ASX Announcement

16 February 2017

Completion of Hostworks Acquisition

- Inabox has successfully acquired cloud-hosting, co-location and digital media solution company, Hostworks for $7 million

- Acquisition of Hostworks fast tracks Inabox's cloud strategy and is expected to be earnings accretive in FY18

Inabox Group Limited (Inabox) (ASX:IAB), a national multi-channel, managed IT and communications company, is pleased to announce it has completed the acquisition of 100% of Hostworks Group Pty Limited and its associated companies (Hostworks).

Total consideration for the acquisition of Hostworks was $7 million, comprising a $5 million upfront cash payment and a $2 million payment deferred to FY18.

The acquisition of Hostworks accelerates Inabox's cloud-based offering, giving it immediate access into the large and rapidly growing cloud-based infrastructure services (IaaS) market, estimated by Telsyte to be worth $1.049 billion in Australia alone, by 2020. The extended offering ensures Inabox's products and services continue to meet the growing needs of its customers as it continues to invest in providing next generation products and services. Key benefits from the acquisition include:

- Expected to be earnings accretive in FY18;
- Purchase price less than 2x post-synergy multiple on FY18 EBITDA;
- Grows Inabox Group revenues to over $110m, with 300 staff in first full year;
- Brings revenues which are over 90% recurring, strengthening the combined Group's revenue model, by increasing recurring revenues to 86%;
- Brings additional 60+ long-standing, blue-chip customers;
- Provides two way cross-sell opportunities, merging Inabox's distribution capabilities with the Hostworks managed cloud platform offering; and
- Leverages Inabox's strong track record of successful acquisitions.

Damian Kay, CEO of Inabox said: "Joining forces with Hostworks extends Inabox's cloud-based offering considerably. It ensures the products and services available to our SME and corporate customers continue to meet their changing needs, as more enterprises shift from tin-to-cloud and the cloud-based IaaS market continues to grow at a rapid rate.

"We expect to be able to leverage Inabox's strong distribution capability with Hostworks' managed cloud platform offering, to achieve great success for both Hostworks and the Inabox Group as a whole."

Ends.

About Inabox Group Limited

Inabox supplies wholesale ICT (fixed, mobile, data) and cloud products and associated services, including billing and technical and customer support, to retail service providers around Australia through wholesale brands, Telcoinabox, iVox and Neural Networks. Inabox also enables mass-market consumer brands to enter the telecommunications market by leveraging its network and systems capabilities. Inabox provides nationwide IT software, hardware and services through its Anittel brand.

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