

IMPORTANT LETTER TO SHAREHOLDERS

DIRECTORS' RESPONSE TO LETTER FROM MR TAS DAVIES

27 May 2019

Dear NetComm Wireless shareholders,

I am writing to you in relation to a letter dated 22 May 2019 sent by Mr Tas Davies about the proposed Scheme of Arrangement, which was announced on 22 February 2019. A link to Mr Davies' letter is included here <https://www.netcomm.com/assets/TD-Shareholder-Letter.pdf>. Under the Scheme, Casa Systems ("Casa", NASDAQ: CASA) would acquire 100% of the equity interests in NetComm (ASX: NTC) for a cash consideration of \$1.10 per share.

Having carefully considered the views expressed in Mr Davies' letter, the Directors of NetComm confirm their unanimous recommendation to shareholders that the shareholders should vote in *favour* of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in NetComm shareholders' best interests. The Directors also confirm their intention to vote their shares FOR the Scheme and have lodged proxies accordingly. The authors of the Independent Expert Report have confirmed to the Directors, after reviewing Mr Davies' letter, that their assessment of the Scheme is unchanged.

The grounds for your Directors' recommendation in favour of the Scheme are set out in the Scheme Booklet sent to shareholders on 8 May 2019. The Directors do not regard it as necessary to provide shareholders with a supplementary explanatory statement in response to the matters raised by Mr Davies' letter, because those matters are all adequately addressed in the Scheme Booklet. However, the Board believes it may be of assistance to shareholders to reiterate the key points, made in the Scheme Booklet, that answer Mr Davies' concerns.

Basis of the Board's Recommendation to Vote FOR the Scheme

In summary, your Directors confirm their recommendation that shareholders vote in favour of the Scheme for the following key reasons, which are set out more fully in the Scheme Booklet:

- **Significant premium:** The Scheme Consideration of A\$1.10 per share constitutes a:
 - 52.8% premium to the closing price of A\$0.720 per share on 20 February 2019;
 - 49.8% premium to the 1-month volume weighted average price (VWAP) of A\$0.734 per share; and

- 40.9% premium to the VWAP of A\$0.781 per share since NetComm announced its FY18 results on 27 August 2018.¹
- **Certainty of value:** the 100% cash consideration, with its substantial premium, provides NetComm shareholders with certainty of value against the risks associated with the execution of NetComm's long term strategy, which is dependent upon new customer contract wins together with the inherent uncertainty of future revenue streams.²
- **Limited conditionality:** The Scheme is not subject to a finance condition and is subject only to conditions customary for transactions of this type, including court approval and approval by the shareholders of NetComm.³
- **No other proposal** has been received since conducting the strategic review in late 2018 despite various potential buyers being contacted by our investment bank prior to the commencement of the exclusivity period for Casa⁴.

Furthermore, your Directors believe that if the Scheme does not proceed, and no Superior Proposal is received, then there is a strong risk that NetComm's share price will fall and trade at a price below the Scheme Consideration of \$1.10 cash per NetComm Share, and possibly below the price before the bid from Casa which was A\$0.720 per share (on 20 February 2019)⁵.

The outcome of the Meeting will depend on you, our valued shareholders. The Scheme Booklet sets out all the information you need to help you decide how to vote, and sets out not only the considerations that might lead you to vote in favour of the Scheme, but also (at pages 22 to 23) considerations that might lead you to vote against it. Your Board strongly encourages you to read the Scheme Booklet carefully.

Directors' Recommendation – VOTE FOR

Your Directors continue to unanimously recommend that NetComm shareholders **vote in favour** of the Scheme at the upcoming Scheme Meeting to be held on 7 June 2019, subject to no superior proposal emerging and the Independent Expert continuing to conclude that the scheme is fair and reasonable and in the best interests of NetComm shareholders.

Subject to the same qualifications, each NetComm Director intends to vote the NetComm shares held or controlled by them in favour of the proposed Scheme and have lodged proxies accordingly.

¹ See section 2.1.2 of the Scheme Booklet

² See section 2.1.4 of the Scheme Booklet

³ See section 2.1.5 of the Scheme Booklet (Note, the Scheme was subject to FIRB approval, however that approval has been obtained – see ASX announcement dated 15 April 2019)

⁴ See section 2.1.6 of the Scheme Booklet

⁵ See section 2.1.2 of the Scheme Booklet

Independent Expert Opinion

The Independent Expert, Lonergan Edwards & Associates, has considered the advantages and disadvantages of the Scheme and has **concluded that the Scheme is fair and reasonable and, therefore, is in the best interests of NetComm Shareholders**, in the absence of a Superior Proposal.

The Independent Expert has assessed the NetComm business and has valued NetComm between \$0.85 and \$1.08 per share on a full controlling interest basis. The Scheme Consideration of \$1.10 is above this value range.

HOW TO VOTE

By proxy online or by mail: by 10:00am (AEST) on Wednesday, 5 June 2019.

Online: Visit <https://events.miragle.com/NTC-Scheme> and follow the prompts to vote online. You will need your HIN or SRN and postcode in order to login and lodge your vote.

By mail (*If time permits*): If you received the Scheme documents in the mail, fill in and sign your personalised proxy form and return this via post, using the enclosed reply-paid envelope.

In person: At the Scheme Meeting at 10:00am (AEST) Friday, 7 June 2019.

If you have any questions about the Scheme, please call the NetComm Shareholder information line on 1300 365 969 (within Australia) or +61 1300 365 969 (outside Australia) between 8.30 am and 5.00 pm (AEST), Monday to Friday, excluding public holidays.

Yours sincerely,

Justin Milne
Chairman



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