

Appendix 4E

1. Company details

Name of entity:	Zoom2u Technologies Limited
ABN:	23 636 364 246
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

2. Results for announcement to the market

		\$
Revenues from ordinary activities	up by 63% to	4,633,184
Loss from ordinary activities after tax attributable to the owners of Zoom2u Technologies Limited	up by 340% to	(4,903,637)
Loss for the year attributable to the owners of Zoom2u Technologies Limited	up by 340% to	(4,903,637)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss after income tax expense for the Group for the year ended 30 June 2022 amounted to \$4,903,637 (30 June 2021: loss after income tax \$1,081,342).

Normalised EBITDA loss for the Group was \$4,160,344 (30 June 2021: Normalised EBITDA loss of \$742,637).

The Company achieved improvements in its underlying operating and financial performance in the 2022 financial year.

The improvements in the Group's financial performance are illustrated by:

- Zoom2u's GMV of \$17,474,295 representing growth of 57% over the \$11,115,951 reported in the prior year;
- Revenue of \$4,633,184 representing growth of 63% over the \$2,828,633 reported in the prior year aided by growth in Zoom2u revenue of ~47% and Locate2u revenue of over 1,500%.

Refer to the attached Directors' report "Operating and Financial Review" section for further explanation.

A reconciliation of loss after income tax expense to EBITDA and Normalised EBTIDA is set out below:

	Consolidated	
	30 June 2022	30 June 2021
	(\$)	(\$)
Loss after income tax expense	(4,903,637)	(1,081,342)
Add: Income tax expense	82,964	-
Add: Finance costs	34,864	26,169
Add: Depreciation and amortisation	283,267	91,636
Less: Finance and interest income	(76,067)	(77,717)
EBITDA	(4,578,609)	(1,041,252)
Add: IPO costs	418,265	298,615
Normalised EBITDA	(4,160,344)	(742,637)

3. Net tangible assets

	Reporting period	Previous period
	Cents	Cents
Net tangible assets per ordinary security	2.1	(0.5)

4. Control gained over entities

Name of entities (or group of entities)	Locate2u USA, Inc	Locate2u UK Pty Ltd	Drivers2u Pty Ltd
Date control gained	5 April 2022	22 June 2022	16 February 2022

The contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period were not material.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

11. Attachments Details of attachments (if any):

The Annual Report of Zoom2u Technologies Limited for the year ended 30 June 2022 is attached.

12. Signed

As authorised by the Board of Directors



Steve Orenstein
Director

Date: 24 August 2022

Zoom2u

Technologies Limited

2022 Annual Report



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About Zoom2u Technologies Limited

The Zoom2u business was founded in 2014 by Australian based, technology entrepreneur Steve Orenstein. Steve's vision was to find a better way to improve the delivery experience for customers after he missed a courier drop off for an important personal item.

Steve recalls having a coffee with a friend one day and noticing his phone, then switched to silent, ring non-stop. When he later listened to his voicemail, Steve realised the messages were from a courier driver who had been frantically trying to reach him about a parcel delivery to his home, while he was not there. While Steve knew the parcel was coming, he had no idea of its expected arrival time.

To add to the frustration, the courier company could not give him an expected redelivery time, even though it was now the third attempt.

This got Steve thinking...tapping into his technology background, Steve knew there had to be a way to improve the delivery experience for both the customer and the driver using technology. Eight years later, Zoom2u Technologies is well on its way to building a better customer experience for last mile delivery.



Today, Zoom2u Technologies Limited ('Zoom2u Technologies' or 'Company') has two main businesses, Zoom2u and Locate2u, which each provide solutions for last mile delivery. Zoom2u is an online marketplace for Australian delivery services, while Locate2u offers delivery management software globally.

Our vision, mission and values



Vision

To let everyone know, at all times,
where their delivery is.



Mission

Empowering customers to thrive
through our last mile technology
innovations.



Our values

Our values drive us and help to guide everything we do, from how we work as a team, our interactions with customers and other stakeholders, and how we develop our products.



Customer centricity

We ask first, what does the customer want?
Then, we deliver.



Absolute transparency

We are open and honest with each other and
our customers.



Continuous innovation

Our speed keeps us ahead of competitors and we
will grow fast through continuous innovation.

Letter from our Chair and CEO

Dear fellow shareholders,

It gives us great pleasure to provide our 2000+ shareholders with our 2022 Annual Report which covers our first year as a listed public company on the Australian Securities Exchange (ASX) following our IPO in September 2021.

It has been an extremely busy and successful 12 months for our businesses, as we execute on our mission to **“Empower customers to thrive through our last mile technology innovations”**.

Our two core products, the Zoom2u Platform and the Locate2u Software as a Service (SaaS) product have both delivered exceptional growth over the past 12 months, and are well placed to continue to grow strongly into the future.

Whilst demand for the Zoom2u service was undoubtedly assisted by the Covid-19 lockdowns in Sydney and Melbourne in the August to October 2021 period, Zoom2u volumes throughout the 2022 year were consistently higher than in 2021. We have continued to find opportunities to assist retailers and e-commerce businesses, who are looking to offer their customers a fast, transparent and reliable delivery experience. These businesses view the delivery experience as a means to differentiate from their competitors and are an integral part of their service offering.

Locate2u has grown strongly in FY22, especially in the final few months of the year. The product now has over 400 customers, and has established sales teams experienced in selling delivery management software in Australia, North America, Europe and India.

The Company has hired its first dedicated head of digital marketing and a marketing analyst – these are the first dedicated marketing staff we have hired into the business. Their initial focus will be on generating high quality leads for the Locate2u sales teams. With the appointment of these marketing resources and the growth in the sales teams globally, we are hopeful that the momentum we have built in 2022 continues into 2023.

Joint CEO and Chair Letter

Key highlights of 2022 have included:

- Achieving strong growth in Zoom2u's Gross Marketplace Value (GMV) and Group Revenue of 57% and 63% respectively on the prior year;
- Adding over 15,400 new customers to the Zoom2u Platform and adding over 300 new customers to Locate2u;
- On-boarding numerous new enterprise customers to the Zoom2u Platform including Bunnings, Couriers Please, Telstra, Bing Lee, Best & Less, PricewaterhouseCoopers, Jaycar and 99 Bikes; and
- Acquiring the Local Delivery Shopify App, which has provided access to existing customer relationships with approximately 570 e-commerce businesses in over 45 countries.

Our team has grown in 2022, with our diverse workforce totaling 112 at 30 June 2022 located in 10 countries. During the year, we also conducted our first global workforce survey. Overall we achieved an employee net promoter score (e-NPS) of 77¹. Zoom2u team members were positive about their experience of working with and for the company, and this is reflected in a range of high ratings received in the survey.

During the year we also partnered with a carbon neutral organisation to offset 100% of the monthly carbon emissions from Zoom2u deliveries. Each month, since May 2022, we have removed 210 cars from the roads, which is equivalent to 47 tonnes of carbon emissions.

On behalf of the Board, we would like to thank all of our shareholders for their continued support. We look forward to working to continually create value, with innovation and customer centricity at the forefront.

Finally we would like to thank our staff, Drivers using the Zoom2u platform, and all of our customers for their support during 2022.



Drew Kelton

Chair



Steve Orenstein

CEO and Founder

¹ The e-NPS indicates how likely a person is to recommend the Company as a great place to work. The e-NPS is a score calculated by arriving at the percentage of Company promoters minus its detractors.

All time highlights

\$59.1M
GMV*

> 83,000
Customers

2.8M+
Total Deliveries

> 12,200
Drivers

2019 / 2020 / 2021 / 2022

PRODUCT  REVIEW **AWARD WINNER**
.COM.AU

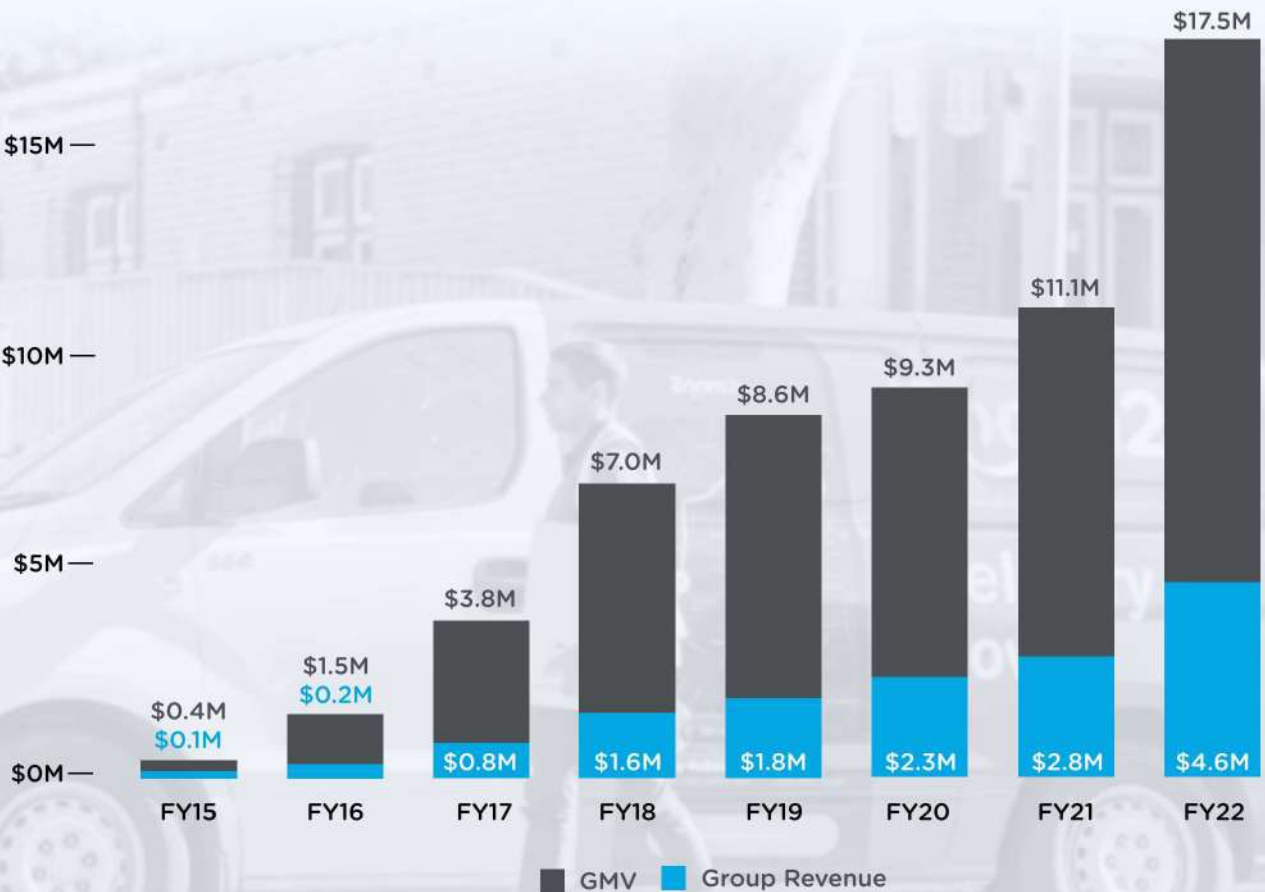
\$20M —

\$15M —

\$10M —

\$5M —

\$0M —



* Gross Marketplace Value represents the total price of all deliveries completed through the platform after cancellations, inclusive of fees paid by customers to Zoom2u, but excludes any applicable GST.

FY22 Highlights

Zoom2u

\$17.5M

FY22 GMV
+ 57% on FY21

\$4.1M

FY22 Revenue
+ 47% on FY21

>15,400

FY22 New customers
+26% versus FY21

~795,000

FY22 Deliveries
+42% versus FY21

Locate2u

\$498K

FY22 Revenue
vs \$31k FY21

>400

Customers using the
product globally

10

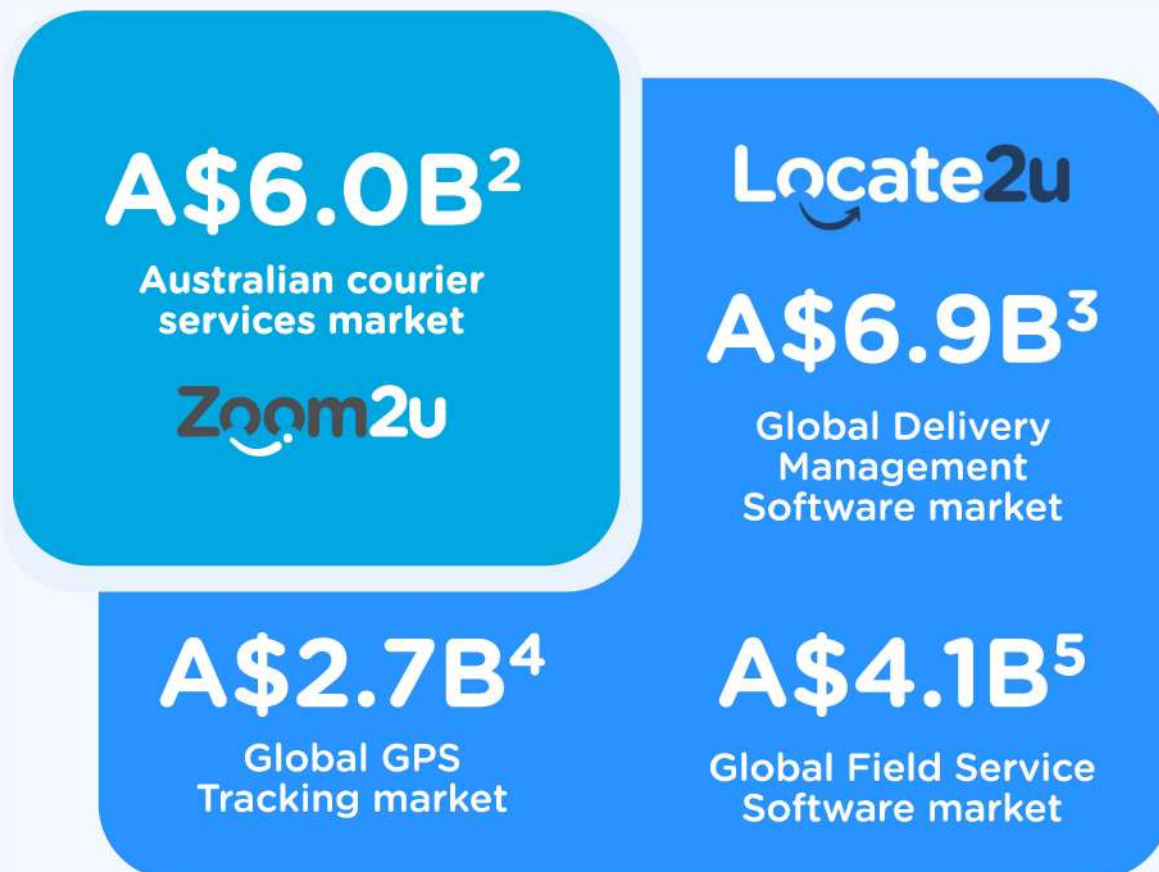
Countries where we
have customers

17

Sales representatives in
Australian, North American,
European and Indian teams

The markets that we operate in

\$20B addressable markets with favourable trends



The markets in which Zoom2u Technologies operates are complex and evolving. Overall, key trends include the ongoing disruption of business models and the need for enhanced technology solutions in the last mile delivery sector, as well as changing online consumer behaviour. These trends have shaped our growth strategy and innovation efforts.

Market size for Zoom2u

Zoom2u operates in the Australian delivery service market which was valued at A\$6.0 billion in 2022².

Key market drivers include an increase in both e-commerce and the outsourcing of delivery services by retailers, boosted by Covid-19 pandemic restrictions.

In line with e-commerce growth, consumer delivery expectations have continued to evolve with delivery tracking and fast, reliable same day delivery becoming increasingly important - two factors that play to Zoom2u's strengths.

² IBIS World: Industry statistics, Courier Pick-up and Delivery Services in Australia - Market Size <https://www.ibisworld.com/au/industry/courier-pick-up-deliveryservices/5034/>

³ Verified Market Research, Last Mile Delivery Software Market Size And Forecast, accessed from <https://www.verifiedmarketresearch.com/product/last-mile-delivery-software-market/>. Market sizes converted from US\$ at exchange rate as at 11 June 2021

⁴ <https://www.globenewswire.com/en/news-release/2022/05/04/2435817/0/en/GPS-Tracker-Market-Expected-to-Attain-USD-5-36-Billion-by-2030-with-a-CAGR-of-13-83-Report-by-Market-Research-Future-MRFR.html#:~:text=According%20to%20a%20comprehensive%20research%20rate%20of%2013.83%25%20by%202030>

⁵ <https://www.globenewswire.com/en/news-release/2022/04/07/2418300/0/en/Field-Service-Management-Market-Size-2021-2028-Worth-USD-8-06-Billion-Exhibiting-a-CAGR-of-13-9.html>

This dynamic market - which also includes incumbent courier companies, many with outdated technology - continues to present Zoom2u with opportunities to challenge the status quo and disrupt delivery services through its innovative technology.

The year saw us grow our online marketplace that connects customers to local drivers in their area for fast delivery. The marketplace will continue to expand as more customers access it. This creates a network or multiplier effect, with deliveries becoming faster and more bookings becoming available for drivers.

We now have more than 83,000 customers⁶, comprising consumers, small businesses and enterprises, and more than 12,200 drivers⁷ that have used our marketplace. This large and growing database allows customer bookings to be accepted faster, and provides more work opportunities for drivers.

Market size for Locate2u

Locate2u offers a service as a software (SaaS) product for the global delivery management software market which was valued at A\$6.9 billion in 2018 and is forecast to grow to A\$13.8 billion in 2026³.

Recent and planned extensions to the functionality of Locate2u have enabled us to target additional adjacent markets to the delivery management software market. We now have functionality that enables us to compete in the GPS tracking (market size = A\$2.7 billion⁴) and field service software markets (market size = A\$4.1 billion⁵), which are also large addressable markets. Including these markets, the total addressable market for Locate2u is estimated to be approximately A\$14 billion.

Key market drivers for SaaS solutions include the need for fleet operators to maximise efficiency of operations and automate delivery functions, as well as access to delivery management applications through mobile devices. Evolving technology and its adoption has also seen an increase in consumer expectations in areas such as delivery times and the ability to track deliveries in real time.

Locate2u offers innovative technology that combines a suite of functions - GPS tracking, booking management, live location sharing and route optimisation - in one product to meet market expectations and trends. It is easy to use and affordable for small businesses, our primary target audience.

Since launching in 2020, Locate2u has grown to have over 400 customers.⁸

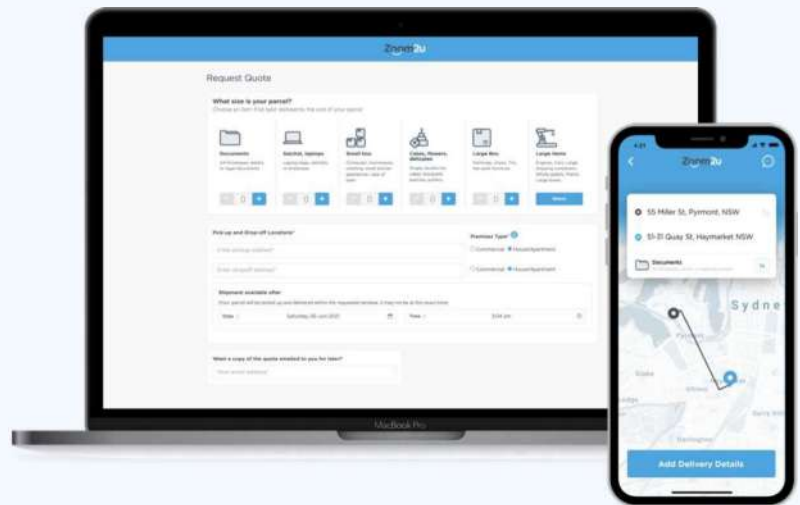
⁶A customer of Zoom2u is defined as a person or a business who has joined the platform since 2014 and made at least one booking request for a delivery service on the platform.

⁷A driver is a business comprised of one or more drivers or riders that has been onboarded to the Zoom2u platform and is in the business of providing delivery services to customers.

⁸A customer of Locate2u is defined as a person or a business who has contracted to use the Locate2u product.

Our Strategy

Zoom2u Technologies has an ambitious growth strategy and we are pleased to have achieved several milestones in the 2022 financial year across product development, mergers and acquisitions, and sales and marketing activity.



Zoom2u

We have a two pronged strategy to expand Zoom2u. We actively pursue large retailers so they can offer a better delivery experience to their customers and compete more effectively against more prominent e-commerce platforms. At the same time, we are maximising opportunities that arise from the organic growth of consumers and SME customers visiting our platform.

FY22 saw us announce several delivery arrangements with large retailers including Bing Lee, Bunnings, Jaycar, Nespresso, 99Bikes, PricewaterhouseCoopers, Best & Less and Telstra. The details of each arrangement vary to suit individual retailer's needs and span, for example, deliveries in a two hour timeframe to those made on the same day or next day. Some retailers, like Bing Lee, use both Zoom2u and Locate2u for deliveries. Bing Lee uses Zoom2u for deliveries of small items directly from stores and Locate2u to manage its own fleet of delivery vehicles.

Consumer delivery expectations continue to evolve and were accelerated by Covid-19 restrictions. In fact, business and consumer research conducted in 2022 by Zoom2u⁹ showed 43% of those surveyed said that online shopping has become a habit due to lockdowns.

The growing demand for online shopping creates a need for more reliable delivery. Feedback from our retail partners in the year has shown that both location tracking and reliable fast same day delivery have become increasingly important to consumers, and these are key factors that play to Zoom2u's strengths.

Locate2u

The Locate2u growth strategy is to expand globally by directing our sales and marketing resources at small businesses, while continuing to build partnerships with enterprise customers. A key strength is that our product solution has global relevance and includes a suite of offerings in one product: delivery booking management, route optimisation, driver tracking and location sharing.

The opportunity to introduce small businesses to the benefits of Locate2u remains significant, especially as they can be more nimble to embrace change than larger organisations. Our SaaS product is simple to use and a cost effective option for small business owners.

⁹ The State of Post Pandemic Deliveries - For Australian Businesses and Consumers. Online Zoom2u survey of 605 businesses and consumers, March 2022.

FY22 saw us expand our Locate2u global presence. We now have a total of 17 sales representatives focused on the key international markets of Australia, North America, Europe and India. We currently have customers located in 10 countries.

Product development

Zoom2u Technologies, through its subsidiaries, has developed intellectual property in a number of technology products which support the growth of the Zoom2u marketplace and the Locate2u product. During the year, we completed several integrations of our products with third party applications including Shopify and WooCommerce. These integrations have enabled our businesses to access additional and significant new customer bases to accelerate our growth. In the fourth quarter of FY22 we released 23 updates to the Locate2u product including email notifications, geofencing, and a driver payments module, which will enable us to sell the product to a broader range of customers.

There is an opportunity to offer the Locate2u product in other languages and hence pursue other geographic markets to facilitate continued future growth for the product.

Mergers and acquisitions

Ongoing disruption of business models coupled with the need for enhanced technology solutions in the last mile delivery sector continue to provide Zoom2u Technologies with opportunities to expand through mergers and acquisitions. We continue to investigate acquisition opportunities but will only complete transactions that fit with our strategy and provide an opportunity to create value.

Local Delivery Shopify App

We were pleased to announce the acquisition of the Local Delivery Shopify App during the financial year. The purchase of the Local Delivery Shopify App aligns with our strategic direction and supports our objective to create value. Local Delivery is a complementary SaaS businesses that enables us to access a new customer base.

Local Delivery enables e-commerce businesses using the Shopify platform to embed technology so customers can choose a desired delivery date and time in the check-out process.

The acquisition has also delivered us a significant opportunity to grow the Locate2u product globally. In particular, we have expanded our footprint in North America and the United Kingdom through acquiring Local Delivery's customer base.

Through the acquisition, we have identified an opportunity to market both Zoom2u and Locate2u to Local Deliver customers. While businesses use Local Delivery to schedule deliveries of their goods to customers, the combination of the Local Delivery App and the Locate2u product can provide Shopify merchants with an end-to-end delivery solution to their customers.

Sales and marketing

During FY22 we increased our advertising and marketing spend in both online and offline initiatives, as well as our headcount to boost brand awareness in local and global markets.



We scaled up marketing efforts on a number of fronts including having 13 vans wrapped as a brand awareness campaign across Sydney’s Metropolitan area. Advertising space on the vans was rented from a vehicle owner using a car sharing platform. The vehicles are not intended to be used for delivery services by independent contractors who use the Zoom2u marketplace.

The initiative is an eye catching way for potential customers to get to know us and stay top-of-mind with our existing customer base.

We have also been using billboard advertising for Zoom2u and Locate2u and have been posting the images on our social media channels.

Bing Lee and Zoom2u Technologies: a Driving Force in E-Commerce



The iconic Aussie electronic goods and home appliances retailer, named after its much admired founder - turned to Zoom2u Technologies to transform their last mile delivery operations. In doing so, the retail giant improved the delivery experience for its customers and saw significant time and cost savings from managing their deliveries more efficiently.

The retailer has been well known for its customer-first approach from its humble beginnings as an electrical repair shop in 1957. Fast forward to the Covid-19 pandemic and Bing Lee saw an overall shift in online consumer behaviour with increased demand for fast delivery of goods. As a market innovator, they were keen to give their customers a quicker and more convenient delivery experience by being able to choose their window of drop off.

Bing Lee uses its own fleet of drivers to deliver large electrical appliances to its customers. In FY22, Bing Lee turned to Zoom2u for an effective and value-added solution for its small item deliveries in metropolitan Sydney and, in the year, more than 6,000 deliveries were successfully completed via the delivery platform.

The real time tracking function in the Zoom2u platform has meant Bing Lee's customers can now get an accurate arrival time for their item. Once a job is booked, the customer is sent a tracking link for their order via SMS which allows them to check their delivery in real-time and communicate directly with their driver.

“Zoom2u is an ideal choice”

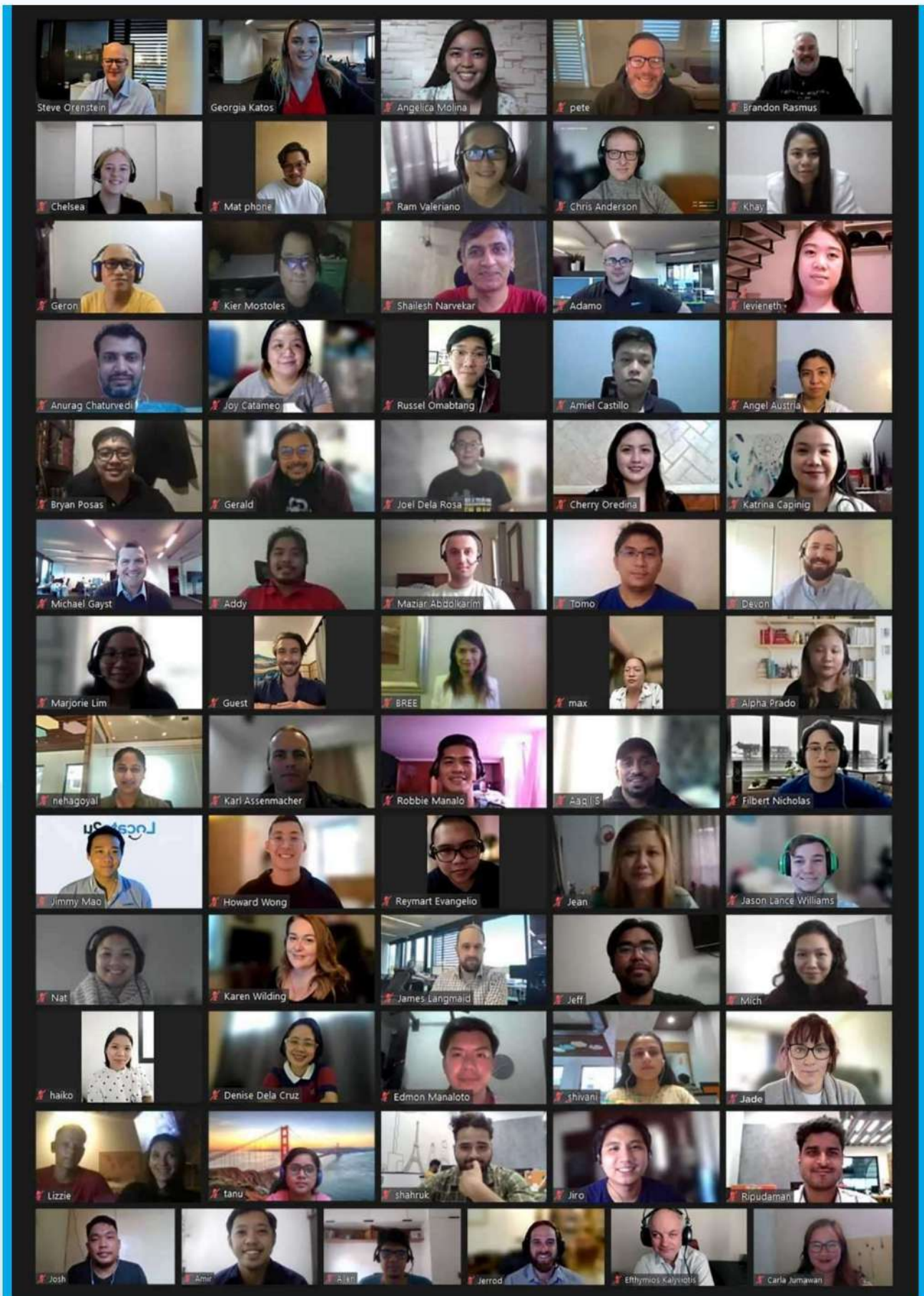
According to the retailer, Zoom2u is an ideal choice with its quick response time, strong tracking offering, and superior customer service.

The year also saw us extend our partnership with Bing Lee through its use of Locate2u. Bing Lee found that the route optimisation technology has boosted organisational efficiency and delivered on-road cost savings for its fleet of delivery drivers. Prior to Locate2u, the company had been manually planning its driver routes which was both time consuming and prone to error.

The Locate2u route optimisation technology builds the most time effective routes by taking into account the availability of drivers, the number of stops and destinations. An optimised route has a knock-on effect: less time is spent on the road which, in turn, means less fuel is consumed, and both factors generate a positive impact on the environment.

Bing Lee and Zoom2u are a driving force in e-commerce with their focus on customer satisfaction through the provision of innovative technology.

Our team



People and culture


Our workforce is vital to our success and Zoom2u Technologies has built an enviable culture supported by core values of absolute transparency, continuous innovation and customer centricity.

Our first global workforce survey¹⁰, conducted in June 2022, showed that team members are highly positive about their experience of working with and for the organisation. Overall, we achieved an employee net promote score (“e-NPS”) of 77.¹¹

Zoom2u offers flexible working conditions that enable team members to work remotely or in the office at hours that suit them, as long as the needs of our customers are met. It was encouraging to learn that most of the survey respondents (95%) agreed that they have flexibility at work to create work-life balance.

Encouraging flexibility in the ways of work was critical during Covid-19 lockdowns as we wanted to encourage mental and overall wellness among our team. During that time, the business also introduced new initiatives to ensure that employees felt connected, valued and heard. These included greater focus on virtual check-ins, issuing care packs and ensuring every employee had the right resources to work from home effectively.

Ensuring our team members are well in its broadest sense is important to us, and we do this in several ways, including mandating regular manager-employee check-ins, hosting team events, and providing an open door policy at all levels of the organisation, right to the CEO.



I feel our company culture is incredible. I look forward to coming to work.

...this is the best company I've ever worked at. This is my home.

The company actually cares for their employees. I've had Covid and the company sent me a get-well-soon kit full of medications.

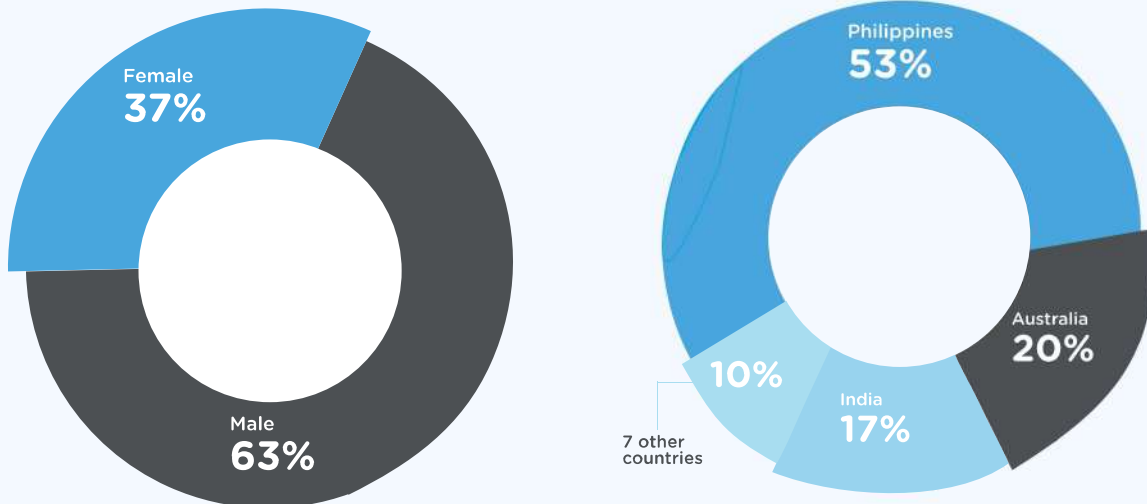
One of the best companies I have worked with. Management is open to suggestions and always provide what's best for the company and their employees.

¹⁰Internal survey of 82 staff conducted in June 2022

¹¹The e-NPS indicates how likely a person is to recommend the Company as a great place to work. The e-NPS is a score calculated by arriving at the percentage of Company promoters minus its detractors.

As Zoom2u continues to grow and scale, we will continue to build out sustainable HR policies and practices to meet our growing and diverse global team.

Diversity and inclusion



Zoom2u is committed to building a diverse and inclusive business that operates sustainably for our customers and shareholders.

We continue to work towards building a diverse workforce, and maintaining a culture of inclusion where our employees feel valued and respected. We believe that workplace diversity is essential to build robust teams and create value for our customers.

Approximately 80 per cent of our organisation is based outside of Australia which facilitates our innovation efforts - thanks to the availability of a wider pool of ideas, experiences and skills - and it also reflects our global customer base.

It was reassuring to learn that most of our workforce (91%) say the organisation’s workplace policies are inclusive of people from different backgrounds and cultures. We are also proud that most (94%) said they have a voice in the business.

Zoom2u Technologies is committed to workplace diversity and recognises the value of attracting and retaining employees with different backgrounds, knowledge, experience and abilities. The Board has set measurable objectives for diversity in the workplace. These objectives are as follows:

- female NED board representation: objective 30% (actual 33%)
- senior management: at least 40% male and 40% female (actual 69% male, 31% female)
- other roles: at least 40% male and 40% female (actual 62% male, 38% female)

Across our global organisation, women now comprise 37% of workers. We are aiming for our leadership team and Board to also reflect diversity. We will continue to focus on diversity in its broadest sense when making decisions.

Composition of staff¹²

By country by gender	Male	Female	Total	% Female
Philippines	34	25	59	42%
Australia	16	7	23	30%
India	12	7	19	37%
Indonesia	1	0	1	0%
UAE	1	0	1	0%
Bulgaria	1	0	1	0%
USA	2	0	2	0%
UK	1	0	1	0%
Syria	1	1	2	50%
South Africa	2	1	3	33%
Total	71	41	112	37%

By function by gender	Male	Female	Total	% Female
Development	20	8	28	29%
Operations	22	19	41	46%
Finance, Admin & Data	6	2	8	25%
Sales	15	7	22	32%
Management	4	1	5	20%
Marketing	4	4	8	50%
Total	71	41	112	37%

¹²As at 30 June 2022

Staff Profiles



Ella Lachica

Customer Service Manager, Manila, Philippines.

Joined in August 2016

Being part of Zoom2u is what I call ‘the experience’! This is the longest I’ve been with any business and my highlight is working with different people who see beyond race, colour, and where you are from. The global team is inclusive and you get to have a say with most things. I’m excited that people see you for what you can bring to the team and your ideas are heard. Even though we are in Manila, we know that we matter. This culture of inclusion is very important to me and helps me to keep the morale high in my local team of 26.

We always put our customers first and to make sure our customers are taken care of. All the work we do, from training to coaching, revolves around making sure our customers get the service they deserve. I’m not saying it’s peachy all the time, of course there are hiccups here and there, and that is where we learn and grow.

When things get busy, it can be stressful but the difference here is that my role is not stressful to my mental health.

We are a team of individuals who looks after each other. It’s great that there is an open door policy and anyone in the company can directly approach our CEO, Steve Orenstein.



Jimmy Mao

Global Head of Sales, Locate2u

Joined in September 2021

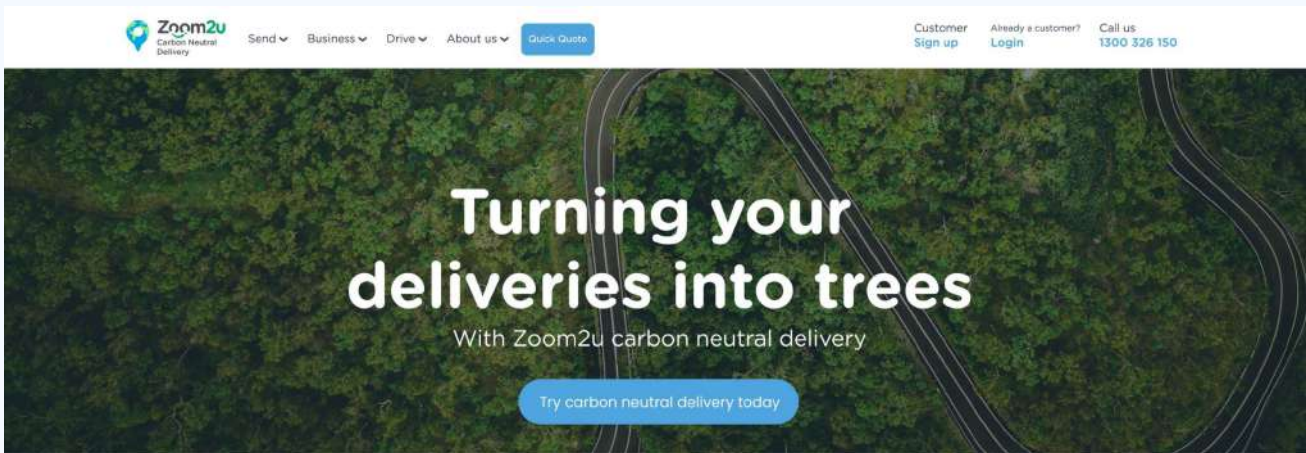
Locate2u is my dream job. I’ve learned more in the eight months I’ve been here than in the last 10 years of my career in telematics. I put it down to the business supporting me to develop personally and professionally at a fast pace, which is the best part of my role. I get a buzz out of driving our growth in new global markets, often starting from a zero base.

Our culture is incredible, it’s one of fun, togetherness, collaboration and respect. We really live our values and I’m passionate about our focus on absolute transparency which breeds trust in the way we work with each other and our customers. This says a lot about our CEO, Steve Orenstein. who encourages openness. For example, anyone in the company can offer suggestions on how to improve things for customers and our ideas are welcomed.

Our transparency surprises many customers; it goes right down to the integrity we bring to each sale, our pricing, and delivering on what’s promised. Sometimes, of course, there are mistakes and we own up to them.

The business takes a ‘people first’ approach and we have flexibility in how we work and where we work. We really are at the precipice of something phenomenal here at Zoom2u and I know we will get there soon.

Environment, Sustainability & Governance



We are committed to reducing our environmental footprint and undertaking responsible practices to ensure our operations are sustainable.

In the year, we were excited to partner with a carbon neutral organisation to offset 100% of the monthly carbon emissions from Zoom2u deliveries. Each month, from May 2022, we will be removing the equivalent of 210 cars from the roads, which is around 47 tonnes of carbon emissions.

For every delivery booked on the Zoom2u platform, we calculate the amount of carbon emitted based on a per kilometre rate from the moment a parcel is collected, to the time of delivery. This figure is then added to the amount of carbon emitted day-to-day at our Sydney headquarters. Based on this figure, we purchase carbon offsets for local and global environmental projects that remove greenhouse gases from the atmosphere.

We have reviewed our operations from a sustainability perspective, and are tackling our employee carbon footprint in our Sydney headquarters across waste management, electricity and water usage, and air and on-ground travel.

As Zoom2u works towards reducing our carbon emissions, we remain committed to achieving a carbon neutral business. We are excited that increasing adoption of technologies such as drones and electric vehicles will further contribute to reducing carbon emissions. We are well placed to lead efforts that create a sustainable future for all.

The Company is committed to implementing appropriate controls with the aim of eradicating modern slavery in our business, as well as addressing risks, and raising awareness of, modern slavery in our operations and supply chains. In accordance with this commitment, in FY23, we adopted a Modern Slavery Policy. We will periodically consult with our suppliers in respect of the measures and strategies they have in place to ensure they limit the risk of modern slavery.



Zoom2u Technologies Limited

ACN: 636 364 246

Consolidated Financial Statements

For the Year Ended 30 June 2022

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Zoom2u Technologies Limited (ACN 636 364 246)

Directors' Report – 30 June 2022

The directors present their report, together with the consolidated financial statements of Zoom2u Technologies Limited (**the Company**) and its controlled entities (**the Group**), for the financial year ended 30 June 2022.

1. General information

Directors and company secretary

The names of each person who has been a director during the year and to the date of this report are:

Name	Appointed	Resigned
Drew Kelton	30 July 2021	
Stephen Orenstein		
Michael Gayst	23 July 2021	
Mike Rosenbaum	23 July 2021	
Terry Andrew Sinclair		26 July 2021
Kara-Lyn Nicholls	15 March 2022	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The names of each person who has held the position of Company Secretary during the financial year are;

Name	Appointed	Resigned
Michael Gayst	23 September 2019	30 July 2021
Marika White	30 July 2021	22 November 2021
Hasaka Martin	30 July 2021	
Geoffrey Stirton	22 November 2021	

Mr Stirton has over 30 years' experience working with listed and unlisted companies as well as not for profits in both governance and line management roles. He has primarily worked in financial services for a number of ASX 100 companies. He is a Chartered Accountant and Chartered Secretary and a Fellow of both the Australian Institute of Company Directors and the Governance Institute of Australia.

Mr Martin has over 15 years' experience working with listed companies both internally and through corporate service providers and has worked across a number of industries. Mr Martin is an appointed company secretary for a number of listed and unlisted companies. He is a Chartered Secretary and Fellow of the Governance Institute of Australia. Mr Martin holds a Graduate Diploma in Applied Corporate Governance and postgraduate qualifications in corporate and securities law.

Principal activities

The principal activities of the Group during the financial year was the provision of:

- The Zoom2u delivery technology platform connecting customers with drivers; and
- Locate2u, a software as a service (SaaS) product for delivery and services businesses.

No significant change in the nature of these activities occurred during the year.

2. Operating and Financial Review

Overview of the Group

Zoom2u Technologies is a global provider of innovative and real time tracking delivery solutions, and is the parent company of the Zoom2u and Locate2u businesses. The Company's Zoom2u platform provides an Australia-wide Marketplace connecting customers to a network of local drivers for fast deliveries, and Locate2u provides real time tracking solutions to customers around the globe running their own fleet of vehicles. Since launching in 2014, Zoom2u has processed 2.8 million deliveries to over 83,000 customers and has over 12,200 drivers.

Operating and financial performance for the year

A summary of the results for the year is set out below:

	2022	2021	Change (\$)	Change (%)
Gross Marketplace Value (GMV ¹) (\$m)	17,474,295	11,115,951	6,358,344	57%
Revenue from operating activities	4,633,184	2,838,633	1,794,551	63%
Loss before interest, tax, depreciation & amortisation (EBITDA)	(4,578,609)	(1,041,162)	(3,766,425)	(340%)
Loss after income tax expense	(4,903,637)	(1,081,342)	(3,874,950)	(353%)

The 2022 financial year was one of significant change and growth for the Group. Highlights of the year in review included the following:

- Successful IPO raising \$8m (before transaction costs) and listing on the ASX;
- Acquisition of the Local Delivery Shopify App;
- The expansion of the Locate2u sales team and sale of the product to over 400 customers in 10 countries;
- Successful onboarding of a number of major enterprise customers for the Zoom2u platform, including Bunnings, Couriers Please, Telstra, Bing Lee, Best & Less, PricewaterhouseCoopers, Jaycar and 99 Bikes.

A reconciliation of loss after income tax expense to EBITDA and Normalised EBITDA is set out below:

	Consolidated	
	30 June 2022 (\$)	30 June 2021 (\$)
Loss after income tax expense	(4,903,637)	(1,081,342)
Add: Income tax expense	82,964	-
Add: Finance costs	34,864	26,169
Add: Depreciation and amortisation	283,267	91,636
Less: Finance and interest income	(76,067)	(77,717)
EBITDA	(4,578,609)	(1,041,252)
Add: IPO costs	418,265	298,615
Normalised EBITDA	(4,160,344)	(742,637)

The EBITDA for the consolidated entity for the year ended 30 June 2022 was a loss of \$4,578,609. This was impacted by costs associated with the IPO of \$418,265. Excluding these one-off costs, Normalised EBITDA for the year ended 30 June 2022 was a loss of \$4,160,343.

The consolidated loss after income tax expense of the Group amounted to \$4,903,637 (2021: \$1,081,342). This represented a 353% increase in losses compared to the year ended 30 June 2021. The increased loss was largely

¹ Gross Marketplace Value represents the total price of all deliveries completed through the platform after cancellations, inclusive of fees paid by customers to Zoom2u, but excludes any applicable GST.

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due to costs associated with the hiring of new staff and increased marketing spend following the Company's IPO in September 2021, in addition to costs associated with preparing for the Company's IPO and costs related to operating as a listed company.

The Company achieved significant improvements in its underlying operating and financial performance in the 2022 financial year. The improvements in the Group's financial performance are illustrated by:

- Zoom2u's GMV of \$17,474,295 representing growth of 57% over the \$11,115,951 reported in the prior year;
- Revenue of \$4,633,184 representing growth of 63% over the \$2,838,633 reported in the prior year, aided by growth in Zoom2u revenue of ~47% and growth in Locate2u revenue of over 1,500%.

Zoom2u and 2u Enterprises - GMV and Revenue

The growth in Zoom2u's GMV in the 2022 financial year was achieved through:

- onboarding 14,300 new customers to the marketplace;
- increasing deliveries by 42% to ~795,000 compared to ~560,000 in the prior year;
- increasing the average GMV per delivery by ~11% to \$22.05 compared to ~\$19.92 in the prior year.

The Zoom2u business (excluding 2u Enterprises) achieved an increase in revenue of ~59% to \$3,854,009 in the 2022 financial year compared with the \$2,426,343 reported in the prior year, due to:

- A 57% increase in Zoom2u's GMV to \$17,474,295; combined with
- A marginal increase in the Take Rate² to 22.1% compared to 21.8% in the prior year.

The impact of the Coronavirus (COVID-19) pandemic during the 2022 financial year has been financially positive for the Zoom2u business. GMV and revenue has increased as consumers have accelerated the trend towards on-line shopping and businesses have responded to changed operating conditions by promoting contactless delivery of products. In addition, the lockdowns in Sydney and Melbourne in August and September 2021 created a surge in demand for deliveries which led to a strong 1st quarter of the 2022 financial year for the Zoom2u business.

Growth in Zoom2u's GMV in the 2022 financial year was assisted by the on boarding of a number of new enterprise customers including Bunnings, Couriers Please, Telstra, Bing Lee, Best & Less, PricewaterhouseCoopers, Jaycar and 99 Bikes.

2u Enterprises carries out research and development, market research and commercial experiments and markets ad hoc e-commerce web development and management services. Shred2u, a business operated by 2u Enterprises, facilitates secure document shredding services. Shred2u's revenue for the 2022 financial year increased moderately versus the prior year. The e-commerce web development and management services part of 2u Enterprises recorded less revenue in the 2022 financial year as a major customer, Pact Group, ceased a business line that was managed by 2u Enterprises. Overall, 2u Enterprises revenue of \$281,282 in the 2022 financial year represented a decline of around \$100,000 compared to the prior year.

Locate2u - Revenue

The Locate2u business achieved revenue of \$497,892 in the 2022 financial year, compared with the \$30,915 reported in the prior year. The Group invested significantly in growing the Locate2u sales team during the year, with a head of sales and a number of new sales representatives commencing during the 2022 financial year. This investment has included establishing a small sales team in India and the hiring of our first sales representatives in the North American and European markets. As at 30 June 2022, Locate2u had a team of 17 sales representatives and in excess of 400 customers were using the Locate2u product in 10 countries.

A number of new enterprise customers were secured for the product in the period, and sales revenue, whilst still relatively small, is growing.

The Local Delivery Shopify App, acquired in December 2021, has performed in line with expectations since its acquisition. We are working on improving the marketing of this product as well as adding functionality that should make it more attractive to prospective customers.

² Take Rate represents Zoom2u's revenue in a given financial period, expressed as a percentage of Zoom2u's GMV in the same period

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EBITDA

The Group's normalised EBITDA loss for the year was \$4,160,344 compared to a loss of \$742,637 for the prior year. The Company's IPO in September 2021 raised \$8,000,000 of new capital, which is primarily intended to be invested in growing the Group's businesses. Despite an increase in revenue to \$4,633,184 for the year (2021: \$2,838,633), the EBITDA loss for the 2022 financial year increased relative to the prior year due to:

- increased investment in marketing to \$1,619,853 (from \$697,588 in the prior year) – with the increase predominantly related to the new Locate2u product;
- increased employee benefit expenses to \$5,002,192 (from \$1,926,535 in the prior year). This increase was due to a number of factors, including:
 - o growth in the Locate2u sales and marketing teams;
 - o an increase in the size of the Zoom2u team in Australia and offshore;
 - o annualisation of costs for staff hired late in the 2021 financial year;
 - o increased directors' fees; and
 - o the introduction of an employee share options plan.
- Increases in other expenses to \$2,589,748 (from \$1,330,694 in the prior year). Increases were incurred in consulting and professional fees, software and subscription expenses and insurance costs. Many of these increased costs relate to the first financial year of operations as a listed public company.

Financial Position

The Group had \$4,259,091 in cash as at 30 June 2022 compared with \$2,446,484 as at 30 June 2021.

The net increase in cash of \$1,812,607 in the 2022 financial year was due to:

- Proceeds from the Company's IPO in September 2021 of \$8,000,000 (before costs) net of;
- An investment of \$800,000 to acquire the assets associated with the Local Delivery Shopify App; and
- Cash expended on operating activities and investments in software development.

The net assets of the Group have increased by \$5,646,388 from a net liability position of \$290,088 at 30 June 2021 to a net asset position of \$5,356,300 at 30 June 2022.

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made since the end of the financial year up to the date of this report.

Outlook and Likely Developments

The Company's mission is to empower customers to thrive through our last-mile technology innovations.

To deliver on our mission, the Company continues to progress the strategies that it outlined in the Prospectus for the Company's IPO in 2021.

Sales & Marketing: The Company has recently appointed a new head of digital marketing with a focus on improving and optimizing our marketing investment in the Locate2u product, in Australia, North America, Europe and India. In coming years we intend to increase our marketing spend on the Locate2u product in Australia and offshore markets, where we see significant opportunity for growth. In conjunction with this planned increase in offshore marketing we intend to increase the size of our Locate2u sales teams in North America and Europe to take advantage of this increased investment.

Further product development: The Company intends to continue to invest in product development for the core Zoom2u and Locate2u products. New features are being added to both products with these additional features enabling us to sell into broader markets where the additional functionality is required.

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M&A: The Company acquired the Local Delivery Shopify App in December 2021, as a complementary product to the Locate2u product. This acquisition was consistent with our stated strategy of acquiring complementary SaaS businesses that provide access to new customer bases. We continue to investigate potential acquisition opportunities for both Zoom2u and Locate2u but we remain disciplined in our approach, with opportunities being assessed having regard to both our strategic goals and the risks associated with the acquisition.

Outlook: The 2022 financial year posed a number of challenges, including natural disasters, supply chain disruptions, increases in petrol prices and inflation. Floods in NSW and Queensland impacted our ability to make deliveries in certain areas which impacted our revenue. Constraints on labor availability place pressure on many businesses, including ours.

Increases in petrol prices impact most of the drivers on the Zoom2u platform. We are developing functionality for the Zoom2u platform that will allow drivers to build their own routes from available work, thus enabling them to work efficient routes and minimise their use of petrol.

Notwithstanding the headwinds noted above, our businesses continue to grow, with new customers being added to both the Zoom2u and Locate2u businesses. We are finding that customers are seeking products that offer potential for their businesses to operate more efficiently whilst providing their customers with a great delivery experience. Changes to customer preferences and online purchasing trends, including increasing customer expectations around delivery, are expected to continue to provide opportunities for our products into the future.

3. Other items

Significant changes in state of affairs

On 8 July 2021, the shareholders of the Company passed a resolution to approve a share split on the basis that each shareholder would receive 128.7 shares for each share held (Share Split). Where a revised shareholding results in a fractional number of shares, it was to be rounded down to the closest whole number. The Share Split increased the number of shares on issue from 906,498 to 116,666,278.

On 22 July 2021, the Company changed its status from a proprietary company to an unlisted public company and changed its name from Zoom2u Technologies Pty Ltd to Zoom2u Technologies Limited.

On 2 August 2021, the Company lodged a prospectus with ASIC in relation to a proposed Initial Public Offering of shares on the ASX. The Offer raised \$8,000,000 from the issue of 40,000,000 new ordinary shares at a price of \$0.20 per share. The Offer closed on 23 August 2021 having received applications for shares worth over \$13,000,000, which was subject to a scale back. Settlement of the capital raising concluded on 6 September 2021 with the Company listing on the ASX on 10 September 2021.

On 9 December 2021, the Company announced the acquisition of the Local Delivery Shopify App (Local Delivery) from Enum Pty Ltd as trustee for Enum Unit Trust ACN 614 185 938. The Company paid cash consideration of A\$880,000 (including GST) to buy the assets associated with Local Delivery. Local Delivery allows e-commerce businesses, utilising the Shopify platform, to embed functionality to enable their customers to select a desired delivery date and time into their check out process. The assets associated with the transaction included all intellectual property associated with Local Delivery, and existing customer relationships with approximately 570 e-commerce businesses in over 45 countries.

Other than the above, there have been no significant changes in the state of affairs of entities in the Group during the year.

Events after the reporting date

On 2 August 2022, the Company was advised that the facility with Tradeplus24 Australia Pty Limited for the provision of a secured uncommitted revolving loan facility with a credit limited of \$1,00,000 had been renewed until August 2023. The interest rate is calculated as the sum of the 30 day/1 month BBSW bid rate at the first date of each month (Base Rate) and the margin, being 7.7% per annum. A floor of 0% will apply to the Base Rate. A facility fee accrues at a rate of 0.50% per annum whilst the facility is undrawn, and at a rate of 1.50% per annum on the recommencement of drawing on the facility, paid monthly in arrears. This debt facility is available until 31 August 2023. Currently, there is no amount owing under this facility.

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The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity during periods when Sydney and Melbourne were in lock down, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly changing and can be impacted by numerous actions including changes in relation to social distancing, quarantine and travel restrictions.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future developments and results

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental issues

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

Information on directors

Drew Kelton

Qualifications and Experience

Independent Non-Executive Chairman

Drew is a global business leader and professional board director with 40 years' experience in the information and communication technology and telecommunications arena.

Drew has been a non-executive director of Superloop Limited (ASX:SLC) since October 2018. He was previously the non-executive chairman of Firstwave Cloud Technology Limited (ASX:FCT) (resigned October 2018) and a non-executive director of Megaport Limited (ASX:MP1) (resigned June 2019).

Drew previously held senior executive roles with Docusign, T-Mobile USA, Bharti Airtel and Telstra.

Interest in Shares and Options

66,000 shares, 1,975,582 options

Stephen Orenstein

Qualifications and Experience

Managing Director and Chief Executive Officer

Steve has significant software development and entrepreneurial experience, in particular around job management and job dispatch systems.

Prior to founding Zoom2u Pty Ltd in 2014, he founded a business, Connect2Field, providing field management solutions. In 2013, Connect2Field was acquired by a company listed on the New York Stock Exchange, Fleetmatics (NYSE:FLTX).

In 2014, Steve founded Zoom2u Pty Ltd in recognition of the lack of technology used by many of the traditional courier companies and having identified the opportunity to use technology to provide an exceptional customer experience.

Interest in Shares and Options

45,319,783 shares, 5,926,747 options

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Michael Gayst

Qualifications and Experience

Executive Director and Chief Financial Officer

Michael has over 25 years of corporate finance and private equity experience.

Michael worked with Coopers & Lybrand from 1989 to 1992, in which time he completed the Institute of Chartered Accountant's professional year program and qualified as a Chartered Accountant. He joined boutique investment bank Baring Brothers Burrows in 1992 as an analyst and worked his way to Director level during his 11 years at the firm. From 2004 to 2017, Michael was a Director at Momentum Corporate, a boutique M&A and Private Equity business. In his 20+ year investment banking career, Michael has advised numerous ASX listed companies on M&A transactions, raising capital and ASX listings. These ASX listed companies include but are not limited to Metcash Limited (ASX:MTS), HT&E Limited (formerly "APN News & Media Limited") (ASX:HT1) and National Australia Bank Limited (ASX:NAB).

Since leaving Momentum Corporate, Michael has been the Managing Director of M&M Gayst Consulting, which provides corporate finance consulting services to small and medium sized businesses.

Interest in Shares and Options

865,320 shares, 4,938,956 options

Mike Rosenbaum

Qualifications and Experience

Independent Non-Executive Director

Mike has over 20 years' experience in leading and advising high growth tech companies. He co-founded and was the CEO of DealsDirect and built it to circa \$100m turnover (exit to GraysOnline in 2014) and is currently the CEO of Spacer Technologies, which is a marketplace for storage and parking in Australia and the United States. He is also currently a Non-Executive Director of Fitmycar Pty Ltd.

Mike brings a broad mix of experience across marketing, technology and scaling high growth businesses.

Mike is also an early-stage investor in a number of marketplaces in Australia and co-founded the Sharing Hub, a community of founders building marketplaces.

Interest in Shares and Options

539,229 shares, 987,791 options

Kara-Lyn Nicholls

Qualifications and Experience

Independent Non Executive Director

Kara has an accomplished career at senior executive levels, most recently as Group Company Secretary and Executive General Manager Group Governance at Commonwealth Bank. Kara has also held regulatory, compliance and governance roles with ASX listed companies Caltex (now Ampol), Woolworths, Arrium and Macquarie Group. Prior to these roles, Kara worked at the ASX as a Companies Adviser.

Kara was Chair and Non-Executive Director of Gidget Foundation Australia, a non-profit organisation supporting the emotional wellbeing of expectant & new parents, and previous Chair of the Nominations Committee and Member of the Department of Accounting and Corporate Governance Advisory Board for Macquarie University.

Interest in Shares and

987,791 options (subject to shareholder approval)

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Options

Terry Andrew Sinclair

Independent Non Executive Director

Qualifications and Experience

More than 30 years of diverse leadership experience in network and technology enabled business models.

Current roles include Industry Advisor Australian Super, Chairman Silk Logistics, NED Cleanaway and Faethm.ai

Previous roles include Chairman StarTrack Express, MD Service Stream and Head of Corporate Development Australia Post.

Interest in Shares and Options

None

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

Director	Board		Audit & Risk Committee		Sustainability Committee	
	Meetings Attended	Eligible to Attend	Meetings Attended	Eligible to Attend	Meetings Attended	Eligible to Attend
Drew Kelton	15	15	3	3	2	2
Steve Orenstein	19	19	-	-	-	-
Michael Gayst	16	16	-	-	-	-
Mike Rosenbaum	16	16	3	3	2	2
Kara-Lyn Nicholls	5	5	1	1	2	2
Terry Sinclair	4	4	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

4. Remuneration report (audited)

Remuneration policy

The remuneration policy of Zoom2u Technologies Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Zoom2u Technologies Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the high quality KMP to run and manage the Group, as well as create alignment between directors, executives and shareholders.

The Board considers the nature and amount of remuneration for key management personnel of the Group is as follows:

- The remuneration policy has been developed by the Sustainability Committee and approved by the Board. Professional advice may be sought from independent external consultants.
- KMP receive a combination of base salary (which is based on factors such as length of service and experience), superannuation, short term incentives and options. In the case of the CFO, remuneration is a combination of a monthly agreed contractual payment, short term incentives and options.
- Performance incentives are generally only paid once predetermined key performance indicators (KPIs) have been met and are at the discretion of the Board.
- Incentives paid in the form of options or rights are intended to align the interests of the KMP and the Group with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Sustainability Committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. The maximum aggregate Non-Executive Directors' remuneration is currently \$600,000 per annum.

Relationship between remuneration policy and company performance

The remuneration policy has been tailored to increase alignment between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a Short Term Incentive plan based on KPIs, and the second being the issue of options to directors and executives to encourage the alignment of personal and shareholder interests.

The following table shows the gross revenue, net loss and dividends for the last three years for the Group at the end of the respective financial years. The metrics below are amongst the metrics that the Board monitors in considering the performance of management:

	2022	2021	2020
	(\$)	(\$)	(\$)
GMV	17,474,295	11,115,951	9,304,764
Revenue	4,633,184	2,838,633	2,307,743
Net loss after income tax expense	(4,903,637)	(1,081,342)	(905,421)
Basic earnings per share (EPS)	(0.03)	(1.19)	(1.03)

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Short Term Incentive Plan

The Company has a short term incentive ("STI") plan, which is available to eligible senior management and other employees determined by the Board. The STI plan is designed to align the targets of the business with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved.

KPI's for FY22 include achievement of budgeted profit, software uptime, Zoom2u GMV and Locate2u monthly recurring revenue.

As at the date of this report, no STI's have been paid for the year ended 30 June 2022.

Employee Share Option Plans (ESOP)

KMP are also entitled to participate in employee share option plans ("ESOP") to align KMP's interests with shareholders' interests. Options granted under the arrangement do not carry dividend or voting rights. Options are subject to vesting conditions related to retention, share price performance and revenue growth. Participants in the ESOP have vesting conditions aligned to their role in the Group. Each option is entitled to be converted into one ordinary share once the vesting conditions have been satisfied. The value of Options issued to KMP is measured using the Black-Scholes methodology as appropriate for the vesting conditions attached to the Options.

The terms and conditions of each grant of options over ordinary shares affecting remuneration key management personnel in the year ended 30 June 2022 are set out below ⁽¹⁾:

Name	Number of options granted	Grant date	Expiry date	Exercise price	Fair value per option granted	
					Service	Performance
Steve Orenstein	5,926,747	10 September 2021	10 September 2026	\$0.20	\$0.126	\$0.102
Michael Gayst	4,938,956	10 September 2021	10 September 2026	\$0.20	\$0.126	\$0.102
Drew Kelton	1,975,582	10 September 2021	10 September 2026	\$0.20	\$0.126	\$0.102
Michael Rosenbaum	987,791	10 September 2021	10 September 2026	\$0.20	\$0.126	\$0.102
Kara-Lyn Nicholls ⁽²⁾	987,791	28 March 2022	28 March 2027	\$0.35	\$0.075	\$0.042

(1) None of the options vested in the year ended 30 June 2022. The exercise period for these options is any time after the vesting conditions are satisfied and up to the expiry date.

(2) The issues of these options is subject to shareholder approval at the Company's 2022 Annual General Meeting.

There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

The ESOP Options issued to KMP have the following two types of vesting conditions:

Service Conditions:

- i) First Year Service Condition - completion of a 12 month service period from the issue date of the ESOP Options (Issue Date).
- ii) Second Year Service Condition - completion of a 24 month service period from the Issue Date.
- iii) Third Year Service Condition - completion of a 36 month service period from the Issue Date.

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Performance Conditions:

- i) First Year Performance Condition - the Company's 20-day volume weighted average share price prior to the first year anniversary of the Listing Date has increased by more than 30% compared to \$0.20 (the IPO price).
- ii) Second Year Performance Condition - the Company's 20-day volume weighted average share price prior to the second anniversary of Listing Date has increased more than 25% per annum compared to the IPO price.
- iii) Third Year Performance Condition - the Company's 20-day volume weighted average share price prior to the third anniversary of Listing Date has increased more than 20% per annum compared to the IPO price

If the First Year Performance Condition is not met by the relevant date, it will be taken to have been met if either the Second Year Performance Condition or Third Year Performance Condition is met. If the Second Year Performance Condition is not met by the relevant date, it will be taken to have been met if the Third Year Performance Condition Hurdle is met.

In respect of each participant, a fixed percentage of the ESOP Options will vest in tranches as set out below:

Participant	First Year Service Conditions (SC)	First Year Performance Conditions (PC)	Second Year SC	Second Year PC	Third Year SC	Third Year PC
Steve Orenstein	5%	5%	20%	20%	25%	25%
Drew Kelton	5%	5%	20%	20%	25%	25%
Mike Rosenbaum	5%	5%	20%	20%	25%	25%
Kara-Lyn Nicholls	5%	5%	20%	20%	25%	25%
Michael Gayst	7.5%	2.5%	30%	10%	37.5%	12.5%

Voting and comments made at the company's 2021 Annual General Meeting ('AGM')

At the 2021 AGM, 99.9% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Prohibitions

KMP are prohibited from entering into hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration. In addition, the Board's Securities Trading Policy prohibits directors and KMP from using Zoom2u Technologies Limited shares as collateral in any financial transaction, including margin loan arrangements.

Details of members of key management personnel

The following table provides details of persons who were, during or since the end of the financial year, considered to be key management personnel of the Group.

Directors	Position
Drew Kelton	Non Executive Director (appointed 30 July 2021)
Stephen Orenstein	Executive Director
Michael Gayst	Executive Director (appointed 23 July 2021)
Mike Rosenbaum	Non Executive Director (appointed 23 July 2021)
Kara-Lyn Nicholls	Non Executive Director (appointed 15 March 2022)
Terry Andrew Sinclair	Non Executive Director (resigned on 26 July 2021)

Zoom2u Technologies Limited (ACN 636 364 246)

Directors' Report – 30 June 2022

Service Agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director. The remuneration and other terms of employment for the Executive and Non-executive directors are set out in formal service agreements as summarised below.

Steve Orenstein – CEO and Managing Director

Steve Orenstein has entered into an employment contract with the Company. The contract specifies the following:

- Base salary of \$220,000 per annum (excluding superannuation);
- Entitled to participate in the Short Term Incentive plan;
- Entitled to participate in the ESOP;
- Employment may be terminated on notice by the employee or the Company giving six months written notice of termination, or any greater period required by legislation,
- No benefits are payable on termination other than statutory entitlements.

Michael Gayst – CFO and Executive Director

Michael Gayst has entered into a contractor agreement with the Company, commencing 1 September 2021. The contract specifies the following:

- Base salary of \$220,000 per annum (excluding GST);
- Entitled to participate in the Short Term Incentive plan;
- Entitled to participate in the ESOP
- The contractor agreement may be terminated on notice by either party giving three months written notice of termination,
- No benefits are payable on termination.

Drew Kelton – Non Executive Director and Chair

Drew Kelton has executed an appointment letter with the Company. The contract specifies the following:

- Directors fees of \$80,000 per annum (including superannuation);
- Entitled to participate in the ESOP,
- No benefits are payable on termination.

Mike Rosenbaum – Non Executive Director

Michael Rosenbaum has executed an appointment letter with the Company. The contract specifies the following:

- Directors fees of \$60,000 per annum (including superannuation);
- Entitled to participate in the ESOP,
- No benefits are payable on termination.

Kara-Lyn Nicholls – Non Executive Director

Kara-Lyn Nicholls has executed an appointment letter with the Company. The contract specifies the following:

- Directors fees of \$60,000 per annum (including superannuation);
- Entitled to participate in the ESOP,
- No benefits are payable on termination.

Zoom2u Technologies Limited (ACN 636 364 246)

Directors' Report – 30 June 2022

Remuneration details for the year ended 30 June 2022

The Group aims to reward executive key management personnel based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive key management personnel remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the key management personnel's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Sustainability Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remuneration.

The following table sets out, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group.

Table of benefits and payments

2022

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled options	
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<i>Non-Executive Directors:</i>							
Drew Kelton (Chair)	73,333	-	-	-	-	68,279	141,612
Michael Rosenbaum	55,000	-	-	-	-	34,142	89,142
Kara-Lyn Nicholls ⁽¹⁾	17,581	-	-	-	-	5,374	22,955
Terry Sinclair	-	-	-	-	-	-	-
<i>Executive Directors:</i>							
Steve Orenstein (CEO)	241,839	-	-	21,146	4,669	204,840	472,494
Michael Gayst (CFO)	237,430	27,815	-	-	-	161,445	426,690
Total	625,183	27,815	-	21,146	4,669	474,080	1,152,893

(1) Ms Nicholls also received consulting fees totaling \$22,419 in the year ended 30 June 2022 for consulting services provided prior to her appointment as a director.

Zoom2u Technologies Limited (ACN 636 364 246)

Directors' Report – 30 June 2022

2021

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Superannuation	Long service leave	Equity-settled options	
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<i>Non-Executive Directors:</i>							
Anthony Klok (Chair) ⁽¹⁾	-	-	-	-	-	-	-
Terry Sinclair	30,000	-	-	-	-	-	30,000
<i>Executive Directors:</i>							
Steve Orenstein (CEO)	160,792	-	-	14,328	2,679	-	177,799
Michael Gayst	65,444	-	-	-	-	-	65,444
Total	256,236	-	-	14,328	2,679	-	273,243

(1) Resigned 23 February 2021, The Company made a one-off payment of \$90,000 to Anthony Klok in September 2021, who was previously Non-Executive Chairman, for his role as Chair of the Company for the period from July 2018 to February 2021 during which time he did not receive any director fees.

Key management personnel share and option holdings

30 June 2022

The number of ordinary shares in Zoom2u Technologies Limited held by each key management person of the Group during the financial year is as follows:

Directors	Balance at beginning of year	Share Split ⁽¹⁾	Other changes during the year	Balance at end of year
Stephen Orenstein	345,546	44,126,224	848,013	45,319,783
Michael Gayst ⁽²⁾	3,600	459,720	402,000	865,320
Drew Kelton ⁽²⁾	-	-	66,000	66,000
Mike Rosenbaum ⁽²⁾	3,677	473,229	66,000	539,229
Kara-Lyn Nicholls	-	-	-	-
Terry Sinclair ⁽³⁾	-	-	-	-
Total	352,823	45,055,496	1,382,013	46,790,332

- (1) On 8 July 2021, the shareholders of the Company passed a resolution to approve a share split on the basis that each shareholder would receive 128.7 shares for each share held (Share Split). Where a revised shareholding results in a fractional number of shares, it was to be rounded down to the closest whole number. The Share Split increased the number of shares on issue from 906,498 to 115,759,780. The figures shown in this column represent the additional shares obtained pursuant to the share split.
- (2) Michael Gayst, Drew Kelton and Mike Rosenbaum were appointed in July 2021. The balance at the beginning of the year represents their shareholdings at 1 July 2021.
- (3) Resigned on 26 July 2021.

Zoom2u Technologies Limited (ACN 636 364 246)

Directors' Report – 30 June 2022

30 June 2022

The number of options in Zoom2u Technologies Limited held by each key management person of the Group during the financial year is as follows:

Directors	Held at start of period	Granted during the period	Exercised	Any other changes	Held at end of period	Vested at end of period
Stephen Orenstein	-	5,926,747	-	-	5,926,747	-
Michael Gayst	-	4,938,956	-	-	4,938,956	-
Drew Kelton	-	1,975,582	-	-	1,975,582	-
Michael Rosenbaum	-	987,791	-	-	987,791	-
Kara-Lyn Nicholls ⁽¹⁾	-	987,791	-	-	987,791	-
Total	-	14,816,867	-	-	14,816,867	-

(1) The issue of these options is subject to shareholder approval at the Company's 2022 Annual General Meeting

30 June 2021

The number of ordinary shares in Zoom2u Technologies Limited held by each key management person of the Group during the financial year ended 30 June 2021 is as follows:

Directors	Balance at beginning of year	Other changes during the year	Balance at end of year
Anthony Klok ⁽¹⁾	55,751	5,000	60,751
Terry Sinclair	-	-	-
Stephen Orenstein	345,546	-	345,546
Total	401,297	5,000	406,297

(1) Resigned 23 February 2021. The balance at end of the year represents shareholding at 30 June 2021

No options were held by key management personnel of the Group during the year ended 30 June 2021.

KMP related party transactions

Other than as disclosed above, there were no other transactions conducted between the Group and KMP or their related parties relating to equity, compensation or loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

This concludes the Remuneration report which has been audited.

Zoom2u Technologies Limited (ACN 636 364 246)

Directors' Report – 30 June 2022

5. Indemnification and insurance of officers and auditors

During the financial year the Company paid premiums totaling \$221,236 (2021: \$3,237) to insure the directors and management of the Company.

Reasonable indemnities have been given for officers and directors of Zoom2u Technologies Ltd. No indemnities have been given during or since the end of the financial year for auditors of Zoom2u Technologies Ltd.

6. Non-audit services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all proposed non-audit services are reviewed by the Board of Directors prior to engagement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to the related parties of the external auditors, BDO Audit Pty Ltd, for non-audit services provided during the year ended 30 June 2022:

	2022 (\$)	2021 (\$)
Investigating accountant and related services	60,686	85,246
Acquisition due diligence services	10,685	-
Tax advisory services	28,510	10,000
Total fees for non-audit services	100,261	95,246

7. Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2022 has been received and can be found in the consolidated financial report.

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

Director: Drew Kelton

Signature: Drew Kelton

Director: Stephen Orenstein

Signature: 

Dated: 24 August 2022

DECLARATION OF INDEPENDENCE BY ELYSIA ROTHWELL TO THE DIRECTORS OF ZOOM2U
TECHNOLOGIES LIMITED

As lead auditor of Zoom2u Technologies Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Zoom2u Technologies Limited and the entities it controlled during the period.



Elysia Rothwell
Director

BDO Audit Pty Ltd

Sydney

24 August 2022

Corporate Governance Statement

30 June 2022

The Board is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and practices in place to ensure they have met the interests of shareholders. The Company complies with the Australian Securities Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations.

Copies of Zoom2u Technologies Limited's Board and Board committee charters and key corporate governance policies or summaries are available in the Corporate Governance section of the Company's website.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2022

	Note	2022 (\$)	2021 (\$)
Revenue	6	4,633,184	2,838,633
Finance income	7	76,065	77,625
Other income	6	2	75,024
Marketing expenses		(1,619,853)	(697,590)
Employee benefits expense		(5,002,192)	(1,926,535)
Other expenses	8	(2,589,748)	(1,330,694)
Depreciation and amortisation expense		(283,267)	(91,636)
Finance costs		(34,864)	(26,169)
Loss before income tax		(4,820,673)	(1,081,342)
Income tax expense	10	(82,964)	-
Loss for the year		(4,903,637)	(1,081,342)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(4,903,637)	(1,081,342)
Loss attributable to:			
Members of the parent entity		(4,903,637)	(1,081,342)
Total comprehensive income attributable to:			
Members of the parent entity		(4,903,637)	(1,081,342)
Earnings per share (cents)			
From continuing operations:			
Basic earnings per share	9	(0.03)	(1.19)
Diluted earnings per share	9	(0.03)	(1.19)

Consolidated Statement of Financial Position

For the Year Ended 30 June 2022

	Note	2022 (\$)	2021 (\$)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	14	4,259,091	2,446,484
Trade and other receivables	20	589,758	531,263
Inventory		54,196	-
Other assets	23	132,574	76,270
TOTAL CURRENT ASSETS		5,035,619	3,054,017
NON-CURRENT ASSETS			
Property, plant and equipment	21	151,229	102,387
Intangible assets	22	1,712,108	261,000
Right-of-use assets	24	23,522	40,794
TOTAL NON-CURRENT ASSETS		1,886,859	404,181
TOTAL ASSETS		6,922,478	3,458,198
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	25	1,272,414	1,171,376
Lease liabilities	24	26,884	45,874
Other current liabilities	26	49,824	79,800
Employee benefits	12	181,841	79,004
TOTAL CURRENT LIABILITIES		1,530,963	1,376,054
NON-CURRENT LIABILITIES			
Borrowings	16	-	2,207,704
Derivative financial instruments	17	-	76,065
Employee benefits	12	35,215	38,640
Other non-current liabilities	26	-	49,823
TOTAL NON-CURRENT LIABILITIES		35,215	2,372,232
TOTAL LIABILITIES		1,566,178	3,748,286
NET ASSETS / (LIABILITIES)		5,356,300	(290,088)
EQUITY			
Issued capital	27	18,697,593	9,012,201
Share based payments reserve	28	864,633	-
Accumulated losses		(14,205,926)	(9,302,289)
TOTAL EQUITY		5,356,300	(290,088)

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2022

2022

	Note	Issued capital (\$)	Accumulated losses (\$)	Share based payment reserve (\$)	Total (\$)
Balance at 1 July 2021		9,012,201	(9,302,289)	-	(290,088)
Loss attributable to members of the parent entity		-	(4,903,637)	-	(4,903,637)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	(4,903,637)	-	(4,903,637)
Transactions with owners in their capacity as owners		-	-	-	-
Share based payments		-	-	864,633	864,633
Conversion of convertible notes	27	2,499,998	-	-	2,499,998
Issue of ordinary shares	27	8,000,000	-	-	8,000,000
Capital raising costs	27	(814,606)	-	-	(814,606)
Balance at 30 June 2022		18,697,593	(14,205,926)	864,633	5,356,300

2021

	Note	Issued capital (\$)	Accumulated losses (\$)	Share based payment reserve (\$)	Total (\$)
Balance at 1 July 2020		9,118,278	(8,220,947)	-	897,331
Loss attributable to members of the parent entity		-	(1,081,342)	-	(1,081,342)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	(1,081,342)	-	(1,081,342)
Transactions with owners in their capacity as owners		-	-	-	-
Capital raising costs		(106,077)	-	-	(106,077)
Balance at 30 June 2021		9,012,201	(9,302,289)	-	(290,088)

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2022

	Note	2022 (\$)	2021 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers (inclusive of GST)		5,018,563	3,116,726
Payments to suppliers and employees (inclusive of GST)		(8,809,394)	(3,549,210)
Interest received		2	92
Finance costs paid		(31,124)	(9,919)
Receipt from grants		-	74,932
Net cash used in operating activities	15	<u>(3,821,953)</u>	<u>(367,379)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for intangibles		(1,629,697)	-
Payments for property, plant and equipment		(103,695)	(60,174)
Net cash used in investing activities		<u>(1,733,392)</u>	<u>(60,174)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares, net of transaction costs		7,446,842	-
Proceeds from the issue of convertible notes, net of borrowing costs		-	2,335,000
Payment of finance lease liabilities		(78,890)	(73,866)
Payment of share issue transaction costs		-	(140,780)
Net cash provided by financing activities		<u>7,367,952</u>	<u>2,120,354</u>
Net increase in cash and cash equivalents held		1,812,607	1,692,801
Cash and cash equivalents at beginning of year		2,446,484	753,683
Cash and cash equivalents at end of financial year	14	<u>4,259,091</u>	<u>2,446,484</u>

Notes to the Financial Statements

For the Year Ended 30 June 2022

About this Report

The consolidated financial report covers Zoom2u Technologies Limited (“the Company”) and its controlled entities (‘the Group’). Zoom2u Technologies Limited is a for-profit proprietary Company, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity’s functional and presentation currency.

Comparatives are consistent with prior years, unless otherwise stated.

1. Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the Corporations Act 2001.

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented in the accounting treatment area of the relevant notes and are consistent with prior reporting periods unless otherwise stated.

2. Critical accounting estimates and judgments

The directors make estimates and judgements during the preparation of these consolidated financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

2.1. Key estimates - receivables

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 20, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

2.2. Key estimates - impairment of goodwill

In accordance with AASB 136 Impairment of Assets, the Group is required to estimate the recoverable amount of goodwill at each reporting period. Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate and using a terminal value to incorporate expectations of growth thereafter.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2. Critical accounting estimates and judgments (continued)

2.2. Key estimates - impairment of goodwill (continued)

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in EBITDA, calculated as operating profit before depreciation and amortisation;
- timing and quantum of future capital expenditure;
- long-term growth rates; and
- the selection of discount rates to reflect the risks involved.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence results.

The recoverable amount of intangible assets was assessed by reference to the intangibles value-in-use. Value-in-use is calculated based on the present value of estimated future cashflows from the acquired intangible assets.

2.3. Key judgments - taxes

Determining income tax provisions involves judgment on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable revenues being generated against which tax losses will be available for offset based on budgets, as well as current and future expected economic conditions.

2.4. Key judgements – share-based payment transactions

Participating in share option plans meets the criteria of equity-settled share-based payment transactions. The Group has recognised the fair value of the services received and the corresponding increase in equity based on the fair value of the equity transaction at the date on which they are granted. There is a degree of judgment in estimating the fair value of equity instruments granted. The fair value of the options issued has been based on the fair value of the underlying share instruments considering the latest market prices and taking into account the terms and conditions upon which those equity instruments were granted.

The Group has used the Black-Scholes model to arrive at the fair value of the options. Management has exercised its best judgements in determining the key inputs to the Black-Scholes model which include assumptions in relation to volatility and the risk-free rate.

2.5. Key judgements - estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

2.6. Key judgements - employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2.7. Key judgements - Fair value measurement – Derivatives and share based payments

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. Refer to note 18 for further information.

3. Going concern

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

As disclosed in the financial statements, the Group recorded a loss for the year ended 30 June 2022 of \$4,903,637 (2021: loss of \$1,081,342) and had net cash outflows from operating activities of \$3,749,771 (2021: outflows of \$367,379), net current assets (working capital) at 30 June 2022 of \$3,504,656 (30 June 2021: \$1,677,963) and had net assets of \$5,356,300 at 30 June 2022 (2021: net liabilities of \$290,088).

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Company raised \$8,000,000 in Initial Public Offering of shares on the ASX in September 2021 having received applications for shares worth over \$13,000,000, which were subject to a scale back. The Company also raised a total of approximately \$11,500,000 of capital prior to listing on the ASX, including raising approximately \$2,500,000 in May 2021. Total cash available as at 30 June 2022 was \$4,259,091.
- The Directors have reviewed the cash flow forecast for the Group through to August 2023. The cash flow forecast indicates that the Group will have sufficient cash on hand and cash flows from operations to meet working capital requirements over the 12 months from the date of signing this financial report;
- The Company has access to a line of credit facility of \$1,000,000 which has not been drawn down as of the date of reporting and is due to expire in August 2023 if not extended prior to that date.

4. Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 30 June 2022. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

Notes to the Financial Statements

For the Year Ended 30 June 2022

Performance for the year

5. Segment reporting

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The operating segments are identified by management based on the Group's risks and returns that are affected predominantly by differences in the products and services provided.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the services provided by the segment;
- the type or class of customer for the products or services.

Performance is measured based on segment profit before income tax as included in the internal financial reports. The Group derives revenue from contracts with its clients through its two operating segments:

- Zoom2u and 2u Enterprises
- Locate2u.

Zoom2u and 2u Enterprises provide delivery and tracking services to customers via an internally developed platform which allows customers to arrange for the delivery of items which are allocated to the closest driver. Fees earned include a fixed booking fee charged to customers and a platform fee charged to drivers. This segment also includes other revenue from the Shred2u business, being ad hoc web development services.

Locate2u derives revenue from clients paying a monthly subscription fee for access to the Locate2u SaaS product which allows clients to manage their own portfolio of drivers and optimise delivery routes. Locate2u also sells GPS units in conjunction with the Locate2u software in addition to reselling SMS services to some clients.

Basis of accounting for purposes of reporting by operating segments

5.1. Accounting policies adopted

Unless stated below, all amounts reported to the Board of Directors, being the chief operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

Notes to the Financial Statements

For the Year Ended 30 June 2022

5. Segment reporting (continued)

5.2. Segment assets and liabilities

Segment assets and liabilities are not considered by the Chief Operating Decision Maker and therefore have not been disclosed below.

5.3. Unallocated items

The following items of revenue and expense are not allocated to operating segments as they are not considered part of the core operations of any segment:

- corporate costs which are not allocated to segments
- finance income / costs
- income tax expense.

5.4. Segment performance

	Zoom2u and 2u Enterprises		Locate2u		Total	
	2022 (\$)	2021 (\$)	2022 (\$)	2021 (\$)	2022 (\$)	2021 (\$)
Revenue from external customers	4,135,292	2,807,718	497,892	30,915	4,633,184	2,838,633
Segment result	805,114	1,129,235	(2, 618,901)	(1,375,393)	(1,813,787)	(246,158)
Unallocated corporate expenses					(3,048,087)	(886,637)
Finance income					41,201	51,455
Net loss before tax					(4,820,673)	(1,081,342)

6. Revenue and other income

Revenue from continuing operations

	2022 (\$)	2021 (\$)
Revenue from contracts with customers		
- provision of goods and services	4,633,184	2,838,633
Other income	2	75,024
Total Revenue and Other Income	4,633,186	2,913,657

Notes to the Financial Statements

For the Year Ended 30 June 2022

6. Revenue and other income (continued)

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated into "Customer booking fees and courier platform fees", "Shredding services", "Software license fees", "Sale of GPS units" and "Website development and other services". The following table shows this breakdown:

	2022 (\$)	2021 (\$)
Timing of revenue recognition		
- At a point in time	79,236	13,206
- Over time	4,553,948	2,825,427
Revenue from contracts with customers	4,633,184	2,838,633
Type of contract		
- Fee revenue – customer booking fees and courier platform fees	3,854,009	2,426,343
- Fee revenue - shredding services	137,184	82,477
- Software license fees	418,656	17,708
- Sale of GPS units	79,236	13,206
- Website development and other services	144,098	298,899
Revenue from contracts with customers	4,633,184	2,838,633

Accounting treatment

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Notes to the Financial Statements

For the Year Ended 30 June 2022

6. Revenue and other income (continued)

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Group are:

- **Customer booking fees and courier platform fees**

Zoom2u earns revenue on every delivery transacted through the Zoom2u marketplace. The amount that will be earned by Zoom2u on each delivery is comprised of a booking fee charged to customers (if applicable) and a platform fee charged to drivers. Zoom2u's revenue is the sum of the booking fee and the platform fee which is recognised as variable consideration as the usage based royalties are earned in providing a right for the couriers to access the platform as a license.

- **Shredding services**

Shred2u services are primarily based on the quantity of shredding bags, boxes or bins requested by the customer that require shredding. Shred2u recognise revenue over time as the service is provided to the customer.

- **Software license fees**

Locate2u generates revenue from clients committing to a monthly subscription with pricing plans based on the features required by the client. Revenue is recognised over time.

- **Sale of GPS units**

Locate2u generates revenue from the sale of GPS hardware units to some clients using the Locate2u product. Revenue is recognised at a point in time.

- **Website development and other services**

2u Enterprises derives revenue from website development, actual storage charges and marketing services provided. Revenue is recognised over time as the services are provided to the customer.

- **Other income**

Other income is recognised on an accruals basis when the Group is entitled to it.

Contract assets and liabilities

Where the amount billed to customers is based on the achievement of various milestones established in the contract, the amount recognised as revenue in a given period does not necessarily coincide with the amount billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, the Group presents the contract as a contract asset, unless the Group's rights to that amount of consideration are unconditional, in which case the Group recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Group presents the contract as a contract liability.

Notes to the Financial Statements

For the Year Ended 30 June 2022

7. Finance income

Finance income

	Note	2022 (\$)	2021 (\$)
Fair value gain on derivative financial instruments	18	76,065	77,625
Total finance income		76,065	77,625

8. Other expenses

The result for the year includes the following other expenses:

	2022 (\$)	2021 (\$)
Superannuation contributions	215,903	49,924
Other expenses comprising:		
Cost of sales - 2u Enterprises	45,305	101,968
Cost of sales – Locate2u	152,780	1,389
Merchant fees and credit checks	133,251	82,078
Consulting and professional fees	747,329	501,903
Office and related expenses	258,537	171,443
Telecommunications and internet expenses	174,033	106,098
Software and subscription expenses	494,387	214,131
Insurance	274,036	42,857
Sundry expenses	310,090	108,817
	2,589,748	1,330,694

9. Earnings per share (EPS)

9.1. Reconciliation of earnings to profit or loss from continuing operations

	2022 (\$)	2021 (\$)
Loss for the year	(4,903,637)	(1,081,342)
Earnings used to calculate basic EPS from continuing operations	(4,903,637)	(1,081,342)
Earnings used in the calculation of dilutive EPS from continuing operations	(4,903,637)	(1,081,342)

Notes to the Financial Statements

For the Year Ended 30 June 2022

9.2. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS:

	2022 (No.)	2021 (No.)
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	162,620,606	906,498

Accounting treatment

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the 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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Notes to the Financial Statements

For the Year Ended 30 June 2022

Income taxes

10. Income tax expense

10.1. The major components of tax expense (income) comprise:

	2022 (\$)	2021 (\$)
Current tax expense	82,964	-
Deferred tax expense	-	-
Total income tax expense	82,964	-

10.2. Reconciliation of income tax to accounting loss:

	2022 (\$)	2021 (\$)
Loss before income tax expense	(4,820,673)	(1,081,342)
Statutory tax rate	25.00%	26.00%
Tax at the statutory rate	(1,205,168)	(281,149)
Tax effect amounts which are:		
- non-deductible expenses	201,869	134,170
- non-assessable income	(30,249)	(31,865)
- other non-allowable items	48,305	3,322
- deductible expenses	(192,299)	-
- adjustment recognised for prior period	82,964	-
	110,590	105,627
Income tax benefit	(1,094,578)	(175,522)
Tax losses not brought to account	1,177,543	175,522
Income tax expense	82,964	-

Notes to the Financial Statements

For the Year Ended 30 June 2022

10. Income tax expense (continued)

Accounting treatment

Income tax

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets and liabilities

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured 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 (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

11. Tax assets and liabilities

Unrecognised deferred tax assets

Deferred tax assets have not been recognized in respect of the following:

	2022 (\$)	2021 (\$)
Tax losses	12,362,158	9,025,015

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therein.

Notes to the Financial Statements

For the Year Ended 30 June 2022

Employee rewards

12. Employee benefits

	2022 (\$)	2021 (\$)
Current liabilities		
Annual leave	181,841	79,004
	181,841	79,004
Non-current liabilities		
Long service leave	35,215	38,640
	35,215	38,640

Accounting treatment

Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

13. Key Management Personnel Remuneration

Key management personnel remuneration included within employee expenses for the year is shown below:

	2022 (\$)	2021 (\$)
Short-term employee benefits	652,998	256,236
Long-term benefits	4,669	2,679
Post-employment benefits	21,146	14,328
Share based payments	474,080	-
	1,152,893	273,243

Detailed remuneration disclosures are provided in the Remuneration Report contained within the Directors' Report.

Notes to the Financial Statements

For the Year Ended 30 June 2022

Cash and financial risk management

14. Cash and cash equivalents

	2022 (\$)	2021 (\$)
Cash at bank and in hand	4,259,091	2,446,484
	4,259,091	2,446,484

Accounting treatment

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Cash flows related to the Zoom2u courier Platform are presented in the statement of cash flows on a net basis to reflect the fees charged to customers and independent couriers that utilise the Platform. Cash flows from other revenue streams are presented on a gross basis to reflect the flow of receipts from customers and payments to suppliers.

15. Cash flow information

15.1. Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2022 (\$)	2021 (\$)
Loss for the year	(4,903,637)	(1,081,342)
Cash flows excluded from profit attributable to operating activities		
- Transaction costs relating to financing activities	-	140,780
Non-cash flows in loss:		
- depreciation	283,267	91,636
- fair value movement on derivative financial instruments	(76,065)	(77,625)
- share based payments expenses	911,085	-
- interest and other finance costs paid	30,846	-
- other	-	15,980
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(58,495)	(43,907)
- (increase)/decrease in other assets	(110,500)	88,185
- increase/(decrease) in trade and other payables	81,933	545,376
- increase/(decrease) in other liabilities	19,613	(46,462)
Cashflows used in operations	(3,821,953)	(367,379)

Notes to the Financial Statements

For the Year Ended 30 June 2022

15. Cash flow information (continued)

15.2. Changes in liabilities arising from financing activities

	2021 (\$)	Cash flows (\$)	Fair value changes (\$)	Other changes (\$) (i)	2022 (\$)
Long term borrowings	2,207,704	-	-	(2,207,704)	-
Derivative financial instruments	76,065	-	(76,065)	-	-
Lease liabilities (ii)	45,874	(20,291)	-	1,301	26,884
Total liabilities from financing activities	2,329,643	(20,291)	(76,065)	(2,206,403)	26,884

	2020 (\$)	Cash flows (\$)	Fair value changes (\$)	Other changes (\$) (i)	2021 (\$)
Long term borrowings	-	2,500,000	-	(292,296)	2,207,704
Derivative financial instruments	-	-	(77,625)	153,690	76,065
Borrowing costs	-	(165,000)	-	165,000	-
Lease liabilities (ii)	119,740	(77,773)	-	3,907	45,874
Total liabilities from financing activities	119,740	2,257,227	(77,625)	30,301	2,329,643

- (i) Other changes represent non-cash movements including conversion of convertible notes to ordinary shares, accrued interest expense, recognition of the embedded derivative and borrowing costs associated with the issue of convertible notes. Refer to Note 16 for further information.
- (ii) Other changes for lease liabilities represent cashflows for interest associated with lease liabilities which has been classified as operating activities.

15.3. Borrowing facilities

The following facilities were available at the end of the reporting period:

	2022 (\$)	2021 (\$)
Total		
Trade finance facility	500,000	500,000
Used at reporting date		
Trade finance facility	-	-
Unused at reporting date		
Trade finance facility	500,000	500,000

During the year, the Group renewed a short-term working capital funding arrangement with Tradeplus24 Australia Pty Ltd. The facility is a secured revolving loan facility with a limit of \$500,000. The interest rate on the loan is equivalent to a margin of 8.23% plus the current 30-day BBSW bid rate. The facility is available until 28 February 2023. See note 33 for further detail in relation to renewal of this facility.

Notes to the Financial Statements

For the Year Ended 30 June 2022

16. Borrowings

	2022 (\$)	2021 (\$)
NON-CURRENT		
Unsecured liabilities:		
Convertible notes	-	2,207,704
Total non-current borrowings	-	2,207,704

Summary of borrowings - convertible notes

The Group raised \$2,500,000 in cash proceeds from entering into various convertible note subscription agreements (Convertible notes) in May 2021. The terms of repayment of the Convertible notes issued was either full repayment of principal on the date that is 24 months after the issue date, or earlier if there is a liquidity event. In the event of a liquidity event earlier than the date that is 24 months after the issue date, the value of the Convertible note at the liquidity event date would be converted into ordinary shares at a discount to the price implied by the liquidity event.

Under the terms of Convertible notes, no interest was payable in relation to the Convertible notes.

The Convertible notes were issued as a result of the Company's pre-IPO capital raise. The Convertible notes converted into shares on 6 September 2021, when all of the conditions for conversion were satisfied.

The Convertible notes contained an embedded derivative of \$76,065 which was recognised as a financial liability at fair value through profit or loss on initial recognition, along with an equity feature which was deemed to have nil value at issue date. Refer to Note 17 for further details.

Defaults and breaches

During the current and prior year, there were no defaults or breaches on any of the loans.

Accounting treatment

Convertible notes

Convertible notes were separated into the host liability and embedded derivative components based on the terms of the agreement. On issuance of the convertible notes, the liability component of hybrid financial instruments were initially recognised at the fair value of a similar liability that does not have an equity conversion option.

The embedded derivative component was initially recognised at fair value. The host debt was carried at amortised cost using the effective interest method until it was extinguished on conversion or redemption. The remainder of the proceeds were 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 was not remeasured in subsequent years.

Notes to the Financial Statements

For the Year Ended 30 June 2022

16. Borrowings (continued)

Accounting treatment (continued)

Embedded derivatives

An embedded derivative was a component of a compound instrument that also included a non derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. The embedded derivative was separated from the host contract and accounted for as a derivative as the economic characteristics and risks of the embedded derivative were not closely related to the economic characteristics and risks of the host contract. The embedded derivative was measured at fair value with changes in value being recorded in profit or loss.

Transaction costs

Transaction costs were apportioned to the debt liability and the embedded derivatives in proportion to the allocated proceeds. The portion attributed to the derivative liability were expensed in the statement of profit and loss. The transaction costs attributed to the borrowing were capitalised against the borrowing and amortised as part of the effective interest rate.

17. Derivative financial instruments

	2022 (\$)	2021 (\$)
NON-CURRENT		
Embedded derivative	-	76,065

Embedded derivative

Refer to Note 16 for further details. The embedded derivative was not designated as a hedge.

18. Fair value measurement

Fair value hierarchy

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Group:

30 June 2022	Note	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial liabilities					
Phantom equity plan liability		-	-	46,451	46,451
30 June 2021					
Financial liabilities					
Derivative financial instruments	17	-	-	76,065	76,065

Notes to the Financial Statements

For the Year Ended 30 June 2022

18. Fair value measurement (continued)

Level 3 measurements

A reconciliation of the movements in fair value measurements allocated to Level 3 of the hierarchy is provided below:

	Note	2022 (\$)	2021 (\$)
Balance at beginning of year		76,065	-
Phantom equity plan liability recognised during the year		46,451	-
Derivative financial instrument recognised during the year		-	153,690
Fair value gain recognised in profit or loss - finance income	7	(76,065)	(77,625)
Balance at end of year		46,451	76,065

Transfers between levels of the hierarchy

There were no transfers between levels of the fair value hierarchy.

19. Financial risk management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimize potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Group is exposed are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk – currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by the Group are:

- Trade receivables
- Cash at bank
- Trade and other payables
- Convertible notes
- Lease liabilities

Notes to the Financial Statements

For the Year Ended 30 June 2022

19. Financial risk management (continued)

	2022 (\$)	2021 (\$)
Financial assets		
Held at amortised cost		
- Cash and cash equivalents	4,259,091	2,446,484
- Trade and other receivables	589,758	531,263
Total financial assets	4,848,849	2,977,747
Financial liabilities		
Financial liabilities measured at amortised cost	1,275,787	3,508,703
Lease liabilities	26,884	45,874
Financial liabilities at fair value		
- Phantom equity plan liability	46,451	-
- Embedded derivative	-	76,065
Total financial liabilities	1,349,122	3,630,642

Objectives, policies and processes

The Board of Directors has overall responsibility for the establishment of the Group's financial risk management framework.

The day-to-day risk management is carried out by the Group's finance function. The Chief Financial Officer is responsible for designing and implementing processes for risk management. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities and by continuously monitoring actual and forecast cash flows.

Notes to the Financial Statements

For the Year Ended 30 June 2022

19. Financial risk management (continued)

Liquidity risk (continued)

The table below reflects the undiscounted contractual maturity analysis for financial liabilities (excluding lease liabilities for the current year - refer to note 24).

Financial liability maturity analysis - Non-derivative

	Within 1 Year		1 to 5 Years		Total	
	2022 (\$)	2021 (\$)	2022 (\$)	2021 (\$)	2022 (\$)	2021 (\$)
Financial liabilities due for payment						
Trade payables and other liabilities	1,275,787	1,251,176	-	49,823	1,275,787	1,300,999
Lease liability	26,884	45,874	-	-	26,884	45,874
Phantom equity plan liability	-	-	46,451	-	46,451	-
Borrowings (excluding lease liabilities)	-	-	-	2,207,704	-	2,207,704
Total contractual outflows	1,302,671	1,297,050	46,451	2,257,527	1,349,122	3,554,577

Financial liability maturity analysis – derivative

	Within 1 Year		1 to 5 Years		Total	
	2022 (\$)	2021 (\$)	2022 (\$)	2021 (\$)	2022 (\$)	2021 (\$)
Net Settled						
Embedded derivatives	-	-	-	76,065	-	76,065

The timing of expected outflows is not expected to be materially different from contracted cashflows.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Trade receivables and contract assets

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes utilising Credit Watch, external ratings, if they are available, financial statements, credit agency information and industry information. Credit limits are established for each customer and the utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

Notes to the Financial Statements

For the Year Ended 30 June 2022

19. Financial risk management (continued)

Management review the ageing profile of trade receivables. The Board receives monthly reports summarising the trade receivables balance and ageing profiles.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

The Group does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in British Pounds (GBP), Philippine Pesos (PHP), US Dollars (USD) and Canadian Dollars (CAD).

Generally, the Group's exposure is to short-term foreign currency cash flows (due or payable within 6 months).

Foreign currency denominated financial assets and liabilities, translated into Australian Dollars at the closing rate, are as follows,

2022 (A\$)	USD	PHP	GBP	ZAR	INR	Total AUD
Nominal amounts						
Financial assets						
Financial liabilities	90,909	55,362	8,794	7,611	6,350	169,026
Short-term exposure	90,909	55,362	8,794	7,611	6,350	169,026
2021 (A\$)	USD	PHP	GBP	ZAR	INR	Total AUD (\$)
Nominal amounts						
Financial assets	-	-	-	-	-	-
Financial liabilities	51,716	9,234	23,079	-	-	84,029
Short-term exposure	51,716	9,234	23,079	-	-	84,029

The following table illustrates the sensitivity of the net result for the year and equity to changes in exchange rates applying to the Group's financial assets and financial liabilities denominated in foreign currencies at the relevant reporting dates.

Notes to the Financial Statements

For the Year Ended 30 June 2022

19. Financial risk management (continued)

Based on the Group's exposures, had the Australian dollar strengthened or weakened by 5% against these foreign currencies with all other variables held constant, the Group's loss before tax (result) and equity for the period would have been effected as follows:

	2022		2021	
	+5%	-5%	+5%	-5%
USD				
Result	4,545	(4,545)	2,586	(2,586)
Equity	4,545	(4,545)	2,586	(2,586)
PHP				
Result	2,768	(2,768)	462	(462)
Equity	2,768	(2,768)	462	(462)
GBP				
Result	440	(440)	1,154	(1,154)
Equity	440	(440)	1,154	(1,154)
ZAR				
Result	381	(381)	-	-
Equity	381	(381)	-	-
INR				
Result	318	(318)	-	-
Equity	318	(318)	-	-

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

(ii) *Interest rate risk*

The Group is not exposed to interest rate risk. As at the reporting date, there was no amount owing under the Tradeplus24 facility.

(iii) *Price risk*

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held.

The Group does not hold any investments and is not subject to price risk as at the reporting date.

Accounting treatment

Foreign currency translation

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and

Notes to the Financial Statements

For the Year Ended 30 June 2022

19. Financial risk management (continued)

- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss.

Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis.

Notes to the Financial Statements

For the Year Ended 30 June 2022

19. Financial risk management (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectible then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Financial liabilities

The Group classifies financial liabilities into either:

- liabilities measured at fair value through profit or loss; or
- other financial liabilities.

Liabilities measured at fair value through profit or loss comprise of derivative financial instruments and changes in fair value are recorded in profit or loss at each reporting period.

Other financial liabilities are initially recorded at fair value less transaction costs. Subsequently financial liabilities are measured at amortised cost using the effective interest rate method. Other financial liabilities comprise trade payables and lease liabilities.

Operating assets and liabilities

20. Trade and other receivables

	2022 (\$)	2021 (\$)
CURRENT		
Trade receivables	592,998	518,822
Provision for expected credit losses	(a) (10,000)	(7,400)
	582,998	511,422
GST receivable	6,760	19,841
Total current trade and other receivables	589,758	531,263

Notes to the Financial Statements

For the Year Ended 30 June 2022

20. Trade and other receivables (continued)

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

20.1. Provision for expected credit losses

The Group applies the simplified approach to providing for expected credit losses (ECL) prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2022 is determined as follows:

30 June 2022	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
Expected loss rate (1.80%)					
Gross carrying amount (\$)	436,211	123,767	20,177	12,843	592,998
ECL provision	-	-	-	(10,000)	(10,000)
30 June 2021					
Gross carrying amount (\$)	413,826	103,020	1,976	-	518,822
ECL provision	-	(5,424)	(1,976)	-	(7,400)

Reconciliation of changes in the provision for expected credit losses is as follows:

	2022 (\$)	2021 (\$)
Balance at beginning of the year	7,400	10,000
Additional provisions recognised	2,600	-
Unused amounts reversed	-	(2,600)
Balance at end of the year	10,000	7,400

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty or there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings or when the trade receivables are over 6 months past due, whichever occurs first.

Notes to the Financial Statements

For the Year Ended 30 June 2022

21. Property, plant and equipment

	2022 (\$)	2021 (\$)
PLANT AND EQUIPMENT		
Motor vehicles		
At cost	32,093	32,093
Accumulated depreciation	(11,167)	(7,475)
Total motor vehicles	20,925	24,618
Office equipment		
At cost	45,230	42,277
Accumulated depreciation	(21,647)	(15,580)
Total office equipment	23,583	26,697
Computer equipment		
At cost	128,685	74,602
Accumulated depreciation	(21,964)	(23,530)
Total computer equipment	106,721	51,072
Total property, plant and equipment	151,229	102,387

21.1. Movements in carrying amounts of property, plant and equipment

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

	Motor Vehicles (\$)	Office Equipment (\$)	Computer Equipment (\$)	Total (\$)
Year ended 30 June 2022				
Balance at the beginning of year	24,618	26,697	51,072	102,387
Additions	-	2,953	100,741	103,695
Disposals	-	-	(17,578)	(17,578)
Depreciation expense	(3,693)	(6,068)	(27,514)	(37,275)
Balance at the end of the year	20,925	23,583	106,271	151,229
Year ended 30 June 2021				
Balance at the beginning of year	28,963	22,065	12,890	63,918
Additions	-	10,475	49,699	60,174
Depreciation expense	(4,345)	(5,843)	(11,517)	(21,705)
Balance at the end of the year	24,618	26,697	51,072	102,387

Notes to the Financial Statements

For the Year Ended 30 June 2022

21. Property, plant and equipment (continued)

21.1. Movements in carrying amounts of property, plant and equipment (continued)

Accounting treatment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a declining value basis over the assets useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Office and computer equipment	10-33%
Motor Vehicles	10%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Notes to the Financial Statements

For the Year Ended 30 June 2022

22. Intangible assets

	2022 (\$)	2021 (\$)
Goodwill		
Cost	250,000	250,000
Accumulated impairment losses	-	-
Net carrying value	250,000	250,000
Patents, trademarks and other rights		
Cost	165,328	116,500
Accumulated amortisation and impairment	(109,505)	(105,500)
Net carrying value	55,823	11,000
Customer list		
Cost	450,000	-
Accumulated amortisation and impairment	(42,137)	-
Net carrying value	407,863	-
Acquired software		
Cost	350,000	-
Accumulated amortisation and impairment	(39,326)	-
Net carrying value	310,674	-
Developed software		
Cost	769,197	-
Accumulated amortisation and impairment	(81,449)	-
Net carrying value	687,748	-
Total Intangible assets	1,712,108	261,000

On 9 December 2021, the Company announced the acquisition of the Local Delivery Shopify App (Local Delivery) from Enum Pty Ltd as trustee for Enum Unit Trust ACN 614 185 938. The Company paid cash consideration of A\$880,000 (including GST) to buy the assets associated with Local Delivery. Local Delivery allows e-commerce businesses, utilising the Shopify platform, to embed functionality to enable their customers to select a desired delivery date and time into their check out process. The assets associated with the transaction included all intellectual property associated with Local Delivery, and existing customer relationships with approximately 570 e-commerce businesses in over 45 countries.

Notes to the Financial Statements

For the Year Ended 30 June 2022

22. Intangible assets (continued)

22.1. Movement in carrying amounts of intangible assets

	Goodwill (\$)	Patents, trademarks and other rights (\$)	Customer list (\$)	Acquired software (\$)	Developed software (\$)	Total (\$)
Year ended 30 June 2022						
Balance at the beginning of the year	250,000	11,000	-	-	-	261,000
Additions	-	48,828	450,000	350,000	769,197	1,618,025
Amortisation expense	-	(4,005)	(42,137)	(39,326)	(81,449)	(166,917)
Closing value at 30 June 2022	250,000	55,823	407,863	310,674	687,748	1,712,108
Year ended 30 June 2021						
Balance at the beginning of the year	250,000	-	-	-	-	250,000
Additions	-	11,000	-	-	-	11,000
Closing value at 30 June 2021	250,000	11,000	-	-	-	261,000

Recoverable amount testing for goodwill and indefinite life intangibles

For the purpose of impairment testing, goodwill and indefinite life intangibles are allocated to cash-generating units as below:

Description of the cash-generating unit (CGU)	Carrying amount of goodwill (\$)	Method of estimation
Freight Match Business	250,000	Value-in-use

Cash-generating unit where recoverable amount has been determined using value in use.

CGU	Period over which cash flows have been projected	Terminal growth rate used for cash flow projections (%)	Discount Rate (%)
Freight Match Business	4 years	4.00	25%

Impairment assumptions

Goodwill is allocated to the Freight Match Business which is the cash generating unit (CGU) for the purpose of impairment testing. The recoverable amount of the CGU is determined based on value in use calculations. These calculations use cash flow projections covering a four year period. Cash flows past the four year period are extrapolated using an estimated growth rate. These growth rates do not exceed the long-term average growth rates for the industry.

Notes to the Financial Statements

For the Year Ended 30 June 2022

22. Intangible assets (continued)

Accounting treatment

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- the consideration transferred;
- any non-controlling interest; and
- the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired in a business combination.

Goodwill is not amortised but is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life of 10 years.

Customer list and acquired software

Customer lists and software acquired are recorded at cost. Software acquired is amortised on a straight-line basis over the period of its expected benefit, being its finite life, which is expected to be 5 years. Customer lists acquired are amortised on a straight-line basis over the period of their expected benefit, being their expected life of 6 years.

Developed software

Developed software costs are capitalised when: it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised developed software costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Notes to the Financial Statements

For the Year Ended 30 June 2022

22. Intangible assets (continued)

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

23. Other assets

	2022 (\$)	2021 (\$)
CURRENT		
Prepayments	82,944	32,680
Accrued income	28,730	22,690
Other assets	20,900	20,900
	132,574	76,270

24. Leases

Information relating to the leases in place and associated balances and transactions are provided below.

The Group has leases over its office premises.

Terms and conditions of leases

The Group leases a building for their corporate office. The lease term is for 2 years and includes a renewal option to allow the Group to renew for up to 1 year.

The corporate office lease contains an annual pricing mechanism based on current market rate at each anniversary of the lease inception.

	Buildings (\$)	Total (\$)
Year ended 30 June 2022		
Balance at beginning of year	40,794	40,794
Adjustments	53,292	53,292
Depreciation charge	(70,564)	(70,564)
Balance at end of year	23,522	23,522
	Buildings (\$)	Total (\$)
Year ended 30 June 2021		
Balance at beginning of year	110,726	110,726
Depreciation charge	(69,932)	(69,932)
Balance at end of year	40,794	40,794

Notes to the Financial Statements

For the Year Ended 30 June 2022

24. Leases (continued)

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Consolidated Statement Of Financial Position
2022	26,884			26,884	26,884
2021	45,874	-	-	45,874	45,874

Consolidated Statement of Cash Flows

	2022 (\$)	2021 (\$)
Total cash outflow for leases	(78,890)	(73,866)

Accounting treatment

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis over the term of the lease and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Notes to the Financial Statements

For the Year Ended 30 June 2022

24. Leases (continued)

Accounting treatment (continued)

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured when there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term. The Group did not have any significant short-term or low-value lease assets during the financial year.

25. Trade and other payables

	Note	2022 (\$)	2021 (\$)
CURRENT			
Trade payables		805,814	819,659
Accrued expense		245,161	313,529
Deferred revenue		19,045	22,763
Phantom equity plan liability	(a)	46,451	-
Other payables		155,943	15,425
		1,272,414	1,171,376

(a) Phantom equity plan

The Company has established a Phantom equity plan (PEP) for staff who have not been allocated securities in the Company's ESOP (see note 28), including offshore staff. The purpose of the PEP is to allow participants to obtain an indirect economic interest in the pursuit of the growth, development, profitability and financial success of the Company.

The PEP gives participants an opportunity to acquire notional shares (Phantom Shares) that tracks the value of underlying shares, as traded on the ASX.

Under the PEP, up to 2,000,000 Phantom Shares at a nominal base price of \$0.20 (Base Price) are available to be allocated to participants at the discretion of the Directors. The Phantom Shares, subject to retention and/or performance conditions being achieved, entitle participants to receive a cash bonus on exercise of their Phantom Shares.

The cash bonus a participant is eligible to receive will be calculated by multiplying the number of Phantom Shares held by a participant proposed to be exercised by the increase in the Company's share price from the Base Price as at the commencement of the relevant exercise window. The Price Increase for the purposes of the PEP will be capped at \$0.30.

The expense related to the PEP is included within employee benefit expense in the consolidated statement of profit or loss and other comprehensive income, with a corresponding liability to reflect the future cash-settled obligation. The liability is remeasured each reporting date to reflect fair value.

Notes to the Financial Statements

For the Year Ended 30 June 2022

As at 30 June 2022, 1,624,000 Phantom Shares had been granted to employees. Most of the Phantom Shares had an issue date of 13 September 2021.

Fair Value Measurement

The assessed fair value at reporting date of PEP units issued during the year ended 30 June 2022 has been determined using a Probability Distribution model that takes into account the exercise price of the units, any price cap on the units, the term of the units, the share price at reporting date and expected price volatility of the underlying share, based on the correlations and volatilities of a group of peer companies.

The assessed fair value at issue date of Phantom Shares granted during the year ended 30 June 2022 was approximately \$0.036 per Phantom Share.

The model inputs for Phantom Shares granted during the year ended 30 June 2022 included:

- Phantom Shares are granted for no consideration and vest based on conditions related to retention or performance conditions being achieved;
- An exercise price of \$0.20 per Phantom Share and a price cap of \$0.50 per Phantom Share;
- Phantom Shares being exercisable for a period of 36 months from the issue date, which was, for most participants, around 13 September 2021; and
- expected price volatility of the Company's shares of 80%. The expected price volatility is based on the historic volatility of a group of peer companies,

Accounting treatment

The Group's financial liabilities include trade and other payables, which are measured at amortised cost using the effective interest rate method.

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Notes to the Financial Statements

For the Year Ended 30 June 2022

26. Other liabilities

	2022 (\$)	2021 (\$)
CURRENT		
Other current liabilities	49,824	79,800
NON-CURRENT		
Other non-current liabilities	-	49,823

Other liabilities relate to amounts owing to the Australian Taxation Office (ATO) in relation to the settlement of a historical dispute. The amount owing is being repaid to the ATO in accordance with the terms and payment period agreed with the ATO.

Capital structure

27. Issued capital

	30 June 2022 Shares	30 June 2021 Shares	30 June 2022 \$	30 June 2021 \$
Ordinary shares - fully paid	173,332,932	906,498	18,697,593	9,012,201
Movements in ordinary share capital	Date	Shares (Number)	Issue Price \$	Total \$
Balance	30 June 2021	906,498	-	9,012,201
Share split	(a) 8 July 2021	115,759,780	-	-
Share capital issued	(b) 6 September 2021	40,000,000	0.20	8,000,000
Share capital issued	(c) 7 September 2021	16,666,654	0.15	2,499,998
Less: capital raising costs	(d)			(814,606)
Balance		173,332,932		18,697,593

- (a) On 8 July 2021, the shareholders of the Company passed a resolution to approve a share split on the basis that each shareholder would receive 128.7 shares for each share held (Share Split). Where a revised shareholding results in a fractional number of shares, it was to be rounded down to the closest whole number. The Share Split increased the number of shares on issue from 906,498 to 115,759,780.
- (b) On 2 August 2021, the Company lodged a prospectus with ASIC in relation to a proposed Initial Public Offering of shares on the ASX. The Offer raised \$8,000,000 from the issue of 40,000,000 new ordinary shares at a price of \$0.20 per share.
- (c) On 7 September 2021, convertible notes with a face value of approximately \$2,500,000 were converted to ordinary shares at a price of \$0.15 per share as all conditions for conversion had been satisfied. The conversion of these convertible notes resulted in 16,666,654 ordinary shares being issued.
- (d) Capital raising costs taken against equity include costs associated with a convertible note issue and the Company's IPO, together with a derivative liability related to the convertible notes.

Notes to the Financial Statements

For the Year Ended 30 June 2022

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

Capital Management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

There has been no change to capital risk management policies during the year.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk.

28. Share based payments

Expenses arising from share-based payment transactions recognised during the period as part of employee benefits expense and other expenses were as follows:

		30 June 2022	30 June 2021
		\$	\$
Employee Share Option Plan and New Employee Share Option Plan	(a)(b)	698,454	-
Lead Manager Options	(c)	166,180	-
Phantom equity plan	25(a)	46,451	-
Total		911,085	-

The assessed fair value at issue date of share based payment securities issued during the year ended 30 June 2022 has been determined using a Black-Scholes Model that takes into account the exercise price, any price cap on the securities, the term of the securities, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the securities and the correlations and volatilities of a group of peer companies. The valuations determined have been adjusted to reflect the likelihood of vesting conditions being met.

(a) Employee Share Option Plan

The Company has established an umbrella equity-based long-term employee option plan (ESOP) to assist in the attraction, motivation, retention and reward of key management personnel, and other eligible employees. Under the rules of the ESOP, the Board has a discretion to offer options to acquire shares (Options) to senior management, Directors or other nominated key employees subject to service-based conditions and/or performance hurdles. Once vested, the Options remain exercisable for a period of 60 months from the issue date. Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable each Option is convertible into one ordinary share. The exercise price of Options is \$0.20 per share.

The expense related to the Employee Share Option Plan is included within employee benefit expense in the consolidated statement of profit or loss and other comprehensive income.

Notes to the Financial Statements

For the Year Ended 30 June 2022

As at 30 June 2022, 21,237,510 Options had been granted to eligible employees. These Options all had an issue date of 10 September 2021.

Fair Value Measurement

The assessed fair value at issue date of Options granted during the year ended 30 June 2022 was approximately \$0.126 per option for options subject to service-based conditions and certain options subject to performance hurdles, whilst other options subject to performance hurdles were valued at \$0.102 per option.

The model inputs for Options granted during the year ended 30 June 2022 included:

- Options are granted for no consideration and vest based on conditions related to Service Conditions and Performance Conditions as outlined in the Company's IPO prospectus;
- an exercise price of \$0.20 per Option;
- Options being exercisable for a period of 60 months from the issue date, which was 10 September 2021;
- expected price volatility of the Company's shares of 80%. The expected price volatility is based on the historic volatility of a group of peer companies; and
- a risk-free interest rate of 0.4%, consistent with the yield on a 10 year Commonwealth Government Bond at around the issue date.

(b) New Employee Share Option Plan

The Company has established a new equity-based long-term employee option plan (New ESOP) to assist in the attraction, motivation, retention and reward of key management personnel, and other eligible employees following the Company's listing on the ASX. Under the rules of the New ESOP, the Board has a discretion to offer options to acquire shares (New Options) to senior management, Directors or other nominated key employees subject to service-based conditions and/or performance hurdles. Once vested, the New Options remain exercisable for a period of 60 months from the issue date. New Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable each New Option is convertible into one ordinary share. The exercise price of the New Options currently granted is \$0.35 per share.

The expense related to the New ESOP is included within employee benefit expense in the consolidated statement of profit or loss and other comprehensive income.

As at 30 June 2022, 987,791 New Options had been granted to eligible employees. The grant of these New Options is subject to approval of the Company's shareholders at the Company's 2022 Annual General Meeting, expected to be held on 29 November 2022, following which they will be issued.

Fair Value Measurement

The assessed fair value at issue date of New Options granted during the year ended 30 June 2022 was approximately \$0.075 per option for options subject to service-based conditions, whilst other options subject to performance hurdles were valued at \$0.042 per option.

The model inputs for New Options granted during the year ended 30 June 2022 included:

- New Options are granted for no consideration and vest based on conditions related to Service Conditions and Performance Conditions;
- an exercise price of \$0.35 per New Option;
- New Options being exercisable for a period of 60 months from the issue date,
- expected price volatility of the Company's shares of 80%. The expected price volatility is based on the historic volatility of a group of peer companies; and
- a risk-free interest rate of 3.36%, consistent with the yield on a 10 year Commonwealth Government Bond as at 30 June 2022.

Notes to the Financial Statements

For the Year Ended 30 June 2022

(c) Lead Manager Options

The Company has issued a total of 2,000,000 unlisted options to Foster Stockbroking Pty Ltd with an exercise price of \$0.30 per Share, equal to a 50% premium to the IPO price, and with an expiry date of 3 years from 10 September 2021 (Lead Manager Options). The Lead Manager Options vested on 10 September 2021.

As at 30 June 2022, 2,000,000 Lead Manager Options were on issue.

The expense related to the Lead Manager Options which occurred on the vesting date, is included within other expenses in the consolidated statement of profit or loss and other comprehensive income.

Fair Value Measurement

The assessed fair value at issue date of Lead Manager Options granted during the year ended 30 June 2022 was approximately \$0.083 per option.

The model inputs for Lead Manager Options granted during the year ended 30 June 2022. included:

- Lead Manager Options were granted for no consideration and vested on 10 September 2021;
- an exercise price of \$0.30 per Option;
- Options being exercisable for a period of 36 months from the issue date, which was 10 September 2021;
- expected price volatility of the Company's shares of 80%. The expected price volatility is based on the historic volatility of a group of peer companies; and
- a risk-free interest rate of 0.2%, consistent with the yield on a 3 year Commonwealth Government Bond at around the issue date.

Group Structure

29. Interests in subsidiaries

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2022	Percentage Owned (%)* 2021
Subsidiaries:			
Zoom2u Pty Limited	Australia	100	100
Locate 2u Pty Limited	Australia	100	100
2u Enterprises Pty Limited	Australia	100	100
Locate IP Pty Limited	Australia	100	100
Locate2u USA Inc	United States of America	100	-
Locate2u UK Pty Ltd	United Kingdom	100	-
Drivers2u Pty Ltd	Australia	100	-

*The percentage of ownership interest held is equivalent to the percentage of voting rights for all subsidiaries.

30. Related parties

The Group's main related parties are as follows:

- Key management personnel - refer to Note 13.
- Subsidiaries - refer to Note 29.

Notes to the Financial Statements

For the Year Ended 30 June 2022

- Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

There are no other related party transactions other than those disclosed in note 13.

31. Parent entity

The following information has been extracted from the books and records of the parent, Zoom2u Technologies Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Zoom2u Technologies Limited has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries are accounted for at cost in the consolidated financial statements of the parent entity.

	2022 (\$)	2021 (\$)
Statement of Financial Position		
Assets		
Current assets	2,835,560	1,853,806
Non-current assets	14,090,942	10,513,611
Total Assets	16,926,802	12,367,417
Liabilities		
Current liabilities	370,617	403,722
Non-current liabilities	240,083	3,416,835
Total Liabilities	610,700	3,820,557
Equity		
Issued capital	18,697,593	9,012,201
Reserves	864,633	-
Retained earnings	(3,246,124)	(465,341)
Total Equity	16,316,102	8,546,860
Statement of Profit or Loss and Other Comprehensive Income		
Total loss for the year	(2,780,783)	(452,154)
Other comprehensive income	-	-
Total comprehensive income for the year	(2,780,783)	(452,154)

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2022 or 30 June 2021.

Contractual commitments

The parent entity did not have any commitments as at 30 June 2022 or 30 June 2021.

Notes to the Financial Statements

For the Year Ended 30 June 2022

Unrecognised and further items

32. Contingent liabilities and contingent assets

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2022 (30 June 2021:None).

33. Events occurring after the reporting date

On 2 August 2022, the Company was advised that the facility with Tradeplus24 Australia Pty Limited for the provision of a secured uncommitted revolving loan facility with a credit limited of \$1,00,000 had been renewed until August 2023. The interest rate is calculated as the sum of the 30 day/1 month BBSW bid rate at the first date of each month (Base Rate) and the margin, being 7.7% per annum. A floor of 0% will apply to the Base Rate. A facility fee accrues at a rate of 0.50% per annum whilst the facility is undrawn, and at a rate of 1.50% per annum on the recommencement of drawing on the facility, paid monthly in arrears. This debt facility is available until 31 August 2023. Currently, there is no amount owing under this facility.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity during periods when Sydney and Melbourne were in lock down, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly changing and can be impacted by numerous actions including changes in relation to social distancing, quarantine and travel restrictions.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

34. Remuneration of auditors

	2022 (\$)	2021 (\$)
Remuneration of the auditor BDO Audit Pty Ltd, for:		
- auditing or reviewing the financial statements	99,890	70,000
- other services	100,261	95,246
	200,151	165,246
Remuneration of the auditor PKF, for:		
- auditing or reviewing the financial statements for the year ended 30 June 2020	-	5,000
Total	200,151	170,246

Other services from BDO include the provision of IPO due diligence and taxation services. For additional detail, refer to the Directors' Report.

Notes to the Financial Statements

For the Year Ended 30 June 2022

35. New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Group where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 2020-1 Amendments to Australian Accounting Standards – Classifications of Liabilities as Current or Non-Current.	Annual reporting periods beginning on 1 July 2023	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.	Little impact is expected on the Group's financial statement with the exception being that derivative financial liability would be classified as current.
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	Annual reporting periods beginning on 1 January 2022	Non urgent but necessary changes to the standards	Little impact expected for the Group.
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [amends AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2]	Annual reporting periods beginning on or after 1 January 2023	<p>This Standard Introduces a definition of 'accounting estimate', i.e. monetary amounts in financial statements that are subject to estimation uncertainty, such as estimating expected credit losses for receivables, or estimating the fair value of an item recognised in the financial statements at fair value.</p> <p>Accounting estimates are developed using measurement techniques and inputs. Measurement techniques comprise estimation techniques (such as used to determine expected credit losses or value in use) and valuation techniques (such as the income approach to determine fair value).</p> <p>The amendments clarify that a change in an estimate occurs when there is either a change in a measurement technique or a change in an input.</p>	There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to changes in accounting estimates that occur on or after the beginning of the first annual reporting period to which these amendments apply, i.e. annual periods beginning on or after 1 July 2023.

Notes to the Financial Statements

For the Year Ended 30 June 2022

36. Statutory Information

The registered office and principal place of business of the company is:

Zoom2u Technologies Limited
Level 4, Suite 4.11
55 Miller Street
Pyrmont NSW 2009

Notes to the Financial Statements

For the Year Ended 30 June 2022

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.

On behalf of the directors

Director: Drew Kelton

Signature: *Drew Kelton*

Director: Stephen Orenstein

Signature: *SO*

Dated: 24 August 2022

INDEPENDENT AUDITOR'S REPORT

To the members of Zoom2u Technologies Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Zoom2u Technologies 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 report, 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 ended on that date; 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 Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (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.

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.

Revenue recognition

Key audit matter	How the matter was addressed in our audit
<p>Refer to note 6 of the financial report. For the year ended 30 June 2022, the Group recognised \$4,633,184 of revenue (2021: \$2,838,633).</p> <p>Australian Accounting Standard AASB 15: Revenue from Contracts with Customers ('AASB 15') uses a five-step model to recognise revenue. A number of judgements are made by management in order to determine the point at which performance obligations are met and revenue can be recognised.</p> <p>Due to these factors and the overall significance of revenue to the Group as a key performance indicator, we considered this area to be a key audit matter.</p>	<p>To determine whether revenue was appropriately accounted for and disclosed within the financial statements, we undertook, amongst others, the following audit procedures:</p> <ul style="list-style-type: none"> Critically evaluated the revenue recognition policies for all material sources of revenue and from our detailed testing performed, ensured that revenue was being recognised appropriately, in line with Australian Accounting Standards and policies disclosed within the financial statements; and Selecting a sample of revenue transactions, agreeing revenue recognised to supporting documentation to confirm the existence and accuracy of the revenue recognised and to consider whether the transactions were recorded in the correct period.

Accounting and valuation of share options

Key audit matter	How the matter was addressed in our audit
<p>As disclosed in Note 28 of the financial report, the Group has issued share options which resulted in share based payment expenditure of \$911,085 to be recognised during the year (2021: \$nil).</p> <p>Share based payments is a key audit matter as the accounting can be complex and requires judgement and the use of assumptions regarding their recognition and measurement.</p>	<p>Our audit procedures for addressing this key audit matter included, but were not limited to the following:</p> <ul style="list-style-type: none"> Obtaining and understanding the nature and terms and conditions of the share options issued and considered the appropriate accounting treatment of the transactions with reference to AASB 2 Share based payment; In conjunction with internal experts, evaluating the appropriateness of the valuation methodology applied against the requirements of AASB 2 Share based payment, including an assessment of the significant inputs applied by management in the valuation models; and Assessing the adequacy of the disclosures of the share based payments during the year.



Acquisition of Local Delivery Shopify App

Key audit matter	How the matter was addressed in our audit
<p>As disclosed in Note 22 of the financial report, the Group acquired the Local Delivery Shopify App ('Local Delivery') for consideration of \$800,000 during the year.</p> <p>Given the complexities involved in acquisition accounting in accordance with AASB 3 Business Combinations and the degree of judgement involved, the acquisition was considered a key audit matter.</p>	<p>Our audit procedures for addressing this key audit matter included, but were not limited to the following:</p> <ul style="list-style-type: none">• Obtaining an understanding of the Local Delivery transaction with reference to the business sale agreement and performing an assessment of whether the transaction constituted a business or an asset acquisition;• Assessing the treatment of the acquisition with consideration to the requirements set out in AASB 3 Business Combinations; and• Reviewing the valuation of assets acquired with reference to reports from management's external experts and assessing the key assumptions applied.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022 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 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 has 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 (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Zoom2u Technologies 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.

BDO Audit Pty Ltd

A stylized, handwritten-style signature of the letters 'BDO' in black ink.

A handwritten signature in black ink that reads 'Elysia Rothwell'.

Elysia Rothwell

Director

Sydney, 24 August 2022

Shareholder Information

The shareholder information set out below was applicable as at 3 August 2022.

At 3 August 2022, there was a total of 173,332,932 Ordinary shares of the Company on issue.

Substantial holders in the company

Holder of equity securities	Class of equity securities	Number of equity securities held	% of total issued securities in relevant class
Perennial Value Management Limited	Ordinary Shares	17,127,015	9.88%
JM Future Holdings Pty Ltd	Ordinary Shares	11,571,423	6.68%
Zoom2u Technologies Limited	Ordinary Shares	53,796,257	31.04%
Paul Orenstein and Mary Orenstein	Ordinary Shares	11,549,280	6.66%
Steve Orenstein and his controlled entities	Ordinary Shares	44,917,973	25.91%

Distribution of quoted ordinary shares

Holding ranges	Total ordinary		
	Holders	Shares	%
1 - 1000	210	160,053	0.13%
1,001 - 5,000	910	2,383,367	1.99%
5,001 - 10,000	358	2,901,656	2.43%
10,001 - 100,000	483	15,500,761	12.97%
>100,000	91	98,590,338	82.48%
Total	2,052	119,536,675	100.00%

Number of holders and shares held

Class of equity securities	Number of holders	Shares held
Fully Paid Ordinary shares	2,052	119,536,675
Fully Paid Ordinary shares restricted 24 months from Quotation	10	53,796,257
ESOP @ \$0.20 Expiry 5 years from Issue	3	7,408,434
ESOP @ \$0.20 Expiry 5 years from Issue (escrowed for 24 months)	4	13,829,076
Options @ \$0.30 Expiry 3 years from Listing (escrowed for 24 months)	1	2,000,000
Total		196,570,442

Escrow Shares

Class of restricted securities	Type of restriction	Number of securities	End date of escrow period
Ordinary shares	Compulsory Escrowed	53,796,257	10 September 2023

Less than marketable parcels (UMP) of ordinary shares

Total ordinary shares	UMP ordinary shares	UMP holders	% of issued ordinary shares held by UMP holders
173,332,932	1,409,335	855	0.81%

Top 20 shareholders

Holder name	Holding	% Issued capital
SMO FUNDS PTY LIMITED<THE SMO FUNDS A/C>	44,471,770	25.66%
JM FUTURE HOLDINGS PTY LTD <THE JONO FUTURE FUND A/C>	11,676,835	6.74%
PAUL AND MARY ORENSTEIN <ORENSTEIN SUPER FUND>	11,549,280	6.66%
BNP PARIBAS NOMS PTY LTD <DRP>	10,460,349	6.03%
SANDHURST TRUSTEES LTD <CYAN C3G FUND A/C>	7,233,333	4.17%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	6,051,811	3.49%
NATIONAL NOMINEES LIMITED	5,804,875	3.35%
MR ANTHONY KLOK & MRS KERRY RYAN KLOK RYAN FAMILY S/F A/C	5,086,486	2.93%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	4,215,788	2.43%
MANHOL PTY LTD <NEABERGE SUPER FUND>	3,077,088	1.78%
APOLLO HOLDINGS LIMITED	2,533,333	1.46%
MISTARET PTY LIMITED <WOODFORDE FAMILY S/F A/C>	2,337,192	1.35%
EBM CAPITAL PTY LTD <EBM CAPITAL INVESTMENT A/C>	2,158,061	1.25%
STRIBLEY CAPITAL PTY LTD	1,876,446	1.08%
MR STEPHEN DISCO HEMPTON	1,683,333	0.97%
ECHO LINKS HOLDINGS PTY LTD <THE HALLY A/C >	1,506,098	0.87%
NORTHCLIFF INVESTMENTS PTY LTD <G A BROWNE DISCRETIONARY A/C>	1,494,206	0.86%
BRENTON HEDLEY KEY & MICHELLE JEANNE KEY <KEY FAMILY S/F A/C>	1,413,383	0.82%
FOSTER CAPITAL NZ LIMITED <COLT EMERGING COMPANIES A/C>	1,274,739	0.74%
GREGORY PETER BEILBY & MONIQUE LOPES <THE BEILBY LOPES SUPER FUND>	1,235,906	0.71%
Total	127,140,312	73.35%
Balance	46,192,620	26.65%
Total ordinary shares	173,332,932	100.00%



www.zoom2u.com.au/investors