

MAAS GROUP HOLDINGS LIMITED (ASX:MGH)

ASX Announcement

29 July 2022

PRELIMINARY FY22 EARNINGS, FY23 OUTLOOK AND \$105 MILLION PLACEMENT

MAAS GROUP ANNOUNCES PLACEMENT OF \$105 MILLION TO PROVIDE ADDITIONAL BALANCE SHEET FUNDING FLEXIBILITY TO SUPPORT ITS GROWTH STRATEGY AND ACQUISITION INITIATIVES

Executive Summary

- MGH to raise \$105 million via a Placement, comprising an Institutional Placement of ~\$35 million and a Founder and Management Placement of ~\$70 million
- Proceeds of the capital raising will be used to fund growth and acquisition initiatives, including near-term opportunities in the Construction Materials segment
- Directors of MGH (or entities associated with them) and other Founding Shareholders and executives of MGH have committed approximately \$70 million in the Founder and Management Placement (subject to shareholder approval for related parties)
- MGH will also offer a Share Purchase Plan (“SPP”) to eligible Australian and New Zealand shareholders to raise up to \$10 million
- Post completion of the Offer, MGH is expected to have pro forma Liquidity of approximately \$142.3 million (excluding any proceeds from the SPP)
- FY22 preliminary unaudited pro forma¹ EBITDA of \$125.1 million is at the top end of the guidance range of \$115 million - \$125 million, despite recent rain events and ongoing COVID-19 pandemic disruptions
- MGH provides FY23 pro forma² EBITDA guidance in the range of \$180 million - \$200 million, representing year-on-year expected pro forma EBITDA growth of 44% - 60%
- Three near-term acquisition opportunities are currently in the negotiation and due diligence stages, with the potential to contribute an additional \$22 million to FY24 EBITDA if completed in FY23³
- Strong pipeline of growth opportunities and further acquisitions

Overview

MAAS Group Holdings Limited (ASX: MGH) (“**MGH**” or the “**Company**”) is pleased to announce a capital raising to raise ~\$105 million via a Placement comprising:

- An Institutional Placement of \$35 million (“**Institutional Placement**”)
- A Placement to certain Directors of MGH (or entities associated with them) and other Founding Shareholders and executives of MGH to raise \$70 million (“**Founder and Management Placement**”)
- Approximately \$54 million of the Founder and Management Placement will be made to related parties of the Company and will therefore be subject to shareholder approval at the Company’s AGM (“**Related Party Placement**”)

in each case at an offer price of \$4.00 per fully paid ordinary share (“**New Share**”)(“**Offer Price**”)

¹ Includes pre acquisition earnings subject to lockbox, costs and contingent consideration associated with business combinations, share based payments and other.

² Includes transaction costs and contingent consideration associated with business combinations, share based payments and other.

³ Contribution to FY23 earnings is subject to completion timing and the realisation of various synergies.

MGH will also offer a Share Purchase Plan (“SPP”) to eligible Australian and New Zealand shareholders of up to \$10 million at the Offer Price.

The Offer price of \$4.00 per New Share reflects a 1.2% discount to last traded price of \$4.05 and a 3.0% discount to the 5-day VWAP of \$4.12⁴.

MGH Managing Director and CEO Wes Maas will, subject to receipt of shareholder approval, participate in the Offer through the Related Party Placement, committing \$53 million. Other MGH founding shareholders, directors and members of the senior management team will also participate in the Offer through the Founder and Management Placement and have committed a further \$17 million.

Commenting on the Placement, MGH’s Chief Executive Officer, Wes Maas, said “The Institutional Placement was well supported by our existing investors and we endeavoured to allocate pro rata to existing shareholders who were eligible to participate in the Institutional Placement. We are delighted to be able to welcome new high-quality institutional investors onto the register also. We are also extremely pleased to be able to show the continued support of the Directors and other Founding Shareholders and executives of MGH committing \$70 million as part of the capital raising. The successful completion of the Placement will allow us further runway to continue to execute on our near-term growth and acquisition initiatives.”

Approximately 26.25 million New Shares will be issued under the Placement, representing approximately 8% of the Company’s issued share capital. The New Shares will rank equally with existing ordinary shares from the date of issue. MGH will issue the New Shares under the Placement (other than the Related Party Placement) without shareholder approval under its existing placement capacity under ASX Listing Rule 7.1. The Company will seek approval under Listing Rule 10.11 for the issue of New Shares to related parties of MGH at its Annual General Meeting which is expected to be held in October 2022.

Use of Proceeds

Proceeds of the capital raising will be used to enhance MGH’s financial capacity to fund growth and acquisition initiatives, including near-term opportunities in the Construction Materials segment.

Post completion of the Offer, MGH is expected to have pro forma Liquidity of approximately \$142.3 million (excluding any proceeds from Share Purchase Plan).

FY22 Preliminary Unaudited Result is at the top end of Prior Guidance

MGH announces FY22 Preliminary Unaudited pro forma⁵ EBITDA of \$125.1 million (increase of 65% on FY21) which is at the top end of the guidance range of \$115 million - \$125 million provided to the market on 9 November 2021 and reconfirmed on 23 May 2022.

All segments have performed in line with previously published guidance.

Statutory net profit after tax for FY22 of \$61.5 million⁶ is a 78% increase on FY21.

The Company has fully delivered on its FY22 targets:

- Strong organic growth and strategic acquisitions in-line with MGH’s long-term strategy;
- Successful integration of acquisitions made during the period with identified operational efficiencies realised;
- Talent acquisition in key operational roles, bolstering the capability across each business unit; and

⁴ Last traded price and 5-day VWAP to 27 July 2022.

⁵ Includes pre acquisition earnings subject to lockbox, costs and contingent consideration associated with business combinations, share based payments and other.

⁶ Unaudited, subject to adjustment on completion of audit.

- Strong balance sheet maintained to fund ongoing operations and support strategic acquisition opportunities.

Further detail to be provided on 18 August 2022 when the Company intends to publish its audited FY22 full-year results.

FY23 Earnings Outlook: Significant Growth Expected

MGH provides FY23 pro forma⁷ EBITDA guidance in the range of \$180 million - \$200 million, representing year-on-year expected pro forma EBITDA growth of 44% - 60%.

FY23 pro forma EBITDA guidance will be driven by:

- Full year contribution from recent acquisitions including Garde, Schwarz, Blackwater & Brett Harvey Homes;
- Residential settlements⁸ increasing to between 360 – 400;
- House starts rising to ~250;
- Key project wins in the Civil Construction and Hire segment with over 50% of FY23 target revenue already secured;
- Additional Construction Material volumes driven by key projects such as Inland Rail;
- Similar percentage of earnings to be driven from development profit;
- Maturation of commercial property portfolio providing additional rental income in FY23; and
- Manufacturing headwinds expected to ease in FY23.

The outlook remains strong with MGH well placed to take advantage of its strong market positions, the competitive advantages offered by its vertical integration, and exposure to regional and growing end markets.

In-line with its long-term strategy, MGH continues to actively manage a strong pipeline of strategic acquisitions. There are three near-term acquisition opportunities currently in the negotiation and due diligence stages. These acquisition opportunities have the potential to contribute an additional \$22 million to FY24 EBITDA if completed in FY23⁹.

Equity raising proceeds and existing debt facility headroom provide capacity to fund these near-term opportunities.

Pro Forma Net Debt and Liquidity

Post completion of the Offer, MGH expected to have pro forma Liquidity of approximately \$142.3 million (excluding any proceeds from Share Purchase Plan). The Company had Net Debt¹⁰ (excluding operating leases) as at 30 June 2022 of \$265.0 million, representing a Net Debt / pro forma EBITDA ratio of 2.1x.

Share Purchase Plan

MGH will also offer eligible existing shareholders the opportunity to participate in the SPP at the Offer Price to raise up to a further \$10.0 million, which may be varied or subject to scale back at the Company's

⁷ Includes transaction costs and contingent consideration associated with business combinations, share based payments and other.

⁸ Includes BTR.

⁹ Contribution to FY23 earnings is subject to completion timing and the realisation of various synergies.

¹⁰ Net debt is calculated as total borrowings plus AASB16 rental property leases less cash.

absolute discretion. An Eligible Shareholder is any shareholder with a registered address in Australia or New Zealand recorded on MGH's share register at 7.00pm AEST on 28 July 2022.

Eligible Shareholders will have the opportunity to acquire up to \$30,000¹² in New Shares each via the SPP at the Offer Price (less any amount acquired under the Company's 2021 Share Purchase Plan). To the extent that applications under the SPP exceed \$10.0 million, they may be scaled back at the discretion of MGH.

The New Shares issued under the SPP will rank equally with existing ordinary shares from the date of issue per the indicative timetable below. No brokerage or commissions are payable in respect of subscribing for shares under the SPP.

The SPP Booklet containing further details of the SPP offer will be released on ASX separately and is expected to be despatched to all Eligible Shareholders on or about 4 August 2022. The SPP Booklet and the accompanying Application Form will contain instructions on how to apply.

Shareholders should consider the SPP Booklet in full, including the Plan Terms and Conditions, before deciding whether to participate in the SPP. Shareholder approval is not required for the issue of New Shares under the SPP.

Timetable¹¹

| Event | Date |
|---|---------------------------------------|
| Record date for SPP | 7.00pm (AEST), Thursday, 28 July 2022 |
| Announcement of Placement and SPP to ASX | Friday, 29 July 2022 |
| Settlement of New Shares issued under the Institutional Placement and Tranche 1 of the Founder and Management Placement | Tuesday, 2 August 2022 |
| Allotment and normal trading of New Shares issued under the Institutional Placement and Tranche 1 of the Founder and Management Placement | Wednesday, 3 August 2022 |
| SPP offer opens and SPP offer booklet is dispatched | 9.00am (AEST) Thursday, 4 August 2022 |
| SPP offer closes | 9.00am (AEST) Tuesday, 16 August 2022 |
| Announcement of results of SPP | Friday, 19 August 2022 |
| Allotment of New Shares issued under the SPP | Monday, 22 August 2022 |
| New Shares issued under SPP commence normal trading | Tuesday, 23 August 2022 |
| Approval of Related Party Placement at AGM | October 2022 |
| Settlement of Related Party Placement and Tranche 2 of the Founder and Management Placement | October 2022 |

¹¹ Timetable is indicative only and subject to change subject to compliance with applicable laws and the ASX Listing Rules.

¹² Eligible Shareholders may only acquire a maximum of A\$30,000 worth of Shares under a share purchase plan in any 12 month period which includes any participation from Eligible Shareholders in the Company's 2021 share purchase plan.

Additional Information

Additional information regarding the Offer is contained in the investor presentation released to the ASX today.

MA Moelis Advisory Australia and Morgans Corporate Limited are acting as Joint Lead Managers to the Placement. Maddocks are acting as legal advisers to the Placement and SPP.

Authorised for release by the Board of Directors of MAAS Group Holdings Limited

For further information, please contact:

Craig Bellamy CFO / Company Secretary

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Forward looking statements

This announcement contains forward-looking statements, which address a variety of subjects including, including financial guidance and potential acquisitions. Statements that are not historical facts, including statements about the Company's beliefs, plans and expectations, are forward-looking statements. Such statements are based on our current expectations and information currently available to management and are subject to a number of factors and uncertainties, which could cause actual results to differ materially from those described in the forward-looking statements. MGH's management believes that these forward-looking statements are reasonable as and when made. However, you should not place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. MGH does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law or the ASX Listing Rules. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results, events, and developments to differ materially from our historical experience and our present expectations.