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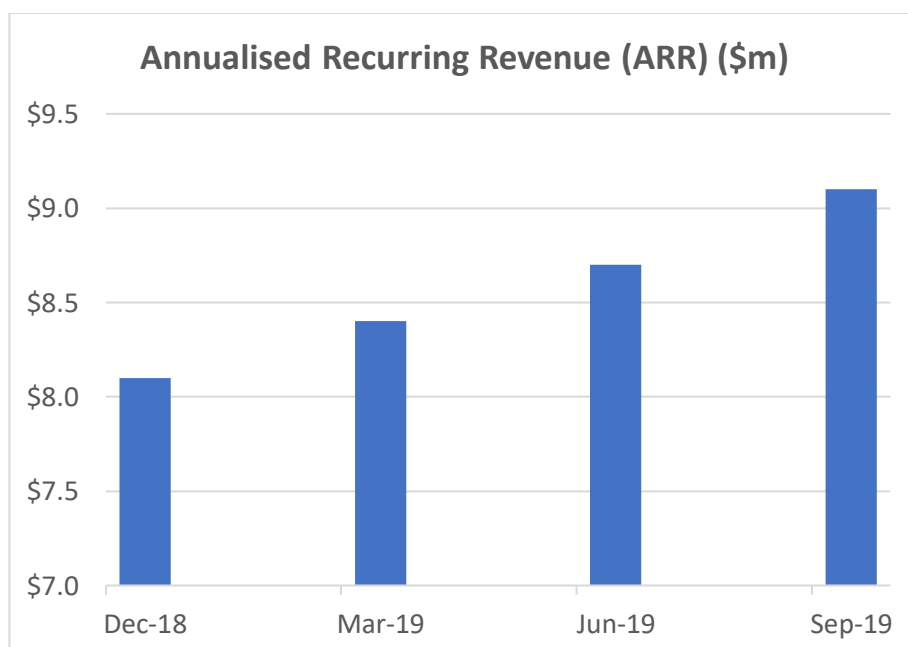
Vonex Delivers Growth in Active Users and Recurring Revenue

- Vonex achieves strong growth in annualised recurring revenue, with ARR exceeding \$9 million as at the end of Q1 FY20
- Vonex passes milestone of 35,000 registered active users, reflecting a solid start to Q2 of FY20, signing Total Contract Value of \$500k in October 2019, up 65% year-on-year.
- Vonex will now announce each 2,500 users' net growth
- Exceptional customer satisfaction, with zero TIO complaints in Q1 of FY20

Telecommunications innovator Vonex Limited ("Vonex" or the "Company") (ASX: VN8) is pleased to announce continued improvements in user growth and satisfaction in its Retail business, along with its disclosure of a new success metric: annualised recurring revenue ("ARR").

The chart below displays the consistent growth in ARR that Vonex has delivered as its Retail and Wholesale businesses have gained scale in CY19.

ARR excludes one-off sales revenue and does not factor in net churn as the business continues to deliver positive net growth in active users.



The Company is well-positioned to continue growing its ARR and expanding its base of higher margin, higher average revenue per user (ARPU) business, as strong demand continues from small and medium enterprises (SMEs) moving to cloud-based telco services. Vonex's recurring business model promotes stable revenue, maximises customer lifetime value and supports scalability.

Vonex Passes Milestone 35,000 Active PBX Users with Strong Growth in Signed Contracts

The Company is pleased to advise that Vonex has recently attracted more than 35,000 registered active subscribers to its cloud-based phone system platform.

Registered users of these Private Branch Exchange (PBX) connections are a key indicator of business development progress as Vonex penetrates the multibillion-dollar Australian market for telco services to SMEs. Achieving this milestone reflects the Company's strong start to Q2 of FY20, signing Total Contract Value (TCV) of new customer sales worth more than \$500,000 in October 2019, an increase of 65% compared to October 2018. TCV of provisioned customers is calculated using the minimum monthly commitment multiplied by the contract length and is typically realised over a period of between two and three years.

The Company plans to deliver continued growth in TCV in FY20 as a mix of upfront and recurring revenue as it meets healthy demand from SME customers.

Exceptionally strong customer satisfaction

The Company is proud to drive and maintain extremely high standards in its delivery of customer service and support. Enhancing the customer experience is increasingly critical as the migration of customers to services delivered over the National Broadband Network (NBN) reaches its peak.

The Telecommunications Industry Ombudsman (TIO) recently reported a total of 32,801 complaints relating to the provision of Australian phone and internet services in Q1 of FY20, an increase of more than 6% compared to Q1 of FY19. Vonex received zero TIO complaints from customers in Q1 of FY20.

New approach to disclosure

Each incremental active user is decreasingly material to the Company's financials as Vonex's business gains scale. As such, the Company will now shift from announcing each 1,000 users' net growth to a new increment of 2,500 users.

ENDS

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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.