FY15 RESULTS
INABOX GROUP LIMITED

SECTION 01

ABOUT INABOX GROUP

Group Structure

We are a national end-to-end IT, telco and cloud provider

ENABLEMENT

Mass market services:

Fastest growing channel segment; enabling large retail brands to resell telecommunications services to consumers

INDIRECT

Wholesale telco services:

Servicing 426 Retail Service Providers (RSPs) with white-labelled wholesale solutions

DIRECT

Managed IT/Cloud services:

Anittel provides customised IT and connectivity solutions to large SME, corporate and Government

THE BUSINESS CHANNELS

Enablement

Industry landscape - Large consumer brands wanting to add telco have access to carriers but have no back-end infrastructure to service customers.

Market opportunity - We are the only end-to-end telecommunications solutions provider that feeds directly into the major carriers and offers billing, provisioning and customer and tech support.

Growth strategy – From 0 to almost 35,000 ADSL and NBN services connected in 18 months. With current net additions of 3,000 per month

Indirect

Industry landscape – Large carriers are typically not interested in or equipped to service the needs of smaller retail service providers.

Market opportunity - Smaller retail service providers need a single supplier who can provide an end-to-end service and aggregate and repackage telco services from multiple carriers.

Growth strategy – Support growth of existing clients by introducing new products and services and acquiring where it makes sense

Direct

Industry landscape - Customers use a mix of suppliers to fulfill ICT needs and are moving to the cloud.

Market opportunity - We can help corporate and govt customers migrate to the cloud and work with one trusted company to provide end-to-end or bespoke ICT solutions

Growth strategy - Build scale in key markets; expand existing cloud based Cisco hosted collaboration platform targeting corporate and government accounts on the mainland.

SECTION 04

FINANCIAL RESULTS

FINANCIAL SUMMARY

Year ended 30 June	$'000 2015	$'000 2014	% Change
Revenue from continuing operations	64,329	46,910	37%
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	1,877	2,413	(22%)
Net Profit After Tax (NPAT)	(351)	1,068	(132%)
Underlying EBITDA[1]	2,541	2,413	5%
Underlying NPATA[2]	877	1,069	(18%)

Growth in revenue from Enablement and addition of the Direct Channel (Anittel)

IAB Group has worked hard to bring operational profitability to Direct Channel within 4 months

Overall profitability has been impacted by addition of Direct channel, but not as much as first anticipated

[1]Underlying EBITDA – EBITDA excluding one off acquisition and restructuring charges
[2]Underlying NPATA – NPAT excluding one off acquisition, restructuring charges, and amortisation related the acquired Anittel business

BALANCE SHEET

As at 30 June	$'000 2015	$'000 2014
Cash at bank	3,217	3,657
Other Current Assets	11,020	6,312
Intangibles	15,718	4,336
Other Non-current Assets	4,904	1,245
TOTAL ASSETS	34,859	15,550
Current Borrowings	3,254	866
Other Current Liabilities	15,542	9,046
Non-Current Borrowings	4,857	0
Other Non-current Liabilities	999	840
TOTAL LIABILITIES	24,652	10,852
NET ASSETS	10,207	4,648

Acquisitions have significantly increased tangible and intangible assets

Anittel also works on financial lease arrangements that increase net debt of the IAB Group

CASHFLOW

Year ended 30 June	$'000 2015	$'000 2014
Customer receipts net of supplier payments	3,481	1,695
Other operating activities	(319)	(20)
Net cash from operating activities	3,162	1,675
Payments for purchase of business	(730)	(438)
Payments for purchase of PP&E	(1,389)	(334)
Payments for purchase of intangibles	(1,039)	(43)
Other investing activities	(111)	(71)
Net cash from investing activities	(3,269)	(931)
Net proceeds from borrowings	166	182
Other financing activities	(445)	2,877
Net cash from (used in) financing activities	(279)	2,695
Net increase (decrease) in cash and cash equivalents	(386)	3,439

Increased operating cash resulting from acquired entities and Enablement growth

Outgoings in investment activities during the period consistent with acquisition

Significant facility with CBA secured during period for future growth.

FINANCIAL RESULTS BY CHANNEL

	Enablement	Indirect	Direct
Revenue (000's)	$1,978	$44,980	$17,300
Gross Margin (000's)	$1,866	$11,334	$3,364
Staff	6	60	114
Customers	3	430	1000

SECTION 02

FY15 WINS AND CHANNEL PERFORMANCE

KEY WINS FOR FY15

Successful Acquisitions

Completed 2 acquisitions – Neural and Anittel within the year – both fully integrated and contributing positive EBITDA.

Enablement Growth

Supported services (NBN, DSL and Voice) increased by 30,000 during the year.

Growth Finance Facility

Secured $11M finance facility – including $3M for acquisitions, $1M in working capital and $7M for contracted operating leases.

Cross selling

Telcoinabox products - Ethernet, Hosted Voice and ADSL - already connected to Anittel customers in healthcare, banking & finance and hospitality.

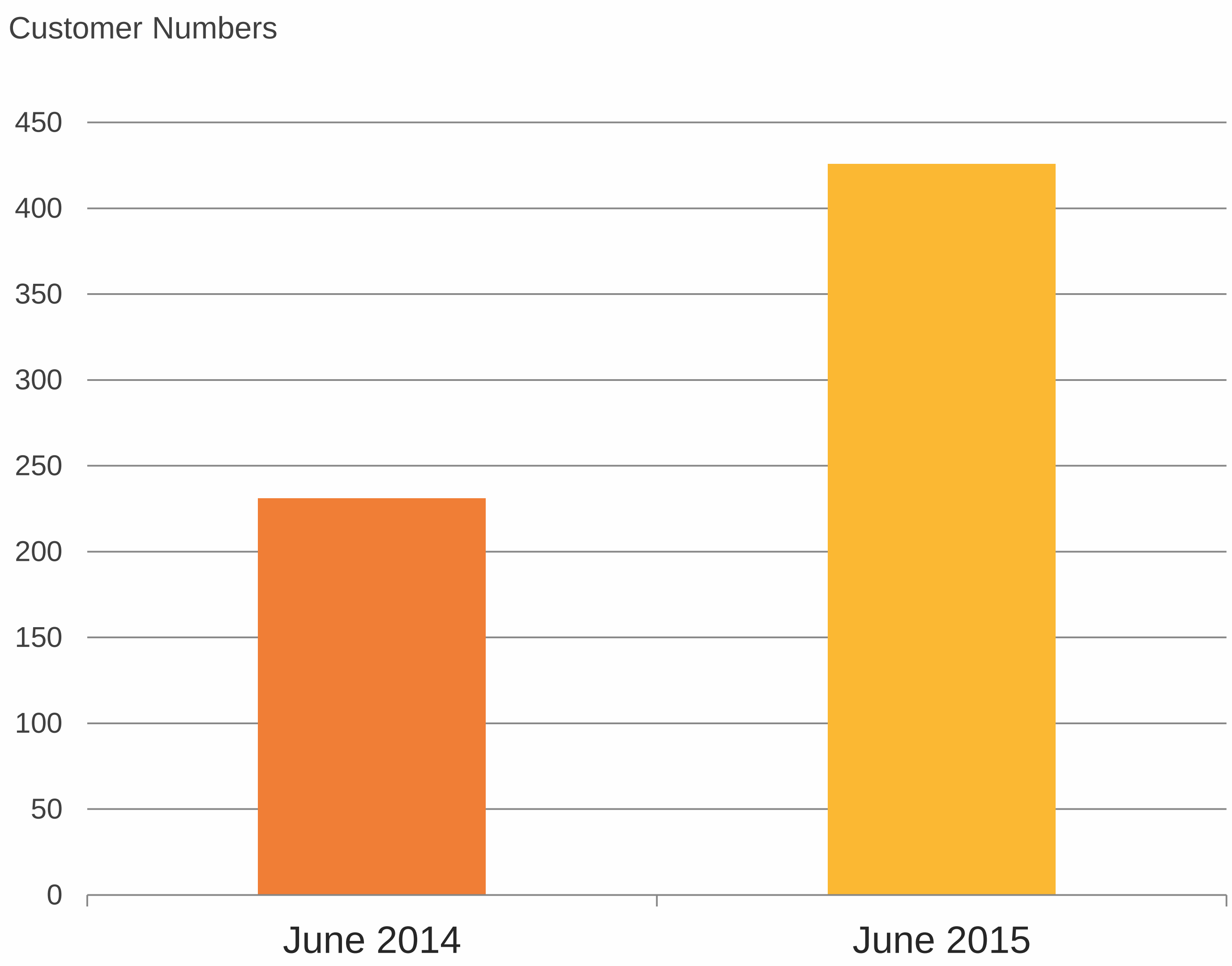
Cost Savings

Synergies from acquisitions expected to unlock $3M of cost savings; reinvesting $1M in increased sales capability.

FY15 PROGRESS AGAINST STATED KEY OBJECTIVES

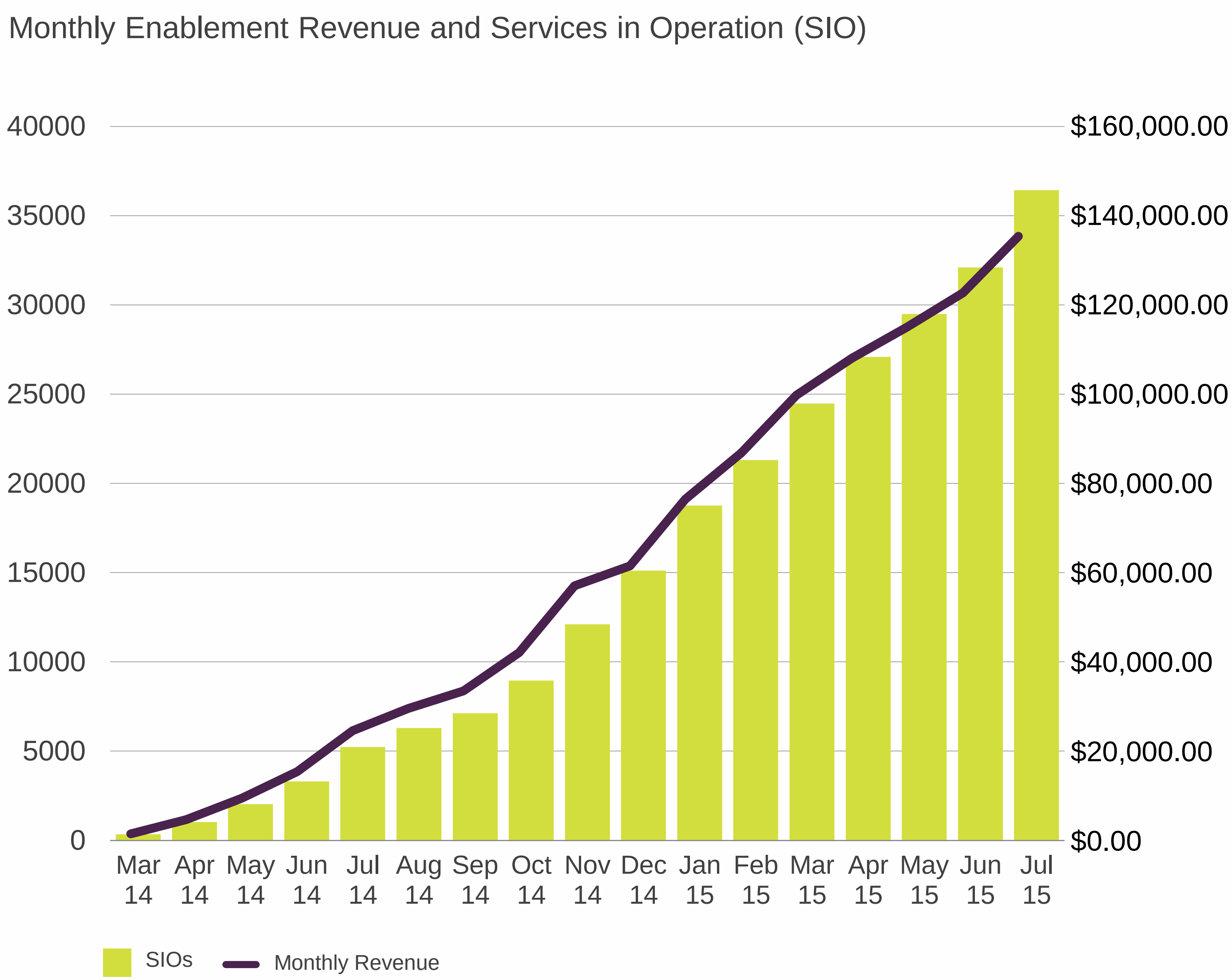
	Enablement	Indirect	Direct
OBJECTIVE	Grow existing clients and sign new customers	To extend top 20 customer contracts	Anittel to achieve positive monthly EBITDA during 2H15
PROGRESS	✓	✓	✓
ACHIEVED	Signed 2 new enablement customers and a number in the pipeline	Re-signed major customer contracts, including largest wholesale customer	Anittel became EBITDA positive in May 2015

BUSINESS UPDATE — INDIRECT



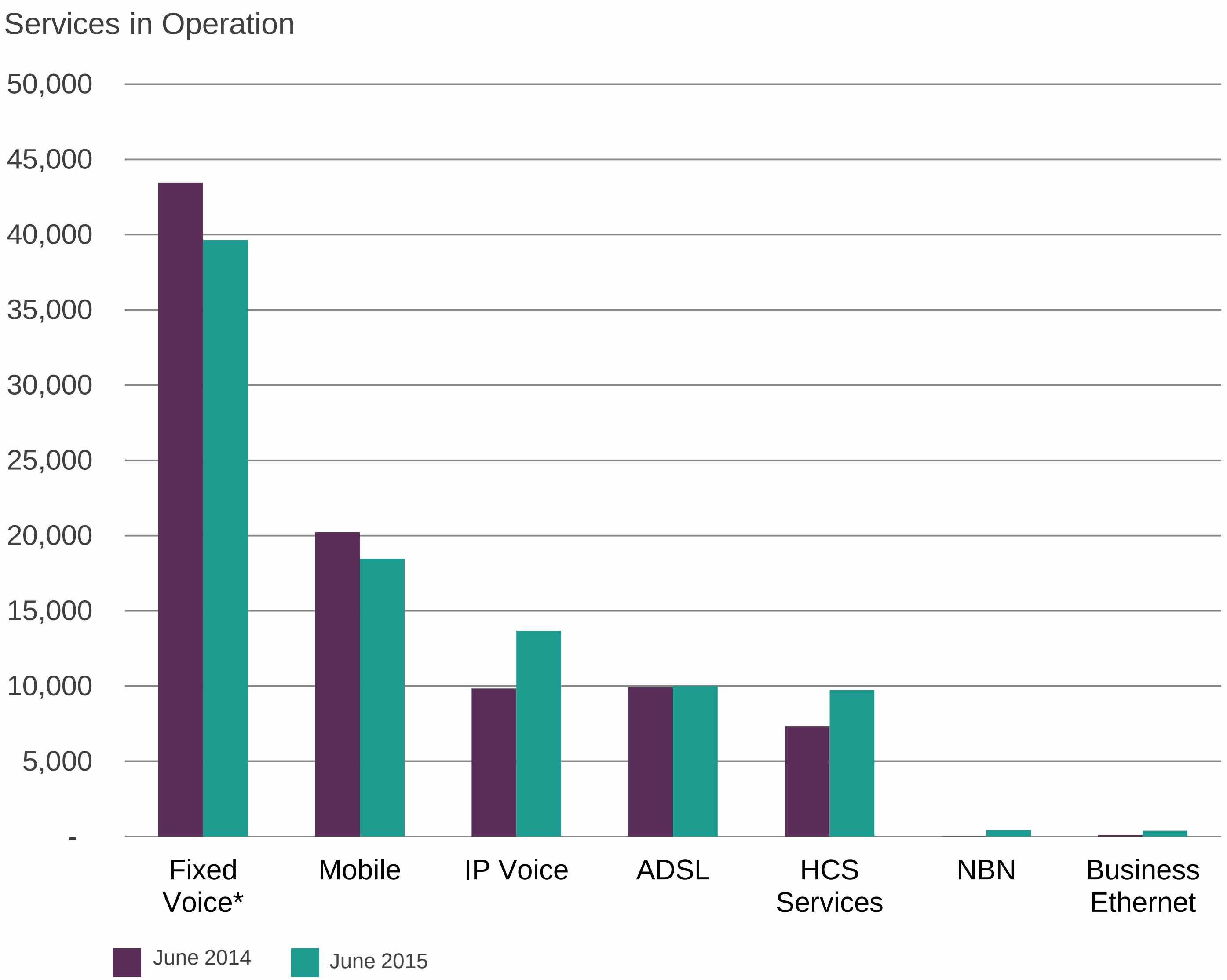
- Neural added a significant number of new Retail Service Providers (mainly Managed Service Providers)
- Organic growth in RSPs 20+
- Momentum (run rate) building in number of new RSPs onboarding reflecting changing market dynamics

BUSINESS UPDATE — ENABLEMENT



- Enablement channel added 30,000 customers in FY15
- Growing on average 3,000+ (net) customers per month in FY15
- Revenue grew from under $20,000 per month (July 14) to $130,000 per month (June 15)
- Growth accelerated in July 15
- Enablement business highly scalable with strong margins

SIO CLIENT END POINT CONNECTIONS

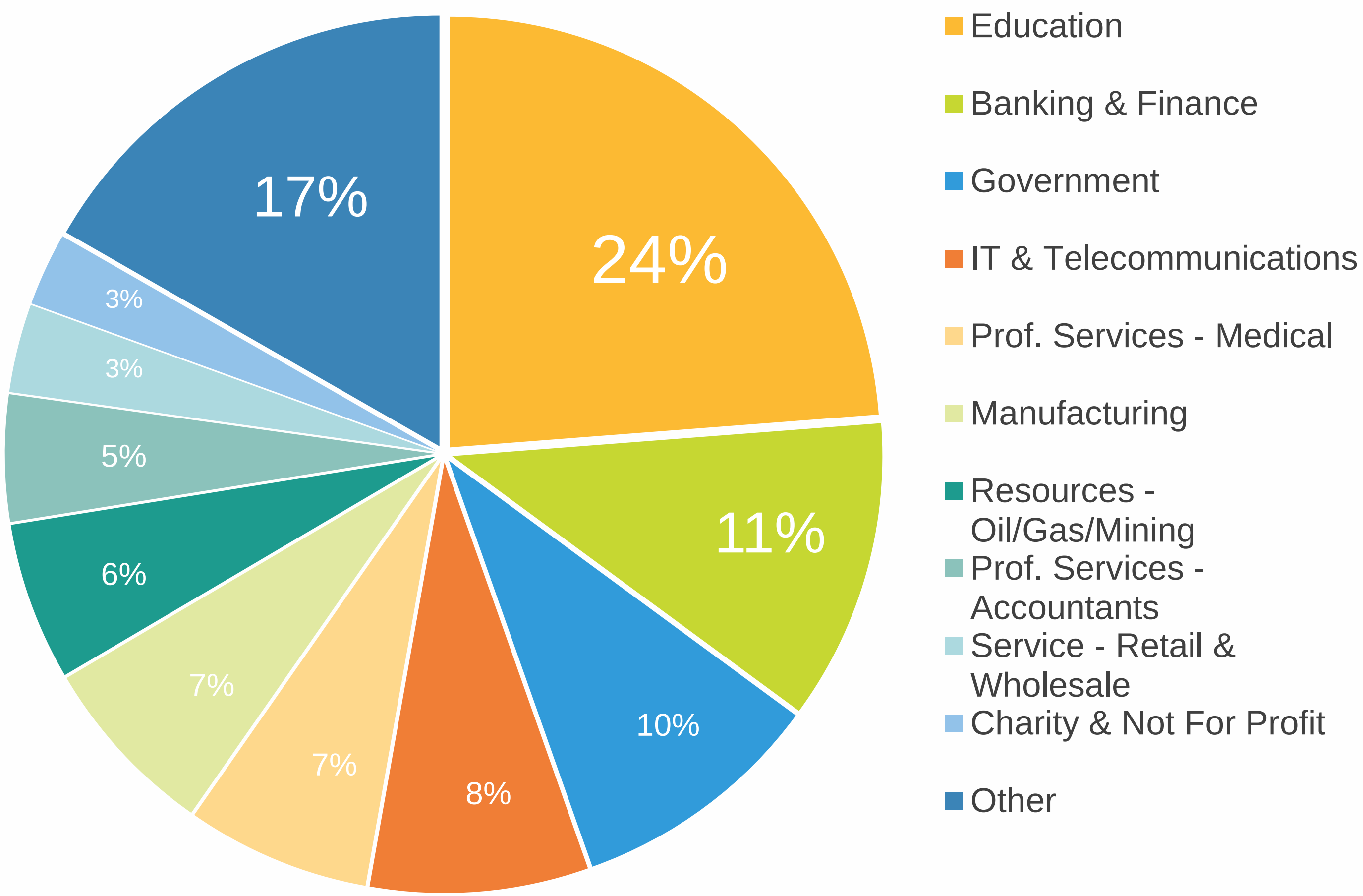


*Includes, PSTN, ISDN, channels & Inbound

- Fixed Voice and ADSL predominantly due to loss of large customer in 2014
- Growth of IP Voice more than offsetting decline in FW
- Wholesale mobile supply a challenge in 2015. Negotiating a competitive offer with a major carrier
- HCS services growing strongly towards circa 15,000 in FY16

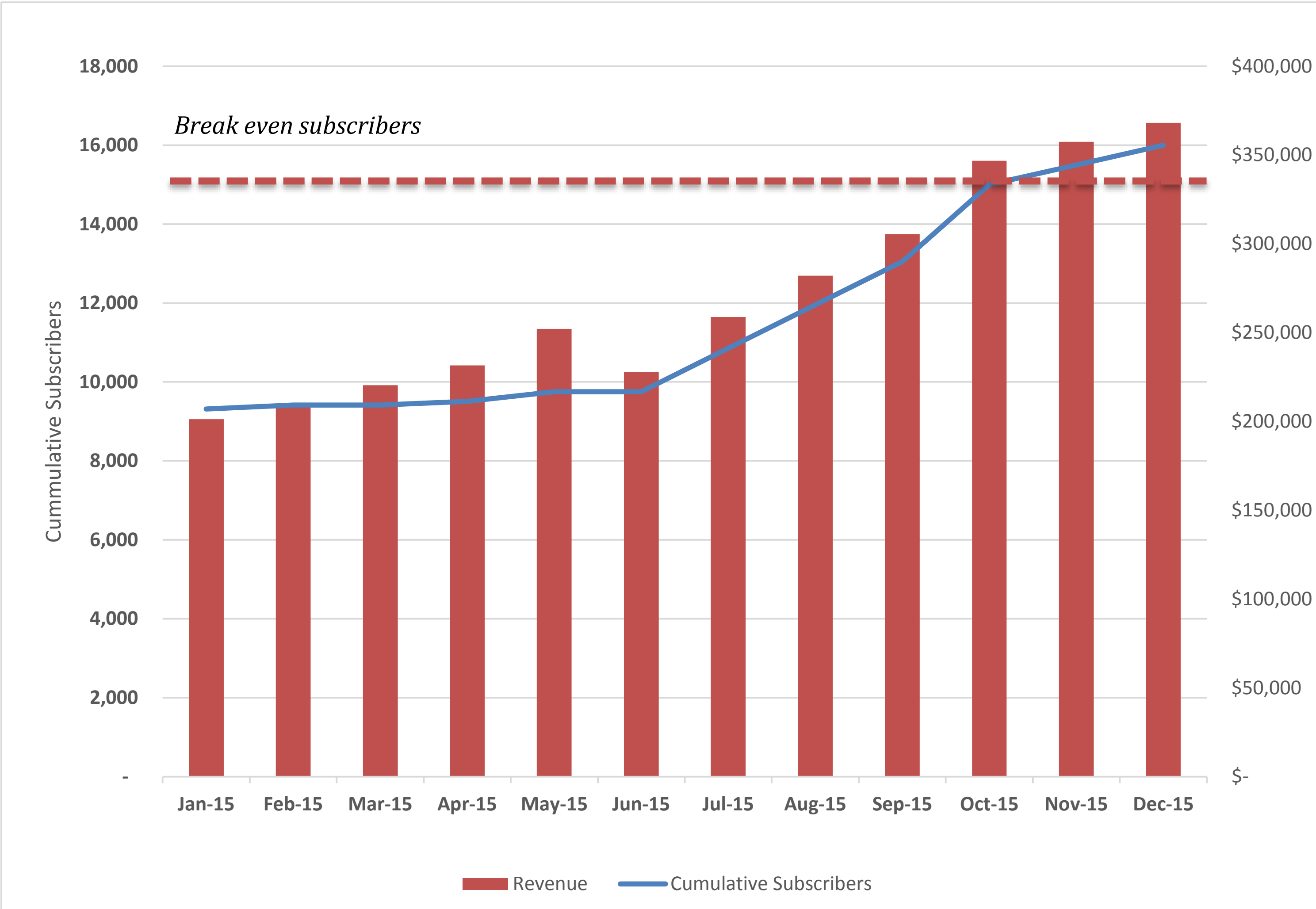
BUSINESS UPDATE — DIRECT

Market Segment FY15



- The acquisition of Anittel has added approximately 1,000 customers across a range of market segments.
- Top 3 markets on 2H Revenues of $17.2m:
    - Education 24%
    - Banking & Finance 11%
    - Government 10%

CISCO HOSTED COLLABORATION SERVICES (HCS) UPDATE



- Breakeven (recurring revenue basis) = 15,300
- Forecast to hit this in 1st half FY16
- Launceston General Hospital successfully deployed
- 2 major hospital deployments to go
- Significant focus on mainland launch in FY17

SECTION 05

OUTLOOK FOR FY16

PLANS FOR FY16

ENABLEMENT

- Present enablement capabilities to Tier 1 carriers to create partnerships
- Continue to build pipeline
- Rollout of NBN creating significant opportunities

- Upgrade systems to improve enterprise efficiencies (long term license with DGIT (Telflow). This is to improve automation to shorten provisioning times for NBN

INDIRECT

- Continue to acquire smaller wholesale providers as part of consolidating the aggregation space
- Continue to build on next generation products – VoIP, NBN Ethernet and hosted unified communications

- Improve mobile product range currently being negotiated with carriers
- Increase next generation product sales - IP voice products, NBN and business Ethernet, via the expanded RSP base

DIRECT

- Productise HCS to prepare launch onto mainland (currently supporting 15,000 Tasmanian Government services)
- Leverage relationship with Tasmanian Government to sell unified communications and other IT services

- Build sales capabilities and scale up in Melbourne and Sydney
- Improve customer facing resources to help sales teams create a sensational customer experience
- Acquire strategically in key markets

FY16 OBJECTIVES

Anittel (Direct) contribution

EBITDA of $2M

Anittel Communications

Continue to build recurring telecommunications revenue from the Direct channel

Indirect

Grow wholesale business through acquisition – target existing wholesale aggregators in the market

Enablement

Build capacity with more Tier1 carriers to target new national retail brands

HCS target

15,000 end points (breakeven)

EBITDA to double

Group EBITDA of at least $5M

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