



31 July 2019

ASX Announcement

June 2019 Quarterly Shareholder Update and Appendix 4C

- **Vonex partners with Qantas Business Rewards (QBR) as a VoIP and Hosted Phone System telecommunications provider**
- **Partnership will enable QBR's 250,000 SME members to earn Qantas Points by using Vonex's products and services**
- **Vonex exceeds 30,000 registered active PBX Users following its biggest sales month**
- **Oper8tor enters final stages of testing**

Telecommunications innovator Vonex Limited ("Vonex" or the "Company") (ASX: VN8) is pleased to provide an update on its activities for the quarter ended 30 June 2019.

FINANCIAL COMMENTARY

- Unaudited sales revenue of \$2.35 million, representing 11.4% year-on-year growth
- Cash receipts totaled \$2.4 million
- Cash at end of quarter totaled \$3.17 million

OPERATIONAL COMMENTARY

Vonex reached 30,000 registered active PBX users as at 18 July 2019. This followed May 2019 being the largest month for new customer sales in the Company's history, with strong consistent growth driven by a targeted marketing campaign and increased engagement and recruitment of Vonex's Channel Partners.

The number of Vonex active users has grown by 25% in the past 12 months, and the Company delivered 38% year-on-year growth in new customer sales value in the June quarter. This represented a pleasing acceleration from the 20% year-on-year growth rate the Company achieved in the March quarter.

PBX registrations are a key indicator of business development progress as Vonex penetrates the multibillion-dollar Australian market for telco services to small and medium enterprises ("SME"s). Vonex expects to continue to grow its PBX userbase as the Company steps up its targeted marketing to SME customers.

Vonex continues to sign up and onboard new Channel Partners through inbound enquiries and targeted marketing to the IT and communications managed services provider community.

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Its Channel Partner focused sales software, Sign On Glass, has now processed more than 1,200 orders to a mixture of new and existing customers, with quarterly orders facilitated through this platform up 26% on the March quarter. Deploying Sign on Glass has brought new levels of efficiency to customer onboarding and ensures new customers become active sooner.

Partnership with Qantas Business Rewards

In June, Vonex entered a partnership as VoIP and Hosted Phone System telco provider to Australia's largest business-to-business loyalty program, Qantas Business Rewards ("QBR").

In the QBR program, SME members earn points when they fly with Qantas Airways Ltd (ASX: QAN), as well as daily business expenditures with QBR's select group of program partners. This will include when they spend money on Vonex's products and services.

The partnership will provide valuable marketing support to Vonex over the next 24 months, presenting significant growth opportunities for the Company.

QBR is part of Qantas' subsidiary business, Qantas Loyalty, and is the largest and fastest-growing business to business loyalty program in Australia. QBR is distinguished from other Frequent Flyer programs as the only rewards program 100% dedicated to rewarding small and medium businesses in Australia, aligning perfectly with Vonex's SME-focused strategy.

Oper8tor Development

During the quarter, Vonex entered the final stages of testing ahead of launching its Oper8tor app. Oper8tor is a disruptive aggregated communications platform which targets the inclusion of Conference, Voice, Message and Video functionality, facilitating user communication across a broad swathe of channels. The mobile app aims to seamlessly link all voice calls as well as messaging across multiple platforms and devices.

More than 120 beta test builds of Oper8tor have now successfully passed through Apple's mobile app testing service, TestFlight, and Google Play's mobile app testing service. Through this process, the Company has developed Oper8tor Version 1 towards its final stages of completion. On launch, Oper8tor will demonstrate features including call blast, cross-platform social media messaging incorporating SMS, improved contact management and Oper8tor-to-Oper8tor message chat and voice calls.

Vonex is currently finalising development and third-party application unit testing and load testing to ensure Oper8tor performs as expected at scale. Once this is complete and the Company has fully appraised its intellectual property protection opportunity, it will announce a date for Oper8tor's launch.

Further development is expected to enable Oper8tor to link mobile phones, land lines, and selected social media communication apps simultaneously into a single voice call.



CORPORATE

Executive appointment

Vonex appointed Mr Terry Tangredi as Head of Sales. Mr Tangredi brings more than 25 years of senior management experience in IT, telecommunications and telematics, with expertise in the areas of organisational performance, strategy and leadership.

Royalty from Koolyanobbing Iron Ore Project

Subsequent to the end of the quarter, the Company received notice from Mineral Resources Ltd indicating that Vonex's entitlements to iron ore production royalties relating to Mineral Resources' Koolyanobbing Iron Ore Project had been miscalculated for the March 2019 quarter due to an administrative error. The revised calculation sees no royalty flowing to Vonex in the March quarter and a royalty of \$76,413 payable for the June quarter.

Since royalties generated from this project are offset against a prepaid royalty amount of \$3 million, the Company is yet to experience a cash impact from these royalty flows. Vonex is entitled to future royalties from this project, the timing and quantum of which will depend on the future production of mining activities at M77/1258, which require no expenditure or resources from the Company.

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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 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 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,387	8,819
1.2 Payments for		
(a) research and development	-	313
(b) costs of goods sold	(1,298)	(5,170)
(c) advertising and marketing	(79)	(300)
(d) leased assets	-	(9)
(e) staff costs	(649)	(2,942)
(f) administration and corporate costs	(631)	(2,646)
1.3 Dividends received (see note 3)		
1.4 Interest received	9	26
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)	11	143
1.9 Net cash from / (used in) operating activities	(250)	(1,765)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(73)	(261)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) intellectual property		
	(e) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	5	5
	(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	(68)	(256)

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	3,491	5,224
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(250)	(1,765)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(68)	(256)
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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	(12)
4.6	Cash and cash equivalents at end of quarter	3,173	3,173

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	1,273	990
5.2	Call deposits	1,900	2,501
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)	3,173	3,491

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**

130

-

Directors and professional fees - \$130,381

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	1,459
9.3 Advertising and marketing	133
9.4 Leased assets	-
9.5 Staff costs	654
9.6 Administration and corporate costs	736
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	2,982

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 July 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.