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Vonex Wholesale and Retail Divisions Continue to Grow

Highlights:

- **New product launches and improvements to network quality are driving growth in wholesale customers and order value, with Mobile Broadband orders +80%, Mobile Voice +310% and NBN with 4G backup +89% year-on-year in Q2 FY21, quarter to date**
- **Proactive marketing campaigns continue to drive Retail operations, helping to achieve Total Contract Value (TCV) of new customer sales of \$6.6 million in CY20 to date, up 32% year-on-year**
- **Tor Corporate Advisory engaged to drive targeted acquisition strategy**

Telecommunications innovator Vonex Limited (“Vonex” or the “Company”) (ASX: VN8) is pleased to advise of continued growth across the Company’s Retail and Wholesale divisions.

Continued Growth in Wholesale

Vonex wholesale and 2SG wholesale to be combined and branded as 2SG wholesale from January 1st 2021.

Successfully integrating 2SG Wholesale has allowed the Company to expand its offering to small and medium enterprise (SME) customers by developing and delivering new products. 2SG’s sales growth has been strong across its new and existing Wholesale product suite so far in Q2 of FY21, with Mobile Broadband orders +80% year-on-year for the quarter to date, Mobile Voice +310% and NBN with 4G backup +89% over the same period. This strong growth reflects Vonex beginning to capture the cross-selling opportunities the Company identified prior to acquiring 2SG Wholesale.



2SG’s Wholesale offering will continue to improve in FY21, with the Company having recently gained a commitment from Optus to open up its 5G network to the Company via 2SG. Vonex is now in the final stages of preparing to launch internet services that utilise 5G speeds powered by Optus.

Vonex Telecom Delivering Sustained Growth

The Company’s Retail operations continue to expand, with Total Contract Value (TCV) of new customer sales in the first 11 months of 2020 of \$6.6 million, an increase of 32% on the same period last year.



Vonex's SME user numbers continue to grow, largely driven by the Company's partnership with Qantas Business Rewards (QBR) and Vonex's status as Qantas' preferred business-focused telco provider. QBR continues to market Vonex proactively to its base of more than 250,000 SME members who use QBR's exclusive offers to save money, earn Qantas points and plan ahead for the growth of their business.

Vonex has now attracted approximately 42,000 registered active users to the Company's Private Branch Exchange (PBX) cloud-based phone service, a key indicator of Vonex's business development progress.

Outlook for FY21

Vonex continues to see a positive outlook for business development across its Retail and Wholesale divisions, having identified significant organic and inorganic growth opportunities.

There is a clearly unmet need among Australian SMEs for telco services that are reliable, affordable, flexible, scalable and friendly to the new 'work from home' paradigm. Vonex's strong focus on product-market fit, efficiency and customer satisfaction strongly resonates with SME customers.

Vonex is actively pursuing an acquisition-led growth strategy to complement the Company's organic growth drivers. Vonex sees particularly attractive opportunities among sub-\$10 million revenue targets, and through 2SG Wholesale, the Company has successfully demonstrated its ability to integrate targets of this type in a way that adds value to vendors, shareholders and customers.

To support this strategy, the Company has recently appointed Tor Corporate Advisory Pty Ltd ("Tor") as corporate adviser. Based in Brisbane, Tor is an independent M&A and corporate finance firm which provides clients with end-to-end transaction management and strategic advice in the areas of business divestments, acquisitions and capital raisings. Tor brings a strong record of accomplishment in the telco sector and specialises in private company transactions valued at up to \$100m.

Vonex has engaged Tor to formulate an actionable M&A strategy, research and filter potential opportunities and to leverage Tor’s relationships, experience and industry knowledge to screen and approach potential acquisition targets.

With a strong debt-free balance sheet and supportive institutional shareholders, Vonex is now well-positioned to gain scale as it executes its three-pillar growth strategy across Retail, Wholesale and Acquisition.

This announcement has been authorised for release by Matt Fahey, Managing Director of Vonex Ltd.

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ABOUT VONEX:

Vonex is a full service, award-winning telecommunications service provider selling mobile, internet, traditional fixed lines, and hosted PBX and VoIP services - predominately to the small to medium enterprise ("SME") customer under the Vonex brand. The Company also provides wholesale customers, such as internet service providers, access to the core Vonex PBX and call termination services at wholesale rates via a white label model.

Vonex also develops new technologies in the telecommunications industry, including a feature-rich cloud-hosted PBX system. Vonex is also developing the Oper8tor App, a multi-platform real-time voice, messaging and social media app that allows users to connect with all social media friends, followers and contacts across different social medias, all consolidated into one app.