

HIGHLIGHTS:

- Genus to acquire 100% of Pole Foundations Australia (PFA) for an upfront consideration of A\$22m (comprised of A\$16.5m cash and A\$5.5m in Genus shares to be escrowed for 24 months)
- PFA is a QLD-based specialised provider of electrical pole inspection and reinforcement services to Tier 1 customers across the East Coast
- Highly complementary with Genus – provides Genus with the ability to become a full life-cycle service provider to utilities across pole inspection, maintenance, and replacement
- Strong growth potential with significant cross-selling opportunities across complementary Tier 1 customer base
- Upfront consideration implies attractive FY21 multiples of 3.9x EV/EBITDA, 4.0x EV/EBIT and 5.7x PE (based on unaudited FY21 EBITDA of A\$5.7m, EBIT of A\$5.5m and NPAT of A\$3.9m)
- Acquisition is immediately ~8% EPS accretive to Genus (based on FY21 proforma)
- PFA Principals to receive contingent earn-out payment in cash subject to PFA's performance from FY22 to FY24
- Genus has a proven track record of successfully executing, integrating, and growing bolt-on acquisitions and this transaction represents the Company executing on its growth strategy stated at IPO
- PFA's Principals will continue to manage the business, with all staff offered continued employment under Genus
- Acquisition funded via a A\$20m capital raising under Genus existing Placement capacity

STRATEGIC ACQUISITION OF POLE FOUNDATIONS AUSTRALIA

National essential power and telecommunications infrastructure services provider, GenusPlus Group Limited (ASX: GNP) ("Genus", or the "Company"), is pleased to announce it has entered into a binding Business Purchase Agreement (BPA) to acquire 100% of Pole Foundations Australia (PFA) from entities associated with Principals Mr Brett Fraser and Mr Chris Rankine. Founded in 1992, PFA is a privately-owned, QLD-based specialised provider of electrical pole inspection and reinforcement services to Tier 1 customers across the East Coast of Australia. PFA has approximately 40 highly specialised and experienced staff with operations across QLD, NSW, ACT and TAS, and generated unaudited EBITDA of A\$5.7m, EBIT of A\$5.5m and NPAT of A\$3.9m in FY21.

Genus Managing Director, David Riches, said *"PFA is a highly strategic transaction for Genus. This transaction expands Genus' capability into a highly specialised service for Tier 1 customers, allowing Genus to provide a full life-cycle service offering across pole inspection, reinforcement, and replacement. We are very excited to leverage the complementary service offering, customer base, and expertise of the team, to continue to drive growth of the business and ultimately shareholder value."*

I welcome Chris, Brett and the rest of the PFA team to the Genus family. PFA has an incredibly strong reputation in the industry, which is testament to the quality of the team. They are operators with a very strong cultural fit with Genus."



PFA Principals, Brett Fraser and Chris Rankine, said *"We are very excited to join the Genus Group as we strongly believe that the combination will allow us to better service our customers, and position us for growth into the future. This transaction is also a great outcome for all our employees who will be offered continuous employment and benefit from the future growth of the business."*

Strategic Rationale

The acquisition of PFA is highly strategic and immediately accretive for Genus.

Complementary specialised service offering	• Very complementary to Genus' services as aged poles are either able to be reinforced (PFA) or will need to be replaced (Genus) • PFA has a very specialised service offering with key competitors being Downer (UAM) and Osmose (Logsys)
More predictable recurring revenue stream	• PFA provides inspection and maintenance services under multi-year framework agreements with utilities • Provides more predictable recurring revenue stream
Complementary customer and geographical base	• Strong strategic fit with Genus' strategy of east coast expansion – PFA has a Tier 1 customer base with utilities in QLD, NSW, ACT and TAS • PFA's Queensland base provides critical mass to secure additional work in the east coast across Genus' other service offerings
Cross-selling opportunities	• Significant cross-selling opportunities with Genus' strong WA relationships and PFA's east coast presence and relationships • Services are complementary and allows Genus to offer a full life cycle solution to utilities
Highly earnings accretive	• Immediate ~8% EPS accretive to Genus based on FY21 pro-forma • Attractive acquisition multiple of 3.9x EV/EBITDA, 4.0x EV/EBIT and 5.7x PE (FY21) • Low capex intensity resulting in strong cash flow generation and strong returns on capital
Significant growth potential	• Significant growth opportunities available for PFA through penetration into other utility customers and other states • Strong industry tailwinds – high proportion of distribution poles reaching end of usable life
Consistent with stated growth strategy	• Genus has a proven track record of successfully executing, integrating, and growing bolt-on acquisitions • This transaction represents the Company executing on its growth strategy stated at IPO



Acquisition Terms

In consideration for the acquisition of 100% of PFA, Genus has agreed to pay an upfront consideration of ~A\$22m, payable in:

- A\$16.5m cash; and
- ~4.63m fully paid ordinary Genus shares at an agreed fixed price of \$1.187 per share.

Upfront consideration represents an acquisition multiple of 3.9x EV/EBITDA, 4.0x EV/EBIT and 5.7x PE based on PFA's FY21 unaudited accounts.

The upfront cash payment is subject to certain customary adjustments (including for stock and employee leave balances). All Genus shares issued to the PFA Principals as consideration are to be held in voluntary escrow for 24 months subject to certain exceptions.

PFA Principals will also receive a contingent earn-out payment in cash across FY22-FY24, comprised of:

- FY22 earn-out: A\$3m subject to achieving FY22 EBITDA of A\$6.175m, plus 1% of FY22 NPAT above A\$5m;
- FY23 earn-out: A\$7m subject to achieving FY23 EBITDA of A\$9.8m, plus 1% of FY23 NPAT above A\$8m
 - Nil payable if FY23 EBITDA is A\$6.675m or below. A\$7m payable (plus 1% as set out above) if FY23 EBITDA is A\$9.8m or above. Pro rata for anything in between; and
- FY24 earn-out: A\$9m subject to achieving FY24 EBITDA of A\$12.25m, plus 50% of FY24 NPAT above A\$8.45m up to A\$10.45m, plus 1% of FY24 NPAT above A\$11m
 - Nil payable if FY24 EBITDA is A\$9.8m or below. A\$9m payable (plus 1% and sharing of NPAT as set out above) if FY24 EBITDA is A\$12.25m or above. Pro rata for anything in between.

The earn-out payments set out above will be adjusted in favour of Genus if the aggregate capital expenditure of the business is more than A\$1.327 million during the earn-out period.

For the purposes of calculating the earn-out, EBITDA and NPAT will be calculated based on invoice-based accounting per PFA's historical accounting method and will be normalised for abnormal, one-off costs and income.

PFA Principals will be employed by Genus on completion of the sale and will continue to manage the PFA business during the FY22-24 period.

In the event of:

- a change of control of Genus by a direct competitor of PFA during the FY22-24 period (**Control Event**), the PFA vendors will be paid the amounts set out in Part A of the Schedule (see Schedule below); and
- a divestment of the PFA business by Genus during the same period (**Acceleration Event**), the PFA vendors will immediately receive the amounts set out in Part B of the Schedule (see Schedule below).



Conditions Precedent

The closing of the acquisition under the BPA is subject to certain conditions precedent, including but not limited to those set out below, being satisfied or waived:

- Completion of a capital raising by Genus to raise a minimum of A\$20 million
- Receipt of change of control consents on PFA material contracts
- No material adverse change in the PFA business
- Other customary closing conditions precedent

Completion of the acquisition is indicatively anticipated for mid-March 2022, subject to satisfaction or waiver of all conditions precedent. If the conditions precedent are not satisfied or waived by 30 April 2022, the BPA will terminate.

Advisers

For the acquisition, Sternship Advisers acted as corporate adviser and Gilbert + Tobin acted as legal adviser to Genus.

Trading Halt Pending Capital Raise

Genus will request a Trading Halt pending a capital raise to fund the acquisition. Further information will be provided in due course.

Bell Potter Securities Limited and Euroz Hartleys have been appointed as Joint Lead Managers and bookrunners to the capital raising.

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 an end-to-end specialist service provider for essential power and communications infrastructure. GenusPlus provides an integrated service offering to its customers in the resources, power, utilities and communications sectors across Australia.

For further information, go to www.genusplusgroup.com.au.

Schedule

Amounts payable to the PFA vendors on a Control Event or Acceleration Event

Part A

Time of Control Event	Amount payable by Genus to the PFA vendors
If the Control Event occurs during FY22	For FY22: A\$1,500,000, less the value of the aggregate capital expenditure spent by the Business from Completion up to the date of the Control Event which is above A\$2,000,000, plus the value of the aggregate NPAT of the Business from Completion up to the date of the Control Event which is above A\$10,000,000 For FY23: A\$3,500,000, less the value of the aggregate capital expenditure spent by the Business from Completion up to the date of the Control Event which is above A\$3,000,000, plus the value of the aggregate NPAT of the Business from Completion up to the date of the Control Event which is above A\$20,000,000 For FY24: A\$5,000,000, less the value of the aggregate capital expenditure spent by the Business from Completion up to the date of the Control Event which is above A\$4,000,000, plus the value of the aggregate NPAT of the Business from Completion up to the date of the Control Event which is above A\$25,000,000
If the Control Event occurs during FY23	For FY23: A\$3,500,000, less the value of the aggregate capital expenditure spent by the Business from Completion up to the date of the Control Event which is above A\$3,000,000, plus the value of the aggregate NPAT of the Business from Completion up to the date of the Control Event which is above A\$20,000,000 For FY24: A\$5,000,000, less the value of the aggregate capital expenditure spent by the Business from Completion up to the date of the Control Event which is above A\$4,000,000, plus the value of the aggregate NPAT of the Business from Completion up to the date of the Control Event which is above A\$25,000,000
If the Control Event occurs during FY24	For FY24: A\$5,000,000, less the value of the aggregate capital expenditure spent by the Business from Completion up to the date of the Control Event which is above A\$4,000,000, plus the value of the aggregate NPAT of the Business from Completion up to the date of the Control Event which is above A\$25,000,000

Part B

Time of Acceleration Event	Total amount payable by Genus to the PFA vendors
If the Acceleration Event occurs during FY22	To be calculated based on the following formula: A\$20,000,000, less the value of the aggregate capital expenditure spent by the Business from Completion up to the date of the Acceleration Event which is above A\$2,000,000, plus the value of the aggregate NPAT of the Business from Completion up to the date of the Acceleration Event which is above A\$10,000,000
If the Acceleration Event occurs during FY23	To be calculated based on the following formula: A\$17,000,000, less the value of the aggregate capital expenditure spent by the Business from Completion up to the date of the Acceleration Event which is above A\$3,000,000, plus the value of the aggregate NPAT of the Business from Completion up to the date of the Acceleration Event which is above A\$20,000,000
If the Acceleration Event occurs during FY24	To be calculated based on the following formula: A\$10,000,000, less the value of the aggregate capital expenditure spent by the Business from Completion up to the date of the Acceleration Event which is above A\$4,000,000, plus the value of the aggregate NPAT of the Business from Completion up to the date of the Acceleration Event which is above A\$25,000,000