

ASX Announcement

MNF Group Limited (ASX: MNF)

6 December 2018

MNF Group (ASX:MNF) stands firm on agreement to purchase the Wholesale and Enablement Business from Inabox Group (ASX:IAB)

On 8 October 2018, MNF Group Ltd (MNF) announced that it had entered into an agreement to acquire the Wholesale and Enablement Business from Inabox Group Ltd (IAB).

In response to a proposal to make an off-market takeover bid for IAB from the SB&G Consortium (SB&G), MNF Group simplified and improved its transaction terms and entered into an agreement to reflect this on 23 November 2018.

A revised takeover proposal was made by SB&G on 4 December 2018, and further information was provided by them on 5 December 2018 in response to questions from the IAB Board.

Having reviewed the details in the revised SB&G proposal, the MNF Board's opinion remains that completion of the MNF agreement still provides more value, more certainty and significantly less risk to IAB shareholders than the revised SB&G proposal. The IAB Board has announced a clear timeframe and mechanism for payments to shareholders in relation to the MNF agreement.

MNF considers the revised SB&G proposal is currently incomplete and contains a high degree of complexity and execution risk. The revised SB&G proposal is dependent on future actions and events which are not within the control of SB&G. If those events do not occur as SB&G have described, all or some IAB shareholders could be stranded with their shareholding in IAB diluted.

In summary, MNF considers its agreement as superior for the following reasons:

- The MNF agreement is a complete and binding sale & purchase agreement for the Wholesale and Enablement Business of Inabox Group, which is only conditional on shareholder approval at the upcoming General Meeting on Friday 7 December 2018.
- The MNF agreement is fully funded by MNF using its debt facility.
- MNF is ready to complete the purchase within 3 business days of IAB shareholders approving the transaction at the General Meeting.
- The MNF agreement does not require IAB to breach its banking covenants, nor require any further consideration from IAB's bank or ASIC and does not require IAB to convene further shareholder meetings (other than to distribute capital).
- If the MNF transaction is approved at the General Meeting, IAB will not need to raise further capital before the end of December which the IAB Board has indicated would otherwise be required.
- The MNF agreement allows the IAB Board to pay a fully franked dividend from the profits generated by the sale of the business, which is consistent with Australian tax legislation.
- MNF has a proven track record and reputation for successfully completing many acquisitions over the past 10 years.

As a result of our analysis of the current circumstances, the MNF Board intends to stand firm on its current agreement and does not intend to increase or improve its offer.

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About MNF Group Limited

MNF Group Limited, (ASX: MNF) is an integrated telecommunications software and network provider, specialising in Internet communications. MNF Group was founded in 2004 and listed on the ASX in 2006. The company has 73.4 million shares on issue and has operated profitably since 2009 paying dividends to its shareholders every six months since September 2010.

The Group operates a global Smart Network carrying over 6 billion voice minutes per annum, with Points of Presence (POPs) in Los Angeles, New York, Hong Kong, Singapore, London, Frankfurt, Sydney and Auckland. Domestically, the Group operates the largest, fully interconnected IP Voice network in Australia.

MNF Group has a reputation for quality, value and innovation, being the recipient of numerous awards including the ACOMMS award for innovation (2017, 2016), Edison Award (2017), the Australian Growth Company Awards (2016), the iAwards for Innovation (2016), Forbes Asia's 200 Best Under a Billion (2014 & 2015), Deloitte Technology Fast 50 (2008, 2009, 2010, 2012, 2013, 2014) and CeBIT Outstanding Project Award (2013), and many more.

MNF Group companies includes retail brands: MyNetFone, Connexus, CallStream, PennyTel and The Buzz; conferencing brands Ozlink, Eureka, Express Virtual Meetings and wholesale brands TNZI, Symbio Networks and iBoss.

For further information about MNF Group Limited please visit: <http://mnfgroup.limited/>