

ASX ANNOUNCEMENT (UNL)

UNL Acquires Broadland Solutions Group for via a script offer to create a Cashflow Positive and Profitable Business

13 September 2019

United Networks Limited (“UNL”) today announced it has entered into a binding agreement (“the transaction”) to acquire 100% of the Broadland Group (“BLG”) which comprises Broadland Solutions Pty Ltd and Broadland Victoria Pty Ltd and its related entities for a consideration of 266,554,433 UNL shares. The transaction is subject to UNL shareholder approval at the AGM on the 21 October 2019. A notice of meeting and explanatory statement will be sent to all shareholders.

Transaction Highlights

- No capital raising will be required for the acquisition. 100% script offer. The new shares issued to BLG shareholders will be placed in escrow for 12 months from the date of issue
- The acquisition will increase both revenue and the profitability of UNL
- The combined group will have pro forma revenue of \$17.6m based on FY2019* results and will be EBITDA positive.
- Post-transaction cash on hand is expected to increase to over \$2 million
- UNL post-completion is expected to be trading EBITDA positive on a pro forma basis.
- Synergies from merging the business will be realised in FY20
- The combined group will be able to further leverage the development of both its local and mobile revenue streams including its market-leading eSIM product.
- A majority of the existing UNL Board and all senior executives will remain with the Company
- The BLG acquisition brings a strong executive team with over 80 years’ experience in the telecommunications industry.
- On successful completion of the transaction Victor Tsaccounis from Broadland will become Chief Executive officer of UNL and will join the Board. Nick Ghattas will become Chief Operating Officer with a focus on growth.

Both UNL and BLG operate and derive income from 2 main channels being Mobile and Telecommunications Service Provider.

Commenting on the acquisition, Anthony Ghattas Chairman United Networks **Ltd said**, “We are excited by the merger of our two businesses through this value creating transaction. We welcome the opportunity to bring on board the talented executive team from Broadland. They are a proven and experienced team that has created a strong and reliable business and market-leading sales force. Post-merger the UNL executive team will have over 100 years combined experience, including having held senior roles as Directors or Head of Departments at both Optus and Vodafone Hutchison Australia. The board and I look forward to working with the team to continue to grow the UNL business and achieve returns for all our shareholders”.

Incoming Chief Executive Officer Victor Tsaccounis said, “The shareholders and executive team of the Broadland Group are excited to be joining UNL. This alliance provides immediate synergies and revenue growth opportunities for the company. I am personally looking forward to working with the existing UNL board and executive team to achieve positive growth and returns for the UNL shareholders.”

The Telecommunication Service Provider business division of UNL and BLG are very similar serving small to medium business a range of telecommunications and data services, both direct billing under their respective brands. The transaction is expected to deliver direct synergies from cost savings and supplier negotiation for cost of services.

Outline of Business Operations

BLG has been providing Telecommunications services to business customers in Australia since 2002. BLG is divided into two operating divisions. Division 1 is an Optus reseller as an authorised Optus Business Centre Partner (“OBC”) in NSW and Victoria. Division 2 is Telecommunication Service Provider operating under the Vokal brand.

The BLG business provides the right solutions for SMB and Mid-Market customers, nurturing these relationships to gain a greater share of the telecommunications spend over time. BLG’s field salesforce is well known and well regarded in the industry having won major industry awards.

The Proposed Transaction is a natural and synergistic fit for UNL and represents a strategic expansion of UNL’s existing Mobile Sim and Telecommunications Service Provider business. The combined group will be better suited to leverage UNL’s distribution platform including its market- leading eSIM products, and generally, strengthen its competitive position in the Mobile Sim and Telecommunication Service Provider industry.

Shareholding Structure post-transaction

Below is an outline of Total Securities on Issue before and after the transactions as per the transaction-based comparison table at a transaction price of \$0.03564 a share

Shareholder Numbers as at 9.9.2019	# of Shareholders	Total Shares on Issue	Post Transactions Shareholding %
Chrrnt Shareholder before transactions	334	125,824,949	32.07%
Proposed issue to BLG Shareholders*	8	266,554,433	67.93%
Total Shareholders after transaction	342	392,379,382	

*subject to UNL Shareholder Approval

*FY2019 Proforma numbers are consolidated view of the UNL Audited accounts and the BLG group unaudited FY2019 accounts.

FOR FURTHER

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