

July 1 2020

- **Appointment of Mr. Dave Clark as Chief Executive Officer**
- **Significantly stronger than anticipated June trading performance – revenue up 34% y-o-y**
- **April-June performance, while impacted by COVID-19, also significantly stronger than anticipated – revenue down only 24% y-o-y**
- **\$5.03m capital raising available for future growth plans**
- **Appointment of an Independent Chair, and additional Wentronic director**

### **Appointment of Mr. Dave Clark as Chief Executive Officer**

Cellnet Group Limited (“Cellnet” or the “Company”) wishes to announce that it has appointed Mr. Dave Clark as its Chief Executive Officer. Mr. Clark has been the Company’s Acting Chief Executive Officer, and prior to this was Managing Director of Cellnet’s New Zealand operations. Mr. Clark’s appointment ensures continuity and stability, maintaining Cellnet’s commitment to deliver outstanding service to its Australian and New Zealand customers and partners, while bringing a sharper focus to enhancing the Company’s financial performance, inventory management and customer value proposition.

### **Trading Update**

The Company also provides the following update to the market on its trading performance in June, together with commentary on the April-June period.

Unaudited group revenues for April-June 2020 total \$17.3M compared to \$22.8M for the prior year corresponding period, a reduction of 24%. This reduction was mainly driven by subdued trading in April where lockdowns in both Australia and New Zealand were at their peaks. The Company has been encouraged by June trading, which has seen increased revenues of approximately 34% compared to June 2019, driven mainly by increased gaming sales.

### **Balance Sheet Update**

Cellnet is pleased to report that because of the stronger than expected trading performance in the fourth quarter, the Company has been able to continue to access its working capital funding through its invoice financing facility. As a result, the Company still has access to the \$5.03m raised from its recent entitlement issue. The Company is continuing to analyse opportunities to invest this capital, including accretive acquisitions, investing in existing businesses (including its online business), and capital management. Based on the Company’s current trading performance, it does not anticipate accessing this funding for working capital purposes in FY21.

### **Board Composition**

The Company has recently completed a review of its board composition. Based on this review, the Board has resolved to appoint an independent chair and increase the number of directors to five to enable Wentronic to appoint a number of directors proportionate to its shareholding. Accordingly, the Board has resolved to appoint Mr. Tony Pearson as Independent Chair. Mr. Pearson has been a director of the Company since [date] and is currently Chair of the Audit & Risk Committee. In addition, Mr. Pearson is a Trustee of the Royal Botanic Garden & Domain Trust, a Commissioner at the Independent Planning Commission, and a non-executive director of Peak Resources, Communicare, and the Foundation and Friends of the Botanic Gardens. Mr. Michael Wendt will continue as Deputy Chair. In addition, Mr. Brian Danos has been appointed to the Board as Wentronic’s third nominee. These changes reflect Wentronic’s

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ongoing commitment to the Company and bring its representation on the Board to three directors, proportionate with its shareholding in the Company. Importantly, the appointment of an independent chair will further strengthen the Company's governance, while retaining the benefits of a relationship with Wentronic, including through access to preferential sourcing through Wentronic Asia Pacific and access to Wentronic's extensive Goobay range. The appointment of an independent chair is also consistent with the ASX Guidelines on Corporate Governance.

### **Non-executive Director Options**

In order to align the fees that directors receive with the Company's current size, and further align non-executive director performance with that of the Company, Mr. Wendt, Mr. Kevin Gilmore, and Mr. Pearson have all agreed to reduce their cash compensation by 50% in exchange for a one off option grant. The options are to be granted in three tranches as set out below and remain subject to shareholder approval:

- Tranche 1: 1,000,000 options; strike price of \$0.03; vesting price \$0.05 (when volume weighted average share price exceeds \$0.05 for five consecutive days); term two (2) years
- Tranche 2: 2,000,000 options; strike price of \$0.03; vesting price \$0.10 (when volume weighted average share price exceeds \$0.10 for five consecutive days); term three (3) years
- Tranche 3: 2,000,000 options; strike price of \$0.03; vesting price \$0.15 (when volume weighted average share price exceeds \$0.15 for five consecutive days); term five (5) years

Mr. Giles Karhan has agreed to reduce his base remuneration to \$20,000. Mr. Danos will also be entitled to a base remuneration of \$20,000.

Mr. Danos is the Chief Operations Officer for Wentronic GmbH. He has held this position since September 2019 and leads the process, supply chain, quality control and international operations for Wentronic. From April 2015 until August 2019 he was the General Manager of Wentronic Asia Pacific, where he led the overall operations of the Asian region and directed Wentronic's offices in China in all sourcing and logistical operations. Prior to his joining Wentronic Asia Pacific Mr. Danos held the position of Director of Marketing and Sales with A&L International Holdings Limited, a Hong Kong based private label manufacturer. He has also held senior positions with Philips Consumer Electronic Accessories in both Europe and the USA.

Ends

Authorised for release by the Board

For further information, please contact Chris Barnes on 1300 235 563

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