

21 September 2021

Update on Integration of Acquisitions

Highlights:

- Integration of the Direct Business into Vonex's existing operations has commenced successfully, with Vonex now exceeding 80,000 active PBX users (a 90% increase in the year to date) and 19,800 customers billed (a 540% increase year-on-year)
- Strong growth in retail customer revenue: in the first part-month (August 2021) post acquisition of the Direct Business from MNF Group, monthly retail/SME customer billings have increased by more than 185% year-on-year to \$2.25m* (unaudited)
- As Vonex has gained scale, service levels have also improved, with wait time for the new Direct Business customers on hold down from an average of 6 minutes to under 2 minutes
- 2SG Wholesale continues to deliver strong growth across key sales metrics, highlighted by 46% growth in orders of NBN with 4G backup and 71% growth in orders of mobile voice services in the year to date
- Acquisition strategy remains a key focus to augment Vonex's strong growth

Telecommunications innovator Vonex Limited ("Vonex" or the "Company") (ASX: VN8) is pleased to provide an update regarding its acquisition of the Direct Business from MNF Group Ltd (ASX: MNF) and broader progress across its business units.

Direct Business Integration with Customer and Staff Migration

On 9 August 2021, Vonex announced that the Company had completed its transformational acquisition of part of the Direct Business of MNF Group Ltd ("MNF Group"), which services small-to-medium enterprise ("SME") and Consumer customers across Australia ("Acquisition").

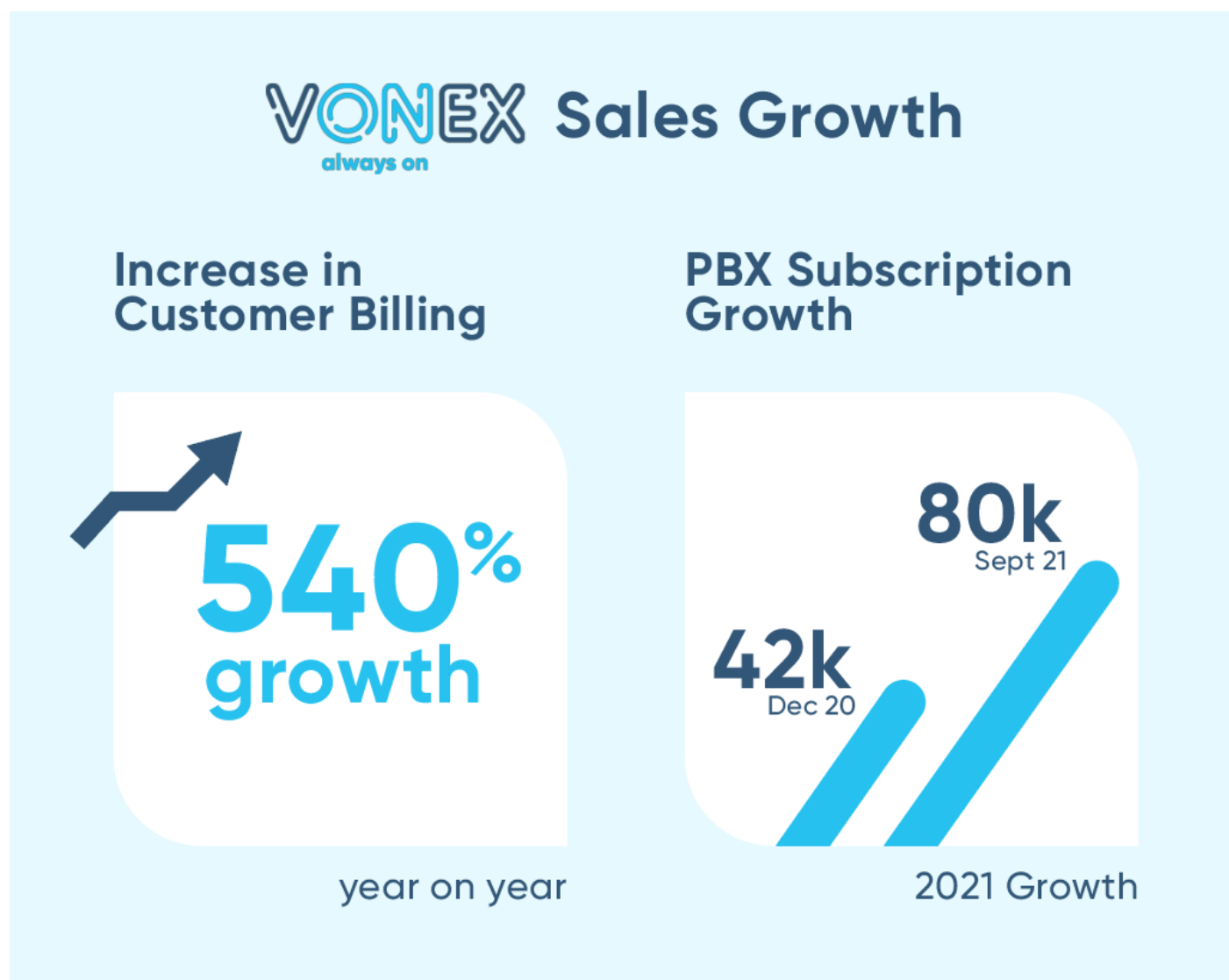
The Direct Business sells cloud phone, internet and mobile services to SME and residential customers in Australia. The Acquisition has materially expanded Vonex's footprint of SME and residential customers and will see the Company migrate approximately 5,250 new business customers to its platform.

Since Vonex completed the Acquisition, the Company has been working towards integrating the Direct Business with the Company's existing operations. All Direct Business customers are now under the Vonex brand with the Company having completed its rebranding of the Direct Business. The Company is pleased to advise that all 31 SME and Consumer staff who were made offers of employment as part of the Acquisition have now been successfully onboarded.

The next phase of integration will see Vonex migrate Direct Business customers in large numbers onto Vonex's platform. The first batch of trial customer migrations have been successfully mapped to Vonex's systems, and the Company is now preparing the framework for a large-scale migration expected to commence later this month.

Strong Increases in Retail/SME Customers, PBX Users and Service Levels

The Company now has more than 80,000 active users of its Vonex-branded Private Branch Exchange (PBX) cloud-based phone service. Registered users of these PBX connections are a key indicator of business development progress as Vonex penetrates the multibillion-dollar Australian market for telco services to SMEs.



Total retail customer billings have increased significantly year-on-year, up from monthly billings totaling \$778k in August 2020 (3,080 customers), to a monthly total of \$2.25m in August 2021 (19,800 customers billed), being the first part-month post completion of the Acquisition. This represents year-on-year growth in monthly retail customer billings of more than 185% and year-on-year growth in retail customer numbers of more than 540%. This excludes revenue derived from the wholesale business and is in line with expectations.

The Company is proud to drive and maintain extremely high standards in its delivery of customer service and support.

Enhancing the customer experience is particularly critical as the Company migrates new customers to its services. As Vonex has gained scale, the Company is pleased to advise it has also improved its help desk service levels, with wait time for the new Direct Business customers on hold reduced from an average of 6 minutes to under 2 minutes during August.

2SG Wholesale

Vonex recently launched 5G products and services to its wholesale customer base in partnership with Optus. Following this launch, the Company has attracted and onboarded 6 additional wholesale customers, and now services 141 wholesale customers across Australia.

2SG Wholesale continues to deliver strong growth across key sales metrics, highlighted by 46% growth in orders of NBN with 4G backup and 71% growth in orders of mobile voice services year-on-year in calendar year 2021 to date.



Growth Strategy

The Company's acquisition strategy remains a key focus and the Company has a strong pipeline of acquisition opportunities in negotiation and due diligence stages. The Company is assisted in its acquisition search by TCA Partners (formerly known as Tor Corporate Advisory).

Vonex Managing Director, Matt Fahey, said:

"We are pleased to welcome our new team members to the Vonex group this quarter as part of our acquisition of MNF Group's Direct Business. The transaction has been both seamless and highly value accretive, and it has allowed us to take a giant leap forward both in terms of gaining scale as well as our ability to drive value for customers through combined products and expertise.

"We look forward to commencing our migration of Direct Business customers onto our own platform later this month. This migration will allow us to realise the synergies we identified prior to acquiring the Direct Business, including the ability to cross-sell internet and mobility products.

"Our business continues to expand organically across all of our operations, and we look forward to augmenting this by executing further plans to make strategic and value-accretive acquisitions."

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.