

5 January 2022

Vonex Completes Acquisition of Voiteck and Delivers Strong Organic Growth

Highlights:

- Vonex is pleased to announce the completion of its acquisition of Voiteck, first announced on 14 December 2021
- Voiteck is an established provider of voice and internet services to small to medium enterprise (SME) customers in South Australia. The acquisition launches Vonex into a new geographic region providing a branded physical presence from which the combined group can pursue growth in the SA market
- Acquisition will see Vonex migrate approximately 10k active private branch exchange (PBX) users to its platform, boosting group annualised recurring revenue (ARR) to more than \$34.5 million and is expected to add double-digit earnings accretion to the Company on a full-year basis
- Total contract value (TCV) for new customer sales added in the month of November 2021 exceeded \$1 million: Vonex's strongest ever month of Retail sales, up 50% year on year

Telecommunications innovator Vonex Limited ("Vonex" or the "Company") (ASX: VN8) is pleased to advise that the Company has completed its acquisition of Voiteck Pty Ltd ("Voiteck"), first announced to the ASX on 14 December 2021.

Voiteck is an established provider of voice and internet services to SME customers in South Australia. Founded in 2009 by telecommunications industry veteran Declan O'Callaghan, Voiteck has grown to now service more than 10,000 hosted PBX phone system users through approximately 1,000 customers, spanning a range of end-markets including Aged Care and Community Clubs, with select clients pictured below.



Voiteck's established presence across several niche verticals and its strong standing in the South Australian market will launch Vonex into a new geographic region which presents exciting growth opportunities. The acquisition also provides Vonex for the first time with a much-needed branded physical presence in South Australia, through a customer showroom located on King William Street in the Adelaide CBD. This showroom will allow Vonex to manage its South

Australian channel partners more closely and accelerate growth in this market.

The acquisition significantly boosts Vonex's base of recurring customer revenue, with group ARR rising to more than \$34.5 million post completion. Beyond ARR, acquisition scale gains are expected to deliver growth across all key metrics for the combined business, including revenue, gross margin, EBITDA and SME customers.

This acquisition is consistent with Vonex's deliberate strategy to pursue growth via organic and inorganic channels. Across several transactions, Vonex has successfully demonstrated its ability to identify, acquire and integrate complementary, high-quality ICT companies that add value to shareholders and customers. Vonex is looking forward to integrating Voiteck's operations with its established SME-focused full-service telecommunications platform, bringing Voiteck's customers more efficiency, better systems and faster services.

Transaction Details

Vonex has paid total upfront consideration of approximately \$2.75 million, 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 the 10 trading days to 13 December 2021), which are escrowed for between 6 months and 24 months post issue.

The cash component of the upfront consideration has been paid utilising Vonex's existing cash reserves. Additional consideration of up to \$2.75 million may be paid to the vendors subject to the realisation of certain synergies and EBITDA growth delivered in FY22 and FY23.

As noted in Vonex's ASX announcement of 14 December 2021, the total upfront consideration represents a multiple of <4.5x LTM Sept 21 pro forma EBITDA, with the acquisition expected to be double-digit earnings accretive on a full year basis.

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

Accelerating Organic Growth

Following the successful completion of Vonex's transformational acquisition of the Direct Business operations from MNF Group in August 2021, the Company has continued to deliver growth in both SME customer numbers as well as contracted revenue. TCV for new customer sales added in the month of November 2021 exceeded \$1 million, being the strongest ever month of sales for the Company's Retail operations. This result represents an increase of 50% compared to November 2020.

Vonex has now attracted approximately 90,000 registered active users to its PBX cloud-based phone service, a key indicator of the Company's business development progress.

The Company looks forward to providing a broader business update as part of its December 2021 Quarterly Report and Appendix 4C.

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

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For more details, please contact:

Matthew Fahey
Managing Director
Vonex Ltd

E: matt@vonex.com.au

T: +61 411 244 224

Nicholas Ong
Non-Executive Chairman
Vonex Ltd

E: nick@vonex.com.au

T: +61 424 598 561

Tim Dohrmann
Investor and Media Enquiries
NWR Communications

E: tim@nwrcommunications.com.au

T: +61 468 420 846

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.