

14 August 2024

Telecommunications innovator Vonex Limited (ASX: VN8) today lodged with the ASX its Annual Financial Report for the year ending 30 June 2024 (**FY24**).

Financial Highlights

- Continued retail and wholesale growth delivered FY24 revenue of \$48.2million, a year-on-year increase of 6%
- EBITDA¹ for the full year FY24 was \$5.3 million, a strong operating performance
- The full year statutory loss was (\$1.3m), which included:
 - finance costs of \$4.2m (primarily interest payments)
 - depreciation of \$1m (primarily recognition of rent obligations)
 - amortisation of \$2.1m (customer lists and supplier contracts recognised in prior acquisitions)
 - plus \$0.7m tax benefit

Operational Highlights

During FY24 the Company maintained its core discipline of driving cost reductions and efficiencies within the business, while continuing its focus on building operational excellence to better serve customers.

It is only through the ongoing demonstration of the Company's ability to serve customers effectively and with the capabilities they need, that we will continue to grow the business.

During the year, Vonex (and other suppliers in our market) faced the challenge of NBN price changes. These have been managed by the Company with new pricing and adjusted product offerings where appropriate. We continue to deliver to our customers' needs, positioning the adjusted products for all segments of the business. We are very pleased to report that we achieved this product refinement while ensuring acceptable ongoing margins.

The Company's voice services continue to offer customers great value, with desirable features delivering our customers the services they need. Some larger voice sales this financial year saw the Company provide sophisticated call centre voice solutions combined with international software integration.

With customers at the forefront of everything we do, enhancing the Company's online tools to place more control in customers' hands has been a focus in FY24 - as well as upcoming greater automation to improve accuracy without rekeying data. This will provide for faster delivery and processing of orders which in turn accelerates revenue activation.

¹ EBITDA is earnings before interest, tax, depreciation and amortisation. While EBITDA is not included in the statutory accounts, the Company (and the industry generally) uses the measure as an indication of the operating earnings of the business, independent of its financing structure (equity or debt).

On the financial front, while the renegotiation of our significant debt facility demonstrated the support of our debt provider, the Company continues to have significant debt servicing costs. Fortunately, ongoing improvements to the operations of the business and our growth in revenues over the year, ensure that we operate on a cash positive basis. We have taken the opportunity to make significant reductions in our creditor obligations during the year, while ensuring we continue to keep up our internal development capabilities to deliver ongoing growth.

The Company has removed external costs through insourcing engineering and network elements; and has also closely managed vendor costs during the year. The range of initiatives across all areas of operational improvement sees the Company delivering consistent double digit EBITDA margins.

As an example of our operational improvements, the Company migrated a large number of NBN services to our own platform. With the initial stage completed, most remaining services will be migrated in the current process, due for completion in August 2024. We anticipate all services will be migrated in the final stage by end Q2 FY25.

The Company has been very conscious to maintain customer confidence during these works, requiring the process to be carefully managed and not rushed.

Outlook

For FY25, the Company will continue to build on and seek to maintain its organic growth, evolve new product offerings including potential AI offerings, while maximising synergies, driving operational cost efficiencies and building a consistent and success-oriented culture.

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

Scheme of arrangement with MaxoTel

On 25 June 2024 Vonex entered a Scheme Implementation Deed with Maxo Telecommunications Pty Ltd for the acquisition of 100% of Vonex's issued capital by way of a Court-approved scheme of arrangement for a cash price of 3.75 cents per Vonex share.

Implementation of the Scheme is subject to conditions including, amongst other things:

- the approval of Vonex shareholders in accordance with the Corporations Act;
- no material adverse effect or prescribed events in relation to Vonex, and no breach of representations and warranties in relation to either Vonex or MaxoTel;
- other customary conditions to a scheme of arrangement such as court approval and an Independent Expert concluding that the Scheme is in the best interests of Vonex shareholders.

Under the Scheme Implementation Deed, Vonex is bound by customary exclusivity provisions including “no shop” and “no talk” restrictions, a notification obligation and a matching right in favour of MaxoTel, subject to Vonex Directors’ fiduciary obligations where appropriate.

The Deed also provides for a break fee of \$350,000 payable by Vonex to MaxoTel and by MaxoTel to Vonex under certain circumstances.

The Scheme is expected to be implemented around October 2024, subject to Vonex shareholder approval, Court approval, and other relevant conditions being satisfied. The current timetable (subject to ongoing review) is:

Event	Date	
Announcement date	25 June 2024	completed
Lodge Scheme Booklet with ASIC	30 July 2024	completed
First Court Date	20 August 2024	
Despatch of Scheme Booklet	22 August 2024	
Scheme Meeting held	23 September 2024	
Second Court Date	30 September 2024	
Lodge Court order with ASIC (Effective Date)	1 October 2024	
Record Date	3 October 2024	
Implementation Date	10 October 2024	

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

For more details, please contact:

Ian Porter
 CEO
 Vonex Ltd
 E: ian.porter@vonex.com.au
 T: 1800 828 668

Stephe Wilks
 Non-Executive Chair
 Vonex Ltd
 E: stephe.wilks@vonex.com.au
 T: 1800 828 668

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, 4G mobile broadband and call termination services at wholesale rates via a white label model.