



## ASX RELEASE

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For immediate release to the market

### **Mipac Acquires WA Based Process Controls Business**

GR Engineering Services Limited (ASX:GNG) (**GR Engineering** or the **Company**) is pleased to announce that its wholly owned subsidiary, Mipac Holdings Pty Ltd (**Mipac**) has entered into an agreement to acquire Paradigm Engineers Pty Ltd (**Paradigm**), a provider of control systems and electrical engineering, automation and technology services based in Western Australia.

#### **Transaction Highlights**

- This transaction enhances Mipac's control system and electrical design capabilities and expands its existing footprint in Western Australia. Paradigm has significant expertise working across a range of commodities, including iron ore, gold and battery minerals.
- Paradigm is forecasting FY24 revenue of \$16 million and an EBITDA margin % consistent with Mipac. Similar revenue is anticipated for FY25, supported by Paradigm's current order book and pipeline. The combined Mipac and Paradigm business is expected to generate revenue of approximately \$50 million on a proforma basis.
- Paradigm's current management team have agreed to continue in their roles post-completion.
- The purchase price is \$9 million, with 50% payable in cash and 50% payable in GR Engineering scrip, subject to voluntary escrow. It is anticipated that the transaction will be immediately earnings per share (EPS) accretive.

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#### **About Paradigm**

Founded in 2012, Paradigm employs approximately 55 employees across its offices in Perth and Brisbane, with the majority of employees based in Western Australia. The business has a strong culture and safety record across its skilled workforce.

Paradigm has a successful track record on greenfield and brownfield projects and are an industry leader in the design, programming, automation and commissioning of mining, port operations and material handling systems. Paradigm maintains long term working relationships with Tier 1 mining clients.

#### **Benefits for Mipac**

Process controls have become increasingly relied upon as a platform to extract efficiencies and improve safety outcomes in processing operations through the adoption of technology and software solutions. Advances in control system design and product technologies and their adoption in operations are being mandated across the industry by leading industry participants to support the safe and optimised performance of assets.



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The Paradigm acquisition enhances Mipac's existing service offering and provides Mipac with increased exposure to the iron ore sector and Tier 1 clients in Western Australia. The transaction will result in Mipac increasing its proforma revenue to approximately \$50 million, which will be supported by a combined skilled workforce of 175 personnel.

### **Key Transaction Terms**

Mipac has agreed to acquire 100% of the shares in Paradigm for \$9 million. The purchase price will be payable as \$4.5 million in cash on completion (subject to completion adjustments for working capital and net debt) and \$4.5 million of scrip payable in fully paid ordinary shares of GR Engineering. The cash payment to be paid is to be funded from GR Engineering's existing cash reserves.

Scrip consideration payable under the transaction is to be valued at the 30 day volume weighted average price of GR Engineering's ordinary shares trading on ASX, calculated prior to the completion date in respect of the purchase price consideration. Half of the shares issued as purchase price consideration will be subject to a 12 month voluntary escrow arrangement from the date of issue, and the remainder will be subject to 24 month voluntary escrow arrangement.

Completion of the share sale agreement is conditional upon the satisfaction of conditions precedent, including in respect of obtaining third party consents and other conditions customary for an agreement of this nature. It is anticipated that completion will occur on or around 29 February 2024.

Given the proposed timing for completion of the transaction, it is not anticipated that the acquisition of Paradigm will have a material impact on GR Engineering's earnings in the financial year ending 30 June 2024.

Commenting on the acquisition, Mr Tony Patrizi, Managing Director of GR Engineering said:

*"Mipac has been a successful transaction for GR Engineering and has achieved solid revenue and EBITDA growth since acquisition, whilst importantly retaining its key personnel and its long term client relationships. The acquisition of the Paradigm business, fast tracks Mipac's growth in Western Australia and increases the scale of the Mipac business. We welcome the highly skilled and well regarded Paradigm team and look forward to working with them."*

Paradigm's Managing Director, Mr Garry McGrechan, said:

*"Paradigm is excited to join Mipac and the GR Engineering Services group. The combination of the two teams presents significant opportunities to grow our operational technology and digital solutions in the mining and mineral processing industries both nationally and internationally."*

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