

3rd February 2021

Completion of Nextel Acquisition

Highlights:

- **Vonex completes its acquisition of established NSW-based telco service provider Nextel, providing a boost to the Company's annualised recurring revenue (ARR), with group ARR increased to more than \$18 million**
- **Acquisition substantially enhances Vonex's presence in the Sydney and NSW markets for telco services to small-to-medium enterprises (SMEs), adding market-leading products and services**
- **Strategically compelling acquisition creates opportunities for cross-selling and product expansion through a growing national SME customer base**
- **Total consideration of ~\$1.575 million, consisting of \$315k in cash (more than offset by Vonex's recently-received R&D refund of \$541k) and 5.5 million escrowed shares**

Telecommunications innovator Vonex Limited ("Vonex" or the "Company") (ASX: VN8) is pleased to advise that the Company has completed its acquisition of the Nextel business.

Background

Vonex advised via ASX announcement on 18 December 2020 that the Company had signed a binding term sheet with Nextel Pty Ltd ("Nextel") to acquire its business and operations as a going concern.

Nextel, a provider of telecommunications services to business customers, is recognised as an industry leader in the design, installation and maintenance of voice, data and communications networks. It is an established single-source provider to small-to-medium enterprise (SME) businesses with expertise in rolling out wireless, fibre and RFID networks, as well as delivering structured cabling, telephony systems and electrical fit outs to large-scale projects.

In FY20, Nextel achieved EBITDA of approximately \$450,000 on revenue of approximately \$2 million, with infrastructure and specialised projects a key driver. Nextel also brings a highly capable and experienced team headquartered in Sydney that is well positioned to drive further growth from immediate cross sell opportunities.

Nextel brings long-term relationships with tier-1 carriers, network partners and customers spanning a range of industries, including LJ Hooker, Endemol Shine Australia, 4 Pines Brewing Co, Lifeline and the Sydney Harbour Federation Trust.

Strategic Rationale

The Company views Nextel's capabilities as highly complementary to those of Vonex, focusing on:

- Immediate efficiency on margin on services revenue and at the wholesale supplier level;
- Expertise in network infrastructure and cabling, representing a new service which Vonex can commence offering to its channel partners; and
- Nextel's established presence across several niche verticals including Aged Care and Education and strong standing in the NSW market

Vonex has issued 5,502,795 ordinary shares to Nextel as part of the acquisition, which are subject to 12 months' voluntary escrow. The acquisition brings Nextel's goodwill, staff and equipment, intellectual property, wholesale contracts with several major telecommunications companies, all end user customers being serviced by Nextel, stock and no debt.

The cash component was adjusted to compensate for staff accrued liabilities and the cost of tangible stock items, plus reimbursement for costs associated with upcoming installations, taking Vonex's cash outlay to approximately \$335k on settlement. The conservative cash component relative to the share-based consideration helps to preserve the Company's cash, while also highlighting the belief that the Nextel vendors have displayed in Vonex taking the combined businesses to the next level and generating attractive returns for all shareholders.

Vonex has also recently received a payment of \$541k as an R&D tax refund so will maintain a strong cash position post completion.

Vonex Managing Director, Matt Fahey, said:

"Acquiring Nextel's well-established operations will be instantly accretive to Vonex's customer base, carrier relationships, recurring revenue and earnings. Nextel will empower Vonex to drive value for our wholesale and retail customers through new products and expertise, and it provides us with a highly capable team on the ground through whom we can capitalise on tremendous growth opportunities in the Sydney and wider NSW market."

"We look forward to rapidly integrating Nextel's operations into Vonex's fast-growing existing business."

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. 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.