

2 March 2020

COMPLETION OF 2SG ACQUISITION

- **Additional ~\$7m in annual revenue**
- **Substantially expands Vonex wholesale partners from 20 to 160+ post-acquisition**
- **Key relationships with Optus and NBN**
- **Market leading mobile broadband wholesale product**
- **Total consideration of \$2.66m - \$500k cash plus ~21.6m shares**

Telecommunications innovator Vonex Limited (“Vonex” or the “Company”) (ASX: VN8) is pleased to advise that the Company has completed the acquisition of the 2SG Wholesale business (“**2SG Wholesale**” or “**2SG**”), first announced to the ASX on 29 November 2019.

BACKGROUND

In November 2019, Vonex announced it had signed a binding term sheet with 2SG Wholesale to acquire its business operations as a going concern.

2SG Wholesale is a telecommunications and data wholesaler based in Brisbane, Queensland which provides Australian Managed Service Providers, ISPs and System Integrators with access to the latest in hardware and connectivity solutions from leading brands.

In FY19, 2SG Wholesale achieved revenue of circa \$7 million, with revenue from mobile broadband a key growth driver. 2SG Wholesale also brings a highly capable and experienced team that is well positioned to drive further growth from immediate cross sell opportunities, and a dedicated technical support team.

2SG Wholesale’s mobile broadband capability provides Australian ISPs the opportunity to sell a wireless broadband solution via the Optus 4G Network. Integration with Australia’s premier carriers facilitates the delivery of the latest fixed line, mobile connectivity and hardware solutions country-wide.

Vonex has issued 21,578,947 ordinary shares to 2SG Wholesale as part of the Acquisition. The consideration brings 2SG Wholesale’s proprietary billing and provisioning systems, staff and equipment, contracts with major telecommunications companies, 140 wholesale customers, stock and no debt.

The cash component was adjusted to compensate for staff accrued liabilities, reducing the cash outlay to approx. \$440k on settlement. This conservative cash outlay helps to preserve the Company’s cash position, while also highlighting the belief that the 2SG Wholesale vendors have in Vonex taking the combined businesses to the next level and generating attractive returns for all shareholders.

Vonex Managing Director, Matt Fahey, said:

“The acquisition of 2SG Wholesale’s established operations will provide an instant expansion of the Company’s wholesale customer base and will be highly earnings-accretive. It will empower Vonex to add value to our wholesale and retail customers through better network access, new proprietary billing and provisioning systems and the latest telco products and services. We look forward to growing more rapidly and profitably as we integrate 2SG Wholesale’s operations into Vonex’s fast-growing existing business.

APPOINTMENT OF NEW NON-EXECUTIVE DIRECTOR

As previously announced, co-founder of 2SG Wholesale, Jason Gomersall, joins the Vonex board as a Non-executive Director.

Mr Jason Gomersall is a former Director of 2SG Wholesale and is the Founder, CEO and Managing Director of i-Seek Communications. Jason has long been at the forefront of the telecommunications industry and the mobile phone market since being one of the foundation franchisees of the Optus World chain of retail stores in the 1990s.

2SG co-founder and proposed Vonex Non-Executive Director, Jason Gomersall, said:

“Vonex is a business I have watched with keen interest through an exciting period for the Australian telco industry with the rollout of the NBN. I view 2SG Wholesale and Vonex as highly complementary businesses and I look forward to helping drive the growth of our combined group.

I am excited to have the opportunity to join the Vonex Board. I believe with my industry experience and expertise, I can make a meaningful contribution during this exciting growth phase.”

ENDS

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

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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. Vonex is also developing the Oper8tor App, a multi-platform real-time voice, messaging and social media app that allows users to connect with all social media friends, followers and contacts across different social medias, all consolidated into one app.