



Annual General Meeting 2020

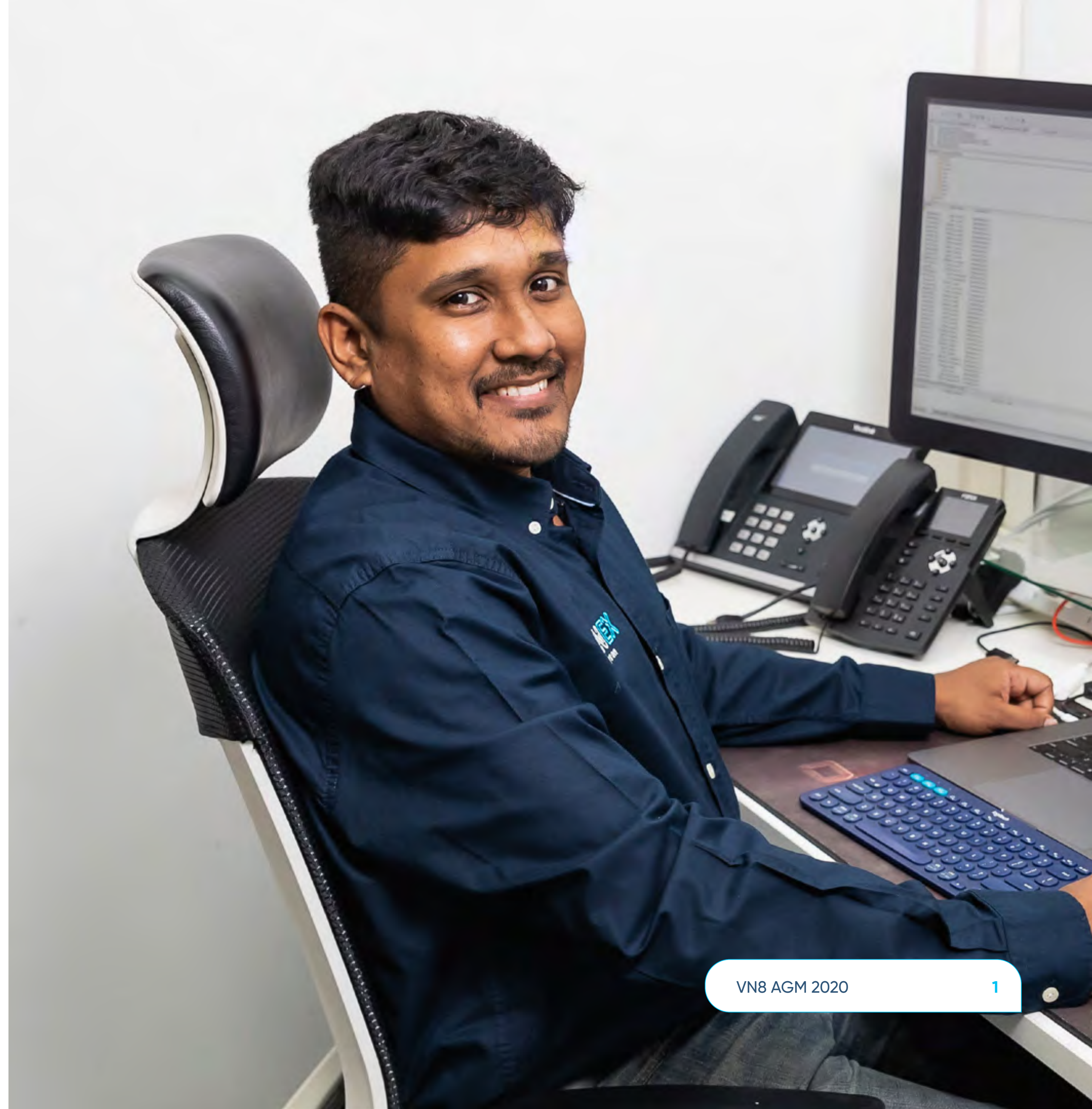
27 November 2020
Vonex Ltd (ASX: VN8)

Meet Vonex Always on.

Vonex Ltd (ASX: VN8) is a full-service, multi-award-winning telco company providing thousands of Australian businesses and individuals with the best personalised and reliable phone and internet services.

We are delivering strong growth, generating predominantly recurring revenue, as we develop, deliver and license our own advanced communications technologies.

Vonex provides a range of telco solutions through an expansive sales channel as well as through our wholesale division. This business is growing rapidly through the acquisition of the 2SG Wholesale business, which supplies network and communications solutions to telco retailers across Australia.





Corporate Snapshot

Capitalisation Table

Share Price 20.11.2020	25.5 c
Quoted Shares	185.76 m
Unquoted Options	34.23m
Performance Rights	27.46m
Market Cap (Undiluted)	~\$47m
Cash (30/09/20)	\$4.0 m

Key Shareholders

2SG Investments Pty Ltd	11.62%
J P Morgan Nominees Australia Pty Limited	11.42%
Finance West Pty Ltd & Angus Parker	9.30%
CS Third Nominees Pty Limited	6.49%
Carmine Lion Group Pty Ltd	3.98%
Mr Matthew Fahey, Fahey Family	2.98%

12-Month Share Price & Volume



Board of Directors



Nicholas Ong / Non-Executive Chairman

Mr Ong was a Principal Adviser at the Australian Securities Exchange (ASX) and brings 15 years' experience in IPO, listing rules compliance and corporate governance. Mr Ong has developed a wide network of clients in Asia-Pacific region and provides corporate and transactional advisory services through boutique firm Minerva Corporate Pty Ltd. He is a member of the Governance Institute of Australia and holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia.



David Vilensky / Non-Executive Director

Mr Vilensky is a practicing corporate lawyer and the managing director of Perth law firm Bowen Buchbinder Vilensky. He has more than 30 years' experience in the areas of corporate and business law and in commercial and corporate management.

Mr Vilensky practices mainly in the areas of corporate and commercial law, mergers and acquisitions, mining and resources, trade practices and competition law and complex dispute resolution.



Winnie Lai Hadad / Non-Executive Director

Ms Lai Hadad has expertise in change management, corporate governance, business process improvement and has been involved in listings on the Australian Securities Exchange. Ms Lai Hadad has been involved with both investments into China and out-bound investment from China. Her past roles include implementing Coca-Cola bottling strategies into Greater China and administering the first Chinese direct investment in an iron ore mine in the Pilbara Region of Western Australia.



Matthew Fahey / Managing Director & CEO

Mr Fahey is Vonex Telecom's Chief Executive Officer and joined the Board as Managing Director. Mr Fahey joined Vonex Ltd in 2013, through the Vonex Group's acquisition of iTrinity (IP Voice & Data) where he had served as Sales Director. Mr Fahey brings with him 20 years' extensive experience in building and managing telco companies having built a well-regarded reputation in the industry for channel partner programs as well as excellence in VoIP and Telco.



Jason Gomersall / Non-Executive Director

Mr Gomersall is a former Director of 2SG Wholesale and is the Founder, CEO and Managing Director of isek Communications. Mr Gomersall has long been at the forefront of the telecommunications industry and the mobile phone market since being one of the foundation franchisees of the Optus World chain of retail stores in the 1990s.



Daniel Smith / Company Secretary

Mr Smith is a member of the Australian Institute of Company Directors, a Fellow of the Governance Institute of Australia and has over 11 years' primary and secondary capital markets expertise. As a director of Minerva Corporate, he has advised on, and been involved in, a significant number of IPOs, RTOs and capital raisings on both the ASX and NSX. His key focus is on corporate governance and compliance, commercial due diligence and transaction structuring, as well as ongoing investor and stakeholder engagement.

Three Pillar Growth Strategy

Retail

Organic Growth Acceleration
Brand Awareness
QBR Partnership
Lead Generation
Increase Dealer Partners

Wholesale

Cross Selling Opportunities
Product Range Expansion
Organic Growth Acceleration
Network Cost Efficiencies
Increase Wholesale Partners

Acquisition

M&A strategy in place for FY21, FY22, FY23
Targeting profitable IT/Telecom businesses
Rapid Revenue & Profit growth
Further product expansion & cross selling
ARPU growth to SME base

SME Product Focus

Vonex is the telco of choice for small to medium-sized enterprises (SMEs). For more than a decade, we have helped Australian businesses to improve how they communicate and connect with their community, through our:

- Industry-leading ONdesk software, a cloud-based program for businesses to manage all their mobile and landline calls for game changing efficiencies, scalability and customer experiences, no matter how small or large their business is.
- Reliable NBN and business grade fibre packages which we help you manage with local advice.
- Affordable mobile packages with data and reliability to keep you always on.

PBX User
Subscription

41 k





Our Net
Promoter Score

54

SME Product Focus

With a landscape of over 2.37 million* SMEs in Australia, our goal is to connect businesses simply, efficiently and affordably. We do this through better technology while also meeting our customers' preferences to work with locals who understand technical and communications issues.

Net Promoter Scores (NPS) range from -100 to 100. Scores higher than 0 are typically considered to be good and scores above 50 are considered to be excellent.

The telecom industry average according to NPS Benchmarks Report is 24, the lowest of any industry.

Vonex Retail

Organic sales growth

- Key hires in sales and marketing have driven strong growth in new customer additions and boosted the number of active users of Vonex's cloud-based phone systems.
- Retail operations continue to expand driven by various marketing channels, achieving Total Contract Value (TCV) of new customer sales of \$5.3 million in the first 9 months of CY20, +36% YoY.
- Our digital advertising strategy continues to gain momentum attracting new leads which are supplied to our Strategic Channel Partners, further cementing their relationship with Vonex.
- Vonex partnered with Qantas in August 2019 as official telco provider to the Qantas Business Rewards (QBR) program, offering uncapped Qantas Points to QBR's database of 250,000 SME members for doing business in the cloud.
- Partnering with QBR has had an immediate impact on increasing Vonex's higher average revenue per user (ARPU), through longer-duration sales contracts, which have accounted for the majority of new customers in FY20.

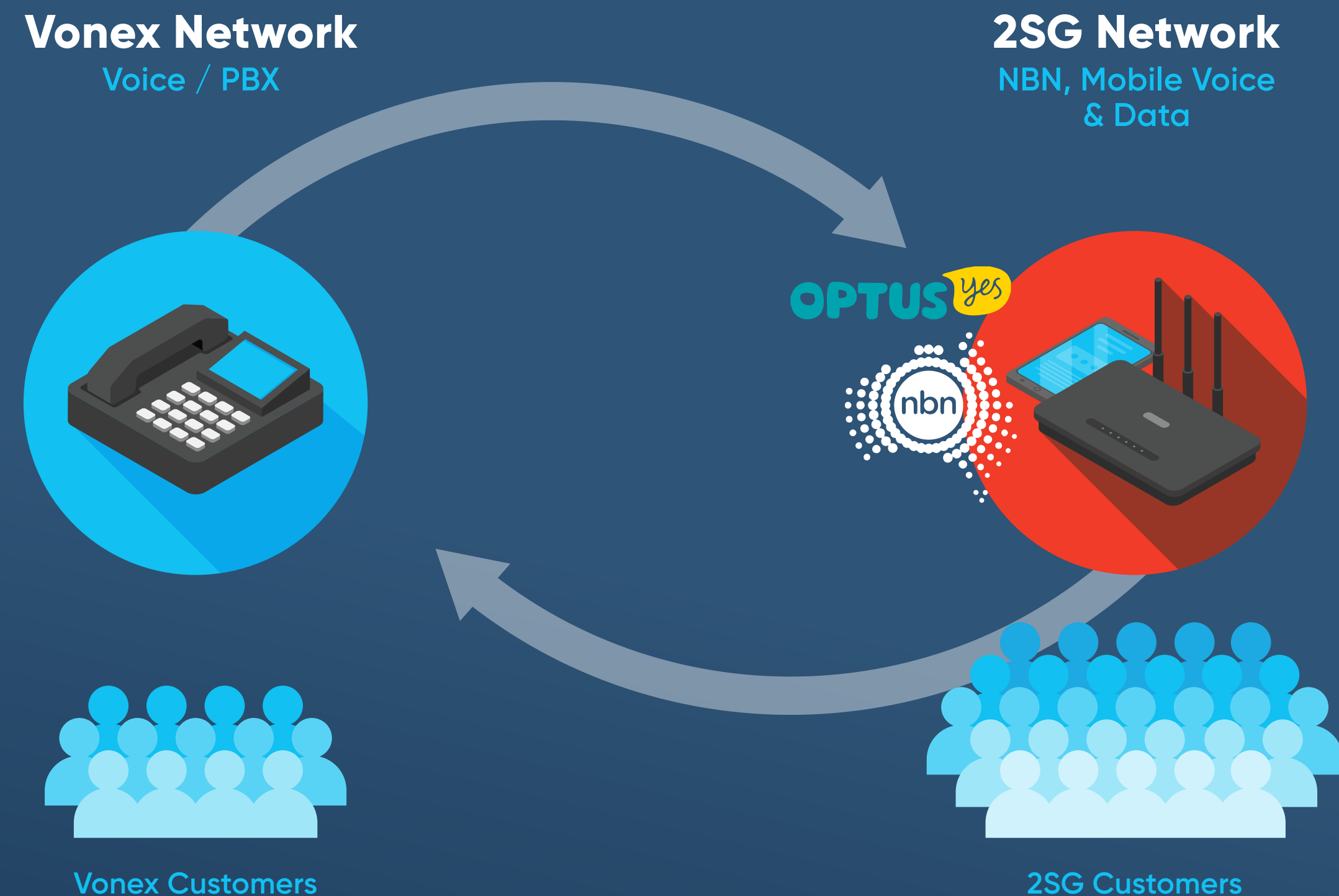


Total Contract Value of New Customers January to September

Wholesale Growth

Cross-Sell Momentum

- In March 2020, Vonex completed its acquisition of the business of 2SG Wholesale, an established wholesale provider of hardware and connectivity solutions. The acquisition is driving growth in wholesale customers and order value, with 2SG recently having signed an agreement to supply business grade mobile broadband to Data#3 Ltd (ASX: DTL).
- Integration of 2SG has brought a new dimension to Vonex's business along with 150+ new wholesale customers, and has allowed Vonex to expand its offering to SME customers with new products, including fleet mobile, mobile broadband and NBN with 4G backup.
- Vonex's provision of fast, secure, business-grade wireless broadband through 2SG has met strong customer demand amid the rise of working from home across Australia during recent months – a trend that is set to continue. With complementary product suites, there is an immediate opportunity to cross-sell 2SG internet products to Vonex customers and Vonex voice services to 2SG customers.
- Vonex will continue to pursue both organic and acquisition-led opportunities to grow its Wholesale business in FY21.



2SG SALES GROWTH

▲ **122%**

Mobile Broadband

▲ **247%**

Mobile Voice

▲ **53%**

NBN + 4G Backup

FY21 Q1 | year on year

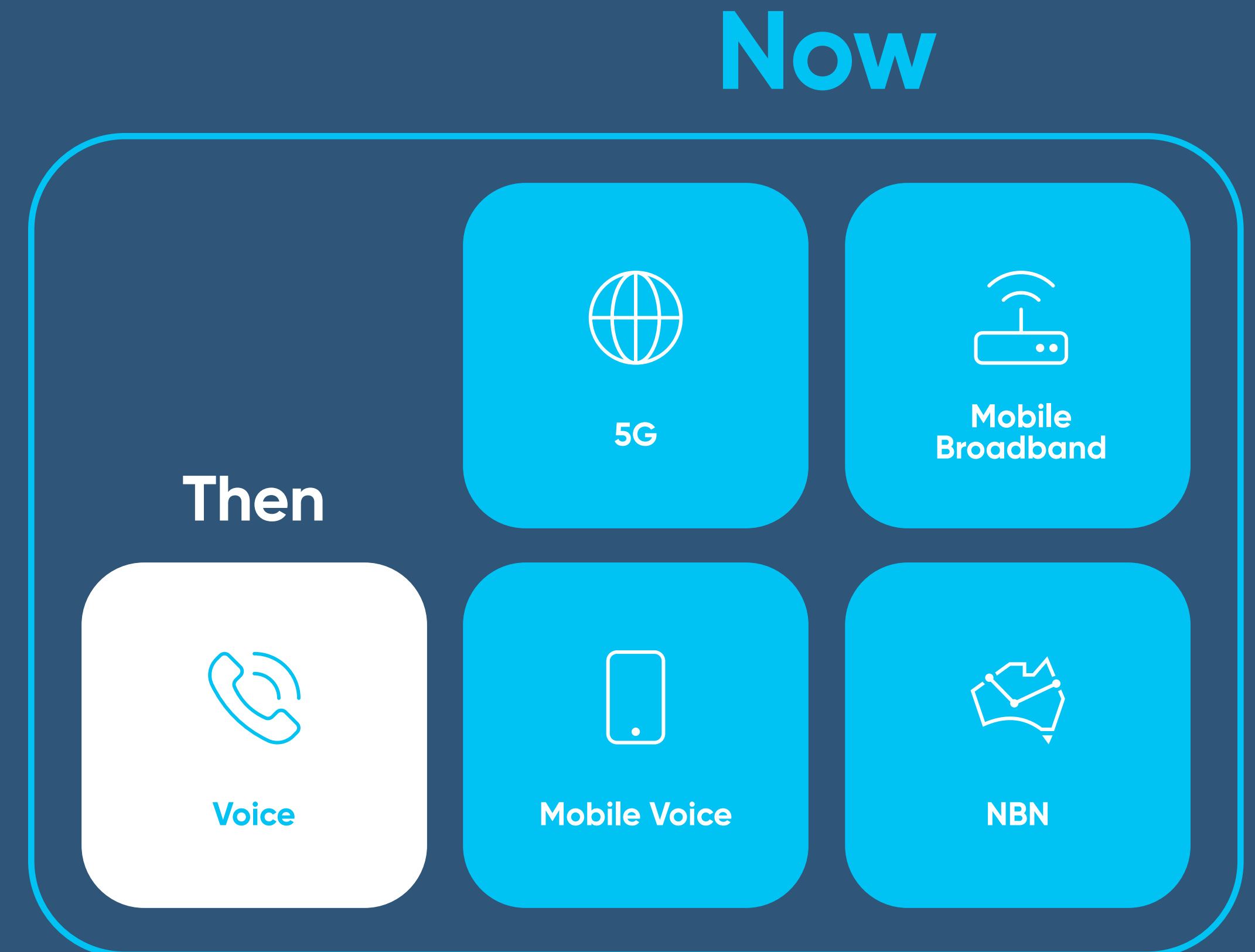
Diversified wholesale product range

2SG are long term partners with all tier one carriers including Telstra, Optus, NBN, Vocus and AAPT, which makes delivering reliable and secure connectivity products effortless.

With 2SG providing wholesale services to the retail division of Vonex, an opportunity has been created to:

- expand the businesses product range
- leverage 2SG's purchasing power
- improve visibility for network troubleshooting

Vonex now enjoys improved margins at a wholesale level as well as a retail level, supplying customers with NBN, mobile broadband and mobile voice products.



Technical Milestones

Our Innovative Edge

The expertise of the development team has contributed to the continued enhancements of the businesses operations across both retail and wholesale divisions.

Led by CTO Christo Da Silva, the following milestones are some of this year's achievements in the pursuit of driving efficiencies via automation.



Link

The development of Link provides our Channel Partners with a streamlined interface to customise customer phone systems and provide faster updates to the customer and deliver billing changes instantly. This has reduced workloads of the Customer Service and Technical Support teams and elevated the capability of Vonex Channel Partners.



Virtual Internet Service Provider (VISP)

2SG Wholesale customers now use VISP to manage their customers' NBN services online. Benefits include hands on troubleshooting without the need to contact the 2SG support and the ability for ISP's to create bespoke plan offerings through the customisation of network speed.

Technical Milestones

One Click NBN Ordering

Integration into the NBN portals has been completed, reducing manual ordering time from 36 minutes to 6 minutes on a standard NBN order.

The one-click ordering technology is creating efficiencies across the Retail and Wholesale divisions of Vonex.

Sign On Glass Further Integrations

Sign On Glass is an online portal designed to streamline secure customer ordering and provides education, sales and reporting resources to keep track of customer information, transactions and financial statements for Channel Partners. Over the past twelve months, the development team have further refined and secured the online ordering process. This includes automated real-time reporting for various divisions and the successful migration of multiple wholesale systems



2SG Wholesale Integration

Successful tests on 2SG wholesale customer billing have cemented a target date of Dec 31, 2020, for complete cutover of 2SG wholesale billing into Vonex central billing platform.

5G Release

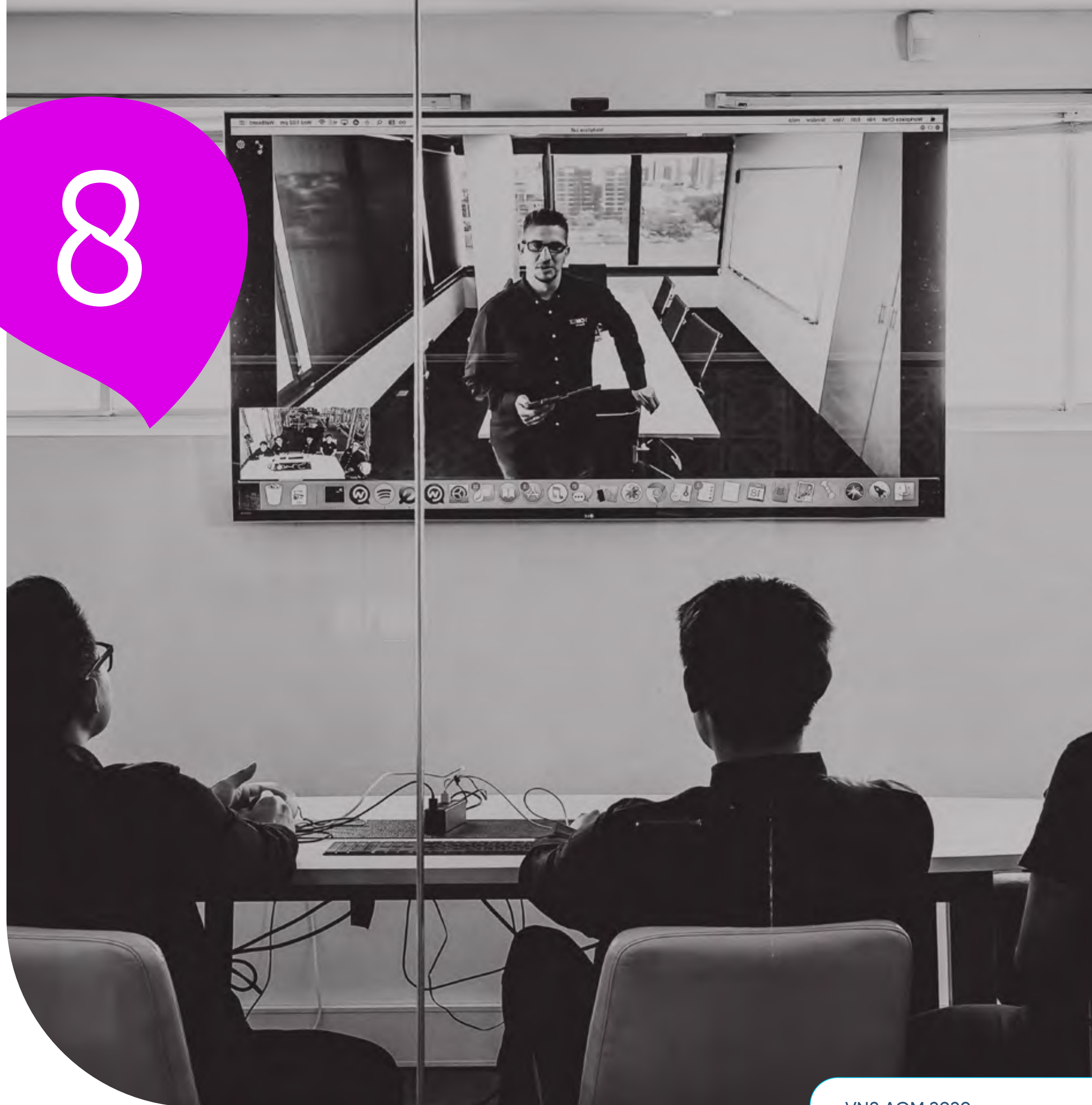
5G integration is underway, utilising the Optus 5G network ahead of product roll-out, targeted for Quarter 3 FY2021.

Oper8tor Progress & Potential

Vonex is developing Oper8tor as a multi-platform voice, messaging and social media app that will allow users to connect with all social media friends, followers and contacts from a single app.

With working remotely becoming more commonplace in a post COVID-19 operating environment and an expanding list of platforms and apps that can be used for communication, Oper8tor has identified a growing opportunity for use as a cost-saving real-time workforce communication and monitoring tool which can increase the performance of its clients' sales teams and reduce the risk of legal compliance violations.

The Company has engaged London-based investment advisory firm Ragnar Capital Partners LLP (Ragnar) to target potential partners who could help take Oper8tor through its rollout and commercialisation phases. The Company is working closely with Ragnar regarding various funding options for Oper8tor.

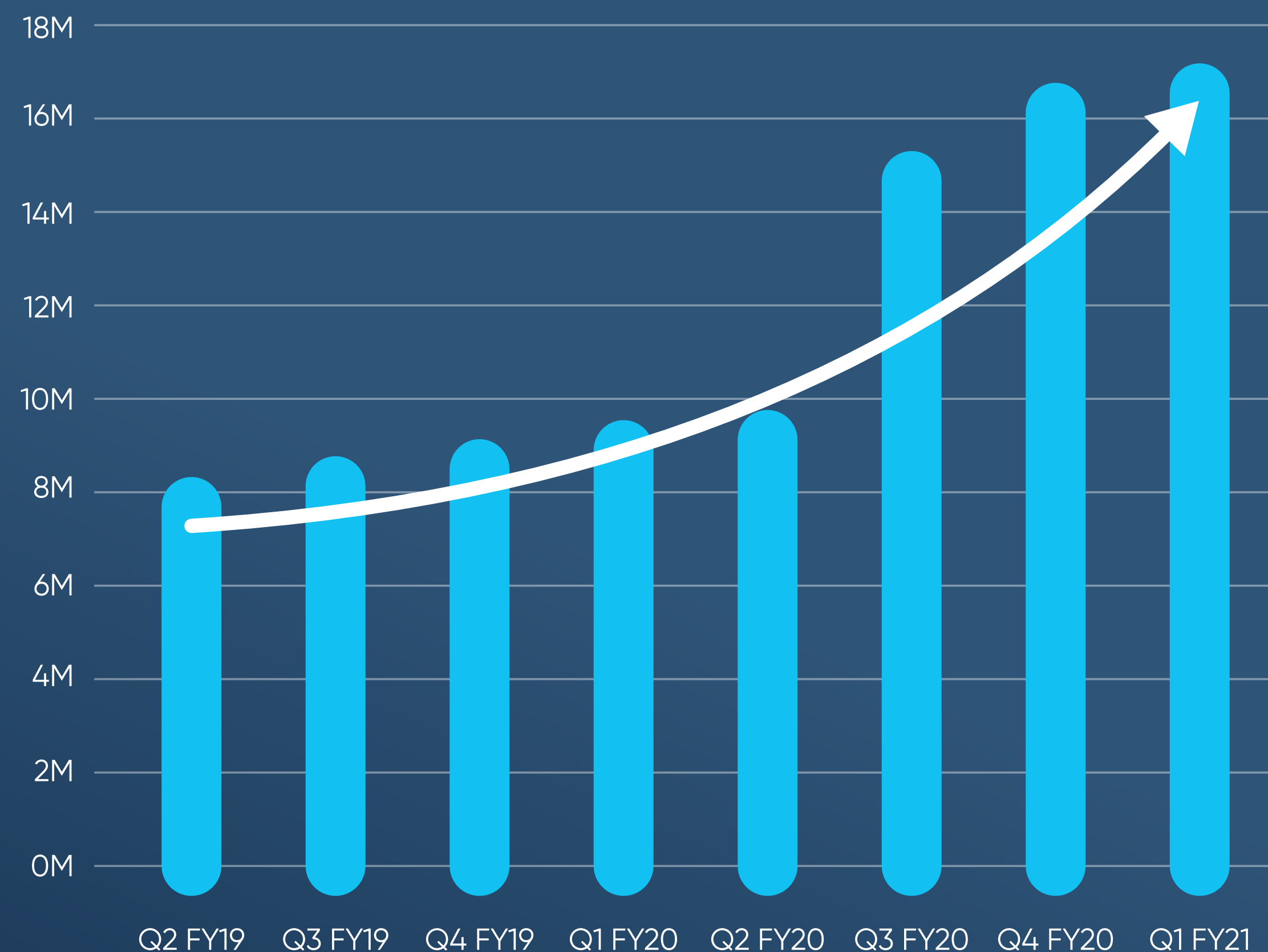


Revenue Model

Increasing ARR

- Vonex has developed a solid book of sticky clients and customers over several years. The Company increased its annualised recurring revenue (ARR) by 89% during FY20, with the acquisition of 2SG Wholesale a major contributor to this growth.
- Substantial sales momentum achieved through successful marketing and partnership initiatives, as well as the smooth integration between the Vonex and 2SG businesses, have driven the Company's ARR to more than \$16.4 million.
- Vonex sees significant scope to continue to deliver growth in ARR, both organically and by way of further acquisitions funded through the recently-completed \$1.4m institutional-led placement.
- The chart at right shows the consistent growth in ARR that Vonex has delivered as its Retail and Wholesale businesses continue to gain scale.

Annualised Recurring Revenue (ARR)



FY21 Outlook

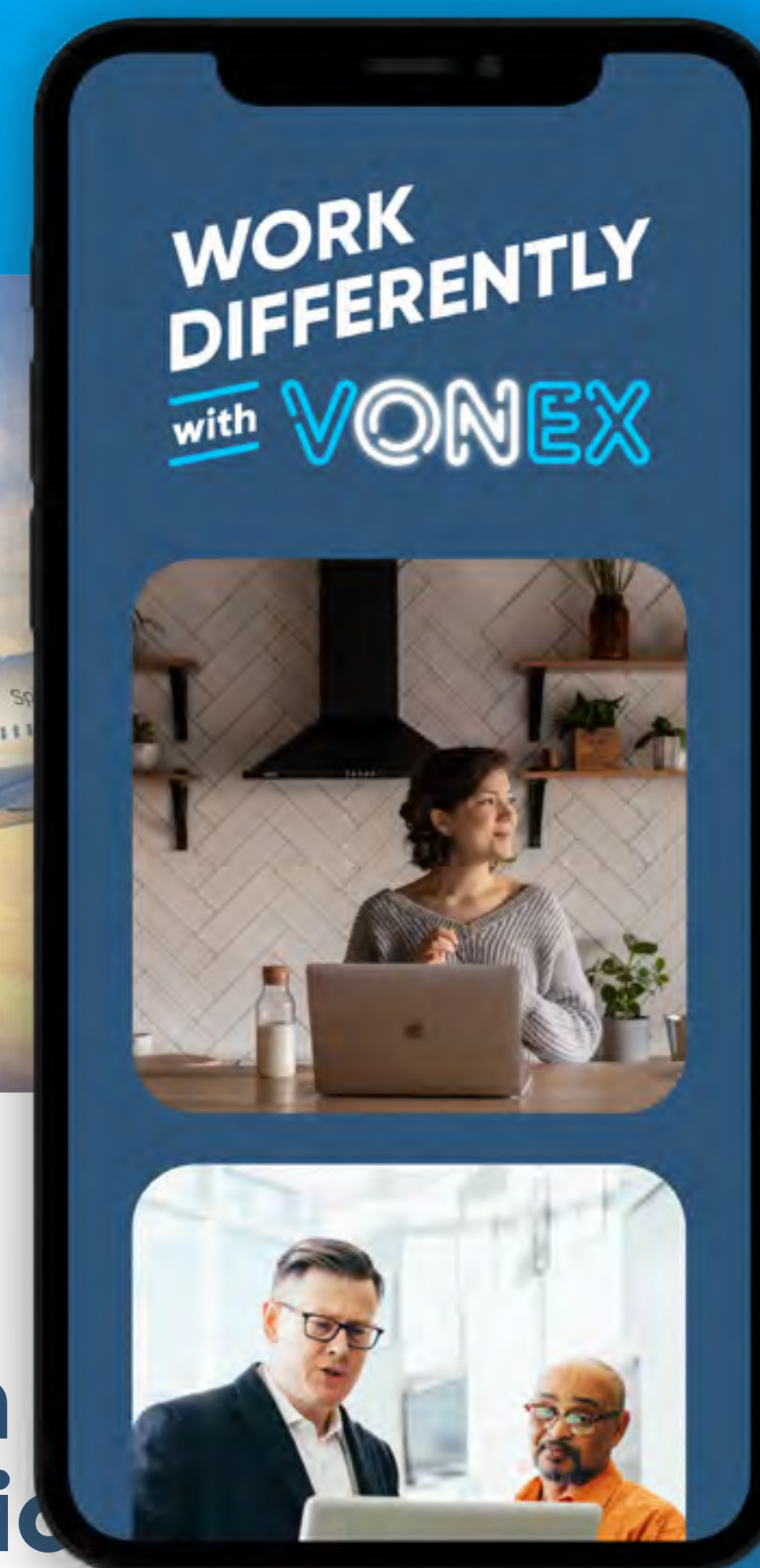
FY21 presents Vonex with enormous opportunities. There is a clearly unmet but addressable need among SMEs for telco services that are reliable, affordable, flexible, scalable and friendly to the new 'work from home' paradigm.

In FY21, Vonex's focus is in these areas:

- Continue to accelerate Organic Growth in both Retail and Wholesale businesses
- Work closely with Optus as one of the key partners selected to roll out 5g
- Continual expansion of direct NBN POI's
- Growth via strategic acquisitions



**Rewarding your
business' switch
to a cloud solution**



FY21 Acquisition Strategy

Vonex is committed to a pro-active approach to ongoing acquisitions to rapidly accelerate growth

- M&A advisors to hunt for targets with an expectation of multiple transaction each calendar year
- Searching for private Telco business with annual revenue up to ~\$10m that are profitable
- Use of scrip in these deals is an attractive exit for private business owners
- 2SG is an ideal case study – shares issued at 10c, VN8 currently trading at 25c
- Sub \$10m revenue targets are too small for major players in the telco space, which gives Vonex some relatively uncontested space to become the next consolidation success story
- Debt free, with institutional investors already on the register who can assist us with access to funding where required
- Having successfully demonstrated our ability to integrate 2SG Wholesale, VN8 is now very well positioned to execute this strategy and quickly scale



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