

25 September 2023

AUSTCO HEALTHCARE LTD ANNOUNCES STRATEGIC ACQUISITION OF HEALTHCARE AND SECURITY COMMUNICATIONS BUSINESS, TEKNOCORP

Highlights

- Agreement executed to acquire 100% of the business and assets of Teknocrp, a communications hardware and software solutions provider and certified Austco Nurse Call reseller (“**Acquisition**”).
- The Acquisition is expected to be immediately earnings accretive, not including any revenue synergy benefits.
- The Acquisition fast-tracks Austco’s plan to build direct sales capability in Australia, replicating the proven model Austco uses in the United States, Canada and Singapore. It enables Austco to expand its offering to Australian hospitals and aged care providers to include other low-voltage systems.
- The Acquisition is expected to complete in October 2023.

Austco Healthcare Limited (“**Austco**” or “**the Company**”) (AHC:ASX) is pleased to announce the successful purchase of the business and assets of Victorian-based Teknocrp Australia Pty Ltd and its related business Victorian Monitoring Services (“**Teknocrp**” or “**the Business**”).

Teknocrp Overview

Teknocrp has been a privately owned security and healthcare solutions provider and a certified Austco Nurse Call reseller for over 20 years. Teknocrp specialise in Integrated Nurse Call, Security, Access Control and complementary systems in health and various other sectors. Its client base consists of 300 small and medium-scale enterprises in public and private sectors, predominantly operating in the healthcare, aged-care, maintenance and construction industries in Melbourne, Victoria.

Acquisition Rationale

The Acquisition supports Austco’s strategy of strengthening its direct sales capability, accelerating growth and enhancing its range of solutions to better meet the needs of the Australian healthcare market. Further to the Company’s announcement on 29 May 2023, the Acquisition firmly indicates Austco’s commitment to grow its Australian market share and positions the remaining Austco reseller network to benefit considerably from increased market penetration.

The Teknocrp acquisition enables us to:

- (a) engage national corporate clients who operate beyond a single reseller’s geographic jurisdiction;
- (b) pursue and win larger opportunities that may be beyond the financial capacity of resellers;
- (c) present to the market a solution that is from the manufacturer;
- (d) provide a comprehensive and fully integrated low-voltage solution for Austco customers; and

- (e) better position the value of our software and software management agreements.

Austco will integrate Teknocrp's business into its existing operations and retain personnel to ensure a smooth transition for customers and employees, while also positioning the Company for growth and increased profitability. The Acquisition is expected to provide significant revenue synergies, including the ability to cross-sell products and services and streamline operations.

Commenting on the Acquisition of Teknocrp, Austco CEO Clayton Astles noted:

"We are thrilled to announce the successful acquisition of Teknocrp, which marks another step in Austco's continued growth and commitment to delivering exceptional value to our customers. I want to extend my gratitude to our dedicated employees, partners, and stakeholders who have contributed to the success of this acquisition. We are excited about the possibilities ahead and are confident that this strategic move will strengthen our position in the market and enable us to better serve our customers."

Robert Portelli, CEO and Director of Teknocrp was also pleased with the Acquisition:

"We are excited to join forces with Austco Healthcare through this acquisition, which represents a significant opportunity for our team and our clients. This strategic move allows us to combine our expertise in delivering innovative solutions to our customers. We are grateful for the trust our clients have placed in us over the years and want to assure them that this acquisition will only enhance the value we provide. I want to express my appreciation to our dedicated team, whose hard work and dedication have made this acquisition possible."

Acquisition Details

Teknocrp was acquired on a debt-free basis, and including the assumption of transferring employee entitlements, for:

- (a) an upfront cash payment of \$1,900,000;
- (b) the issue of \$700,000 worth of ordinary shares in Austco at issue price based on the 30-day volume weighted average share price of Austco determined two business days before completion, subject to voluntary escrow between the parties expiring on Tuesday, 1 April 2025; and
- (c) an earnout amount calculated on the annualised EBITDA of Teknocrp for the period from completion to 31 December 2024 multiplied by 3.5 times less \$2,600,000.

Completion of the Acquisition is conditional on the satisfaction of certain key terms, including but not limited to, the following:

- (a) no material adverse events occurring between the parties;
- (b) entry into executive services agreements with employees of Teknocrp;
- (c) assignment of key customer and supplier contracts; and

(d) regulatory consents and approvals.

Subject to satisfaction of the relevant conditions, completion is expected to occur in October 2023.

For more information, please see Austco's most recent results on the ASX website (link provided below).

This announcement was approved by the Board of AHC.

~ENDS~

Further Information

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About Austco Healthcare Limited (ASXCode – AHC)

Austco Healthcare Limited is an international provider of healthcare communication and clinical workflow management solutions. Headquartered in Australia, the company has subsidiaries in six countries and supports healthcare facilities through its global reseller network which includes growing markets in health, aged care and acute care. Austco Healthcare services markets including Australia, New Zealand, Canada, UK, USA, Asia and the Middle East. For further information, please refer to the Company's website www.austcohealthcare.com