



30 June 2014

Inabox Group to acquire specialist cloud and VoIP provider Neural Networks

Inabox Group to acquire the business and agreed assets of Neural Networks Data Services Pty Limited on a debt and cash free basis

Inabox Group expects the acquisition to be eps accretive during FY15

Neural Networks to contribute key IP and expertise in cloud services as well as an established wholesale customer base

Inabox Group expects to pay initial acquisition consideration from existing cash reserves

Monday, 30 June 2014: Inabox Group Limited (“**Inabox Group**”, **ASX:IAB**) today announced that it has entered into a binding conditional agreement to acquire the business and assets of Neural Networks Data Services Pty Limited (“**Neural Networks**”), a Brisbane-based provider of wholesale cloud and VoIP products.

Following satisfaction of various pre-sale conditions relating to the transfer of Neural Networks customers, Inabox Group expects the acquisition to complete in early July 2014. After completion, the Neural Networks business will operate as a wholly owned subsidiary of Inabox Group.

The founder of Neural Networks, David Swinton, will join Inabox Group in an expanded role as General Manager – Cloud and will continue to manage the Neural Networks business.

The acquisition will provide both immediate and long term strategic benefits to Inabox Group, including:

- a diverse and profitable group of more than 100 wholesale customers including ICT and managed service providers, purchasing cloud and VoIP services
- a team with experience in building and supporting dynamic next generation cloud and VoIP products
- a next-generation proprietary customer portal able to be used in Inabox Group’s existing businesses, Telcoinabox and iVox
- other established systems and back of house operations to support cloud products

Inabox Group Managing Director, Damian Kay said:

“Cloud is a key strategic direction for Inabox Group. Our customers’ end users are typically SMEs, where demand for cloud services is extremely high. The acquisition of the Neural Networks business sets us up well to take part in the growth of these revenue streams. David has proven he is a great operator and we are excited to have him heading up our cloud strategy.”

This acquisition complements our acquisition of iVox in 2013. Inabox has demonstrated with iVox that it can integrate and gain substantial benefits from strategic acquisitions like Neural Networks.”

Neural Networks’ founder, David Swinton, said:

“Inabox Group is focused on enabling companies to sell telecommunications and ICT services. They are a natural home for the Neural Networks team and I look forward to growing the Neural Networks business and building exciting cloud products across Inabox Group.”

Details of the Acquisition

The acquisition involves a cash payment on completion of \$350,000, less adjustments. Inabox proposes to pay this consideration from existing cash reserves.

In addition, an earn out payment is payable depending on the financial performance of the Neural Networks business in the FY2015 year. Subject to approval by Inabox Group shareholders, the earn out may be composed partially of new equity.

Inabox Group will acquire all tangible and intangible assets, all customer agreements, and the majority of Neural Networks’ supplier agreements and staff.

The acquisition is expected to be eps accretive during the 2015 financial year (before transaction costs and amortisation of acquired intangibles) irrespective of whether the purchase price is paid wholly in cash or partially in equity.

Inabox Group was advised by TMT Partners in relation to the acquisition.

-ENDS-

About Inabox Group Limited

Inabox supplies wholesale telecommunications products (fixed, mobile, data) and services, including IT platforms, billing and customer support, to retail service providers around Australia through wholesale brands, Telcoinabox and iVox.

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