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3 September 2021

## Optus Contract Update

Cellnet Group Limited (“Cellnet” or the “Company”) advises that it has received verbal notification from Optus that it will not be renewing its mobile accessories supply agreement (the “Agreement”) with Cellnet.

At this time, further details are yet to be provided by Optus to Cellnet, including the transition arrangements and the termination date of the Agreement.

In FY2021, sales from ongoing business under the current Agreement represented 8% of Cellnet’s revenue. Prior to the allocation of operating expenses (including resourcing, marketing, financing, travel, insurance, and other indirect costs), the contribution to FY2021 net profit before tax from ongoing business under the Agreement was approximately \$1.8 million.

The Company intends to mitigate the non-renewal of the Agreement in FY2022 through the following initiatives:

- improved working capital utilisation, a reduction in inventory costs and accompanying release of cash that will occur when the Agreement’s consignment model expires;
- pursuing new business opportunities including new supplier and franchise relationships in higher margin segments; and
- implementing initiatives to streamline operating costs.

Dave Clark, Cellnet Chief Executive, said “We remain confident in the outlook for Cellnet, and the business today is well equipped for change. We plan to transition from Optus with a renewed focus on other channels including telco franchise, CE retail, online and B2B channels, which will further be supported by our recent brand acquisitions. We intend to further mitigate impact through streamlining of our operations and reduced direct and associated costs to serve the Optus corporate owned channel.”

Ends

Authorised for release by the Chairman and the Chief Executive  
For further information, please contact Chris Barnes (Company Secretary) on 1300 235 563.