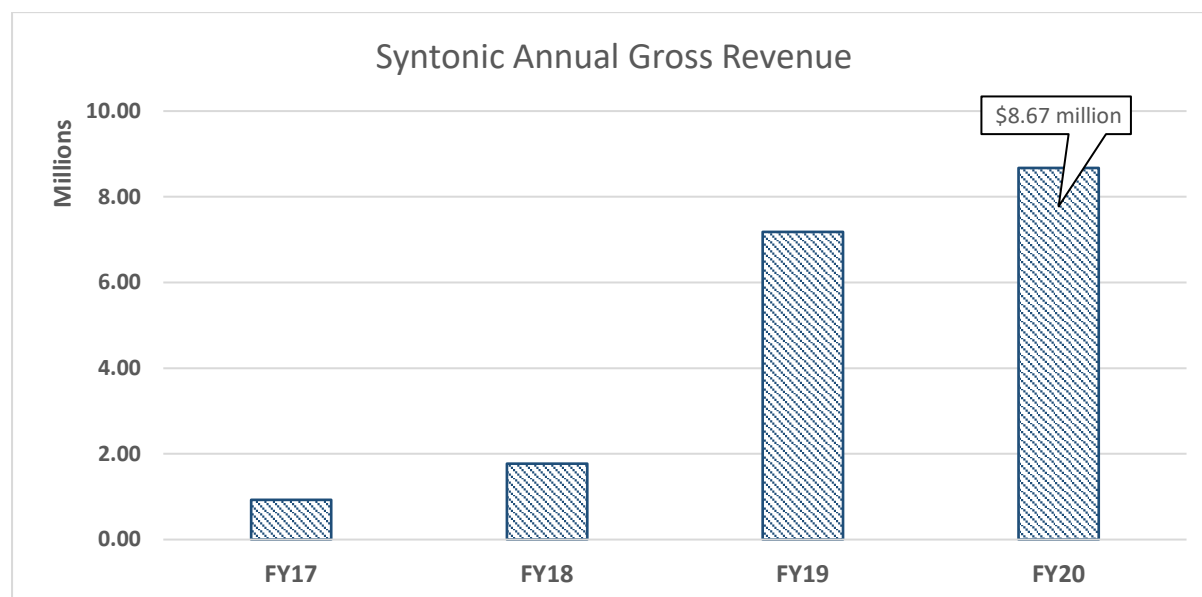


Unaudited Preliminary Final Results for the year ending 30 June 2020

Highlights:

- Gross revenues from continuing and discontinued operations of \$8.67 million, a 21.5% increase over FY19 (\$7.14 million) despite a deacceleration in sales growth in H2 FY20 due to
 - COVID-19's impact on subscriptions for Syntonic's most popular content offering, FOX Sports Go!, and
 - an adverse currency exchange rate with the Brazilian Real ("BRL"), declining 28.1% against the Australian Dollar ("AUD")
- Cash receipts from customers from continuing and discontinued operations of \$2.37 million, a 28.6% reduction on FY19 (\$3.31 million).
- Net cash loss from operations of \$3.29 million, down 51.2% on FY19 (\$6.74 million) due to the Company's cost reduction efforts and shift in business strategy
- Full implementation of new corporate strategy focused on content monetisation using the Syntonic Revenue Generation Platform™, terminating legacy product sales and support and offering "buy-out" licenses to existing legacy product customers
- Completion of financial restructuring to repay the Company's convertible notes and to provide replacement working capital



Seattle, Washington – Syntonic Limited (“Syntonic” or “Company”) (SYT.ASX), a mobile content services provider, has today released its unaudited preliminary final report and appendix 4E for the Financial Year ending 30 June 2020 and is pleased to provide an outline of its performance and activities during the period.

Gary Greenbaum, CEO and Managing Director of Syntonic, commented:

“FY20 was a pivotal year as the Company transitioned its business and shifted corporate focus to content monetization. This new direction was to allow the Company to accelerate revenue growth, reduce operational expenses and achieve a long-term sustainable business.

During the first half of the financial year, the Company was on target to achieve its business objectives, having signed a cornerstone agreement with FOX Sports for the distribution and sales of the FOX Sports Gol soccer service in Mexico and Brazil.

During the second half of the financial year, however, the Company faced two significant business challenges: a rapidly weakening Brazilian currency and the shut-down of worldwide soccer due to the new coronavirus disease (“COVID-19”). As a consequence, the Company missed its business objectives and continued to operate with negative cash flows despite aggressive cost-control measures.

Despite a weakened global economy, the Syntonic business model was proven durable as the Company was able to partially offset the declining revenue from FOX Sport Gol subscriptions to other high-value syndicated content offers.

The Company has pursued various initiatives to ensure a sufficient cash position to remain operational and has investigated various courses of action. The Board evaluated a number of prospective opportunities and determined that the best course of action in the present circumstances was to pursue divestment of its operating assets.

On 7 September 2020, the Company announced the proposed sale of its subsidiaries, Syntonic Wireless Inc. and Syntonic US Inc. (including Syntonic Brasil Tecnologia LTDA) to First Orion Corporation. The Company is presently in the process of negotiating and finalising a formal binding stock purchase agreement and will, following the execution of this agreement, dispatch a notice of meeting to shareholders to seek approval for the proposed transaction.”

Discontinued Operations

On 7 September 2020, the Company signed a non-binding Letter of Intent (“LOI”) with First Orion Corp (“First Orion”) for the sale of all issued and outstanding share capital of Syntonic Wireless, Inc. and Syntonic US, Inc. (“the Syntonic US Companies”) (“Divestment”).

The Purchase Price outlined in the LOI is US\$1,220,000 payable as follows:

- a) US\$1,000,000 in cash on completion of the Proposed Transaction; and
- b) US\$220,000 payable in four (4) equal monthly instalments of US\$55,000 beginning 1 January 2021 and on the first day of each month thereafter with the last payment payable on 31 March 2021.

Under the terms of the LOI:

- a) First Orion would transfer a refundable US\$85,000 deposit to Syntonic, this has been received;
- b) The parties would prepare and execute a definitive stock purchase agreement;
- c) Prior to completion of the Proposed Transaction, the Company will discharge and cause the Syntonic US Companies to be free and clear of any indebtedness including indebtedness owed to the Company or any other person or company affiliated with the Syntonic US Companies.

As at the date of this report, the Company is in the process of finalising the definitive stock purchase agreement.

Financial Performance

Syntonic's FY20 gross revenue from continuing and discontinued operations grew to \$8.67 million, a 21.5% increase compared to the previous financial year of \$7.14 million. This revenue growth was driven by strong, pre-COVID-19, results specifically dominated by FOX Sports Gol subscription sales. The real business performance was materially stronger than the nominal revenue and cash receipt figures given the currency exchange impact of a 28.1% decline in the BRL on the AUD.

Cash receipts during the financial year from customers were \$2.37 million, a 28.6% decline on FY19 (\$3.31 million).

The Company's net cash loss from operations was \$3.29 million, down 51.2% on FY19 (\$6.74 million). This significant improvement was a result of the Company's aggressive cost savings efforts, a shift in the Company's business strategy and cost reductions associated with the winding-down of the Company's legacy products.

Further material contributions to the Company's cost reductions include:

- ramp-down of all product development and operating expenses including cloud-based services;
- staff and contractor reductions; and
- a 31.7% reduction in executive salaries.

Discontinued Operations - Operational Overview & Progress

During FY20, Syntonic implemented a new business strategy and focus to support content distribution and sales via the Syntonic RGP. The platform provides the complete customer journey connecting premium content to mobile subscribers. The RGP benefits content providers by allowing them to remain focused on their core competency, i.e. creating quality content, with Syntonic owning the content marketing, distribution, and monetisation

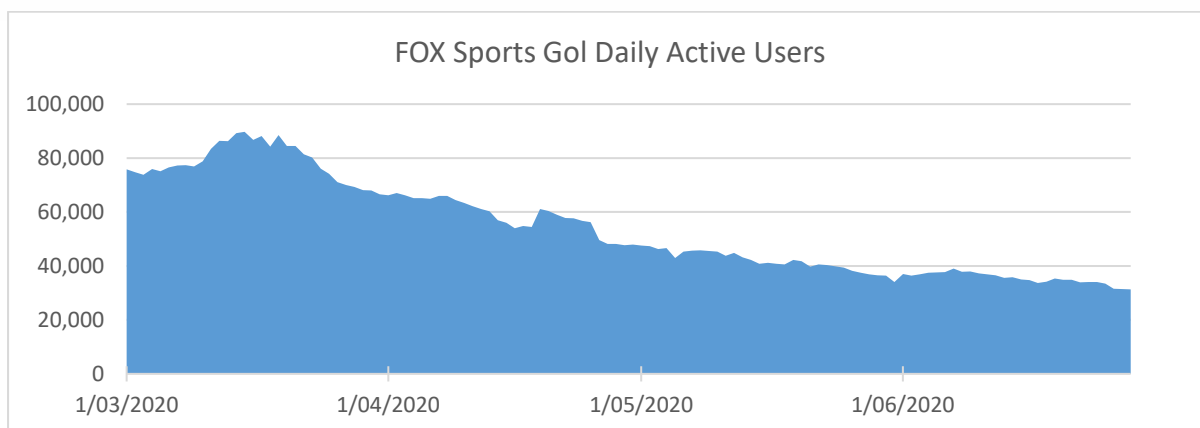


and participating in the higher margin revenue generated through content subscription sales. FY20 was the first full financial year that the Company operated the Syntonic RGP, after integration of the acquired content monetization assets from Zenvia Mobile Servicos Digitais S.A. ("Zenvia") in FY19.

The full implementation of this strategy involved the following:

1. Winding-down and/or terminating legacy and non-strategic customer agreements, including those pertaining to Smart Communications, AQN/Telkomsel Indonesia, Opari Inc., and AKTAY A.S. (Syntonic DataFlex™). By mid-year, all non-strategic and non-material agreements were successfully terminated;
2. For those carrier customers dependent on the Company's legacy service, the Company offered a one-time "buy-out" license allowing the licensee full and unlimited use of the platform technologies. During the financial year, Syntonic executed one buy-out license with Thang Long Event Limited, the Company's Vietnam-based partner that supports commercial agreements with Mobifone Telecommunications and Viettel.
3. Building the Company's content portfolio for mobile distribution and sales ("syndicated content"). Highlights of this syndicated content strategy include:
 - On 15 October 2019, less than three weeks after executing an agreement with Fox Latin American Channel LLC, ("FOX Sports"), Syntonic begin the syndication of the Fox Sports Gol service to mobile subscribers in Brazil and Mexico; and
 - New distribution and sales agreements were executed with content and application providers including: Pro User's Tô Aqui (family safety and geolocation service), Desrotulando (health and nutrition service), Saúde 4 Patas (veterinary services), Kidsa (education service), and others.

The biggest operational challenge during the financial year was sustaining business growth with the adverse impact that COVID-19 had on mobile consumer spending and on worldwide soccer which damped sales of the Company's highest revenue generating content offering, FOX Sports Gol.



Given the uncertainty of soccer's resumption, most specifically in South America, the Company commenced shifting its subscriber acquisition investment to its other content assets. As a result of this shift, the Company has been less dependent on the FOX Sports Gol service for its ongoing revenue growth. With the revenue contribution of FOX Sports Gol declining from 44.1% in Q3 FY20 to 30.9% in Q4 FY20, the Company partially offset this decline from its other syndicated content assets, such as Pro User's Tô Aqui service with revenue contribution growing from 42% in Q3 to 61% in Q4.

Corporate Activities

Financings to Continue Growth

On 20 December 2019, the Company completed a pro-rata non-renounceable entitlement offer. The Entitlement Offer was fully underwritten by CPS Capital Group Pty Ltd ("CPS") for the total amount of \$3.47 million. The main purpose for the Entitlement Offer was to raise funds for:

- (a) repayment of US\$750,000 to Obsidian Global Partners LLC (Obsidian) in respect to its convertible notes;
- (b) repayment of A\$750,000 to Pentin Pty Ltd in respect to the short-term loan facility with Pentin Pty Ltd, an unrelated third party which provided immediate working capital to the Company;
- (c) ongoing working capital requirements, i.e. sales, marketing, and on-going product development for the Syntonic Revenue Generation platform.

Director changes

Effective 13 November 2019, Mr Nigel Hennessy, a Syntonic non-executive director, stepped down from his role on the Board of Syntonic Limited to focus on his other commercial interests. On that same date, Mr. David Wheeler, a founding Director and Partner of Pathways Corporate, was appointed as a non-executive director.

Company Secretary Appointment

Mr Tim Slate was appointed as the Company Secretary effective 9 January 2020, replacing Mr Steven Wood and Mr Ed Meagher, as Joint Company Secretary.

Outlook

Subsequent to the end of the year, on 7 September 2020, the Company signed a non-binding Letter of Intent ("LOI") with First Orion Corp ("First Orion") for the sale of all issued and outstanding share capital of Syntonic Wireless Inc. and Syntonic US Inc. (including Syntonic Brasil Tecnologia LTDA, a wholly owned subsidiary of Syntonic US Inc) ("Divestment").

As at the date of this report, the Company is in the process of finalising the definitive stock purchase agreement.

Following completion of the Divestment, the Company will seek to identify appropriate investment projects and opportunities both within Australia and overseas aimed at increasing shareholder value.

About Syntonic

Syntonic Ltd (SYT.ASX) is a Seattle-based mobile content services provider which provides the complete customer journey connecting premium content to mobile subscribers. Syntonic has created the world's leading unified mobile revenue platform spanning mobile advertising, content services and mobile commerce. Syntonic's carrier-grade service has been designed with high availability, scalability and 100% revenue assurance in mind. The Syntonic platform has been deployed and validated by some of the world's largest content providers.

To learn more about Syntonic, visit www.syntonic.com.

For further enquiries, please contact:

Gary Greenbaum

CEO and Managing Director, Syntonic

Tim Slate

Company Secretary

E: ir@syntonic.com

APPENDIX 4E

Unaudited Preliminary Final Report - 30 June 2020

Syntonic Limited
ABN 68 123 867 765

1. Reporting period

Financial Year Ended	Previous corresponding period
30 June 2020	30 June 2019

2. Results for announcement to the market

	30 June 2020	30 June 2019	% Change
2.1 Revenue from ordinary activities	112,128	45,039	149%
2.2 Loss from ordinary activities after tax attributable to members	(3,805,988)	(7,776,967)	51%
2.3 Net loss for the period attributable to members	(3,805,988)	(7,776,967)	51%

2.4 No dividends were paid during the financial year ended 30 June 2020 (previous corresponding period: Nil). It is not proposed to pay dividends.

2.5 There is no record date for determining entitlements to dividends.

2.6 A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.

On 7 September 2020, the Company signed a non-binding Letter of Intent ("LOI") with First Orion Corp ("First Orion") for the sale of all issued and outstanding share capital of Syntonic Wireless, Inc. and Syntonic US, Inc. ("the Syntonic US Companies").

Consideration receivable

The Purchase Price outlined in the LOI is US\$1,220,000 payable as follows:

- a) US\$1,000,000 in cash on completion of the Proposed Transaction; and
- b) US\$220,000 payable in four (4) equal monthly instalments of US\$55,000 beginning 1 January 2021 and on the first day of each month thereafter with the last payment payable on 31 March 2021.

Under the terms of the LOI:

- a) First Orion would transfer a refundable US\$85,000 deposit to Syntonic, this deposit has been received;
- b) The parties would prepare and execute a definitive stock purchase agreement;
- c) Prior to completion of the Proposed Transaction, the Company will discharge and cause the Syntonic US Companies to be free and clear of any indebtedness including indebtedness owed to the Company or any other person or company affiliated with the Syntonic US Companies.

Financial performance from discontinued operation

The financial performance of the discontinued operations for the years ending 30 June 2020 and 30 June 2019:

	2020	2019
	\$	\$
Revenue	8,673,088	7,137,295
Expenses	(10,847,587)	(13,677,009)
Loss before tax from discontinued operations	(2,174,499)	(6,539,714)
Tax benefit	158,170	-
Loss for the year from discontinued operations	(2,016,329)	(6,539,714)

Detailed explanation regarding the discontinued operations are outlined in the notes to the Preliminary Final Report.

Other information required under listing rule 4.3A

Net tangible assets per security

2020: (0.006) cents per share

2019: (0.04) cents per share

Details of entities over which control has been gained or lost during the financial year ended 30 June 2020

None

Dividends

There are no individual or total dividends or distributions. There are no dividend or distribution reinvestment plans in operation.

Details of associates and joint venture entities.

Not applicable

Audit Status
<p>The report is based on accounts which are in the process of being audited.</p> <p>The independent audit report is likely to contain an unmodified opinion with an emphasis of matter on going concern. The emphasis of matter is likely to highlight the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern</p>

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Continuing operations			
Other income	2	112,128	45,039
Other operating expenses	3	(617,309)	(742,022)
Share based payment expense	17	(267,438)	(746,913)
Interest expense		(45,301)	-
Finance Costs		(156,295)	(365,915)
Impairment expense	5	(142,592)	-
Settlement of embedded derivative liability	9	(227,381)	-
Change in fair value of embedded derivative liabilities		-	544,548
Unrealised foreign exchange loss		-	7,416
Loss before income tax expense		(1,344,188)	(1,257,847)
Income tax expense		-	-
Net loss for the year from continuing operations		(1,344,188)	(1,257,847)
Discontinued operation			
Loss after tax from discontinued operations	12	(2,016,329)	(6,539,714)
Net loss for the year		(3,360,517)	(7,797,561)
Other Comprehensive Income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange difference on translation of foreign operations		(445,471)	20,594
Total other comprehensive income/(loss), net of tax		(445,471)	20,594
Total comprehensive loss for the year, net of tax		(3,805,988)	(7,776,967)
Total comprehensive loss attributable to members of the Company		(3,805,988)	(7,776,967)
Loss per share from continuing operations attributable to the ordinary equity holders of Syntonic Limited:			
Basic and diluted loss per share (cents) – continuing and discontinued	15	(0.06)	(0.26)
Basic and diluted loss per share (cents) – continuing		(0.03)	(0.04)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated statement of Financial Position

As at 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
Current assets			
Cash and cash equivalents		220,861	1,399,512
Trade and other receivables	4	15,263	742,806
Other assets	5	14,546	344,302
Assets classified as held for sale	12	2,310,635	-
Total current assets		2,561,305	2,486,620
Non-current assets			
Other financial assets		-	10,792
Property, plant and equipment		-	16,947
Intangible assets	7	-	2,090,471
Total non-current assets		-	2,118,210
TOTAL ASSETS		2,561,305	4,604,830
LIABILITIES			
Current liabilities			
Trade and other payables	8	1,101,029	1,477,158
Borrowings	9	-	993,095
Liabilities directly associated with assets classified as held for sale	12	1,016,315	-
Total current liabilities		2,117,344	2,470,253
Non-current liabilities			
Contingent consideration	11	-	1,367,851
Deferred tax liabilities		-	313,571
Total non-current liabilities		-	1,681,422
TOTAL LIABILITIES		2,117,344	4,151,675
NET ASSETS		443,961	453,155
EQUITY			
Contributed equity	13	44,095,864	40,566,508
Reserves	14	2,607,357	2,785,390
Accumulated losses		(46,259,260)	(42,898,743)
TOTAL EQUITY		443,961	453,155

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of Changes in Equity

As at 30 June 2020

	Contributed Equity	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2019	40,566,508	3,057,070	(271,680)	(42,898,743)	453,155
Net loss for the year	-	-	-	(3,360,517)	(3,360,517)
Other comprehensive income, net of tax	-	-	(445,471)	-	(445,471)
Total comprehensive income/(loss) for the year	-	-	(445,471)	(3,360,517)	(3,805,988)
Transactions with owners, recorded directly in equity					
Issue of shares, net of transaction costs	3,226,719	-	-	-	3,226,719
Conversion of convertible notes	301,637	-	-	-	301,637
Exercise of options	1,000	-	-	-	1,000
Share based payment	-	267,438	-	-	267,438
Balance as at 30 June 2020	44,095,864	3,324,508	(717,151)	(46,259,260)	443,961

	Contributed Equity	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2018	37,546,468	2,349,156	(292,274)	(35,101,182)	4,502,168
Net loss for the year	-	-	-	(7,797,561)	(7,797,561)
Other comprehensive income, net of tax	-	-	20,594	-	20,594
Total comprehensive income/(loss) for the year	-	-	20,594	(7,797,561)	(7,776,967)
Transactions with owners, recorded directly in equity					
Issue of shares, net of transaction costs	3,020,040	-	-	-	3,020,040
Share based payment	-	707,914	-	-	707,914
Balance as at 30 June 2019	40,566,508	3,057,070	(271,680)	(42,898,743)	453,155

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers and other debtors		2,365,101	3,312,841
Payments to suppliers and employees		(5,665,056)	(10,064,540)
Interest paid		(20,331)	-
Interest received		324	9,049
Income tax refund		25,429	-
Net cash outflow from operating activities		(3,294,533)	(6,742,650)
Cash flows from investing activities			
Proceeds from disposal of fixed assets		3,533	-
Net cash paid for acquisition of business		-	(962,464)
Payments for fixed assets		-	(22,089)
Reclassification of term deposit to cash and cash equivalents		-	67,649
Net cash (outflow)/inflow from investing activities		3,533	(916,904)
Cash flows from financing activities			
Proceeds from issue of shares		3,473,033	2,954,358
Payments for share issue costs		(233,322)	(172,877)
Proceeds from borrowings		894,318	-
Proceeds from issue of convertible notes		-	1,395,027
Settlement of convertible notes		(1,094,891)	-
Repayment of borrowings		(750,000)	-
Transaction costs relating to borrowings and convertible notes		(25,000)	(91,873)
Other		32,743	-
Net cash inflow from financing activities		2,296,881	4,084,635
Net (decrease)/increase in cash and cash equivalents		(994,119)	(3,574,919)
Effect of movement in exchange rates on cash held		(184,532)	27,214
Cash and cash equivalents at beginning of year		1,399,512	4,947,217
Cash and cash equivalents at end of year		220,861	1,399,512

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Preliminary Final Report

For the year ended 30 June 2020

1. Statement of Significant Accounting Policies

The significant accounting policies adopted in preparing the financial report of Syntonic Limited ("Syntonic" or "Company") and its consolidated entities ("Consolidated Entity" or "Group") for the year ended 30 June 2020 are stated to assist in a general understanding of the financial report and have been consistently applied unless otherwise stated.

Syntonic is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange ("ASX").

The preliminary final report of the Group for the year ended 30 June 2020 was authorised for issued in accordance with a resolution of the Directors on 7 September 2020.

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

The financial report has been prepared on a historical cost basis except for certain financial instruments which are carried at fair value, as stated in the accounting policy. The financial report is presented in Australian dollars, unless otherwise stated. For the purposes of preparing the Annual Report, the Company is a for profit entity.

The consolidated financial statements have been prepared on a going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

New or revised standards and interpretations that are first effective in the current reporting period

In the year ended 30 June 2020, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. Those which have a material impact on the Group are set out below.

AASB 16 Leases

The Group has applied AASB 16 from 1 July 2019 using the modified retrospective approach, with no restatement of comparative information. The impact on the accounting policies, financial performance and financial position of the Group from the adoption of AASB 16 is detailed in Note 20.

Other than the above, there is no material impact of the new and revised Standards and Interpretations on the Group.

Notes to the Preliminary Final Report

For the year ended 30 June 2020

(i) *Accounting standards issued but not yet effective*

The Directors have also reviewed the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no changes is necessary to Group accounting policies.

(c) Going Concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

As disclosed in the consolidated financial statements for the year ended 30 June 2020, the Group incurred a net loss of \$3,360,517 and cash outflows from operating activities of \$3,294,533. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The ability of the group to continue as a going concern is dependent on securing additional funding through completing the disposal of its main undertaking and the Company's ability to raise capital.

The directors are satisfied they will be able to complete the transaction and thus it is appropriate to prepare the financial statements on a going concern basis. In arriving at this position, the Directors have considered that subsequent to the end of the financial year, on 7 September 2020, the Company signed a non-binding Letter of Intent ("LOI") with First Orion Corp ("First Orion") for the sale of all issued and outstanding share capital of Syntonic Wireless, Inc. and Syntonic US, Inc. ("the Syntonic US Companies") ("Proposed Transaction"). The Purchase Price outlined in the LOI is US\$1,220,000 payable as follows:

- a) US\$1,000,000 in cash on completion of the Proposed Transaction; and
- b) US\$220,000 payable in payable in four (4) equal monthly instalments of US\$55,000 beginning 1 January 2021 and on the first day of each month thereafter with the last payment payable on 31 March 2021.

Prior to the Closing Date, the Company has agreed that the Syntonic US Companies will be free and clear of any indebtedness.

It is currently proposed that, in conjunction with, and subject to the completion of, the Proposed Transaction, Mr Gary Greenbaum, the Managing Director and CEO, will release Syntonic Wireless Inc. (and by extension the Company) of its obligation to pay his outstanding and deferred salary of US\$110,348 and severance payment of US\$87,500 in respect to his engagement as Chief Executive Officer and Mr Agarwal has agreed to release Syntonic Wireless Inc. (and by extension the Company) of its obligation to pay his outstanding and deferred salary of US\$110,348 and his severance payment of US\$87,500.

Following completion of the divestment, the Company will seek to identify appropriate investment projects and opportunities both within Australia and overseas aimed at increasing shareholder value.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from

Notes to the Preliminary Final Report

For the year ended 30 June 2020

those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

(d) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2020 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. Intercompany transactions and balances, income and expenses and profits and losses between Group companies, are eliminated.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

(e) Revenue

The principal activities of the Group is the commercialisation of its technologies with mobile telecommunication carriers.

Licensing of Technologies

The nature of an entity's promise in granting a license is a promise to provide a right to access the entity's intellectual property if all of the following criteria are met:

- The contract requires, or the customer reasonably expects, that the entity will undertake activities that significantly affect the intellectual property to which the customer has rights;
- The rights granted by the licence directly expose the customer to any positive or negative effects of the entity's activities; and
- Those activities do not result in the transfer of a good or a service to the customer as those activities occur.

The Group's assessment during the reporting period concludes that all of the above criteria have been met in instances where revenue has been received for licensing fees. Accordingly, as a right of access has been granted, revenue has been recognised over time. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the licensing of technology, the

Notes to the Preliminary Final Report

For the year ended 30 June 2020

Group considers the effect of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Maintenance/Service revenue

Maintenance/service revenue is recognised over the life of the service contract as the Group's service obligations under the contract are satisfied.

Contract balances

Contract Assets:

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables:

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets under AASB 9: Financial Instruments below.

Contract liabilities:

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(f) Financial Instruments

Trade receivables (without a significant financing component) are initially recognised at their transaction price and all other receivables are initially measured at fair value. Receivables are measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within a business model with the objective to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the purposes of the assessment of whether contractual cash flows are solely payments of principal and interest, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

Notes to the Preliminary Final Report

For the year ended 30 June 2020

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial assets contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

Contingent events that would change the amount or timing of cash flows;

- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

For all other receivables measured at amortised cost, the Group recognised lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. If on the other hand the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to expected credit losses within the next 12 months.

Expected credit losses are a probability-weighted estimated of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

The Group considers an event of default has occurred when a financial asset is more than 180 days past due or external sources indicate that the debtor is unlikely to pay its credits, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficult or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(g) Foreign Currencies

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2020 and the results of all subsidiaries for the year then ended.

Function and presentation currency

The consolidated financial statements are presented in Australian Dollars (AUD), which is also the functional currency of the parent company.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

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For the year ended 30 June 2020

Exchange differences arising on the translation of monetary items are recognised in the consolidated statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- items of equity are translated at the historical exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(i) Parent entity financial information

The financial information for the parent entity, Syntonic Limited, disclosed in Note 16 has been prepared on the same basis as the consolidated financial statements.

(j) Intangible assets

Expenditure on the research phase of projects to develop new customised software is recognised as an expense as incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets provided they meet the following recognition requirements:

- Development costs can be reliably measured;
- The project is technically and commercially feasible;
- The group intends to and has sufficient resources to complete the project; and
- The group has the ability to use or sell the software.

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For the year ended 30 June 2020

The fair value of identifiable intangible assets are also recognised in accordance with AASB 3 for any business combinations entered into by the Group.

Following initial recognition, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when the intangible is complete and the asset is available for use, or the date of acquisition. It is amortised over the period of expected future benefit. Amortisation is recorded in the Statement of Profit or Loss and Other Comprehensive Income.

The group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Intellectual property: 5 – 10 Years
- Customer contracts: Length of contracts

(k) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within 30 days. Payables are presented as current liabilities unless payment is not due within 12 months. Payables are initially recorded at fair value and then subsequently amortised cost.

(l) Provisions

Provisions are recognised when the group 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.

(m) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

(n) Employee Entitlements

A provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 12 months have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(o) Earnings per Share

Basic earnings per share ("EPS") is calculated by dividing the net profit/loss attributable to members of the Company for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential Ordinary Shares and the effect on revenues and expenses of conversion to Ordinary Shares associated with dilutive potential Ordinary Shares, by the weighted average number of Ordinary Shares and dilutive Ordinary Shares adjusted for any bonus issue.

(p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST & other related taxes, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Notes to the Preliminary Final Report

For the year ended 30 June 2020

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Use and Revision of Accounting Estimates

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 9 – Borrowings
- Note 17 – Shared based payments

(r) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The chief operating decision maker has been identified as the Board of Directors, taken as a whole. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the Board of Directors.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Notes to the Preliminary Final Report

For the year ended 30 June 2020

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for “all other segments”.

(s) Impairment of Non-Financial Assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease in accordance. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

(t) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and financial assets through profit or loss) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as discounted cash flows, are used to determine fair value for the remaining financial

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For the year ended 30 June 2020

instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(u) Issued Capital

Ordinary Shares and Performance Rights are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

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.

(v) Share Based Payments

Equity-settled share-based payments are provided to officers, employees, consultants and other advisors. These share-based payments are measured at the fair value of the equity instrument at the grant date. Fair value is determined using the Black Scholes option pricing model. Further details on how the fair value of equity-settled share based payments has been determined can be found in Note 17.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the option reserve.

Equity-settled share-based payments may also be provided as consideration for the acquisition of assets. Where ordinary shares are issued, the transaction is recorded at fair value based on the quoted price of the ordinary shares at the date of issue. The acquisition is then recorded as an asset or expensed in accordance with accounting standards.

(w) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Notes to the Preliminary Final Report

For the year ended 30 June 2020

At inception, the fair value of the host liability portion of convertible notes is determined as being the difference between the proceeds and the fair value of any identifiable derivative liabilities contained within the note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the notes. Refer to Note 9 for details surrounding the valuation of embedded derivative liabilities contained in convertible notes issued during the year.

Derivative liabilities are carried at fair value through profit or loss ("FVTPL"). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(x) Goodwill

Goodwill is measured as the excess of: the consideration transferred; amount of any non-controlling interest in the acquired entity; and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 18).

(y) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation.

The carrying amount of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that carrying value may not be recoverable. If any such indication exists and where the carrying amount exceeds the estimated recoverable amount, the assets are written down to their recoverable amounts.

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For the year ended 30 June 2020

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use. The useful lives for each class of depreciable assets are:

- Plant and Equipment: 5 Years

(z) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. 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 liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The excess of: the consideration transferred; amount of any non-controlling interest in the acquired entity; and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If this amount is less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

(aa) Assets and Liabilities held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal.

A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

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For the year ended 30 June 2020

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

2. Other income

	2020	2019
	\$	\$
Royalty income ¹	111,929	37,088
Interest income	199	7,951
	112,128	45,039

1. The Company sold the BioHeap™ technology business and associated entities to Western Areas Limited in 2009, the Company is entitled to a 2% net royalty on revenues (net of costs) attributable to ore processed using the BioHeap™ bacterial leaching technology.

3. Other expenses

	2020	2019
	\$	\$
Other operating expenses		
Director fees	22,500	-
Accounting, legal and other professional fees	415,814	537,277
Listing expenses	98,943	119,732
General administration costs	46,309	67,863
Insurance	33,743	17,150
	617,309	742,022

4. Trade and other receivables

	2020	2019
	\$	\$
Trade debtors ¹	-	696,574
GST receivable	15,263	46,232
	15,263	742,806

1. Trade debtors are non-interest bearing. All amounts are short term and the carrying value is considered a reasonable approximation of fair value. There were no past due debtors at balance date that are considered impaired.

Refer to Note 12 for trade debtors held for sale.

Notes to the Preliminary Final Report

For the year ended 30 June 2020

5. Other assets

	2020	2019
	\$	\$
Non-Current		
Lease deposit	-	10,792
		10,792
Current		
Prepaid expenses	14,546	201,710
Loan receivable ¹	-	142,592
	14,546	344,302

1. Loan receivable refers to a US\$100,000 loan advanced to Rimoto Ltd ("Loan") in accordance with a Loan Agreement between Rimoto Ltd and the Company dated 23 October 2017. Management have determined that the loan is not recoverable in the current year and have impaired the loan to nil.

6. Right of use assets

	Note	2020
		\$
Recognised on 1 July 2019 on adoption of AASB 16		247,217
Accumulated depreciation		(116,594)
Reclassification to assets held for sale	12	(136,026)
Impact of foreign currency fluctuation		5,403
		-

7. Intangible assets

Reconciliation of movements in intangible assets

	Goodwill	Intellectual Property	Commercial contracts	Total
	\$	\$	\$	\$
Opening Balance	788,230	902,529	399,712	2,090,471
Amortisation expense ¹	-	(133,853)	(102,520)	(236,373)
Reclassification to assets held for sale	(651,416)	(536,790)	(203,214)	(1,391,420)
Impact of foreign currency fluctuation	(136,814)	(231,886)	(93,978)	(462,678)
Closing Balance	-	-	-	-

1. The group amortises intangible assets with a limited useful life using the straight-line method over the following periods:
 - Intellectual property: 84 Months (61 months remaining)
 - Customer contracts: 53 Months (30 months remaining)

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For the year ended 30 June 2020

8. Trade and other payables

	2020	2019
	\$	\$
Trade creditors ¹	649,104	1,047,608
Accrued expenses	37,875	147,768
Employee liabilities	413,892	281,782
Other payables	158	-
	1,101,029	1,477,158

1. All amounts are short term and the net carrying value of trade payables is considered a reasonable approximation of fair value. Trade payables are non-interest bearing.

9. Borrowings

	2020	2019
	\$	\$
Convertible Notes – Host debt liability	-	783,484
Convertible Notes – Embedded derivative liability at fair value	-	209,611
	-	993,095

On 10th April 2019 the Group issued 1,000,000 initial convertible notes priced at USD \$1 per note with a face value of USD \$1.15 per note and a redemption price of USD \$1.265 if redeemed in cash. The notes were issued to a single lender, being Obsidian Global Partners, LLC (“Obsidian”).

The initial notes had a maturity of 90 days (unless converted earlier) and were subsequently replaced by the issue of replacement notes after being approved by shareholders on 7 June 2019. The replacement notes then had a maturity of 12 months from the date of purchase of the initial notes. All notes were converted or settled during the year to 30 June 2020.

During October 2019, the Group entered into a short-term loan facility with Pentin Pty Ltd for A\$750,000. The loan was settled from proceeds of the underwritten entitlement offer.

(a) Reconciliation of movement in value of host debt liability

Date	Details	Number of Convertible Notes	\$
1-Jul-19	Opening Balance	850,000	783,484
9-Jul-19	Fourth conversion by noteholder	(60,000)	(98,067)
19-Aug-19	Fifth conversion by noteholder	(60,000)	(101,725)
6-Sep-19	Sixth conversion by noteholder	(60,000)	(101,845)
20-Dec-19	Settlement of remaining convertible notes	(670,000)	(1,094,891)
	Finance costs	-	611,057
	Foreign exchange conversion	-	1,987
30-Jun-20	Closing Balance	-	-

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For the year ended 30 June 2020

On 15 November 2019, the Company announced an agreement with Obsidian whereby the Company would cancel the existing convertible notes issued to Obsidian and pay to Obsidian an amount of US\$750,000 in full and final settlement of the Company's outstanding debt to Obsidian.

(b) Reconciliation of movement in value of embedded derivative liability at fair value

Date	Details	\$
1-Jul-19	Opening Balance	209,611
	Foreign exchange conversion	(17,770)
	Settlement of remaining convertible notes	(227,381)
30-Jun-20	Closing Balance	-

10. Lease liabilities

	Note	2020 \$
Recognised on 1 July 2019 on adoption of AASB 16		247,217
Principal repayments		(106,844)
Reclassification to assets held for sale	12	(148,103)
Impact of foreign currency fluctuation		7,730
		-

11. Contingent consideration

	2020 \$	2019 \$
Opening balance	1,367,851	-
Recognised on acquisition	-	1,186,190
Fair value adjustment	(1,227,920)	134,932
Foreign exchange adjustment	(139,931)	46,729
	-	1,367,851

The contingent consideration was comprised a seller earn-out agreement where Zenvia will be entitled to an earn-out of 20% of the first US\$21.5 million of contribution margin generated by the acquired assets over 3.5 years.

For the purposes of the Agreement, contribution margin was defined as the net revenue derived from the mobile commerce platform minus media marketing expenses as provided for in the Asset Purchase Agreement.

In December 2019, the value of the contingent consideration was assessed based on the Board's best estimate of the contingent consideration at that date. The estimated value of yearly contingent consideration was then discounted to determine the net present value of the contingent consideration.

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The reversal of the contingent consideration resulted in a gain in the Statement of Profit or Loss and Other Comprehensive Income of \$1,227,920. The contingent consideration is a level 3 financial liability in the fair value hierarchy and is measured at balance date at fair value on a recurring basis.

In December 2019, the Board reviewed the contribution margin generated by the acquired assets in the Asset Purchase Agreement and did not consider the earn-out target would be met. As a result, the Board reversed the balance of the contingent consideration provision.

12. Assets and liabilities held for sale

Discontinued operation

On 7 September 2020, the Company signed a non-binding Letter of Intent ("LOI") with First Orion Corp ("First Orion") for the sale of all issued and outstanding share capital of Syntonic Wireless, Inc. and Syntonic US, Inc. ("the Syntonic US Companies") ("Divestment").

The Purchase Price outlined in the LOI is US\$1,220,000 payable as follows:

- a) US\$1,000,000 in cash on completion of the Proposed Transaction; and
- b) US\$220,000 payable in four (4) equal monthly instalments of US\$55,000 beginning 1 January 2021 and on the first day of each month thereafter with the last payment payable on 31 March 2021.

Under the terms of the LOI:

- a) First Orion would transfer a refundable US\$85,000 deposit to Syntonic, this has been received;
- b) The parties would prepare and execute a definitive stock purchase agreement;
- c) Prior to completion of the Proposed Transaction, the Company will discharge and cause the Syntonic US Companies to be free and clear of any indebtedness including indebtedness owed to the Company or any other person or company affiliated with the Syntonic US Companies.

As at the date of this report, the Company is in the process of finalising the definitive stock purchase agreement.

Financial performance from discontinued operation

The financial performance of the discontinued operations for the years ending 30 June 2020 and 30 June 2019:

	2020	2019
	\$	\$
Revenue	8,673,088	7,137,295
Expenses	(10,847,587)	(13,677,009)
Loss before tax from discontinued operations	(2,174,499)	(6,539,714)
Tax benefit	158,170	-
Loss for the year from discontinued operations	(2,016,329)	(6,539,714)

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For the year ended 30 June 2020

Assets and liabilities held for sale

The major classes of assets and liabilities of comprising the operations classified as held for sale at balance date are as follows:

	Note	2020 \$
Assets		
Trade and other receivables		634,296
Other financial assets		134,516
Right to use assets	6	136,026
Property, plant and equipment		14,377
Intangible assets	7	1,391,420
Liabilities		
Trade and other payables		(575,916)
Lease liability	10	(148,103)
Deferred tax liability		(155,401)
Borrowings		(136,895)
Net assets		1,294,320

Cash flows from discontinued operation

The cash flows from the discontinued operations for the years ending 30 June 2020 and 30 June 2019:

	2020 \$	2019 \$
Cash flows from operating activities		
Receipts from customers and other debtors	2,244,431	3,283,809
Payments to suppliers and employees	(5,139,472)	(8,935,518)
Interest paid	-	-
Interest received	148	-
Net cash outflow from operating activities	(2,771,254)	(5,650,612)
Cash flows from investing activities		
Proceeds from disposal of fixed assets	3,533	-
Net cash paid for acquisition of business	-	(442,623)
Payments for fixed assets	-	(22,089)
Net cash (outflow)/inflow from investing activities	3,533	(464,712)
Cash flows from financing activities		
Proceeds from issue of convertible notes	144,318	-
Other	32,743	-
Net cash inflow from financing activities	2,296,881	-

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For the year ended 30 June 2020

13. Contributed equity

(a) Issued capital:

	2020 \$	2020 No.	2019 \$	2019 No.
Ordinary Shares	44,095,864	6,944,565,512	40,566,508	3,288,287,588
	44,095,864	6,944,565,512	40,566,508	3,288,287,588

(b) Movement in issued capital during the year:

Date	Details	Number of Ordinary Shares	\$
1-Jul-19	Opening Balance	3,288,287,588	40,566,508
9-Jul-19	Conversion of 60,000 convertible notes	54,481,713	98,067
19-Aug-19	Conversion of 60,000 convertible notes	53,822,699	101,725
6-Sep-19	Conversion of 60,000 convertible notes	75,440,756	101,845
9-Dec-19	Issue of shares under Entitlement Offer	1,187,704,520	1,187,704
20-Dec-19	Issue of shares under Entitlement Offer	2,284,328,236	2,284,328
13-Jan-20	Exercise of options	500,000	1,000
	Share issue costs	-	(245,313)
30-Jun-20	Closing Balance	6,944,565,512	44,095,864

14. Reserves

(a) Reserves:

	Note	2020 \$	2019 \$
Share-based payment reserve		3,324,508	3,057,070
Foreign currency translation reserve		(717,151)	(271,680)
		2,607,357	2,785,390

(b) Nature and purpose of reserves:

Shared Based Payment Reserve

The share-based payment reserve is used to record the fair value of options issued by the Group.

Foreign Currency Translation Reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 1(g). The reserve is recognised in profit or loss when the net investment is disposed of.

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For the year ended 30 June 2020

(c) Movements in the share-based payments reserve:

Date	Details	Number of Incentive Options	\$
1-Jul-19	Opening Balance	365,426,437	3,057,070
	Fair value of options issued	-	267,438
	Exercised during the year	(500,000)	-
	Expired / cancelled during the year	(43,500,000)	-
30-Jun-20	Closing Balance	321,426,437	3,324,508

Date	Details	Number of Incentive Options	\$
1-Jul-18	Opening Balance	219,333,333	2,349,156
6-Jul-18	Incentive option issue	17,286,763	78,307
16-Oct-18	Incentive option issue	43,638,984	241,435
14-Nov-18	Incentive option issue	97,167,357	142,582
24-Jan-19	Consultant option issue	15,000,000	9,158
	Cancellation or forfeiture of options	(27,000,000)	(74,556)
	Vesting of options on issue at 1 July 2018	-	310,988
30-Jun-19	Closing Balance	365,426,437	3,057,070

(d) Movements in the foreign currency translation reserve:

	2020	2019
	\$	\$
Opening Balance	(271,680)	(292,274)
Exchange difference on translation of foreign operations	(445,471)	20,594
Closing Balance	(717,151)	(271,680)

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15. Earnings per share

	2020 cents	2019 cents
Basic and Diluted Profit/(Loss) per Share		
From continuing and discontinued operations		
- Basic earnings per share	(0.06)	(0.26)
- Diluted earnings per share	(0.06)	(0.26)
From continuing operations		
- Basic earnings per share	(0.03)	(0.04)
- Diluted earnings per share	(0.03)	(0.04)

	2020 \$	2019 \$
The following reflects the income and share data used in the calculations of basic earnings per share:		
- Net loss from continued and discontinued operations	(3,360,517)	(7,797,561)
- Net loss from continuing operations	(1,344,188)	(1,257,847)

	2020 Number of Ordinary Shares	2019 Number of Ordinary Shares
Weighted average number of Ordinary Shares used in calculating basic and diluted earnings per share	5,321,687,208	2,943,436,751

Non-Dilutive Securities

As at balance date, there were no dilutive earnings per share (2019: nil).

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16. Parent entity disclosures

	2020 \$	2019 \$
Financial Position		
Assets		
Current Assets	49,097	1,096,683
Non-Current Assets	-	-
Total Assets	49,097	1,096,683
Liabilities		
Current Liabilities	173,780	1,083,315
Total Liabilities	173,780	1,083,315
Equity		
Contributed Equity	84,751,530	81,222,175
Accumulated Losses	(88,200,721)	(84,615,877)
Reserves	3,324,508	3,407,070
Total Equity	(124,683)	13,368
Financial Performance		
Loss for the year	(3,584,844)	(8,518,034)
Other comprehensive income	-	-
Total comprehensive loss	(3,584,844)	(8,518,034)

No guarantees have been entered into by the parent entity in relation to the subsidiaries.

17. Share-based payments

From time to time, the Group provides Incentive Options to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options granted, and the terms of the options granted are determined by the Board. Shareholder approval is sought where required.

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For the year ended 30 June 2020

Share based payments made during the financial year ended 30 June 2020 are summarised as follows:

(a) Recognised share based payment expense:

	2020	2019
	\$	\$
Expense arising from equity settled share-based payment transactions	267,438	746,913

(b) Options issued and in existence during the year:

Options vest on their respective vesting dates with the following conditions:

	Class of Options	Issue Date	Exercise Price	Expiry Date	Vesting Date	Disposal Restriction	Current year vesting Expense
A	15,000,000 employee options	7 Apr 2017	\$0.030	28 Feb 2027	Multiple	None	\$79,130
B	133,333,333 broker options	18 Dec 2017	\$0.030	31 Dec 2020	Immediately on issue	None	-
C	16,386,763 employee options	6 Jul 2018	\$0.014	6 Jul 2028	Multiple ¹	None	-
D	900,000 employee options	6 Jul 2018	\$0.014	6 Jul 2028	Multiple ²	None	\$23,419
E	43,638,984 consultant options	16 Oct 2018	\$0.012	16 Oct 2023	Multiple ³	None	-
F	97,167,357 employee options	14 Nov 2018	\$0.009	14 Nov 2028	Multiple ⁴	None	\$149,376
G	5,000,000 consultant options	24 Jan 2019	\$0.02	24 Jan 2024	24 Jan 2020	None	\$7,682
H	10,000,000 consultant options	24 Jan 2019	\$0.04	24 Jan 2024	24 Jan 2021	None	\$7,831
I	1,735,516,378 rights issue options ⁵	20 Dec 2019	\$0.002	31 Dec 2022	Immediately on issue	None	-

1. One-third of the Unlisted Options will vest upon the successful deployment of the white labelled version of the Freeway data roaming services by Smart Communications with the two remaining thirds vesting on the 24 and 36 month anniversaries from 21 May 2018, subject to continuous engagement.
2. 25% of the Unlisted Options vested on 11 December 2018 with the remaining 75% vesting in equal monthly instalments over the next 48 months subject to continuous engagement
3. 50% of the Unlisted Options vest upon the successful deployment of Syntonic technology commonly known as "Freeway" by Smart Communications; the remaining 50% vest 12 months following execution of the Services Agreement and conditioned upon Syntonic technology licensing agreements with numerous parties.
4. 13,881,051 of the Unlisted Options vested immediately, 13,881,051 will vest on 1 May 2019 and 1 October 2019 respectively, and the remaining 55,524,204 of the Unlisted Options will vest in equal monthly instalments over the next 24 months subject to continuous engagement.
5. The quoted options were issued as free-attaching options for every two new shares subscribed for under the non-renounceable rights issue completed in December 2019

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For the year ended 30 June 2020

(c) Summary of options:

	2020 No.	2019 No.
Outstanding at the beginning of the year	365,426,437 ⁴	219,333,333 ¹
Granted during the year	1,736,016,378	173,093,104 ²
Exercised during the year	(500,000)	-
Expired / cancelled during the year	(43,500,000)	(27,000,000) ³
Outstanding at the end of the year	2,057,442,815	365,426,437⁴

1. Weighted average exercise price of \$0.031
2. Weighted average exercise price of \$0.012
3. Weighted average exercise price of \$0.029
4. Weighted average exercise price of \$0.023 // Weighted average remaining life of 4.75 years

(d) Performance rights

On 16 December 2019, the Company issued the following Performance Rights to Directors of the Company, following shareholder approval obtained during the Annual General Meeting held on 18 November 2019. Set out below are the summaries of performance rights granted during the year:

	Number	Grant date	Expiry date	Issue price at grant date	Fair value at grant date	Conversion milestones
Class A	199,300,830	19 November 2019	31 December 2020	\$0.0010	\$0.0010	Converted into shares subject to the Company achieving an EBITDA positive quarter prior to 31 December 2020
Class B	199,300,830	12 November 2019	31 December 2022	\$0.0010	\$0.0010	Converted into shares subject to the Company achieving a \$1.5 million or more EBITDA in any calendar quarter prior to 31 December 2022

The Board has assessed the likelihood that each performance hurdle will be achieved. The Board considers the likelihood that Class A Performance Rights hurdles are achieved to be approximately 0%, and the likelihood that Class B Performance Rights hurdles are achieved to be approximately 25%. The value of the rights will be expensed over the vesting period being from the date of grant to 31 December 2020 and 31 December 2022.

18. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of Directors of Syntonic Limited.

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During the year, the Group identified two material geographic segments in which it provides software services (Brazil and United States), and a third which provides corporate services to the group (Australia).

The following tables present revenue and profit information and certain asset and liability information regarding business segments for the years ended 30 June 2020 and 30 June 2019.

2020	Brazil	United States	Australia	Total
Segment Income from continuing operations				
Other income	-	-	112,128	112,128
Total income	-	-	112,128	112,128
Segment Income from discontinuing operations				
Revenue from Contracts with Customers	8,203,911	468,975	-	8,672,886
Other income	-	202	-	202
Total income	8,203,911	469,177	-	8,673,088
Segment expenses from continuing operations				
Operating expenses	-	-	(1,188,878)	(1,188,878)
Share based payment expenses	-	-	(267,438)	(267,438)
Loss before depreciation and amortisation	-	-	(1,344,188)	(1,344,188)
Amortisation and depreciation	-	-	-	-
Loss before income tax	-	-	(1,344,188)	(1,344,188)
Segment expenses from discontinuing operations				
Cost of Sales	(6,896,610)	(212,217)	-	(7,108,827)
Operating expenses	(679,954)	(2,692,450)	-	(3,372,404)
Loss before depreciation and amortisation	627,347	(2,435,490)	-	(1,808,143)
Amortisation	(236,373)	-	-	(236,373)
Depreciation	(10,802)	(119,181)	-	(129,983)
Loss before income tax	380,172	(2,554,671)	-	(2,174,499)
Segment assets and liabilities				
Total Assets	2,094,274	216,361	250,670	2,561,305
Total Liabilities	(731,317)	(284,998)	(1,101,029)	(2,117,344)
Reclassification to assets held for sale (net)	(1,362,957)	68,737	1,294,320	-
Net assets (liabilities)	-	-	443,961	443,961

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For the year ended 30 June 2020

2019	Brazil	United States	Australia	Total
Segment Income from continuing operations				
Interest received	-	-	7,951	7,951
Other income	-	-	37,088	37,088
Total income	-	-	45,039	45,039
Segment Income from discontinuing operations				
Revenue from Contracts with Customers	6,096,244	1,039,848	-	7,136,092
Other income	556	647	-	1,203
Total income	6,096,800	1,040,495	-	7,137,295
Segment expenses from continuing operations				
Operating expenses	-	-	(555,973)	(555,973)
Share based payment expenses	-	-	(746,913)	(746,913)
Loss before depreciation and amortisation	-	-	(1,257,847)	(1,257,847)
Amortisation and depreciation	-	-	-	-
Loss before income tax	-	-	(1,257,847)	(1,257,847)
Segment expenses from discontinuing operations				
Cost of Sales	(4,662,102)	(337,290)	-	(4,999,392)
Operating expenses	(4,184,628)	(4,256,621)	-	(8,441,249)
Loss before depreciation and amortisation	(2,749,930)	(3,553,417)	-	(6,303,346)
Amortisation	(234,441)	-	-	(234,441)
Depreciation	(1,927)	-	-	(1,927)
Loss before income tax	(2,986,298)	(3,553,417)	-	(6,539,714)
Segment assets and liabilities				
Total Assets	3,168,431	339,716	1,096,683	4,604,830
Total Liabilities	(2,476,873)	(591,487)	(1,083,315)	(4,151,675)
Net assets (liabilities)	691,558	(251,771)	13,368	453,155

During 2019 non-current assets with a 30 June 2019 carrying value of \$2,107,418 were acquired within the Brazil segment (United States: nil, Australia: nil).

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19. Events subsequent to balance date

On 7 September 2020, the Company signed a non-binding Letter of Intent (“LOI”) with First Orion Corp (“First Orion”) for the sale of all issued and outstanding share capital of Syntonic Wireless, Inc. and Syntonic US, Inc. (“the Syntonic US Companies”) (“Proposed Transaction”).

The Purchase Price outlined in the LOI is US\$1,220,000 payable as follows:

- a) US\$1,000,000 in cash on completion of the Proposed Transaction; and
- b) US\$220,000 payable in four (4) equal monthly instalments of US\$55,000 beginning 1 January 2021 and on the first day of each month thereafter with the last payment payable on 31 March 2021.

Under the terms of the LOI:

- a) First Orion would transfer a refundable US\$85,000 deposit to Syntonic, this deposit has been received;
- b) The parties would prepare and execute a definitive stock purchase agreement;
- c) Prior to completion of the Proposed Transaction, the Company will discharge and cause the Syntonic US Companies to be free and clear of any indebtedness including indebtedness owed to the Company or any other person or company affiliated with the Syntonic US Companies.

As at the date of this report, the Company is in the process of finalising the definitive stock purchase agreement.

It is currently proposed that, in conjunction with, and subject to the completion of, the Proposed Transaction, Mr Gary Greenbaum, the Managing Director and CEO, will release Syntonic Wireless Inc. (and by extension the Company) of its obligation to pay his outstanding and deferred salary of US\$110,348 and severance payment of US\$87,500 in respect to his engagement as Chief Executive Officer and Mr Agarwal has agreed to release Syntonic Wireless Inc. (and by extension the Company) of its obligation to pay his outstanding and deferred salary of US\$110,348 and his severance payment of US\$87,500.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

20. New standards adopted

AASB Leases

Change in accounting policy

AASB 16 Leases supersedes AASB 117 Leases. The Group has adopted AASB 16 from 1 July 2019 which has resulted in changes in the classification, measurement and recognition of leases. The changes result in almost all leases where the Group is the lessee being recognised on the Statement of Financial Position and removes the former distinction between ‘operating and ‘finance’ leases. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term leases and leases of low value assets.

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The Group has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Condensed Statement of Financial Position on 1 July 2019. Under this approach, there is no initial impact on retained earnings under this approach, and comparatives have not been restated.

The Group leases various premises. Prior to 1 July 2019, leases were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, where the Company is a lessee, the Group recognises a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the Group (i.e. commencement date). Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the rate implied in the lease. If this rate is not readily determinable, the Group uses its incremental borrowing rate.

Lease payments included in the initial measurement if the lease liability consist of:

- Fixed lease payments less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at commencement date;
- Any amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of purchase options, if the Group is reasonably certain to exercise the options; and
- Termination penalties of the lease term reflects the exercise of an option to terminate the lease.

Extension options are included in a number of property leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if, at commencement date, it is reasonably certain that the options will be exercised.

Subsequent to initial recognition, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured (with a corresponding adjustment to the right-of-use asset) whenever there is a change in the lease term (including assessments relating to extension and termination options), lease payments due to changes in an index or rate, or expected payments under guaranteed residual values.

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement date, less any lease incentives received and any initial direct costs. These right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

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Where the terms of a lease require the Group to restore the underlying asset, or the Group has an obligation to dismantle and remove a leased asset, a provision is recognised and measured in accordance with AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease (or the useful life of the leased asset if this is shorter). Depreciation starts on commencement date of the lease.

Where leases have a term of less than 12 months or relate to low value assets, the Group has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

Impact on adoption of AASB 16

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to lease liabilities on 1 July 2019 was 15%.

On initial application right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019. In the Condensed Statement of Cash Flows, the Group has recognised cash payments for the principal portion of the lease liability within financing activities, cash payments for the interest portion of the lease liability as interest paid within operating activities and short-term lease payments and payments for lease of low-value assets within operating activities. The adoption of AASB 16 resulted in the recognition of right-of-use assets of \$247,217 and lease liabilities of \$247,217 in respect of all operating leases, other than short-term leases and leases of low-value assets. The net impact on accumulated losses on 1 July 2019 was nil.

Reconciliation of operating lease commitments previously disclosed and lease liabilities on 1 July 2019

	\$
Operating lease commitments disclosed at 30 June 2019	288,721
Discounted using borrowing rate at initial application	<u>(41,304)</u>
Lease liability at 1 July 2019	<u>247,217</u>