Investor Presentation

Acquisition of part of MNF Group's Direct Business & Capital Raise

Disclaimer

This document contains summary background information about Vonex Limited (ASX: VN8) and its activities as at its release date.

This document is not a recommendation or advice about Vonex Ltd and is not intended to be relied on as advice to investors and potential investors.

It does not purport to be complete or contain all information that a person may require before investing in Vonex Ltd.

Investors and potential investors should determine their interest in proceeding with any investment in Vonex Ltd on the basis of all independent investigations that they consider necessary or desirable and should obtain their own legal, financial, taxation and other professional advice.

This document is not a prospectus, disclosure document, product disclosure statement or offer.

It does not constitute an invitation, solicitation, recommendation or an offer to purchase or subscribe for securities.

This document contains “forward looking statements” including statements about Vonex Ltd’s current intent, belief or expectations and guidance on future earnings and financial positions and performance.

Forward looking statements made in this presentation are believed to be reasonable at the time of release but those statements are subject to risks, uncertainties and other factors which could cause actual results and performance to differ materially from the future results and performance expressed, projected or implied by those statements.

Forward looking statements should not be relied on as a guarantee of future performance.

No representation or warranty, express or implied, is made by any person as to the fairness, accuracy, completeness or reliability of the information, opinions and conclusions contained in this document.

To the maximum extent the law permits, Vonex Ltd, its related companies, their directors, officers and employees, expressly disclaim all liabilities and responsibility in respect of any loss, cost, damage or expense incurred by any person as a result of the use or reliance on anything contained in or omitted from the information in this document, including without limitation any liability arising from fault or negligence or otherwise. The information in this document is subject to change without notice.

Three Pillar Growth Strategy

A clear strategy for growth

Direct Business

Average Revenue Per User (ARPU) growth to SME Base

Increase Channel Partners

Strong Organic Growth Opportunities

Lead Generation

Brand Awareness

Qantas Business Rewards (QBR) Partnership

Wholesale

Cross-Selling Opportunities

Product Range Expansion

Organic Growth Acceleration

Network Cost Efficiencies

Increase Wholesale Partnerships

Acquisitions

M&A Strategy in place for FY21 - FY23

Targeting Profitable IT / Telecom Businesses

Revenue & Profit Growth

Further Product Expansion & Cross-selling

Transaction Rationale

Vonex's acquisition of part of MNF Group's Direct Business delivers:

- Improved scale
- Material revenue and cost synergies
- Strong ARR
- High quality customers and earnings
- Accretive value for Vonex shareholders

Key Highlights

Vonex will acquire part of MNF Group's (ASX:MNF) Direct Business which services SME and Consumer customers for a total consideration of $31 million

Acquisition

Vonex to acquire part of MNF Group's Direct Business which services SME and Consumer customers ("**Direct Business**"), for $31m, comprising $20m payable on completion and $11m of deferred consideration payable in 12 equal monthly instalments following completion

Strategic Rationale

The acquisition is **transformational** for Vonex delivering considerable financial scale and market relevance with more than 5,250[3] new small-to-medium (SME) customers, more than 180[4] new channel partners and almost doubling Vonex's annualised recurring revenue on a full year basis

Highly Complementary

Vonex has capabilities across a significant majority of the business products and services provided by the Direct Business, ensuring a smooth migration of billing and services

Same revenue model as Vonex, predominantly **charging on a per-user basis**, delivering **strong ARR** growth and **very high levels of customer retention**

Financial Impact

The Direct Business is forecast to deliver pro forma revenue and **EBITDA of $15.0m and $5.5m, respectively,** in FY21[1]

Synergies

Revenue synergies to be generated from cross-selling incremental products to Direct Business customers

Estimated maintainable **cost synergies of approximately $1m** predominantly from immediately available lower rates on wholesale pricing[2]

Funding

The acquisition is to be **primarily funded by a new debt facility**, Vonex's existing cash and an equity raise

No further capital raise will be required in the future to fund the acquisition of the Direct Business

Notes:

(1) Comprises 12 months of preliminary management accounts and excludes $0.2m of bad debts expenses that relate to pre-FY21 debtors (2) One-time integration and migration costs of approximately $0.6m to be incurred in FY22 (3) As at 31 December 2020 (4) As at March 2021

Transaction summary

Vonex will acquire part of MNF Group's Direct Business which services SME and Consumer customers for a total consideration of $31 million

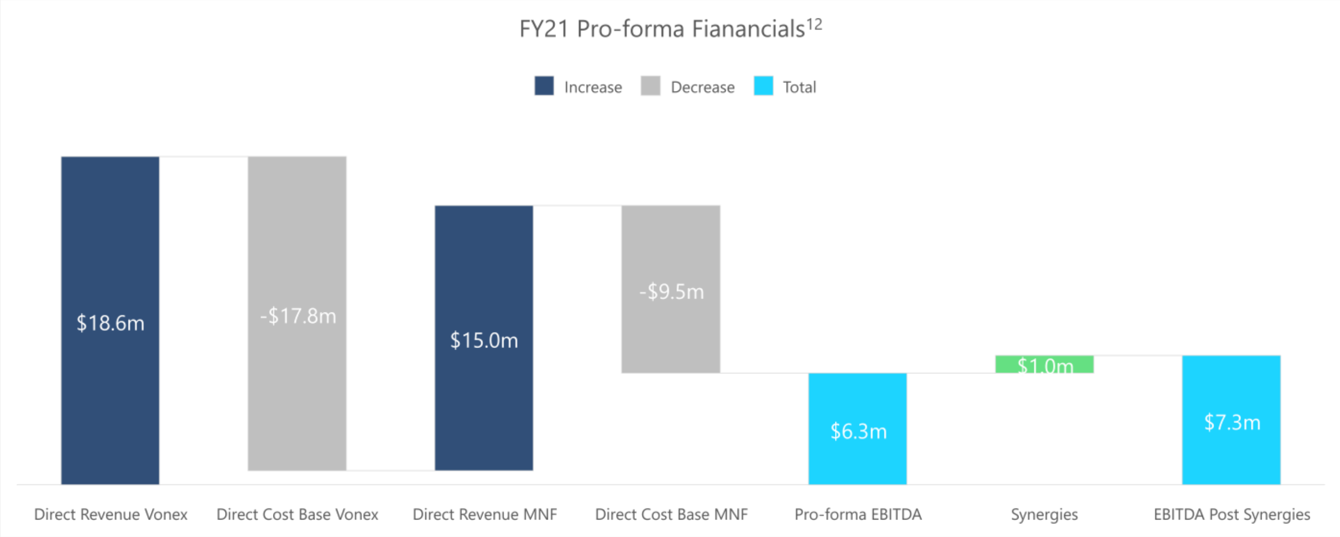
- The acquisition will deliver a significant improvement in scale, resulting in a combined pro forma FY21 Revenue of $33.7m
- The Direct Business is anticipated to deliver $5.5m in EBITDA in FY21, resulting in an underlying pro forma EBITDA for the combined businesses of $6.3m[1]

A $31.0m enterprise value implies:

- 5.6x EV / EBITDA acquisition multiple on a pre-synergies basis
- 4.8x EV / EBITDA acquisition multiple on a post-synergies basis

Key maintainable cost synergies of $1.0m to be achieved predominantly via lower rates on wholesale pricing[3]

Direct Business	Combined	Key deal metrics
$15.0m FY21 Revenue[1]	**$33.7m[1]** FY21 Revenue[1]	**5.6x** FY21 EV / EBITDA (pre-synergies)
$5.5m FY21 pro forma EBITDA[1]	**$6.3m** FY21 pro forma EBITDA[2]	**4.8x** FY21 EV /EBITDA (post full year impact of maintainable synergies)



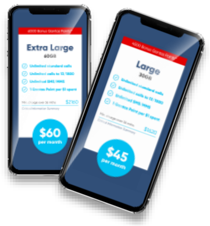
Notes:

(1) Comprises 12 months of preliminary management accounts for the Direct Business and 9 months of consolidated preliminary management accounts for Vonex (2) The Direct Business's FY21 EBITDA excludes $0.2m of bad debts expenses that relate to pre-FY21 debtors and Vonex's FY21 EBITDA includes the adjustments summarised on page 25 of this Investor Presentation (3) One-time integration and migration costs of approximately $0.6m to be incurred in FY22


VONEX
always on
The Direct Business

Direct Business | Key Product & Services

Vonex has capabilities across a majority of business products and services provided by the Direct Business

Current Vonex Capabilities				New Vonex Capabilities
Direct Business CY20 Revenue	89%			11%
Phone Systems	**4G Mobile**	**5G, Internet & NBN**	**Add Ons**	**Home Phone VOIP**
				
NBN-ready office phone solutions. Options for on-premise & cloud	Sim-only mobile plans	NBN & high speed ethernet	1300 numbers, conferencing, ex-fax desktop SMS & more	VoIP broadband telephone services
Host PBX SIP Trunks Microsoft Teams Integration	4G Voice & Data Mobile Fleet	NBN Fibre Wireless Broadband	Virtual Fax Phone Numbers DID – 1300 / 1800 International Numbers Desktop SMS Audio Conferencing	MyText SMS Meet-Me Conferencing Direct-Inward-Dial ('**DID**') extensions
SME Market Focus Scale Benefits & Cross-selling Opportunities				**Residential Market Focus** Revenue & Market Diversification

About the Direct Business

High quality recurring earnings predominantly from SME customers who are billed on a per user basis

Scale Benefits		
16,029	**Customers**	5,267[5] SME customers across Australia with the majority of customers on multi-year contracts and long tenure (57% of business customers have a tenure of > 3 years[4])
180[1]	**Channel partners**	National network of highly engaged channel partners generating approximately 58%[2] of new customers
30	**Employees**	Highly experienced telecommunication professionals with deep voice sector focus and strong direct sales track record

Earnings Quality		
89%	**Recurring revenue[3]**	High proportion of recurring revenue with the majority of customers on fixed price plans and charged on a per user basis
81%	**Revenue from voice**	Voice services including SIP trunks, virtual PBX and inbound services comprises 81%[4] of the Direct Business revenue
64%	**GP margin**	Primarily voice focused, the Direct Business has an overall gross margin of 64%[4]

Notes:
(1) Gross Channel Partners (2) Based on customer adds during FY21 that are flagged as having a channel partner (3) Recurring revenue represents the monthly recurring charge of the customer invoice for the 12 months to 31 December 2021. Any charges for DID (numbers) or hardware are considered recuring (4) Based on the 12 months to 31 December 2020 (5) As at 31 December 2020


VONEX
always on
Combined
Benefits

Combined Benefits

Builds significant scale with high quality recurring earnings and significant future organic growth opportunities

Strategic Rationale

Geographic and sales expansion: The acquisition of the Direct Business creates immediate geographic expansion with an increased presence in Sydney and a new office in Melbourne

Channel partners: The acquisition will provide access to an additional 180 channel partners. This adds significant scale to Vonex's already established channel partner program[3]

Drive organic growth: The Direct Business will introduce a number of cross-sell opportunities including the bundling of NBN, virtual PBX, mobile and inbound services to the 5,267 new SME customers

Opportunity to increase ARPU: Primarily focused on voice services, the Direct Business has a lower annual average revenue per customer vs. Vonex providing an opportunity to upsell the Direct Business customers with Vonex's broader product set

Per-user Model: Same revenue model as Vonex's SME voice business with a per-user based fee structure, mitigating churn and driving incremental ARR growth

Cost synergies: Estimated maintainable cost synergies of approximately $1.0 million[4]

Combined Metrics

$33.7m
Combined FY21 Revenue[1]

$6.3m
Combined FY21 EBITDA[2]

8,567
SME customers

48%
Combined FY21 gross margin percentage (pre-synergies)

+60
Employees driving organic growth

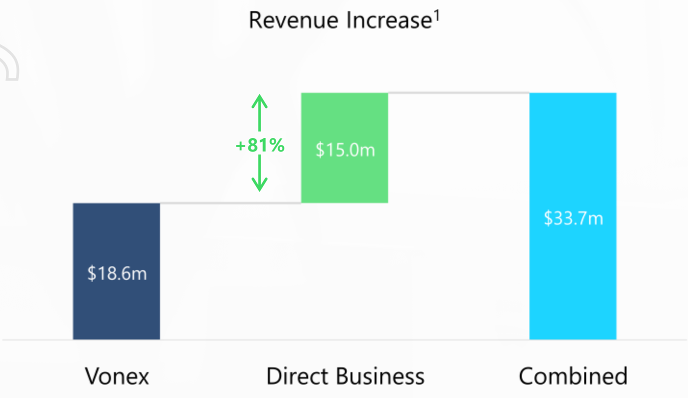
+605
Channel Partners[3]

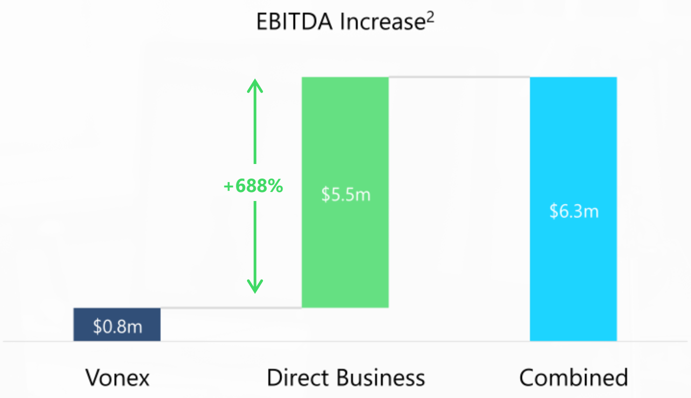
Notes:

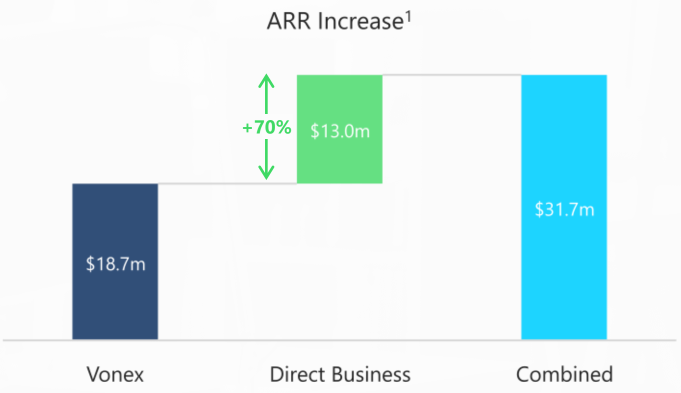
(1) Comprises 12 months of preliminary management accounts for the Direct Business and 9 months of consolidated preliminary management accounts for Vonex (2) The Direct Business's FY21 EBITDA excludes $0.2m of bad debts expenses that relate to pre-FY21 debtors and Vonex's FY21 EBITDA includes the adjustments summarised on page 25 of this Investor Presentation (3) Gross Channel Partners (4) Maintainable synergies predominantly include lower rates on wholesale pricing and will incur one-time integration & migration costs to achieve synergies estimated at $0.6m

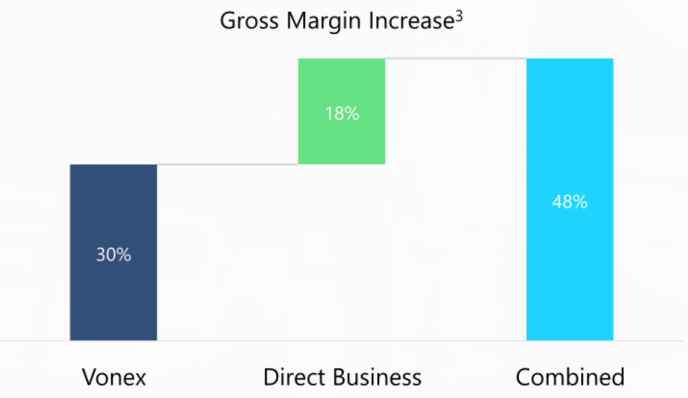
Combined Business | FY21 Pro Forma

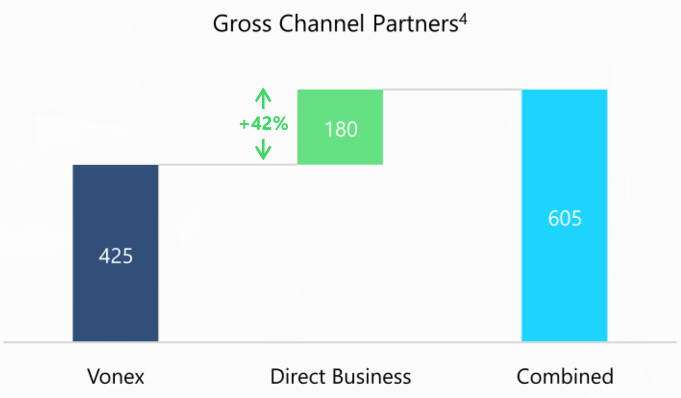
Growth across all key metrics including GP improvement due to the higher margin voice product mix of the Direct Business

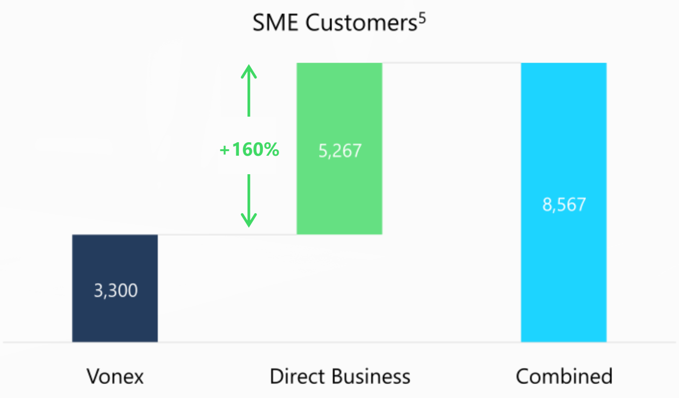










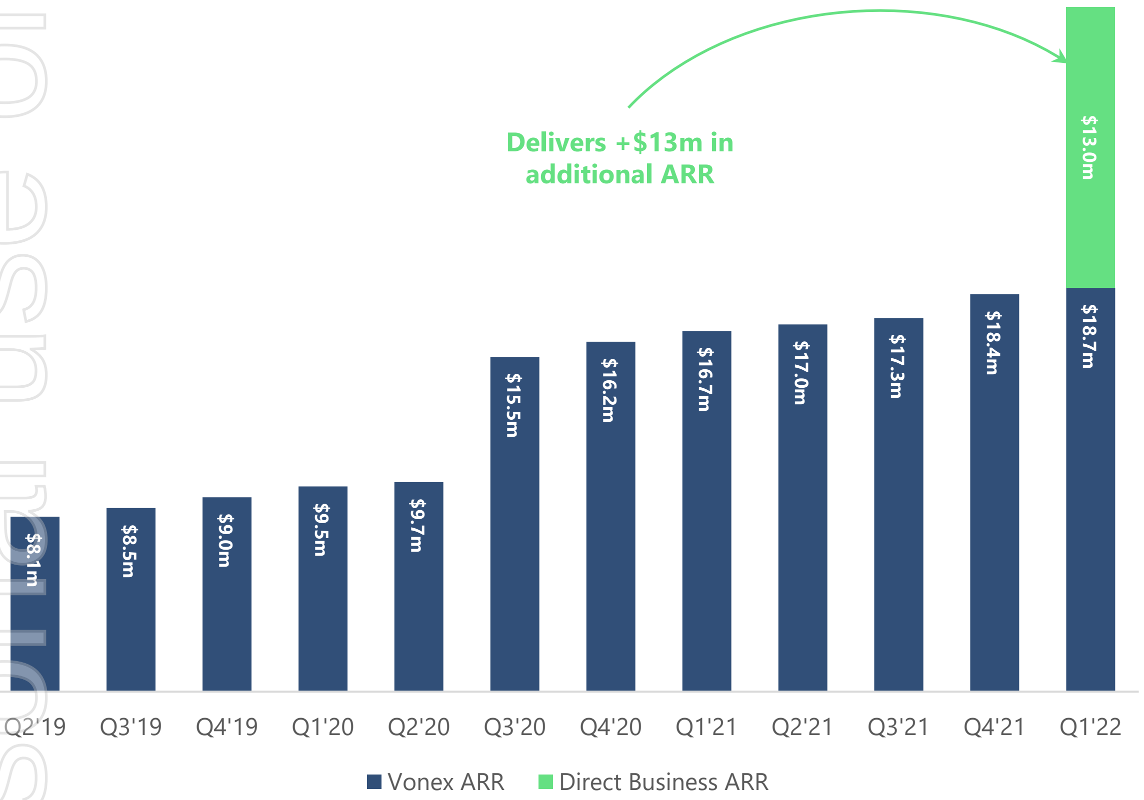


Notes: (1) Comprises 12 months of preliminary management accounts for the Direct Business and 9 months of consolidated preliminary management accounts for Vonex (2) The Direct Business's FY21 EBITDA excludes $0.2m of bad debts expenses that relate to pre-FY21 debtors and Vonex's FY21 EBITDA includes the adjustments summarised on page 25 of this Investor Presentation (3) FY21 gross profit margin (4) Gross Chanel Partners (5) As at December 2020

Customer Base Expansion

Delivers significant scale, increasing ARR by more than 70%, de-risking and improving visibility on future revenues

Annualised Recurring Revenue (‘**ARR**’)[1]



Notes: (1) Comprises 9 months consolidated management accounts and a 3 month forecast for Vonex and the Direct Business

Revenue Synergies | Cross-selling Opportunity

Increase the Direct Business Average Revenue Per User by offering bundled products including internet and mobile services

- The Direct Business customers have primarily been sold voice services accounting for 90% of CY20 revenue
- Significant opportunity exists to leverage the channel partner network to cross-sell and bundle products including NBN and mobility services
- This provides a strong platform for organic growth and further development of ARR
- By bundling additional products and cross-selling them into the Direct Business's customer base there is potential for significant growth in ARR

	VONEX always on	Direct business	Difference
Customers who purchase **Voice Services**	90%	82%	8%
Customers who purchase **Mobile Services**	18%	4%	**14%**
Customers who purchase **Internet Services**	56%	27%	**29%**

Key Cross-sell Opportunity

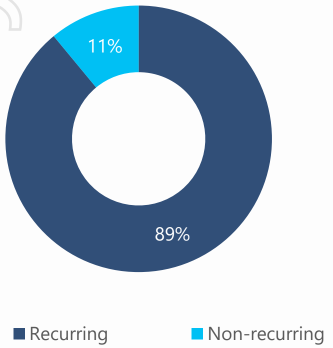
Opportunity to shift the Direct Business' customers to Vonex's wider range of products and services to grow their ARPU and gain greater share of wallet


VONEX
always on
Financial Summary

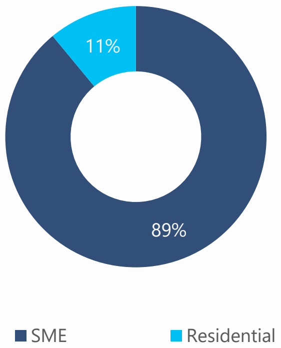
Direct Business Key Metrics

Following the divestment of the residential NBN customers in FY19, the Direct business has seen strong margin growth

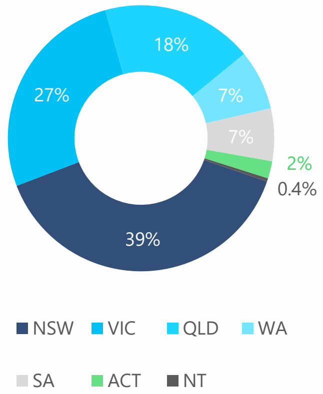
Revenue Type[2]



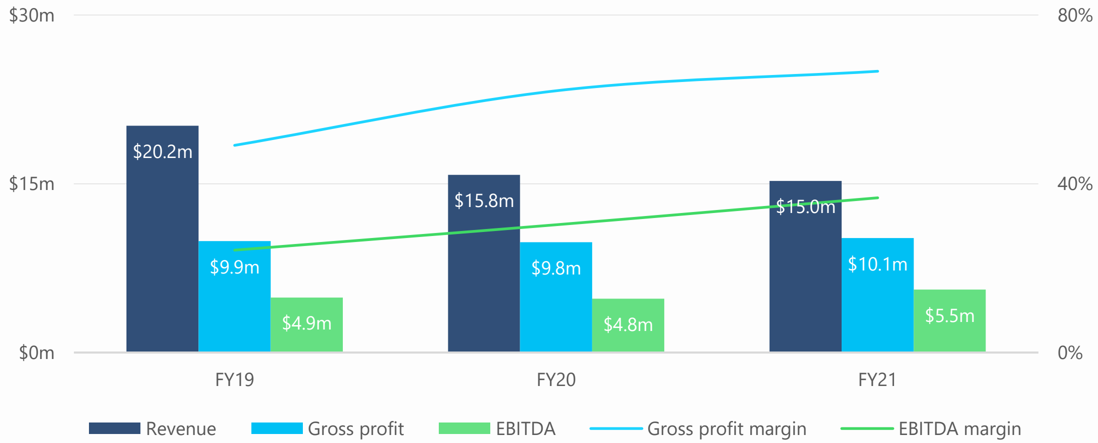
Customer Type[2]



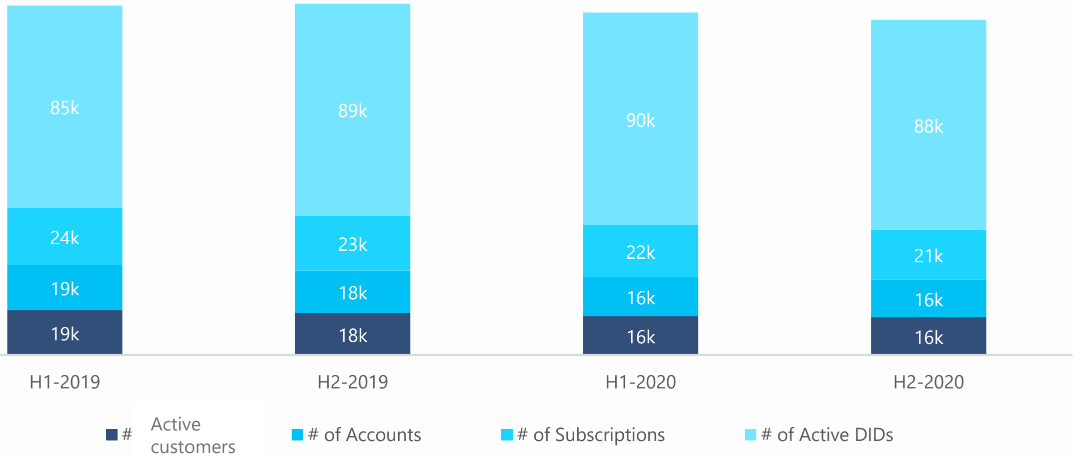
Customers by Region[2]



Financial Overview[3]



Customer Dynamics[1]

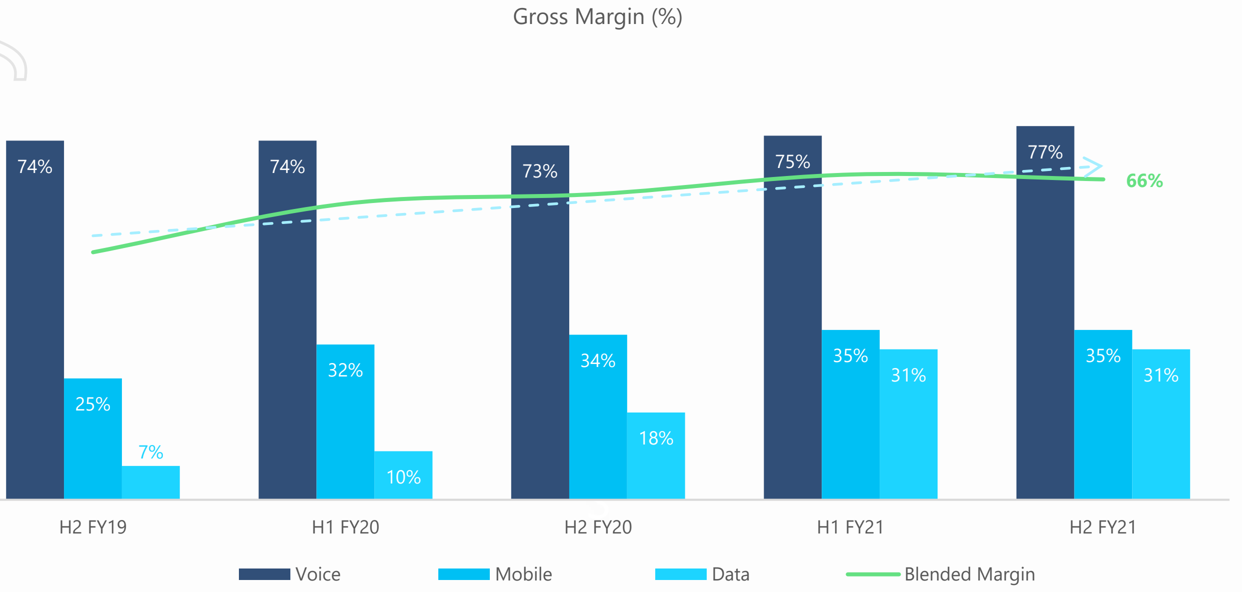


- **The Direct Business undertook a divestment of residential NBN customers during FY19**
- The Direct Business maintains a strong mix of ARR (+89%), with the majority of this revenue derived from "sticky" SME customers, diversified across a national customer base
- The Direct Business has seen revenue decline slightly in FY21 and FY20 as MNF management made the strategic decision to divest the asset, resulting in a lack of management focus, notwithstanding a significant improvement in:
  - GP Margins – increasing from 62% to 67% in FY21
  - EBITDA Margins – increasing from 30% to 37% in FY21

Notes: (1) Customers and earnings figures impacted by divestment of residential NBN customers undertaken in FY19, # Active customers, # of Accounts: Actors can have multiple accounts, # of Subscriptions: Accounts can have multiple subscription services, # of Active DIDs: Active Direct-Inward-Dialing numbers (2) Percentage figures representative of proportions at year end CY20, Percentage recurring revenue for the 12 months to 30 June 2021 (3) Comprises 12 months of preliminary management accounts and excludes $0.2m of bad debts expenses that relate to pre-FY21 debtors

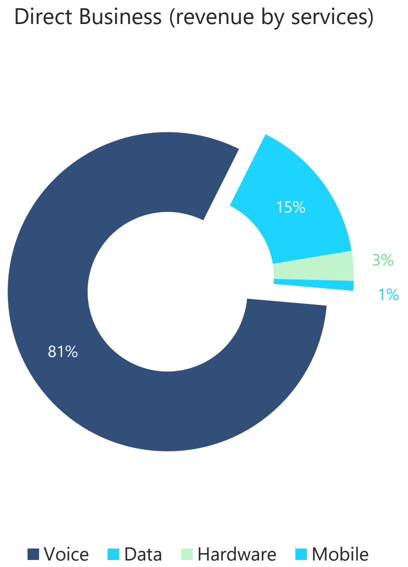
Direct Business Key Metrics

A clear focus on margin improvement across all services



- The Direct Business has continued to deliver incremental margin growth, underpinned by:
  - Increasing proportion of voice revenue, which delivers significantly higher margins (~77% in H2 FY21)
  - Increase in Mobile margins, a result of a reduction in network architecture / capacity (bandwidth) costs
  - Increase in Data margins, driven by a reduction in NBN services which are lower margin

Once integrated into the Vonex business, there remains scope for continued margin improvement



Voice makes up +80% of the Direct Business revenue mix, hence improving margins in voice are the predominant driver of blended gross margins

Pro forma group P&L[1]

Strong financial performance with meaningful cost synergies to be extracted, delivering margin expansion

$Am	FY21 Vonex[2]	FY21 Direct Business[6]	Maintainable synergies[3]	Combined (post synergies)
Revenue	18.6	15.0	-	33.7
Gross profit	6.0	10.1	0.8	16.9
EBITDA	**0.8**	**5.5**	**1.0**	**7.3**
EBIT[4]	0.5	5.5	1.0	7.0
NPAT[4]	**0.4**	**4.1**	**0.8**	**5.3**

$Am	FY21 Vonex[2]	FY21 Direct Business[6]	Maintainable synergies[3]	Combined (post synergies)
EBITDA	**0.8**	**5.5**	**1.0**	**7.3**
(-) Tax paid[5]	-	-	-	-
(-) Change in working capital	(0.2)	-	-	(0.2)
(-) Capital expenditure	(0.3)	-	-	(0.3)
Free cash flow	**0.3**	**5.5**	**1.0**	**6.8**

Pre-synergies	Post-synergies
48% FY21 Gross margin	**50%** FY21 Gross margin
19% FY21 EBITDA margin	**22%** FY21 EBITDA margin
13% FY21 NPAT margin	**16%** FY21 NPAT margin
93% EBITDA to FCF conversion in FY21	

Operational Leverage

Notes:
(1) Comprises 12 months of preliminary management accounts for the Direct Business and 9 months of consolidated preliminary management accounts for Vonex (2) Vonex's FY21 EBITDA includes the adjustments summarised on page 25 of this Investor Presentation (3) Maintainable synergies predominantly include lower rates on wholesale pricing and will incur one-time integration and migration costs to achieve synergies estimated at $0.6m (4) EBIT and NPAT has been adjusted for $0.6m of one-off impairment charges in relation to Oper8tor (5) Vonex has a deferred tax asset that will be utilised to offset any tax payable in FY22 (6) The Direct Business's FY21 EBITDA excludes $0.2m of bad debts expenses that relate to pre-FY21 debtors

Pro Forma Balance Sheet

$Am	Vonex[1]	Direct Business[2]	Pro forma adjustments[3]	Pro forma
Assets				
Cash and cash equivalents[4]	3.5	-	7.3	10.9
Intangibles	3.6	-	30.8	34.4
Other assets	3.6	1.1	-	4.7
Deferred tax asset[5]	3.6	-	-	3.6
Total assets	**14.3**	**1.1**	**38.1**	**53.5**
Liabilities				
Borrowings[6]	-	-	16.0	16.0
Other liabilities	4.4	0.4	1.1	5.9
Deferred consideration provision	-	-	11.0	11.0
Total liabilities	**4.4**	**0.4**	**28.1**	**32.9**
Net assets	**10.0**	**0.7**	**10.0**	**20.6**

Key Metrics

$5.1m

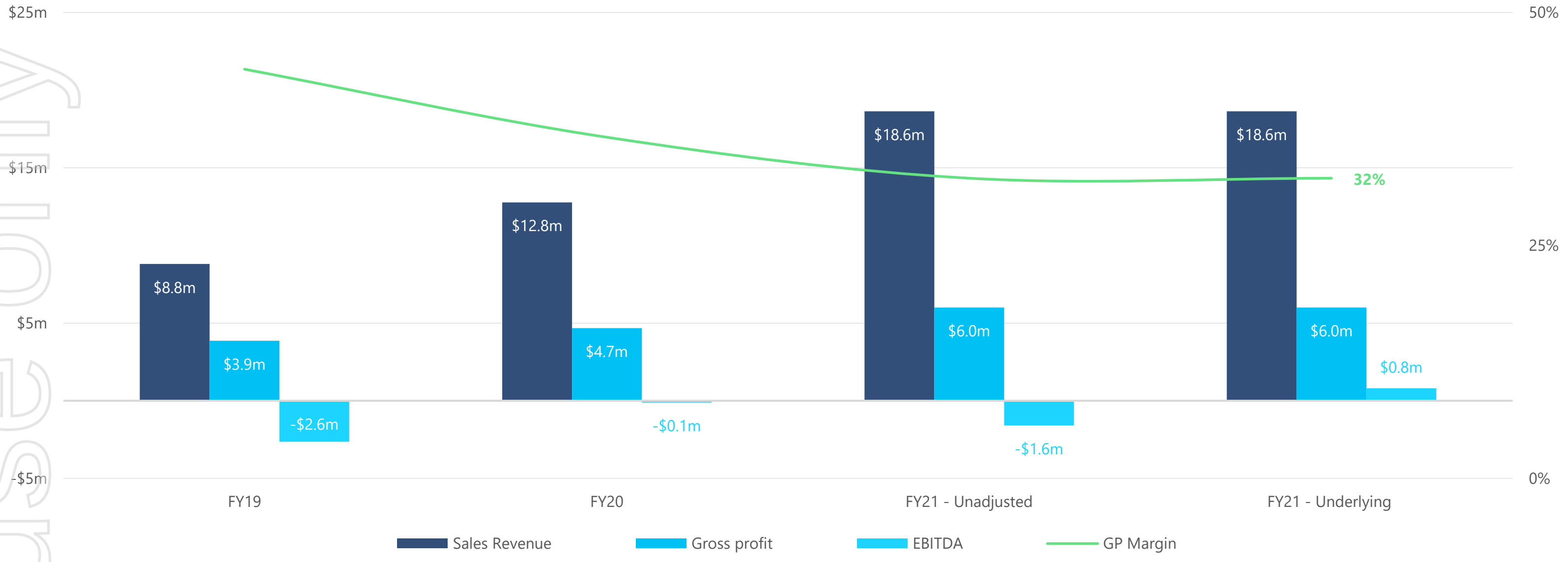
Net Debt

0.7x

Net Debt / FY21 pro forma EBITDA on post-synergy basis

Notes: (1) As per Vonex's 31 December 2020 audited financial statements and Vonex's estimated deferred tax asset. (2) As per the Direct Business' 31 December 2020 financial statements. (3) Pro forma adjustments represent the impact of the borrowings, equity capital raise, deferred consideration, transaction costs and the estimated goodwill. AASB 3 requires assets and liabilities to be recorded at fair value which will occur after the acquisition date, this could give rise to material differences in values allocated to the above balance sheet. (4) Assuming $14.0m raised under the Offer, including SPP (5) As at 30 June 2020, Vonex had over $11m of carry forward group tax losses, translating to a $3.6m deferred tax asset. (6) Facility with Longreach Credit Investors

On an underlying basis the Vonex business has delivered strong revenue and EBITDA growth in FY21



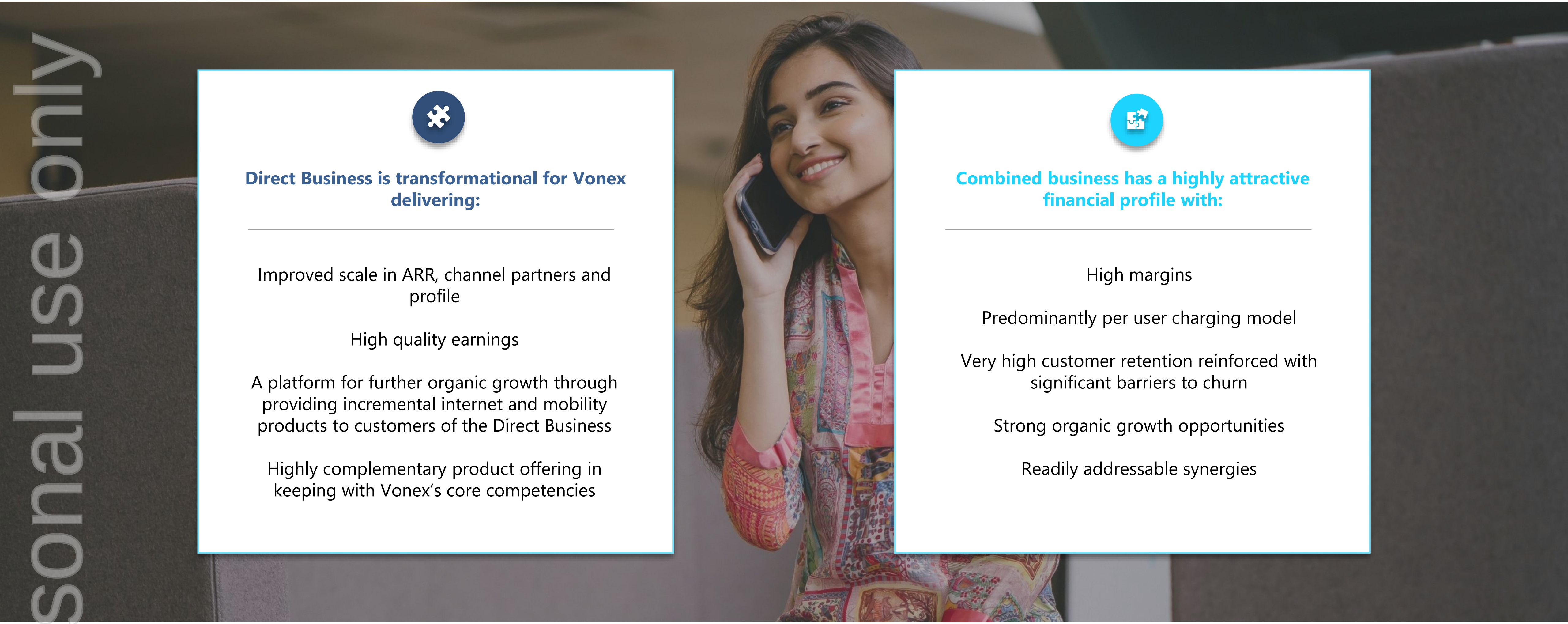
	FY19	FY20	FY21 - Unadjusted	FY21 - Underlying
Sales Revenue	$8.8m	$12.8m	$18.6m	$18.6m
Gross profit	$3.9m	$4.7m	$6.0m	$6.0m
EBITDA	**-$2.6m**	**-$0.1m**	**-$1.6m**	**$0.8m**
GP Margin (%)	*44%*	*37%*	*32%*	*32%*

- Vonex has delivered 45% revenue growth against PCP, a result of:
  - Acquisition of business assets and customer contracts from Nextel Pty Ltd during the financial year;
  - Reflecting a full year of sales revenue from the acquisition of 2SG Wholesale in February 2020; and
  - Continued strong organic growth in Vonex's underlying business customer numbers
- GP margin compression as a result of a significant component of 2SG Wholesale product mix comprising NBN, internet and mobile voice with a lower margin offering at a wholesale level
- This has resulted in a statutory EBITDA loss of $1.62m and an underlying pro forma EBITDA performance of $0.8m

Notes:
(1) Comprises 9 months preliminary consolidated management accounts and a 3 month forecast for Vonex (2) Vonex's FY21 EBITDA includes the adjustments summarised on page 25 of this Investor Presentation

Executive Summary

Vonex will acquire part of MNF Group's (ASX:MNF) Direct Business which services SME and Consumer customers for a total consideration of $31m



Direct Business is transformational for Vonex delivering:

Improved scale in ARR, channel partners and profile

High quality earnings

A platform for further organic growth through providing incremental internet and mobility products to customers of the Direct Business

Highly complementary product offering in keeping with Vonex's core competencies

Combined business has a highly attractive financial profile with:

High margins

Predominantly per user charging model

Very high customer retention reinforced with significant barriers to churn

Strong organic growth opportunities

Readily addressable synergies


VONEX
always on
Transaction
Structure
HWT

Capital Raise Overview

The equity raise will comprise a Placement (in two tranches) and an SPP

OFFER DETAILS
Placement & SPP

Offer Size & Structure	Two Tranche institutional Placement to raise $12.0m (the **Offer**), comprising: • **Tranche 1** – approximately $2.5m (22.5m shares) under remaining LR 7.1 Placement capacity; • **Tranche 2** – approximately $9.5m (86.6m shares) subject to shareholder approval at an EGM; and • a SPP to eligible, existing investors to raise up to an additional $2.0m at the Offer Price
Placement	Placement will result in approximately 109.1m new shares being issued, representing 29.2% of VN8's fully diluted issued capital. The Placement is not underwritten.
SPP	VN8 will offer all eligible shareholders the opportunity to participate in a non-underwritten SPP. The SPP is capped at $30,000 per eligible shareholder with registered addresses in Australia at 7.00pm (AEDT) Thursday, 22 July 2021. The SPP aims to raise up to $2.0m. The SPP is scheduled to open on Friday, 30 July 2021 and scheduled to close at 5.00pm (AEDT) Friday, 13 August 2021.
Ranking	New shares issued under the Placement will rank equally with existing VN8 shares on issue.
Offer Price	The Placement is priced at $0.11 per share, representing a discount of: • 15.4% to the last traded price of $0.13 per share • 19.7% to the 15-day VWAP of $0.1369 per share • 23.4% to the 30-day VWAP of $0.1436 per share
Lead Manager	PAC Partners Securities Limited

Current Shares on Issue	**193,133,473**
Options & Performance Rights on Issue[1]	71,694,791
Fully Diluted Market Cap (pre Offer)[1]	$34,427,674
Tranche 1 Placement Shares to be Issued[2]	22,502,051
Tranche 2 Placement Shares to be Issued[2]	86,588,858
Fully Diluted Shares on Issue (post Offer)	373,919,173
Fully Diluted Market Cap (post Offer)[3]	**$41,131,109**

Notes:

1. *Includes 27,460,000 performance rights and 44,234,791 unlisted options with various expiry dates and exercise prices (20 July 2021). At last traded price on 20 July 2021*
2. *Calculated at the Offer Price*
3. *Illustrative Fully Diluted Market Capitalisation post Offer at the Offer Price, assuming $12.0m raised under the Offer, excluding SPP*

Timetable & Use of Funds

The equity raise, Longreach facility and cashflows of the business are sufficient to pay for the $31m of Acquisition proceeds

Indicative Timetable[1]	**2021**
Record Date for SPP	Thursday, 22 July
Trading Halt	Wednesday, 21 July
Bookbuild completed for Placement	Thursday, 22 July
Announcement of Placement and SPP	Friday, 23 July
Notice of Extraordinary General Meeting (EGM)	Friday, 23 July
Settlement of Capital Raising (Tranche 1)	Thursday, 29 July
Allotment of Shares (Tranche 1)	Friday, 30 July
Trading of New Shares (Tranche 1)	Friday, 30 July
SPP Offer Opens	Monday, 2 August
SPP Offer Closes	Friday, 13 August
Announcement of SPP Results	Wednesday, 18 August
Issue Date	Tuesday, 24 August
Trading of New Shares Issued under SPP on ASX	Tuesday, 24 August
EGM to vote on Tranche 2 Shares	Friday, 27 August
DVP Settlement of Tranche 2 Shares	Thursday, 2 September
Allotment of Tranche 2 Shares	Friday, 3 September

[1]*Timetable is subject to change*

Source of funds	
Vonex cash at bank as at 30 June 2021 (unaudited)	$3.6m
Longreach facility	$16.0m
Tranche 1 Placement	$2.5m
Tranche 2 Placement	$9.5m
Share Purchase Plan	$2.0m
Total	**$33.6m**

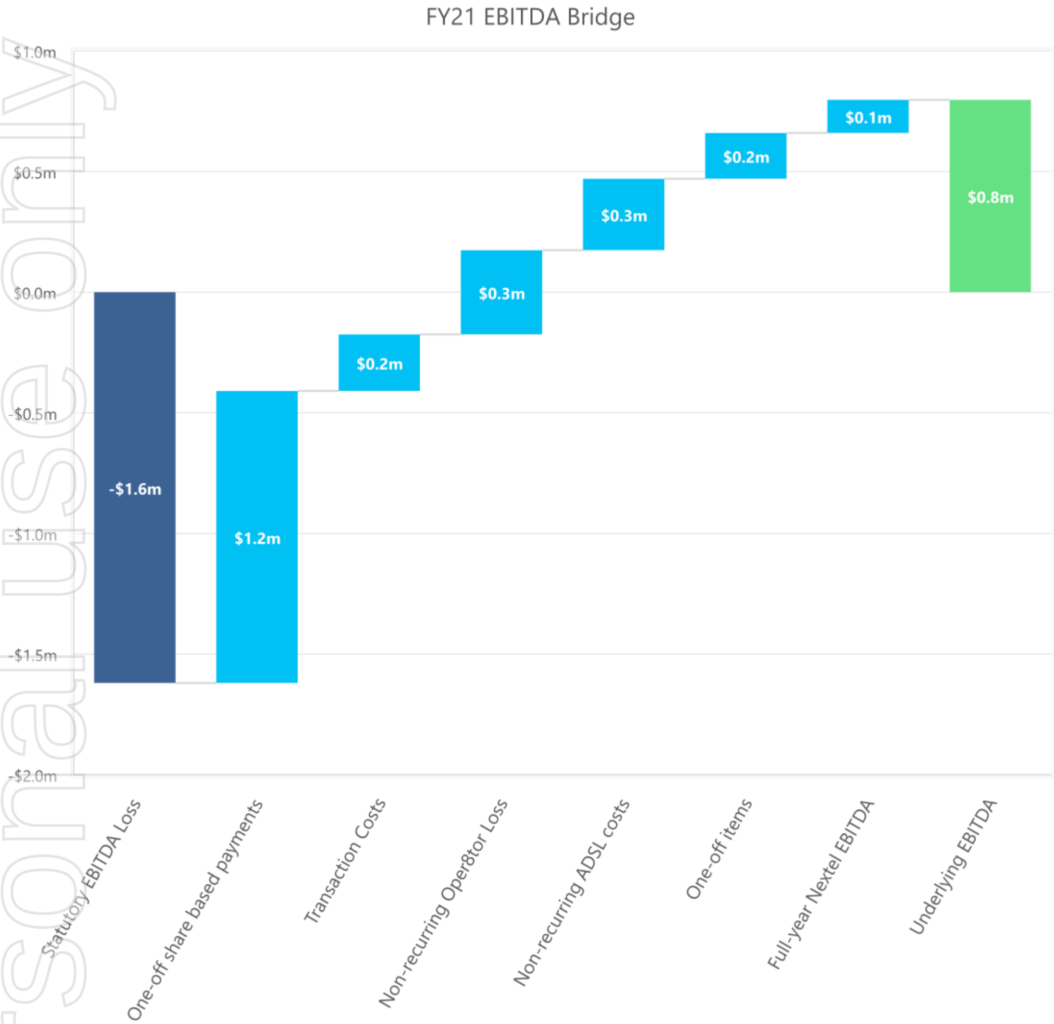
Use of funds	
Upfront consideration for the Acquisition of the Direct Business	$20.0m
Deferred consideration for the Acquisition of the Direct Business	$11.0m
Cost of the Capital Raising	$0.7m
Costs of the debt facility and acquisition	$1.3m
General working capital purposes	$0.6m
Total	**$33.6m**

Appendix

ASX:VN8

Vonex FY21 Performance

On an underlying basis the Vonex business has delivered strong revenue and EBITDA growth in FY21



Adjustments	FY21 ($m)	Comment
Less one-off costs		
Share based payments	$1.2	A one-off share based payment to directors that is not ordinary/market-based payment to directors
Transaction Costs	$0.2	Transaction costs for the acquisitions of 2SG and Nextel
Non-recurring Oper8tor Loss	$0.3	Oper8tor R&D has ceased, with no further development capital to be committed and no costs incurred by Vonex
Non-recurring ADSL costs	$0.3	As part of the 2SG transaction, Vonex inherited a legacy ADSL customer base. This service has been shut down and no more losses will be incurred from the service
One-off items	$0.2	One-off items relating to banking establishment fees, minor legal dispute claim, iSeek migration costs and cost reductions provided to certain customers during COVID
Sub-total	**$2.3**	
Add-back		
Full-year Nextel EBITDA	$0.1	As Nextel was acquired during FY21, Nextel's financial performance was only recognised from February 2021
Sub-total	**$0.1**	
Total Adjustments	**$2.4**	

New Debt Facility

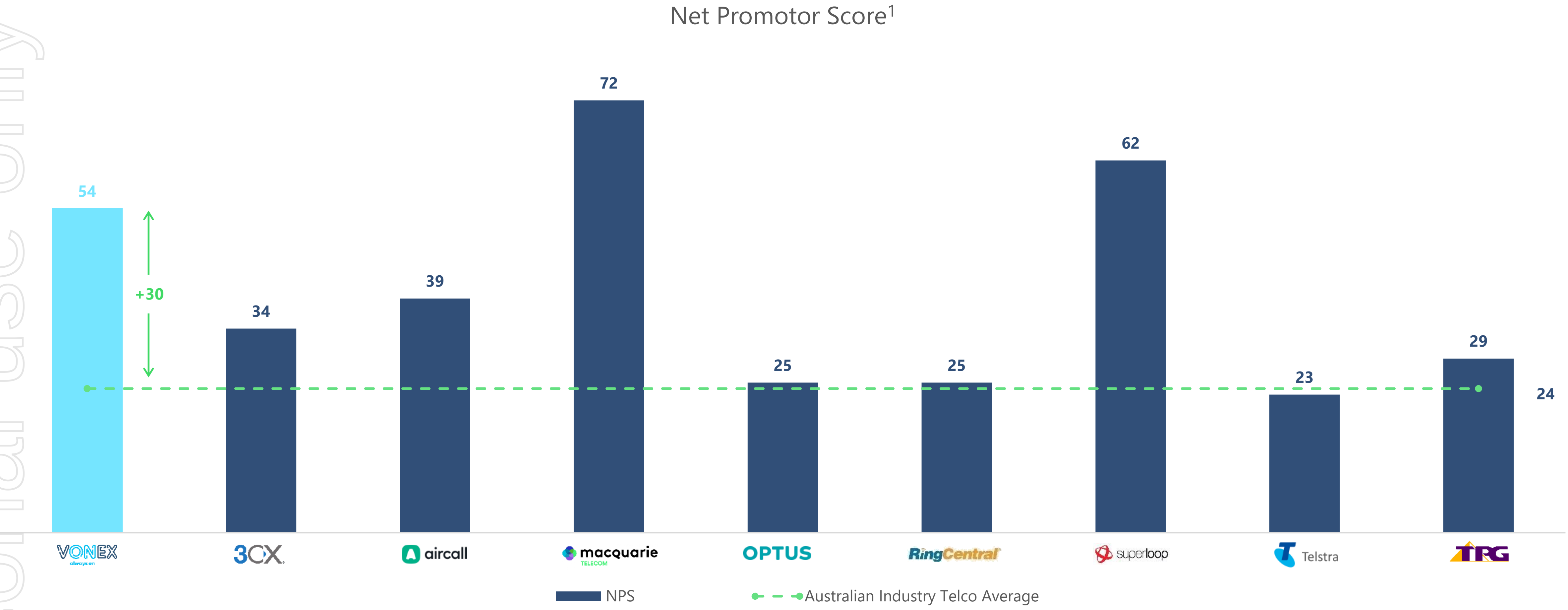
Vonex has received approval for a $16m debt facility from Longreach Credit Investors, to facilitate the consideration for the Acquisition

- The net proceeds of the Debt Facility will be used to partially fund the $20 million of consideration payable by Vonex on completion of the Acquisition

Key Debt Facility Terms	
Maturity	3 years
Principal repayments	$500K per-quarter, commencing 15 December 2021
Security	First ranking general security interest
Key covenants	• Net leverage cover • Interest cover • Debt service cover • Minimum Cash at Bank
Interest Rate	The interest rate payable is contingent upon the prevailing Net Debt / pro forma LTM EBITDA

Net Promotor Score Benchmarking

Vonex has a market leading net promoter score of 54, well above the telecommunications industry average of 24



Notes:

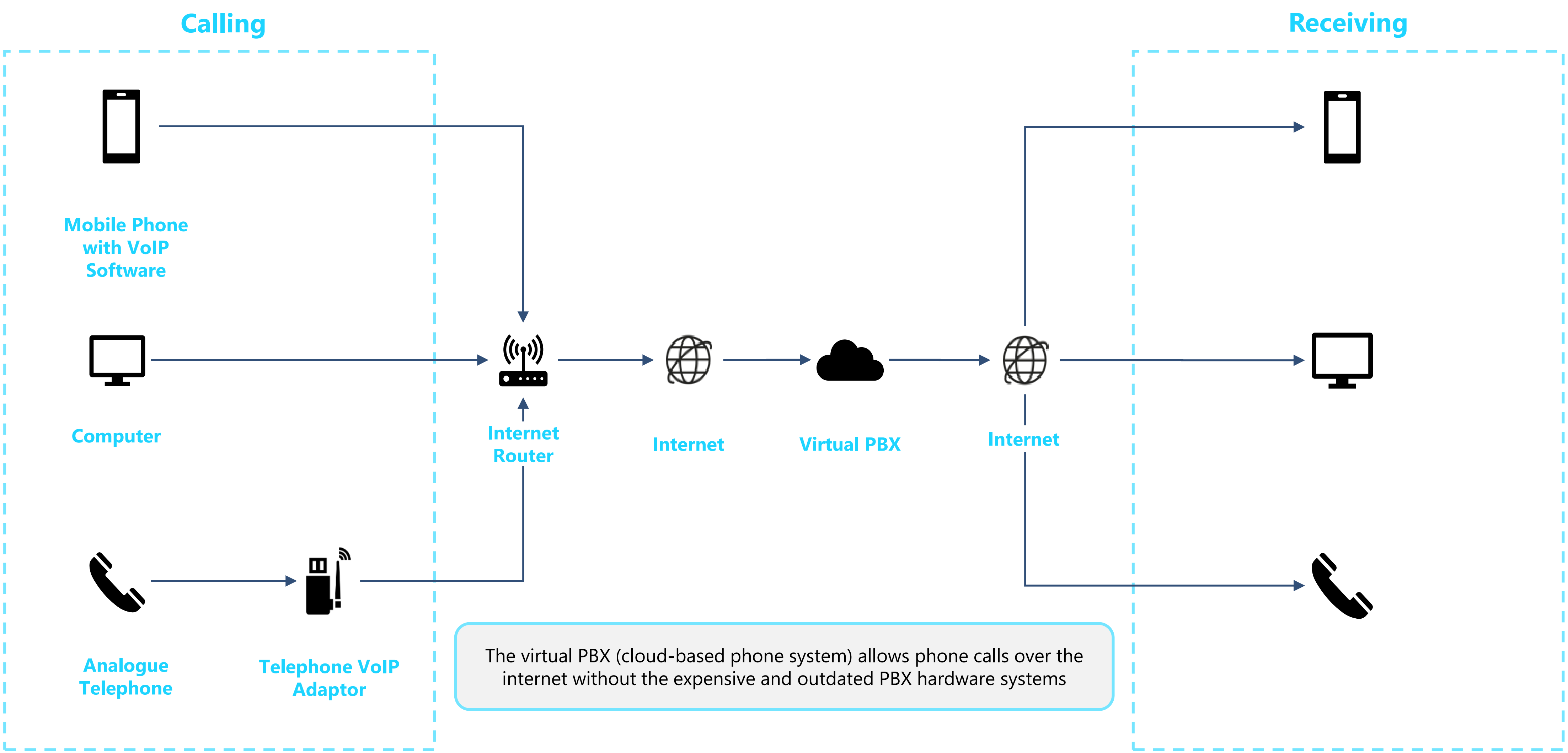
1. NPS: Index ranging from – 100 to 100 measuring willingness of customers to recommend a company's product or service to others

Sources:

Vonex 2020 AGM Presentation, Net Promotor Score Guru, Macquarie Telecom 2020 Annual Report, Superloop 2020 Annual Report, Telstra 2020 Annual Report, Net Promotor Score Report 2020

What is a Hosted PBX Phone System?

A hosted PBX is a cloud-based phone system combining traditional PBX infrastructure with IP communications technology

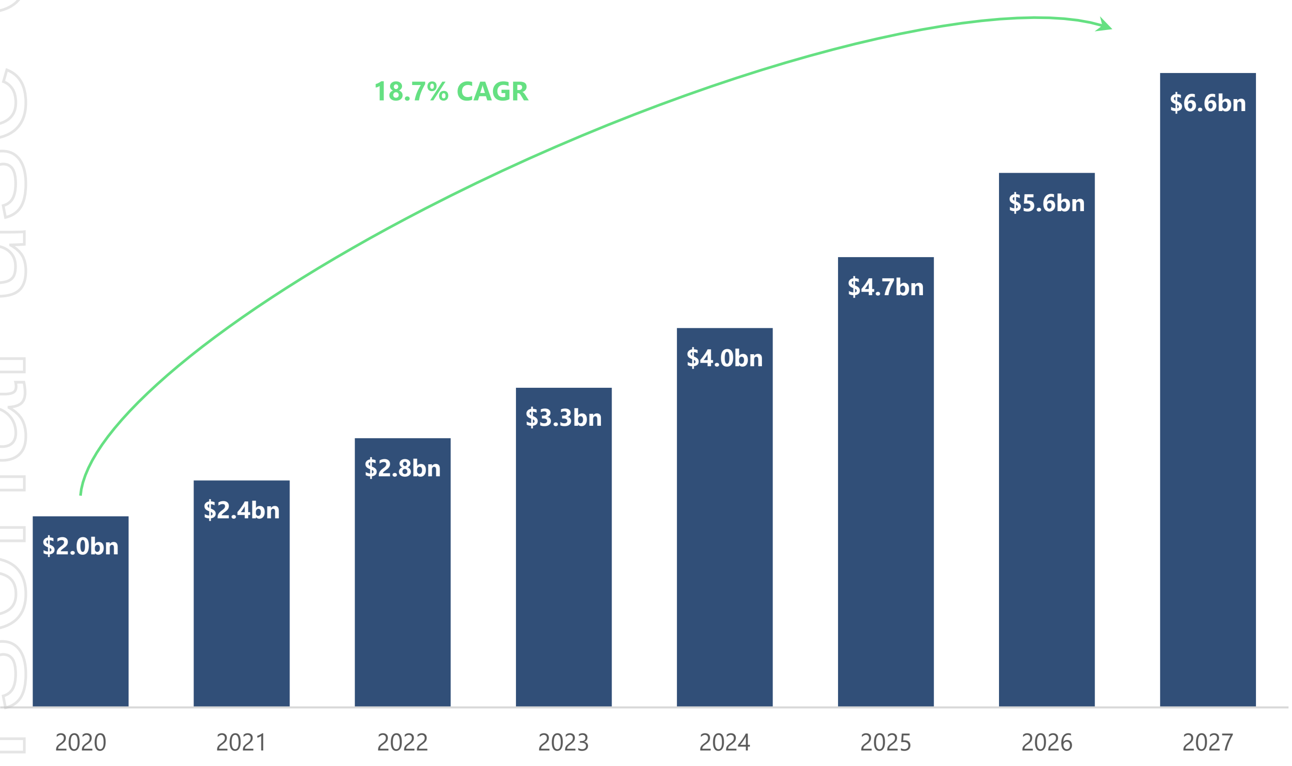


The virtual PBX (cloud-based phone system) allows phone calls over the internet without the expensive and outdated PBX hardware systems

Cloud PBX Market

The APAC Virtual PBX Market is set to grow substantially with a CAGR of 18.7% forecasted between 2020 and 2027

APAC Virtual PBX market (A$bn)



Benefits of Cloud PBX

- **Cost savings** – no need to invest in hardware as phone system is virtually hosted
- **Time savings** – provisioning is automatic with limited downtime
- **Keep existing phone system** – easily integrated into any system
- **Advanced features** – not limited to features on the physical phone
- **Flexibility** – to connect remotely
- **Scalability** – customised usage capacity to meet demand

Acquisition Risks

Risks in relation to the due diligence undertaken on the Acquisition	VN8 has undertaken a due diligence process in respect of the Direct Business, which primarily involved the review of financial and certain other information provided by or on behalf of the Direct Business. The due diligence process has been assisted by PricewaterhouseCoopers (financial due diligence), and Bowen Buchbinder Vilensky Lawyers (legal and tax due diligence), with no items of significance identified. Although VN8 considers the due diligence process undertaken to be appropriate, VN8 has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. Similarly, VN8 has prepared (and made assumptions in the preparation of) the financial information relating to the Direct Business included in this presentation in reliance on limited financial information and other information provided by or on behalf of the Direct Business. If any of the data or information provided to and relied upon by VN8 in its due diligence process and its preparation of this presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position, performance and prospects of the Direct Business post-Acquisition may be materially different to the financial position, performance and prospects expected by VN8 and reflected in this presentation. Investors should also note that there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the Acquisition have been identified. Therefore, there is a risk that unforeseen issues and risks may arise, which may also have a material impact on VN8. This could adversely affect the financial position, performance or prospects of VN8. Further, the information reviewed by VN8 includes forward looking information. Forward looking information is inherently unreliable and based on assumptions that may change in the future.
Analysis of Acquisition risk	VN8 has undertaken financial, operational, business and other analysis of the Direct Business in order to determine its attractiveness to VN8 and whether to pursue the Acquisition. It is possible that such analysis, and the best estimates and assumptions made by VN8, draws conclusions and forecasts which are inaccurate or which are not realised in due course (whether because of flawed methodology or misinterpretation of economic circumstances).To the extent that the actual results achieved by the Direct Business are weaker than anticipated, or there any difficulties in integrating its operations, there is a risk that VN8's financial position, performance and prospects may be materially different from the financial information reflected in this presentation.
Pre-conditions to Acquisition	While completion of the Acquisition is subject to a limited number of industry standard conditions, most of these conditions have already been satisfied and in any event may be waived by the seller if not satisfied by 3 August 2021 (End Date). The ASA may however be terminated by the seller if a condition is not satisfied and the seller has elected not to waive that condition by the End Date. In such event the Acquisition will not proceed.

Key Risks

Acquisition Risks

Integration risk	The integration of a business of the size of the Direct Business carries risk, including potential delays or costs in implementing necessary changes, and difficulties in integrating and migrating various operations that were previously operated independently. The success of the Acquisition will be dependent on the effective and timely integration and migration of the Direct Business alongside VN8's business following completion of the Acquisition. There is a risk that the integration of the Direct Business may encounter unexpected challenges or issues, including: 1. possible difficulties in bringing together the cultures and management styles of both businesses in an effective manner; 2. disruption to the ongoing operations of both businesses; 3. higher than anticipated integration and migration costs; 4. impacts from the increase in scale of the business post Acquisition; 5. integration of accounting and internal controls; 6. unforeseen costs relating to the integration of some systems of the broader VN8 group; and 7. unintended loss of key personnel or expert knowledge or reduce employee productivity due to uncertainty arising as a result of the Acquisition. A failure to fully integrate and migrate the Direct Business as a result of any of the reasons above (or any other reason) could impose unexpected costs that may adversely affect the financial position, performance and prospects of VN8.
Direct Business risks	There are various risks associated with the operation of the Direct Business, including but not limited to the legal and regulatory environment and use of technology systems and data. If risks associated with the Direct Business were to be realised following the Acquisition, VN8 would be exposed to these risks, which could adversely affect VN8's financial position, performance and prospects. For example, the Direct Business relies on online technology solutions to operate its business. While processes will be put in place to mitigate the risk of technology outages or unauthorised access to data or systems (including data breaches that could involve personal information), it is possible that these measures may not prevent disruption as a result of issues connected with the technology, systems and information of the Direct Business. If such events were to occur, VN8 could suffer loss impacting its performance and ability to continue operating the Direct Business.

Business Risks

Failure to grow	There is a risk that VN8 will be unable to offer a sufficient number of successful new products which could potentially result in reduced or negative growth. There is a risk that new VN8 products developed and launched to the market, including those arising following the Direct Business Acquisition may be unprofitable because they are not supported by sufficient market interest and purchases or otherwise not adequately marketed and fail to sell. There is also a risk that new products: 1. waste operating costs; 2. incur operating costs earlier than necessary or greater than forecast; and/or 3. impact revenues of existing products to a greater extent than predicted.
Competition	New entrants into VN8's market segment have the potential to cause market disruption across VN8's and their competitors' product offerings. This disruption has the potential to erode sales.
Change in regulations	There is a risk that laws or regulations may be introduced or amended in Australia, or in foreign jurisdictions in which VN8 sells its products. Changes to the regulatory environment could have a material effect in a number of ways. For example, the financial effects resulting from changing requirements to: Telecommunications, privacy, franchising, data security and taxation. In particular the company may be affected by regulatory changes to pricing of key products such as fixed wire or mobile telephony, which may advantage either the Company or its competitors disproportionately. The Company may also be affected by changes to industry regulation which impose new compliance obligations or prohibitions on either the Company or its resellers, such as data retention obligations. Unforeseen delays with the continued rollout of the NBN including regulatory changes, may impact on the Company and the Company's Channel Partners resellers in the future.
Adverse customer behaviour or loss of customer	VN8 sells its products to a range of customers including retail and wholesale. A significant change in demand for, or the prices paid for, VN8's products by VN8's key customers including because of the customer's competitive position, a strategy by them to grow their product offerings, a change in demand from the end purchasers of VN8's products or the actions of competitors, including increased supply, new and different products and lower prices, may affect VN8's sales volumes and margins and may have a material and adverse effect on VN8's revenue, profitability and growth. VN8 could lose key customers due to a range of events. Any loss of key customers may materially and adversely affect VN8's revenue, profitability and growth.
Decrease in demand for VN8's products	VN8's current business and growth plans depend on there being an active market domestically for VN8's products. Consequently, any decrease in demand for VN8's products including due to changing consumer preferences, consumers substituting VN8's products for competitor's products, product and price competition, performance and reliability, VN8's reputation, changes in law or regulation or economic and market conditions, will adversely affect sales of VN8's products and may have a material and adverse effect on VN8's revenue, profitability and growth.

Business Risks

Brand and reputation	The VN8 brand name and related intellectual property are key assets of VN8. The reputation and value associated with the VN8 brand and related intellectual property could be adversely affected by a number of factors, including failing to provide customers with the quality of product they expect, disputes or litigation with third parties, employees, suppliers or customers, or adverse media coverage (including social media), or other circumstances including those beyond the direct control of VN8. Significant erosion in the reputation of, or value associated with the VN8 brand, could have an adverse effect on customer loyalty, relationships with key suppliers, employee retention rates, and overall demand for VN8 products.
Disruption or failure of technology and software systems	As VN8's business continues to grow, the performance, reliability and availability of VN8's website and software systems becomes more important. There is a risk that these systems may be adversely affected by disruption, failure, service outages, improper configuration, maintenance error, data corruption (as a result of computer viruses, "bugs" or "worms", malware, internal or external misuse by websites, cyber attacks) or other disruptions including natural disasters and power outages. In part, some of these disruptions may be caused by events outside of VN8's control and may lead to prolonged disruption to VN8's website, or operational or business delays and damage to VN8's reputation. This could potentially lead to a loss of customers, legal claims by customers, and an inability to attract new customers, any of which could adversely impact VN8's operating and financial performance.
Failure to effectively manage growth	VN8 has experienced a period of growth and based on VN8's projections, their future growth could place additional pressure on current management, operational and finance resources and on the infrastructure supporting VN8. Failure to appropriately manage this growth could result in failure to retain existing customers and attract new customers, which could adversely affect VN8's operating and financial performance.
Ability to attract and retain key personnel	A critical component of VN8's success is the ongoing retention of key management personnel. There is a risk VN8 may not be able to attract and retain key personnel or be able to find effective replacements for those key personnel in a timely manner. The loss of such personnel, or any delay in their replacement, could have a significant negative impact on VN8's ability to operate the business and achieve financial performance targets and strategic growth objectives.
No guarantee of future dividends	There is no guarantee that dividends will be paid in the future as this is a matter to be determined by the Board in its discretion. The Board's decision will have regard to, among other things, VN8's financial performance and position, relative to its capital expenditure and other liabilities.
Litigation risk	In the ordinary course of business, VN8 may be involved in litigation disputes from time to time. Litigation disputes brought by third parties; including but not limited to customers, suppliers, business partners and employees may adversely impact the financial performance and industry standing of VN8 where the impact of litigation is greater than or outside the scope of VN8's insurance.

Offer Risks

Risks associated with an investment in shares	There are general risks associated with investments in equity capital such as VN8 shares. The trading price of VN8 shares may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the Offer Price. Generally applicable factors which may affect the market price of shares include: 1. general movements in Australian and international stock markets; 2. investor sentiment; 3. Australian and international economic conditions and outlook; 4. changes in interest rates and the rate of inflation; 5. changes in government legislation and policies, including taxation laws; 6. natural disasters and other extraordinary events, including pandemics and epidemics, and government intervention or acts in response to such events; 7. announcement of new technologies; 8. geo-political instability, including international hostilities and acts of terrorism; 9. demand for and supply of VN8 shares; 10. announcements and results of competitors of VN8; and 11. analyst reports. No assurances can be given that the New Shares will trade at or above the Offer Price. None of VN8, its directors or any other person guarantees the market performance of the New Shares. The financial position, performance and prospects of VN8 and VN8's share price may be adversely affected by the worsening of general economic conditions in Australia, as well as international market conditions and related factors. It is also possible new risks might emerge as a result of Australian or global markets experiencing extreme stress, or existing risks may manifest themselves in ways that are not currently foreseeable.
Dilution risk	Eligible shareholders who do not participate in the Offer, will have their percentage shareholding in VN8 diluted. Such shareholders will not be exposed to future increases or decreases in VN8's share price in respect of those New Shares which would have been issued to them had they participated in the Offer.

International Offer Restrictions

European Union (Netherlands)	This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in any member state of the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation"). In accordance with Article (14) of the Prospectus Regulation, an offer of New Shares in each member state of the European Union is limited: 1. to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation); 2. to fewer than 150 natural or legal persons (other than qualified investors); or 3. in any other circumstance falling within Article 1(4) of the Prospectus Regulation. Investors in the Netherlands should note: This document does not constitute an offer of new ordinary shares "New Shares" of the Company in any jurisdiction in which it would be unlawful. New Shares may not be offered or sold in any country outside Australia except to the extent permitted.
Singapore	This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA. This document has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) an "accredited investor" (as defined in the SFA). If you are not an investor falling within one of these categories, please return this document immediately. You may not forward or circulate this document to any other person in Singapore. Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Contact

Charles Reed
Director | PAC Partners

E: creed@pacpartners.com.au

Matthew Fahey
Managing Director | Vonex Ltd

M: +61 411 244 224
E: matt@vonex.com.au