

ASX ANNOUNCEMENT

Acumentis Group Limited (ASX: ACU)



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ASX Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

Level 7, 283 Clarence Street
Sydney NSW 2000
GPO Box 3359
Sydney NSW 2001

Telephone: (02) 8823 6300
Facsimile: (02) 8823 6399

By E-Lodgement

ACUMENTIS SECURES 100% OWNERSHIP OF ITS WESTERN AUSTRALIAN ASSOCIATE

Acumentis Group Limited (ASX: ACU) (“Acumentis” or the “Company”) is pleased to announce the acquisition of the remaining 57.8% of its Western Australian associate Acumentis (WA) Holdings Pty Ltd (“ACU WA”). The acquisition advances Acumentis’ strategy to improve the client experience for valuation and property advisory services. This has been achieved through the acquisition further progressing Australia-wide coverage via a single-entity, that is 100% controlled by the Company.

- Values ACU WA at 4.5X annual PBT plus net cash balances at 30 June 2021;
- Total acquisition price (excluding net cash) is between \$2.6m (min.) and \$3.9m (max.);
- Acquisition price to be settled 55% cash and 45% issue of new shares (at 11.64 cents being VWAP for 15 days ended 18 May 2021) in Acumentis;
- Acquisition effective from 1 July 2021 with settlement expected mid-July 2021;
- Creates a single entity delivering valuation and property advisory services throughout Australia;
- Unleashes increased growth potential in line with Acumentis’ strategic growth plan; and
- Adds \$7-8M annual revenues to the consolidated results of Acumentis.

Background

In September 2019 Acumentis increased its investment in ACU WA from 25% to 42.2% and entered into an agreement granting Acumentis a call option on the remaining shares of ACU WA exercisable between 2024 and 2026.

ACU WA has been a tightly integrated operation within Acumentis for many years sharing valuation, IT, finance, HR, payroll, marketing and management systems.

ACU WA provides valuation and advisory services throughout WA and leads operations in South Australia and the Northern Territory.

Key Terms of Acquisition

Key terms of the acquisition are as follows:

- Initial consideration calculated as 4.5x the annualised PBT for the six months to 30 June 2021 multiplied by 57.8% (subject to minimum acquisition price of \$2.6m);
- Plus the vendors share of Net cash balance as at 30 June 2021 which is to be paid out of ACU WA cash balances;
- The initial consideration will be settled 55% in cash and 45% in newly issued Acumentis shares (at 11.64 cents being VWAP for 15 days ended 18 May 2021);
- Deferred consideration calculated as 4.5x the average PBT for the financial years ended 30 June 2023, 2024 and 2025 multiplied by 57.8% less the initial consideration (subject to a maximum total acquisition price of \$3.9m);
- The deferred consideration will be settled 55% in cash and 45% in newly issued Acumentis shares (at the VWAP for the 15 days immediately prior to the issue of these shares);

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- Shares issued for the initial and deferred consideration will be subject to voluntary escrow provisions whereby 100% of the shares are escrowed for 12 months and 50% for 24 months post issue date; and
- All executive shareholders of ACU WA will remain as employees of the business during the period to 30 June 2025 and are expected to remain employed beyond this date, however, will be bound by normal commercial restraints from 30 June 2025.

The acquisition is subject to:

- ACU having or conducting the necessary funding to facilitate the Transaction;
- The existing executive shareholders of ACU WA entering into new employment contracts with Acumentis; and
- Each party obtaining any such approvals as may be required, including as may be required by law, the ASX Listings Rules, the terms of any licence, qualification, governing body, constitution, agreement or other arrangement.

Strategic Growth Strategy

In a strong property cycle the Company is seeing many opportunities and some challenges in its business. Our strategy is to invest where we can best apply our valuation skills, national presence and upgraded systems for the benefit of our clients and ultimately our shareholders.

The acquisition of ACU WA completes a further step in Acumentis' strategic plan to deliver a single, national business, servicing its client across the whole of Australia. The unified service will improve client experience and engagement, enhancing ACU's capacity to provide high quality, consistent and seamless service across Australia.

The Company believes the acquisition will deliver strong returns, improve company wide margins, and increase Acumentis' appeal to nationwide clients allowing further growth in revenue. In addition, the acquisition enables the business to progress the establishment of additional capacity in South Australia and the Northern Territory.

Keith Perrett, Chairman of Acumentis commented:

"We are pleased to announce an acquisition which will enhance the experience of our clients. With a single-entity operation, we are able to further our company and service-line developments, with the immediate beneficiaries being our loyal clients."

Timothy Rabbitt, Managing Director of Acumentis commented:

"ACU WA have been proven innovators over the past decade and we look forward to further progressing that innovation within Acumentis, Australia-wide. Coupled with existing transformations being conducted with the Company, we look forward to seeing these and the benefits of the acquisition translate to our clients and employees. We have now further enhanced our position within the property sector and we see this translating into earnings growth for our shareholders."

Ross Sharp, Chairman of ACU WA commented:

"We are delighted to come together fully with Acumentis, having traded for a number of years within the Acumentis umbrella and systems. We see this as the easiest of integrations given we already operate on common valuation systems, IT, accounting and management systems. For the shareholders of ACU WA this alignment through a shareholding in Acumentis will further drive our local growth plans."

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John Wise
Company Secretary
(02) 8823 6300 email john.wise@acumentis.com.au

About Acumentis

Acumentis is entrusted to provide commercial and residential valuations, research and property advice to many thousands of homeowners, investors, developers and lenders. The company offers property valuation, insurance valuation and advisory services to clients including major banks and financial institutions, property developers, property trusts, government, lawyers, accountants, real estate agents and major and independent retailers. With 40 offices and more than 300 staff in metropolitan and regional locations around the country, Acumentis is Australia's only independent, locally owned, ASX-listed property valuation company.