

31 January 2024

Updated Appendix 4C Cash Flow Report

Vonex Limited (ASX: VN8) provides a revised Appendix 4C, with the payments categories expanded in section 1.2.

No other changes have been made to the document that was previously lodged.

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

For more details, please contact:

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ABOUT VONEX

Vonex is a full service, award-winning telecommunications service provider selling mobile, internet, traditional fixed lines, 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. Vonex is pursuing a disciplined M&A growth strategy, targeting profitable IT and telco businesses that offer potential for growth through further product expansion, scale and cross-selling.

31 January 2024

December 2023 Quarter Activities Update

- Refocusing the business, restoring operational strength and value to shareholders
- Improving customer experience through reorganisation
- Progress on customer tools and data network insource
- Completion of a large customer platform integration

Telecommunications innovator Vonex Limited (ASX: VN8) provides the following update and Appendix 4C Quarterly Report for the three months ended 31 December 2023 (Q2 FY24).

In the past quarter Vonex maintained its focus on the business, ensuring systems and operations were delivering for our customers, while being forensic on cost and controls. These efforts are driving increased operational strength, which will result in increasing value to shareholders.

Our customers - existing and new – have seen improved performance from our support teams both onshore and overseas, as processes and the organisation were changed to deliver improved satisfaction for customers and the staff delivering those services. With the completion of migration activity from recent acquisitions, these improvements were achieved despite the closure of one overseas call centre and a reduction in overall headcount. Vonex now operates onshore support services, together with a single consolidated overseas call centre. This combined team delivers the full suite of services from initial inquiry, to detailed technical assistance.

Our customers will also see improved tools from our development team in the coming months, which will include automation removing the need for multiple handling and reducing the risk of human error, increasing accuracy. Also, in the next quarter our data network insource project will be executed bringing direct control to enhance customer satisfaction, and deliver cost savings. In particular, the consolidation of Vonex residential services customers on the insourced network will result in an overall improvement in NBN economics.

In conjunction with these changes, Vonex undertook further development of the finance function, with some attrition addressed with very capable new hires coming on board. Following these changes, our financial governance and control is far stronger.

The Company maintains a very close eye on cashflow, and is pleased to continue to be making money, with strengthening EBITDA.

More Telecom, a major customer acquired in 2022, has seen a long development cycle to completion in the last quarter. This work has been innovative and transformational for both businesses and should see rewards in 3QFY24, for both Vonex, and More Telecom and its customers. We anticipate completing migration of More Telecom's existing customers as well as pursuing new opportunities together in the coming year.

Our Channel, Retail, Residential and Wholesale customers are extremely important to our future. The Company is never complacent about our customers, and is delighted to be able to deliver the marked improvements in customer experience over the past quarter.

Payments to related parties in Q2 FY24 were \$67k, encompassing Chair and Non-Executive Director fees.

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

For more details, please contact:

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Vonex Limited

ABN

39 063 074 635

Quarter ended ("current quarter")

31/12/2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	14,116	27,435
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(6,579)	(13,887)
(c) advertising and marketing	(141)	(332)
(d) leased assets	-	-
(e) staff costs	(2,511)	(5,587)
(f) administration and corporate costs	(3,692)	(5,480)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	7
1.5 Interest and other costs of finance paid	(160)	(238)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	1,037	1,918

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(13)	(78)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	8	(4)
2.6 Net cash from / (used in) investing activities	(5)	(82)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	310	636
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	(1,139)	(2,020)
3.8 Dividends paid	-	-
3.9 Other (provide details if material) – Leasing Payments (AASB16)	(122)	(344)
3.10 Net cash from / (used in) financing activities	(951)	(1,730)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,818	1,793
4.2 Net cash from / (used in) operating activities (item 1.9 above)	1,037	1,918

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5)	(82)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(951)	(1,730)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,899	1,899

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,897	1,816
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details) – Petty Cash	2	2
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,899	1,818

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	67
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	22,733	22,733
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	22,733	22,733
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	<p>Longreach-Tranche A: 01 October 2025 Maturity date. 15.0% interest rate, including 1.5% capitalised to borrowings. Secured business assets. \$14,983,311</p> <p>Longreach-Tranche A: 01 October 2025 Maturity date. 15.0% interest rate, including 1.5% capitalised to borrowings. Secured business assets. \$7,749,988</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	1,037
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,899
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,899
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:
N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2024 (revised from 30 January 2024)

Authorised by: By the board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.