

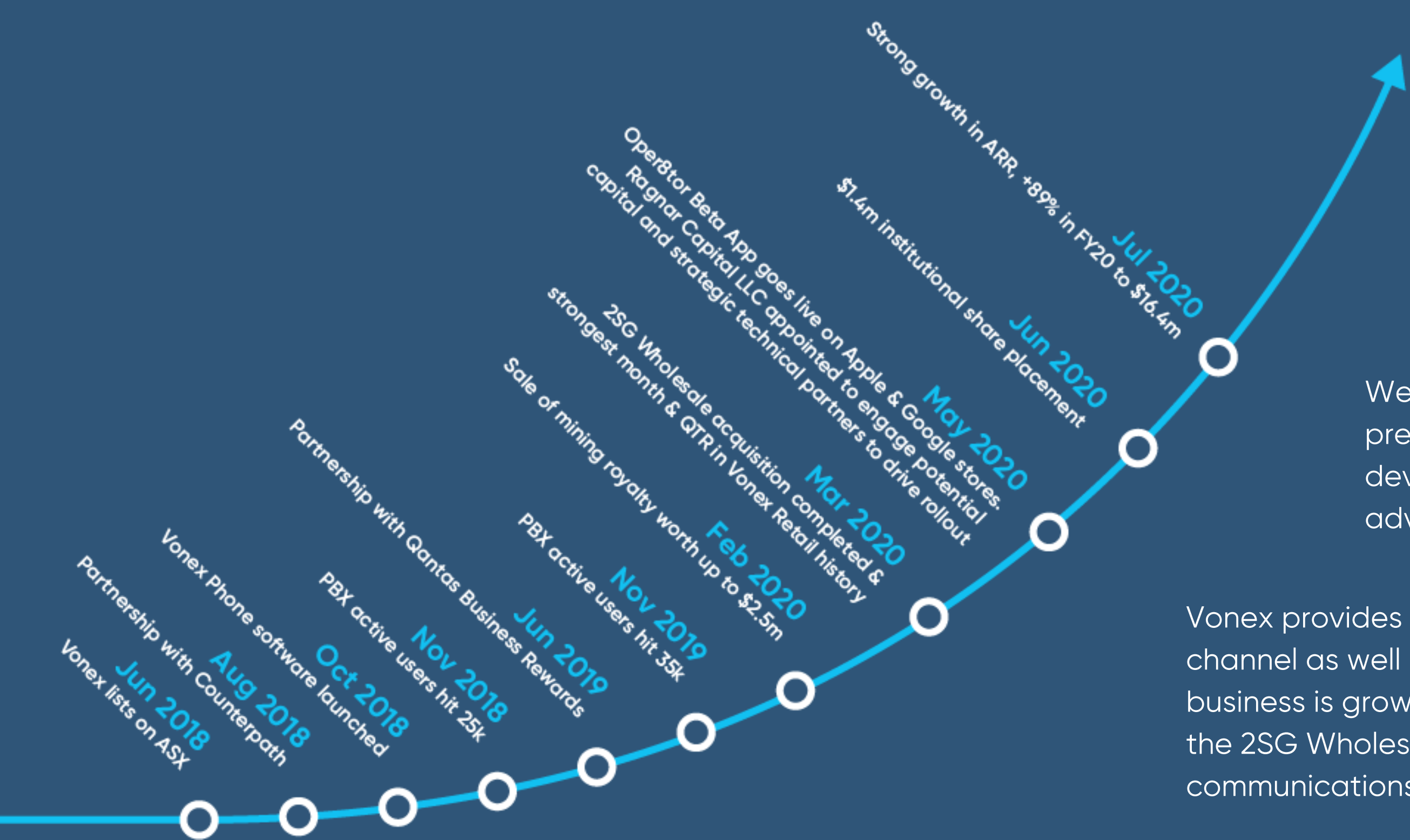


VONEX
always on

INVESTOR PRESENTATION

Vonex Ltd (ASX: VN8)
September 2020

Meet Vonex



Vonex Ltd (ASX: VN8) is a full-service, multi-award-winning telco company providing thousands of Australian businesses and individuals with the best personalised and reliable phone and internet services to stay 'always on' in business and in life.

We are delivering strong growth, generating predominantly recurring revenue, as we develop, deliver and license our own advanced communications technologies.

Vonex provides telco solutions through an expansive sales channel as well as through our wholesale division. This business is growing rapidly through our recent acquisition of the 2SG Wholesale business, which supplies network and communications solutions to telco retailers across Australia.

Corporate Snapshot

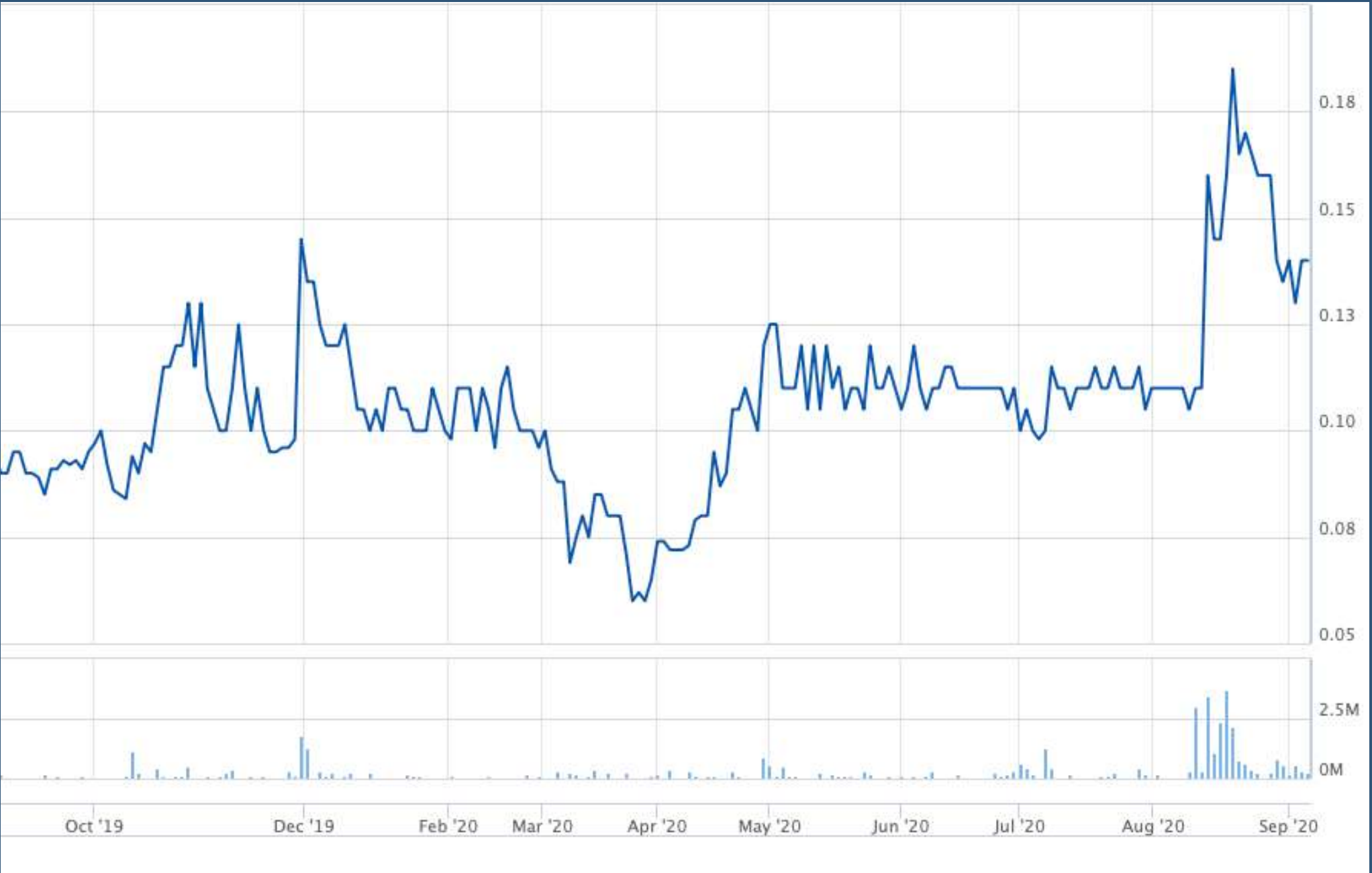
Capitalisation Table

Share Price 04.09.2020	14.0 c
Quoted Shares	185.76 m
Unquoted Options	34.23m
Performance Rights	27.46m
Market Cap (Undiluted)	~\$26m
Cash (30/6/20)	\$4.8 m

Key Shareholders

2SG Investments Pty Ltd	11.62%
J P Morgan Nominees Australia Pty Limited	11.42%
Finance West Pty Ltd & Angus Parker	9.30%
CS Third Nominees Pty Limited	6.49%
Carmine Lion Group Pty Ltd	3.98%
Mr Matthew Fahey, Fahey Family <A/C>	2.98%

12-Month Share Price & Volume

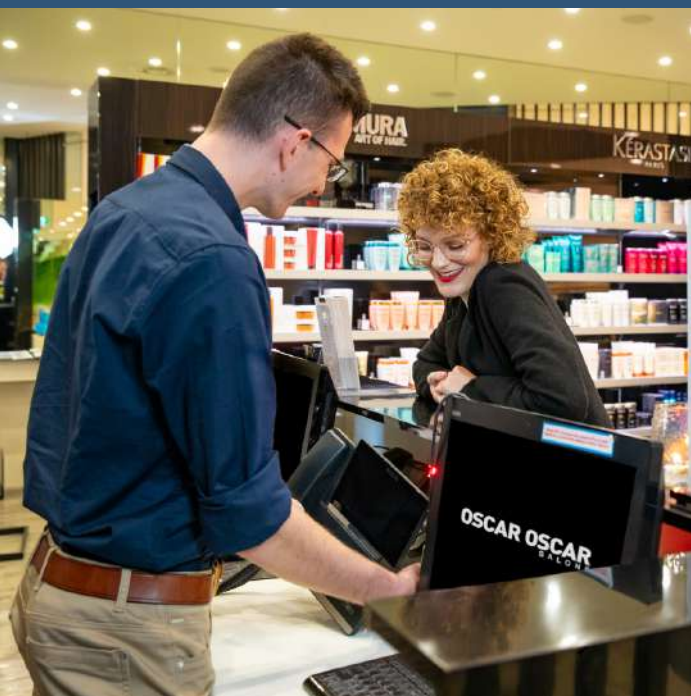


SME Product Focus

Vonex is executing a unique opportunity to position itself as the telco of choice for small to medium-sized enterprises (SMEs). For more than a decade, we have helped Australian businesses to improve how they communicate and connect with their community, through our:

- Industry-leading ONdesk software, a cloud-based program for businesses to manage all their mobile and landline calls for game changing efficiencies, scalability and customer experiences, no matter how small or large their business is.
- Reliable NBN and fibre packages which we help you manage with local advice.
- Affordable mobile packages with data and reliability to keep you always on.

With a landscape of over 2.37 million* small to medium-sized enterprises (SMEs) in Australia, our goal is to connect businesses simply, efficiently and affordably. We do this through better technology while also meeting our customers' preferences to work with locals who understand technical and communications issues. The entire Vonex team pride ourselves on maintaining a high-quality Net Promoter Score, achieving a customer rating of 54 in 2020 and personable service through Vonex's national and award-winning Channel Partner network.



* Source: <https://www.abs.gov.au/ausstats/abs@.nsf/mf/8165.0>

Supply Chain Relationships

The Impact of Our Acquisition of 2SG Wholesale

How our relationships with major suppliers has improved:

Prior to our acquisition of 2SG Wholesale, third party wholesalers previously supplied either the NBN, Mobile or Landline services to Vonex.

Now, Vonex is able to purchase these services via 2SG, which provides the following advantages:

- Purchasing power has improved, which benefits both the Vonex end customer and also Company profitability
- Visibility for network trouble shooting and customer support has increased
- Speed to market with new products and services creates a competitive advantage



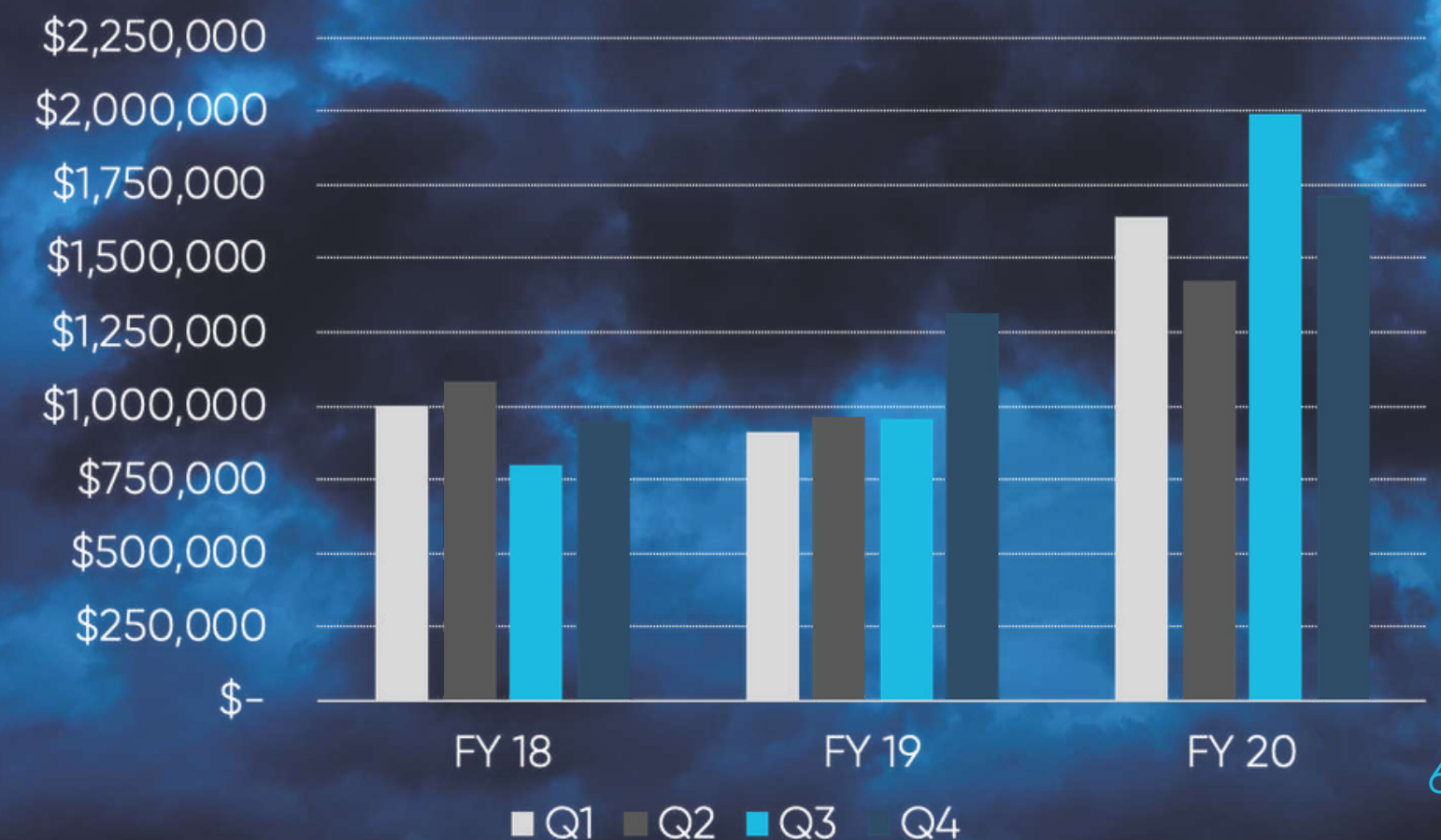
Vonex Retail:

Organic Sales Growth

- Key hires in sales and marketing have driven strong growth in new customer additions and boosted the number of active users of Vonex's cloud-based phone systems.
- Vonex Retail sales have remained strong in the face of COVID-19 in 2020. Total Contract Value (TCV) of new customer sales for January to June 2020 reached \$3.7 million, +65% year-on-year.
- Our digital advertising strategy continues to gain momentum attracting new leads which are supplied to Strategic Channel Partners, further cementing their relationship with Vonex.
- Vonex partnered with Qantas in August 2019 as official telco provider to the Qantas Business Rewards (QBR) program, offering uncapped Qantas Points to QBR's database of 250,000 SME members for doing business in the cloud.
- Partnering with QBR has had an immediate impact on increasing Vonex's higher average revenue per user (ARPU), longer-duration sales contracts, which have accounted for the majority of new customers in FY20.



Total Contract Value (TCV) of New Customer Sales/Qtr



Vonex Wholesale:

Acquisition-Led Growth

- In March 2020, Vonex completed its acquisition of the business of 2SG Wholesale, an established wholesale provider of hardware and connectivity solutions. The acquisition is driving growth in wholesale customers and order value, with 2SG recently having signed an agreement to supply business grade mobile broadband to Data#3 Ltd (ASX: DTL).
- Integration of 2SG has brought a new dimension to Vonex's business along with 150+ new wholesale customers, and has allowed Vonex to expand its offering to SME customers with new products, including fleet mobile, mobile broadband and NBN with 4G backup.
- 2SG's multi-year investment in a sophisticated network environment is now contributing to a meaningful relationship with Optus Wholesale, helping to build traffic on the Optus network by quickly deploying complex solutions for a broad base of customers. Direct carrier relationships are valuable in facilitating better support, rates, control of customer internet and cost of supply.
- Vonex's provision of fast, secure, business-grade wireless broadband through 2SG has met strong customer demand amid the rise of working from home across Australia during recent months – a trend that is set to continue. With complementary product suites, there is an immediate opportunity to cross-sell 2SG internet products to Vonex customers and Vonex voice services to 2SG customers.
- Vonex will continue to pursue both organic and acquisition-led opportunities to grow its Wholesale business in FY21.

Vonex Network Voice/ PBX



Vonex Customers

2SG Network

NBN, Mobile Voice & Data



2SG Customers

Oper8tor Progress & Potential

- Oper8tor is the first multi-platform voice, messaging and social media app that will allow users to connect with all social media friends, followers and contacts from a single app.
- In May 2020, the beta version of the Oper8tor app went live on the Apple and Google app stores. While Vonex intends to pursue its strategy to roll out the Oper8tor app through a consumer value proposition, we have identified attractive shorter-term commercial applications and have focused recent product development to address this potential market.
- Major development works completed in FY20 including a rebuild of Oper8tor's Skype connector, the inclusion of group SMS capability on a single thread, significant coding requirements that stemmed from Google's revision of Two Factor Authentication ("TFA"), AI-driven call recording within the app (a highly-requested feature among enterprise and SME customers) and real-time call transcription, with email transcriptions delivered to users within seconds of a call ending.
- These features, along with Conference, Voice, Message and Video functionality across multiple platforms and devices, underpin a focused B2B growth strategy for Oper8tor which targets growth in users and recurring revenue through a SaaS model, with cross-platform calling for the mobile worker as its key value proposition.
- The Company has developed a marketing plan and product roadmap which aligns with this vision, and in conjunction with Ragnar Capital Partners LLP in London, is actively engaging with potential strategic investors and technical partners who can help Oper8tor to execute these goals.



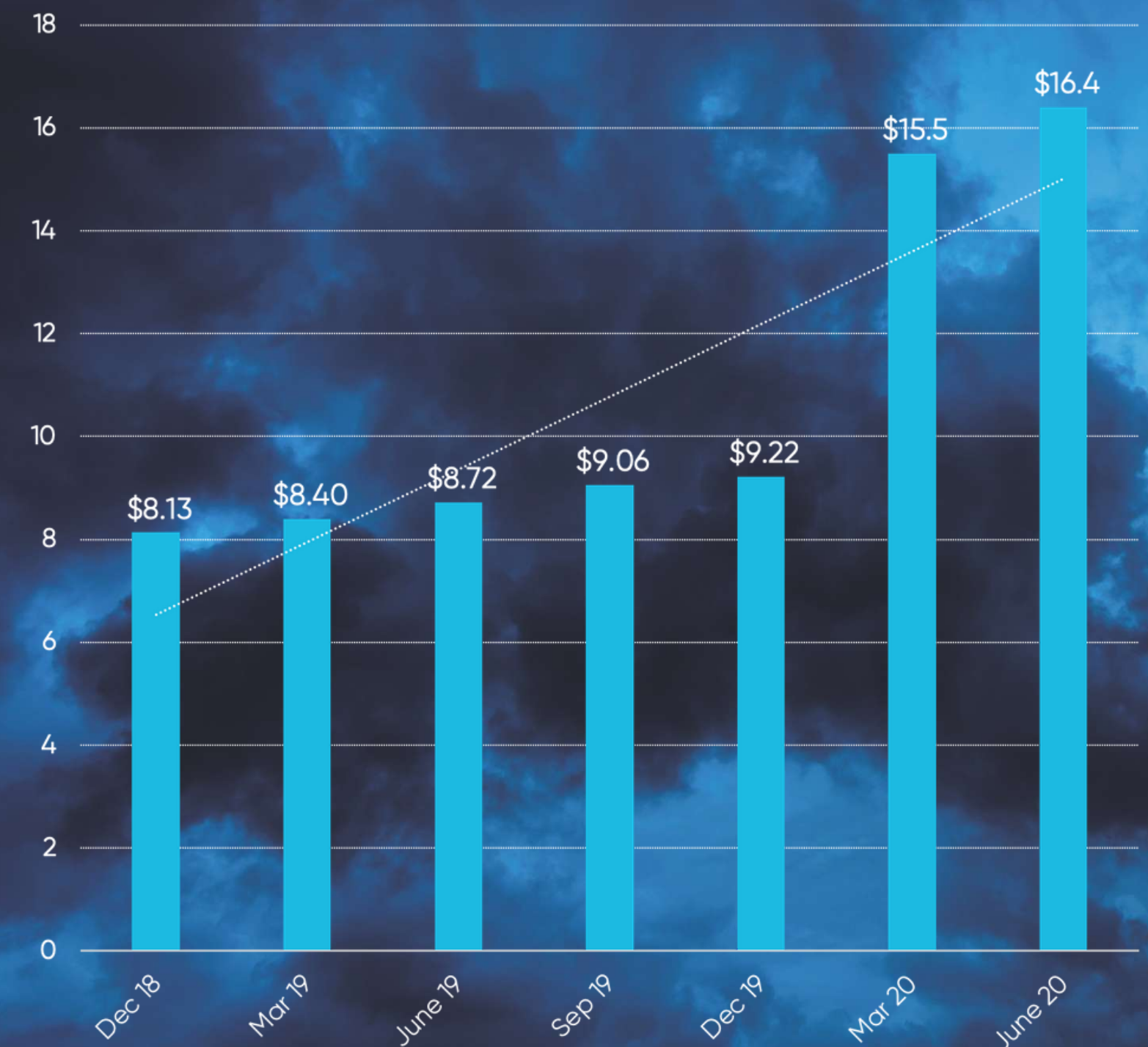
FY20 Financial Highlights

Revenue Model

Increasingly Focused on Recurring Sales

- Vonex has developed a resilient book of sticky recurring business over several years. The Company increased its base of annualised recurring revenue (ARR) by 89% during FY20, with the acquisition of 2SG Wholesale a major contributor to this growth.
- Substantial sales momentum achieved through successful marketing and partnership initiatives, as well as the smooth integration between the Vonex and 2SG businesses, have driven the Company's ARR to more than \$16.4 million.
- Vonex sees significant scope to continue to deliver growth in ARR, both organically and by way of further acquisitions funded through the recently-completed \$1.4m institutional-led placement.
- The chart at right shows the consistent growth in ARR that Vonex has delivered as its Retail and Wholesale businesses continue to gain scale.

Annualised Recurring Revenue (ARR) (\$m)



Strong Revenue and P&L Improvement

- Substantial earnings progress, with net loss after tax of \$0.6m representing a \$2.2m year-on-year NPAT improvement
- Strong increase in revenue from customers, +45% to \$12.8m, led by Wholesale YoY revenue growth of more than 200% – total revenue of \$15.4m
- Efficiency gains realised over the year constrained the cost base, with targeted headcount additions aimed at sales generation

Income Statement Summary

	2020 \$	2019 \$
Sales revenue	12,770,304	8,801,740
Cost of sales	(8,096,081)	(4,937,131)
Gross profit	4,674,223	3,864,609
Other revenues	2,635,730	408,213
Administration, service and supply expenses	(1,635,236)	(2,821,394)
Amortisation and depreciation	(416,665)	(140,637)
Directors' fees	(241,995)	(236,520)
Finance costs	(57,184)	(5,867)
Share based payment expense	(770,573)	(1,008,458)
Employee expenses	(3,592,062)	(2,851,568)
Loss before income tax	(596,238)	(2,791,622)
Income tax expense	-	-
Net loss for the year	(596,238)	(2,791,622)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(596,238)	(2,791,622)
EBITDA	(122,389)	(2,645,118)

Underlying EBITDA improvements

A reconciliation between statutory results and underlying results is provided below:

	30 / Jun / 20	30 / Jun / 19
Statutory profit (loss) after tax	(\$596,238)	(\$2,791,622)
Add back:		
Tax expense (benefit)	\$0	\$0
Disposal of mining royalties	(\$1,750,000)	\$0
Net finance (income)/expense	\$50,368	(\$17,897)
Share based expense payments *	\$770,573	\$1,008,458
Oper8tor Development expense **	\$997,001	\$1,206,092
Legal and stamp duties associated with 2SG acquisition	\$136,868	\$0
Depreciation and amortisation	\$416,665	\$140,637
Underlying EBITDA	\$25,237	(\$454,332)

* Share based expense payments are a non-cash outlay. These expenses are reported book valuations placed on share issue related transactions that have occurred during the reporting period and in order to meet reporting requirements under the Australian Accounting Standards. Please refer to the Annual Report for further disclosures made on these reported expenses.

** Expenses will be considered for inclusion in the Company's 2019-20 financial year R&D claim in accordance with Australian Taxation Office guidelines.

Improving Cashflow

- Strong growth in cash receipts from customers, +38% YoY to \$12.1m
- Net cash from operating activities of (\$0.7m) compares very favourably to the FY19 operating cash outflow of (\$1.8m)
- Sale of mining royalty brought in \$1.75m (for an asset which had held nil value on Vonex's balance sheet)

Balance Sheet Strength

- Vonex improved its cash performance over the course of FY20 and successfully raised capital from institutional and sophisticated investors
- Compared with previous corresponding period, Vonex achieved a 52% increase to its cash balance, which has improved further since 30 June 2020
- Vonex entered FY21 with a healthy balance sheet with no borrowings and a robust cash position of \$4.8 million as at 30 June 2020

Cashflow Statement Summary

	2020 \$	2019 \$
CASH FLOW FROM OPERATING ACTIVITIES		
Net cash used in operating activities	(729,242)	(1,759,236)
CASH FLOW FROM INVESTING ACTIVITIES		
Net cash provided by used in investing activities	1,233,692	(279,264)
CASH FLOWS\FROM FINANCING ACTIVITIES		
Net cash provided by financing activities	1,134,804	-
Net increase/decrease in cash and cash equivalents	1,639,254	(2,038,500)
Cash and cash equivalents at the beginning of the financial year	3,173,355	5,223,854
Exchange rate adjustments	(811)	(11,999)
Cash and cash equivalents at end of the financial year	4,811,798	3,173,355

Balance Sheet Summary

	2020 \$	2019 \$
Total Current Assets	6,774,771	4,133,844
Total Non-Current Assets	4,807,414	1,284,077
Total Assets	11,582,185	5,417,921
Total Current Liabilities	3,905,236	2,060,690
Total Non-Current Liabilities	758,386	22,808
Total Liabilities	4,663,622	2,083,498
Net Assets	6,918,563	3,334,423
Total Equity	6,918,563	3,334,423

FY21 Outlook

- FY21 presents Vonex with enormous opportunities. There is a clearly unmet but addressable need among SMEs for telco services that are reliable, affordable, flexible, scalable and friendly to the new 'work from home' paradigm.
- In FY21, Vonex plans to deliver value for shareholders by increasing its user base, boosting average revenue per user, broadening its Wholesale customer base and achieving increased margins, with the positive industry backdrop of many premises ready for NBN service but not yet activated.
- We are seeing positive signs of growth in activity with our customers and channel partners in FY21 as SMEs increasingly adopt our telco solutions through both our Retail and Wholesale channels.



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wherever you go**

**Cloud-based phone systems that
connect your team flexibly, reliably
& affordably.**



**WORK
DIFFERENTLY
with VONEX**



**Smart businesses
use a cloud-based
phone system.**

VONEX
always on

Board of Directors

Nicholas Ong / Non-Executive Chairman

Mr Ong was a Principal Adviser at the Australian Securities Exchange (ASX) and brings 15 years' experience in IPO, listing rules compliance and corporate governance. Mr Ong has developed a wide network of clients in Asia-Pacific region and provides corporate and transactional advisory services through boutique firm Minerva Corporate Pty Ltd. He is a member of the Governance Institute of Australia and holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia.

Daniel Smith / Company Secretary

Mr Smith is a member of the Australian Institute of Company Directors, a Fellow of the Governance Institute of Australia and has over 11 years' primary and secondary capital markets expertise. As a director of Minerva Corporate, he has advised on, and been involved in, a significant number of IPOs, RTOs and capital raisings on both the ASX and NSX. His key focus is on corporate governance and compliance, commercial due diligence and transaction structuring, as well as ongoing investor and stakeholder engagement.

Winnie Lai Hadad / Non-Executive Director

Ms Lai Hadad has expertise in change management, corporate governance, business process improvement and has been involved in listings on the Australian Securities Exchange. Ms Lai Hadad has been involved with both investments into China and out-bound investment from China. Her past roles include implementing Coca-Cola bottling strategies into Greater China and administering the first Chinese direct investment in an iron ore mine in the Pilbara Region of Western Australia.

Matthew Fahey / Managing Director & CEO

Mr Fahey is Vonex Telecom's Chief Executive Officer and joined the Board as Managing Director. Mr Fahey joined Vonex Ltd in 2013, through the Vonex Group's acquisition of iTrinity (IP Voice & Data) where he had served as Sales Director. Mr Fahey brings with him 20 years' extensive experience in building and managing telco companies having built a well-regarded reputation in the industry for channel partner programs as well as excellence in VoIP and Telco.

Jason Gomersall / Non-Executive Director

Mr Gomersall is a former Director of 2SG Wholesale and is the Founder, CEO and Managing Director of isek Communications. Mr Gomersall has long been at the forefront of the telecommunications industry and the mobile phone market since being one of the foundation franchisees of the Optus World chain of retail stores in the 1990s.

David Vilensky / Non-Executive Director

Mr Vilensky is a practicing corporate lawyer and the managing director of Perth law firm Bowen Buchbinder Vilensky. He has more than 30 years' experience in the areas of corporate and business law and in commercial and corporate management.

Mr Vilensky practices mainly in the areas of corporate and commercial law, mergers and acquisitions, mining and resources, trade practices and competition law and complex dispute resolution.

Disclaimer

- This document contains summary background information about Vonex Limited (ASX: VN8) and its activities as at its release date.
- This document is not a recommendation or advice about Vonex Ltd and is not intended to be relied on as advice to investors and potential investors.
- It does not purport to be complete or contain all information that a person may require before investing in Vonex Ltd.
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- It does not constitute an invitation, solicitation, recommendation or an offer to purchase or subscribe for securities.

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- Forward looking statements made in this presentation are believed to be reasonable at the time of release but those statements are subject to risks, uncertainties and other factors which could cause actual results and performance to differ materially from the future results and performance expressed, projected or implied by those statements.
- Forward looking statements should not be relied on as a guarantee of future performance.
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