target Board recommendation:</b> no member of the Target Board changes, qualifies or withdraws his or her recommendation to Target Shareholders to vote in favour of the Scheme or otherwise makes a public statement indicating that he or she no longer supports the Scheme between (and including) the date of this deed and the close of the Scheme Meeting, unless such change, qualification or withdrawal is as a result of the Court indicating at the First Court Hearing that it is not appropriate for that director to make a recommendation to vote in favour of the Scheme and that such recommendation made by the director must be changed, qualified or withdrawn.	Target	Bidder	Bidder	Target
(k) <b>Target representations and warranties:</b> each of the representations and warranties given by Target under clause 9.1 are true and correct in all material respects, in each case at the times set out in clause 9.5.	Target	Bidder	Bidder	Target
(l) <b>Bidder representations and warranties:</b> each of the representations and warranties given by Bidder under clause 9.3 are true and correct in all material respects, in each case at the times set out in clause 9.5.	Bidder	Target	Target	Bidder
(m) <b>Conversion of Convertible Preference Shares:</b> each holder of Convertible Preference Shares agrees to the conversion of all outstanding Convertible Preference Shares and such	Target	Target and Bidder	Target and Bidder	Target



1	2	3	4	5
Condition Precedent	Party responsible for satisfaction of the Condition Precedent (clause 3.3(a)(i))	Party entitled to benefit of the Condition Precedent (clauses 3.2(a) and 3.6(b)(iii))	Party entitled to exercise right to waive the Condition Precedent (clause 3.2(b))	Party whose certificate must refer to the Condition Precedent (clause 3.7)
conversion occurs prior to the Scheme Meeting.				
(n) <b>Cancellation of Options:</b> each holder of Target Options agrees to the cancellation of all outstanding Options on the terms set out in an Option Cancellation Deed on or before 8:00am on the Second Court Date.	Target	Bidder	Bidder	Target
(o) <b>Approval of Options cancellation:</b> Target satisfies or obtains a waiver from any requirement of the ASX Listing Rules that must be met to validly effect the cancellation of the Target Options on or before 8:00am on the Second Court Date.	Target	Bidder	Bidder	Target
(p) <b>No Competing Proposal</b> Between the date of this deed and 8.00am on the Second Court Date, Target does not enter into any agreement, arrangement or understanding with a third party in relation to a Competing Proposal where (i) such Competing Proposal has been announced by Target, and (ii) as at the end of the Relevant Period, Target has not announced that the Competing Proposal is a Superior Proposal.  For the purposes of this clause 3.1(p), <b>Relevant Period</b> means the 2 weeks commencing on the date on which the relevant Competing Proposal is announced, provided that (i) such 2 week period may be extended by up to a further 1 week period if Target notifies Bidder in writing that the Target Board (acting in good faith) requires additional time to determine whether the Competing Proposal is a Superior Proposal, and (ii) if the Competing Proposal is a revised or updated version of a previously announced Competing Proposal	Target	Bidder	Bidder	Target

1	2	3	4	5
Condition Precedent	Party responsible for satisfaction of the Condition Precedent (clause 3.3(a)(i))	Party entitled to benefit of the Condition Precedent (clauses 3.2(a) and 3.6(b)(iii))	Party entitled to exercise right to waive the Condition Precedent (clause 3.2(b))	Party whose certificate must refer to the Condition Precedent (clause 3.7)
(Revised Proposal), then the Relevant Period will end on the later of (A) the last day of the Relevant Period as calculated based on the date on which the original Competing Proposal was announced, subject to any extension in accordance with sub-paragraph (i) of this definition (which extension may occur before or after the announcement of the Revised Proposal), and (B) 2 Business Days after the date on which the Revised Proposal is announced.				
(q) <b>Interest in Target:</b> Between the date of this deed and 8.00 am on the date of the Scheme Meeting, no person (other than a holder of Convertible Preference Shares or any existing institutional or portfolio investor who is a Target Shareholder at the date of this Agreement or Bidder or any of its Related Bodies Corporate) acquires an interest in securities so as to have voting power in 10% or more of Target Shares and the Bidder determines acting reasonably and in good faith (after consulting with the Target and considering its feedback) that such person has acquired that interest with an intention to vote against the Scheme at the Scheme Meeting.	Target	Bidder	Bidder	Target
(r) <b>Net Cash Certificate:</b> On the Business Day immediately prior to the Second Court Date, Target delivers to Bidder a certificate duly signed by two directors or a director and company secretary of Target, on terms reasonably satisfactory to Bidder, certifying that:  (i) the Net Cash of the Target Group is, and it is expected,	Target	Bidder	Bidder	Target

1	2	3	4	5
Condition Precedent	Party responsible for satisfaction of the Condition Precedent (clause 3.3(a)(i))	Party entitled to benefit of the Condition Precedent (clauses 3.2(a) and 3.6(b)(iii))	Party entitled to exercise right to waive the Condition Precedent (clause 3.2(b))	Party whose certificate must refer to the Condition Precedent (clause 3.7)
<p>after having made reasonable enquiries, to be on Implementation:</p> <p>(A) if none of the CD Options are not exercised A\$3,200,000 or more; and</p> <p>(B) if any of the CD Options are exercised A\$3,200,000 or more plus the aggregate amount of the exercise price received by the Target (and if all of the CD Options are exercised at least A\$3,914,999.95 or more)</p> <p>(ii) the aggregate amount of Debt of the Target Group is the Current Debt Amount and no Debt of any kind will be incurred by the Target on or before the Implementation Date,</p> <p>and which certificate attaches evidence (on terms acceptable to Bidder acting reasonably) thereof.</p>				
<p>(s) <b>Withholding Tax Ruling:</b> before 8:00am on the Second Court Date, the ITA has issued or provided (and not withdrawn, revoked or varied) the Withholding Tax Ruling. If the Withholding Tax Ruling is subject to conditions those conditions must be acceptable to Bidder and Target (acting reasonably).</p>	Target	Target and Bidder	Target and Bidder	Target

### 3.2 Waiver

- (a) Each Condition Precedent is only for the benefit of:
- (i) if one party is specified in column 3 of clause 3.1 opposite that Condition Precedent, that party; or

- (ii) if both parties are specified in column 3 of clause 3.1 opposite that Condition Precedent, both parties.
- (b) Any breach or non-fulfilment of each Condition Precedent may be waived and may only be waived:
  - (i) if one party is specified in column 3 of clause 3.1 opposite that Condition Precedent, by that party by written notice to the other party; or
  - (ii) if both parties are specified in column 3 of clause 3.1 opposite that Condition Precedent, by written agreement between the parties.
- (c) A party entitled to waive the breach or non-fulfilment of a Condition Precedent pursuant to this clause 3.2 may do so in its absolute discretion subject to the provision of written agreement between the parties.
- (d) If a waiver by a party of a Condition Precedent is itself expressed to be conditional and the other party accepts the conditions, the terms of the conditions apply accordingly. If the other party does not accept the conditions, the relevant Condition Precedent has not been waived.
- (e) If a party waives the breach or non-fulfilment of a Condition Precedent, that waiver will not preclude it from bringing a claim against the other party for any breach of this deed that resulted in the breach or non-fulfilment of the Condition Precedent.
- (f) Waiver of a breach or non-fulfilment in respect of one Condition Precedent does not constitute:
  - (i) a waiver of breach or non-fulfilment of any other Condition Precedent resulting from the same events or circumstances; or
  - (ii) a waiver of breach or non-fulfilment of that Condition Precedent resulting from any other event or circumstance.

### 3.3 **Best endeavours and co-operation**

- (a) Without prejudice to any other obligations of the parties under this deed, in respect of any given Condition Precedent:
  - (i) if one party is specified in column 2 of clause 3.1 opposite that Condition Precedent, that party must use its best endeavours to ensure that the Condition Precedent is satisfied as expeditiously as possible after execution of this deed and continues to be satisfied at all times up until the last time it is to be satisfied (as the case may require);
  - (ii) other than in the case of the Condition Precedent in clause 3.1(b), if both parties are specified in column 2 of clause 3.1 opposite that Condition Precedent, both parties must, to the extent that it is within their respective control or influence, use their best endeavours to ensure that the Condition Precedent is satisfied as expeditiously as possible after execution of this deed and continues to be satisfied at all times up until the last time it is to be satisfied (as the case may require);
  - (iii) each party must, to the extent that it is within its respective control or influence, use its best endeavours to ensure that there is no occurrence that would prevent the Condition Precedent being satisfied, and neither party will take any action that will or is likely to hinder or prevent the satisfaction of the Condition Precedent, except to the extent that such action is required to be done or procured pursuant to, or is otherwise permitted by, the Transaction Documents, or is required by law or by a competent Government Agency or court.

- (b) For the purposes of clause 3.3(a), the 'best endeavours' of a party will require that party to (among other things):
- (i) observe and comply with this deed; and
  - (ii) co-operate with the other party or a Government Agency or Third Party in good faith with a view to satisfying the Conditions Precedent, including providing all information reasonably required by the other party in relation to the Target Group or the Bidder Group (as applicable) in order to satisfy the Conditions Precedent and providing all information reasonably required by any Government Agency or other Third Party to such Government Agency or Third Party as appropriate.

### 3.4 Notifications

Each party must:

- (a) keep the other party promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions Precedent, and the specifically the Target must provide to the Bidder management accounts of the Target Group for the prior month on the:
  - (i) 24th day of every month up the Implementation Date; and
  - (ii) date that is at least 3 Business Days prior to the Second Court Hearing,
 containing all information reasonably required by the Bidder to monitor the Target's compliance with clause 3.1(h);
- (b) promptly notify the other party in writing if it becomes aware that any Condition Precedent has been satisfied, in which case the notifying party must also provide reasonable evidence that the Condition Precedent has been satisfied;
- (c) promptly notify the other party in writing of a failure to satisfy a Condition Precedent or of any fact or circumstance that results in that Condition Precedent becoming incapable of being satisfied or that may result in that Condition Precedent not being satisfied in accordance with its terms (having regard to the obligations of the parties under clause 3.3); and
- (d) promptly notify the other party in writing of any fact or circumstance which would cause or is reasonably likely to cause a material breach of this deed by a relevant party (including a breach of any representation or warranty) and must provide reasonable details of the relevant breach.

### 3.5 Regulatory Approvals

Without limiting the generality of clauses 3.3 and 3.4:

- (a) each party must promptly prepare and, subject to clause 3.5(b), lodge, each notice or application required to be given by that party for the purposes of obtaining all relevant Regulatory Approvals and take all steps it is responsible for as part of the approval process, including responding to requests for information at the earliest practicable time and using best endeavours to obtain such approvals as soon as practicable after the date of this deed;
- (b) each party must in good faith and on a timely basis consult with the other in advance in relation to all material communications with any Government Agency relating to any Regulatory Approval or implementation of the Scheme;
- (c) keep the other party informed of progress in relation to the Regulatory Approvals and of any material matters raised by, or conditions or other arrangements proposed by, or to, any Government Agency which relate to any Regulatory Approval; and

- (d) provide copies of all documents provided to and received from each Government Agency in relation to each Regulatory Approval (including before the date of this deed), on a confidential basis, to the other party,

provided that, in each case:

- (e) the party applying for the Regulatory Approval may withhold or redact information or documents if and to the extent that they are confidential to a third party or commercially sensitive and confidential to the applicant;
- (f) nothing in this clause 3.5 or any other provision of this deed requires a party to disclose materially commercially sensitive information to the other party; and
- (g) the party applying for the Regulatory Approval will not be prevented from taking (but will not be obligated to take) procedural steps or communicating with or providing documents to a Government Agency if the other party has not responded promptly under clause 3.5(b).

### 3.6 Failure of Conditions Precedent

- (a) If:
- (i) there is a breach or non-fulfilment of a Condition Precedent that is not waived in accordance with clause 3.2; or
- (ii) a Condition Precedent becomes incapable of satisfaction, having regard to the obligations of the parties under clause 3.3 and the terms of clause 3.7 (and the breach or non-fulfilment of the Condition Precedent that would otherwise occur has not already been waived),

then either party (provided that a Superior Proposal has not been received and announced by Target, following compliance by Target at all times prior to such public announcement with its obligations under clause 8) may serve notice on the other party (**CP Failure Notice**), and the parties must then consult in good faith with a view to determining whether:

- (iii) the Scheme may proceed by way of alternative means or methods;
- (iv) to extend the relevant time or date for satisfaction of the Condition Precedent;
- (v) to change the date of the application to be made to the Court for orders under the Corporations Act approving the Scheme or to adjourn that application (as applicable) to another date agreed by the parties (being a date no later than 5 Business Days before the End Date); or
- (vi) to extend the End Date.
- (b) If the parties are unable to reach agreement under clauses 3.6(a)(iii) to 3.6(a)(vi) by the earlier of:
- (i) the 7<sup>th</sup> Business Day after the delivery of the CP Failure Notice; or
- (ii) 5:00pm on the day before the Second Court Date,

then unless that Condition Precedent is waived by Bidder or Target or both as provided in clause 3.2, either party (**First Party**) may terminate this deed without liability (except under clause 12, if applicable) by notice in writing to the other party (**Second Party**), provided that:

- (iii) the First Party is named in column 3 of clause 3.1 as having the benefit of the Condition Precedent to which the CP Failure Notice relates (whether or not that Condition Precedent is also for the benefit of the Second Party); and

- (iv) there has been no failure directly or indirectly by the First Party to comply with its obligations under this deed, where that failure directly and materially contributed to the Condition Precedent to which the CP Failure Notice relates becoming incapable of satisfaction, or being breached or not fulfilled up until the last time it is to be satisfied,

in which case clause 14 will have effect.

### 3.7 Certificates in relation to Conditions Precedent

- (a) If Target is listed in column 5 of clause 3.1 alongside a Condition Precedent as having to provide a certificate in respect of that Condition Precedent, then Target must provide to the Court on the Second Court Date a certificate (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not as at 8:00am on the Second Court Date that Condition Precedent has been satisfied or waived in accordance with the terms of this deed.
- (b) If Bidder is listed in column 5 of clause 3.1 alongside a Condition Precedent as having to provide a certificate in respect of that Condition Precedent, then Bidder must provide to the Court on the Second Court Date a certificate (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not as at 8:00am on the Second Court Date that Condition Precedent has been satisfied or waived in accordance with the terms of this deed.
- (c) Subject to clause 3.6(b), each party must provide to the other party a draft of the relevant certificate to be provided by it pursuant to this clause 3.7 by 5:00pm on the day that is 3 Business Days prior to the Second Court Date, and must provide to the other party on the Second Court Date a copy of the final certificate or other evidence provided to the Court.

## 4 Scheme

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### 4.1 Outline of the Scheme

- (a) The Target must propose the Scheme and the parties agree that the Scheme, if approved by the Court, will be subject to any alterations or conditions that are made or required by the Court and approved in writing by each party.
- (b) If the Scheme becomes Effective, then on the Implementation Date:
- (i) all of the Scheme Shares will be transferred to Bidder in accordance with the terms of the Scheme; and
  - (ii) in consideration for the transfer to Bidder of all Scheme Shares held by the Scheme Participants, the Scheme Participants will be entitled to receive the Scheme Consideration for each Scheme Share held by them at the Record Date in accordance with this clause 4 and the terms of the Scheme.

### 4.2 Scheme Consideration

Bidder covenants in favour of Target (in its own right and as trustee on behalf of the Scheme Participants) that, if the Scheme becomes Effective, in consideration for the transfer to Bidder of each Target Share held by a Scheme Participant at the Record Date under the terms of the Scheme, Bidder will:

- (a) accept that transfer on the Implementation Date; and
- (b) pay the Scheme Consideration in accordance with this deed, the Scheme and the Deed Poll.

#### 4.3 **Paying Agent and Withholding Agent**

- (a) Target must:
- (i) appoint the Paying Agent to hold and pay the Scheme Consideration to Scheme Participants; and
  - (ii) enter into the Paying Agent Deed, in a form reasonably acceptable to Bidder, with the Paying Agent for the payment of the Scheme Consideration to Scheme Participants
- in accordance with this deed and the Scheme.
- (b) Target and Bidder must:
- (i) appoint the Withholding Agent to act as withholding agent with respect to all Israeli taxes arising in connection with the payment of Scheme Consideration to Scheme Participants in accordance with this deed and the Scheme; and
  - (ii) enter into the Withholding Agent Deed with the Withholding Agent.
- (c) Target will procure that the Paying Agent:
- (i) holds the Scheme Consideration on trust for the benefit of Scheme Participants; and
  - (ii) pays the Scheme Consideration to Scheme Participants, the Section 102 Trustee and the Reorganization Trustee (as such terms are defined in the Scheme), as applicable (in each case, less any amounts required to be withheld in accordance with clause 5.6 of the Scheme), in accordance with this deed and the Scheme.

#### 4.4 **Timetable**

- (a) The parties acknowledge the Timetable is an indicative timetable.
- (b) The parties must use their best endeavours to implement the Scheme and perform their respective obligations substantially in accordance with the Timetable (including executing all documents and doing all things as may be necessary or desirable).
- (c) Each party must keep the other informed about their progress against the Timetable and must notify each other if it believes that any of the dates in the Timetable are not achievable.
- (d) Subject to clause 13.3, to the extent that any of the dates or timeframes set out in the Timetable become not achievable due to matters outside of a party's control, the parties will consult in good faith to agree to any necessary extension to ensure such matters are completed within the shortest timeframe reasonably possible.

#### 4.5 **Withholding taxes**

All payments in connection with this deed shall be subject to withholding taxes, as applicable, in accordance with the provisions of clause 5.6 of the Scheme.

### 5 **Steps for Scheme implementation**

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#### 5.1 **Target's obligations**

Target must use its best endeavours to propose the Scheme and implement the Transaction in accordance with all applicable laws as soon as is reasonably practicable after the date of this deed and otherwise substantially in accordance with the Timetable (including doing any thing required on behalf of Target Shareholders), and in particular Target must:



- (a) **Withholding Tax Ruling:** instruct Target's Israeli counsel to prepare and file with the ITA an application for the Withholding Tax Ruling; and
- (b) **preparation of Scheme Booklet:** prepare and despatch the Scheme Booklet (which includes a copy of the Tax Declaration and instructions thereto) in accordance with clause 5.3;
- (c) **Independent Expert:** promptly appoint the Independent Expert (if the Independent Expert has not been appointed prior to the date of this deed), and provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report;
- (d) **liaison with ASIC:** no later than 18 days before the First Court Date, provide an advanced draft of the Scheme Booklet (containing such Bidder Scheme Booklet Information as approved by Bidder) to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act, and to Bidder, and:
- (i) liaise with ASIC as necessary during the regulatory review period; and
  - (ii) promptly notify, and consult with, Bidder in relation to any matters raised by ASIC in relation to the Scheme Booklet (and of any resolution of those matters), and use its best endeavours, in co-operation and consultation with Bidder, to resolve any such matters;
- (e) **indication of intent:** apply to ASIC for a letter indicating whether ASIC proposes to make submissions to the Court, or intervene to oppose the Scheme, on the First Court Date;
- (f) **representation:** procure that it is represented by counsel at the Court hearings convened in connection with the Scheme, at which, through its counsel and if requested by the Court, Target will undertake to do all such things and use its best endeavours in order to ensure the fulfilment of its obligations under the Transaction Documents and the Scheme;
- (g) **approval of Scheme Booklet:** as soon as practicable after ASIC has provided its indication of intent in accordance with clause 5.1(e), procure that a meeting of the Target Board is convened to approve the Scheme Booklet for despatch to Target Shareholders subject to the approval of the Court (and provide Bidder with a copy of an extract of the applicable resolutions from the applicable minutes of meeting, as soon as practicable after those minutes have been prepared and signed);
- (h) **Court documents:** prepare (in consultation with Bidder in relation to the content) all documents necessary for the Court proceedings (including any appeals) relating to the Scheme (including originating process, affidavits, submissions and draft minutes of Court orders) in accordance with all applicable laws, and provide Bidder in advance with drafts of those documents for review and (acting reasonably and in good faith) take into account, for the purpose of amending those drafts, any comments on or suggested amendments to those documents from Bidder and its Representatives on those drafts prior to filing those documents with the Court;
- (i) **first Court hearing:** lodge all documents with the Court and use its best endeavours to ensure that an application is heard by the Court for orders under section 411(1) of the Corporations Act directing Target to convene the Scheme Meeting;
- (j) **registration of Scheme Booklet:** if the Court directs Target to convene the Scheme Meeting, as soon as practicable after such orders are made, request ASIC to register the explanatory statement included in the Scheme Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act;
- (k) **Scheme Meeting:** use its best endeavours to comply with the orders of the Court, including, as required, despatching the Scheme Booklet to Target Shareholders, convening and holding the Scheme Meeting in accordance with the Court's orders;

- (l) **Tax Declaration reminder announcements:** on the date that is two weeks after the date of despatch of the Scheme Booklet and each two weeks thereafter, make an Announcement reminding Target Shareholders to return the Tax Declaration (in a form approved by Bidder, with such approval not to be unreasonably withheld).
- (m) **update Scheme Booklet:** if it becomes aware of information after the date of despatch of the Scheme Booklet, that is material for disclosure to Target Shareholders in deciding whether to approve the Scheme or that is required to be disclosed to Target Shareholders under any applicable law, as expeditiously as practicable inform Target Shareholders of the information in an appropriate and timely manner, and in accordance with applicable law;
- (n) **section 411(17)(b) statement:** apply to ASIC for the production of statements in writing pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- (o) **Court approval:** if the Scheme is approved by the requisite majorities of Target Shareholders under section 411(4)(a)(ii) of the Corporations Act and subject to all other Conditions Precedent (other than the Condition Precedent in clause 3.1(f)) being satisfied or waived in accordance with this deed, as soon as practicable after such time apply to the Court for orders approving the Scheme;
- (p) **implementation of the Scheme:** if the Court approves the Scheme:
- (i) lodge with ASIC an office copy of the orders approving the Scheme in accordance with section 411(10) of the Corporations Act, on the day such office copy is received (or such other date as is agreed in writing between the parties);
  - (ii) use best endeavours to ensure that the ASX suspends trading in Target Shares with effect from the close of trading on the Effective Date;
  - (iii) close the Target Register as at the Record Date to determine the identity of Scheme Participants and to determine their entitlements to the Scheme Consideration in accordance with the Scheme;
  - (iv) promptly execute proper instruments of transfer of, and register all transfers of, the Scheme Shares to Bidder in accordance with the Scheme;
  - (v) the Target will deliver to Bidder a certificate duly signed by two directors or a director and company secretary of Target, on terms reasonably satisfactory to Bidder, certifying that the Net Cash of the Target Group is A\$500,000 or more on the Implementation Date and the aggregate amount of Debt of the Target Group is the Current Debt Amount and which certificate attaches evidence (on terms acceptable to Bidder acting reasonably) thereof; and
  - (vi) promptly do all other things contemplated by or necessary to give effect to the Scheme and the orders of the Court approving the Scheme and to effect the transfer of the Scheme Shares to Bidder including providing Bidder with all information reasonably requested in order to assist Bidder to pay (or procure payment of) the Scheme Consideration;
- (q) **keep Bidder informed:** from the First Court Date until the Implementation Date, promptly (in any event within one Business Day) inform Bidder if it becomes aware (or ought reasonably to have become aware, after making all reasonable and diligent enquiries) that the Scheme Booklet contains a statement that, in the form and context in which it appears in the Scheme Booklet, is or has become misleading or deceptive in a material respect or that contains a material omission and provide such further or new information to Bidder and Target Shareholders as is required to ensure that such information is no longer misleading or deceptive in any material respect or does not contain any material omission;

- (r) **compliance with laws:** do everything reasonably within its power to ensure that the Transaction is effected in accordance with all applicable laws and regulations;
- (s) **Bidder Scheme Booklet Information:** at any time (even after the Bidder Scheme Booklet Information becomes publicly available) only use the Bidder Scheme Booklet Information with the prior written consent of Bidder (not to be unreasonably withheld, conditioned or delayed);
- (t) **listing:** not do anything to cause Target Shares to cease being quoted on the ASX or to become permanently suspended from quotation prior to completion of the Transaction unless Bidder has agreed in writing; and
- (u) **delisting:** if directed by Bidder in writing at any time after the Implementation Date, Target must take all steps necessary for Target to be removed from the official list of ASX, including lodging a request for removal with ASX and satisfying any conditions reasonably requested by ASX for it to act on that request.

## 5.2 Bidder's obligations

Bidder must use its best endeavours to assist Target to implement the Transaction as soon as is reasonably practicable after the date of this deed and otherwise substantially in accordance with the Timetable, and in particular Bidder must:

- (a) **preparation of Scheme Booklet:** provide assistance reasonably requested by Target with the preparation of the Bidder Scheme Booklet Information in the Scheme Booklet in accordance with clause 5.3;
- (b) **Independent Expert information:** provide assistance and information relating to Bidder reasonably requested by Target or by the Independent Expert in connection with the preparation of the Independent Expert's Report;
- (c) **liaison with ASIC:** provide assistance reasonably requested by Target to assist Target to resolve any matter raised by ASIC regarding the Bidder Scheme Booklet Information in the Scheme Booklet or the Transaction during its review of the Scheme Booklet;
- (d) **approval of Scheme Booklet:** as soon as practicable after ASIC has provided its indication of intent as contemplated in clause 5.1(e), procure that a meeting of the Bidder Board is convened to approve those sections of the Scheme Booklet that comprise the Bidder Scheme Booklet Information as being in a form appropriate for despatch to Target Shareholders (and provide Target with a copy of an extract of the applicable resolutions from the applicable minutes of meeting, as soon as practicable after those minutes have been prepared and signed);
- (e) **keep Target informed:** from the First Court Date until the Implementation Date, promptly (in any event within one Business Day) inform Target if it becomes aware (or ought reasonably to have become aware, after making all reasonable and diligent enquiries) that the Bidder Scheme Booklet Information contains a statement that, in the form and context in which it appears in the Scheme Booklet, is or has become misleading or deceptive in any material respect or that contains any material omission, and provide such further or new information as is required to ensure that such information is no longer misleading or deceptive in any material respect or does not contain any material omission;
- (f) **Court representation:** procure that, if requested by Target and / or reasonably considered necessary by Bidder, it is separately represented by counsel at the Court hearings convened in connection with the Scheme, at which, through its counsel and if requested by the Court, Bidder will undertake to do all such things and use its best endeavours in order to ensure the fulfilment of its obligations under the Transaction Documents and the Scheme;
- (g) **Deed Poll:** prior to the First Court Date, execute the Deed Poll; and

- (h) **Target Scheme Booklet Information:** at any time (even after the Target Scheme Booklet Information becomes publicly available) only use the Target Scheme Booklet Information with the prior written consent of Target (not to be unreasonably withheld, conditioned or delayed).

### 5.3 Preparing of Scheme Booklet

- (a) **Target to prepare:** Target must prepare the Scheme Booklet (other than Bidder Scheme Booklet Information) as soon as is reasonably practicable after the date of this deed and otherwise substantially in accordance with the Timetable.
- (b) **Compliance requirements:** Target must use its best endeavours to ensure that the Scheme Booklet complies in all material respects with the requirements of the Corporations Act, the ASX Listing Rules and all ASIC Regulatory Guides applicable to members' schemes of arrangement under Part 5.1 of the Corporations Act, except that the obligation to do so in respect of the Bidder Scheme Booklet Information is subject to Bidder complying with its obligations under clauses 5.3(d) and 9.3(l).
- (c) **Content of Scheme Booklet:** without limiting clause 5.3(b), the Scheme Booklet will include or be accompanied by the Scheme, the Deed Poll, the Independent Expert's Report and the notice convening the Scheme Meeting.
- (d) **Bidder Scheme Booklet Information:** Bidder must provide the Bidder Scheme Booklet Information to Target as soon as is reasonably practicable after the date of this deed and otherwise substantially in accordance with the Timetable, in a form that, together with the Target Scheme Booklet Information, includes in all material respects the information regarding the Bidder Group that is required by the Corporations Act, the ASX Listing Rules and all ASIC Regulatory Guides applicable to members' schemes of arrangement under Part 5.1 of the Corporations Act, including the information that would be required under sections 636(1)(c), (h), (i), (j), (k)(ii), (l) and (m) of the Corporations Act to be included in a bidder's statement if Bidder were offering the Scheme Consideration as consideration under a takeover bid, and must provide to Target such assistance as Target may reasonably request in order to adapt such information for inclusion in the Scheme Booklet.
- (e) **Review by Bidder:** Target must:
- (i) make available in advance to Bidder drafts of the Scheme Booklet (including any draft of the Independent Expert's Report, but excluding those sections containing the Independent Expert's opinions or conclusions);
  - (ii) consult with Bidder in relation to the content of those drafts (including the inclusion of any Bidder Scheme Booklet Information and any information solely derived from, or prepared solely in reliance on, the Bidder Scheme Booklet Information); and
  - (iii) (acting reasonably and in good faith) take into account, for the purpose of amending the drafts of the Scheme Booklet, any comments from Bidder and its Representatives on them.
- (f) **Dispute as to Scheme Booklet:** if, after a reasonable period of consultation and compliance by Target with its obligations under clause 5.3(e), Bidder and Target, acting reasonably and in good faith, are unable to agree on the form or content of the Scheme Booklet, then, subject to applicable law:
- (i) if the disagreement relates to the form or content of the Bidder Scheme Booklet Information (or any information solely derived from, or prepared solely in reliance on, the Bidder Scheme Booklet Information), Target will, acting in good faith, make such amendments to that information in the Scheme Booklet as Bidder may reasonably require; and

- (ii) if the disagreement relates to the form or content of the Target Scheme Booklet Information, Target will, acting in good faith, decide the final form of that information in the Scheme Booklet.
- (g) **Consent of Bidder:** without limiting clause 5.3(f), Target must obtain written consent from Bidder in relation to the form and context in which any Bidder Scheme Booklet Information (and any information solely derived from, or prepared solely in reliance on, the Bidder Scheme Booklet Information) is used, such consent not to be unreasonably withheld by Bidder.
- (h) **Verification:** Target must undertake appropriate verification processes in relation to the Target Scheme Booklet Information included in the Scheme Booklet, and Bidder must undertake appropriate verification processes in relation to the Bidder Scheme Booklet Information included in the Scheme Booklet.
- (i) **Responsibility statements:** the Scheme Booklet will contain a responsibility statement to the effect that:
  - (i) Target is responsible for the Target Scheme Booklet Information;
  - (ii) Bidder is responsible for the Bidder Scheme Booklet Information only; and
  - (iii) the Independent Expert is responsible for the Independent Expert's Report only.

#### 5.4 Conduct of Court proceedings

- (a) Target and Bidder are entitled to separate representation at all Court proceedings affecting the Transaction.
- (b) Nothing in this deed gives any party any right or power to make undertakings to the Court for or on behalf of another party without that party's written consent.
- (c) Each party agrees to give all undertakings to the Court in all Court proceedings which it is reasonably required to give (on an individual basis) to obtain Court approval and confirmation of the Scheme as contemplated by this deed.
- (d) If the Scheme is not approved by Target Shareholders at the Scheme Meeting by reason only of the non-satisfaction of the Headcount Test and Target considers (acting reasonably) that:
  - (i) the splitting by a holder of Target Shares of those Target Shares into two or more parcels of Target Shares whether or not it results in any change in beneficial ownership of the Target Shares; or
  - (ii) some other abusive or improper conduct,

may have caused or contributed to the Headcount Test not having been satisfied, then Target must apply for an order of the Court of the type contemplated by section 411(4)(a)(ii)(A) of the Corporations Act to disregard the Headcount Test and use its best endeavours to seek Court approval of the Scheme under section 411(4)(b) of the Corporations Act, notwithstanding that the Headcount Test has not been satisfied (including by making such submissions to the Court and file such evidence as counsel engaged by Target, in consultation with the Bidder, considers is reasonably required to seek to persuade the Court to exercise its discretion under section 411(4)(a)(ii)(A) of the Corporations Act by making an order to disregard the Headcount Test).
- (e) If the Court refuses to grant an order convening the Scheme Meeting or approving the Scheme, then Target and Bidder must consult with each other in good faith as to whether to appeal the Court's decision. If, in the opinion of senior counsel obtained by either party within 5 Business Days of the Court's decision, there are reasonable prospects of successfully appealing the Court's decision, then:

- (i) Target must appeal the Court's decision, the cost of which is to be borne equally by Target and Bidder; and
- (ii) the End Date is extended by 20 Business Days (or such fewer Business Days as may be agreed to by Target and Bidder in writing) to account for the period for determination of the appeal on an expedited basis.

## 5.5 Mutual co-ordination

- (a) Target and Bidder must each use all reasonable endeavours and utilise all necessary resources (including management, shareholder, marketing and corporate relations resources, as well as the resources of external advisers) to produce the Scheme Booklet and implement the Scheme as soon as reasonably practicable.
- (b) Each party must, and must procure that its Representatives, work (including by attending meetings and by providing information) in good faith and in a timely and co-operative fashion with the other parties to implement the Scheme and to prepare all documents required relating to the Scheme.

## 5.6 Appointment of officers

On the Implementation Date, but subject to the Scheme Consideration having been paid to the Scheme Participants and receipt by Target of signed consents to act, Target must:

- (a) take all actions necessary to appoint the persons nominated by Bidder as new directors of Target and new directors of each member of the Target Group; and
- (b) procure that all Target directors (other than the new directors appointed pursuant to paragraph 5.6(a)) resign from the Target Board, by notice in writing which acknowledges that such Target director has no outstanding claims (other than any outstanding fees or expenses that accrued prior to the resignation) against any member of the Target Group as at the date of the resignation; and
- (c) ensure that all directors on the boards of the Target's Subsidiaries that Bidder requests prior to the Implementation Date resign from the respective board by notice in writing which acknowledges that such director has no outstanding claims in his or her capacity as a director against any member of the Target Group as at the date of the resignation,

in each case in accordance with the respective constitution (or equivalent constituent documents), the Corporations Act (or equivalent applicable local laws) and the ASX Listing Rules (to the extent applicable).

## 6 Conduct prior to Implementation Date

### 6.1 Conduct of business

- (a) During the period from the date of this deed up to and including the Implementation Date, Target must, and must procure that each member of the Target Group must:
  - (i) conduct its business and operations in the ordinary and proper course, subject to and in compliance in all material respects with all applicable laws, regulations and Regulatory Approvals;
  - (ii) operates its businesses in a manner substantially consistent with the manner in which those businesses have been conducted in the 12 months prior to the date of this deed;
  - (iii) uses best endeavours to:
    - (A) preserve intact the Target Group's current business organisation;

- (B) keep available the services of its current Officers and employees, except if Target determines that termination of an Officer or employee's engagement is appropriate due to alleged breach of contract or duties or if the employee on their own volition terminates their contract;
- (C) maintain the condition of its business and assets in accordance with the ordinary course of its business consistent with past practices for the 12 months prior to the date of this deed, allowing for fair wear and tear;
- (D) maintain and preserve their relationships with those Government Agencies having material business dealings with them;
- (E) maintain at least their current level of insurance;
- (F) keep Bidder informed of the conduct of the Target Group's business by providing in a timely manner to Bidder financial and operational reports provided to the Target Board (but excluding information relating to Target's directors' and management's consideration of the Scheme or any Competing Proposal); and
- (G) preserve their relationships with material customers and suppliers, and others with whom the Target Group has material business dealings
- (H) promptly notify Bidder of any Material Claim which may be threatened, brought, asserted or commenced against any member of the Target Group, or their officers, and consult with Bidder in relation to such matter to the extent reasonably required by the Bidder, and for this purpose a Material Claim is any Claim relating to the intellectual property rights of the Target Group or any other Claim in excess of A\$50,000,

in each case, except to the extent:

- (I) fairly disclosed in writing as part of the Target Disclosed Information prior to the date of this deed;
- (J) fairly disclosed in an announcement made by Target to the ASX prior to the date of this deed;
- (K) required by any applicable law or by a Government Agency (except where that requirement arises as a result of an action or inaction (deliberate or inadvertent) by a member of the Target Group or Officer of the Target Group;
- (L) required for any Target Group Director to comply with his or her fiduciary or statutory duties, provided that, to the extent possible in the circumstances, the Target first provides the Bidder with reasonable details and consults in good faith with the Bidder in relation to any act to be done (or not done) in reliance on this clause 6.1(a)(iii)(L);
- (M) in the reasonable opinion of the Target, is a necessary and prudent response to any emergency or disaster (including a situation giving rise to a risk of personal injury or damage to property) that requires an immediate reaction;
- (N) required to be done or procured by Target Group pursuant to, or that is otherwise expressly permitted by, the Transaction Documents; or
- (O) the undertaking of which Bidder has approved in writing (such approval not to be unreasonably withheld or delayed).

- (b) Without limiting clause 6.1(a), but for the avoidance of doubt subject to clauses 6.1(a)(iii)(I) to 6.1(a)(iii)(O) (both inclusive), Target must not, and must ensure that its Related Bodies Corporate do not:
- (i) dispose, agree to dispose, offer to dispose or announce a bid for the disposal of:
    - (A) any securities, business, interest in a joint venture, entity or undertaking, the price or value of which exceeds US\$100,000 (individually or in aggregate);
    - (B) any asset, the price or value of which exceeds US\$200,000 (individually or in aggregate),
 to any person other than another entity within the Target Group, excluding:
    - (C) sale of goods in the ordinary course of business; or
    - (D) a disposal which was approved by the Target Board prior to the date of this deed and has been fairly and specifically disclosed to Bidder in the Target Disclosed Information;
  - (ii) acquire, agree to acquire, offer to acquire or announce a bid for the acquisition of:
    - (A) any securities, business, interest in a joint venture, strategic partnership, entity or undertaking, the price or value which exceeds US\$100,000 (individually or in aggregate),
    - (B) any asset, the price or value of which exceeds US\$200,000 (individually or in aggregate),
 from another person other than another entity within the Target Group, excluding:
    - (C) acquisition of goods in the ordinary course of business; or
    - (D) an acquisition, or any capital expenditure or project expenditure which was approved by the Target Board prior to the date of this deed and has been fairly and specifically disclosed to Bidder in the Target Disclosed Information;
  - (iii) declare or pay any dividend or make any other distributions to Target Shareholders;
  - (iv) enter into a line of business which is materially different to the business in which the Target Group engages as at the date of this deed, whether by way of acquisition or otherwise;
  - (v) license any intellectual property rights of the Target Group to a Third Party other than in the ordinary course of business where the licence is for a term of less than 6 months;
  - (vi) terminate, enter into, renew, extend or materially alter or amend any:
    - (A) Material Contract; or
    - (B) other contract in the ordinary course of business requiring payments by the Target Group of more than US\$50,000 individually or US\$100,000 in aggregate under the contract,
 excluding any renewal or extension of any Material Contract which is expressly provided for in the Material Contract, and where such renewal or extension is in the ordinary course of business;



- (vii) either:
- (A) enter into a new contract with an officer, executive, contractor, consultant or employee of the Target Group (other than to replace an employee who has ceased to be an employee of the Target Group) in respect of which the fixed annual remuneration (being the total of base remuneration, car allowance and superannuation) or fees payable to that officer, executive, contractor, consultant or employee is in excess of US\$80,000 per annum (but excluding a new contract with not more than 2 employees each with a total remuneration or fees payable to each employee in excess of US\$80,000 per annum but not exceeding US\$180,000 which have a probation period of at least 6 months and a notice period of (except where required by applicable law) not more than 3 months); or
  - (B) alter, vary or amend a contract with an existing director, officer, executive, contractor, consultant or employee of the Target Group to increase any compensation or benefits payable (other than in the ordinary course of business, pursuant to contractual arrangements in effect as at the date of this deed or otherwise pursuant to any statutory requirements);
- (viii) enter into, renew, alter, vary or amend any enterprise bargaining agreement other than pursuant to contractual arrangements in effect on the date of this deed;
- (ix) pay any of its directors or employees a termination or retention payment other than in accordance with contractual arrangements in effect on the date of this deed, which are fairly disclosed to Bidder in the Target Disclosed Information;
- (x) settle or offer to settle any legal proceedings, claim, investigation, arbitration or other like proceeding where the settlement amount exceeds US\$100,000 in the aggregate;
- (xi) waive any material third party default where the financial impact on the Target Group will be in excess of US\$20,000 individually or US\$100,000 in the aggregate;
- (xii) accept as a compromise of a matter less than the full compensation due to a member of the Target Group where the financial impact of the compromise on the Target Group is more than US\$100,000 in the aggregate;
- (xiii) provide financial accommodation other than to members of the Target Group (irrespective of what form of financial indebtedness that accommodation takes) in excess of US\$10,000 (individually or in aggregate), except in respect of security interests given in the ordinary course (such as guarantees under lease arrangements) and the accommodation given to trade creditors;
- (xiv) enter into, or resolve to enter into, a transaction with any related party of Target (other than a related party which is a member of the Target Group) as defined in section 228 of the Corporations Act;
- (xv) enter into, renew, extend, alter or vary any agreement or arrangement relating to:
- (A) the award of any payment, bonus, incentive, severance, pay or pension contribution to any director, officer or key management personnel of the Target Group; or
  - (B) the appointment of, or any fees payable to, any Financial Adviser,

other than in accordance with contractual arrangements in effect on the date of this deed and which are fairly disclosed to Bidder in the Target Disclosed Information;

- (xvi) make any amendment to any accounting policy applied by them to report their financial position other than any change in policy required by a change in the accounting standards;
- (xvii) undertake or agree to undertake capital expenditure in excess of \$200,000 in aggregate in respect of the Target Group;
- (xviii) increase the aggregate amount of Debt of the Target Group above the Current Debt Amount;
- (xix) not take any action which would be reasonably expected to give rise to a Prescribed Occurrence;
- (xx) enter into an agreement, ruling or other commitment with regard to tax with a Government Agency, except as provided under this deed; settle or compromise any tax liability; make any new, or change or revoke any existing, election with respect to taxes; file any amended tax return, enter into any closing agreement (including any assessment agreement with the ITA); surrender any right to claim a refund of an amount of taxes, consent to any extension or waiver of the limitation period applicable to any tax claim or assessment; or adopt or change any method of accounting in respect of taxes, in each case that would adversely affect the Target or any of its Related Bodies Corporate after the date of this deed; or
- (xxi) authorise, commit or agree to do any of the matters set out above.

## 6.2 Integration planning

- (a) Target must, and must cause each of the members of the Target Group to, provide Bidder and its Representatives with reasonable and timely access to information (subject to any existing confidentiality obligations owed to third parties or any other applicable legal restriction) and members of the executive leadership team of Target as reasonably requested by Bidder and agreed by Target's chief executive officer at mutually convenient times for the sole purpose of:
  - (i) facilitating Bidder to develop plans for Target's operations following implementation of the Scheme;
  - (ii) implementation of the Transaction; or
  - (iii) any other purpose agreed between the parties in writing,
 provided that:
  - (iv) to the extent practicable, information will be made available via the data room;
  - (v) nothing in this clause will require Target to provide information concerning Target's directors and management's consideration of the Scheme or any Competing Proposal; and
  - (vi) it does not, in the reasonable opinion of Target, result in unreasonable disruptions to the Target Group's business, breach any law or regulation, or require Target to make further disclosure to any other entity or Government Agency.
- (b) The obligations pursuant to clause 6.2(a) commence from the date of this deed and cease to operate upon a majority of the Target Board changing or withdrawing their recommendation that Target Shareholders vote in favour of the Scheme, or recommending a Competing Proposal.

### 6.3 Co-operation

- (a) In relation to communications with customers from whom consent to change of control is not sought or notification given under clause 6.4, the parties will agree an appropriate communication protocol under which those customers will be informed of the Transaction.
- (b) In relation to communications to Target staff and contractors, the parties will agree an appropriate communications protocol under which those persons will be notified of the Transaction.
- (c) Target must release Bidder and its Representatives from the provisions of the Confidentiality Agreement to the extent necessary to permit Bidder and its Representatives to hold discussions with Target Shareholders for the purposes of a proxy solicitation agent of Bidder conducting a proxy solicitation campaign in relation to the Scheme.

### 6.4 Material Contracts

- (a) As soon as practicable after the date of this deed, Target and Bidder must seek to identify any change of control, unilateral termination rights or similar provisions in Material Contracts to which any one or more members of the Target Group is a party that may be triggered or exercised by the implementation of the Scheme. In respect of those Material Contracts:
  - (i) Target and Bidder must, each acting reasonably, agree a proposed course of action and then Target (together with Bidder) must initiate contact with the relevant counterparties to request that they provide any consents or confirmations required or appropriate. No member of the Bidder Group or its Representatives may contact any such counterparties (other than in the ordinary course of their business) without Target or its Representatives prior written consent (which is not to be unreasonably withheld, conditioned or delayed);
  - (ii) Target must cooperate with, and provide reasonable assistance to, Bidder to obtain such consents or confirmations as expeditiously as possible, including by promptly providing any information reasonably required by counterparties (but nothing in this clause requires Target or Bidder to incur material expense or amend the key commercial terms of any Material Contract); and
  - (iii) Bidder must use all reasonable endeavours to comply with any requirements of the counterparties that are required under the relevant Materials Contracts to be complied with by an assignee, transferee or new controller of Target or the other relevant member of Target Group.
- (b) Subject to Target complying with this clause 6.4, a failure by a member of Target Group to obtain any third party consent or confirmation will not constitute a breach of this deed by Target and will, together with any resulting consequences, be disregarded when assessing the operation of any other part of this deed.

## 7 Target Board recommendations

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- (a) Target represents and warrants as at the date of this deed to Bidder that it has been advised by each director of Target in office as at the date of this deed that he or she will:
  - (i) recommend that Target Shareholders vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert expressing an opinion that the Scheme is in the best interests of Target Shareholders;

- (ii) make a public statement stating that he or she will vote any Scheme Shares in his or her control in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert expressing an opinion that the Scheme is in the best interests of Target Shareholders;
- (iii) not subsequently change, withdraw or modify that recommendation before the date the Scheme is approved by Target Shareholders in the absence of a Superior Proposal and subject to the Independent Expert expressing an opinion that the Scheme is in the best interests of Target Shareholders;
- (iv) include in the Target's Announcement of the signing of this deed, and the Scheme Booklet, a statement to the effect of clauses 7(a)(i) and 7(a)(ii); and
- (v) not make any public statement or take any other action that contradicts the recommendation of the Scheme by the directors of Target to the effect of the statement in clause 7(a)(i) in the absence of a Superior Proposal and subject to the Independent Expert expressing an opinion that the Scheme is in the best interests of Target Shareholders;

in each case, unless the Court specifically indicates at the First Court Hearing that it is not appropriate for a director to make a recommendation to vote in favour of the Scheme and that such recommendation of the director must be changed, qualified or withdrawn, in which circumstances that director may change, qualify or withdraw their recommendation.

- (b) Target must use its best endeavours to procure that the Target Board collectively, and the Target Board members individually, do not change, withdraw or modify its, his or her recommendation to vote in favour of the Scheme, unless:
  - (i) in respect of a Target Board Member individually, the Court indicates at the First Court Hearing that it is not appropriate for a director to make a recommendation to vote in favour of the Scheme and that such recommendation of the director must be changed, qualified or withdrawn;
  - (ii) the Independent Expert provides a report to Target (including either the Independent Expert's Report or any update or supplement to it) that concludes that the Scheme is not in the best interest of Scheme Participants; or
  - (iii) Target has received, other than as a result of a breach of clause 11, a Superior Proposal.
- (c) To the extent practicable, Target will consult with Bidder if it becomes aware of any circumstances (including the receipt or expected receipt of an unfavourable report from the Independent Expert) which may lead to one or more Target Board members changing, withdrawing or modifying his or her recommendation to vote in favour of the Scheme.

## **8 Public announcements and confidentiality**

### **8.1 Transaction Announcement**

Immediately after the execution of this deed, Target and Bidder must issue Announcements in a form agreed between the parties.

### **8.2 Announcements with consent**

Subject to clauses 5.1(l), 8.3 and 8.4, each party must not make any Announcements in connection with the Scheme without the prior written approval of the other party, with such approval not to be unreasonably withheld.

### 8.3 **Announcements required by law or ASX Listing Rules**

Subject to clause 8.4, where a party is required by applicable law, the ASX Listing Rules or any other applicable stock exchange regulation to make any announcement or to make any disclosure in connection with this deed (including its termination) or the Scheme, it may do so only after it has given the other party as much notice as is reasonably practicable in the context of any deadlines imposed by law or applicable requirement, but in any event prior notice, and has consulted with the other party as to (and has given the other party a reasonable opportunity to comment on) the form and content of that announcement or disclosure and used its best endeavours to restrict that disclosure to the greatest extent possible. Nothing in this clause requires the giving of prior notice or the taking of any action if doing so would lead to a party breaching an applicable law, the ASX Listing Rules or any other stock exchange regulation.

### 8.4 **Disclosure on termination of this deed**

The parties agree that, if this deed is terminated under clause 14, either party may disclose by way of Announcement to the ASX the fact that this deed has been terminated, where such disclosure is in the reasonable opinion of that party required to ensure that the market in its securities is properly informed, and provided, where reasonably practicable, that party consults with the other party as to (and gives the other party a reasonable opportunity to comment on) the form and content of the announcement prior to its disclosure.

### 8.5 **Takeover bid**

Nothing in this Agreement or the Confidentiality Agreement precludes Bidder from making a takeover bid for Target at an offer price per Target Share which is at least equal to the Scheme Consideration. In these circumstances, Bidder may disclose any information regarding the Target Group (other than the identity of any client or customer of the Target Group which as at the date the Bidder makes a takeover bid for Target has not been publicly disclosed) in a bidder's statement under the Corporations Act for this purpose and without complying with the requirements of this clause 8.

### 8.6 **Confidentiality Agreement**

Except as set out in clauses 8.4 or 8.5, the parties acknowledge and agree that:

- (a) they continue to be bound by the Confidentiality Agreement after the date of this deed; and
- (b) the rights and obligations of the parties under the Confidentiality Agreement survive termination of this deed.

## 9 **Representations and warranties**

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### 9.1 **Target representations and warranties**

Target represents and warrants to Bidder (on Bidder's own behalf and separately as trustee or nominee for each of the other Bidder Indemnified Parties) that:

- (a) **information in Scheme Booklet:** the Target Scheme Booklet Information as at the date the Scheme Booklet is despatched to Target Shareholders:
  - (i) has been prepared and included in the Scheme Booklet in good faith;
  - (ii) complies in all material respects with the requirements of the Corporations Act, Corporations Regulations, ASX Listing Rules and relevant ASIC Regulatory Guides; and
  - (iii) be provided on the understanding that each of the Bidder Indemnified Parties will rely on that information for the purposes of preparing the Bidder Scheme Booklet Information and implementing the Scheme;

- (b) **information provided to the Independent Expert:** all information provided by Target to the Independent Expert, as at the date that information is provided, has been provided in good faith and on the understanding that, to the extent accepted by the Independent Expert, the Independent Expert will rely on that information for the purpose of preparing its report for inclusion in the Scheme Booklet;
- (c) **Scheme Booklet:** no information (other than the Bidder Scheme Booklet Information, the Independent Expert's Report or any other report or letter issued to Target by a third party) contained in the Scheme Booklet, as at the date the Scheme Booklet is despatched to Target Shareholders, will contain any statement which is materially misleading or deceptive (including by way of omission from that statement);
- (d) **updating information:** it will, as a continuing obligation, ensure that the Scheme Booklet (but in respect of Bidder Scheme Booklet Information, subject to Bidder complying with its obligations to update Bidder Scheme Booklet Information) will be updated by all such further or new information which may arise after the Scheme Booklet has been despatched until the Scheme Meeting which is necessary to ensure that the Scheme Booklet is not misleading or deceptive in any material respect (including because of any omission);
- (e) **incorporation:** it is a body corporate validly existing under the laws of its place of incorporation and each member of the Target Group is a corporation validly existing under the laws of its place of incorporation;
- (f) **power:** it has the full corporate power and lawful authority to execute and deliver this deed without seeking the consent of any other person or persons, and to perform or cause to be performed its obligations under this deed and to carry out the transactions contemplated by this deed;
- (g) **corporate authorisations:** it has taken all necessary corporate action to authorise the execution and delivery of this deed and the Scheme and, subject to Target Shareholders approving the Scheme, has taken all necessary corporate action to authorise the performance of this deed and the Scheme and to carry out the transactions contemplated by this deed and the Scheme;
- (h) **binding obligations:** this deed is valid and binding upon it and is enforceable in accordance with its terms;
- (i) **solvency:** no Insolvency Event has occurred in relation to any member of the Target Group;
- (j) **regulatory action:** no regulatory action of any nature has been taken which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this deed;
- (k) **no default:** this deed does not conflict with or result in the breach of or default under any provision of Target's constitution or other constituent documents, any material term or provision of any material agreement, or any writ, order or injunction, judgement, law, rule, regulation or instrument to which Target is party or subject or of which it or any member of the Target Group is bound;
- (l) **no Prescribed Occurrence:** no Prescribed Occurrence has occurred;
- (m) **no Material Adverse Event:** as at the date of this deed, Target is not aware of any matter, event or circumstance which would constitute a Material Adverse Event;
- (n) **continuous disclosure:** Target is in compliance with its continuous disclosure obligations under Listing Rule 3.1 and, except as fairly disclosed in the Target Disclosed Information and as relates to Bidder's proposal to acquire Target, as at the date of this deed Target is not withholding from disclosure to ASX any material information in reliance on Listing Rule 3.1A;

- (o) **not misleading:** all Target Disclosed Information and all information that is provided to Bidder in writing during the preparation of the Scheme Booklet are, to the best of its knowledge, true and accurate and not misleading or deceptive (including by omission) in any material respect and does not omit any material matters required to make the information provided to Bidder not misleading (when read as a whole);
- (p) **issued securities as at date of this deed:** the securities on issue in the capital of Target as at the date of this deed are:
- (i) 285,988,462 Target Shares;
  - (ii) 111,538,464 Convertible Preference Shares;
  - (iii) NIL Target Performance Shares;
  - (iv) NIL Target Performance Rights; and
  - (v) 10,437,501 Target Options,

and the Target Group has not issued, or agreed to issue, any other securities or instruments which are still outstanding (or become outstanding) and may convert into Target Shares or any other securities in Target.

- (q) **diluted capital:** as at 8:00am on the Second Court Date, there will be on issue no more than:
- (i) in the event the Condition Precedent in paragraph 3.1(m) is satisfied, 397,526,926 Target Shares, NIL Convertible Preference Shares, NIL Target Performance Shares, NIL Target Performance Rights and 10,437,501 Target Options
  - (ii) in the event the Condition Precedent in paragraph 3.1(m) is not satisfied, 285,988,462 Target Shares, 111,538,464 Convertible Preference Shares, NIL Target Performance Shares, NIL Target Performance Rights and 10,437,501 Target Options

in each case (except to the extent any Target Performance Shares or Target Options have been cancelled or have vested before that date) or any other securities, options, performance rights or instruments will be outstanding or become outstanding or convertible into Target Shares;

- (r) **indebtedness:** except as fairly disclosed in the Target Disclosed Information, so far as Target is aware:
- (i) no member of the Target Group has incurred or agreed to incur any material indebtedness under any bank facility or other similar material arrangement providing financial accommodation of any description; and
  - (ii) other than the Transaction, no event has occurred which would entitle any person to require the repayment of any borrowings of the Target Group or require any borrowings of the Target Group to be repaid before their due date for any reason.
- (s) **no material undisclosed liability:** as at the date of this deed, other than as fairly disclosed in the Target Disclosed Information, there is no current or pending claim, dispute, demand, action, litigation, prosecution, arbitration, investigation, mediation or other proceeding which could reasonably be expected to result in an award, settlement, fine, penalty, order, loss or other liability to the Target Group of more than US\$100,000, nor to the knowledge of Target are there any threatened;
- (t) **customer relations:** as at the date of this deed, Target is not aware of any information relating to any customer of the Target Group that has or could reasonably be expected to give rise to a reduction of orders with the Target Group's business to an extent which exceeds 10% of the Target Group's revenues;

- (u) **compliance:** as at the date of this deed, so far as Target is aware, each member of the Target Group has complied in all material respects with all laws applicable to them and have all material licenses, authorisations and permits necessary under laws of the relevant jurisdiction for them to conduct the business of the Target Group as presently being conducted;
- (v) **incentives disclosed:** Target has fairly disclosed in the Target Disclosed Information all:
- (i) arrangements for the award of any payment, bonus, incentive, severance pay or pension contribution to all directors and senior management of the Target Group;
  - (ii) fees payable to third party advisers (in aggregate) in connection with the Transaction; and
  - (iii) other agreements or arrangements entered into by any member of the Target Group pursuant to which consideration becomes payable to any person in connection with the Transaction,
- that are in place, or are payable, as at the date of this deed;
- (w) **material contracts and leases:** Target has fairly disclosed to Bidder, in the Target Disclosed Information, all material contracts and leases as at the date of this deed that contain a change of control or unilateral termination rights which may be triggered by or exercised in response to the implementation of the Transaction; and
- (x) **drone technology:** the drone delivery system is part of the "Algo" dispatching system and utility technology and all intellectual property rights (including any copyright, trade marks, designs, patents, circuit layouts or inventions and other results of intellectual activity in any field whether or not registrable, registered or patentable) subsisting in these systems and technology are legally and beneficially owned by Target free and clear of any encumbrance, security interest or any other interest of a third party.

## 9.2 Target's indemnity

Target agrees with Bidder (on Bidder's own behalf and separately as trustee or nominee for each of the other Bidder Indemnified Parties) to indemnify and keep indemnified the Bidder Indemnified Parties from and against any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising which any of the Bidder Indemnified Parties may suffer, incur or become liable for by reason of any breach of any of the representations and warranties in clause 9.1 of this deed.

## 9.3 Bidder representations and warranties

Bidder represents and warrants to Target (on Target's own behalf and separately as trustee or nominee for each of the other Target Indemnified Parties) that:

- (a) **information in Scheme Booklet:** the Bidder Scheme Booklet Information as at the date the Scheme Booklet is despatched to Target Shareholders:
- (i) has been prepared and included in the Scheme Booklet in good faith; and
  - (ii) complies in all material respects with the requirements of the Corporations Act, Corporations Regulations, ASX Listing Rules and relevant ASIC regulatory guides;
- (b) **information provided to the Independent Expert:** all information provided by Bidder to the Independent Expert, as at the date that information is provided, has been provided in good faith and on the understanding that, to the extent accepted by the Independent Expert, the Independent Expert will rely on that information for the purpose of preparing its report for inclusion in the Scheme Booklet;



- (c) **Scheme Booklet:** the Bidder Scheme Booklet Information, as at the date the Scheme Booklet is despatched to Target Shareholders, will not to the extent included in the Scheme Booklet in the form provided and approved by Bidder contain any statement which is materially misleading or deceptive including by way of omission from that statement;
- (d) **updating Bidder Information:** it will, as a continuing obligation, provide to Target all such further or new information which may arise after the Scheme Booklet has been despatched until the Scheme Meeting which is necessary to ensure that the Bidder Scheme Booklet Information is not misleading or deceptive in any material respect (including because of any material omission);
- (e) **incorporation:** it is a body corporate validly existing under the laws of its place of incorporation;
- (f) **power:** it has the full corporate power and lawful authority to execute and deliver this deed without seeking the consent of any other person or persons, and to perform or cause to be performed its obligations under this deed and to carry out the transactions contemplated by this deed;
- (g) **corporate authorisations:** it has taken all necessary corporate action to authorise the execution and delivery of this deed and the Scheme and has taken all necessary corporate action to authorise the performance of this deed and the Scheme and to carry out the transactions contemplated by this deed and the Scheme;
- (h) **binding obligations:** this deed is valid and binding upon it and is enforceable in accordance with its terms;
- (i) **solvency:** no Insolvency Event has occurred in relation to any member of the Bidder Group;
- (j) **regulatory action:** no regulatory action of any nature has been taken which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this deed;
- (k) **no default:** this deed does not conflict with or result in the breach of or default under any provision of Bidder's constitution or other constituent documents, any material term or provision of any material agreement, or any writ, order or injunction, judgement, law, rule, regulation or instrument to which Bidder is party or subject or of which it or any member of the Bidder Group is bound;
- (l) **not misleading:** all Bidder Disclosed Information and all information that is provided to Target in writing during the preparation of the Scheme Booklet are, to the best of its knowledge, accurate and not misleading in any material respect and does not omit any material matters required to make the information provided to Target not misleading (when read as a whole); and
- (m) **Scheme Consideration:** by 8:00am on the Second Court Date, Bidder will have available to it sufficient cash amounts (whether from internal cash resources or external funding (including debt and equity financing) arrangements or a combination of both) to satisfy Bidder's obligation to pay the Scheme Consideration in accordance with its obligations under this deed, the Scheme and the Deed Poll.

#### 9.4 Bidder's indemnity

Bidder agrees with Target (on Target's own behalf and separately as trustee or nominee for each of the other Target Indemnified Parties) to indemnify and keep indemnified the Target Indemnified Parties from and against any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising which any of the Target Indemnified Parties may suffer, incur or become liable for by reason of any breach of any of the representations and warranties in clause 9.3 of this deed.

## 9.5 Timing

Each representation and warranty made or given under clauses 9.1 and 9.3 is given at the date:

- (a) of this deed;
- (b) the Scheme Booklet is despatched to Target Shareholders;
- (c) the Scheme Meeting is held; and
- (d) of the Second Court Date,

unless that representation or warranty is expressed to be given at a particular time, in which case it is given at that time.

## 9.6 Reliance by parties

Each party (**Representor**) acknowledges that:

- (a) in entering into this deed the other party has relied on the representations and warranties provided by the Representor under this clause 9;
- (b) it has not entered into this deed in reliance on any warranty or representation made by or on behalf of the other party except those warranties and representations set out in this deed. This acknowledgment does not prejudice the rights any party may have in relation to the Target Scheme Booklet Information, the Bidder Scheme Booklet Information, or any information filed by the other party with the ASX or ASIC; and
- (c) neither Bidder nor Target, nor their respective Representatives, nor any other person acting on behalf of or associated with them, has made any representation, given any advice or given any warranty or undertaking, promise or forecast of any kind in relation to the business of either the Bidder Group or the Target Group, including in relation to future matters, including future or forecast costs, prices, revenues or profits.

## 9.7 Notifications

Each party will promptly advise the other party in writing if it becomes aware of any fact, matter or circumstance that constitutes or may constitute a breach of any of the representations or warranties given by it under this clause 9.

## 9.8 Status of representations and warranties

Each representation and warranty in this clause 9:

- (a) is severable;
- (b) will survive the termination of this deed; and
- (c) is given with the intent that liability under it will not be confined to breaches that are discovered prior to the date of termination of this deed.

## 9.9 Status of indemnities

- (a) Each indemnity in this deed (including those in clauses 9.2 and 9.4):
  - (i) is severable;
  - (ii) is a continuing obligation;
  - (iii) constitutes a separate and independent obligation of the party giving the indemnity from any other obligations of that party under this deed; and
  - (iv) survives the termination of this deed.

- (b) It is not necessary for a party to incur expense or make any payment before enforcing a right of indemnity conferred by this deed.

#### 9.10 Claims

The liability of the Target under a Claim for any loss or amount described below will be reduced to the extent that such loss or amount:

- (a) **pre-completion actions:** arises from an act or omission by or on behalf of a Target Group member before 8:00am on the Second Court Date that was done or made with the written consent of Bidder or at the written direction or instruction of Bidder;
- (b) **no double Claim:** has actually been recovered by Bidder under another Claim or from some other person;
- (c) **satisfied at no cost:** has been satisfied by Bidder without cost or liability to Bidder; or
- (d) **forecast:** arises in connection with any forecast, estimate, projection or other financial statement made or given by Target which relates to the future.

#### 9.11 Disclosures

Each of the warranties provided by each party is subject to matters fairly and accurately disclosed in the Target Disclosed Information or the Bidder Disclosed Information (as the case may be).

#### 9.12 Mitigation of loss

If Bidder becomes aware of a breach of a warranty in clause 9.1 by Target, Bidder must, to the extent it is within Bidder's control, take reasonable actions to mitigate any loss for which it is entitled to recovery, provided that this does not mean and is not construed to mean that Bidder must litigate or initiate any action or Claim in order to mitigate losses, incur any costs in taking action or do, or omit to do, anything which may prejudice the ability or right of Bidder, a Bidder Group member or a Target Group member to recover under any available insurance.

#### 9.13 Exclusion of liability

To the maximum extent permitted by law all terms, conditions, warranties, indemnities and statements (whether express, implied, written, oral, collateral, statutory or otherwise) which are not expressly set out in this deed are excluded and, to the extent they cannot be excluded, Target disclaims all liability in relation to them.

#### 9.14 Bidder acknowledgements

Bidder acknowledges and agrees that:

- (a) it has received independent and professional advice (including legal, accounting, tax and/or financial advice) concerning this deed;
- (b) it has had the opportunity to conduct a due diligence review in relation to the Target Group (but makes no acknowledgement in relation to the adequacy of those enquiries or sufficiency of information disclosed by Target); and
- (c) except as expressly set out in this deed and except in the case of fraud or wilful misconduct, Bidder has not relied on any statement or representation made, any advice, warranty, undertaking, promise or forecast given or any conduct of any kind engaged in, in relation to the Target Shares, the Target Group, the Target Disclosed Information or this deed.

#### 9.15 No impact on Target Break Fee

The parties acknowledge and agree that nothing in clauses 9.10 to 9.14 will affect the Bidder's right to be paid the Target Break Fee in accordance with clause 12.

## 10 Releases

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### 10.1 Target Indemnified Parties

- (a) Bidder:
- (i) releases its rights; and
  - (ii) agrees with Target that it will not make, and that after the Implementation Date it will procure that each member of the Target Group does not make, any Claim,
- against any Target Indemnified Party (other than Target and its Related Bodies Corporate) as at the date of this deed and from time to time in connection with:
- (iii) any breach of any representations and warranties of Target or any other member of the Target Group in this deed or any breach of any covenant given by Target in this deed;
  - (iv) any disclosures containing any statement which is false or misleading whether in content or by omission; or
  - (v) any failure to provide information,
- whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where the Target Indemnified Party has not acted in good faith, engaged in wilful misconduct, wilful concealment or fraud. For the avoidance of doubt, nothing in this clause 10.1(a) limits Bidder's rights to terminate this deed under clause 14.
- (b) Clause 10.1(a) is subject to any Corporations Act restriction and will be read down accordingly.
- (c) Target receives and holds the benefit of this clause 10.1 to the extent it relates to each Target Indemnified Party as trustee for each of them.

### 10.2 Bidder Indemnified Parties

- (a) Target:
- (i) releases its rights; and
  - (ii) agrees with Bidder that it will not make a Claim,
- against any Bidder Indemnified Party (other than Bidder) as at the date of this deed and from time to time in connection with:
- (iii) any breach of any representations, covenants and warranties of Bidder or any other member of the Bidder Group in this deed or any breach of any covenant given by Bidder in this deed;
  - (iv) any disclosures containing any statement which is false or misleading whether in content or by omission; or
  - (v) any failure to provide information,
- whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where the Bidder Indemnified Party has not acted in good faith, engaged in wilful misconduct, wilful concealment or fraud. For the avoidance of doubt, nothing in this clause 10.2(a) limits Target's rights to terminate this deed under clause 14.
- (b) Clause 10.2(a) is subject to any Corporations Act restriction and will be read down accordingly.

- (c) Bidder receives and holds the benefit of this clause 10.2 to the extent it relates to each Bidder Indemnified Party as trustee for each of them.

### 10.3 Deeds of indemnity and insurance

- (a) Subject to the Scheme becoming Effective and Implementation occurring, Bidder undertakes in favour of Target and each other Target Indemnified Party that it will:
- (i) subject to clause 10.3(e), for a period of 7 years from the Implementation Date, ensure that the constitutions of Target and each other member of the Target Group continue to contain standard rules that provide for each company to indemnify each of its directors and officers against any liability incurred by that person in his or her capacity as a director or officer of the company to any person other than a member of the Target Group; and
  - (ii) procure that Target and each other member of the Target Group complies with any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers from time to time and, without limiting the foregoing, ensure that directors' and officers' runoff insurance cover for such directors and officers is maintained, subject to clause 10.3(e), for a period of 7 years.
- (b) Each party acknowledges that, notwithstanding any other provision of this deed, Target may, prior to the Implementation Date, enter into an arrangement to secure directors and officers run-off insurance for up to such 7 year period (**D&O Policy**) provided that Target will use reasonable endeavours to obtain the most attractive commercial terms for the D&O Policy from a reputable insurer and that the D&O Policy is approved in writing by Bidder (acting reasonably).
- (c) The undertakings contained in clause 10.3(a) are subject to any Corporations Act restriction, or any restriction in the law of a jurisdiction in which an entity is incorporated, and will be read down accordingly.
- (d) Target receives and holds the benefit of clause 10.3(a), to the extent it relates to the other Target Indemnified Parties, as trustee for each of them.
- (e) The undertakings contained in clause 10.3(a) are given until the earlier of the end of the relevant period specified in clause 10.3(a) or the relevant member of the Target Group Member ceasing to be part of the Bidder Group.

## 11 Exclusivity

### 11.1 Termination of existing discussions

Target represents and warrants that, as at the time of execution of this deed, it and its Representatives (including for the avoidance of doubt any Financial Advisers) are not as at the date of this deed in any negotiations or discussions, and has ceased any existing negotiations or discussions, with any Third Party (whether individually or together with one or more associates) in relation to, or which could reasonably be expected to encourage or lead to the making of an actual, proposed or potential Competing Proposal.

### 11.2 No shop restriction

During the Exclusivity Period, Target and its Subsidiaries must not, and must ensure that each of their Representatives (including for the avoidance of doubt any Financial Advisers) do not, except with the prior written consent of Bidder, directly or indirectly:

- (a) solicit, invite, encourage or initiate any Competing Proposal or any enquiries, negotiations or discussions with any Third Party in relation to, or that may reasonably be expected to encourage or lead to the making of an actual, proposed or potential Competing Proposal; or

- (b) communicate to any person an intention to do any of the things referred to in clause 11.2(a).

### 11.3 No talk restriction

Subject to clause 11.6, during the Exclusivity Period, Target must not, must procure that its Subsidiaries do not, and must ensure that each of their Representatives (including for the avoidance of doubt any Financial Advisers) do not, except with the prior written consent of Bidder, directly or indirectly enter into, continue or participate in negotiations or discussions with, or enter into any agreement, arrangement or understanding with, any Third Party in relation to, or that may reasonably be expected to encourage or lead to the making of an actual, proposed or potential Competing Proposal, even if:

- (a) the Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by Target, its Subsidiaries or any of its or their Representatives; or
- (b) the Competing Proposal has been publicly announced.

### 11.4 No due diligence

Without limiting the general nature of clause 11.3, but subject to clause 11.6, during the Exclusivity Period, Target must not, must procure that its Subsidiaries do not, and must ensure that each of their Representatives (including for the avoidance of doubt any Financial Advisers) do not except with the prior written consent of Bidder, make available to any Third Party or permit any Third Party to receive any non-public information relating to any member of the Target Group in connection with such Third Party formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal, or otherwise solicit, initiate, facilitate or encourage any Third Party to undertake due diligence on Target or any member of the Target Group.

### 11.5 Notification of approach

Subject to clause 11.6, during the Exclusivity Period, Target must promptly (but in any event within 3 Business Days) notify Bidder in writing if any member of the Target Group or any of their Representatives become aware of any approach by any Third Party (whether direct or indirect, solicited or unsolicited and in writing or otherwise) to take any action of a kind that would breach its obligations under clause 11.2, 11.3 or 11.4 (or that would breach its obligations under clause 11.2, 11.3 or 11.4 if it were not for clause 11.6), and Target must:

- (a) provide Bidder with information in all material respects of oral and written communication with the Third Party, and a description of the material terms and conditions of any actual, proposed or potential Competing Proposal (including the details of the proponent making or proposing the relevant actual, proposed or potential Competing Proposal); and
- (b) promptly (but in any event within 3 Business Days) provide all information as is reasonably necessary to keep Bidder informed in all material respects of all oral or written communications with the Third Party regarding, and the status and material details of, any actual, proposed or potential Competing Proposal as set out in clause 11.6.

### 11.6 Exceptions

The obligations in clause 11.3, clause 11.4 and clause 11.5 do not apply to the extent that they restrict the Target Group, the Target Board or any of their Representatives from taking any action in respect of a bona fide written Competing Proposal for Target or the Target Group which was not encouraged, solicited, invited, facilitated or initiated by Target in contravention of clause 11.2, or to the extent that they require Target to provide the notification referred to in clause 11.5, where:

- (a) the Target Board, acting in good faith, after consulting with and considering written advice from its external legal advisers and Financial Advisers, determines that not undertaking that act or providing the relevant information would, or would be likely to,

involve a breach of the fiduciary or statutory duties owed by any director of the Target Group; or

- (b) it would otherwise be unlawful.

#### 11.7 Matching right

- (a) Without limiting clauses 11.2 and 11.3 but subject to clause 11.6, during the Exclusivity Period:
- (i) Target must not enter into any legally binding agreement, arrangement or understanding pursuant to which any Third Party, Target or both proposes or propose to undertake or give effect to an actual, proposed or potential Competing Proposal; and
  - (ii) Target must use its best endeavours to procure that none of its directors publicly recommend an actual, proposed or potential Competing Proposal, unless:
    - (iii) the Target Board, acting in good faith, after consulting with and considering written advice from its external legal advisers and Financial Advisers, and in order to satisfy what the Target Board considers to be its fiduciary or statutory duties, determines that the Competing Proposal is, or may reasonably be expected to lead to, a Superior Proposal;
    - (iv) a prior written notice is sent promptly (and in any event at least five clear Business Days prior to taking any action referred to in clause 11.7(a)(i)) from Target to Bidder stating:
      - (A) its intention to take such proposed action referred to in clause 11.7(a)(i) and its reasons for doing so;
      - (B) that it is relying on an exception out in clause 11.6; and
      - (C) a summary of material terms and conditions of such Competing Proposal (including the details of the proponent making or proposing the relevant actual, proposed or potential Competing Proposal); and
- (b) Any information provided pursuant to clause 11.7(a) will be provided subject to the terms of the Confidentiality Agreement.
- (c) If clause 11.7(a) overrides the restrictions in clause 11.4, Target must not provide any confidential information to a Third Party, before the Third Party has entered into a written agreement in favour of Target regarding the use and disclosure of the confidential information by the Third Party and that restricts the Third Party's ability to solicit the employees of Target and its Related Bodies Corporate.
- (d) During the period of at least five clear Business Days referred to in clause 11.7(a)(iv), Bidder will have the right to offer to amend the terms of the Scheme (**Counterproposal**) so that the terms of the Scheme (as amended) would provide an equivalent or superior outcome for the Target Shareholders than the applicable Competing Proposal.
- (e) The Target Board must consider any such Counterproposal and, if the Target Board determines, acting in good faith and after having taken advice from its external legal advisers and Financial Advisers:
- (i) the Counterproposal is capable of being completed, taking into account all aspects of the Counterproposal, including its conditions; and
  - (ii) would, if completed substantially in accordance with its terms, be more or no less favourable to the Target Shareholders than the Competing Proposal viewed in aggregate, taking into account a qualitative assessment of the

identity, reputation and financial standing of the party making the Competing Proposal,

then Target and Bidder must use their best endeavours to:

- (iii) agree the amendments to the Transaction Documents that are reasonably necessary to reflect the Counterproposal (including any amendments to the Scheme Consideration that are reasonably necessary to reflect the Counterproposal); and
- (iv) enter into one or more appropriate amended agreements to give effect to those amendments and to implement the Counterproposal,

in each case as soon as reasonably practicable, and Target must use its best endeavours to procure that each of its directors makes a public statement recommending the Counterproposal to the Target Shareholders and not the applicable Competing Proposal.

- (f) Any material modification to any Competing Proposal (which will include any material modification relating to the price or value of any Competing Proposal) will be taken to make that proposal a new Competing Proposal in respect of which the parties must comply with their obligations under this clause 11.6.

#### 11.8 Normal provision of information

Subject to the Confidentiality Agreement, nothing in this clause 11 prevents a party from:

- (a) providing information to its Representatives;
- (b) providing information to any Government Agency;
- (c) providing information to its auditors, advisers, customers, joint venturers and suppliers acting in that capacity in the ordinary course of business;
- (d) providing information required to be provided by law or any Government Agency; or
- (e) making presentations to brokers, portfolio investors, analysts and other third parties in the ordinary course of business.

#### 11.9 Legal advice

Target represents and warrants to Bidder that:

- (a) prior to entering into this deed, it has received legal advice on this deed and the operation of this clause 11; and
- (b) it and the Target Board consider this clause 11 to be to be fair and reasonable and that it is appropriate to agree to the terms in this clause 11 in order to secure the significant benefits to it, and the Target Shareholders resulting from the transactions contemplated hereby.

## 12 Break fees

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### 12.1 Payment of costs

- (a) The parties believe that the Scheme will provide benefits to Target, Bidder and their respective shareholders, and acknowledge that if they enter into this deed and the Scheme is subsequently not implemented, both parties will incur significant costs.
- (b) In the circumstances referred to in clause 12.1(a):



- (i) both parties requested that provision be made for the payments referred to in clauses 12.2 and 12.3, without which neither party would have entered into this deed or otherwise agreed to assist in implementing the Scheme;
  - (ii) the Target Board and the Bidder Board believe that it is appropriate for both parties to agree to the payments referred to in clauses 12.2 and 12.3 in order to secure each other's participation; and
  - (iii) each party acknowledges that it has received advice from its external legal advisers in relation to this deed and the operation of this clause 12.
- (c) Target and Bidder acknowledge that the Target Break Fee and the Bidder Break Fee respectively are each intended to be compensatory in nature and represents a genuine and reasonable estimate of cost and loss that would be suffered by the other if this deed was entered into and the Scheme is subsequently not implemented, including to compensate the other for the following:
- (i) all advisory and other transaction costs (including costs of advisers other than success fees);
  - (ii) costs of management and directors' time;
  - (iii) all out of pocket expenses;
  - (iv) all commitment fees and other financing costs (whether associated with debt or equity finance); and
  - (v) reasonable opportunity costs in pursuing the Transaction or not pursuing other alternative acquisitions or strategic initiatives.

## 12.2 Target Break Fee

- (a) Subject to clauses 12.2(b), 12.2(c) and 12.4(a), Target must pay Bidder the Target Break Fee in accordance with clause 12.5, without withholding or set off, if:
- (i) any member of the Target Board:
    - (A) fails to state that they consider the Scheme to be in the best interests of Target Shareholders;
    - (B) fails to recommend that Target Shareholders approve the Scheme; or
    - (C) publicly changes (including by attaching qualifications to) or withdraws that statement or recommendation,

in each case, other than where:

    - (D) the Independent Expert has concluded in the Independent Expert's Report that the Scheme is not in the best interests of Target Shareholders other than where the reason for that conclusion is a Competing Proposal (including any update to its report); or
    - (E) the Court indicates at the First Court Hearing that it is not appropriate for that member of the Target Board to make a recommendation to vote in favour of the Scheme and that such recommendation of that member of the Target Board should be changed, qualified or withdrawn;
  - (ii) a Competing Proposal for Target is announced or made during the Exclusivity Period and is publicly recommended, promoted or otherwise endorsed by the Target Board or by a majority of the directors of Target during the Exclusivity Period;

- (iii) a Competing Proposal for Target is announced or made during the Exclusivity Period and is completed at any time prior to the first anniversary of the date of this deed and, as a result, a Third Party:
- (A) acquires control of Target or the Target Group within the meaning of section 50AA of the Corporations Act, disregarding sub-section 50AA(4); or
  - (B) acquires a Relevant Interest in, becomes the holder of, or otherwise acquires, directly or indirectly, 20% or more of Target Shares and that acquisition is unconditional and free of defeating conditions; or
  - (C) acquires or becomes the holder of, or otherwise, acquires an economic interest in or control of 20% or more by value of the business of the Target Group (or acquires an equivalent shareholding or economic interest in Target pursuant to the implementation of a dual-listed company structure or reverse takeover, or acquires the whole or a substantial part or a material part of the business or assets of the Target Group); or
- (iv) Bidder terminates this deed in accordance with clause 14.1(b) or 14.3(d); or
- (v) a Material Adverse Event or a Prescribed Occurrence occurs between the date of this deed and 8:00am on the Second Court Date and Bidder terminates this deed in accordance with its terms prior to the Implementation Date.
- (b) Despite any other term of this deed, the Target Break Fee is only payable once.
- (c) Despite any other term of this deed, the Target Break Fee will not be payable to Bidder if:
- (i) the Scheme becomes Effective notwithstanding the occurrence of any event in clause 12.2(a); or
  - (ii) provided it itself is not in breach of this deed, Target is entitled to terminate this deed under clause 14.1(b) or 14.1(c).

For the avoidance of doubt, the Target Break Fee will not be payable merely by reason that the Scheme is not approved by Target Shareholders at the Scheme Meeting.

### 12.3 Bidder Break Fee

- (a) Subject to clauses 12.3(b), 12.3(c) and 12.4(b), Bidder must pay Target the Bidder Break Fee in accordance with clause 12.5, without withholding or set off, if:
- (i) Bidder breaches a material term of this deed; or
  - (ii) provided it itself is not in breach of this deed, Target terminates this deed in accordance with clause 14.1(b).
- (b) Despite any other term of this deed, the Bidder Break Fee is only payable once.
- (c) Despite any other term of this deed, the Bidder Break Fee will not be payable to Target if:
- (i) the Scheme becomes Effective notwithstanding the occurrence of any event in clause 12.3(a); or
  - (ii) Bidder is entitled to terminate this deed under clause 14.1(b), 14.1(c) or if a Material Adverse Event or a Prescribed Occurrence occurs.

## 12.4 Compliance with law

- (a) If a court or the Takeovers Panel determines that any part of the Target Break Fee:
  - (i) constitutes or would, if performed, constitute:
    - (A) a breach of the fiduciary or statutory duties of the Target Board; or
    - (B) unacceptable circumstances within the meaning of the Corporations Act; or
  - (ii) is unenforceable or would, if paid, be unlawful for any reason,

then Target will not be obliged to pay such part of the Target Break Fee and, if such fee has already been paid, then Bidder must within 5 Business Days after receiving written demand from Target refund that part of the Target Break Fee to Target.
- (b) If a court or the Takeovers Panel determines that any part of the Bidder Break Fee:
  - (i) constitutes or would, if performed, constitute:
    - (A) a breach of the fiduciary or statutory duties of the Bidder Board; or
    - (B) unacceptable circumstances within the meaning of the Corporations Act; or
  - (ii) is unenforceable or would, if paid, be unlawful for any reason,

then Bidder will not be obliged to pay such part of the Bidder Break Fee and, if such fee has already been paid, then Target must within 5 Business Days after receiving written demand from Bidder refund that part of the Bidder Break Fee to Bidder.
- (c) The parties must not make or cause or permit to be made, any application to a court or the Takeovers Panel for or in relation to a determination referred to in clauses 12.4(a) or 12.4(b).

## 12.5 Satisfaction of payment obligation

- (a) Target must pay Bidder the Target Break Fee, if it is payable pursuant to clause 12.2(a), within 5 Business Days after receiving a written notice from Bidder setting out the relevant circumstances and requiring payment of the Target Break Fee, except to the extent that a finding has been made by a court, Takeovers Panel, regulatory authority or tribunal as described in clause 12.4(a), or an application has been made to such a body seeking such a finding.
- (b) Bidder must pay Target the Bidder Break Fee, if it is payable pursuant to clause 12.3(a), within 5 Business Days after receiving a written notice from Target setting out the relevant circumstances and requiring payment of the Bidder Break Fee, except to the extent that a finding has been made by a court, Takeovers Panel, regulatory authority or tribunal as described in clause 12.4(b), or an application has been made to such a body seeking such a finding.
- (c) A written notice requiring payment of the Target Break Fee or the Bidder Break Fee, as applicable, may only be made after the Scheme fails to become Effective by the End Date or this deed is terminated in accordance with its terms.
- (d) A party's obligation to make the payment referred to in clauses 12.5(a) or 12.5(b) will be satisfied by the payment of the relevant amount in immediately available funds to the account nominated by the other party for the purposes of this clause.
- (e) For the avoidance of doubt, if any portion of the Target Break Fee or Bidder Break Fee is found to be unacceptable or unenforceable in accordance with clause 12.4, the relevant party must pay the other party that remaining portion of the Target Break Fee

or Bidder Break Fee (as applicable) which is still acceptable or enforceable within 10 Business Days of a determination to that effect.

## 12.6 Other claims

The maximum aggregate amount that a party is required to pay in relation to this deed (including any breach of this deed by a party), other than in the case of wilful misconduct designed to frustrate the Transaction or fraud, is the Target Break Fee or the Bidder Break Fee (as applicable) and in no event will the aggregate liability of a party under or in connection with this deed exceed the Target Break Fee or the Bidder Break Fee (as applicable).

## 12.7 Exclusive remedy

Notwithstanding any other provision under this deed, where the Target Break Fee or the Bidder Break Fee (as applicable) is paid to a party under this deed (or would be payable if a demand was made), a party cannot make any claim against the other party or the Target Indemnified Parties or the Bidder Indemnified Parties (as applicable) in relation to any event or occurrence referred to in clauses 12.2 and 12.3.

# 13 Withholding Tax Ruling

## 13.1 Lodgement of application by Target

(a) Target must:

- (i) prepare a draft Withholding Tax Application and provide to Bidder that draft Withholding Tax Application for its review and comment promptly following execution of this deed (and within sufficient time as to afford the Bidder at least 1 day to review and provide its comments to Target on the draft Withholding Tax Application);
- (ii) prepare and lodge a Withholding Tax Application (in a form approved by Bidder, acting reasonably) with the ITA by no later than the WTR Application Deadline;
- (iii) provide to Bidder the draft of the Withholding Tax Ruling (including any subsequent revised drafts and the final draft), prior to its conclusion and signing by the ITA, for Bidder's review and comment within sufficient time as to afford the Bidder at least 2 days to review and provide its comments to Target on any such draft Withholding Tax Ruling;
- (iv) use its best endeavours to obtain the Withholding Tax Ruling as expeditiously as possible following execution of this deed and in any event before the WTR Target Date, including by taking all steps required by, and responding to all requests for information from, the ITA at the earliest practicable time; and
- (v) following lodgement of the Withholding Tax Application, in good faith and on a timely basis:
  - (A) keep Bidder informed of progress in relation to the Withholding Tax Ruling and of any material matters raised by, or conditions or other arrangements proposed by, or to, the ITA in respect of the Withholding Tax Ruling;
  - (B) provide copies of all documents provided to and received from the ITA, on a confidential basis, to Bidder, in connection with the Withholding Tax Ruling; and
  - (C) consult with Bidder in advance of all material communications with the ITA and enable the Bidder (or its representatives) to participate in all discussions and meetings with the ITA (including those held by

telephone or other electronic means) in respect of the Withholding Tax Ruling.

### 13.2 Time for obtaining Withholding Tax Ruling

By no later than 5.00pm on the WTR Target Date, Target must notify Bidder in writing whether it has received the Withholding Tax Ruling.

### 13.3 Inconsistency

If the Withholding Tax Ruling is obtained prior to the WTR Deadline, but is:

- (a) on terms different to those contemplated in this deed, the Scheme and the Deed Poll; or
  - (b) withdrawn, revoked or varied by the ITA at any time prior to the Second Court Date,
- the parties must, for a period of 10 days from:
- (c) in respect of clause 13.3(a), the date of receipt of the Withholding Tax Ruling; or
  - (d) in respect of clause 13.3(b), the date of receipt by a party of the notification by the ITA of the withdrawal, revocation or variation of the Withholding Tax Ruling,

negotiate in good faith any amendments to this deed, the Scheme and the Deed Poll necessary or desirable for the purposes of implementation of the Scheme consistent with the terms of the Withholding Tax Ruling or without the Withholding Tax Ruling (as the case may be).

## 14 Termination

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### 14.1 Termination by either party

Either party (**terminating party**) may terminate this deed by notice to the other:

- (a) in accordance with clause 3.6;
- (b) at any time before 8:00am on the Second Court Date if the other party is in material breach of any clause of this deed (including a material breach of a representation or warranty given by the other party under clause 9 but excluding clause 6.1(b)), provided that:
  - (i) the terminating party has given notice to the other party setting out the relevant circumstances and stating an intention to terminate this deed if the breach is not remedied; and
  - (ii) the breach is not remedied to the terminating party's reasonable satisfaction within 10 Business Days (or any shorter period ending at 5:00pm on the last Business Day before the Second Court Date) from the time such notice is given;
- (c) the Withholding Tax Ruling is not obtained by WTR Deadline;
- (d) if amendments to this deed, the Scheme or Deed Poll are not agreed within the timeframe contemplated in clause 13.3, provided that party is not in breach of its obligations under this deed;
- (e) if such termination is mutually agreed upon by the other party; or
- (f) if the Scheme has not become Effective by the End Date.

#### 14.2 Termination by Target

Target may terminate this deed at any time before 8:00am on the Second Court Date by notice in writing to Bidder if:

- (a) the Target is itself not in breach of this deed;
- (b) the Target Break Fee is paid; and
- (c) a Target Board member:
  - (i) withdraws or adversely revises or modifies his or her recommendation to Target Shareholders to vote in favour of the Scheme; or
  - (ii) determines and publicly announces that a Competing Proposal is a Superior Proposal, or recommends a Competing Proposal.

#### 14.3 Termination by Bidder

Bidder may terminate this deed at any time before 8:00am on the Second Court Date by notice in writing to Target if:

- (a) Target is in breach of the representations and warranties given in clauses 9.1(p) or 9.1(q) (other than a breach arising as a result of nominal variations in the number of Target Shares, Target Performance Shares or Target Options on issue);
- (b) Target is in breach of the obligations in clause 6.1(b)(iii), 6.1(b)(xviii) or 6.1(a)(iii)(H);
- (c) Target is in breach of the obligations in clause 6.1(b), excluding clauses 6.1(b)(iii) and 6.1(b)(xviii), and:
  - (i) Bidder has given notice to the Target setting out the relevant circumstances and stating an intention to terminate this deed if the breach is not remedied; and
  - (ii) the breach is not remedied to the Bidder's reasonable satisfaction within 5 Business Days (or any shorter period ending at 5:00pm on the last Business Day before the Second Court Date) from the time such notice is given;
- (d) the WTR Application is not lodged by Target with the ITA by the WTR Application Deadline and:
  - (i) Bidder has given notice to the Target setting out the relevant circumstances and stating an intention to terminate this deed if the breach is not remedied; and
  - (ii) the breach is not remedied to the Bidder's reasonable satisfaction within 3 Days from the time such notice is given; or
- (e) in any circumstance (including circumstances permitted by clause 11.7) where Target enters into a definitive agreement to implement a Competing Proposal.

#### 14.4 Notice of breach

Each party must give notice to the other as soon as practicable after it becomes aware of a breach by it of this deed (including in respect of any representation or warranty).

#### 14.5 Termination right

Any right to terminate this deed ceases at the earlier of:

- (a) the moment when the Scheme becomes Effective; and

- (b) where expressed, the deadline specified in the relevant termination right set out in this clause 14.

#### 14.6 **Effect of termination**

In the event of termination of this deed by either Bidder or Target pursuant to clauses 14.1, 14.2 or 14.3, this deed will have no further force or effect and the parties will have no further obligations under this deed, provided that:

- (a) this clause 14 and clauses 1, 8.4, 8.6, 9, 12, 15, 16 and 17 will survive termination; and
- (b) each party will retain any accrued rights and remedies, including any rights and remedies it has or may have against the other party in respect of any past breach of this deed.

### 15 **GST**

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This clause 15 applies if a party to this deed is, or becomes, liable to pay GST regarding any Supply of goods, services or anything else under this deed.

#### 15.1 **Definitions**

Capitalised expressions which are not defined in this deed but which have a defined meaning in the GST Act have the same meaning in this clause.

#### 15.2 **GST payable in addition to consideration**

If a party (**Supplier**) makes a Taxable Supply under this deed, then the Recipient of the Taxable Supply, must pay the Supplier the GST payable on the Taxable Supply in addition to the consideration for the Supply.

#### 15.3 **Tax Invoice**

Within 5 Business Days of a Supply being made under this deed, the Supplier must provide to the Recipient a Tax Invoice or other documentation that complies with the requirements for a valid Tax Invoice under the GST Act.

#### 15.4 **Payment of GST**

Subject to the Supplier issuing a Tax Invoice to the Recipient as required under clause 15.3, the Recipient must pay the GST on the Taxable Supply under this deed to the Supplier at the same time as the Recipient pays the consideration for the Supply to the Supplier.

#### 15.5 **Reimbursement or indemnity**

Despite any other provision of this deed, if the whole or part of any consideration under this deed is a reimbursement or an indemnity to one party of an expense, loss, outgoing or liability incurred or to be incurred by the other party, the consideration excludes any GST included in such expense, loss, outgoing or liability incurred or to be incurred for which the other party can claim an Input Tax Credit. The other party will be assumed to be entitled to a full Input Tax Credit unless it can establish otherwise.

#### 15.6 **Adjustment Events**

If an Adjustment Event occurs regarding a Supply under this deed, the Supplier must issue to the Recipient an Adjustment Note regarding the Adjustment Event within 5 Business Days of the Supplier becoming aware of the Adjustment Event.

### 15.7 Additional amount

If the Adjustment Note gives effect to an Increasing Adjustment, the Recipient must pay to the Supplier the GST component of the Increasing Adjustment not later than the 14th Business Day of the month following the month in which the Adjustment Note is issued to the Recipient.

### 15.8 Credit or refund

If the Adjustment Note gives effect to a Decreasing Adjustment, the Supplier must pay to the Recipient the GST component of the Decreasing Adjustment not later than the 14th Business Day of the month following the month in which the Adjustment Note is issued to the Recipient.

## 16 Notices

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### 16.1 Service of notices

A notice, consent, approval or other communication under this deed (**Notice**) must be:

- (a) in writing and signed by the sender or its duly authorised representative, addressed to the recipient and sent to the recipient's address specified in clause 16.3; and
- (b) delivered by personal service, sent by pre-paid mail or sent by email, or any other lawful means.

### 16.2 Effect of receipt

- (a) A Notice given in accordance with this clause 16 is treated as having been given and received:
  - (i) if personally delivered, on delivery;
  - (ii) if sent by pre-paid mail, on the fifth clear Business Day after the date of posting (or the seventh Business Day after the date of posting if sent to or from an address outside Australia);
  - (iii) if emailed, when a delivery confirmation report is received by the sender which records the time that email was delivered to the addressee's email address (unless the sender receives a delivery failure notification indicating that the email has not been delivered to the addressee),

except that, if the delivery, receipt or communication is after 5:00pm in the place of receipt or on a day which is not a Business Day, it is taken to have been received at 9:00am on the next Business Day.

### 16.3 Addresses

- (a) The particulars for delivery of Notices are initially:

#### Target

Name:	Dragontail Systems Limited
Attention:	The Board of Directors
Address:	Level 24, 44 St Georges Terrace, Perth WA 6000, Australia
Email:	ido.levanon@dragontailsystems.com

with a copy to:



Name: Thomson Geer

Attention: Jason Marcus and Helen Jin

Address: Level 14, 60 Martin Place Sydney NSW 2000  
Australia

Email: jmarcus@tglaw.com.au  
hjin@tglaw.com.au

#### **Bidder**

Name: Vinod Mahboobani

Attention: Chief Legal Officer

Address: 7100 Corporate Drive  
Plano Texas 75024  
United States of America

Email: Vinod.Mahboobani@yum.com

with a copy to:

Name: Baker McKenzie

Attention: Kate Jefferson and Greg Smith

Address: Tower One - International Towers Sydney  
Level 46 - 100 Barangaroo Avenue  
Barangaroo NSW 2000  
Australia

Email: kate.jefferson@bakermckenzie.com  
greg.smith@bakermckenzie.com

- (b) A party may change its address for the delivery of Notices by notifying that change to each other party. The notification is effective on the later of the date specified in the Notice or five Business Days after the Notice is given.

## **17 General**

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### **17.1 Stamp duty**

Bidder must pay all stamp duty (including any penalties) payable on or arising out of this deed and any document required by or contemplated under this deed.

### **17.2 Legal costs**

Except as expressly stated otherwise in this deed, each party must pay its own legal and other costs and expenses of negotiating, preparing, executing and performing its obligations under this deed.

**17.3 Governing law and jurisdiction**

- (a) This deed is governed by and is to be construed in accordance with the laws applicable in New South Wales, Australia.
- (b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia and any courts which have jurisdiction to hear appeals from any of those courts and waives any right to object to any proceedings being brought in those courts.
- (c) Bidder irrevocably appoints Baker McKenzie to be its agent for service of process in connection with this deed and agrees that any service document in connection with this deed may be effectively served on it by service on its agent if sent to Kate Jefferson at Baker McKenzie, Tower One - International Towers Sydney, Level 46, 100 Barangaroo Avenue, Barangaroo, NSW, 2000, Australia.

**17.4 Severability**

- (a) Subject to clause 17.4(b), if a provision of this deed is illegal or unenforceable in any relevant jurisdiction, it may be severed for the purposes of that jurisdiction without affecting the enforceability of the other provisions of this deed.
- (b) Clause 17.4(a) does not apply if severing the provision:
  - (i) materially alters the:
    - (A) scope and nature of this deed; or
    - (B) the relative commercial or financial positions of the parties; or
  - (ii) would be contrary to public policy.

**17.5 Further steps**

Each party must promptly do whatever any other party reasonably requires of it to give effect to this deed and to perform its obligations under it.

**17.6 Consents**

Except as expressly stated otherwise in this deed, a party may give or withhold consent to be given under this deed and is not obliged to give reasons for doing so.

**17.7 Rights cumulative**

Except as expressly stated otherwise in this deed, the rights, powers and remedies of a party under this deed are cumulative and are in addition to any other rights of that party.

**17.8 Waiver and exercise of rights**

- (a) A single or partial exercise or waiver by a party of a right relating to this deed does not prevent any other exercise of that right or the exercise of any other right.
- (b) A party is not liable for any loss, cost or expense of any other party caused or contributed to by the waiver, exercise, attempted exercise, failure to exercise or delay in the exercise of a right.
- (c) Any waiver or consent given by any party under this deed is only effective and binding on that party if it is given or confirmed in writing by that party.
- (d) No waiver of a breach of any term of this deed operates as a waiver of another breach of that term or of a breach of any other term of this deed.

**17.9 Survival**

The rights and obligations of the parties do not merge on completion of any transaction under this deed. They survive the execution and delivery of any assignment or other document entered into for the purpose of implementing the Transaction.

**17.10 Amendment**

This deed may only be varied or replaced by a deed executed by each of the parties.

**17.11 Assignment**

- (a) A party must not assign, novate or otherwise transfer any its interests, rights or obligations under this deed without the prior written consent of the other party.
- (b) Any purported dealing in breach of this clause is of no effect.

**17.12 Counterparts**

This deed may consist of a number of counterparts and, if so, the counterparts taken together constitute one deed. Satisfactory evidence of execution of this deed will include evidence by email of execution by the relevant party and in such case the executing party undertakes to provide the other party with an original of the executing party's counterpart as soon as reasonably practicable after execution.

**17.13 Entire understanding**

This deed supersedes all previous agreements, understandings, negotiations or deeds (other than the Confidentiality Deed) in respect of its subject matter and it and the Confidentiality Deed embodies the entire agreement between the parties.

**17.14 Relationship of the parties**

- (a) Nothing in this deed gives a party authority to bind any other party in any way.
- (b) Nothing in this deed imposes any fiduciary duties on a party in relation to any other party.

## Schedule 1

### Timetable

The following timetable is indicative only.

Event	Date
Lodge Scheme Booklet with ASIC and the ASX	25 June 2021
Application in respect of the hearing to be held on the First Court Date, filed with the Court, served on ASIC and delivered to Bidder	25 June 2021
First Court Date	16 July 2021
Despatch of Scheme Booklet	22 July 2021
Scheme Meeting held	23 August 2021
Second Court Date	30 August 2021
Lodge Court order with ASIC (Effective Date)	31 August 2021
Record Date	2 September 2021
Implementation Date	7 September 2021

**Executed** as a deed.

For personal use only

**Annexure D**  
**Scheme of Arrangement**

See over page.

**Scheme of Arrangement**  
pursuant to section 411 of the *Corporations Act 2001* (Cth)

between

**Dragontail Systems Limited**  
ABN 63 614 800 136  
(Target)

and

**Scheme Participants**

**This Scheme** is made on 2021

between **Dragontail Systems Limited** (ABN 63 614 800 136) of Level 24, 44 St Georges Terrace, Perth WA 6000, Australia (**Target**)

and **Scheme Participants**

**Now it is agreed** as follows:

## **1 Definitions and interpretation**

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### **1.1 Definitions**

In this Scheme:

**ASIC** means the Australian Securities and Investments Commission;

**ASX** means ASX Limited (ACN 008 624 691) or as the context requires the securities exchange which it operates;

**Bidder** means Yum Connect Australia Pty Ltd (ACN 650 324 146);

**Business Day** means:

- (a) for the purposes of receiving a Notice, a day which is not a Saturday, Sunday, public holiday or bank holiday in the city in which the Notice is to be received; and
- (b) for any other purpose not identified above, a day on which the banks are open for business in Sydney, New South Wales, Australia other than a Saturday, Sunday or public holiday in Sydney, New South Wales, Australia;

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited;

**Convertible Preference Share** means a fully paid convertible preference share in the capital of the Target, the terms of issue of which are set out in the Annexure of the Target's notice of meeting dated 11 February 2021;

**Corporations Act** means the *Corporations Act 2001* (Cth);

**Court** means the Federal Court of Australia, or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Bidder and Target;

**Deed Poll** means the deed poll executed by Bidder in favour of the Scheme Participants dated 27 May 2021;

**Effective** means, when used in relation to the Scheme, the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme coming into effect pursuant to section 411(10) of the Corporations Act;

**Effective Date** means the date on which the Scheme becomes Effective;

**End Date** has the meaning given to that term in the Implementation Deed;

**First Amendment Deed** means the Deed of Amendment and Restatement: Scheme Implementation Deed dated 2 July 2021 between Bidder and Target;

**Government Agency** means any government, governmental, semi governmental, administrative, fiscal or judicial body department, commission, authority, tribunal, agency or entity including ASIC, the ASX, the Australian Takeovers Panel, the Australian Taxation Office, the Australian Competition and Consumer Commission and the ITA;



**Implementation Date** has the meaning given to that term in the Implementation Deed;

**Implementation Deed** means the scheme implementation deed dated 27 May 2021 between Bidder and Target, as amended and restated by the First Amendment Deed and Second Amendment Deed, relating to (among other things) the implementation of this Scheme;

**ISE Broker** means a non-Israeli Scheme Participant who is a nominee or broker holding Scheme Shares in the name of (and for and on behalf of) Members of the Israel Stock Exchange;

**Israeli Income Tax Ordinance** means the Israeli Income Tax Ordinance [New Version], 5721-1961, and all the regulations, rules and orders and any other provisions promulgated thereunder, and any guidance issued by the ITA with respect thereto;

**ITA** means the Israeli Tax Authority;

**Members of the Israel Stock Exchange** means members of the Israel Stock Exchange which acquired Scheme Shares that are held through Advanced Share Registry Ltd in the name of the members of the Israel Stock Exchange;

**Officer** means, in relation to an entity, its directors, officers and company secretaries;

**Paying Agent** means Advanced Share Registry Ltd. (or such other person appointed by Target (with the prior approval of Bidder)) which will hold and distribute the Scheme Consideration to Scheme Participants under the terms of the Scheme;

**Paying Agent Account** means an Australian dollar denominated trust account operated by the Paying Agent on trust for the benefit of Scheme Participants;

**Record Date** has the meaning given to that term in the Implementation Deed;

**Reorganization Tax Ruling** means the tax ruling dated November 8, 2016, issued by the ITA to Dragontail Systems Limited (Israel);

**Reorganization Trustee** means I.B.I. Trust Management (Israeli company), which serves as the trustee pursuant to the Reorganization Tax Ruling;

**Reorganization Shareholders** means such persons who are subject to the Reorganization Tax Ruling and whose Target Shares are held by the Reorganization Trustee;

**Scheme** means a scheme of arrangement under Part 5.1 of the Corporations Act between Target and the Scheme Participants as set out in this document, subject to any alterations or conditions made or required by the Court and agreed to by Bidder and Target;

**Scheme Consideration** has the meaning given to that term in the Implementation Deed;

**Scheme Meeting** means the meeting(s) of Target Shareholders to be ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act in relation to the Scheme, and includes any meeting convened following any adjournment or postponement of that meeting(s);

**Scheme Participant** means a Target Shareholder who is registered in the Target Register as at the Record Date;

**Scheme Shares** means the Target Shares on issue as at the Record Date;

**Scheme Transfer** means, in relation to each Scheme Participant, a proper instrument of transfer of their Scheme Shares for the purpose of section 1071B of the Corporations Act, in favour of Bidder as transferee, which may be a master transfer of all or part of all of the Scheme Shares;

**Second Amendment Deed** means the Second Deed of Amendment and Restatement: Scheme Implementation Deed dated on or about 9 July 2021 between Bidder and Target;

**Second Court Date** means the first day of hearing of an application made to the Court by Target for orders pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the hearing of such application is adjourned or if the application is subject to appeal for any reason, means the first day of the adjourned hearing or the first day on which the appeal is heard (as the case may be);

**Section 102** means Section 102 of the Israeli Income Tax Ordinance;

**Section 102 Amount** means an aggregate amount equal to the allocable portion of the Scheme Consideration attributable to each Scheme Participant who is a Section 102 Holder for Section 102 Shares;

**Section 102 Holder** means a holder of a Section 102 Share;

**Section 102 Options** means Target Options granted and subject to tax under Section 102(b)(2) or 102(b)(3) of the Israeli Income Tax Ordinance;

**Section 102 Shares** means Target Shares issued pursuant to the exercise of Section 102 Options;

**Section 102 Trustee** means I.B.I. Trust Management (Israeli company), which serves as the trustee of the Target's Israeli share option plan and the awards granted thereunder pursuant to Section 102(b)(2) and 102(b)(3) of the Israeli Income Tax Ordinance;

**Target Options** means options to subscribe for new Target Shares;

**Target Performance Rights** means zero exercise price options to subscribe for new Target Shares referred to in resolution 9 of the notice of the Company's 2018 annual general meeting;

**Target Performance Shares** means the Class A performance shares issued by Target on 12 December 2016;

**Target Register** means the register of members of Target maintained by or on behalf of Target in accordance with section 168(1) of the Corporations Act;

**Target Registry** means Advanced Share Registry Limited;

**Target Share** means a fully paid ordinary share in the capital of Target;

**Target Shareholder** means a person who is registered in the Target Register as a holder of Target Shares from time to time;

**Tax Declaration** means a declaration in which a person or entity provides certain information and supporting documentation, as required by and in accordance with the Withholding Tax Ruling, that is necessary for the Withholding Agent to determine whether any amounts need to be withheld from the Scheme Consideration payable to a Scheme Participant pursuant to Israeli tax law; the Withholding Tax Ruling may require certain groups of persons or entities to provide different declarations and different supporting documentation, and a person or entity will be considered as providing a valid Tax Declaration for purposes of this Scheme only if such person or entity provides the proper information and documentation applicable to it under the Withholding Tax Ruling;

**Withholding Agent** means I.B.I. Trust Management (an Israeli Company), in its capacity as withholding agent with respect to Israeli taxes arising in connection with the Scheme; and

**Withholding Tax Ruling** means the ruling dated 16 June 2021 issued by the ITA:

- (a) providing for the deposit of all Scheme Consideration by the Bidder with the Paying Agent, free of any withholding or deduction of any taxes imposed under Israeli law, by no later than the Business Day before the Implementation Date and for the Withholding Agent to be treated as withholding agent for purposes of Israeli tax law for a period of 365 days after the Implementation Date,

- (b) instructing the Withholding Agent how its obligation to withhold Israeli tax at the source from any Scheme Consideration payable or otherwise deliverable pursuant to this Scheme is to be executed, and in particular, with respect to the classes or categories of holders of Scheme Shares from which tax is to be withheld (if any), the rate or rates of withholding to be applied and how to identify non-Israeli residents in connection thereto, and
- (c) providing such other instructions from the ITA with respect to the withholding of any taxes from Scheme Consideration payable pursuant to this Scheme.

## 1.2 Interpretation

In this Scheme, unless the context otherwise requires:

- (a) a reference to:
  - (i) one gender includes the others;
  - (ii) the singular includes the plural and the plural includes the singular;
  - (iii) a recital or clause is a reference to a clause of or recital to this Scheme and references to this Scheme include any recital;
  - (iv) any contract (including this Scheme) or other instrument includes any variation or replacement of it and as it may be assigned or novated;
  - (v) a statute, ordinance, code or other law includes subordinate legislation (including regulations) and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
  - (vi) a person or entity includes an individual, a firm, a body corporate, a trust, an unincorporated association or an authority;
  - (vii) a person includes their legal personal representatives (including executors), administrators, successors, substitutes (including by way of novation) and permitted assigns;
  - (viii) a group of persons is a reference to any 2 or more of them taken together and to each of them individually;
  - (ix) an entity which has been reconstituted or merged means the body as reconstituted or merged, and to an entity which has ceased to exist where its functions have been substantially taken over by another body, means that other body;
  - (x) a reference to a day or a month means a calendar day or calendar month;
  - (xi) a reference to any time is to time in Sydney, New South Wales, Australia; and
  - (xii) money (including '\$', 'AUD' or 'dollars') is to Australian currency;
- (b) the meaning of any general language is not restricted by any accompanying example, and the words 'includes', 'including', 'such as', 'for example' or similar words are not words of limitation;
- (c) headings and the table of contents are for convenience only and do not form part of this Scheme or affect its interpretation; and
- (d) if the last day for doing an act is not a Business Day, the act must be done instead on the next Business Day.

## 2 Preliminary matters

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- (a) Target is:
  - (i) a public company limited by shares;
  - (ii) incorporated in Australia and registered in Victoria, Australia; and
  - (iii) admitted to the official list of ASX (ASX:DTS) and Target Shares are quoted on ASX.
- (b) As at the date of the Implementation Deed, there were on issue:
  - (i) 285,988,462 Target Shares;
  - (ii) 111,538,464 Convertible Preference Shares;
  - (iii) Nil Target Performance Shares;
  - (iv) Nil Target Performance Rights; and
  - (v) 10,437,501 Target Options.
- (c) Bidder is:
  - (i) an Australian proprietary company; and
  - (ii) incorporated in New South Wales in Australia.
- (d) Bidder and Target have entered into the Implementation Deed pursuant to which they have agreed to (amongst other things) implement this Scheme.
- (e) If this Scheme becomes Effective:
  - (i) Bidder must provide, or procure the payment of, the Scheme Consideration to the Scheme Participants in accordance with the terms of this Scheme and subject to applicable tax withholding;
  - (ii) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to Bidder, and Target will enter the name of Bidder in the Target Register as holder of the Scheme Shares, on the Implementation Date; and
  - (iii) in consideration of the transfer of the Scheme Shares, Target (or Paying Agent, on behalf of Target) will pay or procure the payment of the Scheme Consideration to each Scheme Shareholder in accordance with the terms of this Scheme and subject to applicable tax withholding.
- (f) This Scheme attributes actions to Bidder but does not itself impose an obligation on Bidder to perform those actions. Bidder has entered into the Deed Poll for the purpose of covenanting in favour of each Scheme Participant that it will, subject to the Scheme becoming Effective, observe and perform the obligations attributed to it under this Scheme, including the provision of the Scheme Consideration to the Scheme Participants.

## 3 Conditions precedent

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### 3.1 Conditions precedent

This Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8:00am on the Second Court Date each of the conditions precedent set out in clause 3.1 of the Implementation Deed (other than the condition precedent relating to the approval of the Court set out in clause 3.1(f) of the Implementation Deed and the condition precedent relating to the lodgement with ASIC of the Court order set out in clause 3.1(g) of the Implementation Deed) has been satisfied or waived in accordance with the Implementation Deed;
- (b) as at 8:00am on the Second Court Date, the Implementation Deed has not been terminated;
- (c) as at 8:00am on the Second Court Date, the Deed Poll has not been terminated;
- (d) the Court makes orders approving the Scheme under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act and agreed to by Bidder and Target;
- (e) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme and agreed to by Bidder and Target have been satisfied or waived; and
- (f) the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving this Scheme come into effect, pursuant to section 411(10) of the Corporations Act on or before the End Date,

and the provisions of clauses 4, 5 and 6 will not come into effect unless and until each of these conditions precedent has been satisfied.

### 3.2 **Certificate in relation to conditions**

At or prior to the hearing on the Second Court Date, each of Target and Bidder will provide the Court a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clause 3.1 of this Scheme (other than in relation to the conditions in clauses 3.1(d), 3.1(e) and 3.1(f) of this Scheme) have been satisfied or, as applicable, waived as at 8:00am on the Second Court Date.

### 3.3 **Certificate constitutes conclusive evidence**

The certificates given by each of Target and Bidder in accordance with clause 3.2 constitute conclusive evidence, in the absence of manifest error, for the purpose only of assessing whether the conditions precedent referred to in that certificate have been satisfied or waived.

### 3.4 **Termination**

If:

- (a) the Effective Date does not occur on or before the End Date; or
- (b) either the Implementation Deed or the Deed Poll is terminated in accordance with its terms,

then, unless Bidder and Target otherwise agree in writing:

- (c) this Scheme will lapse and be of no further force or effect; and
- (d) subject to any rights and obligations arising pursuant to the Implementation Deed, each of Target and Bidder are released from:
  - (i) any further obligation to take steps to implement this Scheme; and
  - (ii) any liability with respect to this Scheme.

## 4 Implementation of Scheme

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### 4.1 Effective Date of Scheme

Subject to clause 3.4, this Scheme takes effect on and from the Effective Date.

### 4.2 Lodgement of Court order

Subject to the satisfaction of all conditions in clause 3.1 (other than the condition in clause 3.1(f)), following the approval of this Scheme by the Court in accordance with section 411(4)(b) of the Corporations Act, Target will, as soon as possible and in any event no later than 5:00pm on the Business Day following that approval or such later time as may be agreed in writing between Target and Bidder, lodge with ASIC under section 411(10) of the Corporations Act an office copy of the Court order under section 411(4)(b) of the Corporations Act approving this Scheme.

### 4.3 Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to Bidder making (or procuring) payment of the Scheme Consideration to the Paying Agent in accordance with clause 5, all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to Bidder, without the need for any further act by any Scheme Participant (other than acts performed by Target or any of its Officers as attorney and agent for Scheme Participants under this Scheme), by Target effecting a valid transfer or transfers of the Scheme Shares to Bidder under section 1074D of the Corporations Act or, if that procedure is not available for any reason, by:
  - (i) Target delivering to Bidder for execution a duly completed and, if necessary, stamped Scheme Transfer to transfer all of the Scheme Shares to Bidder, duly executed by Target (or any of its Officers) as the attorney and agent of each Scheme Participant as transferor under clause 7.1; and
  - (ii) Bidder executing the Scheme Transfer as transferee and delivering it to Target for registration; and
- (b) immediately after receiving the Scheme Transfer under clause 4.3(a)(ii) or the transfer being effected under section 1074D of the Corporations Act (as the case may be), Target must enter, or procure the entry of, the name of Bidder in the Target Register in respect of all of the Scheme Shares transferred to Bidder in accordance with this Scheme.

## 5 Scheme Consideration

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### 5.1 Entitlement to Scheme Consideration

Subject to the terms of this Scheme and the Scheme becoming Effective, each Scheme Participant is entitled to receive the Scheme Consideration (less any applicable withholding tax) in respect of each of the Scheme Shares held by that Scheme Participant.

### 5.2 Payment of Scheme Consideration

- (a) Bidder must, by no later than the Business Day before the Implementation Date, deposit (or procure the deposit of) in cleared funds of an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Participants with the Paying Agent to be held in the Paying Agent Account, provided that any interest on the amount deposited (less bank fees and other charges) will be credited to Bidder.

- (b) Target will notify Bidder of the details of the Paying Agent Account at least 3 Business Days prior to the Implementation Date.
- (c) Target must (or must procure the Paying Agent to) make available electronically and/or by mail to each holder of record (as of the Record Date), a copy of the Tax Declaration and instructions thereto.
- (d) Subject to Bidder complying with clause 5.2(a):
- (i) each Scheme Participant is entitled to receive the Scheme Consideration attributable to that Scheme Participant, based on the number of Scheme Shares held by that Scheme Participant as at the Record Date, less any applicable withholding taxes payable in respect thereof in accordance with Section 5.6, if any, and, Target must procure the Paying Agent to pay such amount to each such Scheme Participant in accordance with clause 5.6;
  - (ii) notwithstanding the foregoing, on the Implementation Date the Target must procure the Paying Agent to pay, free of any withholding or deduction of any taxes imposed under Israeli law:
    - (A) the Section 102 Amount to the Section 102 Trustee, to be held and released in accordance with the provisions of Section 102 and/or any tax ruling issued by the ITA with respect to the Section 102 Amount; and
    - (B) an aggregate amount equal to the allocable portion of the Scheme Consideration attributable to each Reorganization Shareholder to the Reorganization Trustee, to be held and released in accordance with the provisions of the Reorganization Tax Ruling;
  - (iii) Target must procure the Paying Agent to pay, and only release the Scheme Consideration for the sole purpose of satisfying Target's obligation to pay, from the Paying Agent Account, the Scheme Consideration pursuant to clause 5.2(d); and
  - (iv) the obligations of Target under clause 5.2(d)(i) will be satisfied by Target (in its absolute discretion, and despite any election referred to in clause 5.2(d)(iv)(A) or authority referred to in clause 5.2(d)(iv)(B) made or given by the Scheme Participant):
    - (A) if a Scheme Participant has, before the Record Date, made a valid election in accordance with the requirements of the Target Registry to receive dividend payments from Target by electronic funds transfer to a bank account nominated by the Scheme Participant, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election;
    - (B) paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Participant by an appropriate authority from the Scheme Participant to Target; or
    - (C) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Participant by prepaid post to their registered address as shown in the Target Register (as at the Record Date), such cheque being drawn in the name of the Scheme Participant (or in the case of joint holders, in accordance with the procedures set out in clause 5.3).

### 5.3 Joint holders

In the case of Scheme Shares held in joint names:

- (a) subject to clause 5.2(d)(iv), any Scheme Consideration payable in respect of those Scheme Shares is payable to the joint holders and any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Target, the holder whose name appears first in the Target Register as at the Record Date or to the joint holders; and
- (b) any other document required to be sent under this Scheme will be forwarded to either, at the sole discretion of Target, the holder whose name appears first in the Target Register as at the Record Date or to the joint holders.

#### 5.4 Unclaimed monies

- (a) The *Unclaimed Money Act 1995* (NSW) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 7 of the *Unclaimed Money Act 1995* (NSW)).
- (b) In the case of a deposit under clauses 5.2(d)(iv)(A) or 5.2(d)(iv)(B), if the deposit is rejected or refunded or a bank account which has previously been notified is no longer valid then Target may credit (or procure the Paying Agent to credit) the amount payable to a separate bank account of Target or the Paying Agent.
- (c) Target (or the Paying Agent) may cancel a cheque issued under clause 5.2(d)(iv)(C) if the cheque:
  - (i) is returned to Target (or its agents, including the Paying Agent); or
  - (ii) has not been presented for payment within 6 months after the date on which the cheque was sent.
- (d) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Participant to Target (or the Target Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), Target must procure the Paying Agent to reinitiate a deposit that was unsuccessful or reissue a cheque that was previously cancelled under this clause 5.4.

#### 5.5 Remaining monies (if any) in Paying Agent Account

To the extent that, following satisfaction of Target's obligations under this clause 5, there is a surplus in the amount held by the Paying Agent as trustee for the Scheme Participants in the Paying Agent Account (**Remaining Monies**), then (subject to compliance with applicable laws, the other terms of this Scheme, the Deed Poll and the Implementation Deed) Target must procure the Paying Agent to transfer such portion of the Remaining Monies required to be deducted or withheld from such amount under the Israeli Income Tax Ordinance (as instructed by the Withholding Agent) to the Withholding Agent (to be paid to the ITA) and the remainder of such Remaining Monies (less any bank fees and other charges) to Bidder. For the avoidance of doubt, the following do not form part of Remaining Monies:

- (a) Funds which become 'unclaimed money' as contemplated in clause 5.4(a);
- (b) Deposits rejected or refunded as contemplated in clause 5.4(b);
- (c) Funds to satisfy cheques issued by the Paying Agent from the Paying Agent Account in accordance with this clause 5, but either:
  - (i) not yet presented for payment, or
  - (ii) cancelled under clause 5.4(c); and
- (d) Money deducted or withheld under clause 5.6 or clause 5.7.

#### 5.6 Withholding

- (a) Subject to clause 5.6(b) below, each of Bidder, the Withholding Agent, the Paying Agent and any of their respective agents (each, **Payor**) are entitled to deduct and



withhold or cause to be deducted and withheld from any Scheme Consideration payable or otherwise deliverable to the Scheme Participants pursuant to, or in connection with, this Scheme such amounts as required to be deducted or withheld therefrom under the Israeli Income Tax Ordinance, the Withholding Tax Ruling, any provision of any applicable tax law or any instructions provided by a Government Agency, and if any amount is so required to be withheld, the Withholding Agent must direct the Paying Agent to transfer such amount to the Withholding Agent, and the Withholding Agent must pay such amount to the applicable tax authority in cash and such withheld amount will be reduced from the portion of the Scheme Consideration payable to the applicable Scheme Participant. To the extent any amounts were so deducted or withheld and remitted by each Payor to the applicable Government Agency in accordance with applicable law, such amounts will be treated for all purposes under this Scheme as having been paid to the Scheme Participant to whom such amounts would otherwise have been paid and Payor must provide as soon as reasonably possible to each Scheme Participant with respect of whom the deduction and withholding was made, a document evidencing the amount so withheld and remitted to the applicable Government Agency with respect to the Scheme Consideration for such Scheme Participant.

- (b) Notwithstanding the foregoing, but subject to clause 5.6(d) and to any other provision to the contrary in the Withholding Tax Ruling with respect to any Israeli taxes, and in accordance with the Withholding Agent's undertaking provided to Bidder prior to the Implementation Date pursuant to Section 6.2.4.3 of the Israeli Income Tax Circular 19/2018 (Transaction for Sale of Rights in a Corporation that includes Consideration that will be Transferred to the Seller at Future Dates), the Scheme Consideration payable or otherwise deliverable under this Scheme on the Implementation Date to each Scheme Participant will be transferred, free of any withholding or deduction of any taxes imposed under Israeli law, to, and retained by, the Paying Agent for the benefit of each such Scheme Participant for a period of up to 365 days from the Implementation Date or an earlier date required in writing by such Scheme Participant or as otherwise directed by the ITA (**Withholding Drop Date**), during which time the Paying Agent must make no payments to any such Scheme Participant and neither the Paying Agent nor the Withholding Agent may withhold any amounts for Israeli taxes from the Scheme Consideration payable pursuant to this Scheme, except as provided below, and during which time each such Scheme Participant may obtain (or, if one already exists, present to the Withholding Agent (through the Paying Agent)) a valid certificate, ruling or other written instructions issued by the ITA regarding the withholding (or exemption from withholding) of Israeli tax that is applicable to the payments or other consideration payable in respect thereof in accordance with this Scheme or providing other instructions regarding such payments or withholding, to the Withholding Agent's reasonable satisfaction (**Valid Certificate**).

Subject to any other provision to the contrary in the Withholding Tax Ruling with respect to any Israeli taxes:

- (i) If any such Scheme Participant delivers, no later than three (3) Business Days prior to the Withholding Drop Date (A) a Valid Certificate to the Withholding Agent (through the Paying Agent), then the deduction and withholding of any Israeli taxes must be made in accordance with the provisions of such Valid Certificate; or (B) a Tax Declaration identifying such Scheme Participant as an Israeli resident, then the Withholding Agent must direct the Paying Agent to transfer to the Withholding Agent such amounts required to be deducted or withheld therefrom under the Israeli Income Tax Ordinance (or a Valid Certificate, if one was also provided by such Scheme Participant). In each case, any amount withheld must be delivered or caused to be delivered to the ITA by the Withholding Agent and the amount not so withheld must be transferred by the Paying Agent to such Scheme Participant. Any currency conversion commissions in respect of the remittance of such withheld amounts will be borne by the applicable Scheme Participant and deducted from payments to be made to such Scheme Participant.

- (ii) If any Scheme Participant (who is not an ISE Broker) delivers, no later than three (3) Business Days prior to the Withholding Drop Date, to the Withholding Agent (through the Paying Agent) a Tax Declaration identifying such Scheme Participant as a non-Israeli resident, all to the reasonable satisfaction of the Withholding Agent and subject to the terms of the Withholding Tax Ruling, then the Withholding Agent must instruct the Paying Agent to pay to such Scheme Participant the portion of the Scheme Consideration to which such Scheme Participant is entitled pursuant to this Scheme, free of any withholding or deduction of any taxes imposed under Israeli law, all in accordance with the instructions of the Withholding Tax Ruling.
- (iii) If any Scheme Participant who is an ISE Broker delivers, no later than three (3) Business Days prior to the Withholding Drop Date, to the Withholding Agent (through the Paying Agent) Tax Declarations from all Members of the Israel Stock Exchange for which the ISE Broker holds Scheme Shares, identifying the Members of Israel Stock Exchange as such, all to the reasonable satisfaction of the Withholding Agent and subject to the terms of the Withholding Tax Ruling, then the Withholding Agent must instruct the Paying Agent to pay to such Scheme Participant the portion of the Scheme Consideration to which such Scheme Participant is entitled pursuant to this Scheme, free of any withholding or deduction of any taxes imposed under Israeli law, all in accordance with the instructions of the Withholding Tax Ruling.
- (iv) If any Scheme Participant (or a Member of the Israeli Stock Exchange, as the case may be) (A) does not provide the Withholding Agent (through the Paying Agent and / or through an ISE Broker, as applicable) with a Valid Certificate or Tax Declaration(s), by no later than three (3) Business Days before the Withholding Drop Date (as contemplated in any of clauses 5.6(b)(i) to 5.6(b)(iii) above), or (B) submits a written request with the Withholding Agent (through the Paying Agent) to release such Scheme Participant's applicable Scheme Consideration relevant thereto prior to the Withholding Drop Date but fails to submit a Valid Certificate or Tax Declaration(s) at or before such time (as contemplated in any of clauses 5.6(b)(i) to 5.6(b)(iii) above), or (C) otherwise fails to submit any such other documents required by the Withholding Tax Ruling as may reasonably be required by the Withholding Agent and/or Paying Agent, then the Withholding Agent must direct the Paying Agent to transfer to the Withholding Agent such amounts required to be deducted or withheld from the Scheme Consideration allocated to such Scheme Participant or such Member of the Israeli Stock Exchange, as applicable, under the Israeli Income Tax Ordinance (and such amount withheld must be delivered or caused to be delivered to the ITA by the Withholding Agent) and the amount not so withheld must be transferred by the Paying Agent to such Scheme Participant.
- (c) In the event that the Withholding Agent receives a demand from the ITA to withhold any amount in respect of any Scheme Participant and transfer it to the ITA prior to the Withholding Drop Date, the Withholding Agent (i) must direct the Paying Agent to, and the Paying must notify such Scheme Participant of such matter promptly after receipt of such demand, and provide such Scheme Participant with reasonable time to attempt to delay such requirement or extend the period for complying with such requirement as evidenced by a written certificate, ruling or confirmation from the ITA, in which time the Scheme Consideration deliverable must not be released to such Scheme Participant, and (ii) to the extent that any such certificate, ruling or confirmation is not timely provided by such Scheme Participant to the Withholding Agent (through the Paying Agent), the Withholding Agent must transfer to the ITA any amount so demanded, including any interest, indexation and fines required by the ITA in respect thereof, and such amounts must be treated for all purposes of this Scheme as having been delivered and paid to such Scheme Participant.
- (d) Notwithstanding anything to the contrary herein, and subject to any other provision to the contrary in the Withholding Tax Ruling with respect to Israeli taxes:

- (i) The Section 102 Amount paid to the Section 102 Trustee pursuant to clause 5.2(d)(ii)(A) must be paid by the Paying Agent to the Section 102 Trustee in full without any withholding of Israeli taxes, and the Section 102 Trustee must deduct and withhold from the Section 102 Amount such amounts as the Section 102 Trustee is required to deduct and withhold under any applicable Israeli tax law and the Withholding Tax Ruling.
- (ii) The portion of the Scheme Consideration payable to the Reorganization Trustee pursuant to clause 5.2(d)(ii)(B) must be paid by the Paying Agent to the Reorganization Trustee in full without any withholding of Israeli taxes, and the Reorganization Trustee must deduct and withhold from such portion of the Scheme Consideration such amounts as the Reorganization Trustee is required to deduct and withhold under the Reorganization Ruling and the Withholding Tax Ruling.

## 5.7 Orders of a court or Government Agency

- (a) If written notice is given to Target (or the Paying Agent or Target Registry) of an order or direction made by a court or Government Agency that:
  - (i) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Participant, which would otherwise be payable or required to be issued to that Scheme Participant by Target (or the Paying Agent) in accordance with clause 5.2, then Target is entitled to procure that provision of that consideration is made in accordance with that order or direction; or
  - (ii) prevents Target (or the Paying Agent) from providing consideration to any particular Scheme Participant in accordance with clause 5.2, or the payment of such consideration is otherwise prohibitive by applicable law, Target is entitled to (as applicable) retain an amount equal to the number of Scheme Shares held by that Scheme Participant multiplied by the Scheme Consideration in accordance with clause 5.2 is permitted by that (or another) court or direction or otherwise by law.
- (b) To the extent that amounts are so deducted or withheld in accordance with clause 5.6, such deducted or withheld amounts will be treated for all purposes under this Scheme as having been paid to the person in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted as required.

## 6 Dealings in Target Shares

### 6.1 Dealings by Scheme Participants

For the purpose of establishing the persons who are Scheme Participants, dealings in Target Shares or other alterations to the Target Register will only be recognised by Target if:

- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Target Register as the holder of the relevant Target Shares before the Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received before the Record Date at the place where the Target Register is kept,

and Target must not accept for registration, nor recognise for the purpose of establishing the persons who are Scheme Participants, any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

## 6.2 Target Register

- (a) Target must register all registrable transmission applications or transfers of the Scheme Shares in accordance with clause 6.1(b) before the Record Date.
- (b) If this Scheme becomes Effective, a Scheme Shareholder (and any person claiming through that Scheme Shareholder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them after the Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Target is entitled to disregard any such disposal.
- (c) For the purpose of determining entitlements to the Scheme Consideration, Target must maintain the Target Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been paid to the Scheme Participants. The Target Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) All statements of holding for Target Shares (other than statements of holding in favour of Bidder) will cease to have effect after the Record Date as documents of title in respect of those shares and, as from the Record Date, each entry on the Target Register (other than entries on the Target Register in respect of Bidder) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Target Shares relating to that entry.
- (e) As soon as possible on or after the Record Date, and in any event within 1 Business Day after the Record Date, Target will ensure that details of the names, registered addresses and holdings of Target Shares for each Scheme Participant as shown in the Target Register as at the Record Date are available to Bidder in the form Bidder reasonably requires.

## 6.3 Suspension and termination of quotation of Target Shares

- (a) Target must apply to the ASX to suspend trading of the Target Shares on the ASX with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by Bidder, Target must apply to the ASX for:
  - (i) termination of the official quotation of the Target Shares on the ASX; and
  - (ii) the removal of Target from the official list of the ASX.

## 7 General

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### 7.1 Appointment of Target as attorney for implementation of Scheme

Upon this Scheme becoming Effective, each Scheme Participant, without the need for any further act by that Scheme Participant, irrevocably appoints Target and each of its Officers (jointly and severally) as that Scheme Participant's agent and attorney for the purposes of:

- (a) doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of this Scheme and the transactions contemplated by it, including the effecting of a valid transfer or transfers (or the execution and delivery of any Scheme Transfers) under clause 4.3; and
  - (b) enforcing the Deed Poll against Bidder,
- and Target accepts such appointment.

### 7.2 Enforcement of Deed Poll

Target undertakes in favour of each Scheme Participant that it will enforce the Deed Poll against Bidder on behalf of and as agent and attorney for the Scheme Participants.

### 7.3 Scheme Participant's agreements and consents

Under this Scheme, each Scheme Participant:

- (a) irrevocably agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to Bidder in accordance with the terms of this Scheme;
- (b) irrevocably agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from this Scheme;
- (c) irrevocably acknowledges that this Scheme binds Target and all Scheme Participants (including those who did not attend the Scheme Meeting and those who did not vote, or voted against this Scheme, at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Target; and
- (d) irrevocably consents to Target and Bidder doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, incidental, expedient or desirable to the implementation and performance of this Scheme or to give full effect to the terms of this Scheme and the transactions contemplated by it,

without the need for any further act by that Scheme Participant.

### 7.4 Warranty by Scheme Participants

- (a) Each Scheme Participant is deemed to have warranted to Bidder, and, to the extent enforceable, to have appointed and authorised Target as that Scheme Participant's agent and attorney to warrant to Bidder, that:
  - (i) all of their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the time of the transfer of them to Bidder pursuant to this Scheme, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
  - (ii) they have full power and capacity to sell and to transfer their Scheme Shares (together with any rights and entitlements attaching to those Scheme Shares) to Bidder pursuant to this Scheme.
- (b) Target undertakes in favour of each Scheme Participant that it will provide such warranty, to the extent enforceable, to Bidder on behalf of that Scheme Participant.

### 7.5 Title to Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Bidder will, at the time of transfer of them to Bidder, vest in Bidder free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.
- (b) Immediately upon payment of the Scheme Consideration in accordance with clause 5.2(d), Bidder will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by Target of the name of Bidder in the Target Register as the holder of the Scheme Shares.

### 7.6 Appointment of Bidder as sole proxy

- (a) Immediately upon payment of the Scheme Consideration in accordance with clause 5.2(d), and until Bidder is registered in the Target Register as the holder of all Scheme Shares, each Target Shareholder:

- (i) is deemed to have appointed Bidder as attorney and agent (and directed Bidder in each such capacity) to appoint any Officer or agent nominated by Bidder as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution;
  - (ii) acknowledges that no Scheme Shareholder may itself, and undertakes not to, attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 7.6(a)(i));
  - (iii) must take all other actions in the capacity of a registered holder of Scheme Shares as Bidder reasonably directs; and
  - (iv) acknowledges and agrees that in exercising the powers conferred in clause 7.6(a)(i), Bidder and any Officer or agent nominated by Bidder under that clause may act in the best interests of Bidder as the intended registered holder of the Scheme Shares.
- (b) Target undertakes in favour of each Scheme Shareholder that it will appoint the Officer or agent nominated by Bidder as that Scheme Participant's proxy or, where applicable, corporate representative in accordance with clause 7.6(a)(i).

#### **7.7 Notices**

- (a) Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Target, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Target's registered office or by the Target Registry, as the case may be.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Target Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

#### **7.8 No liability when acting in good faith**

Each Scheme Participant agrees that neither Target, Bidder nor any of their respective Officers or employees, will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

#### **7.9 Further assurance**

Target will execute all documents and do all acts and things as may be necessary or expedient for the implementation of, and performance of its obligations under, this Scheme.

#### **7.10 Consent**

Each of the Scheme Participants consents to Target doing all things necessary or incidental to, or to give effect to, the implementation of this Scheme, whether on behalf of the Scheme Participants, Target or otherwise.

#### **7.11 Alterations and conditions to Scheme**

If the Court proposes to approve this Scheme subject to any alterations or conditions, Target may, by its counsel or solicitors, and with the prior consent of Bidder, consent on behalf of all persons concerned, including each Target Shareholder, to those alterations or conditions.

#### **7.12 Binding effect of Scheme**

This Scheme binds Target and all of the Target Shareholders from time to time (including those who did not attend the Scheme Meeting, did not vote at that meeting or voted against the Scheme) and, to the extent of any inconsistency, overrides the constitution of Target.

**7.13 Costs and duty**

Bidder will pay all duty (including stamp duty and any related fines, penalties and interest) payable on or arising out of the transfer by Scheme Participants of the Scheme Shares to Bidder pursuant to this Scheme.

**7.14 Governing law and jurisdiction**

- (a) This Scheme is governed by and is to be construed in accordance with the laws applicable in New South Wales, Australia.
- (b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia and any courts which have jurisdiction to hear appeals from any of those courts and waives any right to object to any proceedings being brought in those courts.

**Annexure E**

**Deed Poll**

See over page.



## Deed Poll

by

**Yum Connect Australia Pty Ltd**  
ACN 650 324 146  
(Bidder)

in favour of

**Each Scheme Participant**

**This deed poll** is made on 27 May 2021

by **Yum Connect Australia Pty Ltd** (ACN 650 324 146) of Level 1, 20 Rodborough Road, Frenchs Forrest, NSW 2086 (**Bidder**)

in favour of **Each Scheme Participant**

## Recitals

- A Bidder and Dragontail Systems Limited (ABN 63 614 800 136) (**Target**) have entered into a scheme implementation deed dated 27 May 2021 (**Implementation Deed**).
- B Pursuant to the Implementation Deed, Bidder proposes to acquire all of the Target Shares (other than Target Shares held by Bidder) pursuant to a members' scheme of arrangement under Part 5.1 of the Corporations Act.
- C In accordance with the Implementation Deed, Bidder is entering into this deed poll for the purpose of covenanting in favour of the Scheme Participants that it will observe and perform the obligations attributed to it under the Scheme.
- D The effect of the Scheme will be that the Scheme Shares, together with all rights attaching to them, will be transferred to the Bidder on the Implementation Date in exchange for the Scheme Consideration.

**Now it is covenanted and agreed** as follows:

## 1 Definitions and interpretation

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### 1.1 Definitions

Each capitalised term used but not defined in this deed poll has the meaning given to that expression in the Implementation Deed.

### 1.2 Interpretation

The provisions of clause 1.2 of the Implementation Deed form part of this deed poll as if set out in full in this deed poll, and on the basis that references to 'this deed' in that clause are references to 'this deed poll'.

## 2 Nature of deed poll

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Bidder acknowledges that:

- (a) this deed poll may be relied on and enforced by any Scheme Participants in accordance with its terms, even though the Scheme Participants are not party to it; and
- (b) under the Scheme, each Scheme Participant appoints Target and each of its Officers (jointly and severally) as its agent and attorney to enforce this deed poll against Bidder on behalf of that Scheme Participant.

## 3 Conditions Precedent

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### 3.1 Conditions Precedent

Bidder's obligations under this deed poll are subject to the Scheme becoming Effective.

### 3.2 Termination

The obligations of Bidder under this deed poll will automatically terminate and the terms of this deed poll will be of no further force or effect if:

- (a) the Implementation Deed is terminated in accordance with its terms; or
  - (b) the Scheme is not Effective on or before the End Date,
- unless Bidder and Target otherwise agree in writing.

### 3.3 Consequences of termination

If this deed poll is terminated under clause 3.2, then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Bidder is released from its obligations under this deed poll, except those obligations under clauses 8.1 and 8.2; and
- (b) each Scheme Participant retains any rights, powers or remedies that that Scheme Participant has against Bidder in respect of any breach of its obligations under this deed poll that occurred before termination of this deed poll.

## 4 Compliance with Scheme obligations

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Subject to clause 3, Bidder covenants in favour of each Scheme Participant that Bidder will:

- (a) observe and perform all obligations attributed to it under, and otherwise comply with, the Scheme as if it were a party to the Scheme;
- (b) if and only to the extent that Bidder controls the board of directors of Target after the Effective Date, procure that Target observes and performs all obligations contemplated of it under the Scheme; and
- (c) without limiting the generality of clause 4(a), deposit with the Paying Agent, in cleared funds, an amount equal to the aggregate amount of Scheme Consideration payable to each Scheme Participant and procure payment to each Scheme Participant of, their entitlement to the Scheme Consideration (less any applicable withholding taxes payable in respect thereof, if any), subject to and in accordance with the terms of the Scheme.

## 5 Representations and warranties

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Bidder represents and warrants in favour of each Scheme Participant that:

- (a) **incorporation:** it is a body corporate validly existing under the laws of its place of incorporation;
- (b) **power:** it has the corporate power to enter into and perform or cause to be performed its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) **corporate authorisations:** it has taken all necessary corporate action to authorise its entry into this deed poll and has taken all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) **binding obligations:** this deed poll is valid and binding upon it;
- (e) **solvency:** no Insolvency Event has occurred in relation to it;

- (f) **regulatory action:** no regulatory action of any nature has been taken which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this deed poll; and
- (g) **no default:** this deed poll does not conflict with, or result in the breach of or default under, any provision of Bidder's constitution, any material term or provision of any material agreement, or any writ, order or injunction, judgement, law, rule, regulation or instrument to which Bidder is party or subject or of which it is bound.

## 6 Continuing obligations

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This deed poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

- (a) Bidder having fully performed its obligations under this deed poll; and
- (b) termination of this deed poll under clause 3.2.

## 7 Notices

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### 7.1 Service of notices

A notice, consent, approval or other communication under this deed (**Notice**) must be:

- (a) in writing and signed by the sender or its duly authorised representative, addressed to the recipient and sent to the recipient's address specified in clause 7.3; and
- (b) delivered by personal service, sent by pre-paid mail or sent by email, or any other lawful means.

### 7.2 Effect of receipt

- (a) A Notice given in accordance with this clause 7 is treated as having been given and received:
  - (i) if personally delivered, on delivery;
  - (ii) if sent by pre-paid mail, on the fifth clear Business Day after the date of posting (or the seventh Business Day after the date of posting if sent to or from an address outside Australia); and
  - (iii) if emailed, when a delivery confirmation report is received by the sender which records the time that email was delivered to the addressee's email address (unless the sender receives a delivery failure notification indicating that the email has not been delivered to the addressee),

except that, if the delivery, receipt or transmission is after 5.00pm in the place of receipt or on a day which is not a Business Day, it is taken to have been received at 9.00am on the next Business Day.

### 7.3 Addresses

- (a) The particulars for delivery of Notices are initially:

#### **Bidder**

Name:	Vinod Mahboobani
Attention:	Chief Legal Officer
Address:	7100 Corporate Drive

Plano Texas 75024  
United States of America

Email: Vinod.Mahboobani@yum.com

with a copy to:

Name: Baker McKenzie

Attention: Kate Jefferson and Greg Smith

Address: Tower One - International Towers Sydney  
Level 46 - 100 Barangaroo Avenue  
Barangaroo NSW 2000  
Australia

Email: kate.jefferson@bakermckenzie.com  
greg.smith@bakermckenzie.com

- (b) A party may change its address for the delivery of Notices by notifying that change to each other party. The notification is effective on the later of the date specified in the Notice or five Business Days after the Notice is given.

## **8 General**

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### **8.1 Stamp duty**

Bidder must pay all stamp duty (including any penalties) payable on or arising out of this deed poll and any document required by or contemplated under this deed poll.

### **8.2 Legal costs**

Bidder must pay its own legal and other costs and expenses that it incurs in negotiating, preparing, executing and performing its obligations under this deed poll.

### **8.3 Governing law and jurisdiction**

- (a) This deed poll is governed by and is to be construed in accordance with the laws applicable in New South Wales, Australia.
- (b) Bidder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia and any courts which have jurisdiction to hear appeals from any of those courts and waives any right to object to any proceedings being brought in those courts.
- (c) Bidder irrevocably appoints Baker McKenzie to be its agent for service of process in connection with this deed poll and agrees that any service document in connection with this deed poll may be effectively served on it by service on its agent if sent to Kate Jefferson at Baker McKenzie, Tower One - International Towers Sydney, Level 46, 100 Barangaroo Avenue, Barangaroo, NSW, 2000, Australia.

### **8.4 Severability**

- (a) Subject to clause 8.4(b), if a provision of this deed poll is illegal or unenforceable in any relevant jurisdiction, it may be severed for the purposes of that jurisdiction without affecting the enforceability of the other provisions of this deed poll.
- (b) Clause 8.4(a) does not apply if severing the provision:
- (i) materially alters the:

- (A) scope and nature of this deed poll; or
- (B) the relative commercial or financial positions of the parties; or
- (ii) would be contrary to public policy.

#### 8.5 **Rights cumulative**

Except as expressly stated otherwise in this deed poll, the rights, powers and remedies of Bidder and each Scheme Participant under this deed poll are cumulative and are in addition to any other rights of that person.

#### 8.6 **Waiver and exercise of rights**

A single or partial exercise or waiver by Bidder or by any Scheme Participant of a right relating to this deed poll does not prevent any other exercise of that right or the exercise of any other right.

#### 8.7 **Amendment**

This deed poll may not be varied unless:

- (a) if before the First Court Date, the variation is agreed to by Target in writing; or
- (b) if on or after the First Court Date, the variation is agreed to by Target in writing and the Court indicates that the variation would not of itself preclude approval by the Court of the Scheme,

in which event Bidder will enter into a further deed poll in favour of the Scheme Participants giving effect to the variation.

#### 8.8 **Assignment**

The rights and obligations of Bidder and of each Scheme Participant under this deed poll are personal. They cannot be assigned, encumbered or otherwise dealt with and no person may attempt, or purport, to do so without the prior written consent of Bidder and Target (which consent may be given or withheld in their absolute discretion).

#### 8.9 **Further assurances**

Bidder will do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this deed poll and the transactions contemplated by it.

Executed as a deed poll

Executed by Yum Connect Australia Pty Ltd  
ACN 650 324 146 in accordance with section  
127 of the Corporations Act 2001 (Cth):

  
\_\_\_\_\_  
Director

SALLY GLOVER  
\_\_\_\_\_  
Name of Director  
BLOCK LETTERS

  
\_\_\_\_\_  
\*Director/\*Company Secretary

ANDREW DEANE  
\_\_\_\_\_  
Name of \*Director/\*Company Secretary  
BLOCK LETTERS  
\*please strike out as appropriate

## Annexure F

### Notice of Scheme Meeting

#### Notice of Court Ordered Meeting of DTS Shareholders

Notice is given that, by an order of the Federal Court of Australia (**Court**) made on 16 July 2021, pursuant to section 411(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), a meeting of DTS Shareholders will be held at Level 9, 40 St Georges Terrace, Perth WA 6000, Australia at 12 noon (Perth time) on 23 August 2021.

The Court has directed that Henry Shiner, or failing him, Ron Zuckerman, act as Chair of the Scheme Meeting and has directed the Chair to report the result of the Scheme Meeting to the Court.

#### Purpose of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree (with or without modification) to the Scheme proposed to be made between DTS and the DTS Shareholders.

A copy of the Scheme and the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet of which this notice forms part.

#### Scheme Resolution

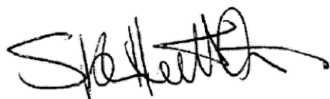
DTS Shareholders entitled to vote at the Scheme Meeting will be asked to consider and, if thought fit, to pass, with or without modification, the following resolution:

*"That, in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between Dragontail Systems Limited and the holders of its fully paid ordinary shares (Scheme), as contained in and more particularly described in the scheme booklet of which the notice convening this meeting forms part, is approved and the Board of Directors is authorised to agree to such alterations or conditions as are thought fit by the Federal Court of Australia and, subject to the approval of the Scheme by the Federal Court of Australia, to implement the Scheme with any such alterations or additions."*

Dated 19 July 2021

By order of the Board

**Dragontail Systems Limited**



Stephen Hewitt-Dutton  
Company Secretary



## **Explanatory notes to Notice of Scheme Meeting**

### **General**

This Notice of Scheme Meeting, including the Scheme Resolution, should be read in conjunction with the Scheme Booklet of which this notice forms part.

Terms used in this Notice of Scheme Meeting, unless otherwise defined, have the same meaning as set out in the Glossary in Section 14 of the Scheme Booklet.

A copy of the Scheme is contained in Annexure D to the Scheme Booklet.

### **Required voting majorities**

In accordance with section 411(4)(a) of the Corporations Act, in order to become Effective, the Scheme requires the approval of DTS Shareholders at the Scheme Meeting, in each case by the Requisite Majorities as set out below:

- approval by more than 50% of DTS Shareholders present and voting at the Scheme Meeting in person or virtually (online) or by proxy, attorney or corporate representative, unless the Court orders otherwise; and
- approval by at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by DTS Shareholders.

Voting at the Scheme Meeting will be by poll rather than by show of hands.

### **Exercise your vote**

DTS Shareholders may vote by (where permitted) attending the Scheme Meeting in person or virtually (online), or by proxy, attorney or (in the case of a corporation which is a DTS Shareholder) by corporate representative.

### **Virtual (online) attendance and voting**

Due to COVID-19, there may be government restrictions placed on non-essential gatherings (which may include the Scheme Meeting) at short notice. As such, DTS Shareholders are encouraged to consider participating in the Scheme Meeting virtually (online) or voting by proxy rather than attending the Scheme Meeting in person.

Instructions on how to participate in the Scheme Meeting virtually (online) and voting by proxy are set out on your Proxy Form.

### **Voting in person**

To vote in person at the Scheme Meeting, the DTS Shareholder must attend the Scheme Meeting. A DTS Shareholder who wishes to attend and vote at the Scheme Meeting in person will be admitted to the Scheme Meeting and given a voting card upon disclosure of their name and address at the point of entry to that Meeting.

### **Voting by proxy**

Any DTS Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint a proxy to attend and vote instead of the DTS Shareholder. If the DTS Shareholder is entitled to cast 2 or more votes at the Scheme Meeting, that DTS Shareholder may appoint 2 proxies. Where 2 proxies are appointed, each proxy may be appointed to represent a specified proportion or number of the DTS Shareholder's voting rights. If the DTS Shareholder does not specify the proportion or number of the DTS Shareholder's voting rights that each proxy is to represent, each proxy will be entitled to exercise half the DTS Shareholder's votes. A proxy does not need to be a DTS Shareholder.

If you wish to appoint a proxy in respect of the Scheme Meeting, you are requested to complete your personalised Proxy Form or lodge your proxy nomination online. Proxy Forms should be provided to the DTS Share Registry in any of the following ways:

- **lodge your proxy nomination online** by logging on to [www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login) using the holding details as shown on the Proxy Form and then following the relevant instructions on the website;
- **mail your completed Proxy Form** in the enclosed reply paid envelope to:  
  
Dragontail Systems Limited, c/- Advanced Share Registry Ltd, PO Box 1156, Nedlands WA 6909, Australia
- **fax your completed Proxy Form** to +61 8 6370 4203;
- **email your completed Proxy Form** to [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au); or
- **hand deliver your completed Proxy Form** to the DTS Share Registry at 110 Stirling Hwy, Nedlands WA 6009, Australia.

Your completed Proxy Form must be received by the DTS Share Registry by 12 noon (Perth time) on 21 August 2021 (or if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of that Scheme Meeting).

Please note that post only reaches the DTS Share Registry on business days in Perth, Western Australia.

A proxy will be admitted to the Scheme Meeting and given a voting card upon providing written evidence of their name and address at the point of entry to the Scheme Meeting. The return of a completed Proxy Form will not preclude a DTS Shareholder from attending in person or virtually (online) and voting at the Scheme Meeting.

#### **Voting by attorney**

Your attorney may attend the Scheme Meeting and vote on your behalf.

If you wish to vote by attorney at the Scheme Meeting, you must, if you have not already presented an appropriate power of attorney to DTS for notation, deliver to the DTS Share Registry the original or certified copy of the power of attorney by post or by hand delivery (as per the addresses specified in Section 3.5) so that it is received by the DTS Share Registry before the Scheme Meeting commences or, alternatively, it should be brought to the Scheme Meeting.

Your attorney will be admitted to the Scheme Meeting and given a voting card upon providing written evidence of their appointment, their name and address and the identity of their appointer (i.e., you) at the point of entry to the Scheme Meeting.

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

A corporation that is a DTS Shareholder must appoint a person to act as its representative to vote at the Scheme Meeting (if it does not wish to vote by proxy or attorney). The appointment must comply with the Corporations Act. An authorised corporate representative will be admitted to the Scheme Meeting and given a voting card upon providing written evidence of their appointment including any authority under which it is signed, their name and address and the identity of their appointer at the point of entry to the Scheme Meeting.

#### **Voting entitlement**

If you are a DTS Shareholder and are registered as such on the Register at 5.00pm (Perth time) on 21 August 2021, you will be entitled to attend and vote at the Scheme Meeting.

Accordingly, registrable transmission applications or transfers registered after the time specified above will be disregarded in determining entitlements to vote at the Scheme Meeting.

In the case of DTS Shares held by joint holders, only one of the joint shareholders is entitled to vote. If more than one DTS Shareholder votes in respect of jointly held DTS Shares, only the vote of the DTS Shareholder whose name appears first in the Register will be counted.

## **Further Information**

If you have any questions in relation to the Scheme Booklet or the Scheme, please call the Dragontail Share Registry on +61 8 9389 8033 Monday to Friday between 9.00am and 5.00pm (Perth time), or consult your licensed financial, legal, taxation or other professional advisor.

## **Court approval**

If the Scheme is approved by the Requisite Majorities and all other Conditions Precedent are satisfied or waived (as applicable), DTS will apply to the Court for orders approving the Scheme at the Second Court Hearing. The Court has broad discretion as to whether or not to approve the Scheme under section 411(4)(b) of the Corporations Act. The Court has a discretion under section 411(4)(a)(ii)(A) of the Corporations Act to approve the Scheme if it is approved by at least 75% of the votes cast on the Scheme Resolution but not by a majority in number of DTS Shareholders present and voting at the Scheme Meeting.

## CORPORATE DIRECTORY

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### Registered Office

Level 24, 44 St Georges Terrace  
Perth WA 6000, Australia

### Principal Office

Northbank Plaza, 22/69 Ann Street  
Brisbane City, QLD 4000, Australia

### Israel Office

7 Massada Street  
BSR 4, Floor 3  
Bnei Brak, Tel Aviv  
5126112 Israel  
Telephone: +972 3 794 3362

### Share Registry and Paying Agent

Advanced Share Registry Ltd  
110 Stirling Highway  
Nedlands WA 6009, Australia  
Telephone: +61 8 9389 8033, operational  
Monday to Friday between 9.00am and 5.00pm  
(Perth time)

### Stock Exchange Listing

Dragontail Systems Limited is listed on the  
Australian Securities Exchange  
ASX code: DTS

### Withholding Agent

I.B.I. Trust Management  
9th Ehad Ha'am Street, Shalom Tower  
P.O.B. 29161, Tel Aviv  
6129101 Israel

### Australian Legal Adviser

Thomson Geer  
Level 14, 60 Martin Place  
Sydney NSW 2000, Australia

### Company website

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

### Australian Taxation Adviser

BDO Corporate Tax (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008, Australia

### Israeli Taxation Adviser

Kost, Forer, Gabbay & Kasierer  
144 Menachem Begin Road, Building A  
Tel-Aviv 6492102, Israel