

14 December 2021

Vonex Expands into South Australia through Acquisition of Voiteck

Highlights:

- Vonex has entered into an agreement to acquire 100% of the shares of Voiteck – an established provider of voice and internet services to SMEs in South Australia
- Voiteck has ~1,000 customers in end-markets including Aged Care and Community Clubs and >10,000 PBX users, increasing Vonex's total PBX users to >90,000 post transaction
- The acquisition accelerates Vonex's geographic expansion, providing it with a physical presence in Adelaide's CBD from which Vonex can service the South Australian market
- Voiteck delivered LTM pro forma EBITDA¹ of \$0.6m, revenue of \$3.3m and annualised recurring revenue (ARR) of \$2.6m in the period to 30 September 2021
- Total upfront consideration of \$2.75m comprises \$2.2m payable in cash and \$0.55m in escrowed shares. The cash component of the upfront consideration will be paid utilising Vonex's existing cash reserves, with the acquisition expected to complete in January 2022. Additional consideration of up to \$2.75m may be paid to the vendors subject to the realisation of certain synergies and EBITDA growth delivered in FY22 and FY23
- The purchase price (upfront consideration) represents a <4.5x multiple of Voiteck's pro forma LTM EBITDA² and the acquisition is double-digit EPS accretive on a full year basis

Telecommunications innovator Vonex Limited ("Vonex" or the "Company") (ASX: VN8) is pleased to announce that it has entered into a binding Share Acquisition Agreement ("SAA") with the shareholders of Voiteck Pty Ltd ("Voiteck") to acquire 100% of the issued capital of Voiteck ("Acquisition" or "Transaction").

Vonex Managing Director, Matt Fahey, said:

"We are pleased to welcome Voiteck to the Vonex group. Acquiring Voiteck represents an ideal fit within our established M&A strategy, through which we focus on geographic expansion, product enhancements and/or new customer growth through the acquisition of complementary and profitable telecommunications businesses at valuations that are EBITDA and EPS accretive to Vonex shareholders.

"In terms of engineering skillset and technical capabilities, we view Voiteck as an emerging version of Vonex. Voiteck's

¹ Excludes IFRS 16

² LTM 30 September 2021 and excludes IFRS 16

established presence across several niche verticals and strong standing in the SA market brings us into a new geographic region which presents exciting growth opportunities. The acquisition also brings Vonex a significant recurring revenue boost, with group ARR post completion of approximately \$34.5 million.

"Across several transactions, Vonex has successfully demonstrated its ability to integrate targets of this type in a way that adds value to shareholders and customers. We look forward to welcoming Declan and his team to the Vonex group as we integrate Voiteck's operations into Vonex's fast-growing businesses."

Voiteck's founder and Managing Director, Declan O'Callaghan, is a qualified Electrical Engineer with over twenty years in telco and IT and is a former Head of Vodafone Australia's small business channel. Declan will become a Vonex employee on completion of the transaction and is incentivised to remain in the business post completion.

Voiteck Managing Director, Declan O'Callaghan, said:

"I am delighted to bring Voiteck into the Vonex group. Vonex is an exciting and rapidly-emerging listed telecommunications group which provides Voiteck with a strong platform for growth.

"At Voiteck, our purpose is to keep businesses connected with amazing telecommunications solutions and provide our clients with innovative, high quality and adaptable telco technology which serves them now and long into the future. In this purpose, we align closely with Vonex. For our valued clients, their teams and their end-users, it'll be business as usual, except with more efficiency, better systems and faster services.

"My staff and I are extremely proud to join the Vonex team and look forward to continuing to exceed our customers' expectations."

About Voiteck

Voiteck is a leading provider of telephony services in South Australia, focused on delivering cloud hosted telecommunications solutions to small to medium enterprise ("SME") customers in South Australia. Voiteck provides a broad range of SME customers with mobile, landline and high-speed internet services, with local support from Voiteck's head office based in the Adelaide CBD.

Founded in 2009 by telecommunications industry veteran Declan O'Callaghan, Voiteck has grown to now service more than 10,000 end-users through approximately 1,000 customers spanning a range of industries, including those pictured below.



Voiteck Operational Highlights

Voiteck provides business-focused telecommunications solutions, including:

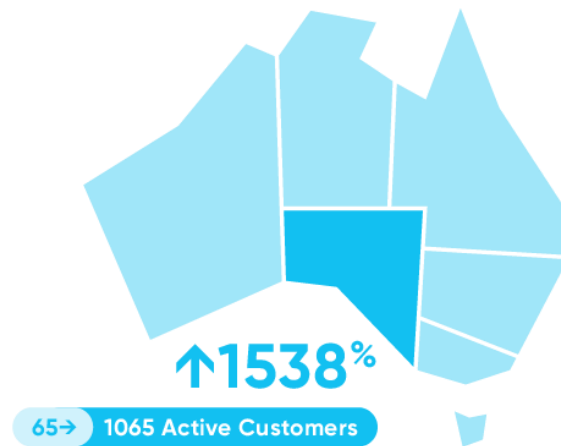
- A fully-featured and scalable hosted PBX system - a phone solution in the cloud which unifies and consolidates audio, video and web conferencing

- Mobile telephony solutions leveraging the Optus network
- Business internet services including access to NBN, private fibre, wireless broadband and point-to-point wireless

In the 12 months to 30 September 2021, Voiteck generated \$3.3 million in customer revenue, approximately 80% of which is recurring in nature. From this revenue, Voiteck recorded pro forma EBITDA (unaudited) of more than \$0.6m³.

Strategic Rationale

- Voiteck satisfies Vonex's core acquisition criteria, with the Company currently focused on acquisition targets which can operate standalone while it integrates the Direct Business.
- Acquisition provides much-needed branded physical presence in the South Australian market, for the first time, through a customer showroom located on King William St in the Adelaide CBD, allowing Vonex to manage its existing South Australian channel partners more closely and accelerate growth in this market.
- Acquisition expands Vonex's footprint of SME customers in South Australia and will see the Company migrate approximately 10,000 active PBX users to its platform.
- Double digit EPS accretion on a full year basis.
- Acquisition provides another step-change boost to the Company's base of annualised recurring revenue (ARR), which will grow post-completion to ~\$34.5 million.

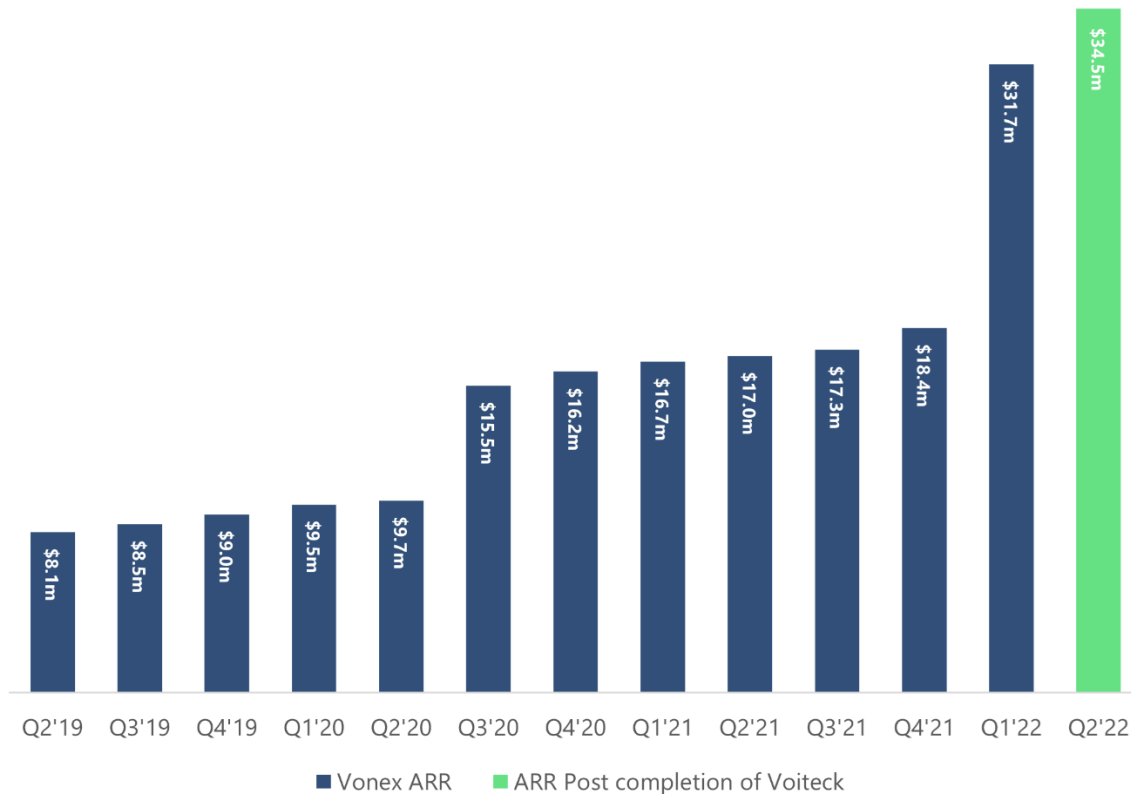


Growth in Customers in South Australia post Acquisition of Voiteck

³ LTM 30 September 2021 and excludes IFRS 16

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Annualised Recurring Revenue ('ARR')



- Scale gains are expected to deliver growth across all key metrics for the combined business, including revenue, ARR, gross margin, EBITDA and SME customers.

Transaction Details

Total upfront consideration of approximately \$2.75 million is payable on completion of the Transaction, comprising:

- \$2.2 million in cash; and
- 4,983,246 ordinary shares at a deemed issue price of A\$0.11 (being the volume-weighted average price of Vonex shares for 10 trading days to 13 December 2021), to be escrowed for between 6 months and 24 months post issue ("Consideration Shares").

The total upfront consideration represents a multiple of <4.5x LTM Sept 21 pro forma EBITDA⁴ and is EPS accretive.

FY22 Consideration

Vonex will pay a multiple of 4.5x pro forma adjusted EBITDA for the year ended 30 June 2022 less other consideration paid to the vendors, which will consist of 80% cash and 20% in shares priced at a 5% discount to the 30-day VWAP prior to the date of issue.

⁴ LTM 30 September 2021 and excludes IFRS 16

FY23 Consideration

Vonex will pay a multiple of 4.0x pro forma adjusted EBITDA for the year ended 30 June 2023 less other consideration paid to the vendors, which will consist of 80% cash and 20% in shares priced at a 5% discount to the 30-day VWAP prior to the date of issue.

Completion under the SAA remains subject to the satisfaction of a number of conditions precedent which include:

- Change of control consents from key suppliers;
- Completion of the Voiteck FY21 tax return; and
- Key employees of Voiteck continuing with their employment post Completion.

The SAA contains other warranties which are customary for a transaction of this nature. The Acquisition is forecast to complete in January 2022.

TCA Partners acted as financial advisor to Vonex on the Acquisition.

This announcement has been authorised for release by Matt Fahey, Managing Director of Vonex Ltd.

ENDS

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ABOUT VONEX:

Vonex is a full service, award-winning telecommunications service provider selling mobile, internet, traditional fixed lines, and hosted PBX and VoIP services - predominately to the small to medium enterprise ("SME") customer under the Vonex brand. The Company also provides wholesale customers, such as internet service providers, access to the core Vonex PBX and call termination services at wholesale rates via a white label model. Vonex also develops new technologies in the telecommunications industry, including a feature-rich cloud-hosted PBX system.