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2 November 2020

The Manager
Market Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
Sydney NSW 2000

Dear Sir / Madam

Sale of Mobile Business

Please find enclosed an announcement from amaysim Australia Limited (ASX: AYS) in regard to a Share Sale Agreement for the sale of its Mobile Business.

Authorised by:

Alexander Feldman

amaysim | Chief Strategy Officer, General Counsel & Company Secretary

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ASX ANNOUNCEMENT

2 November 2020

amaysim announces sale of its Mobile business to Optus

amaysim Australia Limited (ASX:AYS) (**amaysim** or the **Company**) has today entered into a Share Sale Agreement (**SSA**) for the sale of amaysim's mobile business (**Mobile**) to its long-term strategic wholesale partner, Optus Mobile Pty Limited (**Optus**), for cash consideration of A\$250 million (the **Mobile Sale**).

Highlights

- The Mobile Sale follows a strategic review to consider options to maximise shareholder value
- The amaysim Board believes Optus' all cash offer provides shareholders with a premium and certainty in an increasingly competitive market and removes risk of wholesale tender outcome
- Unlocks shareholder value with approximately A\$207.2 - A\$225.7 million, representing A\$0.67 - A\$0.73 per share, to be distributed to shareholders based on current estimates. Additional value from franking credits of up to approximately A\$0.11 per share are expected to be attached to certain components of the distribution. (See below for further details on the distribution of proceeds including estimates and process)
- Sale is conditional on shareholder approval with an Extraordinary General Meeting expected to be held in January 2021
- Transaction is not subject to further due diligence or any financing conditions and has received all regulatory approvals
- The amaysim Board unanimously recommends that shareholders vote in favour of the Mobile Sale in absence of any superior bid and subject to an independent expert determining the sale is fair and reasonable and in the best interest of shareholders

Overview of the sale

Following a strategic review to consider options to maximise shareholder value and the recent sale of Click Energy for A\$115 million, the Board believes that the Mobile Sale will unlock shareholder value by realising a premium for the Mobile business and providing compelling certainty for shareholders.

The Mobile Sale will enable a substantial distribution of proceeds to shareholders. Subject to satisfaction of all conditions, it is expected that the Mobile Sale will complete in January 2021. Post-completion, amaysim intends to distribute proceeds (less certain transaction and wind-up costs and other amounts) to shareholders in three tranches: the **Major Distribution**, the **Minor Distribution** and the **Final Distribution** (together, the **Distribution**).

The Major Distribution, comprising of a fully franked dividend and return of capital,¹ will commence immediately post completion and will distribute the majority of proceeds to

¹ Tax treatment subject to Class Ruling

shareholders in early 2021 and will be followed by the Minor Distribution. In parallel, amaysim will provide transitional services to Optus for a short three-month period. amaysim will then seek to distribute any remaining surplus funds to shareholders (the Final Distribution), de-list from ASX and subsequently wind-up.

The final net proceeds from the sale of Click Energy was A\$51.9 million (which is after the repayment of A\$53.05 million of bank debt, transaction costs, and final completion and working capital adjustments which have just been settled with AGL). The final net proceeds from the sale of Click Energy are in line with previous guidance of being expected to be at least A\$50.0 million.

amaysim currently estimates that approximately A\$207.2 million to A\$225.7 million will be distributed in total to shareholders, including the final net proceeds from the sale of Click Energy.

On these current estimates, the Distribution mid-point of A\$216.4 million represents A\$0.70 per share², which reflects a premium of:

- 4.5% to the closing price on 29 October 2020;
- 4.6% to the three month VWAP;
- 17.0% to the six month VWAP; and
- 16.7% to the 60c equal access rights issue price paid by shareholders in February 2019.

The Mobile Sale, representing the disposal of amaysim's main undertaking, is conditional on shareholders passing an ordinary resolution to approve the Mobile Sale pursuant to ASX Listing Rule 11.2³ at an Extraordinary General Meeting (**EGM**) and amaysim undertaking certain pre-completion steps. amaysim will convene an EGM of shareholders to consider and approve the Mobile Sale and Distribution, expected to be held in January 2021.

Further details on the Distribution will be provided in the Notice of Meeting and at the EGM and, in the meantime, the estimated Distribution is subject to the assumptions and qualifications set out below under the heading "Distribution of Proceeds to Shareholders".

Strategic Rationale

Following the strategic review and divestment of the Click Energy business, amaysim received unsolicited expressions of interest in relation to the Mobile business. amaysim had also commenced a tender for its wholesale mobile contract around the same time. Being a logical inflection point for the Company, and in light of the interest received, the Board considered its strategic options for the Mobile business including a potential sale of Mobile. An important consideration in this context was that a sale of the Mobile business to a strategic acquirer and the entry into a long-term wholesale contract are in effect mutually exclusive outcomes.

Following this internal review and robust negotiations, amaysim has concluded that the Mobile Sale to its long-term strategic wholesale partner, Optus, will deliver compelling strategic and financial benefits:

- realises the inherent value of the Mobile business, including its strategic value to Optus;
- offers a premium to return to shareholders via the Distribution;

² Based on 309.2 million fully diluted shares on issue; last trading date prior to amaysim's announcement in relation to the Mobile Sale.

³ ASX Listing Rule 11.1.3 will not apply as amaysim intends to de-list from ASX.

- provides certainty for shareholders and other stakeholders in a highly competitive industry where data is becoming increasingly commoditised;
- averts uncertainty and risk associated with the outcome of the Company's wholesale tender process;
- closely aligns amaysim with its long-term strategic wholesale partner.

Commenting on the sale of Mobile to Optus, amaysim Chief Executive Officer and Founder, Mr Peter O'Connell, said:

"We are delighted to announce the proposed sale of amaysim's Mobile business to our long-term strategic wholesale partner, Optus. amaysim has a first-class team that cares for its customers, which Optus has recognised through this acquisition. We believe Optus, with its deep knowledge of our operations, is well-placed to look after our customers and staff and take the growth of the business to the next level."

"I am very proud of the business we have built over the last 10 years and, since listing on the ASX in 2015, we have achieved healthy organic growth complemented by successful strategic acquisitions of Vaya, Jeenee and OVO's customers. We have had to continuously reinvent ourselves and adapt to intense competition and despite the challenges, amaysim has grown its mobile subscriber base, delivered best-in-class customer service and maintained its incredible culture."

"I would like to thank the entire amaysim family, for their outstanding work to build Australia's largest mobile virtual network operator (MVNO) and one of the most recognised telco brands in the country. Their dedication to creating a leading challenger brand with a strong customer focus has resulted in a consistently superb NPS score and the lowest Telecommunications Industry Ombudsman (TIO) complaints of any telecommunications company. These achievements are a testament to the outstanding work the amaysim team delivers each day."

Board recommendation

The Board of amaysim unanimously recommends that shareholders vote in favour of the Mobile Sale and Distribution, in the absence of a superior proposal and subject to an independent expert determining that the Mobile Sale is fair and reasonable and in the best interests of shareholders. Subject to those qualifications, each director intends to vote all amaysim shares held or controlled by them in favour of the Mobile Sale and Distribution.

The Chairman of amaysim, Mr Andrew Reitzer, said:

"The sale of amaysim to Optus represents a premium to our current share price and provides certainty for our shareholders in a highly challenging and dynamic market.

"The amaysim Board unanimously supports the offer and believes amaysim's Mobile business will be best positioned to succeed in the future through the proposed transaction given the investment required to remain competitive.

"Furthermore, Optus is amaysim's long-term strategic wholesale partner with a deep understanding of the business, having provided wholesale network services since amaysim was founded in 2010 and this transaction brings closer alignment and strategic benefits."

Sale of Mobile

Under the SSA, and subject to shareholder approval, amaysim will transfer 100% of the share capital in a wholly owned subsidiary of amaysim (**amaysim Mobile**). At the time of completion of the SSA, amaysim Mobile will hold all assets comprising amaysim's Mobile business. Optus has agreed to offer employment to the vast majority of the amaysim's Australian team who will continue to operate the amaysim brand and Mobile business under Optus' ownership.

Shareholder Approval & Other Conditions Under the SSA

The Mobile Sale is subject to shareholder approval for disposal of the Company's main undertaking pursuant to ASX Listing Rule 11.2 and the completion of amaysim undertaking certain pre-completion steps. The Mobile Sale is not subject to further due diligence or financing and Optus has received all necessary regulatory approvals.

ASX Listing Rule 11.2 requires that, if the Company proposes to dispose of its main undertaking, it must first obtain shareholder approval. The sale of the assets which comprise the Mobile business will constitute the sale of amaysim's main undertaking. Shareholders will have an opportunity to vote on the Mobile Sale at the EGM. If shareholders do not approve the Mobile Sale at the EGM, amaysim has the right to immediately terminate the SSA.

The SSA also contains terms which are customary for a transaction of this nature, including 'no shop' and 'no talk' provisions, and a 'matching right' for Optus to match any superior proposal put forward by a third party, subject to customary fiduciary duty carve-outs. The SSA also makes provision for a break fee of A\$2.5 million payable by amaysim in certain circumstances.

See the Annexure A for further information required to be disclosed to shareholders under ASX Listing Rule 11. Additional details regarding the Mobile Sale, including amaysim's financial position before and after completion of the Mobile Sale, will be provided to shareholders in the Notice of Meeting & Explanatory Memorandum to be sent to shareholders in November 2020.

Distribution of Proceeds to Shareholders

Following the sale of Click Energy earlier this year and assuming completion of the Mobile Sale, amaysim intends to distribute as much of the proceeds as possible (less certain amounts) to shareholders via the Distribution.

The A\$250 million consideration under the SSA is subject to a net asset adjustment mechanism and a customer number adjustment mechanism, both of which will be determined at or about the time of completion of the Mobile Sale.

At this time, amaysim estimates that approximately A\$207.2 million to A\$225.7 million will be available for distribution to shareholders via the Distribution, equivalent to A\$0.67 - A\$0.73 per share. In estimating the amount available for Distribution, amaysim has had regard to items such as employee costs and re-structuring costs required to effect the Mobile Sale, liabilities the Company will retain following the Mobile Sale, adviser fees and tax payable in connection with the Mobile Sale, full repayment of the Company's debt, cash expected to be generated up until the point of completion and cash required to adequately support the Company's operations (among others).

Subject to the Mobile Sale and the Distribution being approved by shareholders, amaysim expects the Distribution to be made progressively over three tranches, including: (i) the Major Distribution of approximately A\$154.6 million or A\$0.50 per share, comprising a fully franked dividend of A\$80.4 million or A\$0.26 and a return of capital of A\$74.2 million or A\$0.24 per share to be paid in or around March 2021; (ii) the Minor Distribution of approximately A\$30.9 million or A\$0.10 per share to be paid in or around April 2021; and (iii) the Final Distribution (which may be completed via two distributions) of approximately A\$21.6 million to A\$40.2 million or A\$0.07 to A\$0.13 per share to be paid in or around October 2021.

The estimated amount and timing of the Distributions are based on a number of assumptions regarding future events, trading conditions, business performance and successful implementation of the Mobile Sale, all of which involve risks, uncertainties and other factors beyond amaysim's direct control. Being based on an assessment of current economic and operating conditions, third party estimates and projections, the estimate may differ from the final amount which becomes available for distribution to shareholders via the Distributions. amaysim will provide an updated estimate of the Distribution amount prior to the EGM.

To the extent the Distribution represents a distribution of profits, it is expected to be made to shareholders in the form of fully franked dividends. The remainder of the Distribution will be made to shareholders by an equal capital reduction, which requires shareholder approval under section 256C of the Corporations Act.

The Company will apply to the ATO for a Class Ruling seeking confirmation of the tax treatment of the equal capital reduction for Australian resident shareholders who hold their shares on capital account. The Class Ruling is expected to be issued some time after the EGM.

The indicative timetable below outlines the proposed timing for the Distribution.

Consequences for amaysim following the Mobile Sale

If the Mobile Sale is approved by shareholders and completed, amaysim will provide certain transitional services to Optus for a short period of three months and then commence de-listing from the ASX and subsequent winding up.

During this period, a limited number of amaysim staff not transferring to Optus will remain employed to manage and settle amaysim's affairs.

In calculating the Distribution, amaysim has made a reasonable provision for the Company to ensure it has adequate resources to fulfil its obligations to Optus and other parties during this period. On this basis, it isn't anticipated that the de-listing and wind-up process would deliver material surplus funds however in the event amaysim is able to realise significant excess cash as a result of these activities then the Board intends to return such surplus to shareholders at that time.

Indicative timetable

Dispatch of Notice Of Meeting & Explanatory Memorandum including Independent Expert Report	November 2020
Extraordinary General Meeting	January 2021
Mobile Sale completion	January 2021
amaysim provides transitional services	February 2021 - April 2021
Major Distribution to shareholders	March 2021
Minor Distribution to shareholders	April 2021
De-listing and wind up	June 2021
Final Distribution	October 2021

Dates are indicative and subject to change.

Advisers

amaysim is being advised by Luminis Partners as financial adviser and King & Wood Mallesons as legal adviser.

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IMPORTANT NOTICES

Disclaimer

To the maximum extent permitted by law, amaysim disclaims any responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise. amaysim disclaims any responsibility to update or revise any forward-looking statement to reflect any change in amaysim's financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by law or the ASX listing rules.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause amaysim's actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. Investors should consider the forward-looking statements contained in this announcement in light of those disclosures and not place reliance on such statements.

Statements made in this announcement are made only as at the date of this announcement.

About amaysim

amaysim is an asset light subscription utility provider. We have adopted the philosophy of putting our customers first by delivering them the best mobile plans and we do this by providing clear and transparent plans and excellent customer service.

amaysim launched in 2010 and is Australia's fourth largest mobile service provider with over one million subscribers and a proven market disruptor.

amaysim is a technology-driven company, and offers customers smart tools, DIY account management and award winning, online-first customer support. All of amaysim's services also feature no lock-in contracts and are built to deliver a great customer experience and convenience. For more information about amaysim visit amaysim.com.au.

About Optus

Optus is the second largest provider of telecommunications services in Australia.

As a fully integrated telecommunications provider of more than 11 million services, Optus delivers a comprehensive range of telecommunications products and services including: mobile and fixed line telephony; broadband services; multimedia entertainment and technology services; satellite services; and converged business telecommunications applications and solutions.

The Optus network provides coverage to more than 98.5% of the Australian population and Optus has also commenced its multi-year 5G network rollout.

Annexure A: Additional information for the purpose of ASX Listing Rule 11

Parties to, and material terms of, the transaction

The SSA is between amaysim and Optus and includes the following material terms:

- on completion, subject to the satisfaction of all conditions precedent, Optus will acquire all of the issued share capital in amaysim Mobile for cash consideration of A\$250 million;
- the Mobile Sale is subject to amaysim's shareholders passing an ordinary resolution to approve the Mobile Sale pursuant to Listing Rule 11.2 and amaysim undertaking certain agreed pre-completion steps;
- as part of the pre-completion steps, amaysim will novate its wholesale mobile network contract with Optus to amaysim Mobile. amaysim and Optus will also settle and release each other from all claims under the wholesale mobile network contract on completion of the Mobile Sale, including various material disputes concerning amounts charged by Optus, including in connection with the review mechanism under the wholesale agreement (**Disputes**);
- if shareholders do not approve the Mobile Sale by the requisite majority at the EGM, amaysim may immediately terminate the SSA. Optus may terminate the SSA if half or a majority of amaysim's directors publicly withdraws their recommendation, or adversely changes or qualifies their recommendation or publicly recommends a Competing Proposal. Either Optus or amaysim may also terminate the SSA if the other party becomes insolvent or commits a material breach of the SSA;
- until the earlier of termination of the SSA and completion, subject to certain fiduciary exceptions, amaysim is prohibited from:
 - soliciting or continuing discussions which may reasonably be expected to lead to the making of offer in relation to a Competing Proposal; or
 - negotiating or entering into, any actual, proposed or potential Competing Proposal.

A "**Competing Proposal**" includes any proposal which would mean a third party: (a) acquires an interest of 10% or more with amaysim's assistance ; (b) acquires amaysim, any of its subsidiaries or a substantial part of its business or assets; (c) acquires control of amaysim; or (d) otherwise amalgamates or merges with amaysim or its subsidiaries;

- if amaysim is approached by any person to discuss, engage or provide information in connection with an actual or potential Competing Proposal, amaysim must immediately provide written notice to Optus including all relevant details (including the identity and material terms and conditions) and regular updates of the status of such approach
- if amaysim receives a Competing Proposal that is more favourable to shareholders than the Mobile Sale (other than a wholesale mobile network proposal), it must offer Optus 5 business days to match such superior proposal;
- until the earlier of termination of the SSA and completion, amaysim is also restricted from negotiating or entering into any actual proposed or potential wholesale mobile network proposal;
- amaysim must pay a break fee of \$2.5 million if: (a) a Competing Proposal completes prior to termination of the SSA, or is announced prior to termination of the SSA and completes within 12 months of termination of the SSA; (b) if any director of amaysim fails to recommend, or withdraws their recommendation of, the Mobile Sale (other than where the independent expert determines the Mobile Sale is not fair and reasonable and in the

best interests of amaysim's shareholders, unless that determination is due to a Competing Proposal); or (c) if the SSA is terminated due to the failure to complete the pre-completion steps, amaysim's material breach or failure to complete the Mobile Sale in accordance with the SSA;

- purchase price adjustments are payable following completion, which will be determined by reference to the net assets of amaysim Mobile as at completion and the number of customers of amaysim Mobile as at completion;
- the SSA contains customary warranties and indemnities for a transaction of this nature, including warranties in relation to title and capacity, ownership, conduct of business, customers, financial accounts, records, contracts, assets, properties, intellectual property rights, information technology, privacy, litigation, employees, superannuation, solvency, insurance, tax and information;
- Optus is obtaining buy-side warranty and indemnity insurance in relation to the Mobile Sale, releasing amaysim from all claims under the warranties and indemnities, except for claims in relation to title and capacity warranties or in the case of fraud.

The Transitional Services Agreement (TSA) is between amaysim and Optus. The services comprise:

- Ongoing services in relation to Contact Centre (including Data and Analytics); Information Technology; and Billing;
- Handover services;
- Related services, ancillary or incidental and essential to the proper performance of the above, or required for the Transition Services to be transitioned to Optus by the end of the three month term.

The EGM Materials will contain further detail in relation to the terms of the SSA.

Issue of securities

amaysim does not propose to issue securities as part of, or in connection with, the Mobile Sale except as may be required to satisfy vesting and conversion of any performance rights under the Company's Long-Term Incentive Plan (LTIP) all of which has been included in the expected cents per share Distribution numbers on a fully diluted basis.

Changes to the Board or senior management proposed as a consequence of the transaction

Post completion of the Mobile Sale, one key management personnel (KMP), Isaac Ward, will no longer be employed by amaysim Australia Limited and will be offered terms with Optus.

The amaysim Board and remaining KMP will remain with amaysim Australia Limited up until the de-listing and subsequent wind-up.