

Dear Shareholders,

I am pleased to present the financial report for Vonex Limited (ASX: VN8) for the year ending 30 June 2022 (FY22), reflecting on our Company's achievements over the 12-month period and providing our outlook for the financial year ahead. We are proud to report our continued delivery of our three-pronged growth strategy, focusing on growth in Wholesale, Retail and through targeted acquisitions.

Vonex has achieved another period of strong financial performance, with our group revenue increasing to \$33.6 million, up 84% year-on-year (YoY) compared to \$18.3 million in FY21. Vonex's focus on efficiency gains drove gross profit margin improvements and a 200% YoY increase to \$16.6 million.

The increased scale that Vonex achieved during the year, coupled with the Company's tight focus on cost controls, saw the Company deliver its maiden full-year profit since listing on the ASX. Vonex achieved net profit after tax of \$0.3 million in FY22, representing a YoY improvement of more than \$4.3 million. The Company's cash performance was even stronger, generating net cash from operations of \$5.3 million. Importantly, Vonex recorded an underlying EBITDA of \$6.6 million in FY22 up from \$0.5 million in FY21.

While we are proud to have delivered these financial milestones for shareholders, we remain firmly focused on Vonex's next growth horizons as the Company pursues significant opportunities to gain scale in the Australian telecommunications industry.

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

	'000	'000
	30-Jun-22	30-Jun-21
Statutory profit (loss) after tax	\$0.3	(\$4.0)
Add back:		
Tax expense (benefit)	(\$0.4)	(\$0.1)
Net finance (income)/expense	\$1.6	\$0.1
Depreciation and amortisation	\$1.9	\$0.8
Share based expense payments	(\$0.8)	\$1.3
Impairment expense	\$0.6	\$0.8
Non reoccurring expense	-	\$0.9
Capital raising and SPP expenses	\$0.1	-
Oper8tor Development expense	-	\$0.3
Business acquisition, integration and migrations costs	\$1.8	\$0.4
MNF full 1H FY22 impact and realised synergies	\$1.3	\$0
Voiteck full 1HFY22 impact and realised synergies	\$0.2	\$0
Underlying EBITDA¹	\$6.6	\$0.5

¹ Underlying EBITDA excludes (i) non cash share based payment expenses and impairment expenses; (ii) acquisition, integration, migration and capital raising costs; and includes (iii) the results of the acquired MNF business and Voiteck business and associated synergies as if included for the whole of FY22 (based on vendor provided unaudited management accounts). Contributions to EBITDA may vary due to integration costs, accounting policy harmonisation and synergies.

During the period, Vonex continued to execute its growth strategy, which has been enabled by the acquisition of Symbio's (formerly MNF Group) Direct Business and Voiteck, both of which have increased Vonex's financial scale and market relevance.

Following the acquisition of the Direct Business operations in August 2021, the integration successfully brought 5,250 new small-to-medium (SME) clients to the Company, along with an infusion of new talent. Our subsequent acquisition of Voiteck Pty Ltd in January 2022, an established provider of voice and internet services to SME customer, brought Vonex a physical presence in South Australia and a stronger platform to capture more growth opportunities.

These successful acquisitions have accelerated Vonex's growth in contracted revenue through new and existing small-to-medium enterprise (SME) customers. Following the completion and integration of the Direct Business acquisition, Vonex's retail business achieved total contract value (TCV) for retail sales of ~\$2 million in Q2 FY22, an increase of more than 25% over the same period in FY21. We followed this with record levels of revenue in Q3 FY22, after which Vonex added TCV for new customer sales of \$2.4 million in the Q4 FY22. Across FY22, this represents YoY growth in TCV for new customer sales of 47%, marking three successive quarters in which Vonex has added more than \$2 million of TCV.

Vonex's focused execution of its organic and disciplined M&A growth strategies saw us significantly grow the Company's annualised recurring customer revenue (ARR), with ARR rising to \$36.2 million as at 30 June 2022, up 97% YoY.

Our wholesale division also showed continued growth, with FY22 NBN and IP Voice sales up 22% and 37% respectively YoY. This reflects the stronger average revenue per user (ARPU) that we are realising through the 100,000+ PBX extensions now active on the Vonex platform.

During the year we solidified and initiated new partnerships which offer scope to add value to our customers and shareholders. After having been selected by Optus as a key 5G partner, we have now launched and are rolling out 5G services with an automated ordering system for partners and customers.

In June 2022, Vonex partnered with telecommunications service providers More Telecom Pty Ltd and Tangerine Telecom Pty Ltd ("More") to become More's exclusive provider of hosted PBX services. This partnership will see us deliver a new hosted PBX and IP telephony enablement platform for More's new and existing SME customers.

We are particularly excited by this opportunity as More is part-owned by its strategic partner, Commonwealth Bank of Australia. We are impressed by what we see ahead in More's sales pipeline and are excited to provide a highly scalable platform to support their rapid growth.

During the period, we also successfully completed an oversubscribed placement and share purchase plan, raising approximately \$14 million from existing and new investors.

We are bolstered by the confidence our shareholders have placed in us and the funds from the placement will support our growth plans in FY23 and beyond.

In the year ahead we will continue to focus on capitalising on our growing market presence as our scale allows us to leverage our marginal cost base and improve our capacity to realise cross-selling opportunities. We will continue to pursue new opportunities to increase the value of our combined business, by targeting growth in lead generation, brand awareness and ARPU. Through 2SG Wholesale, Vonex plans to continue to deliver strong organic growth, accelerated by the recent acquisitions with cross-selling opportunities, product range expansion and network cost efficiencies.

In addition to organic growth initiatives, Vonex is pursuing a disciplined M&A growth strategy for FY23, targeting IT and telco businesses that offer the potential to expand Vonex's customer base, geographic presence and product suite.

Vonex continues to see a positive outlook for growth in sales as the Company's customer base diversifies and expands. Thanks to the commitment of our executive team led by Matt Fahey and our valued employees, we are ready to extend our reach as an emerging leader in the telecommunications market.

On behalf of my fellow Directors, I would like to thank you for your ongoing support and I look forward to keeping you updated on our progress.



Nicholas Ong

Non-Executive Chairman

Vonex Ltd