

1 April 2020

## **Strongest Month and Quarter in History for Vonex Retail**

### **Highlights:**

- **Vonex continues to add customers and grow sales, with Total Contract Value (TCV) of new customer sales totaling \$787k in March 2020, the strongest month in the Company's history, amid a historic shift towards working from home for SME staff**
- **Q3 FY20 is the Company's strongest quarter ever, achieving TCV of new customer sales of \$1.99m up 109% compared to Q3 FY19**
- **Key marketing partner, Qantas Business Rewards, set to launch a "Business Essentials" campaign showcasing Vonex to its SME members in April 2020, where members can earn Qantas Points on Vonex's ONdesk and NBN products**
- **2SG wholesale delivers record sales in first month following integration with Vonex**
- **Board of Directors volunteer a 22% reduction in fees for a minimum of three months**

Telecommunications innovator Vonex Limited ("Vonex" or the "Company") (ASX: VN8) is pleased to advise of operational progress across the Company's Retail and Wholesale arms.

### **New customer sales growing strongly**

Vonex is pleased to report a 109% year-on-year increase in the Total Contract Value (TCV) of new customer sales made in Q3 FY20. TCV of new customer sales for the March quarter increased to a Company record \$1.99 million, substantially driven by:

- A historic shift towards working from home for SME staff, driven by social distancing rules imposed to mitigate the COVID-19 outbreak.
- The proactive 'Stay at Home with Vonex' marketing campaigns have seen the Company grow softphone sales by in excess of 1,000% in February and March over the two-month period one year earlier. Vonex's softphone products are the desktop and mobile apps which act as an extension of a worker's business phone system, offered as part of the Company's ONdesk monthly plans.
- Vonex's partnership with Qantas Business Rewards (QBR) which has developed favourably since launch in August 2019.

Vonex's sales momentum has continued to accelerate, with TCV of new customer sales totaling \$787k in March 2020, marking the strongest month in the Company's history.

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 one and three years. TCV is for new customers only and excludes existing customers re-contracting.

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



Graph shows TCV added each quarter since beginning of FY19

The Company is pleased to advise that active user numbers exceeded the 37,500 mark on its Private Branch Exchange (“PBX”) cloud-based phone system platform, with growth driven by global events superseding what can historically be a seasonally slower period for SME investment decisions. Growth in registered PBX users indicates business development progress as Vonex penetrates the multibillion-dollar Australian market for telco services to SMEs.

The successful integration of 2SG Wholesale with Vonex has resulted in the first month of sales being a record month in mobile broadband product, up 118% on this time last year. 2SG Wholesale providing fast stable business grade wireless broadband is meeting strong end customer demand while the nation transitions to working from home.

### **Qantas Business Rewards marketing Vonex through its network through imminent national campaign**

The Company is pleased to advise that Qantas Business Rewards has confirmed plans to run a “Business Essentials” campaign showcasing Vonex’s flexible communications solutions for its ONdesk & NBN plans to

Qantas Business Rewards SME members in April.

The Company's partnership with Qantas Business Rewards has added mutual value and has rapidly translated into rising Vonex brand awareness and sales.

Under the partnership, significant new Qantas Point-based incentives are available for Vonex customers. Businesses of any size can earn uncapped Qantas points for every purchase made with Vonex's monthly ONdesk cloud-based phone plans and NBN plans.

Vonex is pleased with the value added through its partnership with Qantas Business Rewards to date and looks forward to aligning the Vonex brand more closely with that of Qantas in coming months.

#### **Cutting corporate costs**

The Company is responding to the rapidly changing economic situation by taking appropriate steps to preserve its balance sheet and ensure it is well-positioned for the future.

As an initial step, the Company's Executive and Non-Executive Directors have volunteered to reduce their fees in aggregate by 22% effective 1 April 2020 for an initial period of three months. The board fee reductions will be reviewed on a quarterly basis or as required.

This announcement has been authorised for release by Matt Fahey, Managing Director of Vonex Ltd.

**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.