

22 June 2020

Stream to acquire Mayfield Group Investments Pty Ltd

The Board of Stream Group Limited ("**Stream**") is pleased to announce that it has entered into a conditional share purchase agreement to acquire 100% of Mayfield Group Investments Pty Ltd and its subsidiaries ("**Mayfield**") (the "**Transaction**").

Highlights

- The acquisition price is \$25 million which represents a multiple of 6.2 times Mayfield's net profit after tax for the year ended 30 June 2019.
- The acquisition will be fully funded through the issue of new Stream shares. For the purposes of the Transaction, Stream will be valued at \$5.65 million.
- A general meeting to obtain shareholder approval is expected to be held in mid-August 2020. Completion of the Transaction is expected in early September 2020.
- The Stream Board will be restructured with three representatives appointed by Mayfield and one current Stream director remaining.

Shareholders will be asked to approve the Transaction at a general meeting. To assist shareholders, the Board will commission an independent expert to report on whether the Transaction is fair and reasonable. Further information, including full details about Mayfield and the potential advantages, disadvantages and risks to shareholders, will be set out in the notice of meeting documentation.

A timetable for the completion of the Transaction is set out in Appendix 1.

Dividend and consolidation of shares

Stream has declared a fully franked dividend of 2c per share which will be payable on 29 June 2020. The cash amount of the dividend will amount to \$4,319,928. Stream will permit the dividend to be reinvested by way of its dividend reinvestment plan ("DRP") at an issue price of 0.25c per share. If shareholders elect to reinvest the whole amount of the dividend pursuant to the DRP, an additional 1,727,971,360 shares will be issued.

At the general meeting of shareholders to approve the Mayfield transaction, it is intended to include a resolution proposing the consolidation of the Stream shares on a 1:125 basis.

Change of name

At the general meeting referred to above, the directors intend to include a resolution to change the name of the Company to Mayfield Group Investments Limited.

Funding arrangements

The acquisition price of \$25 million will be wholly funded by the issue of Stream shares, subject to shareholder approval.

Vendors

The vendors of the shares in Mayfield and percentage ownership are:

Amteal Pty Ltd atf Steele Family Trust	27.7%
Nightingale Partners Pty Ltd	55.2%
Peta Ware and Chris Ware atf The Think Trust	8.4%
Mark Nesbitt	0.2%
Chris Youels	0.2%
BAAK Investments Pty Ltd	2.7%
Michael Taylor	2.7%
Maligne Pty Ltd atf Maligne Trust	0.8%
Robert Harris	1.8%
Cakoma Pty Ltd atf Cakoma Trust	0.1%
Ryan & Co Holdings Pty Ltd atf RTG Investments Trust	0.2%
	100.0%

Effect on shareholding of Stream

The number of shares on issue on completion of the acquisition of Mayfield assuming the DRP is fully subscribed and after the consolidation of the shares on a 1:125 basis will be as follows:

	Shares	
Shares currently on issue	215,996,420	
Dividend reinvestment plan shares	1,727,971,360	
Total shares on issue pre-Transaction and pre-Consolidation	1,943,967,780	
Shareholdings in Stream pre-Transaction after 1:125 Consolidation	15,551,742	18.4%
Shares to be issued to Mayfield vendors	68,870,236	81.6%
Shares on issue at completion	84,421,978	100.0%

Key conditions to complete the Transaction

The following conditions must be completed prior to completion:

- Satisfactory completion of due diligence by Stream on the business, assets, operations, and financials of Mayfield.
- Satisfactory completion of due diligence by the vendors of the Mayfield shares on the

business, assets, operations and financials of Stream.

- All necessary regulatory, ASX and shareholder approvals received.

Re-compliance with ASX listing rules chapters 1 and 2

Since the Transaction will result in a significant change to the nature and scale of Stream's activities, the Transaction will require approval of Stream's shareholders under ASX listing rule 11.1.2 and will also require Stream to re-comply with chapters 1 and 2 of the listing rules in accordance with ASX listing rule 11.1.3.

As Stream is required to re-comply with ASX's requirements for admission and quotation, the Transaction may not proceed if those requirements are not met. ASX has an absolute discretion in deciding whether or not to readmit Stream to the Official List and to quote its shares and therefore the transaction may not proceed if ASX exercises that discretion. Investors should take account of these uncertainties in deciding whether or not to buy or sell Stream's shares.

ASX In-Principle advice

On 4 June 2020, Stream applied for in-principle advice from the ASX as to the suitability for re-admission to the Official List of ASX following the acquisition of Mayfield. On 19 June 2020, the ASX advised Stream that based on the information provided by Stream and the facts known at that date, ASX is not aware of any reason that would cause Stream not to have a structure and operations suitable for a listed entity or that would cause ASX to exercise its discretion to refuse admission to the Official List.

ASX takes no responsibility for the contents of this announcement.

Issue of Prospectus

Prior to relisting, Stream will issue a prospectus for the offer of Stream ordinary fully paid shares, details of which are as follows:

- the offer will be a cash offer made to the public;
- the shares will be offered at the same price at which shares are issued to the Mayfield vendors, being 31.25c per share (on a post-share consolidation basis);
- the minimum subscription is expected to be \$1.2 million; and
- the offer will not be underwritten.

Changes to Board and Management

On completion, Lindsay Philips, Jon Hobbs and Alan Steele will join the board. Messrs Philips and Steele are associated with the two largest Mayfield shareholders. Jon Hobbs is the CEO of Mayfield and will be appointed CEO of Stream upon completion. The current chairman of Stream, Larry Case, will remain as a non-executive chairman. The two current

non-executive directors of Stream will resign. At completion, the Board will be as follows:

Larry Case – Non-executive Chairman
 Alan Steele - Non-Executive Director
 Lindsay Phillips - Non-Executive Director
 Jon Hobbs – Director and CEO

Use of Funds

The funds raised under the prospectus will be used as follows:

Activity	Expenditure (\$1.2m capital raise)
Prospectus and transaction costs including lead manager and brokerage costs, ASX listing fees, ASIC fees, legal costs and independent expert report	343,000
Increase the size of Mayfield offices and workshops throughout Australia to meet demand for its services	757,000
Working capital requirements	100,000
Total	\$1,200,000

About Mayfield

Mayfield is a specialist engineering group of companies supplying electrical products and services for critical infrastructure and facilities throughout Australia. Founded in 1936, Mayfield now consists of four complementary business units:

- Mayfield Industries designs, manufactures and commissions transportable switchrooms and switchboards (www.mayfieldindustries.com.au).
- STE Solutions constructs, repairs and maintains medium and high voltage facilities and infrastructure (www.stesolutions.com.au).
- Power Parameters provides, installs and maintains critical electrical power and measurement instrumentation (www.parameters.com.au).
- Walker Control (65% owned) manufactures protection and control systems for electrical power infrastructure (www.walkercontrol.com.au).

Mayfield's client base consists primarily of mining, infrastructure, process manufacturing and renewable energy companies.

Mayfield financials

Set out below in the Appendix is the summary financial information for Mayfield for the years ended 30 June 2018 (audited) and 30 June 2019 (audited) and the management accounts for the half year ended 31 December 2019 (unaudited).

About Stream

In 2017, Stream sold its insurance claims' management business. The consideration included earn out payments payable in subsequent years. In March 2020, Stream received the final payment of \$1.5 million. Stream's current business is the licensing of its claims management software to insurance companies.

Substantial shareholders

Stream currently has two substantial shareholders as follows:

- BNP Paribas Nominees Pty Limited 38.2%
- Nightingale Partners Pty Ltd ("Nightingale") 11.8%

Mayfield currently has two substantial shareholders as follows:

- Nightingale 55.2%
- Amteal Pty Ltd ("Amteal") 27.7%.

Amteal is controlled by Alan Steele, a non-executive director of Mayfield and a proposed non-executive director of Stream.

On completion, the substantial shareholders in Stream are expected to be:

BNP Paribas Nominees Pty Limited	7.0%
Nightingale	44.8%
Amteal	21.5%

Additional information required to be provided in this announcement under ASX guidance note 12

The following information is provided:

- no fees are paid or payable by Stream to any person for finding, arranging or facilitating the acquisition of Mayfield; and
- Stream has undertaken appropriate enquiries into the assets and liabilities, financial position and performance, profits and losses, and prospects of Mayfield for the board of Stream to be satisfied that the transaction is in the best interest of Stream and its shareholders.

This announcement has been authorised for release by Lawrence Case.

Lawrence Case – Chairman

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APPENDIX 1 – TIMETABLE

Event	Date - 2020
Enter into share purchase agreement and make public announcement	22 June
Completion of due diligence by Stream and Vendors	6 July
Lodge prospectus with ASIC	24 July
Opening date of prospectus	7 August
General meeting to approve Transaction	18 August
Closing date of prospectus	24 August
Completion of share purchase agreement	31 August
Issue of shares to Mayfield Vendors and to prospectus subscribers	2 September
Reinstatement of shares on ASX (subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules and subject to ASX agreeing to reinstate the shares to quotation)	9 September

APPENDIX 2

Mayfield financials

Set out below are the summary financial information for Mayfield for the years ended 30 June 2018 (audited) and 30 June 2019 (audited) and the management accounts for the half year ended 31 December 2019 (unaudited).

A\$'000	Jun-18 Full Year	Jun-19 Full Year	Dec-19 Half-year*
Revenue	45,235	65,547	33,230
Profit Before Tax	756	4,988	2,065
Profit After Tax	850	3,985	1,444

* Unaudited

A\$'000	Jun-18	Jun-19	Dec-19*
Current assets			
Cash and cash equivalents	9,500	6,234	4,321
Receivables	8,935	12,116	7,007
Inventories	1,548	1,422	1,501
Contract assets	2,360	2,027	2,468
Current tax assets	82	-	-
Other assets	395	429	800
Total current assets	22,820	22,228	16,097
Non-current assets			
Intangible assets	518	211	1,267
Deferred tax assets	901	1,154	1,154
Property, plant and equipment	4,969	4,197	4,192
Right-of-use-asset	-	-	3,181
Other assets	216	216	276
Total non-current assets	6,604	5,778	10,070
Total assets	29,424	28,006	26,167
Current liabilities			
Payables	5,983	6,462	2,658
Borrowings	444	532	532
Provisions	1,078	1,270	1,442
Current tax liabilities	-	434	235
Contract liabilities	13,068	7,326	4,153
Total current liabilities	20,573	16,024	9,020
Non-current liabilities			
Borrowings	102	143	304
Operating Lease Liability	-	-	3,227

Provisions	352	337	426
Total non-current liabilities	454	480	3,957
Total liabilities	21,027	16,504	12,977
Net assets	8,397	11,502	13,190
Equity			
Share capital	900	912	2,371
Reserves	460	460	460
Retained earnings	6,416	9,445	10,191
Equity attributable to owners of Mayfield Group Investments Pty Ltd and controlled entities	7,776	10,817	13,022
Non-controlling interests	621	685	168
Total equity	8,397	11,502	13,190

* Unaudited