

ASX Announcement

Inabox to acquire Anittel business

Highlights:

- **Inabox to acquire the business of Anittel Group Limited**
- **Purchase price comprises 6,153,846 new Inabox shares, \$500,000 in cash and \$1.5m of deferred, conditional cash consideration. Based upon IAB's last closing share price of \$1.28, the total consideration would be approximately \$9.88m**
- **Creates an end-to-end provider of ICT services, positioning Inabox as a strong challenger in the converged ICT and cloud markets**
- **Significantly broadens Inabox's corporate and government customer base**
- **Transaction is subject to the approval of the shareholders of Inabox and Anittel as well as other conditions precedent**

Australian listed telecommunications company, Inabox Group Limited ("**Inabox**" or the "**Company**") announced today that it has agreed to acquire the business of leading regional and metropolitan IT and cloud services provider Anittel Group Limited ("**Anittel**").

The acquisition of Anittel's business will provide Inabox with a number of important benefits, including:

- **Enhanced sales, service and technical capabilities** – with over 200 staff and a national footprint the combined group will be able to offer its clients end-to-end IT, cloud and communications solutions in 14 locations across metropolitan and regional Australia.
- **Complementary products, services and capabilities** – the combination will provide opportunities for cross-sell and up-sell through Inabox's existing 300+ wholesale partners and Anittel's 1,000+ clients (which include SMEs, corporations, not-for-profit organisations and Government departments).
- **New platform** - Inabox is acquiring a fully deployed, enterprise grade Cisco Hosted Collaboration Solution (**HCS**). Anittel has made a multi-million dollar investment building this cloud based communications platform. In FY14 alone, the majority of Anittel's \$4.3m investment in Telecommunications went to support the HCS offering. With over 8,000 endpoints deployed for the Tasmanian Government, the HCS platform is expected to create significant opportunities for further growth of Inabox's annuity revenue streams.
- **Scale and financial strength** - the historical (FY14) combined revenues of Inabox and the Anittel businesses was approximately \$83m (\$46.9m and \$36.1m for the Inabox and Anittel businesses respectively). This will provide the combined group with the scale and financial strength to accelerate its growth.

Over the last year, Anittel has restructured its business significantly, reducing costs and refocusing on its core IT services, HCS and cloud businesses. Inabox and Anittel have also

identified significant savings in back office and corporate overheads. The majority of these savings will be implemented prior to completion.

Transaction Terms

The transaction includes relevant assets owned by the parent group, the share capital in Anittel Pty Ltd (a wholly owned operating subsidiary) and the transfer of the majority of existing employees.

Inabox will pay consideration on completion of \$500,000 in cash and 6,153,846 new IAB shares. The IAB shares will be issued to AYG shareholders in proportion to their holding in Anittel Group Limited. The initial cash consideration will be funded from Inabox's existing cash resources. A further payment of up to \$1.5 million in cash may also be payable subject to the performance of the Anittel businesses in the second half of FY15.

In addition, Inabox will assume approximately \$4.6m of lease liabilities relating to Anittel's Cisco HCS platform.

At IAB's closing share price on 3/11 of \$1.28, the purchase price would be \$9.88 million. This equates to 0.39 cents per Anittel share, which is equivalent to Anittel's 30-day volume weighted average price of 0.39 cents and represents a 30% premium over Anittel's closing share price of 0.30 cents on 3/11.

The transaction is subject to the approval of the shareholders of Inabox. This approval will be sought at an EGM to be held in late December 2014. The transaction is also subject to other conditions precedent including the approval of the shareholders of Anittel (to be sought at its AGM also in late December 2014).

Post acquisition, the acquired businesses will continue to operate under the Anittel brand with substantially the same management. Inabox will continue to invest in the HCS platform and focus on maximising the significant cross-selling and up-selling opportunities between the Inabox and Anittel businesses. Peter Kazacos, (Anittel's current Chairman and CEO) will consult to IAB on its integration and future growth strategies. Mr Kazacos will also become a significant shareholder in IAB with an interest of approximately 10.6% of its expanded capital.

Damian Kay, Chief Executive Officer and Managing Director of Inabox said: "Peter and his team have built a significant business with broad geographic coverage. Anittel's customer focus, service execution and technical capability are exceptional and being able to broaden our revenue base into new products, services, customer segments and regions through a trusted advisor delivery model is very attractive."

"Our customers will also benefit from a broader range of services, backed by the combined strength of two great Australian companies," said Anittel Executive Chairman Peter Kazacos. "Unlocking the value of what we have built over the last 6 plus years represents a huge opportunity for customers, staff and shareholders of the combined group."

TMT Partners and Hall & Wilcox Lawyers advised Inabox on the transaction.

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About Inbox Group Limited

Established in 2002, Inbox is a wholesale telecommunications and ICT aggregator and enabler.

Through its wholesale brands Telcoinabox, iVox and Neural Networks, Inbox services an indirect channel of over 300 white-labelled re-sellers throughout Australia, predominantly servicing the SME market.

Inbox supplies wholesale telecommunications and cloud products along with associated services to enable the resale of those products, including billing, technical support and customer care.

Additionally, Inbox enables and assists mass-market consumer brands to enter the telecommunications market by leveraging its network and systems capabilities.

See www.inboxgroup.com.au

About Anittel Group Limited

Anittel is a national, end-to-end provider of technology and connectivity services with a proposition focused on support and value. It offers managed and hosted ICT solutions for desktop, infrastructure and communications. Anittel provides these services to regional and metropolitan Australia with a physical presence in 14 locations.

Anittel has a diverse client base of over 1,000 small, medium and large enterprise clients, corporates and government agencies with key strengths in the education and government sectors. It also benefits from relationships with key ICT vendors and distributors and is an accredited or certified partner with Cisco, HP, Dell, Microsoft, Lenovo, IBM, VMWare, Citrix and others. Anittel is one of only a select few Cisco partners in Australia to deploy a Hosted Collaboration Solution, supporting a cornerstone contract with the Tasmanian government.

Anittel's awards include: SMB Reseller of the Year in the ARN IT Industry Awards in 2008, 2009, 2010, 2011 and 2012 and inclusion in Deloitte's Technology Fast 50 and CRN Fast 50.

See www.anittel.com.au

Important notice re forward looking statements

Certain statements made in this communication, may contain or comprise certain forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, and business and operational risk management. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.