

# ASX ANNOUNCEMENT

Acumentis Group Limited (ASX: ACU)



1 February 2022

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By E-Lodgement

## ACQUISITION OF 100% OF ACUMENTIS (SA) PTY LTD

Acumentis Group Limited (ASX: ACU) (“Acumentis” or the “Company”) has agreed to acquire 100% of its South Australian franchisee Acumentis (SA) Pty Ltd (“ACU SA”).

- Adds \$1.4M annual revenues to the consolidated results and additional margin without increasing group overheads.
- Expected to deliver an increase to EPS of circa 10%.
- Allows for the expansion of Acumentis’ service coverage within South Australia providing the opportunity to offer advisory, commercial and agri-business activities not currently deployed in SA.
- Creates a single entity delivering valuation and property advisory services throughout Australia.
- Values ACU SA at 3x annual PBT with upfront consideration to the value of \$950,000.
- Upfront consideration to be settled 75% in cash and 25% in newly issued Acumentis shares (at 16.23 cents a share being the VWAP for 15 days ended 31 January 2022).
- The upfront cash is payable 40% on settlement with the balance in 3 equal instalments 6, 12 and 18 months after settlement.
- Deferred consideration based on 3x average annual PBT for the three years ended 30 June 2025 less upfront consideration and capped at \$950,000.
- Acquisition effective from 1 February 2022 with settlement expected mid-February 2022.

### Background

ACU SA has been a franchisee of Acumentis (WA) Holdings Pty Ltd since 2011 and operated as a licensee of the then LMW Hegney brand from 2010.

Effective 1 July 2021, Acumentis acquired the remaining 57.8% of Acumentis (WA) Holdings Pty Ltd.

This acquisition terminates the franchise arrangements and brings the ACU SA business and rights to trade in South Australia within the wholly owned Acumentis Group.

ACU SA has operated predominantly in the Adelaide metropolitan area and within the residential mortgage valuation business. Post-acquisition, our strategy will be to expand both the geographical area serviced within SA and to diversify the service offering to include commercial and agri-business valuation as well as property advisory services.

ACU SA is already integrated with the wider Acumentis business utilising the same IT and valuation platforms and accordingly the transition to becoming an owned entity carries little integration risk or costs. The Acquisition enhances Acumentis’ opportunity to grow the business within SA and the opportunity to expand into the Northern Territory is significant.

### Acumentis (SA) Pty Ltd Performance

The historic financial performance of Acumentis (SA) Pty Ltd has been as follows:

<b>Unaudited \$000</b>	<b>Year ended Jun 17</b>	<b>Year ended Jun 18</b>	<b>Year ended Jun 19</b>	<b>Year ended Jun 20</b>	<b>Year ended Jun 21</b>	<b>6 Months to Dec 21</b>
Revenue	905	995	1,094	1,142	1,427	843
Profit before tax	145	121	127	361	363	197

We expect to be able to grow both revenues and profits in the medium term from the levels experienced in the last 30 months.

### Key Terms of Acquisition

Key terms of the acquisition are as follows:

- Upfront consideration of \$950,000 plus working capital balance, calculated as 3x normalised annual PBT,
- The upfront consideration will be settled 75% in cash and 25% in newly issued Acumentis shares (at 16.23 cents a share being VWAP for 15 days ended 31 January 2022),
- The upfront cash is payable 40% on settlement with the balance in 3 equal instalments 6, 12 and 18 months after settlement,
- Deferred consideration calculated as the lower of:
  - 3x the average PBT for the financials years ended 30 June 2023, 2024 and 2025 less the upfront consideration; and
  - \$950,000.
- The deferred consideration will be settled 75% in cash and 25% in newly issued Acumentis shares (at the VWAP for the 15 days immediately prior to 30 June 2025),
- Shares issued for the upfront and deferred consideration will be subject to voluntary escrow provisions whereby 100% of the shares are escrowed for 12 months, 75% for 18 months. 50% for 24 months and 25% for 30 months post issue date, and
- All executive shareholders of ACU SA will remain as employees of the business during the period to 30 June 2025 and will be bound by normal commercial restraints from 30 June 2025.

The acquisition is subject to:

- 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, and
- The existing executive shareholders of ACU SA entering new employment contracts with Acumentis.

### Conclusion

The acquisition of ACU SA completes the last significant step in Acumentis' plan to provide a single national business, servicing its client across the whole of Australia. It also enables the business to progress the establishment of additional offices in SA and expand into the NT.

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### 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.