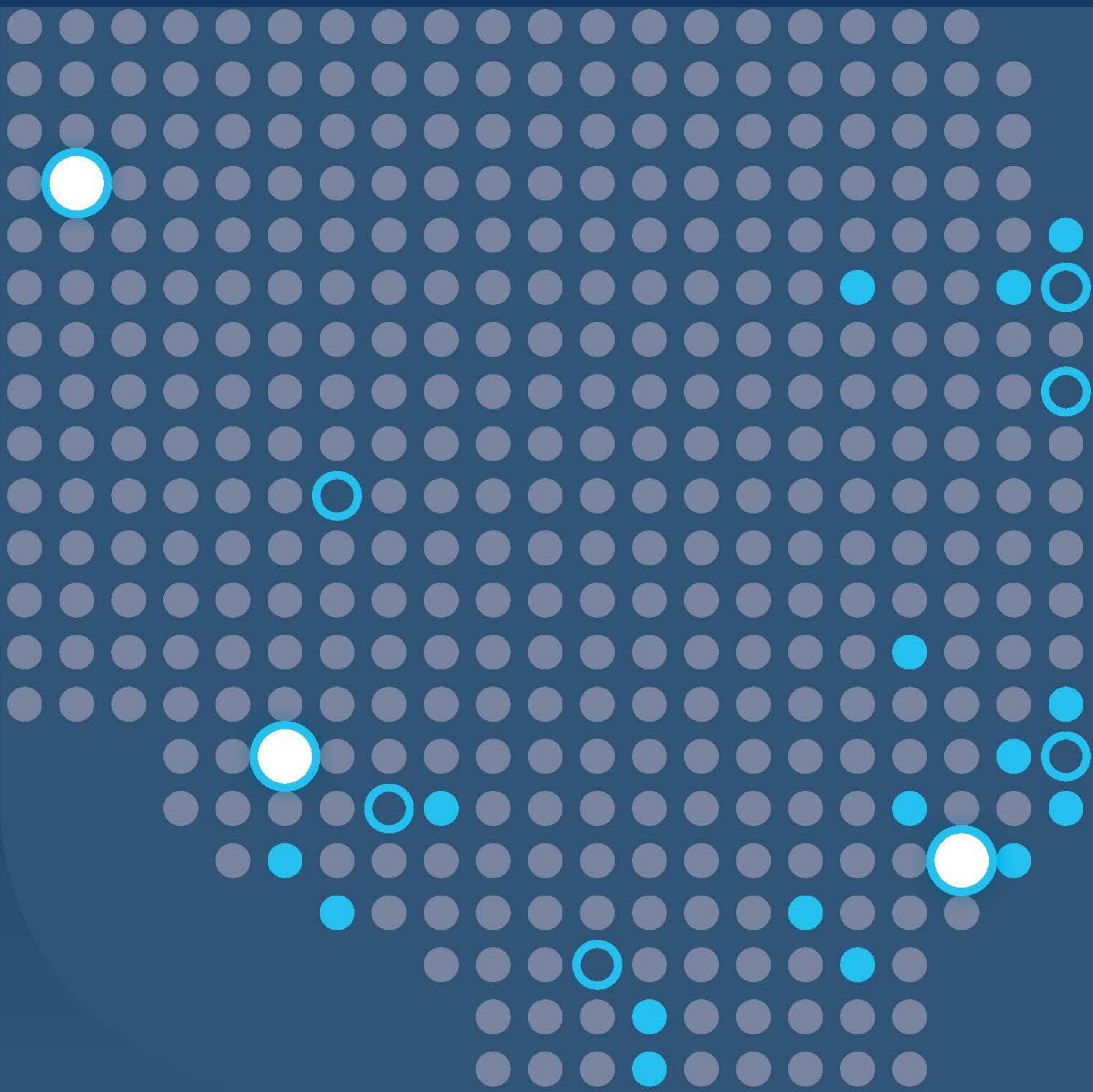

Annual Financial Report

For the year ended 30 June 2022

ACN: 063 074 635

VONEX always on

DIRECTORS' REPORT

Directors

Chen Chik (Nicholas) Ong (Non-Exec. Chairman)
Matthew Fahey (Managing Director)
David Vilensky (Non-Exec. Director)
Winnie Lai Hadad (Non-Exec. Director)
Jason Gomersall (Non-Exec. Director)

Registered Office

Level 8, 99 St Georges Terrace
Perth WA 6000
Tel: +61 8 6388 8888
Fax: +61 8 6388 8898

Head Office

Level 6, 303 Coronation Drive
Milton QLD 4064
Tel: 1800 828 668
Fax: 1300 997 999

Solicitors

Bowen Buchbinder Vilensky
Level 14, 251 Adelaide Terrace
Perth WA 6000

Bankers

Commonwealth Bank of Australia
ANZ Bank
Westpac Bank

Website

www.vonex.com.au
https://investors.vonex.com.au/corporate-governance/

Company Secretary

Daniel Smith

Share Registry

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth WA 6000
Tel: +61 8 9323 2000
Fax: +61 8 9323 2033

Auditor

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
Perth WA 6000

ASX CODE: VN8

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report for Vonex Limited ("Vonex" or "the Company") and its controlled entities (collectively the "consolidated entity" or "Group"), for the year ended 30 June 2022.

Directors

The names and qualifications of persons who have held the position of Director of Vonex Limited at any time during the financial year and up to the date of this report are:

- Mr Nicholas Ong – Non-Executive Chairman
- Mr Matthew Fahey – Managing Director and CEO
- Mr David Vilensky – Non-Executive Director
- Ms Winnie Lai Hadad – Non-Executive Director
- Mr Jason Gomersall – Non-Executive Director

Information on Directors & Company Secretary

Nicholas Ong - Non-Executive Chairman

Mr Ong was a Principal Adviser at the Australian Securities Exchange (ASX) and brings 17 years' experience in IPO, listing rules compliance and corporate governance. Mr Ong has developed a wide network of clients in Asia-Pacific region and provides corporate and transactional advisory services through boutique firm Minerva Corporate Pty Ltd. He is a fellow member of the Governance Institute of Australia and holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia.

Other directorships of Australian listed companies held by Mr Ong in the last three years are:
Current: Helios Energy Limited, White Cliff Minerals Limited, CFoam Limited, Mie Pay Limited and Beroni Group Limited.

Previous: Nil

Matthew Fahey - Managing Director & CEO

Mr Fahey is Vonex Telecom's Chief Executive Officer and joined the Board as Managing Director. Mr Fahey joined Vonex Ltd in 2013, through the Vonex Group's acquisition of iTrinity (IP Voice & Data) where he had served as Sales Director. Mr Fahey brings with him 20 years' of extensive experience in building and managing Telecommunications companies with a well-regarded reputation in the industry for channel partner programs as well as excellence in VoIP and Telco.

Mr Fahey is focused on accelerating growth both organically and by further acquisition and the continued development of diverse products in order to expand Vonex's market share.

Mr Fahey has not held any other directorships of Australian listed companies in the last three years.

David Vilensky - Non-Executive Director

Mr Vilensky is a practicing corporate lawyer and the managing director of Perth law firm Bowen Buchbinder Vilensky. He has more than 30 years' experience in the areas of corporate and business law and in commercial and corporate management. Mr Vilensky practices mainly in the areas of corporate and commercial law, mergers and acquisitions, mining and resources, trade practices and competition law and complex dispute resolution. Mr Vilensky acts for a number of listed and private companies and advises on directors' duties, due diligence, capital raisings, compliance with ASX Listing Rules, corporate governance and corporate transactions generally.

Mr Vilensky has a Bachelor of Arts, a Bachelor of Laws from the University of Cape Town and is a member of the Law Society of Western Australia.

Other directorships of Australian listed companies held by Mr Vilensky in the last three years are:
Current: Latin Resources Limited and Oakdale Resources Limited.

Previous: Nil

DIRECTORS' REPORT

Winnie Lai Hadad – Non-Executive Director

Ms Lai Hadad has expertise in change management, corporate governance, business process improvement and has been involved in listings on the Australian Securities Exchange. Ms Lai Hadad has been involved with both investments into China and out-bound investment from China. Her past roles include implementing Coca-Cola bottling strategies into Greater China and administering the first Chinese direct investment in an iron ore mine in the Pilbara Region of Western Australia.

Ms Lai Hadad is a lawyer admitted to practice in Western Australia, a qualified CPA, holds a BA, BCom and MSc, and is a graduate of both the Australian Institute of Company Directors and Governance Institute of Australia.

Other directorships of Australian listed companies held by Ms Lai Hadad in the last three years are:
Current: Avenira Limited.

Previous: Nil

Jason Gomersall – Non-Executive Director

Mr Gomersall is a former Director of 2SG Wholesale and is the Founder, CEO and Managing Director of iseek Communications. Mr Gomersall has long been at the forefront of the telecommunications industry and the mobile phone market since being one of the foundation franchisees of the Optus World chain of retail stores in the 1990s.

Mr Gomersall has not held any other directorships of Australian listed companies in the last three years.

Daniel Smith – Company Secretary

Mr Smith is a member of the Australian Institute of Company Directors, a Fellow of the Governance Institute of Australia and has over 15 years' primary and secondary capital markets expertise. As a director of Minerva Corporate, he has advised on, and been involved in, a significant number of IPOs, RTOs and capital raisings on both the ASX and NSX.

Mr Smith is currently a director and/or company secretary of numerous companies listed on ASX, AIM and NSX.

Interests in the securities of the Company

As at the date of this report, the interests of the directors in securities of the Company were:

Directors	Ordinary Shares	Performance Rights	Options
Nicholas Ong	4,416,462	Nil	2,552,000
Matthew Fahey	7,311,018	Nil	3,000,000
David Vilensky	3,090,000	Nil	1,500,000
Winnie Lai Hadad	269,367	Nil	1,500,000
Jason Gomersall	12,104,579	Nil	1,500,000

Meetings of Directors

The attendance of directors at meeting of the company's Board of Directors held during the year is as follows:

	Number of Meetings	
Directors	Attended	Eligible to Attend
Nicholas Ong	3	3
Matthew Fahey	3	3
David Vilensky	3	3
Winnie Lai Hadad	3	3
Jason Gomersall	3	3

DIRECTORS' REPORT

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. Through 2SG the groups wholesale division customers, such as internet service providers, can access the core Vonex PBX, call termination services, hardware, mobile and internet at wholesale rates via a white label model. Vonex also delivers custom built software solutions to wholesale customers to facilitate projects of scale.

Financial Position & Operating Results

The financial results of the consolidated entity for the financial year ended 30 June 2022 are:

	30-Jun-22	30-Jun-21	% Change
Cash and cash equivalents ($)	3,195,181	3,658,416	(13%)
Net assets / (liabilities) ($)	19,284,541	5,575,939	246%
Revenue ($)	34,329,061	19,215,521	79%
Net profit/(loss) after tax ($)	330,522	(3,984,788)	108%
Earnings/(Loss) per share (cents)	0.11	(2.10)	105%

Dividends Paid or Recommended

There were no dividends declared or paid by the Company during the year and no dividend is recommended (2021: Nil).

Review of Operations

2SG Wholesale

All Vonex wholesale services were combined and branded as 2SG Wholesale as of 1st January 2021. The 2SG Wholesale division continued to experience strong growth during the reporting period.

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 the second half of FY22, with NBN and Mobile voice sales up 22% and 37% respectively over the previous calendar year. Wholesale voice and PBX product lines also delivered robust growth with revenues increasing by 37% YoY. This strong growth reflects Vonex beginning to capture the cross-selling opportunities the Company identified prior to acquiring 2SG Wholesale.

In addition to the business grade mobile broadband offered by 2SG Wholesale, the Company has successfully attracted much larger wholesale customers, such as Discovery Technologies (a subsidiary of ASX:300 Data 3), and has also inked a wholesale relationship with Orange Business Services, 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.

The Company is currently rolling out 5G services to its customers, providing another significant value proposition to support sales. After having been selected by Optus as a key 5G partner, 2SG has now commenced the launch, which includes a brand new Service Qualification and an automated ordering system for partners and customers. The Company expects this new product to contribute to revenue growth.

As part of the business units' strategy to continue to reduce costs, the 2SG Wholesale business recently commenced the re-architecture of its fixed-line network which sees the business leveraging its direct relationship with NBN and connecting directly to all 121 NBN points of interconnect (POIs). This project will deliver tier 1 capability, an enhanced product range and the best possible commercial structure to enable the delivery of best-in-class fibre services to both wholesale and retail customers.

DIRECTORS' REPORT

Vonex Retail

Following the successful completion of Vonex's transformational acquisition of the Direct Business operations from MNF Group in August 2021 and Voiteck in January 2022, the Company has continued to deliver growth in both SME customer numbers as well as contracted revenue. Following record levels of revenue in Q3 FY22, Vonex added total contract value (TCV) for new customer sales of $2.37 million in the June quarter. This represents YoY growth of 47% and marks three successive quarters in which Vonex has added more than $2 million of TCV.

MNF Group's Direct Business Transaction

On 23 July 2021, the Company announced the that it had agreed to acquire part of MNF Group's Direct Business which services SME and Consumer customers (the "Direct Business") for $31 million, comprising $20 million of cash consideration payable on completion and $11 million of deferred cash consideration payable (minus a $1 million wholesale credit) in monthly instalments over 12 months. On 4 August 2022, the Company announced that it had paid the final monthly cash payment to Symbio Holdings Ltd forming part of the deferred consideration for the Company's acquisition of the Direct Business.

The Direct Business also sold cloud based phone solutions, internet and mobile services to small-to-medium enterprise and residential customers in Australia.. The Acquisition materially expanded Vonex's footprint of SME and residential customers across Australia and included the migration of approximately 5,250 new business customers to the Company's platform.

The Direct Business delivered an unaudited FY21 EBITDA of $5.5 million from revenue of $15.0 million.

Voiteck Acquisition

On 14 December 2021, the Company announced that it had agreed to acuire 100% of the share capital of Voiteck Pty Ltd ("Voiteck") through a mixture of upfront and performance based consideration. The Company completed its acquisition of Voiteck in January 2022. Voiteck is an established provider of voice and internet services to SME customers in South Australia.

Founded in 2009 by telecommunications industry veteran Declan O'Callaghan, Voiteck has grown to now service more than 10,000 hosted PBX phone system users through approximately 1,000 customers, spanning a range of end-markets including Aged Care and Community Clubs.

Voiteck's established presence across several niche verticals and its strong standing in the South Australian market have launched Vonex into a new geographic region which presents exciting growth opportunities. The acquisition also provided Vonex for the first time with a much-needed branded physical presence in South Australia, through a customer showroom located on King William Street in the Adelaide CBD. This showroom will allow Vonex to manage its South Australian channel partners more closely and accelerate growth in this market.

DIRECTORS' REPORT

More Telecom

On 10 June 2022, Vonex announced that it had partnered with telecommunications service providers More Telecom Pty Ltd and Tangerine Telecom Pty Ltd ("More") to become More's exclusive provider of hosted PBX services. This partnership will see Vonex deliver a new hosted PBX and IP telephony enablement platform for More's new and existing SME customers.

With annualised revenue over $100 million and more than 125k active customers, More is a Melbourne-based provider of a full suite of innovative NBN, business phone and mobile products, services and plans to consumers and SME business customers. More is part-owned by Commonwealth Bank, having announced a strategic partnership in July 2021 that unlocks special benefits for CBA customers.

Under the agreement, Vonex will charge More a one-off fee for the initial development of the customised software platform, which is estimated to be $70,000 based on a daily development rate. However, the significant revenues are expected from providing ongoing managed services to More across four key areas:

- Monthly extension license fees. More has agreed to pay a license fee for each Hosted PBX Extension activated via the Vonex Platform. As part of the relationship, More has also committed to migrate its 8,800 existing extensions to the Vonex platform.
- The exclusive sale of hardware to More. More has agreed for all IP Phone related hardware needed for each new Business phone service to be purchased via the Vonex platform.
- Local and international call carriage. More have also committed to exclusively use Vonex carriage for national and international minutes.
- Software licensing and Management fees. Softphone licenses will also be charged on a per license basis. The agreement also includes an ongoing monthly management fee for the platform.

Corporate

Capital Raising

On 23 July 2021, Vonex announced that it had received firm commitments from new and existing sophisticated and institutional investors to subscribe for a two-tranche placement of 109,090,909 fully paid ordinary shares ("**Shares**") at $0.11 each to raise $12 million before costs ("**Placement**"). Vonex also announced a Share Purchase Plan ("**SPP**") to eligible, existing shareholders to raise up to an additional $2 million at the Placement price. Tranche 1 of the Placement, consisting of 22,502,051 shares to raise $2.475m completed on 30 July 2021, with shareholders approving the issue of shares under Tranche 2 of the Placement at the general meeting held on 30 August 2021.

Net proceeds from the Placement and SPP were used to part fund the remaining balance of the $20 million consideration payable by Vonex on completion of the acquisition of MNF Group's Direct business, as well as the $11 million of deferred cash consideration payable in monthly installments over 12 months.

Shareholder Meetings

At a general meeting held 30 August 2021, all resolutions were passed by way of a poll.

At the Company's AGM held 29 November 2021, all resolutions were passed by way of a poll.

R&D Tax Rebate

The Company has received a Research and Development Tax Incentive rebate of $0.48 million for FY22 (FY21: $0.54 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.

DIRECTORS' REPORT

Cash Position
The Company ended the financial year with a strong cash balance of $3.195 million.

Outlook
Following its acquisition of MNF Group's Direct Business, Vonex is well-placed to execute its clear three-pillar growth strategy.

The highly complementary acquisition has transformed Vonex by delivering financial scale and market relevance. Through this deal, Vonex is welcoming a highly experienced new team of 30 staff, more than 5,000 new SME customers and more than 180 new channel partners to its platform, and expects to almost double the Company's annualised recurring revenue on a full year basis. Vonex has identified and is pursuing opportunities to increase the value of the acquired and combined business by targeting growth in lead generation, brand awareness and average revenue per user.

In 2SG Wholesale, Vonex plans to deliver organic growth which is accelerated -through selling opportunities, product range expansion and network cost efficiencies. The Company's focus continues to be on the recruitment of new Partners across Australia to support the anticipated growth in Hosted PBX and Unified Communications in the region. National marketing programs in Australia's capital cities remain underway to gain traction with SME customers and facilitate strong growth in registered PBX users.

The Vonex group now has approximately 100,000 registered active users on its PBX cloud-based phone service, up 117% year on year, a key indicator of the Company's business development progress.

The Company achieved ARR of ~$36.2 million as at 30 June 2022, up 97% year-on-year.

Vonex is pursuing an established M&A-led growth strategy for FY22 and FY23, targeting profitable IT and telco businesses that offer potential for growth in revenue and profit through further product expansion and cross-selling.

With the latest *Communications Report* from the Australian Communications and Media Authority (ACMA) forecasting the Australian telecommunications industry revenue to grow from $44 billion in 2018 to $47 billion by 2022, Vonex continues to see a positive outlook for growth in sales as the Company's customer base expands.

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 financial year.

Events after the reporting period

Subsequent to the reporting period, on 24 August 2022 the Company announced that it had paid the final monthly cash payment to Symbio Holdings Ltd (ASX: SYM) forming part of the deferred consideration for the Company's acquisition of part of the MyNetFone Direct Business.

Furthermore, on 30 August 2022 the Company cancelled 13,240,000 Performance Rights as a result of the milestones being unable to be achieved in the permitted time period. The cancelled Performance Rights include:
a) 4,740,000 convertible upon the Company achieving audited net profit after tax of $1 million in a financial year;
b) 1,000,000 convertible into ordinary shares upon completion of the beta version of the Oper8tor App and commencement of the official Oper8tor launch in Europe;
c) 2,500,000 convertible into ordinary shares upon the Oper8tor App achieving 10 million active users; and
d) 5,000,000 convertible into ordinary shares upon the Oper8tor App achieving 50 million active users.

Apart from the disclosures made within this report, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

DIRECTORS' REPORT

REMUNERATION REPORT (Audited)
The remuneration report is set out under the following main headings:

A Remuneration Governance
B Remuneration Structure
C Details of Remuneration
D Share-based compensation
E Equity instruments issued on exercise of remuneration options
F Value of options to Directors
G Equity instruments disclosures relating to key management personnel
H Other transactions with key management personnel
I Additional statutory information

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001. The remuneration arrangements detailed in this report are for the key management personnel ("KMP") of the Group as follows:

Mr Nicholas Ong – Non-Executive Chairman
Mr Matthew Fahey – Managing Director and CEO
Mr David Vilensky – Non-Executive Director
Ms Winnie Lai Hadad – Non-Executive Director
Mr Jason Gomersall – Non-Executive Director

Use of remuneration consultants

The Company did not employ services of consultants to review its existing remuneration policies.

Voting and comments made at the Company's 2021 Annual General Meeting
The Company received 88% of "yes" proxy votes on its remuneration report for the 2021 financial year, inclusive of discretionary proxy votes, with the resolution passing by way of a poll. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

A Remuneration Governance

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors of the Group and Executives of the Group. The performance of the Group depends upon the quality of its key management personnel. To prosper the Group must attract, motivate and retain appropriately skilled directors and executives.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Group does not engage the services of any remuneration consultants.

DIRECTORS' REPORT

B Remuneration Structure

Non-Executive remuneration arrangements
The remuneration of Non-Executive Directors (**NED**) consists of Directors' fees, payable in arrears. They serve on a month to month basis and there are no termination benefits payable. Non-Executive Directors are able to participate in share option-based incentive programmes in accordance with Group policy.

When required to spend time on Group Business outside of NED duties, Directors are paid consulting fees on time spent and details of which are contained in the Remuneration Table disclosed in Section C of this Report. Remuneration of Non-Executive Directors are based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors.

The Group has provided variable remuneration incentive schemes to certain Non-Executive Directors as detailed in Note 33.

Non-Executive Directors' fees are determined within an aggregate directors' fee pool limit, which will be periodically recommended for approval by shareholders. The maximum currently stands at $500,000 per annum as per Section 13.8 of the Company's constitution and may be varied by ordinary resolution of the shareholders in general meeting.

C Details of Remuneration

The key management personnel ("KMP") of the Group are the Directors and management of Vonex Limited detailed in the table below. Details of the remuneration of the Directors of the Group are set out below:

	Short-term benefits			Post-employment benefits	Share-based payment		
30/06/2022	**Salary & fees $**	**Cash bonus $**	**Long Service Leave $**	**Superannuation $**	**Performance rights/options (I) $**	**Total $**	**Percentage remuneration consisting of performance rights/options for the year**
Directors							
Mr Fahey	318,477	-	15,483	31,694	(15,971)	349,683	-
Mr Ong	71,000	-	-	7,100	(193,247)	(115,147)	-
Mr Vilensky	60,000	-	-	6,000	(193,247)	(127,247)	-
Ms Hadad	60,000	-	-	6,000	-	66,000	-
Mr Gomersall	60,000	-	-	6,000	-	66,000	-
Total	**569,477**	**-**	**15,483**	**56,794**	**(402,465)**	**239,289**	

(I) The valuation of tranche 3 performance rights were reversed previously recognized expense during the year, refer to Note 32

	Short-term benefits			Post-employment benefits	Share-based payment		
30/06/2021	**Salary & fees $**	**Cash bonus $**	**Long Service Leave $**	**Superannuation $**	**Performance rights/options $**	**Total $**	**Percentage remuneration consisting of performance rights/options for the year**
Directors							
Mr Fahey	286,000	-	5,722	27,170	364,525	683,417	53%
Mr Ong	60,000	-	-	5,700	317,428	383,128	83%
Mr Vilensky	60,000	-	-	5,700	196,328	262,028	75%
Ms Hadad	60,000	-	-	5,700	181,650	247,350	73%
Mr Gomersall	60,000	-	-	5,700	181,650	247,350	73%
Total	**526,000**	**-**	**5,722**	**49,970**	**1,241,581**	**1,823,273**	**68%**

DIRECTORS' REPORT

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed Remuneration*		At risk – LTI **	
	2022	**2021**	**2022**	**2021**
Director				
Mr Fahey	100%	47%	-	53%
Mr Ong	100%	17%	-	83%
Mr Vilensky	100%	25%	-	75%
Ms Hadad	100%	27%	-	73%
Mr Gomersall	100%	27%	-	73%

*Fixed Remuneration includes short term benefits and post-employment benefits
Performance rights are at risk - **Long term incentives are provided by way of the performance rights issued with long term performance milestones (Tranche 1,2 and 3). The percentages disclosed reflect the fair value of remuneration based on the value of the performance rights at grant date subject to future vesting conditions. Options are at risk - **Long term incentives are provided by way of options issued, exerciseable from 1 Dec 2020 to 1 Dec 2023, at a exercise price of $0.37.

Remuneration Policy

Non-Executive Directors
Total remuneration for all Non-Executive Directors, is not to exceed $500,000 per annum as approved by shareholders. This does not include Consulting Fees.

Non-Executive Directors received a fixed fee for their services of $60,000 per annum (excl. GST) plus superannuation for services performed. The Non-Executive Chairman receives a fixed fee for his services of $72,000 per annum (plus GST).

The Group has provided variable remuneration incentive schemes to certain Non-Executive Directors as detailed in Note 33. There are no termination or retirement benefits for non-executive directors (other than statutory superannuation).

Executive Director – *Mr Matthew Fahey – Chief Executive Officer*

Outlined below is a summary of the material provisions of the Executive Services Agreement between the Company and Mr Matthew Fahey. Mr Fahey receives an annual salary of $284,000 plus statutory superannuation. Mr Fahey is also entitled to director fee of $36,000 per annum. Either party may terminate the Executive Services Agreement by giving six (6) months written notice.

A bonus based on key performance indicators ("KPIs") will be paid as follows:
The Company may at any time during the Term or any extension thereof pay a performance-based bonus over and above the salary. In determining the extent of any performance based bonus, the Company shall take into consideration the key performance indicators of the Executive and the Company, as the Company may set from time to time, and any other matter that it deems appropriate and may issue shares in the Company to the Executive in lieu of cash if the Executive consents.

DIRECTORS' REPORT

D Share-based Compensation

Short term and long term incentives

In prior financial years Mr Fahey, Mr Ong and Mr Vilensky were issued performance rights incentives for their work and ongoing commitment and contribution to the Company.

The performance rights were issued in three tranches, each with different performance milestones. All tranches have now either vested or been forfeited.

No options were issued to directors during the year. In the prior financial year, all directors were issued options for their work and ongoing commitment and contribution to the Company. Refer to Note 33 for further details in respect to the options granted.

E Equity Instruments Issued on Exercise of Remuneration Options

No equity instruments were issued during the year to Directors or key management personnel as a result of exercising remuneration options (2021: Nil).

F Value of options to Directors

Options – Directors

No options were issued to directors during the year.

G Equity instruments disclosures relating to key management personnel

Share holdings
The numbers of shares in the Company held during the financial year by each Director and other key management personnel of the Group are set out below.

2022	Opening Balance	Received as Remuneration	Received During Year on Exercise of Options	Net Change Other	Closing Balance
Directors					
Mr Matthew Fahey	**6,508,291**	-	-	802,727	**7,311,018**
Mr Nicholas Ong	**2,644,645**	-	-	1,771,817	**4,416,462**
Mr David Vilensky	**2,550,000**	-	-	540,000	**3,090,000**
Ms Winnie Lai Hadid	**58,823**	-	-	210,544	**269,367**
Mr Jason Gomersall	**285,000**	-	-	11,819,579	**12,104,579**
	12,046,759	**-**	**-**	**15,144,667**	**27,191,426**

DIRECTORS' REPORT

Deferred performance shares holdings

The table shows how many deferred KMP performance shares have been granted, vested and forfeited.

	Year Granted	No Granted	Grant Date Value per share	Grant Date value	Vested value	Forfeited value	Maximum value yet to vest
Mr Fahey							
Tranche 3	FY17	130,000	$0.45	$58,500	$58,500	-	-
Tranche 2	FY18	100,000	$0.20	$20,000	$20,000	-	-
Tranche 3	FY18	100,000	$0.20	$20,000	-	$(20,000)	-
		330,000					
Mr Ong							
Tranche 3	FY17	130,000	$0.45	$58,500	$58,500	-	-
Tranche 2	FY18	1,210,000	$0.20	$242,000	$242,000	-	-
Tranche 3	FY18	1,210,000	$0.20	$242,000	-	$(242,000)	-
		2,550,000					
Mr Vilensky							
Tranche 3	FY17	130,000	$0.45	$58,500	$58,500	-	-
Tranche 2	FY18	1,210,000	$0.20	$242,000	$242,000	-	-
Tranche 3	FY18	1,210,000	$0.20	$242,000	-	$(242,000)	-
		2,550,000					

The above tables excludes 8,500,000 Performance rights issued to Mr Matthew Fahey on 28 July 2017 in relation to Oper8tor rights. These rights have nil value and expired on 28 July 2022.

The table shows how many deferred KMP performance shares have been granted, vested and forfeited during the period:

2022	Opening Balance	Vested during the period	Net Change Other	Closing Balance
Directors				
Mr Matthew Fahey	**8,830,000***	**-**	(230,000)	**8,600,000***
Mr Nicholas Ong	**2,550,000**	**-**	(1,340,000)	**1,210,000****
Mr David Vilensky	**2,550,000**	**-**	(1,340,000)	**1,210,000****
	13,930,000	**-**	**(2,910,000)**	**11,020,000**

*8,500,000 Performance rights relate to Oper8tor rights issued on 28 July 2017. These rights have nil value and expired on 28 July 2022.
** Forfeited as at 30 June 2022, and subsequently cancelled on 30 August 2022.

DIRECTORS' REPORT

Option holdings

The table shows how many KMP options have been granted, vested and forfeited during the period.

2022	Opening Balance	Granted during the period	Exercised during the period	Closing Balance
Directors				
Mr Matthew Fahey	**3,000,000**	-	-	**3,000,000**
Mr Nicholas Ong	**2,552,000**	-	-	**2,552,000**
Mr David Vilensky	**1,500,000**	-	-	**1,500,000**
Ms Winnie Lai Hadid	**1,500,000**	-	-	**1,500,000**
Mr Jason Gomersall	**1,500,000**	-	-	**1,500,000**
	10,052,000	**-**	**-**	**10,052,000**

H Other transactions with key management personnel

Transactions with related parties
The following transactions occurred with related parties:

	2022	2021
	$	$
Services provided:		
Company secretarial, corporate compliance, bookkeeping and accounting fees from Minerva Corporate (director-related entity of Nicholas Ong)	54,000	56,788
Payments for legal fees from Bowen Buchbinder Vilensky (director-related entity of David Vilensky)	172,124	26,033

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2022	2021
	$	$
Current payables:		
Trade payables to Minerva Corporate (director-related entity of Nicholas Ong)	14,850	9,900

DIRECTORS' REPORT

I Additional statutory information

Relationship between remuneration and the Group's performance
The following table shows key performance indicators for the Group over the last five years:

	2022	2021	2020	2019	2018
Profit/(loss) for the year	$330,522	$(3,984,788)	$(705,964)*	$(2,791,622)	$(14,713,402)
Closing Share Price	6.6 cents	12.5 cents	11.0 cents	11.0 cents	14.0 cents
KMP Incentives	$(402,465)	$1,241,581	$400,030	$342,538	$1,105,537
Total KMP Remuneration	$239,289	$1,823,273	$921,203	$1,138,252	$1,734,754

* Restated loss for the year.

End of Audited Remuneration Report

Environmental Regulation

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Officer's Indemnities and Insurance

The Company has paid a premium for a contract insuring all Directors and executive officers of the Company and certain related bodies corporate against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The Directors have not included in this report details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors and executive officers insurance liability contract as disclosure is prohibited under the terms of the contract.

The Company has agreed to indemnify each person who is, or has been a director, officer or agent of the Company and/or of certain of its related bodies corporate against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as director, officer or agent, except where the liability arises out of conduct involving a lack of good faith. The Company is required to meet the full amount of any such liabilities, including costs and expenses for a period of seven years.

No liability has arisen since the end of the previous financial year which the Company would, by operation of the above indemnities, be required to meet.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Options

At the date of this report the Company has the following options on issue:

a) 14,500,000 options exercisable at $0.30 on or before 7 June 2023;
b) 14,719,731 options exercisable at $0.20 on or before 30 November 2022;
c) 3,215,060 options exercisable at $0.20 on or before 30 November 2022;
d) 1,800,000 options exercisable at $0.20 on or before 30 November 2022; and
e) 10,000,000 options exercisable at $0.37 on or before 1 December 2023.

DIRECTORS' REPORT

Performance Rights
As at the date of this report the Company has no performance rights on issue.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

NON-AUDIT SERVICES
The Company may decide to employ the Auditor on assignments additional to their statutory audit duties.

Details of the amounts paid or payable to the Auditor for audit and non-audit services provided during the year are set out below.

The Board has considered the position and, in accordance with the advice received from the Audit Compliance and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The Directors are satisfied that the provision of non-audit services by the Auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act for the following reasons:

- all non-audit services are reviewed by the Audit Compliance and Risk Management Committee to ensure they do not impact the impartiality; and
- objectivity of the Auditor, none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the Auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms.

	2022 $	2021 $
Assurance services		
Audit Services		
RSM Australia Partners	152,500	95,000
Total remuneration for audit and assurance services	152,500	95,000
Corporate Services		
RSM Australia Pty Ltd – Due Diligence Report	95,000	-
Total remuneration for corporate services	95,000	-

DIRECTORS' REPORT

AUDITOR
RSM Australia Partners was appointed as the Group's auditor at the 2011 Annual General Meeting and continues in office in accordance with section 327 of the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION
A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is included within this financial report.

This Directors' Report, is signed in accordance with a resolution of the Board of Directors.

Nicholas Ong
Chairman
31 August 2022

RSM Australia Partners

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F +61 (0) 8 9261 9111

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Vonex Limited for the year ended 30 June 2022, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 31 August 2022

JAMES KOMNINOS
Partner

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2022	2021
		$	$
Sales revenue	3	33,616,139	18,259,243
Cost of sales	5	(17,062,382)	(12,737,896)
Gross profit		16,553,757	5,521,347
Other revenues	4	712,922	956,278
Administration expenses		(2,227,022)	(1,416,444)
Amortisation	5	(1,453,311)	(536,804)
Account and audit fees		(182,346)	(109,118)
Bad & doubtful debt expenses		(155,718)	(82,016)
Contractor expenses		(2,431,161)	(1,081,592)
Dealer commissions		(983,161)	(769,090)
Depreciation expenses	5	(421,395)	(321,325)
Directors' fees		(315,700)	(302,220)
Employee Expenses		(6,799,870)	(3,579,201)
Finance costs	5	(1,592,831)	(58,957)
Insurance expense		(208,383)	(129,426)
Impairment expense	14	(550,000)	(771,319)
Legal fees		(158,131)	(104,958)
Loss on disposal of non-current assets		(7,482)	(3,411)
Occupancy expenses		(150,870)	(22,190)
Repairs and maintenance		(7,019)	(7,579)
Share based payment expense	33	809,030	(1,269,776)
Stamp duty		(390,724)	(322)
Travel expenses		(100,001)	(22,260)
Loss before income tax		(59,416)	(4,110,383)
Income tax benefit		389,938	125,595
Net profit/(loss) for the year		330,522	(3,984,788)
Other comprehensive income for the year		-	-
Total comprehensive profit/(loss) for the year		330,522	(3,984,788)
Basic and diluted earnings/(loss) per share of profit/(loss) attributable to the owners of Vonex Limited (cents per share)	9	0.11	(2.10)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2022	Restated* 2021
		$	$
CURRENT ASSETS			
Cash and cash equivalents	10	3,195,181	3,658,416
Trade and other receivables	11	2,943,008	1,684,355
Contract assets	12	73,639	60,676
Other current assets	13	695,331	463,858
TOTAL CURRENT ASSETS		6,907,159	5,867,305
NON-CURRENT ASSETS			
Intangibles	14	39,039,501	4,577,062
Plant and equipment	17	435,564	335,630
Contract assets	12	3,802	7,918
Right of Use Assets	18	1,175,559	908,037
Other non-current assets	13	503,908	109,244
TOTAL NON-CURRENT ASSETS		41,158,334	5,937,891
TOTAL ASSETS		48,065,493	11,805,196
CURRENT LIABILITIES			
Trade and other payables	20	9,098,160	3,888,885
Provisions	19	1,064,101	521,842
Borrowings	21	1,779,750	-
Lease liability	22	497,450	346,815
TOTAL CURRENT LIABILITIES		12,439,461	4,757,542
NON-CURRENT LIABILITIES			
Provisions	19	126,610	121,031
Borrowings	21	12,222,996	-
Lease liability	22	1,162,181	648,513
Deferred tax liability	23	2,829,704	702,171
TOTAL NON-CURRENT LIABILITIES		16,341,491	1,471,715
TOTAL LIABILITIES		28,780,952	6,229,257
NET ASSETS		19,284,541	5,575,939
EQUITY			
Issued capital	24	65,912,270	50,442,160
Reserves	25	3,085,718	5,177,748
Accumulated losses	29	(49,713,447)	(50,043,969)
TOTAL EQUITY		19,284,541	5,575,939

*Refer to Note 34 for detailed information on restatement of comparatives.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Accumulated Losses	Reserves	Total
	$	$	$	$
At 1 July 2020	**47,642,165**	**(46,064,265)**	**5,230,937**	**6,808,837**
Comprehensive income:				
Loss for the year	-	(3,984,788)	-	(3,984,788)
Total comprehensive income / (loss) for the year	**-**	**(3,984,788)**	**-**	**(3,984,788)**
Transactions with owners, in their capacity as owners				
Shares issued during the year	1,478,210	-	-	**1,478,210**
Vesting of performance shares and rights	20,000	-	(20,000)	**-**
Increase in asset reserve	-	-	3,904	**3,904**
Share-based payment – options, performance shares and rights	-	-	1,269,776	**1,269,776**
Capital-raising reserve transferred to share capital (net of costs)	1,301,785	-	(1,301,785)	**-**
Retained earnings adjustment – reversal of options valuation expired 3 August 2020	-	5,084	(5,084)	**-**
Capital raising costs	-	-	-	**-**
At 30 June 2021	**50,442,160**	**(50,043,969)**	**5,177,748**	**5,575,939**
At 1 July 2021	**50,442,160**	**(50,043,969)**	**5,177,748**	**5,575,939**
Comprehensive income:				
Profit for the year	-	330,522	-	**330,522**
Total comprehensive income / (loss) for the year	**-**	**330,522**	**-**	**330,522**
Transactions with owners, in their capacity as owners				
Shares issued during the year	13,999,986	-	-	**13,999,986**
Shares issued in settlement of trade payables – extinguishment of liabilities	268,240	-	-	**268,240**
Shares issued in settlement of advertising/marketing activities	21,317			**21,317**
Shares issued in acquisition settlement of Voiteck Pty Ltd	548,157	-	-	**548,157**
Shares issued in settlement of employee benefits – extinguishment of liabilities	22,500	-	-	**22,500**
Conversion of performance rights to ordinary shares	1,260,500	-	(1,260,500)	**-**
Forfeited performance rights	-	-	(831,530)	**(831,530)**
Capital raising costs	(650,590)	-	-	**(650,590)**
At 30 June 2022	**65,912,270**	**(49,713,447)**	**3,085,718**	**19,284,541**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2022	2021
		$	$
CASH FLOWS FROM OPERATING ACTIVITES			
Receipts from customers		33,229,199	17,223,379
Payments to suppliers and employees		(28,319,239)	(18,221,230)
Research and development tax offset		485,715	541,661
Government grants		11,125	163,570
Interest received		309	1,090
Interest paid		(77,990)	(50,864)
Net cash provided by/(used in) operating activities	28	**5,329,119**	**(342,394)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of capital grant		-	70,000
Payments for physical non-current assets		(153,422)	(161,021)
Payments of stamp duty for business aquisiton		(283,843)	(136,869)
Payment to acquire business	34	(30,356,017)	(334,367)
Transction costs for business combinations		(569,950)	-
Proceeds from disposal of property, plant and equipment		423	1,137
Proceeds from/(Repayment of) loans		-	329
Net movement in bonds		-	(75,680)
Net cash used in investing activities		**(31,362,809)**	**(636,471)**
CASH FLOWS FROM FINANCING ACTIVITES			
Proceeds from application funds held in trust, net of costs		13,999,986	-
Proceeds from borrowings		16,000,000	
Payments for capital raising costs		(644,330)	
Payment of transaction and finance costs		(2,015,081)	
Net repayment of borrowings		(1,500,000)	-
Leasing payments		(270,310)	(173,644)
Net cash cash provided by/(used in) financing activities		**25,570,265**	**(173,644)**
Net decrease in cash and cash equivalents		**(463,425)**	**(1,152,509)**
Cash and cash equivalents at the beginning of the financial year		3,658,416	4,811,798
Exchange rate adjustments		190	(873)
Cash and cash equivalents at end of the financial year	10	**3,195,181**	**3,658,416**

The accompanying notes form part of these financial statements.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

The consolidated financial statements and notes represent those of Vonex Limited and the entities it controlled during the year (“the consolidated entity”). Vonex Limited is a public company, incorporated and domiciled in Australia. The address of the Company’s registered office and principal place of business is Level 8, 99 St Georges Terrace, Perth, WA, 6000.

The separate financial statements of the parent entity, Vonex Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue by the Board on 31 August 2022.

Note 1: Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending 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.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)
The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies (continued)

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and result of entities controlled by Vonex Limited at the end of the reporting period. A controlled entity is an entity over which Vonex Limited has the ability or right to govern the financial and operating policies so as to obtain benefits from the entity's activities. In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated entity have been eliminated in full on consolidation. Where controlled entities have entered or left the consolidated entity during the year, the financial performance of those entities is included only for the period of the year that they were controlled.

(b) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated financial statements, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer. Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of profit and loss and other comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of profit and loss and other comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies (continued)

(c) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (revenue) is charged or credited outside profit or loss when the tax related to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies (continued)

(d) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value, less, where applicable, any accumulated depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed included the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss.

Depreciation

The depreciable amount of plant and equipment is depreciated on the straight line method over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Furniture and Fixtures	15% - 25%
Plant and Equipment	15% - 33.3%
Leasehold Improvements	12%
Motor Vehicles	20%
Computer Equipment	50%

The asset's residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

i. Plant and Equipment

The asset's residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies (continued)

(d) Plant and Equipment (continued)

ii. Impairment of Assets
At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss and other comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in the statement of profit and loss and other comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Impairment testing is performed annually for intangible assets with indefinite useful lives.

(e) Employee Entitlements
Provision is made for the consolidated entity's obligation for short-term employee benefits. Short-term employee benefits are benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The consolidated entity's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position. The consolidated entity's obligations for employees' annual leave entitlements are recognised as provisions in the statement of financial position.

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(f) Provisions
Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies (continued)

(g) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.
Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

1. Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

2. Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

3. Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

(h) Cash and Cash Equivalents

Cash and equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments. For the purpose of the statement of cash flows, cash includes deposits at call, which are readily convertible to cash on hand and subject to an insignificant risk of changes in value.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies (continued)

(i) Revenue and Other Income

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised. Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method.

The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Rendering of telecommunications services

Revenue from the rendering of retail telecommunications services includes the provision of data, internet, voice and other services. Revenue from the rendering of data and internet services to consumers and corporate customers is recognised on a straight-line basis over the period the service is provided. Revenue for voice services is recognised at completion of the call. Revenue from wholesale hosted PBX service customers is charged based on the number of PBX registrations recorded on a daily basis and invoiced monthly in arrears.

Where revenue for services is invoiced to customers and/or received in advance, the amount that is unearned at a reporting date is recognised in the statement of financial position as deferred income, and its recognition in the profit or loss is deferred until the period to which the invoiced amount relates.

Sale of goods

Revenue from the sale of goods represents sales of customer equipment to consumer and corporate customers. Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods or service.

Revenue arrangements with multiple deliverables

Where two or more revenue-generating activities or deliverables are sold under a single arrangement, each deliverable is considered to be a separate unit of accounting and is accounted for separately.

Interest

Revenue is recognised as the interest accrues using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(j) Contract assets

Contract assets are recognised when the consolidated entity has satisfied the performance obligations in the contract and either has not recognised a receivable to reflect its unconditional right to consideration or the consideration is not due. Contract assets are treated as financial assets for impairment purposes.

(k) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as they assets are substantially ready for their intended use of sale.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies (continued)

(k) Borrowing Costs (continued)

All other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs predominately consist of interest and other costs that the company incurs in connection with the borrowing of funds.

(l) Goods and Services Tax ("GST")

The company is registered for GST. Revenues, expenses and assets and liabilities are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the item of the expense. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows.

(m) Trade and other payables

These amounts represent liabilities for goods, services and other commitments provided to the consolidated entity at the end of the reporting period that remain unpaid.

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms. Trade payables are predominately unsecured.

(n) Trade and other receivables

All trade receivables are recognised initially at the transaction price (i.e. cost) less any provision for impairment and allowance for any uncollectable amounts. Receivable terms for the consolidated entity are due for settlement within 4-30 days from the date of the invoice. Collect ability of trade debtors is reviewed on an ongoing basis.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

At the end of each reporting period, the carrying amount of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income. When identified, debts which are known to be uncollectible are written off.

(o) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(p) Comparative Figures

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies (continued)

(q) Right-Of-Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(r) Segment Reporting

Identification of reportable operating segments

The consolidated entity is organised into three operating segments based on differences in products and services provided: retail telecommunications, wholesale telecommuncations and corporate. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Retail Telecommunications: engaged in the sale of hardware and the full suite of telecommunication services including the provision of data, internet, voice (including IP voice) and billing services within Australia.

Wholesale Telecommunications: provides wholesale customers access to the core Vonex PBX, call termination services, NBN and 4g mobile broadband at wholesale rates via a “white label” model.

Corporate: engaged in managing the corporate affairs of the Group, including capital-raising its headquarters central functions as well as its risk management and self-insurance activities along with special development projects.

(s) Intangibles

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer List

Customer List is amortised on a straight line basis over the life of the contracts. The residual values and useful lives are reviewed annually at each balance date and adjusted, if appropriate.

Trademarks

Trademark is amortised on a straight line basis over the period of 10 years from April 2013. The residual values and useful lives are reviewed annually at each balance date and adjusted, if appropriate.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies (continued)

(s) Intangibles (continued)

Patents

Patent is amortised on a straight line basis over the period of 10 years from April 2013. The residual values and useful lives are reviewed annually at each balance date and adjusted, if appropriate.

Customer & Supply contracts (2SG)

The customer and supply contract is being amortised on a straight-line basis over two periods dependent on contract terms (5 years and 10 years). The residual values and useful lives are reviewed annually at each balance date and adjusted, if appropriate.

Customer & Supply contracts (Nextel)

The customer and supply contract is being amortised on a straight-line basis on contract terms 5 years. The residual values and useful lives are reviewed annually at each balance date and adjusted, if appropriate.

Customer contracts & Channel Partners (MNF)

The customer and supply contract is being amortised on a straight-line basis over two period dependent on contract terms 5 years and customer attrition related to Channel Partners of 12 years. The residual values and useful lives are reviewed annually at each balance date and adjusted, if appropriate.

(t) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(u) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

(v) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by weighted average number of ordinary shares outstanding during the financial year, adjusted for the bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(w) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

(x) New, revised or amending Accounting Standards and Interpretations adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. There is no material impact of these new or amended Accounting Standards and Interpretations.

(y) 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. As at 30 June 2022, the Group had net current liabilities of $5,532,302.

Whilst the above condition indicates a material uncertainty which may cast significant doubt over the Group'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 Group will be able to continue as a going concern, after consideration of the following factors:

- The Directors expect the Group's Retail and Wholesale segments will continue to trade profitably;
- Cashflows from operating activities generated $5,329,119 cashflow for the year ended 30 June 2022 and is expected to increase;
- The Group completed its final deferred payment relating to the MNF acquisition in August 2022 and as a result the Group's net cash flow will now improve by $833k per month; and
- The Group 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 Group 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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 2: Critical Estimates

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

There have been no judgements, apart from those involving estimation, in applying accounting policies that have a significant effect on the amounts recognised in these financial statements. Following is a summary of the key assumptions concerning the future and other key sources of estimation at reporting date that have not been disclosed elsewhere in these financial statements.

Share based payment transactions
The consolidated entity measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by management using an appropriate valuation model that use estimates and assumptions. Management exercises judgement in preparing the valuations and these may affect the value of any share-based payments recorded in the financial statements (refer to notes 33 for further details).

Impairment
The consolidated entity assesses impairment at the end of each reporting period by evaluation conditions and events specific to the consolidated entity that may be indicative of impairment triggers. Validity for future operations are all elements that are considered. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 25 for further information.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Business combinations
As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 3: Revenue

	2022	2021
	$	$
Revenue from customers		
Sales revenue	33,616,139	18,259,243

Disaggregation of revenue
The disaggregation of revenue from customers is as follows:

Consolidated - 30 June 2022	Retail $	Wholesale $	Corporate $	Total $
Major service lines				
Telephony	17,208,024	4,684,860	-	21,892,884
Internet	4,934,101	4,017,866	-	8,951,967
Hardware	470,504	70,683	-	541,187
Infrasructure/Projects/Support	536,119	-	-	536,119
Hosted PBX	-	1,693,982	-	1,693,982
	23,148,748	10,467,391	-	33,616,139
Geographical regions				
Australia	23,148,748	10,453,221	-	33,601,969
United States of America	-	14,170	-	14,170
	23,148,748	10,467,391	-	33,616,139

Consolidated - 30 June 2021	Retail $	Wholesale $	Corporate $	Total $
Major service lines				
Telephony	6,049,139	2,309,863	-	8,359,002
Internet	2,567,436	4,895,422	-	7,462,858
Hardware	707,482	73,050	-	780,532
Infrastructure/Projects/Support	106,103	-		106,103
Hosted PBX	-	1,550,748	-	1,550,748
	9,430,160	8,829,083	-	18,259,243
Geographical regions				
Australia	9,430,160	8,788,318	-	18,218,478
United States of America	-	40,765	-	40,765
	9,430,160	8,829,083	-	18,259,243

Note 4: Other Income

	2022	2021
	$	$
Other income		
Interest received	351	1,091
Research & development tax offset	485,715	541,661
Disposal of operating lease	32,232	42,788
Government Incentive Rebate	-	150,000
Debt forgiveness	64,005	21,864
Gain on disposal of plant and equipment	173	78,683
Other income	130,446	120,191
Total other income	712,922	956,278

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 5: Profit/(Loss) for the year	**2022**	**2021**
Profit/(Loss) before income tax includes the following specific expenses	**$**	**$**
Expenses		
Cost of sales		
Cost of sales	(17,062,382)	(12,737,896)
Depreciation		
Leasehold improvements	(12,226)	(8,848)
Plant and equipment	(7,696)	(7,747)
Office and computer equipment	(81,119)	(45,989)
Motor vehicles	(14,432)	(6,289)
Licenses and development	(379)	-
Land and buildings right-of-use assets	(255,398)	(232,010)
Plant and equipment right-of-use assets	(50,145)	(20,442)
Total depreciation	**(421,395)**	**(321,325)**
Amortisation		
Patents and trademarks	(886)	(9,949)
Customer list	(72,082)	(72,082)
Customer and supplier contracts	(1,380,343)	(454,773)
Total amortisation	**(1,453,311)**	**(536,804)**
Finance costs		
Interest and finance charges payable/paid on lease liabilities	(58,451)	(49,808)
Interest charges on insurance premium funding and credit cards	(16,791)	(9,149)
Interest charges on Longreach debt facility	(1,517,589)	-
Total finance costs	**(1,592,831)**	**(58,957)**
Superannuation expenses		
Employee superannuation expense	(573,475)	(296,003)
Directors superannuation expense	(28,700)	(26,220)
Total superannuation expensea	**(602,175)**	**(322,223)**

Note 6: Income Tax Expense

	2022	2021
	$	$
(a) Income Tax Expense		
Current tax expense	-	-
Deferred tax expense/(benefit)	**(389,938)**	(125,595)
Income tax expense/(benefit)	**(389,938)**	(125,595)

(b) Reconciliation

The prima facie tax on the loss is reconciled to income tax expense as follows:

	2022	2021
Loss for the year	(59,416)	(4,110,383)
Prima facie tax expense at 25% (2021:25%)	(14,854)	(1,027,596)
Non-deductible expenses	127,185	531,720
Non-assessable income	(323,686)	(37,500)
Deferred tax asset not brought to account	(178,583)	407,781
Income tax benefit	**(389,938)**	**(125,595)**

(c) Deferred Tax Asset

Deferred tax asset not brought to account comprises the future benefits at applicable tax rates:

	2022	2021
	$	$
Tax losses – revenue (resident)	5,027,947	5,364,624
Accruals and provisions	493,452	210,967
Business related costs	180,760	-
Other	(296,614)	(86,805)
	5,405,545	5,488,785

(d) Deferred Tax Liabilities

Deferred tax liability of $2,829,704 (2021: $702,171)*.

Resident tax losses calculated at the Australian income tax rate of 25% (2021:25%).

The deferred tax asset has not been recognised as an asset in the statement of financial position as its realisation is not considered probable. The asset will only be obtained if:

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the asset from the deductions for the loss to be realised;
(b) the company continues to comply with the conditions for deductibility imposed by the law; and
(c) no changes in tax legislation adversely affect the consolidated entity in realising the asset from deductions for the losses.

*Refer to Note 34 for detailed information on restatement of comparatives.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 7: Key Management Personnel Disclosures

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2022	2021
	$	**$**
Short-term employee benefits	584,960	531,722
Post-employment benefits	56,794	49,970
Share-based payments	(402,465)	1,241,581
	239,289	**1,823,273**

Note 8: Auditors' Remuneration

	2022	2021
	$	**$**
Remuneration of the auditor:		
- auditing or reviewing the financial report	152,500	95,000
- other services	95,000	-
	247,500	**95,000**

Note 9: Earnings per Share

	2022	2021
	$	$
Profit/(Loss) for the year	330,522	(3,984,788)
	No. Shares	**No. Shares**
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	309,315,492	189,358,459

There is no dilution of shares due to options as the potential ordinary shares are not dilutive and are therefore not included in the calculation of diluted loss per share.

Note 10: Cash and Cash Equivalents

	2022	2021
	$	**$**
Cash on hand	1,554	1,352
Cash at bank	3,193,627	3,657,064
	3,195,181	3,658,416

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 11: Trade and Other Receivables	**2022**	**2021**
	$	**$**
CURRENT		
Trade debtors	2,014,588	1,112,865
Less: Allowance for expected credit losses	(431,548)	(66,106)
	1,583,040	1,046,759
Other debtors	1,359,968	637,596
	2,943,008	1,684,355

Allowance for expected credit losses
The consolidated entity has recognised a loss of $155,718 ($38,089 bad debts, and $117,629 doubtful debts) in profit or loss in respect of the expected credit losses for the year ended 30 June 2022.

The ageing of the receivables and allowance for expected credit losses provided for the above are as follows:

	Expected credit loss rate 2022 %	**Carrying amount 2022 $**	**Allowance for expected credit losses 2022 $**
Consolidated			
0 to 3 months overdue	0%	1,411,553	-
3 to 6 months overdue	11%	192,682	21,195
Over 6 months overdue	100%	410,353	410,353
		2,014,588	431,548

Movements in the allowance for expected credit losses (2022: provision for impairment of receivables) are as follows:

	Consolidated	
	2022	**2021**
	$	**$**
Reconciliation:		
Opening balance	66,106	43,635
Additions	159,123	25,775
MNF acquisition	244,408	-
Receivables written off during the year as uncollectable	(38,089)	(3,304)
Closing balance	431,548	66,106

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 12: Current Assets – Contract Assets	**2022**	**2021**
	$	**$**
CURRENT		
Contract assets	73,639	60,676
NON CURRENT		
Contract assets	3,802	7,918
Reconciliation:		
Reconciliation of the written down values at the beginning and end of the Current and previous financial year are set out below:		
Balance at the beginning of the year	68,594	88,015
Additional provision	94,745	115,536
Transfer to sales adjustments	(85,898)	(134,957)
Balance at the end of the year	**77,441**	**68,594**

Note 13: Other Assets	**2022**	**2021**
	$	**$**
CURRENT		
Bonds/deposits paid/receivables	-	38,500
Works in progress	-	43,942
Loans	9,415	-
Inventory	269,183	94,926
Prepayments	349,431	286,490
Leasing receivables	67,302	-
	695,331	463,858
NON-CURRENT		
Bonds/deposits paid/receivables	148,932	109,244
Leasing receivables	354,976	-
	503,908	109,244

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 14: Intangible assets

	2022	Restated* 2021
Intangible assets – provisionnaly acquired (Voiteck)	3,959,471	-
Less: Accumulated amortisation	-	-
	3,959,471	-
Customer contracts (Nextel)	278,648	278,648
Less: Accumulated amortisation	(78,284)	-
	200,364	278,648
Goodwill (2SG & Nextel & MNF)	25,649,436	1,857,480
Less: Impairment	(550,000)	-
	25,099,436	1,857,480
IPVD customer list	720,081	720,081
Less: Accumulated amortisation	(660,479)	(588,397)
	59,602	131,684
Acquisition of IP (Oper8tor)	-	600,000
Less: Impairment	-	(600,000)
	-	-
Customer & Supply contracts (2SG)	2,908,977	2,908,977
Less: Accumulated amortisation	(1,061,137)	(606,364)
	1,847,840	2,302,613
Customer and Channel partnership contracts (MNF)	8,714,324	-
Less: Accumulated amortisation	(847,286)	-
	7,867,038	-
Patents and trademarks - at cost	222,130	222,130
Less: Accumulated amortisation	(218,451)	(217,564)
	3,679	4,566
Domain name acquisition	2,071	2,071
	2,071	2,071
	39,039,501	4,577,062

*Refer to Note 34 for detailed information on restatement of comparatives.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 14: Intangible assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Customer list	Goodwill	Customer and Channel Partnership Contract - MNF	Intangible Assets - Provisionally acquired (Voiteck, Nextel Re-allocated)	Oper8tor	Patents and trademarks	Domain name	Customer and Supply contracts (2SG)	Customer Contracts - Nextel	Total
Balance at 30 June 2020	203,766	524,140	-	-	600,000	146,054	2,071	2,757,386	-	4,233,417
									-	-
Additions/(Disposal)	-	-	-	1,542,326		39,780	-	-	-	1,582,106
Amortisation expense	(72,082)	-	-	-	-	(9,949)	-	(454,773)	-	(536,804)
Impairment expense (i)					(600,000)	(171,319)	-	-	-	(771,319)
Balance at 30 June 2021	131,684	524,140	-	1,542,326	-	4,566	2,071	2,302,613	-	4,507,400
Re-allocation of provisionally acquired intangible assets	-	1,333,340	-	(1,542,326)	-	-	-	-	278,648	69,662*
Restated as at 30 June 2021	131,684	1,857,480	-	-	-	4,566	2,071	2,302,613	278,648	4,577,062
Additions/(Disposal)	-	23,791,956	8,714,324	3,959,471	-	-	-	-		36,465,751
Amortisation expense	(72,082)	-	(847,286)	-	-	(887)	-	(454,773)	(78,284)	(1,453,312)
Impairment expense (ii)	-	(550,000)	-	-		-	-	-	-	(550,000)
Balance at 30 June 2022	59,602	25,099,436	7,867,038	3,959,471	-	3,679	2,071	1,847,840	200,364	39,039,501

i. During the prior year the Company advised that it was working with Ragnar Capital Partners LLP (Ragnar) regarding various funding options for the continuation of the Oper8tor development along with advising on 29 January 2021 that it does not anticipate committing further development capital to the project. The ability to identify and engage with the right technical and financial partners to guide Oper8tor's further development has been unsuccessful to date. As a result, the Company has taken the decision to write down carrying values pertaining to the Oper8tor development including any values attributed to the national and international patents.

ii. During the financial year the impacts of COVID19 cotinued across Australia with many States and Territories under Government lockdown protocols. These lockdowns continued for an entended period of time, especially on the East Coast of Australia, being a prominent area of operation that our business unit Nextel operated within and subsequently incurred a downturn in operating revenues during the reporting period and will take sometime to recover. As a result, the Company has taken the decision to write down carrying values of the Nextel business unit.

*Refer to Note 34 for detailed information on restatement of comparatives.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 14: Intangible assets (continued)

(a) Business combination – 2SG Wholesale Pty Ltd

On 28 February 2020, Vonex Ltd acquired the business of 2SG Wholesale Pty Ltd ('2SG'). 2SG Wholesale is a telecommunications and data wholesaler based in Brisbane, Queensland which provides Australian Managed Service Providers, ISPs and System Integrators with access to the latest in hardware and connectivity solutions from leading brands. 2SG 's mobile broadband capability provides Australian ISPs the opportunity to sell a wireless broadband solution via the Optus 4G Network. Integration with Australia's premier carriers facilitates the delivery of the latest fixed line, mobile connectivity and hardware solutions country-wide.

(b) Business combination – Voiteck – Direct Business

On 4 January 2022 Vonex Ltd, acquired Voiteck Pty Ltd ('Voiteck'). On 4 January 2022, Voiteck is an Adelaide, SA based business providing voice and internet services to small to medium enterprise (SME) customers. The intangible assets of $3,959,471 launches Vonex into a new geographic region providing a branded physical presence from which the combined group can pursue growth in the SA market. The fair values of Voiteck's intangible assets have been measured provisionally.

(c) Business combination – MNF Limited – Direct Business

On 9 August 2021 Vonex Ltd, acquired part of the Direct Business from MNF Group Ltd ('MNF'). The Direct Business sells cloud phone, internet and mobile services to SME and residential customers in Australia. The Acquisition will materially expand Vonex's footprint of SME and residential customers and will see the Company migrate approximately 5,250 new business customers to its platform along with providing a strong platform for organic growth in the Australian telecommunications market through cross-selling internet and mobility products to Direct Business customers.

The intangible assets of $32,506,280, exclusive of a provisional deferred tax liability of $2,517,471, represents Vonex's expansion and brand exposure within all regions of the telecommunications market within Australia. The purchase price allocation includes Customer Contracts and Channel Partnerships being amortised on a straight-line basis.

(d) Business combination – Nextel Pty Ltd – Direct Business

On 2 February 2021, Vonex Ltd acquired the business of Nextel Pty Ltd ('Nextel'). Nextel is a Sydney, NSW based business providing telecommunications services to business customers and is recognised as an industry leader in the design, installation and maintenance of voice, data and communications networks. It is an established single-source provider to small-to-medium enterprise (SME) businesses with expertise in rolling out wireless, fibre and RFID networks, as well as delivering structured cabling, telephony systems and electrical fit outs to large-scale projects. The intangible assets of $1,611,988 represents a strategic enhancement of Vonex's presence in the Sydney and NSW markets for telco services to small-to-medium enterprises (SMEs), adding market-leading products and services will create opportunities for cross-selling and product expansion through a growing national SME customer. The purchase price was recalculated during the reporting period and the comparative balances restated. The recalculation of the acquisition gave rise to a deferred tax liability of $69,662 in respect of this acquisition and $1,333,340 of goodwill. The customer contracts of $278,648 is being amortised on a straight-line basis over a 5 year period.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 14: Intangible assets (continued)

Key Assumptions Used for Value-in-Use Calculations
The recognition of Goodwill acquired through business combinations of 2SG, Nextel and Direct Business of MNF have been allocated to the following cash-generating unit (CGU):

- 2SG
- Direct Business of MNF
- Nextel

The recoverable amount of the consolidated entity's goodwill has been determined on the basis of value-in-use (VIU) calculation using discounted cashflow models, based on 3 year projections approved by management and extrapolated for a further 2 years using a a steady rate.

The following describes the assumptions on which management has based its cash flow projections when determining value in use for 2SG:

Revenue growth rate

The growth rate represents a steady indexation rate which does not exceed management's expectations of the long term average growth rate for the business in which each CGU operates. The rate applied in the cash flow projection is 6%.

Discount rate

For the 2SG CGU, the pre-tax discount rate applied to cash flow projections is 17.1%.

Cash flows

Value-in-use calculations use cash flow projections from approved budgets based on past performance and expectationse on future earnings.

Revenue

The value-in-use model is based on the budget approved by the Board. The forecast budget process was developed based on revenue expectations for the year built around existing customer contracts along with ongoing cross-selling opportunities withing the existing wholesale customer base to sustain growth.

Sensitivities

As disclosed in Note 2, 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 rate would need to decrease to 2.55% or lower before goodwill would need to be imparied, with all other assumptions remaining constant or
- The pre-tax discount rate would be required to significantly increase before goodwill would need to be impaired, with all other assumptions remaining constant.

The following describes the assumptions on which management has based its cash flow projections when determining value in use for Nextel:

Revenue growth rate

The growth rate represents an indexation rate which does not exceed management's expectations of the long term average growth rate for the business in which each CGU operates. Flat growth in the CGU for year one, giving the CGU an opportunity to build after the affects of COVID19 during FY22 and the rate applied in the cash flow projection is 6.2% for years two and three.

Discount rate

For the Nextel CGU, the pre-tax discount rate applied to cash flow projections is 16.0%.

Note 14: Intangible assets (continued)

Cash flows

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

Revenue

The value-in-use model is based on the budget approved by the Board. The forecast budget process was developed based on revenue expectations for the year built around a recovery from the impact of COVID19 on the CGU and rebuilding infrasture and project related revenue pipelines to the levels achieved pre COVID19.

There were not other key assumptions for the Nextel CGU.

Based on the above, an impairment charge of $550,000 has been applied as the carrying amount of goodwill exceeded its recoverable amount.

If there are any negative changes in key assumptions on which the recoverable amount of goodwill is based, this would result in a futher impairment charge to the CGU.

The following describes the assumptions on which management has based its cash flow projections when determining value in use for Direct Business of MNF:

Revenue growth rate

The growth rate represents an indexation rate which does not exceed management's expectations of the long term average growth rate for the business in which each CGU operates. An average rate applied in the cash flow projection is 10.3%.

Discount rate

For the Direct Business of MNF CGU, the pre-tax discount rate applied to cash flow projections is 19.5%.

Cash flows

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

Revenue

The value-in-use model is based on the budget approved by the Board. The forecast budget process was developed based on revenue expectations for the year built around existing customer contracts along with ongoing cross-selling opportunities withing the existing retail customer base to sustain growth.

Sensitivities

As disclosed in Note 2, 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 would need to decline at a rate of 4.2% year on year or greater before goodwill would need to be imparied, with all other assumptions remaining constant or;

  The pre-tax discount rate would be required to significantly increase before goodwill would need to be impaired, with all other assumptions remaining constant.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 15: Subsidiaries

(a) Parent entity
The parent entity within the Group is Vonex Ltd.

(b) Subsidiaries

Subsidiaries	Country of incorporation	Class of shares	Ownership Interest 2022	2021
IP Voice and Data Pty Ltd (ABN 45 147 537 871)	AUS	Ordinary	100%	100%
Oper8tor Pty Ltd (ABN 14 601 220 633)	AUS	Ordinary	100%	100%
Vonex Wholesale Pty Ltd (ABN 98 138 093 482)	AUS	Ordinary	100%	100%
Voiteck Pty Ltd (ABN 45 139 880 952)	AUS	Ordinary	100%	-
Subsidaries of Voiteck Pty Ltd				
Voiteck Mobile Pty Ltd (ABN 73 616 534 466)	AUS	Ordinary	100%	-
Subsidiaries of IP Voice and Data Pty Ltd				
Itrinity Australia Pty Ltd (ACN 131 196 886)	AUS	Ordinary	100%	100%

Note 16: Parent Entity Disclosures

	2022	2021
Financial Position	**$**	**$**
Assets		
Current assets	3,052,879	3,392,528
Non-current assets	39,819,887	4,536,435
Total assets	**42,872,766**	**7,928,963**
Liabilities		
Current liabilities	4,945,848	775,796
Non-current liabilities	25,105,353	2,301,389
Total liabilities	**30,053,965**	**3,077,185**
Net Assets	**12,818,801**	**4,851,778**
Equity		
Issued capital	134,904,504	119,434,394
Reserves	3,069,655	5,161,685
Accumulated losses	(125,155,358)	(119,744,301)
Total Equity	**12,818,801**	**4,851,778**
Financial Performance		
Loss for the year	(5,413,335)	(3,912,144)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(5,413,335)**	**(3,912,144)**

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 16: Parent Entity Disclosures (continued)

Guarantees

Vonex Ltd entered into a parental guarantee in the previous financial year for one of its subsidiaries in connection with Wholesale Broadband services being acquired from NBN Co. The Guarantee remains in place.

Commitments for expenditure

Vonex Ltd has no commitments to acquire property, plant and equipment, and has no contingent liabilities (2021: nil).

Note 17: Plant and Equipment

	2022	2021
	$	**$**
Leasehold improvements		
At cost	107,097	89,257
Accumulated depreciation	(28,497)	(16,271)
	78,600	72,986
Plant and Equipment		
At cost	123,650	115,021
Accumulated depreciation	(83,682)	(75,986)
	39,968	39,035
Office & Computer equipment		
At cost	774,464	520,612
Accumulated depreciation	(538,455)	(367,214)
	236,009	153,398
Licenses & Development (inc. software)		
At cost	268,360	249,587
Accumulated depreciation	(258,527)	(249,587)
	9,833	-
Motor Vehicles		
At cost	117,580	76,500
Accumulated depreciation	(46,426)	(6,289)
	71,154	70,211
Total plant and equipment	**435,564**	**335,630**

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 17: Plant and Equipment (continued)

Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	Leasehold Improvements	Plant & Equipment	Office & Computer	Licences & Development	Motor Vehicles	Total
Balance at 1 July 2020	24,600	43,109	133,492	-	-	201,201
Additions	57,333	6,724	66,156	-	76,500	206,713
Disposal / Write off	(99)	(3,051)	(261)	-	-	(3,411)
Depreciation	(8,848)	(7,747)	(45,989)	-	(6,289)	(68,873)
Carrying amount at 30 June 2021	72,986	39,035	153,398	-	70,211	335,630

	Leasehold Improvements	Plant & Equipment	Office & Computer	Licences & Development	Motor Vehicles	Total
Balance at 1 July 2021	72,986	39,035	153,398	-	70,211	335,630
Additions	12,100	8,629	151,312	-	-	172,041
Disposal / Write off	-	-	(8,275)	-	-	(8,275)
Additions via acquistion	5,740	-	20,693	10,212	15,375	52,020
Depreciation	(12,226)	(7,696)	(81,119)	(379)	(14,432)	(115,852)
Carrying amount at 30 June 2022	78,600	39,968	236,009	9,833	71,154	435,564

Note 18: Right Of Use Assets

	2022	2021
	$	$
Leasehold improvements		
Land and buildings – right of use	1,462,747	1,323,695
Accumulated depreciation	(454,803)	(458,680)
	1,007,944	865,015
Plant and Equipment		
Plant and equipment – right of use	251,659	79,333
Accumulated depreciation	(84,044)	(36,311)
	167,615	43,022
	1,175,559	908,037

The consolidated entity leases land and buildings for its offices under agreements of between one to four years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The addition to right-of-use assets during the year were $736,555.

The consolidated entity leases equipment under agreements of less 4 years or less.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 19: Provisions

	2022	2021
	$	$
CURRENT		
Annual leave	581,078	353,275
Long service leave	483,023	168,567
	1,064,101	**521,842**
NON-CURRENT		
Long service leave	94,786	68,397
Make good	31,824	52,634
	126,610	**121,031**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

Movements in Carrying Amounts

	2022	2021
	$	$
Carrying amount at the start of the year	642,873	531,407
Additional provisions recognised	844,801	358,238
Amounts used	(296,963)	(246,772)
Carrying amount at the end of the year	1,190,711	642,873

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the consolidated entity does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the consolidated entity does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision pertains to amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

Note 20: Trade and Other Payables

	2022	2021
	$	$
Trade payables	4,376,572	3,128,712
PAYG withholding	157,074	87,943
GST	338,504	66,726
Superannuation guarantee	203,557	87,619
Contingent consideration - Voiteck	760,000	-
Deferred consideration - Voiteck	666,000	-
Deferred consideration - MNF	833,333	-
Other payables and accruals	1,763,120	517,885
	9,098,160	**3,888,885**

Trade creditors are expected to be paid within agreed terms.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 21: Borrowings

	2022	2021
	$	$
CURRENT		
Loan – Secured	2,000,000	-
Accrued interest expense	56,110	-
Capitalised borrowing costs	(276,360)	-
	1,779,750	**-**
NON-CURRENT		
Loan – Secured	12,500,000	-
Capitalised borrowing costs	(277,004)	-
	12,222,996	**-**

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

The key terms of the secured loan are as follows:

Maturity:	3 years
Principal repayments:	$500,000 per quarter commencing 15 December 2021
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 (“**LTM**”) EBITDA.

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

Note 22: Lease Liability

	2022	2021
CURRENT		
Chattel mortgage leases	42,444	42,926
Lease liability	455,006	303,889
	497,450	**346,815**
NON-CURRENT		
Chattel mortgage leases	-	42,444
Lease liability	1,162,181	606,069
	1,162,181	**648,513**

Refer to Note 32 for further information on financial instruments.

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CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 23: Deferred tax liability

	2022	2021
	$	$
Deferred tax liability comprises temporary differences attributable to:		
Amounst recognised in profit or loss:		
Intangible assets	2,829,704	702,171
Deferred tax liability	2,829,704	702,171
Movements:		
Opening balance	702,171	758,104
Charged/(credited) to profit or loss	(389,938)	(125,595)
Additions through business combinations (Note 34)	2,517,471	69,662*
Closing balance	2,829,704	702,171

*Refer to Note 34 for detailed information on restatement of comparatives.

Note 24: Issued Capital

	2022		2021	
	$	No.	$	No.
Fully paid ordinary shares	65,912,270	333,521,134	50,442,160	193,133,473

Movement in ordinary shares		$	No.	Issue price $
Balance at 30 June 2020		**47,642,165**	**170,922,309**	
Issue of shares on placement	01/07/2020	1,400,000	14,736,843	0.095
Issue of shares on conversion of Vodia performance rights	01/07/2020	20,000	100,000	0.20
Issue of shares to settle service provider and for employee entitlements	21/09/2020	220,513	1,750,000	0.126
Issue of shares to settle acquisition of Nextel	03/02/2021	1,238,129	5,502,795	0.225
Issue of shares to settle service provider	14/05/2021	19,569	121,526	0.161
Capital raising costs		(98,216)		
Balance at 30 June 2021		**50,442,160**	**193,133,473**	
Shares issued – placement	30/07/2021	2,475,226	22,502,051	0.11
Shares issued – share purchase plan	18/08/2021	1,999,985	18,181,485	0.11
Shares issued – placement	03/09/2021	9,524,775	86,588,857	0.11
Conversion of performance rights	09/09/2021	1,260,500	5,490,000	0.229
Shares issued in settlement of employee benefits and to settle trade creditors	19/10/2021	290,740	2,456,657	0.12
Issue of shares to settle acquisition of Voiteck	05/01/2022	548,157	4,983,246	0.11
Issue of shares to settle service provider	13/01/2022	21,317	185,365	0.115
Capital raising costs		(650,590)		
Balance at 30 June 2022		**65,912,270**	**333,521,134**	

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 24: Issued Capital (continued)

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

At the shareholders meetings each ordinary share is entitled to one vote. The company does not have authorised share capital and there is no par value for shares.

Capital Risk Management

The consolidated entity monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'trade and other payables' and 'borrowings' as shown in the statement of financial position) less 'cash and cash equivalents' as shown in the statement of financial position. Total capital is calculated as 'total equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 30 June 2022 and 30 June 2021 are as follows:

	2022	2021
	$	$
Total borrowings (including trade and other payables)	23,100,905	3,888,885
Less: cash and cash equivalents	(3,195,181)	(3,658,416)
Net debt	**19,905,724**	**230,469**
Total equity	19,284,541	5,575,939
Total capital	**39,190,265**	**5,806,408**

Note 25: Reserves

	2022	2021
	$	$
Asset revaluation reserve	18,506	18,506
Options premium reserve	3,067,212	3,067,212
Share based payments reserve	-	2,092,030
Capital raising reserve	-	-
Balance at the end of the year	**3,085,718**	**5,177,748**

	2022	2021
Asset revaluation reserve	$	$
Balance at the beginning of the year	18,506	14,602
Increase in reserve -	-	3,904
Reduction in reserve – disposal of assets	-	-
Balance at the end of the year	**18,506**	**18,506**

The reserve records revaluations of non-current assets.

Note 25: Reserves (continued)

Options premium reserve	2022 $	2021 $
Balance at the beginning of the year	3,067,212	1,861,296
Expense relating to options issued	-	1,211,000
Options expired	-	(5,084)
Balance at the end of the year	**3,067,212**	**3,067,212**

Share-based payments reserve	2022 $	2021 $
Balance at the beginning of the year	2,092,030	2,053,254
Expense related to performance rights issued 28 July 2017	-	58,776
Conversion of performance rights to ordinary shares	(1,260,500)	
Write-back related to performance rights issued 28 July 2017 (see note 33)	(831,530)	-
Conversion of Vodia Performance Shares to ordinary shares	-	(20,000)
Balance at the end of the year	**-**	**2,092,030**

The reserve records the valuation of performance shares and performance rights issued to vendors (shares) and key management personnel (rights).

Capital raising reserve	2022 $	2021 $
Balance at the beginning of the year	-	1,301,785
Transfer to ordinary share capital	-	(1,301,785)
Balance at the end of the year	**-**	**-**

The reserve records fund received in advance for the issue of share capital (net of associated costs).

Note 26: Contingent Liabilities and Contingent Assets

Contingent Liabilities
Contingent consideration payable for the acquisition of Voiteck Pty Ltd. Refer to Note 34 for further details.

There are no other known contingent liabilities at reporting date (2021: nil).

Contingent Assets
There are contingent assets at reporting date of $750,000 (2021: $750,000).

Vonex Ltd may receive up to $750,000 in future years in relation to the disposal of its iron ore production royalties derived from the Koolyanobbing Iron Ore Project. The company may receive this in two tranches subject to the following milestones:

- $250,000 cash payable upon three million dry metric tonnes of iron ore being produced and accounted for in royalty invoices from M77/1258
- $500,000 cash payable upon five million dry metric tonnes of iron ore being produced and accounted for in royalty invoices from M77/1258

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 27: Operating Segments

Identification of reportable segments
The Consolidated entity has identified its operating segments based its service offerings, which represents retail and wholesale services within the telecommunications industry. The three 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: provides wholesale customers access to the core Vonex PBX, call termination services, NBN and 4g mobile broadband at wholesale rates via a “white label” model.

Corporate: engaged in managing the corporate affairs of the Group, including capital-raising its headquarters central functions as well as its risk management and self-insurance activities along with special development projects such as the Oper8tor App.

Intercompany transactions: sales are made and receivables/payables recognised within the group which are removed via adjustment.

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 statements.

Segment assets and liabilities
Segment assets and liabilities have been identified based on 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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 27: Operating Segments (continued)

SEGMENT INFORMATION
The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2022 and 30 June 2021 are as follows:

	30 June 2022				
Segment performance	**Wholesale**	**Retail**	**Corporate**	**Intercompany transactions**	**TOTAL**
	$	$	$	**$**	$
External customer sales	14,418,577	23,281,840	-	(4,084,278)	**33,616,139**
Other revenues	71,460	124,943	516,168	-	**712,571**
Interest received	-	63	288	-	**351**
Total segment revenues	14,490,037	23,406,846	516,456	(4,084,278)	**34,329,061**
EBITDA	822,822	5,434,875	(2,299,576)	**-**	**3,958,121**
Depreciation and amortisation	(148,368)	(234,865)	(1,491,473)		**(1,874,706)**
Impairment charges	-	-	(550,000)		**(550,000)**
Finance costs	(25,468)	(29,938)	(1,537,425)		**(1,592,831)**
Segmented loss before income tax expense	**648,986**	**5,170,072**	**(5,878,474)**		**(59,416)**
Income tax benefit	-	-	389,938		**389,938**
Segmented profit after income tax expense	**648,986**	**5,170,072**	**(5,488,536)**		**330,522**
Segment assets	4,119,016	5,482,657	39,480,685	(1,016,865)	**48,065,493**
Total assets					**48,065,493**
Segment liabilities	3,238,157	13,970,598	12,589,062	(1,016,865)	**28,780,952**
Total Liabilities					**28,780,952**

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 27: Operating Segments (continued)

			Restated* 30 June 2021		
Segment performance	**Wholesale**	**Retail**	**Corporate**	**Intercompany transactions**	**TOTAL**
	$	$	$	**$**	$
External customer sales	10,416,583	9,510,901	-	(1,668,241)	**18,259,243**
Other revenues	164,703	138,398	652,086	-	**955,187**
Interest received	404	446	241	-	**1,091**
Total segment revenues	10,581,690	9,649,745	652,327	(1,668,241)	**19,215,521**
EBITDA	148,961	511,549	(3,083,579)	**-**	**(2,423,069)**
Depreciation and amortisation	(109,431)	(235,020)	(513,678)	**-**	**(858,129)**
Impairment charges	-	-	(771,319)	**-**	**(771,319)**
Interest revenue	404	446	241	**-**	**1,091**
Finance costs	(22,589)	(21,386)	(14,982)	**-**	**(58,957)**
Segmented loss before income tax expense	**17,345**	**255,589**	**(4,383,317)**		**(4,110,383)**
Income tax benefit			125,595		**125,595**
Segmented loss after income tax expense	**17,345**	**255,589**	**(4,257,722)**		**(3,984,788)**
Segment assets	3,253,349	3,795,398	5,190,608	(503,820)	**11,735,534**
Total assets					**11,735,534**
Segment liabilities	2,385,018	1,179,008	3,099,389	(503,820)	**6,159,595**
Total Liabilities					**6,159,595**

*Refer to Note 34 for detailed information on restatement of comparatives.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 28: Cash Flow Information

	2022	2021
	$	$
(a) Reconciliation of cash flows from operations with loss after Income Tax		
Profit/(Loss) after income tax	330,522	(3,984,788)
Non-cash items:		
Depreciation and amortisation expense	1,874,706	858,129
Share based payments	(809,030)	1,269,776
Loss on disposal of assets/investments	7,482	3,411
Bad debts	155,718	82,016
Interest adjustments	58,451	49,327
Debt forgiven	-	(13,975)
Impairment expense	550,000	771,319
Changes in assets and liabilities:		
- trade and other receivables (current)	(1,264,443)	(203,831)
- other assets	(558,834)	40,693
- provisions	547,838	111,466
- trade and other payables	4,826,647	799,658
- deferred tax liability	(389,938)	(125,595)
Cash flow generated by/(used in) operating activities	**5,329,119**	**(342,394)**

Note 29: Accumulated losses

	2022	2021
	$	$
Accumulated losses at beginning of financial year	(50,043,969)	(46,064,265)
Net profit/(loss) attributable to members of the company at end of financial year	330,522	(3,984,788)
Retained earnings adjustment – reversal of options valuation expired 3 August 2020	-	5,084
Accumulated losses at end of financial year	**(49,713,447)**	**(50,043,969)**

Note 30: Events after the Reporting Period

Subsequent to the reporting period, on 4 August 2022 the Company announced that it had paid the final monthly cash payment to Symbio Holdings Ltd (ASX: SYM) forming part of the deferred consideration for the Company's acquisition of part of the MyNetFone Direct Business.

Furthermore, on 30 August 2022 the Company cancelled 13,240,000 Performance Rights as a result of the milestones being unable to be achieved in the permitted time period. The cancelled Performance Rights include:
e) 4,740,000 convertible upon the Company achieving audited net profit after tax of $1 million in a financial year;
f) 1,000,000 convertible into ordinary shares upon completion of the beta version of the Oper8tor App and commencement of the official Oper8tor launch in Europe;
g) 2,500,000 convertible into ordinary shares upon the Oper8tor App achieving 10 million active users; and
h) 5,000,000 convertible into ordinary shares upon the Oper8tor App achieving 50 million active users.

Apart from the disclosures made within this report, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 31: Related Party Transactions

Parent entity
The parent entity within the Group is Vonex Ltd.

Subsidiaries
Interests in subsidiaries are set out in note 15.

Key management personnel
Disclosures relating to key management personnel are set out in note 7.

Transactions with related parties
The following transactions occurred with related parties:

	2022	2021
	$	$
Services provided:		
Company secretarial, corporate compliance, bookkeeping and accounting fees from Minerva Corporate (director-related entity of Nicholas Ong)	54,000	56,788
Payments for legal fees from Bowen Buchbinder Vilensky (director-related entity of David Vilensky)	172,124	26,033

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2022	2021
	$	$
Current payables:		
Trade payables to Minerva Corporate (director-related entity of Nicholas Ong)	14,850	9,900

Note 32: Financial Instruments

The consolidated entity's financial instruments consist mainly of deposits with banks, short term investments and accounts receivable and payable, loans to and from related parties and commercial loans. The main risks the consolidated entity is exposed to through its financial instruments are interest rate risk, credit risk, liquidity risk, price risk and foreign exchange risk.

(a) Interest rate risk
The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument will fluctuate as a result of changes in market interest rates and effective average interest rates on those financial assets and liabilities.

The majority of cash at bank held by the consolidated entity is in deposit accounts with one of the four large Australian Banks. Considering the amount of surplus working capital cash held by the consolidated entity during the last 12 months in these deposit accounts, the Board believes this was the most appropriate to ensure an adequate return being received on funds held.

There are inter-company loans in place within the consolidated entity and these facilities currently attract no exposure to interest rate risk.

The consolidated entity continues to manage its interest rate risk through a constant monitoring of interest rates, budgets and cash flows.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 32: Financial Instruments (continued)

The consolidated entity's bank loans outstanding, totalling $14,002,745 (2021: $nil), are principal and interest payment loans. Quarterly cash outlays of approximately $500,000 (2021: $nil) per month are required to service the principal and interest payments. An official increase/decrease in interest rates of 100 (2021: n/a) basis points would have an adverse/favourable effect on profit before tax of $140,027 (2021: n/a) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts. In addition, minimum principal repayments of $2,000,000 (2021: $nil) are due during the year ending 30 June 2023.

	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Within 1 Year	Fixed Interest Rate Within 1-5 Years	Non-Interest Bearing	Total
	%	$	$	$	$	$
2022						
Financial Assets:						
Cash	0.03	3,193,627	-	-	1,554	**3,195,181**
Receivables	-	-	-	-	2,943,008	**2,943,008**
Total financial assets		**3,193,627**	**-**	**-**	**2,944,562**	**6,138,189**
Financial Liabilities:						
Payables	-	-	-	-	9,098,160	**9,098,160**
Borrowings	0.10	-	-	14,002,745	-	**14,002,745**
Total financial liabilities		**-**	**-**	14,002,745	9,098,160	**23,100,905**
Net financial assets		**3,193,627**	**-**	**(14,002,745)**	**(6,153,598)**	**(16,962,716)**

	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Within 1 Year	Fixed Interest Rate Within 1-5 Years	Non-Interest Bearing	Total
	%	$	$	$	$	$
2021						
Financial Assets:						
Cash	0.03	3,657,064	-	-	1,352	**3,658,416**
Receivables	-	-	-	-	1,684,355	**1,684,355**
Total financial assets		**3,657,064**	**-**	**-**	**1,685,707**	**5,342,771**
Financial Liabilities:						
Payables	-	-	-	-	3,888,885	**3,888,885**
Total financial liabilities		**-**	**-**	**-**	**3,888,885**	**3,888,885**
Net financial assets		**3,657,064**	**-**	**-**	**(2,203,178)**	**1,453,886**

Sensitivity Analysis
The effect on profit and equity as a result of changes in interest rates on net financial assets is immaterial.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 32: Financial Instruments (continued)

(b) Credit Risk
Credit risk related to balances with banks and other financial institutions is managed by the board of directors in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

	Note	2022	2021
		$	$
Cash and cash equivalents			
— AA Rated	10	**3,195,181**	**3,658,416**

The maximum exposure to credit risk is the carrying amount as disclosed in the consolidated statement of financial position and notes to the financial statements.

The consolidated entity's assets have been pledged to secure borrowings and guarantees are in place for certain borrowings and supplier agreements. All repayment obligations are up to date and within terms of the individual agreements in place at balance date.

Trade and other receivables are within normal terms and appropriate provisions for doubtful debts have been made. Carrying value approximates fair value at 30 June 2022.

(c) Net Fair Values
The net fair value of financial assets and liabilities of the consolidated entity approximated their carrying amount. The consolidated entity has no financial assets and liabilities where the carrying amount exceeds the net fair value at reporting date. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and notes to the financial statements.

(d) Liquidity Risk
Liquidity risk arises from the possibility that the consolidated entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The consolidated entity manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- obtaining funding from a variety of sources
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- investing only in surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The consolidated entity does not have a significant exposure in terms of financial liabilities or illiquid financial assets and is able to settle its debts or otherwise meet its obligations related to financial liabilities.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 32: Financial Instruments (continued)

The financial asset and financial liability maturity analysis are as follows:

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2022 $	2021 $	2022 $	2021 $	2022 $	2021 $	2022 $	2021 $
Financial liabilities								
Payables	9,098,160	3,888,885	-	-	-	-	**9,098,160**	**3,888,885**
Borrowings	1,779,750	-	12,222,996	-	-	-	**14,002,746**	**-**
Lease Liability	497,450	346,815	1,162,181	648,513	-	-	**1,659,631**	**995,328**
Total expected outflows	**11,375,360**	**4,235,700**	13,385,177	648,513	-	-	**24,760,537**	**4,884,213**
Financial assets								
Cash and cash equivalents	3,195,181	3,658,416	-	-	-	-	**3,195,181**	**3,658,416**
Receivables	2,943,008	1,684,355	-	-	-	-	**2,943,008**	**1,684,355**
Total anticipated inflows	**6,138,189**	**5,342,771**	**-**	**-**	**-**	**-**	**6,138,189**	**5,342,771**
Net inflow / (outflow) on financial instruments	**(5,237,171)**	**1,107,071**	**(13,385,177)**	**(648,513)**	**-**	**-**	**(18,622,348)**	**458,558**

Note 33: Share Based Payments

The total expense arising from share based payment transactions recognised during the year in relation to the performance rights, performance shares and options issued was $(809,030) (2020: $1,296,776)

Share Based Payment Expense	**2022**	**2021**
	$	**$**
Forfeiture of Performance Rights Valuation – 28 July 2017	(756,590)	-
Shares issued to employee	22,500	-
Forfeiture of Performance Rights Key Management Personnel – 28 July 2017	(74,940)	-
Performance Rights – Key Management Personnel – 28 July 2017	-	30,582
Performance Rights – Other Personnel – 28 July 2017	-	28,194
Options – Key Management Personnel	-	1,211,000
Total Share Based Payment Expense	**(809,030)**	**1,269,776**

Movement in share rights and performance shares during the period	Number of performance rights
Balance at beginning of period	27,560,000
Vested during the period	(14,320,000)
Balance at end of period	**13,240,000**

Performance rights granted during the period:

Total performance rights granted during the period was $nil (2021: $nil).

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 33: Share Based Payments (continued)

Performance Rights – Key Management Personnel – 28 July 2017
On 28 July 2017, Vonex Ltd issued 16,940,000 performance rights to management. These performance rights were issued in three tranches, each with different performance milestones. Each performance right will convert into 1 ordinary share of Vonex Ltd upon achievement of the performance milestone.

The company has assessed tranche 1,2 and 3 as being probable of being achieved and have therefore recognized an expense over the expected vesting period.

The details of each class are tabled below:

Tranche	Number	Start Date	Expected Date of Milestone Achievements	Underlying Share Price	Total Fair Value
1	7,260,000	28/07/17	Vested	$0.20	$1,452,000
2	4,840,000	28/07/17	Vested	$0.20	$968,000
3	4,840,000	28/07/17	Expired	$0.20	$968,000

These performance rights were valued at their issue dates at $3,388,000.

Performance Milestones:
On 29 January 2018, the performance rights relating to Tranche 1 were amended such that the 7,260,000 vest upon a successful listing on the Australia Securities Exchange.
Tranche 2 have vested on 31 August 2020 – Convertible upon company achieving audited gross revenue of $15 million in a financial year. The milestone has been achieved but performance rights have not been converted to ordinary shares.
Tranche 3 performance rights are outstanding – Convertible upon company achieving audited net profit after tax of $1 million in a financial year.

Oper8tor Rights – 28 July 2017
Performance Milestones:

a) 1,000,000 Performance Rights which shall vest and convert into ordinary fully paid shares in the issued share capital of the Assignee upon completion of the beta version of the Oper8tor App and commencement of the official Oper8tor launch in Europe. The performance rights expired on 28 July 2022;
b) 2,500,000 Performance Rights which shall vest and convert into ordinary fully paid shares in the issued share capital of the Assignee when Oper8tor reaches 10 million Active Users. The performance rights expired on 28 July 2022; and
c) 5,000,000 Performance Rights which shall vest and convert into ordinary fully paid shares in the issued share capital of the Assignee when Oper8tor reaches 50 million Active Users. The performance rights expired on expiring 28 July 2022.

No value has been allocated to the performance rights due to significant uncertainty of the meeting the performance milestone which are based on future events.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 33: Share Based Payments (continued)

Options granted during the period

No options were granted during the period.

The total options on issue at 30 June 2022 are as follows:

Grant date	Expiry date	Exercise Price	Balance at the of the year	Granted	Exercised	Expired/ forfeited	Balance at the end of year
07/06/18 (i)	07/06/23	$0.30	14,500,000	-	-	-	14,500,000
30/11/17 (il)	30/11/22	$0.20	14,719,731	-	-	-	14,719,731
05/06/2019	30/11/22	$0.20	3,215,060	-	-	-	3,215,060
05/06/2019	30/11/22	$0.20	1,800,000	-	-	-	1,800,000
27/11/2020	01/12/23	$0.37	10,000,000	-	-	-	10,000,000
			44,234,791	-	-	-	44,234,791

Weighted average exercise price: $0.2712
The weighted average remaining contractual life of options outstanding was 0.82 years

i. Options granted on 3 August 2017 and 7 June 2018 were free attaching options, the value of these options are not required to be valued separately, as they are part of the share issue, and all the shares issued have been valued in the issued capital account.
ii. Where applicable, amounts in the tables above, have been adjusted for the 5:1 and 2:1 share consolidation completed on 28 July 2017 and 29 January 2018 respectively.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 34: Business Combinations

Nextel Pty Ltd
On 2 February 2021, Vonex Ltd acquired the business of Nextel Pty Ltd ('Nextel'). Nextel is a Sydney, NSW based business providing telecommunications services to business customers and is recognised as an industry leader in the design, installation and maintenance of voice, data and communications networks. It is an established single-source provider to small-to-medium enterprise (SME) businesses with expertise in rolling out wireless, fibre and RFID networks, as well as delivering structured cabling, telephony systems and electrical fit outs to large-scale projects. The intangible assets of $278,648 and goodwill of $1,333,340 represents new opportunities for expanding Vonex's presence in the Sydney and NSW markets for telco services to small-to-medium enterprises (SMEs), adding market-leading products and services will create opportunities for cross-selling and product expansion through a growing national SME customer. The purchase price allocation was recalculated during the year and the comparative balances restated (see below). The recalculation of the acquisition gave rise to a deferred tax liability of $69,662 in respect of this acquisition. The contracts are being amortised on a straight-line basis over 5 years.

The values identified in relation to the acquisition of Nextel Pty Ltd are final as at 30 June 2022.

Details of the acquisition are as follows:

	Fair value $
Other Assets	43,775
Employee benefits	(13,604)
Net assets acquired	30,170
Customer contracts – intangible assets	278,648
Deferred tax liability	(69,662)
Goodwill – intangible assets	1,333,340
Acquisition-date fair value of the total consideration transferred	1,572,496
Representing:	
Cash paid or payable to vendor	334,367
Shares issued	1,238,129
Acquisition costs capitalised	1,572,496
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	315,000
Add: other assets	32,971
Less: employee benefits	(13,604)
Net cash used	334,367

Measurement period adjustment and comparative information restatement
The company was able to finalise its assessment of the assets and liabilities obtained upon the acquisition of Nextel on 2 February 2021 which included provisionally recognised as intangible assets as at 30 June 2021. This balance is related to future revenue in the customer contracts acquired. This restatement within the statement of financial position as at 30 June 2021 has a resulted in an increase in intangible assets, an increase in deferred tax liability.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 34: Business Combinations (continued)

Extracts (being only those line items affected) are disclosed below.

Statement of financial position

Extract	2021 $ Reported	Adjustment	2021 $ Restated
Non-current Assets			
Intangible assets	4,507,400	69,662	4,577,062
Total non-current assets	5,868,229	69,662	5,937,891
Total assets	11,735,534	69,662	11,805,196
Non-current liabilities			
Deferred tax liability	632,509	69,662	702,171
Total non-current liabilities	1,402,053	69,662	1,471,715
Total liabilities	6,159,595	69,662	6,229,257
Net assets	5,575,939	-	5,575,939
Equity			
Accumulated losses	(50,043,969)	-	(50,043,969)
Total Equity	5,575,939	-	5,575,939

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 34: Business Combinations (continued)

Direct Business from MNF Group Ltd
On 9 August 2021, Vonex Ltd acquired part of the Direct Business from the MNF Group Ltd (“MNF”). The Direct Business sells cloud phone, internet and mobile services to small-to-medium enterprise (SME) and residential customers in Australia. The acquisition will materially expand Vonex's footprint of SME and residential customers The intangible assets of $32,506,280 represents a substantial enhancement of Vonex's presence and will see the Company migrate approximately 5,250 new business customers to its platform. The acquisition is seen as highly complementary, as Vonex has strong existing capabilities across most of the products and services offered by the Direct Business. The businesses also operate under the same revenue model, predominantly charging on a fully inclusive monthly subscription basis. The Direct Business contributed revenues of $11,580,677 and profit after tax of $5,125,412 to the consolidated entity for the period from 9 August 2021 to 30 June 2022. If the acquisition occurred on 1 July 2021, the full year contributions would have been revenues of $13,046,133 and profit after tax of $5,773,998.

The values identified in relation to the acquisition of Direct Business are final as at 30 June 2022.

Details of the acquisition are as follows:

	Fair value $
Receivables	452,160
Accounts in Credit	(375,702)
Inventory	111,508
Other assets	3,000
Office equipment	22,694
Other payables	(43,472)
Employee benefits	(158,997)
Net assets acquired	11,191
Customer contracts – intangible assets	8,134,449
Channel partnerships – intangible assets	579,875
Deferred tax liability	(2,517,471)
Goodwill – intangible assets	23,791,956
Acquisition-date fair value of the total consideration transferred	30,000,000
Representing:	
Cash paid or payable to vendor	
Upfront consideration	20,000,000
Deferred consideration	11,000,000
Less: Wholesale Pricing Credit	(1,000,000)
Acquisition costs capitalised	30,000,000
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	20,000,000
Deferred payments paid to 30 June 2022	8,333,333
Less: cash acquired	(6,248)
Net cash used	28,327,085

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 34: Business Combinations (continued)

Voiteck Pty Ltd

On 4 January 2022, Vonex Ltd acquired the business of Voiteck Pty Ltd (‘Voiteck’). Voiteck is an Adelaide, SA based business providing voice and internet services to small to medium enterprise (SME) customers. The intangible assets of $3,959,470 launches Vonex into a new geographic region providing a branded physical presence from which the combined group can pursue growth in the SA market. The acquired business contributed revenues of $1,563,546 to the consolidated entity for the period from 4 January 2022 to 30 June 2022. If the acquisition occurred on 1 July 2021, the full year contributions would have been revenues of $3,399,309 and profit after tax of $385,178.

Details of the acquisition are as follows:

	Fair value $
Cash	147,288
Receivables	442,154
Other assets	653
Inventory	51,375
Property, plant and equipment	33,741
Other payables	(510,483)
Employee benefits	(122,358)
Net assets acquired	42,370
Intangible assets	3,959,470
Acquisition-date fair value of the total consideration transferred	4,001,840
Representing:	
Cash paid to vendor	2,028,932
Shares issued to vendor	548,154
Contingent consideration	758,754
Deferred consideration	666,000
Acquisition costs capitalised	4,001,840
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	2,028,932
Less: cash acquired	(147,288)
Net cash used	1,881,644

A component of the contingent and deferred consideration is due to be settled through issuance of Ordinary Shares in Vonex Lmited totaling 20% of the total consideration. The remaining 80% of the consideration is due to be settled in cash.

The fair values of Voiteck business assets and liabilities have been measured provisionally. If new information is obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the amounts above, the accounting for the acquisition will be revised.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 35: Non-cash investing and financing activities

	2022	2021
	$	$
Additions to the right-of-use assets	736,555	277,290
Leasehold improvements – lease make good	(20,810)	24,183
Shares issued is part of employee benefits	22,500	20,513
	738,245	**321,986**

Note 36: Changes in liabilities arising from financing activities

	Loans	Convertible notes	Lease liability	Total
	$	$	$	$
Balance at 1 July 2020	-	-	950,500	950,500
Net cash used in financing activities	-	-	33,895	33,895
Acquisition of leases	-	-	198,050	198,050
Other	-	-	(187,117)	(187,117)
Balance at 30 June 2021	-	-	995,328	995,328
Net cash used in financing activities	14,002,746	-	(312,334)	13,690,412
Acquisition of leases	-	-	1,148,364	1,148,364
Cessation of leases	-		(171,728)	(171,728)
Other	-	-	-	-
Balance at 30 June 2022	14,002,746	-	1,659,630	15,662,376

Note 37: Commitments

The Group has no commitments other than those disclosed in the accounts (2021: nil).

Note 38: Company Details

The registered office is:
- Level 8, 99 St Georges Terrace, Perth, WA, 6000

The principal place of business is:
- Level 6, 303 Coronation Drvie, Milton, QLD, 4064

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- 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 directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.

Nicholas Ong
Chairman
31 August 2022

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VONEX LIMITED

Opinion

We have audited the financial report of Vonex Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* (the Code) that are relevant to our audit of the 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 the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group has a net current liability position of $5,532,302 as at 30 June 2022. As stated in Note 1, this condition, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed this matter
Intangible Assets Refer to Note 14 in the financial statements	
The Group has goodwill of $25,099,436 and other intangible assets of $13,940,065 at the reporting date. For the year ended 30 June 2022, the Group recognised an impairment expense of $550,000 in relation to its goodwill. Management is required to perform an annual impairment test on the recoverability of the Group's goodwill by using a value-in-use model. In addition, management is required to assess whether indicators of impairment are present in relation to the Group's other intangible assets. We determined this to be a key audit matter due to the size of the balance and because management judgement is involved in: - preparing a value-in-use model of the cash generating unit (CGU) which requires estimates of the future underlying cash flows of the CGU and the discount rate applied; - assessing whether indicators of impairment are present in relation to the Group's other intangible assets; and - determining the impairment expense to be recognised, if required.	Our audit procedures in relation to goodwill included: • Assessing management's determination of the CGU; • Assessing the valuation methodology of the value-in-use model; • Checking the mathematical accuracy of the model; • Challenging the reasonableness of key assumptions used in the model; • Reviewing sensitivity analysis over the key assumptions used in the model; • Reviewing the adequacy and accuracy of the relevant disclosures in the financial statements; and • Assessing the appropriateness of the impairment expense against the goodwill balance. Our audit procedures in relation to the other intangible assets included: • Critically evaluating management's assessment of whether impairment indicators were present at 30 June 2022; • Assessing management's determination of the useful life of the intangible assets; and • Checking the mathematical accuracy of the amortisation expense of the intangible assets.
Business Combination - Acquisition of Voiteck Pty Ltd Refer to Note 34 in the financial statements	
The Group acquired the business of Voiteck Pty Ltd on 4 January 2022. The transaction was treated as a business combination in accordance with AASB 3 *Business Combinations*. The provisional purchase price allocation has resulted in intangible assets of $3,959,470 being recognised. This was considered a key audit matter because the accounting for the transaction is complex and involves significant judgments. These include the recognition and valuation of consideration paid and the determination of the fair value of the assets acquired and liabilities assumed.	Our audit procedures included: • Obtaining the purchase agreement and other associated documents to obtain an understanding of the transaction and the related accounting considerations; • Determination that the acquisition met the definition of a business in accordance with Accounting Standards; • Assessing management's determination of the acquisition date, fair value of consideration paid, assets acquired and liabilities assumed; and • Reviewing the disclosures in the financial statements.

Key audit matter	How our audit addressed this matter
Business Combination - Acquisition of Direct Business from MNF Group Ltd Refer to Note 34 in the financial statements	
The Group acquired part of the Direct Business from MNF Group Ltd on 9 August 2021. The transaction was treated as a business combination in accordance with AASB 3 *Business Combinations*. The final purchase price allocation has resulted in intangible assets of $32,506,280 being recognised. This was considered a key audit matter because the accounting for the transaction is complex and involves significant judgments. These include the recognition and valuation of consideration paid and the determination of the fair value of the assets acquired and liabilities assumed.	Our audit procedures included: • Obtaining the purchase agreement and other associated documents to obtain an understanding of the transaction and the related accounting considerations; • Determination that the acquisition met the definition of a business in accordance with Accounting Standards; • Assessing management's determination of the acquisition date, fair value of consideration paid, assets acquired and liabilities assumed; • Reviewing the work performed by management on the valuation of the intangible assets identified in the acquisitions; • Checking the mathematical accuracy of the valuation model; • Challenging the reasonableness of key assumptions used in the valuation model; and • Reviewing the disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Vonex Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 31 August 2022

JAMES KOMNINOS
Partner

ADDITIONAL INFORMATION

SHAREHOLDER INFORMATION (as at 19 August 2022)

(i) Number of shareholders: 2,961
(ii) Ordinary shares issued: 333,521,134

(iii) Distribution schedule of holdings of ordinary shares is set out below

Category (size of holding)	Holders	Total Units
1 – 1,000	198	53,426
1,001 – 5,000	596	2,097,711
5,001 – 10,000	574	4,533,237
10,001 – 100,000	1,233	44,295,242
100,001 – and over	360	282,541,518
Total	**2,961**	**333,521,134**

VOTING RIGHTS

Ordinary Shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options & Performance Rights

There are no voting rights attached to any class of options, performance shares or performance rights that are on issue.

TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES AT 19 August 2022

Rank	Name	Units	% Units
1	BNP PARIBAS NOMS PTY LTD <DRP>	26,872,621	8.06
2	2SG INVESTMENTS PTY LTD	26,760,756	8.02
3	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	24,909,149	7.47
4	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	11,627,320	3.49
5	FINANCE WEST PTY LTD <FINANCE WEST UNIT A/C>	10,532,430	3.16
6	JAG CAPITAL INVEST PTY LTD <JG INVESTMENTS A/C>	8,150,000	2.44
7	MR MATTHEW BRIAN MICHAEL FAHEY <FAHEY FAMILY A/C>	5,633,698	1.69
8	GUAVA CAPITAL PTY LTD	5,236,808	1.57
9	JET CLUB PTY LTD	4,466,274	1.34
10	JPOB INVESTMENTS PTY LTD <GOMERSALL INVESTMENT A/C>	3,954,579	1.19
11	MS TOW LOY SUN <QUPIT FAMILY A/C>	3,715,454	1.11
12	PLSM HOLDINGS PTY LTD <PL INVESTMENT A/C>	3,650,000	1.09
13	PULA HOLDINGS PTY LTD <HERATH SUPER FUND A/C>	3,072,727	0.92
14	SKUA INVESTMENTS PTY LTD <THE SCARAMOUCHE EQUITIES A/C>	3,000,261	0.90
15	SUPER JG PTY LTD <SUPER JG A/C>	2,954,546	0.89

ADDITIONAL INFORMATION

16	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,916,792	0.87
17	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,653,528	0.80
18	LATERAL CONSULTING (WA) PTY LTD <PATON SUPER FUND A/C>	2,239,381	0.67
19	EARGLOW PTY LIMITED <BOORNE SUPER FUND A/C>	2,100,000	0.63
20	MR GREGORY ROSS KING & MS SUZANNE DAWN KING	2,073,599	0.62
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		**156,519,923**	**46.93%**
Total Remaining Holders Balance		**177,001,211**	**53.07%**
Total Shares on Issue		**333,521,134**	**100%**

SUBSTANTIAL SHAREHOLDERS

As at 19 August 2022, shareholders with a relevant interest in 5% or more of the Company's securities are set out below:

No. of Shares	% Interest	Holder
26,872,621	8.06	BNP PARIBAS NOMS PTY LTD <DRP>
26,760,756	8.02	2SG INVESTMENTS PTY LTD
24,909,149	7.47	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>

UNQUOTED SECURITIES

Set out below are the classes of unquoted securities currently on issue:

Number	Class
14,500,000	options exercisable at 30¢ expiring 7/6/2023
19,734,791	options exercisable at 20¢ expiring 30/11/2022
10,000,000	options exercisable at 37c expiring 30/11/2023
13,240,000	performance rights with various vesting milestones

Unquoted Equity Security Holders with Greater than 20% of an Individual Class

As at 19 August 2022 the following classes of unquoted securities had holders with greater than 20% of that class on issue is set out below.

Options exercisable at 30¢ expiring 30/11/2023	**% Interest**
MR MATTHEW BRIAN MICHAEL FAHEY <FAHEY FAMILY A/C>	**30.00**
QUPIT PTY LTD	**25.00**
Options exercisable at 30¢ expiring 7/6/2023	**% Interest**
CODE NOMINEES PTY LTD	64.83%
STATE ONE EQUITIES PTY LTD	28.74%
Performance Rights	**% Interest**
MR MATTHEW FAHEY <FAHEY FAMILY A/C>	64.19%

ON-MARKET BUYBACK

Currently there is no on-market buy-back of the Company's securities.

ADDITIONAL INFORMATION

SECURITIES SUBJECT TO ESCROW

Set out below are securities currently subject to escrow

Number	Class
4,983,246	Ordinary fully paid shares escrowed between 04/01/2023 and 04/01/2024

CORPORATE GOVERNANCE

Pursuant to the ASX Listing Rules, the Company's Corporate Governance Statement will be released in conjunction with this report. The Company's Corporate Governance Statement is available on the Company's website at: https://investors.vonex.com.au/corporate-governance/

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