



Interim Financial Report

For the half year ended
31 December 2022

ACN: 063 074 635

VONEX
always on

VONEX LIMITED
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022
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VONEX LIMITED
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022
DIRECTORS' REPORT

Your Directors submit their report for Vonex Limited ("Vonex" or "the Company") and controlled entities ("Consolidated Entity" or "Group") for the half-year ended 31 December 2022.

1. DIRECTORS

The Directors during the half-year and until the date of this report are as below (the Directors were in office for the entire period unless otherwise stated):

- Mr Stephe Wilks – Non-Executive Chair (Appointed 27 October 2022)
- Mr Matt Fahey – Managing Director
- Mr Brent Paddon – Non-Executive Director (Appointed 27 October 2022)
- Mr Nicholas Ong – Non-Executive Director
- Mr David Vilensky – Non-Executive Director
- Mr Jason Gomersall – Non-Executive Director
- Ms Winnie Lai Hadad – Non-Executive Director (Resigned 30 November 2022)

2. PRINCIPAL ACTIVITIES

Vonex is a full service, award-winning telecommunications service provider focused on delivering state of the art cloud based solutions predominately to the small to medium enterprise ("SME") customer under the Vonex brand. The Company also provides a full range of traditional telecommunications products such as mobile and internet. The Group's wholesale customers (such as internet service providers) can access the core Vonex PBX, call termination services, hardware, mobile and internet at wholesale rates through 2SG, via a white label model. Vonex also delivers custom built software solutions to wholesale customers to facilitate projects of scale.

3. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the consolidated entity during the reporting period.

4. RESULTS OF OPERATIONS

The financial results of the Group for the half-year ended 31 December 2022 are:

	31-Dec-22	31-Dec-21
Revenue (\$)	21,091,636	15,047,008
Net loss after tax (\$)	(21,536,542)	(580,118)
Loss per share (cents)	(6.45)	(0.20)

The result includes an impairment expense of (\$19,461,347) across the Company's goodwill assets, based on conservative forecasting due to uncertain economic conditions globally.

This result also reflects an important timing issue regarding the OntheNet transaction. Vonex agreed effective date of the transaction as at 31 August 2022 in the sale agreement.

The transaction completed on 27 October 2022 which was deemed the acquisition date for accounting purpose, neither the revenue nor profit from 1 September 2022 to 31 October 2022 is recorded in the HY results.

5. DIVIDENDS

There have been no dividends declared or recommended and no distributions made to shareholders or other persons during the period.

6. REVIEW OF OPERATIONS

H1 FY23 was marked by progress in executing the Company's strategy to grow organically as well as through targeted M&A, which has seen Vonex acquire several complementary business units: OntheNet (acquired October 2022), Voiteck (January 2022), the Direct Business (August 2021), Nextel (February 2021) and 2SG Wholesale Division (March 2020).

The Company's near-term priorities are to maintain a strong organic growth trajectory while consolidating and fully integrating acquisitions, maximising synergies, driving operational cost efficiencies and building a consistent and success-oriented culture.

Vonex continues to focus on continuously improving customer experience, and through further innovation aims to positively redefine the way telecommunications are perceived in Australia.

Vonex Retail

The Company continues to achieve increases in contracted revenue through new and existing small-to-medium enterprise (SME) customers, with step-change growth delivered by Vonex's successful acquisition of the Direct Business operations from MNF Group in August 2021.

Following record levels of revenue in H2 FY22, Vonex added total contract value (TCV) for new customer sales of \$4.5 million in H1 FY23. This represents YoY growth of 13% and helped the Company to achieve annualised recurring revenue (ARR) of ~\$50 million as at 31 December 2022, up approximately 45% year-on-year.

During H1 FY23 Vonex finalised its rollout of pre-paid billing for consumer customers, targeting tighter credit management across this growing base of customers. The business actively targets SME customers through its extensive Channel Partner network, but has also through - acquisition and organic channels - built a meaningful consumer customer base.

The Company's Retail sales growth strategy focuses on five key pillars:

1. Expansion of Channel Partner network for acquisition of new SME customers
2. Continuous improvement from inbound direct sales team servicing enquiries and facilitating new sales in conjunction with Partners
3. Outbound direct sales to target higher average revenue per user (ARPU) business customers with more complex requirements
4. Optimising customer experience through inbound Consumer Sales teams to handle enquiries from consumers
5. Customer retention and growth team focuses on increasing ARPU of existing customers and reducing churn

These sales strategies are executed by state-based service delivery personnel to ensure the highest levels of end customer satisfaction at connection.

Vonex Wholesale (2SG Wholesale)

Vonex's Wholesale division showed continued growth in H1 FY23, with HY revenues for internet services up by 22% YoY. Vonex's flagship IP voice product has also delivered ongoing growth, with HY wholesale voice revenues up 28% YoY. These strong sales increases across the product suite are reflective of successful delivery of the Company's up-sell strategy.

Vonex has now completed the network build to NBN, integrating directly to NBN's 121 Points of Interconnect. This delivers Vonex more streamlined ordering and management systems and improved cost to deliver NBN. The Company is now moving to consolidate all NBN services to this network from other wholesale suppliers.

When complete, Vonex's NBN strategy will be back boned by the OntheNet infrastructure and engineering team. The Company's acquisition of OntheNet expedited this project and significantly reduced network operation costs, which will now facilitate the best commercial and technical platform for the delivery of Business Broadband services nationwide.

During the period, 2SG Wholesale launched a new Platform Delivery and integration as a Service (PDaaS) initiative which targets managed service providers (MSPs) and telco operators who want more than just connectivity from their wholesale partner. This initiative, launched at the CommsDay Wholesale Summit in November 2022, leverages the development and innovation capabilities throughout the Company and delivers custom solutions that integrate to the partner's ecosystem. The projects that Vonex has previously delivered for Telco in a Box and more recently More Telecom showcase this ability.

Partnership with More, Telco Partner of CBA

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 is seeing Vonex deliver a new hosted PBX and IP telephony enablement platform for More's new and existing SME customers. More has committed to bring all existing Hosted PBX business services from their own network to Vonex's platform as part of the partnership.

The initial minimum viable product (MVP) has been developed and quality assurance testing has been successful. This has been completed ahead of the target date and now triggers the commencement of trialling new customer onboarding through More's channels including the CBA. This development milestone has triggered the migration of the existing Hosted PBX services from More Telecom, bringing approximately 9,000 users to Vonex over time.

M&A Integration Progress

During H1 FY23 Vonex remained focused on a proactive and disciplined M&A growth strategy, targeting profitable IT and telco businesses that offer potential for growth in revenue, profit and earnings per share. Across multiple acquisitions, Vonex has successfully demonstrated its ability to identify, acquire and integrate complementary, high-quality ICT companies that add value to shareholders and customers. To advance that strategy further, during H1 FY23 Vonex acquired Network Technology (Aust) Pty Ltd trading as OntheNet.

OntheNet provides data network, voice and hosting/colocation services primarily to business customers across Australia. It also brings ownership of its fully redundant core network, peering at major Australian Internet Exchange Points (IXPs) and a Tier 3 Data Centre located on the Gold Coast. OntheNet's highly skilled workforce, including a large engineering team with strong capabilities in data networking, were onboarded during the period and are contributing to the Company's mission.

The acquisition of OntheNet, which completed on 27 October 2022, significantly expanded Vonex's data network capabilities and introduced new product offerings in colocation and hosting. Vonex paid total consideration of approximately \$9.8 million for OntheNet, comprising \$7.7 million in cash and 27,098,743 ordinary shares at a deemed issue price of \$0.0709 per share (being the volume-weighted average price of Vonex shares for the 10 trading days to 5 October 2022), which are escrowed for 12 months from issue. The issue of shares is contingent upon customer related metrics in the 12 months post completion.

Following Vonex's acquisition in January 2022 of Voiteck, an established provider of voice and internet services to SME customers in South Australia, the acquired business integrated well into the Vonex stable in H1 FY23. During the period, Vonex migrated Voiteck's voice infrastructure into its own core network, thus improving performance, reliability and product offering for its customers. Voiteck also significantly reduced its supply costs by upgrading from legacy ISDN to Voice over Internet Protocol (VoIP) technology.

All branding, finance, technical and billing integration is now complete. With Voiteck delivering growth in direct sales of both Fixed and Mobile services, the business unit is the template for the direct sales strategy across the group.

Through its integration of the Direct Business, the Company has continued to deliver its phased migration of former MNF customers to Vonex's network and PBX platform. During the period, Vonex optimised its migration methods for customer experience and retention outcomes rather than 'speed at all costs'.

December saw the completion of the MNF SME hosted PBX customer base migration. March 2023 will see the commencement of the Consumer migration which Vonex aims to complete in FY23. Although revenue from all migrated and unmigrated former MNF customers accrues to Vonex throughout this process, the complexity and extended timeframe to migrate customers has consumed the attention of channel partners and account managers, which has temporarily impacted the run rate for new sales. That said the Company has invested into new sales strategies which Vonex anticipates will contribute to stronger organic growth in FY24 under the lead of the newly appointed Chief Revenue Officer, detailed below.

Corporate

Following Voiteck's achievement of financial performance milestones in H1 FY23, in November the Company issued 1,208,743 fully paid ordinary Vonex shares to the vendors of the Voiteck business and a cash payment of \$525,206. The new shares had a deemed issue price of \$0.11019, being the volume-weighted average price of Vonex shares for the 10 trading days to 14 December 2021, and are subject to escrow for between 6 and 24 months from issue.

Also during the period, Vonex received \$250k from Vox Royalty, being the second tranche of consideration for the sale of the Company's entitlements to a royalty derived from the Koolyanobbing Iron Ore Project.

The agreement to dispose of the royalty (which was connected with the Company's previous business operations, prior to 2016) was disclosed to the ASX on 23 April 2020. Under the agreement, Vonex could earn additional consideration from the royalty sale of up to \$750k (with \$250k for the first milestone now met). The Company will advise the market if and when the second and final milestone of \$500k is achieved in the future. There are no other outstanding matters associated with the Company's previous business operations.

Board Appointments

During H1 FY23, Vonex announced the appointments of Stephe Wilks as Non-Executive Chair and Brent Paddon as Non-Executive Director.

Stephe Wilks is an experienced company director with a long record leading successful global technology companies in high growth and disruptive industries. He has headed several Australian and international telecommunications and technology companies, including as Regional Director (Asia and Japan) Regulatory Affairs for BT Asia Pacific, Managing Director of XYZed Pty Ltd (an Optus company where Stephe developed and managed Australia's first competitive broadband wholesaler), Chief Operating Officer of both Nextgen Networks and Personal Broadband Australia, and as Consulting Director of NM Rothschild and Sons. Stephe is currently a Non-Executive Director of Bluglass Limited (ASX: BLG) and EP&T Global Limited (ASX:EPX).

Brent Paddon is an experienced company director and manager with over 25 years' experience in the telecommunications and IT services sectors. After completing a Bachelor of IT from QUT in 1996, Brent co-founded Brisbane Internet Technology which was sold to Asia Online in 1999. He then held senior management roles at WebCentral and PIPE Networks and subsequently co-founded Over the Wire (OTW) in 2007, which listed on the ASX in 2015. Based in Brisbane, Brent additionally holds a Graduate Diploma in Business Administration from QUT.

Both Stephe and Brent were Directors of Over the Wire Holdings Limited (ASX: OTW) (Brent as co-founder) prior to its acquisition in March 2022 by Aussie Broadband Limited (ASX: ABB).

Board Changes

As part of the changes at Board level, Nick Ong stepped down from the role of Chairman in October 2022, while staying on as a Non-Executive Director. Non-Executive Director Winnie Lai Hadad did not stand for re-election at the Company's 2022 Annual General Meeting. The Company thanks both Nick and Winnie for their contributions to the Company and for their roles in fostering Vonex's growth over several years.

Executive Appointments

Declan O'Callaghan has been promoted to Chief Revenue Officer. In this role Declan will manage a portfolio of sales and marketing teams focused on driving organic revenue growth.

Declan joined Vonex as founder and Managing Director of the Voiteck business which Vonex acquired during H1 FY22. He is a qualified Electrical Engineer with over twenty years in telco and IT and is a former Head of Vodafone Australia's small business channel.

Paul Pyyvara has been promoted to Chief Operating Officer. In this role Paul will hold responsibility for Customer Service, Operations, Billing and Compliance.

Paul joined Vonex as Head of Operations for the OntheNet business which Vonex acquired during H1 FY23. He has worked in executive technical, operational and governance roles at OntheNet since its founding in 1995, helping to grow the company through a focus on business, corporate and government clients. This enabled OntheNet to own a niche in the local market which has extended to national service delivery. Paul was previously a Senior Network Engineer at Bond University where he was involved with establishing connectivity into the Australian Academic and Research Network (AARNet), the precursor to today's Internet.

Shareholder Meetings

At the Company's AGM held 30 November 2022, all resolutions were passed by way of a poll.

Securities

On 18 October 2022, 1,818,182 ordinary shares were released from voluntary escrow.

On 28 October 2022, 27,098,743 ordinary shares were issued to the vendors of Network Technology (Aust) Pty Ltd. These shares are held in escrow for a period of 12 months reckoned from the date the acquisition of Network Technology (Aust) Pty Ltd was completed.

On 14 November 2022, 1,208,743 ordinary shares were issued to the vendors of Voiteck Pty Ltd.

On 30 November 2022, 19,734,791 unlisted options exercisable at \$0.20 each expired unexercised.

7. AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 has been received and is included within the Interim Financial Report.

Signed in accordance with a resolution of the Board of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Matt Fahey
Managing Director

Dated this 28th day of February 2023

VONEX LIMITED

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	31-Dec-22 \$	31-Dec-21 \$
Sales revenue	3	20,687,187	14,988,192
Cost of sales		(11,065,634)	(7,528,514)
Gross profit		9,621,553	7,459,678
Other revenues		404,449	58,816
Administration expense		(1,512,706)	(999,442)
Amortisation		(906,320)	(855,769)
Contractor expenses		(1,688,156)	(1,269,195)
Dealer Commissions		(624,351)	(432,410)
Depreciation expense		(338,495)	(209,079)
Directors fees		(184,535)	(157,300)
Employee expenses		(4,414,131)	(3,145,210)
Fair value of contingent consideration		(1,068,245)	-
Finance costs		(989,690)	(782,948)
Impairment expense		(19,461,347)	-
Share based payment expense		(16,053)	(68,968)
Other expenses		(596,265)	(380,164)
Loss before income tax		(21,774,292)	(781,991)
Income tax benefit		237,750	201,873
Net loss for the period		(21,536,542)	(580,118)
Other comprehensive income		-	-
Total comprehensive loss for the period		(21,536,542)	(580,118)
Basic and diluted earnings per share of loss attributable to the owners of Vonex Limited (cents per share)		(6.45)	(0.20)

The accompanying notes form part of this interim financial report

VONEX LIMITED
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31-Dec-22 \$	30-Jun-22* \$ Restated
CURRENT ASSETS			
Cash and cash equivalents		2,324,775	3,195,181
Trade and other receivables		4,579,994	2,943,008
Contract assets		56,315	73,639
Other current assets		1,440,938	695,331
TOTAL CURRENT ASSETS		8,402,022	6,907,159
NON-CURRENT ASSETS			
Intangible assets	4	27,386,971	39,422,636
Property, plant and equipment		1,309,278	435,564
Contract assets		20,623	3,802
Right of use assets		1,892,131	1,175,559
Other non-current assets		500,586	503,908
TOTAL NON-CURRENT ASSETS		31,109,589	41,541,469
TOTAL ASSETS		39,511,611	48,448,628
CURRENT LIABILITIES			
Trade and other payables	5	13,161,019	9,098,160
Provisions		1,695,560	1,064,101
Borrowings	6	2,604,082	1,779,750
Lease liability		811,819	497,450
TOTAL CURRENT LIABILITIES		18,272,480	12,439,461
NON-CURRENT LIABILITIES			
Provisions		154,846	126,610
Borrowings	6	18,753,172	12,222,996
Lease liability		1,458,772	1,162,181
Deferred tax liability		3,053,926	3,291,676
TOTAL NON-CURRENT LIABILITIES		23,420,716	16,803,463
TOTAL LIABILITIES		41,693,196	29,242,924
NET (LIABILITY)/ASSETS		(2,181,585)	19,205,704
EQUITY			
Issued capital	7	66,045,470	65,912,270
Reserves		2,901,169	3,085,718
Accumulated losses		(71,128,224)	(49,792,284)
TOTAL EQUITY		(2,181,585)	19,205,704

The accompanying notes form part of this interim financial report - *Refer to note 8 for detailed information on restatement of comparatives

VONEX LIMITED
AS AT 31 DECEMBER 2022
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Accumulated Losses	Reserves	Total
	\$	\$	\$	\$
At 1 July 2022* (restated)	65,912,270	(49,792,284)	3,085,718	19,205,704
Comprehensive income:				
Loss for the period	-	(21,536,542)	-	(21,536,542)
Total comprehensive (loss) for the period	-	(21,536,542)	-	(21,536,542)
Transactions with owners, in their capacity as owners				
Shares issued in acquisition settlement of Voiteck Pty Ltd	133,200	-	-	133,200
Reversal of options expired during the period	-	200,602	(200,602)	-
Share-based payment – performance rights	-	-	16,053	16,053
Capital raising costs	-	-	-	-
At 31 December 2022	66,045,470	(71,128,224)	2,901,169	(2,181,585)
At 1 July 2021	50,442,160	(50,043,969)	5,177,748	5,575,939
Comprehensive income:				
Loss for the period	-	(580,118)	-	(580,118)
Total comprehensive (loss) for the period	-	(580,118)	-	(580,118)
Transactions with owners, in their capacity as owners				
Shares issued during the period	13,999,986	-	-	13,999,986
Shares issued in settlement of trade payables – extinguishment of liabilities	268,240	-	-	268,240
Shares issued in settlement of employee entitlements – extinguishment of liabilities	22,500	-	-	22,500
Conversion of performance rights to ordinary shares	1,260,500	-	(1,260,500)	-
Share-based payment – performance shares and rights	-	-	121,408	121,408
Share-based payment – options	-	-	-	-
Reversal of performance shares expired during the period	-	-	(74,940)	(74,940)
Capital raising costs	(650,590)	-	-	(650,590)
At 31 December 2021	65,342,796	(50,624,087)	3,963,716	18,682,425

The accompanying notes form part of this interim financial report - *Refer to note 8 for detailed information on restatement of comparatives

VONEX LIMITED
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022
CONSOLIDATED STATEMENT OF CASH FLOWS

	31-Dec-22	31-Dec-21
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	19,581,166	14,769,222
Payments to suppliers and employees	(18,301,483)	(12,283,798)
Interest paid	(40,603)	(37,265)
Interest received	2,821	209
Other revenue - Mining royalty	250,000	
Net cash from operating activities	1,491,901	2,448,368
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(102,636)	(88,094)
Proceeds from disposal of property, plant and equipment	518	423
Payment for acquire business	(8,142,015)	(24,577,085)
Transaction costs for business combination	(265,362)	(364,731)
Net cash used in investing activities	(8,509,495)	(25,029,487)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	13,999,986
Proceeds from borrowings	8,000,000	16,000,000
Repayment of borrowings	(500,000)	(500,000)
Payment of transaction and finance costs	(1,090,904)	(1,374,951)
Payments for capital raising costs	-	(644,330)
Payments for leases	(261,908)	(125,867)
Net cash from financing activities	6,147,188	27,354,838
Net (decrease)/increase in cash and cash equivalents	(870,406)	4,773,719
Cash and cash equivalents at the beginning of the financial half-year	3,195,181	3,658,416
Exchange rate movements	-	150
Cash and cash equivalents at end of the financial half-year	2,324,775	8,432,285

The accompanying notes form part of this interim financial report

1. BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Accounting Standard 34 "Interim Financial Reporting".

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by Vonex Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

A summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report can be found in the annual financial report for the year ended 30 June 2022. The accounting policies have been consistently applied, unless otherwise stated.

New and Revised Accounting Standards and Interpretations

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new or amended Accounting Standards or interpretations that are not yet mandatory have not been early adopted.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of \$21,536,542 for the half-year ended 31 December 2022. As at that date, the Group had net current liabilities of \$9,870,458, and net liabilities of \$2,181,585.

Whilst the above condition indicates a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report, the Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report due to the following factors:

- The Directors expect the Group's Retail and Wholesale segments will continue to trade profitably;
- Trade and other payables as disclosed in Note 5 includes deferred consideration which will be partly settled in shares and restricted share consideration which will convert to equity;
- Cashflows from operating activities producing positive result for the half-year ended 31 December 2022 of \$1,491,901; and
- The Group has the ability to raise capital through the issue of equity.

On this basis, the Directors are of the opinion that the financial statements should be prepared on a going concern basis and that the Group will be able to pay its debts as and when they fall due and payable.

1. BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT (continued)

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

2. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments based the Group's service offerings, which represents retail and wholesale services within the telecommunications industry. The two main operating segments are:

Retail: engaged in the sale of hardware and the full suite of telecommunication services including the provision of data, internet, voice (including IP voice), hosting/colocation and other services within Australia.

Wholesale: engaged in offering wholesale "white-label" hosted PBX services under license for Internet Service Providers ("ISP"), Telco's and Cloud Vendors within Australia and Internationally.

Corporate: engaged in managing the corporate affairs of the Group, including capital-raising, development projects such as the Oper8tor App and listing endeavours.

Basis of accounting for purposes of report by operating segments

Unless stated otherwise, all amounts reported within the operating segments are by determined in accordance with accounting standards adopted within the annual financial report.

Segment assets and liabilities

Segment assets and liabilities have been identified based where the direct relationship that exists in the provision of services within the two main operating segments.

Unallocated items

Items of revenue, expense, assets and liabilities that are not allocated to operating segments if they are considered part of the core operations of any segment.

VONEX LIMITED
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENT INFORMATION (continued)

The segment information provided to the Board of Directors for the reportable segments for the period ended 31 December 2022 are as follows:

31 December 2022	Wholesale	Retail	Corporate	Intercompany transactions	Consolidated
	\$	\$	\$		\$
<i>Revenue</i>					
Customer sales	8,420,571	14,873,303	-	(2,606,687)	20,687,187
Other revenues	14,139	124,260	263,230	-	401,629
Interest received	-	2,812	8	-	2,820
Total segment revenue	8,434,710	15,000,375	263,238	(2,606,687)	21,091,636
Segment result before income tax	286,367	2,322,067	(24,382,726)	-	(21,774,292)
Loss before income tax					(21,774,292)
Segment assets	5,677,186	7,832,124	28,122,324	(2,120,023)	39,511,611
Total assets					39,511,611
Segment liabilities	4,914,424	9,099,963	29,798,832	(2,120,023)	41,693,196
Total liabilities					41,693,196
 31 December 2021	 Wholesale	 Retail	 Corporate	 Intercompany transactions	 Consolidated
	\$	\$	\$		\$
<i>Revenue</i>					
Customer sales	6,897,936	10,058,513	-	(1,968,257)	14,988,192
Other revenues	28,930	29,505	172	-	58,607
Interest received	-	-	209	-	209
Total segment revenue	6,926,866	10,088,018	381	(1,968,257)	15,047,008
Segment result before income tax	745,190	1,965,414	(3,492,595)	-	(781,991)
Loss before income tax					(781,991)
Segment assets	3,835,693	6,483,466	39,276,589	(899,966)	48,695,782
Total assets					48,695,782
Segment liabilities	1,601,691	1,685,434	27,626,198	(899,966)	30,013,357
Total liabilities					30,013,357

VONEX LIMITED
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENT INFORMATION (continued)

31 December 2022

	Wholesale	Retail	Corporate	Total
	\$	\$	\$	\$
EBITDA	388,164	2,562,789	(22,493,561)	(19,542,608)
Depreciation and amortisation				(1,244,815)
Interest revenue				2,821
Finance costs				(989,690)
Loss before income tax expense				(21,774,292)
Income tax benefit				237,750
Loss after income tax expense				(21,536,542)

31 December 2021

	Wholesale	Retail	Corporate	Total
	\$	\$	\$	\$
EBITDA	823,457	2,101,748	(1,859,609)	1,065,596
Depreciation and amortisation				(1,064,848)
Interest revenue				209
Finance costs				(782,948)
Loss before income tax expense				(781,991)
Income tax expense				201,873
Loss after income tax expense				(580,118)

VONEX LIMITED
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE

	31-Dec-22	31-Dec-21
	\$	\$
<i>Revenue from contracts with customers</i>		
Sales revenue	<u>20,687,187</u>	<u>14,988,192</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

Consolidated - 31 December 2022	Retail	Wholesale	Corporate	Total
	\$	\$	\$	\$
<i>Major service lines</i>				
Telephony	9,449,687	2,413,384	-	11,863,071
Internet	4,678,655	2,427,936	-	7,106,591
Hardware	221,374	102,384	-	323,758
Cabling/Infrastructure/Security/Support	124,140	-	-	124,140
Hosted PBX	330,953	938,674	-	1,269,627
	<u>14,804,809</u>	<u>5,882,378</u>	<u>-</u>	<u>20,687,187</u>

Geographical regions

Australia	14,804,809	5,882,378	-	20,687,187
United States of America	-	-	-	-
	<u>14,804,809</u>	<u>5,882,378</u>	<u>-</u>	<u>20,687,187</u>

Consolidated - 31 December 2021	Retail	Wholesale	Corporate	Total
	\$	\$	\$	\$
<i>Major service lines</i>				
Telephony	7,453,278	1,295,668	-	8,748,946
Internet	2,172,611	2,852,827	-	5,025,438
Hardware	168,722	48,755	-	217,477
Cabling/Infrastructure/Security/Support	218,290	-	-	218,290
Hosted PBX	-	778,041	-	778,041
	<u>10,012,901</u>	<u>4,975,291</u>	<u>-</u>	<u>14,988,192</u>

Geographical regions

Australia	10,012,901	4,961,121	-	14,974,022
United States of America	-	14,170	-	14,170
	<u>10,012,901</u>	<u>4,975,291</u>	<u>-</u>	<u>14,988,192</u>

VONEX LIMITED
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. INTANGIBLES

	31-Dec-22	30-Jun-22*
	\$	\$
		Restated
Intangible assets – provisionally acquired (OntheNet)	8,331,752	-
Less: Accumulated amortisation	-	-
	<u>8,331,752</u>	<u>-</u>
Customer contracts (Nextel)	278,648	278,648
Less: Accumulated amortisation	(104,363)	(78,284)
	<u>172,285</u>	<u>200,364</u>
Goodwill (2SG & Nextel & MNF & Voiteck)	27,690,274	27,690,274
Less: Impairment	(19,461,347)	-
	<u>8,228,927</u>	<u>27,690,274</u>
IPVD customer list	720,081	720,081
Less: Accumulated amortisation	(720,081)	(660,479)
	<u>-</u>	<u>59,602</u>
Customer Contracts and Developed software (Voiteck)	1,858,842	1,858,842
Less: Impairment	(218,382)	(107,074)
	<u>1,640,460</u>	<u>1,751,768</u>
Customer & Supply contracts (2SG)	2,908,977	2,908,977
Less: Accumulated amortisation	(1,288,524)	(1,061,137)
	<u>1,620,453</u>	<u>1,847,840</u>
Customer and Channel partnership contracts (MNF)	8,714,324	8,714,324
Less: Accumulated amortisation	(1,326,980)	(847,286)
	<u>7,387,344</u>	<u>7,867,038</u>
Patents and trademarks – at cost	222,130	222,130
Less: Accumulated amortisation	(218,451)	(218,451)
	<u>3,679</u>	<u>3,679</u>
Domain name acquisition	2,071	2,071
	<u>2,071</u>	<u>2,071</u>
	<u><u>27,386,971</u></u>	<u><u>39,422,636</u></u>

* Refer to note 8 for detailed information on restatement of comparative

VONEX LIMITED
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. INTANGIBLES (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Customer list	Goodwill (b)	Customer Contracts and Channel Partnerships – MNF	Intangible Assets – Provisionally Acquired (OntheNet, Voiteck Reallocated) (a)	Patents and trademarks	Domain name	Contract assets from 2SG	Customer contracts - Nextel	Customer Contracts and Developed software - Voiteck	Total
Consolidated										
Balance at 30 June 2022	59,602	25,099,436	7,867,038	3,959,471	3,679	2,071	1,847,840	200,364	-	39,039,501
Re-allocation of provisionally acquired intangible assets	-	2,590,838	-	(3,959,471)	-	-	-	-	1,858,842	490,209
Amortisation expenses	-	-	-	-	-	-	-	-	(107,074)	(104,074)
Re-stated as a 30 June 2022	59,602	27,690,274	7,867,038	-	3,679	2,071	1,847,840	200,364	1,751,768	39,422,636
Additions	-	-	-	8,331,752	-	-	-	-	-	8,331,752
Impairment expenses	-	(19,461,347)	-	-	-	-	-	-	-	(19,461,347)
Amortisation expense	(59,602)	-	(479,694)	-	-	-	(227,387)	(28,078)	(111,309)	(906,070)
Balance at 31 December 2022	-	8,228,927	7,387,344	8,331,752	3,679	2,071	1,620,453	172,286	1,640,459	27,386,971

(a) Network Technology (Aust) Pty Ltd – Direct Business

On 27 October 2022, Vonex Ltd acquired the business of Network Technology (Aust) Pty Ltd trading as OntheNet ('OntheNet'). OntheNet provides data network, voice and hosting/colocation services primarily to business customers across Australia. It also brings ownership of its fully redundant core network, peering at major Australian Internet Exchange Points (IXPs) and a Tier 3 Data Centre located on the Gold Coast. The intangible assets of \$8,331,752 launches Vonex into a new geographic region within Australia and significantly expands the Company's data network capabilities and introduces new product offerings in colocation and hosting. An provisional intangible assets of \$8,331,752 has been recognised in respect of this acquisition.

(b) Impairment of goodwill

At each reporting date, the Group reviews the carrying values of its intangible assets to determine whether there is any indication that those assets have been impaired. During the period impairment indicators existed within some of the cash generating units held by the Company. The recoverable amounts of each cash-generating unit has been determined based on value-in-use calculations. These calculations require the use of assumptions and due to the changes in discount rates based on the current cost of capital and growth rates of estimated future cash flows resulted in an impairment expense of \$19,461,347. The impairment indicators were based on conservative forecasting assumptions due to uncertain economic conditions globally.

VONEX LIMITED
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. TRADE AND OTHER PAYABLES

	31-Dec-22	30-Jun-22
	\$	\$
Trade payables	6,622,622	4,376,572
PAYG withholding	238,475	157,074
GST	252,651	338,504
Superannuation guarantee	233,871	203,557
Contingent consideration – Voiteck (i)	1,840,000	760,000
Deferred consideration – Voiteck	-	666,000
Deferred consideration – MNF	-	833,333
Restricted shares consideration – OntheNet (ii)	2,032,406	-
Other payables and accruals	1,940,994	1,763,120
	13,161,019	9,098,160

Trade creditors are expected to be paid within agreed terms.

- (i) Contingent consideration is measured at fair value at each reporting date with changes in fair value been recognised in the profit and loss. The contingent consideration associated with the Voiteck acquisition is due to be settled through both the issuance of ordinary shares in Vonex Limited and cash in accordance with the Share Acquisition Agreement.
- (ii) Restricted consideration shares associated with the OntheNet acquisition have been issued but remain restricted in accordance with the Share Acquisition Agreement and the Restriction Deed. They are contingent upon customer related metrics in the 12 months period post completion date. Upon these metrics being met this financial liability will be remeasured and classified as equity.

6. BORROWINGS

	31-Dec-22	30-Jun-22
	\$	\$
CURRENT		
Loan – Secured	3,000,000	2,000,000
Accrued interest expense	96,438	56,110
Capitalised borrowing costs	(492,356)	(276,360)
	2,604,082	1,779,750
NON-CURRENT		
Loan - Secured	19,000,000	12,500,000
Capitalised borrowing costs	(246,828)	(277,004)
	18,753,172	12,222,996

Assets pledged as security

Tranche A

The loan is secured via a first ranking general security interest over the business.

6. BORROWINGS (continued)

The key terms of the secured loan for Tranche A are as follows:

Maturity:	15 August 2024
Repayments:	Interest only
Security:	First ranking General Security Interest
Key covenants:	Net leverage cover, interest cover, debt service cover and minimum cash at bank
Interest costs:	The interest rate payable depends on the prevailing net debt / pro forma Last Twelve Months ("LTM") EBITDA.

Assets pledged as security

The loan is secured via a first ranking general security interest over the business.

Tranche B

The key terms of the secured loan for Tranche B are as follows:

Maturity:	15 August 2024
Repayments:	Principal repayments of \$750,000 per quarter commencing 15 March 2023
Security:	First ranking General Security Interest
Key covenants:	Net leverage cover, interest cover, debt service cover and minimum cash at bank
Interest costs:	The interest rate payable is fixed at 10%.

Assets pledged as security

The loan is secured via a first ranking general security interest over the business.

7. ISSUED CAPITAL

a) Ordinary Shares

	31-Dec-22		30-Jun-22	
	\$	No.	\$	No.
Fully paid ordinary shares	66,045,470	361,808,620	65,912,270	333,521,134

VONEX LIMITED
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. ISSUED CAPITAL (continued)

	\$	No.	Issue price \$
Balance at 30 June 2022	65,912,270	333,521,134	
Movement in ordinary shares			
Shares issued – Voiteck	133,200	1,208,743	\$0.11
Restricted Share issued – OnTheNet (Note 5)	-	27,098,473	-
Capital raising costs	-		
Balance at 31 December 2022	66,045,470	361,808,620	

b) Options

As at the reporting date the company had the following listed and unlisted option on issue:

Grant date	Expiry date	Exercise price	Balance at end of period
07/06/2018	07/06/2023	\$0.30	14,500,000
27/11/2020	01/12/2023	\$0.37	10,000,000
			24,500,000

c) Performance Rights

On 30 November 2022, 8,000,000 performance rights were issued to Director (Matthew Fahey) following shareholder approval and valued using the Hoadley's Barrier1 valuation model. Fair value of performance rights granted was \$549,820. Share based expense is recognised over the vesting period and resulted in \$16,053 being recognised during the reporting period.

The performance rights were valued using the Hoadley's Barrier1 valuation model as follows:

Number Issued	Grant Date	Share price on grant date	Exercise Price	Barrier Price (15 day VWAP)	Expiry Date	Expected Future Volatility	Risk Free Rate	Dividend Yield	Value per option	Valuation
Tranche 1 - 2,000,000	30/11/2022	\$0.079	\$0.00	\$0.10	20/12/2025	75%	3.17%	Nil	\$0.0734	\$146,740
Tranche 2 - 3,000,000	30/11/2022	\$0.079	\$0.00	\$0.12	20/12/2025	75%	3.17%	Nil	\$0.0692	\$207,450
Tranche 3 - 3,000,000	30/11/2022	\$0.079	\$0.00	\$0.14	20/12/2025	75%	3.17%	Nil	\$0.0652	\$195,630
Fair value of performance rights										\$549,820

As at reporting date the company had 8,000,000 performance rights on issue.

8. BUSINESS COMBINATIONS

(a) Network Technology (Aust) Pty Ltd

On 27 October 2022, Vonex Ltd acquired the business of Network Technology (Aust) Pty Ltd trading as OntheNet ('OntheNet'). OntheNet provides data network, voice and hosting/colocation services primarily to business customers across Australia. It also brings ownership of its fully redundant core network, peering at major Australian Internet Exchange Points (IXPs) and a Tier 3 Data Centre located on the Gold Coast. The intangible assets of \$8,331,752 launches Vonex into a new geographic region within Australia and significantly expands the Company's data network capabilities and introduces new product offerings in colocation and hosting. The acquired business contributed revenues of \$2,426,603 to the consolidated entity for the period from 1 November 2022 to 31 December 2022. If the acquisition occurred on 1 July 2022, the half year contributions would have been revenues of 8,407,025 and profit after tax of \$1,319,664.

8. BUSINESS COMBINATIONS (continued)

Details of the acquisition are as follows:

	Fair value \$
Cash	2,167,579
Trade and other receivables	174,611
Prepayments	466,475
Other assets	332,943
Property, plant and equipment	873,276
Right of use assets	240,035
Trade and other payables	(1,469,976)
Lease liability	(240,035)
Provisions	(664,253)
Net assets acquired	1,880,654
Intangible assets – provisionally acquired	8,331,752
	<u>10,212,406</u>
Acquisition-date fair value of the total consideration transferred	<u>10,212,406</u>
Representing:	
Cash paid to vendor	8,180,000
Shares issued to vendor	2,032,406
	<u>10,212,406</u>
Total consideration	<u>10,212,406</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	8,180,000
Less: cash acquired	(2,167,579)
	<u>6,012,421</u>
Net cash used	<u>6,012,421</u>

8. BUSINESS COMBINATIONS (continued)

The fair values of OntheNet business assets and liabilities have been measured provisionally. If new information is obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the amounts above, the accounting for the acquisition will be revised.

(b) Voiteck Pty Ltd

On 4 January 2022, Vonex Ltd acquired the business of Voiteck Pty Ltd ('Voiteck'). Voiteck is an Adelaide, SA based business providing voice and internet services to small to medium enterprise (SME) customers. The intangible assets of \$1,858,842 and goodwill of \$2,590,837 launches Vonex into a new geographic region providing a branded physical presence from which the combined group can pursue growth in the SA market. The purchase price allocation was recalculated during the reporting period and the comparative balances restated (see below). The purchase price allocation was recalculated during the period and the comparative balances restated (see below). The recalculation of the acquisition gave rise to a deferred tax liability of \$490,209 in respect of this acquisition. The customer contracts and developed software are being amortised on a straight-line basis over 9 and 5 years respectively.

The values identified in relation to the acquisition of Voiteck Pty Ltd are final as at 31 December 2022.

Details of the acquisition are as follows:

	Fair value \$
Cash	147,288
Trade and other receivables	442,154
Other assets	52,028
Property, plant and equipment	33,741
Intangible assets - Customer contracts	1,696,879
Intangible assets - Developed software	161,963
Trade and other payables	(510,483)
Provisions	(122,358)
Deferred tax liability	(490,209)
Net assets acquired	1,411,003
Intangible assets - Goodwill	2,590,837
Acquisition-date fair value of the total consideration transferred	4,001,840
Representing:	
Cash paid to vendor	2,561,732
Shares issued to vendor	681,354
Contingent consideration	758,754
Total consideration	4,001,840

8. BUSINESS COMBINATIONS (continued)

Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	2,561,732
Less: cash acquired	<u>(147,288)</u>
Net cash used	<u><u>2,414,444</u></u>

Measurement period adjustment and comparative information restatement

The company was able to finalise its assessment of the assets and liabilities obtained upon the acquisition of Voiteck on 4 January 2022 which included provisionally recognised as intangible assets as at 30 June 2022. This balance is related to future revenue in the customer contracts acquired and developed software. This restatement within the statement of financial position as at 30 June 2022 has resulted in an increase in intangible assets, an increase in deferred tax liability, and an increase to accumulated losses.

Extracts (being only those line items affected) are disclosed below.

Statement of financial position

Extract	June 2022		June 2022
	\$ Reported	Adjustment	\$ Restated
Non-current Assets			
Intangible assets	39,039,501	383,135	39,422,636
Total non-current assets	41,158,334	383,135	41,541,469
Total assets	48,065,493	383,135	48,448,628
Non-current liabilities			
Deferred tax liability	2,829,704	461,972	3,291,676
Total non-current liabilities	16,341,491	461,972	16,803,463
Total liabilities	28,780,952	461,972	29,242,924
Net assets	19,284,541	(78,837)	19,205,704
Equity			
Accumulated losses	(49,713,447)	(78,837)	(49,792,284)
Total Equity	19,284,541	(78,837)	19,205,704

9. COMMITMENTS, CONTINGENT ASSETS and LIABILITIES

Contingent Liabilities

Contingent consideration payable in relation to Business Combinations are disclosed in Note 5.

There are no other known contingent liabilities at reporting date.

Contingent Assets

There are contingent assets at reporting date of \$500,000 (30 June 2022: \$750,000).

Vonex Ltd may receive \$500,000 in future years in relation to the disposal of its iron ore production royalties derived from the Koolyanobbing Iron Ore Project. \$500,000 cash payable upon five million dry metric tonnes of iron ore being produced and accounted for in royalty invoices from M77/1258.

Commitments

The Group's commitments remain consistent with those noted at 30 June 2022. The Group has no commitments at 31 December 2022.

10. EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances that have arisen since 31 December 2022 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial periods.

11. INTERESTS IN SUBSIDIARIES

Network Technology (Aust) Pty Ltd was acquired on 27 October 2022 (100%).

The Directors of Vonex Limited declare that:

1. The consolidated financial statements and notes, as set out in this half-year financial report:
 - a. Comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. Give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date.
2. In the Director's opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Matt Fahey

Executive Director

Dated this 28th day of February 2023

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
VONEX LIMITED**

Report on the Half-Year Financial Report*Conclusion*

We have reviewed the accompanying half-year financial report of Vonex Limited, which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vonex Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Vonex Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a net loss of \$21,536,542 for the half-year ended 31 December 2022. As at that date, the consolidated entity had net current liabilities of \$9,870,458 and net liabilities of \$2,181,585. As stated in Note 1, these conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of Vonex Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

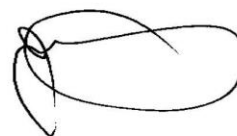
Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A stylized, handwritten signature of 'RSM' in black ink.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to be 'James Komninos', written over a faint, circular stamp or seal.

Perth, WA
Dated: 28 February 2023

James Komninos
Partner

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

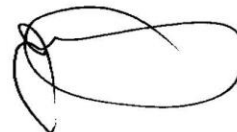
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Vonex Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



Perth, WA
Dated: 28 February 2023

James Komninios
Partner

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ABN: 39 063 074 635

Level 8, 99 Georges Tce
Perth WA 6000

 **13 VONEX**

investor@vonex.com
vonex.com.au