

## Comment from State One on prospects for early share price success by VONEX

Here are the main reasons why we expect the Vonex share price will enjoy early support after the IPO, rather than take a sustained early hit.

- In recent years, the VONEX sales revenue has been growing at CAGR of ~ 23% which is sustainable without additional funding. Additional funding from the IPO will permit additional projects, which will accelerate this growth and provide good news and a more positive sentiment.
- Subsidiary companies (hosted cloud PBX) are profitable since FY 2016. Vonex group is already very close to break-even which will prompt profits early on after the listing.
- Oper8tor expenditure is R&D which will be returned via rebates to the company, offsetting any fears of high expenditure on this project and the financial impact to the group's performance.
- The Oper8tor project is a major attractor to a large group of investors / existing holders. The commencement and reporting on completed stages will create excitement within the market.



- Existing shareholders from 2 years plus ago, would have largely written off their stock. General sentiment is to hold on to it and see what happens. These long-term holders have been consolidated by 10-1, so there is no early profiteering on offer for the existing register at current prices. A large number of major shareholders placed in escrow.
- Post listing capital management to reduce the cost of maintaining the register, which may include unmarketable parcel buy-back and placement of buy-back shares to institutions.
- Constant news flow is expected and this is expected to be overwhelmingly positive. The active NBN migration in Australia is a reality for the next 36 months, so this is not a business that will list and then proceed quietly. This will provide ongoing success updates.
- The business also plans to expand the wholesale white label business internationally. This will likely be done by partnering to achieve quick growth.
- The business is well positioned to acquire other businesses (where that make sense). This will bolt on strong and assured growth.
- Campaigns to promote the stock are scheduled for on market support after the IPO. This includes the inclusion of an attractive 1:4 offering of ASX listed options.
- Vonex has contracts in place with representation for PR, IR and other media channels with lengthy (but optional) commitments post the IPO.

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