



31 October 2018

ASX Announcement

September 2018 Quarterly Shareholder Update

- Vonex achieved 24,446 PBX users at end of September, demonstrating year-on-year growth of 25%
- Vonex appointed Australian strategic partner of NASDAQ and TSX-listed CounterPath, a global provider of award-winning Unified Communications solutions for enterprises and service providers
- Vonex will provide users with a Vonex-branded version of CounterPath's Bria® software for desktop, iPhone, iPad and Android phones and tablets
- Vonex and CounterPath to jointly coordinate marketing and engineering initiatives
- Successful completion of three-month trial marketing campaign in Queensland, with a wider marketing launch in Australian capital cities having commenced in October
- Vonex has commenced beta testing for its Oper8tor aggregated communications app
- Oper8tor utilises Vonex's patented call blast technology as a key point of difference in targeting both consumer and communication technology providers

Telecommunications innovator Vonex Limited ("Vonex" or the "Company") (ASX: VN8) is pleased to provide an update on its activities for the quarter ended 30 September 2018.

OPERATIONAL COMMENTARY

During the quarter, Vonex entered a Cooperative Marketing and Master Partnering Agreement with CounterPath Corporation (NASDAQ: CPAH) (TSX: PATH) ("CounterPath"), a global provider of award-winning Unified Communications solutions for enterprises and service providers.

CounterPath's product suite includes Bria 5, which leverages over 10 years of softphone experience and replaces the need for a telephone to connect to a VoIP phone service, or hosted PBX extension. Its Stretto Platform™ enables the provisioning of desktop and mobile VoIP software. CounterPath Bria software is used by millions of users across the world.

The partnership agreement will see both parties collaboratively working on new customer growth in Australia, which could open Vonex up to much larger opportunities to work with enterprise clients previously not targeted, plus enable the Company to expand its offering to existing business, enterprise and channel customers.

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Vonex will also white-label selected CounterPath products and sell under its own brand. This included an initial order of 10,000 licenses of the CounterPath Bria softphone client suite and the CounterPath Stretto Platform, which the Company has commenced selling through its existing customer base.

Under the terms of the non-exclusive agreement Vonex and CounterPath, who has a base of established customers, will jointly market a combined product offering to existing and potential customers of both companies, initially in the Australian market.

In addition to joint marketing activities, the development and engineering divisions of both groups will engage in a range of collaborative engineering activities.

Growth in registered users

As at the end of the quarter, Vonex has 24,446 registered PBX users.

Registered PBX users are expected to grow as Vonex's marketing goes into full swing in the National Broadband Network ("NBN") rollout areas. The growth represents a 25% year-on-year gain in PBX users, up from 19,590 PBX users in September 2017.

A two-month trial marketing campaign in southeastern Queensland ended during the quarter, seeing Vonex push a variety of content, including custom video and static ads to achieve greater brand awareness and gather audience intelligence. The trial saw new traffic to Vonex's website increase by 114% compared to the monthly average, as well as increased enquiries and converted sales.

Vonex will target the NBN rollout in Australia's capital cities in the next stage of the marketing campaign, customer acquisition and branding, and this is expected to return further sustained website traffic growth and growing new customer leads online and through channel partners across the country.

Oper8tor

In October, Vonex commenced beta testing for its Oper8tor aggregated communications app. Through this app, Vonex aims to disrupt the communications industry by providing a means of seamlessly linking all voice calls and messages across multiple platforms and devices around the world.

The beta testing will eventually involve up to 5,000 controlled users targeting data collection, bug report testing and tracking, scalability testing and refinement of the user experience.

After completing beta testing, the Company plans a soft launch of the Oper8tor app into the European market. The testing will refine three components which the Company is building for consecutive release: Oper8tor Conference, Oper8tor Message and Oper8tor Voice. The Company will introduce a fourth component, Oper8tor Video, after the initial soft launch.



Vonex Phone

On 30 October the Company announced the launch of the Vonex Phone. The Vonex Phone app is underpinned by CounterPath's Bria software and is the first initiative under the CounterPath joint marketing and distribution agreement formed in August 2018.

Users of Vonex hosted phone systems can now download the mobile app software free of charge, allowing them to be connected to their business phone systems anywhere in the world via WiFi or mobile data. Users can also download the desktop software free of charge for use within the web browser.

The Vonex Phone app provides users with full access to all the features of the hosted private branch exchange platform, including: making and receiving calls from a landline number, access to full call history and contacts, sending instant messages to other users, music on hold, managing calls via auto attendants and more.

Placement of Small Shareholding Shares

In late June, Vonex established a sale facility for shareholders with holdings valued at less than A\$500 to enable eligible shareholders to sell their Vonex shares without incurring any brokerage or handling costs. This initiative will substantially reduce administration costs incurred by Vonex.

As at market close on 22 June 2018, there were 1,868,507 ordinary shares held by 1,433 shareholders that had a market value of less than A\$500.

The Share Sale Facility closed on 8 August 2018. Vonex worked with its advisers to sell the shares under the Facility in accordance with the Company's Constitution, and in late August, announced it had received firm commitments from a range of sophisticated and high net worth investors to place all the shares available under the Facility at \$0.1325 per share pursuant to clause 3.5 of the Company's constitution.

The final number of shares sold under the Facility was 1,295,709 ordinary shares from 1,022 shareholders, representing about 41% of the total number of shareholders. Settlement of the Facility shares closed on 24 August and cheques were dispatched to eligible shareholders.

Change of Registered Office

During the quarter, Vonex changed its Registered Office to:

Vonex Limited
Level 8, 99 St Georges Terrace
Perth WA 6000



Financial Commentary

- Revenue from Telco Operations - \$2.114m
- Cash Receipts - \$2.121m
- Cash outflows / overheads / expenses - \$0.990m
- Cash at end of quarter - \$4.234m

ENDS

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About Vonex

Vonex Ltd (ASX: VN8) 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.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Vonex Limited

ABN

39 063 074 635

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,121	2,121
1.2 Payments for		
(a) research and development	-	-
(b) costs of goods sold	(1,566)	(1,566)
(c) advertising and marketing	(91)	(91)
(d) leased assets	(3)	(3)
(e) staff costs	(896)	(896)
(f) administration and corporate costs	(549)	(549)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	1	1
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST)	81	81
1.9 Net cash from / (used in) operating activities	(899)	(899)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(63)	(63)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:	-	-
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(63)	(63)

3.	Cash flows from financing activities	-	-
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(18)	(18)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(18)	(18)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	5,224	5,224
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(899)	(899)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(63)	(63)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(18)	(18)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(10)	(10)
4.6	Cash and cash equivalents at end of quarter	4,234	4,234

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	882	709
5.2	Call deposits	3,352	4,515
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,234	5,224

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

154

-

Directors and professional fees - \$154,341

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter¹	\$A'000
9.1 Research and development	-
9.2 Costs of goods sold	1,505
9.3 Advertising and marketing	100
9.4 Leased assets	3
9.5 Staff costs	557
9.6 Administration and corporate costs	991
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	3,156

1. Note: Revenue generated by the Company will cover a significant portion of these outflows

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: (lodged electronically) Date: 31 October 2018
(Company secretary)

Print name: Matthew Foy

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.