



31 January 2019

ASX Announcement

## December 2018 Quarterly Shareholder Update and Appendix 4C

- Vonex achieved record monthly billing of more than \$740,000 in the second quarter of FY19 with strong customer satisfaction demonstrated by rarity of complaints
- Vonex launches Vonex Phone software for iOS, Android, Windows and Mac with software also driving growth in registered PBX users
- Oper8tor Conferencing mobile app on track for release during March 2019
- Channel Partnerships continue to grow, with 38 new channel partners added in FY19 to date, on track to reach 100 new channel partners by 30 June 2019
- Vonex to offer its shareholders discounted telco services in early 2019

Telecommunications innovator Vonex Limited (“Vonex” or the “Company”) (ASX: VN8) is pleased to provide an update on its activities for the quarter ended 31 December 2018.

### FINANCIAL COMMENTARY

- The Company achieved unaudited sales revenue for the quarter of \$2.16 million, representing 7.5% year-on-year growth.
- Vonex achieved record monthly billing of more than \$740,000 during the second quarter of FY19 for the first time in the Company’s history. This was driven by the continued rollout of the NBN in metropolitan areas, commencement of online marketing across Australia after pilot marketing testing, and improved engagement with new and existing Channel Partners.
- Cash at end of quarter totaled \$3.837 million.

### OPERATIONAL COMMENTARY

Subsequent to the end of the quarter, Vonex reached a new record, with 26,000 registered Private Branch Exchange (PBX) users as at the end of January 2019. PBX annual user growth is running at approximately 22% with the Company’s marketing program in full effect.

Registered PBX users are continuing to grow at a rate of approximately 500 users per month and are expected to accelerate as Vonex steps up its marketing plans in the capital cities across Australia.

In October, Vonex successfully launched the Vonex Phone app for iOS and Android mobile



devices, as well as Windows and Mac desktop computers. Building upon the Vonex and CounterPath joint marketing and distribution agreement formed in August 2018, the Vonex Phone app builds on both Vonex and CounterPath's combined knowledge of common usability issues faced by users.

Users of Vonex-hosted phone systems can download the mobile app software, which allows them to connect to their business phone systems anywhere in the world via WiFi or mobile data. Users can additionally choose to download the desktop application for use.

The Vonex Phone app, which can be downloaded from both the Apple App Store and Google Play store free of charge provides users with full access to all the features of the hosted PBX 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.

When sold through Vonex's Wholesale (white label) division, this product will generate additional wholesale PBX registration fees for each device that is registered to the platform.

As an Enterprise grade solution, Vonex Phone will be available for Enterprise and Government clients, where high scalability, mobility and unified communication systems are all key drivers of adoption, potentially opening up new opportunities not previously targeted.

On 28 November 2018, Vonex announced progress in its beta testing of Oper8tor Conference, the first pillar of its minimum viable product ("MVP") for its Oper8tor aggregated communications app. This app will comprise Conference, Voice, Video and Message platforms, facilitating user communication across a broad swathe of channels. Vonex successfully facilitated more than 1,000 conference calls during November as part of its beta testing of its Oper8tor Conference platform.

The Oper8tor mobile app is expected to be available for download from the Google Play Store and Apple App Store in March 2019. The Company will provide a comprehensive update regarding Oper8tor's recent development progress following lodgment of this quarterly report.

Vonex continued to drive high standards in customer service and complaint handling, continually monitoring its performance across a range of key areas, with ongoing training a driver of industry-leading results across a range of metrics. Since July 2018, Vonex has recorded only two Telecommunications Industry Ombudsman ("TIO") complaint actions. These results are particularly strong in light of the TIO reporting receipt of more than 11,000 new customer complaints across the industry in the month of October 2018 alone.

While Vonex aims for no customer complaints, these results reflect the high level of priority and importance Vonex places on customer service.



## CORPORATE

### *Growth in channel partners*

Vonex continued to sign up and onboard new channel partners sourced through inbound enquiries and targeted marketing, with 38 new partners added in FY19 to date. Vonex remains on track to add 100 new partners by the end of FY19.

These channel partners help to accelerate the Company's growth by selling Vonex's proprietary technologies, including its cloud-based PBX and Vonex-branded traditional mobile, internet and business phone plans.

### *New business development personnel*

During the quarter, Vonex continued to expand its sales and business development team, including the recruitment of a new Business Development Manager, the expansion of the support team based in the Philippines, and the rollout of the Company's Channel Partner sales software, Sign on Glass (SOG).

The Company expects to drive continued improvement in sales and scale up meaningfully as it delivers premium service and support to Vonex's growing customer base.

### *Offers for Shareholders*

In early 2019, Vonex intends to launch a special offer of discounted pricing for access to services to Vonex shareholders. The Company will provide details of this offer, which will include feature-rich IP voice plans and NBN bundled offers, in the current quarter.

### *R&D Tax Rebate*

Vonex's Development and Engineering Department maintains and develops voice and other telco products to keep Vonex ahead of the market. Within this department Vonex continues to be successful with its active Research and Development (R&D) programs. Vonex is anticipating an R&D tax offset rebate of circa \$310,000 during this quarter, covering the 2017-18 financial year.

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") customers 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")**

31 December 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,224	4,345
1.2 Payments for		
(a) research and development		
(b) costs of goods sold	(1,168)	(2,734)
(c) advertising and marketing	(83)	(174)
(d) leased assets	(4)	(7)
(e) staff costs	(650)	(1,546)
(f) administration and corporate costs	(663)	(1,212)
1.3 Dividends received (see note 3)		
1.4 Interest received	6	9
1.5 Interest and other costs of finance paid	-	1
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (GST)	19	100
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(319)</b>	<b>(1,218)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(78)	(141)
(b) businesses (see item 10)		
(c) investments		

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
(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)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(78)</b>	<b>(141)</b>

<b>3. Cash flows from financing activities</b>		
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)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>(18)</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	<b>4,234</b>	<b>5,224</b>
4.2 Net cash from / (used in) operating activities (item 1.9 above)	<b>(319)</b>	<b>(1,218)</b>
4.3 Net cash from / (used in) investing activities (item 2.6 above)	<b>(78)</b>	<b>(141)</b>
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	<b>(18)</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	(10)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>3,837</b>	<b>3,837</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,333	882
5.2	Call deposits	2,504	3,352
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,837</b>	<b>4,234</b>

**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

<b>Current quarter \$A'000</b>
161
-

Directors and professional fees - \$160,862

**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

<b>Current quarter \$A'000</b>
-
-

8. <b>Financing facilities available</b> <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.		

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9. <b>Estimated cash outflows for next quarter<sup>1</sup></b>	\$A'000
9.1 Research and development	-
9.2 Costs of goods sold	1,432
9.3 Advertising and marketing	100
9.4 Leased assets	3
9.5 Staff costs	636
9.6 Administration and corporate costs	946
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>3,117</b>

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

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	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*  
(Company secretary)

Date: 31 January 2019

Print name: Daniel Smith

**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.