

GENUSPLUS PROPOSAL TO ACQUIRE COMMTEL

KEY POINTS:

- GenusPlus has provided an acquisition proposal to the administrators of CommTel Network Solutions Pty Ltd (Administrators Appointment)
- CommTel is a leading technology provider of mission critical communication networks with attractive Tier 1 customer base in the power utilities, mining, oil and gas, transport, and public sectors
- CommTel generated ~\$64m revenue and ~\$4m EBIT in FY24 (unaudited)¹
- Total net consideration offered under the Proposal of ~\$6 million² plus an acquisition of intellectual property for an earn-out of up to \$7 million based on 50% of pro rata FY25 EBIT above \$2m and 50% of FY26 EBIT above \$2.5m
- If completed, the acquisition is anticipated to be EPS accretive for GenusPlus³, and will position GenusPlus for the future transformation of the power grid

National essential power and communications infrastructure provider GenusPlus Group Ltd (**ASX: GNP**) (**GenusPlus** or the **Company**) confirms that it has provided a conditional proposal to the administrators of CommTel Network Solutions Pty Ltd (Administrators Appointed) (**CommTel**) to acquire 100% of CommTel (together with associated intellectual property) for a total net consideration of ~\$6 million⁴ (**Proposal**).

The Proposal entails the acquisition of all the shares in CommTel for nominal consideration as part of a Deed of Company Arrangement (**DOCA**) under Part 5.3A of the *Corporations Act 2001* (Cth). In conjunction with the Proposal, GenusPlus also proposes to acquire certain confidential information, know-how and other intellectual property (**IP**) associated with the CommTel business from entities associated with the founders for contingent consideration up to A\$7m linked to the performance of the business in FY25 (50% of pro rata (eight months) FY25 EBIT above \$2m) and FY26 (50% of FY26 EBIT above \$2.5m). The share and IP acquisition agreements remain subject to negotiation with the vendors, and completion under those agreements is interconditional with the DOCA.

The Administrators have confirmed that they intend to recommend in their report to CommTel's creditors that they consider that it would be in those creditors' interests to execute a DOCA on the terms of the Proposal, which will be considered at a creditors' meeting scheduled for 7 October 2024.

Established in 1998, CommTel specialises in providing mission and business critical network solutions to the mining, oil and gas, transport, power utilities, carriers, and public safety sectors. These critical solutions and infrastructure provide the reliable low latency communication systems that manage and monitor critical services such as electricity grids, train and rail transport, air traffic control, telecommunication services, mining automation, and emergency services.

¹ Unaudited FY2024 revenue and EBIT based on management information provided by CommTel. This information has not been independently verified by GenusPlus. CommTel's accounting policies and procedures may differ from those of the GenusPlus Group.

² Net consideration comprises a combination of \$10.1m contribution to the DOCA fund, refinance of senior secured obligations and estimated value of assumed liabilities, less the estimated value of working capital assumed upon completion. Actual net consideration may vary from this amount depending on a number of factors including but not limited to final creditor reconciliations and recovery of work-in-progress and trade debtors.

³ EPS accretion based on management information provided by CommTel (see footnote 1). EPS accretion is prior to any transaction and other one-off costs associated with the acquisition

⁴ See footnote 2.

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If completed, the acquisition will expand the capability and customer base of GenusPlus' communications division. CommTel has numerous multi-year contracts with Tier 1 customers through Master Supply Agreements, Technical Support Agreements or Operational Services Agreements, which provide it with recurring revenues. Certain key customers of CommTel have given in principle support for GenusPlus' acquisition.

The Proposal is subject to satisfaction of a number of conditions precedent including approval by the required creditor majorities, the execution of a long form DOCA and completion under the associated share and IP acquisition documentation. Subject to satisfaction of the conditions precedent, completion is expected to occur by the end of October 2024. Until that time there can be no assurance that the Proposal will proceed or result in a binding transaction.

If completed, it is anticipated that the acquisition will be earnings per share (EPS) accretive for GenusPlus⁵.

GenusPlus' Managing Director David Riches commented: *"This is an exciting opportunity for GenusPlus to expand its national communications division with a highly specialised provider of mission critical communication network solutions. CommTel is attractive to us given its significant historical investment in developing its intellectual property to become a leading technology provider to a broad range of Tier 1 customers which has significant overlap with the rest of the GenusPlus business."*

"We look forward to a positive outcome at the forthcoming creditors meeting and welcoming the CommTel team to the GenusPlus Group. We also look forward to working with existing and new customers in the power utilities, resources, communications, transport and public sector to deliver outstanding services and innovative solutions to our clients."

The Board of the Company has authorised the release of this announcement to the market.

For more information:

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ABOUT GENUSPLUS

GenusPlus Group Ltd is a specialist power and communications infrastructure and services provider operating across Australia. With years of practical experience across Australia, we design, build and maintain electrical transmission and distribution networks, substations and battery systems.

We enable customers to integrate new generation technology into traditional networks and support emerging networking solutions, meeting the demands of a carbon neutral economy.

Capitalising on our expertise in power networks and using the world's best knowledge and technology, we also specialise in delivering integrated, efficient and scalable communication network solutions, including network design, and fixed and wireless infrastructure supported by real time network management expertise and capability.

Further information is available at www.genus.com.au.

⁵See footnote 3.

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