

ASX ANNOUNCEMENT

22 January 2021

Redflex Holdings Limited | ABN 96 069 306 216



Redflex Holdings Limited enters into Scheme Implementation Agreement with Verra Mobility Corporation

- Redflex Holdings Limited (**Redflex**) has entered into a Scheme Implementation Agreement with the NASDAQ listed company Verra Mobility Corporation (**Verra Mobility**) under which Verra Mobility will acquire 100% of the share capital of Redflex by way of a court-approved scheme of arrangement pursuant to Part 5.1 of the *Corporations Act 2001* (Cth) (**Scheme**) in an all-cash offer.
- If the Scheme is implemented, each Redflex shareholder will receive A\$0.92 cash for every Redflex share held.
- The cash-offer represents a 130% premium to Redflex's closing share price on Thursday 21 January 2021 of A\$0.40 per share.
- The Redflex board of directors unanimously considers the Scheme to be in the best interests of shareholders and recommends that shareholders vote in favour of the Scheme, subject to the independent expert concluding, and continuing to conclude, that the Scheme is in the best interests of shareholders and there being no superior proposal.
- Implementation of the Scheme is currently expected to occur in May 2021, subject to the satisfaction or, where applicable, waiver of the conditions precedent to the Scheme, including all necessary shareholder, court and regulatory approvals.
- Shareholders do not need to take any action at this time. The Scheme booklet is currently expected to be distributed to shareholders in April 2021, and the Scheme meeting is expected to be held in May 2021.

Overview

Redflex Holdings Limited (**ASX:RDF**) (**Redflex**) is pleased to announce that it has entered into a binding Scheme Implementation Agreement dated 22 January 2021 (**Implementation Agreement**) with the NASDAQ listed company Verra Mobility Corporation (**Verra Mobility**) under which Verra Mobility will acquire 100% of the share capital of Redflex by way of a court-approved scheme of arrangement under Part 5.1 of the *Corporations Act 2001* (Cth) (**Scheme**) in an all-cash offer.

If the Scheme is implemented, it is intended that each Redflex shareholder will receive A\$0.92 cash for every share held (**Scheme Consideration**). The Scheme Consideration values Redflex's equity on a fully diluted basis at approximately A\$146,100,393 and represents:

- a 130% premium to Redflex's closing share price on Thursday 21 January 2021 of A\$0.40, being the last trading day prior to this announcement;
- a 132% premium to Redflex's one month volume weighted average price (**VWAP**) up to and including Thursday 21 January 2021; and
- a 130% premium to Redflex's three month VWAP up to and including Thursday 21 January 2021.

Implementation of the Scheme is currently expected to occur in May 2021 and is subject to satisfaction of a number of conditions, including regulatory and court approval, as well as approval by shareholders at an

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extraordinary general meeting which will be convened for shareholders to vote on the Scheme (**Scheme Meeting**).

The Redflex board of directors unanimously recommends the Scheme

The Redflex board of directors (**Board**) has carefully considered the terms and conditions of the Scheme and unanimously considers the Scheme to be in the best interests of shareholders and recommends that shareholders vote in favour of the Scheme at the Scheme Meeting, subject to the independent expert concluding, and continuing to conclude, that the Scheme is in the best interests of shareholders and there being no superior proposal.

Subject to those same qualifications, each member of the Board who holds, or who has control over voting rights attaching to, shares in Redflex intends to vote those shares in favour of the Scheme.

The Board highlights the following key features of the Scheme:

- **attractive and significant premium** - the Scheme Consideration represents an attractive and significant premium to recent trading levels of Redflex shares, including a premium of 132% to the one month VWAP of A\$0.396 and 130% to the three month VWAP of A\$0.399 up to Thursday 21 January 2021;
- **attractive valuation multiple** – implied multiple of 12.7x EV / FY20 EBITDA¹; and
- **certain and immediate value to Redflex shareholders** – the 100% cash consideration provides shareholders with certainty of value and the opportunity to realise their investment for cash, in full.

Mr Adam Gray, Redflex Chairman, has said:

"We are proud of the work done by our management team to refine and extend our value proposition and advanced technology, expand our global market presence and effectively deliver solutions that support our customers and their efforts to deliver more efficient and safe traffic flows. The Board of Redflex has reviewed over the past year a wide range of strategic alternatives with a view to achieving maximum value for Redflex shareholders. After careful consideration the Board has come to the unanimous conclusion that the Scheme is in the best interests of shareholders. The Scheme provides Redflex shareholders with an opportunity to realise certain and immediate value for their shares, at a significant premium to recent trading and at an attractive valuation multiple. We are pleased that a leading industry player such as Verra Mobility has recognised the strategic value of our company."

Verra Mobility Chief Executive Officer, David Roberts has said:

"We are delighted at the prospect of welcoming the Redflex team and their customers to the Verra Mobility family. We are incredibly excited for this step forward in building the Verra Mobility of the future, expanding our portfolio of safe city solutions, and solidifying our position as a global leader in smart transportation."

Independent Expert

Redflex will engage an independent expert (**Independent Expert**) to report on whether in its opinion the Scheme is in the best interests of shareholders. The scheme booklet that will be issued in connection with the Scheme (**Scheme Booklet**) will include the report of the Independent Expert.

¹ Earnings Before Depreciation, Amortisation, Finance Costs, Tax and COVID-19 related government subsidies.



Details of the Implementation Agreement

The implementation of the Scheme is subject to satisfaction of a number of conditions, which are set out in the Implementation Agreement. These conditions include:

- the Independent Expert issuing an Independent Expert's Report which concludes that the Scheme is in the best interests of Redflex shareholders (and not publicly withdrawing, qualifying or changing that conclusion prior to the second court hearing date for the Scheme);
- Redflex shareholders approving the Scheme by the requisite majorities at the Scheme Meeting;
- the Federal Court of Australia making orders approving the Scheme; and
- Verra Mobility obtaining the relevant approvals or notifications to acquire the share capital of Redflex from various regulatory authorities including the Foreign Investment Review Board of Australia, the New Zealand Overseas Investment Office and the General Authority for Competition in the Kingdom of Saudi Arabia (**Regulatory Approvals**).

The Implementation Agreement also contains customary provisions for a transaction of this nature, including:

- certain exclusivity provisions, including a "no shop" and "no talk" restriction, a "notification" obligation and a "matching right"; and
- limited circumstances under which Redflex may be required to pay Verra Mobility a break fee; and limited circumstances under which Verra Mobility may be required to pay Redflex a reverse break fee.

A full copy of the Implementation Agreement is **attached** to this announcement.

Scheme Meeting

For the Scheme to be implemented, the requisite majorities of shareholders must vote to approve the Scheme at the Scheme Meeting, which is currently intended to be held in May 2021.

Due to the COVID-19 pandemic and the restrictions imposed by Australian governments in response to it, it is currently anticipated that the Scheme Meeting will be conducted by way of a live webcast only.

Further details on how to participate in the Scheme Meeting by way of live webcast (if applicable) and how to vote (including by way of proxy, attorney or corporate representative) will be provided in the Scheme Booklet.

Indicative timetable and next steps

Shareholders do not need to take any action at this time.

The Scheme Booklet is currently intended to be sent to shareholders in April 2021. The Scheme Booklet will contain, amongst other things, further information relating to the Scheme, reasons for the Board's unanimous recommendation, information on the Scheme Meeting and how to vote and the report of the Independent Expert.

If the Scheme is approved by the requisite majorities of shareholders at the Scheme Meeting (and the Scheme receives the necessary regulatory and court approvals), the Scheme is currently expected to be implemented in May 2021.



Key dates for the indicative timetable for the Scheme are set out below:

Event	Expected date
First Court Hearing to approve convening the Scheme Meeting	Early April
Despatch of Scheme Booklet to shareholders	Early April
Scheme Meeting	Early May
Second Court Hearing for approval of the Scheme	Mid May
Effective Date for the Scheme	Mid May
Record Date (for determining entitlements of Redflex shareholders to the Scheme Consideration)	Late May
Implementation Date	Late May

These dates are indicative only and are subject to, amongst other things, court availability and the satisfaction or, where applicable, waiver of the conditions precedent to the Scheme (as set out in the Implementation Agreement), including all necessary shareholder, court and Regulatory Approvals. A more comprehensive indicative timetable of the dates of key events will be provided in the Scheme Booklet.

Redflex is being advised by GCA Advisors, LLC as financial advisor, and KPMG Law as external legal advisor.

Authorised for release by the SVP – Group General Counsel & Corporate Secretary. For further information please contact:

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About Redflex

During the past 25 years, Redflex has established itself as a world leader in developing and implementing intelligent traffic management products and services which are sold and managed in the Asia Pacific, North America, United Kingdom, Europe and Middle East regions. Redflex develops, manufactures and operates a wide range of platform-based solutions all utilising advanced sensor and image capture technologies enabling active management of state and local motorways.

The Redflex Group runs its own systems engineering operations, system integration technologies and innovation centre for research and development. With a continuous program of product development, Redflex has been helping to improve roadway safety, alleviate congestion and reduce the harmful impacts of vehicle emissions.

Redflex was listed on the Australian Securities Exchange in January 1997.

About Verra Mobility

Verra Mobility is committed to developing and using the latest in technology and data intelligence to help make transportation safer and easier. As a global company, Verra Mobility sits at the center of the mobility ecosystem – one that brings together vehicles, devices, information, and people to solve complex challenges faced by its customers and the constituencies they serve.

Verra Mobility serves the world's largest commercial fleets and rental car companies to manage tolling transactions and violations for millions of vehicles. As a leading provider of connected systems, Verra Mobility processes millions of transactions each year through connectivity with more than 50 individual tolling authorities



and more than 400 issuing authorities. Verra Mobility also fosters the development of safe cities, partnering with law enforcement agencies, transportation departments and school districts across North America operating thousands of red-light, speed, bus lane and school bus stop arm safety cameras. Arizona-based Verra Mobility operates in more than 15 countries. For more information, visit www.verramobility.com.