

14 September 2015

NexGen Technology set to Deliver World's Fastest Mobile VPN Solution

- NexGen app to deliver an ultra-fast VPN solution
- Leveraging the technology already built in to its mobile app, NexGen has broadened its target market to include the growing VPN sector
- App to provide privacy protection and additional speed and data savings - a key point of difference compared to existing VPN services
- Significant opportunity with up to 410 million VPN users globally¹ and expected to top US\$81 Billion in revenues by 2016² (Global Web Index)
- The Technology has enabled users to access content unavailable in their region of residence demonstrating an improved user experience and key competitive advantage
- NexGen continues to refine its monetisation strategy with further research in the sector to establish a compelling offering for both consumer and enterprise markets
- Application on schedule to launch with VPN feature included November 2015 on the Android OS and on iOS in December

VTX Holdings Limited (ASX: VTX) ("VTX" or the "Company") is pleased to provide a further update on the product development and target markets of NexGen Networks Limited's ("NexGen" or "NGN") application to be launched in November 2015.

NexGen proprietary networking technology will be built into the NGN app to offer not only increased speeds and significantly lower data consumption, but to include privacy protection and geographical masking capabilities of Virtual Private Network (VPN) technologies.

About Virtual Private Networks (VPN)

VPN technologies are now being purchased by a significant global customer base to provide additional privacy protection and bypass geographical content restrictions.

Through the use of VPN technologies customers are able to mask their physical location and protect their privacy by preventing third parties from tracking their online activities.

The NGN application will include the infrastructure to provide customers with the ability to select from a range of best-of-breed international networks and partners to relocate their connection to and effectively relocate their IP address.

Significant Market Opportunity

With the global VPN services market expected to top US\$81 Billion by 2016 the potential for the NGN platform and offering is considerable, and opens up another significant value proposition for the NGN app.

Statistics in the recent Global Web Index report revealed that 29% of VPN users are using the service to access Netflix content unavailable in their region of residence³, such as Netflix U.S, which typically has much more content compared to the Australian offering.

In Australia alone it has been estimated that the demand for Netflix has doubled the amount of broadband traffic and of all data consumed over the Telstra network 50% of it is said to be video content⁴.

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Compelling Offering, High Speed, Low Data Consumption and Privacy Benefits

The NGN app is well positioned to take advantage of the rising demand for video content, which is driving the increase in data traffic. A key benefit for NGN customers will be the ability to enjoy the privacy benefits of a VPN without the performance loss typically associated with these services. That is, users accessing Netflix and other video streaming service providers can actually improve their speed and quality experience whilst reducing their data consumption.

NexGen continues to refine its monetisation strategy, commissioning further research into the sector to provide a compelling consumer and enterprise offering with costs benefits delivered to both parties. Current VPN solutions are priced at between US\$7 and US\$12 per month.

Keaton Wallace, Director of NexGen commented:

"Providing an additional capability within the NGN application has significantly expanded our target market to include the rapidly growing VPN sector. As consumers demand the ability to access content available outside of their country VPNs have seen a substantial amount of demand. As this demand continues to grow NGN is well positioned to take advantage of this trend. Our ability to also provide a superior user experience with increased speeds and lower data consumption will set us apart from existing VPN providers in the market, which typically have lower performance."

Transaction Update

VTX is in the process of acquiring NexGen, having executed a Binding Terms Sheet and completed due diligence. The acquisition is still subject to the receipt of shareholder approvals and the Company expects to lodge a Notice of Meeting in this regard in the coming weeks. For further details of the acquisition, please refer to the ASX announcement made by the Company on 16 June 2015.

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Sources:

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2. Infonetics Research (infonetics.com), Ethernet, IP MPLS VPN services to top \$81B by 2016, fuelled by cloud services, surging data traffic - <http://www.infonetics.com/pr/2012/Ethernet-and-IP-MPLS-VPN-Services-Market-Highlights.asp>
3. Global Web Index (globalwebindex.com), 29% of VPN Users Accessing Netflix - <http://www.globalwebindex.net/blog/29-of-vpn-users-accessing-netflix>
4. The Australian (theaustralian.com.au), 'Netflix effect' is slowing the nation's broadband internet speed - <http://www.theaustralian.com.au/business/technology/netflix-effect-is-slowing-the-nations-broadband-internet-speed/story-e6frgax-1227520116416>

ABOUT NEXGEN NETWORKS

NexGen is a New Zealand based software technology company founded in 2013, by experienced technology entrepreneurs and retail executives Jason Gitmans and Robert Pole.

NexGen has developed cutting edge software technology, which uses intelligent customised algorithms to optimise data flow between devices and facilitates faster speeds on existing hardware. The ability to deliver such optimal results is due to NexGen's customised virtual based technology, which re-directs data through to its own proprietary server, delivering faster and more efficient data usage to each user through existing infrastructure.

TECHNICAL ADVISOR – MR CAM WORTH

Technical information contained in the announcement has been prepared under the supervision of Mr Cam Worth of Simplisite Business Solutions - a specialist web, software & IT solutions provider. As announced on 2 July 2015, Mr Worth has been engaged as Technical and Commercial Advisor to the Board of VTX.

Mr Worth has led projects across multiple jurisdictions and successfully launched platforms and deployed large-scale business intelligence systems in multiple markets. He has extensive experience in the design and development of web-based software solutions and has consulted extensively in software development and cloud solutions. Mr Worth also acts as an Industry representative, in Communication and Cultural Studies for Curtin University, Western Australia. Mr Worth consents to the inclusion in this report of the information in the form and context in which it appears.

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