

30 August 2023

Telecommunications innovator Vonex Limited (ASX: VN8) has today lodged with the ASX its Annual Financial Statements for the year ending 30 June 2023 (FY23).

Highlights

- Continued retail and wholesale growth delivered FY23 revenue of \$45.4m
- Underlying EBITDA¹ for the full year was \$5.0m
- The full year statutory loss of (\$22.8m) included the 1HFY23 impairment expense of \$19.5m previously disclosed to the market (a non-cash impact on the Company)

Financial Highlights

Vonex achieved revenue of \$45.4m FY23, a year-on-year increase of 35%. The Company delivered underlying EBITDA¹ of \$5m for the full financial year.

The net loss for the year of \$22.8m includes an impairment expense of \$19.5m across the Company's goodwill assets, based on conservative forecasting due to uncertain economic conditions globally. This was disclosed in 1H23 results, and the Company has had no further impairment expense.

Operational Highlights

The second half of FY23 has focused on cost reduction and driving efficiencies within the Company.

Cost management has included 12 redundant employee positions in Australia and, since the end of the financial year, 35 positions in the Philippines, all while maintaining operational performance.

The Company's spending continues to be under scrutiny to increase margin and shareholder value while not impacting customer satisfaction.

Customer migration from the acquisition of the MNF customer base was materially completed in the financial year, ending what was a resource intensive and operationally impacting activity.

The Company's primary focus for the second half of the financial year has been on organic sales activity, adding to what is a solid business, with no M&A activity in the period. As part of that focus on a coherent Company wide sales approach, the Company has combined the various acquired businesses into one cohesive team under the "one Vonex" brand initiative.

Note 1 → Underlying EBITDA excludes share based payment expenses; acquisition, integration, migration and other non-recurring consultant costs; redundancy costs, the fair value of contingent consideration for the On the Net acquisition; the fair value of contingent consideration for the Voiteck acquisition; the impairment of goodwill associated with acquisitions; cost accruals relating to prior periods, noncore mining royalty income, and an adjustment to reflect if the OntheNet business was owned for the whole of FY23.

Outlook

For the coming financial year, the Company will continue to build on and maintain strong organic growth while consolidating prior 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.

Proposed issue of Performance Rights – Shareholder approval to be sought

As advised at the time of his appointment, the Company proposes to issue 7,236,570 Performance Rights to Ian Porter, the Company's CEO, with 1/3 of that number each with a share price performance hurdle of \$0.04, \$0.05, and \$0.06 respectively; expiry three years from issue. The terms for the performance right are based on those accepted by Shareholders at the Company's FY22 AGM.

The Company will seek Shareholder approval for the issue of those rights (to ensure that they will be excluded from the Company's LR7.1 issue capacity); as well as approval for rights on the same terms to each of Stephe Wilks (Chair, 5,065,602 performance rights), and Brent Paddon (Non-Executive Director, 2,170,971 performance rights) reflecting the workload currently being undertaken by each of them.

Full details of the proposed issue will be provided in the relevant notice of meeting to be issued to Shareholders in due course.

This announcement has been authorised for release by the Board of Vonex Ltd.

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About Vonex

Vonex is a full service, award-winning telecommunications business, offering infrastructure solutions and hosted PBX and VoIP services predominantly to small to medium enterprise ("SME") customers under the Vonex brand. Vonex also develops new technologies in the telecommunications industry, including a feature-rich cloud-hosted PBX system.

The Company also provides wholesale customers, such as internet service providers, access to the core Vonex PBX, 5G mobile broadband and call termination services at wholesale rates via a white label model.