



ASX ANNOUNCEMENT

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amaysim announces accelerated broadband strategy

- *Unveils plan to extend its disruptive technology-led approach into broadband*
- *Enters into agreement to purchase Australian Broadband Services Pty Ltd*
- *Gains access to a proven, proprietary technology platform purpose built for broadband*

amaysim Australia Limited (**ASX: AYS**) confirms its strategy of entering into the broadband market in order to be ready for the upcoming 'forced churn' event presented by the rollout of the National Broadband Network (**NBN**).

The broadband market is a natural extension of amaysim's existing business and answers the ongoing requests by many of amaysim's mobile subscribers for the company to provide broadband services.

amaysim aims to replicate its success in the mobile market with a technology-led solution offering subscribers price competitive broadband products accompanied with amaysim's customary high service levels via its unique online-led, DIY service model. amaysim expects to grow its broadband subscriber base while maintaining its low cost of acquisition and low cost to serve. amaysim is also expecting to benefit from reduced churn through bundling and new opportunities to sell products 'in the home'. As in mobile, amaysim will operate as a virtual network operator, leveraging the existing fixed line networks including NBN.

To accelerate amaysim's entry into the broadband market, the company has entered into a binding share purchase agreement to acquire 100% of the shares in Australian Broadband Services Pty Ltd (**AusBBS and the Transaction**). AusBBS was launched in 2012 and has since developed a uniquely scalable and feature-rich platform for ADSL and NBN provisioning and subscriber management. As an innovative and agile technology company with a keen focus on automating complicated processes, AusBBS is a strong fit for the amaysim team and enables amaysim to readily launch its own compelling broadband products later this calendar year. As part of the Transaction, AusBBS' team of three telecommunications industry experts will join amaysim as employees on completion of the Transaction to drive its broadband strategy.

The Transaction remains subject to the satisfaction of customary conditions precedent and completion is expected to occur in late August 2016. Under the terms of the Transaction, amaysim will pay:

- \$1.0m in cash on completion;
- \$1.5m in amaysim shares¹ on completion (50% of shares received by AusBBS' key personnel will be escrowed² for 6 months); and

¹ amaysim shares to be issued at \$1.77 (30 trading day volume weighted average price to 15 July 2016)

² Escrows are subject to certain other customary early release triggers

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- \$1.5m in amaysim shares³, one year after completion (subject to customary warranty claims and the successful integration of AusBBS' proprietary platform into amaysim's business).

The parties have also agreed to a maximum earn-out of \$5.45m payable in cash and amaysim shares⁴. The earn-out is subject to minimum and maximum targets in respect of subscriber growth and profitability.⁵ It will be measured and paid at the end of the second and third years after completion.

amaysim Chief Executive Officer Julian Ogrin said, "It is logical for amaysim to enter the broadband market in the next 12 months to take advantage of the likely customer switching behaviour that will stem from the continued NBN rollout. Acquiring AusBBS' technology platform is a great way for us to accelerate our broadband strategy, become even more relevant in data-hungry Australian households and bring our 'less hassles' approach to broadband."

"AusBBS stood out for us due to its unique mix of scalable and proven technology and a passionate team, who will now join amaysim to grow this business with us. Rob Appel and his team are true Australian entrepreneurs and innovators, who share our disruptive vision, agile culture and technology-driven approach to entering new markets. Together we will build amaysim broadband which will extend our relationship with current customers while increasing the potential addressable market for the amaysim brand."

Ogrin continued, "We look forward to rolling out further details and launching an amazingly simple amaysim broadband offering later this calendar year."

Rob Appel, CEO and major shareholder of AusBBS, commented, "For the past four years we have focused on creating the most flexible, scalable and efficient platform possible to deliver broadband services in the context of the migration to fibre networks in Australia. Our cloud-based approach ensures that the business can adapt to new opportunities quickly. After seeing how amaysim made its mark on the mobile services market we're excited at the opportunity to become part of an industry-leading team as it takes the logical step into the growing NBN market and we take our shared vision to the next stage of growth."

amaysim was advised by Investec, Clayton Utz and PwC.

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³ amaysim share issue price as per footnote 1 above

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⁵ Maximum earn-out payable at the end of year two after completion is \$2.325m and maximum earn-out payable at the end of year three after completion is \$3.125m