

21 February 2024

## **Austco Healthcare Limited enters into a Term Sheet for the Acquisition of Healthcare Communications Business, Amentco.**

### **Highlights**

- Conditional binding term sheet to acquire 100% of the business of Amentco, a healthcare solutions provider and Certified Austco Nurse Call reseller (**Acquisition**).
- The Acquisition will enable Austco to expand its offering to Australian hospitals and aged care providers to include other integrated low-voltage solutions.
- The Acquisition will accelerate Austco's strategic initiative to build a direct sales capability in Australia, replicating the proven model Austco uses in the United States, Canada and Singapore.
- The Acquisition is priced at 3.5 times earnings before interest depreciation amortisation and tax (**EBITDA**) consistent with the Teknocrp acquisition.
- Amentco is forecast to achieve approximately \$13 million in revenue and \$3 million in **EBITDA** in FY2024.
- The Acquisition is expected to be immediately earnings per share accretive, not including any revenue synergy benefits.

Austco Healthcare Limited ("**Austco**" or "**the Company**") (ASX:AHC) is pleased to announce that it has entered into a conditional binding term sheet to purchase Queensland based Amentco Enterprise Group Pty Ltd ("**Amentco**"), a leading provider of integrated communication and security systems for healthcare facilities. This acquisition marks a significant step forward in Austco Healthcare's mission to enhance patient care, safety, and operational efficiency through advanced technology solutions.

Amentco is a Systems Integrator specialising in the Installation, Service and Maintenance of Nurse Call, Customised Workflow, Real-Time Locating (RTL) Security, CCTV and Access Control Systems. Amentco designs and installs integrated solutions that help enhance patient care, improve efficiency and minimise risk. Its loyal customer base consists of enterprises in public and private sectors, predominantly operating in healthcare, and aged-care, sectors across Queensland, Australia.

The acquisition of Amentco aligns with Austco's strategic objectives of expanding its direct sales capability, driving accelerated growth, and enhancing its portfolio of solutions to better serve the Australian healthcare market. Unlike other regions within the Austco Group, which already employ a direct sales model alongside resellers, Australia's market structure relies heavily on state-based resellers. By integrating Amentco into its operations, Austco aims to enhance its direct sales approach, extend its market reach, and establish a more unified presence across the country.

The acquisition of Amentco offers significant benefits for Austco Healthcare:

1. **Expansion of Market Presence:** Austco Healthcare can expand its market presence in Australia by integrating Amentco's existing business and customer base. This allows Austco to reach a broader audience and increase its regional market share.
2. **Diversification of Product and Service Offerings:** Amentco's expertise in communication and security solutions complements Austco Healthcare's existing healthcare-focused offerings. By incorporating

Amentco's products and services, Austco can provide a more comprehensive solution to its healthcare clients, enhancing customer satisfaction and loyalty.

3. **Revenue Synergies:** The acquisition presents opportunities for revenue synergies through cross-selling of products and services. Austco can leverage its relationships with healthcare facilities to introduce Amentco's security and communication solutions and vice versa, thereby increasing sales and revenue.
4. **Operational Efficiencies:** Consolidating operations between Austco and Amentco can lead to cost savings and operational efficiencies. Streamlining processes, sharing resources, and optimising workflows can reduce overhead costs and improve profitability.
5. **Talent Retention and Knowledge Transfer:** Retaining key personnel from Amentco ensures continuity and expertise within the merged entity. This helps preserve relationships with existing customers and facilitates the transfer of knowledge and best practices between the two organizations.
6. **Enhanced Competitive Advantage:** By combining resources, expertise, and market reach, Austco Healthcare gains a stronger competitive position in Australia's healthcare and security sectors. This will enable the company to better compete on regional growth opportunities.

Overall, the acquisition of Amentco by Austco Healthcare presents a strategic opportunity for both companies to strengthen their market positions, drive growth, and deliver enhanced value to customers in Australia.

Austco intends to merge Amentco's extensive business with its current operations, spanning hundreds of sites. Key personnel from Amentco will be retained to facilitate a seamless transition for both customers and employees. This acquisition is anticipated to yield substantial revenue synergies by enabling cross-selling of products and services and streamlining operational processes.

Amentco will be acquired on a cash-free, debt-free basis for a total purchase price of \$10,600,000 (**Purchase Price**) based on 3.5 times financial year (**FY**) 2023 EBITDA and will be subject to customary completion adjustments for working capital, any net debt assumed and an earnout.

The Purchase Price will be satisfied through:

- a) an upfront cash payment (subject to adjustments) of \$5,000,000 (**Upfront Cash**);
- b) the issue at completion of \$2,000,000 of Austco shares at issue price based on the 30-day volume weighted average share price of Austco determined two business days before completion (**Share Consideration**) (Upfront Cash and Share consideration collectively **Upfront Payment**); and
- c) an earnout amount calculated on the annualised FY24 EBITDA and FY25 EBITDA of Amentco multiplied by 3.5 times less the Upfront Payment (**Earnout**).

The Acquisition is also subject to the following key terms:

- a) the Share Consideration being subject to voluntary escrow for the period of the Earnout;
- b) retention of key employees;
- c) assignment of key customer and supplier contracts;
- d) regulatory consents and approvals;
- e) Austco finalising its financial and legal due diligence; and
- f) agreeing on final form transaction documents.

The Acquisition is expected to be completed early in Q4 of FY24.

"We are excited to announce our intention to acquire Amentco, a pivotal move in Austco's growth and expansion strategy within Australia. With Amentco's expertise and reputation in the healthcare and security communications industry, coupled with its strong customer relationships, the acquisition will boost our competitive standing and growth opportunities for Austco Healthcare. We look forward to finalising the acquisition and collaborating closely with Amentco's team to deliver optimal outcomes for our valued customers, dedicated employees, and supportive shareholders," remarked Austco Healthcare CEO Clayton Astles.

Commenting on the acquisition, Amentco's Managing Director Neil Eaton said, "This merger presents exciting opportunities and synergies that will benefit our customers and stakeholders. By uniting our strengths, we will be well-positioned to provide innovative solutions and drive growth in the Australian market. The Amentco team is fully committed and energised to ensure a smooth transition while maintaining our focus on delivering market-leading solutions and customer service."

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 Austco Healthcare Limited.

~ENDS~

#### **Further Information**

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#### **About Austco Healthcare Limited (ASXCode – AHC)**

Austco Healthcare Limited is an international healthcare communication and clinical workflow management solutions provider. 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, the UK, USA, Asia and the Middle East. For further information, please refer to the Company's website [www.austcohealthcare.com](http://www.austcohealthcare.com)