



30 April 2019

ASX Announcement

March 2019 Quarterly Shareholder Update and Appendix 4C

- Achieved \$2.17 million in sales revenue (+7.4% year-on-year) and \$2.41 million in cash receipts in the March quarter
- In FY19 to date, the Company has secured and engaged with 65 Channel Partners who are proactively reselling Vonex products and services; the Company aims to attract 100 high-quality Channel Partners by FY19 year end
- Vonex further advances development of Oper8tor app ahead of June quarter launch
- The Company's developers are enhancing Oper8tor's social media functionality to ensure optimal integration with messaging applications
- White label Oper8tor Conference on track for launch to business customers by end of FY19

Telecommunications innovator Vonex Limited ("Vonex" or the "Company") (ASX: VN8) is pleased to provide an update on its activities for the quarter ended 31 March 2019.

FINANCIAL COMMENTARY

- Unaudited sales revenue of \$2.17 million (compared to PcP \$2.02 million & 7.4%)
- Cash receipts totaled \$2.41 million (compared to PcP \$2.05 million & 17.6%)
- Cash at end of quarter totaled \$3.49 million

OPERATIONAL COMMENTARY

In March, Vonex surpassed 27,500 registered Private Branch Exchange ("PBX") users and has since surpassed 28,000 in April. The growth in cloud-based PBX registrations is a key indicator of Vonex's business development progress as the Company deepens its penetration of the multibillion-dollar Australian market for telco services to small and medium enterprises.

Vonex has approved and engaged with 65 new Channel Partners to date in FY19. These are typically IT and communications managed services providers. Vonex aims to reach 100 channel partners for the year to 30 June 2019. These partners help accelerate growth in Vonex's business by selling the Company's proprietary technologies, including its cloud-based PBX and Vonex-branded traditional mobile, internet and business phone systems.

The Company attributes Vonex's growth to:



- Implementation of the Company's Channel Partner focused sales software, Sign on Glass (SOG), which has accelerated average deployment time for a hosted PBX customer to just 48 hours
- Continued rollout of the National Broadband Network (NBN) in metropolitan areas, with 4.1 million premises in Australia ready but not yet connected to NBN services. As more and more telco customers are compelled to upgrade to the NBN, the Company's targeted marketing and continued Channel Partner expansion will position Vonex to maximize the growth opportunity through this unique nationwide infrastructure event
- Targeted online marketing across all states after the successful completion of pilot marketing testing. This has increased Vonex.com.au monthly unique visitor website traffic by more than 110% over the past six months
- Improved engagement with new and existing Channel Partners

UPDATE ON OPER8TOR DEVELOPMENT

Vonex continues to move towards the commercialisation and launch of Oper8tor Conference, part of its disruptive Oper8tor aggregated communications app, incorporating the core technology on which the Oper8tor app is being built. Oper8tor Conference aims to focus on ease of use and functionality, empowering users to schedule and join conferences with minimal hassle.

The Oper8tor app aims to bring together Conference, Voice, Message and Video platforms, to seamlessly facilitate user communications across a broad range of channels, supporting multiple platforms and devices around the world.

Oper8tor is a go-to-market priority for Vonex, however, moves by Facebook to consolidate messaging platforms as well as mooted changes to social media users' account security delayed the launch of the Oper8tor app in Australia. Following Facebook's recent announcement to consolidate their messaging platforms (see <https://nyti.ms/2sNeM1P>), Vonex has achieved significant progress on the Oper8tor messaging functionality, with successful chat testing conducted through the platform linking third-party messaging platforms as well as traditional mobile SMS. The Company has successfully connected two major social media platforms through the Oper8tor messaging platform, with a third imminent. The immediate focus is on facilitating integration of further social media platforms with the Oper8tor app, and complete the work needed for the app's functionality across platforms.

Vonex plans to roll the Oper8tor app out in the larger market of Europe once the Australian launch is finalised. The project continues to track positively towards achieving commercial launch of the Oper8tor mobile app in Europe in early FY20, shortly after the Australian launch.

In the meantime, Vonex is preparing Oper8tor Conference for white labelling to businesses. This



white labeling will empower Vonex business customers to brand Oper8tor Conference with their organisational branding, including logos, colours and additional text.

CORPORATE

During the quarter, Vonex launched a special offer of discounted pricing for access to services to Vonex shareholders. This offer has received a strong take-up from shareholders and includes feature rich IP voice plans and NBN offers.

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 received an R&D tax offset rebate of ~ \$313,000 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") 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.

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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 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,087	6,432
1.2 Payments for		
(a) research and development	313	313
(b) costs of goods sold	(1,138)	(3,872)
(c) advertising and marketing	(47)	(221)
(d) leased assets	(2)	(9)
(e) staff costs	(747)	(2,293)
(f) administration and corporate costs	(803)	(2,015)
1.3 Dividends received (see note 3)		
1.4 Interest received	8	17
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)	32	132
1.9 Net cash from / (used in) operating activities	(297)	(1,515)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(47)	(188)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(47)	(188)

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)
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)

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	3,837	5,224
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(297)	(1,515)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(47)	(188)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(18)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(2)	(12)
4.6	Cash and cash equivalents at end of quarter	3,491	3,491

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	990	1,333
5.2	Call deposits	2,501	2,504
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)	3,491	3,837

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**

147

-

Directors and professional fees - \$147,393

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.		

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9. Estimated cash outflows for next quarter¹	\$A'000
9.1 Research and development	-
9.2 Costs of goods sold	1,365
9.3 Advertising and marketing	87
9.4 Leased assets	2
9.5 Staff costs	534
9.6 Administration and corporate costs	871
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	2,859

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: 30 April 2019
 (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.