
ASX Announcement
MNF Group Limited (ASX: MNF)

7 June 2021

MNF Group Signs Term Sheet with Vonex to sell part of its direct business

Highlights:

- MNF Group has entered into a non-binding conditional term sheet for the sale of part of its Direct Business to Vonex Limited for \$31 million.
- The transaction and signing of a binding sale agreement is conditional on satisfactory outcomes of due diligence, Vonex receiving funding and board approvals of both parties.
- As part of the term sheet, MNF and Vonex intend to enter into a binding 5-year Symbio wholesale supply agreement for phone numbers and minutes.
- The wholesale agreement is expected to retain in excess of \$3.0 million per annum in long term revenue.

MNF Group Limited (ASX: MNF) (“the Company” or “MNF”) today announced that it has signed a conditional term sheet with Vonex Limited (ASX:VN8) (“Vonex”) for the sale of part of its direct business (“Direct Business”), for \$31 million. The term sheet is non-binding other than customary matters including exclusivity.

The sale is in-line with MNF’s strategy to simplify the business, grow recurring revenues and focus on growing the MNF wholesale business, Symbio.

The Direct Businesses that form the sale agreement include those that provide cloud phone, mobile and internet services directly to small business and residential customers in Australia. These customers are predominantly served by the MyNetFone brand; however the brand is not part of the sale and MNF will retain the Enterprise and Government clients.

Importantly, the term sheet includes a requirement for the parties to enter into an exclusive Symbio wholesale supply agreement for phone numbers and minutes with a five-year contract term. The wholesale supply agreement means MNF retains over \$3.0 million per annum in existing revenue for the domestic wholesale business.

Assuming all conditions are satisfied, MNF expects that an asset sale agreement will be executed in July 2021. Conditions to finalising the agreement include: a satisfactory outcome of due diligence on MNF, funding for the transaction being secured and board approval for both Vonex and MNF.

Commenting on the milestone, MNF Group CEO Rene Sugo, said:

“The divestment of these direct businesses is in line with our strategy to simplify MNF’s business and drive growth in our CPaaS and UCaaS voice services, which are in high demand. Importantly, funds from the sale will be reinvested into our growing wholesale business and our expansion offshore.

“Assuming all conditions are met, we expect the sale to be completed by end of July 2021.”

The agreement would value the direct business at approximately 2x revenue. This doesn’t include the benefit from the retained long-term wholesale supply agreement.

Reaffirmation of Guidance

The Company would like to take this opportunity to re-affirm earnings guidance of EBITDA for the 2021 financial year of \$40.0 million to \$43.0 million.

The announcement has been authorised for release by the Board.

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About MNF Group Limited

MNF Group Limited (ASX: MNF) is one of Asia-Pacific’s fastest growing technology companies. Listed on the ASX since 2006, it is now capitalised at around \$420m, and twice winner of the Forbes Asia-Pacific “Best under a Billion” award. Headquartered in Sydney, Australia, the company has over 500 people located across Asia-Pacific, Europe and North America. MNF develops and operates a global communications network and software suite enabling some of the world’s leading innovators to deliver new-generation communications solutions.

As the world moves to IP, MNF Group is building the brands, services, network and technology to lead the way. For further information about MNF Group Limited please visit: <http://mnfgroup.limited/>

About Vonex

Vonex is an Australian listed company that provides a full-service telecommunications service, selling mobile, internet, traditional fixed lines, and hosted PBX and VoIP services - predominately to the small to medium enterprise customers under the Vonex brand.