

Interim Financial Report

For the half-year ended 31 December 2020

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ACN: 063 074 635

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Directors' Report

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 2020.

1 Directors

The Directors were in office for the entire period unless otherwise stated. The names of the Directors in office during the half-year and until the date of this report are as below:

Mr Nicholas Ong
Non-Executive Chairman

Mr Matthew Fahey
Managing Director

Mr David Vilensky
Non-Executive Director

Ms Winnie Lai Hadad
Non-Executive Director

Mr Jason Gomersall
Non-Executive Director

2 Principal Activities

The principal activities within the consolidated entity include the continued growth within our Retail and Wholesale Telco divisions along with the full integration of the 2SG wholesale business ("2SG Wholesale") unit into the Group and the continuation of R&D projects including our own proprietary cloud hosted PBX system, Sign On Glass and Oper8tor App development.

The Company has also appointed an ICT specific M&A advisor to drive our acquisition strategy. TOR Advisory has been mandated to source opportunities to enable the proactive and ongoing acquisition of profitable IT and Communication business to rapidly accelerate growth.

Vonex is seeking the right technical and financial partners to further develop and commercialise Oper8tor.

3 Significant Changes in the State of Affairs

There have been no other 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 2020 are:

	31 / Dec / 20	31 / Dec / 19	% Change
Revenue (\$)	9,775,059	5,617,616	74%
Net loss after tax (\$)	(1,663,030)	(829,383)	(101%)
Loss per share (cents)	(0.89)	(0.56)	(59%)

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

Vonex Wholesale (2SG Wholesale)

Vonex's Wholesale division showed continued growth in the half year following the successful integration of 2SG Wholesale. All Vonex wholesale services are combined and branded as 2SG Wholesale as of 1 January 2021.

Successfully integrating 2SG Wholesale has allowed the Company to expand its offering to SME customers by developing and delivering new products. 2SG's sales growth was strong across its new and existing Wholesale product suite in Q2 FY21, including an 88% increase in Mobile Broadband orders year-on-year for the quarter, Mobile Voice up 321% and NBN with 4G backup increasing by 107% over the same period. This strong growth reflects Vonex beginning to capture the cross-selling opportunities the Company identified prior to acquiring 2SG Wholesale.

Vonex expects the 2SG Wholesale offering to continue to improve in CY21, with the Company receiving commitment from Optus to open up its 5G network to the Company via 2SG. Vonex is now in the final stages of preparing to launch internet services that utilise 5G speeds powered by Optus.

In addition the business grade mobile broadband offered by 2SG Wholesale is attracting potentially much larger wholesale customers. Discovery Technologies a subsidiary of ASX:300 Data 3 (ASX:DTL) signed up as a new customer during the HY and since then Orange Business Services have signed up, a network native digital services company and the global enterprise division of the Orange Group (EPA:ORA) who currently service 3,000 multi-national clients.

Vonex Retail

Vonex's Retail operations continue to expand, with Total Contract Value (TCV) of new customer sales in 2020 of \$6.99 million, an increase of 32% on 2019.

Vonex's SME user numbers demonstrated further growth, largely driven by the Company's partnership with Qantas Business Rewards (QBR) and Vonex's status as Qantas' preferred business-focused telco provider. QBR continues to market Vonex proactively

to its base of more than 250,000 SME members who use QBR's exclusive offers to save money, earn Qantas points and plan ahead for the growth of their business.

Vonex as a Group has achieved approximately 42,000 registered active users on its Private Branch Exchange (PBX) cloud-based phone service, a key indicator of Vonex's business development progress.

Nextel Pty Ltd

On 18 November 2020, the Company announced that it has entered into a binding term sheet with Nextel Pty Ltd ("Nextel") to acquire Nextel's business operations as a going concern. Nextel a provider of telecommunications services to business customers and is recognised as an industry leader in the design, installation and maintenance of voice, data and communications networks.

Nextel has grown since 1990 to become a meaningful single-source provider to businesses not just in structured cabling, telephony systems and electrical fit outs, but also in rolling out fibre, RFID and wireless networks to large-scale projects.

Headquartered in Sydney, Nextel's national footprint allows the group to service businesses in remote locations. Its professional services team has rolled out systems from micro 4-5 handset users up to 1,000-end enterprise users.

Nextel brings long-term relationships with tier-1 carriers, network partners and customers spanning a range of industries, including LJ Hooker, Endemol Shine Australia, 4 Pines Brewing Co, Lifeline and the Sydney Harbour Federation Trust.

Total consideration for Nextel's business and operations is approximately \$1.575 million, payable on completion of the transaction, comprising:

- 5,502,795 ordinary shares at a deemed issue price of \$0.229 (being the volume-weighted average price of Vonex shares for the past 30 trading days), to be escrowed for 12 months post issue ("Consideration Shares");
- \$315,000 in cash; and
- An amount in cash equal to the cost of tangible stock items as at completion.

The consideration brings Nextel's goodwill, staff and equipment, intellectual property, wholesale contracts with several major telecommunications companies, all end user customers being serviced by Nextel, stock and no debt.

The consideration represents a multiple of approximately 0.8x FY20 revenue and 3.5x FY20 Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), making the acquisition accretive to the Company's earnings and cashflow.

Completion of the acquisition took place on 2 February 2021.

Oper8tor

Oper8tor is a multi-platform voice, messaging and social media app that is designed to allow users to connect with all social media friends, followers and contacts from a single app.

Oper8tor has the following functionalities:

- Cross platform messaging – enabling users of Skype to message with users of Google or Facebook for example;
- Call Blast – Voice calls sent simultaneously to multiple users on multiple platforms to activate a group call where users are able to choose the communication platform of their choice;
- AI (Artificial Intelligence) driven call recording and real time call transcription;
- A valuable software code base which has successfully powered Beta apps in both iOS and Android; and
- A wide range of patents in key global regions.

The Company has also identified a growing opportunity for the use of Oper8tor as a cost-saving real-time workforce communication and monitoring tool which can increase the performance of its clients' sales teams and reduce the risk of legal compliance violations.

In light of Oper8tor's advances to date, the Company has resolved to now transition Oper8tor from one of active research and development, to one which focuses on identifying and engaging the right technical and financial partners to guide Oper8tor's further development and commercialisation.

Vonex will maintain in good standing all intellectual property, websites and internationally granted patents relating to Oper8tor, however it does not anticipate committing further development capital to the project at this time.

R&D Tax Rebate

The Company has received a Research and Development Tax Incentive rebate of \$0.54 million for FY20 (FY19: \$0.63 million) from the Australian Government's Research and Development Tax Incentive Program for eligible R&D activities conducted by the Company. The refund was in respect of eligible R&D activities across Vonex's portfolio.

Results of Annual General Meeting

At Vonex's Annual General Meeting of Vonex shareholders held on 27 November 2020, all resolutions put to the meeting passed by way of a Poll.

7 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



Matthew Fahey
Managing Director

Dated this 26th day of February 2021

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Consolidated Statement of Profit or Loss & Other Comprehensive Income

		31 / Dec / 20	31 / Dec / 19
	Note	\$	\$
Sales Revenue	3	8,924,568	4,943,440
Cost of sales		(6,203,874)	(2,861,410)
Gross Profit		2,720,694	2,082,030
Other Revenues		850,491	674,176
Administration expenses		(760,545)	(552,977)
Amortisation		(45,351)	(42,337)
Contractor expenses		(402,789)	(237,705)
Dealer Commissions		(374,105)	(297,570)
Depreciation expenses		(140,011)	(148,715)
Directors' fees		(151,110)	(118,260)
Employee expenses		(1,851,158)	(1,689,007)
Finance costs		(29,525)	(23,854)
Share based payment expense	5	(1,334,176)	(307,025)
Other expenses		(145,445)	(168,139)
Loss before income tax		(1,663,030)	(829,383)
Income tax expense		-	-
Net loss for the period		(1,663,030)	(829,383)
Other comprehensive income / (loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Other comprehensive income / (loss) for the period, net of tax		-	-
Total comprehensive loss for the period		(1,663,030)	(829,383)
Basic and diluted loss per share attributable to the owners of Vonex Limited (cents per share)		0.89	0.56

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Performance

		31 / Dec / 20	30 / Jun / 20
	Note	\$	\$
Current Assets			
Cash and cash equivalents		3,544,798	4,811,798
Trade and other receivables		2,380,687	1,508,478
Contract assets		71,494	55,155
Other current assets		328,298	399,340
Total Current Assets		6,325,277	6,774,771
Non-Current Assets			
Intangible assets		3,576,223	3,585,039
Property, plant and equipment		246,604	201,201
Contract assets		17,740	32,860
Right of Use Assets		913,395	883,200
Other non-current assets		88,619	105,114
Total Non-Current Assets		4,842,581	4,807,414
Total Assets		11,167,858	11,582,185
Current Liabilities			
Trade and other payables		2,891,960	3,181,665
Provisions		471,307	456,271
Lease liability		178,296	267,300
Total Current Liabilities		3,541,563	3,905,236
Non-Current Liabilities			
Provisions		77,575	75,136
Lease liability		738,499	683,250
Total Non-Current Liabilities		816,074	758,386
Total Liabilities		4,357,637	4,663,622
Net Assets		6,810,221	6,918,563
Equity			
Issued capital	4	49,184,462	47,642,165
Reserves		5,238,244	5,230,937
Accumulated losses		(47,612,485)	(45,954,539)
Total Equity		6,810,221	6,918,563

The accompanying notes form part of these financial statements

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Consolidated Statement of Changes in Equity

	Issued Capital	Accumulated Losses	Reserves	Total
	\$	\$	\$	\$
At 1 July 2020	47,642,165	(45,954,539)	5,230,937	6,918,563
Comprehensive income				
Loss for the period	-	(1,663,030)	-	(1,663,030)
Total comprehensive income / (loss) for the period	-	(1,663,030)	-	(1,663,030)
Transactions with owners, in their capacity as owners				
Shares issued during the period	1,400,000	-	(1,400,000)	-
Shares issued in settlement of trade payables – extinguishment of liabilities	200,000	-	-	200,000
Shares issued in settlement of employee entitlements – extinguishment of liabilities	20,512	-	-	20,512
Conversion of performance rights to ordinary shares	20,000	-	(20,000)	-
Share-based payment – performance shares and rights	-	-	123,176	123,176
Share-based payment – options	-	-	1,211,000	1,211,000
Reversal of options expired during the period	-	5,084	(5,084)	-
Capital raising costs	(98,215)	-	98,215	-
At 31 December 2020	49,184,462	(47,612,485)	5,238,244	6,810,221
At 1 July 2019	45,484,270	(45,308,426)	3,158,579	3,334,423
Comprehensive income				
Loss for the period	-	(829,383)	-	(829,383)
Total comprehensive (loss) for the period	-	(829,383)	-	(829,383)
Transactions with owners, in their capacity as owners				
Retained earnings adjustment – adoption of AASB 16	-	(51,157)	-	(51,157)
Share-based payment – performance shares and rights	-	-	307,025	307,025
At 31 December 2019	45,484,270	(46,188,966)	3,465,604	2,760,908

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

	31 / Dec / 20	31 / Dec / 19
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers	8,550,946	5,027,399
Payments to suppliers and employees	(9,529,331)	(6,087,641)
Research and development grant received	-	629,569
Government grants received	150,000	-
Interest paid	(21,948)	(23,854)
Interest received	769	6,372
Net cash used in operating activities	(849,564)	(448,155)
Cash Flows From Investing Activities		
Payments for property, plant & equipment	(136,389)	(45,560)
Proceeds from disposal of property, plant & equipment	1,364	218
Payment to acquire business (2SG Wholesale)	(136,868)	-
Net movement in rental bonds	(75,680)	-
Net cash used in investing activities	(347,573)	(45,342)
Cash Flows From Financing Activities		
Net repayment / (payment) of borrowings	329	(362)
Payments of operating leases	(69,387)	(83,938)
Net cash used in financing activities	(69,058)	(84,300)
Net (decrease) in cash and cash equivalents	(1,266,195)	(577,797)
Cash and cash equivalents at the beginning of the financial half-year	4,811,798	3,173,355
Effects of exchange rate changes on cash and cash equivalents	(805)	(874)
Cash and cash equivalents at end of the financial half-year	3,544,798	2,594,684

The accompanying notes form part of these financial statements

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Consolidated Notes to the Financial Statements

1 Basis of Preparation of the Interim Financial Report

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134.

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 2020 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 2020. The accounting policies have been consistently applied, unless otherwise stated.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current period.

Expenses in relation to dealer royalty commissions have been reclassified in the comparative period from cost of goods sold to operating expenses. Management determined during the period that these expenses have no direct correlation to sales revenue and therefore should be classified and operating expenses. This reclassification has resulted in an increase in gross profit of \$297,570 and a corresponding increase in operating expenses in 2020.

New and Revised Accounting Standards and Interpretations

The consolidated entity 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.

2 Segment Information

Identification of reportable segments

The Group has identified its operating segments based the Group's service offerings, which represents retail and wholesale services within the telecommunications industry. The two main operating segments are:

Retail

Engaged in the sale of hardware and the full suite of telecommunication services including the provision of data, internet, voice (including IP voice) and other services within Australia.

Wholesale

Engaged in offering wholesale white label hosted PBX, NBN and Mobile services under license for Internet Service Providers (ISP's), Telco's and Cloud Vendors within Australia and Internationally.

Corporate

Engaged in managing the corporate affairs of the Group, including capital-raising, development projects such as the Oper8tor App, and identifying acquisition opportunities.

Basis of accounting for purposes of report by operating segments

Unless stated otherwise, all amounts reported within the operating segments are by determined in accordance with accounting standards adopted within the annual financial report.

Segment assets and liabilities

Segment assets and liabilities have been identified based where the direct relationship that exists in the provision of services within the two main operating segments.

Unallocated items

Items of revenue, expense, assets and liabilities that are not allocated to operating segments if they are considered part of the core operations of any segment.

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The segment information provided to the Board of Directors for the reportable segments for the period ended 31 December 2020 are as follows:

	Wholesale	Retail	Corporate	Consolidated
	\$	\$	\$	\$
31 December 2020				
<i>Revenue</i>				
Customer sales	4,211,352	4,713,216	-	8,924,568
Other revenues	110,413	105,275	634,034	849,722
Interest received	96	446	227	769
Total segment revenue	4,321,861	4,818,937	634,261	9,775,059
Segment result before income tax	23,582	266,607	(1,953,219)	(1,663,030)
Loss before income tax				(1,663,030)
Segment assets	2,121,659	3,824,756	5,221,443	11,167,858
Total assets				11,167,858
Segment liabilities	1,656,400	1,255,556	1,445,681	4,357,637
Total liabilities				4,357,637
<hr/>				
31 December 2019				
<i>Revenue</i>				
Customer sales	708,805	4,234,635	-	4,943,440
Other revenues	26,760	11,475	629,569	667,804
Interest received	-	1,012	5,360	6,372
Total segment revenue	735,565	4,247,122	634,929	5,617,616
Segment result before income tax	59,316	70,919	(959,618)	(829,383)
Loss before income tax				(829,383)
Segment assets	411,646	3,008,877	2,343,574	5,764,097
Total assets				5,764,097
Segment liabilities	(33,710)	1,142,049	1,894,850	3,003,189
Total liabilities				3,003,189

2 Segment Information (continued)

	Wholesale	Retail	Corporate	Total
31 December 2020	\$	\$	\$	\$
EBITDA	88,389	333,733	(1,871,034)	(1,448,912)
Depreciation and amortisation				(185,362)
Interest revenue				769
Finance costs				(29,525)
Loss before income tax expense				(1,663,030)
Income tax expense				-
Loss after income tax expense				(1,663,030)
<hr/>				
31 December 2019				
EBITDA	70,057	142,974	(833,880)	(620,849)
Depreciation and amortisation				(191,052)
Interest revenue				6,372
Finance costs				(23,854)
Loss before income tax expense				(829,383)
Income tax expense				-
Loss after income tax expense				(829,383)

3 Revenue

	31 / Dec / 20	31 / Dec / 19
	\$	\$
<i>Revenue from contracts with customers</i>		
Sales revenue	8,924,568	4,943,440

Disaggregation of revenue

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

	Wholesale	Retail	Corporate	Total
Consolidated - 31 December 2020	\$	\$	\$	\$
<i>Major service lines</i>				
Telephony	394,794	3,213,206	-	3,608,000
Internet	2,990,525	1,124,125	-	4,114,650
Hardware	42,315	375,884	-	418,199
Hosted PBX	783,719	-	-	783,719
	4,211,353	4,713,215	-	8,924,568
<i>Geographic regions</i>				
Australia	4,191,316	4,713,215	-	8,904,531
United States of America	20,037	-	-	20,037
	4,211,353	4,713,215	-	8,924,568

	Wholesale	Retail	Corporate	Total
Consolidated - 31 December 2019	\$	\$	\$	\$
<i>Major service lines</i>				
Telephony	-	3,005,520	-	3,005,520
Internet	-	844,003	-	844,003
Hardware	-	385,112	-	385,112
Hosted PBX	708,805	-	-	708,805
	708,805	4,234,635	-	4,943,440
<i>Geographic regions</i>				
Australia	686,030	4,234,635	-	4,920,665
United States of America	22,775	-	-	22,775
	708,805	4,234,635	-	4,943,440

4 Issued Capital

a) Ordinary Shares

	31 / Dec / 20		30 / Jun / 20	
	\$	No.	\$	No.
Fully paid ordinary shares	49,184,462	187,509,152	47,642,165	170,922,309
				Issue Price
				\$
Balance at 30 June 2020		47,642,165	170,922,309	
Movement in ordinary shares				
Shares issued - placement		1,400,000	14,736,843	0.095
Conversion of performance rights		20,000	100,000	0.20
Shares issued in settlement of trade payables - extinguishment of liabilities		200,000	1,600,000	0.125
Shares issued in settlement of employee entitlements - extinguishment of liabilities		20,512	150,000	0.137
Capital raising costs		(98,215)		
Balance at 31 December 2020		49,184,462	187,509,152	

b) Options

As at the reporting date the company had the following listed and unlisted option on issue:

Grant date	Expiry date	Exercise price	Balance at end of period
07/06/2018	07/06/2023	\$0.30	14,500,000
30/11/2017	30/11/2022	\$0.20	14,719,731
05/06/2019	30/11/2022	\$0.20	5,015,060
27/11/2020 ⁽ⁱ⁾	01/12/2023	\$0.37	10,000,000
			44,234,791

(i) On 27 November 2020, the Company issued 10,000,000 options to directors, each exercisable at \$0.37 with a three-year expiry period.

5 Share Based Payments

The total expense arising from share based payment transactions recognized during the period in relation to the performance rights and performance shares was \$123,176, and options issued to directors was \$1,211,000, totalling \$1,334,176 in share based payment expenses for the period.

Directors Options– 27 November 2020

On 27 November 2020, the Company issued 10,000,000 options to directors, each exercisable at \$0.37 with a three-year expiry period. These options were valued using a Hoadley ESO2 valuation model, with the expense of \$1,211,000 recognised in full at their issue date. The valuation model inputs used to determine the fair value at the grant date as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Risk free rate	Dividend yield	Number of options	Value per options	Total value (\$)	Vesting terms
27/11/20	01/12/23	\$0.26	\$0.37	100%	0.11%	0%	10,000,000	\$0.1211	1,211,000	Immediately

6 Contingent Assets & Liabilities

The Group's commitments remain consistent with those noted at 30 June 2020. The Group has no contingent liabilities at 31 December 2020.

7 Events Subsequent to Reporting Date

The impact of the Coronavirus (COVID-19) pandemic is ongoing. It is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Subsequent to the period on 3 February 2021, the Company announced that it had completed the acquisition of the business and operations of Nextel Pty Ltd (Nextel). In part-consideration for the acquisition, Vonex issued the vendors of Nextel

with 5,502,795 ordinary shares, which are subject to 12-months voluntary escrow.

On 5 February 2021, the Company announced that it had entered into a multi-year wholesale agreement to supply Orange Business Services, a network-native digital services company and the global enterprise division of the Orange Group (EPA: ORA), with business-grade Mobile Broadband services throughout Australia.

Other than the above there are no other matters or circumstances that have arisen since 31 December 2020 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial periods.

Directors' Declaration

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 2020 and of its performance for the half-year ended on that date.

2 In the Directors' 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



Matthew Fahey
Managing Director

Dated this 26th day of February 2021

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
VONEX LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Vonex Limited which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company 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

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 2020 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*. As the auditor of Vonex Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

**THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING**

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. 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.

Conclusion

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 2020 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*.

A handwritten signature in black ink that reads 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that appears to read 'Tutu Phong'.

TUTU PHONG
Partner

Perth, WA
Dated: 26 February 2021

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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 2020, 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 handwritten signature in black ink that reads "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that appears to read "Tutu Phong".

TUTU PHONG
Partner

Perth, WA
Dated: 26 February 2021

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