commschoice

transforming business connectivity

Prospectus

CommsChoice Group Limited

ACN 619 196 539

For the fully underwritten initial public offering of 30 million Shares in CommsChoice Group Limited at an Offer Price of $0.25 per Share to raise $7.5 million.

Baillieu Holst
Since 1889

Underwriter and Lead Manager

Important information

This is an important document that you should read in full. If you do not understand any aspect of it, consult your professional advisers.

Important Notices

This Prospectus is an important document which should be read in its entirety before making any investment decision. You should obtain independent advice if you have any questions about any of the matters contained in this Prospectus.

The Offer

This Prospectus is issued by CommsChoice Group Limited ACN 619 196 539 (**CommsChoice Group** or **Company**) for the purposes of Chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**). The offer contained in this Prospectus is an initial public offering to acquire fully paid ordinary shares (**Shares**) in the Company (**Offer**).

Lodgement and listing

This Prospectus is dated 28 November 2017 and a copy was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date (**Prospectus Date**). The Company will apply to ASX Limited (**ASX**) within seven days after the Prospectus Date for admission of the Company to the official list of ASX and official quotation of its Shares on ASX. None of ASIC, ASX or their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

It is expected that the Shares will be quoted on ASX initially on or about 20 December 2017. The Company, its advisers, the Share Registry and the Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statements.

Expiry Date

This Prospectus expires on the date that is 13 months after the Prospectus Date (**Expiry Date**) and no Shares will be allotted, issued, transferred or sold on the basis of this Prospectus after the Expiry Date.

Note to Applicants

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company.

In particular, you should consider the assumptions underlying the Forecast Financial Information and the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in the Company. Some of the key risk factors that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances. The information contained in individual Sections is not intended to and does not provide an exhaustive review of the business or the financial affairs of the Company or the Shares offered under this Prospectus.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company or the repayment of capital by the Company or any return on investment made pursuant to this Prospectus.

This Prospectus includes information regarding past performance of the entities comprising CommsChoice Group. Investors should be aware that past performance is not indicative of future performance. Before deciding to invest in the Company, investors should read the Prospectus in its entirety and give particular attention and consideration to the risks and risk factors associated with the Company, an investment in Shares or an investment in equity securities generally.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus that is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company, the Lead Manager or any other person in connection with the Offer. Potential investors should rely only on information contained in this Prospectus.

Third party publications

The Independent Market Report by Frost & Sullivan in Section 2 of this Prospectus includes attributed statements from books, journals and comparable publications that are not specific to, and have no connection with, CommsChoice Group. The authors of these books, journals and comparable publications have not provided their consent for these statements to be included in this Prospectus, and the Company is relying upon ASIC Corporations (Consents to Statements) Instrument 2016/72 for the inclusion of these statements in this Prospectus without such consent having been obtained.

Financial information presentation

Section 4 sets out in detail the Financial Information referred to in this Prospectus and the basis of preparation of that information is set out in Section 4.2.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (**AAS**) (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board. The Forecast Financial Information included in this Prospectus is unaudited and is based on the best estimate assumptions of the Directors. The basis of preparation and presentation of the Forecast Financial Information is, to the extent applicable, consistent with the basis of preparation and presentation of the Historical Financial Information.

All financial amounts contained in this Prospectus are expressed in Australian currency, unless otherwise stated. Any discrepancies between totals and sums of components in tables and figures contained in this Prospectus are due to rounding.

The Historical Financial Information and the Forecast Financial Information in this Prospectus should be read in conjunction with, and are qualified by reference to, the information contained in Section 4.

Forward-looking statements

This Prospectus contains forward-looking statements that are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties. The Forecast Financial Information included in Section 4 is an example of forward-looking statements.

Any forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause actual events or outcomes to differ materially from the events or outcomes expressed or anticipated in these statements, many of which are beyond the control of CommsChoice Group. The Forecast Financial Information and the forward-looking statements should be read in conjunction with, and qualified by reference to, the risk factors as set out in Section 5, the specific and general assumptions set out in Sections 4.9.3 and 4.9.1, the sensitivity analysis set out in Section 4.10 and other information contained in this Prospectus.

The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

This Prospectus uses market data and third party estimates and projections. The Company has obtained significant portions of this information from market research prepared by third parties. There is no assurance that any of the third party estimates or projections contained in this information will be achieved. The Company has not independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 5.

Disclosing Entity

Once the Company is admitted to the Official List, the Company will be a disclosing entity for the purposes of the Corporations Act and will be subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules.

Foreign jurisdictions

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares, in any jurisdiction outside Australia.

The taxation treatment of Australian securities may not be the same as those for securities in foreign jurisdictions.

The distribution of this Prospectus outside Australia may be restricted by law, and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In particular, the Shares have not been, and will not be, registered under the *United States Securities Act of 1933*, as amended (**US Securities Act**) or any state securities laws in the United States and may not be offered, sold, pledged or transferred in the United States unless the Shares are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities Act and applicable US state securities laws is available.

See Section 7.7.2 for more details on selling restrictions that apply to the Offer and sale of Shares in jurisdictions outside Australia.

Exposure Period

The Corporations Act prohibits the Company from processing applications for Shares in the seven day period after the Prospectus Date (**Exposure Period**). ASIC may extend this period by up to a further seven days (that is, up to a total of 14 days). The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of certain deficiencies in this Prospectus in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be given to Applications received during the Exposure Period and all Applications received during the Exposure Period will be treated as if they were simultaneously received on the date on which the Offer opens.

Prospectus availability

During the Offer Period, a paper copy of this Prospectus is available free of charge to any Broker Firm Offer Applicant in Australia by calling the CommsChoice Group IPO Information Line on 1300 737 760 from 8.30am to 5.30pm (AEDT), Monday to Friday (excluding Victorian public holidays). This Prospectus is also available to Broker Firm Offer Applicants in Australia in electronic form at the Company's website www.commschoice.com.au.

The Offer constituted by this Prospectus in electronic form is available only to persons downloading or printing it within Australia and is not available to persons in any other jurisdiction (including the United States). The Company is entitled to refuse an application for Shares under this Prospectus if it believes the Applicant received the Offer outside Australia. Persons who access the electronic version of this Prospectus must ensure that they download and read the entire Prospectus.

Applications

Applications may be made only during the Offer Period on the Broker Firm Offer Application Form (referred to as an **Application Form**) attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic form, which must be downloaded in its entirety from www.commschoice.com.au. By making an Application, you represent and warrant that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus.

Application Forms must not be completed by third parties, including authorised third parties (e.g. the Applicant's broker).

No cooling-off rights

Cooling-off rights (whether provided for by law or otherwise) do not apply to an investment in Shares issued under the Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Definitions and abbreviations

Defined terms and expressions used in this Prospectus are explained in Section 10 of this Prospectus. Unless otherwise stated or implied, references to times in this Prospectus are to Australian Eastern Daylight Time (**AEDT**).

Privacy

By filling out an Application Form to apply for Shares, you are providing personal information to the Company and the Share Registry, which is contracted by the Company to manage Applications and you consent to the collection and use of that personal information in accordance with these terms. The Company and the Share Registry on its behalf, may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Some of this personal information is collected as required or authorised by certain laws including the *Income Tax Assessment Act 1997* (Cth) and the Corporations Act.

The Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register of members. If you do not provide the information requested in an Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by the Company, that it considers may be of interest to you.

Your personal information may also be provided to the Company's agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are listed below or are as otherwise authorised under the *Privacy Act 1988* (Cth):

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

The information contained in the Company's register of members must remain there even if a person ceases to be a Shareholder. Information contained in the Company's register of members is also used to facilitate dividend payments and corporate communications (including financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. An Applicant has a right to access and correct the information that the Company and the Share Registry hold about that person, subject to certain exemptions under law.

Under the *Privacy Act 1988* (Cth), you may request access to your personal information that is held by, or on behalf of, the Company. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Company or its Share Registry, details of which are set out elsewhere in this Prospectus. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

Applicants can obtain a copy of the Company's privacy policy by visiting the Company's website www.commschoice.com.au. The privacy policy contains further details regarding access, correction and complaint rights and procedures.

The Share Registry's complete privacy policy can be accessed by calling 1300 737 760, from 8.30am to 5.30pm (AEDT), Monday to Friday (excluding Victorian public holidays) and requesting a copy.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration purposes only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

Use of Trademarks

This Prospectus includes the Company's registered and unregistered trademarks. All other trademarks, trade names and service marks appearing in this Prospectus are the property of their respective owners.

Questions

If you have any questions about how to apply for Shares, please call the CommsChoice Group IPO Information Line on 1300 737 760 from 8.30am to 5.30pm (AEDT), Monday to Friday (excluding Victorian public holidays). Instructions on how to apply for Shares are set out in Section 7 of this Prospectus and on the back of the Application Form attached to or accompanying this Prospectus.

If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

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Key Offer information

Key dates	
Prospectus Date	28 November 2017
Broker Firm Offer opens	9am (AEDT) 6 December 2017
Broker Firm Offer closes	5pm (AEDT) 13 December 2017
Issue of Shares (**Completion of the Offer**)	19 December 2017
Expected completion of despatch of holding statements	19 December 2017
Expected commencement of trading of Shares on ASX	20 December 2017

This timetable is indicative only. The Company, in consultation with the Lead Manager, reserves the right to vary dates of the Offer (subject to the ASX Listing Rules and the Corporations Act) without prior notice, including to close the Offer early, extend the date the Offer closes, accept late Applications or withdraw the Offer and the issue of Shares (in each case without notifying any recipient of the Prospectus or any Applicant).

The Offer	
Offer Price	$0.25 per Share
Number of Shares offered under the Offer	30,000,000
Gross proceeds from the Offer	$7,500,000
Number of Shares issued to Service Provider Vendors on Completion of the Acquisitions[1]	64,089,127
Number of Shares to be held by Existing Securityholders, Directors, Management and Service Provider Vendors on Completion of the Offer[2]	72,889,129
Total number of Shares on issue at Completion of the Offer	102,889,129
Market capitalisation at the Offer Price[3]	$25,722,282
Pro forma net cash (as at 30 June 2017)[4]	$5.16 million
Enterprise value at the Offer Price[5]	$20.56 million
Enterprise value / pro forma consolidated CY18 forecast EBIT multiple[6]	6.02x
Market capitalisation at the Offer Price / pro forma consolidated CY18 forecast NPATA multiple[7]	7.61x

1. Under the Acquisition Agreements, the Service Provider Vendors receive 70% of their total consideration that is payable in Shares on Completion of the Acquisitions. The remaining 30% of consideration that is payable in Shares is to be paid after Completion on the terms and at the times referred to in Sections 7.1.3 and 9.6.
2. Assuming Existing Securityholders, Directors, Management and Service Provider Vendors do not apply for Shares under the Offer.
3. Market capitalisation at the Offer Price is defined as the Offer Price multiplied by the total number of Shares on issue on Completion of the Offer.
4. Net cash of $5.16 million is calculated on a pro forma basis (as at 30 June 2017), immediately after Completion of the Offer.
5. The Enterprise value at the Offer Price is calculated by subtracting pro forma net cash (as at 30 June 2017) from market capitalisation at the Offer Price.
6. The pro forma consolidated CY18 forecast EBIT is discussed in, and forms part of, the Forecast Financial Information, which is based on the information set out in Section 4.7 and is subject to the risks set out in Section 5. There is no guarantee that the forecast will be achieved.
7. The pro forma consolidated CY18 forecast NPATA is discussed in, and forms part of, the Forecast Financial Information, which is based on the information set out in Section 4.7 and is subject to the risks set out in Section 5. There is no guarantee that the forecast will be achieved.

Chairman's Letter

28 November 2017

Dear Investor,

On behalf of the Directors, it is my pleasure to invite you to become a Shareholder in CommsChoice Group.

On Listing, CommsChoice Group will have acquired five complementary information and communications technology (**ICT**) businesses which will together, as CommsChoice Group, become a comprehensive vendor agnostic ICT managed service provider. CommsChoice Group will service clients in Australia, New Zealand, Singapore and internationally by leveraging its Adaptive Connectivity as a Service (**ACaaS**) delivery platform.

ACaaS is an ongoing delivery platform that allows CommsChoice Group to consult, review, implement and adapt ICT solutions to individual client needs.

CommsChoice Group believes that ACaaS provides extensive insights into a client's current ICT operations, which enables the Company to identify issues in a client's current ICT operations and to continually analyse, optimise and deliver the best solution across a client's ICT operation. By leveraging ACaaS to tailor ICT solutions to a client's ICT operations, CommsChoice Group enables clients to improve business performance and agility of ICT operations and to unlock cost savings and minimise expenses associated with ICT. Further, as a vendor agnostic ICT service provider, CommsChoice Group is not tied to or biased towards specific manufacturers or suppliers. This promotes an ethos within CommsChoice Group of working in the best interests of clients.

The Directors believe that ACaaS empowers CommsChoice Group to select, procure, implement, manage and optimise services combined with 24/7 support internationally. Focusing on Enterprise, Business and International markets, CommsChoice Group has almost 3,000 clients and approximately 50 staff across offices in Australia, Singapore and the Philippines.

CommsChoice Group is globally scalable, with 23 Virtual Service Integration Points (**VSIPs**) strategically located in 16 countries integrating over 20 wholesale carriers and ICT suppliers. As part of CommsChoice Group's strategy, it does not own or invest in physical carrier infrastructure. The Directors believe that this strategy allows CommsChoice Group to ensure a 'client-first' relationship as the Company is not motivated or constrained to physical carrier infrastructure assets.

Specifically, CommsChoice Group provides a comprehensive suite of solutions to its clients including UCaaS, SD-WAN, Enterprise Mobility management and Cloud solutions underpinned by multi carrier connectivity and its delivery platform ACaaS.

CommsChoice Group derives the majority of its revenue through contracted, annuity style service delivery. To unlock savings and effect transformation for its clients, CommsChoice Group also generates revenue from service implementation including consulting, licensing, hardware, installation and project management services. CommsChoice Group aims to align its interests with its clients and ensures a clear focus on delivering strong business outcomes by generating a third stream of revenue through a share of the savings made to the client's cost base against the incumbent service cost.

On a pro forma basis, the entities comprising CommsChoice Group generated approximately $20,136,000 of revenue and $817,000 of NPATA in FY17, representing a compound annual growth rate in revenue of 24.1% from FY15. Based on this strong historical pro forma performance, the Directors believe that CommsChoice Group is well positioned to capitalise on the continued growth in the ICT market and to achieve its pro forma forecast revenue of $27.83 million, EBIT of $3.42 million and NPATA of $3.38 million in CY18.

To continue growing the business, the Directors will assist management to:

- Drive the service offerings to new clients as they demand more flexibility and access to products that can deliver improved functionality;
- Expand the CommsChoice Group service offering in Australia, New Zealand and Singapore leveraging its Services Based Operator Licence (**SBO Licence**);
- Expand the international delivery of services leveraging CommsChoice Group's global VSIPs;
- Leverage the existing client base to cross sell combined service offerings; and
- Pursue a pipeline of acquisition opportunities.

The Offer will raise $7.5 million before costs by offering 30 million Shares at the Offer Price of $0.25 per Share. The proceeds of the Offer will be used to fund the acquisition of the businesses forming part of CommsChoice Group, will allow CommsChoice Group to pursue its growth plans, fund working capital and pay the costs associated with the Offer. The Offer is fully underwritten by the Lead Manager and Underwriter, Baillieu Holst Ltd.

As set out in Section 5, CommsChoice Group is subject to a range of risks including (among other risks) that it operates in a competitive industry and may face competition from new entrants, it may fail to retain existing clients and key personnel or attract new clients and it relies on third party ICT suppliers to provide its service to clients. In addition, CommsChoice Group's ACaaS delivery platform is not protected through any registered patent.

The Directors consider that the CommsChoice Group business, in conjunction with the growth profile of the global ICT market and the expertise of the Board and management presents a strong platform for the future growth and success of the Company.

I look forward to welcoming you as a Shareholder.

Yours sincerely,

John Mackay
Chairman

01.

Investment overview

01. Investment overview

1.1 Overview of CommsChoice Group and its business model

Topic	Summary	Where to find more information
What is CommsChoice Group?	Upon Listing, CommsChoice Group Limited (**CommsChoice Group**) will have completed the Acquisition of five complementary businesses that together will establish CommsChoice Group as a comprehensive vendor agnostic information and communications technology (**ICT**) managed service provider, servicing clients in Australia, New Zealand, Singapore and internationally using its proprietary Adaptive Connectivity as a Service (**ACaaS**) delivery platform. CommsChoice Group is focused on serving three core operating divisions: • Enterprise (includes Australian, New Zealand and Singaporean organisations with between approximately 250 – 5,000 employees); • Business (includes growth oriented Australian, New Zealand and Singaporean organisations with between approximately 20 – 250 employees); and • International (includes organisations with operations outside Australia, New Zealand and Singapore with between approximately 250 – 5,000 employees) Following an extensive program to identify appropriate acquisition targets, CommsChoice Group has entered into Acquisition Agreements to acquire five complementary ICT service providers. The entities that will together comprise CommsChoice Group on Completion of the Acquisitions currently service almost 3,000 clients globally and together employ more than 50 staff across offices in Sydney, Melbourne, Philippines and Singapore. Following its Listing, CommsChoice Group intends to make further strategic acquisitions where attractive opportunities arise.	Section 3.1

01. Investment overview (continued)

<table>
<tr><th>Topic</th><th>Summary</th><th>Where to find more information</th></tr>
<tr><td>What products and services does CommsChoice Group offer to its clients?</td><td>CommsChoice Group provides clients with a range of integrated solutions to meet their clients' ICT requirements, including selection, procurement, implementation and management of over 400 vendor-neutral products and services, by utilising more than 20 wholesale telecommunications carriers and ICT suppliers.

ICT products and services offered by CommsChoice Group are grouped into:

• CommsAssure Quality Voice and Data: focuses on the seamless integration of high quality managed data and voice solutions, including:
– SD-WAN services;
– multi-carrier fibre, ethernet, NBN, ADSL & wireless data services;
– multi-carrier VoIP, SIP, inbound, ISDN & PSTN voice services; and
– supply and full lifecycle management of multi-vendor firewall, router, switch, WiFi, cloud and on-premise IP PBX, IP Handset, Headset & ATA equipment;

• CommsMobilise Total Mobility Management: focuses on the secure and predictable access to ICT products and services, anywhere and anytime on any device, including:
– unified mobility management services;
– multi-carrier mobile voice & mobile data services; and
– supply and full lifecycle management of multi-vendor mobile handset, tablet & repeater equipment; and

• CommsConnect Advanced Communications: focuses on the harmonious unification of Cloud and software for ICT connectivity, including:
– unified communications services;
– multi-vendor Cloud video;
– Cloud security;
– Cloud gateway; and
– Cloud solutions.

CommsChoice Group's products are categorised into ICT solutions, which are critical to the efficient business operations of Enterprise and Business clients in Australia, New Zealand, Singapore and International clients.</td><td>Section 3.1</td></tr>
</table>

Topic	Summary	Where to find more information
Who uses CommsChoice Group ICT solutions?	The entities that will together comprise CommsChoice Group on completion of the Acquisitions currently service almost 3,000 clients globally, which can be categorised into three core client divisions; Enterprise, Business and International: • CommsChoice Group Enterprise division intends to focus on serving Australian, New Zealand and Singaporean organisations with around 250 – 5,000 employees who operate over multiple sites; • CommsChoice Group Business division intends to focus on serving growth oriented Australian, New Zealand and Singaporean organisations with around 20 – 250 employees who typically require less complex ICT solutions than Enterprise clients; and • CommsChoice Group International division intends to focus on serving organisations that require ICT solutions outside Australia, New Zealand and Singapore often over multiple global sites for a diverse international workforce. These clients typically have around 250 – 5,000 employees.	Section 3.5
How do clients access CommsChoice Group's products?	CommsChoice Group aims to deliver ICT solutions to optimise client experiences through a proprietary platform, Adaptive Connectivity as a Service (**ACaaS**). CommsChoice Group believes that ACaaS provides it with insight across a client's ICT operation. These insights assist the Company to deliver its clients the best possible ICT solution from a wide range of products and services. Unlike traditional IT and telecommunications solutions, ACaaS is an ongoing program. Typically, the ACaaS process begins with a question and answer process designed to allow CommsChoice Group to understand how a client uses technology and in particular, to learn what 'pains' (or 'pain points') a client has with its current IT and telecommunications arrangements. CommsChoice Group then aims to identify all of a client's relevant ICT hardware, software and services and the costs and usages associated with that ICT hardware, software and services. ACaaS then adds value to a client's business by rationalising what is necessary and unnecessary and where possible, reducing cost by re-negotiating current contracts, entering into new arrangements and/or updating hardware and software to take advantage of more suitable and cost effective arrangements. ACaaS is delivered to clients directly by the Company's own staff through a client aligned engagement process whereby CommsChoice Group assesses current client solutions, costs, pain points and drivers for change, then recommends and implements what it considers to be the optimal vendor agnostic solution from CommsChoice Group's extensive portfolio of wholesale ICT products and services. Solution implementation and support is managed by the Company's own staff with the assistance of subject matter expert partners and third-party contractors where appropriate.	Sections 2 and 3.4

01. Investment overview (continued)

Topic	Summary	Where to find more information
Why do CommsChoice Group's clients use its services?	CommsChoice Group aims to minimise the pain points that clients associate with ICT operations and administration by implementing solutions that are designed and adapted to the particular needs of clients. By using ACaaS, CommsChoice Group believes clients are able to enhance productivity, efficiency and business performance. CommsChoice Group aims to adopt a vendor agnostic model which allows CommsChoice Group to provide clients with an unbiased solution. By 'vendor agnostic', the Company means that its services, recommendations or promotions are not tied to a specific vendor. In addition, CommsChoice's capital-light operating model is designed to eliminate any conflict associated with an entity that is the owner of physical carrier infrastructure that requires a return on investment.	Section 3.4
How does CommsChoice Group generate revenue and what are its expenses?	CommsChoice Group generates revenue predominantly through the sale of managed ICT products and services. CommsChoice Group generates revenue from three main income streams: • Contracted annuity service and support fees (primary source of revenue); • Service implementation including consulting, licensing, hardware, installation and project management revenues; and • A share of the savings made to the client's cost base against the incumbent service cost. Key operating expense categories of CommsChoice Group are employee related expenses, general and administration expenses and sales and marketing expenses.	Section 3.4.2
What geographies does CommsChoice Group operate in?	CommsChoice Group's clients are located in over 16 countries, operating in a diverse set of industries and market divisions ranging from small and mid-sized businesses to large multinational enterprises. CommsChoice Group has a head office in Melbourne, Australia with a Client Experience Centre in Sydney, Australia and additional offices in the Philippines and Singapore. Importantly, CommsChoice Group has 23 VSIPs strategically located in 16 countries which are key in enabling CommsChoice Group to provide strong service capabilities and multi carrier connectively to clients around the world.	Sections 3.1 and 3.5

Topic	Summary	Where to find more information
What is CommsChoice Group's growth strategy?	Following the acquisition of the entities that will comprise CommsChoice Group and the Listing, CommsChoice Group's growth strategy is expected to be based on five key components: • Scale benefits from combining ICT service providers to drive the service offerings to new clients; • Expand the CommsChoice Group service offerings in Australia, New Zealand, and Singapore (leveraging its SBO Licence in Singapore) initially, then potentially Hong Kong, the United States and the United Kingdom as regional hubs once a critical mass of business is achieved in those markets; • Expand the international delivery of infrastructure independent services leveraging CommsChoice Group's VSIPs; • Leverage the existing client base of CommsChoice Group to cross sell combined service offerings; and • Pursue a pipeline of acquisition opportunities. CommsChoice Group intends to fund its growth strategy through a combination of operating cash flow, equity and debt capital where required.	Section 3.10

1.2 Key features of CommsChoice Group's industry

Topic	Summary	Where to find more information
What industry does CommsChoice Group operate in?	The entities that will comprise CommsChoice Group operate in the Enterprise and Business ICT markets in Australia, New Zealand and Singapore and the Enterprise ICT market in the International sector. CommsChoice Group's advanced ICT solutions are aimed at assisting clients undergoing digital transformation to improve worker productivity, business agility and overall competitive positioning. The total addressable Enterprise and Business ICT markets (ICT solutions and managed services) for CommsChoice Group in Australia, New Zealand and Singapore was estimated at $54.37 billion in 2016, and is estimated to increase to $92.30 billion by 2022 which represents a CAGR of 9.2%. By adding the ICT equipment market, the total addressable market for Enterprise and Business ICT in Australia, New Zealand and Singapore was estimated at $81.1 billion in 2016.	Section 2

01. Investment overview (continued)

Topic	Summary	Where to find more information
What are the key drivers of growth in the industry?	As outlined in Frost & Sullivan's Independent Market Report (detailed in Section 2 of this Prospectus), the growth in the Australian, New Zealand and Singaporean ICT services market is being motivated by a combination of factors, including: 1. *Maturity of ICT infrastructure:* Significantly greater maturity and sophistication of ICT infrastructure in Australia, New Zealand and Singapore compared to global indicators; 2. *Faster internet connection speeds and growing internet traffic:* Average internet connection speed is greater in Australia, New Zealand and Singapore than globally, and has grown at a faster pace; 3. *Digital transformation driving ICT service expenditure:* Digital transformation of businesses has resulted in increased use of bandwidth-intensive applications and services and converged communications solutions, greater Enterprise Mobility as well as increased demands for flexibility and scalability; 4. *Business use of ICT:* Greater deployment of ICT solutions by businesses; 5. *Shift to VoIP:* Uptake of VoIP and UCaaS due to reduced infrastructure costs, modernisation of network infrastructure in many countries and increased use of mobile devices by businesses; 6. *Shift from private IP to public IP networks:* Demand for public networks that can scale cost-effectively as the size of an organisation increases with private networks not fit for purpose and the growing adoption of SD-WAN; and 7. *Increasing reliance on outsourcing IT infrastructure and managed services:* Growing communications infrastructure complexity and inefficient in-house models has promoted more flexible, saleable and cost-effective outsourcing arrangements.	Section 2

Topic	Summary	Where to find more information
Who does CommsChoice Group compete with?	CommsChoice Group operates in a diverse market, with a number of non-traditional ICT vendors entering with innovative offerings. CommsChoice Group's key competitors within the ICT industry include: • Telstra; • SingTel; • Spark (NZ); • Vocus; • AAPT; • Over the Wire; • MyNetFone; and • Macquarie Telecom. These companies either compete directly, or have divisions that compete with CommsChoice Group. The degree to which each of these companies compete with CommsChoice Group varies from time to time depending upon their current services and strategy.	Sections 2 and 3.7

1.3 Key strengths

Topic	Summary	Where to find more information
Extensive products & services	The entities that will comprise CommsChoice Group operate a vendor agnostic model which seeks to offer clients an unbiased, best available, ICT solution. Consequently, CommsChoice Group believes that it is able to be viewed as a trusted ICT product and service provider for clients. CommsChoice Group believes that adopting a vendor agnostic model also removes any conflict associated with being the network physical carrier infrastructure owner. Critically, with over 400 ICT products and services, CommsChoice Group aims to provide a majority of its clients with a one-stop-shop for all their ICT needs.	Sections 3.1 and 3.3

01. Investment overview (continued)

Topic	Summary	Where to find more information
Internationally integrated operations	CommsChoice Group has extensive international operations with the following highlights: • Almost 3,000 clients with many operating on an international scale (predominantly in Australia and Singapore); • 50+ staff across Sydney, Melbourne, the Philippines and Singapore; • International service delivery capability, including 23 VSIPs strategically located in 16 countries enabling the integration of domestic and international telecommunications carrier services; • The ability to domestically and internationally deploy infrastructure independent or services including UCaaS, SD-WAN, Enterprise Mobility and Cloud services; • an SBO Licence in Singapore; and • Client Experience Centre (Sydney) and Engineering Centre of Excellence (Philippines).	Section 3.1
Significant addressable market	CommsChoice Group's immediate addressable market was valued at approximately \$54 billion in 2016 and is forecast to grow at a CAGR of 9.2% per annum to \$92 billion by 2022 (excluding ICT equipment). In particular, SD-WAN, Cloud and Hosted Voice services are forecast to grow considerably to 2022: • in relation to SD-WAN, the market for SD-WAN services is forecast to grow by 64.8% CAGR from \$20 million in 2015 to \$660 million in 2022; • in relation to Cloud, the market for Cloud services is forecast to grow by 25.0% CAGR from \$3.64 billion in 2015 to \$17.34 billion in 2022; and • in relation to Hosted Voice, the market for Hosted Voice is forecast to grow by 19.4% CAGR from \$6.3 billion in 2015 to \$21.9 billion in 2022. As the ICT market develops, CommsChoice Group believes that clients are demanding enhanced levels of service from providers along with capital-light, software-delivered ICT products.	Section 2
Clear growth strategy	Following the acquisition of the entities comprising CommsChoice Group and the Listing, CommsChoice Group expects to implement its growth strategy through various initiatives including: • Expand and strengthen product and service offering; • Execute significant pipeline of near-term new contract opportunities; • Realise expected synergies from combining ICT service providers including revenue, cost and financial synergies; and • Undertake further acquisitions in a highly fragmented ICT market.	Section 3.10

Topic	Summary	Where to find more information
Highly experienced Board and management team	CommsChoice Group has assembled a strong Board and management team. John Mackay, Independent Non-Executive Chairman, has over 15 years' experience as a Chairman and Director of companies in the communications and utilities sectors. Peter McGrath, independent Non-Executive Director, has over 30 years' experience across a variety of banking and telecommunications roles. Ben Jennings, Non-Executive Director, has over 20 years' experience in managing and directing companies. Cameron Petricevic, Non-Executive Director, has strong expertise in mergers and acquisitions and public markets. Stephen Bell, Non-Executive Director, has over 20 years' experience in the financial services industry with a software and business process efficiency focus. Grant Ellison, Executive Director and Executive General Manger – Enterprise, has over 25 years' experience in senior strategy and multinational business development roles in the ICT, manufacturing and banking sectors. Ben Gilbert, Chief Executive Officer, has over 25 years' experience in corporate finance and strategy roles including 15 years in the telecommunications industry. Patrick Harsas, Chief Financial Officer, has held roles in both listed and unlisted businesses across multiple sectors including utilities, agriculture and finance. Brent O'Shaughnessy, General Manager – Business, is an experienced senior executive with specialisation in project and change management. Tristan Plummer, General Manager – International, has over 20 years of ICT industry experience in technology and product development roles.	Section 6

1.4 Key risks

Topic	Summary	Where to find more information
Competitive landscape	CommsChoice Group operates in a competitive market landscape, with competition likely to increase in both Australia and overseas, from a range of large multinational companies and local operators. Entry into the market by new competitors may result in significant competition, which may adversely affect the Company's ability to meet its business and financial objectives. Factors influencing CommsChoice Group's competitive position include commercial factors such as pricing, response to client preferences, ability to maintain strong client relationships and consistency in quality of service. Entry into the market by new competitors may increase consolidation of the sector and reduce potential acquisition targets. There is no assurance that CommsChoice Group will be able to maintain or increase market share or develop and introduce competitive technological advances.	Sections 5.1.1 and 5.1.2
Failure to retain and expand client relationships	The Company's ability to maintain or increase the number of client relationships it has in applicable sectors and geographical areas may be limited. A risk exists that clients may terminate, not renew or renegotiate less favourable arrangements with the Company. Failure to maintain or enhance client relationships could result in a decline in revenue and adversely affect the financial position and performance of the Company. Part of the CommsChoice Group growth strategy includes growing its presence in the overseas market in which it operates, and extending to new overseas markets, which may be inhibited by unforeseen issues including differences in culture, business practices and regulations. Risks associated with this strategy include investment of resources and management attention, and the level of desired return on investment not being achieved. Failure to grow the international business of CommsChoice Group may result in failure to achieve revenue growth and adversely affect the company's future financial performance.	Sections 5.1.3 and 5.1.4

Topic	Summary	Where to find more information
Intellectual Property	CommsChoice Group's proprietary platform, ACaaS, is not protected through any registered patent. Whilst CommsChoice Group considers that some elements of the intellectual property associated with ACaaS may be able to be patented, CommsChoice Group has not taken any formal steps to seek to obtain any patent registration as at the Prospectus Date. Any inability or failure by CommsChoice Group to adequately protect its intellectual property rights may result in CommsChoice Group being less able to effectively capitalise on its intellectual property rights in the future. It may also increase the risk of CommsChoice Group's proprietary platform, ACaaS, being infringed on in the future. Through the Acquisitions, CommsChoice Group will acquire certain intellectual property from the Service Provider Vendors. If any issues or delays arise with the transfer of this intellectual property, it could adversely affect the Company's business and financial position.	Section 5.1.5
Reliance on third party suppliers	CommsChoice Group relies on third party suppliers of goods and services (including ICT suppliers). This reliance decreases the Company's control over the supply and delivery of these services and the quality and reliability of those services. The ability of the Company to provide goods and services may be adversely affected if third party suppliers, such as TIAB, cease to provide or otherwise terminate their arrangements with CommsChoice Group for any reason. This may detrimentally affect the Company's earnings, operations and financial position.	Section 5.1.6
Disruption or failure of technology systems	The viability of the Company's operations through use of technologies and systems may be affected by force majeure events (such as acts of god, flood or fire), market access constraints, cost overruns, performance of associated parties or unforeseen claims and events. Computer viruses, natural disasters, break-ins, failure of power supply to systems or other catastrophic events may cause a delay, interruption or cessation of services provided to and from CommsChoice Group. If these events occur, CommsChoice Group may be unable to operate its business, and this may potentially place CommsChoice Group in breach of its contracts, causing damage to its reputation and adversely affect the Company's revenue.	Section 5.1.7

01. Investment overview (continued)

Topic	Summary	Where to find more information
Security breach and data privacy	Malicious third party applications such as viruses, worms and other malicious software (amongst others) may jeopardise the security of financial, proprietary and personal client information held by CommsChoice Group, by exploiting any security flaws that may exist in any software and/or infrastructure of the Company. Information technology is by nature susceptible to cyber-attacks. Any security breach of CommsChoice Group's systems may cause reputational damage, loss of confidence in service, claims by and losses of clients, disruption in service, legal action and regulatory scrutiny.	Section 5.1.8
Ability to attract and retain key personnel	The day to day operations and strategic management of the Company depend substantially on its Board and executive management team. The loss of key personnel or an inability to attract suitably qualified new employees may negatively impact the Company's business and financial position. There is a risk that the loss suffered by the Company may be further amplified by loss of key personnel to a competitor.	Section 5.1.9
Significant retained holding by certain Service Provider Vendors	Assuming the Service Provider Vendors and their associates do not subscribe for Shares under the Offer, the Service Provider Vendors will hold approximately 62% of the issued Share capital of the Company upon Listing. Under the Acquisition Agreements, the Service Provider Vendors will receive additional Shares on account of the Acquisitions in the 12 months after Listing at an issue price equal to the Offer Price, as deferred consideration for the sale to CommsChoice Group of the businesses operated by the Service Providers. The Company estimates that an additional 27.5 million Shares (approximately) will be issued to the Service Provider Vendors as deferred consideration. If no Shares are issued in the 12 months after Listing other than 27.5 million Shares to the Service Provider Vendors, then those Service Provider Vendors will, in aggregate, hold approximately 70% of the total number of Shares. It is also possible that more than 27.5 million Shares may be issued to Service Provider Vendors as deferred consideration, in which case their aggregate shareholding may be higher than 70%. If the Service Provider Vendors act in a similar way, they may have the capacity to control the election of Directors and approve or disapprove significant transactions. The interests of the Service Provider Vendors may differ from the interests of the Company and the interests of Shareholders who acquire Shares under the Offer.	Section 5.1.10

Topic	Summary	Where to find more information
Concentrated client base	CommsChoice Group has a concentrated client base, with its top ten clients and largest client expected to be approximately 24% and 8% respectively of CY18 forecast revenue. If CommsChoice Group were to lose one of these top ten clients and in particular its largest client, it would adversely impact the business and financial position of CommsChoice Group.	Sections 5.1.14 and 9.7.9
Growth and integration risks of acquisitions	CommsChoice Group's growth by acquisitions strategy may have risks associated with integration of the Service Providers and any further acquired businesses into the broader corporate group. The Company will look to unlock identified synergies from integration of the Service Providers. However, there is a risk that these may be less pronounced than originally envisaged. There is a risk that CommsChoice Group will be unable to find suitable acquisition targets, be unable to agree to sale terms or agree to less favourable sale terms than what accords with market practice. A risk also exists that CommsChoice Group may not be able to integrate the clients of each of the entities comprising the CommsChoice Group into the combined business from Listing or extract operating efficiencies from integration of the functions of each business. All of these risks may negatively impact CommsChoice Group's revenue and growth strategy and the Forecast Financial Information.	Section 5.1.16
Due diligence on Service Provider businesses	The Company has undertaken pre-acquisition due diligence on the businesses of each of the Service Providers. Due diligence may not have identified all risks critical to determining whether the Service Provider is a suitable acquisition or risks identified may unexpectedly pose a more material risk to the Company than originally envisaged. There is also a risk that information provided in the due diligence process may not be reliable or completely verified. These risks also apply to any future acquisitions made by CommsChoice Group after Listing.	Section 5.1.18
Trading in Shares may not be liquid	There has been no public market for the Shares prior to the Offer. The Company makes no guarantee that an active trading market for the Shares will develop, or that the price of Shares will increase. There may be relatively few potential buyers of the Shares on ASX at any time which may increase the volatility of the market price of the Shares and may impact the prevailing market price at which Shareholders are able to sell their Shares. A significant sale of Shares following the end of the escrow period agreed to by Existing Securityholders and Service Provider Vendors or a perception that such a sale could occur, could adversely affect the market price of the shares.	Section 5.2.3

01. Investment overview (continued)

Topic	Summary	Where to find more information
Global economic conditions may affect CommsChoice Group	Like most businesses, CommsChoice Group is largely dependent on the prevailing economic conditions and outlook globally and in the ICT products and services market generally. Levels of spending, inflation rates, exchange rates, consumer confidence, access to debt and capital markets and government fiscal, monetary and regulatory policies all affect economic conditions. Changes in economic conditions may have a material adverse effect on the Company's trading and financial performance.	Section 5.2.4
Changes in law, regulations and accounting standards	CommsChoice Group is subject to local laws and regulations in each jurisdiction in which it operates. Changes in laws may require CommsChoice Group to obtain approvals or licences that could lead to increased costs or a restriction in the activities of CommsChoice Group. Changes in or extensions of laws and regulations affecting the ICT products and service markets in the countries in which CommsChoice Group operates and the rules of industry organisations could restrict or complicate CommsChoice Group's activities and increase its compliance costs.	Section 5.2.5

1.5 Key operating and financial metrics

<table>
<tr><th>Topic</th><th>Summary</th><th>Where to find more information</th></tr>
<tr><td>What has been the growth in CommsChoice Group’s key pro forma operating and financial metrics?</td><td>
<table>
<tr><th></th><th colspan="3">Pro Forma Historical Results</th><th colspan="2">Pro Forma Forecast Results</th></tr>
<tr><th></th><th>FY15</th><th>FY16</th><th>FY17</th><th>FY18</th><th>CY18</th></tr>
<tr><td>Revenue growth (%)</td><td></td><td>23%</td><td>25%</td><td>18%</td><td>28%</td></tr>
<tr><td>Gross profit margin</td><td>39%</td><td>43%</td><td>45%</td><td>45%</td><td>46%</td></tr>
<tr><td>EBITDA margin</td><td>-6%</td><td>1%</td><td>6%</td><td>14%</td><td>16%</td></tr>
</table>
</td><td>Section 4.4</td></tr>
<tr><td>What is CommsChoice Group’s key pro forma financial information?</td><td>
<table>
<tr><th></th><th colspan="3">Pro Forma Historical Results</th><th colspan="2">Pro Forma Forecast Results</th></tr>
<tr><th>A$’000s</th><th>FY15</th><th>FY16</th><th>FY17</th><th>FY18</th><th>CY18</th></tr>
<tr><td>Revenue</td><td>13,084</td><td>16,085</td><td>20,136</td><td>23,682</td><td>27,837</td></tr>
<tr><td>EBITDA</td><td>(737)</td><td>181</td><td>1,165</td><td>3,208</td><td>4,565</td></tr>
<tr><td>EBIT</td><td>(1,607)</td><td>(673)</td><td>308</td><td>2,229</td><td>3,417</td></tr>
<tr><td>NPATA</td><td>(672)</td><td>257</td><td>817</td><td>2,350</td><td>3,380</td></tr>
<tr><td>Earnings per Share (cents)[8]</td><td>(0.653)</td><td>0.25</td><td>0.794</td><td>2.284</td><td>3.285</td></tr>
</table>
The Financial Information presented above contains non-International Financial Reporting Standards (IFRS) financial measures and is intended as a summary only and should be read in conjunction with the more detailed discussion of the Financial Information disclosed in Section 4 as well as the risk factors set out in Section 5.
Please read Section 4 for full details of the Company’s pro forma and statutory results and the assumptions underlying this information. A reconciliation between the pro forma and statutory results is set out in Section 4.4.2
</td><td>Section 4.4</td></tr>
<tr><td>How does CommsChoice Group expect to fund its operations?</td><td>
CommsChoice Group expects to fund its operations through retained earnings as well as through equity and debt capital.
The Directors believe that the Company will have sufficient working capital to carry out its stated business objectives without the need to raise more equity or debt in the short term (and at least for the duration of the forecast period).
</td><td>Sections 3, 7 and 9.15</td></tr>
</table>

8. Earnings per Share is calculated by dividing NPATA by the total number of Shares that will be on issue following completion of the Offer, being 102,889,129 Shares.

Topic	Summary	Where to find more information
What is the Company's dividend policy?	The Board intends to target an annual dividend payout ratio of 30% to 60% of NPAT with dividend declaration and payment expected to occur in September or October of each year. However, the proportion of NPAT declared and paid as a dividend is expected to vary between financial years depending on a number of factors including general business and financial conditions, CommsChoice Group's cash flow including cash from operations, capital expenditure requirements, working capital requirements, potential acquisition and expansion opportunities, unusual or non-recurring items, taxation requirements and other factors that the Board considers relevant. It is expected that all future dividends will be franked to the maximum extent possible. No assurances can be given by any person, including the Board, about the payment of any dividend and the level of franking of any such dividend.	Section 4.12
What will the Company's capital structure be on Completion of the Offer?	As at the date of this Prospectus, the Share capital of CommsChoice Group is two Shares. One Share is held by each of Ben Gilbert and an entity associated with Cameron Petricevic. On Completion of the Offer, the Company will have on issue 102,889,129 Shares. An overview of the Company's Share capital on Completion of the Offer is set out in the table below.	Sections 7.1.1, 7.3 and 9.6

Number of Shares offered under the Offer	30,000,000
Number of Shares issued to Service Provider Vendors on Completion of the Acquisitions[9]	64,089,127
Number of Shares to be held by Existing Securityholders, Directors and Management on Completion of the Offer[10]	8,800,002
Total number of Shares on Completion of the Offer	102,889,129

9. Under the Acquisition Agreements, the Service Provider Vendors receive 70% of their total consideration that is payable in Shares on Completion of the Acquisitions. The remaining 30% of consideration that is payable in Shares is to be paid after Completion on the terms and at the times referred to in Sections 7.1.3 and 9.6.
10. Assuming Existing Securityholders, Directors and Management do not apply for Shares under the Offer. The 8,800,002 Shares referred to above does not include any of the 64,089,127 Shares to be issued to Service Provider Vendors on Completion of the Acquisitions. The Service Provider Vendors include Directors and members of Management.

<table>
<tr><th>Topic</th><th>Summary</th><th>Where to find more information</th></tr>
<tr><td>What will the Company’s capital structure be once the total consideration for the Acquisitions has been paid?</td><td>Under the Acquisition Agreements, the Service Provider Vendors receive 70% of their total consideration that is payable in Shares on Completion of the Acquisitions. The remaining 30% of consideration that is payable in Shares is to be paid after Completion at an issue price that is equal to the Offer Price.

In this regard, and if there are no adjustments or only minimal adjustments to the purchase price for each Service Provider on account of completion accounts adjustments, it is expected that around 10% of the total consideration that is payable in Shares will be paid by way of issue of new Shares within 3 months of Listing.

A further 20% of the total consideration that is payable in Shares will be paid around 12 months after Listing through a further issue of new Shares, provided there are no warranty claims made by the Company against a Service Provider Vendor in that time.

Once the total consideration for the Acquisitions has been paid, and assuming no other Shares are issued (whether on the exercise of Options or otherwise) following Completion of the Offer, it is expected that the Company will have on issue approximately 130,355,898 Shares. An overview of the Company’s Share capital once the total consideration for the Acquisitions has been paid is set out in the table below.

<table>
<tr><td>Total number of Shares on Completion of the Offer</td><td>102,889,129</td></tr>
<tr><td>Approximate number of Shares to be issued on settlement of completion accounts under the Acquisition Agreements (around 10% of the total consideration that is payable in Shares, to be issued within 3 months after Listing)</td><td>9,155,590</td></tr>
<tr><td>Approximate number of Shares to be issued around 12 months after Listing (around 20% of the total consideration that is payable in Shares)</td><td>18,311,179</td></tr>
<tr><td>Approximate total number of Shares once total consideration for the Acquisitions has been paid</td><td>130,355,898</td></tr>
</table></td><td>Sections 7.3 and 9.6</td></tr>
</table>

01. Investment overview (continued)

Topic	Summary	Where to find more information

What is the purpose of the Offer and the use of funds?	The purpose of the Offer is to:
	• provide funding to enable CommsChoice Group to:
	  – have sufficient growth and working capital;
	  – make further strategic acquisitions; and
	  – pay the costs associated with the Listing and the Offer;
	• provide CommsChoice Group with a liquid market for its Shares and an opportunity for others to invest in the Shares;
	• provide CommsChoice Group with the benefits that flow from being a listed entity;
	• provide a platform for the Company to access further capital and equity at a later date; and
	• pay the cash portion of the purchase price of the acquired ICT service providers.
	The table below sets out a summary of the anticipated use of the proceeds of the Offer.
		Sections 7.1.4, 7.1.5 and 9.13

Use of Funds	Amount
Cash payments to Service Provider Vendors under the Acquisition Agreements on Completion of the Acquisitions	$2,277,026
Costs of the Offer (excluding underwriting fees)	$950,000
Underwriting fees	$375,000
Working capital and general corporate purposes	$3,897,974
Total	**$7,500,000**

1.6 Directors and key management

Topic	Summary	Where to find more information
Who are the Directors?	• John Mackay, Independent Non-Executive Chairman • Peter McGrath, Independent Non-Executive Director • Cameron Petricevic, Non-Executive Director • Ben Jennings, Non-Executive Director • Stephen Bell, Non-Executive Director • Grant Ellison, Executive Director and Executive General Manager – Enterprise Division	Section 6.1
Who are CommsChoice Group's key managers?	• Ben Gilbert, Chief Executive Officer • Patrick Harsas, Chief Financial Officer • Grant Ellison, Executive Director and Executive General Manager – Enterprise Division • Brent O'Shaughnessy, General Manager – Business Division • Tristan Plummer, General Manager – International Division	Section 6.2

1.7 Significant interests of key people and related party transactions

Topic	Summary	Where to find more information
Who are the Company's key Shareholders and key people and what will their interests be on Completion of the Offer?	(see table and text below)	Section 7.3

Shareholder	Interest in Shares on Completion of the Offer	Interest in Shares on Completion of the Offer (%)
Grant Ellison (Director)	21,844,646	21.23%
Cameron Petricevic (Director)	3,754,242	3.65%
Ben Jennings (Director)	6,481,029	6.30%
John Mackay (Director)	500,000	0.49%
Peter McGrath (Director)	250,000	0.24%
Stephen Bell (Director)	40,000	0.04%
Ben Gilbert (Chief Executive Officer)	1,450,001	1.41%
Patrick Harsas (Chief Financial Officer)	400,000	0.39%
Brent O'Shaughnessy (General Manager)	7,339,091	7.13%
Tristan Plummer (General Manager)	4,542,340	4.41%
Other Service Provider Vendors	22,787,779	22.15%
Other Existing Securityholders	3,500,000	3.40%
New Shareholders under the Offer	30,000,000	29.16%
Total	**102,889,129**	**100.00%**

Each of Grant Ellison, Ben Jennings, Brent O'Shaughnessy and Tristan Plummer are Service Provider Vendors. The above table reflects their shareholding on Completion of the Offer following payment of 70% of the consideration that is payable in Shares to them under the relevant Acquisition Agreement. The remaining 30% of the consideration that is payable in Shares to them is payable after Listing, meaning that the shareholdings of each of Grant Ellison, Ben Jennings, Brent O'Shaughnessy and Tristan Plummer will increase after Completion.

Cameron Petricevic and Ben Jennings have each agreed with a Service Provider Vendor of Telegate to take an assignment of part of the interest of that Service Provider Vendor in the sale of Telegate to the Company. The above table reflects their shareholding on Completion of the Offer following payment of 70% of the consideration that is payable in Shares in respect of the interest in which they have taken an assignment. The remaining 30% of the consideration that is payable in Shares to them is payable after Listing, meaning that the shareholdings of each of Cameron Petricevic and Ben Jennings will increase after Completion.

As at the Prospectus Date, the Existing Securityholders (which include John Mackay, Peter McGrath, Ben Gilbert and Ben Jennings) hold converting notes that, prior to Listing will convert into a total of 5,000,000 new Shares. Of those 5,000,000 new Shares, John Mackay and Ben Jennings will each be issued 500,000 new Shares and each of Peter McGrath and Ben Gilbert will be issued 250,000 new Shares.

01. Investment overview (continued)

<table>
<tr><th>Topic</th><th>Summary</th><th>Where to find more information</th></tr>
<tr><td>What will the interests of the Company's key Shareholders be once total consideration for the Acquisitions has been paid?</td><td>

Shareholder	Interest in Shares once total consideration for the Acquisitions has been made	Interest in Shares once total consideration for the Acquisitions has been made (%)
Grant Ellison (Director)	31,206,637	23.94%
Cameron Petricevic (Director)	4,437,488	3.40%
Ben Jennings (Director)	9,044,328	6.94%
John Mackay (Director)	500,000	0.38%
Peter McGrath (Director)	250,000	0.19%
Stephen Bell (Director)	40,000	0.03%
Ben Gilbert (Chief Executive Officer)	1,450,001	1.11%
Patrick Harsas (Chief Financial Officer)	400,000	0.31%
Brent O'Shaughnessy (General Manager)	10,484,416	8.05%
Tristan Plummer (General Manager)	6,693,076	5.13%
Other Service Provider Vendors	32,349,952	24.82%
Other Existing Securityholders	3,500,000	2.68%
New Shareholders under the Offer	30,000,000	23.01%
Total	**130,355,898**	**100.00%**

Cameron Petricevic has an agreement with the Company whereby the Company will issue 5,000,000 Shares to Cameron Petricevic following release of the CY18 financial results of the Company (expected to occur in around February 2019), provided the actual NPATA for the Company for CY18 meets or exceeds the forecast NPATA for CY18 of $3,380,000 as appears in this Prospectus. If these Shares are issued to Cameron Petricevic then his Shareholding in the Company may increase to around 6.7%. If the NPATA for the Company for CY18 is below $3,380,000, Cameron Petricevic's right to be issued any of those Shares will automatically lapse.

On Completion of the Acquisition of CommsChoice, Grant Ellison will be issued 3,508,156 Options each having an exercise price of $0.3125 and an expiry date of 3 years after the Listing Date.

Subject to compliance with the Corporations Act and the ASX Listing Rules, following the issue of the remaining 30% of the consideration that is payable in Shares to all Service Provider Vendors, and assuming Grant Ellison exercises all his Options, Grant Ellison's relevant interest in Shares may increase to around 27%.
</td><td>Section 7.3</td></tr>
</table>

Topic	Summary	Where to find more information
What escrow restrictions apply to the key Shareholders' Shares?	Subject to appropriate relief being granted by ASIC (which it has agreed in principle to provide, to the extent such relief is required), it is expected that around 63% of the total Shares on Completion of the Offer will be subject to voluntary escrow arrangements until the financial results for the Company for CY18 are released (expected to occur in around February 2019). Of the 64,089,127 Shares to be issued to Service Provider Vendors on Completion of the Acquisitions (including Cameron Petricevic and Ben Jennings), a total of 62,489,127 Shares will be subject to escrow. An additional 2,160,000 Shares to be issued to Cameron Petricevic on Completion of the Offer as consideration for his role in assisting the Company to identify the Service Providers and undertake the Acquisitions will also be subject to escrow.	Section 9.4

1.8 Overview of the Offer

Topic	Summary	Where to find more information
What is the Offer?	The Offer is an initial public offering of 30 million Shares to be issued at the Offer Price of $0.25 per Share to raise a total of $7.5 million. The Shares being offered will represent approximately 29.16% of Shares on issue on Completion of the Offer.	Section 7.1.1
Who is the issuer of the Prospectus?	CommsChoice Group Limited ACN 619 196 539 is a public company registered in Victoria, Australia.	Section 9.1
Why is the Offer being conducted	The Offer is being conducted to: • provide funding to enable CommsChoice Group to: – have sufficient growth and working capital; – make further strategic acquisitions; and – pay the costs associated with the Listing and the Offer; • provide CommsChoice Group with a liquid market for its Shares and an opportunity for others to invest in the Shares; • provide CommsChoice Group with the benefits that flow from being a listed entity on ASX; • provide a platform for the Company to access further capital and equity at a later date; and • pay the cash portion of the purchase price of the acquired ICT service providers under the Acquisitions.	Section 7.1.4
Will the Shares be quoted?	The Company will apply for admission to the official list of ASX and quotation of Shares on ASX under the code 'CCG'. Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.	Section 7.2

01. Investment overview (continued)

Topic	Summary	Where to find more information
How is the Offer structured?	The Offer comprises: • the Broker Firm Offer which is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia; and • the Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia to apply for Shares.	Section 7.1.2
Is the Offer underwritten?	Yes, the Offer is fully underwritten by the Lead Manager.	Sections 7.2, 7.6 and 9.5
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Lead Manager and the Company. The Lead Manager, in consultation with the Company, has absolute discretion regarding the basis of allocation of Shares among Institutional Investors. For Broker Firm Offer participants, Brokers will decide as to how they allocate Shares that then are allocated to their retail clients.	Sections 7.2, 7.4.5 and 7.5.2
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.	Section 7.2
What are the tax implications of investing in the Shares?	Given that the taxation consequences of an investment will depend upon the investor's particular circumstances, it is the obligation of the investor to make their own enquiries concerning the taxation consequences of an investment in the Company. If you are in doubt as to the course you should follow, you should consult your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser. An overview of the tax treatment for Australian resident investors is included in Section 7.8.	Section 7.8
How can I apply?	Eligible investors may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.	Section 7.2
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be despatched by standard post on or about 19 December 2017.	Section 7.2

Topic	Summary	Where to find more information
Can the Offer be withdrawn?	The Company reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.	Section 7.2
Where can I find more information about this Prospectus or the Offer?	If you have any questions about this Prospectus or how to apply for Shares, please call the CommsChoice Group IPO Information Line on 1300 737 760 from 8.30am to 5.30pm (AEDT), Monday to Friday (excluding Victorian public holidays). If you are unclear or uncertain as to whether CommsChoice Group is a suitable investment for you, you should seek professional guidance from your lawyer, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest in Shares.	Important Notices

02.

Independent Market Report

02. Independent Market Report

FROST & SULLIVAN

The Enterprise and Business ICT Market in Australia, New Zealand and Singapore

23 November 2017

This Independent Market Report (**IMR** or **Report**) which is primarily focused on the Australia, New Zealand and Singapore Enterprise and Business Information & Communications Technology **(ICT)** Market, has been prepared by Frost & Sullivan Australia Pty Limited (**Frost & Sullivan**) at the request of the Directors of CommsChoice Group Limited (**CommsChoice Group**) for inclusion in a prospectus to be lodged with the Australian Securities and Investments Commission (**ASIC**) on or about 27 November 2017.

All currency quoted in this report refers to Australian dollar (A$). The exchange rate used is A$1=US$0.79.[11]

1 Introduction and Background

CommsChoice Group will focus on providing ICT solutions and services to the Enterprise and Business markets, and will be formed through the merger of companies currently operating in the ICT sector in Australia (with operations in Asia and clients globally). As CommsChoice Group's key focus markets are Australia, New Zealand and Singapore, these are in the focus of this report. North America, the United Kingdom and Hong Kong are also briefly covered, as these may be markets of additional focus for CommsChoice Group over the longer term. CommsChoice Group is expected to target Business and Enterprise clients in each of these markets, along with mid-tier multinational clients with decision making hubs based in each of these countries.

Most businesses are undergoing significant transformation as they adopt advanced ICT solutions to improve worker productivity, business agility and overall competitive positioning. To aid them in their digital transformation journey, they will need a range of communication solutions, digital devices, software, platforms and services. This represents a large and growing opportunity for CommsChoice Group.

2 Definitions

The following terms have been used in this report:

Businesses: Companies with between 20 and 250 employees.

Enterprises: Companies over 250 employees.

Digital Transformation: The profound and accelerating transformation of business activities, processes, competencies and models to fully leverage the changes and opportunities of digital technologies and their impact across society in a strategic and prioritised way.[12]

Internet Protocol (IP) Telephony: IP telephony involves the use of IP's packet-switched connections to exchange voice, data, and other forms of information that have been traditionally carried out over dedicated circuit-switched connections.[13] When voice exchange is performed over a public exchange, this is known as **VoIP**.

Enterprise Mobility: Mobile device management (**MDM**) licence, devices, integration, managed mobility services, security, etc.[14]

11. Xe.com, accessed 22 Sep 2017
12. Frost & Sullivan
13. Ibid
14. Ibid

Cloud: Cloud computing is a pool of compute, memory and input-output (**I/O**) resources, applications or operating environments with seemingly infinite scalability, delivered as a service (**aaS**) over a network, be it private or public, such as the public internet. It includes 'Software as a Service' **(SaaS)** i.e. software delivered through the public or private network, 'Platform as a Service' **(PaaS)** i.e. development platform as a service, and 'Infrastructure as a Service' **(IaaS)** i.e. compute, storage as a service.[15] Cloud is one of the key components driving Digital Transformation.

SD-WAN: A software-defined wide area network (**SD-WAN**) architecture uses SDN[16] principles to separate the data plane from the control plane in the WAN. SD-WAN incorporates virtualised technology to ensure efficient routing of business applications over optimal network technology multi-protocol label switching (**MPLS**), Internet, Ethernet, or wireless for improved performance. SD-WAN offers increased automation and transparency for Enterprises leading to better performance, speed of upgrade and a reduction in expenditure.[17]

Unified Communications-as-a-Service (UCaaS): An integrated set of voice, data and video communications applications hosted in the Cloud and outsourced to a third-party provider over an IP network (public or private). It can be used to deploy a suite of collaboration tools to users in multiple locations. Because the service is hosted in the Cloud, it allows companies to shift from a capital investment model to a consumption based model, typically lowering total expenditure. UCaaS includes VoIP[18]/Hosted PBX.[19]

Managed Services: Managed services include Consulting, Implementation, Cloud Services, Infrastructure Outsourcing, Applications Outsourcing, Custom Software Support and Hardware Support. This excludes Business Process-as-a-Service and traditional business process outsourcing **(BPO)**.

3 Market Drivers

The Australia, New Zealand and Singapore ICT services market is being stimulated by a combination of factors, including the following:

Maturity of ICT Infrastructure

As **Figure 1** shows, Australia, New Zealand and Singapore are clearly within the high-income category of countries globally; a key determinant of the maturity and sophistication of digital infrastructure.

15. Ibid
16. SDN technology does for network services what virtual machines (VM) do for servers—it enables physical network resources to be pooled together and consumed on-demand.
17. Frost & Sullivan
18. Voice over IP
19. Hosted private branch exchange

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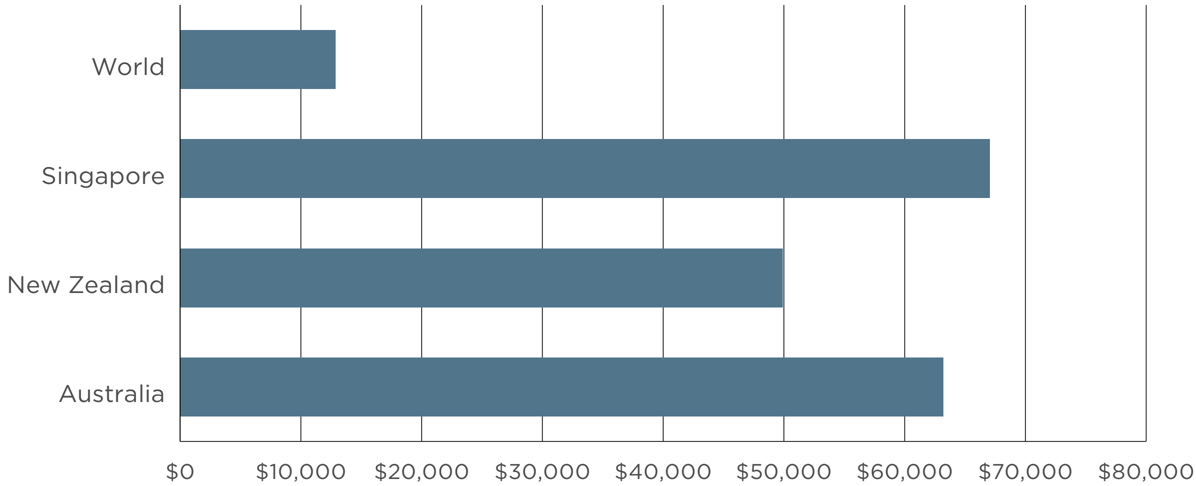
Figure 1: GDP per capita, Australia, New Zealand, Singapore and World, 2016



Source: The World Bank, http://data.worldbank.org/indicator/NY.GDP.PCAP.CD, accessed 10 Aug 2017

As **Table 1** shows, when compared to global indicators, the ICT infrastructure in Australia, New Zealand and Singapore shows significantly greater maturity and is comparable with other developed markets such as the United States and United Kingdom, and this is a factor underpinning ICT services market revenue growth.

Table 1: Comparison of ICT Infrastructure Indicators, Australia, New Zealand, Singapore, United States, United Kingdom and World, 2015

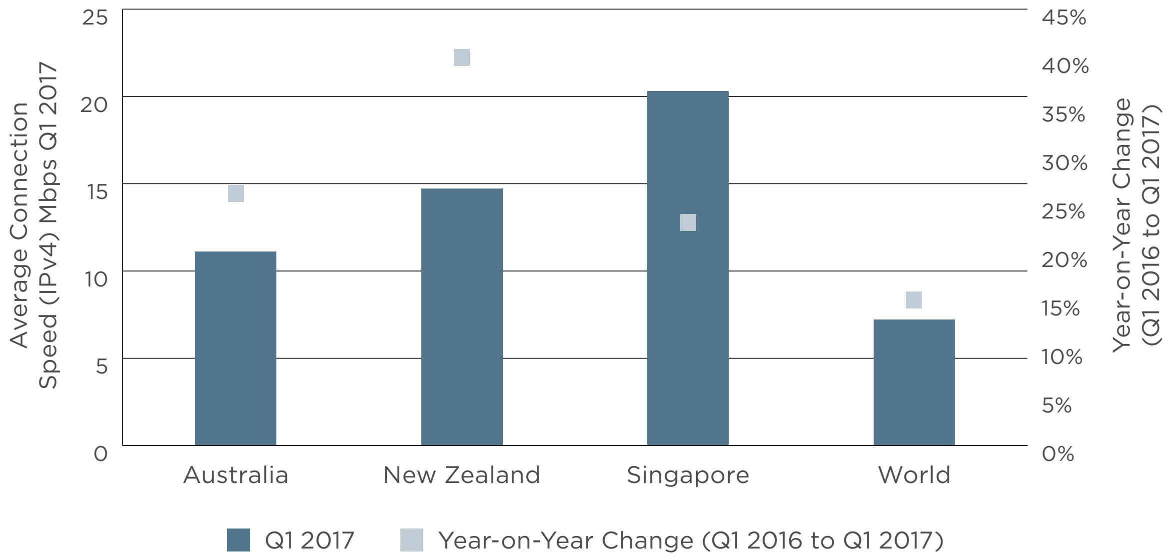
	Australia	New Zealand	Singapore	US	UK	World
Secure Internet servers (per million people)	1,460.9	1,298.6	932.1	1,649.9	1382.6	208.7
Mobile-cellular telephone subscriptions (per 100 people)	132.8	121.8	146.1	117.6	125.8	98.6
Fixed-broadband subscriptions (per 100 people)	27.9	31.5	26.5	31.5	37.7	11.3
Individuals using the Internet (%)	84.6%	88.2%	82.1%	74.6%	92.0%	44%
Population covered by at least a 3G mobile network (%)	99%	98%	100%	100%	99%	73%

Source: The Little Data Book on Information and Communication Technology, The World Bank, 2017

Faster Internet Connection Speeds and Growing Internet Traffic

As **Figure 2** shows, average internet connection speed is greater in Australia, New Zealand and Singapore than it is globally, and has been growing at a faster pace.[20] It has also been growing faster year-on-year than other advanced markets such as the US and UK.

Figure 2: Average Internet Connection Speed, Australia, New Zealand, Singapore and World, Q1 2017 and Year-on-Year Change



Source: State of the Internet, Q1 2017 Report, Akamai

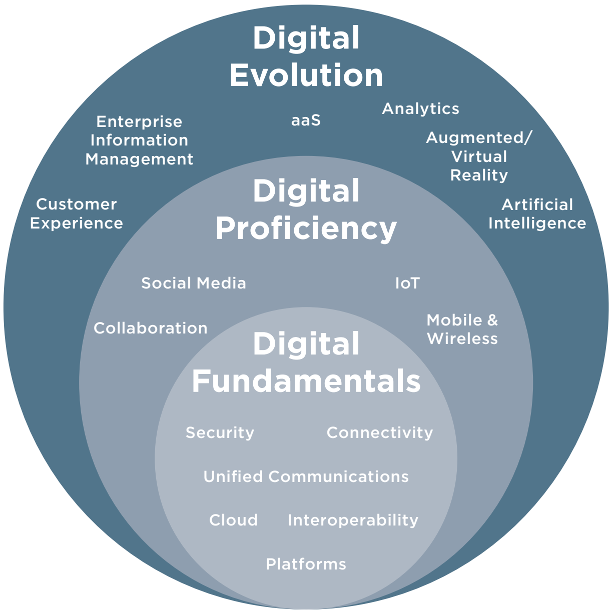
In addition, the increased consumption of video and the proliferation of apps should drive Internet traffic growth. For example, in Australia, the average Internet user is anticipated to generate 98.8 Gigabytes of Internet traffic per month in 2021, up 171% from 36.5 Gigabytes per month in 2016, a CAGR of 22%.[21] Given that in 2015-16, more than half of Australian businesses had a web presence and placed orders via the Internet, and over a third had a social media presence and received orders via the Internet,[22] demand for data and communications is now underpinned by a strong push towards the digitisation of business.

20. The State of the Internet, Q1 2017, Akamai
21. Cisco VNI Forecast Highlights, Australia, https://www.cisco.com/c/m/en_us/solutions/service-provider/vni-forecast-highlights.html#, accessed 10 Aug 2017
22. ABS 8166.0 – Summary of IT Use and Innovation in Australian Business, 2015-16

Digital Transformation Driving ICT Service Expenditure

Digital transformation of businesses is resulting in increased use of bandwidth-intensive applications and services and converged communications solutions, as well as increased demands for flexibility and scalability. **Figure 3** outlines the main domains that are part of the digital transformation journey for businesses; from digital fundamentals to digital proficiency and advanced digital evolution. Organisations move through these domains during the digital transformation process.

Figure 3: Digital Transformation Domains



Source: Frost & Sullivan

As indicators of the pace of digital transformation, a Frost & Sullivan survey[23] of businesses in Asia Pacific found that:

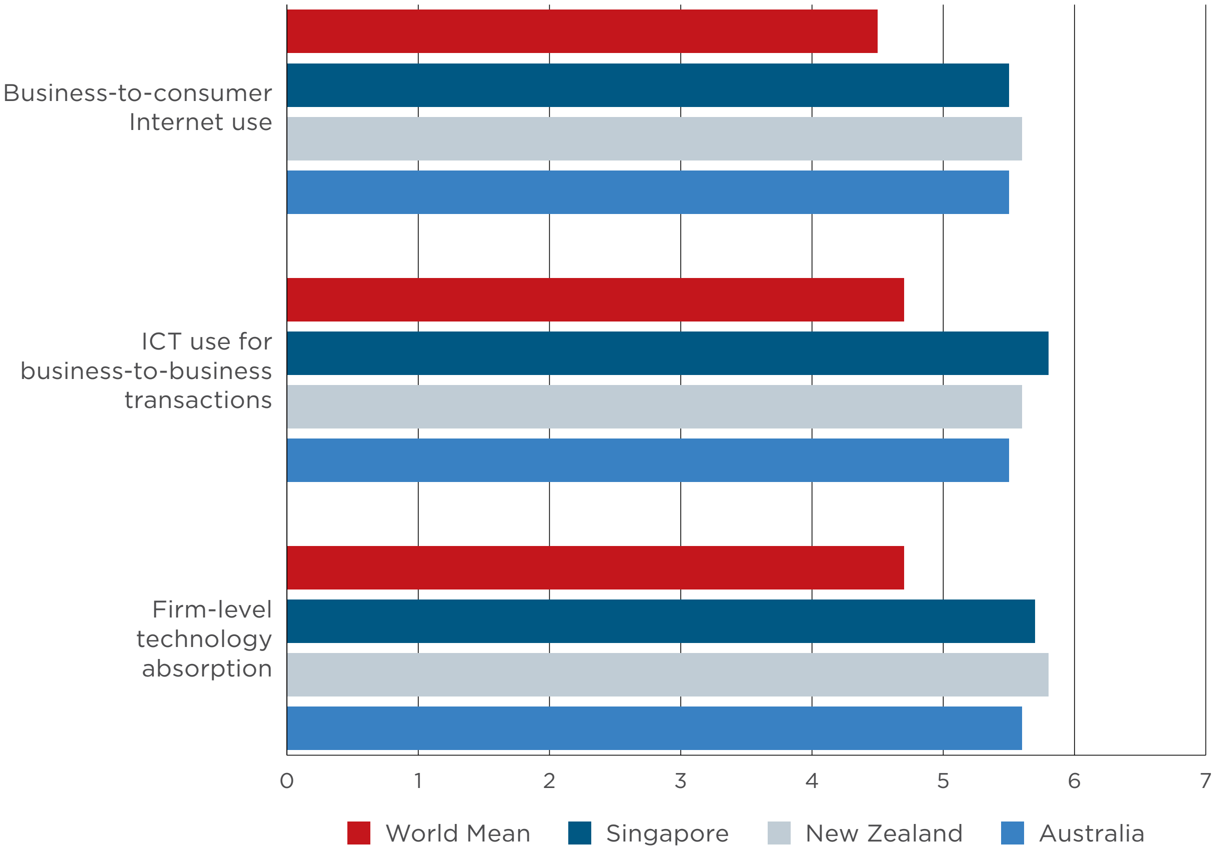
- Of the 63% of employees using smartphones, 61% were using company-owned devices. Similarly, of the 39% of employees using tablets, 49% were using company-owned devices.
- Whilst on average, 31% of organisations' storage was moved to the cloud in 2015, in 2018 that figure is expected to be 49%.
- In relation to Internet of Things (**IoT**) deployments, 38% had live services with clients, distributors and suppliers and 46% had internal deployments.

Business Use of ICT

As **Figure 4** indicates, businesses in Australia, New Zealand and Singapore deploy ICT solutions to a much greater extent than the global average.

23. Navigating an Era of Digital Transformation in Asia Pacific, Frost & Sullivan, Oct 2016; n=648 decision makers for the organisation's IT related services

Figure 4: Indicators of Enterprise and Business Use of ICT, Australia, New Zealand, Singapore and World, 2016



Source: The Global Information Technology Report 2016, World Economic Forum, Executive Opinion Survey; 1-to-7 scale, (where 1 and 7 correspond to the worst and best possible outcomes respectively)

Firm-level technology absorption: *The extent to which businesses adopt new technology*

ICT use for business-to-business transactions: *The extent to which businesses use ICT for transactions with other businesses*

Business-to-consumer Internet use: *The extent to which businesses use the Internet for selling their goods and services to consumers*

As **Table 2** shows, the total addressable market for CommsChoice Group in Australia, New Zealand and Singapore is close to 80,000 organisations.

Table 2: Estimates of Total Number of Enterprises and Businesses, Australia, New Zealand and Singapore, 2016

	Australia	New Zealand	Singapore
Enterprises	4,300	1,000	1,000
Businesses	49,900	11,800	11,600
Total	54,200	12,800	12,600

Source: Frost & Sullivan estimates based on data for 2016 from 8165.0 – Counts of Australian Businesses – ABS, New Zealand Business Demography Statistics – Stats NZ, Enterprise – Department of Statistics Singapore

Shift to VoIP

Global demand for VoIP services is expected to grow from $83 billion in 2015 to reach over $140 billion in 2021, at a CAGR of above 9.1% over this period.[24] This uptake across phone-to-phone, computer-to-phone and computer-to-computer communication is driven by the potential to reduce infrastructure costs with voice and data on the same network, the modernisation of network infrastructure in many countries, as well as the increased use of mobile devices by businesses. The growth in Asia Pacific in particular, is expected to outpace global average demand.

Shift from Private IP to Public IP Networks

A 2017 global survey of 1,002 IT professionals from around the world shows that companies run 41% of workloads in the public cloud (as opposed to 38% in private cloud).[25] Amongst smaller companies, around half run workloads in the public cloud (as opposed to 33% in private cloud). As a result, legacy private networks (with low bandwidth and high cost) are no longer fit for purpose. This stimulates demand for public networks that can scale cost-effectively as the size of the organisation increases.

Increasing Reliance on Outsourcing IT Infrastructure

Growing communications infrastructure complexity compels businesses to outsource communications solutions management to expert third parties to improve business agility and more effectively manage digital transformation. Inefficient in-house models are giving way to more flexible, scalable and cost-effective outsourcing arrangements. With businesses needing to right-size existing ICT infrastructure and more effectively leverage ICT assets and staff to achieve broader business goals, a trusted partner with the appropriate technology expertise, flexibility and portfolio is seen as extremely valuable.

In addition, business clients need support in dealing with cyber security threats, ensuring network reliability, automating business processes, managing enterprise mobility, managing multi-vendor solutions and legacy systems integration. According to a global survey of CIOs and technology leaders, the proportion of IT leaders planning to increase future outsourcing has increased from 36% of respondents in 2010 to 48% of respondents in 2017.[26]

With this shift, also comes greater demand from companies to pick and choose products from a myriad of vendors that best suit their combined needs; ICT is becoming modularised.

24. VoIP Services Market By 2021 Set for Rapid Growth, to Reach Around USD 140 billion, Zion Research, Jan 2017, https://www.newsmaker.com.au/news/234173/voip-services-market-by-2021-set-for-rapid-growth-to-reach-around-usd-140-billion#.WYz_ktljHIV, accessed 11 Aug 2017
25. Cloud Computing Trends: 2017 State of the Cloud Survey, RightScale, Feb 2017, n=1,002 IT professionals, https://www.rightscale.com/blog/cloud-industry-insights/cloud-computing-trends-2017-state-cloud-survey, accessed 25 Sep 2017
26. 2017 Harvey Nash/KPMG CIO Survey, n=4,498 CIOs and technology leaders globally

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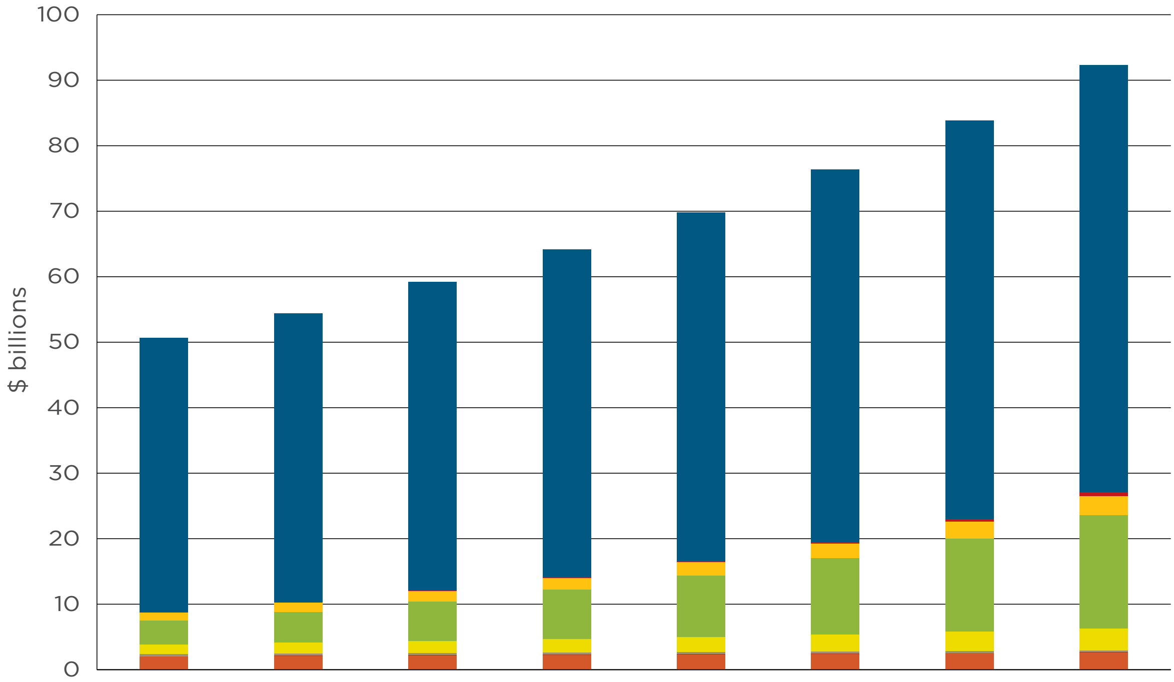
4 Size and Growth of the Enterprise and Business ICT Market

CommsChoice Group addresses the market for Enterprise and Business ICT, including the delivery of ICT solutions, services and equipment.

Figure 5 shows the current and forecast growth of the addressable Enterprise and Business ICT markets (ICT solutions and managed services) for CommsChoice Group in Australia, New Zealand and Singapore. The total addressable market is estimated at $54.37 billion in 2016, and is estimated to increase to $92.30 billion by 2022 at a CAGR of 9.2%. With the addition of ICT equipment,[27] the total addressable market for Enterprise and Business ICT in Australia, New Zealand and Singapore is estimated at $81.1 billion in 2016.

Figure 5: Enterprise and Business ICT Solutions and Managed Services Market Revenue in Australia, New Zealand and Singapore, 2015 to 2022



	2015	2016	2017	2018	2019	2020	2021	2022
Managed Services	41.91	44.11	47.13	50.02	53.26	56.86	60.82	65.2
SD-WAN	0.02	0.03	0.08	0.12	0.19	0.28	0.42	0.66
Ucaas	1.24	1.41	1.6	1.79	1.99	2.24	2.53	2.85
Cloud	3.64	4.71	6	7.53	9.38	11.6	14.25	17.34
Enterprise Mobility	1.46	1.64	1.85	2.08	2.33	2.62	2.96	3.35
IP Telephony	0.36	0.35	0.34	0.33	0.31	0.3	0.28	0.27
Traditional Telephony	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.02
Data	1.99	2.08	2.16	2.24	2.33	2.42	2.52	2.62

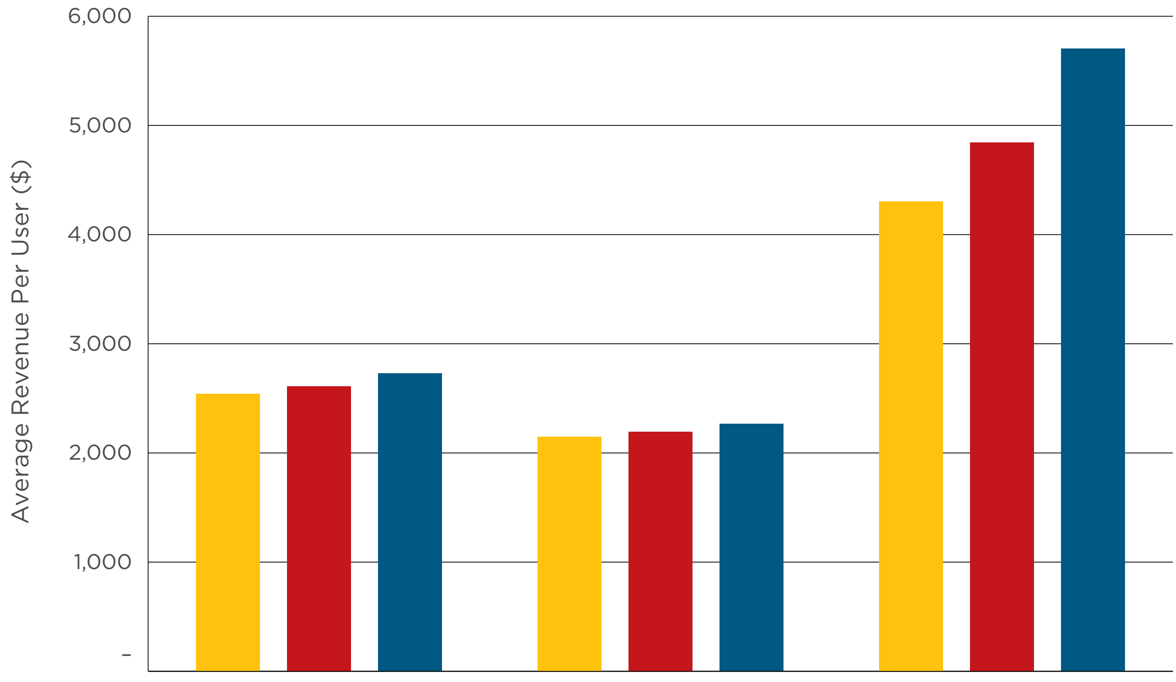
Source: Frost & Sullivan analysis[28]

27. Includes hardware such as firewalls, routers, switches, Wifi, IP handsets, video conferencing and collaboration equipment, mobile devices, tables, laptops, etc.
28. These estimates are based on Frost & Sullivan's interviews with industry participants and its in-house database of reports, as well as a range of third-party published sources.

Over the forecast period 2015 to 2022, SD-WAN shows the fastest projected growth rate amongst all relevant addressable markets, followed by the cloud and UCaaS divisions; whilst traditional telephony shows the biggest decline as expected.

Factoring in workforce numbers, business ICT solutions and managed services average revenue per user (assuming all employed persons as users of ICT solutions) is growing in each of the three countries:

Figure 6: Enterprise and Business ICT Solutions and Managed Services Average Revenue per User Estimate, Australia, New Zealand and Singapore, 2015 to 2017



	2015	2016	2017
Australia	2,542	2,150	4,305
New Zealand	2,613	2,196	4,843
Singapore	2,731	2,266	5,704

Source: Frost & Sullivan analysis (Enterprise and Business ICT market estimates) and ABS – Labour Force, Stats NZ – Labour Market Statistics, Ministry of Manpower Singapore – Labour Market Statistical Information

Expansion Markets (North America, the United Kingdom and Hong Kong)

CommsChoice Group sees a nexus between its current operations and other large markets such as North America, the United Kingdom and Hong Kong. These markets also exhibit the same characteristics as the immediate focus markets, such as high GDP per capita, strong ICT infrastructure (in terms of Internet penetration and mobile network coverage), growing Internet traffic and faster connection speeds, significant digital transformation of both public and private sectors, high business use of ICT solutions and services, VoIP growth and an established outsourcing model for IT infrastructure.

In 2016, the combined Enterprise and Business ICT solutions and managed services market in North America, the United Kingdom and Hong Kong was over eleven times the size of the same markets for Australia, New Zealand and Singapore, underlining the massive potential opportunity for CommsChoice Group in these markets. In 2016, the total market was $647.27 billion, and is estimated to increase to $1,091.60 billion by 2022 at a CAGR of 9.1%.

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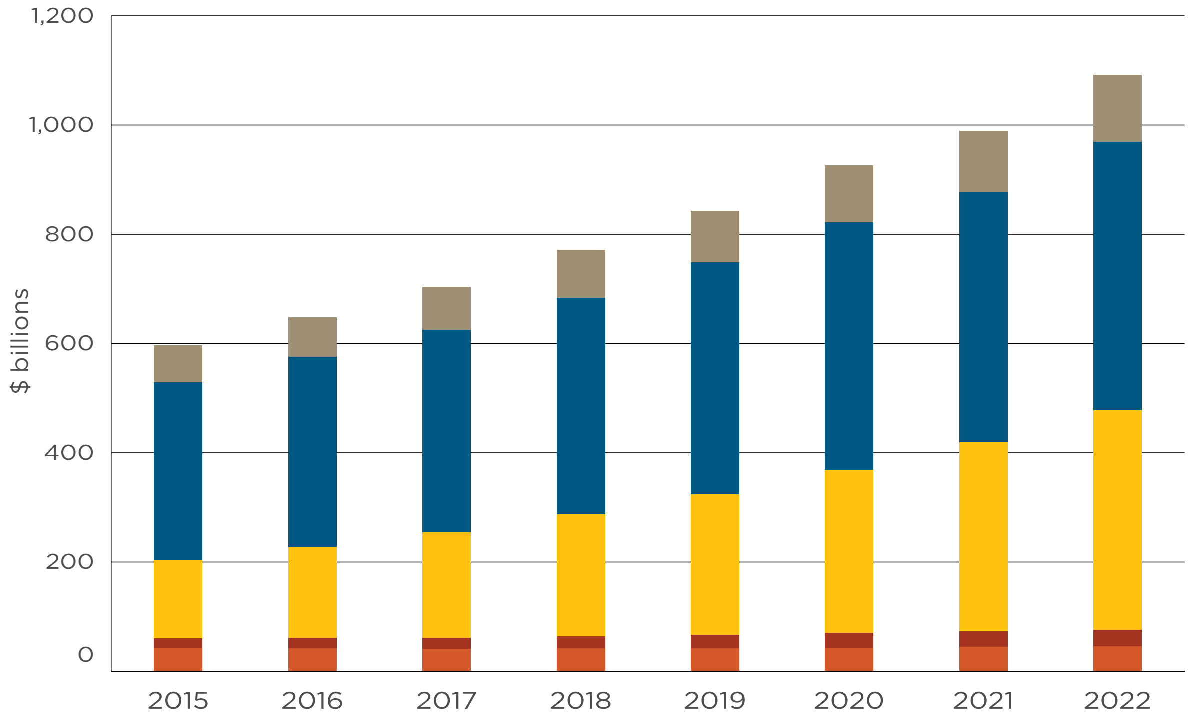
Figure 7: Total Enterprise and Business ICT Solutions and Managed Services Market, North America, UK and Hong Kong, 2015 to 2022



	2015	2016	2017	2018	2019	2020	2021	2022
Others	67	73	79	87	95	104	111	123
Managed Services	325	347	371	397	424	453	459	492
Cloud	144	167	193	223	258	299	346	401
Enterprise Mobility	17	19	20	22	24	27	29	31
Broadband	43	42	41	42	42	43	44	45

Source: Frost & Sullivan analysis

**Others include Traditional Telephony, IP Telephony, UCaaS and SD-WAN*

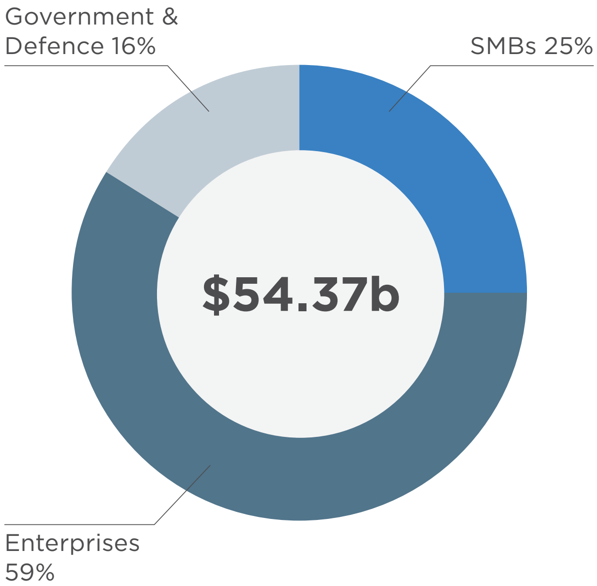
5 Sector Trends

Trends in the use of ICT solutions and services by different tiers of client and industry verticals are summarised below.

End-markets by Type of Organisation

As **Figure 8** below highlights, the majority of business ICT expenditure comes from Enterprises. Whilst the number of Businesses is much higher, their expenditure on ICT is significantly lower than Enterprises in industries such as business and financial service (**BFS**) institutions, hospitals, telecommunications providers and other large Enterprises that have larger ICT deployments and ongoing requirements.

Figure 8: Total Enterprise and Business ICT Solutions and Managed Services Market in Australia, New Zealand and Singapore by Type of End-Client Organisation, 2016



Source: Frost & Sullivan analysis

Businesses

As Businesses increasingly migrate from legacy telephony platforms to next-generation communications solutions, investments must be justified by the ability to increase sales and reduce costs. Businesses rely heavily on the advice of technology vendors to help them with their digital transformation roadmap. A lack of 'legacy IT baggage' and a shorter sales-conversion cycle present compelling reasons for vendors to target the Business market.

Businesses are increasingly outsourcing storage, software development and other services to managed service providers to enable efficiency of IT operations, increase cost savings, and foster a proactive approach to maintenance.

Many Businesses are also adopting cloud services, which are more scalable and cost-effective than on-premise solutions, supporting Businesses in growing their businesses domestically and internationally. Business applications, such as office productivity tools, file sharing and online backup, alongside cloud-based Web hosting services are the most commonly deployed cloud solutions among Businesses.

The NBN in Australia is forcing a once-in-a-generation change decision for Businesses and Enterprises due to the movement away from Integrated Services Digital Network (ISDN) in 2018, and thus an opportunity for them to review their ICT plans.

Enterprises

Since Enterprises are typically further advanced on the digital transformation journey than Businesses, they form the major portion of the total addressable Enterprise and Business ICT market in every division, and present a number of ongoing revenue opportunities for managed services around upgrade or refresh of legacy systems. For example, in Australia, whilst 25% of businesses with 0-4 persons employed use paid cloud services, this compares to 60% of businesses with 200 or more persons employed.[29]

Managing ICT services remotely and across multiple sites is highly desirable from a cost, time and performance perspective. Once an organisation commits to outsourcing to a single provider, this incumbency also provides an opportunity for the supplier to grow their share of wallet within that organisation.

Government & Defence

ICT expenditure in the government and defence sector is driven by a significant push to update ageing infrastructure, enable e-governance programs and online service delivery, facilitate increased mobility amongst government employees, enhance cybersecurity practices and tools and improve overall agency efficiencies.

In 2016, a global survey of ICT decision makers in government showed that dealing with security threats was rated the top ICT challenge for governments, followed by ensuring network stability / reliability.[30] The top drivers for ICT investments included improving productivity, reducing operational costs and attracting and retaining a competitive workforce.[31] In addition, most governments had deployed at least some of their IT infrastructure, applications, and/or services to the cloud.[32] 39% of government agencies expected their IT budgets to increase.[33]

End-market by Country

Australia accounts for over half the combined total market size of the three countries, driven to a large extent by its large relative size in terms of number of operating businesses, as well as the maturity of its market in cloud deployments.

29. ABS, Summary of IT Use and Innovation in Australian Business, 8166.0, 2015-16
30. Navigating Digital Transformation in Government, Frost & Sullivan, Sep 2016, n=199 IT decision makers in government ((Europe, North America, Latin America, Asia Pacific)
31. Ibid
32. Ibid
33. Ibid

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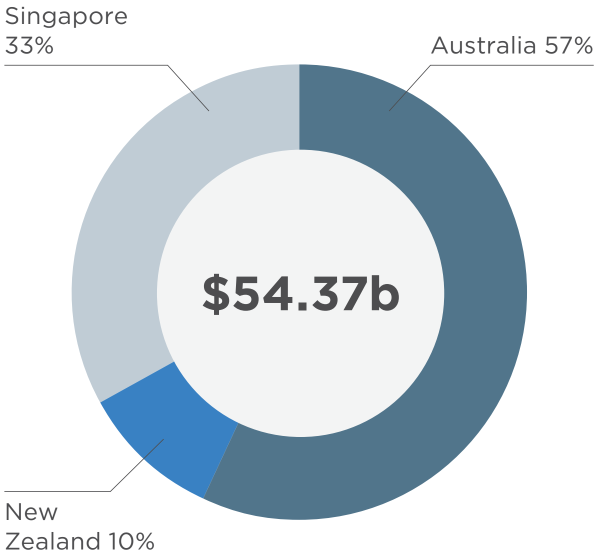
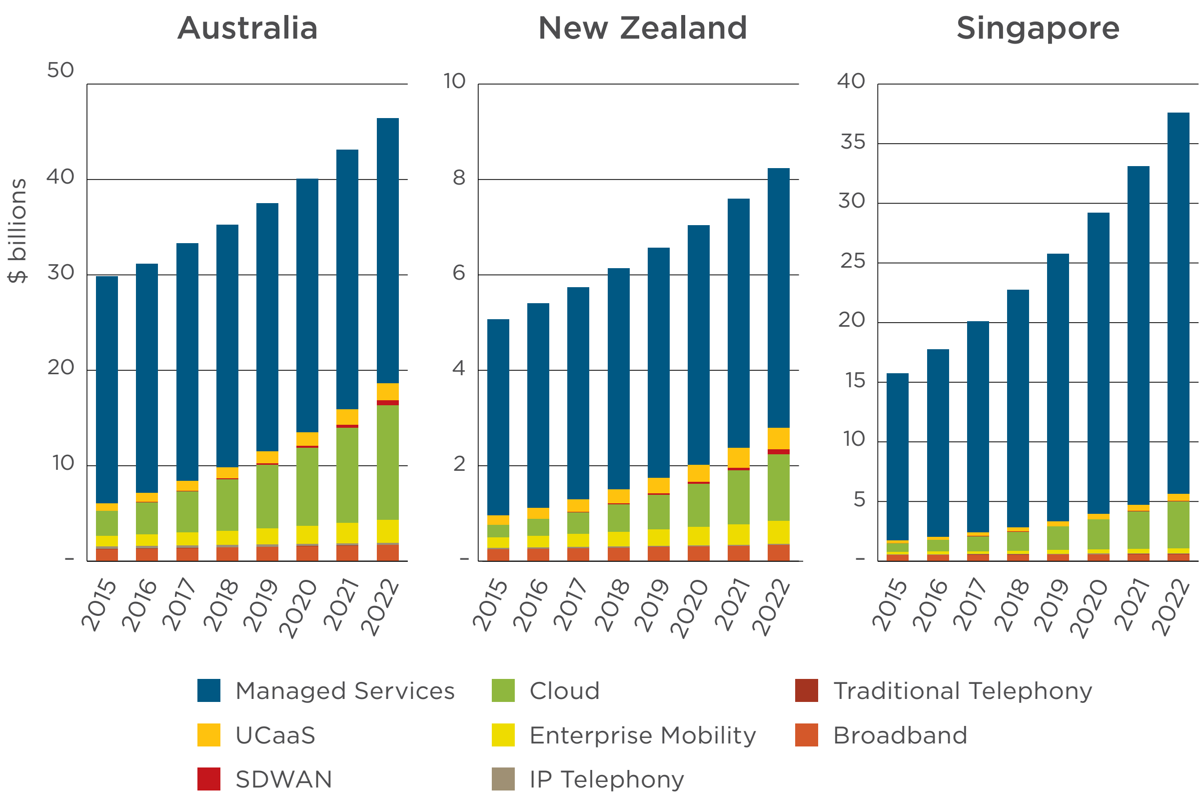
Figure 9: Total Enterprise and Business ICT Solutions and Managed Services Market in Australia, New Zealand and Singapore, 2016



Source: Frost & Sullivan analysis

Figure 10: Enterprise and Business ICT Solutions and Managed Services Markets in Australia, New Zealand and Singapore, 2015 to 2022



Source: Frost & Sullivan analysis

Solution and Service Trends

The key trends in the solutions and service divisions that form the addressable market opportunity for CommsChoice Group are discussed below:

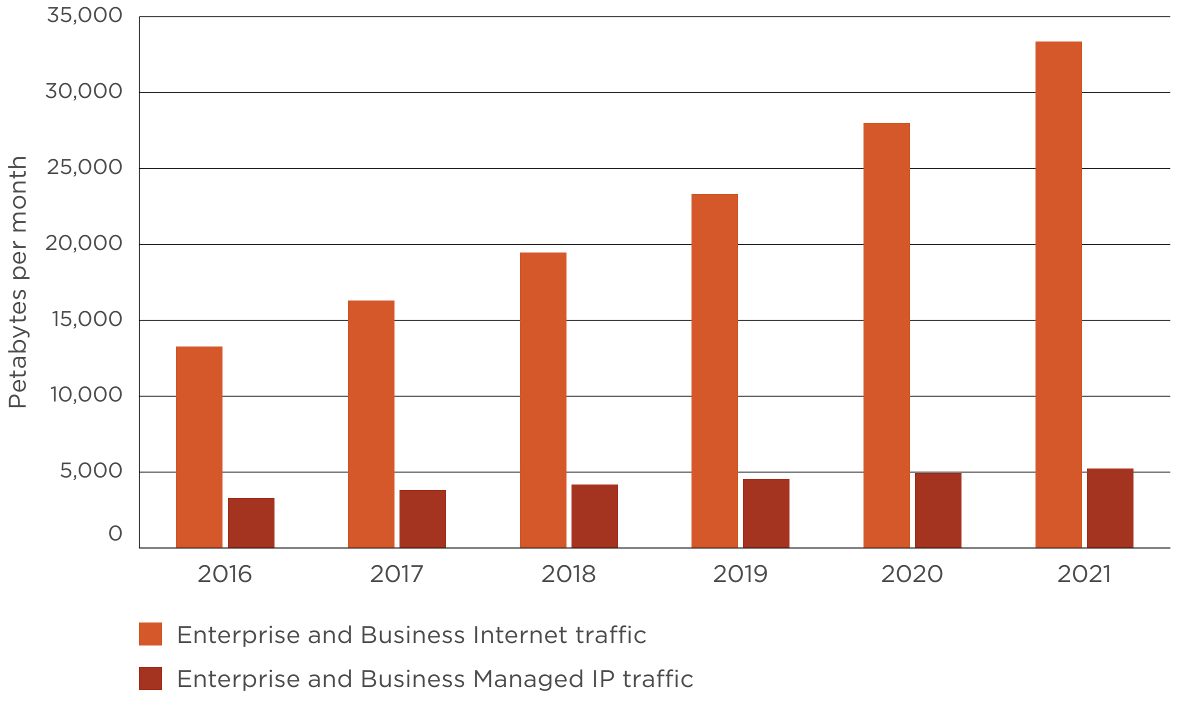
Data

Global B2B Internet-enabled e-Commerce is expected to reach $6.7 trillion by 2020.[34] In addition, it is anticipated that 63 million new devices per second will attach to Enterprise and Business networks in 2020.[35]

The rise in digital technologies such as IoT and cloud, as well as the increase in mobile data and consumption of video, are increasingly consuming network bandwidth, driving a requirement to scale up quickly without any disruptions. Consequently, the need for re-design of networks presents a significant opportunity to vendors to offer network transformation and consulting services supporting clients in their digital journey, and managing the transformed network infrastructure on a continuous, 'real-time' basis. Key to this transformation is the ability to adjust and monitor networks remotely.

Ethernet WAN and Ethernet access services are expected to experience high growth, led by the rise in deployment of cloud and IoT technologies which require high bandwidth and flexibility. Leased lines, xDSL[36] and MPLS[37] are expected to decline, whilst a shift is expected towards SD-WAN and hybrid networks which offer more flexibility and better control.[38]

Figure 11: Enterprise and Business Internet and Managed IP Traffic, World, 2016 to 2021



Source: Cisco Visual Networking Index 2016–2021, Jun 2017

Business Internet traffic: *All business traffic that crosses the public Internet*

Business IP traffic: *All business traffic that is transported over IP but remains within the corporate WAN*

34. The Global Future of Work, Frost & Sullivan, Dec 2015
35. Gartner 2017 Strategic Roadmap for Networking, Feb 2017
36. Digital Subscriber Line
37. Multiprotocol Label Switching
38. Frost & Sullivan analysis

In the future, as businesses embrace Internet-based links, and are able to improve application performance using SD-WAN, current expenditure on MPLS networks will shift to Internet-based services, which SDN technology enables. The fact that MPLS is a private IP network makes it expensive compared to IP and SDN services, such as SD-WAN. Also, SD-WAN has significant advantages over MPLS, including agility, dynamic network selection and the ability to deploy WAN services rapidly. Furthermore, a MPLS WAN architecture assumes that all business-critical applications reside in private data centres. The increased use of cloud and mobility applications challenges that assumption, as the majority of the traffic is no longer exchanged within the private data centres. Cloud applications are often accessed over internet links; and the number of mobile users connecting over the Internet to enterprise applications has grown significantly. Hence, the "hairpin" model of traffic being routed via a private data centre no longer applies.

SD-WAN

Due to the plug-and-play nature of SD-WAN, expansion of the enterprise WAN to new locations becomes easier. SD-WAN provides visibility into the performance of the Enterprise's applications and network, thus allowing for detection of issues before it reaches the client's attention. In the case of primary network failure, SD-WAN automatically directs traffic onto a pre-decided secondary network. By ensuring applications are dynamically routed through appropriate network paths, the company will minimise delays and improve overall performance.

By implementing SD-WAN technology, companies gain increased control of the network, accelerating network efficiency, thus optimising network costs. While traditional WANs are protected by service level agreements (**SLAs**) with 3-5 year contracts that provide cost assurances to the company, SD-WAN doubly secures the network, further minimising faults and issues.

The Enterprise and Business ICT ecosystem is increasingly migrating to dynamic cloud environments that deliver more flexibility, scalability, and automation. In comparison, networks connecting companies to these environments are typically static, involving complex contracts and long provisioning times. Further, the growing number of cloud-based applications increases WAN complexity, reducing visibility and causing unpredictability in the performance of networks and applications. To keep up with the speed and agility of applications and for increased transparency, companies are looking towards SDN. SD-WAN, which relies on the same principles as SDN, is dependent on plug-and-play devices that involve zero-touch provisioning.[39] Service providers have created their own graphic user interface (**GUI**) based portals also enabling centralised management, making it easier for network administrators to monitor and control the network.

In addition, SD-WAN services help to implement efficient hybrid WANs by enabling automated and dynamic routing of traffic based on policies specified by the company. For example, a critical cloud-based business application can be routed through a high bandwidth network service, while recreational applications are run through rigorous firewall services. Unlike MPLS services, which prioritise traffic based on packet-processing rules (voice, video or data), SD-WAN services are dependent on a company's specific policy preferences, thus meeting business-specific performance expectations.

Finally, over-the-top (OTT) services such as UCaaS, VoIP, SaaS and PaaS can be delivered by leveraging SD-WAN. Applications deployed via OTT services can be easily and quickly updated, in response to competitive activity or other market conditions. Standardisation and automation reduce programmer-introduced errors (as well as the time to find and fix such errors). Also, OTT services help minimise the "grunt work" associated with getting an application to work in the cloud, so businesses can increase developer productivity and satisfaction, opening the door to greater innovation.

39. Zero-touch provisioning allows devices to be automatically provisioned and configured, eliminating most of the manual labour required to add them to a network.

02. Independent Market Report (continued)

FROST & SULLIVAN

A worldwide survey found that "reduced complexity", "price" and "consistent security" were the top three motivators identified by respondents considering SD-WAN adoption.[40] Faster deployment and optimisation of WAN bandwidth were also strong motivational factors for companies considering such deployments.[41]

Overall global spending on SD-WAN infrastructure and services is projected to reach $10.19 billion in 2021[42] and is beginning to grow strongly in Australia, New Zealand and Singapore.

Cloud

The uptake of disruptive technologies such as IoT and Big Data analytics continues to accelerate amongst businesses in Australia, New Zealand and Singapore, and this drives demand for cloud services.

SaaS continues to dominate overall cloud spending, followed by IaaS and PaaS. The popularity of SaaS has been largely driven by its numerous benefits over on-premise software, such as lower upfront costs and seamless integration with in-house infrastructure.

Demand for managed private cloud and professional services has been increasing, especially in countries with a mature cloud landscape. This arises due to complex Big Data and workloads such as ERP[43] being increasingly migrated to private clouds. The expansion of open source technologies, as well as advances in API[44]-accessible single-tenant cloud servers, also helps promote acceptance of managed private cloud providers.

Many end users, particularly from the ICT and BFS sectors, use Big Data analytics for consumer analysis and to drive overall predictive analysis. This has prompted the migration of more massive data sets which are being processed on the cloud. The pervasiveness of IoT is also fuelling demand for cloud-based sensor models and cost-effective cloud storage solutions.

Specialisation in cloud verticals such as healthcare, BFS, education, and eCommerce is emerging as a trend for cloud service providers, as businesses in the region look for solutions that can be easily configured to meet their specific requirements. This is especially important for healthcare and BFS, where compliance expertise is required to meet industry-specific regulations.

The shift to cloud is also transforming the way business clients procure communication services (for example, the move from IP WAN as the traditional enterprise network to SD-WAN) and consumer data.

Uptake of public cloud services – primarily the third-party, multi-tenant, pay-per-use model – continues to grow. For example, in the year 2016, over 70 million people have been using Microsoft Office 365 Commercial every month, revenues for Amazon Web Services (AWS) grew 55% over the previous year and Salesforce's revenues grew 26% over the previous year.[45] The Business division finds the simplicity of public cloud solutions attractive, whilst the Enterprise division uses a mix of public, private and hybrid cloud solutions.

40. IDC Survey Finds Consistent Security, Price, and Reduced Complexity Drive SD-WAN Consideration in the Enterprise, 07 Jul 2016, https://www.idc.com/getdoc.jsp?containerId=prUS41575116, accessed 10 Aug 2017
41. Ibid
42. IDC Forecasts SD-WAN Market to Reach $8 billion in 2021 As Enterprise Branch Network Requirements Accelerate, Jul 2017, https://www.idc.com/getdoc.jsp?containerId=prUS42925117, accessed 25 Sep 2017
43. Enterprise resource planning (**ERP**) is business process management software that allows an organisation to use a system of integrated applications to manage the business and automate many back office functions related to technology, services and human resources.
44. An application program interface (API) is a set of routines, protocols, and tools for building software applications. Basically, an API specifies how software components should interact.
45. Microsoft, Amazon and Salesforce Annual Reports

UCaaS

Both Businesses and Enterprises are looking to leverage the benefits of cloud and unified communications (**UC**) through as-a-service models. UCaaS is therefore gaining traction, as businesses look for more flexible technology deployment models to support their continuously evolving communications needs at a global solution scale.

In particular, UC service providers are experiencing demand for a scalable UCaaS portfolio, which comes at a low cost with a strong presence in instant messaging, presence, mobility, and Web, audio, and video conferencing. Companies using UCaaS as a part of their strategy are looking for an improved user experience for employees. UC service providers are working towards providing companies with a user experience that can be navigated across multiple communication and collaboration platforms. They are also trying to deliver the same level of user experience to BYOD devices as that for desktops, as employees expect to have a multi-channel experience for their unified communication and collaboration needs.

Most markets have various levels of pricing – basic voice plans, standard voice mail and instant messaging (**IM**) plans, enterprise plans (including mobility, unified messaging and video conferencing), as well as premium plans (IVR helpdesk, recording and conferencing (integration with WebEx)).

IP Telephony and Traditional Telephony

Increasing sales of IP phones, IP licences and IP systems will continue to drive IP telephony market growth, at the expense of traditional telephony. The rapid emergence of UC applications will spur adoption of IP telephony solutions. In addition, the focus on productivity, end-user-based applications, ease of use and interconnectivity offered by the latest IP telephony systems and bundles will support the uptake of IP-based telephony. Enterprises with international presence are increasingly requesting global hosted voice solutions through an UCaaS solution as well.

Hosted Voice

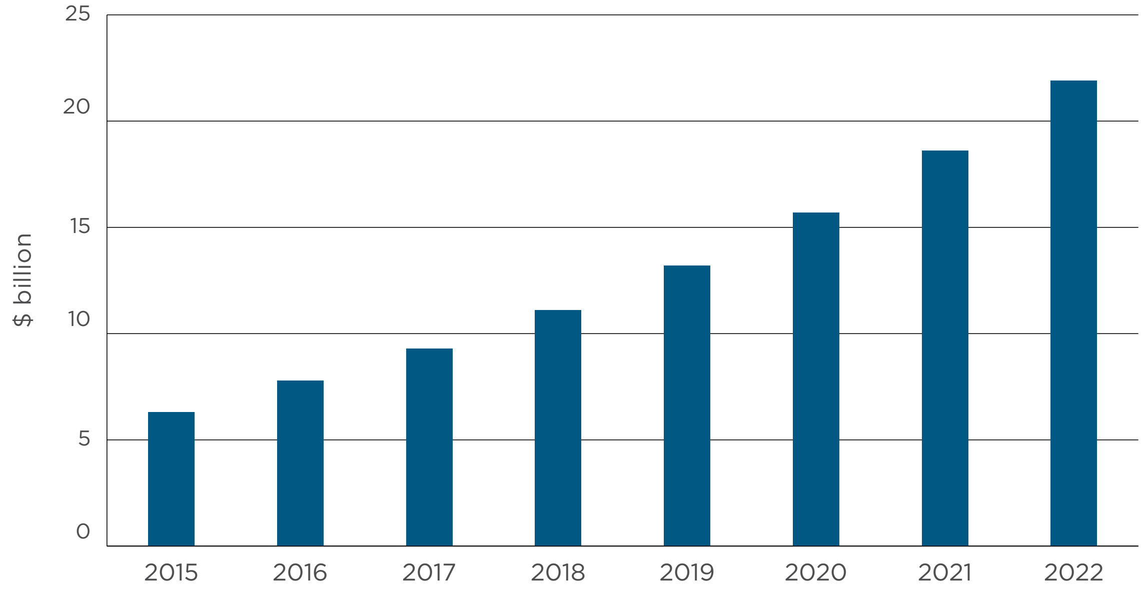
High-speed data is expected to stimulate the growth of hosted telephony services, by which clients do not have to purchase hardware based PBX systems, but can subscribe for this service through the Cloud (**Hosted PBX**). The server is hosted by service providers and clients subscribe to services through a pay-as-you-go model.

Mature ICT markets (including Australia, New Zealand and Singapore) are witnessing the continued migration to hosted/cloud IP telephony services, away from traditional TDM[46] solutions (PBX[47], KTS[48], WPBX[49]). Cost, scalability, improved disaster recovery, reporting and call management, as well as effective enablement of enterprise mobility are key drivers of the shift to hosted telephony.

As Figure 12 highlights, the global market for hosted voice solutions in enterprises and businesses is projected to grow at a CAGR of 19.4%; from $6.3 billion in 2015 to $21.9 billion in 2022.

46. Time-division multiplexing
47. Private Branch Exchange
48. Key Telephone System
49. Wireless PBX

Figure 12: Hosted Voice for Enterprise and Business, Global, 2015 to 2022



	2015	2016	2017	2018	2019	2020	2021	2022
Enterprise and Business Hosted Voice	6.3	7.8	9.3	11.1	13.2	15.7	18.6	21.9

Source: Frost & Sullivan analysis (comprising estimates for Asia Pacific, Europe, North America and Latin America)

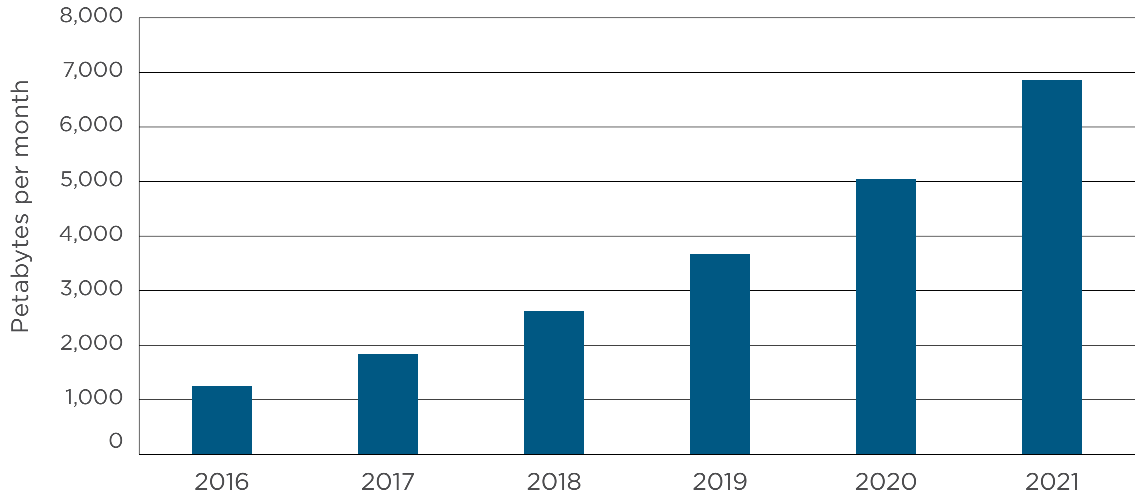
Enterprise Mobility

The global mobile workforce is projected to increase from 1.45 billion in 2016, accounting for 38.8% of the global workforce, to 1.87 billion in 2022, accounting for 42.5% of the global workforce.[50] Wider acceptance of the benefits of telecommuting or flexible working arrangements (both formal and informal arrangements) is driving this growth in mobile workforce numbers. To keep pace with faster rates of innovation, organisations will continue loosening hierarchical structures, dispersing decision-making authority and adopting start-up-like qualities (such as flexible remove working). This, along with the rise in bring-your-own-device (**BYOD**) practices, will spur growth in demand for mobile device management and related services; particularly unified mobility management across mobile handsets, tablets and laptops.

According to a global survey of security professionals in 2016, 20% of companies' mobile devices have been breached, 94% expect the frequency of mobile attacks to increase and 64% are doubtful that their organisations can prevent a mobile cyberattack.[51] This increases the need for specialist mobile threat protection.

50. Global Mobile Workforce Forecast Update 2016-2022, Strategy Analytics, Nov 2016, https://www.strategyanalytics.com/strategy-analytics/news/strategy-analytics-press-releases/strategy-analytics-press-release/2016/11/09/the-global-mobile-workforce-is-set-to-increase-to-1.87-billion-people-in-2022-accounting-for-42.5-of-the-global-workforce, accessed 14 Aug 2017
51. The Growing Threat of Mobile Device Security Breaches, Dimensional Research, April 2017, n=410 security professionals

Figure 13: Enterprise and Business Mobile Data, World, 2016 to 2021



Source: Cisco Visual Networking Index 2016–2021, Jun 2017
Business mobile data traffic: All business traffic that crosses a mobile access point

Other Emerging Sector Trends

Companies are increasingly using converged ICT solutions and services from a single provider as this helps with achieving savings via cost bundling, streamlines vendor management and accountability, as well as potentially improving service quality and flexibility.

Asia is the fastest growing ICT services market globally, driven by the rise in public cloud services in Singapore and Hong Kong as these are key decision making hubs in the Asia Pacific region. South Korea, Malaysia and Japan are more inwardly focused domestic markets with higher cultural barriers to entry.

In terms of types of managed services, 'cloud services' is the fastest growing division over the medium term. Having started with only providing SaaS, recent advancements in cloud computing technology offer almost all the major computing resources such as infrastructure, storage, security, disaster recovery, platforms and so on to be used as services, collectively known as XaaS (anything-as-a-service/everything-as-a-service).

Moving forward, cybersecurity is expected to become an increasingly important component of managed services for businesses. For example, in 2015-16, 16% of Australian businesses experienced internet security incidents or breaches.[52] Underlining the serious shortage of cybersecurity talent, a global survey found that over a quarter of organisations reported that it takes up to 6 months to fill cyber security and information security positions.[53] This is likely to increase client reliance on outsourced services. In particular, changes to the obligations of companies in relation to reporting and handling data breaches is likely to spur increased use of managed services focused on cybersecurity. For example, in Australia, the Mandatory Data Breach Notification Scheme (effective from 2018) places significant obligations on organisations to inform the Office of the Australian Information Commissioner and affected parties of a data breach.[54]

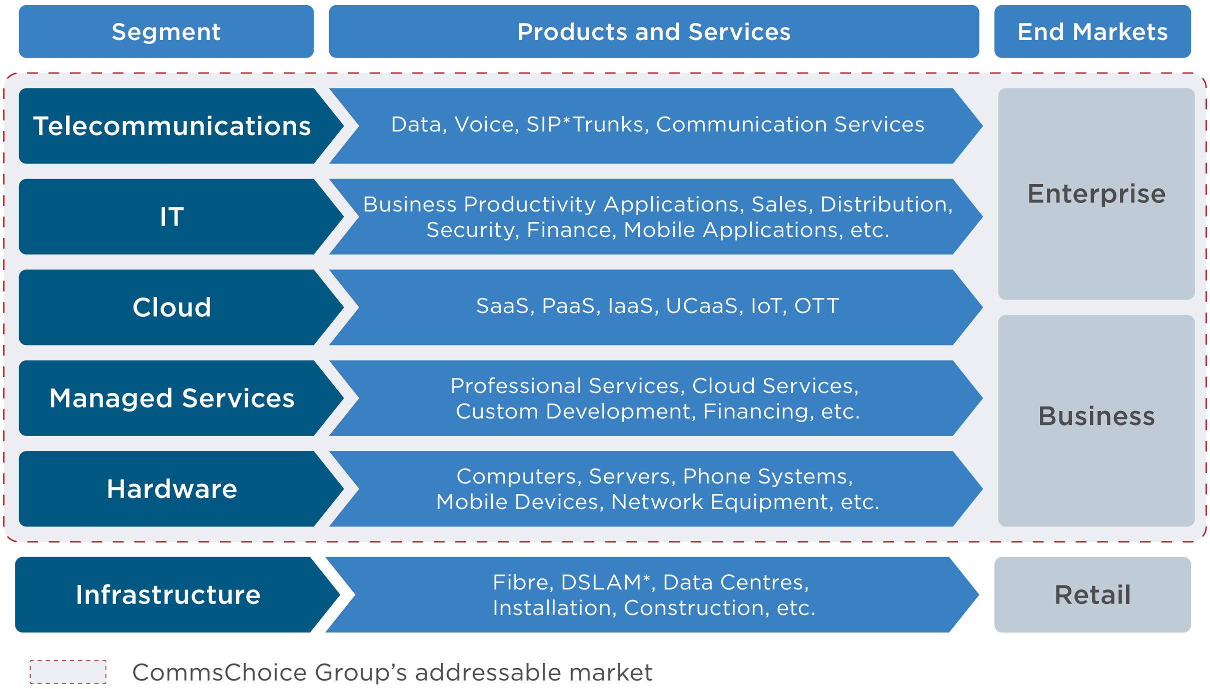
Finally, the quicker implementation, lower IT costs and easier upgrade path of off-the-shelf or modular solutions (as opposed to custom development) is increasingly preferred by enterprises and businesses looking to leverage the increased agility of plug-and-play solutions.

52. ABS, Summary of IT Use and Innovation in Australian Business, 8166.0, 2015-16
53. State of Cyber Security 2017, ISACA, n=633 respondents whose primary job function is cyber security or information security
54. A Brief Guide to the ICT Security Controls Required by the Australian Privacy Principles and Mandatory Data Breach Notification Scheme, CSO, https://www.cso.com.au/article/540185/brief_guide_ict_security_controls_required_by_australian_privacy_principles/, accessed 22 Sep 2017

6 Competitive Landscape

Figure 14 outlines the structure of the ICT industry by types of stakeholders:

Figure 14: ICT Industry Structure, Types of Stakeholders, Global, 2017



Source: Frost & Sullivan

* ***DSLAM:*** *Digital Subscriber Line Access Multiplexer,* ***SIP:*** *Session Initiation Protocol*

Whilst the large IT service providers have traditionally focused on the Enterprise division, they have not been as effective in serving the unique needs of the Business division.

Depth and breadth of solution and service portfolio, service reliability, quality and pricing remain key competitive tools. Enhanced user and client experience are increasingly important points of differentiation as businesses have more technology options than ever before. Another key differentiator is a collaborative approach to supporting business clients in their roadmaps, predicated on more in-depth assessments, consultation and post-deployment support. This is particularly important as changing work styles and shifting worker demographics will mean companies will require ever-more flexibility, security and customisation to reap the greatest value from their investments.

Continued feature enhancements help contain price declines. For the Business division, price, bundled offerings and ease of use are most important, whereas customisation, integration, security and hybrid options are key for Enterprise clients.

Over-the-Top (OTT) service delivery has enabled new, non-traditional providers to access the clients of traditional infrastructure owners. OTT services offer a new approach to the delivery of ICT in that solutions are provided over Internet or intranet data connections. The model relies on the integration of IP networks deployed by carriers, and delivers services such as voice, instant messaging, video communications, and a range of specific applications. Since connectivity is now viewed as a form of utility service, combined with low-cost Internet access, OTT service providers are not required to invest in infrastructure, which would otherwise be a significant entry barrier. Also, the Internet-based nature of OTT services means that they are not limited by country borders or carrier network footprints, making them an even bigger threat to operators that typically compete on a national level. Furthermore and importantly, OTT allows users to have more choice as they can access a range of vendors and solutions and thus can choose the very best solutions for their situation and blend multicarrier solutions to reduce client risk and remove single points of failure. Service providers can gain a competitive advantage by being "vendor agnostic", offering a range of services from underlying product manufactures, rather than being wedded to selling products directly associated with a sizable infrastructure spend which may not provide the best client solution.

Overall, intensifying competition is prompting an increased focus on services including backup and disaster recovery, storage, file sync and share, infrastructure-as-a-service (IaaS), email, content management, etc. Service providers will focus on channel and partnership initiatives that help expand client reach and better support clients through additional services and integrated solutions.

Table 3 shows the main ICT industry participants in Australia, New Zealand and Singapore in 2017:

Table 3: Market Participants in Australia, New Zealand and Singapore, 2017

Division	Market Participants
Managed Services and Telco	IBM, HPE, Fujitsu, NEC, Dimension Data, Datacom, Telstra, Singtel, Spark, DXC Technology, Brennan IT, Macquarie Telecom, etc.
Enterprise Telephony	Cisco, NEC, Avaya, Mitel, Shoretel, Siemens, etc.
Enterprise Mobility	Telstra, Singtel, Spark, VMware (AirWatch), MobileIron, Microsoft, Citrix, IBM, etc.
Data	Telstra, Singtel, TPG, Vocus, Spark, etc.
Cloud	Oracle, AWS, Fujitsu, IBM, Microsoft, Google, Salesforce.com, Dropbox, etc.
UCaaS	Telstra, Spark, Singtel, Fuse, BT, NEC, AT&T, Orange, Dimension Data, Macquarie Telecom, Datacom, Broadsoft, Microsoft, Mitel, Cisco, Vodia, etc.
SD-WAN	Cisco Meraki, Velocloud, Viptela, Aryaka, Macquarie Telecom, etc.

Source: Frost & Sullivan; not a comprehensive list. CommsChoice Group is active across all of the above market divisions.

In virtually every region globally, the ICT market is extremely fragmented. This market, which has large, globally diversified players as leading industry participants, has over the last 10 years seen an increased number of non-traditional ICT vendors entering with innovative offerings.

In addition, the market is seeing established competitors acquiring companies with disruptive technologies (to round out portfolios, gain market share, acquire talent and expand their footprint). For example, in 2016, Riverbed Technology acquired SD-WAN provider, Ocedo (price not disclosed) and in 2017 Cisco acquired SD-WAN provider, Viptela for $772.2 million.

Established competitors are also adding disruptive capabilities organically to maintain competitive edge. For example, the increased uptake of SD-WAN poses a threat to the traditional WAN business of network service providers (**NSPs**). As a result, globally, NSPs are responding by integrating SD-WAN into their portfolios. Globalisation and the movement to the Cloud is driving companies to implement UCaaS solutions also.

7 Conclusion

The total addressable Enterprise and Business ICT market (ICT solutions and managed services) for CommsChoice Group in Australia, New Zealand and Singapore is estimated at $54.37 billion in 2016, and is estimated to increase to $92.30 billion by 2022 at a CAGR of 9.2%. With the addition of ICT equipment,[55] the total addressable market for Enterprise and Business ICT in Australia, New Zealand and Singapore is estimated at $81.1 billion in 2016.

55. Includes hardware such as firewalls, routers, switches, Wifi, IP handsets, video conferencing and collaboration equipment, mobile devices, tables, laptops, etc.

Figure 15: Total Enterprise and Business ICT Solutions and Managed Services Market in Australia, New Zealand and Singapore, 2016 and Growth to 2022

	Australia		New Zealand		Singapore		Total Market	
	2016 ($ bn)	CAGR % 2016-22	2016 ($ bn)	CAGR % 2016-22	2016 ($ bn)	CAGR % 2016-22	2016 ($ bn)	CAGR % 2016-22
ICT Solutions	7.12	17.6%	1.12	16.9%	2.02	19.1%	10.26	17.6%
Managed Services	24.06	6.7%	4.28	4.1%	15.77	12.5%	44.11	6.7%
Total	31.18	6.9%	5.40	7.3%	17.79	13.3%	54.37	9.2%

Source: Frost & Sullivan analysis

Over the period 2016 to 2022, SD-WAN shows the fastest projected growth rate amongst all relevant addressable markets, followed by the cloud division and UCaaS.[56] CommsChoice Group is particularly focused in these areas, with industry leading capability and a demonstrated expertise.

Accelerated technology development and growing reliance on advanced IT and communications solutions for business agility and productivity will compel service providers to continually diversify their portfolios (likely through outsourcing to a single provider) while retaining focus on core competencies and skill sets.

Providers will continue to seek to expand both up and down market, creating compelling service bundles for different types of clients. Division specific strategies comprised of tailored solution feature/functionality, integration with division-specific software and cloud services, carriage services and equipment, targeted channel approach and vertical marketing will enable providers to deliver greater business value in selected market divisions.

In particular, the rollout of the NBN in Australia and UFB in New Zealand will see the transition from copper to fibre that will prompt businesses to revisit ICT infrastructure approach and use. This is expected to throw up significant opportunities for agile ICT solutions and service providers.

Given the fragmented market for ICT, consolidation will be a continued thematic and will help improve market health through greater concentration of power.

As companies migrate to more advanced solutions, it is expected that independent, vendor-agnostic solutions and service providers such as CommsChoice Group, who are not locked in with one vendor's technology will be seen as better positioned to respond effectively to rapidly changing needs and expectations in the client journey.

8 Disclosure

This is an independent report prepared by Frost & Sullivan. Save for the preparation of this report and services rendered in connection with this report for which normal professional fees will be received, Frost & Sullivan has no interest in CommsChoice Group and no interest in the outcome of the Offer. Payment of these fees to Frost & Sullivan is not contingent on the outcome of the Offer. Frost & Sullivan has not and will not receive any other benefits (including any commissions) and there are no factors which may reasonably be assumed to have influenced the contents of this report nor which may be assumed to have provided bias or influence. Frost & Sullivan consents to the inclusion of this report in the Prospectus in the form and context in which it is included. As at the date of this report, this consent has not been withdrawn. Frost & Sullivan does not hold a dealer's licence or Financial Services Licence. This report does not constitute advice in respect of the Offer.

56. Ibid

03. Company overview

03. Company overview

3.1 What is CommsChoice Group?

On Listing, CommsChoice Group will have acquired five complementary ICT businesses which will together, as CommsChoice Group, become a comprehensive vendor agnostic ICT managed service provider. CommsChoice Group will service clients in Australia, New Zealand, Singapore and internationally by leveraging its ACaaS delivery platform.

The entities comprising CommsChoice Group currently serve almost 3,000 clients with over 50 staff across offices in Sydney, Melbourne, the Philippines and Singapore.

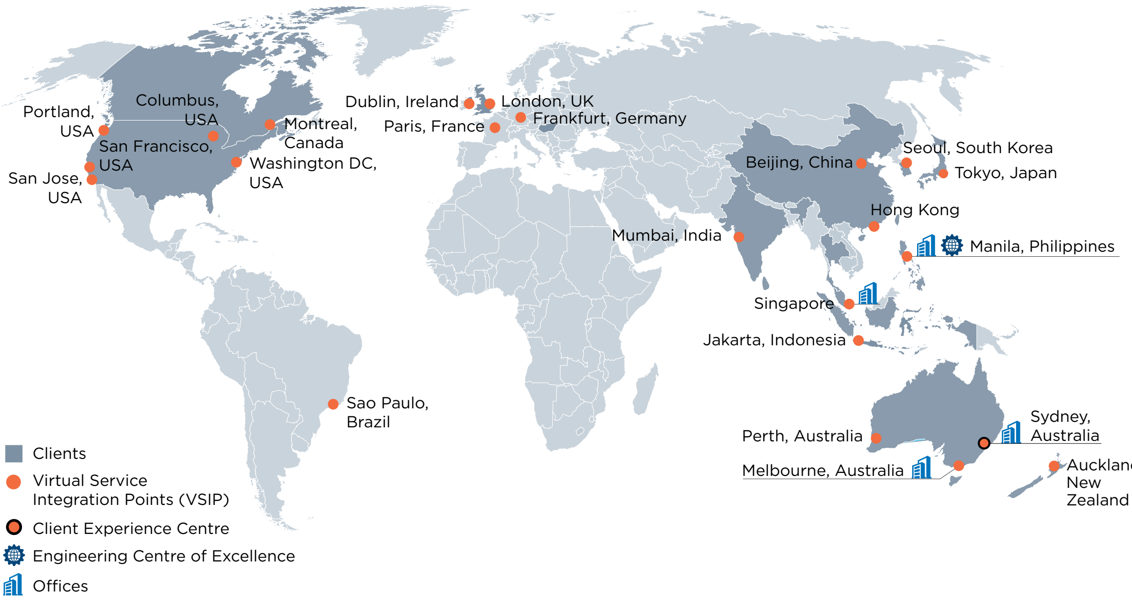
CommsChoice Group is focused on serving three operating divisions:

- Enterprise (includes Australian, New Zealand and Singaporean organisations with between approximately 250 – 5,000 employees);
- Business (includes growth oriented Australian, New Zealand and Singaporean organisations with between approximately 20 – 250 employees); and
- International (includes organisations with operations outside Australia, New Zealand and Singapore with between approximately 250 – 5,000 employees).

Upon Listing and Completion of the Acquisitions, CommsChoice Group will aim to differentiate itself from competitors through a combination of the following:

- *Client first, vendor agnostic model:* CommsChoice Group believes that its Service Providers have demonstrated success in delivering value-add solutions for clients across their entire operations. This is achieved through CommsChoice Group's significant insights capability and agreements with over 20 wholesale telecommunications carriers and ICT suppliers primarily in Australia, New Zealand and Singapore, together with its broad service offering. This allows the Company to deliver improved performance, agility and cost outcomes for its clients. CommsChoice Group aspires to be the client's trusted ICT advisor by having long term engagements in place;
- *Simple, all-in-one provider:* CommsChoice Group believes it provides ICT simplicity for its clients. The Company offers broad product procurement, provisioning and 'single contract-single bill' capability to its clients;
- *Management and optimisation:* CommsChoice Group engages professional engineers who resolve issues under 24/7 Service Level Agreements (**SLAs**) in CommsChoice Group's Engineering Centre of Excellence accompanied by a sophisticated Client Experience Centre providing timely reporting, automated management and optimisation of client services;
- *Global operational advantage:* CommsChoice Group's global VSIPs and proprietary delivery platform ACaaS, give CommsChoice Group a strong capability, service offering and international reach;
- *Capital-light business:* CommsChoice Group's strategy is to own the client, not the infrastructure, which enables the Company to remove the conflict associated with being a network owner requiring a minimum return on asset spend; and
- *Strong management and Board with aligned values:* the Board and senior management of CommsChoice Group includes industry thought-leaders who have an average of more than 20 years' experience in the ICT industry.

Figure 3.1: CommsChoice Group global presence



3.2 Company history

CommsChoice Group was established to solve the problems commonly experienced with traditional ICT providers who are wedded to their own physical carrier infrastructure, which may lead to a poor client experience.

CommsChoice Group aims to solve these problems and deliver a superior client experience. In this regard, CommsChoice Group is bringing together five complementary ICT businesses engaged in the provision of ICT services (the **Service Providers**) prior to Listing to achieve this aim. As part of its growth strategy, CommsChoice Group intends to continue forming strategic partnerships, targeting new channel partners and making further strategic acquisitions in order to develop as a prominent global provider of managed ICT solutions. The Service Providers are the businesses conducted at the date of this Prospectus by the following entities:

CommsChoice

CommsChoice was founded in Sydney, Australia in 2008 and specialises in the delivery of managed ICT services to the Enterprise sector in Australia, New Zealand and internationally through its proprietary delivery platform ACaaS. ICT products and services offered by CommsChoice Group are grouped into CommsAssure Quality Voice and Data; CommsMobilise Total Mobility Management; and CommsConnect Advanced Communications.

Telegate

Telegate was founded in Sydney, Australia in 2008 and specialises in the delivery of managed UCaaS, VOIP, and data networking services to the Business and Enterprise sectors in Australia, New Zealand, Singapore and internationally through its 23 VSIPs strategically located in 16 countries globally and its Engineering Centre of Excellence in the Philippines.

Telegate has developed the ability to deliver high quality, low cost, services using infrastructure independent virtualised capabilities internationally. Telegate holds a SBO Licence to sell services in Singapore enabling the delivery of a range of domestic ICT services in that market.

03. Company overview (continued)

Telegate's low cost international scalability and strength in providing high quality services strongly complements CommsChoice's differentiated and more broad-based Enterprise ICT managed services portfolio. CommsChoice Group believes the acquisition of Telegate will accelerate the ability of CommsChoice Group to expand internationally with increased margins.

Oracle Telecom

Oracle Telecom was founded in Melbourne in 2004 and provides a full suite of ICT products and services with a strong focus on servicing the Business division Australia-wide.

Oracle Telecom provides complementary strength to CommsChoice Group in the delivery of Cloud services. It delivers UCaaS and VOIP to the Business division using common underlying technologies to Telegate, and operates a common billing platform system to CommsChoice, making integration and collaboration between these Service Providers more straightforward.

Woffle and Telaustralia

Woffle and Telaustralia are two smaller, complimentary ICT service providers specialising in the delivery of data networking and VOIP services to the Business division in Australia. Woffle and Telaustralia are highly complementary businesses together with CommsChoice, Telegate and Oracle Telecom, with the founders demonstrating client centricity and high-quality service delivery since inception.

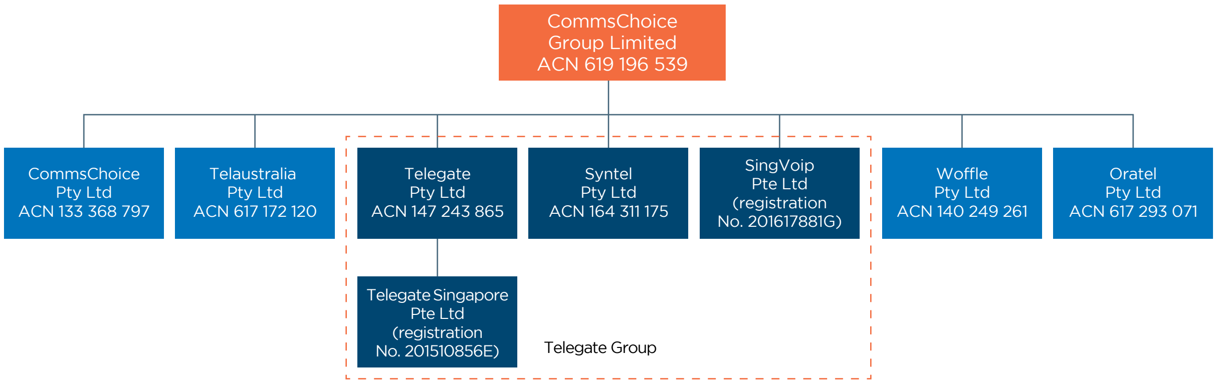
Woffle was incorporated in 2009 and Telaustralia was founded in 2005.

Woffle and Telaustralia provide complementary strength to CommsChoice Group in the scale of delivery of ICT services to the Business division. Woffle and Telaustralia share a common billing platform with CommsChoice and Oracle Telecom and extensive product portfolio and wholesale supplier overlap with all the other Service Providers. CommsChoice Group believes this will make integration and collaboration of these Service Providers straightforward and allow for compounding operational and procurement synergies.

CommsChoice Group expects that all key staff of the Service Providers will continue their employment with CommsChoice Group on Listing.

Following Completion of the Acquisitions, the corporate structure of CommsChoice Group will be as set out in the following diagram:

Figure 3.2: CommsChoice Group corporate structure following Completion of the Acquisitions



3.3 Acquisition of the Service Providers

An important component of CommsChoice Group's strategy is to extend, diversify and optimise its service offering to its clients. CommsChoice Group has undertaken an extensive program to identify appropriate acquisition targets. As a result of this program, CommsChoice Group (as nominee) has entered into Acquisition Agreements to acquire five ICT service provider businesses comprising the Acquisitions, which businesses will together comprise CommsChoice Group on Listing.

Further information about the Service Providers and the businesses they operate are referred to in Section 3.2.

Since an initial approach by CommsChoice Group over a year before the Prospectus Date, the Service Providers have been working together and have initiated a detailed integration plan which is expected to be substantially completed within the first six months after Listing. In particular, the Service Providers have established the strategic architecture for operating as a combined entity including shared billing and provisioning systems along with aligning each Service Provider's cost structure to enable improved supplier pricing.

CommsChoice Group's Directors believe the Acquisitions are highly strategic, complementary and are consistent with the Company's stated acquisition strategy.

CommsChoice Group will complete the Acquisitions predominantly by the issue of Shares as consideration to the current owners of the Service Providers. The remaining proportion of the consideration to complete the Acquisitions will be funded by cash raised under the Offer.

A summary of the Acquisition Agreements is set out in Section 9.6.

3.4 Business model

3.4.1. Deliver managed ICT services and products via ACaaS

CommsChoice Group's business model focuses on the delivery of managed ICT products and services under contract.

CommsChoice Group's objective is to deeply understand each client's ICT needs and deliver those clients a high quality experience. The Directors believe that delivering CommsChoice Group's ICT solutions via ACaaS provides the Company with excellent client insights into a client's ICT operation. This insight enables CommsChoice Group to continually analyse, optimise and provide clients with the best possible solution from a wide range of products and services.

The Directors believe that ACaaS empowers the Company to select, procure, implement, manage and optimise client services combined with 24/7 support internationally. CommsChoice Group aims to provide best-in-class performance, agility and cost improvement to its clients.

03. Company overview (continued)

Figure 3.3 Adaptive Connectivity as a Service (ACaaS) overview:

	Select, Procure and Implement	Manage and Maintain	Proactively Optimise
Client Goals	• Diagnose client's current pain points, needs and wants • Develop and implement a road map to improvement • Achievement of best performance and value outcome while maintaining organisational alignment	• A better client experience focused on consistently delivering business outcomes • Better systems to monitor and manage connectivity and technology simply • Long-term client contracts and short-term supply contracts • Trusted relationship with suppliers	• Access to a breadth of ICT services as the organisation evolves • Better alignment of a client's commercial model • Continuous improvement in performance as technology changes • Access to competitive prices before the end of contract
CommsChoice Group Solutions	• Vendor-neutral whole of organisation business connectivity assessment • Optimal ICT product and service evaluation, recommendations and selection • Wholesale ICT product and service procurement and implementation of professional services	• Expert client expectation and change management • Remote and onsite install, maintain and 24/7 support through the Client Experience Centre (Enterprise) and Engineering Centre of Excellence (Business, Enterprise back office) • Consistency of experience builds client trust	• Wholesale service management (including broad product procurement) • Proactive rationalisation, optimisation and reporting services • Opportunity to enjoy proactive price reductions intra term as they arise. • Financing options including flexible rental, sale and leaseback

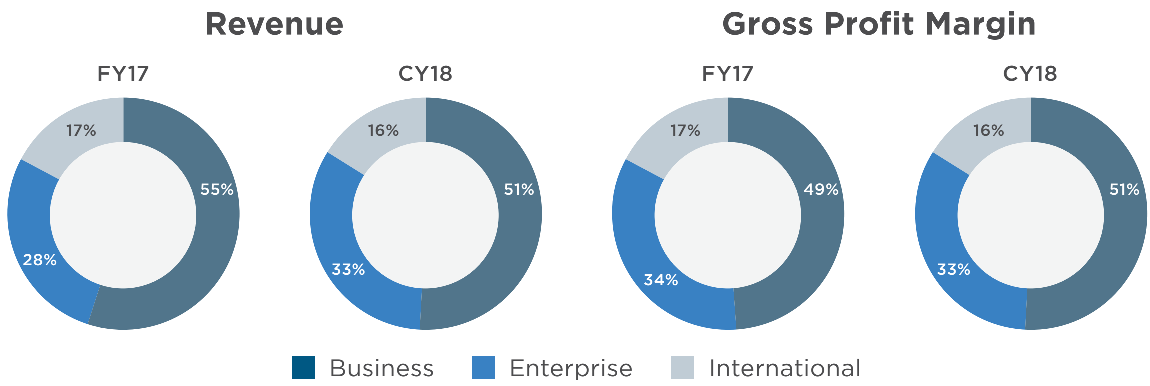
3.4.2. Revenue generation

CommsChoice Group generates revenue predominantly through the sale of managed ICT products and services to Enterprise, Business and International clients.

CommsChoice Group earns revenue from the following three main income streams:

- **Contracted annuity service and support fees:** CommsChoice Group's revenue is primarily derived from contracted recurring revenue transactions for the ongoing use, management and maintenance of ICT products and services generally paid monthly as part of multi-year service contracts;
- **Service implementation revenues:** This revenue stream includes fees for consulting, licensing, hardware, installation and project management upfront fees. CommsChoice Group occasionally finances upfront fees through flexible rental or sale and leaseback arrangements with third parties; and
- **A share of the savings:** The third main stream of CommsChoice Group's revenue is derived where a client agrees to pay the Company a share of the cost savings the Company makes to the client's cost base against the incumbent service cost, meaning CommsChoice Group's interests are positively aligned with those of their clients and there are opportunities to improve the Company's margins by delivering better ongoing value to its clients.

Figure 3.4: Pro Forma FY17 and CY18F revenue mix and gross profit margin contribution by operating division



3.5 CommsChoice Group operating divisions

3.5.1. Enterprise Division

Overview

CommsChoice Group's Enterprise division is focused on servicing Australian organisations with approximately 250 – 5,000 employees including those who operate over multiple sites. As opposed to larger enterprise clients, who have in-house ICT teams, CommsChoice Group's Enterprise clients usually have a small team of generalist IT staff and outsource their more complicated ICT requirement to third parties such as CommsChoice Group.

Deployment profile

CommsChoice Group provides the following solutions to Enterprise clients through its own staff with a focus on:

- **CommsAssure Quality Voice and Data:** focuses on the seamless integration of high quality managed data and voice solutions, including:
  - SD-WAN services;
  - multi-carrier fibre, ethernet, NBN, ADSL and wireless data services;
  - multi-carrier VoIP, SIP, inbound, ISDN and PSTN voice services; and
  - supply and full lifecycle management of multi-vendor firewall, router, switch, WiFi, cloud and on-premise IP PBX, IP Handset, Headset & ATA equipment;
- **CommsMobilise Total Mobility Management:** focuses on the secure and predictable access to ICT products and services, anywhere and anytime on any device, including:
  - unified mobility management services;
  - multi-carrier mobile voice & mobile data services; and
  - supply and full lifecycle management of multi-vendor mobile handset, tablet & repeater equipment; and
- **CommsConnect Advanced Communications:** focuses on the harmonious unification of Cloud and software for ICT connectivity, including:
  - unified communications services;
  - multi-vendor Cloud video;
  - Cloud security;
  - Cloud gateway; and
  - Cloud solutions.

Contract profile

Enterprise clients typically sign a 3 – 5 year contract for the procurement, implementation and ongoing management, maintenance and proactive optimisation of their ICT requirements.

CommsChoice Group aims to obtain the most favourable terms possible from its suppliers. As CommsChoice Group negotiates more favourable product supply agreements, it passes on some of the benefits to its clients in return for contract extensions. This enhances the Company's brand as a trusted advisor by putting the client first.

Sales and marketing strategy

The CommsChoice Group sales and marketing strategy for Enterprise clients is based on:

- Direct sales and marketing resources to promote its ACaaS delivery;
- Utilising existing relationships with channel partners to sell in ICT services;
- Upselling and/ or cross-selling ICT products and services into incumbent clients; and
- Responding to tender and proposal requests after careful qualification where a positive preexisting relationship exists, or the stated requirements are strongly focused around CommsChoice Group's points of competitive advantage.

Case Study

MISSION AUSTRALIA together we stand

The Client

Mission Australia is a leading, national, not-for-profit, in community services. The organisation supports Australians in need through more than 450 services, spread across 220 locations nationwide.

The Challenges

- Integration and visibility across data networks, voice and mobile services requires extensive choice and flexibility;
- MPLS data network with significant bandwidth constraints needs to be moved to cloud services;
- Provide secure WAN, LAN, Wi-Fi and Mobile infrastructure for distributed collaboration services, including Voice and Video, across a wide range of end users and branch types in major cities and very remote areas; and
- The need to support an increased agility to business-outcomes and control in ICT management.

The Solution

- Multi-carrier SD-WAN deployment in conjunction with subject matter experts Coevolve across more than 200 physical locations;
- ICT transformation across data, voice, mobile and cloud services;
- Increases in bandwidth across most of the network; and
- Network link diversity where possible to reduce risk of data and IP Voice service interruption.

3.5.2. Business Division

Overview

Clients within the Business division are categorised as Australian, New Zealand and Singaporean organisations with 20 – 250 employees. Business clients typically requiring much simpler solutions compared to Enterprise clients with less emphasis on multi-site deployment and change management services, and more emphasis on addressing specific needs with tactical product and service purchases.

Deployment profile

CommsChoice Group provides the following solutions to a typical Business client through its own staff and reseller arrangements:

- **CommsAssure Quality Voice and Data:** focuses on the seamless integration of high quality managed data and voice solutions, including:
  - SD-WAN services;
  - multi-carrier fibre, ethernet, NBN, ADSL & wireless data services;
  - multi-carrier VoIP, SIP, inbound, ISDN & PSTN voice services; and
  - supply and full lifecycle management of multi-vendor firewall, router, switch, WiFi, cloud and on-premise IP PBX, IP Handset, Headset & ATA equipment;
- **CommsMobilise Total Mobility Management:** focuses on the secure and predictable access to ICT products and services, anywhere and anytime on any device, including:
  - unified mobility management services;
  - multi-carrier mobile voice & mobile data services; and
  - supply and full lifecycle management of multi-vendor mobile handset, tablet & repeater equipment; and
- **CommsConnect Advanced Communications:** focuses on the harmonious unification of Cloud and software for ICT connectivity, including:
  - unified communications services;
  - multi-vendor Cloud video;
  - Cloud security;
  - Cloud gateway; and
  - Cloud solutions.

Businesses are increasingly looking at other forms of collaboration services (e.g. Skype for business and video conferencing) and options for wrapping managed services around this for greater simplicity.

Contract profile

Business clients usually enter into 12 to 36 month contracts.

Sales and marketing strategy

The CommsChoice Group sales and marketing strategy for Business clients is typically relationship based with a low incurrence of tender requests and formal procurement processes. CommsChoice Group focuses on the following initiatives to promote and grow the Business division:

- Utilise direct sales and marketing resources to promote CommsChoice Group's ICT products and services; and
- Use existing relationships with Business clients to upsell new ICT solutions.

03. Company overview (continued)

Case Study

The Client

Established in 1969, Sheen Group is a leader in the smash repair industry and one of Victoria's leading panel beating networks with 27 locations (including two towing depots) across Victoria, Australia.

The Challenges

Sheen Group had a mix of telecommunications products and services that were not being actively managed or meeting the current or future requirements of the business. The existing carrier agreement lacked flexibility and included high minimum spend amounts. Sheen Group were frustrated and challenged by:

- Inefficient and disparate telecommunications systems;
- Inflexible and inadequate support from the incumbent telecommunications provider;
- Poor advice and lack of engagement from account managers;
- Lack of decent internet services to support Cloud based management systems; and
- Cost effective solutions that would enable reliable access to communication and critical applications.

Sheen Group looked to engage an independent partner who could:

- Provide clear and concise advice on available technologies;
- Ensure that all the services were fit for purpose both now and in the foreseeable future;
- Supply wide range of carrier and service types to ensure client centric solutions;
- Service and support all sites regardless of location; and
- Take ownership and responsibility of the complete supply process from initial scope, ordering, delivery, implementation, billing, support and account management.

The Solution

- Provided independent advice on its entire mobile, fixed and data services across all operations;
- Provided detailed user requirements and presented recommended best practice ICT services;
- Detailed a clear roadmap to optimise the service delivery of telecommunications and impartial advice on telephony system migration project; and
- A CommsChoice Group Service Provider was subsequently engaged by the Sheen Group to supply and manage the complete implementation and ongoing delivery of Sheen Group's Telecommunications and Data services.

3.5.3. International Division

Overview

CommsChoice Group's International division focuses on clients who require ICT products and services across multiple markets including those who require solutions over multiple international sites for a diverse international workforce.

CommsChoice Group has focused on clients in the International division requiring UCaaS which include Global Hosted PABX and Voice services which enables internal international calls utilising Internet Protocol (IP) voice carriage as opposed to traditional telephone land lines. Addressable clients in this division are typically organisations with between 250 and 5,000 employees across several countries. CommsChoice Group believes there are significant opportunities to expand this offering to include other key services internationally such as SD-WAN and Enterprise Mobility services that can be remotely implemented and supported using an infrastructure independent service delivery model integrated through CommsChoice Group's global VSIPs.

Specifically in Singapore, CommsChoice Group has been granted a carrier SBO Licence from the IMDA. Through its own services in Singapore and reseller arrangements the Company sells:

- Voice (for example, SIP Trunks and ISDN); and
- Data (for example, ADSL, Fibre, SHDSL and NBN Internet).

A CommsChoice Group Service Provider has applied to IMDA to increase the scope of products it is authorised to sell in Singapore and CommsChoice Group expects this to be granted before the end of the calendar year.

Products and services

CommsChoice Group predominantly provides UCaaS to international clients and in particular Global Hosted PABX and other voice services through CommsChoice Group's 23 VSIPs. Global Hosted PABX removes the need to manage different access requirements and systems, reducing operational cost and complexity for clients without the loss of functionality. CommsChoice Group's virtual network is software defined (scalable and easily modified) and consumed "as a Service".

CommsChoice Group's Global UCaaS platform is delivered through 23 VSIPs internationally, hosted predominantly in AWS Data Centres.

Contract profile

International clients typically sign 3 – 5 year contracts for solutions through CommsChoice Group or its channel partners. Clients in Singapore typically are subject to 12 month contracts for ICT solutions sold through CommsChoice Group or its channel partners.

Sales and marketing strategy

CommsChoice Group clients in the International division are often large, multi-national companies with complex ICT requirements across multiple offices. CommsChoice Group is often required to respond to tenders for ICT products and services in order to acquire new clients. In addition, CommsChoice Group undertakes the following ICT strategy:

- Utilise existing relationships with channel partners to sell in ICT services;
- Upselling ICT products and services into clients; and
- Direct sales and marketing to promote our ACaaS delivery platform.

03. Company overview (continued)

Case Study

The Client

Wolters Kluwer Asia Pacific is a leading publisher and information services company that delivers knowledge tools and vital insights to professionals in legal, tax, finance and healthcare.

The Challenges

With multiple offices in the Asia Pacific region, Wolters Kluwer required a telephony solution that would support its evolving business across various locations.

The main driver and key objective for the telephony refresh project was to remove dependency on hardware, and to provide a flexible and mobile platform that would support the business well into the future. With a Cloud-based solution firmly in mind, the project team began searching for the right partner.

Finding a Cloud telephony partner with the right expertise and regional reach was not an easy task. Whilst there were several providers in this space, a CommsChoice Group entity was the only one of the Cloud telephony partners that presented who had the right expertise and regional reach that met Wolters Kluwer's selection criteria.

The Solution

The CommsChoice Group entity implemented its Global PBX solution in all of Wolters Kluwer's APAC locations. The project included international porting and hosting, PSTN & ISDN services, faxing solutions and Salesforce CTI enablement. The transition saw the introduction of soft handsets for all staff – with the few private offices and meeting rooms being the only exception.

The move to Cloud telephony introduced a new degree of flexibility in the way Wolters Kluwer operated, and allowed the company to realise the following benefits:

- Operations can now expand and adapt quickly to change;
- Communications are now more flexible and mobile;
- Familiar for staff – not complicated;
- Significantly reduced telephony running costs (previous bill included hardware, maintenance, upgrades and carriage); and
- Platform is now fully self-sufficient, with the Wolters Kluwer IT team managing its APAC telephony platform from one central location – a single platform to manage multiple sites and countries.

3.6 CommsChoice Group clients

CommsChoice Group has a diverse range of Australian and international Enterprise and Business clients.

Some of CommsChoice Group's key clients include:

- Mission Australia
- Healthcare Australia
- Volcom
- Chemist Warehouse
- Deliveroo
- Driza-bone
- Specsavers
- Lutheran Church of Australia
- Intrepid
- OPSM
- Groupon
- Sheen Group
- Anytime Fitness
- Home Loan Experts
- Pandora
- T.M.Lewin
- AccorPlus
- Wolters Kluwer
- SwissRe

3.7 Competitive environment

3.7.1. Who are CommsChoice Group's key competitors?

CommsChoice Group operates in an extremely fragmented industry, which over the last 10 years has seen an increased number of non-traditional ICT vendors entering the market with innovative offerings.

CommsChoice Group believes that large IT service providers have traditionally focused on the upper end of the Enterprise and Government divisions, and large telecommunications carriers have focused on these same divisions plus the consumer division. CommsChoice Group also believes that those IT service providers and telecommunications carriers have generally not been as effective in serving the unique needs of the Enterprise and Business divisions.

CommsChoice Group believes that its infrastructure independent, vendor-agnostic ICT offering ensures it is well positioned to serve the requirements of both Enterprise and Business clients and to respond effectively to the rapidly changing needs and expectations of clients.

CommsChoice Group's main competitors include Telstra, Singtel, Spark (NZ), Vocus, AAPT, Macquarie Telecom, Over The Wire, My NetFone and Macquarie Telecom, most of whom have focused on telecommunications services. CommsChoice Group's other competitors are a collection of small and medium sized IT systems integrators who have traditionally focused on desktop support, software and hardware sales.

3.8 Sales & Marketing

CommsChoice Group's client-first approach means the Company aims to be focused on ensuring all CommsChoice Group clients are highly satisfied with the products and services provided.

3.8.1. Brand Values

CommsChoice Group is focused on providing clients with optimal ICT solutions to generate enhanced business outcomes. CommsChoice Group's client-centric business model is supported by five core values which the Company's employees are expected to uphold:

- Integrity;
- Loyalty;
- Simplicity;
- Client Focus; and
- Progression.

3.8.2. Client Experience Centre

Consistent with the CommsChoice Group brand values is its ability to deliver an exceptional tailored service to Enterprise clients through its dedicated Client Experience Centre located in Sydney. This service delivery model is designed to build highly personalized proactive relationships with Enterprise clients, internal ICT teams and key stakeholders during extended cover hours in local time zones. It is envisaged that this model will be replicated in other markets once a critical mass of clients is in place in selected regions. The service delivery model includes a focus on:

- Personalised Enterprise client relationship management;
- Rapid response times to client requests;
- Staffed during extended cover hours in local time zones;
- ICT issue and fault resolution for Enterprise individual clients; and
- Enterprise client account management under applicable SLAs.

3.8.3. Engineering Centre of Excellence

Consistent with the CommsChoice Group brand values is its ability to deliver exceptional tailored service to Business clients through our global Engineering Centre of Excellence located in the Philippines. From the Engineering Centre of Excellence, the Company is expected to shortly be able to:

- Direct support for Business clients;
- Provide back office and out of hours support for Enterprise clients;
- Provide rapid response times to client requests;
- Provide around the clock support 24 hours a day, 7 days a week; and
- Deliver ICT issue and fault resolution for individual clients.

3.9 Financing capabilities

CommsChoice Group provides ICT implementation services for clients including consulting, licensing, hardware, installation and project management upfront fees. CommsChoice Group occasionally finances upfront fees through flexible rental or sale and leaseback arrangements with third parties. In these circumstances, CommsChoice Group receives the full amount of any initial fees due for the implementation services upfront, paid for by the financier who retains title to any related hardware and provides this via a rental to the client. The client then typically pays this rental through CommsChoice Group, over the period of the contract. Refinancing options are available throughout the term also, which can involve improved rates or new hardware purchases.

3.10 Growth strategy

CommsChoice Group's growth strategy is based on four key components; scale benefits from combining ICT service providers, enhanced international presence and product and service offering, the cross-selling of client offerings between divisions and growth by further acquisitions.

3.10.1. Scale benefits

CommsChoice Group anticipates that the larger organisation created by combining the five Service Providers will provide the Company with material benefits of scale. CommsChoice Group expects these benefits will be realised through revenue, expense and financial synergies. CommsChoice Group has identified potential scale benefits to be realised in areas such as group pricing power, marketing costs and improved operational leverage.

3.10.2. Enhanced presence and product/ service offering

CommsChoice Group will expand the current provision of managed ICT services and products through the merger of the five ICT Service Providers. The combination of existing ICT businesses will allow for an increase in service breadth that CommsChoice Group is able to provide clients. A listed entity with higher public profit and balance sheet strength should enable CommsChoice Group to win more and larger clients who may require this certainty as part of their compliance process. A CommsChoice Group Service Provider has applied to IMDA to increase the scope of products it is authorised to sell in Singapore. If this increase in scope is granted this is likely to further aid the expansion of CommsChoice Group's international standing and its international product and service offering.

3.10.3. Cross-sale of products between business divisions

CommsChoice Group expects to realise immediate benefits from the cross-sale of its ICT products and service range. For example, CommsChoice Group has identified the opportunity to cross-sell its Global Hosted PABX to Enterprise and Business clients as their own organisations grow and expand. In addition, CommsChoice Group expects that current channel partners will continue to make referrals, providing additional revenue opportunities.

3.10.4. Accelerating growth through acquisitions

To accelerate the execution of its strategy and growth, CommsChoice Group intends to make strategic acquisitions of complementary ICT service providers. CommsChoice Group plans to use acquisitions to enter new markets and new geographies, acquire new product and service capabilities, build scale, enhance talent acquisition and provide an opportunity to cross-sell additional products and services.

CommsChoice Group's criteria for assessing potential acquisitions include considering whether the acquisition would achieve one or more of the following objectives:

- Earnings Per Share accretive (with high focus on immediate short-term accretion);
- Complimentary to CommsChoice Group's organisation and client offering upon Listing;
- Add new products and services requested by a critical mass of existing clients, including cross-selling to clients;
- Enable entry to a new tier of client; and
- Enhance CommsChoice Group's international growth profile.

CommsChoice Group intends to fund its growth strategy through a combination of operating cash flow, equity and debt capital where required.

3.11 Further information on CommsChoice Group

3.11.1. Infrastructure, deployment and data centres

CommsChoice Group has appropriate IT infrastructure and contractual arrangements with industry certified third party providers including AWS for the provision of data centre solutions in the jurisdictions in which it operates.

3.11.2. Client contracts

CommsChoice Group and its subsidiaries enter into service agreements with clients that represent a substantial portion of annual revenue. The client agreements specify the terms and conditions for the provision of and consideration of ICT services and hardware.

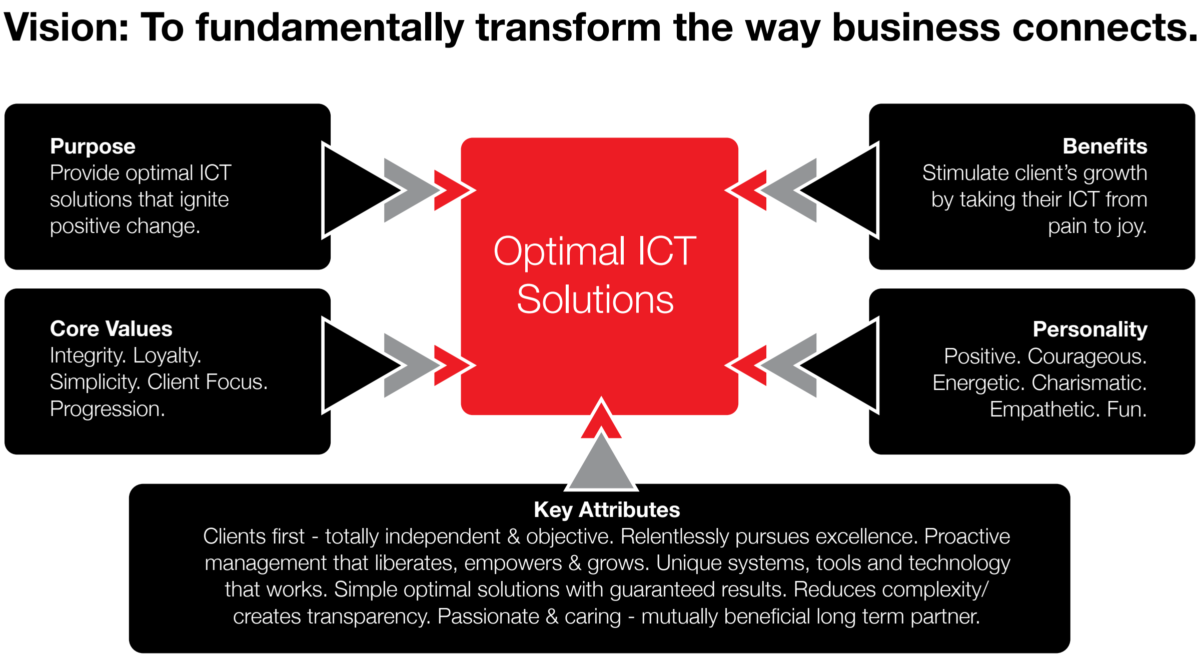
3.11.3. Employees and culture

CommsChoice Group's staff are a key asset of the Company, and comprise over 50 employees with significant experience in ICT products and services and delivering exceptional client outcomes.

CommsChoice Group attracts, develops and retains staff through its core focus on values of integrity, loyalty, simplicity, client focus and progression, borne out by the entities that comprise CommsChoice Group. To that end, CommsChoice Group invests in the development and retention of its staff with ongoing training and education provided to ensure staff retention remains strong.

03. Company overview (continued)

Figure 3.5: CommsChoice Group's vision



3.11.4. Key business dependencies

CommsChoice Group's business model is subject to the following key dependencies:

- Continued access to highly skilled staff – CommsChoice Group must recruit and retain experienced, professional ICT staff to deliver exceptional client service and execute its growth strategy.
- CommsChoice Group utilises over 20 third party suppliers to enable it to deliver a vendor-agnostic approach. If certain suppliers were unable to provide products or services, or could only provide them at a prohibitive price, it could adversely impact the provision of ICT products and services to CommsChoice Group clients. CommsChoice Group estimates the loss of any one supplier could disrupt client services anywhere between 1 millisecond and 48 hours. This could adversely impact the provision of ICT products and services to CommsChoice Group clients.

04. Financial information

04. Financial information

4.1 Introduction

CC Telecommunications Group Pty Ltd was incorporated on 18 May 2017 as an Australian private company. The Company was altered to become a public company limited by shares on 12 October 2017 and changed its name at this time to CommsChoice Group Limited (CommsChoice Group or the Company).

On successful completion of the Offer, CommsChoice Group will acquire all of the shares of the Service Providers, namely CommsChoice, Oracle Telecom, Telegate, Telaustralia and Woffle (referred to in this Prospectus as the Acquisitions). Further information on CommsChoice Group's corporate structure is set out in Section 3.

Prior to the issue of this Prospectus, CommsChoice Group has 2 issued Shares. This Prospectus is for the issuance of a further 30,000,000 Shares which will represent 29% of the total issued Shares in CommsChoice Group on Completion of the Offer and the Acquisitions.

On Completion of the Offer and the Acquisitions, CommsChoice Group's capital structure will be as follows:

Shares on issue as at the date of this Prospectus	2
New Shares issued as part of the Offer	30,000,000
Total Shares on issue	**30,000,002**
New Shares issued on Completion of the Offer	8,800,000
New Shares issued to settle Acquisitions	64,089,127
Total Shares on issue	**102,889,129**

As detailed in Section 3, CommsChoice Group has entered into a number of Acquisition Agreements which on Completion of the Offer and the Acquisitions will result in CommsChoice Group controlling the following:

Company	Acquisition	Operating segment	Included in the statutory historical financial information?	Included in the pro forma historical and forecast financial information?
CommsChoice Pty Ltd	100% of Shares	Enterprise & Business	Yes	Yes. Refer Section 4.4
Oratel Pty Ltd (which owns the business known as Oracle Telecom)	100% of Shares	Business	Yes	Yes. Refer Section 4.4
Telegate Group	100% of Shares	Business, Enterprise & International	Yes	Yes. Refer Section 4.4
Telaustralia Pty Ltd	100% of Shares	Business	No	Yes. Refer Section 4.4
Woffle Pty Ltd	100% of Shares	Business	No	Yes. Refer Section 4.4

The consideration payable in respect of each of the Acquisitions comprises a mix of cash, options and Shares, some of which will be deferred until satisfaction of certain conditions within 12 months of completion of the Offer. Refer to Section 9.6 for further details.

Overview of financial information

The financial information for CommsChoice Group contained in this Section 4 includes:

- Statutory Historical Financial Information for CommsChoice Group, being the:
  - Statutory historical income statements for the years ended 30 June 2015 (**FY15**), 30 June 2016 (**FY16**) and 30 June 2017 (**FY17**)
  - Statutory historical operating cash flows for FY15, FY16 and FY17; and
  - Statutory historical balance sheet as at 30 June 2017;

  (together, the "**Statutory Historical Financial Information**"); and
- Pro Forma Historical Financial Information for CommsChoice Group, being the:
  - Pro Forma historical income statements for FY15, FY16 and FY17;
  - Pro Forma historical operating cash flows for FY15, FY16 and FY17; and
  - Pro Forma historical balance sheet as at 30 June 2017;

  (together, the "**Pro Forma Historical Financial Information**"); and
- Statutory Forecast financial information for CommsChoice Group being the:
  - Statutory forecast income statement for the year ending 30 June 2018 (**FY18**); and
  - Statutory forecast operating cash flow for FY18;

  (together the "**Statutory Forecast**"); and
- Calendar Year Forecast financial information for CommsChoice Group being the:
  - Calendar year forecast income statements for the 12 months ending 31 December 2017 (**CY17**) and 31 December 2018 (**CY18**); and
  - Calendar year forecast operating cash flows for CY17 and CY18;

  (together the "**Calendar Year Forecast**"); and
- Pro Forma Forecast financial information for CommsChoice Group being the:
  - Pro Forma forecast income statements for CY17, FY18 and CY18; and
  - Pro Forma forecast operating cash flows for CY17, FY18 and CY18.

  (together the "**Pro Forma Forecast**").

The Pro Forma Historical Financial Information, the Statutory Forecast, the Calendar Year Forecast and the Pro Forma Forecast each assume completion of the Offer.

The Statutory Forecast, Calendar Year Forecast and the Pro Forma Forecast together form the **Forecast Financial Information**.

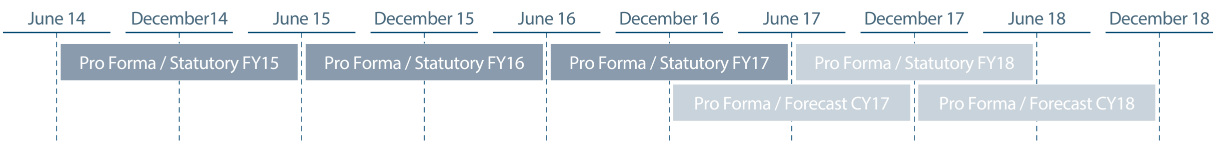
The Statutory Historical Financial Information, Pro Forma Historical Financial Information and the Forecast Financial information together form the **Financial Information**.

CommsChoice Group's financial year will end on 30 June of each year and the Financial Information has been presented on this basis. In addition to the FY18 forecast financial information, the Company has also included a forecast for the 12 months ending December 2018 (CY18) and a comparison forecast for the 12 months ending December 2017 (CY17). The FY18 forecast is provided on a statutory basis, the CY17 and CY18 forecasts are provided on the same basis, however they are not referred to as "statutory" since the Company does not prepare annual statutory accounts for 12 month periods ending 31 December.

The CY18 period was included in order to present forecast financial information for CommsChoice Group for a full 12 month period following the Prospectus Date. The CY17 forecast was included to provide comparative information to CY18 and illustrate annual growth rates that are expected to be achieved in CY18.

04. Financial information (continued)

Figure 4.1: Overview of the income statement and cash flow disclosures in Section 4



Also summarised in this Section are:

- The basis of preparation of the Financial information (see Section 4.2);
- Explanation of certain non-International Financial Reporting Standards (see Section 4.3)
- Income statements, including key operating and financial metrics (see Section 4.4);
- Pro forma historical balance sheet (see Section 4.5);
- Operating cash flows (see Section 4.6);
- Segment reporting (see Section 4.7);
- Management's discussion and analysis of the Pro Forma Historical Financial Information (see Section 4.8);
- The Directors' best estimate assumptions underlying the Forecast Financial Information (see Section 4.9);
- Management's discussion and analysis of the Pro Forma Forecast Financial Information (see Section 4.9);
- An analysis of the sensitivity of Forecast Financial Information to changes in certain key assumptions (see Section 4.10);
- Forthcoming changes to Australian Accounting Standards (see Section 4.11); and
- The dividend policy (see Section 4.12).

All amounts disclosed in Section 4 are presented in Australian dollars and, unless otherwise noted are rounded to the nearest $1,000. Tables in this Section have not been amended to correct immaterial summation differences that may arise from this rounding convention.

The information in this Section 4 should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

The Financial *Information has been reviewed in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagement involving Fundraising and/or Prospective Financial Information* by PricewaterhouseCoopers Securities Ltd ("PwC Securities") whose Investigating Accountant's Report is contained in Section 8. Investors should note the scope and limitations of that report.

4.2 Basis of preparation and presentation of the Financial Information

4.2.1. Overview

The Directors of CommsChoice Group are responsible for the preparation and presentation of the Financial Information.

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the underlying historical financial performance, operating cash flows and Balance Sheet of CommsChoice Group, together with forecast financial performance and operating cash flows for FY18, CY17 and CY18.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting interpretations), issued by the Australian Accounting Standards Board (**AASB**) and the accounting policies adopted by CommsChoice Group.

Compliance with Australian Accounting Standards (**AAS**) ensures that the Financial Information complies with the recognition and measurement principles of International Financial Reporting Standards (**IFRS**) as adopted by the International Accounting Standards Board.

The Financial Information is presented in an abbreviated form and does not contain all of the disclosures, statements or comparative information required by the AAS applicable to annual financial reports prepared in accordance with the Corporations Act.

In accordance with AASB 8 *Operating Segments*, CommsChoice Group's revenue is reported in three segments: Business, Enterprise and International. The segments are described in Section 3.

The Company's significant accounting policies have been consistently applied throughout the financial periods presented and can be found at www.commschoice.com.au/investor.

4.2.2. Preparation of Historical Financial Information

There are no actual consolidated financial results for CommsChoice Group. The Statutory Historical Financial Information presented has been audited and is an aggregation, representing the activities, assets and liabilities of the following entities:

- CommsChoice Group Ltd (CommsChoice Group) (formerly CC Telecommunications Group Pty Ltd);
- CommsChoice Pty Ltd (CommsChoice);
- Telegate Group (including Telegate Pty Ltd, Syntel Pty Ltd and Telegate Singapore Pte Ltd) (Telegate); and
- Oracle Unit Trust (Oracle Telecom).

The audited aggregation reflects the substance of the activities, assets and liabilities attributable to the entities. The legal structure and control was not considered the key factor in determining the perimeter of the aggregation, but rather the basis of the economic group at the time of the intended initial public offering. The balances and effects of the transactions between entities included in the aggregation have been eliminated.

The FY15, FY16 and FY17 Statutory Historical Financial Statements have been audited by PwC Securities who issued unqualified opinions for each period, with an emphasis of matter in relation to the material uncertainty about the aggregated entities' ability to continue as a going concern.

The ability of the Company to continue as a going concern and to meet its debts and commitments as they fall due was determined to be dependent upon the Company being successful in receiving continuing support of its related parties and proceeds from the anticipated initial public offering on the Australian Securities Exchange. This Offer addresses this material uncertainty on the basis of the proceeds being raised.

The Pro Forma Historical Information has been based on:

- The audited Statutory Historical Financial Information, being the aggregation of CommsChoice Group, CommsChoice, Telegate and Oracle Telecom, for the years ended 30 June 2015, 30 June 2016 and 30 June 2017; and
- The unaudited financial information of Telaustralia and Woffle for the years ended 30 June 2015, 30 June 2016 and 30 June 2017,

after adjusting for the pro forma impact of adjustments to reflect CommsChoice Group's operations following Completion of the Offer and to exclude certain non-recurring items as set out in Section 4.5. The Pro Forma Historical Information assumes Completion of the Offer and that the Acquisitions occurred on 1 July 2014.

The Historical Financial Information has been prepared on both a statutory and pro forma basis and has been prepared solely for the inclusion in this Prospectus.

Investors should note that the past results do not guarantee future performance.

4.2.3. Acquisition accounting

On successful completion of the Offer, CommsChoice Group will acquire all of the shares of the Service Providers (the Acquisitions). The purchase consideration for the Acquisitions is made up of the following:

- Cash;
- Options; and
- Issue of new Shares.

Of the total purchase price, 70% (including all cash and option amounts) is to be paid/issued to the Service Provider Vendors at Completion of the Acquisitions. Amounts totalling approximately 30% of the purchase price under the Acquisition Agreements will be held back subject to either a warranty claims regime or completion accounts determination. Refer to Section 9.6 for further details.

With respect to the Acquisitions, the Company has performed a provisional assessment of the fair values of the assets and liabilities as at the date of acquisition. For the purposes of the Pro Forma balance sheet, the assets and liabilities have been recorded at their provisional fair values with the excess of the consideration paid over the provisional fair values allocated to a provisional intangible asset. Under AAS, CommsChoice Group has up to 12 months from the date of acquisition to complete its initial acquisition accounting. Any adjustment to the fair values, including associated tax adjustments, will have an equal and opposite impact on the provisional intangible asset recorded on acquisition.

In accordance with AASB 3 Business Combinations, all of the subsidiaries' identifiable assets, liabilities and contingent liabilities, including intangible assets, must be identified and valued. The purchase price is then allocated across the fair value of these assets, liabilities and contingent liabilities with any residual allocated to goodwill.

Identified intangibles acquired may have a limited life and must be amortised over that life in contrast to goodwill, which is subject to annual impairment review. Indefinite life intangibles are not amortised and are reviewed for impairment annually. A detailed identification and valuation process will therefore be undertaken after Completion of the Offer.

The examples provided below are not intended to be an exhaustive list of items acquired in a business combination that meet the definition of an intangible asset. However, they provide some indication of the types of intangibles that may be acquired as part of the Acquisitions:

- customer contracts and relationships;
- software;
- brands; and
- goodwill.

In addition, there are specific rules regarding the calculation of the fair values of assets, liabilities and contingent liabilities acquired. These rules may significantly vary the historical costs of the assets and liabilities acquired and significantly impact the profitability of the business going forward.

4.2.4. Preparation of Forecast Financial Information

The Forecast Financial Information has been prepared by the Directors with due care and attention, and based on an assessment of present economic and operating conditions and on a number of best estimate general and specific assumptions regarding future events and actions as set out in Section 4.9. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur.

The Directors believe the best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned not to place undue reliance on the Forecast Financial Information.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial information, and that this may have a material positive or negative effect on CommsChoice Group's actual financial performance or balance sheet. In addition, the assumptions upon which the Forecast Financial Information is based are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of CommsChoice Group, the Directors and management, and are not reliably predictable. Accordingly, none of CommsChoice Group and its Directors and management or any other person can give investors any assurance that the outcomes disclosed in the Forecast Financial Information will arise. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

Investors are advised to review the Forecast Financial Information in conjunction with the general and specific forecast assumptions set out in Section 4.9, the sensitivity analysis set out in Section 4.10, the risk factors set out in Section 5 and other information set out in this Prospectus. The inclusion of these assumptions and these risks is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. The Independent Limited Assurance Report on Directors' Forecasts is set out in Section 8. Investors should note the scope and limitations of the Independent Limited Assurance Report.

The Forecast Financial Information is presented on a statutory, calendar year and pro forma basis and has been prepared solely for the inclusion in this Prospectus.

The Calendar Year Forecast for CY17 has been derived from CommsChoice Group, CommsChoice, Telegate, Oracle Telecom, Telaustralia and Woffle as follows:

- unaudited financial information for the nine months to 30 September 2017; and
- forecast financial information for the three months to 31 December 2017.

The Statutory Forecast for FY18 has been derived from CommsChoice Group, CommsChoice, Telegate, Oracle Telecom, Telaustralia and Woffle as follows:

- unaudited financial information for the three months to 30 September 2017; and
- forecast financial information for the nine months to 30 June 2018.

The Calendar Year Forecast for CY18 is based solely on forecast financial information.

The Forecast Financial Information has been prepared on a basis consistent with how CommsChoice Group's statutory financial statements are expected to be prepared for future financial periods.

The Statutory Forecast and Calendar Year Forecast assumes Completion of the Offer will occur on 1 December 2017, hence they reflect the effect of CommsChoice Group's intended operating and capital structure following Completion of the Offer.

The Pro Forma Forecast has been derived from the Statutory Forecast adjusted to reflect the intended operating and capital structure that will be in place following Completion of the Offer, excluding Offer costs and other non-recurring items that are not expected to occur in future periods. See Section 4.4.2 for reconciliations between the Pro Forma Forecast and the Statutory Forecast.

The basis of preparation and presentation of the Pro Forma Forecast, to the extent relevant, is consistent with the basis of preparation and presentation of the Pro Forma Historical Financial Information. CommsChoice Group has no intention to update or revise the Forecast Financial Information or other forward looking statements following the issue of this Prospectus, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

4.3 Explanation of certain non-International Financial Reporting Standards ("IFRS") financial measures

CommsChoice Group uses certain measures to manage and report on its business that are not recognised under AAS or IFRS. These measures are collectively referred to in this Section 4 as 'non-IFRS financial information' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. The principal non-IFRS financial measures that are referred to in this Prospectus are as follows:

- **EBITDA** is earnings before interest, income tax, depreciation and amortisation expense;
- **EBITDA Margin** on sales revenue is EBITDA divided by sales revenue and expressed as a percentage;
- **EBIT** is calculated by deducting depreciation and amortisation from EBITDA;
- **NPATA** is net profit after tax and after adding back total amortisation expense after tax;
- **Monthly Recurring Revenue ("MRR")** is a measure of monthly revenue that the Company is earning on a repeatable basis during a single month and represents the amount at the end of each period presented;
- **working capital** is defined as the total current trade and other receivables, other current assets less trade and other payables, provisions and deferred revenue;
- **capital expenditure** is a combination of capitalised product development costs and other costs primarily related to property, plant and equipment; and
- **operating cash flow** is EBITDA less non-cash items in EBITDA, changes in working capital, capital expenditure, interest paid and income tax paid.

As non-IFRS measures are not defined by recognised standard setting bodies, they do not have a prescribed meaning. Therefore, the way in which CommsChoice Group calculates these measures may be different to the way other companies calculate similarly titled measures. Investors are cautioned not to place undue reliance on any non-IFRS financial information and ratios and should consider them as supplemental to the measures calculated in accordance with Australian Accounting Standards and not as a replacement for them.

4.4 Income statements

Table 4.1 sets out a summary of CommsChoice Group's statutory historical income statements for FY15, FY16 and FY17, the statutory forecast income statement for FY18 and the calendar year forecast income statement for CY17 and CY18. Table 4.2 sets out a summary of CommsChoice Group's pro forma historical income statements for FY15, FY16 and FY17 and the pro forma forecast income statements for FY18, CY17 and CY18.The pro forma historical income statements and pro forma forecast income statements are reconciled to the statutory historical, statutory forecast and calendar year forecast NPAT in Section 4.4.2.

Table 4.1: Summary statutory income statements, statutory forecast income statement and calendar year forecast income statements

	Statutory historical income statements			Forecast income statements		
	FY15	FY16	FY17	FY18	CY17	CY18
$000s	Audited	Audited	Audited	Statutory forecast	Calendar year forecast	Calendar year forecast
Sales revenue	10,456	13,170	16,855	22,241	18,638	27,837
Direct costs	(6,011)	(7,241)	(8,884)	(12,092)	(10,102)	(14,902)
Gross profit	**4,444**	**5,929**	**7,971**	**10,148**	**8,536**	**12,936**
Employee related expenses	(1,594)	(2,230)	(3,073)	(5,911)	(4,802)	(5,190)
General and administration expenses	(2,412)	(2,479)	(2,825)	(3,567)	(4,088)	(2,517)
Sales and marketing expenses	(179)	(244)	(303)	(634)	(570)	(664)
Total operating expenses	**(4,185)**	**(4,952)**	**(6,201)**	**(10,111)**	**(9,460)**	**(8,370)**
EBITDA	**260**	**977**	**1,770**	**37**	**(924)**	**4,565**
Depreciation	(29)	(46)	(32)	(32)	(32)	(32)
Amortisation	–	–	–	(624)	(65)	(1,117)
EBIT	**231**	**931**	**1,738**	**(618)**	**(1,020)**	**3,417**
Net finance costs	(115)	(114)	(258)	(81)	(196)	–
Profit before tax	**115**	**817**	**1,481**	**(700)**	**(1,215)**	**3,417**
Tax expense	(103)	(44)	(378)	(710)	(568)	(940)
Net profit after tax	**12**	**773**	**1,103**	**(1,410)**	**(1,784)**	**2,477**
Add back: Amortisation after tax	–	–	–	499	47	903
NPATA	**12**	**773**	**1,103**	**(911)**	**(1,737)**	**3,380**

Table 4.2: Summary pro forma historical income statements and pro forma forecast income statements

	Pro forma historical income statements				Pro forma forecast income statements	
$000s	FY15	FY16	FY17	FY18	CY17	CY18
Sales revenue	13,084	16,085	20,136	23,682	21,771	27,837
Direct costs	(7,979)	(9,197)	(11,038)	(13,018)	(12,092)	(14,902)
Gross profit	**5,105**	**6,888**	**9,098**	**10,664**	**9,679**	**12,936**
Employee related expenses	(2,487)	(3,254)	(4,150)	(4,021)	(3,417)	(5,190)
General and administration expenses	(3,142)	(3,128)	(3,422)	(2,767)	(3,373)	(2,517)
Sales and marketing expenses	(213)	(326)	(361)	(667)	(644)	(664)
Total operating expenses	**(5,842)**	**(6,708)**	**(7,932)**	**(7,455)**	**(7,434)**	**(8,370)**
EBITDA	**(737)**	**181**	**1,165**	**3,208**	**2,245**	**4,565**
Depreciation	(91)	(76)	(79)	(32)	(55)	(32)
Amortisation	(778)	(778)	(778)	(948)	(778)	(1,117)
EBIT	**(1,607)**	**(673)**	**308**	**2,229**	**1,412**	**3,417**
Net finance costs	–	–	–	–	–	–
Profit before tax	**(1,607)**	**(673)**	**308**	**2,229**	**1,412**	**3,417**
Tax expense	371	366	(55)	(613)	(388)	(940)
Net profit after tax	**(1,236)**	**(307)**	**253**	**1,616**	**1,024**	**2,477**
Add back: amortisation after tax	564	564	564	734	564	903
NPATA	**(672)**	**257**	**817**	**2,350**	**1,588**	**3,380**

4.4.1. Key operating and financial metrics

Table 4.3 sets out a summary of CommsChoice Group's key operating and financial metrics for FY15, FY16 and FY17 derived from the pro forma historical income statements and FY18, CY17 and CY18 derived from the pro forma forecast income statements.

Table 4.3: Key pro forma historical and forecast operating and financial metrics

		Pro forma historical income statements			Pro forma forecast income statements		
	Notes	FY15	FY16	FY17	FY18	CY17	CY18
Sales revenue growth (%)			**23%**	**25%**	**18%**		**28%**
Business			16%	6%	7%		25%
Enterprise			–1%	87%	27%		37%
International			159%	31%	36%		18%
Gross profit margin (%)		**39%**	**43%**	**45%**	**45%**	**44%**	**46%**
Business		33%	41%	41%	44%	42%	46%
Enterprise		54%	60%	55%	46%	48%	47%
International		48%	32%	44%	47%	44%	47%
EBITDA margin		**–6%**	**1%**	**6%**	**14%**	**10%**	**16%**
Monthly recurring revenue ($000's)	1	**911**	**1,212**	**1,451**	**1,928**	**1,696**	**2,161**
Business		687	820	860	1,026	986	1,176
Enterprise		168	145	302	534	403	661
International		56	246	290	368	307	324
Number of customers	2	**2,830**	**2,987**	**2,969**	**3,040**	**3,005**	**3,055**
Business		2,792	2,923	2,883	2,946	2,915	2,958
Enterprise		35	40	42	48	45	50
International		3	24	44	46	45	47
Average revenue per customer ($000's)		**4.6**	**5.4**	**6.8**	**7.8**	**7.2**	**9.1**
Business		3.2	3.6	3.8	4.0	3.9	4.8
Enterprise		89	77	136	151	147	182
International		339	110	78	102	84	95

Notes:

1. Reflects Monthly Recurring Revenue as at the end of the respective financial period.
2. Reflects the number of customers as at the end of the respective financial period.

4.4.2. Pro forma adjustments to the income statements

Table 4.4 sets out the pro forma adjustments that have been made to CommsChoice Group's statutory historical NPAT, statutory forecast NPAT and calendar year NPAT to derive the pro forma historical income statements and pro forma forecast income statements.

Table 4.4: Pro forma adjustments to the statutory historical NPAT, statutory forecast NPAT and calendar year NPAT

		Historical income statements			Forecast income statements		
$000s	Notes	FY15	FY16	FY17	FY18	CY17	CY18
Statutory/Calendar year NPAT		**12**	**773**	**1,103**	**(1,410)**	**(1,784)**	**2,477**
Inclusion of Telaustralia	1	120	253	272	150	319	–
Inclusion of Woffle	2	(12)	29	94	78	154	–
Listed company costs	3	(884)	(884)	(840)	(308)	(573)	–
Net interest	4	91	85	188	59	142	–
Senior management IPO bonus	5	–	–	–	400	400	–
Convertible note discount	6	–	–	–	293	293	–
Costs of the Acquisitions (expensed)	7	–	–	–	752	752	–
Director IPO bonus	8	–	–	–	1,800	1,800	–
Amortisation of identified intangibles	9	(564)	(564)	(564)	(235)	(517)	–
Non-deductible GST	10	–	–	–	38	38	–
Pro forma NPAT		**(1,236)**	**(307)**	**253**	**1,616**	**1,024**	**2,477**

Notes:

1. **Inclusion of Telaustralia**: Adjustment to include the NPAT of Telaustralia as if this acquisition had been completed on 1 July 2014. The statutory historical income statements do not include the financial information of Telaustralia. Therefore, the adjustments for FY15, FY16 and FY17 are the unaudited NPAT for Telaustralia for FY15, FY16 and FY17. The forecast income statements assume a 1 December 2017 listing, hence the statutory FY18 and calendar year CY18 forecasts reflect the financial information of Telaustralia from 1 December 2017. Therefore for FY18 the adjustment reflects the NPAT for 5 months to 30 November 2017. For CY17, the adjustment reflects the NPAT for 11 months to 30 November 2017. This adjustment has been tax effected.
2. **Inclusion of Woffle**: Adjustment to include the NPAT of Woffle as if this acquisition had been completed on 1 July 2014. The statutory historical income statements do not include the financial information of Woffle. Therefore, the adjustments for FY15, FY16 and FY17 are the unaudited NPAT for Woffle for FY15, FY16 and FY17. The forecast income statements assume a 1 December 2017 listing, hence the statutory FY18 and calendar year CY18 forecasts reflect the financial information of Woffle from 1 December 2017. Therefore for FY18 the adjustment reflects the NPAT for 5 months to 30 November 2017. For CY17, the adjustment reflects the NPAT for 11 months to 30 November 2017. This adjustment has been tax effected.
3. **Listed company costs**: Reflects the Directors' estimate of the incremental annual costs that the Company will incur as a listed entity. These costs include Chairman and other Non-Executive Director remuneration, additional senior management, additional audit and legal costs, annual ASX listing fees and share registry costs, Director's and officer's insurance premiums as well as annual general meeting and annual report costs. The forecast income statements assume a 1 December 2017 listing, and as a result, the statutory forecast income statement in FY18 includes 7 months of listed company costs whilst the Calendar Year CY17 Forecast income statement includes 1 month of listed company costs. This adjustment has been tax effected.
4. **Net interest:** CommsChoice Group will not have any debt on Completion of the Offer. The interest expense relating to the historical debt structure has been adjusted in the statutory historical income statements as it was non-trading/non-operational related. This adjustment has been tax effected.
5. **Senior management IPO bonus:** Reflects the costs associated with a one-off senior management bonus which will crystallise on Completion of the Offer. The adjustment reverses the expense assumed in the statutory forecast FY18 and calendar year forecast CY17 on the grant of these Shares as a non-recurring item. This is a one-off bonus and not related to a future incentive scheme. This adjustment has not been tax effected as these expenses are not deductible for tax purposes.

6. **Convertible note discount:** On completion of the Offer the convertible notes convert to equity at a discount of 20% to the Offer price. Expenses of approximately $293,000 are recognised through the income statement on Completion of the Offer. This amount reflects the carrying value of the capitalised advisor costs of approximately $43,000 and $250,000 for the discount. This adjustment reverses the expense of these non-recurring items. This adjustment has not been tax effected as these expenses are not deductible for tax purposes.
7. **Costs of the Acquisitions(expensed):** Costs relating to the Acquisitions primarily relate to legal fees which are one-off expenses impacting the income statement in the statutory forecast FY18 and calendar year forecast CY17. This adjustment reflects the exclusion of these one-off costs. This adjustment has not been tax effected as these expenses are not deductible for tax purposes.
8. **Director IPO bonus:** Reflects the expense associated with the issue of and shares as Director bonuses associated with the Completion of the Offer and in the case of one director, the achievement of the CY18 forecast NPATA. The adjustment reverses the expense assumed in the statutory forecast FY18 and calendar year forecast CY17 as non-recurring items. This is a one-off bonus and not related to a future incentive scheme. This adjustment has not been tax effected as these expenses are not deductible for tax purposes.
9. **Amortisation of identified intangibles:** On successful completion of the Offer, CommsChoice Group will acquire all of the shares of the Service Providers (the Acquisitions). With respect to the Acquisitions, the Company has performed a provisional assessment of the fair values of the assets and liabilities as at the date of acquisition. For the purposes of the pro forma balance sheet, the assets and liabilities have been recorded at their provisional fair values. The provisional assessment performed by the Company has resulted in $7.8m being provisionally allocated to identifiable intangible assets. This adjustment is to include the preliminary assessment of the amortisation of these identifiable intangible assets as if the Acquisitions had been completed on 1 July 2014. This adjustment has been tax effected to reflect the impact of the related deferred tax liability that was recognised on Acquisition.
10. **Non-deductible GST:** The non-deductible GST of $37,500 associated with the Offer, which has been expensed in the statutory forecast FY18 and calendar year forecast CY17 has been adjusted.

4.5 Pro forma historical balance sheet

4.5.1. Overview

The pro forma historical balance sheet as at 30 June 2017 as set out in Table 4.5 is derived from the statutory historical balance sheet as at 30 June 2017, adjusted to include Telaustralia and Woffle (which are not included in the statutory historical balance sheet), the impact of the convertible notes issued, senior management bonuses, the preliminary acquisition accounting impact of the Acquisitions and the impacts of the Offer.

The pro forma historical balance sheet is provided for illustrative purposes and is not represented as being necessarily indicative of CommsChoice Group's view of its balance sheet upon Completion of the Offer or at a future date. Further information on the sources and uses of funds of the Offer is contained in Section 7.

04. Financial information (continued)

Table 4.5: Statutory historical balance sheet and Pro forma historical balance sheet

$000s	Statutory 30 June 2017	Include Telaustralia and Woffle (1)	Impact of convertible notes issue (2)	Fair value impact of Acquisitions (3)	Impact of the Offer – conversion of notes (4)	Impact of the Offer – raise (5)	Senior management IPO bonus (6)	Director IPO bonus (7)	Pro forma 30 June 2017
Current assets									
Cash and cash equivalents	120	51	957	(2,277)		6,305			5,156
Trade and other receivables	2,901	251							3,152
Current tax receivables	46								46
Total current assets	**3,066**	**302**	**957**	**(2,277)**	**–**	**6,305**	**–**	**–**	**8,353**
Non-current assets									
Investments	2								2
Property, Plant & Equipment	187	5							192
Intangible Assets	1,924	18		25,026					26,968
Deferred tax assets	213								213
Total non-current assets	**2,326**	**23**	**–**	**25,026**	**–**	**–**	**–**	**–**	**27,376**
Total assets	**5,392**	**326**	**957**	**22,749**	**–**	**6,305**	**–**	**–**	**35,729**
Liabilities									
Current liabilities									
Trade and other payables	(3,608)	(172)		1,415				(1,250)	(3,615)
Deferred revenue	(634)	(51)							(685)
Borrowings	(660)	(104)		765					–
Provisions	(266)	1							(265)
Deferred consideration				(6,867)					(6,867)
Convertible notes			(957)		957				–
Total current liabilities	**(5,168)**	**(327)**	**(957)**	**(4,687)**	**957**	**–**	**–**	**(1,250)**	**(11,432)**
Non-current liabilities									
Borrowings	(139)	(12)		151					–
Provisions	(23)								(23)
Deferred tax liability				(2,140)					(2,140)
Total non-current liabilities	**(162)**	**(12)**	**–**	**(1,989)**	**–**	**–**	**–**	**–**	**(2,162)**
Total liabilities	**(5,330)**	**(339)**	**(957)**	**(6,676)**	**957**	**–**	**–**	**(1,250)**	**(13,594)**
Net assets	**62**	**(13)**	**–**	**16,073**	**957**	**6,305**	**–**	**(1,250)**	**22,135**
Equity									
Share capital	1,230	1		14,791	1,250	6,305	400	550	24,527
Other equity				100					100
Retained earnings	(1,168)	(14)		1,182	(293)		(400)	(1,800)	(2,493)
Total equity	**62**	**(13)**	**–**	**16,073**	**957**	**6,305**	**–**	**(1,250)**	**22,135**

Notes:

1. The statutory historical balance sheet does not include Telaustralia and Woffle. The adjustment includes the unaudited balance sheets of Telaustralia and Woffle.
2. On 7 July 2017 Convertible Notes with a total face value of $850,000 were issued as part of a pre-IPO raise less capitalised raise costs of approximately $40,000. Further, on 17 November 2017 Convertible Notes with a total face value of $150,000 were issued as part of a pre-IPO raise less capitalised raise costs of approximately $3,000. The adjustment of approximately $957,000 reflects $1.0m of convertible notes less capitalised raise costs of approximately $43,000.
3. On successful completion of the Offer, CommsChoice Group will acquire all of the shares of the Service Providers (the Acquisitions). With respect to the Acquisitions, the Company has performed a provisional assessment of the fair values of the assets and liabilities as at the date of acquisition. For the purposes of the pro forma balance sheet, the assets and liabilities have been recorded at their provisional fair values with the excess of the consideration paid over the provisional fair values allocated to a provisional intangible asset. Debt items, being borrowings and related party payables, have been excluded as the Acquisitions are debt-free. The provisionally determined purchase price of $25.3m is funded by cash of $2.3m, issue of $100,000 of options, the issue of new Shares of $16.0m and deferred consideration of $6.9m. A deferred tax liability is recognised in relation to the identified intangible assets as the amortisation on these items is non-deductible for tax purposes. The provisional assessment performed by the Company has resulted in $25.0m of intangibles being recognised, $7.8m of which are provisionally assessed as identifiable and the remaining balance of $17.2m being provisionally allocated to goodwill. Following the Acquisition, the Service Providers will be consolidated as opposed to aggregated as they were at Statutory 30 June 2017. The consolidation of the acquired entities will result in the elimination of the share capital and retained earnings of the acquired entities. On this basis the share capital adjustment reflects the shares issued of $16.0m less the share capital of the acquired entities of $1.2m.
4. As a consequence of Completion of the Offer, the Convertible Notes issued as part of the pre-IPO raise with a collective amount outstanding of $1.0m will convert into Shares upon Completion of the Offer at a 20% discount to the Offer Price. As a result of the 20% discount, on Completion of the Offer share capital increases $1.3m being the total of the $1.0m face value of the Convertible Notes and $250,000 impact of the discount. Expenses of approximately $293,000 are recognised through the income statement on Completion of the Offer, reflecting the carrying value of the capitalised advisor costs of approximately $43,000 and $250,000 for the discount on conversion of the Convertible Notes.
5. As a consequence of the Offer, contributed equity increases by $6.3m through the issue of $7.5m of new Shares less capitalised Offer costs of $1.2m that are offset against equity. This adjustment reflects the exclusion of the associated non-deductible GST of approximately $38,000 which has been expensed in statutory forecast FY18 and calendar year forecast CY17.
6. This adjustment reflects the one-off senior management bonus which will crystallise on Completion of the Offer. This is a one-off bonus and not related to a future incentive scheme and relates to the grant of new Shares.
7. This adjustment reflects the issue of shares as a one-off Director bonus associated with the Completion of the Offer and in the case of one director, the achievement of the CY18 forecast NPATA. This is a one-off bonus and not related to a future incentive scheme and relates to the grant of new Shares. Of the bonus, $550,000 of new Shares will issued on Completion of the Offer and the remaining $1,250,000 of new Shares will be issued upon the Company exceeding the CY18 forecast NPATA.

4.5.2. Contractual obligations and commitments

Table 4.6 summarises CommsChoice Group's commitments at 30 June 2017.

Table 4.6: Commitments and contingencies at 30 June 2017

$000s	Notes	Less than 1 year	1-5 years	More than 5 years	Total
Non-cancellable operating leases	1	295	505	–	800
Total		**295**	**505**	**–**	**800**

Notes:

1. Non-cancellable operating leases: CommsChoice Group leases office facilities under operating leases. The leases run for a period between one and five years with an option to renew the lease after that date. Lease payments are increased every year to reflect market rentals.

4.6 Operating cash flows

Table 4.7 sets out a summary of the pro forma historical operating cash flows for FY15, FY16 and FY17, the pro forma forecast operating cash flows for FY18, CY17 and CY18, the statutory forecast operating cash flows for FY18, and the calendar year forecast operating cash flows for CY17 and CY18. The pro forma historical operating cash flows and pro forma forecast operating cash flows are reconciled to the statutory historical operating cash flows, statutory forecast operating cash flows and calendar year forecast operating cash flows in Section 4.6.1.

Table 4.7: Summary pro forma historical, pro forma forecast and statutory and calendar year forecast operating cash flows

		Pro forma historical results			Pro forma forecast results			Forecast results		
$000s	Notes	FY15	FY16	FY17	FY18	CY17	CY18	FY18	CY17	CY18
EBITDA		**(737)**	**181**	**1,165**	**3,208**	**2,245**	**4,565**	**37**	**(924)**	**4,565**
Less non-cash items in EBITDA		–	–	–	88	–	175	2,580	2,493	175
Movement in working capital		(173)	(275)	(601)	113	101	(369)	155	127	(369)
Capital expenditure	1	(168)	(403)	(948)	(773)	(862)	(931)	(769)	(858)	(931)
Interest paid		–	–	–	–	–	–	(81)	(196)	–
Income tax (paid)/refund		452	427	385	(791)	(781)	(940)	(710)	(568)	(940)
Operating cash flow		**(627)**	**(69)**	**2**	**1,845**	**704**	**2,501**	**1,212**	**74**	**2,501**

Notes:

1. Capital expenditure largely relates to capitalised employee costs incurred in regard to the continued development of the ACaaS platform.

4.6.1. Pro forma adjustments to operating cash flows

Table 4.8 sets out the pro forma adjustments that have been made to CommsChoice Group's statutory historical operating cash flows, statutory forecast operating cash flow and calendar year forecast operating cash flows to derive the pro forma historical operating cash flows and pro forma forecast operating cash flows.

Table 4.8: Pro forma adjustments to the historical and forecast operating cash flows

		Historical results			Forecast results		
$000s	Notes	FY15	FY16	FY17	FY18	CY17	CY18
Statutory/Calendar year operating cash flow	1	**93**	**648**	**243**	**1,212**	**74**	**2,501**
Cash flow impact of pro forma adjustments	2						
Inclusion of Telaustralia		97	95	383	83	329	–
Inclusion of Woffle		6	56	28	99	139	–
Listed company costs		(884)	(884)	(840)	(308)	(573)	–
Net interest		91	85	188	59	142	–
Costs of the Acquisitions (expensed)		–	–	–	752	752	–
Tax impact of non-deductible amortisation		–	–	–	(89)	(196)	–
Non-deductible GST		–	–	–	38	38	–
Non-cash tax expense/(benefit)	3	(30)	(69)	–	–	–	–
Pro forma operating cash flow		**(627)**	**(69)**	**2**	**1,845**	**704**	**2,501**

Notes:

1. Operating cash flow is EBITDA less non-cash items in EBITDA, changes in working capital, capital expenditure, interest paid and income tax paid.
2. Cash flow impact of pro forma adjustments reflects the cash flow impact of pro forma adjustments discussed in Section 4.4.2.
3. Non-cash flow tax expense/(benefit) represents the tax benefit that would not be refundable to the Company, this amount would be a tax loss that could be carried forward to future income years.

4.7 Segment reporting

An operating segment is a component of an entity: (a) that engages in business activities from which it may earn revenue and incur expenses; (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assets in its performance; and (c) for which discrete financial information is available.

In accordance with AASB 8 Operating Segments, and as will be reported in its statutory financial statements, CommsChoice Group's revenue is reported in three segments: Business, Enterprise and International.

Table 4.9 sets out segment pro forma historical revenue and gross margin for FY15, FY16 and FY17, and segment pro forma forecast revenue and gross margin for FY18, CY17 and CY18.

Table 4.9: Pro forma revenue and gross margin by segment

		Pro forma historical			Pro forma forecast		
$000s	**Notes**	**FY15**	**FY16**	**FY17**	**FY18**	**CY17**	**CY18**
Revenue							
Business		8,967	10,385	10,967	11,760	11,376	14,272
Enterprise		3,101	3,069	5,729	7,250	6,615	9,089
International		1,016	2,631	3,440	4,672	3,779	4,476
Group revenue		**13,084**	**16,085**	**20,136**	**23,682**	**21,771**	**27,837**
Gross Margin							
Business		2,940	4,214	4,443	5,172	4,791	6,532
Enterprise		1,676	1,832	3,137	3,305	3,208	4,308
International		489	843	1,517	2,187	1,679	2,095
Group Gross Margin		**5,105**	**6,888**	**9,098**	**10,664**	**9,679**	**12,936**
Key operating metrics							
Gross profit %							
Business		33%	41%	41%	44%	42%	46%
Enterprise		54%	60%	55%	46%	48%	47%
International		48%	32%	44%	47%	44%	47%
Monthly recurring revenue ($000's)	1						
Business		687	820	860	1,026	986	1,176
Enterprise		168	145	302	534	403	661
International		56	246	290	368	307	324
Number of customers	2						
Business		2,792	2,923	2,883	2,946	2,915	2,958
Enterprise		35	40	42	48	45	50
International		3	24	44	46	45	47
Average revenue per customer ($000's)							
Business		3.2	3.6	3.8	4.0	3.9	4.8
Enterprise		89	77	136	151	147	182
International		339	110	78	102	84	95

Notes:

1. Reflects Monthly Recurring Revenue as at the end of the respective financial period.
2. Reflects the number of customers as at the end of the respective financial period.

4.8 Management discussion and analysis of the Pro Forma Historical Financial Information

4.8.1. General factors affecting the historical operating results of CommsChoice Group

Below is a summary of the key factors which affected CommsChoice Group's operating and financial performance during FY15, FY16 and FY17, and which CommsChoice Group expects may continue to affect operating and financial performance in the future. The discussion of these general factors is intended to provide a brief summary only and does not detail all the factors that affected CommsChoice Group's historical operating and financial performance, nor everything that may affect CommsChoice Group's operating and financial performance in the future. The information in this Section 4.8 should be read in conjunction with the risk factors set out in Section 5 and the other information contained in this Prospectus.

4.8.2. Pro forma historical income statements: FY16 compared to FY15

Table 4.10 sets out the pro forma historical income statement for FY16 compared to FY15.

Table 4.10: Summary pro forma historical income statements: FY16 compared to FY15

	Pro forma historical income statement			
$000s	**FY15**	**FY16**	**Change**	**% Change**
Sales revenue				
Business	8,967	10,385	1,419	16%
Enterprise	3,101	3,069	(33)	–1%
International	1,016	2,631	1,615	159%
Total sales revenue	**13,084**	**16,085**	**3,001**	**23%**
Gross profit				
Business	2,940	4,214	1,274	43%
Enterprise	1,676	1,832	156	9%
International	489	843	353	72%
Total gross profit	**5,105**	**6,888**	**1,783**	**35%**
Employee related expenses	(2,487)	(3,254)	(767)	31%
General and administration expenses	(3,142)	(3,128)	14	0%
Sales and marketing expenses	(213)	(326)	(113)	53%
Operating expenses	**(5,842)**	**(6,708)**	**(865)**	**15%**
EBITDA	**(737)**	**181**	**918**	**125%**
Depreciation	(91)	(76)	16	–17%
Amortisation	(778)	(778)	–	0%
EBIT	**(1,607)**	**(673)**	**934**	**58%**
Net finance costs	–	–	–	0%
PBT	**(1,607)**	**(673)**	**934**	**58%**
Tax	371	366	(5)	–1%
NPAT	**(1,236)**	**(307)**	**929**	**75%**
Add back: amortisation after tax	564	564	–	0%
NPATA	**(672)**	**257**	**929**	**138%**
Key operating metrics				
Gross profit %				
Business	33%	41%	8%	24%
Enterprise	54%	60%	6%	10%
International	48%	32%	–16%	–33%
Monthly recurring revenue ($000's)				
Business	687	820	133	19%
Enterprise	168	145	(22)	–13%
International	56	246	190	341%
Number of customers				
Business	2,792	2,923	131	5%
Enterprise	35	40	5	14%
International	3	24	21	700%
Average revenue per customer ($000's)				
Business	3.2	3.6	0.3	11%
Enterprise	89	77	(12)	–13%
International	339	110	(229)	–68%

04. Financial information (continued)

Sales revenue

Total sales revenue increased by $3.0m or 23% to $16.1m. Overall, this increase was driven by increasing monthly recurring revenue as new customers were contracted and significant non-recurring sales in relation to VoIP, hardware and installation.

Business sales revenue increased by $1.4m or 16% from $9.0m in FY15 to $10.4m in FY16 largely due to the addition of 131 new customers and average revenue per customer increasing by 11%, from approximately $3,200 to approximately $3,600. Monthly recurring revenue increased by $0.1m in FY16 as a result of new contracts secured during the year. The growth in customers was achieved through focused sales effort driven by referrals and improved lead generation practices.

Enterprise sales revenue decreased marginally in FY16 as the company focused on repositioning the business for Enterprise clients, working on research and development of the ACaaS platform and testing new sales techniques to gain greater early stage commercial commitment and improve conversion rates. The marginal decrease in revenue was due to customer growth being offset by a decrease in the average revenue per customer. The decrease in average revenue by customer was a result of winning a large national franchise that increased total customers but at a lower average revenue per customer. The level of monthly recurring revenue decreased by approximately $22,000 by the end of FY16 reflecting the transition of customers from fixed telephone services to VoIP and hosted PBX which generate lower revenues for the Company.

International sales revenue increased by $1.6m or 159% from $1.0m in FY15 to $2.6m in FY16. The number of International customers grew significantly from 3 customers in FY15 to 24 customers in FY16. The additional customers secured in FY16 on average contributed lower revenues which resulted in a decline in average revenue per customer, however the increased volume resulted in a significant increase in monthly recurring revenue by the end of FY16, increasing from approximately $56,000 to approximately $246,000. The company expanded its international customer base by targeting Australian multinationals with offices in other parts of the world.

Direct costs and gross profit

Total direct costs increased by 15% from $8.0m in FY15 to $9.2m in FY16. The direct costs increase between FY15 and FY16 of 15% was lower than revenue growth of 23%, driving gross profit margin to increase from 39% in FY15 to 43% in FY16. The increase in gross profit was predominantly driven by the Business segment which grew by $1.3m and saw an increase of 8 percentage points in the gross margin. The improvement in gross margin was a result of the Company's ability to obtain better buying prices as purchased volumes increased. The International segment experienced a decrease of 16 percentage points in gross margin as additional international carrier costs were incurred with SingTel as the Company established its service integration point in Singapore.

Operating expenses

Operating expenses increased by $0.9m or 15% from $5.8m in FY15 to $6.7m in FY16 primarily due to increased employee related expenses. The increase in employee related expenses was driven by increased head count in FY16, these employees were hired to drive revenue growth opportunities.

NPATA

NPATA improved by $0.9m or 138% from a loss of ($0.7m) in FY15 to a profit of $0.3m in FY16 for the reasons described above.

4.8.3. Pro forma historical income statements: FY17 compared to FY16

Table 4.11 sets out the pro forma historical income statement for FY17 compared to FY16.

Table 4.11: Summary pro forma historical income statements: FY17 compared to FY16

	Pro Forma Historical Results			
$000s	**FY16**	**FY17**	**Change**	**% Change**
Sales revenue				
Business	10,385	10,967	582	6%
Enterprise	3,069	5,729	2,660	87%
International	2,631	3,440	809	31%
Total sales revenue	**16,085**	**20,136**	**4,051**	**25%**
Gross profit				
Business	4,214	4,443	229	5%
Enterprise	1,832	3,137	1,305	71%
International	843	1,517	675	80%
Total gross profit	**6,888**	**9,098**	**2,209**	**32%**
Employee related expenses	(3,254)	(4,150)	(896)	28%
General and administration expenses	(3,128)	(3,422)	(294)	9%
Sales and marketing expenses	(326)	(361)	(35)	11%
Operating expenses	**(6,708)**	**(7,932)**	**(1,225)**	**18%**
EBITDA	**181**	**1,165**	**984**	**544%**
Depreciation	(76)	(79)	(3)	4%
Amortisation	(778)	(778)	–	0%
EBIT	**(673)**	**308**	**981**	**146%**
Net finance costs	–	–	–	0%
PBT	**(673)**	**308**	**981**	**146%**
Tax	366	(55)	(421)	–115%
NPAT	**(307)**	**253**	**560**	**182%**
Add back: amortisation after tax	564	564	–	0%
NPATA	**257**	**817**	**560**	**217%**
Key operating metrics				
Gross profit %				
Business	41%	41%	0%	0%
Enterprise	60%	55%	–5%	–8%
International	32%	44%	12%	38%
Monthly recurring revenue ($000's)				
Business	820	860	40	5%
Enterprise	145	302	157	108%
International	246	290	44	18%
Number of customers				
Business	2,923	2,883	(40)	–1%
Enterprise	40	42	2	5%
International	24	44	20	83%
Average revenue per customer ($000's)				
Business	3.6	3.8	0.3	7%
Enterprise	77	136	60	78%
International	110	78	(31)	–29%

04. Financial information (continued)

Sales revenue

Total sales revenue increased by $4.1m or 25% to $20.1m.

Business sales revenue increased by $0.6m or 6% from $10.4m in FY16 to $11.0m in FY17. The increase was a result of an increase in average revenue per customer of 7%, achieved by exiting smaller unprofitable customers and focusing the business on the remaining customers and improving the customer product mix. Monthly recurring revenue increased by approximately $40,000 or 5% despite a net reduction of 40 in customer numbers.

Enterprise sales revenue increased by $2.7m or 87% from $3.1m in FY16 to $5.7m in FY17 due to a 78% increase in average revenue per customer from approximately $77,000 in FY16 to approximately $136,000 in FY17. This increase was largely due to the addition of two significant customers which delivered total revenues of $3.0m.The new customers had a material impact on monthly recurring revenue, doubling to approximately $302,000 by the end of FY17. FY17 was an inflection point for the Enterprise segment after spending most of FY15 and FY16 focused on repositioning the business for Enterprise clients and working on research and development. In FY17, the Company achieved its first major ACaaS proof of concept win with Mission Australia and focused on a consistent application of new sales techniques which have achieved higher customer conversion rates.

International sales revenue increased by $0.8m or 31% from $2.6m in FY16 to $3.4m in FY17. The number of International customers grew from 24 customers in FY16 to 44 customers in FY17. In this period the company focussed on lead generation and telesales into the small business market which resulted in an increase in customers and revenue however the new customers were at a lower average revenue. The increase in customers saw the monthly recurring revenue increase to approximately $290,000 at the end of FY17.

Direct costs and gross profit

Total direct costs increased by $1.8m or 20% from $9.2m in FY16 to $11.0m in FY17. The direct costs increase between FY16 and FY17 of 20% was lower than revenue growth of 25%, driving the gross profit margin to increase from 43% in FY16 to 45% in FY17. The International segment experienced increased usage across the customer base leading to higher consumption and cheaper buy prices resulting in an increase of 12 percentage points in the gross margin. Enterprise experienced a reduction in gross margin by 5 percentage points to 55% as it transitioned a major customer from establishment and installation services to monthly recurring services. The gross profit margin in the business segment remained flat at 41% as the business focused on transitioning its customer product mix.

Operating expenses

Operating expenses increased by $1.2m or 18% from $6.7m in FY16 to $7.9m in FY17 primarily due to increased employee related expenses. The increase in employee related expenses was driven by increased head count in FY17 to drive growth. General and administration expenses increased by $0.3m due to higher software and contractor costs as part of the Company’s expansion.

NPATA

NPATA increased by $0.6m or 217% from $0.3m in FY16 to $0.8m in FY17 for the reasons described above.

4.8.4. Pro forma historical operating cash flows: FY16 compared to FY15

Table 4.12 sets out the pro forma historical operating cash flow for FY16 compared to FY15.

Table 4.12: Pro forma historical operating cash flows: FY16 to FY15

		Pro Forma Historical Results			
$000s	Notes	FY15	FY16	Change	Change %
EBITDA		**(737)**	**181**	**918**	**-125%**
Less non-cash items in EBITDA		–	–	–	0%
Movement in working capital		(173)	(275)	(102)	59%
Capital expenditure	1	(168)	(403)	(234)	139%
Interest paid		–	–	–	0%
Income tax (paid)/refund		452	427	(25)	-5%
Net operating cash flows		**(627)**	**(69)**	**558**	**-89%**

Net operating cash flows

Net operating cash flows improved by $0.6m in FY15 to an outflow of approximately $0.1m in FY16 primarily due to a $0.9m increase in EBITDA. This improvement was partially offset by unfavourable movements in working capital year on year largely due to debtor growth associated with increasing revenues and an increase in capital expenditure associated with the ACaaS platform.

4.8.5. Pro forma historical operating cash flows: FY17 compared to FY16

Table 4.13 sets out the pro forma historical operating cash flows for FY17 compared to FY16.

Table 4.13: Pro forma historical operating cash flows: FY17 to FY16

		Pro Forma Historical Results			
$000s	Notes	FY16	FY17	Change	Change %
EBITDA		**181**	**1,165**	**984**	**544%**
Less non-cash items in EBITDA		–	–	–	0%
Movement in working capital		(275)	(601)	(326)	119%
Capital expenditure	1	(403)	(948)	(545)	135%
Interest paid		–	–	–	0%
Income tax (paid)/refund		427	385	(43)	-10%
Net operating cash flows		**(69)**	**2**	**71**	**-102%**

Net operating cash flows

Net operating cash flows increased by approximately $71,000 in FY17 due to a $1.0m increase in EBITDA. This increase was largely offset by a decline in working capital year on year largely due to debtor growth associated with increasing revenues and an increase in capital expenditure associated with the ACaaS platform.

4.9 Forecast Financial Information

The Forecast Financial Information has been prepared based on the significant accounting policies adopted by CommsChoice Group that are in accordance with the Australian Accounting Standards and set out at www.commschoice.com.au/investor. It is assumed that there will be no changes to Accounting Standards, the Corporations Act or other financial reporting requirements that may have a material effect on CommsChoice Group's accounting policies during the forecast period.

4.9.1. General assumptions

In preparing the Forecast Financial Information, the following general assumptions have been adopted for the forecast period:

- no material change to the competitive operating environment in which CommsChoice Group operates;
- no significant deviation from current market expectations of broader economic conditions relevant to countries in which CommsChoice Group operates;
- no material change in the legislative regimes (including taxation) and regulatory environment in the areas in which CommsChoice Group and its key suppliers operate;
- no material amendment to any material agreement or arrangement relating to CommsChoice Group's business;
- no loss of key management personnel and CommsChoice Group maintains its ability to recruit and retain required personnel;
- no change in CommsChoice Group's capital structure, other than changes flowing directly from the Offer as set out in, or contemplated by this Prospectus;
- no material acquisitions or disposals or restructuring or investments other than those disclosed;
- no material adverse impact in relation to litigation or claims (existing or otherwise);
- the Offer proceeds substantially in accordance with the timetable set out on page 3 of this Prospectus; and
- none of the key risks listed in Section 5 occurs, or if they do, none of them has a material impact on the operations of CommsChoice Group.

4.9.2. Directors' best estimate assumptions

The Forecast Financial Information is based on a large number of best estimate assumptions concerning future events as set out below. CommsChoice Group believes that it has prepared the Forecast Financial Information with due care and attention and considers all assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus, including each of the general assumptions set out in Section 4.9.1.

However, the actual results are likely to vary from that forecast and any variation may be materially positive or negative. The assumptions on which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of CommsChoice Group and the Directors, and are not reliably predictable.

Investors are advised to review the best estimate assumptions set out below in conjunction with the description of the basis of preparation of the forecast above, the sensitivity analysis in Section 4.10 and the risk factors set out in Section 5. The Investigating Accountant's Report by PwC Securities on Directors' Forecasts is set out in Section 8. Investors should note the scope and limitations of the Investigating Accountant's Report (refer to Section 8).

Accordingly, neither CommsChoice Group and its Directors nor any other person can give any assurance that the forecast or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in quantum and timing from the assumptions, with a material consequential impact on the forecast.

4.9.3. Specific assumptions

The basis of the specific assumptions that have been used in the preparation of the Forecast Financial Information is set out below.

4.9.3.1 Revenue assumptions

In forecasting revenue of CommsChoice Group, the directors have taken into account the level of contracted revenue and the monthly recurring revenue at each period end, together with the expected increase in the number of customers and changes in the average revenue per customer based on the Company's strategy. The increase in customer numbers have taken into account historical growth trends together with the current pipeline of new customer opportunities. The Forecast Financial Information is based on the following key revenue assumptions between the end of FY17 and the end of CY18:

- Business – assumes an increase in monthly recurring revenue from $0.9m at the end of FY17 to $1.2m at the end of CY18 (representing growth of 37%), due to:
  - number of customers increasing from 2,883 customers at 30 June 2017 to 2,958 customers at 31 December 2018 (representing growth of 3%)
  - average revenue per customer increasing from approximately $3,800 at 30 June 2017 to approximately $4,800 at 31 December 2018 (representing growth of 27%); and
  - the customer churn rate remaining at less than 2%.
- Enterprise – assumes an increase in monthly recurring revenue from $0.3m at the end of FY17 to $0.7m at the end of CY18 (representing growth of 119%), due to:
  - number of customers increasing from 42 customers at 30 June 2017 to 50 customers at 31 December 2018 (representing growth of 19%)
  - average revenue per customer increasing from approximately $136,000 at 30 June 2017 to approximately $182,000 at 31 December 2018 (representing growth of 33%); and
  - the customer churn rate remaining at less than 2%.
- International – assumes an increase in monthly recurring revenue from $0.29m at the end of FY17 to $0.32m at the end of CY18 (representing growth of 12%), due to:
  - number of customers increasing from 44 customers at 30 June 2017 to 47 customers at 31 December 2018 (representing growth of 7%)
  - average revenue per customer increasing from approximately $78,000 at 30 June 2017 to approximately $95,000 at 31 December 2018 (representing growth of 22%); and
  - the customer churn rate remaining at less than 2%.

4.9.3.2 Operating expenses and other assumptions

The Forecast Financial Information is based on the following key cost assumptions between the end of FY17 and the end of CY18:

4.9.3.2.1 Employee related expense assumptions

Employee related expenses are expected to increase over the forecast period due to an increase in headcount from 49 at the end of FY17 to 57 at the end of CY18. In addition, the Company is forecasting salaries to increase in accordance with CPI the introduction of a long term incentive plan for management and the historical commission structure to be consistent with the forecast commission structure.

4.9.3.2.2 Depreciation and amortisation expense assumptions

Depreciation and amortisation are non-cash items that predominantly relate to:

- Depreciation of fixed assets, largely comprising computers and office equipment; and
- Amortisation of limited life intangible assets, comprising capitalised software costs in relation to the Company's proprietary platform, ACaaS.

Amortisation also arises in relation to the purchase price accounting for recognition of the fair values of the Acquisitions, which are expected to give rise to intangibles for customer contracts and relationships, software, brands and goodwill. The amortisation expense included for these items is a preliminary assessment based on the provisionally assessed identifiable intangibles. The Company's accounting policies with regards to the calculation of depreciation and amortisation expense are set out at www.commschoice.com.au/investor.

4.9.3.2.3 Income tax expense assumptions

Tax expense is based on the Australian small business corporate tax rate of 27.5%.

4.9.3.2.4 Working capital assumptions

Working capital is based on the definition as set out in Section 4.3 and has been forecast on a consistent basis with historical debtor days and payable days trends. The business does not have any material inventory balances.

4.9.3.2.5 Capital expenditure assumptions

The forecast assumes that the Company will continue to capitalise costs related to the development of the ACaaS platform in accordance with the Company's accounting policies. The amount forecast to be capitalised in the forecast period is FY18: $0.8m, CY17: $0.9m, CY18: $0.9m. There is no other material capital expenditure forecast.

4.9.4. Management's discussion of assumptions relating to the pro forma forecast income statement for FY18 compared to the pro forma historical income statement for FY17

Table 4.14 sets out the pro forma forecast income statement for FY18 compared to the pro forma historical income statement for FY17.

Table 4.14: Summary pro forma income statement: FY18 compared to FY17

$000s	Pro Forma Historical Results FY17	Pro Forma Forecast Results FY18	Change	% Change
Sales revenue				
Business	10,967	11,760	793	7%
Enterprise	5,729	7,250	1,521	27%
International	3,440	4,672	1,232	36%
Total sales revenue	**20,136**	**23,682**	**3,546**	**18%**
Gross profit				
Business	4,443	5,172	729	16%
Enterprise	3,137	3,305	168	5%
International	1,517	2,187	670	44%
Total gross profit	**9,098**	**10,664**	**1,566**	**17%**
Employee related expenses	(4,150)	(4,021)	129	-3%
General and administration expenses	(3,422)	(2,767)	655	-19%
Sales and marketing expenses	(361)	(667)	(307)	85%
Operating expenses	**(7,932)**	**(7,455)**	**477**	**-6%**
EBITDA	**1,165**	**3,208**	**2,043**	**175%**
Depreciation	(79)	(32)	47	-60%
Amortisation	(778)	(948)	(170)	0%
EBIT	**308**	**2,229**	**1,921**	**623%**
Net finance costs	–	–	–	0%
PBT	**308**	**2,229**	**1,921**	**623%**
Tax	(55)	(613)	(558)	1006%
NPAT	**253**	**1,616**	**1,363**	**539%**
Add back: amortisation after tax	564	734	170	30%
NPATA	**817**	**2,350**	**1,533**	**188%**
Key operating metrics				
Gross profit %				
Business	41%	44%	3%	9%
Enterprise	55%	46%	-9%	-17%
International	44%	47%	3%	6%
Monthly recurring revenue ($000's)				
Business	860	1,026	167	19%
Enterprise	302	534	231	77%
International	290	368	79	27%
Number of customers				
Business	2,883	2,946	63	2%
Enterprise	42	48	6	14%
International	44	46	2	5%
Average revenue per customer ($000's)				
Business	3.8	4.0	0.2	5%
Enterprise	136	151	15	11%
International	78	102	23	30%

Sales revenue

Total sales revenue is forecast to increase by $3.5m or 18% in FY18.

Business sales revenue is forecast to increase by $0.8m or 7% from $11.0m in FY17 to $11.8m in FY18. The increase is driven by an increase in number of customers at a higher average revenue, with customer numbers forecast to increase by 2% in FY17 to 2,946 customers in FY18 and average revenue per customer forecast to increase by approximately 5% as the Company executes higher value contracts. The new customers are expected to have a material impact on monthly recurring revenue, which is forecast to increase to approximately $1.0m by the end of FY18.

Enterprise sales revenue is forecast to increase by $1.5m or 27% from $5.7m in FY17 to $7.3m in FY18 due to both higher customer numbers and higher average revenue per customer. The 11% increase in average revenue per customer in FY18 is forecast based on a pipeline of qualified opportunities. Customer numbers are expected to increase by 6 customers, or 14%, as a result of converting identified key opportunities. To date the Company has converted one of these opportunities into a customer equating to approximately $0.3m of revenue in FY18. Monthly recurring revenue is forecast to grow by 77% over the period to approximately $534,000 in FY18.

International sales revenue is forecast to increase by $1.2m or 36% from $3.4m in FY17 to $4.7m in FY18. The increase is largely due to a forecast 30% increase in average revenue per customer from approximately $78,000 in FY17 to approximately $102,000 in FY18. This increase is largely based on two new key customers who have been contracted in FY18 and who are expected to deliver total revenues of approximately $0.4m.

Direct costs and gross profit

Total direct costs are forecast to increase by $2.0m or 18% from $11.0m in FY17 to $13.0m in FY18. The increase is in line with revenue growth resulting in overall gross profit margin forecast to remain at 45%. The forecast decline in gross profit margin in Enterprise, expected from the transition of a large client from implementation (design, procurement, supply and installation of a network) to monthly management services which are provided at a lower gross profit margin, is offset by expected improvements in both Business and International. The forecast margin improvement in Business and Enterprise are expected through better wholesale buying arrangements achieved through the combined scale of the Company.

Operating expenses

Operating expenses are forecast to decrease by 6% from $7.9m in FY17 to $7.5m in FY18 primarily due to a $0.7m or 19% decrease in general and administration expenses being offset by an expected $0.3m or 85% increase in sales and marketing expenses. The reduction in general and administration expenses forecast is due to the removal of duplicated costs across the acquired entities and a significant reduction in expected spend on contractors as they will no longer be required under the new operating structure. Additionally the significant level of bad debt expense incurred in FY17 is not expected to be repeated in FY18.

NPATA

NPATA is forecast to increase by $1.5m or 188% from $0.8m in FY17 to $2.4m in FY18 for the reasons described above.

4.9.5. Management's discussion of assumptions relating to the pro forma forecast operating cash flow for FY18 compared to the pro forma historic operating cash flow for FY17

Table 4.15 sets out the pro forma forecast operating cash flow for FY18 compared to the pro forma historical operating cash flow for FY17.

Table 4.15: Pro forma operating cash flow: FY18 compared to FY17

		Pro Forma Historical Results	Pro Forma Forecast Results		
$000s	Notes	FY17	FY18	Change	Change %
EBITDA		**1,165**	**3,208**	**2,043**	**175%**
Less non-cash items in EBITDA		–	88	88	0%
Movement in working capital		(601)	113	714	–119%
Capital expenditure	1	(948)	(773)	175	–18%
Interest paid		–	0	0	0%
Income tax (paid)/refund		385	(791)	(1,176)	–306%
Net operating cash flows		**2**	**1,845**	**1,843**	**116562%**

Net operating cash flows

Net operating cash flows are forecast to increase by $1.8m from approximately $2,000 in FY17 to $1.8m in FY18 due to:

- An expected $2.0m increase in EBITDA, this increase is expected to be partially offset by an increase in income tax paid associated with the increased profitability of the Company;
- Forecast positive working capital movements of $0.1m arising from creditor growth associated with increased cost of sales; and
- A forecast decrease in capital expenditure due to the forecast timing of ACaaS expenditure.

04. Financial information (continued)

4.9.6. Management's discussion of assumptions relating to the pro forma forecast income statement for CY18 compared to CY17

Table 4.16 sets out the pro forma forecast income statement for CY18 compared to pro forma forecast income statement for CY17.

Table 4.16: Summary pro forma forecast income statement: CY18 compared to CY17

	Pro Forma Forecast Results			
$000s	**CY17**	**CY18**	**Change**	**% Change**
Sales revenue				
Business	11,376	14,272	2,896	25%
Enterprise	6,615	9,089	2,473	37%
International	3,779	4,476	697	18%
Total sales revenue	**21,771**	**27,837**	**6,066**	**28%**
Gross profit				
Business	4,791	6,532	1,741	36%
Enterprise	3,208	4,308	1,100	34%
International	1,679	2,095	416	25%
Total gross profit	**9,679**	**12,936**	**3,257**	**34%**
Employee related expenses	(3,417)	(5,190)	(1,773)	52%
General and administration expenses	(3,373)	(2,517)	856	–25%
Sales and marketing expenses	(644)	(664)	(20)	3%
Operating expenses	**(7,434)**	**(8,370)**	**(937)**	**13%**
EBITDA	**2,245**	**4,565**	**2,320**	**103%**
Depreciation	(55)	(32)	24	–43%
Amortisation	(778)	(1,117)	(339)	0%
EBIT	**1,412**	**3,417**	**2,005**	**142%**
Net finance costs	–	–	–	0%
PBT	**1,412**	**3,417**	**2,005**	**142%**
Tax	(388)	(940)	(551)	142%
NPAT	**1,023**	**2,477**	**1,454**	**142%**
Add back: amortisation after tax	564	903	339	60%
NPATA	**1,588**	**3,380**	**1,793**	**113%**
Key operating metrics				
Gross profit %				
Business	42%	46%	4%	9%
Enterprise	48%	47%	–1%	–2%
International	44%	47%	2%	5%
Monthly recurring revenue ($000's)				
Business	986	1,176	190	19%
Enterprise	403	661	257	64%
International	307	324	18	6%
Number of customers				
Business	2,915	2,958	44	1%
Enterprise	45	50	5	11%
International	45	47	2	4%
Average revenue per customer ($000's)				
Business	3.9	4.8	0.9	24%
Enterprise	147	182	35	24%
International	84	95	11	13%

Sales revenue

Total sales revenue is forecast to increase by $6.1m or 28% in CY18.

Business sales revenue is forecast to increase by $2.9m or 25% from $11.4m in CY17 to $14.3m in CY18. The increase is driven by a forecast increase in the number of customers of 1% from 2,915 customers in CY17 to 2,958 customers in CY18 and a 24% increase in average revenue per customer from approximately $3,900 in CY17 to approximately $4,800 in CY18. This increase is expected to be largely due to targeting larger customers and upselling products that increase the average revenue per customer. Monthly recurring revenue is forecast to increase 19% to $1.2m as a result.

Enterprise sales revenue is forecast to increase by $2.5m or 37% from $6.6m in CY17 to $9.1m in CY18 due to a forecast 24% increase in average revenue per customer to approximately $182,000 in CY18. The increase is largely due to the forecast addition of three significant customers who are expected to deliver total revenues of $4.5m and hence the monthly recurring revenues to increase significantly. To date, one of these significant customers has been won resulting in approximately $0.3m of revenue being recognised in CY18. The forecast growth in CY18 is driven by the ongoing impact of the contracts secured in FY17 relating to the ACaaS platform.

International sales revenue is forecast to increase by $0.7m or 18% from $3.8m in CY17 to $4.5m in CY18 due to an expected 13% increase in average revenue per customer to approximately $95,000 in CY18. The increase is primarily from the addition of two key customers who are expected to deliver total annualised revenues of approximately $0.6m. Monthly recurring revenue is forecast to increase 6% from CY17 to CY18 with the addition of a further two key customer wins contributing to this monthly recurring revenue growth.

Direct costs and gross profit

Total direct costs are forecast to increase by $2.8m or 23% from $12.1m in CY17 to $14.9m in CY18. The forecast increase between CY17 and CY18 of 23% is lower than forecast revenue growth of 28% improving gross profit margin from 44% in CY17 to 46% in CY18. The improvement is expected from Business and International largely from better alignment of wholesale buying arrangements across the legacy businesses. The forecast decline in gross margin in Enterprise is expected to be driven by the transition of a large client from implementation (design, procurement, supply and installation of a network) to monthly management services which are provided at a lower gross profit margin.

Operating expenses

Operating expenses are forecast to increase by 13% from $7.4m in CY17 to $8.4m in FY18 primarily due to an expected 52% increase in employee related expenses being offset by an expected 25% decrease in general and administration expenses. The increase in employee related expenses is due to an increase in headcount to 57 by the end of CY18 and the introduction of a long term incentive plan for senior management. The increase in the headcount is largely related to client and relationship managers to support the forecast revenue growth. The reduction in general and administration expenses forecast is due to the removal of duplicated costs across the acquired entities and a significant reduction in expected spend on contractors as they will no longer be required under the new operating structure. Additionally the significant level of bad debt expense incurred in CY17 is not expected to be repeated in CY18.

NPATA

NPATA increased by $1.8m or 113% from $1.6m in CY17 to $3.4m in CY18 for the reasons described above.

4.9.7. Management's discussion of assumptions relating to the pro forma forecast operating cash flow for CY18 compared to CY17

Table 4.17 sets out the pro forma forecast operating cash flow for CY18 compared to the pro forma forecast operating cash flow for CY17.

Table 4.17: Pro forma forecast operating cash flow: CY18 compared to CY17

		Pro Forma Forecast Results			
$000s	Notes	CY17	CY18	Change	Change %
EBITDA		**2,245**	**4,565**	**2,320**	**103%**
Less non-cash items in EBITDA		–	175	175	0%
Movement in working capital		101	(369)	(470)	–464%
Capital expenditure	1	(862)	(931)	(69)	8%
Interest paid		–	–	–	0%
Income tax (paid)/refund		(781)	(940)	(159)	20%
Net operating cash flows		**704**	**2,501**	**1,797**	**255%**

Net operating cash flows

Net operating cash flows are forecast to increase 255% in CY18 to $2.5m as a result of:

- A forecast $2.3m or 103% increase in EBITDA, partially offset by an increase in income tax paid associated with the increased profitability of the Company;
- An expected increase in non-cash items in EBITDA, primarily due to the issue of options under the long term incentive plan; and
- An increase in capital expenditure associated with the ACaaS platform.

4.10 Sensitivity analysis

The Forecast Financial Information included in Section 4.9 is based on a number of specific and general assumptions which have been outlined above and which are subject to change. The Forecast Financial Information is also subject to a number of risks as outlined in Section 5.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the forecasts, the sensitivity of the forecast pro forma NPAT for CY18 to changes in certain key assumptions is set out below.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables, in order to illustrate the likely impact on the forecast. In practice, changes in variables may offset each other or be additive, and it is likely that management would respond to any adverse change in one variable by seeking to minimise the net effect on CommsChoice Group's NPAT.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown.

Table 4.18 – Sensitivity analysis on pro forma forecast NPAT for CY18

Assumptions	Notes	Increase/ (decrease)	CY18 pro forma NPAT impact ($000s)
Total			
Change in gross profit %	1	+/–5 pps	1,009/(1,009)
Change in number of customers	2	+/–2%	188/(188)
Change in average revenue per customer	3	+/–5%	469/(469)
Business			
Change in gross profit %	1	+/–5 pps	517/(517)
Change in number of customers	2	+/–2%	95/(95)
Change in average revenue per customer	3	+/–5%	237/(237)
Enterprise			
Change in gross profit %	1	+/–5 pps	329/(329)
Change in number of customers	2	+/–2%	62/(62)
Change in average revenue per customer	3	+/–5%	156/(156)
International			
Change in gross profit %	1	+/–5 pps	162/(162)
Change in number of customers	2	+/–2%	30/(30)
Change in average revenue per customer	3	+/–5%	76/(76)
Change in headcount	4	+/–5%	273/(273)
Change in capitalisation rates	5	+/–5 pps	33/(33)
Change in tax rate	6	+/–2.5 pps	85/(85)

Notes:

1. Sensitivity based on +/-5 percentage points change in gross profit %
2. Sensitivity based on +/-2% change in customer numbers
3. Sensitivity based on +/-5% change in average revenue per customer
4. Sensitivity based on +/-5% change in headcount, based on average cost per employee
5. Sensitivity based on +/-5 percentage points change in staff labour costs capitalised
6. Sensitivity based on +/-2.5 percentage points change in tax rate

4.11 Forthcoming changes to Australian Accounting Standards

AASB 15 – Revenue from contracts with customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The new standard is effective for all reporting periods commencing 1 January 2018 and therefore applicable from 1 July 2018 for CommsChoice Group. Management therefore expect to fully implement the standard in the FY19 reporting period, accompanied with a reconciliation from the old standard to the new standard for FY19 in line with the requirements of the standard.

The Directors have completed their assessment of the impact of the effect of AASB 15 Revenue and have determined that there is unlikely to be a material impact in regard to when revenue is recognised or in regard to the expensing of contract costs. AASB 15 provides guidance that incremental costs of obtaining a contract (for example, a sales commission) should be recognised as an asset if they are expected to be recovered. These costs would then be amortised as control of the goods or services to which the asset relates is transferred to the customer. CommsChoice Group will make a more detailed assessment of the effect over the period prior to adoption of the new standard.

AASB 16 – Leases

In February 2016, the AASB issued AASB 16 Leases. The standard provides a single lessee accounting model, requiring lessees to recognise an asset (the right to use the leased item) and a financial liability to pay rentals. The only exemptions are where the lease term is 12 months or less, or the underlying asset has a low value. Lessor accounting is substantially unchanged under AASB 16.

The new standard is effective for all reporting periods commencing 1 January 2019 and therefore applicable from 1 July 2019 for CommsChoice Group.

Management does not expect the changes to have a significant impact on CommsChoice Group's financial statements. The Directors note that the Forecast Financial Information does not consider the effect of the changes to the standard.

AASB 9 – Financial Instruments

The standard addresses the classification, measurement and derecognition of financial instruments. For financial liabilities that are measured under the fair value option, entities will need to recognise the part of the fair value change that is due to changes in their own credit risk in other comprehensive income rather than profit or loss. New hedge accounting rules align hedge accounting more closely with common risk management processes. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation. In December 2014, the AASB introduced a new impairment model. The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses.

The new standard is effective for all reporting periods commencing 1 January 2018 and therefore applicable from 1 July 2018 for CommsChoice Group.

Management does not expect the above changes to significantly impact CommsChoice Group's financial statements.

The Directors note that the Forecast Financial Information does not consider the effect of changes to the standard.

4.12 Dividend policy

Depending on the available profits and the financial position of the Group, it is the current intention of the Board to pay final dividends in respect of full financial years ending 30 June each year, with such payment of dividends likely to occur in September or October each year.

The Board intends to target an annual dividend payout ratio of 30% to 60% of NPAT with dividend declaration and payment expected to occur in September or October of each year. However, the proportion of NPAT declared and paid as a dividend (if any) is expected to vary between financial years depending on a number of factors including general business and financial conditions, CommsChoice Group's cash flow including cash from operations, capital expenditure requirements, working capital requirements, potential acquisition and expansion opportunities, unusual or non-recurring items, taxation requirements and other factors that the Board considers relevant.

It is expected that all future dividends will be franked to the maximum extent possible.

No assurances can be given by any person, including the Board, about the payment of any dividend and the level of franking of any such dividend.

05.

Risk factors

05. Risk factors

This Section 5 describes some of the risks associated with the Company's business, the industry in which it operates and more general risks associated with owning Shares or equity securities more generally. This Section does not purport to contain an exhaustive list of every risk which may be associated with the Company's business, the industry in which it operates, or of an investment in Shares.

CommsChoice Group is subject to a variety of risk factors. Some of these risks are specific to the Company's business activities, while others are of a more general nature. Individually, or in combination, these risk factors may affect the future operating and financial performance of CommsChoice Group, its investment returns and the value of an investment in the Shares.

The risks set out below are considered by the Directors to be relevant to potential investors based on the likelihood of the risk occurring and the potential impact on the Company or the value of the Shares, as known and understood by the Directors as at the date of the Prospectus. Those likelihoods and impacts may change over time, and there is no assurance that these risks will remain relevant or not be supplanted by other risks which may emerge or increase in importance over time.

The risks listed below should be considered in conjunction with all other information presented in this Prospectus. Many of the risks described below are outside the control of CommsChoice Group, the Directors and management. There is no guarantee that CommsChoice Group will achieve its stated objectives or that any forward-looking statements or forecasts will eventuate.

Before applying for Shares, you should be satisfied that you have a sufficient understanding of the risks identified in this Section 5 and the potential impact that the occurrence or realisation of a risk may have on the value of your investment in Shares, so that you can fully consider whether or not the Shares are a suitable investment for you, having regard to your own investment objectives, financial circumstances and tax circumstances.

We recommend you seek professional advice from your stockbroker, solicitor, accountant or other qualified professional adviser before deciding whether to invest in Shares.

5.1 Risks specific to the Company's operations

5.1.1. CommsChoice Group operates in a competitive industry

CommsChoice Group will operate in an intensely competitive landscape that is subject to rapid and significant change alongside a number of other established telecommunications and ICT service providers with competing offerings.

Competition may arise from a number of sources, both in Australia and abroad. CommsChoice Group's competitors range from large multinational telecommunications companies to local operators in specific markets, and may vary across the different countries in which it operates. Competitors may include companies that have greater capital resources and closer client relationships than CommsChoice Group. Any significant competition may adversely affect the Company's ability to attract and/or retain clients to meet its business and financial objectives.

CommsChoice Group must respond to the ever-changing competitive landscape. Entry by new competitors may mean increased consolidation of the sector and a reduction of potential acquisition targets while current competitors also compete with CommsChoice Group for acquisition targets.

5.1.2. Competition from new entrants to the industry

There is no assurance that one or multiple competitors will not emerge and reduce the Company's market share or margins through competitive businesses or strategies. The consolidation of existing market participants is also a competition risk. CommsChoice Group's competitive position may be impacted by a number of factors, including the level of innovation relative to that of competitors, commercial factors including pricing and liability, the ability to keep up with technological or regulatory change, the ability to respond to client preferences for products and services and the ability to maintain strong relationships with existing clients by upholding the consistency and quality of its services. There is no assurance that CommsChoice Group will be successful in maintaining its market share or that it will be able to develop and introduce competitive technological advances in a timely and cost effective way.

5.1.3. Failure to retain existing clients and attract new clients

Part of the growth strategy of the Company depends upon increasing the number of its clients. The Company's ability to maintain levels of client numbers, or to increase the number of clients further, in applicable business sectors and geographical areas is likely to be subject to limits.

There is a risk that one or more clients may terminate their contracts early or that, upon expiration of their existing contract term, they may choose not to renew their arrangements with the Company or that any subsequent terms will be less favourable to CommsChoice Group. Failure to maintain client relationships or renew existing agreements on the same or more favourable terms could result in the Company's revenues declining and its business and financial position being adversely affected.

5.1.4. Expansion of CommsChoice Group's international footprint may not achieve intended goals

CommsChoice Group's growth strategy includes its goal to significantly grow its presence in the overseas markets in which it already operates and extend its operations to new overseas markets. The Company's growth plans may be inhibited by unforeseen issues particular to a territory, including differences in local cultures, business practices and regulations. CommsChoice Group's ability to grow and expand its international operations may be subject to various risks, including but not limited to the need to invest significant resources and management attention to the Company's proposed expansion and the possibility that the desired level of return on its international business will not be achieved. Failure to successfully grow and expand CommsChoice Group's international business may result in a failure to achieve the revenue growth that underpins the future financial performance of CommsChoice Group.

5.1.5. Failure to protect Intellectual Property including a lack of registered Intellectual Property protection for ACaaS

CommsChoice Group's proprietary platform, ACaaS, is not protected through any registered patent.

Whilst CommsChoice Group considers that some elements of the intellectual property associated with ACaaS may be able to be patented, CommsChoice Group has not taken any formal steps to seek to obtain any patent registration as at the Prospectus Date.

Any inability or failure by CommsChoice Group to adequately protect its intellectual property rights may result in CommsChoice Group being less able to effectively capitalise on its intellectual property rights in the future. It may also increase the risk of CommsChoice Group's proprietary platform, ACaaS, being infringed on in the future.

In addition, pursuant to the terms of the Acquisition Agreements, CommsChoice Group will acquire certain intellectual property relating to the relevant ICT Service Provider businesses from the Service Provider Vendors, including relevant trade marks, business names and domain names. If there are any issues or delays with the transfer of the relevant intellectual property, or there is a subsequent challenge to the relevant registration or common law rights in relation to those intellectual property rights, this could have an adverse effect on the Company's business and financial position.

5.1.6. Reliance on third party IT suppliers

The Company (either itself or through other members of CommsChoice Group) contracts with over 20 third parties to provide it with goods and services. This includes wholesale suppliers of data and voice networks, as well as third party data centres. The Company relies on these contracts to provide its clients with IT infrastructure and software, which underpin its core business activities. CommsChoice Group's reliance on third parties and their systems to provide key services to CommsChoice's clients decreases its control over the delivery of these services and the quality and reliability of the services provided.

05. Risk factors (continued)

If third party suppliers, including TIAB, cease to provide those services or otherwise terminate or are unexpectedly unable to perform their arrangements with CommsChoice Group, the ability for the Company to provide goods and services to its clients would be materially adversely affected and would likely be detrimental to the Company's earnings, operations and financial position.

Delay, disruption or deterioration in the level of service provided by a third party could impair the Company's ability to provide services to its clients to the level expected or at all.

Additionally, any change to applicable rates and charges by key suppliers could impact on the Company's gross margin and profitability.

5.1.7. Disruption or failure of technology systems

Whilst CommsChoice Group believes it is using proven technologies and has established systems to efficiently carry out its operations, the viability of its endeavours can be affected by force majeure circumstances, market access constraints, cost overruns, the performance of associated parties or unforeseen claims and events.

Computer viruses, fire and other natural disasters, break-ins, or a failure of power supply, information systems, hardware, software or telecommunications systems or other catastrophic events could expose the Company to short, medium or long-term interruptions, delays or cessation in service to CommsChoice Group's clients. If these events were to occur, CommsChoice Group may be unable to operate its business, potentially putting the Company in breach of its contractual obligations, damaging its reputation and adversely affecting its ability to generate revenue.

5.1.8. Security breach and data privacy

CommsChoice Group may be adversely affected by malicious third party applications that interfere with, or exploit, security flaws in the software and infrastructure used by the Company. Viruses, worms and other malicious software programs could, among other things, jeopardise the security of information stores in a client's or the Company's computer systems.

By their nature, information technology systems are susceptible to cyber-attacks. Security breaches may involve unauthorised access to CommsChoice Group's networks, systems and databases, exposing financial, proprietary and personal user information.

Any accidental or deliberate security breaches or other unauthorised access to CommsChoice Group's information technology systems or client data may subject the Company to reputational damage, a loss of confidence in the services it provides, claims by clients, loss of clients, a disruption to clients' service, legal action and/or regulatory scrutiny. Such a breach would likely result in significant reputational damage to the Company, a loss of clients and adversely affect the Company's ability to attract new clients.

Further, some of the Company's third party suppliers may receive and store information provided by CommsChoice Group or its clients. If these third party suppliers fail to adopt or adhere to robust security practices, or in the event of a breach of their security systems, the data of CommsChoice Group's clients may be improperly accessed, used or disclosed.

5.1.9. Ability to attract and retain key personnel

The responsibility for overseeing the day-to-day operations and the strategic management of the Company rests primarily with the Board and executive management of the Company. The loss of key personnel may have a negative impact on the Company's business and financial position. The loss of key personnel to a competitor may amplify this impact.

5.1.10. Significant retained holdings by certain Service Provider Vendors

Immediately after Completion, assuming that the Service Provider Vendors and their associates do not subscribe for any Shares under the Offer, the Service Provider Vendors will hold approximately 62% of the issued Share capital of the Company.

Under the Acquisition Agreements, the Service Provider Vendors will receive additional Shares on account of the Acquisitions in the 12 months after Listing, as deferred consideration for the sale to CommsChoice Group of the businesses operated by the Service Providers. The Company estimates that an additional 27.5 million Shares (approximately) will be issued to the Service Provider Vendors as deferred consideration. If no Shares are issued in the 12 months after Listing other than 27.5 million Shares to the Service Provider Vendors, then those Service Provider Vendors will, in aggregate, hold approximately 70% of the total number of Shares.

It is also possible that more than 27.5 million Shares may be issued to Service Provider Vendors as deferred consideration, in which case their aggregate shareholding may be higher than 70%.

Accordingly, the Service Provider Vendors, if they act in a similar way, may have the capacity to control the election of Directors, approve or disapprove of significant corporate transactions and influence the success or failure of a takeover or similar offer for the Shares.

The interests of the Service Provider Vendors may differ from the interests of the Company and the interests of Shareholders who purchase Shares under the Offer.

5.1.11. Escrow arrangements

Certain Shareholders of the Company including the Service Provider Vendors have agreed to be subject to escrow arrangements, designed to protect the integrity of the market following the Company's Listing. This means that certain shareholders including the Service Provider Vendors will not be able to deal with escrowed Shares from Listing until the Company announces its CY18 financial results (expected to occur in February 2019). At the end of the applicable escrow period, a number of Shares will be released from escrow at the same time, which may impact the Company's share price if relevant persons seek to trade their Shares at the same time.

5.1.12. Additional Shares to be issued to Service Provider Vendors

Under the Acquisition Agreements, around 30% of the total consideration that is payable in Shares to the Service Provider Vendors is to be held back until after Listing. In this regard, it is expected that around 10% of the total consideration that is payable in Shares to Service Provider Vendors will be paid by way of issue of new Shares within 3 months of Listing, with a further 20% of the total consideration that is payable in Shares to be paid around 12 months after Listing through a further issue of new Shares.

The issue of these new Shares will have a dilutionary effect on the proportionate holding of Shareholders as at the Listing Date.

5.1.13. Impairment of intangible assets

CommsChoice Group has a material amount of intangible assets on its Statement of Financial Position relating to goodwill and identifiable intangible assets such as client contracts and relationships, software and licences.

If the value of those intangible assets can not be realised, this may give rise to the need for an impairment to be made in respect of those assets in future financial statements of CommsChoice Group.

5.1.14. Concentrated client base

CommsChoice Group has a relatively concentrated client base, with its top client expected to contribute 8% of CY18 forecast revenue and its top ten clients contributing 24% of CY18 forecast revenue. If CommsChoice Group were to lose a key client, CommsChoice Group's business and financial condition are likely to be adversely impacted.

05. Risk factors (continued)

5.1.15. Foreign exchange

CommsChoice Group currently conducts operations in a number of jurisdictions, including Australia, Singapore and New Zealand. Adverse movements in the exchange rate between the Australian dollar and the respective currencies of those jurisdictions, and any other foreign currencies as a result of future international expansion, may have a detrimental impact on the financial position of CommsChoice Group.

5.1.16. Growth and integration risks of acquisitions

The growth strategy of CommsChoice Group involves the pursuit of both organic growth and growth by acquisitions. In relation to the latter, there is a risk that acquisitions will encounter unforeseen integration issues. Further to this, CommsChoice Group intends to exploit perceived synergies from integrating an acquired business into the broader corporate group. There is a risk that such synergies do not eventuate or are less pronounced than first envisioned. In either case, CommsChoice Group's growth prospects may be negatively impacted. In addition, in relation to the acquisitive growth that CommsChoice Group is seeking, there is a risk that CommsChoice Group is either unable to find potential and suitable acquisition targets, is unable to agree to terms of sale with any acquisition targets, or agrees to terms that are less favourable than it initially anticipated. All of these risks may negatively affect CommsChoice Group's growth prospects.

The Company's growth strategy depends upon its ability to continue to maintain and grow generic earnings as well as to identify and make suitable acquisitions that will grow revenue and profit. There is a risk that CommsChoice Group may not be able to successfully integrate the clients of each of the entities comprising CommsChoice Group into the combined business from Listing or extract other operating efficiencies from the integration of the functions of each business.

5.1.17. Litigation

In the ordinary course of business, CommsChoice Group is subject to the risk of litigation and other disputes with its employees, clients, suppliers and other third parties. There is no material litigation currently underway or threatened, involving any of the entities comprising CommsChoice Group.

5.1.18. Due diligence

Prior to the Prospectus Date, the Company has undertaken pre-acquisition due diligence on the businesses of each of the Service Providers. Investors should note that the Company's due diligence inquiries may not have identified all risks or the risks identified may be more material than envisaged or may change in materiality from time to time, which may be relevant to the determination of whether the business of a Service Provider is suitable for acquisition by CommsChoice Group. Any material risk not identified in the due diligence inquiries or given less attention than it should have received given its materiality could have an adverse effect on CommsChoice Group's business and financial position and on the Forecast Financial Information included in this Prospectus.

There also exists a risk that information provided to CommsChoice Group by one or more of the Service Provider Vendors may not be reliable or could not be completely verified. If such information proves to be unreliable, this could also adversely affect CommsChoice Group's business and financial position and achieving the forecasts set out in the Forecast Financial Information. Investors should be aware that these risks similarly apply to any future acquisitions of businesses by CommsChoice Group after Listing.

5.2 General risks of an investment in the Company

5.2.1. Investment risk

The Shares to be issued pursuant to this Prospectus should be considered speculative. They carry no guarantee as to the payment of dividends, return of capital or the market value of the Shares. The prices at which an investor may be able to trade the Shares may be above or below the Offer Price. Prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

The risk factors set out in this Section 5 and in the Prospectus generally should not be taken as an exhaustive list of the risks faced by the Company or by investors in the Company.

5.2.2. Market risk

There are risks associated with any investment in a company listed on ASX. The market price of Shares may be volatile and subject to fluctuations in response to a wide variety of general market factors, both in Australia and internationally, many of which are beyond the control of the Company, including the following:

- actual or anticipated fluctuations in the Company's results and recommendations by securities research analysts;
- general operational and business risks, including significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by, or involving, the Company or its competitors;
- general economic conditions, including interest rates, inflation rates, exchange rates and commodity prices;
- changes in the economic performance or market valuations of the businesses of the entities comprising CommsChoice Group or other companies that investors deem comparable to the Company;
- fluctuations in the domestic and international market for listed securities;
- changes to government policy, legislation or regulation;
- inclusion in or removal from market indices;
- the nature of markets in which the Company operates;
- general and operational business risks;
- natural disasters;
- access to debt and capital markets; and
- global hostilities, tensions and acts of terrorism.

Financial markets have at times experienced significant price and volume fluctuations that have particularly affected the market price of equity securities of companies, and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, there is no assurance that the price of the Shares will increase following quotation on ASX, irrespective of the Company's performance.

Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be permanent, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur and that the Company's operations will not be adversely impacted, or that the trading price of the Shares will not be adversely affected.

5.2.3. Trading in Shares may not be liquid

Prior to the Offer, there has been no public market for the Shares. Once the Shares are quoted on ASX, the Company makes no guarantee that an active trading market for the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid. Furthermore, there is no guarantee that the Shares will remain continuously quoted on ASX, which could impact the ability of prospective Shareholders to sell their Shares.

The Company expects that some of the Shares held after Completion of the Offer and the Listing will be subject to voluntary escrow arrangements. This may cause, or at least contribute to, limited liquidity in the market for the Shares during the relevant escrow period. This could also affect the prevailing market price at which Shareholders are able to sell their Shares during that period.

05. Risk factors (continued)

Following the end of the relevant escrow period, a significant sale of Shares by the Shareholders including Shares that were subject to voluntary escrow arrangements during the escrow period, or the perception that such a sale might occur, could adversely affect the market price of the Shares.

5.2.4. Global economic conditions may affect CommsChoice Group

As with any entity, CommsChoice Group is largely dependent on general economic conditions (both domestically and internationally) and the global economic outlook, and on the economic conditions and outlook in its key markets and the ICT products and service markets generally. Economic conditions may be affected by levels of business spending, inflation rates, interest rates, exchange rate movements, consumer confidence, access to debt and capital markets and government fiscal, monetary and regulatory policies. A prolonged downturn in general economic conditions may have a material adverse impact on the Company's trading and financial performance. Economic conditions in Australia and international jurisdictions may also encourage increased competition.

5.2.5. Changes in laws, regulations and accounting standards may occur

CommsChoice Group is subject to local laws and regulations in each of the jurisdictions in which it operates (including taxation, copyright and privacy legislation). From time to time, changes of the laws and regulations may require CommsChoice Group to obtain additional approvals and/or licences that may significantly increase compliance costs and restrict CommsChoice Group's activities.

Any changes to taxation laws, regulations or policies in jurisdictions in which CommsChoice Group operates may also adversely affect Shareholder returns. Any changes to the Australian Accounting Standards (AAS), as determined by the Australian Accounting Standards Board (AASB) or changes to the commonly held views on the application of those standards may affect the future measurement and recognition of key income statement and balance sheet items. Such changes could materially and adversely affect the financial performance and position reported in CommsChoice Group's financial statements.

Future laws or regulations may be introduced concerning various aspects of the Internet as it relates to CommsChoice Group's business, including online content, copyright, foreign ownership of Internet and media companies, privacy, and liability for third party activities, all of which may adversely impact CommsChoice Group's operations.

Changes in or extensions of laws and regulations affecting the ICT products and service markets in the countries in which CommsChoice Group operates and the rules of industry organisations could restrict or complicate CommsChoice Group's activities and increase its compliance costs.

5.2.6. Tax legislation

Information contained in this Prospectus is based on taxation and revenue law in effect in each Australian State and Territory where the Company operates at the date of this Prospectus. Shareholders may experience lower returns if increases in taxes or duties, or new taxes or duties are imposed on the Company or Shareholders.

Although CommsChoice Group may be required to withhold amounts from payments to Shareholders on account of taxes, CommsChoice Group is not liable or responsible for taxation incurred by Shareholders and you should be aware that Australian taxation law is continually reviewed and changed in manners that have both prospective and retrospective implications. Personal tax liabilities are the responsibility of each individual investor. CommsChoice Group is not responsible for taxation or penalties you may incur as an investor.

Tax laws can change at any time. Any change in tax rules and tax arrangements could have an adverse effect on the level of dividend imputation, franking and Shareholder returns. An incorrect interpretation of taxation or revenue laws by CommsChoice Group or Shareholders may lead to an increase in the amount of tax payable by CommsChoice Group or the Shareholder.

5.2.7. Dividends

CommsChoice Group and its Board expect any dividends to be fully or partly franked. Like all taxation measures, the franking system is subject to amendment and the possibility of abolition.

The availability and use of franking credits will vary depending on the franking account balance of CommsChoice Group at relevant times, and individual tax circumstances of each Shareholder. Shareholders should consult certified independent accountants and tax advisers to discuss any use of franking credits for tax offsets or refunds.

There is also a risk that a dividend will not be paid in full or as anticipated by Shareholders. The Company provides no guarantee or assurance as to whether a dividend will be paid or as to the quantum of a dividend if a dividend is declared by the Company.

For further information on CommsChoice Group's dividend policy, refer to Section 4.12.

5.2.8. Dilution

In the future, the Company may elect to issue Shares or engage in capital raising activities to fund further acquisitions, for working capital purposes or for other opportunities that the Company may decide to pursue. While the Company will be subject to the constraints imposed by the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholders at the time may be diluted as a result of an issue of Shares or capital raising.

As outlined in Section 5.1.12 of this Prospectus, the Company has agreed, in accordance with the terms of the Acquisition Agreements, to issue further Shares to the Service Provider Vendors as part payment of the consideration for the Acquisitions after Listing. The issue of further Shares to Service Provider Vendors after Listing will have a dilutionary effect on the proportional holding of Shareholders as at the Prospectus Date.

5.2.9. Force majeure events

Events may occur within or outside of Australia that could impact on the Australian economy, the operations of the Company and the price of the Shares. These events include but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for the Company's products and services and its ability to conduct business. CommsChoice Group has only a limited ability to insure against some of these risks and there is the risk that the Company's insurance will not cover or will be inadequate to fully protect the Company against the impacts of any force majeure event.

06.

Key people, interests and benefits

06. Key people, interests and benefits

6.1 Board of Directors

6.1.1. Mr John Mackay – Independent Non-Executive Chairman

Mr John Mackay is the Independent Non-Executive Chairman of CommsChoice Group and has over 15 years' experience as chairman and director of major listed and unlisted companies across the communications, utilities, health, construction and education sectors.

He was Chairman of SpeedCast International (SDA) when it listed in 2014 and continues in that role to date. John has overseen the growth of that company into an ASX200 entity, which has occurred largely as a result of that company having made around 15 acquisitions internationally.

John was responsible for the creation of ActewAGL, a highly successful joint-venture supplier/retailer of electricity and gas in the Australian Capital Territory and southern New South Wales. He also played a leading role in the creation of TransACT Communications Pty Ltd, a broadband fibre cable company established in the ACT; and he chaired Neighbourhood Cable, a small listed communications company operating in regional Victoria. Both of these companies are now part of iiNet.

John has served as Chancellor of the University of Canberra and holds a Bachelor of Arts (Administration) / Economics from that University as well as an Honorary Doctorate. He has also been chairman/director of several charitable, arts and sporting organisations. He currently chairs the National Arboretum Canberra Foundation and is a director of Energy Action (EAX).

John was appointed as a Member of the Order of Australia in 2004, and named Canberra Citizen of the Year in 2008.

6.1.2. Mr Peter McGrath – Independent Non-Executive Director

Mr Peter McGrath is an Independent Non-Executive Director of CommsChoice Group.

Peter's business career spans 30 years in telecommunications, ICT and corporate advisory, with over 15 years in senior leadership positions.

Peter was CEO of the Nextgen Group (Nextgen Networks, Metronode & Infoplex) as well as Managing Director of Leighton Contractors Telecommunications Division and Managing Director of Visionstream for 8 years. Under Peter's leadership, the businesses all grew to become leading players in the Australian marketplace. Prior to this, Peter was Chief Executive Officer of publicly listed Uecomm and earlier Chief Operating Officer of leading commercial ISP: Connect.com.

Peter also has extensive experience in equity capital markets and corporate finance with ANZ Securities and UBS Warburg and has served on a number of boards over his career.

Peter holds a Bachelor of Engineering Degree (RMIT) as well as an MBA from Melbourne Business School. Peter is currently the Chairman of 3C Enterprise Holdings Ltd.

06. Key people, interests and benefits (continued)

6.1.3. Mr Cameron Petricevic – Non-Executive Director

Mr Cameron Petricevic is a Non-Executive Director of CommsChoice Group.

Cameron has spent almost 15 years in the financial industry beginning his career with roles at AXA Asia Pacific Holdings (now AMP) from 2004 covering valuations, investments, auditing and corporate finance. He later managed a team within the mergers and acquisitions function, with roles across Asia Pacific, and later led the Hedging Operations team for the group.

Cameron later spent almost 5 years at Acorn Capital as portfolio manager across private and public investments for the Telecommunications, Information Technology, Materials (ex-Resources) and Industrials sectors.

Cameron joined Kentgrove Capital in late 2015 as a Partner and Portfolio Manager focusing on investments and equity capital markets transactions.

Cameron is a qualified Actuary (AIAA) and holds a Bachelor of Commerce (Actuarial) and a Bachelor of Engineering (Electrical) from the University of Melbourne, with First Class Honours.

He is also a Graduate and Fellow of the Australian Institute of Company Directors (GAICD) and Founder/Treasurer of Brimbank ToRCH, a Royal Children's Hospital auxiliary charity.

6.1.4. Mr Ben Jennings – Non-Executive Director

Mr Ben Jennings is a Non-Executive Director of CommsChoice Group.

Ben has spent almost 18 years as an accountant working in both commercial and public practice roles in both Australia and the United Kingdom.

He established middle market advisory firm Jennings Partners Chartered Accountants in early 2009 to provide commercial advisory, mergers and acquisition, income taxation, and Finance Director/Chief Financial Officer services to SME businesses, venture capital and private equity groups. He is currently engaged in Non-Executive Director roles for Helioscreen Australia Pty Limited, Web Profits Pty Limited, Marimekko Australia Pty Limited and Agility Finance Pty Limited.

Ben is a qualified Chartered Accountant from the Institute of Chartered Accountants in Australia and New Zealand and holds a Bachelor of Business (Accounting) from Charles Sturt University.

6.1.5. Mr Stephen Bell – Non-Executive Director

Mr Stephen Bell is a Non-Executive Director of CommsChoice Group.

Stephen Bell is a business executive and entrepreneur with over 20 years' experience in the financial services industry. He has experience within the financial industry in the areas of software and business process efficiency.

He has owned and built several companies from start-up phase, growing them into successful businesses to be acquired.

Stephen has extensive strategic and commercial experience in business analysis, strategy, sales and operations and currently sits on the board of three private companies including a financial services firm and a financial communications organisation.

Stephen holds a Bachelor of Science (Maths) from Queensland University of Technology and a Diploma in Financial Planning from Deakin University.

Stephen is the nominee of Brent O'Shaughnessy (the General Manager of the Business Division of CommsChoice Group and a Shareholder).

6.1.6. Mr Grant Ellison – Executive Director and Executive General Manager (Enterprise)

Mr Grant Ellison is an Executive Director of CommsChoice Group and the Executive General Manager – Enterprise Division. Grant founded the Service Provider, CommsChoice, in September 2008 and is the creator of its unique ICT methodology, Adaptive Connectivity as a Service.

Grant has global expertise in building virtual service providers in the ICT industry and has an exceptional track record in executive leadership, strategy and multinational business development.

Previously, Grant held key executive roles responsible for driving the international expansion at Vanco PLC, a global virtual network operator. Grant was instrumental in defining Vanco's competitive advantage, leading its expansion from Western Europe into 166 countries and territories worldwide, and its successful listing on the main market of the London Stock Exchange in 2001.

Prior to that Grant built a successful career in corporate banking and strategy consulting in Australasia and Europe with Lloyds Banking Group and Orange Business Services.

Grant holds a Bachelor of Laws and Bachelor of Commerce (Finance) from Otago University in New Zealand and is a Graduate of the Australian Institute of Company Directors (GAICD) with over 10 years' experience as a director of companies.

6.2 Senior management

6.2.1. Mr Ben Gilbert – Chief Executive Officer

Mr Ben Gilbert is the Chief Executive Officer of CommsChoice Group.

As Chief Executive Officer, Ben Gilbert is responsible for driving CommsChoice Group's overall business. Prior to joining CommsChoice Group, Ben held executive leadership positions at Singtel-Optus, AGL, Sinclair Knight Merz and more recently co-founded the gender technology company Grace Papers where he won the 2014 Australian Human Rights Business Award.

Ben has over 20 years' experience in commercial, corporate and strategy roles, gained from previous positions within public and private companies across regulated and deregulated industries.

Ben's strengths lie in developing and implementing strategy, building and developing profitable businesses across different markets and sectors, leveraging his extensive management experience across commercial management, strategy and business development, business evaluation, mergers and acquisitions and joint ventures.

Ben cofounded Grace Papers in February 2014 after 7 years with SKM where he was most recently in the role of Group Manager, Strategy, with responsibility for building strategies across markets within the global business, engaging stakeholders to buy-in and working with them to execute the strategy.

Ben holds a Bachelor of Arts, Master of Business Administration and Master of Applied Finance.

6.2.2. Mr Patrick Harsas – Chief Financial Officer

Mr Patrick Harsas is the Chief Financial Officer of CommsChoice Group.

Patrick commenced his career with Coopers & Lybrand in Sydney before moving to New York and then to London.

As a Chartered Accountant with over 25 years of experience, Patrick has held senior roles across a number of industries and with both small and large businesses in the listed, private and public sectors.

After a period of 10 years in London working predominantly for a UK listed engineering and facilities management group, Patrick returned to Australia where he joined AGL in a senior finance role before moving to Macquarie Group. As a director with Macquarie's Infrastructure and Real Assets (MIRA) Division he focused predominantly on DUET, the ASX100 listed utility investor.

After several years with a private equity group Patrick returned to Macquarie as a CFO for one of their agri-businesses as it sought to move to its next stage of growth before joining Essential Energy.

Patrick has a Bachelor of Economics from Macquarie University, is a Member of the Institute of Chartered Accountants, a Graduate of the Institute of Company Directors (GAICD) and an active member of the Finance and Treasury Association.

6.2.3. Mr Grant Ellison – Executive Director and Executive General Manager (Enterprise)

See Section 6.1.6 above.

6.2.4. Mr Brent O'Shaughnessy – General Manager (Business)

Mr Brent O'Shaughnessy is the General Manager of the Business Division of CommsChoice Group.

Brent has had over 25 years' experience owning and managing businesses in Australia. After several successful ventures in hospitality and retail service businesses, Brent became a founding director of Chefs on the Run and quickly established a national presence with over 700 staff and contractors.

Brent also has 14 years' experience in commercial operations management and customer service driven leadership in telecommunications service delivery.

As the founder of CommsChoice Group entity, Oracle Telecom, Brent has built a successful, sustainable national business with year on year growth.

Brent combines extensive project management and change management experience, with mentoring high performing teams.

Brent is a member of the Australian Institute of Company Directors.

6.2.5. Mr Tristan Plummer – General Manager (International)

Mr Tristan Plummer is the General Manager of the International Division of CommsChoice Group.

Tristan has been involved in the communications industry since commencing a Bachelor of Computer Science and Technology at the University of Sydney in 1997.

With 20 years of industry experience he has a unique ICT skill set including traditional telephony and being a subject matter expert in VoIP related technologies.

His past roles include being a Systems Engineer at CPS Technology Group, Voice Engineer at Mobilizer, Infrastructure Manager at Cantarella and most recently serving as the Managing Director of Telegate which he co-founded in 2008.

Tristan has led the development and implementation of a global hosted PABX network, built offshore operations teams and implemented enterprise-grade service delivery systems for Telegate.

06. Key people, interests and benefits (continued)

6.2.6. Andrew Metcalfe – Company Secretary

Mr Andrew Metcalfe is a qualified accountant, professional company secretary and experienced governance advisor.

Andrew is a Fellow of the Governance Institute of Australia (formerly Chartered Secretaries Australia) and a Member of the Australian Institute of Company Directors.

Andrew provides company secretarial services and advises on corporate governance matters for a number of ASX listed, public and private companies and not for profit organisations. He manages the regulatory function of CommsChoice Group in Australia.

6.3 Interests and benefits

This Section 6.3 sets out the nature and extent of the interests and fees of certain persons involved in the Offer.

As an example, each of Grant Ellison, Ben Jennings and Stephen Bell are (or are associates of) shareholders in a Service Provider Vendor. Each Service Provider Vendor will receive a payment of Shares (and in some cases, cash) on Completion of the Acquisitions. The Listing of CommsChoice Group is conditional on the Acquisitions occurring and accordingly, these Directors (and/or associates of them) stand to obtain a benefit if the Listing occurs. Such benefits are outlined in this Prospectus (refer Section 6.3.2).

Further, Cameron Petricevic was involved in the formation of CommsChoice Group and in the Acquisition Agreements being finalised and executed and the Company obtaining the benefit of the Acquisition Agreements. As the recipient of 2,160,000 Shares on Completion of the Offer, plus an additional 5,000,000 Shares if the Company's CY18 NPATA forecast is achieved, in consideration for his efforts, Cameron Petricevic stands to gain from the Listing.

Other than as set out in this Section 6.3 or elsewhere in this Prospectus, no:

- Director or proposed Director;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of CommsChoice Group; or
- underwriter to the Offer,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of CommsChoice Group;
- property acquired or proposed to be acquired by CommsChoice Group in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of CommsChoice Group or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

6.3.1. Interests of advisers

The Company has engaged the following professional advisers:

- Baillieu Holst Limited has acted as Underwriter and Lead Manager to the Offer. The Company has paid, or agreed to pay, the Underwriter the fees described in Section 9.5 for these services;
- MinterEllison has acted as Australian legal adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately $350,000 (excluding disbursements and GST) for these services to the Prospectus Date. Further amounts may be paid to MinterEllison in accordance with its timed-based charge-out rates;
- PricewaterhouseCoopers Securities Ltd has acted as the Investigating Accountant and has prepared the Independent Limited Assurance Report for inclusion in the Prospectus. PricewaterhouseCoopers Securities Ltd has also performed due diligence enquiries in relation to the Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information. The Company has paid, or agreed to pay, approximately $300,000 (excluding disbursements and GST) for these services to the Prospectus Date. Further amounts may be paid to PricewaterhouseCoopers Securities Ltd in accordance with their normal time-based charge-out rates; and
- Frost & Sullivan has prepared the Independent Market Report on the Enterprise and Business ICT market in Australia, New Zealand and Singapore. The Company has paid, or agreed to pay, approximately $15,900 (plus GST) for this report.

6.3.2. Directors' and officers' interests and remuneration

Senior Management remuneration

See Section 9.7.1 to Section 9.7.5 for details of key management interests and remuneration.

Non-Executive Director remuneration

Each of the Non-Executive Directors has entered into an appointment letter with the Company, confirming the terms of their appointment, their roles and responsibilities and the Company's expectations of them as Directors.

Under the Constitution, the Directors decide the total amount paid to all Directors as remuneration for their services as a Director. However, subject to the ASX Listing Rules, the total amount paid to all Non-Executive Directors for their services must not exceed an aggregate maximum amount of $400,000 per annum or such other maximum amount determined by the Company in general meeting.

For the initial year of Listing, the annual base Non-Executive Director fees currently agreed to be paid by the Company are $49,950 per annum to the Chairman and $39,950 per annum to the Independent Non-Executive Director, Peter McGrath. Non-Executive Directors Ben Jennings and Stephen Bell will not be paid any fixed or base Non-Executive Director fees in the first year of Listing.

Ben Jennings is a director of Jennings Partners which is a supplier of accounting and related advisory services to Telegate.

All Directors' fees include superannuation payments to the extent applicable and must not include a commission on, or a percentage of, profits or operating revenue.

Non-Executive Directors may be reimbursed for all travel, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the Company's business.

Non-Executive Directors may be paid such additional or special remuneration if they, at the request of the Board, perform any extra services or make special exertions. In this regard, the Company has engaged an entity associated with Cameron Petricevic to provide advisory services to the Company – the key terms of this arrangement are outlined in Section 9.7.7. Other than fees payable under this advisory arrangement, Cameron Petricevic will not be paid any base Non-Executive Director fees.

There are no retirement benefit schemes for Non-Executive Directors, other than statutory superannuation contributions.

Deeds of indemnity, insurance and access for Directors

The Company and each Director have entered into a deed that grants the Director a contractual right, both while the Director is a director of the Company and after the Director ceases to hold office:

- to be indemnified by the Company (to the extent permitted by the Corporations Act) for certain liabilities incurred as an officer of the Company (or a controlled entity of the Company) and reasonable 'Legal Costs' (as that term is defined in the deed) incurred by the Director in defending an action for any such liability incurred by the Director as an officer of the Company (or a controlled entity of the Company). The deed stipulates that, subject to the Company's directors' and officers' insurance policy, the indemnities are unconditional, continuing and irrevocable;
- to directors' and officers' insurance cover (as permitted by the Corporations Act) against certain liabilities incurred by the person as a Director for the period that each Director is a director of the Company and for 7 years after that Director ceases to hold office; and
- to access documents and records of the Company both while the Director is a director of the Company and after that Director ceases to hold office for the purposes expressly permitted by the deed.

The indemnity provided for under the deed operates indefinitely from the date of appointment as a Director. Further, if a Director is entitled to be indemnified under the deed, the Company will pay the relevant amount to discharge the liability or legal cost. The deed also allows in certain cases for the Company to make advance payments to an indemnified Director for an amount owing in respect of legal costs covered by the deed of indemnity, access and insurance.

Directors' Shareholdings and Option Holdings

Directors are not required under the Constitution to hold any Shares or Options. On the Prospectus Date and on Completion of the Offer, the Directors will hold the following Shares and Options (either directly or through beneficial interests or entities associated with the Director).

The Directors (and their related parties and associates) are entitled to apply for additional Shares under the Offer.

While Stephen Bell will not be paid any fixed or base Non-Executive Director fees in the first year of Listing, Stephen Bell is entitled to 40,000 Shares in lieu of fees upon Listing.

As at the Prospectus Date, there are only 2 Shares on issue in the Company – one is held by Ben Gilbert and the other by an entity associated with Cameron Petricevic.

As at the Prospectus Date, John Mackay and Ben Jennings hold converting notes that will convert into a total of 1,000,000 Shares (being 500,000 Shares each) on Completion of the Offer and Peter McGrath holds converting notes that will convert into 250,000 Shares on Completion of the Offer.

		Holding on Completion of Offer	
Director	Shares	%	Options/ Performance Rights
John Mackay	500,000	0.49	Nil
Peter McGrath	250,000	0.24	Nil
Cameron Petricevic	3,754,242	3.65%	5,000,000 Performance Rights
Ben Jennings	6,481,029	6.30%	Nil
Stephen Bell	40,000	0.04	Nil
Grant Ellison	21,844,646	21.23	3,508,156 Options

Cameron Petricevic has an agreement with the Company whereby the Company will issue 5,000,000 Shares to Cameron Petricevic following release of the CY18 financial results of the Company (expected to occur in around February 2019), provided the actual NPATA for the Company for CY18 meets or exceeds the forecast NPATA for CY18 of $3,380,000 as appears in this Prospectus. If the NPATA for the Company for CY18 is below $3,380,000, Cameron Petricevic's right to be issued any of those Shares will automatically lapse.

Each of Grant Ellison, Ben Jennings, Brent O'Shaughnessy and Tristan Plummer are Service Provider Vendors. The above table reflects their shareholding on Completion of the Offer following payment of 70% of the consideration that is payable in Shares to them under the relevant Acquisition Agreement. The remaining 30% of the consideration that is payable in Shares to them is payable after Listing, meaning that the shareholdings of each of Grant Ellison, Ben Jennings, Brent O'Shaughnessy and Tristan Plummer will increase after Completion.

In addition, on Completion of the Acquisition of CommsChoice, Grant Ellison will be issued 3,508,156 Options each having an exercise price of $0.3125 and an expiry date of 3 years after the Listing Date.

Cameron Petricevic and Ben Jennings have each agreed with a Service Provider Vendor of Telegate to take an assignment of part of the interest of that Service Provider Vendor in the sale of Telegate to the Company. The above table reflects their shareholding on Completion of the Offer following payment of 70% of the consideration that is payable in Shares in respect of the interest in which they have taken an assignment. The remaining 30% of the consideration that is payable in Shares to them is payable after Listing, meaning that the shareholdings of each of Cameron Petricevic and Ben Jennings will increase after Completion.

6.4 Corporate governance

This Section 6.4 explains how the Board will manage CommsChoice Group's business. The Board is responsible for the overall corporate governance of CommsChoice Group. Details of the CommsChoice Group's key policies and practices and the charters for the Board and each of its committees will be available from the Prospectus Date at www.commschoice.com.au. The Board monitors the operational and financial position and performance of CommsChoice Group and oversees its business strategy including approving the strategic goals of CommsChoice Group. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of CommsChoice Group.

In conducting business with these objectives, the Board is concerned to ensure that CommsChoice Group is properly managed to protect and enhance Shareholder interests, and that CommsChoice Group, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a governance framework for managing CommsChoice

Group, including adopting relevant internal controls, risk management processes and corporate governance policies and practices, which it believes are appropriate for CommsChoice Group's business and which are designed to promote the responsible management and conduct of CommsChoice Group.

The main policies and practices adopted by CommsChoice Group are summarised below. In addition, many governance elements are contained in the Constitution.

6.4.1. ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

CommsChoice Group is seeking a listing on ASX. The ASX Corporate Governance Council has developed and released its ASX Corporate Governance Principles and Recommendations 3rd edition (**ASX Recommendations**) for entities listed on ASX in order to promote investor confidence and to assist companies to meet stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, CommsChoice Group will be required to provide a statement in its annual report or on its website disclosing the extent to which it has followed the ASX Recommendations during each reporting period. Where CommsChoice Group does not follow an ASX Recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

The Board will depart from the ASX Recommendations with respect to ASX Recommendation 2.4 in that a majority of the Board is not independent. The Board is comprised of three Non-Executive Directors, two independent Non-Executive Directors and one Executive Director. The Board considers that in light of the Acquisitions and the Company effectively being the aggregation of five complementary businesses, the best interests of Shareholders at this time are served by a Board comprised of these Directors. The Board, including through the Nomination and Remuneration Committee, will continue to monitor its composition with a view to always serving the best interests of Shareholders.

The Board will depart from the ASX Recommendations with respect to ASX Recommendations 2.1 and 8.1:

- The Board has established a Nomination and Remuneration Committee with an appropriate Charter which sets out the composition, meeting and reporting requirements of that Committee.
- The three Directors on the Committee are Grant Ellison (Chair), John Mackay and Cameron Petricevic.
- This Committee is not chaired by an independent non-executive director. This Committee is chaired by an executive Director because the Board considers that Grant Ellison is the most appropriate person for this role given his background and experience.

The Board will depart from the ASX Recommendations with respect to ASX Recommendations 4.1 and 7.1:

- The Board has formed an Audit, Compliance and Risk Management Committee with an appropriate Charter which sets out the composition, meeting and reporting requirements of that Committee.
- The three Directors on the Committee are Ben Jennings (Chair), Peter McGrath and Stephen Bell.
- This Committee is not chaired by an independent non-executive Director. The chair of the Audit, Compliance and Risk Management Committee is Ben Jennings who is managing partner of Jennings Partners, a registered Chartered Accountancy and Business Advisory Service. The Board considers that Ben Jennings is best placed of all Directors to chair the Committee having regard to his accounting experience, even though he is not independent.

The Board will not have an internal audit function on Listing. Due to the size of the Company, the Board does not consider that an internal audit function is required at this time. The CFO has responsibility to manage and monitor systems and controls and reports to the Audit Compliance and Risk Management Committee and to the external audit on such systems and whether they are operating effectively.

The Board will depart from the ASX Recommendations with respect to ASX Recommendation 8.3 as the Company has not adopted an equity based remuneration scheme.

6.4.2. Board of Directors

The Board of Directors is comprised of one Executive Director and five Non-Executive Directors (including the Chairman). Biographies of the Directors are provided in Section 6.1.

Each Director has confirmed to CommsChoice Group that he is available to perform his duties as a Non-Executive or Executive Director as the case may be, without constraint from other commitments.

The Board considers an independent Director to be a Non-Executive Director who is not a member of CommsChoice Group's management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgement. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Board Charter sets out guidelines of materiality for the purpose of determining independence of Directors in accordance with the ASX Recommendations and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers quantitative and qualitative principles of materiality for the purpose of determining independence on a case-by-case basis. The Board will consider whether there are any factors or considerations that may mean that the Director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the Director's ability to act in the best interests of CommsChoice Group.

The Board considers that each of John Mackay and Peter McGrath is free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the exercise of the Director's unfettered and independent judgement and is able to fulfil the role of independent Director for the purpose of the ASX Recommendations.

Grant Ellison is currently considered by the Board not to be independent as he is currently the Executive General Manager of the Enterprise Division of the Company and associated with an entity forming part of CommsChoice Group and a Service Provider Vendor. Ben Jennings and Stephen Bell are also currently considered by the Board not to be independent due to their association with an entity forming part of CommsChoice Group and a Service Provider Vendor.

Cameron Petricevic is not considered to be independent due to the extensive work he has undertaken for CommsChoice Group in connection with the Acquisitions and the size of his proportionate relevant interest in Shares.

The Directors believe that they are able to objectively analyse the issues before them in the best interests of all Shareholders and in accordance with their duties as Directors.

6.4.3. Board Charter

The Board has adopted a written Charter to provide a framework for the effective operation of the Board, which sets out:

- the Board's composition;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board committees.

The Board's role is to represent and serve the interests of Shareholders by overseeing and appraising CommsChoice Group's strategies, policies and performance. This includes overseeing the financial and human resources the Company has in place to meet its objectives and reviewing management performance.

06. Key people, interests and benefits (continued)

The management function is conducted by, or under the supervision of the Chief Executive Officer as directed by the Board (and by officers to whom the management function is properly delegated by the Chief Executive Officer). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time they consider it appropriate.

The Board collectively, and individual Directors, may seek independent professional advice at CommsChoice Group's expense, subject to the approval of the Chairman.

6.4.4. Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established the Audit, Compliance and Risk Management Committee, and the Nomination and Remuneration Committee. Other committees may be established by the Board as and when required.

6.4.5. Audit, Compliance and Risk Management Committee

Under its charter, this Committee should consist of at least three members of the Board, a majority of independent Directors, all Non-Executive Directors and an independent chair. Initially members of this Committee will comprise Ben Jennings (chairman), Peter McGrath and Stephen Bell. As noted above, Ben Jennings and Stephen Bell are not independent directors.

The Audit, Compliance and Risk Management Committee will assist the Board in carrying out its accounting, auditing and financial reporting responsibilities including:

- overseeing CommsChoice Group's relationship with the external auditor and the external audit function generally;
- overseeing the preparation of the financial statements and reports;
- overseeing CommsChoice Group's financial controls and systems;
- managing the process of identification and management of financial risk; and

Non-committee members, including members of management and the external auditor, may attend meetings of this Committee by invitation of the Audit, Compliance and Risk Management Committee.

6.4.6. Nomination and Remuneration Committee

Under its charter, this Committee should consist of at least three members of the Board, a majority of independent Directors, all Non-Executive Directors and an independent chair. The Nomination and Remuneration Committee will comprise of Grant Ellison (chairman), John MacKay and Cameron Petricevic. As noted above, Grant Ellison is an Executive Director and is not independent.

The objective of the Nomination and Remuneration Committee is to help the Board achieve its objective to ensure the Company:

- has a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- has coherent remuneration policies and practices to attract and retain executives and directors who will create value for shareholders;
- observes those remuneration policies and practices; and
- fairly and responsibly rewards executives having regard to the performance of the Company, the performance of the executives and the general external pay environment.

The responsibilities of the Nomination and Remuneration Committee are as follows:

- identifying and recommending to the Board, nominees for membership of the Board including the Chief Executive Officer;
- identifying and assessing the necessary and desirable competencies and characteristics for board membership and regularly assessing the extent to which those competencies and characteristics are represented on the Board;

- establishing processes for identifying suitable candidates for appointment to the Board to ensure an appropriate mix of expertise, experience, diversity and succession;
- prepare, review and update on a regular basis director's education and skills enhancement program;
- ensuring succession plans for the Board and executives are in place. A report on these plans is to be prepared and submitted to the Board at least once per year;
- recommending the removal of directors;
- annually reviewing the performance of the Chief Executive Officer;
- establishing processes for evaluating the performance of the Board, both collectively and individually;
- annually evaluating the performance of the Board, both collectively and individually;
- regularly reviewing the time required from non-executive directors to perform their functions and assessing whether they are satisfying time requirements;
- developing continuing education programs for directors; and
- in performing its responsibilities in relation to remuneration give appropriate consideration to the Company's performance and objectives, employment conditions and remuneration relativities.

6.4.7. Corporate governance policies

Market Disclosure Protocol

Once listed, CommsChoice Group will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. CommsChoice Group is aware of its obligation to keep the market fully informed of any information it becomes aware of concerning CommsChoice Group which may have a material effect on the price or value of the Shares, subject to certain exceptions.

CommsChoice Group has adopted a Market Disclosure Protocol, which establishes procedures that are aimed at ensuring that CommsChoice Group fulfils its obligations in relation to the timely disclosure of material price-sensitive information.

Share Trading Policy

CommsChoice Group has adopted a policy for dealing in securities, which explains the types of conduct in dealings in securities that are prohibited under the Corporations Act and establishes a best practice procedure for the buying and selling of securities that protects the Company, Directors and employees against the misuse of unpublished information that could materially affect the value of securities. The policy applies to all Directors, officers, senior executives and employees (including consultants) who have information that is or may become inside information and their connected persons.

Code of Conduct

The Board is committed to a high level of integrity and ethical standards in all business practices. Accordingly, the Board has adopted a formal Code of Conduct that outlines how CommsChoice Group expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards.

The Code of Conduct applies to:

- the directors of the Company and the Chief Executive Officer;
- the Chief Financial Officer of the Company; and
- any other employee or officer of the Company and its related bodies corporate who has the opportunity to materially influence the integrity, strategy and operation of the business and financial performance of the Company.

06. Key people, interests and benefits (continued)

The Code is designed to:

- provide a benchmark for professional behaviour throughout CommsChoice Group;
- support CommsChoice Group's business reputation and corporate image within the community; and
- make Directors and other employees aware of the consequences if they breach the policy.

Shareholder Communications Policy

CommsChoice Group aims to communicate all important information relating to CommsChoice Group to its Shareholders. Additionally, the Company recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time. To achieve this, the Company communicates information regularly to Shareholders and other stakeholders through a range of forums and publications, including CommsChoice Group's website, at the annual general meeting, through the Annual Report and ASX announcements.

Diversity Policy

The Board has formally approved a Diversity Policy in order to address and actively facilitate a more diverse and representative management and leadership structure.

The Policy:

- supports the commitment to an inclusive workplace that embraces and values diversity;
- provides a framework for new and existing diversity-related initiatives, objectives, strategies and programs within the business of the CommsChoice Group;
- supports the commitment of the CommsChoice Group to informing shareholders regarding its progress towards implementation and achievement of its diversity objectives; and
- supports the commitment of the CommsChoice Group to aim for compliance with the ASX Recommendations.

The Company will annually review, assess and report on gender diversity within the Group. The Board will include in the Annual Report each year a summary of CommsChoice Group's Diversity Policy and the Company's achievement of the policy's objective of diversity within the Company.

07.

Details of the Offer

07. Details of the Offer

7.1 Introduction

7.1.1. The Offer

This Prospectus relates to an initial public offering of 30 million Shares for issue by the Company at an Offer Price of $0.25 per Share, to raise $7.5 million.

The Shares offered under this Prospectus will represent approximately 29.16% of the Shares on issue on Completion of the Offer, being 102,889,129 Shares.

7.1.2. Structure of the Offer

The Offer comprises:

- the Broker Firm Offer, which is only available to Australian resident investors who are not Institutional Investors and who have received a firm allocation from their Broker; and
- the Institutional Offer, which consists of an invitation to bid for Shares made to Institutional Investors in Australia.

No general public offer of Shares will be made under the Offer. The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Lead Manager and the Company, having regard to the allocation policy outlined in Section 7.4.5 and 7.5.2.

The Offer is fully underwritten by the Lead Manager. A summary of the Underwriting Agreement, including the events which would entitle the Lead Manager to terminate the Underwriting Agreement, is set out in Section 9.5.

7.1.3. The issue of Shares to Service Provider Vendors in consideration for the Acquisitions

Under the terms of the Acquisition Agreements referred to in Section 9.6 of this Prospectus, the Service Provider Vendors will receive a combination of cash and Shares in CommsChoice Group in consideration for the sale of their business.

The amount that CommsChoice Group is paying for the Acquisitions is $25,266,000 comprising a total of $2,277,026 cash to the Service Provider Vendors, $22,888,974 worth of Shares at an issue price equal to the Offer Price and $100,000 worth of Options (being the 3,508,156 Options to be issued to Grant Ellison), subject to and in accordance with the terms of the Acquisition Agreements. The deemed issue price of the Shares is $0.25 per Share, being equal to the Offer Price, and which equates to 91,555,896 Shares. However, this issue of Shares will not raise any money for the Company.

Further, not all Shares payable to Service Provider Vendors as part of the Acquisitions will be paid on Completion of the Acquisitions. Rather, a total of 64,089,127 Shares will be issued to the Service Provider Vendors on Completion of the Acquisitions (being 70% of the total Share component of the consideration for the Acquisitions).

A further 10% of the total Share component of the consideration for the Acquisitions (being approximately 9,155,590 Shares), subject to adjustment, will be issued on settlement of the completion accounts for the business of each Service Provider, which is expected to occur around 3 months after Listing. If a Service Provider possesses a higher amount of net assets at Completion of the Acquisitions than a certain specified amount under the relevant Acquisition Agreement, then additional Shares will need to be issued (on a dollar-for-dollar basis at the Offer Price) to the relevant Service Provider Vendors to reflect the additional net assets the Company has acquired from the Service Provider. In these circumstances, the total number of Shares issued may be more than 10% of the total Share component of the consideration for the Acquisitions.

If a Service Provider delivers a lower amount of net assets to the Company at Completion of the Acquisitions than the specified amount, then a lesser number of Shares than 10% of the total Share component of the consideration for the Acquisitions may need to be issued to reflect the shortfall in net assets being delivered to the Company by the relevant Service Provider Vendors.

The final 20% of the total Share component of the consideration for the Acquisitions (being approximately 18,311,179 Shares) will be issued 12 months after Listing, subject to:

- deduction to settle any warranty claims against Service Provider Vendors during that period ;or
- deferral pending the existence of any unresolved warranty claims 12 months after Listing, with the issue of any Shares the subject of deferral occurring once the relevant unresolved warranty claim is settled.

7.1.4. Purpose of the Offer

The Offer is being conducted to:

- provide funding to enable CommsChoice to:
  - have sufficient growth and working capital;
  - make further strategic acquisitions; and
  - pay the costs associated with the Listing and the Offer;
- provide CommsChoice Group with a liquid market for its Shares and an opportunity for others to invest in the Shares;
- provide CommsChoice Group with the benefits of an increased profile that flow from being a listed entity;
- provide a platform for the Company to access further capital and equity at a later date; and
- pay the cash portion of the purchase price in respect of the Acquisitions.

7.1.5. Sources and uses of funds

Source of funds	$m	%	Use of funds	$m	%
Cash proceeds under the Offer	7.50	100.0	Cash payments to Service Provider Vendors under the Acquisition Agreements on Completion of the Acquisitions	2.28	30.4
			Underwriting fees	0.38	5.0
			Offer costs	0.95	12.7
			Working capital and general corporate purposes	3.89	51.9
Total	**7.50**	**100.0**		**7.50**	**100.0**

7.2 Terms and conditions of the Offer

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in the Company).
What are the rights and liabilities attached to the Shares?	A description of the Shares, including the rights and liabilities attaching to the Shares, is set out in Section 7.11.
What is the consideration payable for each security?	The Offer Price is $0.25 per Share.

07. Details of the Offer (continued)

Topic	Summary
What is the Offer Period?	The key dates, including details of the Offer Period, are set out in the Key Dates Section on page 3 of this Prospectus. No Shares will be issued on the basis of this Prospectus later than the Expiry Date.
What are the cash proceeds to be raised under the Offer?	$7.5 million will be raised from investors under the Institutional Offer and the Broker Firm Offer.
How is the Offer structured?	The Offer comprises: • the Broker Firm Offer which is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia; and • the Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia to apply for Shares.
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Lead Manager and the Company. The Lead Manager, in consultation with the Company, has absolute discretion regarding the basis of allocation of Shares among Institutional Investors. For Broker Firm Offer participants, Brokers will decide as to how they allocate Shares that then are allocated to their retail clients.
Will the Shares be quoted?	The Company will apply for admission to the official list of ASX and quotation of Shares on ASX under the code 'CCG'. Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.
Is the Offer underwritten?	Yes, the Offer is fully underwritten by the Lead Manager. Details are provided in Sections 7.6 and 9.5.
Are there any escrow arrangements?	Yes. Details are provided in Section 9.4.
Has any ASIC relief or ASX waiver been sought or obtained?	Yes. Details are provided in Sections 9.4, 9.11 and 9.12.
How can I apply?	Broker Firm Applicants, who have received an invitation to participate in the Offer from a Broker, may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus and submitting that form in accordance with the instructions received from their Broker. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.

Topic	Summary
What are the tax implications of investing in the Shares?	Given that the taxation consequences of an investment will depend upon the investor's particular circumstances, it is the obligation of each investor to make their own enquiries concerning the taxation consequences of an investment in CommsChoice Group. If you are in doubt as to the course you should follow, you should consult your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser. An overview of the tax treatment for Australian resident investors is included in Section 7.8.
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be despatched by standard post on or about 19 December 2017.
Can the Offer be withdrawn?	The Company reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.
Where can I find more information about this Prospectus or the Offer?	If you have any questions about this Prospectus or how to apply for Shares, please call the CommsChoice Group IPO Information Line on 1300 737 760 from 8.30am to 5.30pm (AEDT), Monday to Friday (excluding Victorian public holidays). If you are unclear or uncertain as to whether CommsChoice Group is a suitable investment for you, you should seek professional guidance from your lawyer, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest in Shares.

7.3 Capital structure

7.3.1. Shares

As at the date of this Prospectus, the Share capital of CommsChoice Group is two Shares. One Share is held by each of Ben Gilbert and an entity associated with Cameron Petricevic.

As at the Prospectus Date, the Existing Securityholders (which include John Mackay, Peter McGrath, Ben Gilbert and Ben Jennings) hold converting notes that will convert into a total of 5,000,000 Shares on Completion of the Offer. Of those 5,000,000 new Shares, John Mackay and Ben Jennings will each be issued 500,000 new Shares and each of Peter McGrath and Ben Gilbert will be issued 250,000 new Shares.

07. Details of the Offer (continued)

On Completion of the Offer

On Completion of the Offer, the Company expects its key Shareholders will have the Shareholdings set out in the table below on Completion of the Offer.

Shareholder	Interest in Shares on Completion of the Offer	Interest in Shares on Completion of the Offer (%)
Grant Ellison (Director)	21,844,646	21.23%
Cameron Petricevic (Director)	3,754,242	3.65%
Ben Jennings (Director)	6,481,029	6.30%
John Mackay (Director)	500,000	0.49%
Peter McGrath (Director)	250,000	0.24%
Stephen Bell (Director)	40,000	0.04%
Ben Gilbert (Chief Executive Officer)	1,450,001	1.41%
Patrick Harsas (Chief Financial Officer)	400,000	0.39%
Brent O'Shaughnessy (General Manager)	7,339,091	7.13%
Tristan Plummer (General Manager)	4,542,340	4.41%
Other Service Provider Vendors	22,787,779	22.15%
Other Existing Securityholders	3,500,000	3.40%
New Shareholders under the Offer	30,000,000	29.16%
Total	**102,889,129**	**100.00%**

Each of Grant Ellison, Ben Jennings, Brent O'Shaughnessy and Tristan Plummer are Service Provider Vendors. The above table reflects their shareholding on Completion of the Offer following payment of 70% of the consideration that is payable in Shares to them under the relevant Acquisition Agreement. The remaining 30% of the consideration that is payable in Shares is payable after Listing, meaning that the shareholdings of each of Grant Ellison, Ben Jennings, Brent O'Shaughnessy and Tristan Plummer will increase after Completion.

Cameron Petricevic and Ben Jennings have each agreed with a Service Provider Vendor of Telegate to take an assignment of part of the interest of that Service Provider Vendor in the sale of Telegate to the Company. The above table reflects their shareholding on Completion of the Offer following payment of 70% of the consideration that is payable in Shares in respect of the interest in which they have taken an assignment. The remaining 30% of the consideration that is payable in Shares to them is payable after Listing, meaning that the shareholdings of each of Cameron Petricevic and Ben Jennings will increase after Completion.

Once total consideration for the Acquisitions has been paid

Under the Acquisition Agreements, the Service Provider Vendors receive 70% of their total consideration that is payable in Shares on Completion of the Acquisitions. The remaining 30% of consideration that is payable in Shares is to be paid after Completion at an issue price that is equal to the Offer Price.

In this regard, it is expected that around 10% of the total consideration that is payable in Shares will be paid by way of issue of new Shares at an issue price that is equal to the Offer Price within 3 months of Listing, with a further 20% of the total consideration that is payable in Shares to be paid around 12 months after Listing through a further issue of new Shares at an issue price that is equal to the Offer Price.

Once the total consideration for the Acquisitions has been paid, and assuming no other Shares are issued (whether on the exercise of Options or otherwise) following Completion of the Offer, it is expected that the Company will have on issue approximately 130,355,898 Shares. An overview of the Company's Share capital once the total consideration for the Acquisitions has been paid is set out in the table below.

Total number of Shares on Completion of the Offer	102,889,129
Approximate number of Shares to be issued on settlement of completion accounts under the Acquisition Agreements (around 10% of the total consideration that is payable in Shares, to be issued around 3 months after Listing)	9,155,590
Approximate number of Shares to be issued 12 months after Listing (around 20% of the total consideration that is payable in Shares)	18,311,179
Approximate total number of Shares once total consideration for the Acquisitions has been paid	130,355,898

Once the total consideration for the Acquisitions has been paid, and assuming no other Shares are issued (whether on the exercise of Options or otherwise) following Completion of the Offer, the Company expects its key Shareholders will have the Shareholdings set out in the table below.

Shareholder	Interest in Shares once total consideration for the Acquisitions has been paid	Interest in Shares once total consideration for the Acquisitions has been paid (%)
Grant Ellison (Director)	31,206,637	23.94%
Cameron Petricevic (Director)	4,437,488	3.40%
Ben Jennings (Director)	9,044,328	6.94%
John Mackay (Director)	500,000	0.38%
Peter McGrath (Director)	250,000	0.19%
Stephen Bell (Director)	40,000	0.03%
Ben Gilbert (Chief Executive Officer)	1,450,001	1.11%
Patrick Harsas (Chief Financial Officer)	400,000	0.31%
Brent O'Shaughnessy (General Manager)	10,484,416	8.05%
Tristan Plummer (General Manager)	6,693,076	5.13%
Other Service Provider Vendors	32,349,952	24.82%
Other Existing Securityholders	3,500,000	2.68%
New Shareholders under the Offer	30,000,000	23.01%
Total	**130,355,898**	**100.00%**

Cameron Petricevic has an agreement with the Company whereby the Company will issue 5,000,000 Shares to Cameron Petricevic following release of the CY18 financial results of the Company (expected to occur in around February 2019), provided the actual NPATA for the Company for CY18 meets or exceeds the forecast NPATA for CY18 of $3,380,000 as appears in this Prospectus. If these Shares are issued to Cameron Petricevic then his Shareholding in the Company may increase to around 6.7%. If the NPATA for the Company for CY18 is below $3,380,000, Cameron Petricevic's right to be issued any of those Shares will automatically lapse.

On Completion of the Acquisition of CommsChoice, Grant Ellison will be issued 3,508,156 Options each having an exercise price of $0.3125 and an expiry date of 3 years after the Listing Date.

Subject to compliance with the Corporations Act and the ASX Listing Rules, following the issue of the remaining 30% of the purchase price payable to all Service Provider Vendors, and assuming Grant Ellison exercises all his Options, Grant Ellison's relevant interest in Shares may increase to around 27%.

7.4 Broker Firm Offer

7.4.1. Who can apply in the Broker Firm Offer

The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia. Investors who have been offered a firm allocation by a Broker will be treated as an Applicant under the Broker Firm Offer in respect of that allocation.

Investors should contact their Broker to determine whether they may be allocated Shares under the Broker Firm Offer. The Broker Firm Offer is not a general public offer and is not open to persons in the United States.

7.4.2. How to apply for Shares under the Broker Firm Offer

Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus or any replacement or supplementary prospectus. Broker Firm Applicants must complete and lodge their Application Form with the Broker from whom they received their firm allocation. Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Application Form.

By making an Application, you declare that you were given access to this Prospectus or any replacement Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Broker Firm Applicants should contact their Broker about the minimum and maximum Application amount. The Company and the Lead Manager reserves the right to aggregate any Applications which they believe may be multiple Applications from the same person. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

Broker Firm Applicants must lodge their Application Form and Application Monies with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Application Forms to the Share Registry.

The Broker Firm Offer opens at 9am (AEDT) on 6 December 2017 and is expected to close at 5pm (AEDT) on 13 December 2017. The Company and the Lead Manager may elect to close the Broker Firm Offer early, extend the Broker Firm Offer or any part of it, or accept late Applications either generally or in particular cases. Your Broker may impose an earlier closing date. Broker Firm Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

7.4.3. Payment methods

Broker Firm Applicants must pay their Application Monies in accordance with instructions from their Broker.

7.4.4. Application Monies

The Company reserves the right to decline any Application and all Applications in whole or in part, without giving any reason. Broker Firm Applicants whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any Application Monies refunded.

7.4.5. Allocation policy under the Broker Firm Offer

The allocation of firm stock to Brokers has been determined by the Lead Manager and the Company.

Shares which have been allocated to Brokers for allocation to their Australian resident retail clients will be issued to the Broker Firm Applicants who have received a valid allocation of Shares from those Brokers. It will be a matter for the Brokers how they allocate Shares among their retail clients, and they (and not the Company or the Lead Manager) will be responsible for ensuring that retail clients who have received an allocation from them, receive the relevant Shares.

7.5 Institutional Offer

7.5.1. Invitations to apply

The Institutional Offer consists of an invitation to certain Institutional Investors in Australia to apply for Shares. The Lead Manager separately advises Institutional Investors of the Application procedures for the Institutional Offer.

7.5.2. Allocation policy under the Institutional Offer

The allocation of Shares between the Institutional Offer and the Broker Firm Offer is determined by the Lead Manager and the Company. The Lead Manager in consultation with the Company, has absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer are advised of their allocation of Shares, if any, by the Lead Manager. The allocation policy is influenced by the following factors:

- number of Shares bid for by particular Applicants;
- the timeliness of the bid by particular Applicants;
- the Company's desire for an informed and active trading market following Listing;
- the Company's desire to establish a wide spread of institutional Shareholders;
- overall level of demand under the Broker Firm Offer and Institutional Offer;
- the size and type of funds under management of particular Applicants;
- the likelihood that particular Applicants will be long term Shareholders; and
- any other factors that the Company and the Lead Manager considered appropriate.

7.6 Underwriting arrangements

The Offer is fully underwritten by the Lead Manager. The Lead Manager and the Company have entered into an Underwriting Agreement under which the Underwriter has been appointed as arranger, manager and underwriter of the Offer. The Lead Manager agrees, subject to certain conditions and termination events, to underwrite Applications for all Shares under the Offer.

The Underwriting Agreement sets out a number of circumstances under which the Lead Manager may terminate the agreement and the underwriting obligations. A summary of certain terms of the agreement and underwriting arrangements, including the termination provisions, is provided in Section 9.5.

7.7 Ownership restrictions

The sale and purchase of Shares in the Company is regulated by Australian laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 7.7 contains a general description of these laws.

7.7.1. Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of a relevant interest in shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply.

The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company.

7.7.2. Selling restrictions

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia. The Shares have not been, and will not be, registered under the *US Securities Act of 1933*, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction in the United States and may not be offered, sold, pledged or transferred in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act laws and any other applicable laws.

This Prospectus may only be distributed in Australia and, outside Australia, to persons to whom the Offer may be lawfully made in accordance with the laws of the applicable jurisdiction, provided that this Prospectus may not be distributed in the United States.

The Offer is not an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

Each Applicant will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act and may not be offered, sold or resold in the United States, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws;
- it is not in the United States;
- it has not and will not send this Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which the Shares are offered and sold.

Each Applicant under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

7.8 What are the taxation considerations?

The comments below provide a general summary of Australian tax, GST and stamp duty issues for Australian tax resident Shareholders who acquire Shares under this Prospectus. The categories of Shareholders considered in this summary are limited to individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation funds that hold their Shares on capital account. Shareholders should seek their own professional advice based on their personal financial and taxation circumstances before deciding whether to invest in Shares.

These comments do not apply to Shareholders that hold their Shares on revenue account or as trading stock, or to non-Australian tax resident Shareholders. They also do not apply to Shareholders that are banks, insurance companies or taxpayers that carry on a business of trading in Shares, or Shareholders who are exempt from Australian tax including complying superannuation funds where the Shares are used to support current pension liabilities. This summary also does not cover the consequences for Shareholders who are subject to the Taxation of Financial Arrangements rules contained in Division 230 of the *Income Tax Assessment Act 1997* (Cth).

Tax and stamp duty laws are complex and subject to ongoing change. The comments below are based on the *Income Tax Assessment Act 1936* (Cth), the *Income Tax Assessment Act 1997* (Cth), the *A New Tax System (Goods and Services Tax) Act 1999* (Cth), relevant stamp duty legislation, applicable case law and published Australian Taxation Office and State/Territory Revenue Authority rulings, determinations and statements of administrative practice at the date of this Prospectus. The tax and stamp duty consequences discussed below may alter if there is a change to the tax or duty law after the date of this Prospectus. If there is a change, including a change having retrospective effect, the income tax, stamp duty and GST consequences should be reconsidered by Shareholders in light of the changes. The tax and stamp duty consequences discussed below do not take into account the tax law of countries other than Australia.

This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. This summary does not constitute financial product advice as defined in the Corporations Act. The Company and its advisors disclaim all liability to any Shareholder or other party for all costs, loss, damage and liability that the Shareholder or other party may suffer or incur arising from, relating to or in any way connected with the contents of this summary or the provision of this summary to the Shareholder or other party or the reliance on this summary by the Shareholder or other party.

Shareholders should seek professional advice on the taxation implications of acquiring, owning (including receiving income from) and disposing of Shares, taking into account their specific circumstances.

7.8.1. Dividends on a Share for Australian tax resident Shareholders

Dividends distributed by the Company on a Share will constitute assessable income of an Australian tax resident Shareholder. Australian tax resident Shareholders should include in their assessable income the dividend actually received, together with any franking credit attached to that dividend.

Where the franking credit is included in the Shareholder's assessable income, the Shareholder will generally be entitled to a corresponding tax offset against tax payable by the Shareholder. To be eligible for the franking credit tax offset, a Shareholder must satisfy the "holding period" rule and, if relevant, the "related payments" rule. These rules broadly require that a Shareholder hold the Shares "at risk" for a continuous period of not less than 45 days (excluding the days of acquisition and disposal).

Any day on which a Shareholder has a materially diminished risk or loss of opportunity for gain (through transactions such as granting options or warrants over Shares or entering into a contract to sell the Shares) will not be counted as a day on which the Shareholder held the Shares "at risk".

Under the related payment rule, a different testing period applies where the Shareholder has made, or is under an obligation to make, a related payment in relation to the dividend. The related payment rule requires the Shareholder to have held the Shares "at risk" for the continuous 45 day period as above and, more specifically, within the limited period commencing on the 45th day before, and ending on the 45th day after, the day the Shares become ex-dividend.

Special rules apply to trusts and beneficiaries. Shareholders should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

The holding period and related payment rules will not apply to a Shareholder who is an individual whose tax offset entitlement (for all franked distributions received in the income year) does not exceed A$5,000.

Where a Shareholder is an individual or a complying superannuation entity, the Shareholder will generally be entitled to a refund of tax to the extent that the franking credit tax offset exceeds the Shareholder's income tax liability for the income year.

Excess franking credits received cannot give rise to a refund for a Shareholder that is a company, but may in certain circumstances be converted into carry forward tax losses. Shareholders that are companies should seek specific advice regarding the tax consequences of dividends received in respect of the Shares they hold and the calculation and availability of carry forward tax losses arising from excess tax offsets.

Franked dividends received by a corporate Shareholder will generally give rise to a franking credit in the Shareholder's franking account (subject to the Shareholder satisfying the rules outlined above for claiming a tax offset). Special rules apply to Shareholders that are trustees (other than trustees of complying superannuation entities) or partnerships. These Shareholders should seek specific advice regarding the tax consequences of dividends received in respect of Shares held.

To the extent a dividend distributed by the Company is unfranked (which may be the case given CommsChoice Group's overseas business), the Shareholders should generally be taxed at their respective rate of income tax with no franking tax offset.

Distribution washing

Legislation has been enacted to deny franking tax offsets to certain "distribution washing" arrangements. Shareholders should consider the impact of these as well as other integrity measures which may apply to the claiming of tax offsets, having regard to their own facts and circumstances.

7.8.2. Disposal of Shares by Australian tax resident Shareholders

The disposal of a Share by a Shareholder will be a capital gains tax (**CGT**) event.

The Shareholder will make a capital gain where the capital proceeds received on the disposal of the Share exceeds the cost base of the Share, and will make a capital loss where the reduced cost base of the Share exceeds the capital proceeds from the disposal of that Share.

Broadly, the capital proceeds will be equal to the amount received by a Shareholder in respect of a disposal made at arm's length. The cost base and reduced cost base of a Share will be equal to the amount paid to acquire the Share (including certain other costs, such as incidental costs of acquisition and disposal).

Capital losses may only be offset against capital gains made by the Shareholder in the same income year or future income years. Capital losses cannot be offset against other forms of assessable income.

Generally, all capital gains and losses made by a Shareholder for an income year, plus any net capital losses carried forward from an earlier income year, will need to be aggregated to determine whether the Shareholder has made a net capital gain or net capital loss for the year. A net capital gain is included in a Shareholder's assessable income whereas a net capital loss is carried forward and may be available to be offset against capital gains of later years, subject to the satisfaction of the applicable loss recoupment rules. The tax loss recoupment rules do not apply to net capital losses of trusts.

If a Shareholder is an individual, complying superannuation entity or trust, and has held the Share for at least 12 months before disposal of the Share, the Shareholder may be entitled to a "CGT discount" for any capital gain made on the disposal of the Share. Where the CGT discount applies, any capital gain arising may be reduced by 50% in the case of individuals and trusts, and by one-third in the case of complying superannuation entities, after offsetting the capital gain by any current year capital losses or carry forward net capital losses. Shareholders that are companies are not entitled to a CGT discount.

Where the Shareholder is a trustee of a trust that has held the Share for at least 12 months before disposal, the CGT discount may flow through to the beneficiaries of that trust if those beneficiaries are not companies. Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains after offsetting current year or prior year capital losses.

Tax File Numbers

Shareholders are not required to quote their Tax File Number (**TFN**) or, where relevant, Australian Business Number (**ABN**) to the Company. However, if a valid TFN, a valid ABN or exemption details are not provided, Australian tax may be required to be deducted by the Company from distributions and/or unfranked dividends at the maximum marginal tax rate plus any relevant levy (e.g. Medicare levy). Australian tax should not be required to be deducted by the Company in respect of fully franked dividends.

A Shareholder that holds Shares as part of an enterprise may quote their ABN instead of their TFN.

GST implications

No GST should be payable by Shareholders in respect of the acquisition or disposal of their Shares in the Company, regardless of whether or not the Shareholder is registered for GST.

Shareholders may not be entitled to claim full input tax credits in respect of any GST included in the costs they have incurred in connection with their acquisition of the Shares. Separate GST advice should be sought by Shareholders in this respect, relevant to their particular circumstances.

No GST should be payable by Shareholders on receiving dividends distributed by the Company.

Stamp duty

Shareholders should not be liable for stamp duty in respect of the acquisition of their Shares. Under current stamp duty legislation, no stamp duty would ordinarily be payable by Shareholders on any subsequent transfer of their Shares.

7.9 Discretion regarding the Offer

The Company reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.

The Company and the Lead Manager also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid for.

7.10 ASX listing, registers and holding statements

7.10.1. Application to ASX for listing of CommsChoice Group and quotation of Shares

The Company will apply for admission to the official list of ASX and quotation of the Shares on ASX within seven days of the Prospectus Date. The Company's ASX code is expected to be 'CCG'.

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the official list is not to be taken as an indication of the merits of CommsChoice Group or the Shares offered for issue.

If the Company does not make such an application within seven days after the date of this Prospectus, or permission is not granted for the official quotation of the Shares on ASX within three months after the Prospectus Date (or any later date permitted by law), all Application Monies received by the Company will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.

7.10.2. CHESS and Issuer sponsored holdings

The Company will apply to participate in ASX's Clearing House Electronic Subregister System (**CHESS**) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, being an electronic CHESS subregister or an issuer sponsored subregister.

For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Securityholder Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of a holding on the issuer sponsored subregister. CommsChoice Group and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.10.3. Trading and selling shares on market

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you obtained details of your holding from your firm allocation through a Broker.

Shares are expected to commence trading on ASX on or about 20 December 2017.

7.11 Constitution and rights attaching to the shares

7.11.1. Introduction

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the official list of ASX.

7.11.2. Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held.

7.11.3. Meetings of members

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and Listing Rules. The Company must give at least 28 days' written notice of a general meeting.

7.11.4. Dividends

The Board may pay any interim and final dividends that, in its judgement, the financial position of the Company justifies. The Board may also pay any dividend required to be paid under the terms of issue of a Share, and fix a record date for a dividend and the timing and method of payment.

7.11.5. Transfer of Shares

Subject to the Constitution and to any restrictions attached to a Shareholder's Share, Shares may be transferred in accordance with the ASX Settlement Operating Rules, Corporations Regulations and ASX Listing Rules or by a written transfer in any usual form or in any other form approved by the Board and permitted by the relevant laws and ASX requirements. The Board may decline to register a transfer of Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act or the ASX Listing Rules.

7.11.6. Issue of further Shares

The Board may, subject to the Constitution, Corporations Act and the ASX Listing Rules issue, allot or grant options for, or otherwise dispose of, Shares in the Company on such terms as the Board decides.

7.11.7. Winding up

If the Company is wound up, then subject to the Constitution, the Corporations Act and any rights or restrictions attached to any Shares or classes of shares, Shareholders will be entitled to a share in any surplus property of the Company in proportion to the number of Shares held by them.

If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders the whole or part of the Company's property and decide how the division is to be carried out as between Shareholders or different classes of shareholders.

7.11.8. Non-marketable parcels

In accordance with the ASX Listing Rules, the Board may sell Shares that constitute less than a marketable parcel by following the procedures set out in the Constitution. An unmarketable parcel of shares is defined in the ASX Listing Rules and is generally, a holding of shares with a market value of less than $500.

7.11.9. Variation of class rights

The procedure set out in the Corporations Act must be followed for any variation of rights attached to the Shares. Under the Corporations Act, and subject to the terms of issue of a class of shares, the rights attached to any class of Shares may be varied:

- with the consent in writing of the holders of 75% of the issued shares included in that class; or
- by a special resolution passed at a separate meeting of the holders of those shares.

7.11.10. Directors – appointment and removal

Under the Constitution, the Board is comprised of a minimum of three Directors and a maximum of seven Directors. Directors are elected or re-elected at annual general meetings of the Company.

No Director (excluding the managing director) may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. The Board may also appoint any eligible person to be a Director either to fill a casual vacancy on the Board or as an addition to the existing Directors, who will then hold office until the conclusion of the next annual general meeting of the Company following their appointment.

7.11.11. Directors – voting

Questions arising at a meeting of the Board must be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chairperson of the meeting has a casting vote in addition to his or her deliberative vote.

7.11.12. Directors – remuneration

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for his or her services as a Director. The remuneration of a Director must not include a commission on, or a percentage of, operating revenue. The current maximum aggregate annual sum of Non-Executive Director remuneration is $400,000, as set out in Section 6.3.2. Any change to that maximum aggregate annual amount needs to be approved by Shareholders.

Directors may be paid for all travelling and other expenses properly incurred by them in connection with Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or of committees of the Board. If a Non-Executive Director performs extra services in connection with the affairs of the Company, the Directors may arrange for a special remuneration to be paid.

Directors' remuneration is discussed in Section 6.3.2.

7.11.13. Powers and duties of Directors

The directors are responsible for managing the business of the Company and may exercise to the exclusion of the Company in general meeting all the powers of the Company which are not required by the Corporations Act, the Constitution or the ASX Listing Rules, to be exercised by the Company in general meeting.

7.11.14. Indemnities

The Company, to the extent permitted by law, indemnifies each Director and Secretary of CommsChoice Group on a full indemnity basis against any liability (other than for legal costs) incurred by that person as an officer of the Company.

The Company may, to the extent permitted by law, purchase and maintain insurance or pay, or agree to pay, a premium for a contract insuring each Director of the Company against any liability incurred by that person as an officer of the Company.

7.11.15. Amendment

The Constitution can only be amended by special resolution passed by at least three-quarters of Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company.

7.12 Options

On Completion of the Offer, there will be 4,468,156 Options (comprising 3,508,156 Options to Grant Ellison, 720,000 Options to Ben Gilbert and 240,000 Options to Patrick Harsas). The rights and liabilities attaching to those Options are summarised as follows:

7.12.1. Register

The Company maintains a register of holders of Options in accordance with section 168(1)(b) of the Corporations Act.

7.12.2. Transfer/transmission

Options will not be quoted on ASX. Options are transferable with the approval of the Board.

7.12.3. Issue and lapse

Options issued to a holder will lapse on the relevant expiry date if not exercised on or before that date.

7.12.4. Exercise

An Option may be exercised at any time prior to its expiry by delivery to the Company of a duly completed notice of exercise of Options (**Exercise Notice**), signed by the registered holder of the Option, together with payment to the Company of the relevant exercise price per Option being exercised and the relevant option certificate.

Options which are validly exercised will be deemed to have been exercised on the date that an Exercise Notice in respect of those Options is lodged with the Company. A notice of exercise of Options is only effective when the Company has received the full amount of the exercise price in cash or cleared funds.

7.12.5. Dividend entitlement

Options do not carry any dividend entitlement until they are exercised. Shares issued on exercise of Options rank equally with other Shares then on issue from their date of issue and are entitled to dividends paid on and from this date where the record date for the dividends occurs after the date of issue of the Shares.

7.12.6. Participation rights

For determining entitlements to the issue, an Optionholder may only participate in new issues of securities to holders of applicable Shares if the Option has been exercised and Shares allotted in respect of the Option before the relevant record date.

The Company must give at least 6 Business Days' notice to Optionholders of any new issue before the relevant record date for determining entitlements to the issue in accordance with the ASX Listing Rules.

If between the date of issue and the date of exercise of an Option the Company makes one or more rights issues (being a pro rata issue of Shares in the capital of the Company that is not a bonus issue) in accordance with the ASX Listing Rules, the exercise price of Options on issue will be reduced in respect of each rights issue according to the following formula:

$$NE = OE - \frac{E[P - (S+D)]}{N + 1}$$

where:

- **NE** is the new exercise price of the Option;
- **OE** is the old exercise price of the Option;
- E is the number of underlying Shares into which one Option is exercisable;
- P is the average closing sale price per Share (weighted by reference to volume) during the 5 trading days ending on the day before the ex-rights date or ex-entitlements date (excluding special crossings and overnight sales);
- S is the subscription price for a Share under the rights issue;
- D is the dividend due but not yet paid on each Share at the relevant time; and
- N is the number of Shares that must be held to entitle holders to receive a new Share in the rights issue.

If there is a bonus issue to the holders of Shares in the capital of the Company, the number of Shares over which the Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the relevant record date for the bonus issue.

7.12.7. Reconstructions and alteration of capital

Any adjustment to the number of outstanding Options and the exercise price under a reorganisation of the Company's share capital must be made in accordance with the ASX Listing Rules at the time of the reorganisation.

08.

Independent Limited Assurance Report

08. Independent Limited Assurance Report

The Directors
CommsChoice Group Limited
Suite 24
50 New Street
Ringwood, Victoria 3134

27 November 2017

Dear Directors

Independent Limited Assurance Report on CommsChoice Group Limited historical and forecast financial information and Financial Services Guide

We have been engaged by CommsChoice Group Limited (the **Company**) to report on historical and forecast financial information of the Company for inclusion in the prospectus dated on or about 27 November 2017 (**Prospectus**) in connection with the proposed initial public offering of fully paid ordinary shares in the Company and listing of the Company on the Australian Securities Exchange (**Offer**).

Expressions and terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers holds the appropriate Australian financial services licence under the Corporations Act 2001. This report is both an Independent Limited Assurance Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Scope

You have requested PricewaterhouseCoopers Securities Ltd to review the following financial information of the Company (the responsible party) included in the Prospectus (**Financial Information**):

Statutory Historical Financial Information

- Statutory historical income statements for the years ended 30 June 2015 (**FY15**), 30 June 2016 (**FY16**) and 30 June 2017 **(FY17**) (**Statutory Historical Results**);
- Statutory historical balance sheet as at 30 June 2017 (**Statutory Historical Balance Sheet**); and
- Statutory historical operating cash flows for FY15, FY16 and FY17 (**Statutory Historical Cash Flows**).

PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617, Holder of Australian Financial Services Licence No 244572
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T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au.

pwc

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The Statutory Historical Financial Information has been extracted from the financial reports of the Company for the years ended 30 June 2015, 30 June 2016 and 30 June 2017.

The financial reports for the years ended 30 June 2015, 30 June 2016 and 30 June 2017 were audited by PwC. PwC issued unqualified opinions for each period, with an emphasis of matter in relation to the material uncertainty about the aggregated entities' ability to continue as a going concern which is dependent on a successful initial public offering.

The Statutory Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Pro Forma Historical Financial Information

- Pro forma historical income statements for FY15, FY16 and FY17 (**Pro Forma Historical Results**);
- Pro forma historical balance sheet as at 30 June 2017 (**Pro Forma Historical Balance Sheet**); and
- Pro forma historical operating cash flows for FY15, FY16, and FY17 (**Pro Forma Historical Cash Flows**).

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information of the Company, after adjusting for the effects of pro forma adjustments described in Section 4 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Statutory Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in Section 4 of the Prospectus, as if those events or transactions had occurred as at the date of the Statutory Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and/or cash flows.

Statutory Forecast

- Statutory forecast income statement for the year ending 30 June 2018 (**FY18**) (**Statutory Forecast Results**); and
- Statutory forecast operating cash flow for FY18 (**Statutory Forecast Cash Flow**).

The directors' best-estimate assumptions underlying the Statutory Forecast are described in Section 4 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies;

Calendar Year Forecast

- Calendar year forecast income statements for the 12 months ending 31 December 2017 (**CY17**) and 31 December 2018 (**CY18**) (**Calendar Year Forecast Results**); and
- Calendar year forecast operating cash flows for CY17 and CY18 (**Calendar Year Forecast Cash Flows**).

The directors' best-estimate assumptions underlying the Calendar Year Forecast are described in Section 4 of the Prospectus. The stated basis of preparation used in the preparation of the Calendar Year Forecast is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies;

Pro Forma Forecast

- Pro forma forecast income statements for CY17, FY18 and CY18 (**Pro Forma Forecast Results**); and
- Pro forma forecast operating cash flows for CY17, FY18 and CY18 (**Pro Forma Forecast Cash Flows**).

The Pro Forma Forecast has been derived from the Company's Statutory Forecast and Calendar Year Forecast, after adjusting for the effects of the pro forma adjustments described in Section 4 of the Prospectus. The stated basis of preparation used in the preparation of the Pro Forma Forecast is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Forecast and Calendar Year Forecast and the events or transactions to which the pro forma adjustments relate, as described in Section 4 of the Prospectus, as if those events or transactions had occurred as at the date of the Statutory Forecast and Calendar Year Forecast. Due to its nature, the Pro Forma Forecast does not represent the Company's actual prospective financial performance, or cash flows for the years ending 31 December 2017, 30 June 2018 and 31 December 2018.

Directors' responsibility

The directors of the Company are responsible for the preparation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information, including its basis of preparation and the selection and determination of pro forma adjustments made to the Statutory Historical Financial Information included in the Pro Forma Historical Financial Information.

The directors of the Company are also responsible for the preparation of the Statutory Forecast and Calendar Year Forecast, including its basis of preparation and the best-estimate assumptions underlying the Statutory Forecast and Calendar Year Forecast. They are also responsible for the preparation of the Pro Forma Forecast, including its basis of preparation and the selection and determination of the pro forma adjustments made to the Statutory Forecast and Calendar Year Forecast and included in the Pro Forma Forecast. This includes responsibility for its compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of Statutory Historical Financial Information, Pro Forma Historical Financial Information, Statutory Forecast, Calendar Year Forecast and Pro Forma Forecast that are free from material misstatement.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information, the Pro Forma Historical Financial Information, the Statutory Forecast, Calendar Year Forecast and Pro Forma Forecast, the best-estimate assumptions underlying the Statutory Forecast, Calendar Year Forecast and Pro Forma Forecast, and the reasonableness of the Statutory Forecast, Calendar Year Forecast and Pro Forma Forecast themselves, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Financial Information.

Conclusions

Statutory Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information of the Company, as described in Section 4 of the Prospectus, and comprising:

- the Statutory Historical Results;
- the Statutory Balance Sheet; and
- the Statutory Historical Operating Cash Flows

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information of the Company as described in Section 4 of the Prospectus, and comprising:

- the Pro Forma Historical Results;
- the Pro Forma Balance Sheet; and
- the Pro Forma Historical Operating Cash Flows

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Statutory Historical Financial Information and the events or transactions to which the pro forma

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adjustments relate, as described in Section 4 of the Prospectus, as if those events or transactions had occurred as at the date of the Statutory Historical Financial Information.

Statutory Forecast

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Statutory Forecast Results and Statutory Forecast Operating Cash Flow do not provide reasonable grounds for the Statutory Forecast; and
- in all material respects, the Statutory Forecast:
    - is not properly prepared on the basis of the directors' best-estimate assumptions as described in Section 4 of the Prospectus; and
    - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies; and
- the Statutory Forecast itself is unreasonable.

Calendar Year Forecast

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Calendar Year Forecast Results and Calendar Year Forecast Operating Cash Flows do not provide reasonable grounds for the Calendar Year Forecast; and
- in all material respects, the Calendar Year Forecast:
    - is not properly prepared on the basis of the directors' best-estimate assumptions as described in Section 4 of the Prospectus; and
    - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies; and
- the Calendar Year Forecast itself is unreasonable.

Pro Forma Forecast

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Pro Forma Forecast Results and Pro Forma Forecast Operating Cash Flows do not provide reasonable grounds for the Pro Forma Forecast; and
- in all material respects, the Pro Forma Forecast:

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  - is not properly prepared on the basis of the directors' best-estimate assumptions, as described in Section 4 of the Prospectus; and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies, applied to the Statutory Forecast and the pro forma adjustments as if those adjustments had occurred as at the date of the Statutory Forecast or Calendar Year Forecast; and

- the Pro Forma Forecast itself is unreasonable.

Statutory Forecast, Calendar Year Forecast and Pro Forma Forecast

The Statutory Forecast, Calendar Year Forecast and Pro Forma Forecast have been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the years ending 31 December 2017, 30 June 2018 and 31 December 2018. There is a considerable degree of subjective judgment involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Statutory Forecast, Calendar Year Forecast and Pro Forma Forecast since anticipated events or transactions frequently do not occur as expected and the variation may be material.

The directors' best-estimate assumptions on which the Statutory Forecast, Calendar Year Forecast and Pro Forma Forecast are based relate to future events and transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the directors' best-estimate assumptions on which the Statutory Forecast, Calendar Year Forecast and Pro Forma Forecast are based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the Statutory Forecast, Calendar Year Forecast and Pro Forma Forecast. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Section 5 and Section 4.10 of the Prospectus. The sensitivity analysis described in Section 4.10 of the Prospectus demonstrates the impact on the Pro Forma Forecast of changes in key best-estimate assumptions. We express no opinion as to whether the Statutory Forecast, Calendar Year Forecast or Pro Forma Forecast will be achieved.

The Statutory Forecast, Calendar Year Forecast and Pro Forma Forecast have been prepared by the directors for the purpose of inclusion in the Prospectus in connection with the proposed initial public offering of fully paid ordinary shares in the Company and listing of the Company on the Australian Securities Exchange. We disclaim any assumption of responsibility for any reliance on this report, or on the Statutory Forecast, Calendar Year Forecast or Pro Forma Forecast to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Notice to investors outside Australia

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

Restriction on Use

Without modifying our conclusions, we draw attention to Section 4.2 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Financial Information may not be suitable for use for another purpose.

Consent

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

Liability

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Prospectus.

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this transaction other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

Robert Silverwood
Authorised Representative of
PricewaterhouseCoopers Securities Ltd

Appendix A - Financial Services Guide

PRICEWATERHOUSECOOPERS SECURITIES LTD

FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 27 November 2017

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("**PwCS**") has been engaged by CommsChoice Pty Ltd (the **Company**) to provide a report in the form of an **Independent Limited Assurance Report** in connection with the proposed initial public offering of shares in the Company and listing of the Company on the Australian Securities Exchange (Offer) for inclusion in the **Prospectus.**

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

This Financial Services Guide ("**FSG**") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwCS generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4. General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5. **Fees, commissions and other benefits we may receive**

PwCS charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwCS to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees charged are $300,000 (excluding GST).

Directors or employees of PwCS, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. **Associations with issuers of financial products**

PwCS and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwCS may provide financial services to the issuer of a financial product in the ordinary course of its business.

7. **Complaints**

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service ("**FOS**"), an external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

8. **Contact Details**

PwCS can be contacted by sending a letter to the following address:

Robert Silverwood
PwC 2 Riverside Quay, Southbank VIC 3006

09.

Additional information

09. Additional information

9.1 Registration

The Company was registered in Victoria on 18 May 2017 as an Australian proprietary company named 'CC Telecommunications Group Pty Ltd'. On 12 October 2017, the Company changed its company type to an Australian public company and its name to 'CommsChoice Group Limited'.

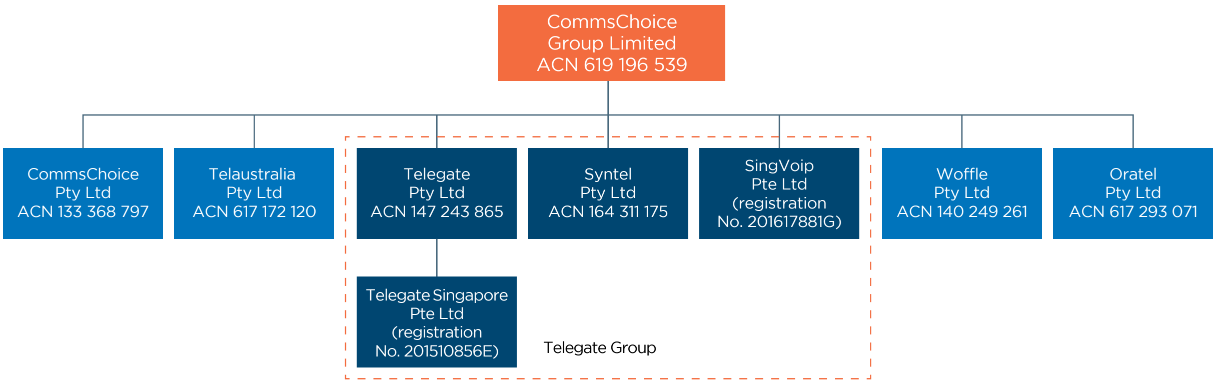
9.2 Company tax status and financial year

The Company will be taxed in Australia as a public company. The financial year of the Company will end on 30 June annually.

9.3 Corporate structure

The following diagram represents the corporate structure of the Group at the Prospectus Date. Each entity in the Group is 100% owned, directly or indirectly, by the Company, and is engaged in the business of the Group.

Figure 9.1: CommsChoice Group corporate structure following Completion of the Acquisitions



9.4 Restricted securities and escrow arrangements

9.4.1. Mandatory Escrow

Under the ASX Listing Rules, an entity seeking admission to the official list of ASX is admitted under the 'assets test' or 'profit test'.

For entities admitted under the profit test, ASX does not impose any mandatory escrow. However, mandatory escrow may be imposed by ASX in respect of entities admitted under the assets test.

Whilst on an aggregated basis the historical statutory profitability of the entities comprising CommsChoice Group is sufficient to satisfy the profit test, ASX has indicated to CommsChoice Group that given it is a newly incorporated vehicle to make the Acquisitions, ASX considers it appropriate to admit the Company under the assets test (assuming ASX does in fact grant approval for CommsChoice Group to be admitted to the official list of ASX).

Notwithstanding this, CommsChoice Group has requested that ASX does not impose mandatory escrow in respect of any Shares, having regard to the historical profitability of the entities comprising CommsChoice Group on an aggregated basis.

In this regard, some or all of the Existing Shares may be classified by ASX as restricted securities, applying the Listing Rules and its discretion.

Chapter 9 of the Listing Rules precludes holders of restricted securities from disposing of those securities or an interest in those securities or agreeing to dispose of those securities or an interest in those securities for the relevant restriction period. The holder of such securities will be precluded from granting a security interest over those securities. However, ASX may consent to those securities being sold under a takeover bid or under a merger by way of a scheme of arrangement under the Corporations Act.

As noted above, the Company has sought in principle advice from ASX that ASX will not impose any mandatory escrow on any Existing Shares or any of the Shares issued to Service Provider Vendors. As at the date of this Prospectus, the Company has not received ASX's advice, and the Company notes that the decision on restrictions is also subject to ASX's discretion, but the Company expects that ASX will not impose any restrictions.

Final details of any such restriction or escrow arrangements will be disclosed prior to commencement of official quotation of the Shares.

9.4.2. Voluntary Escrow

The following parties have agreed to enter into voluntary escrow arrangements in relation to all of their Shares under which they will be restricted from dealing with those Shares until the Company releases its CY18 financial results (expected to occur in February 2019):

Shareholder	Shares	Percentage of total Shares on Completion of the Offer
Grant Ellison*	20,244,646	19.68%
Ben Jennings**	5,981,029	5.81%
Brent O'Shaughnessy	7,339,091	7.13%
Tristan Plummer	4,542,340	4.41%
Other Service Provider Vendors	22,787,779	22.15%
Cameron Petricevic	3,754,242	3.65%
Total	**64,649,127**	**62.83%**

* Of Grant Ellison's total shareholding on Completion of the Offer, 1,600,000 Shares are not expected to be subject to any escrow.

** Of Ben Jennings' total shareholding on Completion of the Offer, 500,000 Shares are not expected to be subject to any escrow.

Each of these Shareholders will enter into an escrow deed in respect of their escrowed Shares, which will prevent them from disposing of their escrowed Shares during the escrow period, subject to any exceptions.

The restriction on dealing is broadly defined and includes, among other things, selling, transferring or otherwise disposing of any interest in the Shares, encumbering or granting a security interest over the Shares, doing, or omitting to do, any act where the act or omission would have the effect of transferring effective ownership or control of any the Shares or agreeing to do any of those things.

Any of the escrowed Shareholders may be released early from these escrow obligations to enable:

- the escrowed Shareholder to accept an offer under a takeover bid in relation to its Shares if holders of at least half of the Shares the subject of the bid that are not escrowed have accepted the takeover bid; and
- the Shares held by the escrowed Shareholder to be transferred or cancelled as part of a merger by a scheme of arrangement under Part 5.1 of the Corporations Act.

9.5 Underwriting Agreement

The Company, the Underwriting Agreement Guarantors and the Lead Manager have entered into an underwriting agreement dated 28 November 2017 (**Underwriting Agreement**) pursuant to which the Lead Manager has agreed to manage and underwrite the Offer on an exclusive basis.

For the purpose of this Section 9.5, 'Offer Documents' means the following documents issued or published by, or on behalf of, the Company and with their prior approval in respect of the Offer:

- this Prospectus, any Application Form and any supplementary prospectus or replacement prospectus;
- the pathfinder version of this Prospectus that was distributed prior to the date of this Prospectus to sophisticated and professional investors and any document which supplements or replaces the pathfinder (including any addendum to the pathfinder);
- any cover email sent by or on behalf of the Company to eligible Institutional Investors outside of Australia in connection with the Institutional Offer and Bookbuild; and
- any investor presentation, marketing roadshow presentation and/ or public announcements used by the Company in connection with the Offer.

9.5.1. Commission, fees and expenses

On the settlement date of the Offer, the Company must pay the Lead Manager a management fee equal to 2% of the proceeds of the Offer and an underwriting fee equal to 3% of the proceeds of the Offer.

The Company and the Underwriting Agreement Guarantors have also agreed to reimburse the Lead Manager for reasonable costs and expenses of and incidental to the Offer.

The Lead Manager must pay any fees due to any co-managers, co-lead managers and brokers appointed by the Lead Manager under the Underwriting Agreement.

9.5.2. Termination events

The Lead Manager may, at any time from the date of the Underwriting Agreement and on or before the settlement date of the Offer (**Settlement Date**) or at any other time as specified below, terminate the Underwriting Agreement (without any cost or liability to the Lead Manager by notice to the Company), if any of the following events occur:

- (**disclosures in Offer Documents**) a statement in the Offer Documents is misleading or deceptive (including by omission) or likely to mislead or deceive, or becomes misleading or deceptive, or a material matter is omitted from the Offer Documents;
- (**new circumstances**) there occurs a new circumstance that arises after the Prospectus is lodged, that would have been required to be included in the Prospectus if it had arisen before lodgement (as applicable), that is materially adverse from the point of view of an investor;
- (**Supplementary or Replacement Prospectus**) the Company:
  - issues, or in the reasonable opinion of the Lead Manager is required to issue, a supplementary prospectus or replacement prospectus because of the operation of section 719(1); or
  - lodges a supplementary prospectus or replacement prospectus with ASIC in a form and substance that has not been approved by the Lead Manager in circumstances required by the Underwriting Agreement;
- (**market fall**) at any time the S&P/ASX All Ordinaries Index falls to a level that is 90% or less of the level as at the close of trading on the Business Day before the date of the Underwriting Agreement and closes at or below that 90% level on 2 consecutive Business Days prior to the Settlement Date or on the Business Day prior to the Settlement Date;
- (**escrow agreements**) any of the escrow agreements are varied, terminated, rescinded, altered or amended, breached or failed to be complied with;

09. Additional information (continued)

- (**Acquisition Agreements**) any of the Acquisition Agreements are varied, terminated, rescinded, altered or amended, breached or failed to be complied with (except with the prior written consent of the Lead Manager, such consent not to be unreasonably withheld or delayed), or are or become void or voidable, or do not otherwise complete in accordance with the terms of the Acquisition Agreements and as described in this Prospectus;
- (**listing and quotation**) approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
  - the Company's admission to the official list of ASX on or before the relevant shortfall notification date; or
  - the quotation of the Shares on ASX or for the Shares to be traded through CHESS on or before the scheduled quotation date; or
  - if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
- (**notifications**) any of the following notifications are made in respect of the Offer:
  - ASIC issues an order (including an interim order) under section 739 and any such inquiry or hearing is not withdrawn within 3 Business Days or if it is made within 3 Business Days of the Settlement Date it has not been withdrawn by the day before the Settlement Date;
  - ASIC holds a hearing under section 739(2);
  - an application is made by ASIC for an order under Part 9.5 in relation to the Offer or an Offer Document or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or an Offer Document, and any such application inquiry or hearing is not withdrawn within 2 Business Days or if it is made within 2 Business Days of the Settlement Date it has not been withdrawn by the day before the Settlement Date;
  - any person who has previously consented to the inclusion of its name in the Prospectus (other than the Lead Manager) withdraws that consent; or
  - any person gives a notice under section 730 in relation to the Prospectus (other than the Lead Manager);
- (**withdrawal**) the Company withdraws the Prospectus or the Offer or indicates that it does not intend to proceed with the Offer or any part of the Offer;
- (**Timetable**) an event specified in the relevant timetable set out in a schedule to the Underwriting Agreement (Timetable) up to and including the Settlement Date is delayed by more than 2 Business Days (other than any delay agreed between the Company and the Lead Manager);
- (**unable to issue Offer Shares**) the Company is prevented from allotting and issuing the Offer Shares within the time required by the Timetable, the Offer Documents or the Listing Rules, by applicable laws, an order of a court of competent jurisdiction or a governmental authority;
- (**forecasts**) there are not, or there ceases to be, reasonable grounds for any statement or estimate in the Offer Documents which relate to a future matter or any statement or estimate in the Offer Documents which relate to a future matter is unlikely to be met in the projected timeframe (including in each case financial forecasts);
- (**change to Company**) except as disclosed in the Offer Documents or as provided in any of the Acquisition Agreements, the Company or any member of the Group:
  - alters its issued capital; or
  - disposes or attempts to dispose of a substantial part of its business or property;

  without the prior written consent of the Lead Manager;

- (**legal proceedings**) any of the following occurs:
  - a director of the Company or any member of CommsChoice Group is charged with an indictable offence;
  - any director of the Company or any member of CommsChoice Group is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
  - the commencement of material legal proceedings against the Company or any member of the Group or any of their directors in their capacity as a director; or
  - any regulatory body commences any Inquiry against the Company or any member of the Group;
- (**insolvency events**) the Company or any subsidiary becomes insolvent, or there is an act or omission which is likely to result in the Company or any subsidiary becoming Insolvent;
- (**constitution**) the Company varies any term of its constitution without the prior written consent of the Lead Manager; or
- (**change in board or management**) a change to the position held by Ben Gilbert (Chief Executive Officer) or there is a change in the board of directors of the Company.

9.5.3. Termination events subject to materiality

The Lead Manager may, at any time from the date of the Underwriting Agreement and on or before the Settlement Date, terminate the Underwriting Agreement (without any cost or liability to the Lead Manager) by written notice to the Company, if any of the following events occur and the Lead Manager has reasonable grounds to believe and, acting reasonably, does believe, that the event has or is likely to have a material adverse effect on the success or outcome of the Offer or the ability of the Lead Manager to settle the Offer, or will, or is likely to, give rise to a liability of the Lead Manager under, or a contravention by the Lead Manager of, any applicable law:

- (**regulatory approvals**) if a regulatory body withdraws, revokes or amends any regulatory approvals required for the Company to perform its obligations under the Underwriting Agreement, such that the Company is rendered unable to perform its obligations under the Underwriting Agreement;
- (**disclosures in public information**) a statement in any of the public information (eg. announcements made by the Company) is or becomes materially misleading or deceptive or is likely to mislead or deceive (including by omission);
- (**disclosures in the due diligence report**) the due diligence report in connection with the Offer or any of the Acquisition due diligence reports is, or becomes, false, misleading or deceptive, including by way of omission;
- (**adverse change**) an event occurs which is, or is likely to give rise to:
  - an adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of CommsChoice Group from those disclosed in the Prospectus; or
  - an adverse change in the nature of the business conducted by the Group as disclosed in the Prospectus;
- (**certificate**) the Company does not provide a closing certificate as and when required by the Underwriting Agreement or a statement in any closing certificate is false, misleading, inaccurate or untrue or incorrect;
- (**hostilities**) in respect of any one or more of Australia, New Zealand, the United States, the United Kingdom, Hong Kong, Singapore or any member state of the European Union:
  - hostilities not presently existing commence;
  - a major escalation in existing hostilities occurs (whether war is declared or not);
  - a declaration is made of a national emergency or war; or
  - a major terrorist act is perpetrated;

- (**Material Contracts**) if any of the obligations of the relevant parties under any of the contracts referred to in Section 9.7 (Material Contracts) are not capable of being performed in accordance with their terms (in the reasonable opinion of the Lead Manager) or if all or any part of any Material Contract:
  - is terminated, withdrawn, rescinded, avoided or repudiated;
  - is altered, amended or varied without the consent of the Lead Manager (acting reasonably);
  - is breached, or there is a failure by a party to comply;
  - ceases to have effect, otherwise than in accordance with its terms; or
  - is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, withdrawn, rescinded, avoided or withdrawn or of limited force and affect, or its performance is or becomes illegal;
- (**change of law**) there is introduced, or there is a public announcement of a proposal to introduce, a new law or regulation or government policy in Australia (excluding a policy of the Reserve Bank of Australia) other than a law or policy which has been announced before the date of the Underwriting Agreement;
- (**breach of laws**) there is a contravention by the Company or any subsidiary of the Corporations Act, the *Competition and Consumer Act 2010* (Cth), the ASIC Act, its constitution, the Listing Rules or any other applicable law or regulation;
- (**representations and warranties**) a representation or warranty contained in the Underwriting Agreement on the part of the Company or an Underwriting Agreement Guarantor is breached, becomes not true or correct or is not performed;
- (**breach**) the Company or an Underwriting Agreement Guarantor defaults on 1 or more of its undertakings or obligations under the Underwriting Agreement;
- (**information supplied**) any information supplied (including information supplied prior to the date of the Underwriting Agreement) by or on behalf of the Company or an Underwriting Agreement Guarantor to the Lead Manager in respect of the Offer or the Group is, or is found to be, misleading or deceptive, or is likely to mislead or deceive (including by omission);
- (**disruption in financial markets**) any of the following occurs:
  - a general moratorium on commercial banking activities in Australia, New Zealand, Singapore, Hong Kong, the United Kingdom, the United States or any member state of the European Union is declared by the relevant central banking authority in those countries, or there is a disruption for longer than one Business Day in commercial banking or security settlement or clearance services in any of those countries;
  - any adverse effect on the financial markets in Australia, New Zealand, Singapore, Hong Kong, the United Kingdom, the United States or any member state of the European Union or in foreign exchange rates or any development involving a prospective change or break up in political, financial or economic conditions in any of those countries; or
  - trading in all securities quoted or listed on ASX, the London Stock Exchange, Hong Kong Stock Exchange, the Stock Exchange of Singapore or the New York Stock Exchange is suspended for at least 1 day (or a substantial part of 1 day) on which that exchange is open for trading, other than as a result of a technology related issue;
- (**compliance with law**) any of the Offer Documents or any aspect of the Offer does not comply with the Corporations Act, the Listing Rules, or any other applicable law or regulation; or
- (**fraud**) any of the Company or the Underwriting Agreement Guarantors or any of their directors or officers (as those terms are defined in the Corporations Act) engage, or have been alleged by a Governmental Authority to have engaged since the date of the Underwriting Agreement, in any fraudulent conduct or activity whether or not in connection with the Offer.

9.5.4. Representations, warranties and undertakings

The Underwriting Agreement contains representations, warranties and undertakings provided by the Company and the Underwriting Agreement Guarantors to the Lead Manager. The representations and warranties relate to matters such as the powers and capacities of the Company and the Underwriting Agreement Guarantors, conduct of the Company and the Service Providers (including in respect of their compliance with applicable laws and the ASX Listing Rules, business and status, ongoing due diligence and disclosure), the Offer Documents, the information provided (including the financial information), insolvency, the conduct of the Offer, litigation and insurance.

The undertakings provided by the Company and the Underwriting Agreement Guarantors include that the Company will not, during the 120 day period after Completion of the Offer, alter its capital structure or amend its Constitution and that the Company will not dispose of the business or property in whole or substantial part of the Group, except in accordance with the Acquisition Agreements or with the prior written consent of the Lead Manager (such consent not to be unreasonably withheld or delayed).

9.5.5. Indemnity

The Company and the Underwriting Agreement Guarantors agree to keep the Lead Manager and certain of the Lead Manager's affiliated parties indemnified from losses suffered in connection with the Offer, subject to customary exclusions (including fraud, wilful misconduct or gross negligence).

9.6 Acquisition Agreements

CommsChoice Group was incorporated on 18 May 2017 and, on successful completion of the Offer and Listing, will acquire all of the shares and/or material assets of the Service Providers (referred to in this Prospectus as the Acquisitions).

Depending on the corporate and shareholding structure of each individual Service Provider prior to its acquisition, each Acquisition was structured as an acquisition of all of the issued securities in the relevant entity conducting the relevant Service Provider's business either directly or following a restructure of the Service Provider's business.

CommsChoice Group has entered into Acquisition Agreements with the relevant Service Provider Vendors of each Service Provider, being the five ICT service providers to be acquired by CommsChoice Group, namely CommsChoice, Oracle Telecom, Telegate, Telaustralia and Woffle.

The terms and conditions of each Acquisition Agreement have been individually negotiated between CommsChoice Group and the respective Service Provider Vendors. Each of the Acquisition Agreements contains terms and conditions that are customary for transactions of this nature and they contain substantially similar terms.

An overview of some of the key terms of the Acquisition Agreements is set out below.

<table>
<tr><th>Term</th><th>Summary</th></tr>
<tr><td>Consideration</td><td>The consideration payable in respect of each of the Acquisitions comprises a mix of cash and Shares. All payments of Shares are made at an effective price that is equal to the Offer Price per Share. The total amount payable in respect of the Acquisitions is:
<table>
<tr><th>Service Provider</th><th>Total purchase price</th><th>Cash payment</th><th>Share payment</th></tr>
<tr><td>CommsChoice</td><td>$10,803,326</td><td>$1,500,000</td><td>$9,203,326
(plus $100,000 in Options[57])</td></tr>
<tr><td>Telegate</td><td>$8,622,163</td><td>$137,026</td><td>$8,485,137</td></tr>
<tr><td>Oracle Telecom</td><td>$3,121,104</td><td>$500,000</td><td>$2,621,104</td></tr>
<tr><td>Telaustralia</td><td>$1,774,107</td><td>$100,000</td><td>$1,674,107</td></tr>
<tr><td>Woffle</td><td>$945,300</td><td>$40,000</td><td>$905,300</td></tr>
<tr><td>Total</td><td>$25,266,000</td><td>$2,277,026</td><td>$22,888,974</td></tr>
</table></td></tr>
<tr><td>Retention amounts</td><td>Not all Shares payable to Service Provider Vendors as part of the Acquisitions will be paid on Completion of the Acquisitions. Rather, a total of 64,089,127 Shares will be issued to the Service Provider Vendors on Completion of the Acquisitions (being 70% of the total Share component of the consideration for the Acquisitions).

Amounts totalling 30% of the total Share component of the purchase price under the Acquisition Agreements will be held back subject to either a warranty claims regime or completion accounts determination.

Of the total of 30% of the total Share component of the purchase price that is not paid at Completion of the Acquisitions, the timeframe for payment is as follows (subject to any claims or adjustments):
• 10% is payable after the conclusion of the completion accounts adjustment process, expected to occur around 3 months after Listing; and
• 20% is payable 12 months after Listing.</td></tr>
</table>

57. Grant Ellison will be issued 3,508,156 Options on Completion of the Acquisition of CommsChoice. These Options will each have an exercise price of $0.3125 and an expiry date of 3 years from the Listing Date. The Company has ascribed an aggregate value of $100,000 to these Options, being a value of $0.028505 per Option.

Term	Summary
Retention amounts continued	If a Service Provider possesses a higher amount of net assets at Completion of the Acquisitions than a certain specified amount under the relevant Acquisition Agreement, then additional Shares will need to be issued (on a dollar-for-dollar basis) to the relevant Service Provider Vendors to reflect the additional net assets the Company has acquired from the Service Provider. In these circumstances, the total number of Shares issued may be more than 10% of the total Share component of the consideration for the Acquisitions. If a Service Provider delivers a lower amount of net assets to the Company at Completion of the Acquisitions than the specified amount, then a lesser number of Shares than 10% of the total Share component of the consideration for the Acquisitions may need to be issued to reflect the shortfall in net assets being delivered to the Company by the relevant Service Provider Vendors. The final 20% of the total Share component of the consideration for the Acquisitions will be issued 12 months after Listing, subject to: • deduction to settle any warranty claims against Service Provider Vendors during that period; or • deferral pending the existence of any unresolved warranty claims 12 months after Listing, with the issue of any Shares the subject of deferral occurring once the relevant unresolved warranty claim is settled. Consequently, where a claim is made or an adjustment exists in favour of the Company, the number of Shares to be issued on account of payment of these retention amounts will be reduced accordingly. As with the Shares to be issued as part payment of the purchase price, each of these Shares will be issued at an effective price that is equal to the Offer Price per Share. Following the applicable warranty claims period and determination of completion accounts, any amounts remaining on account of the retention amounts will be paid to Service Provider Vendors by way of issue of new Shares to make up the remainder of the Share component of their consideration under the Acquisition Agreements. These further consideration Shares will not be subject to voluntary escrow arrangements. If the completion accounts adjustment under the Acquisition Agreements is in favour of the relevant Service Provider Vendor, further Shares will be issued at an effective price that is equal to the Offer Price per Share.

09. Additional information (continued)

Term	Summary
Conditions Precedent	The Acquisitions are subject to a number of conditions precedent, including satisfactory completion of due diligence, the completion of the Offer and the Company obtaining ASX's approval to be admitted to the official list of ASX.
Board representation	Pursuant to the Acquisition Agreement in respect of Oracle Telecom, the relevant Service Provider Vendors have nominated Stephen Bell to the Board. Pursuant to the Acquisition Agreement in respect of CommsChoice, the relevant Service Provider Vendors have nominated Grant Ellison to the Board. Pursuant to the Acquisition Agreement in respect of Telegate, the relevant Service Provider Vendors have nominated Ben Jennings to the Board.
Key employees	As part of the Acquisition Agreements, key executives of each Service Provider will enter into new employment agreements with CommsChoice Group for initial fixed terms of 2 or 3 years.
Warranties, representations and other terms	Each of the Service Provider Vendors have given to CommsChoice Group warranties and indemnities that are customary for a transaction of this type, including as to ownership of the assets being acquired, nature and accuracy of the accounts of the business, tax, business records, legal compliance and the accuracy of information provided by the Service Provider Vendors to CommsChoice Group during its due diligence process.
Restraint	Under the Acquisition Agreements, the Service Provider Vendors will be subject to restraint of trade requirements which will apply for varying durations following the date of settlement and varying geographic limits according to where the relevant Service Provider conducts business.
Sunset Date	The Acquisition Agreements have a sunset date of 30 June 2018. That is, termination rights exist if Completion of the Acquisition does not occur by 30 June 2018.

9.7 Other Material Contracts

9.7.1. Chief Executive Officer employment contract

CommsChoice Group has entered into an executive contract with Ben Gilbert to govern his employment with CommsChoice Group as Chief Executive Officer (**CEO**). It includes:

- total compensation of $220,000 per annum (including superannuation entitlements);
- a right to be allotted 1,200,000 Shares prior to Listing;
- an ability to receive a short term incentive bonus of up to $30,000 in each financial year from the year ending 30 June 2019 subject to the CEO's achievement of KPIs as assessed by the Audit and Remuneration Committee;
- a right to be granted 720,000 Options prior to Listing. These Options will vest in 3 equal tranches each year following the Company releasing its accounts if the Company has both positive share price performance for the period since the Listing Date and the Company's total shareholder return ranks it in or above the 75th percentile in comparison with a comparator group. The Options have a strike price of 125% of the Offer Price and cannot be exercised until after three years has elapsed since the Listing Date. The CEO is eligible to exercise a pro rata number of the Options which have vested upon a change of control event occurring within three years of the Listing Date;
- a right for CommsChoice Group or the CEO to terminate the CEO's employment by giving the other party six months' written notice; and
- non-compete restrictions on the CEO for a period of up to 12 months post-employment throughout Australia, New Zealand, Singapore and the Philippines.

9.7.2. Chief Financial Officer employment contract

CommsChoice Group has entered into an executive contract with Patrick Harsas to govern his employment with CommsChoice Group as Chief Financial Officer (**CFO**). It includes:

- total compensation of $160,000 per annum (including superannuation entitlements);
- a right to be allotted 400,000 Shares prior to Listing;
- an ability to receive a short term incentive bonus of up to $60,000 in respect of each financial year subject to the CFO's achievement of KPIs as assessed by the Audit and Remuneration Committee;
- a right to be granted 240,000 Options prior to Listing. These Options will vest in 3 equal tranches each year following the Company releasing its annual financial accounts if the Company has both positive share price performance for the period since the Listing Date and the Company's total shareholder return ranks it in or above the 75th percentile in comparison with a comparator group. The Options have a strike price of 125% of the Offer Price and cannot be exercised until after three years has elapsed since the Listing Date. The CFO is eligible to exercise a pro rata number of the Options which have vested upon a change of control event occurring within three years of the Listing Date;
- a right for CommsChoice Group or the CFO to terminate the CFO's employment by giving the other party four months' written notice; and
- non-compete restrictions on the CFO for a period of up to 4 months post-employment throughout Australia, New Zealand and Singapore.

09. Additional information (continued)

9.7.3. Executive Director and General Manager – Enterprise Division employment contract

CommsChoice Group has entered into an executive contract with Grant Ellison to govern his employment with CommsChoice Group as Executive Director and Executive General Manager – Enterprise Division. It includes:

- total compensation of $195,000 per annum (including superannuation entitlements);
- an initial fixed term of 3 years;
- an ability to receive a yearly short term incentive bonus of up to $37,500 in respect of each financial year subject to the employee's achievement of KPIs as assessed by the Audit and Remuneration Committee but to be assessed initially against the Forecast Financial Information for CY18;
- a right for the employee to be granted Options on and from the first, second and third anniversary of Listing in three equal tranches each worth $75,000 which will vest subject to achievement of financial targets to be set by the Board for the relevant year. Options can be exercised for a period of one year after vesting and only if the employee is employed by the Company or a Group Company as at the exercise date;
- a right for CommsChoice Group or the employee to terminate the employee's employment after the initial term by giving the other party six months' written notice; and
- non-compete restrictions on the employee for a period of up to 6 months post-employment throughout Australia and New Zealand.

In addition, if the employee's relevant interest in shares falls below 5% then he must resign from the Board.

9.7.4. General Manager – Business Division employment contract

CommsChoice Group has entered into an executive contract with Brent O'Shaughnessy to govern his employment with CommsChoice Group as General Manager – Business Division. It includes:

- total compensation of $195,000 per annum (including superannuation entitlements);
- an initial fixed term of 3 years;
- an ability to receive a yearly short term incentive bonus of up to $82,500 in respect of each financial year subject to the employee's achievement of KPIs as assessed by the Audit and Remuneration Committee but to be assessed initially against the Forecast Financial Information for CY18;
- a right for CommsChoice Group or the employee to terminate the employee's employment after the initial term by giving him three months' written notice; and
- non-compete restrictions on the employee for a period of up to 3 months post-employment throughout Australia, New Zealand, Singapore, Hong Kong and the Philippines.

Brent O'Shaughnessy is a director of onePlatform Pty Ltd which is a supplier of Oracle Telecom.

9.7.5. General Manager – International Division

CommsChoice Group has entered into an executive contract with Tristan Plummer to govern his employment with CommsChoice Group as General Manager – International Division. It includes:

- total compensation of $195,000 per annum (including superannuation entitlements);
- an initial fixed term of 2 years;
- an ability to receive a yearly short term incentive bonus of up to $82,500 in respect of each financial year subject to the employee's achievement of KPIs as assessed by the Audit and Remuneration Committee but to be assessed initially against the Forecast Financial Information for CY18;

- a right for CommsChoice Group or the employee to terminate the employee's employment after the initial term by giving the other party six months' written notice; and
- non-compete restrictions on the employee for a period of up to 6 months post-employment throughout Australia, New Zealand, Singapore, Hong Kong and the Philippines.

9.7.6. Service Provider Vendor employment contracts

Under the Acquisition Agreements, key staff of the Service Providers have entered into executive Contracts with CommsChoice Group for initial fixed terms of two or three years.

9.7.7. Contractor Agreement with an entity associated with Cameron Petricevic

CommsChoice Group has entered into an agreement with CGP Lucrum Pty Ltd ACN 124 077 318, an entity associated with Cameron Petricevic (**Contractor**) to govern the contractor arrangement under which Cameron Petricevic will provide advisory services relating to mergers and acquisitions (**M&A**) opportunities to the Board.

It includes:

- total fees of $79,000 per annum plus GST, plus a fee of between 2% and 4% of the enterprise value of any relevant business acquired by the Company in respect of which the Contractor provided relevant advisory services;
- a right for CommsChoice Group to terminate the contractor agreement by giving the Contractor 36 months' written notice;
- that CommsChoice Group may elect to make a payment to the Contractor equal to the fees in lieu of and equal to any period of notice or the unexpired part of any period of notice; and
- a right for the Contractor to terminate the agreement on immediate written notice to CommsChoice Group.

9.7.8. Telcoinabox Operations (TIAB) Supplier Agreements

Four of the Service Providers, being CommsChoice, Oracle Telecom, Telaustralia and Woffle, are parties to wholesale service agreements with TIAB. TIAB is accordingly an important supplier to CommsChoice Group. The TIAB agreements include certain first rights of negotiation in favour of TIAB in relation to the Service Provider's rights in relation to end users. TIAB also has first rights of refusal to provide services to the Service Provider that are similar to the services provided by TIAB to the Service Provider under the relevant supplier agreement. The agreements can be terminated by TIAB with 3, 6 or 12 months' written notice (as applicable to the relevant TIAB agreement) and include minimum fixed monthly charges charged by TIAB.

9.7.9. Client contracts

Mission Australia contract

A CommsChoice Group entity and Mission Australia have entered into a Deed of Agreement for Services. As part of the agreement, the CommsChoice Group entity provides ACaaS services for an initial term of not less than 3 years. The initial term is expected to run until at least December 2020.

Following the completion of the initial term, either party may terminate the agreement by giving 90 days' written notice to the other party.

For further information please see the Mission Australia case study in Section 3.5.1.

09. Additional information (continued)

Lutheran Church of Australia contract

Under a Deed of Agreement for Services, a CommsChoice Group entity provides ACaaS services to the Lutheran Church of Australia and its related entities. The Deed of Agreement for Services has an initial term of not less than 3 years and is expected to run until at least November 2019.

Following the completion of the initial term, either party may terminate the agreement by giving 90 days' written notice to the other party.

9.8 Consents and disclaimers of responsibility

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, had not been withdrawn by the following parties:

- Baillieu Holst Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Lead Manager and Underwriter to the Offer in the form and context in which it is named. To the extent permitted by law, Baillieu Holst Ltd takes no responsibility for any part of this Prospectus other than any reference to its name.
- MinterEllison has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian legal advisor to the Company in the form and context in which it is named. MinterEllison takes no responsibility for any part of this Prospectus other than any reference to its name.
- PricewaterhouseCoopers Securities Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountant to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion in this Prospectus of its Independent Limited Assurance Report in the form and context in which it is included. PricewaterhouseCoopers Securities Ltd takes no responsibility for any part of this Prospectus other than any reference to its name and the Independent Limited Assurance Report.
- PricewaterhouseCoopers Securities Ltd has given, and has not withdrawn prior to lodgement of this Prospectus with ASIC, its written consent to be named in the Prospectus as auditor of the Company.
- Frost & Sullivan has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Independent Market Expert to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion in this Prospectus of its Independent Market Report in the form and context in which it is included. Frost & Sullivan takes no responsibility for any part of this Prospectus other than any reference to its name and the Independent Market Report.
- Boardroom Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named. Boardroom Pty Limited has not authorised or caused the issue of and expressly disclaims and takes no responsibility for any part of this Prospectus.

9.9 Substantial Holders

It is expected that the following Shareholders will have a substantial holding in the Company following Completion of the Offer:

Shareholder	Shares on Completion of the Offer	Percentage Interest on Completion of the Offer	Options held on Completion of the Offer
Grant Ellison	21,844,646	21.23%	3,508,156
Brent O'Shaughnessy	7,339,091	7.13%	Nil
Ben Jennings	6,481,029	6.30%	Nil

The above assumes no additional participation by the Shareholders in the Offer and does not take into account any increase in voting power that will arise on the issue of Shares in consideration for payment of the 30% portion of the consideration that is payable in Shares to all Service Provider Vendors after Listing. It also does not account for any increase in voting power that may arise if Options held by the Shareholders are exercised.

It is expected that the following Shareholders will have a substantial holding in the Company following payment of the total consideration for the Acquisitions:

Shareholder	Shares on payment of total consideration for the Acquisitions	Percentage interest on payment of total consideration for the Acquisitions	Options held on Completion of the Offer
Grant Ellison	31,206,637	23.94%	3,508,156
Brent O'Shaughnessy	10,484,416	8.05%	Nil
Ben Jennings	9,044,328	6.94%	Nil
Tristan Plummer	6,693,076	5.13%	Nil

Subject to compliance with the Corporations Act and the ASX Listing Rules, following the issue of the remaining 30% of the consideration that is payable in Shares to all Service Provider Vendors, and assuming Grant Ellison exercises all his Options, Grant Ellison's relevant interest in Shares may increase to around 27%.

9.10 Control implications of the Offer

The Directors do not expect any Shareholder to control the Company on Completion of the Offer (as defined in Section 50AA of the Corporations Act).

Notwithstanding this, on Completion of the Offer, Grant Ellison will have a relevant interest in over 21% of the Shares. Subject to compliance with the Corporations Act and the ASX Listing Rules, following the issue of the remaining 30% of the consideration that is payable in Shares to all Service Provider Vendors, and assuming Grant Ellison exercises all his Options, Grant Ellison's relevant interest in Shares may increase to around 27%. A 27% relevant interest in Shares may be substantial enough to significantly influence, or in some cases determine, the outcome of a shareholder resolution in general meeting or the outcome of a change of control transaction involving the Company as a target.

9.11 ASIC relief

CommsChoice Group has applied to ASIC for relief to allow the Company to enter into voluntary escrow arrangements with Service Provider Vendors and Cameron Petricevic.

Specifically, CommsChoice Group has requested that ASIC grant relief to CommsChoice Group by modifying section 609 of the Corporations Act to permit the Company to enter into voluntary escrow arrangements with all the Service Provider Vendors and Cameron Petricevic whereby the 64,894,000 Shares they will (in aggregate) hold on Completion of the Offer will be voluntarily held in escrow (ie. transfer restricted) until the Company's release of its CY18 financial results (expected to occur in around February 2019).

ASIC has agreed in principle to grant the relief sought by CommsChoice Group if relief is in fact required by the Company. ASIC relief will not be required if ASX imposes mandatory escrow in respect of these Shares under the ASX Listing Rules. As noted in Section 9.4.1, the Company has sought in principle advice from ASX that ASX will not impose mandatory escrow, but has not received ASX's advice as at the Prospectus Date.

9.12 ASX waivers

The Company has sought in principle approval from ASX with respect to a number of matters, including whether ASX will impose mandatory escrow (as outlined in Section 9.4.1) or quarterly cash flow reporting requirements (ASX Appendix 4C) under ASX Listing Rule 4.7B.

The Company has also sought a waiver from:

- ASX Listing Rules 7.1 & 10.11 to allow the issue of Shares to Service Provider Vendors (who include directors of CommsChoice Group or entities associated with directors of CommsChoice Group) after Listing (in accordance with the Acquisition Agreements) without Shareholder approval being required; and
- ASX Listing Rule 10.11 to allow the issue of 5,000,000 Shares to Cameron Petricevic at the time of announcement of the Company's CY18 financial results (expected to occur in February 2019).

9.13 Expenses of the Offer

If the Offer proceeds, the total estimated costs in connection with the Offer payable by the Company (including advisory, legal, accounting, tax, listing and administrative fees, the Underwriter's management fees, Prospectus design and printing, advertising, marketing, Share Registry and other expenses) are currently estimated to be $1.325 million.

9.14 Litigation and claims

So far as the Directors are aware, as at the Prospectus Date, there are no legal proceedings to which the Company is a party that it believes are likely to have a material adverse impact on the future financial results of the Company and the Directors are not aware of any such legal proceedings that are pending or threatened.

9.15 Working capital statement

The Directors believe that, on Completion of the Offer, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.

9.16 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the law applicable in Victoria, Australia and each Applicant and bidder submits to the exclusive jurisdiction of the courts of Victoria, Australia.

9.17 Statement of Directors

The issue of this Prospectus has been authorised by each Director. Each Director has consented to lodgement of the Prospectus and issue of the Prospectus and has not withdrawn that consent.

10. Glossary

10. Glossary

Term	Meaning
$	Australian dollars.
AAS	Australian Accounting Standards.
AASB	Australian Accounting Standards Board.
ABN	Australian Business Number.
ACaaS	Adaptive connectivity as a service.
Acquisitions	The portfolio of businesses which CommsChoice Group has agreed to acquire prior to listing, the key details of which are outlined in Sections 3.1 and 9.6.
Acquisition Agreements	The share sale agreements between CommsChoice Group and the sellers of the businesses and entities comprising the Acquisitions.
ADSL	Asymmetric digital subscriber line being a type of digital subscriber line (DSL) technology, a data communications technology that enables faster data transmission (internet connection) over copper telephone lines than a conventional dial-up modem can provide.
AEDT	Australian Eastern Daylight Time.
APAC	Asia Pacific.
Applicant	A person who submits an Application.
Application	An application for Shares under the Offer described in this Prospectus.
Application Form	Each of the paper and electronic application forms attached to, or accompanying, this Prospectus upon which an Application may be made.
Application Monies	The amount accompanying an Application Form submitted by an Applicant.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691, or where the context requires, the Australian Securities Exchange, which it operates.
ASX Recommendations	The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (third edition).
AWS	Amazon Web Services.
Board	The board of Directors.
Broker	Any ASX participating organisation selected by the Lead Manager and the Company to act as a broker to the Offer.
Broker Firm Applicant	A person who submits an Application under the Broker Firm Offer.

Term	Meaning
Broker Firm Offer	The invitation to Australian resident retail clients of Brokers to acquire Shares offered under this Prospectus provided that such clients are not in the United States.
Business	A core operating division of CommsChoice Group that services growth oriented Australian, New Zealand and Singaporean organisations with between approximately 20 and 250 employees.
Business Day	A day that is not a Saturday, Sunday or a Victorian public holiday.
CAGR	Compound annual growth rate.
Calendar Year Forecast	As defined in Section 4.1.
CEO	Chief Executive Officer.
CFO	Chief Financial Officer.
CGT	Capital gains tax.
Chairman	The chairman of the Company.
CHESS	Clearing House Electronic Subregister System, operated in accordance with the Corporations Act.
Client Experience Centre	CommsChoice Group client experience centre located in Sydney, Australia.
Closing Date	The date on which the Broker Firm Offer is expected to close, being 5.00pm (AEDT) on 13 December 2017, or such other date and time determined by the Board.
Cloud	Cloud computing is a pool of compute, memory and input-output resources, applications or operating environments, delivered as a service over a network, be it private or public, such as the public internet.
CommsChoice	CommsChoice Pty Ltd ACN 133 368 797.
CommsChoice Group	CommsChoice Group Limited ACN 619 196 539.
Company	CommsChoice Group Limited ACN 619 196 539.
Completion of the Acquisitions	Completion of the sale and purchase of the Acquisitions under the Acquisition Agreements.
Completion of the Offer	Completion of the issue of Shares under this Prospectus.
Constitution	The constitution of the Company.
Corporations Act	*Corporations Act 2001* (Cth).

10. Glossary (continued)

Term	Meaning
Corporations Regulations	*Corporations Regulations 2001* (Cth).
CY or Calendar Year	A year ended or ending 31 December.
Digital Transformation	The profound and accelerating transformation of business activities, processes, competencies and models to fully leverage the changes and opportunities of digital technologies and their impact across society in a strategic and prioritised way.
Directors	The directors of the Company.
Dollars or $ or A$ or AUD	The lawful currency of the Commonwealth of Australia.
EBIT	Earnings before interest and taxation.
EBITDA	Earnings before interest, depreciation, amortisation and taxation.
Engineering Centre of Excellence	CommsChoice Group engineering centre of excellence located in Manila, the Philippines.
Enterprise	A core operating division of CommsChoice Group that services Australian, New Zealand and Singaporean organisations with between approximately 250 and 5,000 employees.
Enterprise Mobility	Mobile device management licence, devices, integration, managed mobility services and security.
EPS	Earnings per share.
Existing Securityholder	A person holding Existing Shares or other securities in the Company as at the Prospectus Date.
Existing Shares	The Shares held by the Existing Securityholders as at the Prospectus Date.
Expiry Date	The date that is 13 months after the Prospectus Date.
Exposure Period	The period commencing on the date of lodgement of this Prospectus with ASIC and ending seven days after lodgement, subject to any extension of the period by ASIC.
Financial Information	Statutory Historical Financial Information. Pro Forma Historical Financial Information, Statutory Forecast, Calendar Year Forecast and Pro Forma Forecast.
Financing Agent	Macquarie Leasing Pty Ltd ACN 002 674 982.
Forecast Financial Information	Statutory Forecast, Calendar Year Forecast and Pro Forma Forecast.
FY or Financial Year	A financial year ended or ending 30 June.

Term	Meaning
Global Hosted PABX	Global hosted private automatic branch exchange.
GST	Goods and services tax.
HIN	Holder Identification Number.
Historical Financial Information	Statutory Historical Financial Information and Pro Forma Historical Financial Information.
Hosted Voice	A form of business VoIP services where the VoIP equipment, servers and services are hosted by the VoIP provider, which manages calls and routes them to and from the subscriber's existing telephony system and equipment.
ICT	Information and communication technology.
IFRS	International Financial Reporting Standards.
IMDA	Infocomm Media Development Authority of Singapore.
Independent Limited Assurance Report	The report prepared by the Investigating Accountant, as set out in Section 8.
Independent Market Report	The report prepared by Frost & Sullivan, as set out in Section 2.
Institutional Investor	A person to whom offers and issues of Shares may lawfully be made without the need for disclosure under Chapter 6D.2 of the Corporations Act or without any other lodgement, registration, disclosure or approval with or by a government agency (other than one with which the Company, in its absolute discretion, is willing to comply) under any applicable law.
Institutional Offer	The invitation under this Prospectus to certain Institutional Investors to apply for Shares.
International	A core operating division of CommsChoice Group that services organisations with operations outside Australia, New Zealand and Singapore with between approximately 250 and 5,000 employees.
Investigating Accountant	PricewaterhouseCoopers Securities Ltd ACN 003 311 617.
IP	Internet protocol.
IPPBX	Internet protocol private branch exchange.
ISDN	Integrated services digital network.
IT	Information technology.
LAN	Local area network.

10. Glossary (continued)

Term	Meaning
Lead Manager	Baillieu Holst Ltd ACN 006 519 393.
Listing	Admission of the Company to the official list of ASX.
Listing Rules or ASX Listing Rules	The official listing rules of ASX.
Monthly Recurring Revenue or MRR	A measure of the monthly revenue that a SaaS company is earning on a repeatable basis during a single month.
MPLS	Multi-protocol label switching.
NBN	National broadband network.
NPAT	Net profit after tax.
Offer	The offer under this Prospectus of Shares for issue by the Company.
Offer Period	The period commencing on the Opening Date and ending on the Closing Date.
Offer Price	$0.25 per Share.
Opening Date	The date the Broker Firm Offer opens being 9.00am (AEDT) on 6 December 2017, or such other date determined by the Board.
Option	An option to acquire a Share in consideration for payment of the applicable exercise price, as described in Section 7.12.
Oracle Telecom	Oratel Pty Ltd ACN 617 293 071 which owns the business known as Oracle Telecom.
Pro Forma Forecast	As defined in Section 4.1.
Pro Forma Historical Financial Information	As defined in Section 4.1.
Prospectus	This prospectus issued by the Company for the purposes of Chapter 6D of the Corporations Act, under which Shares are offered for subscription.
Prospectus Date	The date of this Prospectus, being 28 November 2017.
PTSN	Public switched telephone network.
R&D	Research and development.
SaaS	Software as a service.
SBO Licence	Services Based Operator licence.

Term	Meaning
SD-WAN	A software-defined wide area network architecture uses SDN principles to separate the data plane from the control plane in the WAN. SD-WAN incorporates virtualised technology to ensure efficient routing of business applications over optimal network technology multi-protocol label switching, Internet, Ethernet, or wireless) for improved performance. SD-WAN offers increased automation and transparency for Enterprises leading to better performance, speed of upgrade and a reduction in expenditure.
Service Providers	CommsChoice; Oracle Telecom; Telegate; Telaustralia; and Woffle, and **Service Provider** means any one of them.
Service Provider Vendors	An owner of a business that is the subject of an Acquisition.
SFOA	Standard form of agreement.
Share	A fully paid ordinary share in the capital of the Company.
Shareholder	A holder of Shares from time to time.
Share Registry	Boardroom Pty Limited ACN 003 209 836.
SHDSL	Symmetrical high-speed digital subscriber line.
SIP Trunks	VoIP and streaming media service based on the Session Initiation Protocol (SIP).
SLA	Service level agreement.
SRN	Securityholder Reference Number.
Statutory Forecast	As defined in Section 4.1.
Statutory Historical Financial Information	As defined in Section 4.1.
Subsidiaries	Means the subsidiaries of CommsChoice Group as shown on the corporate structure diagram in Section 3.2.
Telaustralia	Telaustralia Pty Ltd ACN 617 172 120 which owns the business known as Telaustralia.
Telegate	Telegate Pty Ltd ACN 147 243 865 (incorporates services provided by Telegate Singapore Pte Ltd, Syntel Pty Ltd ACN 164 311 175 and SingVoip Pte Ltd).
TFN	Tax file number.

10. Glossary (continued)

Term	Meaning
TIAB	Telcoinabox Operation Pty Limited ACN 162 159 935.
UCaaS	Unified communications as a service being an integrated set of voice, data and video communications applications hosted in the Cloud and outsourced to a third-party provider over an IP network (public or private). It can be used to deploy a suite of collaboration tools to users in multiple locations.
UK	The United Kingdom.
Underwriter	Baillieu Holst Ltd ACN 006 519 393.
Underwriting Agreement	The underwriting agreement dated 28 November 2017 entered into between the Company, the Underwriting Agreement Guarantors and the Lead Manager.
Underwriting Agreement Guarantors	The Service Providers (or relevant Service Provider Vendors, as applicable), as guarantors to the Underwriting Agreement and **Underwriting Agreement Guarantor** means any one of them.
United States or US	United States of America.
US Person	A person resident in the United States.
US Securities Act	US Securities Act of 1933, as amended.
USD	The lawful currency of the US.
VoIP	Voice over IP.
VSIP	Virtual Service Integration Points.
WAN	Wide area network.
Woffle	Woffle Pty Ltd ACN 140 249 261.

11. Corporate Directory

Company's registered address

CommsChoice Group Limited
Suite 24
50 New Street
Ringwood VIC 3134

Directors

John Mackay,
Independent Non-Executive Chairman

Peter McGrath,
Independent Non-Executive Director

Cameron Petricevic, Non-Executive Director

Ben Jennings, Non-Executive Director

Stephen Bell, Non-Executive Director

Grant Ellison, Executive Director and
Executive General Manager – Enterprise Division

Lead Manager and Underwriter

Baillieu Holst Ltd
Level 26
360 Collins Street
Melbourne VIC 3000

Australian legal advisor

MinterEllison
Level 23
Rialto Towers
525 Collins Street
Melbourne VIC 3000

Investigating Accountant

PricewaterhouseCoopers Securities Ltd
2 Riverside Quay
Southbank VIC 3006

Auditor to the Company

PricewaterhouseCoopers Securities Ltd
2 Riverside Quay
Southbank VIC 3006

Share Registry

Boardroom Pty Limited
Level 12
225 George Street
Sydney, NSW 2000

CommsChoice Group IPO information line

1300 737 760
from 8.30am until 5.30pm (AEDT),
Monday to Friday (excluding Victorian
public holidays)

Offer website

www.commschoice.com.au

www.colliercreative.com.au #CMC0001

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