

amaysim

amaysim Australia Limited
ACN 143 613 478



NOTICE OF EXTRAORDINARY GENERAL MEETING AND EXPLANATORY MEMORANDUM

For a General Meeting to be held as a virtual meeting commencing at
3.00pm AEDT on 21 January 2021

Due to the ongoing restrictions due to COVID-19 and in the interest of the health and safety of all stakeholders, the meeting will be held online only.

The Notice of Meeting, Explanatory Memorandum and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, you should seek advice from your accountant, solicitor or other professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting, please do not hesitate to contact the Company Secretary.

To access the virtual meeting, visit <https://web.lumiagm.com/>
and enter the meeting number: 342-958-798

Financial Adviser


LUMINIS PARTNERS
IN AFFILIATION WITH EVERCORE

Legal Adviser

**KING & WOOD
MALLESONS**
金杜律师事务所

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The proxy voting form and Lumi meeting guide are attached at the end of the document.

LETTER FROM THE CHAIRMAN

Dear Shareholder,

On behalf of the Board of amaysim Australia Limited (**amaysim** or the **Company**), I am pleased to invite you to an Extraordinary General Meeting (**EGM**) to be held virtually at 3.00pm on 21 January 2021.

As announced to the market on 2 November 2020, the Company has entered into a Share Sale Agreement (**SSA**) for the sale of amaysim's mobile business (**Mobile**) to its long-term strategic wholesale partner, Optus Mobile Pty Limited (**Optus**) for cash consideration of A\$250 million (the **Mobile Sale**).

The sale of Mobile to Optus delivers compelling strategic and financial benefits, and importantly reduces risk and uncertainty for all stakeholders. Accordingly, the Board **unanimously recommends Shareholders vote in favour** of the Mobile Sale, Distribution and Delisting.

In this letter, I will provide an update on our current trading performance and the rationale for our recommendations.

Market outlook and trading update

Competition in the mobile market is increasing; data is becoming increasingly commoditised and recently we have seen two of the three network providers launch new sub-brands to compete in the value end of the market where we operate. All three network operators now have a wholly-owned dual brand strategy, and this will undoubtedly put pressure on amaysim's growth, ARPU and required marketing investment.

In the first quarter of FY2021, we reported slower average quarterly growth compared to FY2020. This was partly a result of the lock-down measures due to COVID-19 impacting retail channels and online distribution. We expect this slower growth trend to continue throughout FY2021 due to the lingering effects of COVID-19 and as competition rises and our competitors' marketing budgets outpace ours.

In the first five months of FY2021, we reported average monthly net recurring subscriber growth of ~5,000 and as at 30 November 2020, we had 855,000 recurring subscribers. This compares to 830,000 as at 30 June 2020 and average monthly growth of well over 7,000 subscribers throughout FY2020 (excluding acquisitions).

As data becomes increasingly commoditised, customers become accustomed to higher data inclusions, and this puts pressure on our ability to increase revenue. Pleasingly, ARPU has shown signs of stabilising: the average ARPU for the first four months of FY2021 was A\$21.54 versus A\$21.77 in FY2020.

While a slower decline than in prior years, the downward trend is still ongoing. This APRU decline impacts our ability to increase our gross revenue, putting even greater reliance on achieving better wholesale terms to maintain or improve our gross margin.

Wholesale tender process

Earlier in the year, we announced that we had commenced a wholesale tender process in order to seek better terms and conditions for our wholesale supply when our current arrangements with Optus expire in June 2022.

This wholesale tender was designed to enhance our gross margin for the long term and was well advanced when we received Optus' offer to acquire the business. This put us in a terrific position to assess Optus' offer to acquire our Mobile business against the well-advanced wholesale

contract discussions. This analysis showed that the Mobile Sale was clearly superior to any of the wholesale proposals received at that time.

Had we chosen to change wholesale suppliers it would not be without significant risks. First, there is no guarantee that we would have reached a binding agreement through the negotiations. Second, if we were to negotiate improved terms with another network wholesale provider, we would have introduced customer migration churn risk into the Business as all amaysim customers would need to be migrated via the issue of new SIM cards.

This would be highly likely to cause material customer churn. While we would have tried to share this risk with the new wholesale provider, some or all of this risk may have remained with amaysim.

To move the entire base of over 1.19 million customers to another network would require substantial development work, financial cost and introduce distraction from growth and operational risk.

The Mobile Sale therefore mitigates the risks associated with a highly competitive industry and an uncertain outcome for all stakeholders of the wholesale tender process. The attached Explanatory Memorandum also brings to Shareholders' attention various material disputes concerning amounts charged by Optus to the amaysim Group under the Wholesale Agreement.

One dispute in particular, in connection with the Review Mechanism under the Wholesale Agreement, has the potential to have a materially adverse impact on amaysim's future gross profit. If the Mobile Sale proceeds, all disputes in connection with the Wholesale Agreement will be settled and released. The disputes are commercially sensitive and highly confidential and until now, the parties were working through contractual and commercial paths to dispute resolution.

Mobile Sale and Distribution of Proceeds

Under the SSA, and subject to Shareholder approval, amaysim will transfer 100% of the share capital in a wholly owned subsidiary of amaysim Mobile Pty Ltd (**amaysim Mobile**) to Optus. At the time of completion of the SSA and subject to certain pre-completion steps, it is envisaged that amaysim Mobile will hold the key assets comprising amaysim's Mobile business.

The A\$250 million cash consideration under the SSA is subject to a net asset adjustment mechanism and a customer number adjustment mechanism, both of which will be determined at or about the time of completion of the Mobile Sale. The key terms of the SSA are set out in Schedule 1.

The Mobile Sale will enable a substantial distribution of proceeds to Shareholders. Subject to satisfaction of all conditions, it is expected that the Mobile Sale will complete on or about 1 February 2021. Post-completion, amaysim intends to distribute proceeds (less certain transaction and wind-up costs and other amounts) to Shareholders in three tranches: the **Major Distribution**, the **Minor Distribution** and the **Final Distribution** (together, the **Distribution**).

At this time, amaysim estimates that approximately A\$197.7 million to A\$215.4 million will be available for distribution to Shareholders via the Distribution, equivalent to A\$0.67 - A\$0.73 per share.

In estimating the amount available for Distribution, amaysim has considered items such as employee costs and re-structuring costs required to effect the Mobile sale, liabilities the Company will retain following the Mobile Sale, lease exit costs, closure costs, tax payable and other items in connection with the Mobile Sale (including advisor fees other transaction costs), full repayment

of the Company's debt, cash expected to be generated up until the point of completion and cash required to adequately support the Company's operations until the wind up (among others).

Being based on an assessment of current economic and operating conditions, third party estimates and projections, the estimate may differ from the final amount which becomes available for distribution to Shareholders via the Distributions.

On these current estimates, the Distribution mid-point of A\$206.6 million represents A\$0.70 per share¹, which reflects a premium of:

- 4.5% to the closing price on 30 October 2020;
- 4.6% to the three-month VWAP up to 30 October 2020;
- 17.0% to the six-month VWAP up to 30 October 2020; and
- 16.7% to the A\$0.60 equal access rights issue paid by Shareholders in February 2019.

In addition to the above premia, up to 11 cents per share of value is available to Shareholders who can utilise the franking credits in the Distribution.

Subject to the Mobile Sale and the Distribution being approved by Shareholders, amaysim expects the Distribution to be made progressively over three tranches, as follows:

- the Major Distribution of approximately A\$147.6 million or A\$0.50 per share, comprising a fully franked dividend of A\$76.7 million or A\$0.26 (with franking value of up to A\$0.11 per share attaching to the distribution) and a return of capital of A\$70.8 million or A\$0.24 per share to be paid on or around 27 April 2021;
- the Minor Distribution of approximately A\$29.5 million or A\$0.10 per share comprising a return of capital to be paid in or around May 2021; and
- the Final Distribution (which may be completed via two distributions) of approximately A\$20.7 million to A\$38.4 million or A\$0.07 to A\$0.13 per share comprising of a return of capital to be paid in or around October 2021.

The A\$0.24 per share capital return component of the Major Distribution, the A\$0.10 per share capital return of the Minor Distribution and the A\$0.07 to A\$0.13 per share capital return of the Final Distribution are all expected to be treated as capital returns by the ATO (further information is provided in section 8).

The Company will apply to the ATO for a Class Ruling seeking confirmation of the tax treatment of the equal capital reduction for Australian resident shareholders who hold their shares on capital account. Only once the ATO has issued its Class Ruling, can the final nature (dividend or capital return) of the Distributions be known, for tax purposes, with any certainty.

The Board has convened this EGM to obtain Shareholder approval under ASX Listing Rule 11.2 for the Mobile Sale and section 256C of the Corporations Act for an equal capital reduction to effect the Distribution. Additional details regarding the Mobile Sale, the Distribution and amaysim's post-transaction activities are provided in this booklet.

¹ Per share amount calculated on 295,110,421 shares and assumes that all performance rights under amaysim's Long-Term Incentive Plan (LTIP) are cash settled on completion of the sale. Refer to section 7.1b) of the section of this Explanatory Memorandum dealing with Resolution 2 for more information.

Independent Expert Report

Since the Company announced the SSA, the Independent Expert, Lonergan Edwards, concluded that the Mobile Sale is fair and reasonable and in the best interests of Shareholders, in the absence of a superior proposal. On that basis and given no such superior proposal has emerged, the Board continues to unanimously recommend that Shareholders vote in favour of the Mobile Sale to Optus.

The steps the Board and management have taken to unlock Shareholder value are outlined in the Explanatory Memorandum, Resolution 1, Section 4.

The Independent Expert has assessed the full underlying value of Mobile on a 100% controlling interest basis (on a cash and debt -free basis) at between A\$130.0 million to A\$165.0 million. On a "like for like" basis, the Independent Expert has estimated the consideration offered for the Mobile Sale is between A\$180.0 million to A\$195.0 million.

On the basis that the estimated consideration for the Mobile Sale is above the assessed valuation range, the Independent Expert has concluded that the Mobile Sale is fair and reasonable and in the best interests of Shareholders, in the absence of a superior proposal. A full copy of the Independent Expert Report is set out in Schedule 2.

Delisting

Following the Mobile Sale, the Company will have divested itself of its key assets and have no operations (other than limited service functions required to comply with transitional service arrangements) or plans to enter into any new business activity.

The Company will also distribute all of its assets and cash remaining after the Mobile Sale through the Distribution. In these circumstances, the benefit of the Company being a listed entity will be outweighed by the costs and administrative burden.

As a result, the Company is also seeking approval from Shareholders to remove the Company from the Official List of the ASX (**Delisting**), subject to the Mobile Sale being approved by Shareholders and completion under the SSA occurring.

Board recommendation

The Board unanimously recommends Shareholders vote IN FAVOUR of the Mobile Sale, the Distribution and the Delisting, and each Director who is also a Shareholder and who is not otherwise restricted from voting intends to vote in favour of the resolutions, in each case in the absence of a superior proposal and the Independent Expert maintaining its opinion that the Mobile Sale is fair and reasonable and in the best interests of Shareholders (in the absence of a superior proposal).

How to vote

Your vote is important regardless of how many amaysim shares you own. We strongly recommend that all Shareholders lodge their votes via the Company's share registry platform prior to the EGM or by appointing a proxy prior to 3.00pm on 19 January 2021.

I encourage you to attend the EGM at 3.00pm on 21 January 2021 by logging onto <https://web.lumiagm.com/> using the meeting number 342-958-798 or by completing the proxy form accompanying this Notice of Meeting and returning it in accordance with the directions on the form so it is received by 3.00pm on 19 January 2021.

Further information

This booklet sets out important information regarding the EGM, including the reasons for the Board's unanimous recommendation that you vote in favour of the Mobile Sale, the Distribution and the Delisting in the absence of a superior proposal. It also sets out the reasons you may wish to vote against these resolutions.

Please read this document carefully and in its entirety, as it will assist you to make an informed decision on how to vote at the EGM. If you are in any doubt about what you should do, you should consult your financial, legal, tax and other professional adviser before making any investment decision in relation to your amaysim shares.

If you require any further information, please contact Rosa Smith, Investor Relations (+61 475 305 047 or rosa.smith@amaysim.com.au).

Yours sincerely

Andrew Reitzer
Chairman

Dated: 2 December 2020

AMAYSIM AUSTRALIA LIMITED
ACN 143 613 478
NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of the shareholders of amaysim Australia Limited ACN 143 613 478 (**Company**) will be held as a virtual meeting at **3.00pm on 21 January 2021 (Meeting)**.

The ongoing public health concerns, as a result of COVID-19, have put restrictions on public gatherings and the Board has decided that in the interests of all stakeholders, the Meeting will be a virtual meeting.

To access the virtual meeting, visit: <https://web.lumiagm.com/> and enter the meeting number: **342-958-798**.

An Explanatory Memorandum containing additional information on matters to be considered at the Meeting accompanies and forms part of this Notice.

Terms used in this Notice have the meaning given to them in the Glossary set out in the Explanatory Memorandum, unless the context requires otherwise.

The ASX does not take any responsibility for the contents of this Notice.

AGENDA

Resolution 1 – Approval of disposal of main undertaking

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 11.2 and for all other purposes, approval is given for the disposal of all the Company's shares in amaysim Mobile Pty Limited (ACN 645 692 093 and referred to above as "amaysim Mobile") to Optus Mobile Pty Limited ACN 054 365 696 in accordance with the Share Sale Agreement described in the Explanatory Memorandum."

Voting exclusion: *The Company will disregard any votes cast on Resolution 1 by the acquirer of the Company's main undertaking and any person who might obtain a material benefit, except a benefit of solely in the capacity of a holder of ordinary securities, if the Resolution is passed (and any associate of such persons). However, this does not apply to a vote cast in favour of a resolution by:*

- (a) *a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or*
- (b) *the Chairman of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the Chairman decides; or*
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - (i) *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and*
 - (ii) *the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

Resolution 2 – Approval of return of capital

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, in accordance with section 256C(1) of the Corporations Act 2001 (Cth), and subject to and conditional upon Completion occurring under the Share Sale Agreement described in the Explanatory Memorandum, and Resolution 1 being passed, approval is given for the share capital of the Company to be reduced by way of a return of capital in the form described in the Explanatory Memorandum."

Resolution 3 – Delisting

To consider, and if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purposes of ASX Listing Rule 17.11 and for all other purposes, and subject to and conditional upon Completion occurring under the Share Sale Agreement described in the Explanatory Memorandum, and Resolution 1 and Resolution 2 being passed, approval is given for the removal of the Company from the ASX Official List."

VOTING

Entitlement to attend and vote

The Board has determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001*, that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7.00pm (Sydney time) on 19 January 2021. Share transfers registered after this time will be disregarded in determining entitlements to attend and vote at the Meeting.

Voting

We strongly encourage all Shareholders to vote online at: www.investorvote.com.au ahead of the Meeting. To log in you will need your holder number and the postcode for your shareholding. These can be found on your Notice of Access Letter that has been sent to all Shareholders.

The Voting Form allows Shareholders who are not attending the Meeting to either lodge their vote directly, or appoint a proxy or nominee to vote on their behalf.

All voting at the Meeting will occur via a poll in respect of each resolution. You will need to log in to the online meeting as a Shareholder using your HIN or SRN to submit your vote in real time. Those that attend as a Guest will not have the option to vote or ask questions.

Participation at the Meeting

All the information you need to participate in the Meeting, including how to access the Notice of Meeting and how to lodge your voting form and questions, is contained in the Notice of Access Letter that has been sent to all Shareholders and is available on our website at:

<https://investor.amaysim.com.au/site/investor-tools/extraordinary-general-meeting>

To access the virtual meeting:

- Visit <https://web.lumiagm.com/>
- Enter the meeting number: **342-958-798**

To login as a Shareholder, you will need your SRN or HIN that can be found on the Notice of Access Letter. Please note that you will need to include the 'I' or the 'X' at the beginning of the SRN or HIN when logging into the Lumi platform.

During the live webcast, Shareholders will have the opportunity to submit questions and we also encourage you to send questions ahead of the meeting to Investors.Feedback@amaysim.com.au.

Proxies

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of the Shareholder. A Shareholder may appoint not more than two proxies. A proxy need not be a member of the Company, and may be an individual or a body corporate.

If a Shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.

If such evidence is not received before the Meeting, then the body corporate (through its representative) will not be permitted to act as a proxy.

A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. If you wish to appoint a proxy, please complete and submit the Proxy Form accompanying this Notice of Meeting, by following the instructions contained in the proxy form.

If the Chairman of the Meeting is appointed as a Shareholder's proxy or becomes their proxy by default, the Shareholder will be expressly authorising the Chairman of the Meeting to exercise the proxy in respect of the relevant item as the Chairman decides.

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

Lodgement of Proxy Forms

Proxy Forms may be lodged:

- by post to Computershare Investor Services Pty Limited, GPO Box 242 Melbourne Victoria 3001 Australia;
- by fax (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555; or
- at the Company's registered office at amaysim Australia Limited, Level 6, 17-19 Bridge Street, Sydney NSW 2000.

To be effective, your Proxy Form and the Power of Attorney or other authority (if any) under which it is signed (or a copy of the Power of Attorney or other authority, certified as a true copy by Statutory Declaration), must be received no later than 48 hours prior to the Meeting (i.e. no later than 3.00pm on 19 January 2021) in one of the ways specified above.

Dated: 2 December 2020.

By resolution of the Board.

Alexander Feldman

Company Secretary

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to help Shareholders understand the business to be put to Shareholders at the Meeting. This Explanatory Memorandum forms part of the Notice of Meeting and should be read in full in conjunction with the Notice of Meeting.

Terms used in the Notice of Meeting and the Explanatory Memorandum are defined in the Glossary at the end of this Explanatory Memorandum.

Resolution 1 – Approval of disposal of main undertaking

1. Overview

On 2 November 2020, the Company entered into a share sale agreement with Optus Mobile Pty Limited ACN 054 365 696 (**Optus**) (**Share Sale Agreement**) pursuant to which the Company agreed to sell all of its shareholding in a wholly owned subsidiary of amaysim, amaysim Mobile Pty Ltd (**amaysim Mobile**) to Optus (**Mobile Sale**). The Share Sale Agreement includes certain conditions that must be satisfied before Completion occurs. These two conditions are summarised in Schedule 1 of this Explanatory Memorandum.

The Share Sale Agreement requires the Company and Optus to undertake certain pre-completion steps to ensure that amaysim Mobile will hold certain assets required to conduct the Company's mobile business, being the Company's main undertaking.

ASX Listing Rule 11.2 provides that if the Company proposes to dispose of its main undertaking, it must first seek Shareholder approval. The Company now seeks Shareholder approval of the Mobile Sale for this purpose under Resolution 1.

The Company expects to receive total consideration of A\$250 million subject to adjustments and other payments as set out in this Explanatory Memorandum as full consideration for the sale of its shareholding in amaysim Mobile under the Share Sale Agreement. The consideration is subject to a net asset adjustment mechanism and a customer number adjustment mechanism, both of which will be determined at or about the time of completion of the Mobile Sale.

Following completion of the Share Sale Agreement, the Company intends to distribute those proceeds (less certain transaction and wind-up costs and other amounts) to Shareholders by way of a combination of dividend and equal capital reduction (individually and collectively, **Distribution**).

At this time, the Board estimates that approximately A\$197.7 million to A\$215.4 million will be available for distribution to Shareholders via the Distribution, equivalent to A\$0.67 – A\$0.73 per share – however the exact amounts of each Distribution will depend on factors outlined in section 3 of the section of this Explanatory Memorandum dealing with Resolution 2 and so it is not currently possible to determine exact amounts for Distribution.

The Distribution is the subject of Resolution 2, which contains further details in relation to the proposed Distribution.

The Distribution can only proceed if Resolution 1 is approved by Shareholders, completion of the Mobile Sale occurs and Shareholders also approve Resolution 2. If Shareholders approve Resolution 1 but not Resolution 2, it will limit the Company's flexibility to distribute the proceeds of the Mobile Sale. Further information in relation to Resolution 2 is set out from page 24 onwards.

2. Indicative timetable

Event	Anticipated date
Final time for lodgement of proxies of Meeting to Shareholders	3.00pm on 19 January 2021
Record Date for voting at the Meeting	7.00pm on 19 January 2021
Meeting of Shareholders	3.00pm on 21 January 2021
Completion of Share Sale Agreement ²	1 February 2021
Expected Record Date for the Major Distribution	12 March 2021
Major Distribution	27 April 2021
Minor Distribution	To be announced upon Completion
Delisting Time and Date	4:00pm on 30 April 2021
Final Distribution (which may be completed by two distributions)	To be announced upon Completion

The timetable and the dates above (and the references to those dates throughout this document) are indicative only, and the Company may vary those dates in accordance with the Share Sale Agreement or in consultation with the ASX. Changes to the above dates will be announced to the ASX and notified on the Company's website.

3. Key terms of the Share Sale Agreement

The key terms of the Share Sale Agreement are set out in Schedule 1.

4. Process undertaken by Board to maximise Shareholder value

4.1 Background to strategic review and sale of Click Energy

In late 2019, with the amaysim share price trading as low as A\$0.29 per share³, the Board resolved to investigate options to enhance long term Shareholder value. At that time, the Board and management of amaysim were disappointed by the share price performance given the strength of the underlying businesses and noting that the Company had raised capital at A\$0.60 per share earlier that year.

The Board accepted a recommendation from management to retain Luminis Partners to conduct a strategic review and advise on the Company's options.

In February 2020, Luminis presented to the Board its view that the Company was comprised of two largely independent businesses and that the share price at that time did not appear to give credit for the underlying value of those businesses.

After considering Luminis' report and following receipt of unsolicited approaches from various parties including private equity funds and strategic investors, the Board determined to test market interest for its Click Energy business. Luminis Partners ran a highly competitive auction process which resulted in the 31 August 2020 announcement

² Accounts and balance sheet are expected to be finalised as at 31 January 2021. However, as a result of this being a Sunday, completion is expected to take place on the next business day, being 1 February 2021.

³ Intra-day low on 30 September 2019

that the Click Energy business would be sold to AGL Energy Limited (**AGL**) for A\$115 million. This sale completed in September 2020.

4.2 Strategic options in relation to Mobile

At the time the Click Energy sale was disclosed, amaysim also announced to the ASX that it was undertaking a competitive tender for wholesale mobile network services which would support the Mobile business following expiry of its current arrangement with Optus (scheduled to conclude on 30 June 2022).

Following that announcement, amaysim received unsolicited interest in acquiring the Mobile business. The Board identified that: (i) sale of the Mobile business to a strategic acquirer; and (ii) entry into a long-term wholesale contract, were mutually exclusive outcomes. Given that timeframes for both processes could be aligned, the Company resolved to explore purchaser interest in parallel with its wholesale tender process, with a view to maximising value for amaysim Shareholders.

4.3 Multi-option process and assessment of Mobile Sale

In the course of pursuing this multi-option approach, amaysim received initial responses to its wholesale tender, non-binding offers for the Mobile business and non-binding offers for the whole Company (whose remaining activity was the Mobile business).

The Board resolved to negotiate all three alternatives concurrently, with management running the wholesale tender process and Luminis Partners advising on the sale alternatives.

At the conclusion of this process, in the view of the Board and the Company's advisers, the highest value option received was Optus' offer to acquire the main undertaking, being the Mobile business. This is despite the relative complexity of the structure of Optus' offer when compared to a whole of Company sale. Optus sought customary exclusivity as part of their proposal which was provided and the details of which are described in Schedule 1.

In making its assessment of the Mobile Sale relative to status quo operations, the wholesale tender and alternative sale proposals, the Board had regard to the following matters (among others):

- under status quo trading conditions, the Board and management anticipated considerable headwinds that could adversely impact amaysim's share price performance. Headwinds include: intensifying competition in the mobile services market with two new brand entrants (Felix and Gomo) supported by major carriers; possible further downward pressure on ARPU; data becoming increasingly commoditised; and contractual disputes with Optus in relation to its existing network supply agreement (**NSA**) (further detail provided in section 5.7);
- the ability of the wholesale tender to deliver value is fundamentally reliant on a third party's conduct in negotiating the entry into an exclusive long-term contract and is therefore uncertain. At best, a new deal would not have any impact on margin until FY2023 and if it delivers any margin upside, it would take an extended period of time for that to flow through to earnings;
- if the wholesale tender was won by a carrier other than Optus, all amaysim customers would need to be migrated (via issue of new SIM cards) to a new third-party network which would be highly likely to cause material customer churn. This churn is estimated to be anywhere between 15% and 25% of the base, depending on the circumstances; whereas

- the Mobile Sale would crystallise a certain value near-term for Shareholders at an attractive c. 25.8x EV/EBITDA-FY20A multiple, prior to any adjustment for transaction-specific liabilities, restructuring costs, etc.⁴; and
- any recommendation to Shareholders for a Mobile Sale would be subject to no superior proposal emerging and endorsement by an Independent Expert (as outlined in this booklet).

Having regard to the above, the Board considered that the Mobile Sale represents a materially better alternative than the status quo or alternative options, leading to the current unanimous recommendation to vote in favour of the Mobile Sale and the intent by each Director who is also a Shareholder and who is not otherwise restricted from voting to vote all the shares they hold in favour of the proposal. In each case the recommendation is in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Mobile Sale is fair and reasonable and in the best interests of Shareholders.

As at the date of this booklet, no superior proposal has emerged and the Independent Expert has opined that the Mobile Sale is fair and reasonable and in the best interests of Shareholders.

5. Effect of the Mobile Sale on the Company

5.1 Independent Expert Report

The Board has engaged Lonergan Edwards to prepare the Independent Expert Report and opine whether the Mobile Sale outlined in Resolution 1 is fair and reasonable and in the best interests of Shareholders.

The Independent Expert has determined that the Mobile Sale is fair and reasonable and in the best interests of Shareholders. The Independent Expert has assessed the full underlying value of Mobile at between A\$130.0 million to A\$165.0 million. On a "like for like" basis, the Independent Expert has estimated the consideration offered for the Mobile Sale is between A\$180.0 million to A\$195.0 million.

On the basis that the estimated consideration for the Mobile Sale is above the assessed valuation range, the Independent Expert has concluded that the Mobile Sale is fair and reasonable and in the best interests of Shareholders, in the absence of a superior proposal.

"We have assessed the value of amaysim Mobile on a 100% controlling interest basis (and on a cash and debt free basis) at between A\$130.0 million to A\$165.0 million."

"... in order to enable a "like for like" comparison to our assessed value of amaysim Mobile (on a cash and debt free basis)... we have estimated consideration for the amaysim Mobile business (on a cash and debt free basis) at A\$186.3 million. However, we note that a number of the adjustments to the Mobile consideration above are estimates on a number of assumptions regarding future events. Accordingly, we consider it appropriate to adopt a range of values (consistent with amaysim management) and have adopted consideration for amaysim Mobile at A\$180.0 million to A\$195.0 million (Mobile Consideration)."

"As the value of the Mobile Consideration is above our assessed valuation range for amaysim's Mobile business on a 100% controlling interest basis, in our opinion, the

⁴ 25.8x EV/EBITDA-FY20A multiple based on Optus' headline value of A\$250.0m and reported pre-AASB16 EBITDA of A\$9.7m for Mobile; post-AASB16 EV/EBITDA-FY20A multiple would be 21.9x reflecting reported post-AASB16 EBITDA of A\$11.4m for Mobile.

Mobile Consideration is fair to amaysim shareholders when assessed based on the guidelines set out in RG 111."

The IER also contains an assessment of the advantages and disadvantages of the Mobile Sale, which is designed to assist Shareholders in making an informed decision in relation to Resolution 1 contained in this Notice of Meeting.

A full copy of the Independent Expert Report is set out in Schedule 2 to this Explanatory Memorandum and you are encouraged to read this report in full.

5.2 Effect on key financial line items

A pro forma statement indicating the Mobile Sale's impact on certain balance sheet line items has been prepared based on the Company's 30 June 2020 position. It is based on a range of assumptions (outlined below) and shows the impact of the Energy Sale which completed on 30 September 2020.

This statement has been provided to assist Shareholders to understand the effect of the Mobile Sale, specifically, relative to the Company's most recently disclosed annual accounts and does not assume that any Distribution is made to Shareholders. This information should be read in context of:

- the Mobile Sale comprising amaysim's main undertaking (for which this approval is being sought);
- the significant Distribution which Shareholders may receive following the Mobile Sale (provided that Shareholder approval is obtained, in each case); and
- the Company's present intention to commence a process of de-listing from ASX and wind-up, following the Mobile Sale and Distribution.

Pro forma (A\$m)	Reported: as at 30 June 2020	Change due to Energy Sale and other Q1 trading	Post- Energy Sale, as at 30 September 2020	Change due to Mobile Sale	Post- Mobile Sale, Pre- Distribution
Total Assets	326.0	(111.8)	214.2	117.4	331.6
Total Liabilities	(236.4)	140.0	(96.4)	(28.6)	(125.0)
Total Equity Interests	89.6	28.2	117.8	88.8	206.6

The key assumptions which inform this statement include (but are not limited to):

- gross proceeds totalling A\$115 million in relation to the sale of Click Energy to AGL;
- payment of A\$17 million in aggregate for completion adjustments, adviser fees, other transaction costs, tax and other items in connection with the sale of Click Energy;
- repayment in full of amaysim A\$77 million of drawn debt;
- receipt of gross proceeds totalling A\$250 million in relation to the Mobile Sale to Optus;
- payment of A\$29.8 million in aggregate for tax and other items in connection with the Mobile Sale (including advisor fees other transaction costs);

- unwind and repayment of A\$50.3 million of negative working capital in mobile implicit in the transaction structure and other trading items from 30 June 2020 to the expected completion date;
- cash-settlement of redundancies and closure costs and settlement of other employee liabilities for transferring and non-transferring staff under the transaction structure totalling A\$16.1 million;
- A\$9.6 million in net cash-settlement of the amaysim Long Term Incentive Plan rights on issue;
- A\$3.5 million in sundry other items; and
- retention of sufficient cash to offset retained liabilities (such as redundancies, termination of contracts and payout of leases) and as required to support amaysim's limited continuing operations which primarily relate to transitional services to AGL and Optus.

In relation to financial performance, if the Mobile Sale completes, amaysim will have disposed of all of its material assets and businesses. As a result, the annual revenue, annual expenditure and pre-tax profit of the Company will be reduced to a nominal amount.

5.3 Effect on capital structure

If the Mobile Sale is completed, the Company expects to have A\$206.6 million⁵ of equity available to distribute to shareholders after repaying all of the Company's remaining debt, settling other liabilities and paying estimated closure costs. For clarity, the Company will not issue any new securities as part of the Mobile Sale.

The Company intends to pay a fully franked dividend of A\$0.26 per share, or A\$76.7 million with the balance of the Company's capital to be repaid to shareholders via the equal capital reduction contemplated by Resolution 2. This will result in a further reduction of capital of the Company by that amount which is expected to be approximately A\$129.9 million, leaving equity of A\$ nil.

Otherwise, the Mobile Sale will not impact the capital structure of the Company.

5.4 Tax impact

If the Mobile Sale proceeds, it is expected that the sale of amaysim Mobile is likely to give rise to a substantial tax liability. The estimated gross tax liability from the Mobile Sale is currently expected to be A\$22.7m but this may be reduced through the offset of capital losses and other deductible expenditure generated in the current income year.

The final tax liability cannot be confirmed at this time.

5.5 Intentions if the Mobile Sale proceeds

If the Mobile Sale proceeds, the Company will provide transitional services to Optus for a period of three months after Completion, and subject to Resolution 2 being approved, make the Distribution and commence a process to delist from ASX and wind-up. During this period, a limited number of amaysim staff will remain employed to manage and settle amaysim's affairs.

In calculating the Distribution, amaysim has made a reasonable provision for the Company to ensure it has adequate resources to fulfil its obligations to Optus and other

⁵ Being the mid-point of the range described in this Notice of Meeting.

parties during this period. On this basis, it is not anticipated that the Delisting and wind-up process would deliver material surplus funds. However, in the event amaysim is able to realise excess cash as a result of these activities then the Board intends to return such proceeds to Shareholders at that time (via the Final Distribution). If Resolution 3 is not approved and the Delisting does not proceed, then the Final Distribution will almost certainly be towards the lower end of the range estimated as the Company will need to retain additional funds in order to continue operating on an ongoing basis.

5.6 Intentions if the Mobile Sale does not proceed

If the Mobile Sale is not approved by Shareholders or it otherwise does not complete under the terms of the Share Sale Agreement, the Directors intend to continue operating the Company.

In this instance, subject to the termination of the Share Sale Agreement, the Company may recommence its tender for the wholesale mobile network services contract.

If continuing to trade as a Mobile-only business, specific issues that the Board and management of amaysim would need to address in the day to day conduct of the Mobile business include:

- **(dynamic market)** develop a strategy to counter intensifying competition for mobile services with the recent entry of two new brand entrants (Felix and Gomo) supported by major carriers;
- **(ARPU pressure)** maintain focus on ARPU as a key performance indicator, given the Company's recent success in stabilising ARPU and notwithstanding that additional competition (such as amaysim now faces) has historically led to a decline in ARPU;
- **(data commoditisation)** data is becoming increasingly commoditised and will likely, in the foreseeable future, become entirely 'unlimited'. As a result, amaysim will need to invest additional capital to enable a deeper integration with its network services provider in order to deliver new service qualities, such as differentiation in respect of speed (subject to reaching agreement for such deeper integration with its network services provider);
- **(network services)** re-commence the wholesale tender which may support stronger gross profit margins over a longer time period, subject to contractual terms, third party performance and industry dynamics – given the Mobile Sale and entry into a long-term wholesale contract are mutually exclusive outcomes, the Company has agreed with Optus to pause this workstream while Shareholders consider the Mobile Sale;
- **(organic growth)** determine whether amaysim would continue its strategic investment in marketing to grow its recurring subscriber base (dependent on wholesale network services outcome) or pivot to a slower growth rate and more focus on yield management;
- **(inorganic growth)** assess remaining MVNO acquisition opportunities, noting that amaysim has historically been successful in acquiring other MVNOs to build scale and realise operating synergies. However, there are a limited number of acquisition opportunities remaining;
- **(5G networks)** subject to the outcome of its wholesale network services tender, develop competitive product plans to take advantage of 5G, which create a new competitive field for amaysim;
- **(e-SIMs)** develop a product strategy for e-SIMs, which may make it easier to migrate a large customer base in future. Noting that this is likely to require significant capital investment and carrier commercial agreement and operational integration to achieve;
- **(cost-out)** consider merits of a cost-out program to improve profitability of the standalone Mobile business; and

- **(dispute)** prosecute the dispute with Optus in relation to the existing NSA (further detail provided in section 5.7).

If Shareholders approve Resolution 1 but not Resolution 2, it will limit the Company's flexibility to distribute the proceeds of the Mobile Sale.

5.7 Wholesale Agreement Review Mechanism Dispute

If the Mobile Sale proceeds, various material disputes concerning amounts charged by Optus to the Company under the Wholesale Agreement, including in connection with the review mechanism under the Wholesale Agreement, will be settled and released as provided for in the Share Sale Agreement.

One dispute in particular would be material to amaysim if it is not resolved (by the Mobile Sale or otherwise). This concerns the review mechanism in the Wholesale Agreement.

5.7.1 Background to Review Mechanism

On 30 May 2019, amaysim and Optus entered into an agreement relating to a new wholesale billing model (**New Billing Model**) which varied the Wholesale Agreement. The primary change to the Wholesale Agreement was amaysim's commitment to paying a fixed minimum monthly wholesale charge in return for an agreed annual amount of base data and other inclusions until at least 30 June 2022. As part of this New Billing Model, the parties agreed to engage in a review (**Review**) of the model if certain trigger events occurred, including where amaysim's wholesale cash margin was less than a pre-agreed level (**Review Mechanism**).

The Review Mechanism was intended to initiate a process of 'right sizing' the New Billing Model if amaysim was unable to utilise the agility and significant annual data allowances provided under the New Billing Model to generate the pre-agreed wholesale margin. There is a carve out to the Review Trigger if amaysim's retail offers fell within certain data utilisation and pricing parameters over a defined period.

5.7.2 Current status of Review Mechanism

It is amaysim's position that, in the course of the first wholesale year of the New Billing Model (1 June 2019 to 31 May 2020), the Review Mechanism requirements were met and that as such it is entitled to the agreed outcomes of a Review being some combination of: (i) its data allowance remaining flat or being increased; (ii) the fixed minimum monthly wholesale charge remaining flat, or the quantum of marketing support provided by Optus remaining flat or being increased.

amaysim considers that, when properly construed, the combination of adjustments needs to be done in a way that is for the benefit of both parties and enables amaysim to maintain a wholesale cash margin of not less than a pre-agreed level. While there are a number of possible outcomes under the Review Mechanism and a range of risks associated with dispute resolution processes, amaysim believes that a favourable outcome in respect of the current dispute is for its wholesale cash margin to be maintained (by way of a payment or credit from Optus).

amaysim issued a review notice dated 7 May 2020 to commence a Review in accordance with the Wholesale Agreement and further issued notices regarding expert appointment and determination.

If the Review does not result in a favourable outcome to amaysim, then amaysim's best estimate of the effect on its financial results is a reported mobile gross profit margin of

approximately 26% in FY21 and 23% in FY22. This should be contrasted with the reported gross profit margin of approximately 40% in FY20.

Optus is currently disputing amaysim's claim under the Review Mechanism. amaysim has spent considerable time and resources in briefing external counsel and may need to prosecute this matter in court if it is not resolved.

If the Mobile Sale completes, the above-mentioned dispute (and other, less material, disputes between Optus and amaysim under the Wholesale Agreement) will be settled and released. The dispute in respect of the Review Mechanism has no impact on amaysim's audited and reported FY20 results. However, if it remains unresolved or if amaysim's claim is unsuccessful, and the Mobile Sale does not proceed, it will have a material adverse impact on amaysim's future gross profit and future Reviews under the Review Mechanism.

6. Advantages and disadvantages of the Mobile Sale

6.1 Advantages

The Board is of the view that the proposed Mobile Sale has significant potential advantages, including but not limited to the following:

- (a) the Mobile Sale would realise the current and inherent value of the Mobile business, including its strategic significance to Optus;
- (b) the Independent Expert has determined that the Mobile Sale is fair and reasonable and in the best interests of Shareholders, in the absence of a superior proposal;
- (c) being all-cash, the Mobile Sale offers certain and significant value to amaysim, which the Company intends to return to Shareholders via the Distribution;
- (d) the Mobile Sale would reduce amaysim's exposure to a highly competitive industry where data is becoming increasingly commoditised;
- (e) the Mobile Sale averts risk associated with the outcome of the Company's wholesale tender process;
- (f) since the announcement of the Mobile Sale, no superior proposal has emerged;
- (g) various material disputes under the Wholesale Agreement, including in connection with the Review Mechanism under the Wholesale Agreement, will be settled and released as provided for in the Share Sale Agreement. With the potential to have a materially adverse impact on amaysim's future gross profit, future Reviews under the Review Mechanism and its share price, the settlement and release of the disputes eliminates significant future risk for Shareholders and distraction for management; and
- (h) as disclosed in the Company's Prospectus, the Wholesale Agreement contains restrictions that may be breached if certain third parties acquired the Company, which means it is less likely that an alternative transaction with a party other than Optus will eventuate. These include a restriction on:
 - (i) Telstra, Vodafone or their Related Bodies Corporate from acquiring amaysim's publicly traded shares and continuing to supply competing mobile services; and

- (ii) amaysim and any company owned or controlled by it from allowing the amaysim brand or trademark to be used to acquire, sell, distribute, provide or otherwise supply a competing mobile service;
- (iii) amaysim migrating or transferring any customer to a competitor during the term of the Wholesale Agreement, unless requested by the customer; and
- (iv) amaysim and its Related Bodies Corporate from participating in, or allowing their skill, knowledge, experience or reputation to be used in any sales, marketing or advertising campaign that uses any information about a customer to contact customers in a manner that may have the effect of inducing the transfer of customers from the Optus network.

6.2 Disadvantages

The Board is of the view that the proposed Mobile Sale has limited disadvantages, including but not limited to the following:

- (a) the Mobile Sale excludes amaysim from participating in the future financial performance of the Mobile business, including potential benefits associated with a successful wholesale mobile network services tender and earnings which could be associated with a favourable determination of the Review Mechanism (refer to section 5.7);
- (b) once completed, the Mobile Sale would preclude any superior proposal for the Mobile business in the foreseeable future (although no superior proposal has emerged since its announcement and indicative offers received in respect of the wholesale mobile network services tender were considered to be inferior to the Mobile Sale);
- (c) the Mobile Sale does not automatically enable the Distribution, being an estimate that remains subject to a separate Shareholder approval and the nature of the Distribution (capital or dividend) is subject to an ATO Class Ruling;
- (d) the structure of the Mobile Sale impacts the Distribution amount that cannot be determined at this time. This factor may not be favourable to you as Shareholder and you may prefer an alternative structure;
- (e) following the Mobile Sale, amaysim as a publicly listed company will have limited assets and intends to delist from ASX (whereas you may prefer to maintain your investment profile);
- (f) the tax consequences of the Distribution may not suit your current financial position; and
- (g) notwithstanding the unanimous recommendation of the Directors and the Independent Expert's opinion that the Mobile Sale is fair and reasonable and in the best interests of Shareholders, you may believe that the Mobile Sale is not fair and / or not reasonable, or otherwise not in your best interests or in the best interests of Shareholders as a whole.

7. Directors' recommendations

7.1 Directors' recommendations

The Directors **unanimously recommend** that Shareholders vote in favour of Resolution 1 in the absence of a superior proposal.

Each Director who is also a Shareholder and who is not otherwise restricted from voting intends to vote all Shares which they control in favour of Resolution 1, in the absence of a superior proposal.

In making this recommendation, the Directors considered the advantages and disadvantages of the Mobile Sale, including those factors discussed in this Explanatory Memorandum. Before agreeing to enter into the Share Sale Agreement, the Directors also considered whether there were alternatives which could produce a better outcome for Shareholders. The Mobile Sale and these alternatives were assessed against a number of criteria, including:

- (a) the value delivered to the Company and to Shareholders; and
- (b) the level of certainty regarding, and the likely timing of, any alternative being effectively executed and completed.

After considering the advantages and disadvantages of the Mobile Sale, the Directors have unanimously concluded that, in the absence of a superior proposal, the Mobile Sale represents the best outcome for Shareholders of all available alternatives considered by the Board.

7.2 Directors' background and interests

Director	Role	Independence	Appointed	Committee membership	Skills and experience
Peter John O'Connell	Chief Executive Officer & Managing Director	Not independent	12/5/2010	-	Legal, energy, telecoms, technology, government relations, public and private board experience
Jodie Sangster	Director	Independent	22/6/2015	Audit & Risk Management	Technology, sales, marketing and advertising
Andrew Reitzer	Chairman	Independent	22/6/2015	Remuneration and Nomination (Chair)	Retail, wholesale, executive, international, M&A

Director	Role	Independence	Appointed	Committee membership	Skills and experience
Goetz Maeuser	Director	Independent	26/10/2018	Remuneration and Nomination	Technology, media, management consulting, M&A, international
Craig Jackson	Director	Independent	27/11/2018	Audit & Risk Management (Chair)	Accounting, audit, risk management, corporate governance, M&A and divestments
Rupert Greenhough	Director	Independent	17/3/2020	Audit & Risk Management	Finance, investments, audit, technology, e-commerce, start-ups

The Board of amaysim comprises the Chief Executive Officer & Managing Director, an independent Chairman and four independent Non-executive Directors.

The Directors have a diverse range of expertise in: utilities; technology; wholesale and retail; data-driven marketing and advertising; business development; finance (including audit, mergers and acquisitions and capital markets); and corporate governance.

As discussed in section 4.3, the Board deliberated a number of alternatives before making a unanimous decision in favour of the Mobile Sale, the Distribution and the Delisting. While the management team lead by the Chief Executive Officer & Managing Director assisted the Board in these deliberations, the Board relied upon the significant level of previous experience in business, including in the context of M&A, accounting, divestments and capital restructuring among the independent Directors to make the final independent decision, absent of any potential or perceived conflict of interest or undue influence, and in the best interest of all shareholders.

No director will receive a payment or benefit of any kind, as a result of the Mobile Sale, other than as security holder of the Company or, in the case of the CEO and Managing Director, as a result of the vesting of performance rights outlined in section 7.1(b) of the section of this Explanatory Memorandum dealing with Resolution 2.

The number and type of securities in the Company which each Director (or an associate) holds as at the date of this Notice of Meeting is:

Director	Registered owner of shares (if not directly owned by director)	Shares	Performance Rights	Total Fully Diluted Holding
Peter John O'Connell	Ricangus Pty Ltd (ACN 067 353 520)	3,667,005	4,000,000	3,667,005 ⁶
Jodie Sangster	-	16,666	0	16,666
Andrew Reitzer	Reitzer Nominees Pty Limited (ACN 119 744 428)	116,667	0	116,667
Goetz Maeuser	-	0	0	0
Craig Jackson	-	0	0	0
Rupert Greenhough	-	0	0	0

7.3 Information about Optus

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

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

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

Optus Mobile's wholesale services provide Mobile Virtual Network Operators (MVNOs) who lack Mobile infrastructure the network services to resell.

Optus has been the long-term, strategic wholesale partner of amaysim since its founding in 2010.

7.4 Other material information

Other than as set out in this Notice of Meeting, and information previously disclosed to Shareholders, there is no information known to the Directors which might reasonably be expected to be material to the making of a decision by Shareholders whether or not to vote in favour of Resolution 1.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 1.

⁶ Peter O'Connell's Performance Rights are not counted toward the "Total Fully Diluted Holding" because all Performance Rights on issue will be cash settled – for more information, refer to Section 7.1(b) of the Explanatory Memorandum dealing with Resolution 2.

Resolution 2 - Approval of return of capital

1. Overview

As noted above, subject to Mobile Sale being approved by Shareholders and completing in accordance with the terms of the Share Sale Agreement, the Company proposes to make the Distribution in three tranches:

- the Major Distribution of approximately A\$147.6 million or A\$0.50 per share, comprising a fully franked dividend of A\$76.7 million or A\$0.26 per share (with franking value of up to \$0.11 per share attaching to the distribution) and a return of capital of A\$70.8 million or A\$0.24 per share to be paid in or around April 2021;
- the Minor Distribution of approximately A\$29.5 million or A\$0.10 per share comprising a return of capital to be paid in or around May 2021; and
- the Final Distribution (which may be completed via two distributions) of approximately A\$20.7 million to A\$38.4 million or A\$0.07 to A\$0.13 per share comprising of a return of capital to be paid in or around October 2021.

The A\$0.24 per share capital return component of the Major Distribution, the A\$0.10 per share capital return of the Minor Distribution and the A\$0.07 to A\$0.13 per share capital return of the Final Distribution are all expected to be treated as capital returns by the ATO (further information is provided in section 8). The Company will apply to the ATO for a Class Ruling seeking confirmation of the tax treatment of the equal capital reduction for Australian resident shareholders who hold their shares on capital account. Only once the ATO has issued its Class Ruling, can the final nature (dividend or capital return) of the Distributions be known, for tax purposes, with any certainty.

At this time, amaysim estimates that, including the final net proceeds from the sale of Click Energy of A\$51.9 million, approximately A\$197.7 million to A\$215.4 million will be available for distribution, equivalent to A\$0.67 – A\$0.73 per share.

In estimating the amount available for Distribution, amaysim has had regard to items such as: proceeds from the sale of Click Energy, proceeds from the Mobile Sale, employee costs and re-structuring costs required to effect the Mobile Sale, liabilities the Company will retain following the Mobile Sale, tax payable and adviser fees in connection with the Mobile Sale, full repayment of the Company's debt, cash expected to be generated up until the point of completion and cash required to adequately support the Company's operations (among others). Further details are provided below.

The Final Distribution will almost certainly be towards the lower end of the range estimated if Shareholders do not approve Resolution 3 and the Delisting does not proceed, as the Company will need to retain additional funds in order to continue operating on an ongoing basis.

To the extent the Distribution represents a distribution of profits, it will be made to Shareholders in the form of fully franked dividends. The remainder of the Distribution will be made to Shareholders by way of an equal reduction of capital.

Section 256C of the Corporations Act requires that Shareholder approval be obtained for the component of the Distribution which is to be made by way of equal capital reduction. Shareholder approval is sought for this purpose under Resolution 2.

The Distribution will not proceed if Completion of the Mobile Sale does not take place.

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

If the Distribution proceeds, all components of the Distribution will be made to all Shareholders pro rata to the number of Shares which they hold on the record date (**Record Date**).

Subject to the Mobile Sale and Distribution being approved by Shareholders, amaysim proposes to make the Major Distribution as soon as possible after completion of the Mobile Sale and the Minor Distribution after the Company has fulfilled its obligation to provide transitional services to Optus. The exact timetable of the Distribution will depend on the timing of Completion under the Share Sale Agreement. The Company will release an announcement to the ASX when the timetable for the Distribution has been definitively determined.

2. Reasons for the Distribution

The purpose of the Distribution is to return to Shareholders as much as possible of the proceeds of the sale Click Energy and of amaysim Mobile, the Company's main undertaking.

3. Calculation of the amount of the Distribution

The Company estimates that the total amount available for the Distribution will be between A\$197.7 million to A\$215.4 million, of which approximately A\$76.7 million will be distributed as a fully franked dividend, and the balance will be distributed as an equal return of capital.

Subject to no other Shares being issued prior to the Record Date, the Company estimates that the Distribution will result in a fully franked dividend of approximately A\$0.26 per Share⁷ and a return of capital of approximately A\$0.41 to A\$0.47 per Share⁷.

The following table shows how the Company has calculated its estimates of the total amount available for the Distribution, the amount available to be distributed as a dividend and the amount available to be distributed as a return of capital.

Components	A\$m
Cash balance as reported at 30 June 2020	45.0
Gross proceeds in relation to the sale of Click Energy to AGL	115.0
Energy completion adjustments, advisor fees, other transaction costs, tax and other items in connection with the sale of Click Energy to AGL	(17.0)
Payment in full of amaysim's drawn bank debt	(77.1)
Receipt of gross proceeds in relation to the Mobile Sale to Optus	250.0
Payment of tax and other items in connection with the Mobile Sale (including advisor fees other transaction costs)	(29.8)

⁷ Per share amount calculated on 295,110,421 shares and assumes that all performance rights under amaysim's Long-Term Incentive Plan (LTIP) are cash settled on completion of the sale. Refer to section 7.1b) of the section of this Explanatory Memorandum dealing with Resolution 2 for more information.

Components	A\$m
Unwind and repayment of negative working capital in mobile implicit in the transaction structure	(50.3)
Cash-settlement of redundancies and closure costs and settlement of other employee liabilities for transferring and non-transferring staff under the transaction structure	(16.1)
Cash-settlement of the amaysim Long Term Incentive Plan rights	(9.6)
Sundry other items	(3.5)
Estimated Total Distribution (mid-point)	206.6
Relevant number of shares to participate in the Distribution (net of the cash-settlement of amaysim's LTI Plan and the utilisation of treasury shares)	295,110,421 shares
<i>Estimated Total Distribution per Share (mid-point)⁷</i>	<i>0.70</i>
<i>Estimated Dividend per Share⁷</i>	<i>0.26</i>
<i>Estimated Capital Reduction per Share⁷</i>	<i>0.44</i>

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

It is therefore not currently possible to determine exact amounts of the Distribution. The Company anticipates that it will be able to determine exact amounts immediately prior to Completion of the Mobile Sale and the Company will release an announcement to ASX once the amounts have been determined.

4. Conditionality of the Distribution

The Distribution is conditional on Resolution 1 being approved, and Completion of the Mobile Sale. That part of the Distribution which is to be made by equal capital reduction is conditional on Resolution 2 being approved. That part of the Distribution which is to be made by dividend is intended to be made irrespective of whether Resolution 2 is approved.

5. Payment details

If the Distribution proceeds, payment will be made by way of direct credit into a nominated Australian bank account, or by cheque if banking details of a Shareholder have not previously been provided to the Company's share registry prior to the payment record date.

Shareholders who wish to be paid by direct credit into a nominated Australian bank account can nominate an account for the payments to be made by direct credit by updating your payment details with the Company's share register, Computershare Investor Services Pty Limited. Shareholders wishing to do so can provide details online at www.computershare.com.au/easyupdate/ays or by phoning +61 3 9415 4181.

At this time the Board contemplates making both the proposed dividend and the return of capital simultaneously however the Board reserves the right to make these as separate payments/distributions.

6. Requirements for the return of capital

For the purposes of the Corporations Act, the component of the Distribution to be made by way of a return of capital, is an equal reduction of capital because:

- it relates only to ordinary shares in the Company;
- applies to each holder of ordinary shares in the Company in proportion to the number of ordinary shares they hold; and
- the terms of the reduction are the same for each holder of ordinary shares in the Company.

Under section 256(1) of the Corporations Act, a company may conduct an equal capital reduction provided that three requirements described below are met. These requirements apply to the component of the Distribution proposed being made by return of capital but not to the component of the Distribution being made by dividend:

a) The return of capital must be fair and reasonable to the company's shareholders as a whole.

The Directors are of the opinion that the return of capital is fair and reasonable to all Shareholders as it will apply to all Shareholders at the Record Date equally, in proportion to the number of Shares which they hold at the Record Date.

The Independent Expert has concluded that the transaction as set out in the Explanatory Memorandum and in the enclosed Independent Expert Report is fair and reasonable to the Shareholders and the advantages of the transaction outweigh the disadvantages.

b) The return of capital must not materially prejudice the company's ability to pay its creditors.

The Directors are of the opinion that the return of capital will not materially prejudice the Company's ability to pay its creditors after having reviewed and considered the expected financial position of the Company if the Mobile Sale completes, including the Company's expected assets, liabilities, cashflow and capital requirements

c) The return of capital must be approved by ordinary resolution of shareholders under section 256C of the Corporations Act.

Resolution 2 seeks Shareholder approval of the return of capital, for the purposes of section 256C of the Corporations Act.

7. Effect of the Distribution

A discussion of the effect of both the Mobile Sale and the Distribution on the current and future operations of the Company is included in section 4 of this Explanatory Memorandum dealing with Resolution 1 above.

7.1 Effect on capital structure

For the purposes of ASX Listing Rule 7.20, the Company provides the following information to Shareholders regarding the effect of the proposed return of capital on Shares and the proposed treatment of options.

a) Share capital

The Company has 295,110,421 fully paid ordinary shares on issue as at the date of this Notice of Meeting and paid up share capital of A\$167.2 million.

The Company's share capital will be reduced in accordance with Resolution 2 by the amount of the capital return which the Company estimates will be approximately A\$121.0 – A\$138.7 million (see section 3 above for further details in relation to the estimated amount of the return of capital).

No Shares will be cancelled and the number of Shares held by Shareholders will not change as a result of the passing of Resolution 2 or by the return of capital. No fractional entitlements will arise from the return of capital. All Shares issued by the Company are fully paid, therefore the return of capital will not have any effect on amounts unpaid on Shares of the Company on issue.

The number of shares on issue described above is different to the description in the Company's ASX announcement dated 2 November 2020 and titled "Sale of Mobile Business". In that announcement it was contemplated that there would be 309.2 million shares on issue (on a fully diluted basis). The rationale for the change is described below in b).

b) Performance Rights

The Company has 19,573,225 performance rights on issue which have been issued to (eligible) key management personnel and other selected employees (**Performance Rights**) under amaysim's long term incentive plan (**LTIP**).

The Performance Rights do not attract dividends, voting rights or any capital distributions. Each Performance Right confers the holder with an entitlement to receive one share for no consideration (or cash payment of equivalent value) upon satisfaction of the performance and service conditions. In connection with the Mobile Sale, and conditional on the Resolution 1 and Resolution 2 being approved and completion of the Mobile Sale, it is the Board's present intention in the circumstances to:

- (i) waive the current vesting conditions attached to the Performance Rights so that all awards under the LTIP shall vest on completion of the Mobile Sale;
- (ii) settle all Performance Rights in cash, with a holder of a Performance Right to receive cash payments at the same time, and of equivalent value, per Performance Right as the distributions to be received by Shareholders in relation to each Share; and
- (iii) amend the terms of the LTIP rules in order to align holders of Performance Rights with shareholders in respect of the timing and quantum of Distributions (including upside and risk of downside).

Conditional on Resolution 1 and Resolution 2 being approved and completion of the Mobile Sale, the Chief Executive Officer & Managing Director will receive

Performance Rights previously granted under the LTIP, referenced in section 7.2 of the Resolution 1 Explanatory Memorandum. There are no new, additional or incremental awards to vest for the Chief Executive Officer & Managing Director or any other key management personnel.

It is also the Company's present intention to sell on-market 4,287,828 treasury shares which are held by the Company's employee share trust for the purpose of satisfying obligations under the LTIP and for the net proceeds to be used to satisfy, in part, the cash settlement of the Performance Rights.

7.2 Effect on share price

If the Distribution is implemented, the Company's Shares are expected to trade at a lower share price than its then trading price immediately prior to the 'ex' date for the Distribution - this is due to the payment/return of funds to Shareholders.

8. Tax consequences for Shareholders

8.1 Introduction

This section comments on the Australian income and capital gains tax implications of the proposed Distribution for Australian-resident Shareholders. Note this is provided on the basis of receiving a Distribution only, without also disposing of the shares.

This section should be read in conjunction with the entire Notice of Meeting and Explanatory Memorandum. This summary is not intended to be comprehensive and is based upon the Company's interpretation of Australian tax law currently in force at the date of this Notice of Meeting. Shareholders should not rely on the information on this section as advice in relation to their own affairs. This summary is general in nature and is not intended to be an authoritative or complete statement of all potential tax implications for each investor or relied upon as tax advice. The taxation laws are complex and there could be implications in addition to those described in this section. The precise implications of ownership or disposal will depend upon each investor's specific circumstances. Shareholders should seek independent professional advice in relation to their own particular circumstances.

This summary does not constitute financial product advice as defined in the *Corporations Act 2001* and is confined to taxation issues and is only one of the matters you need to consider when making a decision about your investments. You should consider taking advice from a licensed adviser, before making a decision about your investments.

The information in this section only applies to Shareholders who hold their Shares on capital account (i.e., as an investment). The commentary does not deal with the taxation implications of the Distribution for:

- (a) Shareholders who hold the shares in the Company on revenue account or as trading stock; or
- (b) Shareholders who are exempt from Australian income tax; or
- (c) Shareholders subject to the Taxation of Financial Arrangements regime in Division 230 of the *Income Tax Assessment Act 1997* which have made elections to apply the fair value or reliance on financial reports methodologies.

For the purposes of section 8.2 and 8.3 below, "**Shareholder**" does not refer to any of the persons or entities at (a) or (c) above. It is important that such persons or entities also seek independent taxation advice specific to their circumstances.

8.2 Taxation position of Australian Resident Shareholders

The Distribution will comprise an equal capital reduction and a dividend component. As discussed in section 3 above the precise and final amount of the Distribution by the Company and its composition cannot presently be determined. The following comments therefore relate to the tax treatment of the capital reduction and dividend to the extent either of those components are received.

a) Equal capital reduction

The equal capital reduction will result in a capital gains tax (**CGT**) event for a Shareholder. The immediate income tax consequence of the receipt of the capital proceeds from the equal capital reduction will depend on the cost base of a Shareholder's Shares for CGT purposes. The cost base of listed shares will generally be the cost of acquisition of the Shares, plus any costs incurred in relation to the acquiring and disposing of the shares (such as broker's fees and stamp duty).

If the capital reduction exceeds the cost base, then the Shareholder will realise a capital gain equal to the amount of the excess.

A CGT discount may be applied against the capital gain (after reduction of total capital gains by capital losses) where the Shareholder is an individual, complying superannuation entity or trustee, the Shares have been held for at least 12 months and certain other requirements have been met. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) may be reduced by one half, after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

Where the Shareholder is the trustee of a trust that has held the Shares for at least 12 months before disposal, the CGT discount may flow through to the beneficiaries of the 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.

Shareholders who are companies are not entitled to the CGT discount.

If the cost base of the Shares exceeds the capital proceeds received by a Shareholder there will be no immediate tax consequences to a Shareholder other than a reduction in CGT cost base of the shares.

b) Dividend

Dividends paid by the Company on a Share will be assessable to income of an Australian resident Shareholders in the year of income in which it is paid.

Franking credits attached to the Dividend paid to Shareholders should be included in the assessable income of each Shareholder (i.e. Shareholders are assessed on the cash component of the Dividend received, plus the amount of any franking credits attached to the Dividend).

Shareholders may be entitled to a tax offset equal to the franking credit attached to the Dividend. Shareholders that are individuals or complying superannuation entities may be entitled to a refund of excess franking credits where the tax offset associated with franking credits attached to the Dividend exceeds their tax liability

for the relevant income year. Shareholders that are companies will not be entitled to a refund of excess franking credits where the franking credits attached to the Dividend exceeds their tax liability for the relevant income year. Instead, Shareholders that are companies will convert any excess franking offset to a tax loss and will be taken to have incurred this tax loss for the relevant income year in which the dividend is assessed. Shareholders that are companies may be able to credit their franking account with the amount of any franking credit attached to the Special Dividend.

The benefit of franking credits can be denied where an investor is not a 'qualified person', in which case the investor will not need to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a 'qualified person', two tests must be satisfied, namely the holding period rule and the related payment rule. Under the holding period rule, an investor is required to hold Shares 'at risk' for more than 45 days continuously (which is measured as the period commencing the day after the Shares were acquired and ending on the 45th day after the Shares become ex-dividend) in order to qualify for franking benefits, including franking credits. This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed \$5,000.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to the dividend. The related payment rule requires the investor to have held the Shares at risk for the continuous 45 day period as above but within the period commencing on the 45th day before, and ending on the 45th day after the day the Shares become ex-dividend. Investors should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

8.3 Taxation position of Non-Resident Shareholders

a) Equal capital reduction

If the capital reduction exceeds the cost base, then the Shareholder will realise a capital gain equal to the amount of the excess. Any capital gain arising to a Shareholder who is not a resident of Australia for Australian tax purposes should be able to disregard any capital gain that would otherwise arise from the equal capital reduction, unless their shares constitute 'Taxable Australian Property', as defined for Australian income tax purposes.

Specifically, Taxable Australian Property includes interests held in an entity that satisfies both of the following two tests:

- non-portfolio interest test – holdings, on an associate inclusive basis, in the test entity of 10% or more at the time of disposal (or throughout a 12 month period within the period commencing 24 months before the time of disposal); and

- principal asset test – where the sum of the market values of the entity's assets that are taxable Australian real property exceeds the sum of the market value of its assets that are not taxable Australian real property (in this regard, mining rights are considered taxable Australian real property).

Any non-resident Shareholders who own 10% or more of the Shares (on an associate inclusive basis) should seek independent professional advice in relation to their own particular circumstances, including whether any protection will be available under a relevant double tax treaty.

b) Dividend

Dividends paid by the Company are expected to be fully franked such that no Australian dividend withholding tax should apply to the Dividend.

Non-resident Shareholders should seek independent professional advice in relation to the tax treatment of the Dividend received in their jurisdiction of residence.

8.4 Advantages

The Board is of the view that the proposed Distribution has significant potential advantages, including but not limited to allowing the Company the flexibility to distribute the proceeds of the Mobile Sale in an efficient manner.

8.5 Disadvantages

The Board is of the view that the proposed Distribution has limited disadvantages, including but not limited to preventing the Company the flexibility to distribute the proceeds of the Mobile Sale in an efficient manner.

9. Directors' recommendations

The Directors **unanimously recommend** that Shareholders vote in favour of Resolution 2. Each Director who is also a Shareholder and who is not otherwise restricted from voting intends to vote all Shares which they control in favour of Resolution 2.

9.1 Directors' interests

No Director will receive a payment or benefit of any kind, as a result of the Distribution, other than as security holder of the Company or, in the case of the CEO and Managing Director, as a result of the vesting of performance rights outlined in section 7.1(b) of the section of this Explanatory Memorandum dealing with Resolution 2.

Refer to section 7.2 of the section of this Explanatory Memorandum dealing with Resolution 1 for information about the number of securities of the Company and performance rights which each Director holds as at the date of this Notice of Meeting.

9.2 No other material information

Other than as set out in this Notice of Meeting, and information previously disclosed to Shareholders, there is no information known to the Directors which might reasonably be expected to be material to the making of a decision by Shareholders whether or not to vote in favour of Resolution 2.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 2.

Resolution 3 – Delisting from ASX

1. Overview

The Company seeks approval from Shareholders to remove the Company from the Official List of the ASX (**Delisting**), subject to the Mobile Sale and Distribution being approved by Shareholders and Completion occurring.

The Company has received in-principle advice from ASX that, subject to receipt of a formal application for Delisting, ASX would likely remove the Company from the Official List of ASX, on a date to be decided by ASX in consultation with the Company, subject to compliance with certain conditions. ASX has confirmed that if approval is given, removal shall take place on a date to be determined by ASX in consultation with the Company, which is currently expected to be at 4:00pm on 30 April 2021.

The conditions imposed by ASX on the Delisting are as follows:

- a) Condition 1.1: the Company's removal from the Official List to be approved by a special resolution of the ordinary shareholders of the Company;
- b) Condition 1.2: that the notice of meeting seeking Shareholder approval for the Company's removal from the Official List must:
 - (i) Condition 1.2.1: include the time and date at which the Company will be removed from the ASX if Shareholders vote in favour of the Delisting; and
 - (ii) Condition 1.2.2: include a statement to the effect that the removal will take place no earlier than one month after Shareholders vote in favour of the Delisting; and
 - (iii) Condition 1.2.3: include to ASX's satisfaction, information prescribed in section 2.11 of ASX Guidance note 33.
- (d) Condition 1.3: the Company releases the full terms of ASX's decision to the market upon making a formal application to remove the Company from the official list of the ASX.

The Company intends to formally apply to ASX to be removed from the ASX Official List under ASX Listing Rule 17.11 shortly before the date of the Meeting.

Although it is the Company's current intention to proceed with the Delisting and winding up, amaysim is also exploring whether any third parties may be interested in acquiring the Company as a listed shell entity following the completion of the Mobile Sale and Distribution. In the event that such an acquisition materialises, and the Company considers it more favourable to Shareholders than a winding up, amaysim will withdraw Resolution 3 so that Shareholders are given an opportunity to consider the alternative proposal.

2. Conditionality of the Delisting

The Delisting is conditional on Resolution 1 and Resolution 2 being approved, and Completion of the Share Sale Agreement.

3. Compliance with ASX conditions

In accordance with the conditions as stated above:

- a) Condition 1.1: Resolution 3 seeks Shareholder approval via a special resolution for the removal of the Company from the Official List as set out in Condition 1.1 above;
- b) Condition 1.2: this Explanatory Memorandum includes the statements required by ASX's approval as set out in:
 - (i) Condition 1.2.1, please refer to section 2 of the section of this Explanatory Memorandum dealing with Resolution 1 which contains an indicative timetable for the Mobile Sale, Distribution and Delisting;
 - (ii) Condition 1.2.2, please refer to section 9 below; and
 - (iii) Condition 1.2.3, please refer to sections 4 to 12 below (the sections of this Explanatory Memorandum dealing with Resolution 3); and
- c) Condition 1.3: the Company will lodge its formal request for removal from the Official List shortly before the date of the Meeting and release the full terms of ASX's decision to the market as soon as it is received.

The Board recommends that Shareholders seek their own legal, financial and tax advice about the potential impact of Resolution 3, including as to the potential advantages and disadvantages of holding shares in a company that is not listed on ASX.

4. Advantages of the Delisting

The main reasons for the recommendation by the Directors that Shareholders should approve the Delisting are as follows:

- (a) The Company will have already divested itself of its key assets and business as part of the Mobile Sale.
- (b) The Company will distribute all of its assets and cash remaining after the Mobile Sale and the Distribution, including distribution of the cash consideration received by the Company under the Mobile Sale, to its Shareholders. Therefore, Shareholders will have, after all distributions have been made (including the Major Distribution, the Minor Distribution and the Final Distribution), realised the value of their investment in the Company.
- (c) Following completion of the Mobile Sale and the Distributions, the benefit of the Company being a listed entity will be outweighed by the costs, as the Company does not have any ongoing business operations. In the opinion of the Board, it would not be appropriate for the Company, having no operations or plans to enter into any new business activity, to maintain its listing on ASX.
- (d) The Company currently incurs various administrative and management costs to comply with the Listing Rules, fees for ASX clearance and settlement and costs for maintaining staff and other services. As a result of the Delisting, the Company will not be required to continue to pay these costs.
- (e) The Company will also be relieved of the administrative burden associated with being listed.

5. Disadvantages of the Delisting

The Directors have considered the potential disadvantages to the Company of Delisting, particularly:

- (a) Shareholders' ability to sell Shares and realise their investment in the Company may be diminished after the Delisting Date, as Shares will no longer be traded on the ASX and will only be capable of sale by private transaction, therefore the liquidity of Shares will be directly affected and it is likely to be further diminished. However, as set out above, Shareholders will receive the value of Shares in distributions in any event.
- (b) If the Company is Delisted, it will have more limited means by which it can raise capital by way of the issue of securities. Typically, an unlisted company does not have the ability to raise capital from the issue of securities by means of limited disclosure fundraising documents. Therefore, the main means for the Company (as an unlisted company) to raise equity funds will be by way of an offer of securities pursuant to a full form prospectus or by way of placement to sophisticated and other investors who do not require a prospectus. Balanced against these considerations is the fact that the Company presently has sufficient capital for any wind-up costs and is not proposing any fundraising.
- (c) If the Company is Delisted, various requirements of the Listing Rules will no longer apply, and these may include relief from some reporting and disclosure requirements, restrictions on the issue of Shares by the Company, requirements concerning significant changes to the Company's activities and requirements to address ASX Corporate Governance Principles and Recommendations. The absence of continued restrictions in these areas may be perceived to be a disadvantage to some Shareholders, particularly minority Shareholders.

6. The effect of Delisting

If Shareholders approve Resolution 3, the Company will be removed from the Official List on 30 April 2021 (**Delisting Date**). Between the date of the Meeting and the Delisting Date, the Company's shares will continue to be traded on ASX in the ordinary course. Please refer to section 2 of the section of this Explanatory Memorandum dealing with Resolution 1.

After the Delisting Date, Shares will only be capable of sale by private transaction. The Company does not intend to offer a buy back or liquidity facility in conjunction with the Delisting. This may present difficulties to selling Shareholders.

7. Assets, liabilities and creditors

The Directors consider that the Delisting will not have an adverse effect on the Company's capacity to meet its existing and any anticipated obligations and will be able to pay its debts as and when they fall due. As set out above, the Directors also note that the Delisting will result in considerable cost savings for the Company. However, it should be noted, that if Resolution 2 is passed, that the net cash position of the Company will be reduced by the amount of the Distribution.

8. Ongoing compliance obligations

If the Company is Delisted, various requirements of the Listing Rules will no longer apply to the Company. The reduction of obligations associated with a listing on the ASX may include relief from some reporting and disclosure requirements, removal of restrictions on

the issue of Shares by the Company, requirements concerning significant changes to the Company's activities and relief from requirements to address ASX Corporate Governance Principles and Recommendations.

The absence of continued restrictions in these areas may be perceived to be a disadvantage to some Shareholders, particularly minority Shareholders. However, Shareholders will still have the benefit of the protections given to them under the Corporations Act. The Company will still be required to comply with its obligations under the Corporations Act and as set out in the Company's Constitution, these include:

- a) while the Company has 100 or more Shareholders (that is, while it is an **Unlisted Disclosing Entity**), it will still be required to provide continuous disclosure in respect of material matters under section 675 of the Corporations Act;
- b) the Company will still be required to lodge annual audited and half-yearly financial statements as required under the Corporations Act. It is worth noting that in the event the Company ceases to be an Unlisted Disclosing Entity, it will no longer be required to give continuous disclosure of material matters under section 675 of the Corporations Act or to lodge its half-yearly financial statements (auditor reviewed) but as a public company it will still be required to lodge its annual audited financial statements;
- c) while the Company has 50 or more Shareholders, the acquisition and control of its Shares will still be subject to the takeover provisions set out in Chapter 6 of the Corporations Act;
- d) the restrictions around the giving of a financial benefit to a related party under Chapter 2E of the Corporations Act will continue to apply; and
- e) the majority of the provisions of the Constitution will not be affected by the Company ceasing to be listed and there is no present proposal to change the Company's Constitution following the Delisting.

9. Share trading

If Shareholders wish to sell their Shares on the ASX, they will need to do so before the Company is removed from the Official List. The removal of the Company from the Official List will take place no earlier than one month after Shareholders vote in favour of the Delisting.

Following the Delisting Date, any Shareholder wishing to sell their Shares can transfer their Shares off-market to a willing third party purchaser in accordance with the Company's Constitution, however, such market may not be liquid and Shareholders will be personally responsible for sourcing any potential purchaser for their Shares.

As indicated above, whole of company transactions where an offer is made to all Shareholders, (e.g. a takeover bid or a scheme of arrangement), would still be undertaken pursuant to the requirements in the Corporations Act. In the event of such a proposal, in accordance with regulatory requirements, Shareholders will be provided with all relevant information in order to assess such proposal.

10. What remedies may Shareholders pursue under the Corporations Act?

If a Shareholder considers the Delisting to be contrary to the interests of the Shareholders as a whole or oppressive to, unfairly prejudicial to, or unfairly discriminatory against a Shareholder or Shareholders, it may apply to the court for an order under Part 2F.1 of the Corporations Act.

Under section 233 of the Corporations Act, the court can make any order that it considers appropriate in relation to the Company, including an order that the Company be wound up or an order regulating the conduct of the Company's affairs in the future. If a Shareholder considers that the Delisting involves "unacceptable circumstances", it may apply to the Takeovers Panel for a declaration of unacceptable circumstances and other orders under Part 6.10 Division 2 Subdivision B of the Corporations Act (refer also to Guidance Note 1: Unacceptable Circumstances issued by the Takeovers Panel). Under section 657D of the Corporations Act, if the Takeovers Panel has declared circumstances to be unacceptable, it may make any order that it thinks appropriate to protect the rights or interests of any person or group of persons, where the Takeovers Panel is satisfied that those rights or interests are being affected, or will be or are likely to be affected, by the circumstances.

11. What happens if Resolution 3 is not approved

If Resolution 3 is not passed, the Company's Shares will remain listed on ASX, but the Company will not have any ongoing business operations or plans to enter into any new business activity. Once the Distribution is completed, the Company will also have distributed all of its remaining assets and cash.

The Company expects that in these circumstances the ASX would exercise its power to remove the Company from the Official List of ASX as its structure and operations would not be appropriate for a listed entity.

12. Directors' recommendations

The Directors **unanimously recommend** that Shareholders vote in favour of Resolution 3. Each Director who is also a Shareholder and who is not otherwise restricted from voting intends to vote all Shares which they control in favour of Resolution 3.

12.1 Directors' interests

No Director will receive a payment or benefit of any kind, as a result of the Delisting, other than as security holder of the Company or, in the case of the CEO and Managing Director, as a result of the vesting of performance rights outlined in section 7.1(b) of the section of this Explanatory Memorandum dealing with Resolution 2.

Refer to section 7.2 of the section of this Explanatory Memorandum dealing with Resolution 1 for information about the number of securities of the Company and performance rights which each Director holds as at the date of this Notice of Meeting.

12.2 No other material information

Other than as set out in this Notice of Meeting, and information previously disclosed to Shareholders, there is no information known to the Directors which might reasonably be expected to be material to the making of a decision by Shareholders whether or not to vote in favour of Resolution 3.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 3.

GLOSSARY

amaysim Group means amaysim and its Related Bodies Corporate and **amaysim Group Member** means any one of them.

amaysim Mobile means amaysim Mobile Pty Ltd ACN 645 692 093.

ASX means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as the Australian Securities Exchange operated by it.

Board means the board of directors of the Company.

Competing Proposal means any proposal, transaction or arrangement (whether by way of a takeover bid, scheme of arrangement, capital reduction, share buy-back or repurchase, sale or purchase of assets, sale or issue of securities, partnership, joint venture, recapitalisation, establishment of a new holding company or otherwise) which, if completed, would mean a person (other than the Optus or its affiliates) whether alone or together with its affiliates would:

- a) directly or indirectly acquire an interest or "relevant interest" (as defined in section 608 of the Corporations Act) in 10% or more the securities in any amaysim Group Member (other than as custodian, nominee or bare trustee) in circumstances where an amaysim Group Member was involved in or otherwise provided any assistance (including the provision of information) in connection with any such acquisition;
- b) directly or indirectly acquire an interest in all or substantially all of the shares in amaysim Mobile Pty Ltd or certain other entities within the amaysim Group;
- c) directly or indirectly acquire, obtain a right to acquire or otherwise obtain an economic or other interest in all or a substantial part of the business conducted by, or assets of, any amaysim Group Member;
- d) acquire "control" (as defined in section 50AA of the Corporations Act) of any amaysim Group Member;
- e) otherwise directly or indirectly acquire, amalgamate or merge (including by way of reverse takeover bid or dual listed company structure) with any amaysim Group Member;
- f) otherwise obtain any interest which has substantially the same economic or commercial outcome as a transaction described in paragraphs a) to e) of this definition or the Mobile Sale,

excluding any Wholesale Proposal or similar proposal, transaction or arrangement.

Company means amaysim Australia Limited ACN 143 613 478.

Completion means the completion of the purchase and sale of all of the shares in amaysim Mobile pursuant to the Share Sale Agreement.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Distribution has the meaning given in this Explanatory Memorandum.

Exclusivity Period means the period from 2 November 2020 to the earlier of the termination of the Share Sale Agreement and Completion.

Explanatory Memorandum means this explanatory memorandum.

Meeting means the general meeting of the Company convened by the Notice of Meeting.

Independent Expert means Lonergan Edwards & Associates Limited.

Independent Expert Report means the independent expert's report prepared by the Independent Expert dated 2 December 2020, set out in Schedule 2.

Listing Rules means the listing rules of ASX.

Notice of Meeting means the notice of general meeting of which the Explanatory Memorandum forms a part.

Optus means Optus Mobile Pty Limited ACN 054 365 696.

Optus Group means Singtel Optus Pty Limited and each of its subsidiaries and **Optus Group Member** means any member of the Optus Group.

Purchase Price has the meaning given in Schedule 1.

Related Body Corporate has the meaning given to that term in the Corporations Act.

Representative of a person or entity means:

- a) a Related Body Corporate of that party; and
- b) a director, secretary, officer, employee, agent, auditor, financier, adviser, partner, consultant, joint venturer, contractor or sub-contractor of the party or of a Related Body Corporate of that party.

Resolution means a resolution proposed in the Notice of Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Share Sale Agreement or **SSA** means the share sale agreement between the Company and Optus for the acquisition by Optus of all of the issued share capital of amaysim Mobile dated 2 November 2020.

Shareholder means a holder of a Share.

Superior Proposal means a publicly announced Competing Proposal which the board of amaysim, acting in good faith, and after taking written advice from its legal and financial advisers, determines is:

- a) reasonably capable of being completed taking into account all aspects of the Competing Proposal; and
- b) if implemented substantially in accordance with its terms, more favourable to the Shareholders than the Mobile Sale, taking into account all terms and conditions of the Competing Proposal,

excluding any Wholesale Proposal or similar proposal, transaction or arrangement

Wholesale Agreement means the "Optus Wholesale General Terms" (including the Mobile Service Description) entered into by amaysim Australia Limited on 16 September 2010 (acceded to by Vaya Communications Pty Ltd on 30 November 2019), Optus Mobile Pty Ltd and Optus Networks

Pty Ltd, subsequently novated to Optus Wholesale Pty Ltd by deed of novation dated 30 March 2017, and of which Vaya Pty Ltd and Live Connected Pty Ltd have the benefit, as amended and supplemented from time to time.

Wholesale Proposal means a proposal to enter into a wholesale mobile network services or similar or equivalent agreement or arrangement between an amaysim Group Member and a person other than an Optus Group Member.

Schedule 1 – Key terms of Share Sale Agreement

Parties	<p>amaysim Australia Limited (ACN 143 613 478)</p> <p>Optus Mobile Pty Limited (ACN 054 365 696)</p>
Purchase Price	<p>A\$250 million, subject to adjustment</p>
Conditions Precedent	<p>Shareholders approving the Mobile Sale in accordance with ASX Listing Rule 11.</p> <p>The completion of certain pre-completion steps so that amaysim Mobile Pty Ltd will hold certain assets required to conduct amaysim's mobile business.</p>
Exclusivity	<p>No-shop, no-talk, no-due diligence</p> <p>During the Exclusivity Period, except with the prior written consent of Optus, amaysim must ensure that neither it nor its Representatives, directly or indirectly:</p> <ul style="list-style-type: none"> (a) solicit, invite, encourage or initiate or continue any enquiries, negotiations or discussions or communicates any intention to do any of the foregoing, regarding, with a view to obtaining or that may reasonably be expected to encourage or lead to the making of, any offer, proposal or expression of interest from any person in relation to a Competing Proposal; (b) negotiate, accept or enter into, offer or agree to negotiate, accept or enter into any agreement, arrangement or understanding regarding any actual, proposed or potential Competing Proposal or respond to any approach or continue, participate in or resume negotiations or discussions in relation to, or which may reasonably be expected to lead to, a Competing Proposal or communicate any intention to do any of the foregoing, even if the Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by amaysim or any of its Representatives or the person has publicly announced the Competing Proposal or any offer, proposal or expression of interest from any person in relation to a Competing Proposal; or (c) enable any other person other than Optus to undertake or continue due diligence investigations on amaysim or any of its Related Bodies Corporate or any of their respective businesses or operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal or which could reasonably be expected to encourage or lead to receipt of a Competing Proposal or make available to any other person, or permit any other person to receive, other than Optus (in the course of due diligence investigations or otherwise), any non-public information relating to amaysim or any of its Related Bodies Corporate or any of their respective businesses or operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal or which

could reasonably be expected to encourage or lead to receipt of a Competing Proposal.

Fiduciary exception

Paragraphs (b) and (c) of the no-shop, no-talk, no-due diligence restrictions above do not apply to the extent that they restrict amaysim or amaysim's board from taking or refusing to take any action with respect to a genuine Competing Proposal (excluding a Wholesale Proposal) which:

- (a) was not solicited, invited, encouraged or initiated, or otherwise brought about, by any one or more of them and/or any of their respective Representatives in contravention of paragraph (a) above;
- (b) is or is reasonably likely to be a Superior Proposal (provided the matching right procedure has been followed) (excluding, for the avoidance of doubt, any Wholesale Proposal); and
- (c) provided that the amaysim board has determined, in good faith and acting reasonably that after receiving written legal advice from its external legal advisers that taking or failing to take the relevant action would be reasonably likely to constitute a breach of the amaysim board's fiduciary or statutory obligations.

Notice of approaches

- (a) If amaysim or any of its Representatives:
 - (i) is approached by any person during the Exclusivity Period to discuss or engage in any activity in relation to an actual, proposed or potential Competing Proposal or Wholesale Proposal or otherwise becomes aware of any such proposal; or
 - (ii) receives any request for information relating to amaysim, or its businesses or operations, in connection with the formulation, development or finalisation of, or assisting in the formulation, development or finalisation of, an actual, proposed or potential Competing Proposal or Wholesale Proposal, or which amaysim has reasonable grounds to suspect may relate to an actual, proposed or potential Competing Proposal or Wholesale Proposal, amaysim must notify Optus immediately in writing of that approach or request.
- (b) The notice must be accompanied by all relevant details of the relevant approach, Competing Proposal or Wholesale Proposal, including the identity of the person that made the approach, Competing Proposal or Wholesale Proposal and the material terms and conditions of the relevant approach, Competing Proposal or Wholesale Proposal, including details of the proposed consideration, conditions and break fee (if any).

- (c) amaysim must provide Optus with regular updates on the status of the inquiry, approach, proposal, Competing Proposal or Wholesale Proposal, as the case may be.

Matching right

During the Exclusivity Period, amaysim:

- (a) must not, and must procure that no other amaysim Group Member does, enter into any agreement, arrangement or understanding (whether or not in writing or whether or not conditional or otherwise) pursuant to which a third party, amaysim Seller or both proposes or propose to undertake or give effect to a Competing Proposal; and
- (b) must procure that none of the members of the amaysim board:
- (i) withdraws, changes or in any way qualifies his or her recommendation or voting intention (other than as permitted by the SSA); or
 - (ii) recommends, supports or endorses a Competing Proposal,
- unless:
- (c) the Competing Proposal is a Superior Proposal;
- (d) amaysim has provided Optus with written notification of all of the material terms and conditions of the Competing Proposal, the fact that the Competing Proposal has been made, price and the identity of the third party or parties making the Competing Proposal (and, if different, details and identity of the proposed bidders or acquirers) and any material updates to the Competing Proposal;
- (e) amaysim has given Optus at least 5 business days after the date of the provision of the information above to provide a matching or superior proposal to the terms of the Competing Proposal; and
- (f) Optus has not provided amaysim with a matching or superior proposal to the terms of the Competing Proposal by the expiry of the 5 business day period.

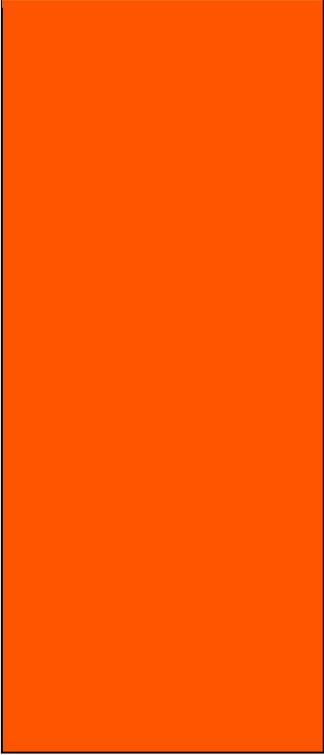
amaysim's obligations under the matching right mechanism apply in respect of each Competing Proposal and any variation or amendment to an existing Competing Proposal.

Counterproposal

- (a) If Optus proposes to amaysim a new proposal that constitutes a matching or superior proposal to the Competing Proposal (**Counterproposal**) within 5 business days, during the Exclusivity Period, amaysim must procure that the amaysim board considers the Counterproposal and if the amaysim board, acting reasonably and in good faith, determines that the Counterproposal would provide an equivalent or superior outcome for the shareholders of amaysim as a whole compared

	<p>with the Competing Proposal, taking into account all of the terms and conditions of the Counterproposal, then:</p> <ul style="list-style-type: none"> (i) amaysim and Optus must use their reasonable endeavours to agree the amendments to the SSA that are reasonably necessary to reflect the Counterproposal and to implement the Counterproposal, in each case as soon as reasonably practicable; and (ii) amaysim must procure that a majority of the directors of amaysim continues to recommend the Mobile Sale (as modified by the Counterproposal) to shareholders in amaysim and publicly announces that recommendation. <p>(b) If Optus makes a Counterproposal, amaysim must ensure that the amaysim board considers such proposal as soon as practicable and must notify Optus of the amaysim board's determination in respect of such proposal within 5 business days of the proposal being made.</p> <p>No Wholesale Proposal</p> <p>During the Exclusivity Period, amaysim agrees that it will not, and agrees to procure that its Representatives do not, directly or indirectly negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into any deed, agreement, arrangement or understanding regarding any actual, proposed or potential Wholesale Proposal or share any information or provide any other assistance to a third party in respect of any actual, proposed or potential Wholesale Proposal.</p>
<p>Break Fee</p>	<p>amaysim agrees to pay the Break Fee to Optus without withholding or set off if:</p> <ul style="list-style-type: none"> (a) a Competing Proposal completes prior to the termination of the SSA or is announced or binding agreement(s) is signed in respect thereof prior to the termination of the SSA and within 12 months of the SSA being terminated the third party who announced or made the Competing Proposal completes the Competing Proposal; (b) any director of amaysim fails to recommend the Mobile Sale or withdraws their recommendation, adversely changes or qualifies their recommendation, recommends a Competing Proposal or otherwise makes a public statement indicating that he or she no longer supports the Mobile Sale, except where the change of recommendation or statement is made after the Independent Expert concludes that in the opinion of the Independent Expert the Mobile Sale is not fair and reasonable and in the best interests of amaysim's shareholders (except where the Independent Expert's conclusion is due to a Competing Proposal); or (c) Optus validly terminates the SSA as a result of the failure to complete the pre-completion steps, amaysim's material breach or failure to complete the Mobile Sale in accordance with the SSA.

Purchase Price Adjustment	<p>Net Asset Adjustment</p> <p>The Purchase Price will be adjusted by a net asset adjustment mechanic based on the value of certain assets held by amaysim Mobile Pty Ltd at Completion as against the value of those assets as at the most recent balance sheet prepared prior to signing the SSA.</p> <p>Following Completion, Optus will prepare a balance sheet for amaysim Mobile Pty Ltd as at Completion which amaysim will review. Once the balance sheet is agreed, this will be the basis on which the net asset adjustment to the Purchase Price is calculated.</p> <p>Customer Adjustment</p> <p>If the number of amaysim customers as at Completion is less than 99% of the number of amaysim customers on the date of signing the SSA, the Purchase Price will be adjusted based on the decrease in customer numbers multiplied by an amount equal to the Purchase Price divided by the number of customers at the time of the sale (excluding "As You Go" retail customers).</p>
Warranties & Indemnities	<p>The SSA contains customary warranties and indemnities for a transaction of this nature, including warranties in relation to title and capacity, ownership, conduct of business, customers, financial accounts, records, contracts, assets, properties, intellectual property rights, information technology, privacy, litigation, employees, superannuation, solvency, insurance, tax and information</p>
Limitations of Liability	<p>Optus has obtained buy-side warranty and indemnity insurance in relation to the Mobile Sale, releasing amaysim from all claims under the warranties and indemnities, except for claims in relation to title and capacity warranties or in the case of fraud.</p> <p>There are also customary limitations of liability that reflect a transaction of this nature.</p>
Transitional Services	<p>The Transitional Services Agreement takes effect at the date of Completion and continues for three months.</p> <p>The key points in the Transitional Services Agreement are as follows:</p> <ul style="list-style-type: none"> (a) The services comprise ongoing Contact Centre (including Data and Analytics), IT and Billing services, as well as handover and incidental services required for the services to be transitioned to Optus by the end of the three month term. (b) If the Restructure Steps required under the Share Sale Agreement are not completed by Completion (where such Completion occurs notwithstanding), the activities require for the full and complete performance of the Restructure Steps, are treated as transition services under the TSA. (c) The fee for the services is AU\$1,000,000 (GST exclusive) per month, payable in arrears at the end of each month.

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- (d) For a period of one month following Completion, Optus will provide to amaysim services of certain transferred employees if reasonably required including their use of certain transferred systems as agreed by amaysim and Optus in good faith from time to time on a time & materials basis, such as to support amaysim's performance of the transitional services agreement between amaysim, AGL and Click Energy.
 - (e) Each party's liability is limited in aggregate to the amount of Service Fees paid or payable under or in connection with the TSA during the term of the TSA. Neither party has liability for indirect or consequential losses. There are certain mutual standard exclusions to the liability cap (for wilful misconduct, fraud, injury or death or any liability which cannot be excluded at law). The other fairly standard mutual exclusions to the liability cap are for breach of privacy and breach of confidence.
 - (f) There is a time limit on Optus's claims under the Transitional Services Agreement, being the earlier of: (i) 3 months of Optus first becoming aware of the claim; or (ii) 2 months after the end of the term of the Transitional Services Agreement.

Schedule 2 – Independent Expert Report

Please continue to the following page for the full copy of the Independent Expert Report.