

ASX Announcement

2nd November 2018

Proposed treatment of surplus cash and remaining companies following completion of Indirect business sale

Inabox Group Limited (ASX: IAB) (**Inabox** or the **Company**) is pleased to provide the following update to its Shareholders and the market regarding its proposed plans if the sale of the Indirect business (the **Transaction**) is approved by shareholders and completed.

After further consideration and following consultation with the Company's advisors and major shareholders, the Board believes that if the Transaction is approved and completed the interests of Shareholders is likely to be best served by:

- distributing to Shareholders all surplus cash efficiently in accordance with the provisions of the Corporation and Income Tax Laws; and
- at the appropriate time, delisting the listed vehicle (proposed to be renamed IAB Holdings Limited) from the ASX and carrying out an orderly winding up of the Company and its remaining subsidiaries.

The Board believes this course of action is likely to produce a better and more certain financial outcome for Shareholders compared to retaining a proportion of the cash for a prolonged period of time in the listed vehicle and seeking a backdoor listing or similar significant transaction.

Inabox will seek relevant approvals for its proposed plans from its Shareholders and the ASX at the appropriate times.

Proposed Distributions:

If the Transaction is approved by Shareholders and proceeds to completion, the Directors expect that after all debts and transaction related expenses are paid the Company will have cash of approximately \$17m and a potential receivable of up to \$4m, representing the maximum potential Earn Out amount and funds receivable from Escrow (as defined and described in the Explanatory Memorandum accompanying the Notice of Meeting sent to Shareholders on 17th October 2018). This being the case the Company plans to:

- pay a fully franked dividend of approximately \$0.29 per share in January 2019;
- distribute approximately \$0.41 per share by way of a return of capital before the end of March 2019; and
- in the absence of a compelling back-door listing opportunity arising in the interim period, make a final capital distribution of the remaining surplus cash following completion of the Company's FY2019 audit in August 2019.

As previously announced, the Company expects that if the full Earn Out Consideration is received, the total distribution to Shareholders is likely to be in excess of \$0.80 per share.

Background

As announced on 8th October 2018, Inabox has entered into a share sale agreement to sell its telecommunications and enablement services business, via a sale of all of the shares in its operating subsidiaries, to MNF Group Limited (ASX: MNF) (**MNF Group**).

Inabox will seek approval of the Company's Shareholders at a General Meeting to be held on Monday 19th November. A Notice of General Meeting was sent to Shareholders on 17th October 2018 which included an Explanatory Memorandum and a recommendation by the Directors that in the absence of a superior offer, Shareholders should vote to approve the Transaction.

In the Notice of Meeting, Inabox indicated that if the sale is approved and completed it plans to deregister any remaining, non-operating subsidiaries and potentially seek opportunities for a backdoor listing or similar transaction.

As described above, the Board now believes that in the absence of a compelling back-door listing opportunity arising prior to the end of August 2019, distributing all surplus cash and delisting and winding up the remaining subsidiaries will produce the best and most certain financial outcome for Shareholders.

Inabox's Shareholders should refer to the Notice of Meeting and consider this announcement as an update to the Company's intentions set out in Section 1.7 (Future Direction of the Company) in the accompanying Explanatory Memorandum.

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About Inabox Group Limited

Inabox supplies wholesale telecommunications and enablement services, including billing and technical and customer support, to retail service providers around Australia through wholesale brands, Telcoinabox, iVox, Neural Networks and Mobile Service Solutions. Inabox also enables mass-market consumer brands to enter the telecommunications market by leveraging its network and systems capabilities.

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