



Investor Presentation →

Acquisition of OntheNet
October 2022

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1.0 → Acquisition Highlights

Vonex Limited to acquire Network Technology (Aust) Pty Ltd t/as OntheNet (OntheNet) for total consideration of \$9.6 million.

- 1 Acquisition** Vonex Limited ("Vonex") to acquire Network Technology (Aust) Pty Ltd t/as OntheNet ("OntheNet"), for total consideration of \$9.6 million, comprising \$7.7 million payable in cash and \$1.9 million in Vonex shares, customer related metrics in the 12 months post completion.
- 2 Strategic Rationale** Highly strategic acquisition providing new product capability to Vonex, particularly in data networks, underpinned by ownership of its core network and a highly experienced team of engineers.
- 3 Diversified Product Offering** Diversifies and complements Vonex's existing product offerings with a cross-sell opportunity and room to grow through a more active focus on sales and marketing leveraging Vonex's channel partners.
- 4 Financial Impact** OntheNet has delivered pro forma revenue and EBITDA of \$15.2 million and \$1.9 million respectively in FY22. The transaction is accretive to key financial metrics including EBITDA and EPS (excluding synergies).
- 5 Valuation Discipline** Execution of Vonex's disciplined M&A growth strategy, at a valuation that is consistent with previous acquisitions representing an acquisition multiple of 5.1x OntheNet's pro forma EBITDA of \$1.9m.
- 6 Funding** The upfront cash consideration of \$7.7 million and transaction costs are to be funded through an additional \$8 million facility with Vonex's existing debt provider Longreach Credit Investors ("LCI").

Note 1: FY22 pro forma is based on the Jun-22 exit run-rate for the last 6 months, annualised. Results have been extracted from the unaudited management accounts of OntheNet, and exclude the impact of IFRS-16.

2.1 → About OntheNet



Founded in 1994, OntheNet provides data **network services, voice, hosting/colocation** and other services primarily to business customers.



The company is headquartered on the Gold Coast and has **network infrastructure across the Gold Coast** and a Tier 3 Data Centre. OntheNet delivers data network services nationally.



OntheNet has a **highly skilled workforce** of 35 employees, including an experienced engineering team with an average tenure of 13 years.



97% of revenues are recurring¹ and are derived from a **high-quality customer base**. The customers include government bodies, private schools, medical businesses and national retail and franchise chains.



OntheNet owns and operates its own **fully redundant core network**, with peering at 7 major Australian Internet Exchange Points of Presence (POPs).



FY22 pro forma revenue of **\$15.2m** and pro forma EBITDA of **\$1.9m²**.

Note 1: Recurring revenue is based on the nature of services provided as classified by OntheNet management.

Note 2: FY22 pro forma is based on the Jun-22 exit run-rate for the last 6 months, annualised. Results have been extracted from the unaudited management accounts of OntheNet, and exclude the impact of IFRS-16.

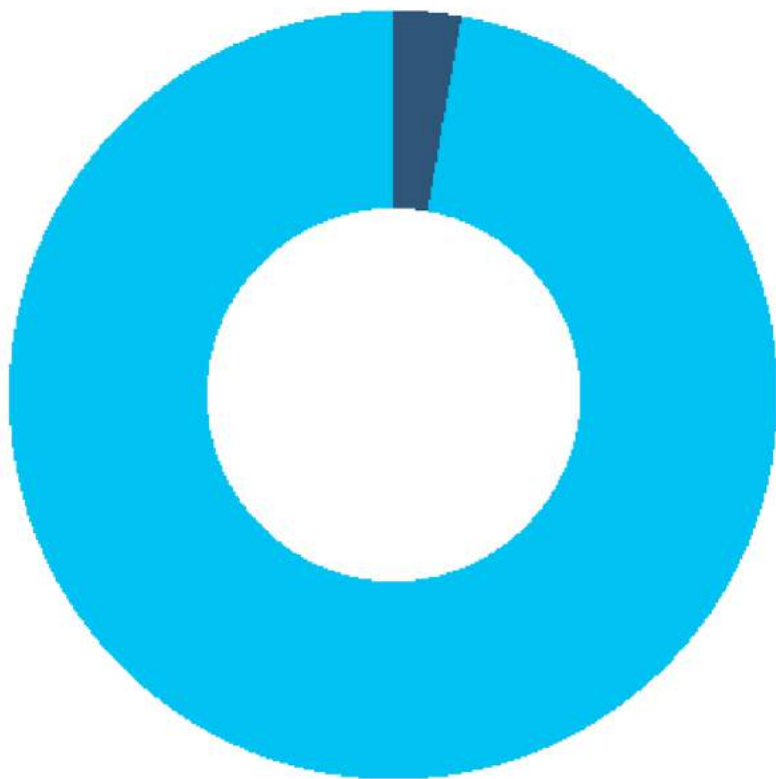
2.2 → National Coverage

**OntheNet has
7 POPs across
Australia.**



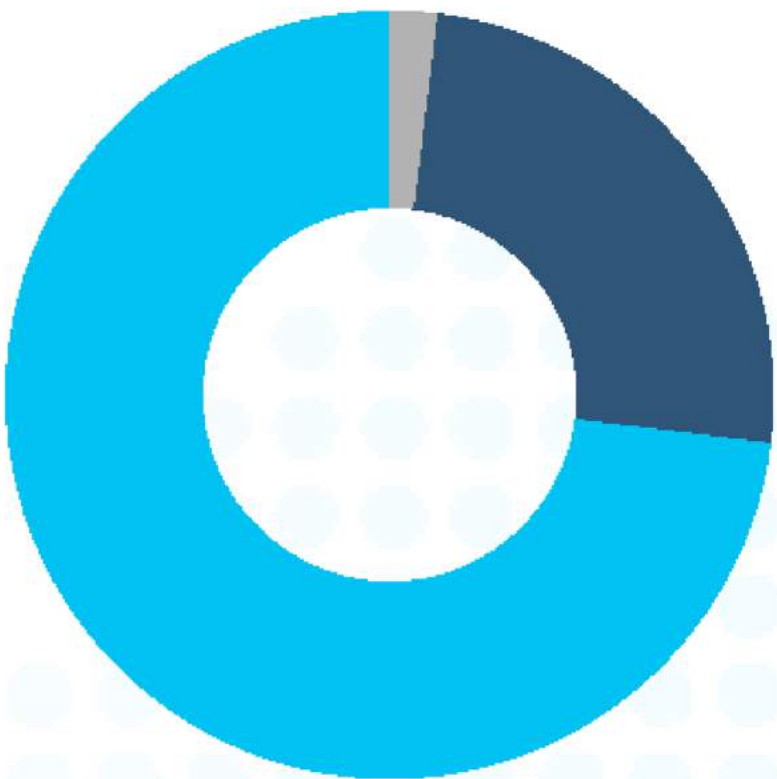
2.3 → Strong Recurring Revenue Profile

Quality recurring revenue predominantly from data network business customers, providing a significant opportunity to diversify Vonex's existing product base.



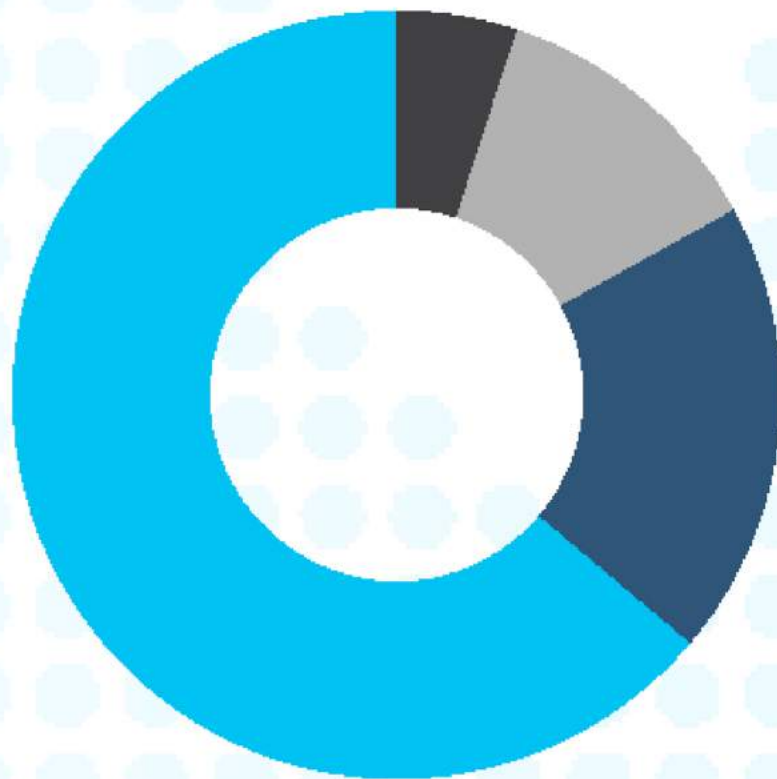
Recurring Revenue

- Recurring¹ 97%
- Non Recurring 3%



Revenue by Customer

- Business 73%
- Residential 25%
- Other 1%



Revenue by Service

- Data Networks 64%
- Voice 19%
- Colocation 12%
- Other 4%

Note 1: Recurring revenue is based on the nature of services provided as classified by OntheNet management.

Note 2: Percentages are based on FY22 unaudited management accounts.

3.1 → Combined Benefits

Highly strategic acquisition providing new product capability to Vonex, particularly in data networks, underpinned by ownership of its core network and a highly regarded team of engineers.



Diversifies and complements Vonex's product offerings with the addition of colocation/hosting capabilities, alongside expertise in data networks. The limited overlap between services provides an attractive cross-sell opportunity.



Strategic acquisition with the addition of OntheNet's core network and strong networking expertise.



Acquisition is accretive to Vonex and provides **significant free cash flow** to the combined group with OntheNet EBITDA to FCF conversion of >90%².



Addition of a **high-quality customer base and recurring revenues** increasing Vonex's annualised recurring revenues by ~40% to \$51m¹.



Significant opportunity for synergies to be realised in time post transaction via utilisation of OntheNet's core network.

Note 1: Recurring revenues are based on nature of services provided as classified by OntheNet management

Note 2: Based on FY22 unaudited management accounts

3.2 → Combined Benefits

\$15.2m

OntheNet FY22
pro forma Revenue¹

\$53.5m

Combined FY22 pro
forma Revenue²

5.1x

FY22 pro forma / EBITDA
acquisition multiple

\$1.9m

OntheNet FY22
normalised EBITDA¹

\$8.5m

Combined FY22 pro
forma EBITDA²

>10%

EPS accretion³

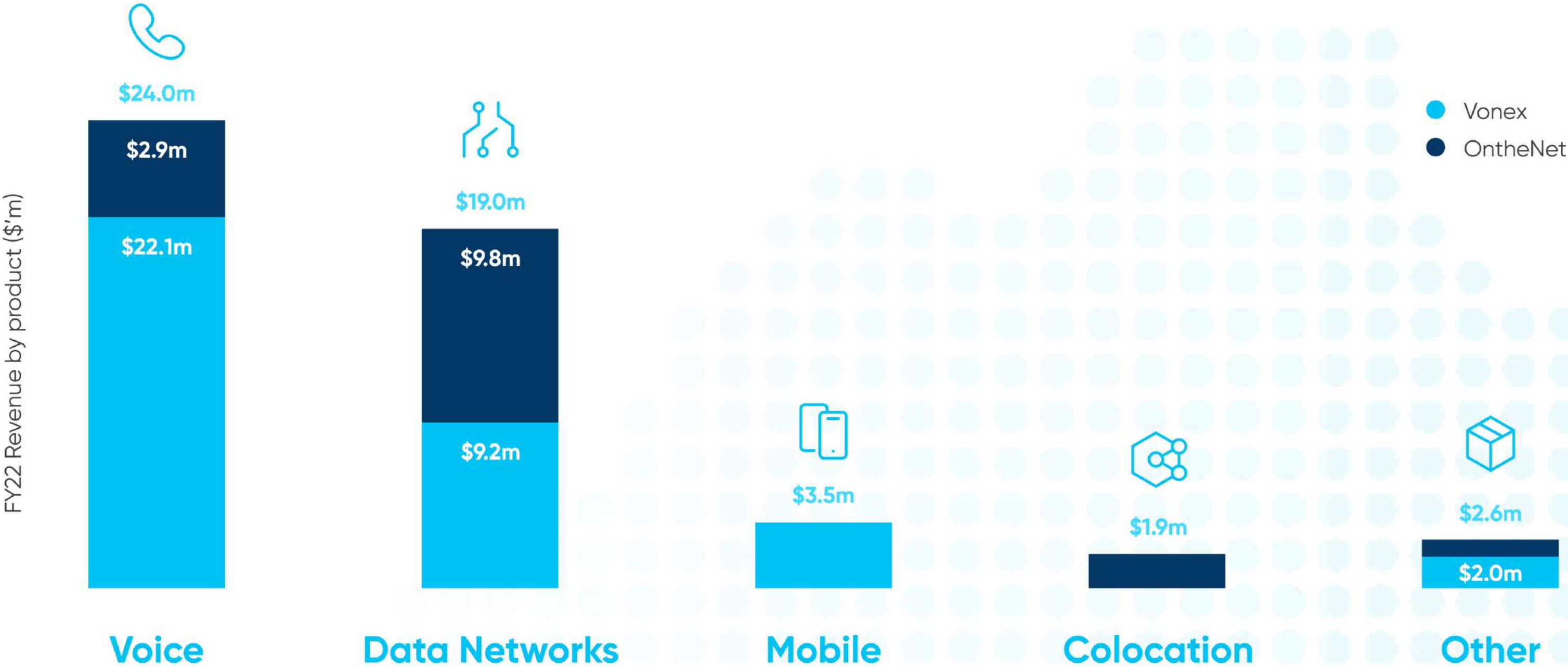
Note 1: FY22 pro forma is based on the Jun-22 exit run-rate for the 6 months to 30 June 2022, annualised. Results have been extracted from the unaudited management accounts of OntheNet, and exclude the impact of IFRS-16.

Note 2: Combined financials based on Vonex FY22 pro forma underlying results which excludes: (i) non cash share based payment expenses and (ii) acquisition integration, migration and capital raising costs and which includes: the results of the acquired MNF business and Voiteck business as if included for the whole of FY22 (based on unaudited management accounts).

Note 3: EPS accretion is calculated based on full year pro forma and excludes the impact of transaction costs.

3.3 → Revenue by Product

The acquisition of OntheNet significantly expands Vonex’s data network capabilities and introduces a new product offering through colocation and hosting.



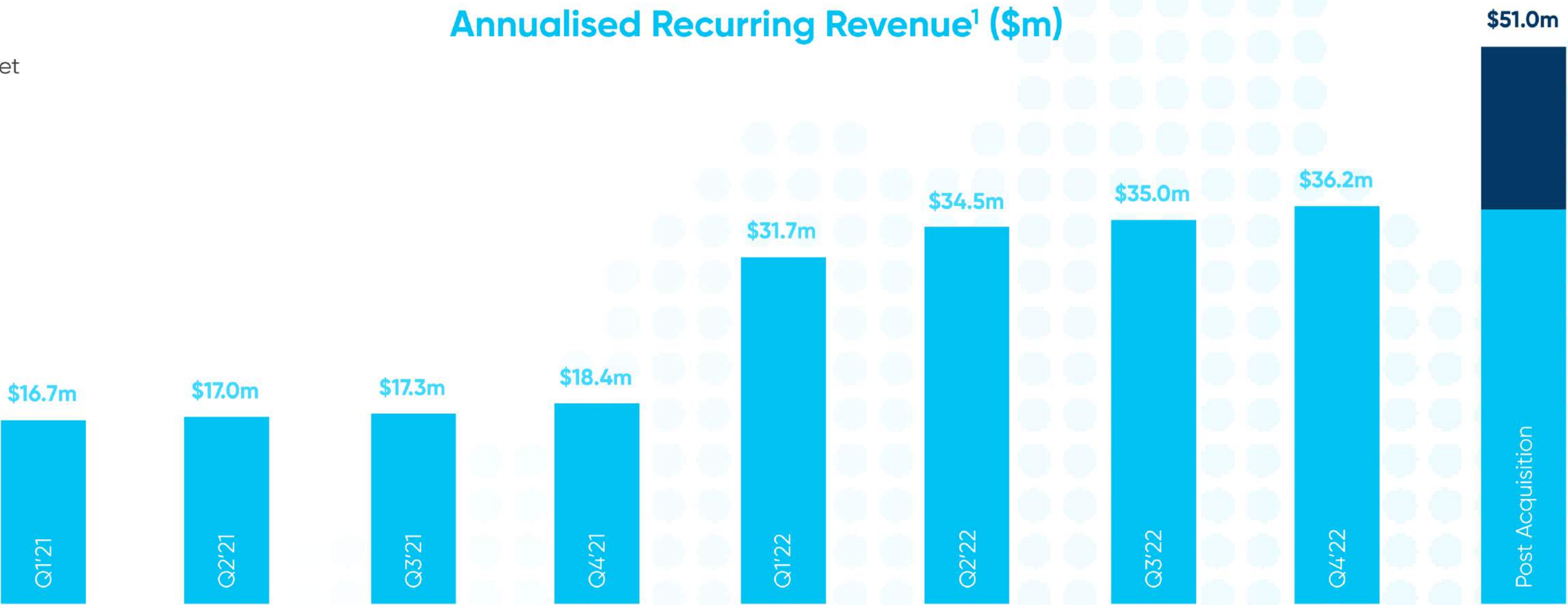
Notes: Includes the full year impact of revenue from MNF and Voiteck. Voiteck pre-acquisition revenue assumed to be 100% Voice, while MNF was allocated based on the relevant proportions of revenue in the period LTM Mar-21.

3.4 → Significant Growth in ARR

Vonex's annualised recurring revenue (ARR) will increase by ~40% to \$51.0m post the acquisition of OntheNet.

- Vonex
- OntheNet

Annualised Recurring Revenue¹ (\$m)



Note 1: As per Vonex reported results and OntheNet unaudited management accounts.
Note 2: OntheNet recurring revenue is based on the nature of services provided as classified by OntheNet management.

4.1 → Combined Profit & Loss

Vonex would deliver \$52.4m of revenue and \$8.5m of EBITDA on an FY22 annual pro forma basis excluding synergies

Pro forma normalised FY22

\$m	Vonex (FY22) ¹	OntheNet (FY22) ²	Combined (FY22)
Revenue	\$37.2m	\$15.2m	\$52.4m
COGS	(\$18.4)	(\$8.9m)	(27.3)
Gross Profit	\$18.8m	\$6.4m	\$24.8m
Other Income	\$0.8m	\$0.0m	\$0.8m
Operating Expenses	(\$13.0m)	(\$4.5m)	(\$17.5m)
EBITDA	\$6.6m	\$1.9m	\$8.5m

↑40%
FY22 Revenue Increase

↑29%
FY22 EBITDA Increase

Note 1: Vonex's pro forma underlying results which excludes (i) non cash share based payment expenses; (ii) acquisition integration, migration and capital raising costs and includes (iii) the results of the acquired MNF business and Voiteck business as if included for the whole of FY22 (based on vendor provided unaudited management accounts).

Note 2: OntheNet FY22 pro forma is June-22 run rate for 6 months annualised. Results have been extracted from the unaudited management accounts of OntheNet and exclude the impact of IRS-16

4.2 → FY22 Pro Forma Balance Sheet

Vonex's pro forma net assets will increase from \$19.3m pre-transaction to \$22.5m post-transaction.

	Vonex ¹	OntheNet ²	Pro Forma Adjustments ³	Pro Forma
Assets				
Cash and cash equivalents	\$3.2m	-	(\$0.3m)	\$2.9m
Property, plant and equipment	\$0.4m	A \$1.2m	-	\$1.7m
Intangible assets	\$38.5m	B \$1.4m	\$9.6m	\$49.5m
Other assets	\$5.4m	C \$1.6m	-	\$6.9m
Total Assets	\$47.6m	\$4.2m	\$9.3m	\$61.1m
Liabilities				
Borrowings	(\$14.5m)	-	D (\$8.0m)	(\$22.5m)
Other liabilities	(\$13.8m)	E (\$2.3m)	-	(\$16.1m)
Total Liabilities	(\$28.3m)	(\$2.3m)	(\$8.0m)	(\$38.6m)
Net Assets	\$19.3m	\$1.9m	\$1.3m	\$22.5m

2.3x

Net debt / FY22
pro forma EBITDA

1.0x

Net debt / Pro
forma Net Assets

A Property, plant and equipment primarily relates to OntheNet's Data Centre Facility, Network Infrastructure, Fibre Build and Data Racks

B OntheNet's intangible assets comprises 20,000 IP addresses which have been valued at the prevailing market price

C Other assets includes trade and other receivables, inventory and right-of-use assets

D New \$8m facility from Vonex's existing debt provider, Longreach Credit Investors Facility on comparable terms to the existing facility

E Other liabilities includes trade and other payables, provisions and lease liability

Notes:

(1) As per Vonex 30 June 2022 audited financial statements

(2) As per OntheNet 30 June 2022 unaudited management accounts

(3) Pro forma adjustments represent the impact of the borrowings, transactions 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 may give rise to differences in the values allocated to the above balance sheet

5.0 → Transaction Funding & Consideration

Cash payment of \$7.7m

Cash consideration of \$7.7m (subject to an adjustment for working capital and net debt on completion).

Scrip issue of \$1.9m

An additional \$1.9m payable in scrip comprising 27.1m shares at 7 cents will be issued to the OntheNet shareholders, contingent upon customer related metrics in the 12 months post completion.

Acquisition fully funded

The acquisition is fully funded by a mix of existing Vonex cash and \$8m of new debt to be provided by Vonex’s existing debt provider, for Longreach Credit Investors (LCI). Facility Documents are on comparable terms.

Timing

Subject to satisfaction of condition precedents, the transaction is expected to complete by October 2022.

Sources of Funds

Incremental LCI Facility drawdown	\$8.0m
Vonex scrip consideration	\$1.9m
Total	\$10.2

Uses of Funds

Upfront cash consideration	\$7.7m
Scrip consideration (escrowed 12 months)	\$1.9m
Transaction and funding costs	\$0.6m
Vonex existing cash	\$0.3m
Total	\$10.2