



ASX ANNOUNCEMENT

11 September 2024

SWOOP ANNOUNCES ACQUISITION OF A 16.99% STAKE IN VONEX

Swoop Holdings Limited (ASX:SWP) (**Swoop**) confirms that it has acquired approximately 16.99% of the issued ordinary shares in Vonex Limited (**Vonex** or the **Company**).

Swoop has acquired its interest in Vonex at an average price of \$0.04 per share on market at a total cost of approximately \$2.45 million which has been funded from existing cash resources.

The acquisition of this stake follows Swoop's submission of a competing and non-binding proposal to acquire Vonex via a scheme of arrangement at \$0.04 per Vonex share as announced on 5 September 2024. Per the announcement, Swoop's proposal represents a premium to the current scheme of arrangement proposed by Maxo Telecommunications Pty Ltd (**MaxoTel**) at \$0.0375 per Vonex Share (**MaxoTel Scheme**).

Swoop continues to believe its proposal stands to create significant value for both Vonex and Swoop shareholders and represents superior value to the MaxoTel Scheme.

Swoop does not support the MaxoTel Scheme and currently does not intend to vote its Vonex stake in favour of it.

Since submission of Swoop's proposal and in response to the request of Vonex, Swoop confirms it has submitted to Vonex a draft scheme implementation deed on substantially the same legal terms as the MaxoTel Scheme (tailored for the cash and scrip consideration options). Swoop is also pleased to confirm that its existing and supportive financier Westpac has formally commenced a credit approval process to provide committed funding in relation to the acquisition of Vonex. Swoop's letter responding to Vonex's response to Swoop's proposal is set out in the attachment.

<ENDS>

This announcement has been authorised for release by the Board of Swoop Holdings Limited.

For further information, please contact:

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0438 441 594

About Swoop

Swoop is a national provider of data and voice services to channel, business and residential customers with a focus on its own fibre and fixed wireless infrastructure. The Swoop network is designed and scaled to deliver ultra-reliable, high throughput, flexible telecom network services. Swoop is established and has the goal to build its business to become Australia's best challenger internet and telecommunications provider.

Forward looking statements

This announcement contains forward-looking statements, which address a variety of subjects including, for example product development, marketing position and technical advances. Statements that are not historical facts, including statements about our beliefs, plans and expectations, are forward-looking statements. Such statements are based on our current expectations and information currently available to management and are subject to a number of factors and uncertainties, which could cause actual results to differ materially from those described in the forward-looking statements. The Company's management believes that these forward- looking statements are reasonable as and when made. However, you should not place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. We do not undertake any obligation to publicly update or revise any forward- looking statements, whether as a result of new information, future events or otherwise, except as required by law or the ASX Listing Rules. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results, events, and developments to differ materially from our historical experience and our present expectations.



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11 September 2024

Mr. Stephe Wilks

Chairman

Vonex Limited

Level 6, 303 Coronation Drive

Milton QLD 4064

By email – stephe.wilks@vonex.com.au

Dear Stephe

PROJECT VOYAGE

Ahead of responding to the points in your email from the 5th September, Swoop Holdings Limited (**Swoop**) wishes to inform you that it has acquired 16.99% of the issued ordinary shares in Vonex Limited (**Vonex** or the **Company**), **and intends to vote against the scheme of arrangement** proposed by Maxo Telecommunications Pty Ltd (**MaxoTel Scheme**). We confirm that, in the event the Maxotel Scheme, is not approved by the requisite majorities of Vonex shareholders, we intend to continue to pursue our offer for Vonex.

We also note that shares owned by Maxotel cannot be voted by them in their own scheme (and that if sold to a related party, or person with an understanding on how to vote, their votes would also need to be discarded).

You have referred to the change in the Vonex shareholder base since the original deal was proposed. It is to be expected with any capital market proposed transaction that there is a new type of shareholder who comes to the register to profit or arbitrage from the deal terms.

What does surprise us, is that you appear to consider and highlight the interests of this minority group of very short-term shareholders ahead of long-standing shareholders, many of whom have supported the Company with capital at multiples higher than the Maxotel cash offer price (from your original raise at \$0.20 in 2018, and subsequent raises in 2020 and 2021 at \$0.11).

We expect that many of these are telco investors by nature and we believe many would welcome the opportunity to continue their investment via a combined larger business with potential for material upside from synergies.

We will shortly be requesting the share register and will be contacting our fellow shareholders, to explain the transaction and among other things the Vonex Board's apparent preference of the interests of a minority group of new shareholders.

Further, to address the parameters that you highlighted for you to consider that the Swoop proposal constitutes a superior proposal, please find our comments below (using the numbering in your email):

1. We have now provided a draft Scheme Implementation Deed for your review. As noted in our indicative proposal, this is on substantially the same terms as (and we have provided a mark-up against) the Scheme Implementation Deed with MaxoTel, with adjustments to allow for the share and cash consideration. We look forward to your comments on this.
2. Swoop confirms that it has commenced the formal credit approval process with its existing, supportive lender Westpac, which is due to be completed in the next 8 Business days (ahead of the Maxotel Scheme meeting). It should also be noted that the existing Indicative Term Sheet on which the Swoop non-binding offer was based has already been shared and reviewed by the Westpac credit team.

With respect to your suggestion that there was the potential for Vonex to roll from one over-leveraged business into another potentially in a similar position, if the anticipated synergies are achieved, the combined group's leverage will be less than 2.25x (in line with the current Swoop levels), **which is significantly lower than where Vonex has been operating over the last 3 years at ~4x-5x**; which we are sure that your shareholders would welcome.

3. At this time Swoop will not be revising its proposal to increase the maximum overall cash percentage. We believe that many shareholders who would have elected all cash, have had the opportunity to sell on market, as demonstrated by the large volumes in recent trading and we consider it is reasonably likely that many of the remaining shareholders, would be supportive of our scrip based offer and would prefer the potential upside and continued journey of the combined entity.
4. In addressing your comments around the risk of equity, we believe that many of the long-standing shareholders in Vonex are higher risk, micro-cap, telco investors by nature. Of course there is less risk in taking 3.75c in cash but there is no upside (and for some shareholders only the opportunity to crystallise a capital loss).

We don't believe that your long term and loyal shareholders are averse to taking risk (by the very nature they are Vonex shareholders) and the combined business, even without synergies is materially less risky (due to size and scale, and less debt) than the business they are currently invested in. In short, we believe your remaining shareholders by their nature are interested in Telco investments and the combined business (with synergies) is on balance a good and understood risk reward investment.

5. The Swoop share price of \$0.23 included in our proposal for the purposes of the scrip consideration, was set based on the midpoint between the bid and ask at the time the offer was written (and continues to be the share price at the time this letter is being submitted) We are not intending to alter this share price in our proposal at this time.

In order for a proposal to constitute a superior proposal, **as you highlighted**, the likelihood of a deal being able to be concluded is an important consideration. Given our current holding of 16.99% of the Vonex shares and intention to vote against the Maxotel scheme and the likelihood that other Vonex shareholders may also vote against the scheme, the likelihood of the Maxotel deal being approved by the required majorities of shareholders should be weighed against Swoop's proposal, which is now subject to only the same conditions as the Maxotel Scheme and which we anticipate will have financing commitments in place in the very short term.

On a final note, the market has clearly shown that it likes the Swoop deal and believes in the combination as it has traded almost continuously at the Swoop offer price since our announcement on 5 September. This is in contrast to the Maxotel deal, where Vonex shares have traded only at a discount to its offer price since its announcement.

We believe that, even in the event Maxotel were to match our proposal with an all cash offer at \$0.04, **it would not only be us that would be voting against such a scheme**, but other informed shareholders wishing to continue the journey and be exposed to the significant upside potential of the combined group.

We look forward to discussing this further and hearing from you on the draft definitive transaction documents that we have provided.

Yours sincerely



James Spenceley
Non-Executive Chairman