

Another ‘intention’ to make an off-market takeover offer from Swoop – MaxoTel bid remains recommended

20 November 2024

Telecommunications innovator Vonex Limited (ASX: VN8) refers to Swoop Holdings Limited (ASX:SWP) announcement yesterday that it once again indicates its intention to make an off-market takeover offer to acquire all the ordinary shares in Vonex, in consideration for new shares in Swoop.

While, again, there is no actual offer, Swoop has stated that the key terms and conditions of the offer announced on 18 October 2024 remain unchanged. Vonex interprets this to mean that the offer will not include a cash component or alternative, and at the time the offer is made by Swoop it will be subject to a 50% minimum acceptance condition and conditional receipt of approval from Swoop’s existing financier Westpac.

Vonex asked Swoop (in its letter of 14 November 2024, attached again to this release) to clarify a number of matters in relation to its proposed offer so that Vonex shareholders are in a position to consider the Board recommended MaxoTel offer with full knowledge of the purported Swoop bid. Swoop has chosen instead to defer its response to Vonex’s important questions to its bidder’s statement, which Swoop has stated it intends to serve on or before 26 November 2024.

While the Vonex Board will wait to consider the contents of Swoop’s bidder’s statement in full before making its recommendation, the lack of a cash component or alternative and the conditional nature of the offer makes it difficult for the Vonex Board to view Swoop’s proposed offer as superior to the MaxoTel offer, which is unconditional, for 4.4 cents cash and capable of acceptance by Vonex shareholders now. The importance of a cash alternative - to mitigate against Swoop’s low trading liquidity - was confirmed by trading in Swoop’s shares on the ASX on 19 November 2024, when less than \$1,500 of total volume traded over the course of the day (Swoop proposes to issue something like \$14m of nominal value in Swoop shares to Vonex shareholders, should they make an offer – clearly, any attempt by shareholders to crystallise that nominal value into cash risks a material negative impact on the Swoop share price and value substantially lower than the nominal price).

The Vonex Board is concerned that the continued delay in a formal offer from Swoop may result in Vonex shareholders foregoing the open MaxoTel offer before that offer expires on 2 December 2024, and either having no alternative available, or a potentially inferior and highly conditional Swoop offer being the only offer then in place.

Current recommended MaxoTel Offer remains open

Vonex has previously received an unconditional on-market takeover offer from Maxo Telecommunications Pty Ltd for 4.4c cash per Vonex share, which is currently open to Vonex shareholders until 4.00pm (Melbourne time) on 2 December 2024 (unless extended by MaxoTel).

The Vonex Board confirmed in its Target's Statement in relation to the **MaxoTel Offer** that it recommends that shareholders **accept that offer**, in the absence of a superior proposal.

This announcement has been authorised for release by the Board of Vonex Ltd.

For more details, please contact:

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ABOUT VONEX

Vonex is a full service, award-winning telecommunications service provider selling mobile, internet, traditional fixed lines, infrastructure solutions and hosted PBX and VoIP services - predominantly to small to medium enterprise ("SME") customers under the Vonex brand. Vonex also develops new technologies in the telecommunications industry, including a feature-rich cloud-hosted PBX system.

Vonex also provides wholesale customers, such as internet service providers, access to the core Vonex PBX, 5G mobile broadband and call termination services at wholesale rates via a white label model. Vonex is pursuing a disciplined M&A growth strategy, targeting profitable IT and telco businesses that offer potential for growth through further product expansion, scale and cross-selling.

14 November 2024

Mr James Spenceley
Swoop Holdings Limited
Level 21, 126 – 130 Phillip Street
Sydney NSW 2000

(by email)

Dear James

Absence of a formal proposal or meaningful update from Swoop

On 5 September 2024 (well over two months ago) - following the announcement of a Board approved Scheme of Arrangement with MaxoTel to acquire all of the shares in Vonex - Swoop announced its intention to make a 'competing proposal' via a Scheme of Arrangement.

We have adopted the approach Swoop took in making that announcement, by releasing this letter to the market at the same time as sending it to you.

Swoop subsequently acquired a 19.9% interest in the Company, which it indicated on 11 September 2024 it did not intend to vote in favour of the MaxoTel Scheme.

In response, on 12 September 2024, MaxoTel announced an increase in the Scheme consideration, above the nominal price of the Swoop indicative offer.

On 4 October 2024, Swoop again announced that it was contemplating a competing proposal and had voted against the MaxoTel Scheme.

In response, on 17 October 2024, MaxoTel announced an unconditional on-market takeover offer for the Company. Again, at higher consideration than announced in Swoop's earlier indicative offer.

On 18 October 2024, Swoop once again announced its intention to make an offer for the Company, this time by way of a conditional off-market takeover offer.

Current position

Currently, MaxoTel has made an unconditional on-market takeover offer for the Company, at 4.4c per Vonex share, which has been recommended by the Vonex board.

Since Swoop submitted its non-binding indicative offer to acquire Vonex on 5 September 2024, no binding offer or an offer capable of acceptance by Vonex shareholders has materialised from Swoop.

The Vonex Board is concerned that Swoop's decision to announce an intention to make a takeover bid for Vonex and the absence of any further updates to the market on the timing for its bidder's statement and status of its

finance condition may have the effect of depriving shareholders of the opportunity to consider two competing bids for the Company. Indeed, this may result in some shareholders being left without an offer to accept should the current MaxoTel offer expire and Swoop not proceed with its offer (or no other competing or superior offer emerges).

Should Swoop proceed with an offer for the Company, the Board will assess the offer and make an appropriate recommendation to shareholders. Our concern is that Swoop has made no offer to Vonex shareholders, despite its prior statements, and it is unclear if an offer is forthcoming.

Questions to Swoop

To assist shareholders in their considerations, the Vonex board requests that Swoop respond to each of the following questions:

1. Given MaxoTel's bid is for all cash, will Swoop include a cash alternative for Vonex shareholders in its offer?
2. Will any future offer be conditional (and on what basis)?
3. MaxoTel currently holds approximately 28% of Vonex shares. Swoop has announced that its takeover bid would be subject to a 50% minimum acceptance condition. How does this impact Swoop's ability to close any potential takeover offer successfully, particularly in circumstances where MaxoTel may not support Swoop's offer?
4. Swoop has indicated that its proposed offer is subject to it obtaining the approval of its existing financier, Westpac, under the terms of Swoop's existing debt facilities, to acquire Vonex shares under the offer. In its letter of 11 September 2024, Swoop referred to Westpac as being supportive of the earlier proposal (which would have been for cash and scrip) and that it expected to complete a formal credit approval within eight business days. What is the current status of Swoop's discussions with Westpac, noting that Swoop's proposed conditional off-market takeover offer did not include a cash component?
5. If Westpac has declined to provide its approval or indicated an unwillingness to provide the approval, please advise whether Swoop intends to still proceed with its offer as announced on 18 October 2024 and, if so, what steps it is taking to obtain Westpac's approval or otherwise pursue alternative financing arrangements (which we understand would be required to address Swoop's existing debt obligations, the debt currently held by Vonex, and any cash required to make a cash alternative available to Vonex shareholders in any future offer)?
6. Please confirm how Swoop would service any future debt obligations, given Swoop's public financial statements show a negative operating cash position?
7. Swoop has not approached Vonex regarding its existing debt facility with Longreach or indicated how it intends to address any accelerated repayment obligations under the facility should Swoop obtain control of Vonex, but not full ownership. Does Swoop intend to engage with Vonex on this issue?

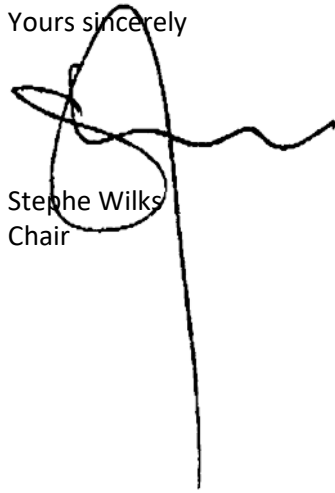
8. Should neither MaxoTel nor Swoop obtain 100% ownership or control of Vonex, will Swoop be supportive in any future capital raising that Vonex may need to undertake to recapitalise the Company and reduce its debt? Should Vonex be unable to obtain the support of third party underwriters, and subject to the Corporations Act and Takeovers Panel guidance, does Swoop have the capacity to assist in underwriting such an offer should it be asked to assist in this manner?

The Vonex Board would appreciate Swoop's answers to these questions as soon as possible, to ensure that Vonex's shareholders are placed in the most appropriate and informed position to consider the existing unconditional on-market 4.4c takeover offer for the Company from MaxoTel, and the potential of some future offer from Swoop.

In particular, shareholders will have to consider the potential expiry of the MaxoTel offer, without yet knowing if any future offer will be made, or the terms of that offer.

Please do not hesitate to contact me if any clarification of the matters outlined above is required.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Stephen Wilks', with a long vertical line extending downwards from the end of the signature.

Stephen Wilks
Chair