



ACN: 010721749
E1/ 5 Grevillea Place
Brisbane Airport Qld 4008

5 July 2023

Scheme Booklet registered by ASIC

Cellnet Group Limited (“Cellnet” or the “Company”) refers to:

- its announcement on 4 July 2023 in relation to the proposed scheme of arrangement under which Wentronic Holding GmbH (“Wentronic”) has agreed to acquire all of the shares in Cellnet not currently owned by Wentronic and its associates (“Excluded Shareholders”) (“Scheme”); and
- the orders made by the Federal Court of Australia that Cellnet convene a meeting of Cellnet shareholders to consider and vote on the Scheme (“Scheme Meeting”) and approving the distribution of an explanatory statement providing information about the Scheme and the Notice of Scheme Meeting (“Scheme Booklet”) to Cellnet shareholders.

Scheme Booklet

Cellnet is pleased to confirm that the Australian Securities and Investments Commission (“ASIC”) has today registered the Scheme Booklet. A copy of the Scheme Booklet is attached to this announcement. The Scheme Booklet will also be available for viewing and downloading at <https://www.cellnet.com.au/investor-hub/>.

Cellnet Shareholders should carefully read the Scheme Booklet in its entirety and the materials accompanying the Scheme Booklet, before deciding how to vote on the Scheme.

Independent Expert’s Report

Cellnet appointed PKF Melbourne Corporate Pty Ltd ACN 063 564 045 (“Independent Expert”) to assess the Scheme. The Independent Expert has concluded that the Scheme is fair and reasonable to Cellnet Shareholders (other than the Excluded Shareholders) and therefore in the best interests of Cellnet Shareholders (other than the Excluded Shareholders) in the absence of a superior proposal. A copy of the Independent Expert’s report is annexed to the Scheme Booklet.

Independent Directors’ recommendation

Cellnet’s independent directors (“Independent Directors”) have considered the advantages and disadvantages of the Scheme and unanimously recommend that Cellnet Shareholders vote in favour of the resolution to approve the Scheme, in the absence of a superior proposal and subject to the Independent Expert continuing to consider the Scheme to be in the best interests of Cellnet Shareholders (other than the Excluded Shareholders).

Each of the Independent Directors intend to vote in favour of the resolution to approve the Scheme at the Scheme Meeting in respect of the Cellnet shares that they own or control, in the absence of a superior proposal and subject to the Independent Expert continuing to consider the Scheme to be in the best interests of Cellnet shareholders.

Scheme Meeting

The Scheme Meeting will be held at 8.30am (AEST time) on Monday 7 August 2023 at Tenancy E1, 5 Grevillea Place, Brisbane Airport, Queensland 4008.

All registered Cellnet shareholders as at 8.30 am (AEST) on 5 August 2023 will be eligible to vote at the Scheme Meeting.

All Cellnet shareholders are encouraged to vote either by completing and returning the proxy form or alternatively by attending the Scheme Meeting in person or by proxy, attorney or corporate representative (if applicable).

Further information

Cellnet shareholders who have any questions regarding the Scheme or the Scheme Booklet may contact the Cellnet Shareholder Information Line on 1300 235 563 or email at IR@cellnet.com.au.

For further information, please contact Tony Pearson, Chairperson at IR@cellnet.com.au.

Ends

Authorised for release by the Cellnet Independent Board Committee.

SCHEME BOOKLET

For a scheme of arrangement between Cellnet Group Limited (ASX: CLT) and its ordinary shareholders in relation to the proposed acquisition of the shares in Cellnet Group Limited that Wentronic Holding GmbH or its Associates do not own



The Independent Directors unanimously recommend that you

VOTE IN FAVOUR

of the Scheme, in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Cellnet Shareholders (other than the Excluded Shareholders).

This document is important and requires your immediate attention. It should be read in its entirety.

If you are in doubt as to what you should do or how to deal with this document, you should consult your broker or legal, financial, taxation or other professional advisor immediately.

A Notice of Scheme Meeting is set out in **Attachment D** to this Scheme Booklet

If you have any questions in relation to this Scheme Booklet or the Scheme, you should contact the Cellnet Shareholder Information Line on 1300 235 563 between 10 am and 4 pm, Monday to Friday or by email at IR@cellnet.com.au

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1. NATURE OF THIS DOCUMENT

- 1.1 This Scheme Booklet is important. Please read this Scheme Booklet carefully and in its entirety before deciding whether or not to vote in favour of the Scheme Resolution.
- 1.2 This Scheme Booklet explains the terms of the proposed acquisition of all of the Scheme Shares by Wentronic by way of a scheme of arrangement under Part 5.1 of the Corporations Act.
- 1.3 This Scheme Booklet also set outs the manner in which the Scheme will be implemented (if all of the conditions to the Scheme are satisfied or (if permitted) waived) and provides such information as is prescribed by law or is otherwise material to the decision of Cellnet Shareholders (other than the Excluded Shareholders) as to whether or not to vote in favour of the Scheme Resolution.
- 1.4 This Scheme Booklet constitutes an explanatory statement under section 412(1) of the Corporations Act.
- 1.5 If you have sold your Cellnet Shares, please disregard this Scheme Booklet.

RESPONSIBILITY FOR INFORMATION

- 1.6 Except as provided below, the information in this Scheme Booklet has been prepared by Cellnet and is the responsibility of Cellnet. Wentronic and its directors, officers and advisers do not assume any responsibility for the accuracy or completeness of any such information, subject to the following:
- (a) Wentronic has prepared and is responsible for the Wentronic Information. Cellnet and its directors, officers and advisers:
- (i) have not verified the Wentronic Information;
 - (ii) have relied on Wentronic to verify the Wentronic Information;
 - (iii) do not assume any responsibility for the accuracy or completeness of the Wentronic Information; and
 - (iv) accordingly, disclaim responsibility and liability for the Wentronic Information.
- (b) The Independent Expert has provided, and is responsible for, the Independent Expert's Report. Neither Cellnet nor Wentronic assumes any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report, except in relation to information given by them to the Independent Expert. The Independent Expert does not assume any responsibility for the accuracy or completeness of the information contained in this Scheme Booklet other than that contained in the Independent Expert's Report.

REGULATORY INFORMATION AND ROLE OF ASIC AND THE ASX

- 1.7 A copy of this Scheme Booklet was provided to the Australian Securities and Investments Commission (**ASIC**) in accordance with section 411(2) of the Corporations Act. This Scheme Booklet has been registered with ASIC under section 412(6) of the Corporations Act before being sent to Cellnet Shareholders (other than the Excluded Shareholders).
- 1.8 ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. ASIC's policy under Regulatory Guide 60: Schemes of arrangement in relation to statements under section 411(17)(b) of the Corporations Act is that it will not provide such a statement until the Second Court Date. This is because ASIC will not be in a position to advise the Court until it has had an opportunity to

observe the entire Scheme process. If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

- 1.9 A copy of this Scheme Booklet has been lodged with the Australian Securities Exchange (**ASX**). Neither the ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

SCHEME ORDER

- 1.10 The fact that, under section 411(1) of the Corporations Act, the Court has ordered that the Scheme Meeting be convened and has approved this Scheme Booklet does not mean that the Court has:
- (a) formed any view as to the merits of the Scheme or as to how Cellnet Shareholders (other than the Excluded Shareholders) should vote on the Scheme Resolution (on this matter, Cellnet Shareholders (other than the Excluded Shareholders) must reach their own decision); or
 - (b) prepared, or is responsible for the content of, this Scheme Booklet.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as an endorsement by the Court of, or any other expression of opinion by the Court on the Scheme.

FORWARD-LOOKING STATEMENTS AND INTENTIONS

- 1.11 Certain statements in this Scheme Booklet relate to future matters.
- 1.12 Cellnet Shareholders should be aware that there are risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results, performance or achievements of Cellnet to be materially different from the future conduct, results, performance or achievements expressed or implied by such statements, or that could cause the future conduct, results, performance or achievements to be materially different from historical conduct, results, performance or achievements.
- 1.13 These risks, uncertainties, assumptions and other important factors include, among other things, the risks set out in Section 9 of this Scheme Booklet which Cellnet Shareholders should carefully consider.
- 1.14 Neither Cellnet, Wentronic, nor any of their respective directors, officers or advisers, or any other person, gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Scheme Booklet will actually occur.
- 1.15 Cellnet Shareholders are cautioned about relying on any such forward-looking statements. The forward-looking statements in this Scheme Booklet reflect views held only as at the date of this Scheme Booklet.
- 1.16 Additionally, statements of the intentions of Wentronic reflect present intentions as at the date of this Scheme Booklet and may be subject to change. Subject to the Corporations Act and any other applicable laws, Cellnet and Wentronic disclaim any duty to update any forward-looking statements other than with respect to information that they become aware of prior to the Scheme Meeting that is material to the making of a decision as to whether or not to vote in favour of the Scheme Resolution.

INVESTMENT DECISIONS

- 1.17 This Scheme Booklet does not take into account the investment objectives, financial situation and particular needs of each individual Cellnet Shareholder or any other person. Before making any investment decision in relation to the Scheme, you should consider, with or without the assistance of an independent securities adviser, whether that decision is appropriate in light of your particular investment needs, objectives and financial circumstances.

PRIVACY

- 1.18 Cellnet and Wentronic may need to collect personal information to implement the Scheme.
- 1.19 The personal information may include the names, contact details and details of shareholdings of Cellnet Shareholders, together with contact details of individuals appointed as proxies, attorneys or corporate representatives for the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act.
- 1.20 The primary purpose of the collection of personal information is to assist Cellnet and Wentronic to conduct the Scheme Meeting and implement the Scheme.
- 1.21 The information may be disclosed to Cellnet and Wentronic and their respective Related Bodies Corporate; and advisers, print and mail service providers, share registries, securities brokers and any other service provider to the extent necessary to effect the Scheme.
- 1.22 Cellnet Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them. Cellnet Shareholders may contact the Share Registry if they wish to exercise these rights.
- 1.23 If the information outlined above is not collected, Cellnet may be hindered in, or prevented from, conducting the Scheme Meeting or implementing the Scheme. Cellnet Shareholders (other than the Excluded Shareholders) who appoint an individual as their proxy, attorney or corporate representative to vote at the Scheme Meeting should inform that individual of the matters outlined above.

EXTERNAL WEBSITES

- 1.24 Unless expressly stated otherwise, the content of Wentronic's and Cellnet's websites do not form part of this Scheme Booklet and Cellnet Shareholders should not rely on any such content.

GLOSSARY AND DEFINED TERMS

- 1.25 Capitalised terms used in this Scheme Booklet are defined in the Glossary in Section 13 of this Scheme Booklet. This section also sets out rules of interpretation that apply to this Scheme Booklet. Unless expressly stated otherwise, the Glossary does not apply to the Attachments.
- 1.26 The calculation of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effects of rounding. Accordingly, their actual calculation may differ from the calculations set out in this Scheme Booklet.

IMPORTANT DATES AND EXPECTED TIMETABLE FOR THE SCHEME

Event	Date and time
Date of this Scheme Booklet	5 July 2023
Latest time and date for receipt of proxy forms or powers of attorney by the Share Registry for the Scheme Meeting	8.30 am on 5 August 2023
Meeting Record Date (time and date for determining eligibility to vote at the Scheme Meeting)	8.30 am on 5 August 2023
Scheme Meeting for approval of the Scheme by Cellnet Shareholders (other than the Excluded Shareholders)	8.30 am on 7 August 2023
Second Court Hearing for approval of the Scheme by the Court	10 August 2023 (subject to court availability)
Effective Date The date on which the Scheme becomes legally effective and is binding on Cellnet Shareholders (other than the Excluded Shareholders) Scheme Order lodged with ASIC and announcement to the ASX Last day of trading in Cellnet Shares on the ASX (with Cellnet Shares suspended from close of trading)	11 August 2023
Scheme Record Date (date for determining entitlement to Scheme Consideration)	7.00pm on 18 August 2023 (fifth Business Day after Effective Date)
Implementation Date (payment of Scheme Consideration)	25 August 2023 (fifth Business Day after Scheme Record Date)

- 1.27 All dates following the date of the Scheme Meeting are indicative only and, among other things, are subject to all necessary approvals from the Court and any other Government Agencies. The actual timetable will depend on many factors outside the control of Cellnet and Wentronic, including the Court approval process and satisfaction of other conditions. Cellnet reserves the right to vary the times and dates set out in the timetable above. Any changes to the above timetable (which may include an earlier or later date for the Second Court Hearing) will be announced on the ASX and on Cellnet's website <https://www.cellnet.com.au>.

2. LETTER FROM THE CHAIRPERSON OF CELLNET

5 July 2023

Dear Cellnet Shareholder

On behalf of Cellnet, I am pleased to present you with this Scheme Booklet to assist in your decision as to how to vote on the Scheme Resolution at the Scheme Meeting, which will be held at 8.30 am on 7 August 2023 at Tenancy E1, 5 Grevillea Place, Brisbane Airport, Queensland 4008.

On 12 May 2023, Cellnet announced that it had entered into a Scheme Implementation Deed with Wentronic, under which Wentronic would acquire all of the Cellnet Shares not currently owned by Wentronic and its Associates, by way of a scheme of arrangement. Full details of the Scheme are set out in this Scheme Booklet.

If the Scheme is approved and implemented, Cellnet Shareholders (other than the Excluded Shareholders) will receive cash consideration of \$0.027 per Cellnet Share.

Wentronic has been a major shareholder in Cellnet since 2017 and currently holds (with its Associates) approximately 53.23% of Cellnet Shares. In order to evaluate Wentronic's proposal, Cellnet established the Independent Board Committee.

What will you receive under the Scheme?

The Scheme is subject to a number of conditions, including the approval of the Scheme by Cellnet Shareholders (other than Excluded Shareholders) at the Scheme Meeting and by the Court. If the conditions are satisfied or (if permitted) waived, Scheme Shareholders will receive the Scheme Consideration of \$0.027 cash for each Cellnet Share they hold on the Scheme Record Date (which is expected to be 7.00pm on 18 August 2023). The Scheme Consideration will then be paid to Scheme Shareholders on the Implementation Date (which is expected to be 25 August 2023).

What do your Independent Directors recommend?

For the reasons set out in this Scheme Booklet, your Independent Directors unanimously recommend that you **VOTE IN FAVOUR** of the Scheme Resolution at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to consider the Scheme to be in the best interests of Cellnet Shareholders (other than the Excluded Shareholders).

Each of your Independent Directors intend to **VOTE IN FAVOUR** of the Scheme Resolution at the Scheme Meeting in respect of the Cellnet Shares that they own or control, in the absence of a Superior Proposal and subject to the Independent Expert continuing to consider the Scheme to be in the best interests of Cellnet Shareholders (other than the Excluded Shareholders).

Why you may vote IN FAVOUR of the Scheme Resolution at the Scheme Meeting?

Reasons why you may **VOTE IN FAVOUR** of the Scheme Resolution at the Scheme Meeting include:

- Your Independent Directors unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to consider the Scheme to be in the best interests of Cellnet Shareholders (other than the Excluded Shareholders).
- The Independent Expert has concluded that the Scheme is fair and reasonable to Cellnet Shareholders (other than the Excluded Shareholders) and therefore in the best interests of Cellnet Shareholders (other than the Excluded Shareholders), in the absence of a Superior Proposal.
- The Scheme Consideration represents a significant premium for your Cellnet Shares. At the close of trading on 10 May 2023, the last trading day prior to the announcement of the Scheme, the closing price of Cellnet Shares was \$0.018 per share.

- The Scheme Consideration provides you with certainty as to the cash value of your Cellnet Shares which may not otherwise be achieved if the Scheme does not proceed. The certainty of receiving the Scheme Consideration if the Scheme is implemented, should also be compared with the risks and uncertainties associated with remaining as a Cellnet Shareholder if the Scheme does not proceed.
- A Competing Proposal is considered unlikely, and no Superior Proposal has emerged as at the date of this Scheme Booklet.
- Cellnet continues to incur significant losses in the current market environment. Accordingly, if the Scheme is not implemented, Cellnet will need to consider a range of initiatives in order to fund its operations going forward, which may include raising capital. If required, any such capital raising is likely to result in Cellnet Shareholders having to either contribute additional capital or have their shareholding diluted.
- The Scheme Consideration is 100% cash, providing Cellnet Shareholders (other than Excluded Shareholders) with certainty of value to sell 100% of their Cellnet Shares for cash, which may not be achieved if the Scheme does not proceed. The certainty of receiving the Scheme Consideration if the Scheme is implemented, should be compared with the risks and uncertainties associated with remaining as a Cellnet Shareholder. The price of Cellnet Shares will continue to be subject to market volatility and may fall if the Scheme is not implemented and in the absence of a Superior Proposal.
- No brokerage or stamp duty will be payable on the transfer of your Cellnet Shares under the Scheme.
- Cellnet Shares currently trade at low volumes on the ASX. If the Scheme is not implemented, there is no guarantee that Cellnet Shareholders will be able to sell all or some of their Cellnet Shares on the ASX in a single and/or series of transactions and/or in an orderly way. The Scheme Consideration provides you with the opportunity to realise value for your shareholding all at once, rather than with the risks associated with a gradual sell-down.
- The Scheme is subject to limited and customary conditions, such as Court approval, Cellnet Shareholder approval (other than by Excluded Shareholders), and no Cellnet Prescribed Occurrences, no Cellnet Regulated Event and no Cellnet Material Adverse Change occurring. The Scheme is not subject to Wentronic obtaining financing, Foreign Investment Review Board approval, or completing due diligence on Cellnet.

More detailed reasons why you may **VOTE IN FAVOUR** of the Scheme Resolution are set out in Section 3.2.

Why you may VOTE AGAINST the Scheme Resolution at the Scheme Meeting?

- You may disagree with your Independent Directors' recommendation and the Independent Expert's conclusion.
- If the Scheme is implemented, you will no longer participate in the potential upside, if any, that may result from being a Cellnet Shareholder.
- You may believe it is in your best interests to maintain your current investment and risk profile.
- Implementation of the Scheme precludes the possibility of receiving the benefit of any future, potentially more favourable, proposal for your Cellnet Shares.
- The tax consequences of the Scheme may not be suitable to your financial position.

More detailed reasons as to why you may choose to **VOTE AGAINST** the Scheme Resolution are set

out in Section 3.3 and other relevant considerations are set out in Section 3.4.

What are the next steps?

The Scheme is subject to a number of conditions, including the approval of the Scheme by Cellnet Shareholders (other than Excluded Shareholders) at the Scheme Meeting which is currently scheduled to be held at 8.30am on 7 August 2023.

Your vote is important for the Scheme to proceed.

I strongly encourage you to exercise your right to vote on this important transaction.

See the Notice of Scheme Meeting contained in **ATTACHMENT D** of this Scheme Booklet for details of how to vote at the Scheme Meeting, including how and when to lodge a proxy vote if you intend to do so.

Further information

I encourage you to read this Scheme Booklet, including the Independent Expert's Report carefully and in its entirety, as this Scheme Booklet contains important information that you should consider before you vote on the Scheme Resolution.

Please consult your broker, financial adviser or legal adviser before making an investment decision in relation to your Cellnet Shares.

If you have any questions about this Scheme Booklet or the Scheme, please contact the Cellnet Shareholder Information Line on 1300 235 563 or email at IR@cellnet.com.au.

Yours sincerely,



Tony Pearson

3. CONSIDERATIONS RELEVANT TO YOUR VOTE

3.1 Summary

(a) **Reasons to vote in favour of the Scheme Resolution**

- (i) Your Independent Directors unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to consider the Scheme to be in the best interests of Cellnet Shareholders (other than the Excluded Shareholders).
- (ii) The Independent Expert has assessed the Scheme to be fair and reasonable and, consequently, concluded that the Scheme is in the best interests of Cellnet Shareholders (other than the Excluded Shareholders), in the absence of a Superior Proposal.
- (iii) The Scheme Consideration represents a significant premium for your Cellnet Shares. At the close of trading on 10 May 2023, the last trading day prior to the announcement of the Scheme, the closing price of Cellnet Shares was \$0.018 per share.
- (iv) The Scheme Consideration provides you with certainty as to the cash value of your Cellnet Shares and the timing of your payment.
- (v) A Competing Proposal is considered unlikely and no Superior Proposal has emerged as at the date of this Scheme Booklet.
- (vi) The price of Cellnet Shares will continue to be subject to market volatility and may fall if the Scheme is not implemented and in the absence of a Superior Proposal.
- (vii) No brokerage or stamp duty will be payable on the transfer of your Cellnet Shares under the Scheme.
- (viii) Cellnet Shares currently trade at low volumes on the ASX. If the Scheme is not implemented, there is no guarantee that Cellnet Shareholders will be able to sell all or some of their Cellnet Shares on the ASX in a single and/or series of transactions and/or in an orderly way. The Scheme Consideration provides you with the opportunity to realise value for your shareholding all at once, rather than incurring the risks associated with a gradual sell-down.
- (ix) The Scheme is subject to limited and customary conditions as set out in the Scheme Implementation Deed.
- (x) These reasons are discussed in more detail in Section 3.2.

(b) **Potential reasons why you may choose to vote against the Scheme Resolution**

- (i) You may disagree with your Independent Directors' recommendation and the Independent Expert's conclusion.
- (ii) If the Scheme is implemented, you will no longer participate in the potential upside, if any, that may result from being a Cellnet Shareholder.
- (iii) You may believe it is in your best interests to maintain your current investment and risk profile.
- (iv) Implementation of the Scheme precludes the possibility of receiving the benefit of any future, potentially more favourable, proposal for your Cellnet Shares.

- (v) The tax consequences of the Scheme may not be suitable to your financial position.
- (vi) These reasons are discussed in more detail in Section 3.3.

3.2 Reasons to Vote in Favour of the Scheme Resolution

- (a) **Your Independent Directors unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to consider the Scheme to be in the best interests of Cellnet Shareholders (other than the Excluded Shareholders)**
 - (i) Your Independent Directors consider that the Scheme is in the best interests of Cellnet Shareholders (other than the Excluded Shareholders) and unanimously recommend that you vote in favour of the Scheme Resolution at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to consider the Scheme to be in the best interests of Cellnet Shareholders (other than the Excluded Shareholders).
 - (ii) Each Independent Director intends to vote in favour of the Scheme Resolution at the Scheme Meeting in respect of the Cellnet Shares that they own or control, in the absence of a Superior Proposal and subject to the Independent Expert continuing to consider the Scheme to be in the best interests of Cellnet Shareholders (other than the Excluded Shareholders). The interests of your Independent Directors in Cellnet Securities are set out in Section 12.2 of this Scheme Booklet.
 - (iii) In reaching their recommendation and determining how to vote on the Scheme Resolution, your Independent Directors have assessed the Scheme having regard to the reasons to vote in favour of, or against, the Scheme Resolution, as set out in this Scheme Booklet. The Independent Directors consider that the Scheme Consideration of \$0.027 recognises the value, future growth potential of and risks associated with an investment in Cellnet, as well as providing certainty of all cash consideration to Cellnet Shareholders for their Cellnet Shares.
- (b) **The Independent Expert has assessed the Scheme to be fair and reasonable and, consequently, concluded that the Scheme is in the best interests of Cellnet Shareholders (other than the Excluded Shareholders), in the absence of a Superior Proposal.**
 - (i) Cellnet appointed PKF Melbourne Corporate Pty Ltd as the Independent Expert to assess the merits of the Scheme and to provide an opinion as to whether the Scheme is in the best interests of Cellnet Shareholders (other than the Excluded Shareholders).
 - (ii) Based on the Scheme Consideration, the Independent Expert has assessed the Scheme to be fair and reasonable and, consequently, concluded that the Scheme is in the best interests of Cellnet Shareholders (other than the Excluded Shareholders), in the absence of a Superior Proposal.
 - (iii) The Independent Expert has assessed the fair market value per Cellnet Share (on a control basis) to be in the range of \$0.020 to \$0.025 per share. Accordingly, the Scheme Consideration of \$0.027 per Scheme Share exceeds the high end of the valuation range determined by the Independent Expert.
 - (iv) A complete copy of the Independent Expert's Report is included in **ATTACHMENT E**. The Independent Directors encourage you to read the

Independent Expert's Report in its entirety before making a decision as to whether or not to vote in favour of the Scheme.

- (c) **The Scheme Consideration represents a significant premium for your Cellnet Shares. At the close of trading on 10 May 2023, the last trading day prior to the announcement of the Scheme on 12 May 2023, the closing price of Cellnet Shares was \$0.018 per share**
- (i) If the Scheme is approved, Cellnet Shareholders (other than Excluded Shareholders) will receive \$0.027 cash per Cellnet Share held. This represents a:
 - A. 50% premium to the Cellnet Share closing price of \$0.018 per share on 10 May 2023 (being the last trading day before the announcement of the Scheme);
 - B. 50% premium to the thirty-day VWAP of Cellnet Shares of \$0.018 per share up to and including 10 May 2023; and
 - C. 15% premium to the ninety-day VWAP of Cellnet Shares of \$0.023 per share up to and including 10 May 2023.
 - (ii) At the close of trading on 10 May 2023 the last trading day prior to the announcement of the Scheme on 12 May 2023, Cellnet Shares closed at \$0.018 per share.
- (d) **The Scheme Consideration provides you with certainty as to the cash value of your Cellnet Shares and the timing of receipt of payment**
- (i) Cellnet Shares currently trade at low volumes on the ASX. If the Scheme is not implemented, there is no guarantee that Cellnet Shareholders will be able to sell all or some of their Cellnet Shares on the ASX in a single and/or series of transactions and/or in an orderly way.
 - (ii) The Scheme Consideration of \$0.027 per Cellnet Share provides you with certainty of the cash value and certainty of timing in relation to the receipt of the Scheme Consideration. If the Scheme becomes Effective, the Scheme Consideration will be paid on the Implementation Date (which is expected to be 25 August 2023).
 - (iii) In contrast, if the Scheme is not implemented, the amount Cellnet Shareholders will be able to realise for their Cellnet Shares will necessarily be uncertain, as the value of Cellnet Shares will continue to be subject to risks, including the general and specific risks set out in Section 9 of this Scheme Booklet.
 - (iv) Furthermore, if the Scheme is not implemented, there is a risk that a future proposal from Wentronic or a third party for your Cellnet Shares may not materialise, or if it does, that it may be for substantially less than the current Scheme Consideration.
 - (v) Cellnet continues to incur significant losses in the current market environment. Accordingly, if the Scheme is not implemented Cellnet will need to consider a range of initiatives in order to fund its operations going forward, which may include raising capital. If required, any such capital raising is likely to result in Cellnet Shareholders having to either contribute additional capital or have their shareholding diluted.
 - (vi) The Scheme Consideration is 100% cash, providing Cellnet Shareholders (other than the Excluded Shareholders) with a certain cash value for 100% of

their Cellnet Shares, which may not be achieved if the Scheme does not proceed. The certainty of receiving the Scheme Consideration if the Scheme is implemented, should be compared with the risks and uncertainties associated with remaining as a Cellnet Shareholder if the Scheme does not proceed.

(e) **A Competing Proposal is considered unlikely and no Superior Proposal has emerged as at the date of this Scheme Booklet**

- (i) As at the date of this Scheme Booklet your Independent Directors are not aware of any Competing Proposal, and are not in any discussions that could lead to a Competing Proposal. Your Independent Directors consider that a Superior Proposal is unlikely to emerge and they are not aware of any potential Superior Proposal that is likely to emerge.
- (ii) Other potential buyers of Cellnet are also likely to consider (and may be deterred by) its small size, the financial position of the business, its potential need for further funding to develop its business and its ownership structure (with approximately 53.23% of Cellnet Shares held by Wentronic and its Associates as at the date of this Scheme Booklet, which could potentially prevent a competing acquirer from acquiring full control of Cellnet).
- (iii) Until the date of the Second Court Hearing, there is nothing preventing other parties from making unsolicited Competing Proposals for Cellnet.
- (iv) Although Cellnet has agreed with Wentronic to certain exclusivity provisions that restrict it from soliciting or inviting, or engaging with, the proponent of a Competing Proposal, these restrictions do not prevent Cellnet from considering an unsolicited Competing Proposal that is or would reasonably be expected to result in a Superior Proposal if the Independent Directors determine, in good faith and after receiving advice from Cellnet's advisors, that failing to respond or refusing to take action would be reasonably likely to constitute a breach of the Independent Director's fiduciary or statutory obligations. Wentronic has the right, but not the obligation, to match any Competing Proposal. The matching right process is set out in clause 14.6 of the Scheme Implementation Deed.
- (v) If a Competing Proposal for Cellnet emerges prior to the Second Court Hearing, your Independent Directors will carefully consider that proposal and will inform you of any material developments that may affect your Independent Directors' view that the Scheme is presently the most favourable proposal for all your Cellnet Shares.

(f) **The price of Cellnet Shares will continue to be subject to market volatility and may fall if the Scheme is not implemented and in the absence of a Superior Offer**

- (i) The Cellnet Share price will continue to be subject to market volatility and may fall if the Scheme is not implemented, and in the absence of a Superior Proposal.
- (ii) The Independent Expert has stated that if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of Cellnet Shares is likely to trade at least in the short term, below the Scheme Consideration.
- (iii) At the close of trading on 10 May 2023, the day prior to the announcement of the Scheme, the closing price of Cellnet Shares was \$0.018 per share.

(g) **No brokerage or stamp duty will be payable on the transfer of your Cellnet**

Shares under the Scheme

- (i) You will not incur any brokerage or stamp duty on the transfer of your Cellnet Shares pursuant to the Scheme.
- (h) **Cellnet Shares currently trade at low volumes on the ASX. If the Scheme is not implemented, there is no guarantee that Cellnet Shareholders will be able to sell all or some of their Cellnet Shares on the ASX in a single and/or series of transactions and/or in an orderly way. The Scheme Consideration provides you with the opportunity to realise value for your shareholding all at once, rather than incurring the risks associated with a gradual sell-down**
 - (i) Cellnet Shares currently trade at low volumes on the ASX. Due to market volatility and trading uncertainty generally, there is a risk that you may not be able to sell your shares in an orderly manner if the Scheme does not proceed and the Cellnet Shares continue to not be liquid.
- (i) **The Scheme is subject to limited and customary conditions as set out in the Scheme Implementation Deed**
 - (i) The Scheme is subject to limited and customary conditions, such as Court approval, Cellnet Shareholder approval (other than by Excluded Shareholders) and no Cellnet Prescribed Occurrence, no Cellnet Regulated Event and no Cellnet Material Adverse Change having occurred.
 - (ii) The Scheme is not subject to Wentronic obtaining financing, Foreign Investment Review Board approval, or completing due diligence on Cellnet.
 - (iii) Further details on the Scheme conditions are set out in Section 6.5 of this Scheme Booklet.

3.3 Reasons you may choose to vote against the Scheme Resolution

- (a) Although your Independent Directors unanimously recommend that you vote in favour of the Scheme Resolution and the Independent Expert has concluded that the Scheme is fair and reasonable to Cellnet Shareholders (other than the Excluded Shareholders), and consequently is in the best interests of Cellnet Shareholders (other than the Excluded Shareholders), in both instances in the absence of a Superior Proposal, there may be factors which lead you to vote against the Scheme Resolution, including those set out below.
 - (i) **You may disagree with your Independent Directors' recommendation and the Independent Expert's conclusion**
 - A. In concluding that the Scheme is in the best interests of Cellnet Shareholders (other than the Excluded Shareholders) in the absence of a Superior Proposal, your Independent Directors and the Independent Expert are making judgements based on future trading conditions and events that cannot be predicted with certainty and that may prove to be inaccurate (either positively or negatively).
 - B. You may hold a different view and you are not obliged to follow the recommendation of your Independent Directors, and you may not agree with the Independent Expert's conclusions.
 - C. Your Independent Directors' recommendation also does not take into account the investment objectives, financial situation and particular needs of each individual Cellnet Shareholder or any other person. Before making any investment decision in relation to

the Scheme, you should consider, ideally with the assistance of an independent securities advisor, whether that decision is appropriate in light of your particular investment needs, objectives and financial circumstances.

- (ii) **If the Scheme is implemented, you will no longer participate in the potential upside, if any, from being a Cellnet Shareholder**
- A. If the Scheme is implemented, your Cellnet Shares will be acquired by Wentronic, and you will cease to be a Cellnet Shareholder. Consequently, you will no longer be entitled to participate in (or be exposed to) the future financial performance of Cellnet (including as to any profits or losses) or exercise the rights of a Cellnet Shareholder. You may prefer to participate in, or be exposed to, the future financial performance of Cellnet (including as to any profits or losses). There are risks associated with retaining an investment in Cellnet. For further information in relation to these risks, refer to Section 9 of this Scheme Booklet.
- (iii) **You may believe it is in your best interests to maintain your current investment and risk profile**
- A. You may wish to maintain your investment in Cellnet in order to have an investment in a publicly listed company with the specific characteristics of Cellnet in terms of industry, operational profile, size, capital structure and potential future financial performance. In particular, you may prefer to contribute further funds to Cellnet if Cellnet is required to raise further funds, in preference to the certainty of \$0.027 cash per Cellnet Share that Wentronic is offering through the Scheme.
- (iv) **Implementation of the Scheme precludes the possibility of receiving the benefit of any future, potentially more favourable, proposal for your Cellnet Shares**
- A. It is possible that, if Cellnet were to continue as a standalone listed company, a corporate control proposal for Cellnet may materialise in the future which is more favourable for Cellnet Shareholders than the \$0.027 cash per Cellnet Share that Wentronic is offering through the Scheme.
- B. Cellnet Shareholders (other than the Excluded Shareholders) are being asked to vote on the Scheme on 7 August 2023 and, if the Scheme becomes Effective, the Scheme Consideration will be paid on the Implementation Date (which is expected to be 25 August 2023). Implementation of the Scheme would preclude the possibility of Cellnet Shareholders (other than the Excluded Shareholders) obtaining the benefit of any future, potentially more favourable, proposal for their Cellnet Shares that could emerge if Cellnet were to remain a listed company.
- C. As at the date of this Scheme Booklet, your Independent Directors are not aware of any Competing Proposal, and are not in any discussions that could lead to a Competing Proposal.
- D. Your Independent Directors consider that a Superior Proposal is unlikely to emerge, including because other potential buyers of Cellnet are likely to consider (and may be deterred by) its small

size, the financial position of the business, its potential need for further funding to develop its business and its ownership structure (with 53.23% of Cellnet Shares held by Wentronic and its Associates as at the date of this Scheme Booklet which could potentially prevent a competing acquirer from acquiring full control of Cellnet).

(v) **The tax consequences of the Scheme may not be suitable to your financial position**

- A. Implementation of the Scheme may have tax implications for Scheme Shareholders, some of which may be adverse. Please carefully read and consider Section 10 of this Scheme Booklet, which sets out the Australian tax consequences of the Scheme. Cellnet Shareholders should not rely on the disclosure of taxation considerations in Section 10 as being advice on their own affairs. Please consult with your own independent taxation adviser regarding the taxation implications of the Scheme.

3.4 Other Relevant Considerations

(a) **Conditions**

- (i) The Scheme is subject to a number of conditions. These conditions are summarised in Section 6.5 and set out in full in clause 3.1 of the Scheme Implementation Deed, which is contained in **ATTACHMENT A** of this Scheme Booklet.
- (ii) If these conditions are not satisfied or (if permitted) waived before the Second Court Hearing, the Scheme will not be implemented and Cellnet Shareholders will not receive the Scheme Consideration.
- (iii) As at the date of this Scheme Booklet, the Independent Directors are not aware of any matter that would result in the non-fulfilment of the conditions.

(b) **The Scheme may proceed even if you vote against it**

- (i) The Scheme will be implemented if the conditions are satisfied or (if permitted) waived, irrespective of whether you do not vote or you vote against the Scheme Resolution at the Scheme Meeting.
- (ii) If this occurs, your Scheme Shares will be transferred to Wentronic and you will receive the Scheme Consideration.

(c) **Cellnet's transaction costs and reimbursement payments**

- (i) The aggregate amount of fees and expenses expected to be incurred (or expected to be incurred) by Cellnet in connection with the Scheme is estimated to be approximately \$350,000 (exclusive of GST) (Cellnet and Wentronic consented to the increased fees by letter on 28 June 2023).
- (ii) In addition, Cellnet has agreed under clause 12.2 of the Scheme Implementation Deed to pay to Wentronic an amount equal to \$250,000 in reimbursement of costs (**Reimbursement Payment**), provided that Wentronic is not in breach of a material obligation under the Scheme Implementation Deed, if any of the following events occur:
- A. before the Delivery Time, any Independent Director: changes their recommendation that Scheme Shareholders vote in favour of the resolution to approve the Scheme; or publicly recommends a

Competing Proposal, subject to the exceptions in clause 12.2(a) of the Scheme Implementation Deed;

- B. Wentronic terminates the Scheme Implementation Deed because Cellnet is in breach of a material obligation under the Scheme Implementation Deed and has failed to remedy the breach within the allowed timeframe set out in clause 11.1(a)(ii) of the Scheme Implementation Deed;
- C. a Competing Proposal is publicly announced by a third party before the Delivery Time, and, within 12 months after such announcement, the Third Party making the Competing Proposal (or any of its Associates) implements the Competing Proposal, acquires all or a majority of the Cellnet Shares or assets, or otherwise acquires Control of Cellnet; or
- D. at any time before termination of the Scheme Implementation Deed or the Implementation Date, Cellnet enters into any arrangement, agreement or understanding (in writing or otherwise) to implement a Competing Proposal,

and subject to the qualifications set out in clause 12.3 of the Scheme Implementation Deed. The full terms of the Reimbursement Payment arrangements are set out in clause 12 of the Scheme Implementation Deed.

- (iii) Wentronic has agreed under clause 13.2 of the Scheme Implementation Deed to pay Cellnet an amount equal to \$250,000 in reimbursement of costs (Reverse Reimbursement Payment), provided that Cellnet is not in breach of a material obligation under the Scheme Implementation Deed, if any of the following events occur:

- A. Cellnet terminates the Scheme Implementation Deed because Wentronic is in breach of a material obligation under the Scheme Implementation Deed and has failed to remedy the breach within the allowed timeframe set out in clause 11.1(a)(ii) of the Scheme Implementation Deed;
- B. the Scheme becomes Effective but Wentronic does not pay the Scheme Consideration in accordance with its obligations under the Scheme Implementation Deed and the Deed Poll,

and subject to the qualifications set out in clause 13.3 of the Scheme Implementation Deed. The full terms of the Reverse Reimbursement Payment arrangements are set out in clause 13 of the Scheme Implementation Deed.

(d) **Exclusivity arrangements**

- (i) The following is a summary only of the exclusivity arrangements agreed to be in the Scheme Implementation Deed. The full terms of these exclusivity arrangements are set out in clause 14 of the Scheme Implementation Deed.
- (ii) During the Exclusivity Period:
 - A. **No-shop:** Cellnet will not (and ensure its Representatives do not) directly or indirectly solicit or encourage any Competing Proposal.
 - B. **No-talk:** Cellnet will not (and ensure its Representatives do not) directly or indirectly negotiate or participate in discussions with any person in relation to (or could reasonably be expected to lead to) a

Competing Proposal.

- C. **No-due diligence:** Cellnet will not (and ensure its Representatives do not) directly or indirectly solicit or encourage any person to undertake due diligence investigations in respect of Cellnet or provide any person with non-public information in connection with any Competing Proposal.
- D. **Notification of approaches:** Cellnet will notify Wentronic if Cellnet (or its Representatives) receives any approach or proposal to initiate any discussions or negotiations that could reasonably be expected to lead to, a Competing Proposal.
- E. **Matching Right:** Cellnet will not enter into any legally binding agreement, arrangement or understanding which would give effect to any Competing Proposal unless, amongst other matters, Cellnet has provided Wentronic with the material terms and conditions of the Competing Proposal and Wentronic does not make a counterproposal which is at least as favourable as the Competing Proposal within 5 Business Days after receipt of such information.

(e) **Excluded Shareholders**

- (i) Wentronic has been a major shareholder in Cellnet since January 2017 and as at the date of this Scheme Booklet holds (with its Associates) 129,658,107 Cellnet Shares, representing approximately 53.23% of Cellnet Shares on issue.
- (ii) Wentronic and its Associates are 'Excluded Shareholders' for the purpose of the Scheme and will not be receiving any Scheme Consideration for their Cellnet Shares.
- (iii) The Excluded Shareholders are restricted from voting on the Scheme Resolution.

4. VOTING AT THE SCHEME MEETING AND CHOICES OF CELLNET SHAREHOLDERS

4.1 The Scheme Meeting

- (a) The Scheme can only be implemented if the Scheme Resolution is passed by the Requisite Majorities at the Scheme Meeting.
- (b) The Scheme Meeting will be held at 8.30 am on Monday, 7 August 2023 at Tenancy E1, 5 Grevillea Place, Brisbane Airport, Queensland 4008.
- (c) Details regarding the Scheme Meeting are set out in the Notice of Scheme Meeting (which is contained in **ATTACHMENT D** to this Scheme Booklet).

4.2 Voting Entitlement

- (a) Each Cellnet Shareholder (other than an Excluded Shareholder) who is registered on the Register on the Meeting Record Date (which is expected to be 8.30 am on 5 August 2023) is entitled to attend and vote at the Scheme Meeting.
- (b) In the case of jointly held Cellnet Shares, only one of the joint shareholders is entitled to vote being the Cellnet Shareholder whose name appears first in the Register (in accordance with Cellnet's Constitution).

4.3 How to Vote

- (a) You may vote on the Scheme by either:
 - (i) attending the Scheme Meeting in person; or
 - (ii) proxy, attorney, or (in the case of a corporation that is a Cellnet Shareholder, other than an Excluded Shareholder) by corporate representative appointed in accordance with the Corporations Act.
- (b) Relevant details in respect of each of these methods are set out below.
 - (i) **VOTING IN PERSON** To vote in person, you must attend the Scheme Meeting. If you attend, you will be admitted to the Scheme Meeting and given a voting card at the point of entry to the meeting upon disclosing your name and address. Please bring a form of personal identification with you, such as your driver's licence.
 - (ii) **VOTING BY PROXY** To vote by proxy, you must complete and return the personalised proxy forms enclosed with this Scheme Booklet by the specified deadline below, in accordance with the instructions on each of the forms. You may appoint an individual or body corporate as your proxy.
 - (iii) **VOTING BY ATTORNEY** To vote by attorney, the attorney must have a duly executed power of attorney, specifying the Cellnet Shareholder's name (other than an Excluded Shareholder), the attorney, the meeting at which the appointment may be used and that the power of attorney applies in relation to Cellnet. The appointment may be a standing one and the attorney need not be a Cellnet Shareholder.
 - (iv) **VOTING BY CORPORATE REPRESENTATIVE** For a body corporate to vote by corporate representative, the representative must have a duly executed appointment that complies with the requirements of the Corporations Act. The representative must bring this appointment to the meeting.
 - (v) **LODGEMENT OF PROXY FORMS AND POWERS OF ATTORNEY** To be effective, completed proxy forms, powers of attorney and authorities must be

received by the Share Registry in any of the following ways at least 48 hours before the time for holding the Scheme Meeting (that is, by 8.30 am on 5 August 2023), or if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting by one of the following methods:

By post to:

Cellnet Group Limited Investor Relations

E1 / 5 Grevillea Place

Brisbane Airport QLD 4008

By scanning a completed proxy form and emailing it to

IR@cellnet.com.au

4.4 Your Choices

- (a) As a Cellnet Shareholder (other than an Excluded Shareholder), you have three choices available to you.
- (i) **OPTION 1: VOTE AT THE SCHEME MEETING** You can vote at the Scheme Meeting by attending the Scheme Meeting in person, or by proxy, attorney, or (in the case of a corporation that is a Cellnet Shareholder (other than an Excluded Shareholder)) by corporate representative appointed in accordance with the Corporations Act, in respect of some or all of your Cellnet Shares. Details of how to vote at the Scheme Meeting are set out in Section 4.3. You may vote in favour of, or against, the Scheme Resolution.

If you vote against the Scheme Resolution and the Scheme Resolution is passed by the Requisite Majorities and the other conditions to the Scheme are satisfied or (if permitted) waived, then any Cellnet Shares held by you on the Scheme Record Date will be transferred to Wentronic, and you will receive the Scheme Consideration (even though you voted against the Scheme Resolution).

- (ii) **OPTION 2: SELL YOUR CELLNET SHARES ON MARKET** You can sell your Cellnet Shares on the ASX at any time before the close of trading on the Effective Date. If you sell your Cellnet Shares on the ASX, you may incur brokerage costs. If the Scheme becomes Effective, Cellnet Shares will cease trading on the ASX at close of trading on the Effective Date.

Cellnet Shareholders who wish to sell some or all of their Cellnet Shares on the ASX should contact their broker for information on how to effect the sale.

- (iii) **OPTION 3: DO NOTHING** If you do not wish to vote for or against the Scheme Resolution, or sell your Cellnet Shares on the ASX, you may choose to do nothing.

If you do nothing and the Scheme Resolution is passed by the Requisite Majorities and the other conditions to the Scheme are satisfied or (if permitted) waived, then any Cellnet Shares held by you on the Scheme Record Date will be transferred to Wentronic, and you will be paid the Scheme Consideration (notwithstanding that you did not vote in favour of the Scheme Resolution).

4.5 What to do next

- (a) **READ THE REMAINDER OF THIS SCHEME BOOKLET.** Please read and consider the remainder of this Scheme Booklet in full before making any decision on whether to vote in favour of the Scheme Resolution. If you have any questions regarding this Scheme Booklet or the Scheme, please consult your broker, financial adviser or legal adviser, or contact the Cellnet Shareholder Information Line on 1300 235 563 or by email at IR@cellnet.com.au.

- (b) **CONSIDER YOUR OPTIONS.** Cellnet Shareholders (other than the Excluded Shareholders) should refer to Section 3.2 and Section 3.3 of this Scheme Booklet for further guidance on the expected advantages and possible disadvantages of the Scheme. However, please note that this Scheme Booklet does not take into account the investment objectives, financial situation and particular needs of any Cellnet Shareholder.

5. FREQUENTLY ASKED QUESTIONS

- 5.1 This section answers some questions Cellnet Shareholders may have about the Scheme. It is not intended to address all relevant issues for Cellnet Shareholders. This section should be read together with the other parts of this Scheme Booklet.

Question	Answer
AN OVERVIEW OF THE SCHEME	
What is the Scheme?	<p>The Scheme is a scheme of arrangement between Cellnet and Cellnet Shareholders (other than Excluded Shareholders) under Part 5.1 of the Corporations Act.</p> <p>If the Scheme becomes Effective:</p> <ul style="list-style-type: none"> • All of the Cellnet Shares held by Scheme Shareholders will be transferred to Wentronic without any need for action by Scheme Shareholders (and Cellnet will become a Subsidiary of Wentronic); and • Scheme Shareholders will receive the Scheme Consideration. <p>To become Effective, a number of conditions must be satisfied or (if permitted) waived. The conditions to the Scheme are summarised in this Section 5 and Section 6.5 of this Scheme Booklet and are set out in full in clause 3.1 of the Scheme Implementation Deed, which is contained at ATTACHMENT A of this Scheme Booklet.</p>
Who is Wentronic?	<p>Wentronic Group is a leading manufacturer and distributor of consumer electronics accessories.</p> <p>Wentronic is privately held, with its headquarters in Braunschweig, Germany and offices in Hong Kong, Shenzhen and Ningbo, servicing over 2,600 international customers worldwide.</p> <p>Wentronic has been a major shareholder in Cellnet since January 2017 and as at the date of this Scheme Booklet holds (with its Associates) 129,658,107 Cellnet Shares, representing approximately 53.23% of Cellnet Shares on issue.</p> <p>See Section 8 of this Scheme Booklet for further information regarding Wentronic.</p>
What are Wentronic's intentions for Cellnet?	Wentronic's present intentions in relation to Cellnet are set out in Section 8.6 of this Scheme Booklet.

<p>What approvals are required at the Scheme Meeting?</p>	<p>The Scheme will only be implemented if the Scheme is approved by the Requisite Majorities at the Scheme Meeting.</p> <p>Section 6 and Section 11.3 of this Scheme Booklet provide further details in relation to the Scheme Resolution (including the required voting majorities and voting restrictions for the Scheme Resolution).</p>
<p>SCHEME CONSIDERATION</p>	
<p>What consideration will I receive if the Scheme is implemented?</p>	<p>Scheme Shareholders will be paid the Scheme Consideration of \$0.027 for each Cellnet Share they hold as at the Scheme Record Date (which is expected to be 7.00pm on 18 August 2023).</p>
<p>How will Wentronic fund the Scheme Consideration?</p>	<p>The Scheme Consideration will be paid in cash and funded from Wentronic's existing cash reserves and undrawn debt facilities.</p> <p>Importantly, the Scheme is not subject to any financing conditions.</p> <p>For further details in relation to the proposed funding of the Scheme Consideration, refer to Section 8.5 of this Scheme Booklet.</p>
<p>Is Wentronic bound to pay the Scheme Consideration?</p>	<p>Yes. Under the Scheme Implementation Deed and the Deed Poll, if the Scheme becomes Effective:</p> <ul style="list-style-type: none"> • Wentronic must, by no later than the Business Day before the Implementation Date, deposit or procure the deposit in cleared funds into the Scheme Trust Account an amount equal to the aggregate amount of the total Scheme Consideration payable to all Scheme Shareholders; and • Cellnet must, on the Implementation Date and subject to Wentronic having deposited the requisite funds, pay or procure the payment of the Scheme Consideration to each Scheme Shareholder from the Scheme Trust Account.
<p>What is the premium of the Scheme Consideration compared to the market price of Cellnet Shares?</p>	<p>The Scheme Consideration of \$0.027 per Cellnet Share represents a premium of:</p> <ul style="list-style-type: none"> • 50% premium to the Cellnet Share closing price of \$0.018 per share on 10 May 2023 (being the last trading day before the announcement of the

	<p>Scheme);</p> <ul style="list-style-type: none"> • 50% premium to the thirty-day VWAP of Cellnet Shares of \$0.018 per share up to and including 10 May 2023; and • 15% premium to the ninety-day VWAP of Cellnet Shares of \$0.023 per share up to and including 10 May 2023.
<p>When will I receive the Scheme Consideration?</p>	<p>If the Scheme becomes Effective, Scheme Shareholders will be paid the Scheme Consideration of \$0.027 per each Scheme Share on the Implementation Date (which is expected to be 25 August 2023).</p> <p>You should be aware that if the Scheme Meeting is adjourned or the Effective Date is otherwise delayed, the payment of the Scheme Consideration will also be delayed.</p>
<p>How will I receive payment of the Scheme Consideration?</p>	<p>Cellnet will make each payment by either:</p> <ul style="list-style-type: none"> • Sending (or procuring the Share Registry to send) the payment to the Scheme Shareholder's Registered Address by cheque in Australian currency drawn out of the Scheme Trust Account. • Depositing (or procuring the Share Registry to deposit) the payment into an account with any Australian ADI (as defined in section 9 of the Corporations Act) notified to Cellnet (or the Share Registry) by an appropriate authority from the Scheme Shareholder.
<p>What are the tax implications of the Scheme?</p>	<p>Implementation of the Scheme may have tax implications for Scheme Shareholders, some of which may be adverse. The tax implications of the Scheme for a Scheme Shareholder, will depend on the Scheme Shareholder's particular circumstances.</p> <p>Please carefully read and consider Section 10 of this Scheme Booklet, which sets out the general description of the Australian tax implications of the Scheme.</p> <p>Cellnet Shareholders should not rely on the disclosure of taxation considerations in Section 10 as being advice on their own affairs. Cellnet Shareholders should consult with their own independent taxation advisers regarding the taxation implications of the Scheme.</p>

SCHEME MEETING, VOTING AND APPROVALS	
When and where will the Scheme Meeting be held?	The Scheme Meeting will be held at 8.30am on Monday, 7 August 2023 at Tenancy E1, 5 Grevillea Place, Brisbane Airport, Queensland 4008
What am I being asked to vote on?	<p>Cellnet Shareholders (other than the Excluded Shareholders) are being asked to vote on the Scheme Resolution, to approve the Scheme.</p> <p>The text of the Scheme Resolution is set out in the Notice of Scheme Meeting, which is contained in ATTACHMENT D of this Scheme Booklet.</p>
What vote is required to approve the Scheme?	<p>For the Scheme to be approved by Cellnet Shareholders (other than the Excluded Shareholders) at the Scheme Meeting, the Scheme Resolution must be passed by the Requisite Majorities, being both:</p> <ul style="list-style-type: none"> • A majority in number (that is more than 50%) of Cellnet Shareholders (other than the Excluded Shareholders) who vote at the Scheme Meeting (either in person or by proxy or corporate representative), unless the Court orders otherwise; and • At least 75% of the total number of Cellnet Shares voted by Cellnet Shareholders (other than the Excluded Shareholders) at the Scheme Meeting (either in person or by proxy or corporate representative). <p>Even if the Scheme Resolution is passed by the Requisite Majorities at the Scheme Meeting, the Scheme will only be implemented if the other conditions to the Scheme are satisfied or (if permitted) waived (see Section 6.5 of this Scheme Booklet for the conditions to which the Scheme is subject).</p>
What are the voting restrictions?	<p>Each person who is a Cellnet Shareholder (other than the Excluded Shareholders) as at the Meeting Record Date (expected to be 8.30 am on 5 August 2023) is entitled to vote at the Scheme Meeting.</p> <p>In the case of jointly held Cellnet Shares, only one of the joint shareholders is entitled to vote, being the shareholder whose name appears first in the Register.</p> <p>Wentronic and its Associates are not entitled to vote at the Scheme Meeting, due to their interest in the Scheme. As Cellnet Directors Michael Wendt, and Brian Danos are each</p>

	<p>a nominated director of Wentronic, both Michael Wendt and Brian Danos are restricted from voting at the Scheme Meeting and also do not consider it appropriate to provide any recommendation to Cellnet Shareholders about how to vote.</p>
<p>Am I entitled to vote at the Scheme Meeting?</p>	<p>Each Cellnet Shareholder (other than Excluded Shareholder) who is registered on the Share Register as at the Meeting Record Date (being 8.30 am on 5 August 2023) is entitled to vote at the Scheme Meeting.</p>
<p>How do I vote?</p>	<p>Cellnet Shareholders (other than the Excluded Shareholders) may vote on the Scheme Resolution in one of the following ways:</p> <ul style="list-style-type: none"> • In person, by attending the Scheme Meeting. • By proxy, by completing and lodging the proxy form accompanying this Scheme Booklet so that it is received by 8.30 am on 5 August 2023. • By a corporate representative (in the case of a corporate Cellnet Shareholder). <p>Voting is not compulsory. However, your vote is important. Even if you do not vote or you vote against the Scheme Resolution, the Scheme may still be implemented if the Scheme Resolution is passed by the Requisite Majorities and the other conditions to the Scheme are satisfied or (if permitted) waived.</p> <p>For further information in relation to voting at the Scheme Meeting, see Section 4 of this Scheme Booklet, and the Notice of Scheme Meeting, which is contained in ATTACHMENT D.</p>
<p>What should I do if I cannot attend the Scheme Meeting?</p>	<p>Cellnet encourages Cellnet Shareholders to consider lodging a directed proxy form if they are not able to attend the Scheme Meeting.</p>
<p>What happens if I do not vote, or if I vote against the Scheme?</p>	<p>Even if you do not vote or you vote against the Scheme Resolution, the Scheme may still be implemented if the Scheme Resolution is passed by the Requisite Majorities and the other conditions to Scheme are satisfied or (if permitted) waived.</p> <p>Accordingly, you may still be bound by the Scheme even if you do not vote or you vote against the Scheme Resolution.</p>
<p>What does the Chair intend to do with undirected proxies held by</p>	<p>The Chair of the Scheme Meeting intends to vote all available undirected proxies in favour of the Scheme, in the absence</p>

him?	of a Superior Proposal and subject to the Independent Expert continuing to consider the Scheme to be in the best interests of Cellnet Shareholders (other than Excluded Shareholders).
When will the results of the Scheme Meeting be available?	The results of the Scheme Meeting will be announced to the ASX shortly after the conclusion of the Scheme Meeting.
VOTING CONSIDERATIONS FOR THE SCHEME RESOLUTION	
What do your Independent Directors recommend?	<p>Your Independent Directors unanimously recommend that Cellnet Shareholders (other than the Excluded Shareholders) VOTE IN FAVOUR of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to consider the Scheme to be in the best interests of Cellnet Shareholders (other than the Excluded Shareholders).</p> <p>Each Independent Director intends to VOTE IN FAVOUR of the Scheme Resolution in respect of the Cellnet Shares that they own or control, in the absence of a Superior Proposal and subject to the Independent Expert continuing to consider the Scheme to be fair and reasonable to Cellnet Shareholders (other than the Excluded Shareholders), and consequently in the best interests of Cellnet Shareholders (other than the Excluded Shareholders).</p>
What is the opinion of the Independent Expert?	<p>The Independent Expert has concluded that the Scheme is fair and reasonable to Cellnet Shareholders (other than the Excluded Shareholders) and, consequently is in the best interests of Cellnet Shareholders (other than the Excluded Shareholders), in the absence of a Superior Proposal.</p> <p>The Independent Expert's Report is set out in ATTACHMENT E.</p>
Why should I vote in favour of the Scheme?	Reasons why you should consider voting in favour of the Scheme Resolution are set out in Section 3.2 of this Scheme Booklet.
Why might I consider not voting in favour of the Scheme?	Reasons why you might consider not voting in favour of the Scheme Resolution are set out in Section 3.3 of this Scheme Booklet.
Is there any Competing Proposal?	As at the date of this Scheme Booklet, your Independent Directors are not aware of any Competing Proposal, and are not in any discussions that could lead to a Competing Proposal.

	<p>Your Independent Directors consider that a Superior Proposal is unlikely to emerge.</p>
<p>What happens if a Competing Proposal emerges?</p>	<p>Until the date of the Second Court Hearing, there is nothing preventing other parties from making unsolicited Competing Proposals for Cellnet. Although Cellnet has agreed to certain exclusivity provisions that restrict it from soliciting or inviting, or engaging with, the proponent of a Competing Proposal, these restrictions do not prevent Cellnet from considering an unsolicited Competing Proposal that is or would reasonably be expected to result in a Superior Proposal, if the Independent Directors determine, in good faith and after receiving advice from Cellnet’s advisors, that failing to respond or refusing to take action would be reasonably likely to constitute a breach of the fiduciary or statutory obligations of the Independent’s Directors. Wentronic has the right, but not the obligation, to match any Competing Proposal.</p> <p>If a Competing Proposal for Cellnet emerges prior to the Second Court Hearing, your Independent Directors will carefully consider that proposal and will inform you of any material developments that may affect your Independent Directors’ view that the Scheme is the most favourable proposal for all your Cellnet Shares.</p> <p>Your Independent Directors consider that a Superior Proposal is unlikely to emerge.</p>
<p>CONDITIONS AND IMPLEMENTATION OF THE SCHEME</p>	
<p>What are the conditions to the Scheme?</p>	<p>The Scheme is subject to a number of conditions, including:</p> <ul style="list-style-type: none"> • The Scheme being approved by Cellnet Shareholders (other than by the Excluded Shareholders) at the Scheme Meeting. • The Scheme being approved by the Court at the Second Court Hearing. • No Cellnet Prescribed Occurrence occurring before the Delivery Time. • No Cellnet Regulated Event occurring before the Delivery Time. • No Cellnet Material Adverse Change occurring between 11 May 2023 and the Delivery Time. <p>The conditions to the Scheme are summarised in Section 6.5 of this Scheme Booklet and set out in full in clause 3.1 of the Scheme Implementation Deed, which is contained in ATTACHMENT A of this Scheme Booklet.</p>

<p>When will the Scheme become Effective?</p>	<p>The Scheme will become Effective on the date on which the Scheme Order approving the Scheme is lodged with ASIC (which is expected to occur on 11 August 2023).</p>
<p>What happens on the Implementation Date?</p>	<p>On the Implementation Date (which is expected to be 25 August 2023):</p> <ul style="list-style-type: none"> • Wentronic will become the holder of all the Scheme Shares. • Scheme Shareholders will be paid the Scheme Consideration.
<p>What happens if the Scheme is not approved or implemented?</p>	<p>If the Scheme is not implemented:</p> <ul style="list-style-type: none"> • You will not receive the Scheme Consideration. • Cellnet will continue to operate as a standalone entity and remain listed on the ASX. • You will retain your Cellnet Shares and continue to have exposure to the benefits and risks associated with an investment in Cellnet. • The Cellnet Share price will continue to be subject to market volatility and may fall if the Scheme is not implemented, and in the absence of a Superior Proposal.
<p>ADDITIONAL INFORMATION</p>	
<p>Can I sell my Cellnet Shares on the ASX?</p>	<p>You can sell your Cellnet Shares on the ASX up to and including the Effective Date. Cellnet will apply to the ASX to suspend trading on the ASX in Cellnet Shares with effect from the close of trading on the Effective Date, so you will not be able to sell your Cellnet Shares after this time.</p> <p>If you sell your Cellnet Shares on the ASX:</p> <ul style="list-style-type: none"> • You may pay brokerage on the sale. • You will not receive the Scheme Consideration. • You may receive the proceeds from the sale of your Cellnet Shares sooner than you would receive payment under the Scheme (noting that your sale proceeds may vary from the Scheme Consideration). • You will not be able to participate in the Scheme or

	<p>a Superior Proposal if one emerges after the date on which you sell your Cellnet Shares.</p> <ul style="list-style-type: none"> • There may be different tax consequences compared with those that would arise if the Scheme is implemented.
Will I need to pay brokerage or stamp duty?	You will not incur any brokerage or stamp duty on the transfer of your Cellnet Shares under the Scheme.
Will I receive any other information prior to the Scheme Meeting?	As a company listed on the ASX and a disclosing entity under the Corporations Act, Cellnet is subject to regular reporting and disclosure obligations under the ASX Listing Rules and the Corporations Act. Cellnet will continue to provide information to Cellnet Shareholders in accordance with these obligations.
Is there a number that I can call if I have further queries about the Scheme?	If you have any questions about this Scheme Booklet or the Scheme, please contact the Cellnet Shareholder Information Line on 1300 235 563 or by email at IR@cellnet.com.au .
What should I do if I am contacted by other Cellnet Shareholders?	<p>All Cellnet Shareholders should carefully read this Scheme Booklet in its entirety before deciding whether to vote in favour of the Scheme.</p> <p>If Cellnet Shareholders have any questions, they can call the Cellnet Shareholder Information Line referred to above.</p> <p>If any Cellnet Shareholder is in doubt as to what they should do or how to deal with this document, they should consult their broker or legal, financial, taxation or other professional advisor immediately.</p>

6. SUMMARY OF THE SCHEME

6.1 BACKGROUND

- (a) On 11 May 2023, Cellnet and Wentronic entered into the Scheme Implementation Deed. The Scheme Implementation Deed sets out the obligations of Cellnet and Wentronic in connection with the implementation of the Scheme. A copy of the Scheme Implementation Deed is included as **ATTACHMENT A** to this Scheme Booklet.
- (b) This Scheme Booklet has been prepared pursuant to section 412(1) of the Corporations Act to explain the effect of the Scheme between Cellnet and Cellnet Shareholders (other than the Excluded Shareholders).

6.2 IF THE SCHEME IS IMPLEMENTED

- (a) If the Scheme becomes Effective:
 - (i) All of the Cellnet Shares held by Scheme Shareholders will be transferred to Wentronic without any need for action by Scheme Shareholders ((and Cellnet will become a Subsidiary of Wentronic).
 - (ii) Scheme Shareholders will receive the Scheme Consideration.
- (b) To become Effective, a number of conditions must either be satisfied or (if permitted) waived. These conditions are summarised in Section 6.5 of this Scheme Booklet and set out in clause 3.1 of the Scheme Implementation Deed, which is contained in **ATTACHMENT A** to this Scheme Booklet.

6.3 PAYMENT OF THE SCHEME CONSIDERATION

- (a) If the Scheme becomes Effective:
 - (i) Wentronic must, by no later than the Business Day before the Implementation Date, deposit in cleared funds into the Scheme Trust Account an amount equal to the total Scheme Consideration payable to all Scheme Shareholders.
 - (ii) Cellnet must, on the Implementation Date and subject to Wentronic having deposited the requisite funds, pay or procure the payment of the Scheme Consideration to each Scheme Shareholder from the Scheme Trust Account.
 - (iii) Cellnet will make each payment by either:
 - A. Sending (or procuring the Share Registry to send) it to the Scheme Shareholder's Registered Address by cheque in Australian currency drawn out of the Scheme Trust Account.
 - B. Depositing (or procuring the Share Registry to deposit) it into an account with any Australian ADI (as defined in section 9 of the Corporations Act) notified to Cellnet (or the Share Registry) by an appropriate authority from the Scheme Shareholder.
 - (iv) In the case of Scheme Shares held in joint names:
 - A. Any cheque required to be sent under this Scheme will be made payable to the joint holders and sent at the sole discretion of Cellnet, either to the holder whose name appears first in the Register as at the Scheme Record Date or to the joint holders.
 - B. Any other document required to be sent under this Scheme, will

be forwarded, at the sole discretion of Cellnet, either to the holder whose name appears first in the Register as at the Scheme Record Date or to the joint holders.

6.4 IF THE SCHEME IS NOT IMPLEMENTED

- (a) If the Scheme does not become Effective:
 - (i) Cellnet Shareholders will continue to hold their Cellnet Shares and will not receive the Scheme Consideration.
 - (ii) In the absence of an alternative corporate control transaction for Cellnet, Cellnet will continue to operate as a standalone listed entity and Cellnet Shareholders will continue to participate in the benefits of, and be exposed to the risks associated with, an investment in Cellnet.
- (b) Some of the risks relating to an investment in Cellnet are set out in Section 9 of this Scheme Booklet.

6.5 CONDITIONS OF THE SCHEME

- (a) To become Effective, a number of conditions must either be satisfied or (if permitted) waived. These conditions include:
 - (i) **(No Cellnet Prescribed Occurrence)** no Cellnet Prescribed Occurrence occurring before the Delivery Time.
 - (ii) **(No Cellnet Regulated Event)** no Cellnet Regulated Event occurring before the Delivery Time.
 - (iii) **(No Cellnet Material Adverse Change)** no Cellnet Material Adverse Change occurring before the Delivery Time.
 - (iv) **(Restraints)** no restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or Government Agency, or other material legal restraint or prohibition being in effect at the Delivery Time that would prevent the Scheme from becoming Effective.
 - (v) **(Cellnet Warranties)** the Cellnet Warranties are and remain true and correct in all material respects on the date of the Scheme Implementation Deed and at the Delivery Time.
 - (vi) **(Bidder Warranties)** the Bidder Warranties are true and correct in all material respects on the date of the Scheme Implementation Deed at the Delivery Time.
 - (vii) **(Cellnet Shareholder approval)** the Scheme being approved by Cellnet Shareholders (other than the Excluded Shareholders) at the Scheme Meeting by the Requisite Majorities.
 - (viii) **(Independent Expert)** the Independent Expert issues an Independent Expert's Report which concludes that the Scheme is in the best interests of Cellnet Shareholders (other than Excluded Shareholders) before the time when the Scheme Booklet is registered by ASIC and does not change its conclusion or withdraw its Independent Expert's Report before the Delivery Time.
 - (ix) **(Court approval)** the Scheme being approved by the Court either unconditionally or on conditions that do not impose unduly onerous obligations on either party (acting reasonably).

- (b) The conditions to the Scheme are set out in full in clause 3.1 of the Scheme Implementation Deed (which is contained in **ATTACHMENT A** of this Scheme Booklet). The Scheme will not proceed unless all of the conditions are satisfied or (if permitted) waived in accordance with the Scheme Implementation Deed.
- (c) As at the date of this Scheme Booklet, Cellnet and Wentronic are not aware of any circumstances that would cause any condition precedent not to be satisfied. Cellnet will make a statement regarding the status of the conditions at the Scheme Meeting.

6.6 IMPLEMENTATION OF THE SCHEME

- (a) Following approval of the Scheme by the Court, there are three important dates in respect of implementation of the Scheme, being:
 - (i) The Effective Date, which is the date on which the Scheme Order is lodged with ASIC and the Scheme becomes Effective (expected to be 11 August 2023).
 - (ii) The Scheme Record Date, which is 7.00 pm on the fifth Business Day after the Effective Date (expected to be 7.00 pm on 18 August 2023) and is the date when the Register is examined to determine who is entitled to participate in the Scheme (that is, a Scheme Shareholder) and receive the Scheme Consideration.
 - (iii) The Implementation Date, which is the fifth Business Day after the Scheme Record Date (expected to be 25 August 2023) and is the date on which:
 - A. all of the Cellnet Shares held by Scheme Shareholders will be transferred to Wentronic without any need for action by Scheme Shareholders and Cellnet will become a Subsidiary of Wentronic; and
 - B. Scheme Shareholders will receive the Scheme Consideration.
- (b) Further details regarding implementation of the Scheme are set out in Section 11 of this Scheme Booklet.

6.7 INDEPENDENT DIRECTORS' RECOMMENDATION AND VOTING INTENTIONS

- (a) Your Independent Directors unanimously recommend that you vote in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to consider the Scheme to be fair and reasonable to Cellnet Shareholders (other than the Excluded Shareholders), and consequently in the best interests of Cellnet Shareholders (other than the Excluded Shareholders).
- (b) In forming their unanimous recommendation, your Independent Directors have carefully considered the conditions, advantages, disadvantages and risks of the Scheme. These matters are described in more detail in Section 3.2 of this Scheme Booklet and in the Independent Expert's Report in **ATTACHMENT E** to this Scheme Booklet.
- (c) Each of your Independent Directors intends to vote in favour of the Scheme in respect of all of the Cellnet Shares that they own or control, in the absence of a Superior Proposal and subject to the Independent Expert continuing to consider the Scheme to be fair and reasonable, and consequently in the best interests of Cellnet Shareholders (other than the Excluded Shareholders). The interests of the Cellnet Directors in Cellnet Securities are set out in Section 12.2 of this Scheme Booklet.
- (d) Mr Kevin Gilmore did not participate on the Independent Board Committee that was established to evaluate the Scheme, due to his previous position as a director of a

Cellnet subsidiary which held a 49% interest in a joint venture between Cellnet and Wentronic. Mr Gilmore ceased to be a director of this subsidiary company on 26 October 2021. As Mr Gilmore is not an Associate of Wentronic, he can vote his Cellnet Shares at the Scheme Meeting and he has indicated that he intends to vote all Cellnet Shares held or controlled by him in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to consider the Scheme to be in the best interests of Cellnet Shareholders (other than the Excluded Shareholders).

- (e) If a Competing Proposal emerges, your Independent Directors will carefully consider whether it is a Superior Proposal and advise you of their recommendation.

6.8 INDEPENDENT EXPERT'S CONCLUSIONS

- (a) Your Independent Directors commissioned the Independent Expert to prepare the Independent Expert's Report expressing an opinion on whether the Scheme is fair and reasonable and in the best interests of Cellnet Shareholders (other than the Excluded Shareholders).
- (b) The Independent Expert has assessed the value of Cellnet Shares to be in the range of \$0.020 to \$0.025. The Scheme Consideration of \$0.027 cash per Cellnet Share exceeds this range.
- (c) The Independent Expert has concluded that the Scheme is fair and reasonable to Cellnet Shareholders (other than the Excluded Shareholders), and consequently in the best interests of Cellnet Shareholders (other than the Excluded Shareholders), in the absence of a Superior Proposal.
- (d) The Independent Expert's Report is set out in full in **ATTACHMENT E** to this Scheme Booklet. Your Independent Directors encourage you to read this report in full before deciding how to vote on the Scheme.

6.9 FUNDING OF THE SCHEME CONSIDERATION

- (a) If the Scheme becomes Effective, Scheme Shareholders will receive the Scheme Consideration of \$0.027 cash per Scheme Share.
- (b) Details regarding Wentronic's funding arrangements for the Scheme Consideration are set out in Section 8 of this Scheme Booklet.

6.10 TREATMENT OF OTHER CELLNET SECURITIES

- (a) As at the date of this Scheme Booklet, Cellnet had 4,000,000 Cellnet Options on issue. Details regarding the Cellnet Options held by or on behalf of the Cellnet Directors are set out in Section 12.2 of this Scheme Booklet.
- (b) In accordance with the terms of the Scheme Implementation Deed, the Cellnet Options will be cancelled on and from the Effective Date for no consideration, and a deed cancelling the Cellnet Options which is conditional on the Scheme becoming Effective, has been entered into between the relevant optionholder, Cellnet and Wentronic.

6.11 AUSTRALIAN TAX IMPLICATIONS

- (a) The transfer of your Cellnet Shares to Wentronic under the Scheme will have tax consequences for Scheme Shareholders.
- (b) Please seek your own professional advice regarding the individual tax consequences applicable to you. A general summary of the tax implications for Australian residents is set out in Section 10 of this Scheme Booklet.

6.12 NO BROKERAGE OR STAMP DUTY

- (a) No brokerage or stamp duty will be payable by Scheme Shareholders on the transfer of their Cellnet Shares under the Scheme.

6.13 QUESTIONS

- (a) If you have any questions regarding this Scheme Booklet or the Scheme, please contact the Cellnet Shareholder Information Line on 1300 235 563 or email at IR@cellnet.com.au.

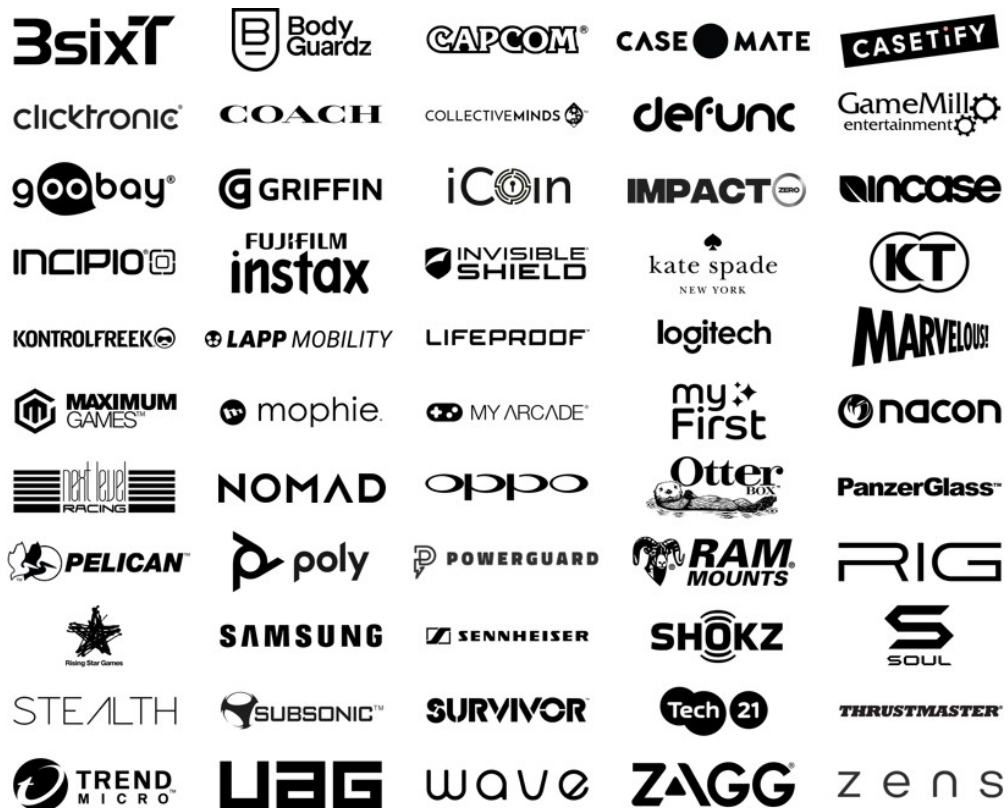
7. INFORMATION RELATING TO CELLNET

7.1 BACKGROUND

- (a) Cellnet is a public company listed on the ASX (ASX code: CLT).
- (b) Cellnet operates the business of sourcing and distributing lifestyle technology products (including mobile phone, gaming, tablet and notebook/hybrid accessories) into retail and business channels in Australia and New Zealand and fulfilment services to the mobile telecommunications and retail industries in Australia and New Zealand.

7.2 OVERVIEW OF OPERATIONS

- (a) Cellnet is a leading distributor of lifestyle technology and interactive products across Australia and New Zealand. Cellnet represents global brands and sources products in high velocity categories including mobile, AV and IT accessories, audio, gaming accessories and software into retail, business, and online channels.
- (b) Cellnet has extensive reach in Australasia, combining distribution of market leading brands together with its own brands and innovative retail category management services.
- (c) In 2018 Cellnet diversified its product offering into gaming with the acquisition of Turn Left Distribution and in 2019 acquired Powerguard to enter the surge protection power category. In April 2020, Cellnet acquired Performance Distribution, a strategic purchase for infrastructure, knowledge, and experience to accelerate its online business across Australia and New Zealand.
- (d) The current global leading brands represented by Cellnet are as follows:



7.3 CELLNET BOARD AND SENIOR MANAGEMENT

(a) Cellnet Board

(i) As at the date of this Scheme Booklet, the Cellnet Board comprises:

Name	Position
Tony Pearson	Non-Executive Chairman and Independent Non-Executive Director of the Independent Board Committee
Kevin Gilmore	Non-Executive Deputy Chairman
Michael Wendt	Non-Executive Director
Brian Danos	Non-Executive Director
Giles Karhan	Non-Executive Director and Independent Non-Executive Director of the Independent Board Committee

(b) Senior management

(i) As at the date of this Scheme Booklet, the key members of Cellnet's senior management team include:

Name	Position
Chris Barnes	Chief Financial Officer and Company Secretary
Dave Clark	Chief Executive
Peter Young	Managing Director – Cellnet New Zealand
Jason Leuzzi	General Manager Product ANZ & Group Digital
Greg Morrison	General Manager Sales Australia

7.4 CELLNET'S SECURITIES AND CAPITAL STRUCTURE

(a) Cellnet Shares on issue

(i) As at the date of this Scheme Booklet Cellnet has 243,594,634 Cellnet Shares on issue.

(ii) Details of the Cellnet Shares held by or on behalf of Cellnet Directors are set out in Section 12.2 of this Scheme Booklet.

(b) Cellnet Options on issue

(i) As at the date of this Scheme Booklet, Cellnet has 4,000,000 Cellnet Options on issue.

- (ii) See Section 6.10 of this Scheme Booklet for details regarding the treatment of the Cellnet Options if the Scheme becomes Effective.
 - (iii) Details of the Cellnet Options held by or on behalf of Cellnet Directors are set out in Section 12.2 of this Scheme Booklet.
- (c) Substantial shareholders
- (i) As at the date of this Scheme Booklet, Cellnet had received notifications from the following substantial shareholders in accordance with section 671B of the Corporations Act:

Substantial holder	Number of Cellnet Shares	Voting Power
Wentronic and its Associates	129,658,107	53.23%

7.5 OVERVIEW OF CELLNET'S FINANCIAL POSITION

- (a) **Overview**
- (i) This Section 7.5 contains Cellnet's historical financial information about the consolidated entity consisting of Cellnet and the entities it controlled at the end of, or during, the half year ending 31 December 2022 and the 12-month periods ended 30 June 2021 and 30 June 2022. This information has been prepared and extracted for the purposes of this Scheme Booklet only.
 - (ii) The financial information in this Scheme Booklet is in an abbreviated form and does not contain all of the presentations and disclosures that are usually provided in a half yearly report or an annual report and should therefore be read in conjunction with the financial statements of Cellnet for the respective periods, including the description of the significant accounting policies contained in those financial statements and the notes to those financial statements.
 - (iii) The information has been extracted from the audited financial reports of Cellnet for the half year ended 31 December 2022 (as announced to the ASX on 24 February 2023), for the year ended 30 June 2022 (as announced to the ASX on 30 August 2022) and for the year ended 30 June 2021 (as announced to the ASX on 25 August 2021). Further detail on Cellnet's financial performance and financial statements for the half year ended 31 December 2022 and financial years ended 30 June 2022 and 30 June 2021 can be found in the half yearly report for half year ending 31 December 2022 and the annual report for the financial years ended 30 June 2021 and 30 June 2022 that are available on the Cellnet's website at www.cellnet.com.au/investor-hub/.

(b) **Historical consolidated income statement**

- (i) Set out below is a summary of Cellnet's historical consolidated income statement for the half year ended 31 December 2022 and the full financial years ended 30 June 2021 and 30 June 2022.

Statement of comprehensive income (summarised)	December 31 2022 \$000s	June 30 2022 \$000s	June 30 2021 \$000s
Revenue from contracts with customers	39,104	78,759	96,141
Other income	76	1	517
Operating expenses	(40,715)	(81,060)	(92,900)
Profit / (loss) before income tax	(1,535)	(2,300)	3,758
Income tax benefit / (expense)	(3,017)	-	15
Profit for the period	(4,552)	(2,300)	3,773

(c) **Historical consolidated statement of financial position**

- (i) Set out below is a summary of Cellnet's historical consolidated statement of financial position as at 31 December 2022 and 30 June 2021 and 30 June 2022.

Statement of financial position (summarised)	December 31 2022 \$000s	June 30 2022 \$000s	June 30 2021 \$000s
Current assets	37,105	38,492	39,426
Non current assets	6,341	8,515	9,355
Total assets	43,446	47,007	48,781
Current liabilities	20,817	20,594	19,570
Non current liabilities	1,228	593	321
Total liabilities	22,045	21,187	19,891
Net assets	21,401	25,820	28,890

(d) **Historical consolidated statement of cash flows**

- (i) Set out below is a summary of Cellnet's historical consolidated statement of cash flows for the half year ended 31 December 2022 and the full financial years ended 30 June 2021 and 30 June 2022.

Statement of cashflows (summarised)	December 31 2022 \$000s	June 30 2022 \$000s	June 30 2021 \$000s
Net cash flows from / (used in) operating activities	(5,755)	4,214	2,621
Net cash flows from / (used in) investing activities	(132)	(59)	(232)
Net cash flows from / (used in) financing activities	452	(4,557)	(2,078)
Cash and cash equivalents at end of period	1,107	6,471	6,999

7.6 MATERIAL CHANGES IN CELLNET'S FINANCIAL POSITION

- (a) Other than the accumulation of revenue and trading losses in the ordinary course of trading and as disclosed in this Scheme Booklet or otherwise disclosed on ASX by Cellnet, no member of the Cellnet Board is aware of any material change to the financial position of Cellnet since 31 December 2022 (being the date of the Cellnet Half Year Financial Report for six months ended 31 December 2022 (released to the ASX on 24 February 2023).
- (b) Copies of Cellnet's Half Year Financial Report for six months ended 31 December 2022 and the Cellnet 2022 Annual Report for the financial year ended 30 June 2022 and the Cellnet 2021 Annual Report for the financial year ended 30 June 2021 are available on the ASX and on Cellnet's website (<https://www.cellnet.com.au>).

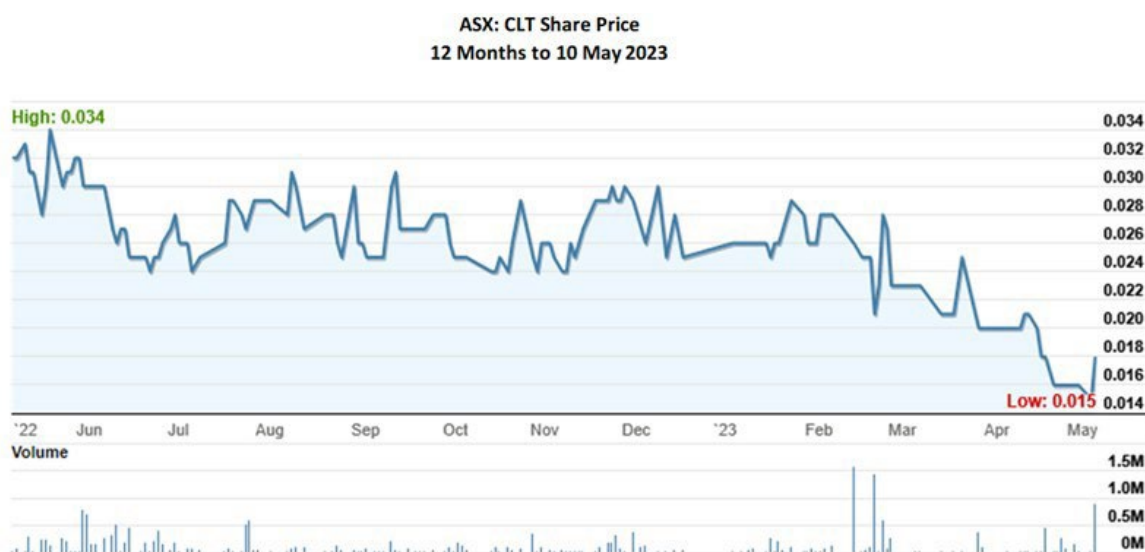
7.7 INTENTIONS REGARDING THE CONTINUATION OF CELLNET'S BUSINESS

- (a) If the Scheme is implemented, the existing Cellnet Board will be reconstituted in accordance with the instructions of Wentronic.
- (b) Accordingly, it is not possible for your existing Cellnet Board to provide a statement of their intentions regarding the following after the Scheme is implemented:
- (i) The continuation of the business of Cellnet or how the existing business will be conducted.
 - (ii) Any major changes to be made to the business of Cellnet.
 - (iii) The future employment of the present employees of Cellnet.
- (c) The intentions of Wentronic if the Scheme is implemented are as set out in Section 8.6.
- (d) If the Scheme is not implemented, Cellnet Directors intend to continue to operate the business of Cellnet in the ordinary course and in a manner consistent with current practices. There are a range of risks associated with the business of Cellnet and general market risks that Cellnet Shareholders will continue to be subject to if the Scheme does not proceed. These specific and general risks include, but are not

limited to, the risks set out in Section 9.

7.8 RECENT CELLNET SHARE PRICE PERFORMANCE

- (a) Cellnet Shares are listed on ASX under the code 'CLT'.
- (b) The closing price of Cellnet Shares on 10 May 2023, being the last trading day before announcement of the Scheme was \$0.018 per share.
- (c) During the 12 months ending 10 May 2023:
 - (i) the highest recorded daily closing price for Cellnet Shares on ASX was \$0.034 on (25 May 2022);
 - (ii) the lowest recorded daily closing price for Cellnet Shares on ASX was \$0.015 (on 9 May 2023); and
 - (iii) the diagram below shows the Cellnet closing share price performance over the 12-month period ending 10 May 2023:



7.9 RISKS RELATING TO AN INVESTMENT IN CELLNET

Section 9 outlines some of the:

- (a) risks that relate to the Scheme (see Section 9.2);
- (b) general and specific risks relating to the business and operations of Cellnet (see Section 9.5 and 9.6); and
- (c) general investment risks associated with owning Cellnet Shares (see Section 9.7).

7.10 PUBLIC INFORMATION AVAILABLE FOR INSPECTION

- (a) Cellnet is listed on the ASX. Cellnet is a disclosing entity for the purposes of the Corporations Act and the ASX Listing Rules and is subject to regular reporting and disclosure obligations that require Cellnet to disclose to the market any information of which it is aware that a reasonable person may expect to have a material impact on the price or value of Cellnet Shares.
- (b) ASIC also maintains a record of documents lodged with it by Cellnet, and these may be obtained from ASIC.
- (c) Cellnet is required to prepare and lodge with ASIC and the ASX both annual and half-year financial statements, accompanied by a statement and report from Cellnet

Directors and an audit or review report.

- (d) Copies of these and other documents lodged with ASIC and the ASX may be obtained from an ASIC office or are accessible from the ASX's website and Cellnet's website (<https://www.cellnet.com.au>).

8. INFORMATION RELATING TO WENTRONIC

8.1 INTRODUCTION

- (a) The information contained in this Section 8 has been prepared by Wentronic. The information concerning Wentronic and the Wentronic Group and the intentions, views and opinions contained in this section are the responsibility of Wentronic. Cellnet and its directors, officers and advisers do not assume any responsibility for the accuracy or completeness of this information.
- (b) The intentions of Wentronic have been formed on the basis of facts and information concerning Cellnet that are known to it, the general business environment and the circumstances affecting the business of Cellnet as at the date of this Scheme Booklet.

8.2 OVERVIEW OF WENTRONIC'S OPERATIONS

- (a) The Wentronic Group is a family-owned business founded by Dietmar Wendt in 1992. His sons, Michael Wendt and Marcus Wendt, are the sole owners and co-CEOs of all companies in the Wentronic Group.
- (b) Wentronic is a limited liability company incorporated in Braunschweig, Lower Saxony, Germany on 17 October 2014. It is a holding company which owns 100% of the shares in each operating entity in the Wentronic Group. Wentronic is owned by an investment management company, NELW GmbH, which is owned by Michael Wendt and Marcus Wendt, each holding 50% of its shares.
- (c) The Wentronic Group is a leading manufacturer and distributor of consumer electronics accessories. Wentronic is privately held, with its headquarters in Braunschweig, Germany and offices in Hong Kong, Shenzhen and Ningbo, servicing over 2,600 international customers worldwide.

8.3 WENTRONIC BOARD AND SENIOR MANAGEMENT

(a) **Wentronic Board**

- (i) As at the date of this Scheme Booklet, the Wentronic board of directors comprises:

Name	Position	Profile
Mr Michael Wendt	Director and co-CEO	Mr Michael Wendt has 30 years of experience in the international electronic accessory industry. He has held various roles in sales, marketing, and human relations.
Mr Marcus Wendt	Director and co-CEO	Mr Marcus Wendt has 30 years of experience in the international electronic accessory industry. He has held various roles in product management and business development.

(b) **Wentronic senior management**

- (i) As at the date of this Scheme Booklet, the key members of Wentronic's senior management team include:

Name	Position	Profile
Mr Michael Wendt	Director and co-CEO	Mr Michael Wendt has 30 years of experience in the international electronic accessory industry. He has held various roles in sales, marketing, and human relations.
Mr Marcus Wendt	Director and co-CEO	Mr Marcus Wendt has 30 years of experience in the international electronic accessory industry. He has held various roles in product management and business development.
Mr Steffen Biallas	Chief Financial Officer	Mr Biallas has 15 years of experience in international finance, investment banking, and management at leading global companies Goldman Sachs and HSBC. He obtained a Master of Science degree in Mathematics from Otto-von-Guericke University in Magdeburg, Germany.

8.4 RATIONALE FOR WENTRONIC'S PROPOSED ACQUISITION OF CELLNET

- (a) Wentronic considers that the acquisition of Cellnet will benefit both the business and Cellnet's customers, suppliers, employees and other stakeholders through its commitment to the market, greater financial stability and scale, and better integration with its global business.
- (b) Wentronic believes that its experience and ongoing access to capital can provide long-term funding certainty for the Cellnet business, which will encourage further growth for the business.

8.5 FUNDING ARRANGEMENTS FOR SCHEME CONSIDERATION

(a) **Maximum cash consideration**

Based on the number of Cellnet Shares on issue as at the date of this Scheme Booklet, the maximum cash consideration payable to the Scheme Shareholders by Wentronic in connection with the Scheme will be approximately \$3.1 million.¹

- (i) On the basis of the arrangements described in this section, Wentronic is of the opinion that it has a reasonable basis for forming the view, and it holds

¹ Maximum cash consideration assumes no changes in the holdings of Wentronic and its Associates before the Scheme Record Date.

the view, that it will have sufficient funds available to fund the payment of the Scheme Consideration.

(b) **Overview of funding arrangements**

- (i) The Scheme Consideration will be funded from Wentronic's existing cash reserves and undrawn debt facilities. Access to this funding is not subject to any financing conditions.

8.6 **WENTRONIC'S INTENTIONS IF THE SCHEME IS IMPLEMENTED**

(a) **Introduction**

- (i) This section sets out Wentronic's present intentions in relation to the continuation of the business of Cellnet, any major changes to be made to the business of Cellnet, including any redeployment of the fixed assets of Cellnet and the future employment of the present employees of Cellnet, if the Scheme is implemented.
- (ii) The statements set out in this section are statements of present intention only and have been formed on the basis of facts and information concerning Cellnet (including certain non-public information made available by Cellnet to Wentronic prior to the entry into the Scheme Implementation Deed) and the general business environment which is known to Wentronic at the time of preparing this Scheme Booklet. Final decisions on these matters will only be made by Wentronic in light of all material facts and circumstances at the relevant time. Accordingly, statements set out in this section may change as new information becomes available or as circumstances change, and the statements in this section should be read in that context.

(b) **Holder of Cellnet Shares**

- (i) If the Scheme is implemented, Wentronic will become the holder of all Cellnet Shares, other than any Cellnet Shares currently held by Wentronic's Associates.

(c) **Cellnet Board**

- (i) If the Scheme is Implemented, Wentronic intends to appoint its nominees to the Cellnet Board with effect from the Implementation Date and the Cellnet Board will be reconstituted so that it comprises: Michael Wendt (current Non-Executive Director), Dave Clark (current Chief Executive) and Chris Barnes (current CFO and Company Secretary).

(d) **Employees**

- (i) Wentronic will work with the existing management team to ensure that Cellnet's current operations are appropriately staffed and supported. If any roles are impacted, they will be offered redeployment in the first instance.

(e) **Cellnet delisting**

- (i) If the Scheme is Implemented, Wentronic will apply for Cellnet to be removed from the official list of the ASX.

(f) **Business, operations and assets**

- (i) Subject to completing a post-acquisition review of Cellnet's operations, Wentronic's current intention is to continue the strategic direction of Cellnet, whilst also increasing its overall influence on the day-to-day operations of Cellnet's business. In particular, Wentronic currently intends

to provide ongoing long term funding certainty for the business which will allow Cellnet's management team to focus on the growth of Cellnet and ultimately help it gain scale. Furthermore, Wentronic intends to assist with the sourcing of new products through its subsidiaries to help the growth of Cellnet and to increase margin.

8.7 WENTRONIC'S INTERESTS IN CELLNET SHARES

(a) Interests in Cellnet Shares

- (i) As at the date of this Scheme Booklet, Wentronic and its Associates have a Relevant Interest and Voting Power in 129,658,107 Cellnet Shares, representing approximately 53.23% of Cellnet Shares.

(b) Dealings in Cellnet Shares in previous four months

- (i) During the four months before the date of this Scheme Booklet, no member of the Wentronic Group or its Associates have provided or agreed to provide consideration for any Cellnet Shares under a purchase or an agreement.

(c) Benefits to holders of Cellnet Shares

- (i) During the four months before the date of this Scheme Booklet, no member of the Wentronic Group or its Associates have given or agreed to give a benefit to another person where the benefit was likely to induce the other person to:

- A. vote in favour of the Scheme; or
- B. dispose of Cellnet Shares,

which benefit was not offered to all Cellnet Shareholders.

(d) Benefits to Cellnet Directors

- (i) No member of the Wentronic Group or its Associates will be making any payment or giving any benefit to any current member of the Cellnet Board as compensation or consideration for, or otherwise in connection with, their resignation from the Cellnet Board, if the Scheme becomes Effective and the Cellnet Board is accordingly reconstituted.

8.8 OTHER MATERIAL INFORMATION

- (a) Except as disclosed elsewhere in this Scheme Booklet, there is no other information that is material to the making of a decision in relation to the Scheme, being knowledge that is within the knowledge of any director of Wentronic, as the date of this Scheme Booklet, that has not been previously disclosed to Cellnet Shareholders.

9. RISKS

9.1 Introduction

- (a) The Independent Directors consider that it is appropriate for Cellnet Shareholders (other than the Excluded Shareholders), in considering the Scheme, to be aware that there are a number of risks, both general and specific, which may materially adversely affect the future operations and financial performance of Cellnet, as well as the value of Cellnet Shares.
- (b) This Section 9 outlines some of the:
 - (i) risks that relate to the Scheme (see Section 9.2);
 - (ii) general and specific risks relating to the business and operations of Cellnet (see Section 9.5 and 9.6); and
 - (iii) general investment risks associated with owning Cellnet Shares (see Section 9.7).
- (c) Where practicable, Cellnet seeks to implement risk mitigation strategies to minimise its exposure to some of the risks outlined in this Section 9. However, there can be no assurance that such strategies will completely protect Cellnet and Cellnet Shareholders from these risks. There may be other risks that are beyond Cellnet's control and cannot be mitigated. In addition, it is possible that some of the risks outlined in this Section 9 may increase if the Scheme is not implemented.
- (d) If the Scheme proceeds, Scheme Shareholders will receive the Scheme Consideration of:
 - (i) \$0.027 cash per Cellnet Share, they will cease to hold Cellnet Shares and they will also no longer be exposed to the risks set out in this Section 9 (and any other risks to which Cellnet may be exposed) insofar as these risks relate to an investment in Cellnet Shares. If the Scheme does not proceed, Cellnet Shareholders will continue to hold Cellnet Shares and continue to be exposed to risks associated with their investment in Cellnet.
 - (ii) The risk factors set out in this Section 9 do not take into account the individual investment objectives, financial situation, position or particular needs of Cellnet Shareholders. In addition, this Section 9 is a summary only and does not purport to list every risk that may be associated with an investment in Cellnet now or in the future. You should carefully consider the risk factors discussed in this Section 9, as well as the other information contained in this Scheme Booklet before voting on the Scheme.

9.2 Risks in relation to the Scheme

- (a) The Scheme may not proceed (including if there is a Cellnet Material Adverse Change) or may be delayed.
- (b) The Scheme is subject to various conditions precedent that must be satisfied or waived (if capable of waiver) in order for the Scheme to be implemented. These conditions precedent are outlined in Section 6.5 and set out in full in clause 3.1 of the Scheme Implementation Deed. The failure of a condition precedent to be satisfied or waived (if capable of waiver) may also give rise to a right of either Cellnet or Wentronic (depending on the relevant condition precedent) to terminate the Scheme Implementation Deed, in which case the Scheme will not proceed.
- (c) The conditions precedent also include approval by the Court and approval by Cellnet Shareholders (other than by the Excluded Shareholders). There is a risk that the

Court may not approve the Scheme or may only be willing to approve the Scheme subject to conditions that Cellnet or Wentronic (as applicable) is not prepared to accept. There is also a risk that some or all of the aspects of the Cellnet Shareholder (other than by the Excluded Shareholders) or Court approvals required for the Scheme to proceed may be delayed.

9.3 Implications for Cellnet and Cellnet Shareholders if the Scheme is not implemented

- (a) If the Scheme does not become Effective and is not implemented, Cellnet Shareholders will not receive the Scheme Consideration of \$0.027 cash per Cellnet Share and Cellnet will need to consider a range of initiatives in order to fund its operations going forwards, which may include raising capital. If required any such capital raising is likely to result in the requirement for Cellnet Shareholders having to either contribute additional capital or have their shareholding diluted. In the event that additional capital is required and Cellnet is unable to raise capital then the business may not be able to continue as a going concern.
- (b) Unless Cellnet Shareholders choose to sell their Cellnet Shares on the ASX, Cellnet Shareholders will continue to hold Cellnet Shares and will be exposed to the risks of such ownership (including those set out in this Section 9).
- (c) The Cellnet share price will also remain subject to market volatility and may fall in the short term if the Scheme is not implemented and in the absence of a Superior Proposal. At the close of trading on 10 May 2023, the day prior to the announcement of the Scheme, Cellnet Shares closed at \$0.018 per share.

9.4 Tax consequences for Scheme Shareholders

- (a) If the Scheme becomes Effective, there will be tax consequences for the Scheme Shareholders which may include tax being payable. For further detail regarding general Australian tax consequences of the Scheme, refer to Section 10 of this Scheme Booklet. The tax consequences may vary depending on the nature and characteristics of Scheme Shareholders and their specific circumstances. Accordingly, you should seek professional tax advice in relation to your particular circumstances.

9.5 Risks relating to the business and operations of Cellnet

- (a) The risk factors in this Section 9.5 are existing factors relating to Cellnet's business and the industry in which it operates. These risks will continue to be relevant to Cellnet Shareholders if the Scheme does not proceed and Cellnet Shareholders retain their current investment in Cellnet. Additional risks and uncertainties not currently known to Cellnet may also have a material adverse effect on the business of Cellnet and the information set out in this Section 9.5 does not purport to be, and is not to be construed as representing, an exhaustive list of the risks affecting Cellnet.
- (b) If the Scheme proceeds, Cellnet Shareholders will receive the Scheme Consideration, they will cease to be Cellnet Shareholders (other than the Excluded Shareholders) and will no longer be exposed to the risks set out in this section.
- (c) In considering the Scheme, you should be aware that there are a number of general risk factors, as well as risks specific to the industries in which Cellnet operates, which could materially and adversely affect the future operating and financial performance of Cellnet. Many of these risks are currently relevant to Cellnet Shareholders and will continue to be relevant to Cellnet Shareholders if the Scheme does not become Effective.

- (d) **Cash flow and capital management**
- (i) Cellnet continues to incur significant losses in the current market environment. Accordingly, if the Scheme is not implemented Cellnet will need to consider a range of initiatives in order to fund its operations going forward, which may include raising capital. If required, any such capital raising is likely to result in the requirement for Cellnet Shareholders having to either contribute additional capital or have their shareholding diluted. If capital is required, and Cellnet is unable to raise capital then the business may not be able to continue as a going concern.
- (e) **Loss of key contracts and relationships**
- (i) Cellnet's business depends on its contracts and relationships with partners and customers. There can be no guarantee that these contracts will continue, and they can generally be terminated on short notice.
- (f) **Key personnel**
- (i) Cellnet's operations depend on its ability to attract and retain key management and operating personnel. Cellnet has a well-qualified and experienced management team with deep knowledge and experience of its competitive and operating environments. The labour markets in which Cellnet operates are tight, with demand typically exceeding supply. There is therefore a risk of key staff being poached with significantly inflated compensation packages. The loss of any key staff members and inability to attract the required personnel with suitable experience and qualifications to replace them, could have an adverse impact on the business.
- (g) **Fluctuations in foreign exchange rates**
- (i) Cellnet is an importing business and its products are predominantly denominated in US dollars. Accordingly, Cellnet's financial performance is influenced by fluctuations in exchange rates between the Australian dollar and the US dollar. Potential exchange rate fluctuations in these currencies may have an adverse impact on Cellnet's future financial performance.
- (h) **Competition-driven strategic risks**
- (i) Cellnet operates in an extremely competitive market and as such there is a strategic risk of significant competition from new or existing competitors that may impact new sales and customer retention, resulting in an adverse impact to Cellnet's financial performance.
- (i) **Cyber and data security risks**
- (i) Protection of Cellnet, customer, employee and third-party data is critical to Cellnet's ongoing business and Cellnet has adopted robust cyber and data security protections and processes for this purpose. However, any failure of such systems may result in reputational damage, regulatory intervention, and/or adverse impacts to Cellnet's business and its financial performance.
- (j) **Economic and political risks**
- (i) Cellnet's financial performance is subject to a number of market volatilities beyond the control of Cellnet, such as movements in interest rates, inflation, energy prices, disruptions of global supply chains and bilateral relations such as those between Australian and China. These factors may negatively affect Cellnet's business, operations and financial performance

in substantial and/or unforeseeable ways.

(k) **Financial risks**

- (i) Liquidity Risk - Cellnet's business is exposed to movements in interest rates, foreign exchange rates and customer default, as well as the availability and pricing of insurance. Negative movements in these factors may negatively impact Cellnet's business, operations and financial performance.
- (ii) Debt facilities - Cellnet operates its business with the support of working capital and other facilities and services from its financiers. Termination of, or a breach of, any debt facility may adversely affect the ability of the Company to obtain new or renew existing debt finance and may adversely affect Cellnet's business, operations and financial performance. Furthermore, Cellnet's financiers may vary the terms of, or withdraw the provision of working capital or other finance facilities, the impact of which would be negative for Cellnet's business, operations and financial performance.
- (iii) Insurance risks - Cellnet has insurance policies in place to protect against certain risks. However not all risks are insurable or insured by its existing insurance coverage. There is no assurance that adequate insurance cover for all potential liabilities and losses will be available in the future on commercially viable terms. Furthermore, the eventuation of any negative risk factors may have a negative impact on the availability and pricing of existing insurance policies that either Cellnet takes out to insure its operations, or Cellnet's counterparties take out to insure against Cellnet counterparty risk.
- (iv) Inventory risks - As disclosed in Section 7, Cellnet's business operates predominantly by sourcing and distributing lifestyle technology products, such as mobile phone, gaming, tablet and other accessories. As with most sourcing and distribution companies, Cellnet purchases inventory from its vendor partners, which it holds for subsequent distribution through its commercial and retail channels. This inventory typically has a useful life, beyond which the rate at which such inventory sells through decreases. In the current market and economic environment, there is a risk that Cellnet's sales may be negatively impacted by such factors as higher interest rates, decreasing household disposable income, and increasing cost of living pressures, potentially extending the time over which inventory can be realised. Any adverse impacts in this regard, may negatively impact on Cellnet's ability to sell through its inventory.

(l) **Unknown risks**

- (i) The information set out in this section is non-exhaustive and additional unknown risks and uncertainties may have a material adverse impact on Cellnet's financial and operational performance.

9.6 General risks relating to business and operations of Cellnet

- (a) The general risks outlined below may also affect Cellnet:
 - (i) **Accounting standards:** Cellnet has adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that were mandatory for its previous reporting periods. The Australian Accounting Standards are set by the AASB and are outside the control of Cellnet. Any potential changes to these accounting standards or their interpretation, may have an adverse impact on Cellnet's reported financial performance.

- (ii) **Tax:** Change to the current tax regimes, tax rules or tax arrangements are outside the control of Cellnet. Any changes to the current tax rules or tax interpretations may have an adverse effect on Cellnet's financial performance.
- (iii) **Litigation:** Legal proceedings and claims may arise from time to time in the ordinary course of Cellnet's operations and may result in potential legal costs, adverse monetary penalties and/or damage to Cellnet's reputation.
- (iv) **Additional risks and uncertainties:** Additional risks and uncertainties not currently known to Cellnet may also have a materially adverse impact on the business. The information set out above should not be considered to represent an exhaustive list of potential risks to Cellnet.

9.7 General investment risks

- (a) If the Scheme does not become Effective, Cellnet Shares and future distributions made to Cellnet Shareholders will be influenced by a number of macroeconomic factors including:
 - (i) changes in investor sentiment and overall performance of the Australian and international stock markets;
 - (ii) changes in general business, industry cycles and economic conditions including inflation, interest rates, exchange rates, commodity prices, employment levels, wage rates and consumer demand and preferences;
 - (iii) economic and political factors in Australia and overseas, including economic growth;
 - (iv) changes in legislation and government fiscal, monetary and regulatory policies, including foreign investment; and
 - (v) natural disasters and catastrophes, diseases or pandemic, and other macroeconomic occurrences, including but not limited to geopolitical events such as an outbreak of hostilities, acts of terrorism and declaration of war.

10. TAXATION CONSEQUENCES OF THE SCHEME

10.1 Introduction

- (a) This Section 10 sets out a general summary of the key Australian income tax, goods and services tax (GST) and stamp duty consequences that may arise for Cellnet Shareholders (other than Excluded Shareholders) as a result of the implementation of the Scheme.
- (b) The purpose of this summary is to assist Cellnet Shareholders (other than Excluded Shareholders) to understand the potential Australian tax consequences of being a Scheme Shareholder. The summary is general in nature and is not intended to be a complete description of all Australian tax implications that might apply to the particular circumstances of every Cellnet Shareholder (other than Excluded Shareholders).
- (c) The tax consequences for each Scheme Shareholder will vary depending on their specific profile, characteristics and circumstances. Scheme Shareholders should obtain independent professional taxation advice from a suitably qualified advisor having regard to their own particular circumstances and should not rely only upon the comments of general nature contained in this summary.
- (d) Section 10.2 is applicable to Scheme Shareholders who are Australian residents for income tax purposes and section 10.3 is applicable to Scheme Shareholders who are not Australian residents for income tax purposes and who do not hold their Cellnet Shares as an asset of a permanent establishment in Australia.
- (e) This summary is relevant to Scheme Shareholders who are individuals, companies (other than life insurance companies), trusts and complying superannuation entities that hold their Cellnet Shares on capital account for Australian tax purposes.
- (f) This summary does not apply to Scheme Shareholders who:
 - (i) hold their Cellnet Shares on revenue account (such as part of a profit-making undertaking or scheme) or as trading stock for Australian income tax purposes;
 - (ii) are subject to the taxation of financial arrangements rules in Division 230 of the Income Tax Assessment Act 1997 (Cth) (ITAA 97) in relation to gains and losses on their Cellnet Shares;
 - (iii) changed their tax residence while holding their Cellnet Shares;
 - (iv) acquired their Cellnet Shares, or any rights in relation to their Cellnet Shares, pursuant to an employee share or option plan;
 - (v) are under a legal disability for the purposes of the ITAA 97;
 - (vi) are exempt from Australian income tax; and
 - (vii) are subject to the Investment Manager Regime under Subdivision 842-I of the ITAA 97 in relation to their Cellnet Shares.
- (g) This general summary also does not apply to any Cellnet Optionholder who holds Cellnet Options to acquire Cellnet Shares, but has not yet exercised such Cellnet Options.
- (h) The summary is based on the Australian tax laws, regulations, interpretations of such laws and regulations, and administrative practices in effect as at the date of this Scheme Booklet. The laws are complex and subject to change periodically as is their implementation by the courts and tax authorities. Unless expressly stated, this

summary does not consider or anticipate changes in Australian tax laws or future judicial or administrative interpretations of those tax laws after the date of this Scheme Booklet.

- (i) This summary does not take into account the tax laws of jurisdictions other than Australia. Scheme Shareholders who may be subject to tax in any jurisdiction outside Australia should obtain independent professional taxation advice from a suitably qualified advisor having regard to their own particular circumstances.

10.2 Capital Gains Tax - Australian Residents

CGT Event

- (a) If the Scheme becomes Effective, Wentronic will acquire all the Scheme Shares on the Implementation Date that Wentronic and its Associates do not own and will pay the Scheme Consideration of \$0.027 per Scheme Share. Transfer of the Scheme Shares by the Scheme Shareholders to Wentronic will constitute a disposal of such shares which will trigger a capital gains tax (**CGT**) event for Australian income tax purposes. The CGT event will happen on the date on which the transfer of Scheme Shares occurs, which will be on the Implementation Date.
- (b) Scheme Shareholders will be taken to have made a capital gain from the disposal of their Scheme Shares if the capital proceeds received from the disposal exceeds the cost base of their Scheme Shares. The capital gain would be the amount equal to the capital proceeds less the cost base.
- (c) Conversely, if no capital gain is made, a Scheme Shareholder will be taken to have made a capital loss on the disposal of the Scheme Shares where the reduced cost base of the Scheme Shares exceeds the capital proceeds received from the disposal. A Scheme Shareholder can use a capital loss to reduce other capital gains only; a capital loss cannot be used to reduce other income.
- (d) The financial year in which the CGT event occurs is the relevant financial year in which the capital gain or capital loss is recorded in the Scheme Shareholder's tax return.

Capital Proceeds

- (e) The total capital proceeds that a Scheme Shareholder will receive in exchange for the disposal of their Scheme Shares will be equal to the Scheme Consideration of \$0.027 per Scheme Share multiplied by the total number of Scheme Shares held by a Scheme Shareholder at the Scheme Record Date.

Cost Base and reduced cost base

- (f) The cost base or reduced cost base of a Scheme Share will broadly be the total of all costs incurred in acquiring or disposing of the Scheme Shares. This includes money paid to acquire the Scheme Shares plus any non-deductible incidental costs (e.g., brokerage fees and legal fees). The cost base and reduced cost base of each Share will depend on the individual circumstances of each Scheme Shareholder.
- (g) There are some limited differences between what is included in the cost base and reduced cost base, and those differences may not be applicable to all Scheme Shareholders.

CGT Discount

- (h) Certain Scheme Shareholders that have held their Scheme Shares for at least 12 months (disregarding the date of acquisition and the date of disposal) may be eligible to receive a CGT discount upon the disposal of their Scheme Shares. A CGT discount permits the Scheme Shareholder to reduce any capital gain recognised upon the disposal of their Scheme Shares.
- (i) The CGT discount available to each Scheme Shareholder depends on their respective profiles as follows:
 - (i) individuals are eligible for a 50% CGT discount;
 - (ii) Australian trusts (other than complying superannuation funds) are also eligible for a 50% discount, however the CGT discount may be lost if:
 - A. the Australian trust distributes the capital gain to a company; or
 - B. the Australian trust distributes the capital gain to a non-resident.
 - (iii) complying superannuation funds are eligible for a 33⅓% discount; and
 - (iv) companies are not eligible to make use of any CGT discount.

CGT withholding

- (j) Wentronic may require certain Scheme Shareholders to undertake particular actions to prevent Wentronic withholding an amount of tax from the Scheme Consideration. These requirements are described in further detail below in section 10.3(b).

10.3 Capital Gains Tax - Non-tax residents of Australia

(a) Capital Gains Tax

- (i) Scheme Shareholders that are non-tax residents of Australia and who, together with their associates hold less than a 10% interest in Cellnet should be able to disregard a capital gain or capital loss arising from the disposal of their Scheme Shares as their Cellnet Shares should not constitute “taxable Australian property”.
- (ii) Scheme Shareholders that are non-tax residents of Australia and who hold a 10% or greater interest in Cellnet should seek independent professional advice on the Australian tax consequences arising from the disposal of their Scheme Shares having regard to their particular circumstances.
- (iii) Non-tax residents who have fixed interests in certain Australian fixed trusts which own Scheme Shares, may also not be subject to CGT on the capital proceeds they receive via such Australian fixed trusts. Scheme Shareholders to which such arrangements apply should seek independent professional advice on their Australian tax consequences.

(b) CGT withholding

- (i) Provided the Shares held by Scheme Shareholders are not “taxable Australian property”, the foreign resident capital gains withholding regime should not apply. Consequently, the regime should not operate to require Wentronic to withhold an amount of the Scheme Consideration that is to be paid to Scheme Shareholders that are not tax residents of Australia.

- (ii) Scheme Shareholders that are not tax residents of Australia and who hold a 10% or greater shareholder interest in Cellnet, should seek independent professional taxation advice in this regard.

(c) **Temporary Residents**

- (i) Scheme Shareholders that are “temporary residents” of Australia are subject to the same rules as non-tax residents of Australia (above) in respect of any capital gains.
- (ii) Scheme Shareholders may be temporary residents of Australia if they hold a temporary visa granted under the Migration Act 1958 (Cth), and they are not an Australian resident within the meaning of the Social Security Act 1991 (Cth) (**Social Security Act**), and their spouse is not an Australian resident within the meaning of the Social Security Act.
- (iii) A Scheme Shareholder who is uncertain if they satisfy those requirements should obtain professional advice from a suitably qualified advisor.

10.4 GST

- (a) No GST should be payable from the capital proceeds in respect of the disposal of the Scheme Shares.
- (b) If Scheme Shareholders have been charged GST on costs (e.g., brokerage or advisory fees) that relate to the Scheme, they are generally not entitled to input tax credits for such costs, as the disposal of the Scheme Shares would be an input taxed supply for GST purposes. However, Scheme Shareholders that are registered (or required to be registered for GST) should seek independent advice in relation to their own specific circumstances.

10.5 Stamp duty

- (a) No stamp duty should be payable by a Scheme Shareholder in respect of the disposal of their Scheme Shares under the Scheme.

11. IMPLEMENTATION OF THE SCHEME

11.1 SCHEME IMPLEMENTATION DEED

- (a) On 11 May 2023 Cellnet and Wentronic entered into the Scheme Implementation Deed. The Scheme Implementation Deed sets out the obligations of Cellnet and Wentronic in connection with the implementation of the Scheme.
- (b) A full copy of the Scheme Implementation Deed is set out in **ATTACHMENT A** to this Scheme Booklet.

11.2 SCHEME AND DEED POLL

- (a) Wentronic has executed the Deed Poll under which Wentronic undertakes in favour of each Scheme Shareholder to provide or procure the provision of the Scheme Consideration in accordance with the Scheme.
- (b) If the Scheme becomes Effective:
 - (i) Wentronic must, by no later than the Business Day before the Implementation Date, deposit (or procure the deposit) in cleared funds into the Scheme Trust Account of an amount equal to the total Scheme Consideration payable to all Scheme Shareholders.
 - (ii) Cellnet must, on the Implementation Date and subject to Wentronic having deposited the requisite funds, pay or procure the payment of the Scheme Consideration to each Scheme Shareholder from the Scheme Trust Account.
- (c) Under the Deed Poll, Wentronic agrees that the Deed Poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not a party to it.
- (d) Copies of the Deed Poll and the Scheme are set out in **ATTACHMENT B** and **ATTACHMENT C** to this Scheme Booklet, respectively.

11.3 KEY STEPS TO IMPLEMENT THE SCHEME

Each key step to implement the Scheme and relevant information concerning these steps is set out below. All dates following the Scheme Meeting are indicative only and are subject to change. Cellnet will announce any change to the dates set out in the Important dates and expected timetable section of this Scheme Booklet to the ASX.

- (a) **STEP 1: SCHEME MEETING – CELLNET SHAREHOLDERS TO VOTE ON THE SCHEME AT THE SCHEME MEETING:** In accordance with an order of the Court dated 4 July 2023, Cellnet has convened the Scheme Meeting to be held at 8.30 am on Monday 7 August 2023 at Tenancy E1, 5 Grevillea Place, Brisbane Airport, Queensland 4008. The Notice of Scheme Meeting is set out in **ATTACHMENT D** to this Scheme Booklet.
 - (i) At the Scheme Meeting, the Cellnet Shareholders (other than Excluded Shareholders) must approve the Scheme. For this to occur, the Scheme Resolution must be approved by both:
 - A. **(Headcount test)** a majority in number (that is, more than 50%) of Cellnet Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (either in person, or by proxy or corporate representative) unless the Court orders otherwise.
 - B. **(Voting test)** holders of at least 75% of the total number of votes cast on the Scheme Resolution by Cellnet Shareholders (other

than Excluded Shareholders) present and voting at the Scheme Meeting (either in person, or by proxy or corporate representative).

- (ii) Instructions on how to vote at the Scheme Meeting are set out in Section 4.3 of this Scheme Booklet and the Notice of Scheme Meeting in **ATTACHMENT D** to this Scheme Booklet.

Steps 2 to 5 described below will only occur if the Scheme Resolution is passed by the Requisite Majorities.

- (b) **STEP 2: SECOND COURT HEARING - CELLNET TO APPLY TO THE COURT FOR APPROVAL OF THE SCHEME:** Cellnet will apply for the Scheme Order if both:

- (i) The Scheme is approved by the Requisite Majorities.
- (ii) All of the conditions to the Scheme (other than Court approval) have been satisfied or (if permitted) waived.
- (iii) The Second Court Hearing is expected to take place on 10 August 2023. Any Cellnet Shareholder and, with the Court's permission, any other interested person has a right to appear at the Second Court Hearing.

- (c) **STEP 3: EFFECTIVE DATE - CELLNET TO MAKE THE SCHEME EFFECTIVE:**

If the Court makes an order approving the Scheme (referred to in this Scheme Booklet as the **Scheme Order**), Cellnet will lodge an office copy of the Scheme Order with ASIC. Once lodged, the Scheme will become Effective and binding on Wentronic, Cellnet and each Scheme Shareholder (referred to in this Scheme Booklet as the **Effective Date**)

- (i) On the Effective Date, Cellnet will notify the ASX that the Scheme has become Effective and lodge a copy of the Scheme Order with the ASX. Trading in Cellnet Shares will be suspended from close of trading on the Effective Date.
- (ii) Each Scheme Shareholder, without the need for any further act, irrevocably appoints Cellnet and all of its directors, secretaries and officers (jointly and severally) as its attorney and agent for the purpose of executing any document necessary to give effect to the Scheme, including a proper instrument of transfer in respect of the Scheme Shares.

- (d) **STEP 4: SCHEME RECORD DATE- CELLNET TO DETERMINE ENTITLEMENTS TO SCHEME CONSIDERATION**

- (i) Those Cellnet Shareholders (other than Excluded Shareholders) on the Register on the Scheme Record Date, which is expected to be 7.00pm on 18 August 2023 (the fifth Business Day after the Effective Date), will be entitled to receive the Scheme Consideration in respect of the Cellnet Shares they hold on that date.

Dealings on or prior to the Scheme Record Date

- (ii) For the purposes of determining who is a Scheme Shareholder (that is, a Cellnet Shareholder on the Register on the Scheme Record Date (other than Excluded Shareholders)), dealings in Cellnet Shares will only be recognised if:

- A. in the case of dealings of the type to be effected using CHES, the transferee is registered on the Register as the holder of the relevant Cellnet Shares on or before 7.00pm on the Scheme Record Date; and
 - B. in all other cases, registrable transmission applications or transfers in respect of those dealings are received on or before 7.00pm on the Scheme Record Date at the place where the Register is kept.
- (iii) Cellnet will not accept for registration or recognise for any purpose except a transfer by Wentronic or its successors in title, any transfer or transmission application or other request received after 7.00pm on the Scheme Record Date or received prior to 7.00pm on the Scheme Record Date but not in registrable or actionable form (as appropriate).

Dealings after the Scheme Record Date

- (iv) For the purposes of determining entitlements to the Scheme Consideration, Cellnet will maintain the Register in its form as at the Scheme Record Date until the Scheme Consideration has been paid to the Scheme Shareholders. The Register in this form will solely determine entitlements to the Scheme Consideration.
 - (v) From the Scheme Record Date:
 - A. all statements of holding for Cellnet Shares will cease to have any effect as documents of title in respect of those Cellnet Shares; and
 - B. each entry on the Register will cease to have effect, other than as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.
- (e) **STEP 5: IMPLEMENTATION DATE - SCHEME SHAREHOLDERS RECEIVE THE SCHEME CONSIDERATION AND SCHEME SHARES TRANSFERRED TO WENTRONIC**
- (i) The Implementation Date is expected to be 25 August 2023 (being, the fifth Business Day after the Scheme Record Date).
 - (ii) Under the Scheme Implementation Deed, if the Scheme becomes Effective, Wentronic must, by no later than the Business Day before the Implementation Date, deposit in cleared funds into the Scheme Trust Account an amount equal to the aggregate amount of the total Scheme Consideration payable to all Scheme Shareholders.
 - (iii) On the Implementation Date:
 - A. Each Scheme Shareholder will be paid the Scheme Consideration of \$0.027 cash per Cellnet Share.
 - B. Once paid, the Scheme Shares will be transferred to Wentronic, without the Scheme Shareholders needing to take any further action, and the Register will be updated so that Wentronic is listed as the holder of all the Scheme Shares.
- (f) Details regarding the funding of the Scheme Consideration are set out in Section 8.5 of this Scheme Booklet.

11.4 DEEMED WARRANTIES BY SCHEME SHAREHOLDERS

- (a) Under the Scheme, each Scheme Shareholder is deemed to have warranted to Cellnet, in its own right and for the benefit of Wentronic, that as at the Implementation Date:
 - (i) All of its Scheme Shares that are transferred to Wentronic under the Scheme, including any rights and entitlements attaching to those Cellnet Shares, will, at the time of transfer, be free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any “security interests” as defined in the Personal Property Securities Act 2009 (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.
 - (ii) All of its Scheme Shares that are transferred to Wentronic under the Scheme will, on the date on which they are transferred to Wentronic, be fully paid.
 - (iii) It has full power and capacity to transfer its Scheme Shares to Wentronic, together with any rights attaching to those Scheme Shares.
 - (iv) It has no existing right to be issued any Scheme Shares.

11.5 DELISTING FROM THE ASX

- (a) On or after the Implementation Date, Cellnet and Wentronic will apply for termination of the official quotation of Cellnet Shares on the ASX, and for Cellnet to be removed from the official list of the ASX.

12. ADDITIONAL INFORMATION

12.1 BACKGROUND

This Section 12 sets out the statutory information required under section 412(1) of the Corporations Act and Part 3 of Schedule 8 of the *Corporations Regulations 2001* (Cth), but only to the extent that this information is not otherwise disclosed in other sections of this Scheme Booklet. This Section 12 also includes additional information that your Independent Directors consider material to a decision on how to vote on the Scheme Resolution.

12.2 INTERESTS OF CELLNET DIRECTORS IN CELLNET SECURITIES

(a) Cellnet Directors' interests in Cellnet Shares

- (i) As at the date of this Scheme Booklet, each Cellnet Director has a Relevant Interest in the following Cellnet Shares:

Director	Number of Cellnet Shares
Tony Pearson	2,900,000 Cellnet Shares
Kevin Gilmore	4,288,000 Cellnet Shares
Michael Wendt	129,658,107 Cellnet Shares
Brian Danos	0
Giles Karhan	0
Total	136,846,107 Cellnet Shares

- (ii) Each Independent Director intends to vote any Cellnet Shares held or controlled by them in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to consider the Scheme to be in the best interests of Cellnet Shareholders (other than the Excluded Shareholders).
- (iii) Cellnet Directors Michael Wendt and Brian Danos are each a nominated director of Wentronic. As Wentronic and its Associates hold Cellnet Shares, due to their interest in the Scheme, they are restricted from voting at the Scheme Meeting. Mr Kevin Gilmore did not participate on the Independent Board Committee that was established to evaluate the Scheme, due to his previous position as a director of Cellnet subsidiary that was a 49% joint venture between Cellnet and Wentronic. Mr Gilmore ceased to be a director of this subsidiary company on 26 October 2021. As Mr Gilmore is not an Associate of Wentronic he can vote his Cellnet Shares at the Scheme Meeting and he has indicated that he intends to vote all Cellnet Shares held or controlled by him in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to consider the Scheme to be in the best interests of Cellnet Shareholders (other than the Excluded Shareholders).

(b) Cellnet Directors' interests in Cellnet Options

- (i) As at the date of this Scheme Booklet, Cellnet had 4,000,000 Cellnet Options

on issue which were all held by Mr Kevin Gilmore.

- (ii) In accordance with the terms of the Scheme Implementation Deed, all Cellnet Options will be cancelled on and from the Effective Date for no consideration, and a deed cancelling the Cellnet Options which is conditional on the Scheme becoming Effective, has been entered into between Mr Kevin Gilmore, Cellnet and Wentronic.

12.3 CELLNET DIRECTORS' DEALINGS IN CELLNET SECURITIES

- (a) No Cellnet Director acquired or disposed of a Relevant Interest in any Cellnet Security in the four-month period ending on the date immediately before the date of this Scheme Booklet.

12.4 INTERESTS AND DEALINGS OF CELLNET DIRECTORS IN SECURITIES IN WENTRONIC

- (a) Cellnet Directors' interests in securities in Wentronic Group entities
 - (i) As at the date immediately before the date of this Scheme Booklet, no securities in any member of the Wentronic Group were held by or on behalf of any Cellnet Director other than Mr Michael Wendt's interest in Wentronic Group set out in Section 12.2 of this Scheme Booklet.
- (b) **Cellnet Directors' dealings in securities in Wentronic Group Entities**
 - (i) No Cellnet Director acquired or disposed of a Relevant Interest in any securities in any member of the Wentronic Group in the four-month period ending on the date immediately before the date of this Scheme Booklet.

12.5 BENEFITS AND AGREEMENTS

- (a) **Benefits in connection with retirement from office**
 - (i) No payment or other benefit is proposed to be made or given to any director, secretary or executive officer of Cellnet or a Related Body Corporate of Cellnet, as compensation for loss of, or as consideration for or in connection with their retirement from, office in Cellnet or in a Related Body Corporate of Cellnet.
- (b) **Other agreements or arrangements connected with or conditional on the Scheme**
 - (i) There is no agreement or arrangement made between any Cellnet Director and another person in connection with, or conditional on, the outcome of the Scheme, other than in their capacity as a holder of Cellnet Securities.
- (c) **Interests of Cellnet Directors in contracts with Wentronic**
 - (i) None of the Cellnet Directors are interested in any contract entered into by any member of the Wentronic Group, other than in their capacity as a holder of Cellnet Securities.
- (d) **Benefits from Wentronic**
 - (i) None of the Cellnet Directors has agreed to receive, or is entitled to receive, any benefit from Wentronic or any Related Body Corporate of Wentronic that is conditional on, or is related to, the Scheme, other than in their capacity as a holder of Cellnet Securities.

12.6 ASIC AND ASX RELIEF

- (a) **ASIC relief**
- (i) No ASIC relief was required for the purposes of the Scheme or the issue of this Scheme Booklet.
- (b) **ASX waivers**
- (i) No ASX waivers were required for the purposes of the Scheme or the issue of this Scheme Booklet.

12.7 FORMAL DISCLOSURES AND CONSENTS

- (a) The following parties have given and have not, before the date of this Scheme Booklet, withdrawn their written consent to both:
- (i) Be named in this Scheme Booklet in the form and context in which they are named.
- (ii) If applicable, the inclusion of each statement it has made (if any) in the form and context in which the statement appears in this Scheme Booklet.

Name	Role
KHQ Lawyers	Australian legal adviser to Cellnet
Pitcher Partners	Auditor of Cellnet
PKF Melbourne Corporate Pty Ltd ACN 063 564 045	Independent Expert
KHQ Lawyers	Tax adviser to Cellnet
Link Market Services Limited	Share Registry

- (b) Wentronic has:
- (i) Accepted responsibility for the Wentronic Information.
- (ii) Given and has not, before the date of this Scheme Booklet, withdrawn its written consent to the inclusion of the Wentronic Information in the form and context in which it appears in this Scheme Booklet.
- (c) PKF Melbourne Corporate Pty Ltd has given, and not withdrawn before the date of this Scheme Booklet, its written consent to the inclusion of its Independent Expert's Report in this Scheme Booklet in the form and context in which it appears in **ATTACHMENT E** and references to the Independent Expert's Report in the form and context in which they appear.
- (d) Pitcher Partners has given, and not withdrawn before the date of this Scheme Booklet, its written consent to the inclusion of references to the audited financial reports of the Cellnet Group for the half year ending 31 December 2022 and the financial years ended 30 June 2022 and 30 June 2021 in this Scheme Booklet in the form and context in which those references appear in Section 7.5.
- (e) KHQ Lawyers has given, and not withdrawn before the date of this Scheme Booklet, its written consent to the inclusion of the Section entitled "Taxation consequences of

the Scheme” in this Scheme Booklet in the form and context in which it appears in Section 10.

- (f) Each person named above:
 - (i) Does not make or purport to make any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than Wentronic in respect of the Wentronic Information, PKF Melbourne Corporate Pty Ltd in respect of the Independent Expert’s Report, Pitcher Partners in respect of the Cellnet Group’s audited financial reports for the half year ending 31 December 2022 and the financial years ended 30 June 2022 and 30 June 2021 and KHQ Lawyers in respect of Section 10 of the Scheme Booklet.
 - (ii) To the maximum extent permitted by law, disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet, other than a reference to its name and any statement included in this Scheme Booklet with the consent of that persons as specified in this Section 12.7.
 - (iii) Has not authorised or caused the issue of the Scheme Booklet.

12.8 MATERIAL LITIGATION

- (a) To the best of the knowledge of the Cellnet Board and Cellnet senior management, Cellnet is not currently involved in any litigation or dispute or aware of any impending or threatened litigation or dispute that is material in the context of Cellnet and its Subsidiaries taken as a whole.

12.9 NO UNACCEPTABLE CIRCUMSTANCES

- (a) The Cellnet Board believes that the Scheme does not involve any circumstances in relation to the affairs of Cellnet that could reasonably be characterised as constituting “unacceptable circumstances” for the purposes of section 657A of the Corporations Act.

12.10 FOREIGN JURISDICTIONS

- (a) The distribution of this Scheme Booklet outside of Australia may be restricted by law and persons who come into possession of it should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. Cellnet disclaims all liabilities to such persons.
- (b) Cellnet Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.
- (c) No action has been taken to register or qualify this Scheme Booklet or any aspect of the Scheme in any jurisdiction outside Australia.

12.11 OTHER INFORMATION MATERIAL TO THE MAKING OF A DECISION IN RELATION TO THE SCHEME

- (a) Except as set out in this Scheme Booklet, so far as your Independent Directors are aware, there is no information material to the making of a decision by a Cellnet Shareholder in relation to the Scheme, being information that is within the knowledge of any Independent Director or director of any Related Bodies Corporate of Cellnet, as at the date of this Scheme Booklet, that has not been previously disclosed to Cellnet Shareholders.

12.12 SUPPLEMENTARY INFORMATION

- (a) Cellnet will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of this Scheme Booklet and the Effective Date:
- (i) A material statement in the Scheme Booklet is, or becomes, false or misleading in a material respect.
 - (ii) A material omission from this Scheme Booklet.
 - (iii) A significant change affecting a matter included in this Scheme Booklet.
 - (iv) A significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.
- (b) Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Cellnet may circulate and publish any supplementary document by any of the following methods, as Cellnet, in its absolute discretion, considers appropriate:
- (i) Making an announcement to the ASX.
 - (ii) Placing an advertisement in a prominently published newspaper that is circulated generally throughout Australia.
 - (iii) Posting the supplementary document to Cellnet Shareholders at their Registered Address.
 - (iv) Posting a statement on Cellnet's website at <https://www.cellnet.com.au>

13. GLOSSARY

13.1 DEFINITIONS

The meanings of the terms used in this Scheme Booklet are set out below.

- (a) **ASIC** means the Australian Securities and Investments Commission.
- (b) **Associate** has the meaning given to that term in sections 10 to 17 of the Corporations Act.
- (c) **ASX** means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires.
- (d) **ASX Listing Rules** means the official listing rules of the ASX.
- (e) **ATO** means the Australian Taxation Office and includes the Commissioner of Taxation.
- (f) **Bidder Warranties** has the meaning given to that term in the Scheme Implementation Deed.
- (g) **Business Day** means a business day as defined in the ASX Listing Rules.
- (h) **Cellnet** means Cellnet Group Limited ACN 010 721 749.
- (i) **Cellnet Board** means the board of directors of Cellnet from time to time.
- (j) **Cellnet Director** means a director on the Cellnet Board.
- (k) **Cellnet Group** means collectively, Cellnet and each of its Related Entities.
- (l) **Cellnet Options** means options in respect of a Cellnet Share.
- (m) **Cellnet Optionholder** means a person who holds one or more Cellnet Options.
- (n) **Cellnet Material Adverse Change** has the meaning given to that term in the Scheme Implementation Deed.
- (o) **Cellnet Prescribed Occurrence** has the meaning given to that term in the Scheme Implementation Deed.
- (p) **Cellnet Regulated Event** has the meaning given to that term in the Scheme Implementation Deed.
- (q) **Cellnet Security** means Cellnet Shares and Cellnet Options.
- (r) **Cellnet Share** means a fully paid ordinary share in the capital of Cellnet.
- (s) **Cellnet Shareholder** means each person who is registered on the Register as a holder of Cellnet Shares.
- (t) **Cellnet Shareholder Information Line** means the information line set up for the purpose of responding to enquiries from Cellnet Shareholders in relation to the Scheme, being +61 1300 235 563 or email at IR@cellnet.com.au.
- (u) **Cellnet Warranties** has the meaning given to that term in the Scheme Implementation Deed.
- (v) **CHES** means the clearing house electronic subregister system for the electronic transfer of securities operated by ASX Settlement Pty Limited ABN 49 008 504 532.

- (w) **Competing Proposal** has the meaning given to that term in the Scheme Implementation Deed.
- (x) **Control** has the meaning given to that term in section 50AA of the Corporations Act.
- (y) **Corporations Act** means the *Corporations Act 2001* (Cth).
- (z) **Court** means the Federal Court of Australia or such other court of competent jurisdiction determined by Cellnet (after consultation, in good faith, with Wentronic).
- (aa) **Deed Poll** means the deed poll entered into by Wentronic in the form set out in **ATTACHMENT B**.
- (bb) **Delivery Time** has the meaning given to that term in the Scheme Implementation Deed.
- (cc) **Effective** means when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme.
- (dd) **Effective Date** means the date on which the Scheme becomes Effective.
- (ee) **Exclusivity Period** has the meaning given to that term in the Scheme Implementation Deed.
- (ff) **Excluded Shareholder** means Wentronic and its Associates.
- (gg) **Government Agency** means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.
- (hh) **GST** has the meaning given to that term in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).
- (ii) **Implementation Date** means the fifth Business Day after the Scheme Record Date, or such other date as Cellnet and Wentronic agree.
- (jj) **Independent Board Committee** means the independent board committee established by the Cellnet Board to consider and progress the Scheme and which comprises the Independent Directors
- (kk) **Independent Directors** means Tony Pearson and Giles Karhan.
- (ll) **Independent Expert** means PKF Melbourne Corporate Pty Ltd ACN 063 564 045.
- (mm) **Independent Expert's Report** means the report by the Independent Expert set out in **ATTACHMENT E**.
- (nn) **Meeting Record Date** means the record date for determining entitlements to vote at the Scheme Meeting, which is expected to be 8.30 am on 5 August 2023, or such other date as Cellnet and Wentronic agree.
- (oo) **Notice of Scheme Meeting** means the notice in relation to the Scheme Meeting set out in **ATTACHMENT D** to this Scheme Booklet.
- (pp) **Register** means the share register of Cellnet.

- (qq) **Registered Address** means in relation to a Cellnet Shareholder, the address of the shareholder shown on the Register as at the Scheme Record Date.
- (rr) **Related Body Corporate** means that term as defined in section 50 of the Corporations Act.
- (ss) **Related Entity** means in relation to a party, any entity that is a Related Body Corporate or an entity the party Controls.
- (tt) **Relevant Interest** means that term as defined in sections 608 and 609 of the Corporations Act.
- (uu) **Representative** has the meaning given to that term in the Scheme Implementation Deed.
- (x) **Requisite Majorities** means:
- (i) a majority in number (that is more than 50%) of Cellnet Shareholders (other than an Excluded Shareholder) present and voting on the Scheme Resolution at the Scheme Meeting (either in person, or by proxy or corporate representative), unless the Court orders otherwise; and
 - (i) at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Cellnet Shareholders (other than an Excluded Shareholder) (either in person, or by proxy or corporate representative).
- (ww) **Scheme** means the scheme of arrangement under Part 5.1 of the Corporations Act pursuant to which all Scheme Shares will be transferred to Wentronic, in the form set out in **ATTACHMENT C**, together with any amendment or modification made pursuant to section 411(6) of the Corporations Act.
- (xx) **Scheme Booklet** means this document, including any attachment to it.
- (yy) **Scheme Consideration** means in respect of each Scheme Share, \$0.027 cash. per Scheme Share.
- (zz) **Scheme Implementation Deed** means the Scheme Implementation Deed between Cellnet and Wentronic dated 11 May 2023, a copy of which is set out in **ATTACHMENT A** to this Scheme Booklet.
- (aaa) **Scheme Meeting** means the meeting of Cellnet Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act.
- (bbb) **Scheme Order** means the order of the Court under section 411(4)(b) of the Corporations Act approving the Scheme, with or without modifications.
- (ccc) **Scheme Record Date** means the record date for determining entitlements to the Scheme Consideration, being the fifth Business Day after the Effective Date, which is expected to be 7.00 pm on 18 August 2023, or such other date as Cellnet and Wentronic agree.
- (ddd) **Scheme Resolution** means the resolution to approve the Scheme to be voted on at the Scheme Meeting, as set out in the Notice of Scheme Meeting.
- (eee) **Scheme Share** means a Cellnet Share held by a Scheme Shareholder.
- (fff) **Scheme Shareholder** means each person who is a Cellnet Shareholder as at the Scheme Record Date (other than an Excluded Shareholder).

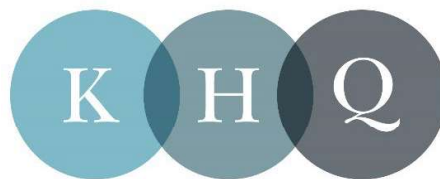
- (ggg) **Scheme Trust Account** means an Australian dollar denominated trust account operated by Cellnet (or the Share Registry) as trustee for the benefit of Scheme Shareholders.
- (hhh) **Second Court Date** means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, the date on which the adjourned application is heard or scheduled to be heard.
- (iii) **Second Court Hearing** means the hearing of the application made to the Court for the order under section 411(4)(b) of the Corporations Act approving the Scheme.
- (jjj) **Share Registry** means Link Market Services Limited.
- (kkk) **Subsidiary** means that term as defined in the Corporations Act.
- (lll) **Superior Proposal** means that term as defined in the Scheme Implementation Deed.
- (mmm) **Voting Power** means that term as defined in section 610 of the Corporations Act.
- (nnn) **VWAP** means the volume-weighted average price.
- (ooo) **Wentronic** means Wentronic Holding GmbH.
- (ppp) **Wentronic Group** means Wentronic and each of its Related Entities (excluding, at any time, Cellnet and its Subsidiaries to the extent that Cellnet and its Subsidiaries are Subsidiaries of Wentronic at that time).
- (qqq) **Wentronic Information** means the information set out in Section 8 of this Scheme Booklet and any other sections prepared by Wentronic and for which Wentronic is responsible.

13.2 INTERPRETATION

- (a) In this Scheme Booklet, the following rules apply unless the context requires otherwise.
 - (i) Headings are inserted for convenience and do not affect the interpretation of this Scheme Booklet.
 - (ii) Words and phrases in this Scheme Booklet have the same meaning given to them (if any) in the Corporations Act.
 - (iii) The singular includes the plural and vice versa.
 - (iv) A gender includes all genders.
 - (v) A reference to a person includes a corporation, trust, partnership, joint venture, association, unincorporated body or other body corporate and vice versa.
 - (vi) If a word is defined, another part of speech has a corresponding meaning.
 - (vii) A reference to a Section or Attachment is a reference to a Section or Attachment of this Scheme Booklet.
 - (viii) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.

- (ix) Unless expressly stated otherwise, a reference to time is a reference to time in Melbourne, Victoria, Australia.
- (x) Unless expressly stated otherwise, a reference to dollars and \$ is a reference to the lawful currency of Australia.

ATTACHMENT A- SCHEME IMPLEMENTATION DEED



L A W Y E R S

Scheme Implementation Deed

Cellnet Group Limited

Wentronic Holding GmbH

KHQ Lawyers
Level 4, 600 Bourke Street
Melbourne VIC 3000
PO Box 597
Collins Street West VIC 8007
#230532

03 9663 9877
contact@khq.com.au
www.khq.com.au



SCHEME IMPLEMENTATION DEED

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SCHEME IMPLEMENTATION DEED

Parties

Name	Cellnet Group Limited
ACN	010 721 749
Notice details	Address: Tenancy E1 5 Greville Street, Brisbane Airport, QLD 4008 Email: ir@cellnet.com.au Attention: Mr Tony Pearson (Non Executive Chairman) (Cellnet)

Name	Wentronic Holding GmbH
Notice details	Address: C/- Pillmannstraße, 12, 38112, Braunschweig, Germany Email: Steffen.Biallas@wentronic.com and Michael.Wendt@wentronic.com Attention: Mr Steffen Biallas (CFO) and Mr Michael Wendt (CEO) (Bidder)

Date of deed

BACKGROUND

- A. Cellnet and the Bidder have agreed that the Bidder will acquire Cellnet by way of the Scheme.
- B. Cellnet and the Bidder have agreed to implement the Scheme and certain other matters in connection with the Scheme on and subject to the terms and conditions of this deed.

This deed witnesses as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this deed, these terms have the following meanings:

ASIC means the Australian Securities and Investments Commission.

Associate means that term as defined in section 12 of the Corporations Act.

SCHEME IMPLEMENTATION DEED

ASX means ASX Limited ABN 98 008 624 691 or, as the context requires, the financial market known as the Australian Securities Exchange operated by it.

Bidder Group means the Bidder and each of its Related Bodies Corporate (excluding, at any time, Cellnet and its Subsidiaries to the extent that Cellnet and its Subsidiaries are Subsidiaries of the Bidder at that time). A reference to a **member of the Bidder Group** or a **Bidder Group Member** is a reference to the Bidder or any such Related Body Corporate.

Bidder Information means such information regarding the Bidder Group that is provided or approved by the Bidder or any of their advisors to Cellnet or the Independent Expert:

- (a) to enable the Scheme Booklet to be prepared and completed in compliance with all applicable laws; and
- (b) otherwise in compliance with the Bidder's obligations under clause 5.2(a).

Bidder Parties means the members of the Bidder Group and their respective Representatives.

Bidder Warranties means the representations and warranties of the Bidder set out in clause 9.2.

Business means the business of sourcing and distributing lifestyle technology products (including mobile phone, gaming, tablet and notebook/hybrid accessories) into retail and business channels in Australia and New Zealand and fulfilment services to the mobile telecommunications and retail industries in Australia and New Zealand.

Business Day means a business day as defined in the Listing Rules.

Cellnet Board means the board of directors of Cellnet as constituted from time to time

Cellnet Group means Cellnet and each of its Related Bodies Corporate. A reference to a **member of the Cellnet Group** or a **Cellnet Group Member** is a reference to Cellnet or any Related Body Corporate.

Cellnet Information means information to be included by Cellnet in the Scheme Booklet that explains the effect of the Scheme and sets out the information prescribed by the Corporations Act and the Corporations Regulations, and any other information that is material to the making of a decision by Cellnet Shareholders as to whether or not to vote in favour of the Scheme, being information that is within the knowledge of the Independent Directors and has not previously been disclosed to Cellnet Shareholders, but does not include the Bidder Information and the Independent Expert Report.

Cellnet Parties means each member of the Cellnet Group and their Related Bodies Corporate and Representatives.

Cellnet Prescribed Occurrence means the occurrence of any of the following on or after the date of this deed:

- (a) Cellnet converts all or any of its shares into a larger or smaller number of shares;
- (b) any member of the Cellnet Group resolves to reduce its share capital in any way;
- (c) any member of the Cellnet Group:
 - (i) enters into a buy-back agreement; or

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- (ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or section 257D(1) of the Corporations Act;
- (d) any member of the Cellnet Group issues, or agrees to issue, convertible notes or any other security or instrument that is convertible into shares;
- (e) any member of the Cellnet Group issues shares, convertible securities or grants a performance right or an option over its shares, or agrees to make such an issue or grant such a performance right or an option other than pursuant to the exercise of an option or performance right before the Record Date where that option or performance right was on issue immediately before the date of this deed;
- (f) any member of the Cellnet Group disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) any member of the Cellnet Group creates or agrees to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property other than a lien which arises by operation of law or legislation securing an obligation that is not yet due; or
- (h) an Insolvency Event occurs in respect of any member of the Cellnet Group (other than a dormant entity),

provided that a Cellnet Prescribed Occurrence will not include any matter:

- (i) required to be done or procured by Cellnet pursuant to this deed or which is expressly contemplated by this deed or the Scheme;
- (j) Fairly Disclosed in:
 - (i) the Due Diligence Materials;
 - (ii) an announcement made by Cellnet to ASX, or a publicly available document lodged by it with ASIC, in each case at least one Business Day before the date of this deed; or
 - (iii) publicly available documents which would be disclosed in a search of:
 - A. the PPS Register;
 - B. the registry of the New South Wales Land Registry Services or the Victorian Land Titles Office; or
 - C. IP Australia,
 had each such search been conducted on the Business Day before the date of this deed;
- (k) approved by a majority of the Cellnet Board (in circumstances where all Cellnet Directors are eligible to vote on the relevant decision); or
- (l) the undertaking of which the Bidder has consented to in writing.

Cellnet Regulated Event means the occurrence of any of the following on or after the date of this deed:

- (a) Cellnet adopts a new constitution or modifies or repeals its constitution or any provision of it;

SCHEME IMPLEMENTATION DEED

- (b) Cellnet makes, declares, pays or incurs any liability to make or pay any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie);
- (c) a member of the Cellnet Group ceases or threatens to cease, the whole or a material part of its business;
- (d) Cellnet Shares are delisted or are subject to suspension from quotation for 5 or more trading days, other than as a result of this deed or any action taken by the Bidder;
- (e) a member of the Cellnet Group changes any accounting policy applied by them to report their financial position other than any change in policy required by a change in accounting standards;
- (f) a member of the Cellnet Group purchases, leases, acquires or disposes of any assets (excluding inventory), or undertakes or commits to any capital expenditure, the value of which exceeds \$250,000 in aggregate;
- (g) a member of the Cellnet Group enters into, terminates, amends or varies any material lease, agreement, commitment or licence;
- (h) a member of the Cellnet Group:
 - (i) changes or agree to change the terms of employment, including salaries and benefits, of employees on a salary of more than \$200,000 per year or grant any bonus, severance or retention benefit to any employee or officer other than in accordance with such employee's or officer's contractual entitlements;
 - (ii) enters into any new agreements, arrangements or understandings involving more than \$200,000 in aggregate;
 - (iii) increases salaries and benefits of employees which in aggregate amount to more than \$200,000 per year, other than in accordance with such employees' contractual or legal entitlements;
- (i) the Cellnet Group pays, incurs or agrees to pay or incur any amount of Transaction Costs which in aggregate exceeds \$250,000,

provided that a Cellnet Regulated Event will not include any matter:

- (j) required to be done or procured by Cellnet pursuant to this deed or which is expressly contemplated by this deed or the Scheme;
- (k) Fairly Disclosed in:
 - (i) the Due Diligence Materials;
 - (ii) an announcement made by Cellnet to ASX, or a publicly available document lodged by it with ASIC, in each case at least one Business Day before the date of this deed; or
 - (iii) publicly available documents which would be disclosed in a search of:
 - A. the PPS Register;
 - B. the registry of the New South Wales Land Registry Services or the Victorian land Titles Office; or

SCHEME IMPLEMENTATION DEED

C. IP Australia,

had each such search been conducted on the Business Day before the date of this deed;

- (l) the undertaking of which the Bidder has consented to in writing (which response must not be unreasonably delayed more than 5 Business Days from the date of the request from Cellnet);
- (m) approved by a majority of the Cellnet Board (in circumstances where all Cellnet Directors are eligible to vote on the relevant decision);
- (n) in paragraph (f), (g) or (h) where undertaken in the ordinary course of business of Cellnet Group; or
- (o) required by any applicable law, regulation or contract entered into and a copy of which was Fairly Disclosed to the Bidder before the date of this deed.

Cellnet Shareholder means each person who is registered in the Share Register as a holder of one or more Shares.

Cellnet Warranties means the representations and warranties of Cellnet set out in clause 9.1.

Claim means in relation to a person, a demand, claim, action or proceeding made or brought by or against the person, however arising and whether present, unascertained, immediate, future or contingent.

Competing Proposal means any proposal, offer, agreement or transaction, which if entered into or completed, would result in a Third Party (alone or with an Associate):

- (a) acquiring a relevant interest, voting power, economic interest or derivative transaction in 20% or more of the Shares or of the securities of any of member of the Cellnet Group;
- (b) directly or indirectly acquiring or obtaining an interest (including an economic interest) in all or a substantial part or material part of the Business or assets or property of, Cellnet or any member of the Cellnet Group (where a material part means assets or property representing 20% or more of the value of the Cellnet Group's total assets);
- (c) acquiring Control of Cellnet or any member of the Cellnet Group; or
- (d) acquiring, or merging with, Cellnet or any member of the Cellnet Group (including by way of takeover bid, scheme of arrangement, capital reduction, buy-back, sale of assets, sale of securities, strategic alliance, dual listed company structure, joint venture or partnership),

or any proposal by Cellnet to implement any reorganisation of capital or any proposal, offer or transaction that is similar in structure to, or that would be reasonably regarded as being an alternative proposal to, the Proposed Transaction, or any proposal that would otherwise result in the Proposed Transaction not being able to be implemented on the basis set out in this deed.

Conditions means the conditions set out in clause 3.1 and Condition means any one of them.

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Confidentiality Deed means the confidentiality deed between Cellnet and the Bidder dated 2 May 2023.

Control means that term as defined in section 50AA of the Corporations Act.

Corporations Act means the *Corporations Act 2001* (Cth).

Corporations Regulations means the *Corporations Regulations 2001* (Cth).

Court means the Federal Court of Australia or such other court of competent jurisdiction agreed between the parties.

Deed Poll means the deed poll to be executed by the Bidder prior to the First Court Date, in the form set out in Annexure B or in such other form as is agreed in writing between the parties.

Delivery Time means in relation to the Second Court Date, not later than two hours before the commencement of the hearing or if the commencement of the hearing is adjourned, the commencement of the adjourned hearing, of the Court to approve the Scheme in accordance with section 411(4)(b) of the Corporations Act.

Director means a director of Cellnet.

Due Diligence Material means the written information, documents and responses disclosed or made available to the Bidder or its Representatives by or on behalf of Cellnet 1 Business Day before the date of this deed in the data room (an index of which has been initialled for identification by a representative of Cellnet's and by a representative of the Bidder).

Effective means when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to that Scheme.

Effective Date means with respect to the Scheme, the date on which the Scheme becomes Effective.

End Date means the later of:

- (a) 31 October 2023; and
- (b) such other date and time agreed in writing between Cellnet and the Bidder.

Exclusivity Period means the period commencing on the date of this deed and ending on the earliest of:

- (a) the End Date;
- (b) the Effective Date of the Scheme; and
- (c) the date this deed is terminated in accordance with its terms.

Excluded Share means a Scheme Share held by an Excluded Shareholder as at the Record Date.

Excluded Shareholder means the Bidder and its Associates.

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Fairly Disclosed means in relation to a matter, event or circumstance, that information about the matter, event or circumstance is disclosed in writing in sufficient detail so as to enable a reasonable person experienced in the industries in the which the Cellnet Group and the Bidder operate to identify and reasonably and properly assess the nature, scope and consequences of the relevant matter, event or circumstance (and, for the avoidance of doubt, if a plan or proposal is disclosed, the implementation of that plan or proposal is also considered disclosed).

First Court Date means the date the Court first hears the application to order the convening of the Scheme Meeting under section 411(1) of the Corporations Act or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.

Government Agency means any foreign or Australian Government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state, and any other federal, state, provincial or local government, whether foreign or Australian.

GST means goods and services tax in terms of the GST Act.

GST Act means *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

GST Law means the meaning given to that term in the GST Act.

Headcount Test means the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme at the Scheme Meeting is passed by a majority in number of Cellnet Shareholders present and voting, either in person or by proxy.

Implementation Date means the fifth Business Day after the Record Date or such other date after the Record Date agreed to in writing between the parties.

Independent Directors means the directors of Cellnet other than Kevin Gilmore, Michael Wendt and Brian Danos.

Independent Expert means the independent expert in respect of the Scheme appointed by Cellnet.

Independent Expert Report means a report (including any updates to such report) of the Independent Expert stating whether or not in its opinion the Scheme is in the best interest of Cellnet Shareholders (other than Excluded Shareholders).

Insolvency Event means in relation to an entity:

- (a) the entity resolving or applying to court for an order that it be wound up or a court making an order for the winding up or dissolution of the entity (other than where the order is set aside within 14 days);
- (b) a liquidator, provisional liquidator, administrator, receiver, receiver and manager, trustee or other insolvency official being appointed to the entity or in relation to the whole, or a substantial part, of its assets;
- (c) the entity executing a deed of company arrangement or other compromise or arrangement with its creditors or any class of them;
- (d) the entity ceases, or threatens to cease to, carry on substantially all the business conducted by it as at the date of this deed;

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- (e) the entity is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act (or, if appropriate, legislation of its place of incorporation) unless that entity has or has access to financial support from a Related Body Corporate such that it is able to pay its debts;
- (f) the entity being deregistered as a company or otherwise dissolved; or
- (g) something having a substantially similar effect to any of the things described in paragraphs (a) to (f) happens in connection with the entity under the law of Australia or any foreign jurisdiction.

Listing Rules means the official listing rules of ASX as amended from time to time.

Losses means all claims, demands, damages, losses, costs, expenses and liabilities.

Material Adverse Change means a change, event, circumstance, occurrence or matter that occurs after the date of this deed which (whether individually or when aggregated with all such changes, events, circumstances, occurrences or matters occurring after the date of this deed) has resulted in or is reasonably likely to result in:

- (a) the consolidated net assets of the Cellnet Group being diminished by at least \$3,000,000 against the consolidated net assets of the Cellnet Group as at the date of this deed; or
- (b) the consolidated earnings before interest, tax, depreciation and amortisation of the Cellnet Group for
 - (i) the financial year ending 30 June 2023; or
 - (ii) the 12 month period commencing on the date of the relevant change, event, circumstance, occurrence or matter,

being reduced by at least \$1,500,000, against what it would reasonably be expected to have been at the end of a financial year but for that change, event, circumstance, occurrence or matter,

in each case, other than changes, event, circumstances, occurrences or matters:

- (c) to be done or procured by Cellnet pursuant to this deed or which is expressly contemplated by this deed or the Scheme;
- (d) consented to in writing by the Bidder;
- (e) approved by a majority of the Cellnet Board (in circumstances where all Cellnet Directors are eligible to vote on the relevant decision);
- (f) Fairly Disclosed in:
 - (i) the Due Diligence Materials;
 - (ii) an announcement made by Cellnet to ASX, or a publicly available document lodged by it with ASIC, in each case at least one Business Day before the date of this deed; or
 - (iii) publicly available documents which would be disclosed in a search of:
 - A. the PPS Register;
 - B. the registry of the New South Wales Land Registry Services or the Victorian land Titles Office; or

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C. IP Australia,

had each such search been conducted on the Business Day before the date of this deed;

- (g) that are within the actual knowledge of the Bidder at the date of the deed;
- (h) directly relating to Transaction Costs incurred by Cellnet; or
- (i) which arise from any of the following:
 - (i) changes in exchange rates or interest rates;
 - (ii) changes in general economic or business conditions, including any changes or major disruptions to, or fluctuations in, domestic or international financial markets;
 - (iii) changes to generally accepted accounting standards;
 - (iv) any act of terrorism, outbreak or escalation of war (whether or not declared), major hostilities, civil unrest or outbreak or escalation of any disease epidemic or pandemic (including the outbreak, escalation or any impact of, or recovery from, the Coronavirus or COVID-19 pandemic); or
 - (v) any act of God, natural disaster, lightning, storm flood, bushfire, earthquake, explosion, cyclone, tidal wave, landslide, on or after the date of this deed.

Option means an option to acquire Shares.

PPS Register means the Personal Property Securities Register established under the *Personal Property Securities Act 2009* (Cth).

Proposed Transaction means:

- (a) the proposed acquisition by the Bidder of all of the Scheme Shares through the implementation of the Scheme, in accordance with the terms and conditions of this deed; and
- (b) all associated transactions and steps contemplated by this deed.

Record Date means 5.00pm on the fifth Business Day after the Effective Date or such other time and date agreed to in writing between the parties.

Reimbursement Payment means \$250,000.

Related Body Corporate of a person, means a related body corporate of that person under section 50 of the Corporations Act and includes any body corporate that would be a related body corporate if section 48(2) of the Corporations Act was omitted.

Relevant Interest has the meaning given to that term in sections 608 and 609 of the Corporations Act.

Representatives means, in respect of a party, an employee, agent, officer, director, adviser or financier of or to that party (or of a Related Body Corporate of that party), and, in the case of advisers and financiers, includes employees, officers and agents of the adviser or financier (as applicable) but excluding the Independent Expert. It includes any Related Bodies Corporate.

Reverse Reimbursement Payment means \$250,000.

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RG 60 means ASIC Regulatory Guide 60: Schemes of arrangement (RG 60).

Scheme means the proposed scheme of arrangement pursuant to Part 5.1 of the Corporations Act between Cellnet and Scheme Shareholders in respect of all Scheme Shares, substantially in the form set out in Annexure A or in such other form as the parties agree in writing, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by each party.

Scheme Booklet means the scheme booklet to be prepared by Cellnet in respect of the Scheme in accordance with the terms of this deed and to be dispatched to Cellnet Shareholders and that must include or be accompanied by:

- (a) a copy of the Scheme;
- (b) an explanatory statement complying with the requirements of the Corporations Act, the Corporations Regulations and RG 60;
- (c) the Independent Expert Report;
- (d) a copy or summary of this deed;
- (e) a copy or summary of the executed Deed Poll;
- (f) a notice of meeting; and
- (g) a proxy form.

Scheme Consideration means in respect of each Scheme Share held by a Scheme Shareholder, \$0.027 cash for each Scheme Share.

Scheme Meeting means the meeting of Cellnet Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

Scheme Share means a Share on issue as at the Record Date other than the Excluded Shares.

Scheme Shareholder means a Cellnet Shareholder as at the Record Date other than an Excluded Shareholder.

Second Court Date means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, means the date on which the adjourned application is heard or scheduled to be heard.

Share means an issued fully paid ordinary share in the capital of Cellnet.

Share Register means the share register of Cellnet and **Share Registry** has a corresponding meaning.

Share Splitting means the splitting by a holder of Shares into two or more parcels of Shares whether or not it results in any change in beneficial ownership of the Shares.

Subsidiary has the meaning given to that term in section 46 of the Corporations Act.

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Superior Proposal mean a bona fide Competing Proposal that the Independent Directors determine, acting in good faith and to satisfy what the Independent Directors reasonably consider to be their fiduciary or statutory duties:

- (a) is reasonably capable of being completed substantially in accordance with its terms; and
- (b) would, if completed substantially in accordance with its terms, be likely to result in a transaction more favourable to Cellnet Shareholders than the Proposed Transaction, having regard to all relevant matters, including consideration, conditionality, funding, certainty and timing.

Third Party means any person or entity other than a member of the Bidder Group or a member of the Cellnet Group.

Timetable means the indicative timetable in relation to the Proposed Transaction set out in Schedule 1 with such modifications as may be agreed in writing by the parties.

Transaction Costs means investment banking, financial adviser, legal, accounting, Share Registry and other costs payable to other advisers or third party service providers, and retention payments, incurred by Cellnet in respect of the Scheme, in each case inclusive of GST.

1.2 Interpretation

In this deed the following rules of interpretation apply, unless the contrary intention appears or context otherwise requires:

- (a) Headings and subheadings are for convenience only and do not affect the interpretation of this deed.
- (b) References to clauses, Schedules, annexures, appendices, attachments and exhibits are references to the clauses of, and the Schedules, annexures, appendices, attachments and exhibits to, this deed.
- (c) References to parties are references to the parties to this deed.
- (d) Words denoting the singular include the plural and words denoting the plural include the singular.
- (e) Where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase have corresponding meanings.
- (f) The word "person" includes any individual, corporation or other body corporate, partnership, joint venture, trust, association and any Government Agency.
- (g) References to clauses are references to clauses of this deed.
- (h) A reference to a law includes:
 - (i) legislation, regulations and other instruments made under legislation and any consolidations, amendments, re-enactments or replacements of them;
 - (ii) any constitutional provision, treaty or decree;
 - (iii) any judgment;
 - (iv) any rule or principle of common law or equity,

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and is a reference to that law as amended, consolidated, re-enacted, replaced or applied to new or different facts.

- (i) Specifying anything in this deed after the terms “include”, “including”, “includes”, “for example”, “such as” or any similar expression does not limit the sense of the words, description, definition, phrase or term preceding those terms unless there is express wording to the contrary.
- (j) A reference to conduct includes an omission, statement or undertaking, whether or not in writing.
- (k) If a period of time begins on a given day or the day of an act or event, it is to be calculated exclusive of that day.
- (l) A reference to time is a reference to Melbourne, Victoria, Australia time unless otherwise specified.
- (m) A reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later.
- (n) If any act is required to be performed under this deed by a party on or by a specified day and the act is performed after 5.00 pm on that day, the act is deemed to be performed on the next day.
- (o) If any act is required to be performed under this deed on or by a specified day and that day is not a Business Day, the act must be performed on or by the next Business Day.
- (p) This deed includes all Schedules, annexures, appendices, attachments and exhibits to it.
- (q) A reference to “writing” or “written” includes fax and email (unless otherwise expressly provided in this deed).
- (r) No provision of this deed will be construed adversely to a party because that party was responsible in any way for the preparation of any part of that provision or this deed.

1.3 Consent or approvals

If the doing of any act, matter or thing under this deed is dependent on the consent or approval of a party or is within the discretion of a party, the consent or approval may be given or the discretion may be exercised conditionally or unconditionally or withheld by the party in its absolute discretion unless expressly provided otherwise.

1.4 Listing requirements includes as law

A listing rule or operating rule of a financial market or of a clearing and settlement facility will be regarded as a law, and a reference to such a rule is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

1.5 Reasonable and best endeavours

Any provision of this deed which requires a party to use reasonable endeavours or best endeavours to procure that something is performed or occurs or does not occur does not include any obligation:



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- (a) to pay any money or provide any financial compensation, valuable consideration or any other incentive to or for the benefit of any person except for payment of any applicable fee for the lodgement or filing of any relevant application with any Government Agency; or
- (b) to commence any legal action or proceeding against any person, except where that provision expressly specifies otherwise.

2. AGREEMENT TO PROPOSE SCHEME

- (a) Cellnet agrees to propose and implement the Scheme on and subject to the terms and conditions of this deed, and substantially in accordance with the Timetable.
- (b) The Bidder agrees to assist Cellnet to propose and implement the Scheme on and subject to the terms of this deed.

3. CONDITIONS PRECEDENT

3.1 Conditions to scheme

Subject to this clause 3, the Scheme will not become Effective, and the respective obligations of the parties in relation to the implementation of the Scheme will not be binding, unless and until each of the following conditions precedent is satisfied or waived to the extent and in the manner set out in this clause 3:

- (a) **(no Cellnet Prescribed Occurrence)** no Cellnet Prescribed Occurrence occurs between the date of this deed and the Delivery Time;
- (b) **(no Cellnet Regulated Event)** no Cellnet Regulated Event occurs between the date of this deed and the Delivery Time;
- (c) **(no Cellnet Material Adverse Change)** no Cellnet Material Adverse Change occurs between the date of this deed and the Delivery Time;
- (d) **(no restraints)** no restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction in Australia or Government Agency, or other material legal restraint or prohibition recognised under the laws of Australia preventing the Scheme from becoming Effective is in effect at the Delivery Time;
- (e) **(Cellnet Warranties)** the Cellnet Warranties are true and correct in all material respects on the date of this deed and at the Delivery Time;
- (f) **(Bidder Warranties)** the Bidder Warranties are true and correct in all material respects on the date of this deed and at the Delivery Time;
- (g) **(Shareholder approval)** the Scheme is approved by Cellnet Shareholders at the Scheme Meeting by the majorities required under section 411(4)(a)(ii) of the Corporations Act;
- (h) **(Independent Expert)** the Independent Expert:
 - (i) issues an Independent Expert's Report which concludes that the Scheme is in the best interests of Cellnet Shareholders (other than Excluded Shareholders) before the time when the Scheme Booklet is registered by ASIC; and

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- (ii) does not change its conclusion or withdraw its Independent Expert's Report before the Delivery Time;
- (i) **(Court approval)** the Court approved the Scheme in accordance with section 411(4)(b) of the Corporations Act either unconditionally or on conditions that do not impose unduly onerous obligations on either party (acting reasonably) and a copy of those orders has been lodged with ASIC as contemplated in section 411(10); and
- (j) **(Options)** before the Delivery Time, all actions have been taken and arrangements have been put in place so that all Options will vest, have lapsed or have been cancelled before the Record Date.

3.2 Benefit and waiver of Conditions

- (a) The Conditions in clause 3.1(a) (no Cellnet Prescribed Occurrence), clause 3.1(b) (no Cellnet Regulated Event), clause 3.1(c) (no Cellnet Material Adverse Change), clause 3.1(e) (Cellnet Warranties) and clause 3.1(j) (Options) are for the sole benefit of the Bidder and any breach or non-fulfilment of them may only be waived by the Bidder giving its written consent.
- (b) The Conditions in clause 3.13.1(f) (Bidder Warranties) and clause 3.1(h) (Independent Expert) are for the sole benefit of Cellnet and any breach or non-fulfilment of them may only be waived by Cellnet giving its written consent.
- (c) A party entitled to waive a Condition pursuant to this clause 3.2 may do so in its absolute discretion. Any waiver of a Condition by a party for whose benefit the Condition applies must take place on or prior to the Delivery Time.
- (d) The Conditions in clause 3.1(d) (no restraints), clause 3.1(g) (Shareholder approval) and clause 3.1(i) (Court approval) cannot be waived.
- (e) If a party waives the breach or non-fulfilment of any of the Conditions in clause 3.1, that waiver will not preclude it from suing the other party for any breach of this deed including without limitation a breach that resulted in the non-fulfilment of the Condition that was waived.

3.3 Reasonable endeavours

Cellnet and the Bidder must use their respective reasonable endeavours to procure that:

- (a) each of the Conditions is satisfied as soon as reasonably practicable after the date of this deed and continues to be satisfied at all times until the last time they are to be satisfied (as the case may require); and
- (b) there is no occurrence within its control which would prevent any of the Conditions being (or remaining) satisfied.

3.4 Notifications

Each of the Bidder and Cellnet must:

- (a) keep the other party promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions;
- (b) promptly notify the other party in writing if it becomes aware that any Condition has been satisfied; and

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- (c) promptly notify the other party in writing if it becomes aware that any Condition is or has become incapable of being satisfied (having regard to the respective obligations of each party under clause 3.3).

3.5 Certificate

Before the Delivery Time:

- (a) the Bidder and Cellnet will provide a joint certificate to the Court confirming whether or not the Condition set out in clause 3.1(d) (no restraints) has been satisfied or waived in accordance with the terms of this deed;
- (b) Cellnet will provide a certificate to the Court confirming, in respect of matters within its knowledge, whether or not the Conditions (other than the Condition set out in clause 3.1(d) (no restraints), clause 3.1(f) (Bidder Warranties) and clause 3.1(i) (Court approval)) have been satisfied or waived in accordance with the terms of this deed;
- (c) the Bidder will provide a certificate to the Court confirming, in respect of matters within its knowledge, whether or not the Condition set out in clause 3.1(f) (Bidder Warranties) have been satisfied or waived in accordance with the terms of this deed;
- (d) Cellnet will provide a certificate to the Bidder confirming whether or not it has breached any of its obligations under this deed (including a breach of a representation or warranty), and if it has, giving details of such breaches; and
- (e) the Bidder will provide a certificate to Cellnet confirming whether or not it has breached any of its obligations under this deed (including a breach of a representation or warranty), and if it has, giving details of such breaches.

3.6 Scheme voted down

If the Scheme is not approved by Cellnet Shareholders at the Scheme Meeting by reason only of the Headcount Test not being satisfied and Cellnet or the Bidder considers (acting reasonably) that Share Splitting or other improper conduct is reasonably likely to have caused or contributed to the failure of the Headcount Test, Cellnet must:

- (a) apply for an order of the Court under section 411(4)(a)(ii)(A) of the Corporations Act to seek Court approval of the Scheme under section 411(4)(b) of the Corporations Act, notwithstanding that the Headcount Test has not been satisfied; and
- (b) make submissions to the Court and file such evidence as Cellnet, in consultation with its legal counsel and with the Bidder, considers is reasonably required to seek to have the Court exercise its discretion under section 411(4)(a)(ii)(A) of the Corporations Act by making an order to disregard the Headcount Test.

3.7 Conditions not capable of being fulfilled

- (a) If there is an event or occurrence that would, does, or will prevent any of the Conditions being satisfied (including, for the avoidance of doubt, if Cellnet Shareholders do not vote in favour of the Scheme at the Scheme Meeting by the requisite majorities), or if any of the Conditions will not otherwise be satisfied, by the earlier of:

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- (i) the time and date specified in this deed for the satisfaction of that Condition; and
 - (ii) the End Date,
- or such Condition is otherwise not satisfied by that specified time and date or by the End Date (as applicable), then:
- (iii) if the Bidder has given notice to Cellnet under clause 3.4 in respect of an actual or alleged breach of one or more of the Conditions in clause 3.1(a) (no Cellnet Prescribed Occurrence), clause 3.1(b) (no Cellnet Regulated Event), clause 3.1(c) (no Cellnet Material Adverse Change), if Cellnet remedies the breach within 10 Business Days (or any shorter period ending at 5.00pm on the Business Day before the Second Court Date) after the date on which that notice is given, the relevant Condition or Conditions (as applicable) will not be taken to have been breached or not satisfied; and
 - (iv) Cellnet and the Bidder must consult in good faith with a view to determining whether:
 - A. the Scheme may proceed by way of alternative means;
 - B. to extend the relevant time or date for satisfaction of the Condition;
 - C. to change the date of the application to be made to the Court for orders under section 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to another date agreed by the parties; or
 - D. to extend the End Date.
- (b) Subject to clause 3.7(c), if a Condition becomes incapable of being satisfied before the End Date and Cellnet and the Bidder are unable to reach agreement under clause 3.7(a) within five Business Days of the date on which they both become aware that the Condition has become incapable of being satisfied (or, if earlier, by the Delivery Time), then unless the relevant Condition (where capable of waiver) is waived:
- (i) in relation to the Condition in clause 3.1(d)(no restraints) or clause 3.1(g) (Shareholder approval), either the Bidder or Cellnet may terminate this deed by giving the other party notice without any liability to any party by reason of that termination alone;
 - (ii) in relation to the Conditions in 3.1(a) (no Cellnet Prescribed Occurrence), clause 3.1(b) (no Cellnet Regulated Event), clause 3.1(c) (no Cellnet Material Adverse Change), clause 3.1(e) (Cellnet Warranties) and clause 3.1(j) (Options), the Bidder may terminate this deed by giving Cellnet notice without any liability to any party by reason of that termination alone; and
 - (iii) in relation to the Condition in clause 3.1(f) (Bidder Warranties) and clause 3.1(h) (Independent Expert), Cellnet may terminate this deed by giving the Bidder notice without any liability to any other party by reason of that termination alone.

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- (c) A party will not be entitled to terminate this deed pursuant to clause 3.7(b) if the relevant Condition has not been satisfied as a result of:
 - (i) a breach of this deed by that party; or
 - (ii) a deliberate act or omission of that party which either alone or together with other circumstances prevents that Condition being satisfied.

3.8 Interpretation

For the purposes of this clause 3, a Condition will be incapable of satisfaction, or incapable of being fulfilled if there is an act, failure to act or occurrence that will prevent the Condition being satisfied by the End Date (and the breach or non-fulfilment that would otherwise have occurred has not already been waived in accordance with this deed).

4. TRANSACTION STEPS

4.1 Scheme

Cellnet must, substantially in accordance with the Timetable, propose the Scheme under which, subject to the Scheme becoming Effective, all of the Scheme Shares will be transferred to the Bidder and the Scheme Shareholders will be entitled to receive, for each Scheme Share held at the Record Date, the Scheme Consideration.

4.2 Scheme Consideration

The Bidder covenants in favour of Cellnet (in Cellnet's own right and separately as trustee for each Scheme Shareholder) that, in consideration of the transfer to the Bidder of the Scheme Shares under the terms of the Scheme, on the Implementation Date, the Bidder will:

- (a) accept that transfer; and
- (b) provide each Scheme Shareholder the Scheme Consideration, in accordance with the Scheme.

4.3 Fractional entitlements

Where the calculation of the aggregate Scheme Consideration payable to a particular Scheme Shareholder would result in the payment of a fraction of a cent, the fractional entitlement will be rounded down to the nearest cent.

4.4 Deed Poll

The Bidder covenants in favour of Cellnet (in Cellnet's own right and separately as trustee for each of the Scheme Shareholders) to execute, deliver and perform the Deed Poll prior to the First Court Date.

4.5 No amendment to the Scheme without consent

Cellnet must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of the Bidder.

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5. IMPLEMENTATION

5.1 Cellnet's obligations

Cellnet must take all steps reasonably necessary to propose and implement the Scheme as soon as reasonably practicable after the date of this deed and substantially in accordance with the Timetable, including taking each of the following steps:

- (a) **(Announce Independent Director recommendation)** following execution of this deed, announce, in a form agreed between Cellnet and the Bidder (on the basis of statements made to Cellnet by each Independent Director), that:
 - (i) the Independent Directors unanimously recommend that Cellnet Shareholders vote in favour of the Scheme qualified only by the words "in the absence of a Superior Proposal and the Independent Expert continuing to consider the Scheme to be in the best interests of Cellnet Shareholders (other than Excluded Shareholders)"; and
 - (ii) each Independent Director who has a Relevant Interest in Cellnet Shares, intends to vote his or her Cellnet Shares in favour of the Scheme qualified only by the words "in the absence of a Superior Proposal and the Independent Expert continuing to consider the Scheme to be in the best interests of Cellnet Shareholders (other than Excluded Shareholders)";
- (b) **(Scheme Booklet)** prepare the Scheme Booklet in accordance with clause 5.3;
- (c) **(Independent Expert)** promptly appoint the Independent Expert and provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert Report for inclusion in the Scheme Booklet;
- (d) **(Approval of draft for ASIC)** as soon as reasonably practicable after the preparation of an advanced draft of the Scheme Booklet suitable for review by ASIC, procure that a meeting of the committee of the Independent Directors, is held to consider approving that draft as being in a form appropriate for provision to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act;
- (e) **(Draft to ASIC)** as soon as reasonably practicable after the date of this deed, and in any event no later than 14 days before the First Court Date:
 - (i) provide an advanced draft of the Scheme Booklet, in a form approved, to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act, and provide a copy to the Bidder immediately thereafter; and
 - (ii) liaise with ASIC during the period of its consideration of that draft of the Scheme Booklet and keep the Bidder reasonably informed of any matters raised by ASIC in relation to the Scheme Booklet and where practical to do so, consult with the Bidder in good faith, prior to taking any steps or actions to resolve any such matters (provided that, where any matters raised by ASIC relate to the Bidder Information, Cellnet must not take any steps or actions to resolve them without the Bidder's prior written consent, not to be unreasonably withheld);

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- (f) **(Approval of Scheme Booklet)** as soon as reasonably practicable after the conclusion of the review by ASIC of the Scheme Booklet, procure that a meeting of the committee of Independent Directors, is held to consider approving the Scheme Booklet for dispatch to the Cellnet Shareholders, subject to orders of the Court under section 411(1) of the Corporations Act;
- (g) **(Section 411(17)(b) statements)** apply to ASIC for the production of:
 - (i) an indication of intent letter stating that it does not intend to appear before the Court on the First Court Date; and
 - (ii) a statement in writing pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- (h) **(First Court hearing)** lodge all documents with the Court and take all other reasonable steps to ensure that promptly after, and provided that, the required approvals have been received, an application is heard by the Court for an order under section 411(1) of the Corporations Act directing Cellnet to convene the Scheme Meeting;
- (i) **(Court representation)** engage suitable counsel to represent Cellnet in all Court proceedings related to the Scheme and not oppose any application by the Bidder for leave of the Court to be represented by legal counsel at each Court hearing held in relation to the Scheme;
- (j) **(Registration of explanatory statement)** request ASIC to register the explanatory statement included in the Scheme Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act;
- (k) **(Convening Scheme Meeting)** take all reasonable steps necessary to comply with the orders of the Court including, as required, dispatching the Scheme Booklet to the Cellnet Shareholders and convening and holding the Scheme Meeting;
- (l) **(Share Registry details)** subject to the terms of the Scheme, provide:
 - (i) all necessary information about the Cellnet Shareholders known to Cellnet which the Bidder reasonably requires in order to solicit votes at the Scheme Meeting; and
 - (ii) all necessary directions to the Share Registry to promptly provide any information that the Bidder requires in relation to the Share Register, including any sub-register, and where requested by the Bidder, Cellnet must procure that information to be provided in the electronic form as reasonably requested by the Bidder;
- (m) **(Share Register changes)** inform the Bidder within two Business Days of any changes to the Share Register involving a Cellnet Shareholder increasing its Relevant Interest in Cellnet Shares by 1% or more (calculated as a proportion of the total number of Cellnet Shares on issue);
- (n) **(Proxies):**
 - (i) after the date the Scheme Booklet is sent to Cellnet Shareholders, provide the Bidder with a daily report detailing proxies received in respect of the Scheme Meeting; and

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- (ii) provide to the Bidder copies of all call centre scripts proposed to be used by Cellnet for Cellnet Shareholder canvassing activities and take into account any reasonable comments made by the Bidder;
- (o) **(Promotion of Scheme)** provide all reasonable co-operation in the promotion of the Scheme to Cellnet Shareholders as requested by the Bidder (acting reasonably), including procuring that senior Cellnet employees meeting with key Cellnet Shareholders and communicate with employees, customers and suppliers in a manner which is supportive of the Scheme;
- (p) **(Court approval application if parties agree that conditions are capable of being satisfied)** subject to all Conditions, other than clause 3.1(i) being satisfied or waived in accordance with this deed, apply (and, to the extent necessary, re-apply) to the Court for orders approving the Scheme;
- (q) **(Appeal process)** if the Court refuses to make any orders directing Cellnet to convene the Scheme Meeting or approving the Scheme, Cellnet and the Bidder must appeal the Court's decision to the fullest extent possible except to the extent that:
 - (i) the parties agree otherwise; or
 - (ii) an independent senior legal counsel advises that, in their view, an appeal would have no reasonable prospect of success before the End Date;
- (r) **(Implementation of Scheme)** if the Scheme is approved by the Court:
 - (i) subject to the Listing Rules, lodge with ASIC an office copy of the orders approving the Scheme in accordance with section 411(10) of the Corporations Act within one Business Day of receipt (or such later date agreed by the bidder);
 - (ii) determine the identity of the Scheme Shareholders and their entitlements to the Scheme Consideration as at the Record Date in accordance with the Scheme;
 - (iii) execute proper instruments of transfer, and effect and register the transfer, of the Scheme Shares to the Bidder on the Implementation Date; and
 - (iv) do all other things contemplated by or necessary to give effect to the Scheme and the orders of the Court approving the Scheme;
- (s) **(Bidder Information)** without the prior written consent of the Bidder, not use the Bidder Information for any purposes other than those expressly contemplated by this deed or the Scheme;
- (t) **(Documents)** consult with the Bidder in relation to the content of the documents required for the purpose of the Scheme (including originating process, affidavits, submissions and draft minutes of Court orders) and consider, for the purpose of amending drafts of those documents, any reasonable comments from the Bidder on those documents;
- (u) **(Suspension of trading)** apply to ASX to suspend trading in Cellnet Shares with effect from the close of trading on the Effective Date;
- (v) **(Listing)** take all reasonable steps to maintain Cellnet's listing on ASX, notwithstanding any suspension of the quotation of Cellnet Shares, up to and

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including the Implementation Date, including making appropriate applications to ASX and ASIC; and

- (w) **(Compliance with laws)** do everything reasonably within its power to ensure that all transactions contemplated by this deed are effected in accordance with all applicable laws and regulations.

5.2 Bidder's obligations

The Bidder must take all steps reasonably necessary to assist Cellnet to implement the Scheme as soon as reasonably practicable and substantially in accordance with the Timetable, including taking each of the following steps:

- (a) **(Bidder Information)** provide to Cellnet, in a form appropriate for inclusion in the Scheme Booklet, all information regarding the Bidder that is required by all applicable law, the Listing Rules and RG 60 for inclusion in the Scheme Booklet and consent to inclusion of that information in the Scheme Booklet;
- (b) **(Scheme Booklet and Court documents)** promptly provide any assistance or information reasonably requested by Cellnet in connection with preparation of the Scheme Booklet (including any updated or supplementary Scheme Booklet) and any documents required to be filed with the Court in respect of the Scheme, promptly review the drafts of the Scheme Booklet (including any updated or supplementary Scheme Booklet) prepared by Cellnet and promptly provide comments on those drafts in good faith;
- (c) **(Assist Independent Expert)** promptly provide all assistance and information reasonably requested by the Independent Expert to enable it to prepare the Independent Expert Report for inclusion in the Scheme Booklet;
- (d) **(Review drafts of Scheme Booklet)** as soon as reasonably practicable after delivery, review the drafts of the Scheme Booklet prepared by Cellnet and provide comments on those drafts;
- (e) **(Approval of draft for ASIC)** as soon as reasonably practicable after the preparation of an advanced draft of the Scheme Booklet suitable for review by ASIC, procure that a meeting of the appropriate decision-makers of the Bidder is held to consider approving those sections of that draft that relate to the Bidder as being in a form appropriate for provision to ASIC for review;
- (f) **(Approval of Scheme Booklet)** as soon as reasonably practicable after the conclusion of the review by ASIC of the Scheme Booklet, procure that a meeting of the appropriate decision-makers of the Bidder is held to consider approving those sections of the Scheme Booklet that relate to the Bidder as being in a form appropriate for dispatch to Cellnet Shareholders, subject to approval of the Court;
- (g) **(Representation)** procure that, if requested by Cellnet, Bidder is represented by legal counsel at the Court hearings convened for the purposes of section 411(1) and (4)(b) of the Corporations Act;
- (h) **(Cellnet Information)** without the prior written consent of Cellnet, not use Cellnet Information for any purposes other than those expressly contemplated by this deed or the Proposed Transaction;
- (i) **(Deed Poll)** by no later than the Business Day prior to the First Court Date, execute and deliver to Cellnet the Deed Poll;

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- (j) **(share transfer)** if the Scheme becomes Effective:
 - (i) accept a transfer of the Scheme Shares as contemplated; and
 - (ii) execute instruments of transfer in respect of the Scheme Shares;
- (k) **(Scheme Consideration)** if the Scheme becomes Effective provide the Scheme Consideration in the manner and amount contemplated by clause 4 and the terms of the Scheme and the Deed Poll;
- (l) **(certificate)** before the commencement of the hearing on the Second Court Date provide to Cellnet for provision to the Court at that hearing a certificate (signed for and on behalf of the Bidder) in the form of a deed confirming (in respect of matters within the Bidder's knowledge) whether or not the Conditions for which the Bidder is responsible have been satisfied or waived in accordance with this deed, a draft of which certificate must be provided by Bidder to Cellnet by no later than 4.00 pm on the Business Day prior to the Second Court Date;
- (m) **(assistance)** up to (and including) the Implementation Date and subject to obligations of confidentiality owed to third parties and undertakings to Government Agencies, provide Cellnet with reasonable access during normal business hours to information and personnel of the Bidder that Cellnet reasonably requests for the purpose of preparation of the Scheme Booklet and implementation of the Scheme;
- (n) **(Compliance with laws)** do everything reasonably within its power to ensure that all transactions contemplated by this deed are effected in accordance with all applicable laws and regulations; and
- (o) **(Implementation)** if the Scheme becomes Effective, do all things contemplated of it under the Scheme in accordance with the Deed Poll.

5.3 Scheme Booklet preparation principles

- (a) As soon as reasonably practicable and substantially in accordance with the Timetable, Cellnet must prepare the Scheme Booklet in compliance with:
 - (i) all applicable laws, in particular with the Corporations Act, RG 60 and the Listing Rules; and
 - (ii) this clause 5.3.
- (b) The Scheme Booklet will include:
 - (i) a statement that the Independent Directors unanimously recommend that Cellnet Shareholders vote in favour of the Scheme qualified only by the words "in the absence of a Superior Proposal and the Independent Expert continuing to consider the Scheme to be in the best interests of Cellnet Shareholders (other than Excluded Shareholders)";
 - (ii) a statement that each Independent Director who has a Relevant Interest in Cellnet Shares, intends to vote his or her Cellnet Shares in favour of the Scheme qualified only by the words "in the absence of a Superior Proposal and the Independent Expert continuing to consider the Scheme to be in the best interests of Cellnet Shareholders (other than Excluded Shareholders)";
 - (iii) the terms of the Scheme;

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- (iv) the notice of Scheme Meeting, and any other notice of meeting in respect of any resolution that is necessary, expedient or incidental to give effect to the Scheme, together with a proxy form for the Scheme Meeting and for any ancillary meeting;
 - (v) the Cellnet Information;
 - (vi) the Bidder Information;
 - (vii) a copy of this deed (without the Schedules or annexures) or a summary of it;
 - (viii) a copy of the executed Deed Poll; and
 - (ix) a copy of the Independent Expert Report.
- (c) The Scheme Booklet must include a statement that:
- (i) other than the Bidder Information and the Independent Expert Report, the Scheme Booklet has been prepared by Cellnet and is the responsibility of Cellnet, and that the Bidder assumes no responsibility for the accuracy or completeness of the Scheme Booklet (other than the Bidder Information); and
 - (ii) the Bidder Information has been provided by the Bidder and is the responsibility of the Bidder, and Cellnet assumes no responsibility for the accuracy or completeness of the Bidder Information.
- (d) Cellnet must make available to the Bidder drafts of the Scheme Booklet (including, subject to clause 5.3(e), a draft of the Independent Expert Report), consult with the Bidder in relation to the content of those drafts (other than the Bidder Information), and consider, acting reasonably and in good faith, for the purpose of amending those drafts, comments from the Bidder on those drafts. Bidder acknowledges and agrees that Cellnet has ultimate discretion (provided that such discretion is exercised in good faith) with respect to the preparation, form and content of the Scheme Booklet, other than as expressly provided in this deed with respect to the Bidder Information.
- (e) Cellnet must make available to the Bidder a factual accuracy draft of the Independent Expert Report and consider any reasonable comments, which comments must be limited to matters of factual accuracy and Cellnet makes no representation, and gives no assurance, as to the extent to which such comments will be considered or incorporated by the Independent Expert.
- (f) Cellnet must seek approval from the Bidder for the form and context in which the Bidder Information appears in the Scheme Booklet, and the Bidder must not unreasonably withhold or delay such approval, and Cellnet must not lodge the Scheme Booklet with ASIC until such approval is obtained from the Bidder.
- (g) Cellnet must take all reasonable steps to ensure that the Scheme Booklet (other than the Bidder Information) is not misleading or deceptive in any material respect (whether by omission or otherwise) as at the date it is dispatched to Cellnet Shareholders.
- (h) Bidder must take all reasonable steps to ensure that the Bidder Information is not misleading or deceptive in any material respect (whether by omission or otherwise) as at the date on which the Scheme Booklet is dispatched to Cellnet Shareholders.

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- (i) Cellnet must provide to the Bidder all such further or new information of which Cellnet becomes aware that arises after the Scheme Booklet has been dispatched until the date of the Scheme Meeting where this is or may be necessary to ensure that the Scheme Booklet continues to comply with the Corporations Act, RG 60 and the Listing Rules.
- (j) The Bidder must provide to Cellnet all such further or new information of which the Bidder becomes aware that arises after the Scheme Booklet has been dispatched until the date of the Scheme Meeting where this is or may be necessary to ensure that the Bidder Information continues to comply with the Corporations Act, RG 60 and the Listing Rules.
- (k) Each party must undertake appropriate verification processes for the information supplied by that party in the Scheme Booklet.
- (l) Cellnet and the Bidder agree that the efficient preparation of the Scheme Booklet and the implementation of the Scheme are in the interests of Cellnet Shareholders and the Bidder, and that they will use all reasonable endeavours and all necessary resources (including management resources and the resources of external advisers) to comply with their respective obligations under this clause 5.3 and to implement the Scheme as soon as reasonably practicable and substantially in accordance with the Timetable.

6. BOARD RECOMMENDATION

6.1 Recommendation

Subject to clause 6.3, Cellnet represents and warrants to the Bidder that, as at the date of this deed, it has been advised by each Independent Director that they will recommend that Cellnet Shareholders vote in favour of the Scheme, qualified only by the words “in the absence of a Superior Proposal and the Independent Expert continuing to consider the Scheme to be in the best interests of Cellnet Shareholders (other than Excluded Shareholders)” and each Independent Director has agreed not to do anything inconsistent with their recommendation (including changing, withdrawing, modifying or in any way qualifying their recommendation or voting intention).

6.2 Public announcements to contain recommendation

Subject to clause 6.3, Cellnet must ensure that the Scheme Booklet and any public announcement made by Cellnet includes:

- (a) a unanimous recommendation by the Independent Directors that Cellnet Shareholders vote in favour of the Scheme qualified only by the words “in the absence of a Superior Proposal and the Independent Expert continuing to consider the Scheme to be in the best interests of Cellnet Shareholders (other than Excluded Shareholders)”; and
- (b) a statement that each Independent Director will vote in favour of the Scheme, in respect of all Shares in which they have a Relevant Interest, qualified only by the words “in the absence of a Superior Proposal and the Independent Expert continuing to consider the Scheme to be in the best interests of Cellnet Shareholders (other than Excluded Shareholders)”.

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6.3 Withdrawal or modification of recommendation

- (a) Subject to clause 6.3(b), clause 6.3(c) and clause 6.3(d), Cellnet represents and warrants to the Bidder, as at the date of this deed, that it has been advised by each Independent Director that they will not:
- (i) change, withdraw, modify or qualify in any way their recommendation that Cellnet Shareholders vote in favour of the Scheme; or
 - (ii) make any public statement or take any other action that is inconsistent with their recommendation that Cellnet Shareholders vote in favour of the Scheme.
- (b) Clause 6.3(a) does not apply:
- (i) where Cellnet receives a Competing Proposal and the Independent Directors unanimously or by a majority determine that the Competing Proposal constitutes a Superior Proposal; or
 - (ii) due to a requirement or a request by the Court or a Government Agency that a Director abstains from making a recommendation.
- (c) For the purposes of this clause 6.3, a qualification contained in the Scheme Booklet or any public announcements relating to the Scheme to the recommendation by the Independent Directors to Cellnet Shareholders to vote in favour of the Scheme by words to the effect of:
- (i) 'in the absence of a Superior Proposal';
 - (ii) in respect of a public announcement issued before the issue of the Scheme Booklet, 'subject to the Independent Expert concluding in the Independent Expert's Report (and continuing to conclude) that the Scheme is in the best interests of Scheme Shareholders (other than Excluded Shareholders)'; or
 - (iii) in respect of the Scheme Booklet or a public announcement issued at or after the issue of the Scheme Booklet, 'subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Scheme Shareholders (other than Excluded Shareholders)',
- will not be regarded as a failure to make, or a change, withdrawal, modification or qualification of, a recommendation in favour of the Scheme.
- (d) Despite anything to the contrary in this clause 6.3, a statement made by Cellnet or the Independent Director to the effect that no action should be taken by Scheme Shareholders pending the assessment of a Competing Proposal by the Independent Directors or the completion of the matching right process set out in clause 14.6 shall not contravene this clause 6.

6.4 Notification

Without limiting clause 14, if any Independent Director proposes to change, withdraw, modify or qualify in any way their recommendation or voting intention in accordance with clause 6.3 then, subject to clause 14.7.:

- (a) Cellnet must notify the Bidder in writing immediately; and

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- (b) the parties must consult in good faith for 2 Business Days after the date on which the notification in clause 6.4(a) is given to consider and determine whether the recommendation and voting intention in place at the time can be maintained. The recommendation or voting intention cannot be withdrawn or changed in accordance with clause 6.3 until the end of the consultation period.

7. CONDUCT OF BUSINESS BEFORE THE IMPLEMENTATION DATE

7.1 Conduct of Cellnet business

Subject to clause 7.3, from the date of this deed up to and including the Implementation Date, Cellnet must, and must procure that each Cellnet Group Member:

- (a) carries on and operates the Business as a going concern, in the ordinary and normal course and in substantially the same manner as it was conducted in the 12 months before the date of this deed unless approved by a majority of the Cellnet Board;
- (b) use reasonable endeavours to preserve their relationships with material customers, suppliers, landlords and others having material business dealings with them, and to retain the services of all key employees;
- (c) keeps available the services of its officers and key employees;
- (d) perform and comply, in all material respects, with any material lease, agreement, commitment or licence;
- (e) keeps the Bidder reasonably and promptly informed of, and reasonably considers the Bidder's views about, material developments in the business of the Cellnet Group;
- (f) comply in all material respects with all laws, licences and consents applicable to any member of the Cellnet Group or its business and ensure that it continues to hold any material licences or, if a material licence expires that material licence is promptly renewed;
- (g) pay to the Australian Taxation Office or other relevant tax authority where due all taxes which become due and payable before the Implementation Date; and
- (h) promptly notifies the Bidder in writing if any of the following of which Cellnet becomes aware, and such written notification must include a reasonable summary of the relevant matter:
- (i) events, facts, matters or circumstances which would or would reasonable be expected to:
- A. constitute a Cellnet Material Adverse Change, Cellnet Regulated Event or a Cellnet Prescribed Occurrence;
 - B. constitute a breach of this clause 7;
 - C. constitute a breach of Cellnet Warranties; or
 - D. have a material adverse effect on the financial or operational performance, or the reputation, of the Cellnet Group or the Cellnet Group's relationships with Government Agencies;



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- (ii) any breach of, or default under, any material commitment, laws, licences or consents applicable to any member of the Cellnet Group and which is reasonably likely to result in a material liability for the Cellnet Group (save that Cellnet is not obligated to provide any information to the extent that doing so would breach any existing obligations of confidence to which a member of the Cellnet Group is subject or result in loss of legal privilege).

7.2 Prohibited actions

Subject to clause 7.3, from the date of this deed up to and including the Implementation Date, Cellnet must not, and must procure that the Cellnet Group does not:

- (a) make an election to form a consolidated tax group, whether for direct or indirect taxes;
- (b) file any amended Tax return, settle any Tax claim, audit or action, surrender any right to claim a material Tax refund, offset or other reduction in Tax liability or change its method of Tax accounting, in each case, if such action would have the effect of increasing the Tax liabilities of the Cellnet Group by an amount that exceeds \$100,000;
- (c) purchase, lease, acquire or dispose of any assets (other than inventory), the value of which exceeds \$250,000 in aggregate;
- (d) undertake or commit to any capital expenditure in respect of which the cost of the item (or series of related items) exceeds \$250,000;
- (e) enter into, terminate, amend or vary any material lease, agreement, commitment or licence;
- (f) do anything that would have a material adverse effect on the goodwill of the Business, including the relationship of the Business with customers, suppliers, landlords and key employees;
- (g) increase, reduce or otherwise alter its share capital or issue any convertible securities or grant any options or performance rights for the issue of shares or other securities in Cellnet;
- (h) declare or pay a dividend or make any other distribution to shareholders;
- (i) change or agree to change the terms of employment, including salaries and benefits, of employees on a salary of more than \$200,000 per year or grant any bonus, severance or retention benefit to any employee or officer other than in accordance with such employee's or officer's contractual entitlements;
- (j) incur additional borrowing, grant any loan or advance, or enter into any off balance sheet financing or assume, guarantee or endorse the obligations of any person;
- (k) enter into any new agreements, arrangements or understandings involving costs or expenses of more than \$250,000 in aggregate;
- (l) increase salaries and benefits of employees which in aggregate amount to more than \$200,000 per year, other than in accordance with such employees' contractual or legal entitlements;
- (m) hire, or agree to hire, any employee, agent or contractor with a salary of \$200,000 or above, except in the ordinary course of business;

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- (n) enter into, or vary, any collective bargaining agreement or other agreement with a union or other organisation representing employees;
- (o) give or agree to give a financial benefit to a related party of Cellnet;
- (p) amend its constitution;
- (q) make any draw downs on its existing debt facility (or any other debt facility), or otherwise incur any additional financial indebtedness (including incur any contingent liability by requesting new, or increasing the face value of any existing, any bank guarantees, letters of credit or like instruments);
- (r) enter into any restraint of trade, non-competition undertaking or similar agreement which places a material restriction on any member of the Cellnet Group's ability to carry on business activities which it undertakes in the ordinary course of business or vary any existing restraint of trade, non-competition undertaking or similar agreement which places a material restriction on any member of the Cellnet Group's ability to carry on business activities where such variation increases the term, nature or scope of the restriction;
- (s) settle or offer to settle any action, claim, dispute, litigation, prosecution, regulatory inquiry or investigation by a Government Agency or other form of proceeding, where:
 - (i) the aggregate settlement amount exceeds \$100,000; or
 - (ii) the settlement involves the imposition of an injunction against, or restriction on, any member of the Cellnet Group undertaking any business activity, where that injunction or restriction will have a material impact on the business of the Cellnet Group as a whole; or
- (t) authorise, commit or agree to take any of the steps or actions set out above.

7.3 Cellnet permitted activities

The obligations of Cellnet under clause 7.1 and clause 7.2 do not apply in respect of any matter that:

- (a) is required by any applicable law, regulation, Government Agency or any contract entered into and a copy of which was Fairly Disclosed to the Bidder before the date of this deed;
- (b) has been Fairly Disclosed to the Bidder in the Due Diligence Material;
- (c) in the reasonable opinion of Cellnet (acting in good faith), is required to respond, on a prudent basis, to an emergency or a disaster;
- (d) is expressly contemplated in this deed or consented to in writing by the Bidder (which response must not be unreasonably delayed more than 5 Business Days from the date of the request from Cellnet);
- (e) is otherwise in the ordinary course of business of Cellnet Group; or
- (f) is approved by a majority of the Cellnet Board (in circumstances where all Cellnet Directors are eligible to vote on the relevant decision).

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7.4 Access

- (a) From the date of this deed up to and including the Implementation Date, Cellnet must, subject to clause 7.4(b) and clause 7.4(c):
- (i) provide the Bidder with all reasonable access during business hours (on reasonable notice by the Bidder of any request for meetings or access) to the management (including executive team), offices, books, records and business operations of Cellnet that the Bidder reasonably requires in order to implement the Scheme or for the Bidder to prepare for the transition of ownership of the Business, provided that such access is at all times in the presence of a representative of Cellnet, if Cellnet so requires, and the Bidder complies with the reasonable requirements of Cellnet in relation to such access; and
 - (ii) share such information as is reasonably required to implement the Proposed Transaction, provided that Cellnet will not be required to provide access under clause 7.4(a) to the extent that to do so would, in the reasonable opinion of Cellnet:
 - A. cause unreasonable disruption to the Business or the operations of the Cellnet Group;
 - B. result in any member of the Cellnet Group breaching an obligation of confidentiality to any person or any applicable law (including privacy laws) or requirement of any Government Agency; or
 - C. be reasonably likely to result in a loss of legal professional privilege.
- (b) Nothing in clause 7.2(a):
- (i) gives the Bidder any rights to undertake further due diligence investigations, or any rights as to the decision-making of any member of the Cellnet Group or the Business; or
 - (ii) obliges Cellnet to provide to the Bidder or its Representatives any information concerning its Independent Directors' consideration of the Scheme or any Competing Proposal (other than as expressly provided in this deed).
- (c) Any information provided by Cellnet pursuant to clause 7.4(a) will be subject to the Confidentiality Deed.

7.5 Change of control

- (a) As soon as practicable after the date of this deed, Cellnet must:
- (i) seek to identify any change of control or similar provisions in any material contracts to which any member of the Cellnet Group is a party which may be triggered by the implementation of the Scheme (**Change of Control Requirements**); and
 - (ii) use reasonable endeavours to obtain the consents which are required in accordance with the terms of any identified Change of Control Requirements.



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- (b) A failure by Cellnet to obtain any counterparty consent as part of the Change of Control Requirements will not constitute a breach of this deed, and together with any consequences which arise, will be disregarded when assessing the operation of any other provision of this deed.
- (c) The Bidder must cooperate with, and provide reasonable assistance to, Cellnet to obtain such consents or confirmations in relation to any identified Change of Control Requirements, including by promptly providing any information reasonably required by counterparties.

8. ACTIONS ON AND FOLLOWING IMPLEMENTATION DATE

8.1 Reconstitution of the board of each member of the Cellnet Group

- (a) On the Implementation Date, but subject to the Scheme Consideration having been paid by the Bidder in accordance with the Scheme and receipt by Cellnet of signed consents to act, Cellnet must take all actions necessary (and in accordance with the constitution of the relevant Cellnet Group Member, the Corporations Act and the Listing Rules) to appoint the persons nominated by the Bidder as new Directors and new directors of each Cellnet Group Member.
- (b) Without limiting clause 8.1(a), on the Implementation Date, but subject to receipt by Cellnet of written notices of resignation to the effect that the outgoing Directors have no claim outstanding against any member of the Cellnet Group, Cellnet must procure that, immediately following the appointment of the Directors taking effect under clause 8.1(a):
 - (i) all outgoing Directors (other than Michael Wendt) resign from the Cellnet Board; and
 - (ii) all outgoing directors of each Cellnet Group Member (other than Michael Wendt) resign from their office of director.

8.2 Sequence of actions on the Implementation Date

On the Implementation Date, the transactions that form part of the Scheme and the ancillary transactions contemplated by this deed will be implemented in the following sequence:

- (a) the Bidder will provide the Scheme Consideration in accordance with the Scheme;
- (b) Cellnet will pay the Scheme Consideration to Scheme Shareholders in accordance with the Scheme;
- (c) the Cellnet Board and the board of each Cellnet Group Member will be reconstituted in accordance with clause 8.1; and
- (d) the Bidder will acquire all of the Scheme Shares in accordance with the Scheme.

9. REPRESENTATIONS AND WARRANTIES

9.1 Representations and warranties by Cellnet

Cellnet represents and warrants to the Bidder that:

- (a) it is validly existing under the laws of its place of incorporation or registration;

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- (b) it has the power to enter into and perform its obligations under this deed and to carry out the transactions contemplated by this deed;
- (c) it has taken all necessary action to authorise its entry into and performance of this deed and to carry out the transactions contemplated by this deed;
- (d) no member of the Cellnet Group is the subject of an Insolvency Event, and an Insolvency Event will not occur to any Subsidiary of Cellnet prior to implementation of the Scheme;
- (e) Cellnet's obligations under this deed are valid and binding and enforceable against it in accordance with their terms and this deed does not result in a breach of or default under any provision of Cellnet's constitution or any deed or any writ, order or injunction, rule or regulation to which Cellnet is a party or is bound and Cellnet is not otherwise bound by any agreement that would prevent or restrict it from entering into or performing this deed;
- (f) as at the date of this deed, Cellnet is in compliance with its continuous disclosure obligations under the Listing Rules and is not withholding from disclosure to ASX any material information in reliance on Listing Rule 3.1A, and immediately following release of the agreed public announcement in accordance with clause 10.2, Cellnet will not be withholding from disclosure to ASX any material information in reliance on Listing Rule 3.1A;
- (g) any Due Diligence Materials were provided or made available to the Bidder in good faith, and Cellnet is not aware of any material misleading or deceptive factual statement in any of the Due Diligence Material on the date they were provided or made available to the Bidder;
- (h) as at the date the Scheme Booklet is despatched to Cellnet Shareholders, the Cellnet Information contained in the Scheme Booklet will comply in all material respects with the requirements of the Corporations Act, Corporations Regulations, Listing Rules and RG 60 and will not be misleading or deceptive in any material respect (whether by omission or otherwise);
- (i) Cellnet financial statements as disclosed to the ASX have been prepared in accordance with the accounting standards on a basis consistent with past practice financial statements and, so far as Cellnet is aware, there has not been any event, change, effect or development which would require Cellnet to restate its financial statements as disclosed to the ASX; and
- (j) as at the date of this deed:
 - (i) the issued capital of Cellnet is 243,594,634 Shares;
 - (ii) 4,000,000 Options have been granted and issued;
 - (iii) no member of the Cellnet Group has issued, or agreed to issue, any other securities or instruments that may convert into Shares or any other securities in Cellnet other than the Options referred to in paragraph (ii); and
 - (iv) no Cellnet Prescribed Occurrence has occurred.

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9.2 Representations and warranties by the Bidder

The Bidder represents and warrants to Cellnet that:

- (a) it is validly existing under the laws of its place of incorporation or registration;
- (b) it has the power to enter into and perform its obligations under this deed and to carry out the transactions contemplated by this deed;
- (c) it has taken all necessary action to authorise its entry into and performance of this deed and to carry out the transactions contemplated by this deed;
- (d) its obligations under this deed are valid and binding and enforceable against it in accordance with their terms;
- (e) no member of the Bidder Group is the subject of an Insolvency Event, and an Insolvency Event will not occur to the Bidder prior to implementation of the Scheme; and
- (f) at least five Business Days prior to the Second Court Date, it will have sufficient cash amounts (whether from internal cash or binding agreements) to fund its obligations to pay the Scheme Consideration in accordance with its obligations under this deed, the Scheme and the Deed Poll, conditional only on procedural items such as delivery of a draw request, mechanical conditions that can only be satisfied on implementation of the Scheme and conditions relating to progressing the Scheme such as requisite Cellnet Shareholder approval, Court approval and lodging of the court order with ASIC.

9.3 Timing of representations and warranties

Each representation and warranty made or given under clause 9.1 and clause 9.2 is given:

- (a) at the date of this deed;
- (b) at the Delivery Time; or
- (c) where expressed, at the time at which the representation or warranty is expressed to be given.

9.4 Survival of representations and warranties

Each representation and warranty in clause 9.1 and clause 9.2:

- (a) is severable;
- (b) will survive the termination of this deed; and
- (c) is given with the intent that liability under them will not be confined to breaches that are discovered prior to the date of termination of this deed.

10. CONFIDENTIALITY AND PUBLIC ANNOUNCEMENT

10.1 Confidentiality

Each party agrees and acknowledges that it is bound by the terms of the Confidentiality Deed save that the terms of this deed will prevail over the Confidentiality Deed to the extent of any inconsistency.

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10.2 Public announcements on execution

Immediately after the execution of this deed, the parties must issue public announcements in a form previously agreed to in writing between them.

10.3 Further public announcements

Subject to clause 10.4, any further public announcements by Cellnet or the Bidder in relation to, or in connection with, the Scheme or any other transaction the subject of this deed, may only be made in a form approved by each party in writing (acting reasonably) subject to where a party is required by law or the Listing Rules to make any announcement or to make any disclosure in relation to, or in connection with, the Scheme or any other transaction the subject of this deed.

10.4 Required announcement

Where a party is required by applicable law, the Listing Rules or any other applicable financial market regulation to make any announcement or to make any disclosure in connection with the Scheme or any other transaction the subject of this deed, it may do so but must use reasonable endeavours, to the extent practicable and lawful, to consult with the other party before making the relevant disclosure and must give the other party as much notice as reasonably practical.

10.5 Statements on termination

The parties must use all reasonable endeavours to issue agreed statements in respect of any termination of this deed and, to that end but without limitation, clause 10.3 and clause 10.3 will apply to any such statements or disclosures.

11. TERMINATION

11.1 Termination by notice

- (a) The Bidder or Cellnet may, by notice in writing to the other party, terminate this deed at any time prior to the Delivery Time:
 - (i) in accordance with clause 3.7(b);
 - (ii) if the other party is in breach of a material obligation under this deed (including a material breach of a representation or warranty), and, if capable of remedy, the other party has failed to remedy that breach within five Business Days (or 5.00pm on the day before the date of the Second Court Date if earlier) of receipt by it of a notice in writing from the terminating party setting out details of the relevant circumstance and requesting the other party to remedy the breach; or
 - (iii) if the Effective Date for the Scheme has not occurred on or before the End Date.
- (b) Cellnet may, by notice in writing to the Bidder, terminate this deed at any time prior to the Delivery Time if, at any time before then, all or a majority of the Independent Directors change, withdraw, or modify their recommendations of the Scheme in accordance with clause 6.3, provided that Cellnet has not otherwise breached its obligations under clause 14.

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- (c) The Bidder may, by notice in writing to Cellnet, terminate this deed at any time prior to the Delivery Time if, at any time before then any Independent Director:
 - (i) fails to recommend the Scheme in accordance with clause 6.1 and clause 6.2; or
 - (ii) publicly changes, withdraws, modifies or qualifies in any way their recommendation of the Proposed Transaction or makes any public statement, or takes any other action that is inconsistent with their recommendation of the Scheme (including where a Competing Proposal is announced and is recommended by any Independent Director).

11.2 Effect of termination

- (a) In the event of termination of this deed under clause 3.7(b) or clause 11.1, this deed will become void and have no effect, except that the provisions of clause 10.5 (Statements on termination), clause 11 (Termination), clause 12 (Reimbursement Payment), 13 (Reverse Reimbursement Payment), clause 17 (Notices), clause 18 (Governing law) and clause 19 (General), which survive termination.
- (b) Termination of this deed does not affect any accrued rights of a party in respect of a breach of this deed prior to termination or in respect of right to payment of an amount under clause 12.

11.3 Damages

Subject to clause 12.4 and clause 13.4 (as applicable), in addition to the right of termination under clause 11, where there is no appropriate remedy for the breach in this deed (other than termination), the non-defaulting party is entitled to damages for Losses suffered by it and expenses incurred by it as a result of the breach of the terms of this deed.

12. REIMBURSEMENT PAYMENT

12.1 Acknowledgement

Cellnet and the Bidder acknowledge and agree that:

- (a) the Bidder and Cellnet have incurred and will continue to incur significant costs and expenses in pursuing and implementing the Scheme, including advisory costs, costs of management and directors' time, funding and opportunity costs and out of pocket expenses;
- (b) the entry by the parties into this deed and the parties' agreement to proceed with the Proposed Transaction (and the incurrance of significant costs, expenses and losses as a result) is of substantial value to Cellnet, Cellnet Shareholders and to the Bidder;
- (c) the Bidder and Cellnet would not have entered into this deed and agreed to proceed with the Proposed Transaction without an agreement on the matters covered by this clause 12; and

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- (d) Cellnet and the Bidder have received external legal and financial advice in relation to this clause 12 and each represents to the other that it has concluded that it is reasonable and appropriate for each of them to agree to the matters set out in this clause 12 to secure the parties' engagement and participation in the Scheme.

12.2 Reimbursement Payment

Subject to clause 12.3 and provided that the Bidder is not in breach of a material obligation under this deed, Cellnet must pay the Reimbursement Payment to the Bidder, within ten Business Days after receipt of a written demand from the Bidder, if any of the following events occur:

- (a) before the Delivery Time, any Independent Director:
- (i) changes, withdraws, modifies or in any way qualifies their recommendation that Scheme Shareholders vote in favour of the resolution to approve the Scheme; or
 - (ii) publicly recommend a Competing Proposal,
- other than where the Independent Expert has concluded that the Scheme is not or is no longer in the best interests of Cellnet Shareholders (other than Excluded Shareholders) (including in any updated or supplementary Independent Expert Report released, or which will be released, to ASX) except where this conclusion of the Independent Expert is due to the existence of a Competing Proposal;
- (b) the Bidder terminates this deed in accordance with clause 11.1(a)(ii);
- (c) a Competing Proposal is publicly announced by a Third Party after the date of this deed and before the Delivery Time, and, within 12 months after such announcement, the Third Party making the Competing Proposal (or any of its Associates) implements the Competing Proposal, acquires all or a majority of the Cellnet Shares or assets, or otherwise acquires Control of Cellnet; or
- (d) at any time before termination of this deed or the Implementation Date, Cellnet enters into any arrangement, agreement or understanding (in writing or otherwise) to implement a Competing Proposal.

12.3 Qualifications to Reimbursement Payment

- (a) Despite the occurrence of any event under clause 12.2, no amount is payable under clause 12.2 if the Scheme becomes Effective.
- (b) The Reimbursement Payment is not payable merely because the resolution submitted to the Scheme Meeting in respect of the Scheme is not approved by the majorities required under section 411(4)(a)(ii) of the Corporations Act.
- (c) This clause 12 imposes obligations on the Bidder and Cellnet only to the extent that the performance of those obligations:
- (i) does not constitute unacceptable circumstances as declared by the Takeovers Panel;
 - (ii) are not found by a court to constitute a breach of the fiduciary or statutory duties of any director; or
 - (iii) is not otherwise unlawful or held to be unenforceable by a court.

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- (d) If the Reimbursement Payment has been paid by Cellnet and any of clauses 14.3(a) to (c) applies, the Bidder must reimburse all (or the relevant portion specified by a court or the Takeovers Panel, as applicable) of that amount to Cellnet within ten Business Days after receipt of a written demand for reimbursement from Cellnet.

12.4 Maximum liability

The Bidder and Cellnet agree that:

- (a) the payment of the Reimbursement Payment by Cellnet to the Bidder is the Bidder's sole and exclusive remedy in respect of the matter giving rise to the payment of the Reimbursement Payment and otherwise in respect of this deed and no further damages, fees, expenses or reimbursements of any kind will be payable by Cellnet in respect of such matter or otherwise in connection with this deed;
- (b) the maximum liability of Cellnet and the maximum aggregate amount that Cellnet may be required to pay in relation to any breach of this deed by Cellnet is the Reimbursement Payment; and
- (c) if the Reimbursement Payment is paid to the Bidder in accordance with clauses 12.2, neither the Bidder nor any of its Related Bodies Corporate may make any claim (of any nature) against Cellnet nor any Cellnet Party under or in connection with this deed or the Scheme.

12.5 Nature of payment

The Reimbursement Payment is an amount to compensate the Bidder for:

- (a) advisory costs;
- (b) costs of management and directors' time;
- (c) out-of-pocket expenses;
- (d) the distraction of the Bidder's management from conducting its business as usual caused by pursuing the Scheme;
- (e) reasonable opportunity costs incurred by the Bidder in pursuing the Scheme or in not pursuing alternative acquisitions or strategic initiatives which it could have developed to further its business and objectives; and
- (f) damage to the Bidder's reputation associated with a failed transaction and the implications of that damage to its business.

The parties agree that the costs incurred are of a nature that they cannot be accurately quantified and that a genuine pre-estimate of the costs would equal or exceed the amount payable under this clause 12.

13. REVERSE REIMBURSEMENT PAYMENT

13.1 Acknowledgement

Cellnet and the Bidder acknowledge and agree that:

- (a) the Bidder and Cellnet have incurred and will continue to incur significant costs and expenses in pursuing and implementing the Scheme, including advisory costs,

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costs of management and directors' time, funding and opportunity costs and out of pocket expenses;

- (b) the entry by the parties into this deed and the parties' agreement to proceed with the Proposed Transaction (and the incurrence of significant costs, expenses and losses as a result) is of substantial value to Cellnet, Cellnet Shareholders and to the Bidder;
- (c) the Bidder and Cellnet would not have entered into this deed and agreed to proceed with the Proposed Transaction without an agreement on the matters covered by this clause 13; and
- (d) Cellnet and the Bidder have received external legal and financial advice in relation to this clause 13 and each represents to the other that it has concluded that it is reasonable and appropriate for each of them to agree to the matters set out in this clause 13 to secure the parties' engagement and participation in the Scheme.

13.2 Reverse Reimbursement Payment

Subject to clause 13.3 and provided that Cellnet is not in breach of a material obligation under this deed, the Bidder must pay the Reverse Reimbursement Payment to Cellnet, within ten Business Days after receipt of a written demand from Cellnet, if any of the following events occur:

- (a) Cellnet terminates this deed in accordance with clause 11.1(a)(ii); or
- (b) the Scheme becomes Effective but the Bidder does not pay the Scheme Consideration in accordance with its obligations under this deed and the Deed Poll.

13.3 Qualifications to Reverse Reimbursement Payment

- (a) This clause 13 imposes obligations on the Bidder and Cellnet only to the extent that the performance of those obligations:
 - (i) does not constitute unacceptable circumstances as declared by the Takeovers Panel;
 - (ii) are not found by a court to constitute a breach of the fiduciary or statutory duties of any director; or
 - (iii) is not otherwise unlawful or held to be unenforceable by a court.
- (b) If the Reverse Reimbursement Payment has been paid by the Bidder and clause 14.3(a) applies, Cellnet must reimburse all (or the relevant portion specified by a court or the Takeovers Panel, as applicable) of that amount to the Bidder within ten Business Days after receipt of a written demand for reimbursement from the Bidder.

13.4 Maximum liability for other claims

- (a) Subject to clause 13.4(b), the Bidder and Cellnet agree that the maximum aggregate liability of the Bidder for any claims under this deed is \$1,500,000 and in no event will the aggregate liability of the Bidder for Claims under or in connection with this deed exceed \$1,500,000.
- (b) Nothing in clause 13.4(a) or this deed will limit the Bidder's liability under or in connection with a breach of clause 4.2 or the Deed Poll.

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13.5 Nature of payment

The Reverse Reimbursement Payment is an amount to compensate the Cellnet for:

- (a) advisory costs;
- (b) cost of management and directors' fee; and
- (c) out-of-pocket expenses.

The parties agree that the costs incurred are of a nature that they cannot be accurately quantified and that a genuine pre-estimate of the costs would equal or exceed the amount payable under this clause 13.

14. EXCLUSIVITY

14.1 No existing discussions

Other than in relation to the discussions with the Bidder in connection with the Proposed Transaction and this deed, Cellnet represents and warrants to the Bidder that, as at the date of this deed:

- (a) neither itself nor any of its Representatives is a party to any agreement, arrangement or understanding with a Third Party entered into for the purpose of facilitating a Competing Proposal; and
- (b) neither itself nor any of its Representatives is participating in any discussions or negotiations with a Third Party that concern, or that could reasonably be expected to lead to, a Competing Proposal or to Cellnet not proceeding with the Proposed Transaction.

14.2 No-shop

During the Exclusivity Period, Cellnet must not, and must ensure that its Representatives do not, directly or indirectly solicit, invite, initiate or encourage any Competing Proposal or any enquiries, proposals, discussions or negotiations with any Third Party in relation to (or that could reasonably be expected to lead to) a Competing Proposal or to Cellnet not proceeding with the Proposed Transaction, or communicate any intention to do any of these things.

14.3 No-talk

Subject to clause 14.7, during the Exclusivity Period, Cellnet must not, and must ensure that its Representatives do not, directly or indirectly:

- (a) negotiate or enter into or participate in negotiations or discussions with any person;
or
- (b) communicate any intention to do any of these things,

in relation to (or that may reasonably be expected to lead to) a Competing Proposal, even if that person's Competing Proposal was not directly or indirectly solicited, encouraged or initiated by Cellnet or any of its Representatives, or that person has publicly announced the Competing Proposal.

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14.4 No due diligence

During the Exclusivity Period, Cellnet must not, and must ensure that its Representatives do not, directly or indirectly:

- (a) solicit, invite, initiate or encourage, or (subject to clause 14.7) facilitate or permit, any person (other than the Bidder) to undertake due diligence investigations in respect of Cellnet, its Related Bodies Corporate or any of their businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal; or
- (b) subject to clause 14.7, make available to any person (other than the Bidder) or permit any such person to receive any non-public information relating to Cellnet, its Related Bodies Corporate, or any of their businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal.

14.5 Notification of approaches

- (a) During the Exclusivity Period, Cellnet must promptly (and in any event within 24 hours) notify the Bidder in writing if Cellnet or any of its Representatives receives any approach, inquiry or proposal made by any person, to initiate any discussions or negotiations that could reasonably be expected to lead to, a Competing Proposal.
- (b) A notice given under clause 14.5(a) must be accompanied by all material details of the relevant event and Competing Proposal, including (as the case may be):
 - (i) the identity of the person who made the relevant approach, inquiry or proposal to initiate discussions or negotiations referred to in clause 14.5(a); and
 - (ii) the material terms and conditions (including price, conditions precedent, timetable and break free (if any)) of any Competing Proposal or any proposed Competing Proposal (to the extent known).
- (c) During the Exclusivity Period, Cellnet must promptly provide to the Bidder:
 - (i) in the case of written materials, a copy of; or
 - (ii) in any other case, a written statement of,
any material non-public information relating to Cellnet, its Related Bodies Corporate, or any of their businesses and operations made available or received by any person in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal and which has not previously been provided to the Bidder.

14.6 Matching right

Without limiting clauses 14.2 and 14.3, during the Exclusivity Period, Cellnet must not enter into any legally binding agreement, arrangement or understanding (whether or not in writing) which would give effect to an actual, proposed or potential Competing Proposal and must use its best endeavours to procure that none of the Independent Directors of Cellnet change their recommendation and voting intention to publicly recommend an

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actual, proposed or potential Competing Proposal (or recommend against the Scheme) (subject to clause 6.3), unless:

- (a) the Independent Directors, acting in good faith and in order to satisfy what the Independent Directors consider to be their statutory or fiduciary duties and after consultation with Cellnet's financial adviser, determine that the Competing Proposal would be or would be likely to be an actual, proposed or potential Superior Proposal;
- (b) Cellnet has provided the Bidder with the material terms and conditions of the actual, proposed or potential Competing Proposal in accordance with clause 14.5 (subject to clause 14.7); and
- (c) within 5 Business Days of receiving the information referred to in clause 14.6(b), the Bidder does not make an offer in writing to Cellnet in respect of an amendment to the Scheme Consideration or other terms of the Scheme, or proposing any other form of transaction (**Bidder Counterproposal**) that the Independent Directors determine, acting in good faith and after consultation with Cellnet's financial adviser, would result in an outcome for Scheme Shareholders that is at least as favourable as under the Competing Proposal.

Cellnet acknowledges and agrees that each successive modification of any Competing Proposal will constitute a new Competing Proposal for the purposes of the requirements under this clause 14.6 and accordingly Cellnet must comply with clause 14.6 in respect of any new Competing Proposal.

If the Bidder provides to Cellnet a Bidder Counterproposal before the expiry of the 5 Business Day period referred to in clause 14.6(c), Cellnet must procure that the Independent Directors consider the Bidder Counterproposal and if the Independent Directors, acting reasonably and in good faith, determine by majority that the Bidder Counterproposal would result in an outcome for Scheme Shareholders that is at least as favourable as under the Competing Proposal, then:

- (d) Cellnet and the Bidder must use their best endeavours to agree the amendments to this deed and, if applicable, the Scheme and Deed Poll that are reasonably necessary to reflect the Bidder Counterproposal and to implement the Bidder Counterproposal, in each case as soon as reasonably practicable and in any event within 3 Business Days; and
- (e) Cellnet must use its best endeavours to procure that each of the Independent Directors continue to recommend the Scheme (as modified by the Bidder Counterproposal) to Cellnet Shareholders.

14.7 Fiduciary exception

The restrictions in clause 14.3 and clause 14.4, and the obligations in clause 14.5(a), clause 14.5(b)(i) and clause 6.4 do not apply to the extent they restrict Cellnet or any Independent Director from taking or not taking any action with respect to a Competing Proposal (in relation to which there has been no contravention of clause 14.1 or clause 14.2) provided that:

- (a) the Competing Proposal is bona fide and is made by or on behalf of a person that the Independent Directors reasonably consider is of sufficient commercial standing to implement the Competing Proposal; and
- (b) the Independent Directors have determined in good faith:

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- (i) after consultation with Cellnet's advisors that the Competing Proposal is or may reasonably be expected to lead to a Superior Proposal; and
- (ii) after receiving advice from Cellnet's external legal counsel practising in the area of corporate law, that taking the action or refusing to take the action (as the case may be) with respect to the Competing Proposal would be likely to constitute a breach of the fiduciary or statutory obligations of the Independent Directors.

14.8 Legal advice

Cellnet acknowledges that it has received legal advice on this document and the operation of this clause.

15. RELEASES

15.1 Cellnet parties

- (a) Subject to clause 15.1(a)(i), the Bidder (for itself and as agent of every member of the Bidder Group) releases all rights against, and agrees with Cellnet that it will not make a Claim against, any officers, employees and advisers of Cellnet or its Related Bodies Corporate (**Cellnet Party**) in connection with:
 - (i) any breach of any representation, covenant and warranty of Cellnet in this deed;
 - (ii) any disclosure made by any Cellnet Party including in due diligence or otherwise (including the Due Diligence Materials) that contains any statement that is false or misleading whether in content or by omission,

except to the extent the relevant Cellnet Party has not acted in good faith or has engaged in wilful misconduct or fraud or to the extent the Claim is actually covered under an insurance policy that is paid for by the Cellnet Group where the relevant insurer accepts liability for the Claim.
- (b) This clause is subject to any Corporations Act restriction and will (if and to the extent required) be read down accordingly.
- (c) Cellnet receives and holds the benefit of this clause as trustee for each other Cellnet Party.

15.2 Bidder parties

- (a) Subject to clause 15.2(b), Cellnet releases its rights against, and agrees with the Bidder that it will not make a Claim against, any officers, employees and advisers of Bidder or its Related Bodies Corporate (Bidder Party) in connection with:
 - (i) any breach by the Bidder of any representation, covenant and warranty in this deed;
 - (ii) any disclosure made by any Bidder Party that contains any statement that is false or misleading whether in content or by omission,

except to the extent that the relevant Bidder Party has not acted in good faith or has engaged in wilful misconduct or fraud.

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- (b) This clause is subject to any Corporations Act restriction and will (if and to the extent required) be read down accordingly.
- (c) Bidder receives and holds the benefit of this clause as trustee for each other Bidder Party.

16. DIRECTORS' AND OFFICERS' INSURANCE

16.1 Prior to the Effective Date

Cellnet must at its cost, subject to the Bidder's approval of the relevant quotation (such approval not to be unreasonably withheld):

- (a) prior to the Effective Date, arrange for the cover currently provided under its directors' and officers' insurance policy (**Policy**) to be extended for a further period of 12 months; and
- (b) by no later than the Implementation Date, to the extent practicable at normal commercial rates, arrange for the cover provided under the Policy to be amended so as to provide run off cover in accordance with the terms of the Policy for a seven-year period from the end of the term of the Policy, and pay all premiums required so as to ensure that insurance cover is provided under the Policy on those terms until that date.

16.2 After the Implementation Date

From the Implementation Date, the Bidder must ensure that Cellnet does not:

- (a) vary or cancel the Policy; or
- (b) unless required under the Policy, commit any act or omission that may prejudice any claim by a Director or officer of Cellnet under the Policy as extended under clause 16.1.

17. NOTICES

Any communication under or in connection with this deed:

- (a) must be in writing;
- (b) must be addressed as set out in the Details (or as otherwise notified by that party to the other party from time to time);
- (c) must be signed or sent by the party making the communication or by a person duly authorised by that party;
- (d) must be delivered to the address, or sent by email to the email address, of the addressee, in accordance with clause 17(b); and
- (e) will be deemed to be received by the addressee:
 - (i) (in the case of email) four hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered; or unless that local time of the recipient is not a Business Day, or is after 5.00 pm on a Business Day, when that communication will be deemed to be received at 9.00 am on the next Business Day; and

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- (ii) (in the case of postal or hand delivery) on delivery at the address of the addressee as provided in Clause 17(b), unless that delivery is not made on a Business Day, or after 5.00 pm on a Business Day, when that communication will be deemed to be received at 9.00 am on the next Business Day.

18. GOVERNING LAW

- (a) This deed is governed by and will be construed according to the laws of Victoria, Australia.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Victoria and of the courts competent to determine appeals from those courts, provided that Cellnet may bring proceedings in connection with this deed in Germany to seek to enforce the obligations of the Bidder under this deed or the Deed Poll. Each party irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

19. GENERAL

19.1 Further acts

Each party will promptly do and perform all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to that party) required by law or reasonably requested by any other party to give effect to this deed.

19.2 Timetable

The parties agree that the Timetable is indicative only and is not binding on the parties.

19.3 Payments

Unless otherwise expressly provided in this deed, where an amount is required to be paid to a party (the **Receiving Party**) by another party under this deed, that amount shall be paid:

- (a) in immediately available and irrevocable funds by electronic transfer to a bank account or accounts notified by the Receiving Party in writing on or before the due date for payment, or in other such immediately payable funds as the parties may agree; and
- (b) without deduction, withholding or set-off.

19.4 GST

- (a) Words used in this clause 19.4 that have a defined meaning in the GST Law have the same meaning as in the GST Law unless the context indicates otherwise.
- (b) Unless expressly included, the consideration for any supply under or in connection with this deed does not include GST.
- (c) To the extent that any supply made by a party (**Supplier**) to another party (**Recipient**) under or in connection with this deed is a taxable supply, the Recipient must pay to the Supplier, in addition to the consideration to be provided under this deed but for the application of this clause 19.4(c) for that supply (**GST Exclusive**

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Consideration), an amount equal to the amount of the GST Exclusive Consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply.

- (d) This clause does not apply to any taxable supply under or in connection with this deed that is expressly stated to include GST.
- (e) The amount on account of GST payable in accordance with this clause will be paid in the same manner and at the same time as the consideration otherwise payable for the supply is provided subject to the Recipient receiving a tax invoice.
- (f) Any reference in the calculation of any consideration or of any indemnity, reimbursement or similar amount to a cost, expense or liability incurred by a person (**Relevant Expense**) is a reference to the relevant expense reduced by an amount equal to any input tax credit entitlement of that person (or of the representative member of any GST group to which the person belongs) in relation to the Relevant Expense. A party will be assumed to have an entitlement to a full input tax credit unless it demonstrates otherwise prior to the date on which the relevant payment or consideration must be provided.

19.5 Stamp Duty

The Bidder must pay all stamp duties (if any) and any fines and penalties with respect to stamp duty in respect of this deed or the Scheme or the steps to be taken under this deed (including without limitation, the acquisition or transfer of Scheme Shares pursuant to the Scheme).

19.6 Expenses

Except as otherwise provided in this deed, each party will pay its own costs and expenses in connection with the negotiation, preparation, execution and performance of this deed and the Scheme Booklet, and the proposed, attempted or actual implementation of this deed and the Scheme.

19.7 Assignment

A party cannot assign, novate or otherwise transfer any of its rights or obligations under this deed without the prior written consent of each other party, which consent that other party may give or withhold in its absolute discretion.

19.8 Waiver

- (a) Failure to exercise or enforce or a delay in exercising or enforcing or the partial exercise or enforcement of any right, power or remedy provided by law or under this deed by any party will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement of that or any other right, power or remedy provided by law or under this deed.
- (b) Any waiver or consent given by any party under this deed will only be effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of any term of this deed will operate as a waiver of another breach of that term or of a breach of any other term of this deed.
- (d) Nothing in this deed obliges a party to exercise a right to waive any conditional term of this deed that may be in its power.

SCHEME IMPLEMENTATION DEED

19.9 Amendments

This deed may only be varied by a deed signed by or on behalf of each of the parties.

19.10 Counterparts

- (a) This deed may be executed in any number of counterparts and by the parties on separate counterparts. Each counterpart constitutes the agreement of each party who has executed and delivered that counterpart. Each counterpart is an original but the counterparts together are one and the same agreement.
- (b) This deed is binding on the parties on the exchange of duly executed counterparts.

19.11 Entire agreement

- (a) Subject to Clause 19.11(b), this deed:
 - (i) embodies the entire understanding of the parties and constitutes the entire terms agreed on between the parties; and
 - (ii) supersedes any prior agreement (whether or not in writing) between the parties.
- (b) The Confidentiality Deed continues to apply to the parties in accordance with its terms, except to the extent of any express inconsistency, in which case this deed prevails.

19.12 No Representation or Reliance

Each party acknowledges that no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this deed, except for representations or inducements expressly set out in this deed.

19.13 No Merger

The rights and obligations of the parties will not merge on completion of any transaction under this deed. They will survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any transaction.

SCHEME IMPLEMENTATION DEED

Schedule 1 Indicative Timetable

Event	Date
Enter into scheme implementation deed	11 May 2023
Lodge Scheme Booklet with ASIC for review and comment (and filing of court documents)	9 June 2023
First Court Date	30 June 2023 (subject to court availability and ASIC review)
Dispatch Scheme Booklet to Cellnet Shareholders	6 July 2023
Scheme Meeting	4 August 2023
Second Court Date	10 August 2023 (subject to court availability)
Effective Date: lodge office copy of Court order approving the Scheme with ASIC	11 August 2023
Record Date	18 August 2023 (fifth Business Day after Effective Date)
Implementation Date: pay Scheme Consideration	25 August 2023 (fifth Business Day after Record Date)



SCHEME IMPLEMENTATION DEED

Signing Page

Executed as a deed

Cellnet

EXECUTED by **Cellnet Group Limited** in accordance with section 127(1) of the Corporations Act 2001 (Cth):

DocuSigned by:
Tony Pearson
C344580CDB60476...

Signature of director

Tony Pearson

Name of director (please print)

DocuSigned by:
Giles Karhan
C46B3A4BD47844E...

Signature of secretary/director

Giles Karhan

Name of secretary/director (please print)

SCHEME IMPLEMENTATION DEED

Bidder

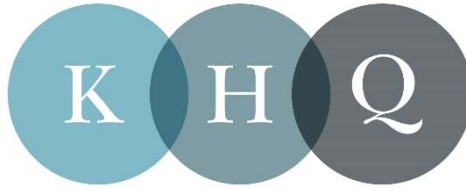
SIGNED, SEALED AND DELIVERED by
Wentronic Holding GmbH in accordance
with its constituent documents and the laws in
its place of incorporation:

DocuSigned by:

Signature of **authorised representative**

Michael Wendt
Name of **authorised representative**

ATTACHMENT B- DEED POLL



L A W Y E R S

Deed Poll

Wentronic Holding GmbH

KHQ Lawyers
Level 4, 600 Bourke Street
Melbourne VIC 3000
PO Box 597
Collins Street West VIC 8007
#230532

03 9663 9877
contact@khq.com.au
www.khq.com.au

DEED POLL

This deed poll is made

By	Name	Wentronic Holding GmbH
	Notice details	Address: C/- Pillmannstraße, 12, 38112, Braunschweig, Germany Email: Steffen.Biallas@wentronic.com and Michael.Wendt@wentronic.com Attention: Mr Steffen Biallas, CFO and Mr Michael Wendt, CEO (Bidder)

On	30 June 2023
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In favour of	each person registered as a holder of fully paid ordinary shares in Cellnet in the Share Register as at 5.00 pm on the Record Date (other than the Excluded Shareholders)
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BACKGROUND

- A. Cellnet and the Bidder entered into a Scheme Implementation Deed to provide for (among other matters) the implementation of the Scheme.
- B. The Bidder enters into this deed poll to covenant in favour of Scheme Shareholders to:
 - (a) perform the actions attributed to it under the Scheme; and
 - (b) provide the Scheme Consideration in accordance with the Scheme.

This deed poll provides as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions:

The following definitions apply in this document.

Cellnet means Cellnet Group Limited ACN 010 721 749 of Tenancy E1, 5 Greville Street, Brisbane Airport, QLD 4008.

Scheme Implementation Deed means the Scheme Implementation Deed dated 11 May 2023 between Cellnet and the Bidder.

1.2 Terms defined in Scheme Implementation Deed

Words and phrases defined in the Scheme Implementation Deed have the same meaning in this deed poll unless the context requires otherwise.

DEED POLL

1.3 Incorporation by reference

Clause 1 of the Scheme Implementation Deed forms part of this deed poll as if set out at length in this deed poll but with “deed poll” substituted for “deed” and with any reference to “party” being taken to include the Scheme Shareholders.

2. NATURE OF THIS DEED POLL

The Bidder acknowledges and agrees that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not a party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocable appoints Cellnet and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against the Bidder.

3. CONDITIONS

3.1 Conditions

The obligations of the Bidder under clause 4 are subject to the Scheme becoming Effective.

3.2 Termination

Subject to clause 6, this deed poll and the obligations of the Bidder will automatically terminate and this deed poll will be of no further force or effect if:

- (a) the Scheme Implementation Deed is terminated in accordance with its terms before the Scheme becomes Effective, or
- (b) the Scheme is not Effective on or before the End Date.

3.3 Consequences of termination

If this deed poll terminates under clause 3.2, in addition and without prejudice to any other rights, powers or remedies available to them:

- (a) the Bidder is released from its obligations to further perform this deed poll; and
- (b) each Scheme Shareholder retains the rights they have against the Bidder in respect of any breach of this deed poll which occurred before it terminated.

4. PERFORMANCE OF OBLIGATIONS

4.1 Generally

Subject to clause 3, the Bidder undertakes in favour of Scheme Shareholders to:

- (a) perform the actions attributed to it under the Scheme and otherwise comply with the Scheme as if the Bidder was a party to the Scheme; and
- (b) comply with its obligations under the Scheme Implementation Deed, in so far as that agreement relates to the Scheme and do all things necessary or expedient on its part to implement the Scheme.

4.2 Provision of Scheme Consideration

Subject to clause 3, the Bidder undertakes in favour of each Scheme Shareholder to:

- (a) deposit, or procure the deposit of, in cleared funds, by no later than the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme into an Australian dollar denominated trust account with an ADI operated by Cellnet or the Share Registry as trustee for the Scheme Shareholders, provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to Bidder's account; and
- (b) provide Cellnet with written confirmation of that deposit; and
- (c) undertake all other actions, and give each acknowledgement, representation and warranty (if any), attributed to it under the Scheme,

subject to and in accordance with the terms of the Scheme.

5. WARRANTIES

The Bidder represents and warrants to each Scheme Shareholder that:

- (a) **(status)** it is a corporation duly incorporated and validly existing under the laws of the place of its incorporation;
- (b) **(power)** it has the power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) **(corporate authorisations)** it has taken all necessary corporate action to authorise the entry into and performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) **(documents binding)** this deed poll is valid and binding on it and enforceable against it in accordance with its terms;
- (e) **(transactions permitted)** the execution and performance by it of this deed poll and each transaction contemplated by this deed poll did not and will not violate in any respect a provision of:
 - (i) its constitution or other constituent documents; or
 - (ii) any writ, order or injunction, judgment, law, rule or regulation or other document to which it is a party or subject or which is binding on it or its assets; and
- (f) **(solvency)** it is solvent and no resolutions have been passed nor has any other step been taken or legal action or proceedings commenced or threatened against it for its winding up, deregistration or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets.

6. CONTINUING OBLIGATIONS

This deed poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

- (a) the Bidder having fully performed its obligations under this deed poll; and
- (b) termination of this deed poll under clause 3.2.

7. NOTICES

Any notice, demand or other communication (a **Notice**) to the Bidder in respect of this deed poll:

- (a) must be in writing and signed by the sender or a person duly authorised by it;
- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail), by hand to the address specified on Page 1 or email to the email address specified on Page 1; and
- (c) will be conclusively taken to be duly given or made:
 - (i) in the case of delivery in person, when delivered at the address of the addressee as provided in clause 7(b) unless that delivery is not made on a Business Day, or is made after 5.00 pm on a Business Day, in which case that Notice will be deemed to be received at 9.00 am on the next Business Day; or
 - (ii) in the case of delivery by post, seven Business Days after the date of posting (if posted to an address in the same country) or ten Business Days after the date of posting (if posted to an address in another country); or
 - (iii) in the case of transmission by email, on the day of transmission, provided that the sender does not receive an automated notice generated by the sender's or the recipient's email server that the email was not delivered.

8. GENERAL PROVISIONS

8.1 Assignment

- (a) The rights and obligations of the Bidder and each Scheme Shareholder under this deed poll are personal. They cannot be assigned, charged, encumbered or otherwise dealt with at law or in equity without the prior written consent of Cellnet and the Bidder.
- (b) Any purported dealing in contravention of clause 8.1(a) is invalid.

8.2 Variation

A provision of this deed poll may not be varied unless:

- (a) before the First Court Date, the variation is agreed to in writing by Cellnet; or
- (b) on or after the First Court Date, the variation is agreed to in writing by Cellnet and the Court indicates that the variation would not of itself preclude approval by the Court of the Scheme,

in which event the Bidder will enter into a further deed poll in favour of each Scheme Shareholder giving effect to the amendment.

8.3 Cumulative rights

The rights, powers and remedies of the Bidder and each Scheme Shareholder under this deed poll are cumulative with and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

8.4 Execution opinion

On the date of this deed poll, the Bidder must obtain from its foreign counsel in the jurisdiction in which it is incorporated, and provide to Cellnet, a written legal opinion, in a form agreed between Bidder and Cellnet, acting reasonably, prior to entry into this deed poll, confirming that the Bidder has duly executed this deed in accordance with the laws of the place of incorporation and articles and by-laws and Bidder's good standing under its governing jurisdiction laws.

8.5 No waiver

A provision of, or a right under, this deed poll may not be waived except in writing signed by the person granting the waiver. A waiver of any right is limited to the specific instance to which it relates and to the specific purpose for which it is given.

8.6 Stamp Duty

The Bidder:

- (a) must pay or procure the payment of all stamp duty (if any) and any related fines, penalties and interest in respect of the Scheme and this deed poll (including the acquisition or transfer of Scheme Shares pursuant to the Scheme), the performance of this deed poll and each transaction effected by or made under or pursuant to the Scheme and this deed poll; and
- (b) indemnifies and undertakes to keep indemnified each Scheme Shareholder against any liability arising from failure to comply with clause 8.6(a).

8.7 Further Assurances

The Bidder will, at its own expense, do all things reasonably required of it to give full effect to this deed poll.

8.8 Governing law and jurisdiction

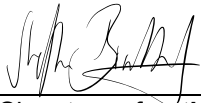
- (a) This deed poll is governed by the laws of Victoria, Australia.
- (b) In relation to this deed poll and related non-contractual matters, the Bidder irrevocably submits to the non-exclusive jurisdiction of courts with jurisdiction in Victoria, Australia and courts of appeal from them, provided that Cellnet may bring proceedings in connection with this deed poll in Germany to seek to enforce the obligations of the Bidder under this deed poll. The Bidder irrevocably waives any right to object to the venue on any ground.

DEED POLL

Signing Page

Executed as a deed poll

SIGNED, SEALED AND DELIVERED by
Wentronic Holding GmbH in accordance
with its constituent documents and the laws in
its place of incorporation:

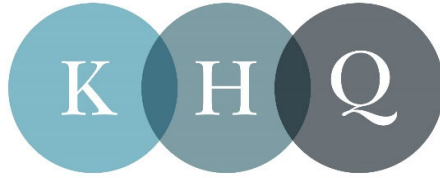


Signature of **authorised representative**

Steffen Biallas

Name of **authorised representative**

ATTACHMENT C- SCHEME OF ARRANGEMENT



L A W Y E R S

Scheme of Arrangement

Cellnet Group Limited

Scheme Shareholders

KHQ Lawyers
Level 4, 600 Bourke Street
Melbourne VIC 3000
PO Box 597
Collins Street West VIC 8007
#230532

03 9663 9877
contact@khq.com.au
www.khq.com.au

SCHEME OF ARRANGEMENT

This scheme of arrangement is made under section 411 of the *Corporations Act 2001 (Cth)*

Between the parties

Name	Cellnet Group Limited
ACN	010 721 749
Notice details	Address: Tenancy E1 5 Greville Street, Brisbane Airport, QLD 4008 Email: ir@cellnet.com.au Attention: Mr Tony Pearson (Non Executive Chairman) (Cellnet)
	The Scheme Shareholders

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless the context requires otherwise, the following definitions apply in this Scheme:

ASIC means the Australian Securities and Investments Commission.

Associate means that term as defined in section 12 of the Corporations Act

ASX means ASX Limited ACN 008 624 691, or as the context requires or permits, the financial market known as the Australian Securities Exchange operated by it.

Bidder means Wentronic Holding GmbH (Commercial Register ID HRB204940, LEI 529900WN67CC1ERVP920) of C/- Pillmannstraße, 12, 38112, Braunschweig, Germany.

Business Day means a business day as defined in the Listing Rules.

Cellnet Shareholder means a person who is registered in the register maintained by Cellnet under section 168 of the Corporations Act as a holder of one or more Shares.

CHES means the clearing house electronic subregister system of share transfers operated by ASX Settlement Pty Limited ACN 008 504 532 and ASX Clear Pty Limited ACN 001 314 503.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Court means the Federal Court of Australia or such other court of competent jurisdiction agreed between the parties.

Deed Poll means the deed poll to be executed by the Bidder, in the form set out in Annexure B of the Scheme Implementation Deed or in such other form as is agreed in writing between the parties, under which the Bidder covenants in favour of the Scheme Shareholders to perform the actions attributed to it under this Scheme.

Delivery Time means in relation to the Second Court Date, two hours before the commencement of the court hearing or, if the commencement of the hearing is adjourned, the commencement of the adjourned hearing, of the Court to approve this Scheme in accordance with section 411(4)(b) of the Corporations Act.

Effective means the coming into effect under section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme.

Effective Date means the date on which this Scheme becomes Effective.

End Date means the end date determined in accordance with the Scheme Implementation Deed.

Excluded Share means a Scheme Share held by an Excluded Shareholder as at the Record Date.

Excluded Shareholder means the Bidder and its Associates

Government Agency means any foreign or Australian Government or governmental, semi- governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state, and any other federal, state, provincial or local government, whether foreign or Australian.

Implementation Date means the fifth Business Day after the Record Date or such other date after the Record Date agreed to in writing between Cellnet and the Bidder.

Listing Rules means the official listing rules of ASX as amended from time to time.

Record Date means 5.00 pm on the fifth Business Day after the Effective Date or such other time and date agreed to in writing between Cellnet and the Bidder.

Registered Address means in relation to a Cellnet Shareholder, the address shown in the Share Register as at the Record Date.

Scheme means this scheme of arrangement under Part 5.1 of the Corporations Act between Cellnet and the Scheme Shareholders, subject to any alterations or conditions agreed between Cellnet and the Bidder and approved by the Court or any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by Cellnet and the Bidder.

Scheme Consideration means in respect of each Scheme Share held by a Scheme Shareholder, \$0.027 per Scheme Share.

Scheme Implementation Deed means the scheme implementation deed dated 11 May 2023 between Cellnet and the Bidder.

Scheme Meeting means the meeting of Cellnet Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

SCHEME OF ARRANGEMENT

Scheme Share means a Share on issue as at 5.00pm on the Record Date other than the Excluded Shares.

Scheme Shareholder means a person who holds one or more Scheme Shares other than the Excluded Shareholders.

Second Court Date means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving this Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, means the date on which the adjourned application is heard or scheduled to be heard.

Settlement Rules means the ASX Settlement Operating Rules.

Share means an issued fully paid ordinary share in the capital of Cellnet.

Share Register means the register of members of Cellnet maintained in accordance with the Corporations Act.

Share Registry means Link Market Services Limited or any replacement provider of share registry services to Cellnet.

Share Transfer Form means, for each Scheme Shareholder, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Shareholder for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.

Subsidiary means that term as defined in section 46 of the Corporations Act.

Trust Account means an Australian dollar denominated trust account operated by Cellnet as trustee for the benefit of Scheme Shareholders.

1.2 Interpretation

In this agreement the following rules of interpretation apply, unless the contrary intention appears or context otherwise requires:

- (a) Headings and subheadings are for convenience only and do not affect the interpretation of this agreement.
- (b) References to clauses, Schedules, annexures, appendices, attachments and exhibits are references to the clauses of, and the Schedules, annexures, appendices, attachments and exhibits to, this agreement.
- (c) References to parties are references to the parties to this agreement.
- (d) Words denoting the singular include the plural and words denoting the plural include the singular.
- (e) Where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase have corresponding meanings.
- (f) The word "person" includes any individual, corporation or other body corporate, partnership, joint venture, trust, association and any Government Agency.
- (g) References to clauses are references to clauses of this agreement.
- (h) A reference to a law includes:
 - (i) legislation, regulations and other instruments made under legislation and any consolidations, amendments, re-enactments or replacements of them;

SCHEME OF ARRANGEMENT

- (ii) any constitutional provision, treaty or decree;
- (iii) any judgment; and
- (iv) any rule or principle of common law or equity,

and is a reference to that law as amended, consolidated, re-enacted, replaced or applied to new or different facts.

- (i) Specifying anything in this agreement after the terms “include”, “including”, “includes”, “for example”, “such as” or any similar expression does not limit the sense of the words, description, definition, phrase or term preceding those terms unless there is express wording to the contrary.
- (j) A reference to conduct includes an omission, statement or undertaking, whether or not in writing.
- (k) If a period of time begins on a given day or the day of an act or event, it is to be calculated exclusive of that day.
- (l) A reference to time is a reference to Melbourne, Victoria, Australia time unless otherwise specified.
- (m) A reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later.
- (n) If any act is required to be performed under this agreement by a party on or by a specified day and the act is performed after 5.00 pm on that day, the act is deemed to be performed on the next day.
- (o) If any act is required to be performed under this agreement on or by a specified day and that day is not a Business Day, the act must be performed on or by the next Business Day.
- (p) This agreement includes all Schedules, annexures, appendices, attachments and exhibits to it.
- (q) A reference to “writing” or “written” includes fax and email.

1.3 **Business Day:**

Where the day on or by which any act, matter or thing under this Scheme is to be done is not a Business Day, that act, matter or thing must be done on or by the next Business Day.

1.4 **Listing requirements included in law:**

A listing rule or business rule of a financial market will be regarded as a law, and a reference to such a rule is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

2. **PRELIMINARY**

2.1 **Cellnet**

- (a) Cellnet is a public company limited by shares, registered in Queensland, Australia and admitted to the official list of ASX.

SCHEME OF ARRANGEMENT

- (b) The Shares are officially quoted on ASX, and as at the date of the Scheme Implementation Deed:
 - (i) 243,594,634 Shares were on issue which are officially quoted on ASX; and
 - (ii) 4,000,000 options were on issue which are not quoted on any financial market.

2.2 Bidder

The Bidder is a limited liability company incorporated in Braunschweig, Lower Saxony, Germany.

2.3 General

- (a) Cellnet and the Bidder have agreed by executing the Scheme Implementation Deed to implement this Scheme.
- (b) This Scheme attributes actions to the Bidder but does not itself impose an obligation on it to perform those actions, as the Bidder is not a party to this Scheme. The Bidder has agreed, by executing the Deed Poll, to perform the actions attributed to it under this Scheme, including the provision of the Scheme Consideration to the Scheme Shareholders.

2.4 Consequences of this Scheme becoming Effective

If this Scheme becomes Effective, on the Implementation Date:

- (a) the Bidder will provide or procure the provision of the Scheme Consideration to Scheme Shareholders in accordance with this Scheme and the Deed Poll; and
- (b) all the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares, will be transferred to the Bidder; and
- (c) Cellnet will enter the Bidder in the Share Register as the holder of all the Scheme Shares.

3. CONDITIONS

3.1 Conditions

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions precedent in clause 3.1 of the Scheme Implementation Deed (other than the condition in clause 3.1(i) (Court approval) of the Scheme Implementation Deed) having been satisfied or waived in accordance with the terms of the Scheme Implementation Deed by no later than the Delivery Time;
- (b) neither the Scheme Implementation Deed nor the Deed Poll having been terminated in accordance with their terms by no later than the Delivery Time;
- (c) approval of this Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act;
- (d) such other conditions imposed by the Court under section 411(6) of the Corporations Act, as are acceptable to the parties, having been satisfied; and

SCHEME OF ARRANGEMENT

- (e) the orders of the Court made under section 411(4)(b) (and if applicable, section 411(6)) of the Corporations Act approving the Scheme coming into effect, pursuant to section 411(10) of the Corporations Act, on or before the End Date (or any later date Cellnet and the Bidder agree in writing).

3.2 Termination

Without limiting any rights of the parties to the Scheme Implementation Deed under the Scheme Implementation Deed, the Scheme will lapse and be of no further force or effect if:

- (a) the Scheme has not become Effective on or before the End Date; or
- (b) the Scheme Implementation Deed or Deed Poll is terminated in accordance with its terms,

unless Cellnet and the Bidder otherwise agree in writing (and, if required, as approved by the Court).

3.3 Certificate in relation to conditions precedent

- (a) Cellnet and the Bidder must provide to the Court on the Second Court Date a certificate executed as a deed poll confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent set out in clause 3.1 of this Scheme (other than the conditions precedent in clauses 3.1(c), 3.1(d) and 3.1(e) of this Scheme) have been satisfied or waived as at the Delivery Time.
- (b) The certificate referred to in this clause 3.3 will constitute conclusive evidence of whether the conditions precedent referred to in clause 3.1 of this Scheme (other than the conditions precedent in clauses 3.1(c), 3.1(d) and 3.1(e) of this Scheme) have been satisfied or waived as at the Delivery Time.

4. IMPLEMENTATION

4.1 Lodgement of Court Orders

Cellnet must, in accordance with section 411(10) of the Corporations Act, lodge with ASIC office copies of any Court orders made under section 411(4)(b) (and if applicable, section 411(6)) of the Corporations Act approving this Scheme as soon as possible and, in any event, no later than by 5.00 pm on the first Business Day after the Court approves this Scheme or such later time as Cellnet and the Bidder agree in writing.

4.2 Transfer and registration of Scheme Shares

Subject to the Scheme becoming Effective, on the Implementation Date:

- (a) subject to the payment by Cellnet of the Scheme Consideration in the manner contemplated by clause 5.2(b), the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares at the Implementation Date, will be transferred to the Bidder, without the need for any further act by any Scheme Shareholder (other than acts performed by Cellnet or its officers as agent and attorney of the Scheme Shareholders under clause 8.6 or otherwise), by:
 - (i) Cellnet delivering to the Bidder a duly completed and executed Share Transfer Form to transfer all the Scheme Shares to the Bidder, executed on behalf of the Scheme Shareholders by Cellnet; and

SCHEME OF ARRANGEMENT

- (ii) the Bidder duly executing such Share Transfer Form and delivering it to Cellnet for registration; and
- (b) immediately after receipt of the Share Transfer Form in accordance with clause 4.2(a)(ii), Cellnet must enter, or procure the entry of, the name of the Bidder in the Share Register in respect of the Scheme Shares transferred to the Bidder in accordance with this Scheme.

5. SCHEME CONSIDERATION

5.1 Amount of Scheme Consideration

On the Implementation Date, in consideration for the transfer to the Bidder of the Scheme Shares, each Scheme Shareholder will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with this clause 5 of the Scheme.

5.2 Payment of Scheme Consideration

- (a) Subject to the Scheme becoming Effective, the Bidder must, by no later than the Business Day before the Implementation Date, deposit (or procure the deposit) in cleared funds into the Trust Account an amount equal to the aggregate amount of the total Scheme Consideration payable to all Scheme Shareholders, such amount to be held by Cellnet on trust for the Scheme Shareholders and for the purpose of paying the aggregate Scheme Consideration to the Scheme Shareholders (except that any interest on the amount will be for the account of the Bidder).
- (b) On the Implementation Date and subject to funds having been deposited in accordance with clause 5.2(a), Cellnet must pay or procure the payment of the Scheme Consideration to each Scheme Shareholder from the Trust Account by doing any of the following at its election:
 - (i) sending (or procuring the Share Registry to send) it to the Scheme Shareholder's Registered Address by cheque in Australian dollars drawn out of the Trust Account; or
 - (ii) depositing (or procuring the Share Registry to deposit) it into an account with any Australian authorised deposit-taking institution (as defined in the Corporations Act) notified to Cellnet (or the Share Registry) by an appropriate authority from the Scheme Shareholders.
- (c) To the extent that, following satisfaction of Cellnet's obligations under clause 5.2(b), there is a surplus in the amount held in the Trust Account, that surplus may be paid by Cellnet to the Bidder.

5.3 Joint Holders

In the case of Scheme Shares held in joint names:

- (a) any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to the holder whose name appears first in the Share Register as at the Record Date; and
- (b) any other document required to be sent under this Scheme, will be forwarded to the holder whose name appears first in the Share Register as at the Record Date.

SCHEME OF ARRANGEMENT

5.4 Fractional Entitlements

Where the calculation of the Scheme Consideration to be paid to a Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a cent, that fractional entitlement will be rounded down to the nearest whole cent.

5.5 Unclaimed Monies

To the extent that a cheque properly dispatched by or on behalf of the Bidder pursuant to this Clause 5 is returned to Cellnet as undelivered, or the cheque is not presented by a Scheme Shareholder earlier than six months after the date on which the cheque was sent (**Unclaimed Consideration**):

- (a) Cellnet must deal with the Unclaimed Consideration in accordance with any applicable unclaimed monies legislation; and
- (b) subject to Cellnet complying with its obligations under clause 5.5(a), Cellnet may cancel the cheque and is discharged from liability to any Scheme Shareholder in respect of the Unclaimed Consideration.

5.6 Order of a Court

If:

- (a) written notice is given to Cellnet (or the Share Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency that requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder by Cellnet in accordance with this clause 5, then Cellnet may procure that payment is made in accordance with that order or direction; or
- (b) written notice is given to Cellnet (or the Share Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency that prevents Cellnet from making a payment to any particular Scheme Shareholder in accordance with clause 5.2(b), or such payment is otherwise prohibited by applicable law, then Cellnet may retain an amount equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration until such time as payment in accordance with this clause 5 is permitted by that order or direction or otherwise by law,

and the payment or retention by Cellnet (or the Share Registry) will constitute the full discharge of Cellnet's obligations under clause 5.2(b) with respect of the amount so paid or retained until, in the case of clause 5.6(b), it is no longer required to be retained.

5.7 Definition of "sending"

For the purposes of clause 5, the expression sending means, in relation to each Scheme Shareholder:

- (a) sending by ordinary pre-paid post or courier to the Registered Address of that Scheme Shareholder as at the Record Date; or
- (b) delivery to the Registered Address of that Scheme Shareholder as at the Record Date by any other means at no cost to the recipient.

6. DEALINGS IN SHARES

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Shares or other alterations to the Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Share Register as the holder of the relevant Shares on or before 5.00 pm on the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in respect of those dealings are received on or before 5.00 pm on the Record Date occurs at the place where the Share Register is kept,

and Cellnet will not accept for registration, nor recognise for any purpose (except a transfer to the Bidder under this Scheme and any subsequent transfer by the Bidder or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

- (a) **(Registration of transfers)** Cellnet must register registrable transmission applications or transfers of the kind referred to in clause 6.1(b) by or as soon as reasonably practicable after the Record Date (provided that for the avoidance of doubt, nothing in this clause 6.2 requires Cellnet to register a transfer that would result in a Cellnet Shareholder holding a parcel of Shares that is less than a “marketable parcel” (as defined in the Settlement Rules)).
- (b) **(No registration after Record Date)** Cellnet will not accept for registration nor recognise for any purpose any transmission application or transfer in respect of Shares received after the Record Date, other than to the Bidder in accordance with this Scheme and any subsequent transfer by the Bidder or its successors in title.
- (c) **(Maintenance of Share Register)** For the purpose of determining entitlements to the Scheme Consideration, Cellnet must maintain the Share Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been delivered to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) **(No disposal after Record Date)** From the Record Date until registration of the Bidder in respect of all Scheme Shares under clause 4.2(b), no Cellnet Shareholder may dispose nor otherwise deal with Shares in any way except as set out in this Scheme and any attempt to do so will have no effect and Cellnet will be entitled to disregard any such disposal or dealing.
- (e) **(Statements of holding from Record Date)** All statements of holding for Shares (other than statements of holding in favour of the Excluded Shareholders) will cease to have effect from the Record Date as documents of title in respect of those shares. As from the Record Date, each entry current at that date on the Share Register (other than entries in favour of the Excluded Shareholders) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

SCHEME OF ARRANGEMENT

- (f) **(Provision of Scheme Shareholder details)** As soon as practicable after the Record Date and in any event within one Business Day after the Record Date, Cellnet will ensure that details of the names, Registered Addresses and holdings of Shares for each Scheme Shareholder as at 5.00 pm on the Record Date are available to the Bidder in the form the Bidder reasonably requires.

7. REMOVAL FROM ASX

7.1 Apply to ASX

Cellnet will apply to ASX to suspend trading on the ASX in Shares with effect from the close of trading on the Effective Date.

7.2 Removal from ASX

On a date after the Implementation Date to be determined by the Bidder, and only after the transfer of the Scheme Shares has been registered in accordance with clause 4.2(b), Cellnet will apply:

- (a) for termination of the official quotation of Shares on ASX; and
- (b) to have itself removed from the official list of ASX.

8. GENERAL SCHEME PROVISIONS

8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) Cellnet may, by its legal counsel, consent on behalf of all persons concerned, to those alterations or conditions to which the Bidder has consented in writing; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions to which legal counsel for Cellnet has consented.

8.2 Binding effect of Scheme

If approved by the requisite majorities of Cellnet Shareholders, and approved by the Court, this Scheme will bind Cellnet and all Scheme Shareholders (including those who did not attend the Scheme Meeting, those who did not vote at that meeting, or voted against this Scheme at that meeting) and, to the extent of any inconsistency, overrides the constitution of Cellnet.

8.3 Scheme Shareholders' agreements and acknowledgment

Each Scheme Shareholder irrevocably:

- (a) agrees to the transfer of their Scheme Shares together with all rights and entitlements attaching to those Scheme Shares in accordance with this Scheme;
- (b) agrees to any variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from this Scheme; and
- (c) acknowledges and agrees that this Scheme binds Cellnet and all Scheme Shareholders (including those who did not attend the Scheme Meeting or did not vote at that meeting or voted against this Scheme at that Scheme Meeting).

8.4 Warranties by Scheme Shareholders

- (a) Each Scheme Shareholder is deemed to have warranted to the Bidder, is deemed to have authorised Cellnet as its attorney and agent to warrant to the Bidder, that as at the Implementation Date:
 - (i) all of its Scheme Shares that are transferred to the Bidder under this Scheme, including any rights and entitlements attaching to those Scheme Shares, will, at the time of transfer, be free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any “security interests” within the meaning of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
 - (ii) all of its Schemes Shares that are transferred to the Bidder under this Scheme will, on the date on which they are transferred to the Bidder be fully paid;
 - (iii) it has full power and capacity to transfer its Scheme Shares to the Bidder together with any rights attaching to those shares; and
 - (iv) it has no existing right to be issued any Scheme Shares.
- (b) Cellnet provides the warranties in clause 8.4(a) to the Bidder as agent and attorney of each Scheme Shareholder.

8.5 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme will be transferred free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any “security interests” within the meaning of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.
- (b) On and from the Implementation Date, immediately after the payment by Cellnet of the Scheme Consideration in the manner contemplated in clause 5.2(b), the Bidder will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by Cellnet of the Bidder in the Share Register as the holder of the Scheme Shares.

8.6 Authority given to Cellnet

- (a) Each Scheme Shareholder will be deemed to have authorised Cellnet to do and execute all acts, matters, things and documents on the part of each Scheme Shareholder necessary for or incidental to the implementation of this Scheme, including executing, as agent and attorney of each Scheme Shareholder, a share transfer or transfers in relation to Scheme Shares as contemplated by clause 4.2.
- (b) Each Scheme Shareholder, without the need for any further act, irrevocably appoints Cellnet and all of its directors, secretaries and officers (jointly and severally) as its attorney and agent for the purpose of executing any document necessary to give effect to this Scheme, including the Share Transfer Form, and Cellnet accepts such appointment.

SCHEME OF ARRANGEMENT

8.7 Appointment of sole proxy

Immediately after the payment by Cellnet of the Scheme Consideration in the manner contemplated in clause 5.2(b) until Cellnet registers the Bidder as the holder of all Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have irrevocably appointed the Bidder as its attorney and agent (and directed the Bidder in such capacity) to appoint an officer or agent nominated by the Bidder as its sole proxy and, where applicable, corporate representative to attend shareholders' meetings of Cellnet, exercise the votes attaching to the Scheme Shares registered in its name and sign any Shareholders' resolution;
- (b) undertakes not to otherwise attend shareholders' meetings, exercise the votes attaching to Scheme Shares registered in their names or sign or vote on any resolutions (whether in person, by proxy or by corporate representative) other than as under Clause 8.7(a)
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as the Bidder reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 8.7(a), the Bidder and any officer or agent nominated by the Bidder under clause 8.7(a) may act in the best interests of the Bidder as the intended registered holder of the Scheme Shares.

8.8 Instructions and elections

If not prohibited by law, all instructions, notifications or elections by a Scheme Shareholder to Cellnet binding or deemed binding between the Scheme Shareholder and Cellnet relating to Cellnet or Scheme Shares (including any email addresses, instructions relating to communications from Cellnet, whether dividends are to be paid by cheque or into a specific bank account, notices of meetings or other communications from Cellnet) will be deemed from the Implementation Date (except to the extent determined otherwise by the Bidder in its sole discretion), by reason of this Scheme, to be made by the Scheme Shareholder to the Bidder until that instruction, notification or election is revoked or amended in writing addressed to the Bidder at its registry.

9. GENERAL

9.1 Stamp Duty

The Bidder must pay all stamp duty payable in connection with the transfer of the Scheme Shares to the Bidder.

9.2 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Cellnet, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Cellnet's registered office or at the office of the Share Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Shareholder may not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

SCHEME OF ARRANGEMENT

9.3 Further Assurances

- (a) Cellnet must do anything necessary (including executing agreements and documents) or incidental to give full effect to this Scheme and the transactions contemplated by it.
- (b) Each Scheme Shareholder consents to Cellnet doing all things necessary or incidental to give full effect to this Scheme and the transactions contemplated by it.

9.4 Governing law and jurisdiction

- (a) This Scheme is governed by the laws of Victoria, Australia.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in Victoria, Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme, provided that Cellnet may bring proceedings in connection with this Scheme in Germany to seek to enforce the obligations of the Bidder under the Deed Poll and the Scheme Implementation Deed. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

9.2 No liability when acting in good faith

None of Cellnet, the Bidder or any of their respective officers, employees and advisers (as applicable), will be liable for anything done or omitted to be done in the performance of this Scheme in good faith.

ATTACHMENT D - NOTICE OF SCHEME MEETING

NOTICE OF SCHEME MEETING

CELLNET GROUP LIMITED ACN 010 721 749 (CELLNET)

Notice is given that, by an order of the Federal Court of Australia made on 4 July 2023, pursuant to section 411(1) of the Corporations Act, a meeting of the holders of Cellnet Shares will be held at 8.30am (AEST time) on Monday 7 August 2023 at Tenancy E1, 5 Grevillea Place, Brisbane Airport, Queensland 4008 .

Purpose of the Scheme Meeting

The purpose of this Scheme Meeting is to consider and, if thought fit, agree to a scheme of arrangement (with or without amendment or any alterations or conditions required by the Court to which Cellnet and Wentronic agree) proposed to be made between Cellnet and Cellnet Shareholders (other than Excluded Shareholders) and to consider and, if thought fit, pass the Scheme Resolution.

The Scheme Booklet accompanying this Notice of Scheme Meeting constitutes an explanatory statement for the purposes of section 412(1) of the Corporations Act.

Capitalised terms used in this notice have the meaning given to those terms in Section 13 of the Scheme Booklet.

Scheme Resolution

That pursuant to and in accordance with section 411 of the Corporations Act:

- The scheme of arrangement proposed between Cellnet and Cellnet Shareholders (other than Excluded Shareholders), as contained in and more particularly described in the Scheme Booklet accompanying this Notice of Scheme Meeting, is agreed to.
- Your Independent Directors are authorised:
 - to agree to such alterations or conditions as are directed by the Court; and
 - subject to approval of the Scheme by the Court, to implement the Scheme with any such alterations or conditions.

Chair

The Court has directed that Tony Pearson is to act as Chairman of the Scheme Meeting (and that, if Mr Pearson is unable or unwilling to attend, Giles Karhan is to act as Chairman of the Scheme Meeting) and has directed the Chairman to report the result of the Scheme Resolution to the Court.

Dated 5 July 2023

BY ORDER OF THE INDEPENDENT DIRECTORS



Tony Pearson

Chairman

EXPLANATORY NOTES FOR THE SCHEME MEETING

GENERAL

This Notice of Scheme Meeting relates to the Scheme and should be read in conjunction with the accompanying Scheme Booklet. The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme Resolution, including the information prescribed by the Corporations Act and the *Corporations Regulations 2001* (Cth).

A copy of the Scheme is set out in **ATTACHMENT C** of the Scheme Booklet.

REQUIRED VOTING MAJORITY

For the proposed Scheme to be binding in accordance with section 411 of the Corporations Act, the Scheme Resolution must be approved by:

- a majority in number (that is more than 50%) of Cellnet Shareholders (other than Excluded Shareholders) present and voting on the Scheme Resolution at the Scheme Meeting (either in person, or by proxy or representative); and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Cellnet Shareholders (other than Excluded Shareholders) (either in person, or by proxy or representative).

The vote on the Scheme Resolution will be conducted by a poll.

COURT APPROVAL

Under section 411(4)(b) of the Corporations Act, the Scheme (with or without amendment or any alteration or condition required by the Court) is subject to the approval of the Court. If the Scheme Resolution is duly passed by the Requisite Majorities and the other conditions to the Scheme (other than approval by the Court and lodgement of the Scheme Order with ASIC) are satisfied or waived by the time required under the Scheme, Cellnet intends to apply to the Court for the necessary orders to give effect to the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.

VOTING ENTITLEMENTS

Each person who is a Cellnet Shareholder (other than Excluded Shareholders) on the Meeting Record Date, which is 8.30 am (AEST) on 5 August 2023 is entitled to attend and vote at the Scheme Meeting.

HOW TO VOTE

If you are a Cellnet Shareholder (other than an Excluded Shareholder) and entitled to vote at the Scheme Meeting, you may vote by:

- Attending and voting in person.
- Appointing an attorney to attend and vote on your behalf, using a power of attorney.
- In the case of a body corporate, appointing a body corporate representative to attend the meeting and vote on your behalf, using a certificate of appointment of body corporate representative.
- Appointing a proxy to attend and vote on your behalf, using the proxy form accompanying this Scheme Booklet.

Voting in person

To vote in person, you must attend the Scheme Meeting. Cellnet Shareholders (other than Excluded

Shareholders) who wish to attend and vote at the meeting in person will be admitted and given a voting card at the point of entry to the meeting, once they have disclosed their name and address.

Voting by proxy

Cellnet Shareholders (other than Excluded Shareholders) are advised that:

- Each Cellnet Shareholder (other than an Excluded Shareholders) who is entitled to attend and cast a vote at the Scheme Meeting has a right to appoint a proxy to attend and vote for them.
- The proxy need not be a Cellnet Shareholder.
- A Cellnet Shareholder (other than an Excluded Shareholders) who is entitled to cast two or more votes may appoint either one or two proxies, and may specify the proportion or number of votes each proxy is appointed to exercise. If the appointment is for two proxies and does not specify the proportion or number of votes each proxy may exercise, then, in accordance with section 249X(3) of the Corporations Act, each proxy may exercise half of the votes.

To vote by proxy, the proxy form accompanying this Scheme Booklet must be completed and lodged in accordance with this Notice of Scheme Meeting and the instructions on the form.

The proxy form must be signed by the Cellnet Shareholder (other than an Excluded Shareholder) or their attorney duly authorised in writing. If the Cellnet Shareholder is a company that has a sole director who is also the sole company secretary, this form must be signed by that person. If the company does not have a company secretary, the sole director must sign the form. Otherwise, the proxy form must be signed by a director jointly with either another director or a company secretary. In the case of shares jointly held by two or more persons, all joint holders must sign the proxy form.

Voting by attorney

A Cellnet Shareholder (other than an Excluded Shareholder) entitled to attend and vote at the Scheme Meeting is also entitled to appoint an attorney to attend and vote on their behalf. An attorney need not be a Cellnet Shareholder.

The power of attorney appointing the attorney must be duly executed and specify the name of the Cellnet Shareholder (other than an Excluded Shareholder), Cellnet and the attorney, and also specify the meeting at which the appointment may be used. The appointment may be a standing one.

Attorneys of eligible Cellnet Shareholders (other than Excluded Shareholders) will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting written evidence of their appointment, their name and address, and the name of their appointers.

Your appointment of an attorney does not preclude you from attending in person and voting at the meeting.

Lodgement of proxies, powers of attorney and queries

The proxy form (and, if not already lodged, the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and, if not already lodged, the power of attorney or other authority), powers of attorney and authorities, must be received by Cellnet's Share Registry in any of the following ways:

By post to	Cellnet Group Limited Investor Relations E1 / 5 Grevillea Place Brisbane Airport QLD 4008
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By scanning a completed proxy form and emailing it to	IR@cellnet.com.au
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at least 48 hours before the time for holding the Scheme Meeting (that is, not later than **8.30 am (AEST time) on 5 August 2023**), or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote. Documents received after this deadline will not be valid for the

scheduled meeting.

Voting by corporate representative

A body corporate that is a Cellnet Shareholder (other than an Excluded Shareholder), or that has been appointed as a proxy, may appoint an individual to act as its representative at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that Cellnet will require a certificate of appointment of body corporate representative to be executed by the body corporate in accordance with the Corporations Act. The certificate of appointment may set out restrictions on the representative's powers.

The certificate should be lodged at the registration desk on the day of the meeting or sent to Cellnet's Share Registry in advance of the Scheme Meeting, in any of the ways set out above in relation to the lodgement of proxies, powers of attorney and queries.

JOINTLY HELD SECURITIES

If Cellnet Shares are jointly held and, more than one member votes in respect of those jointly held shares, only the vote of the Cellnet Shareholder (other than Excluded Shareholders) whose name appears first in the Register will be counted.

ATTENDANCE

If you or your proxies, attorneys or corporate representative(s) plan to attend the Scheme Meeting, please arrive at the venue at least 15 minutes before the scheduled time for commencement of the meeting, so that your shareholding can be checked against the Register, any power of attorney or certificate of appointment of body corporate representative verified, and your attendance noted.

ADVERTISEMENT

Where this Notice of Scheme Meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone entitled to attend the meeting from Cellnet's website (<https://www.cellnet.com.au>) or by contacting Cellnet's Share Registry.

LODGE YOUR VOTE



BY EMAIL

IR@cellnet.com.au



BY MAIL

Cellnet Group Limited
E1 / 5 Grevillea Place,
Brisbane Airport QLD 4008



BY HAND

Cellnet Group Limited
E1 / 5 Grevillea Place,
Brisbane Airport QLD 4008



ALL ENQUIRIES TO

Telephone: 1300 235 563 Overseas: +61 1300 235 563



X99999999999

PROXY FORM

I/We being a member(s) of Cellnet Group Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Scheme Meeting of the Company to be held at **8:30am (Brisbane time) on Monday, 7 August 2023 at Cellnet Group Head Office, Tenancy E1, 5 Grevillea Place, Brisbane Airport, Brisbane QLD 4008** (the Meeting) and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 1

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an

Resolution

For Against Abstain*

1 That pursuant to and in accordance with section 411 of the Corporations Act:

- The scheme of arrangement proposed between Cellnet and Cellnet Shareholders (other than Excluded Shareholders), as contained in and more particularly described in the Scheme Booklet accompanying this Notice of Scheme Meeting, is agreed to.
- Your Independent Directors are authorised:
- to agree to such alterations or conditions as are directed by the Court; and
- subject to approval of the Scheme by the Court, to implement the Scheme with any such alterations or conditions.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 2

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

STEP 3

CLT PRX2301A



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to participate in the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to participate in the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **8:30am (Brisbane time) on Saturday, 5 August 2023**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



BY EMAIL

IR@cellnet.com.au



BY MAIL

Cellnet Group Limited
E1 / 5 Grevillea Place,
Brisbane Airport QLD 4008



BY HAND

delivering it to Cellnet Group Limited
E1 / 5 Grevillea Place, Brisbane Airport QLD 4008

*During business hours Monday to Friday (9:00am - 5:00pm)

**IF YOU WOULD LIKE TO PARTICIPATE IN AND VOTE AT THE SCHEME MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

ATTACHMENT E- INDEPENDENT EXPERT'S REPORT



26 June 2023

The Independent Directors
Cellnet Group Limited
Tenancy E1/5 Grevillea Place
Brisbane Airport QLD 4008

Dear Independent Directors

Re: Independent Expert's Report

1. Introduction

The Independent Directors of Cellnet Group Limited ("**Cellnet Group**" or "**CLT**" or the "**Company**") have requested PKF Melbourne Corporate Pty Ltd ("**PKF Corporate**") to prepare an Independent Expert's Report ("**IER**") in respect of a proposed transaction that may see Wentronic Holding GmbH ("**Wentronic**"), the major shareholder of the Company and its associated entities (including Mr Michael Wendt) (collectively the "**Wentronic Shareholders**") acquire all of the Ordinary Shares on issue in Cellnet Group in which the Wentronic Shareholders do not currently have a relevant interest in.

The proposed acquisition is to be effected pursuant to Part 5.1 of the Corporations Act 2001 (the "**Act**") by a Scheme of Arrangement (the "**Scheme**") between Cellnet Group and its shareholders (collectively the "**Proposed Scheme**"). For the Proposed Scheme to be effected the Cellnet Group Shareholders (by the requisite majority) and such court of competent jurisdiction under the Act (the "**Court**") must approve the Scheme.

2. The Proposed Scheme

2.1 Terms of the Proposed Scheme

On 12 May 2023, Cellnet Group announced to the Australian Securities Exchange ("**ASX**") that it had entered into a Scheme Implementation Deed ("**SID**") with Wentronic under which Wentronic would acquire all of the Ordinary Shares on issue in Cellnet Group not held by the Wentronic Shareholders by way of a Scheme.

Under the terms of the Proposed Scheme, the Non-Associated Shareholders (all shareholders entitled to vote on the Proposed Scheme other than the Wentronic Shareholders) will receive AU\$0.027 per CLT share payable in cash (the "**Scheme Consideration**").

The terms and conditions of the Proposed Scheme are detailed in the accompanying Scheme Booklet. The terms, which are defined in the 'Glossary' to the Scheme Booklet, have the same meaning when used in the IER unless otherwise defined herein or the context requires otherwise. A summary of the key terms and conditions of the Proposed Scheme is as follows:

- the Non-Associated Shareholders of Cellnet Group approval of the Proposed Scheme, by the requisite majority of shareholders (75.0% of all votes cast by shareholders and 50.0% of the number of Cellnet Group shareholders who vote);
- Court approval of the Scheme in accordance with Section 411(6) of the Act; and
- entering into a deed for the cancellation of all unexpired Cellnet Group options (refer to Section 6.3 of the IER for further details).

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The SID contains customary deal protections and a reciprocal break fee (AU\$250,000) but is not subject to any financing or due diligence conditions. Cellnet Group Shareholders should refer to the full details of the SID as announced to the ASX on 12 May 2023.

Cellnet Group Shareholders should refer to Section 10 of the Scheme Booklet for a general description of the Australian taxation implications of the Scheme.

2.2 Impact of the Proposed Scheme

Cellnet Group currently has 243,594,634 Ordinary Shares on issue. The Wentronic Shareholders hold a total of 129,658,107 of the Ordinary Shares on issue in Cellnet Group, representing approximately 53.23% of the issued capital of Cellnet Group, and the remaining 113,936,527 Ordinary Shares on issue in Cellnet Group, representing approximately 46.77% of the issued capital of Cellnet Group, are collectively held by the Non-Associated Shareholders. Refer to Section 6.3 of the IER for further details.

Upon completion of the Proposed Scheme, Cellnet Group will be de-listed from the ASX and exist as an unlisted public company wholly owned by the Wentronic Shareholders.

The Independent Directors of the Company have requested PKF Corporate to prepare an IER in accordance with ASIC Regulatory Guide 111 – Content of Expert Reports and ASIC Regulatory Guide 60 – Schemes of Arrangement. These ASIC Regulatory Guides require the Independent Expert to advise the Non-Associated Shareholders of the Company whether the Proposed Scheme is fair and reasonable and in the best interests, when considered in the context of the interests of the Non-Associated Shareholders of the Company (all shareholders entitled to vote on the Proposed Scheme).

3. Summary opinions

In our opinion the Proposed Scheme is **fair and reasonable to the Non-Associated Shareholders** and is therefore **in the best interests of the Non-Associated Shareholders**. Our principal reasons for reaching this opinion are:

Fairness

In Section 8 of the IER, we concluded that the Proposed Scheme is **fair** as the value of the Scheme Consideration (**AU\$0.027 per CLT Ordinary Share**) is greater than the control value range of a CLT Ordinary Share (**AU\$0.020 to AU\$0.025 per CLT Ordinary Share**).

Reasonableness

In Section 9 of the IER, we considered that in the absence of a superior offer the advantages of the Proposed Scheme outweigh the disadvantages of the Proposed Scheme and for this reason we concluded that the Proposed Scheme is **reasonable** for the Non-Associated Shareholders.

A summary of the significant factors that we considered are as follows:

Advantages

- The Proposed Scheme consideration of AU\$0.027 per CLT share is approximately a 20.0% premium to our assessed mid-point value per CLT share (AU\$0.0225 on a control basis) and represents a 50.0% premium to the closing share price of a CLT share on 10 May 2023 (AU\$0.018). Accordingly, this 50.0% premium is greater than the control premium range we adopted in assessing the value per CLT share (refer to Section 7.3 of the IER).
- Following the announcement of the Proposed Scheme, CLT shares, based on intra-day trading, have traded in a tight range of say AU\$0.026 to AU\$0.027 per CLT share. If Non-Associated Shareholders do not approve the Proposed Scheme, there is a risk that the CLT share price may return to trading levels experienced prior to 10 May 2023 which are below the Scheme Consideration (refer to share price analysis in Section 7.3 of the IER).
- The Proposed Scheme provides an opportunity to the Non-Associated Shareholders to dispose of their shares immediately in exchange for cash and in doing so they will not incur brokerage fees (which would apply if the shares were to be sold on market). Accordingly, the cash and share price certainty provides Non-Associated Shareholders with an opportunity to utilise the cash received for other purposes as well as an immediate liquidity event (in particularly for those Non-Associated Shareholders who may not have otherwise been able to do so in the open market in a single transaction at a single CLT share price).

If the Scheme is implemented the Non-Associated Shareholders will be able to liquidate their shareholding and crystallise any taxation losses in respect of their investment.

Disadvantages

- If the Scheme is implemented the Non-Associated Shareholders will forego the opportunity to receive any competing bid from an alternative acquirer or a more superior offer to that offered under the Proposed Scheme.
- Non-Associated Shareholders who wish to participate in the future of the Company will not be able to achieve such investment exposure if the Scheme is implemented and, as such, they will forego the opportunity to benefit from realising any future prospects of the Company. Accordingly, the individual investment, taxation or other strategic objectives of individual shareholders may not be achieved if the Scheme is implemented.

In the current circumstances Cellnet Group has no profitable business operations and there is no certainty that the existing business operations will provide shareholders with any potential upside value.

Other factors

- No alternative or superior offer has presented itself since the announcement of the Proposed Scheme that is available to Non-Associated Shareholders and we can see no reason as to why a competing proposal would be initiated at this time without the consent and support of the Wentronic Shareholders as the major shareholders.
- Cellnet Group faces liquidity risks (refer to commentary in Sections 6.4 and 7.6 of the IER) and has not returned any profitable earnings from business operations since FY21 (refer to commentary in Section 6.5 of the IER).

If Non-Associated Shareholders do not approve the Scheme, Cellnet Group may be required to source new funds to continue to fund its existing business operations. Such new funds may require extensive management focus and expense to secure and if shareholders do not participate proportionally in any such capital raisings, their equity interest in Cellnet Group may be diluted.

- As set out in the Scheme Booklet, if Cellnet Group is unable to source new funds it is at risk of not being able to continue its business operations as a going concern.

The value of Cellnet Group that may be realised in an orderly realisation of assets scenario is subject to significant uncertainty as the value that can be realised upon disposal (particularly of inventory) is highly uncertain, as is the time required to realise the assets and the costs that will continue to be incurred during such time. The Proposed Scheme provides Non-Associated Shareholders with certainty of cash consideration, value and timing and avoids the significant uncertainty associated with a realisation process.

4. Structure of this report

The remainder of this report is divided into the following sections:

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5. Purpose of the report

This report has been prepared to meet the following regulatory requirements:

Corporations Act 2001 – Part 5.1

The proposed acquisition is to be implemented by way of a Scheme of Arrangement under Section 411 of the Act.

Section 411 of the Act provides that where a scheme of arrangement is proposed between a company and its members or any class of them, the Court may order that a meeting of members or meetings of classes of members be convened. Section 412 (1) of the Act provides that where a meeting is convened under Section 411 of the Act, the notice sent to members convening the meeting shall include an explanatory statement that includes prescribed information.

Part 3 of Schedule 8 to the Corporations Regulations of the Act prescribes the information to be sent to shareholders in relation to a member's scheme of arrangement pursuant to Section 411 of the Act.

Paragraph 8303 of the Corporations Regulations prescribes that if:

- the other party to the Scheme (Wentronic) holds more than 30.0% of the voting shares in the company (Cellnet Group); or
- a director of any corporation that is the other party (Mr Michael Wendt) to the Scheme is also a director of the company that is the subject of the Scheme (Cellnet Group);

the explanatory statement must be accompanied by a copy of a report made by an expert who is not associated with the corporation that is the other party, stating whether or not, in his or her opinion, the proposed Scheme is in the best interests of the members of the company the subject of the Scheme and setting out his or her reasons for that opinion.

As Wentronic holds more than 30.0% of the voting shares in the Company and as Mr Michael Wendt, a Director of Cellnet Group is also a Chief Executive Officer (Director) of Wentronic, Cellnet Group is obliged to include an IER in the explanatory statement (which is incorporated in the Scheme Booklet).

ASIC Regulatory Guide 111 – Content of Expert Reports (“RG 111”)

RG 111.5 In deciding on the appropriate form of analysis for a report, an expert should bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the proposed transaction. An expert should focus on the purpose and outcome of the transaction, that is, the substance of the transaction, rather than the legal mechanism used to effect the transaction.

RG 111.18 Schemes of arrangement can be used as an alternative to a Ch 6 takeover bid to achieve substantially the same outcome. In these circumstances, we expect the form of analysis to be substantially the same as for a takeover bid, even though the wording of the opinion will also be whether the proposed scheme is 'in the best interests of the members of the company'. This reflects that the legislative test for schemes of arrangement differs from that applicable to a Ch 6 takeover bid.

RG 111.10 It has long been accepted in Australian mergers and acquisitions practice that the words 'fair and reasonable' in s640 establish two distinct criteria for an expert analysing a control transaction:

- (a) is the offer 'fair'; and
- (b) is it 'reasonable'?

That is, 'fair and reasonable' is not regarded as a compound phrase.

- RG 111.11 Under this convention, an offer is ‘fair’ if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer¹. This comparison should be made:
- (a) assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length; and
 - (b) assuming 100% ownership of the ‘target’ and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage holding of the ‘bidder’ or its associates in the target when making this comparison. For example, in valuing securities in the target entity, it is inappropriate to apply a discount on the basis that the shares being acquired represent a minority or ‘portfolio’ parcel of shares.
- RG 111.12 An offer is ‘reasonable’ if it is fair. It might also be ‘reasonable’ if, despite being ‘not fair’, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.
- RG 111.23 When a scheme of arrangement is used to acquire or increase a party’s control, the report should address the interests of members who are bound to give up rights under the scheme. The expert should separately consider the interests of each class of those members under the scheme.

RG111 requires that the Proposed Scheme be assessed as if it was a takeover of the Company. In assessing a takeover bid, RG111 states that the expert should consider whether the Proposed Scheme is both “fair” and “reasonable” in forming an opinion as to whether the Proposed Scheme is “in the best interests”.

General

The terms “in the best interests”, “fair” and “reasonable” are not defined in the Act, however, guidance as to the meaning of “fair” and “reasonable” are provided by ASIC in RG111. For the purpose of this report, we have defined them as follows:

Fairness	the Proposed Scheme is “fair” if the value of the Scheme Consideration is equal to or greater than the value of a CLT Ordinary Share.
Reasonableness	the Proposed Scheme is “reasonable” if it is fair. It may also be “reasonable” if, despite not being “fair” but after considering other significant factors, we consider that the Non-Associated Shareholders should vote in favour of the Proposed Scheme in the absence of a superior proposal being received before the Scheme meeting.

What is fair and reasonable for the Non-Associated Shareholders should be judged in all the circumstances of the proposal.

The methodology that we have used to form an opinion as to whether the Proposed Scheme is in the best interests of the Non-Associated Shareholders, is summarised as follows:

- (i) In determining whether the Proposed Scheme is fair, we have:
 - assessed the value of Cellnet Group and determined the control value of a CLT Ordinary Share; and
 - compared the Scheme Consideration with the control value of one CLT Ordinary Share.
- (ii) In determining whether the Proposed Scheme is reasonable, we have analysed other significant factors that the Non-Associated Shareholders should review and consider prior to accepting or rejecting the Proposed Scheme.

¹ In an ASIC Corporate Finance Liaison presentation in May 2013, ASIC has expressed the view that transactions pursuant to item 7 of Section 611 of the Act should be assessed by “comparing the fair market value of the company’s shares pre-transaction on a control basis, with the fair market value of the company’s shares post-transaction on a minority basis”.

6. Cellnet Group - key information

6.1 Background

Cellnet Group is an ASX-listed distributor of interactive and lifestyle technology products (including mobile phone, gaming, tablet and notebook/hybrid accessories) into retail, business and online channels in Australia and New Zealand. Cellnet Group also provides category management and fulfilment services to the mobile telecommunications and retail industries in Australia and New Zealand.

Cellnet Group operates through two (2) business units, an overview of each is discussed below.

Cellnet

Cellnet is a distributor of interactive and lifestyle technology products via traditional sales channels (such as retailers) and online channels (in particularly Cellnet Group's 'TechUnion' website). Products sold are both third-party brands (referred to as 'Partner' brands) and Cellnet-owned brands.

Cellnet's revenue is predominately derived from its Australian operations which has represented more than 75.0% of revenue over the recent history with the remaining revenue derived from its New Zealand operations. Over the recent history there has been a shift in the weighting of Cellnet sales between the Australian and New Zealand operations as sales in New Zealand have increased as a proportion of total Cellnet sales which is attributed to the lower level of competition in the New Zealand market compared to the Australian market.

Cellnet has supply agreements with suppliers of 'Partner' brands which are sold within Australia and New Zealand.

Cellnet owned brands include 3sixT, wave, powerguard, clicktronic as well as goobay (owned by Wentronic). 3sixT is Cellnet's flagship brand and represents the majority of total sales from Cellnet owned brands.

Cellnet also provides category management services to its customers through the utilisation of business intelligence tools to help support customers understand the market, the consumer and the products.

Turn Left Distribution ("TLD")

Acquired during September 2018, TLD provides Cellnet Group with exposure to the Gaming Industry. TLD is a distributor of gaming software releases (console games) and gaming accessories (products which support gaming experience).

As a result of the COVID-19 restrictions, consumer demand for 'gaming' activity increased and this underpinned the growth in sales of TLD. TLD's sales channels are primarily to retailers of which two (2) retailers represent the majority of TLD total sales.

The revenue and profit/loss composition of Cellnet Group for the financial years ended 30 June 2020 (“FY20”), 2021 (“FY21”) and 2022 (“FY22”) as well as the half year ended 31 December 2021 (“HY FY22”) and 2022 (“HY FY23”) is presented in the table below.

Table 1

Cellnet Group Limited Business unit performance AU\$'000	Audited FY20	Audited FY21	Audited FY22	Reviewed HY FY22	Reviewed HY FY23
Cellnet					
Revenue	77,905	72,834	56,974	31,492	25,976
Profit/(loss) before tax	(1,851)	1,623	(1,659)	(25)	(1,021)
TLD					
Revenue	18,320	23,307	21,605	12,186	13,128
Profit/(loss) before tax	15	1,758	(641)	230	(514)

Source: CLT’s 2021 and 2022 Annual Reports, CLT’s December 2022 Half -Year Financial Report

Cellnet Group derives the majority of its revenue from its ‘Cellnet’ business which has on average contributed over 70% of total revenue over the recent history although the trend in revenue contribution from TLD has increased as a percentage of total revenue during FY22 and HY FY23. Both Cellnet and TLD reported losses during FY22 and HY FY23 as a result of much lower sales volumes.

During 2022, Cellnet Group opened its own distribution facility in Melbourne, Australia, to in-house its supply chain and to optimise and consolidate its Australian warehousing and logistics operations. As a result of declining sales Cellnet Group’s third-party warehousing costs increased (lower volumes contributing to higher warehousing cost per unit) and, as such, the newly opened distribution facility has allowed Cellnet Group to exercise control over greater variable warehousing costs.

Cellnet Group holds a service agreement with a subsidiary of Wentronic to provide procurement services (source and procure inventory through bulk buying arrangements with third party suppliers). Under this arrangement, Cellnet Group is charged a 6.0% fee.

6.2 Directors

The Company’s current Directors are presented in the table below.

Table 2

Cellnet Group Limited Directors
Mr Tony Pearson (Non-Executive Chairman)
Mr Kevin Gilmore (Non-Executive Deputy Chairman)
Mr Michael Wendt (Non-Executive Director)
Mr Brian Danos (Non-Executive Director)
Mr Giles Karhan (Non-Executive Director)

Source: ASX

6.3 Issued capital

Cellnet Group currently has a total of 243,594,634 fully paid Ordinary Shares on issue of which the Wentronic Shareholders hold a total of 129,658,107, representing approximately 53.0% of the total issued ordinary capital of Cellnet Group. We have presented the shareholding of the Wentronic Shareholders in the table below.

Table 3

Cellnet Group Limited Wentronic shareholder name	Number of shares held	Percentage Interest
Wentronic Holding GmbH	118,738,107	48.74%
Michael Wendt	10,920,000	4.48%
Total	129,658,107	53.23%

Source: Scheme Booklet

The remaining 113,936,527 Ordinary Shares on issue in Cellnet Group, representing approximately 47.0% of the issued ordinary capital of Cellnet Group, are collectively held by the Non-Associated Shareholders.

Cellnet Group currently also has a total of 4.0 million unlisted options on issue that are convertible into Ordinary Shares of Cellnet Group. We have presented the terms of these options in the table below.

Table 4

Cellnet Group Limited Options	Total number	Exercise price AU\$	Expiry date
Unlisted options	2,000,000	0.030	21-Oct-23
Unlisted options	2,000,000	0.030	21-Oct-25
Total	4,000,000		

Source: ASX

A condition under the SID is that all Cellnet Group options either vest or are cancelled (refer to Section 2.1 of the IER). The Cellnet Group options are held by Mr Kevin Gilmore, the Non-Executive Deputy Chairman of the Company. In accordance with the terms of an Option Cancellation Deed between Mr Kevin Gilmore and Wentronic, conditional on the Scheme becoming effective, all unexpired Cellnet Group options will be cancelled for no consideration.

After considering the terms and conditions of the unlisted Cellnet Group options, we have not treated any of these options on an as converted basis in the balance of the IER as we consider the options to be out of the money (as they have an exercise price greater than the closing share price of a CLT share on 10 May 2023 of AU\$0.018 (refer to Section 7.3 of the IER) and greater than the Scheme Consideration (AU\$0.027 per CLT share)).

6.4 Statements of Financial Position

Cellnet Group's consolidated statements of financial position as at 30 June 2021 and 2022 and 31 December 2022 are presented in the table below.

Table 5

Cellnet Group Limited			
Consolidated Statement of Financial Position	Audited	Audited	Reviewed
AU\$'000	June 2021	June 2022	Dec 2022
Assets			
Current Assets			
Cash and cash equivalents	6,999	6,471	1,107
Trade and other receivables	13,161	9,347	11,979
Inventories	17,700	21,848	23,158
Other current assets	1,566	757	846
Current tax assets	-	-	15
Derivative financial instruments	-	69	-
Total Current Assets	39,426	38,492	37,105
Non Current Assets			
Property, plant and equipment	293	275	357
Right of use asset	408	663	1,637
Deferred tax assets	3,095	3,051	104
Intangible assets	5,559	4,526	4,243
Total Non Current Assets	9,355	8,515	6,341
Total Assets	48,781	47,007	43,446
Liabilities			
Current Liabilities			
Trade and other payables	10,073	14,449	13,309
Provisions	860	877	892
Current tax liabilities	49	8	-
Lease liability	229	324	745
Interest-bearing loans and borrowings	8,359	4,936	5,757
Derivative financial instruments	-	-	114
Total Current Liabilities	19,570	20,594	20,817
Non Current Liabilities			
Provisions	69	77	172
Lease liability	252	516	1,056
Total Non Current Liabilities	321	593	1,228
Total Liabilities	19,891	21,187	22,045
Net Assets	28,890	25,820	21,401
Equity			
Issued capital	38,725	38,755	38,755
Reserves	13,626	10,526	6,107
Accumulated losses	(23,461)	(23,461)	(23,461)
Total Equity	28,890	25,820	21,401

Source: CLT's 2021 and 2022 Annual Reports, CLT's December 2022 Half -Year Financial Report

In relation to the financial position of the Company, we provide the following comments:

- As at 31 December 2022, Cellnet Group reported cash resources of approximately AU\$1.11 million compared to borrowings of approximately AU\$5.76 million. The Company has a reported deficiency in its net cash position in excess of AU\$4.65 million and this deficiency position is a result of the Company's poor operating performance (30 June 2022: AU\$1.54 million net cash surplus).

Cellnet Group has two secured finance facilities in place – trade finance (to support inventory acquisition) and invoice finance (to fund up to 70.0% of upfront trade receivables). These facilities are relied upon in order to meet working capital requirements. The Company disclosed in its 2022 Annual Report that it had breached its interest cover ratio and, as such, the lender is entitled to immediate repayment of facility amounts.

- As at 31 December 2022, Cellnet Group reported trade receivables from customers (net of an allowance for expected credit losses) of approximately AU\$10.7 million (30 June 2022: AU\$8.2 million). Other receivables include prepayments.

Trade and other payables primarily include trade payables as well as the recognition of liabilities for rebates, incentives and the expected value of right to returned goods. As at 31 December 2022, Cellnet Group reported trade and other payables of approximately AU\$13.3 million (30 June 2022: AU\$14.5 million) which included an amount owing to Wentronic totalling AU\$100,000 in relation to procurement services provided.

Cellnet Group reported a deficiency position in respect to net trade and other receivables and payables as at 30 June 2022 and 31 December 2022. Accordingly, Cellnet Group's ability to immediately meet liabilities (payables and borrowings) from liquid assets (receivables and cash) is considered a liquidity risk.

- As at 31 December 2022, Cellnet Group reported inventories (net of a provision for obsolescence) of approximately AU\$23.2 million. Due to the nature of the inventory products sold by Cellnet Group, there are inherent risks of obsolescence impacting its products such as slowing moving and ageing inventory as a result of changes to consumer trends and economic factors curtailing consumer discretionary spending and the overall performance of the retail sector.

The Company announced to the ASX its focus on inventory management to mitigate lower than expected sales experienced during HY FY23².

- Cellnet Group reported intangible assets of approximately AU\$4.2 million as at 31 December 2022 which primarily relates to goodwill and supplier relationships. An impairment expense was recognized during FY22 against the reported goodwill value.

As at 31 December 2022, the reported value of intangible assets represents approximately 10.0% of total assets and approximately 20.0% of net assets.

After excluding the reported value of intangible assets, Cellnet Group's net tangible asset backing ("**NTAB**") is approximately AU\$17.2 million as at 31 December 2022.

² ASX announcements on 24 February 2023 - Investor Update and Half Year Accounts

6.5 Operating Performance

Cellnet Group's consolidated statements of profit or loss and other comprehensive income for FY21, FY22 and HY FY23 are presented in the table below.

Table 6

Cellnet Group Limited Consolidated Statement of Profit or Loss and Other Comprehensive Income AU\$'000	Audited FY21	Audited FY22	Reviewed HY FY23
Revenue from contracts with customers	96,141	78,579	39,104
Other income	517	1	76
Materials, packaging and consumables used	(72,527)	(61,795)	(30,367)
Depreciation and amortisation expense	(1,045)	(1,032)	(691)
Employee benefit expense	(10,238)	(8,731)	(4,685)
Finance costs	(754)	(571)	(415)
Freight expense	(2,137)	(2,556)	(1,424)
Occupancy expense	(142)	(106)	(55)
Warehousing expense	(2,797)	(2,879)	(1,564)
Other expense	(3,260)	(2,597)	(1,514)
Impairment expense	-	(613)	-
Profit/(loss) before income tax	3,758	(2,300)	(1,535)
Income tax (expense) / benefit	15	-	(3,017)
Profit/(loss) after income tax	3,773	(2,300)	(4,552)
Items that will not be reclassified subsequently to profit or loss			
Foreign currency translation	(251)	(71)	133
	(251)	(71)	133
Total comprehensive income profit/(loss) for the year	3,522	(2,371)	(4,419)

Source: Cellnet Group's 2021 and 2022 Annual Reports, Cellnet Group's December 2022 Half -Year Financial Report

In relation to the operating performance of the Company, we provide the following comments:

- Cellnet Group sales are seasonal and tend to peak at the end of the calendar year when consumer trading activity is high during the Christmas trading period. Since COVID-19 impacted periods, sales have declined during FY22 and HY FY23.

Cellnet Group's strategy to improve sales is focused on the acquisition of new customer accounts, addition of new brands with stronger market presence and a stronger sales team. Cellnet Group recently signed new exclusive Australia and New Zealand distribution agreements in respect to products which it considers to be within 'emerging categories' (refer to Investor Update announced to the ASX on 24 February 2023). Cellnet Group expects increased sales through its online channels and from its TLD business unit as a result of the pipeline of gaming releases as well as from Cellnet-owned brands (which return higher margins compared to 'Partner' brands).

- Cellnet Group has reported losses during FY22 and HY FY23 as a result of lower overall sales volume. Cellnet Group also did not return an adjusted EBITDA³ profit during FY22 and HY FY23.

Cellnet Group's profit margins are impacted by declining sales and increased variable costs (in particular freight costs and unfavourable foreign exchange movements, although there is a level of foreign exchange hedging to mitigate such risk).

6.6 Cash Flow Statements

Cellnet Group's consolidated statements of cash flows for FY21, FY22 and HY FY23 are presented in the table below.

Table 7

Cellnet Group Limited Consolidated Statement of Cash Flows AU\$'000	Audited FY21	Audited FY22	Reviewed HY FY23
Cash flows from operating activities			
Receipts from customers (inclusive of GST)	107,253	91,981	32,093
Payments to suppliers and employees (inclusive of GST)	(104,021)	(87,475)	(37,340)
Income tax paid	(51)	-	(93)
Interest paid	(560)	(292)	(415)
Net cash used in operating activities	2,621	4,214	(5,755)
Cash flows from investing activities			
Purchase of property, plant and equipment	(64)	(59)	(132)
Payments for purchase of intangibles	(168)	-	-
Net cash used from investing activities	(232)	(59)	(132)
Cash flows from financing activities			
Proceeds from issuance of shares	300	30	-
Principal repayment of leases	(445)	(435)	(369)
Proceeds from borrowings	26,509	16,570	821
Repayment of borrowings	(28,442)	(19,993)	-
Dividends	-	(729)	-
Net cash from financing activities	(2,078)	(4,557)	452
Net increase/decrease in cash and cash equivalents	311	(402)	(5,435)
Net foreign exchange differences	(248)	(126)	71
Cash and cash equivalents at the beginning of the period	6,936	6,999	6,471
Cash and cash equivalents at the end of the period	6,999	6,471	1,107

Source: Cellnet Group's 2021 and 2022 Annual Reports, Cellnet Group's December 2022 Half -Year Financial Report

³ Reported profit earnings before interest, taxation, depreciation and amortization and adjusted for impairment

7. Assessment as to the Value of a CLT Share

7.1 Value definition

PKF Corporate’s valuation of CLT shares is on the basis of ‘fair market value’, defined as:

‘the price that could be realized in an open market over a reasonable period of time given the current market conditions and currently available information, assuming that potential buyers have full information, in a transaction between a willing but not anxious seller and a willing but not anxious buyer acting at arm’s length’.

7.2 Valuation methodologies

In selecting appropriate valuation methodologies to assess the value of CLT shares, we considered the applicability of a range of generally accepted valuation methodologies. Each methodology is described in detail in Appendix C of the IER.

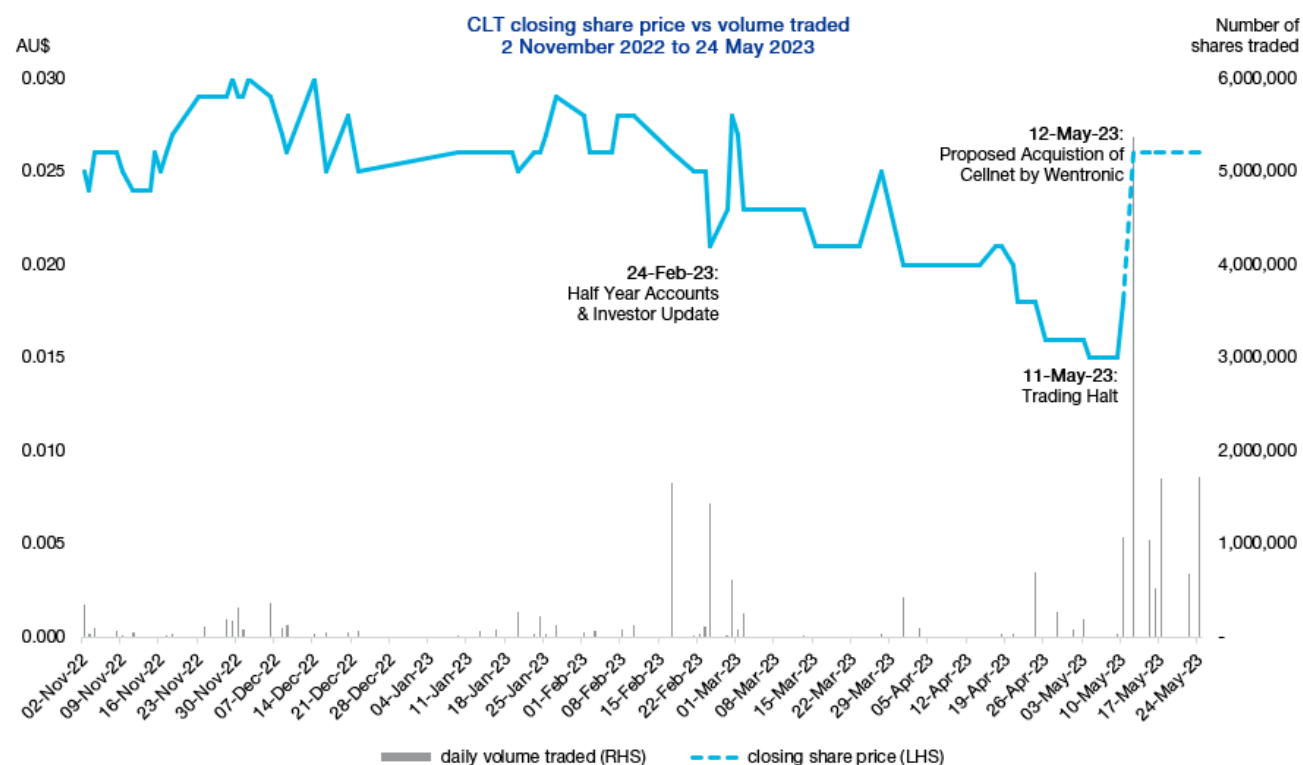
7.3 Share price history

As the share price history of Cellnet Group will incorporate all publicly available information, we consider that the share price history is an appropriate methodology to use in assessing the value of a CLT share.

We normally analyse the share prices up to a date immediately prior to the date when a takeover, merger or other significant transaction is announced to remove any price speculation or price escalations that may have occurred subsequent to the announcement of any proposed transaction. We note that the Proposed Scheme was announced to the ASX on 12 May 2023 following a trading halt that took effect on 11 May 2023 and, as such, we have analysed the share price of Cellnet Group up to and including the last trading day on 10 May 2023 before the trading halt.

To show the impact of the Proposed Scheme we have analysed the share price of Cellnet Group up to the current date (24 May 2023). We have set out below a graph showing the daily closing share price and the volume of CLT shares traded up to and including 24 May 2023 as well as a selection of market sensitive announcements on the ASX.

Graph 1



Source: ASX, PKF Corporate analysis

We provide the following comments in respect to our key observations of the trading activity in CLT shares:

- During the six (6) months lead up to and including 10 May 2023, CLT shares traded in a range of AU\$0.015 to AU\$0.030 with total trading volume of approximately 11.2 million CLT shares which represent less than 10.0% of total CLT shares held by Non-Associated Shareholders.

During this six (6) month period the only announcement released to the ASX by Cellnet Group was its December 2022 Half-Year Financial report and accompanying Investor Update on 24 February 2023. The only notable increase in trading volume of CLT shares was during mid February 2023 to early March 2023.

During November 2022 to mid-late April 2023, CLT shares traded in a range of say AU\$0.020 to AU\$0.030. Since mid-late April 2023 the CLT share price has declined and CLT shares have traded in a range of AU\$0.015 to AU\$0.018.

On 9 May 2023 CLT shares closed at AU\$0.015 per CLT share and on 10 May 2023 approximately 1.0 million CLT shares were traded and the CLT shares closed at AU\$0.018. There is no explanation for the increased trading volume and value in CLT shares on 10 May 2023.

- We examined the share prices and trading volumes in CLT shares up to and including 10 May 2023 including the volume weighted average price (“**VWAP**”) of CLT shares based on closing daily prices on the ASX for business trading dates. We have set out our analysis in the table below.

Table 8

Cellnet Group Limited Share price analysis	Shares Traded		VWAP AU\$	Share Price AU\$	
	Number	Value AU\$		Low	High
10 days to 10 May 2023	1,703,625	29,357	0.017	0.015	0.018
30 days to 10 May 2023	3,106,621	56,216	0.018	0.015	0.025
60 days to 10 May 2023	7,419,142	161,285	0.022	0.015	0.028
90 days to 10 May 2023	8,696,297	195,215	0.022	0.015	0.029

Source: ASX, PKF Corporate analysis

As can be seen from the table above, the VWAP of CLT shares ranged between AU\$0.017 to AU\$0.022 and have declined over the periods leading up to and including 10 May 2023.

During the 30, 60 and 90 day trading periods up to and including 10 May 2023, CLT shares traded on average on approximately 55.0% of the available business trading days during each period.

The volume of CLT shares traded reflects the low level of liquidity in CLT shares as a result of the low ‘free float’ of CLT shares that are readily tradeable on market given the shareholding interest held by the Wentronic Shareholders (refer to Section 6.3 of the IER). As at 12 May 2023, CLT Ordinary Shares held by strategic shareholders, Directors and employees total approximately 162.43 million⁴ CLT Ordinary Shares or approximately 66.7% of total CLT Ordinary Shares on issue. The balance of the CLT Ordinary Shares is approximately 81.16 million CLT Ordinary Shares or approximately 33.3% of the total CLT Ordinary Shares and this represents the ‘free float’ that is readily tradable on the market. The ‘free float’ may be lower or higher dependant on those shareholders who may or may not be considered strategic shareholders in the Cellnet Group.

⁴ sourced from S&P Capital IQ on 12 May 2023

We have analysed the volume of shares traded in Cellnet Group over the past 90 trading days up to and including 10 May 2023 of the 'free float' only. We have set out our analysis in the table below.

Table 9

Cellnet Group Limited Share volume analysis	% of free float traded			
	10 days	30 days	60 days	90 days
Number of shares traded to 10 May 2023	1,703,625	3,106,621	7,419,142	8,696,297
Cellnet Group free float 81,160,000	2.10%	3.83%	9.14%	10.72%

Source: ASX, PKF Corporate analysis

Based on the above analysis, approximately 1.5% of the 'free float' is traded every 10 trading days on average.

Having regard to the above comments and analysis (in particular the active trading days in Cellnet Group shares and after considering the Cellnet Group 'free float'), we have formed the view that the market in Cellnet Group shares is sufficiently liquid and active and, for this reason, we consider the share price valuation methodology can be adopted as a valuation methodology to assess the market value of CLT shares for the purpose of the Proposed Transaction.

- On 11 May 2023 CLT shares were placed in a trading pause and a subsequent trading halt. On 12 May 2023 the Proposed Scheme (including the Scheme Consideration of AU\$0.027 per CLT share) was announced to the ASX and CLT shares re-commenced trading. Approximately 5.4 million CLT shares traded on 12 May 2023 and CLT shares traded in a range of AU\$0.026 to AU\$0.031 per share, closing at AU\$0.026 representing an approximate 45.0% premium to the closing price per CLT share on 10 May 2023 (AU\$0.018).

CLT shares have traded in a range of AU\$0.026 to AU\$0.027 since 12 May 2023 (up to the most recent analysed date of 24 May 2023).

After consideration of the more recent trading range of CLT shares leading up to and including 10 May 2023, we have formed the opinion that the CLT shares have a market value in the range of AU\$0.017 to AU\$0.020.

The share prices upon which we have formed our opinion reflect the prices at which minority parcels of shares are traded on a daily basis and, as such, do not incorporate a control premium. Accordingly, we have considered the application of a control premium which represents the difference between the price that would have to be paid for a share to which a controlling interest attaches and the price at which a share which does not carry with it control of Cellnet Group could be acquired.

In assessing the control premium to be applied to the share price of Cellnet Group, we have considered the following:

- The existing capital structure of Cellnet Group (refer to Section 6.3 of the IER) where the Wentronic Shareholders hold approximately 53.0% of the shares on issue in Cellnet Group. Based on the shareholding distribution of Cellnet Group (as disclosed in the Company's 2022 Annual Report as at 8 September 2022), there are no other shareholders with any notable shareholding interest.

Accordingly, there is a limited prospect of any new shareholder obtaining control of Cellnet Group (even via a placement or unless Wentronic was to sell down its shareholding) and, as such, there is a limited prospect of existing shareholders receiving a control premium from any new shareholder.

- The relevant matrix from the RSM Control Premium Study – 2021 applicable to Cellnet Group and the Proposed Scheme (cash consideration) is summarised in the table below.

Table 10

Analysis by	Criteria	Control Premium	
		20 days pre-announcement	
		Average	Median
All transactions		34.70%	27.50%
Industry	Other	29.60%	25.00%
Consideration type	Cash	36.20%	28.60%
Size	\$0 - \$20m	50.80%	na

Source: RSM Control Premium Study 2021

na = not available

- The actual control premium paid is transaction specific and depends on a range of factors such as the level of synergies available to the purchaser, the level of competition for the assets and the strategic importance of the assets.

We note that the above referenced research (the RSM Control Premium Study – 2021) sets out statistical information about actual control premia paid and, as such, includes an unknown uplift on account of potential acquisition synergy benefits. We are of the opinion that the control premium in a transaction that did not include expected synergies would be lower.

After considering the above, we have concluded that a control premium range of 20.0% to 25.0% is applicable. We have set out in the table below our assessment of the value of a CLT share on a control basis.

Table 11

Cellnet Group Limited Share price methodology	Low	High
Value per CLT share (minority)	AU\$0.017	AU\$0.020
Control premium	20.0%	25.0%
Value per CLT share (control)	AU\$0.020	AU\$0.025

Having regard to the above, we have concluded that the value of a CLT share is in a range of **AU\$0.020 to AU\$0.025** per share on a control basis as assessed under the share price valuation methodology.

7.4 Capitalisation of future maintainable earnings

Cellnet Group has not achieved profitable earnings from operations since FY21 (refer to Section 6.5 of the IER). Cellnet Group's ability to return profitable earnings is dependent on successfully executing on its strategy to grow sales (from its investment in sales personnel, through its focus on new customer accounts and sales channels as well as product diversification) and inventory management.

Having regard to the above comments, there is no basis upon which to form a view as to the level of future maintainable earnings Cellnet Group can achieve. Accordingly, we consider that the capitalisation of future maintainable earnings is not an appropriate valuation methodology to use to value Cellnet Group at this point in time.

7.5 Net present value of future cash flows

During FY21 and FY22 Cellnet Group generated positive cash flows from operating activities (refer to Section 6.6 of the IER) although such cash flows were utilised for the repayment of borrowings relied upon in operations and, as such, the aggregated total cash flows during FY21 and FY22 were a marginal outflow. However, during HY FY23 Cellnet Group reported negative operating cashflows in excess of AU\$5.75 million as a result of its operating performance (refer to Section 6.6 of the IER).

Having regard to the above comments and as Cellnet Group does not have long term cash flow forecasts available beyond its FY24 budget that can be used, we consider that the net present value of future cash flows methodology cannot be used to value Cellnet Group or any of its business units at this point in time.

7.6 Asset based methods

As at 31 December 2022, Cellnet Group reported net assets as per the reviewed statement of financial position of approximately AU\$21.4 million. We calculated the NTAB of Cellnet Group to be approximately AU\$17.2 million as at 31 December 2022 (refer to Section 6.4 of the IER).

In considering the applicability of assessing the value of Cellnet Group based on a net asset approach, we have considered the following:

- The underlying value per CLT share based on Cellnet Group's reported net assets is approximately AU\$0.088 per CLT share (on a control basis), this is lower based on Cellnet Group's NTAB. This represents a significant premium (greater than 250.0%) when compared to our assessed mid-point value per CLT share (on a control basis) under the share price valuation methodology (refer to Section 7.3 of the IER).

Accordingly, the market is placing a significant discount to the reported net assets (and calculated NTAB) of Cellnet Group.

- Cellnet Group's major tangible asset is its inventories. Given the nature of the Cellnet Group business operations, sufficient sales and marketing efforts and expense would be required to convert inventory into cash within a reasonable period to reduce the risk of stock obsolescence and realise the reported value of inventory.

We have also reviewed and considered the inventory ageing analysis of Cellnet Group as well as the Company's Auditor's Report contained in Cellnet Group's 30 June 2022 Annual Report in respect to the valuation of inventory which states "a large portion of the Group's inventory is considered to be at risk of obsolescence due to its attachment to electronic and telecommunications devices, such as smartphone handsets".

In order to realise the reported value of its inventories as well as the value of its calculated NTAB, Cellnet Group would need to profitably fund the realisation of such assets. Accordingly, any future operating losses incurred by Cellnet Group are not included in its NTAB value. We have been provided with Cellnet Group's management financial report up to 30 April 2023 on a commercial and in-confidence basis which indicates Cellnet Group is not trading profitably.

- The calculated NTAB does not attribute any value to any intangible assets of Cellnet Group such as its 'owned' brands, online sales platform, customer relationships and supplier relationships.

Having regard to the above comments and analysis, we have concluded that the net assets approach does not reflect the market value of Cellnet Group's assets, does not consider the realisation costs of such assets and does not consider the current operating performance of Cellnet Group. As Cellnet Group is a trading and distribution business that derives its value from its earnings ability and not the value of its assets, we do not consider this valuation methodology to be applicable in valuing Cellnet Group.

Under an orderly realisation of assets scenario, Cellnet Group could realise its assets, repay its liabilities and return any residual value to its shareholders. In considering the value of Cellnet Group based under this approach and as a cross-check to the share price valuation methodology (refer to Section 7.3 of the IER), we have presented our analysis in the table below.

Table 12

Cellnet Group Limited Orderly Realisation Approach AU\$'000	Reviewed Dec 2022	note	Low	High
Assets				
Current Assets				
Cash and cash equivalents	1,107	1	1,107	1,107
Trade and other receivables	11,979	2	10,781	11,380
Inventories	23,158	3	16,211	17,369
Other current assets	846	1	846	846
Current tax assets	15	5	-	-
Total Current Assets	37,105		28,945	30,702
Non Current Assets				
Property, plant and equipment	357	4	-	179
Right of use asset	1,637	5	-	-
Deferred tax assets	104	5	-	-
Intangible assets	4,243	5	-	-
Total Non Current Assets	6,341		-	179
Total Assets	43,446		28,945	30,880
Liabilities				
Current Liabilities				
Trade and other payables	13,309	1	13,309	13,309
Provisions	892	1	892	892
Lease liability	745	1, 6	745	745
Interest-bearing loans and borrowings	5,757	1	5,757	5,757
Derivative financial instruments	114	1	114	114
Total Current Liabilities	20,817		20,817	20,817
Non Current Liabilities				
Provisions	172	1	172	172
Lease liability	1,056	6	1,056	739
Total Non Current Liabilities	1,228		1,228	911
Total Liabilities	22,045		22,045	21,728
Net Assets	21,401		6,900	9,152
Operating losses		7	(1,500)	(750)
Redundancy		8	(2,300)	(2,300)
Net Realisation Amount		a	3,100	6,102
Cellnet Group Total Number of Shares on Issue ('000)		b	243,594.6	243,594.6
Implied value per CLT share (control basis)		c = a / b	AU\$0.013	AU\$0.025

Source: Cellnet Group's December 2022 Half -Year Financial Report, PKF Corporate analysis

Note 1: We have assumed these items will be realised or are payable in full.

Note 2: We have assumed that 90% in the low scenario and 95% in the high scenario of the reported trading and other receivables of Cellnet Group will be realised in full.

Note 3: Cellnet Group would be required to realise inventories in the most effective and expedited manner to minimize trading losses. Given the nature of its inventories, this may involve discounting prices, promotional offers and expenditure on marketing campaigns.

Accordingly, we would not expect that the Company could realise the full amount of the reported book value of inventories.

Having regard to our comments earlier in Section 7.6 of the IER, we have assumed 70% of the reported value of inventory will be realised in the low scenario and 75% will be realised in the high scenario.

Note 4: We have assumed plant and equipment will have no material net realisable value in the low scenario and 50% of such value will be realised in the high scenario.

Note 5: We have assumed these items will have no material net realisable value.

Note 6: We have assumed that the full 'current' lease liability will be repayable under both the low and high scenarios. We have assumed that the full 'non-current' lease liability will be repayable under the low scenario but only 70% of the reported liability will be repayable under the high scenario.

Note 7: Cellnet Group would need to fund ongoing operating losses as part of any realisation process of its assets.

During HY FY23 Cellnet Group incurred negative cash flows from operations of approximately AU\$5.76 million (refer to Section 6.6 of the IER) representing operating cash outflows of approximately AU\$960,000 per month.

Although we would expect the Company to reduce its fixed operating expenses to minimize any operating cash losses it may incur in the realisation of its assets, we would expect this to be a staged approach as its business activities reduce.

We have assumed operating cash outflows of approximately AU\$250,000 per month over a realisation process assuming a scaled down operation. In the low scenario we have assumed a realisation process of six (6) months and operating cash outflows of approximately AU\$1.50 million and in the high scenario we have assumed a realisation process of three (3) months and operating cash outflows of approximately AU\$750,000.

Note 8: Cellnet Group would incur additional liabilities such as employee redundancies.

Assuming redundancy expenditure would represent three (3) months of employee expenses, based on FY22 and HY FY23 reported employee benefit expenses (refer to Section 6.5 of the IER) such a redundancy cost is assumed to be AU\$2.3 million. We would expect redundancies to be on a staged approach as its business activities reduce.

As the exact timing of the realisation of the assets of Cellnet Group is unknown, any delay or inability to realise the value of Cellnet Group's assets (in particular its inventories) may reduce the value of Cellnet Group and the residual value available to shareholders under an orderly realisation of assets approach. Accordingly, there is no guarantee that the above assumptions about future events and circumstances will happen as assumed above or at all, given that some of them (in particular the timing of the realisation of inventory) rely on prevailing market conditions and are beyond Cellnet Group's control.

Having regard to the above comments and analysis under an orderly realisation of assets scenario, we have formed the view that such analysis provides a reasonable cross check to the results of the share price valuation methodology.

Under a liquidation of assets scenario, we would not expect the value of Cellnet Group to return a value greater than that under an orderly realisation of its assets approach.

7.7 Comparable market transactions

Cellnet Group derives the majority of its revenue from the marketing and distribution of lifestyle and technology products (refer to Section 6.1 of the IER). We are not aware of any specific rules of thumb which can be applied in valuing Cellnet Group and, as such, we are unable to apply this valuation methodology.

7.8 Alternative acquirer

We are not aware of any alternative proposals or any other formal offers for the Cellnet shares, and we can see no reason as to why an offer would be initiated at this time without the consent and support of Wentronic.

7.9 Conclusion

Under the share price valuation methodology, we have concluded that the value of a CLT share is in the range of **AU\$0.020 to AU\$0.025 per CLT share on a control basis**.

We have formed the view that the orderly realisation of assets analysis (refer to Section 7.6 of the IER) provides a reasonable cross check to the results of the share price valuation methodology.

8. Assessment as to Fairness

The Proposed Scheme is “fair” if the value of the Scheme Consideration is equal to or greater than the value of a CLT Ordinary Share.

In Section 7.9 of the IER, we concluded that the value of a CLT Ordinary Share is in the range of **AU\$0.020 to AU\$0.025 per CLT share on a control basis**.

As the value of the Scheme Consideration (**AU\$0.027 per CLT Ordinary Share**) is greater than the control value range of a CLT Ordinary Share (**AU\$0.020 to AU\$0.025 per CLT share on a control basis**), we have concluded that the Proposed Scheme is **fair**.

9. Assessment as to Reasonableness

Prior to deciding whether to approve or reject the Proposed Scheme, the Non-Associated Shareholders of the Company should also consider the following significant factors:

Advantages

- In Section 8 of the IER, we assessed the Proposed Scheme as being fair.
The Proposed Scheme consideration of AU\$0.027 per CLT share is approximately a 20.0% premium to our assessed mid-point value per CLT share (AU\$0.0225 on a control basis) and represents a 50.0% premium to the closing share price of a CLT share on 10 May 2023 (AU\$0.018). Accordingly, this 50.0% premium is greater than the control premium range we adopted in assessing the value per CLT share (refer to Section 7.3 of the IER).
- Following the announcement of the Proposed Scheme, CLT shares, based on intra-day trading, have traded in a tight range of say AU\$0.026 to AU\$0.027 per CLT share. If Non-Associated Shareholders do not approve the Proposed Scheme, there is a risk that the CLT share price may return to trading levels experienced prior to 10 May 2023 which are below the Scheme Consideration (refer to share price analysis in Section 7.3 of the IER).
- The Proposed Scheme provides an opportunity to the Non-Associated Shareholders to dispose of their shares immediately in exchange for cash and in doing so they will not incur brokerage fees (which would apply if the shares were to be sold on market). Accordingly, the cash and share price certainty provides Non-Associated Shareholders with an opportunity to utilise the cash received for other purposes as well as an immediate liquidity event (in particularly for those Non-Associated Shareholders who may not have otherwise been able to do so in the open market in a single transaction at a single CLT share price).

If the Scheme is implemented the Non-Associated Shareholders will be able to liquidate their shareholding and crystallise any taxation losses in respect of their investment.

Disadvantages

- If the Scheme is implemented the Non-Associated Shareholders will forego the opportunity to receive any competing bid from an alternative acquirer or a more superior offer to that offered under the Proposed Scheme.
- Non-Associated Shareholders who wish to participate in the future of the Company will not be able to achieve such investment exposure if the Scheme is implemented and, as such, they will forego the opportunity to benefit from realising any future prospects of the Company. Accordingly, the individual investment, taxation or other strategic objectives of individual shareholders may not be achieved if the Scheme is implemented.

In the current circumstances Cellnet Group has no profitable business operations and there is no certainty that the existing business operations will provide shareholders with any potential upside value.

- The Scheme Consideration is below the net asset backing per CLT share and if Non-Associated Shareholders approve the Scheme they will agree to the acquisition of their CLT shares by the Wentronic Shareholders for less than their net asset backing value per share.

Other factors

- No alternative or superior offer has presented itself since the announcement of the Proposed Scheme that is available to Non-Associated Shareholders and we can see no reason as to why a competing proposal would be initiated at this time without the consent and support of the Wentronic Shareholders as the major shareholders.
- Cellnet Group faces liquidity risks (refer to commentary in Sections 6.4 and 7.6 of the IER) and has not returned any profitable earnings from business operations since FY21 (refer to commentary in Section 6.5 of the IER).

If Non-Associated Shareholders do not approve the Scheme, Cellnet Group may be required to source new funds to continue to fund its existing business operations. Such new funds may require extensive management focus and expense to secure and if shareholders do not participate proportionally in any such capital raisings, their equity interest in Cellnet Group may be diluted.

- As set out in the Scheme Booklet, if Cellnet Group is unable to source new funds it is at risk of not being able to continue its business operations as a going concern.

The value of Cellnet Group that may be realised in an orderly realisation of assets scenario is subject to significant uncertainty as the value that can be realised upon disposal (in particularly of inventory) is highly uncertain, as is the time required to realise the assets and the costs that will continue to be incurred during such time. The Proposed Scheme provides Non-Associated Shareholders with certainty of cash consideration, value and timing.

- The Proposed Scheme was considered and proposed by the Independent Directors of Cellnet Group. The Independent Directors have unanimously recommended that Non-Associated Shareholders vote in favour of the Proposed Scheme and each Independent Director intends to vote in favour of the Proposed Scheme.
- Cellnet Group has estimated the costs associated with the Proposed Scheme to be approximately AU\$250,000 (plus GST). Whether the Proposed Scheme is approved or not, these costs will be incurred.

Based on the above significant factors, we consider that in the absence of a superior offer the advantages of the Proposed Scheme outweigh the disadvantages of the Proposed Scheme and we have concluded that the Proposed Scheme is **reasonable** for the Non-Associated Shareholders.

10. Conclusion as to 'In the Best Interests'

After considering the above matters, we have concluded that the Proposed Scheme is **fair and reasonable to the Non-Associated Shareholders**. Therefore, the Proposed Scheme is **in the best interests of the Non-Associated Shareholders**.

11. Financial Services Guide

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

11.1 PKF Corporate

PKF Corporate holds Australian Financial Services Licence No. 222050, authorizing it to provide general financial product advice in respect of securities to retail and wholesale investors.

11.2 Financial Services Offered by PKF Corporate

PKF Corporate prepares reports commissioned by a company or other entity (“**Entity**”). The reports prepared by PKF Corporate are provided by the Entity to its members.

All reports prepared by PKF Corporate include a description of the circumstances of the engagement and of PKF Corporate’s independence of the Entity commissioning the report and other parties to the transactions.

PKF Corporate does not accept instructions from retail investors. PKF Corporate provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. PKF Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

11.3 General Financial Product Advice

In the report, PKF Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.

11.4 Independence

At the date of this report, none of PKF Corporate, Mr Stefan Galbo, Mr Steven Perri nor Mr Paul Lom have any interest in the outcome of the Proposed Scheme, nor any relationship with the Company, and associated entities or any of their directors. Fees for this report are not contingent on the outcome, content or future use of this report.

An advanced draft of this report was provided to and discussed with the management of the Company and its advisors. Certain changes were made to factual statements in this report as a result of the reviews of the draft reports. There were no alterations to the methodology, valuations or conclusions that have been formed by PKF Corporate.

PKF Corporate and its related entities do not have any shareholding in or other relationship with the Company that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Scheme.

PKF Corporate had no part in the formulation of the Proposed Scheme. Its only role has been the preparation of this report.

PKF Corporate considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC on 30 March 2011.

11.5 Remuneration

PKF Corporate is entitled to receive a fee of approximately AU\$30,000 for the preparation of this report. With the exception of the above, PKF Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

11.6 Complaints Process

As the holder of an Australian Financial Services Licence, PKF Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement PKF Corporate holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act.

PKF Corporate is also required to have a system for handling complaints from persons to whom PKF Corporate provides financial services. All complaints should be in writing and sent to the Complaints Officer, PKF Corporate at level 12, 440 Collins Street, Melbourne Vic 3000.

PKF Corporate will make every effort to resolve a complaint within 45 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority – GPO Box 3, Melbourne Vic 3000.

Yours faithfully

PKF Melbourne Corporate Pty Ltd



Stefan Galbo
Director



Steven Perri
Director

Sources of Information

The key documents and sources we have relied upon in preparing the IER are:

- Cellnet Group's Annual Report for the year ended 30 June 2022;
- Cellnet Group's Half Year Report for the half year ended 31 December 2022;
- Cellnet Group's draft Scheme Booklet;
- Research data from publicly accessible web sites in particular ASX announcements by Cellnet Group; and
- Discussions with the management of Cellnet Group and its advisors.

Declarations, Qualifications and Consents

1. Declarations

This report has been prepared at the request of the Independent Directors of Cellnet Group Limited for inclusion in the Scheme Booklet to be provided to shareholders in connection with the Proposed Scheme pursuant to Section 411 of the Corporations Act 2001. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Scheme is in the best interests of the shareholders of Cellnet Group Limited.

In the preparation of this report, we have relied upon information concerning the Proposed Scheme and Cellnet Group Limited as provided to us and available in the public domain, which we believe, on reasonable grounds, to be reliable and not misleading.

The procedures that we performed and the enquiries that we made in the course of the preparation of this report do not include verification work nor constitute an audit in accordance with Australian Auditing Standards.

The statements and opinions included in this report are given in good faith and in the belief that such statements are not false and misleading.

To the extent that this report relies on prospective information, actual results may be different from the prospective information referred to in this report since the occurrence of anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective information is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective information will be achieved.

This report has also been prepared in accordance with the Accounting Professional and Ethical Standards Board professional standard APES 225 – Valuation Services.

2. Qualifications

Mr Stefan Galbo and Mr Steven Perri, Directors of PKF Corporate, prepared this report. They have been responsible for the preparation of expert reports and are involved in the provision of advice in respect of valuations, takeovers, capital reconstructions and reporting on all aspects thereof.

Mr Galbo is a Member of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist).

Mr Perri is a Member of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist).

3. Consent

PKF Corporate consents to the inclusion of this report in the form and context in which it is included in the Explanatory Memorandum.

Valuation methodologies

Share price history

The share price history valuation methodology values a company based on the past trading in its shares.

Capitalisation of future maintainable earnings

Capitalisation of earnings is a method commonly used for valuing manufacturing and service companies and, in our experience, is the method most widely used by purchasers of such businesses. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits.

There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use Earnings Before Interest and Tax (EBIT) or Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). One advantage of using EBIT or EBITDA is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

Net present value of future cash flows

An analysis of the net present value of the projected cash flows of a business and/or asset (or discounted cash flow technique) is based on the premise that the value of the business and/or asset is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure, the costs of capital and an assessment of the residual value of the business and/or asset remaining at the end of the forecast period.

Asset Based Methods

This methodology is based on the realisable value of a company's identifiable net assets. Asset based valuation methodologies include:

(a) Net assets

The net asset valuation methodology involves deriving the value of a company or business by reference to the value of its assets. This methodology is likely to be appropriate for a business whose value derives mainly from the underlying value of its assets rather than its earnings, such as property holding companies and investment businesses that periodically revalue their assets to market. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

(b) Orderly realisation of assets

The orderly realisation of assets method estimates the fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

(c) Liquidation of assets

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a short time frame.

Comparable market transactions

Industry specific methods estimate market values using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence of the market value of an asset than other valuation methods because they may not account for specific factors.

Alternative acquirer

This methodology considers the value that an alternative bidder may be prepared to pay to acquire a business, asset or company.

ATTACHMENT F – CORPORATE DIRECTORY

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