

28 October 2024

September 2024 Quarter Activities Update

- Continued to enhance the operational strength of the business
- Delivering on customer tools and data network insource
- Consistent EBITDA performance
- Managing competing bids for the Company

Telecommunications innovator Vonex Limited (ASX: VN8) provides the following update and Appendix 4C Quarterly Report for the three months ended 30 September 2024 (Q1 FY25).

In the past quarter Vonex continued its focus on the business, ensuring systems and operations delivered value for our customers, while maintaining focus on cost and controls. This process continues to drive increased operational strength in the business, improving the customer experience, employee capability and quality of work, and increasing the intrinsic value of the Company, to the ultimate benefit of our shareholders.

In Q2 FY25 Vonex is releasing a wholesale version of Link2.0 offering Vonex wholesale customers autonomy in managing their customers' vPBXs. Link2.0 has been a real success and a credit to the Vonex development team.

Due to the escalating cost of software for the upgrade to SOG (the 'sign on glass' project), Vonex has changed tack to enhance the existing platform - which will not only further enhance the customer experience, but will deliver greater value to our shareholders. Customers will see the improved automation in Q2 FY25.

The Vonex NBN network insource project has completed stages 1 and 2, thanks to the tenacity and dedication of our technical department. The next stage will be completed in Q2 FY25, with the final stage in Q3 FY25. Other data product enhancements will also continue to be delivered in FY25.

As part of our ongoing mission to provide innovative solutions to our customers, including wholesale and their end users, Vonex continues to actively investigate AI enhanced product opportunities for Q4 FY25.

The Company continues to maintain a very close eye on cashflow, and is pleased to have maintained double digit % EBITDA margin for the last quarter.

Sales have been consistent in the period with expectations of increased growth in FY25, given the overall strengthening of the business and improvements to the ease of dealing with Vonex as a supplier.

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 continuing improvements in customer experience over the past quarter.

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During the quarter, the Company also dealt with the ongoing Scheme of Arrangement with MaxoTel to acquire all of the shares of the Company. Subsequent to the end of the quarter, the Company received MaxoTel's follow on unconditional on-market takeover offer. This was followed more recently by MaxoTel's improved unconditional on-market takeover offer, offering \$0.044 for each Vonex share.

The Company has released to the market its Target's Statement in response to the MaxoTel offers, which confirms the Board's recommendation that shareholders ACCEPT the \$0.044 MaxoTel unconditional market offer.

The Company also responded to Swoop (ASX: SWP) again announcing that they would make a bid for the Company, but not actually doing so. While the Company is yet to see the detail of any takeover offer, the proposed terms (including conditionality around financing, a 51% minimum acceptance condition, and uncertainty as to how Swoop would deal with the potential refinancing of the existing Vonex debt if that was required on a change of control), meant that the Board confirmed its view that the announced potential bid would not be superior to the MaxoTel bid in any case.

Payments to related parties in Q3 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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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.

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")

30/09/2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	12,801	12,801
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(6,557)	(6,557)
(c) advertising and marketing	(108)	(108)
(d) leased assets	-	-
(e) staff costs	(2,536)	(2,536)
(f) administration and corporate costs	(2,473)	(2,473)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	9
1.5 Interest and other costs of finance paid	(12)	(12)
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	1,124	1,124

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(26)	(26)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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)	-	-
2.6	Net cash from / (used in) investing activities	(26)	(26)

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	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(661)	(661)
3.8	Dividends paid	-	-
3.9	Other (provide details if material) – Leasing Payments (AASB16)	(256)	(256)
3.10	Net cash from / (used in) financing activities	(929)	(929)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,928	2,928
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,124	1,124

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(26)	(26)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(917)	(917)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,109	3,109

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	3,107	2,926
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)	3,109	2,928

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>		

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

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<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>		
7.1	Loan facilities	22,805	22,805
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	22,805	22,805
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; Interest rate at reporting date 11.5%; The interest rate payable depends on the prevailing net debt / pro forma Last Twelve Months ("LTM") EBITDA; First Ranking General Security Interest. \$15,030,393</p> <p>Longreach -Tranche B: 01 October 2025 Maturity date; Interest rate at reporting date 11.5%; The interest rate payable depends on the prevailing net debt / pro forma Last Twelve Months ("LTM") EBITDA; First Ranking General Security Interest. \$7,774,336</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	1,124
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,109
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	4,233
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: 28 October 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.