



Coms PLC

Acquisition

RNS Number : 8487B

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10 March 2014

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Coms

plc

("Coms" or "the Company")

Acquisition of Smarter Mobile UK

Coms (AIM: COMS), a leading organisation in the provision of end-to-end communication, connectivity and business services, is pleased to announce that it has agreed to acquire the entire share capital of Smarter Mobile UK Limited from the founding shareholders (the "Acquisition") for a consideration of £225,000 payable in cash used from the company's existing funds.

Information on Smarter Mobile UK

Smarter Mobile UK, trading under the brand name Family Mobile offers a great value mobile phone service that is simple to use and simple to understand. Many of its thousands of loyal customers have been using the service since 2008 when it was launched in partnership with Ikea Family, the loyalty scheme created by Swedish retail giant Ikea. It's shared 'family accounts' under which any number of individual phones can be managed have continued to prove to be innovative and cost effective to this day. Smarter Mobile has a current turnover of c.£240,000 and is EBITDA neutral with net assets of c.£55,000.

Dave Breith, Chief Executive Officer of Coms, commented:

"This is the last piece of the jigsaw for Coms and the company's telecoms offering, anything we do from here is building upwards. Although relatively small in size, this is an extremely strategic

acquisition and one which will give Coms a much needed direct interconnection and commercial relationship with a national UK mobile operator, allowing it unparalleled network access. By bypassing third party aggregators allows Coms to build its own service offering without being restricted to marketing products that other people have already thought of. The additional revenue's that this transaction can bring to the company are potentially significant and a new budget and forecast has been drawn up on the back on this to give an idea on how strategic this actually is to the company.

With these building blocks added to the flexible solutions Coms Mobile has been offering since signing its first major customer with an order for an expected 50,000 SIMS in late 2013 Coms Mobile has found itself able to offer some of the most attractive mobile solutions from machine to machine, tracking, national and international roaming, loan worker solutions and business critical services. The Coms Mobile products break down the traditional boundaries of restricted network access, excess charging for out of bundle, international and non-geographic services allowing the user to make significant savings even against some of the most generous bundled packages available.

This acquisition will position Coms Mobile as one of the most innovative and attractive all round providers of mobile solutions and when added to the ability of the full suite of products from the wider Coms group our competitors from small MVNO's to the largest national operators should be beware that with a more comprehensive product portfolio than even the largest of telecoms companies Coms really are inspiring business with the solutions we deliver and will continue to shape the way telecoms and mobile is sold in the future.

Paul Wade, Chairman of Smarter Mobile UK, commented:

The management team of Smarter Mobile welcome this acquisition by Coms as not only will it provide a platform for growth in respect of Family Mobile but also the resources that Coms will be able to provide will enable the launching of new brands to meet the needs of both consumers and businesses. It is the ability to offer a wide portfolio of additional services beyond mobile backed by the strength and professionalism of Coms Plc that gives us an exciting platform for the future.

The Benefits of the Acquisition

In the Board's opinion the Acquisition will be highly complementary to the Company's existing business by enhancing our mobile offering not only to our existing SME and Enterprise customers but also expanding our Coms Mobile customer base. The company will also acquire the software agreements that enable the company to fulfil its customer requirement, thus making integration immediate.

The Company will be able to target cross-selling opportunities and

increasingly deliver some of Coms' services via any medium from landline, broadband, hosted seat, the cloud and mobile. Coms has already made significant investment in its Coms Mobile brand allowing it to offer innovative, tailored and unique feature rich mobile services rather than simply following the crowd into a mobile price war.

The Terms of the Acquisition

Under the terms of the acquisition Coms will take control of all of Smarter Mobile UK's services, its existing customer accounts and extensive SIM stock. During a short transition phase the products will be converted into the Coms Mobile brand under which the product portfolio will be merged with the existing mobile services. This will enable everything from pre and post-paid end user accounts, business and corporate mobile and converged telephony solutions to machine to machine, national and international roaming services via its existing sales channels and with an imminent launch of a new Coms APP that is anticipated during quarter 2 of this year.

In addition the sellers will sign an agreement with Coms and will continue to take further services from Coms and launch a new service of their own called "UK Forces Mobile" under an exclusive supply arrangement with Coms.

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Notes to Editors

Established in 2005, Coms is an end-to-end provider of telecommunications and IT services to business and industry. From hosted VoIP telephony to smart buildings to broadband to business infrastructure, Coms offers an unrivalled service built on innovation, passion and dedication. Unlike most VoIP providers, Coms does not rely on third party providers and we own and operate a UK based Carrier Class telephony platform. For more information, please visit www.coms.com.

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