



# Interim Financial Report

For the half-year  
ended 31 December 2023

ACN: 063 074 635

**VONEX**  
always

**VONEX LIMITED**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**  
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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 2023.

#### **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
- Mr Brent Paddon – Non-Executive Director
- Mr Jason Gomersall – Non-Executive Director

#### **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.

#### **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 2023 are:

	<b>31-Dec-23</b>	<b>31-Dec-22</b>
Revenue (\$)	24,771,021	21,091,636
Net loss after tax (\$)	(1,246,930)	(21,536,542)
Loss per share (cents)	(0.34)	(6.45)

The result includes no impairment expense (31 December 2022: \$19,461,347) across the Company's goodwill assets.

#### **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**

The first half of FY24 has had a continued focus on cost reduction and refinement of the business to a more financially stable position than previously. This will be an ongoing theme for the Company, ensuring operational efficiency and sustaining long-term success.

Key appointments in the Company's finance team are providing greater governance, process and control to enable the Company to perform strongly into the remaining FY24 and beyond.

The integration of acquired businesses has reached practical completion, allowing us to present consolidated results for improved clarity and transparency in our reporting. This achievement reflects the Company's dedication to seamless operations and positions us well for future growth and success.

The next focus area is sales where the Company can gain traction, whilst managing costs. Sales growth will be supported by a reorganised support team and online tools being released in the second half of FY24. These offerings allow ease of processing and greater automation which in turn leads to less duplication and error.

The Vonex team are integral to our success, who continue to passionately support our customers to achieve their goals.

### **Board Appointments and Changes**

There have been no board appointments or changes during the period.

### ***Shareholder Meetings***

At the Company's AGM held on 29 November 2023, all resolutions were passed by way of a poll.

### ***Securities***

On 30 October 2023, 27,098,743 ordinary shares were released from voluntary escrow after the acquisition of Network Technology (Aust) Pty Ltd was formally completed. These shares had been placed in escrow for a period of 12 months and related to shares issued to vendors of Network Technology (Aust) Pty Ltd.

On 4 December 2023, 10,000,000 unlisted options exercisable at \$0.37 each expired unexercised.

11 December 2023 there are a series of performance rights issues of ordinary shares under the Performance Rights Plan of 4,824,381 securities annually for Tranche 1 to 3 over a three-year period to 2026. The total number of options issued were 14,473,143 as detailed in note 6c.

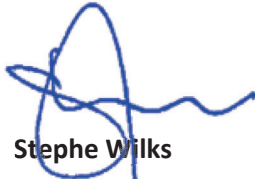
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**AUDITOR'S INDEPENDENCE DECLARATION**

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



**Stephen Wilks**

**Non-Executive Chair**

Dated this 27<sup>th</sup> day of February 2024

**VONEX LIMITED**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	31-Dec-23 \$	31-Dec-22 \$
Sales revenue	2	24,367,479	20,687,187
Cost of sales		(13,662,952)	(11,065,634)
Gross profit		10,704,527	9,621,553
Other revenues		403,542	404,449
Administration expense		(1,534,611)	(1,651,522)
Amortisation		(1,067,717)	(906,320)
Account & Audit fees		(250,563)	(92,001)
Bad & Doubtful debts expense		(674,300)	(18,139)
Contractor expenses		(1,240,711)	(1,688,156)
Dealer Commissions		(597,361)	(624,351)
Depreciation expense		(459,079)	(338,495)
Directors fees		(130,050)	(184,535)
Employee expenses		(4,306,880)	(4,414,131)
Fair value of contingent consideration		-	(1,068,245)
Finance costs		(2,258,306)	(989,690)
Impairment expense		-	(19,461,347)
Insurance		(202,082)	(45,596)
Legal Fees		(28,210)	(122,085)
Repairs & Maintenance		(42,250)	(11,679)
Share based payment expense		(6,660)	(16,053)
Travel Expenses		(27,916)	(167,950)
<b>Loss before income tax</b>		<b>(1,718,627)</b>	<b>(21,774,292)</b>
Income tax benefit		471,697	237,750
<b>Net loss for the period</b>		<b>(1,246,930)</b>	<b>(21,536,542)</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive loss for the period</b>		<b>(1,246,930)</b>	<b>(21,536,542)</b>
<b>Basic and diluted earnings per share of loss attributable to the owners of Vonex Limited (cents per share)</b>		<b>(0.34)</b>	<b>(6.45)</b>

The accompanying notes form part of this interim financial report.

**VONEX LIMITED**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	31-Dec-23 \$	30-Jun-23 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,900,636	1,793,030
Trade and other receivables		2,544,535	3,306,042
Contract assets		51,676	55,801
Other current assets		880,193	740,058
<b>TOTAL CURRENT ASSETS</b>		<b>5,377,040</b>	<b>5,894,931</b>
<b>NON-CURRENT ASSETS</b>			
Intangible assets	3	26,209,000	27,276,716
Property, plant and equipment		1,226,295	1,264,470
Contract assets		12,554	20,525
Right of use assets		3,275,906	1,387,012
Other non-current assets		590,038	586,952
<b>TOTAL NON-CURRENT ASSETS</b>		<b>31,313,793</b>	<b>30,535,675</b>
<b>TOTAL ASSETS</b>		<b>36,690,833</b>	<b>36,430,606</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	4	9,688,153	10,513,402
Provisions		1,423,273	1,537,788
Borrowings	5	-	21,581,658
Lease liability		962,316	485,191
<b>TOTAL CURRENT LIABILITIES</b>		<b>12,073,742</b>	<b>34,118,039</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions		93,844	114,004
Borrowings	5	22,437,576	-
Lease liability		2,520,532	1,366,569
Deferred tax liability		3,190,330	3,758,889
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>28,242,282</b>	<b>5,239,462</b>
<b>TOTAL LIABILITIES</b>		<b>40,316,024</b>	<b>39,357,501</b>
<b>NET LIABILITY</b>		<b>(3,625,191)</b>	<b>(2,926,895)</b>
<b>EQUITY</b>			
Issued capital	6	66,587,444	66,045,470
Reserves		574,986	1,779,326
Accumulated losses		(70,787,621)	(70,751,691)
<b>TOTAL DEFICIENCY IN EQUITY</b>		<b>(3,625,191)</b>	<b>(2,926,895)</b>

The accompanying notes form part of this interim financial report.

**VONEX LIMITED**  
**AS AT 31 DECEMBER 2023**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
<b>At 1 July 2023</b>	<b>66,045,470</b>	<b>(70,751,691)</b>	<b>1,779,326</b>	<b>(2,926,895)</b>
<b>Comprehensive income:</b>				
Loss for the period	-	(1,246,930)	-	(1,246,930)
<b>Total comprehensive (loss) for the period</b>	<b>-</b>	<b>(1,246,930)</b>	<b>-</b>	<b>(1,246,930)</b>
<b>Transactions with owners, in their capacity as owners</b>				
Transfer of restricted consideration to equity	541,974	-	-	<b>541,974</b>
Forfeiture of options previously issued	-	1,211,000	(1,211,000)	-
Share-based payment – performance rights	-	-	6,660	<b>6,660</b>
<b>At 31 December 2023</b>	<b>66,587,444</b>	<b>(70,787,621)</b>	<b>574,986</b>	<b>(3,625,191)</b>
<b>At 1 July 2022</b>	<b>65,912,270</b>	<b>(49,792,284)</b>	<b>3,085,718</b>	<b>19,205,704</b>
<b>Comprehensive income:</b>				
Loss for the period	-	(21,536,542)	-	(21,536,542)
<b>Total comprehensive (loss) for the period</b>	<b>-</b>	<b>(21,536,542)</b>	<b>-</b>	<b>(21,536,542)</b>
<b>Transactions with owners, in their capacity as owners</b>				
Shares issued in acquisition settlement of Voiteck Pty Ltd	133,200	-	-	<b>133,200</b>
Reversal of options expired during the period	-	200,602	(200,602)	-
Share-based payment – performance rights	-	-	16,053	<b>16,053</b>
Capital raising costs	-	-	-	-
<b>At 31 December 2022</b>	<b>66,045,470</b>	<b>(71,128,224)</b>	<b>2,901,169</b>	<b>(2,181,585)</b>

The accompanying notes form part of this interim financial report.



**VONEX LIMITED**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	27,435,724	19,581,166
Payments to suppliers and employees	(25,285,520)	(18,301,483)
Interest paid	(237,979)	(40,603)
Interest received	6,541	2,821
Other revenue - Mining royalty	-	250,000
<b>Net cash from operating activities</b>	<b>1,918,766</b>	<b>1,491,901</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(77,555)	(102,636)
Proceeds from disposal of property, plant and equipment	-	518
Other	(3,082)	-
Payment for acquire business	-	(8,142,015)
Transaction costs for business combination	-	(265,362)
<b>Net cash used in investing activities</b>	<b>(80,637)</b>	<b>(8,509,495)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	-	8,000,000
Repayment of borrowings	-	(500,000)
Payment of transaction and finance costs	(1,386,278)	(1,090,904)
Payments for capital raising costs	-	-
Payments for leases	(344,245)	(261,908)
<b>Net cash (used)/from financing activities</b>	<b>(1,730,523)</b>	<b>6,147,188</b>
<b>Net increase/(decrease)/ in cash and cash equivalents</b>	<b>107,606</b>	<b>(870,406)</b>
Cash and cash equivalents at the beginning of the financial half-year	1,793,030	3,195,181
Exchange rate movements	-	-
<b>Cash and cash equivalents at end of the financial half-year</b>	<b>1,900,636</b>	<b>2,324,775</b>

The accompanying notes form part of this interim financial report

## **1. Material accounting policy information**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 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 2023 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 2023. The accounting policies have been consistently applied, unless otherwise stated.

### **Reclassifications of items in the financial statements**

Minor reclassifications of items in the financial statements of the previous period have been made in accordance with the classification of items in the financial statements.

### **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.

The consolidated entity has incurred a net loss of \$1,246,930 for the half-year ended 31 December 2023 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by \$6,696,702 and net liabilities of \$3,625,191. Whilst the above condition indicates a material uncertainty which may cast significant doubt over the consolidated entity'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 consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- The Directors expect the consolidated entity to continue to turn an operating profit, noting cashflows from operating activities generated \$1,918,766 for the six months ended 31 December 2023;
- Profitability and cash flows are expected to increase as cost reduction initiatives and operational efficiency endeavours come to fruition;
- Trade and other payables as disclosed in Note 4 includes contingent consideration which could be partly settled in shares; and
- The consolidated entity 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 consolidated entity will be able to pay its debts as and when they fall due and payable.

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.

**1. BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT**

**SEGMENT INFORMATION**

**Identification of reportable segments**

The Group has identified its operating segment based on the Group's service offerings, which represents the one segment that includes all group services within the telecommunication industry. We note that this is a change in our accounting policy from past financial statements and is reflective of the current nature of our business and structure. We do not believe this change has a material affect on the financial statements and does not make the understanding of comparative or prior information with this change difficult or misleading. The comparative data has been changed to reflect this change in operating segments.

**2. REVENUE**

	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<b>\$</b>	<b>\$</b>
<i>Revenue from contracts with customers</i>		
Sales revenue	<u>24,367,479</u>	<u>20,687,187</u>

*Disaggregation of revenue*

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

	<u><b>Total</b></u>	<u><b>Total</b></u>
	<b>\$</b>	<b>\$</b>
<b>Consolidated - 31 December 2023</b>		
<i>Major service lines</i>		
Telephone & Internet	21,380,663	18,630,971
Hardware	401,270	323,758
Cabling/Infrastructure/Security/Support	290,726	124,140
Hosted PBX	1,350,609	1,269,627
Other	944,211	338,691
	<u>24,367,479</u>	<u>20,687,187</u>

The entity does not disaggregate its revenue by geographical information, all revenue is derived within Australia.

**3. INTANGIBLES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	<b>31-Dec-23</b>	<b>30-Jun-23</b>
	<b>\$</b>	<b>\$</b>
Customer contracts (Nextel)	278,648	278,648
Less: Accumulated amortisation	<u>(162,519)</u>	<u>(134,440)</u>
	<u>116,129</u>	<u>144,208</u>
Goodwill (2SG & Nextel & MNF & OnTheNet)	33,474,526	33,474,526
Less: Impairment	<u>(20,011,347)</u>	<u>(20,011,347)</u>
	<u>13,463,179</u>	<u>13,463,179</u>
IPVD customer list	720,081	720,081
Less: Accumulated amortisation	<u>(720,081)</u>	<u>(720,081)</u>
	<u>-</u>	<u>-</u>
Customer contracts & Brand (OntheNet)	4,128,712	4,128,712
Less: Accumulated amortisation	<u>(516,250)</u>	<u>(295,000)</u>
	<u>3,612,462</u>	<u>3,833,712</u>
Customer contracts and developed software (Voiteck)	1,858,842	1,858,842
Less: Accumulated amortisation	<u>(440,998)</u>	<u>(329,691)</u>
	<u>1,417,844</u>	<u>1,529,151</u>
Customer & Supply contracts (2SG)	2,908,977	2,908,977
Less: Accumulated amortisation	<u>(1,743,297)</u>	<u>(1,515,911)</u>
	<u>1,165,680</u>	<u>1,393,066</u>
Customer and Channel partnership contracts (MNF)	8,714,324	8,714,324
Less: Accumulated amortisation	<u>(2,286,368)</u>	<u>(1,806,674)</u>
	<u>6,427,956</u>	<u>6,907,650</u>
Patents and trademarks - at cost	222,130	222,130
Less: Accumulated amortisation	<u>(218,451)</u>	<u>(218,451)</u>
	<u>3,679</u>	<u>3,679</u>
Domain name acquisition	2,071	2,071
	<u>2,071</u>	<u>2,071</u>
	<u>26,209,000</u>	<u>27,276,716</u>

**VONEX LIMITED**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**3. 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:

	IPVD Customer list	Goodwill (2SG & Nextel & MNF & (OnTheNet)	Customer and Channel Partnership Contract - MNF	Intangible Assets- Provisionally acquired)	Patents and trademarks	Domain name acquisition	Customer & Supply contracts (2SG)	Customer Contracts - Nextel	Customer Contracts & Brand (On The Net)	Customer Contracts and Developed software (Voiteck)	Total
<b>Consolidated</b>											
Balance at 30 June 2023	-	8,228,927	6,907,650	5,234,252	3,679	2,071	1,393,066	144,208	3,833,712	1,529,151	27,276,716
Additions/(Disposal)	-	-	-	-	-	-	-	-	-	-	-
Amortisation expense	-	-	(479,695)	-	-	-	(227,386)	(28,079)	(221,249)	(111,308)	(1,067,716)
Transfer on final execution	-	5,234,252	-	(5,234,252)	-	-	-	-	-	-	-
Balance at 31 December 2023	-	13,463,179	6,427,955	-	3,679	2,071	1,165,680	116,129	3,612,463	1,417,843	26,209,000

**(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 Goodwill and customer contracts acquired as part of the deal 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.

**(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 the cash generating unit held by the Company. The recoverable amounts of the 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 no impairment (expense of \$nil).

The following describes the assumptions on which management has based its cash flow projections when determining its use for the cash generating unit:

*Revenue Growth rate*

The growth rate represents a steady indexation rate which does not exceed management's expectations of the long-term average growth for the business in which the CGU operates. The rate applied in the cash flow projection is an increase of 7.4% for the current year and reducing to 3% for future years.

*Discount rate*

The pre-tax discount rate applied to cash flow projections is 13.92%.

*Cash flows*

Value-in-use calculations use cash flow projections based on past performance and expectations on future earnings.

*Sensitivities*

The Board has made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- Revenue growth would need to decrease by around 1.04% before goodwill would need to be impaired, with all other assumptions remaining constant.
- The pre-tax discount rate would be required to significantly increase before goodwill would need to be impaired, with all other assumptions remaining constant.

**4. TRADE AND OTHER PAYABLES**

	<b>31-Dec-23</b>	<b>30-Jun-23</b>
	<b>\$</b>	<b>\$</b>
Trade payables	4,734,820	5,386,603
PAYG withholding	201,865	159,576
GST	424,376	512,954
Superannuation guarantee	173,403	221,720
Contingent consideration-OTN (ii)	-	812,962
Contingent consideration – Voiteck (i)	1,840,000	1,840,000
Other payables and accruals	2,049,481	1,412,241
Provision for income tax payable	264,208	167,346
	<b>9,688,153</b>	<b>10,513,402</b>

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 had been issued but had been treated as contingent consideration until it has been determined that in accordance with the Share Acquisition Agreement and the Restriction Deed that certain customer related metrics in the 12 months period immediately post completion date of 27 October 2022 had to be met. The metrics were met in the 12 month period post acquisition and the shares have now been transferred to share capital with no further contingent consideration outstanding at balance date.

**5. BORROWINGS**

	<b>31-Dec-23</b>	<b>30-Jun-23</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Loan – Secured	-	22,000,000
Accrued interest expense	-	98,630
Capitalised borrowing costs	-	(516,972)
	-	<b>21,581,658</b>
<b>NON-CURRENT</b>		
Loan – Secured	22,640,720	-
Accrued interest expense	92,578	-
Capitalised borrowing costs	(295,722)	-
	<b>22,437,576</b>	-

5. **BORROWINGS (continued)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Tranche A

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

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

Maturity:	1 October 2025
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 (" <b>LTM</b> ") 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:	1 October 2025
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 (" <b>LTM</b> ") EBITDA.

*Assets pledged as security*

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

As disclosed in Note 9, the finance facility was renegotiated with effect from 22 December 2023 resulting in maturity of Tranche A & B changing from 15 July 2025 to 1 October 2025.



**VONEX LIMITED**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**6. ISSUED CAPITAL**

**a. Ordinary Shares**

	<b>31-Dec-23</b>		<b>30-Jun-23</b>	
	<b>\$</b>	<b>No.</b>	<b>\$</b>	<b>No.</b>
<b>Fully paid ordinary shares</b>	66,587,444	361,828,620	66,045,470	361,828,620

	<b>\$</b>	<b>No.</b>	<b>Issue price \$</b>
<b>Balance at 30 June 2023</b>	<b>66,045,470</b>	<b>361,828,620</b>	
<b>Movement in ordinary shares</b>			
Acquisition finalised share issued – OnTheNet (Note 4)	541,974	-	<b>\$0.02</b>
<b>Balance at 31 December 2023</b>	<b>66,587,444</b>	<b>361,828,620</b>	

**b. Options**

As at the reporting date the company had no listed and unlisted option on issue. On December 4 2023, 10,000,000 options were forfeited resulting in a transfer from the option reserve to retained earnings of \$1,211,000.

**c. Performance Rights**

On 29 November 2023, 14,473,143 performance rights were issued to Directors Stephen Wilks and Brent Paddon and the Chief Executive Officer Ian Porter following shareholder approval at the AGM and valued using the Monte Carlo Simulation (“MCS”) Methodology valuation model as follows:

- Stephen Wilks: 5,065,602
- Brent Paddon: 2,170,971
- Ian Porter: 7,236,570

Total fair value of performance rights granted was \$239,771. The share-based expense is recognised proportionally over the vesting period of three years and resulted in \$6,660 being recognised as an expense during the reporting period.

The performance rights were valued using the MCS 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 - 4,824,381	29/11/2023	\$0.021	\$0.00	\$0.04	11/12/2026	90%	4.22%	Nil	\$0.0178	\$85,874
Tranche 2 - 4,824,381	29/11/2023	\$0.021	\$0.00	\$0.05	11/12/2026	90%	4.22%	Nil	\$0.0165	\$79,602
Tranche 3 - 4,824,381	29/11/2023	\$0.021	\$0.00	\$0.06	11/12/2026	90%	4.22%	Nil	\$0.00154	\$74,295
Fair value of performance rights										\$239,771

As at reporting date the company had 22,473,143 performance rights on issue.

## 7. 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 Goodwill and customer contracts acquired as part of the deal 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 values identified in relation to the acquisition of Network Technologies (Aust) Pty Ltd are final as at 31 December 2023. Details of the acquisition are as follows:

	<b>Fair value</b> <b>\$</b>
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)
Customer Contracts acquired	4,128,712
Deferred tax liability	(1,031,212)
	<hr/>
Net assets acquired	4,978,155
Goodwill acquired	5,234,252
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u><u>10,212,406</u></u>
Representing:	
Cash paid to vendor	8,180,000
Shares issued to vendor	2,032,406
Total Consideration	<u><u>10,212,406</u></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)
Net cash Used	<u><u>6,012,421</u></u>

**8. COMMITMENTS, CONTINGENT ASSETS and LIABILITIES**

**Contingent Assets**

There are contingent assets at reporting date of \$500,000 (30 June 2023: \$500,000).

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 2023. The Group has no commitments at 31 December 2023.

**9. EVENTS SUBSEQUENT TO REPORTING DATE**

We have renegotiated our financing facility with our major borrower Longreach (see note 5 for further details) after 31 December 2023 that will result in the maturity of the loans changing to 1 October 2025. No restatement of these financial statements are required for this change.

There are no matters or circumstances other than that listed above that has arisen since 31 December 2023 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial periods.

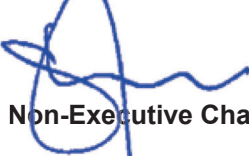
The Directors of Vonex Limited declare that:

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 2023 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

**Stephe Wilks**



**Non-Executive Chair**

Dated this 27<sup>th</sup> day of February 2024

**RSM Australia Partners**

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**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 2023, 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 2023 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 \$1,246,930 for the half-year ended 31 December 2023. As at that date, the consolidated entity had net current liabilities of \$6,696,702 and net liabilities of \$3,625,191. 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 2023 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 handwritten signature in black ink, appearing to read 'James Komninios'.

JAMES KOMNINIOS  
Partner

A handwritten signature in black ink, appearing to read 'RSM'.

RSM AUSTRALIA PARTNERS

Perth  
Date: 27 February 2024

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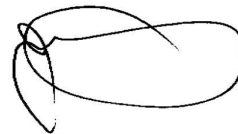
**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Vonex Limited for the half-year ended 31 December 2023, 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.

A stylized, handwritten signature of the letters "RSM" in black ink.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to be "James Komninos".

Perth, WA  
Dated: 27 February 2024

James Komninos  
Partner

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