Annual Report

Vonex Limited
30 June 2023

ACN: 063 074 635

Vonex Limited
Corporate directory
30 June 2023

Directors	Stephe Wilks (Non-Exec. Chair) Brent Paddon (Non-Exec. Director) Jason Gomersall (Non-Exec. Director)
Company secretary	Mike Stabb
Registered office	Level 6, 303 Coronation Drive Milton QLD 4064 Tel: 1800 828 668 Fax: 1300 997 999
Principal place of business	Level 6, 303 Coronation Drive Milton QLD 4064 Tel: 1800 828 668 Fax: 1300 997 999
Share register	Computershare Investor Services Pty Limited Level 11, 172 St Georges Terrace Perth WA 6000 Tel: +61 8 9323 2000 Fax: +61 8 9323 2033
Auditor	RSM Australia Partners Level 32, Exchange Tower 2 The Esplanade Perth WA 6000
Solicitors	McCullough Robertson Level 11/66 Eagle St Brisbane QLD 4000
Bankers	Commonwealth Bank of Australia Westpac Bank
Stock exchange listing	Vonex Limited shares are listed on the Australian Securities Exchange (ASX:VN8)
Website	www.vonex.com.au
Corporate Governance Statement	www.vonex.com.au/corporate-governance

Vonex Limited
Directors' report
30 June 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Vonex Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors
The following persons were directors of Vonex Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Stephe Wilks – Non-Executive Chair
Mr Jason Gomersall – Non-Executive Director
Mr Brent Paddon – Non-Executive Director

Principal activities
Vonex is a full service, award-winning telecommunications service provider focused on delivering state of the art cloud based solutions predominately to the small to medium enterprise ("SME") customer under the Vonex brand. The Company also provides a full range of traditional telecommunications products such as mobile and internet. Through 2SG the groups wholesale division customers, such as internet service providers, can access the core Vonex PBX, call termination services, hardware, mobile and internet at wholesale rates via a white label model. Vonex also delivers custom built software solutions to wholesale customers to facilitate projects of scale.
The business was significantly enhanced during the year with the acquisition of Network Technologies (Aust) Pty Ltd, trading as On the Net.

Dividends
There were no dividends declared or paid by the Company during the year and no dividend is recommended (2022: Nil).

Review of operations

Vonex - through its acquisitions in the past 2+ years - has migrated thousands of customers to Vonex platforms. This has been a huge undertaking with significant impact to staff and customers, and at some cost to the business and the smoothness of our operations. The company is very pleased to advise that the process has now been substantially completed.

The Company has learned many lessons from the process of integrating the most recent acquisitions, which will assist to ensure that future acquisitions will be more seamlessly integrated.

That said, a key outcome from some of the negative aspects of the process is that the business has demonstrated just how good its fundamental operations and capabilities are. Those customers who have migrated to the Vonex platform are now benefiting from the quality Vonex services they are paying to receive, and the Vonex platforms very comfortably scaled to take on the additional services. The Company looks forward to its new customers joining the Company's long-served customers and being with the Company for some time, and to benefit from additional services over that time.

The Company's fundamental strengths are reflected in the earnings run rate as it exited the financial year – putting it on track to continue to grow and develop the business.

As an example of that development, the company is seeking to move away from simple resale of third-party services for its own network capability. Doing so allows the Company to reduce cost, gain more control, and ultimately provide a better customer experience – through building our its network and Points of Presence in capital cities. This has been facilitated through the capability and talent which has come to Vonex to expand the Company's existing quality team of professionals, through acquisitions, and in some supplementary recruiting where necessary.

As the Company winds down the migration of customers from recent acquisitions, it has closed one call centre in the Philippines, integrating the workload to the remaining Philippines call centre. This along with other staff streamlining has reduced cost and headcount overall, again positioning the business for a year of improving fundamentals.

Significant changes in the state of affairs
During H1 FY23 Vonex acquired Network Technology (Aust) Pty Ltd trading as OntheNet.

OntheNet provides data network, voice and hosting/colocation services primarily to business customers across Australia. It also brings ownership of its fully redundant core network, peering at major Australian Internet Exchange Points (IXPs) and a Tier 3 Data Centre located on the Gold Coast. OntheNet's highly skilled workforce, including a large engineering team with strong capabilities in data networking, were onboarded during the period and are contributing to the Company's mission.

The acquisition of OntheNet, which completed on 27 October 2022, significantly expanded Vonex's data network capabilities and introduced new product offerings in colocation and hosting. Vonex paid total consideration of approximately $9.8 million for OntheNet, comprising $7.7 million in cash and 27,098,743 ordinary shares at a deemed issue price of $0.0709 per share (being the volume-weighted average price of Vonex shares for the 10 trading days to 5 October 2022), which are escrowed for 12 months from issue. The issue of shares is contingent upon customer related metrics in the 12 months post completion.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

The company agreed with its debt funders to pause principal repayments on the loan facility, in order to allow a stronger working capital position to be established. Principal repayments on the loan facility will recommence when the company is better placed to do so without placing unnecessary pressure on the business. Accordingly, subsequent to the end of the financial year, the company will commence paying a higher interest rate on the loan facility. The company will continue cash-settling the existing interest obligations each month, with the additional increased interest portion capitalised over the remaining period of the loan.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

FY24 will be a consolidation year for Vonex, where the Company will continue to identify any unnecessary costs and implement further efficiencies in the business. This includes working under one brand (using the Company name, Vonex, across the business), so the Company is focused on one result for the businesses.

More importantly, the Company will continue to build on the capability of its platforms - to leverage its strengths and bring new customers into the business. It will actively pursue organic sales in the coming year, with no forecast inorganic activity.

In its staff, Vonex has an exceptional team of contributors to the business – it certainly helps to deliver when supported by a great team of people. Together the Company is on a mission to meet and exceed its customer perceptions.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Stephe Wilks
Title:	Non-Executive Chair (appointed on 28 October 2022)
Qualifications, experience and expertise:	Stephe Wilks is an experienced company director with a long record leading successful global technology companies in high growth and disruptive industries. He has headed several Australian and international telecommunications and technology companies, including as Regional Director (Asia and Japan) Regulatory Affairs for BT Asia Pacific, Managing Director of XYZed Pty Ltd (an Optus company where Stephe developed and managed Australia's first competitive broadband wholesaler), Chief Operating Officer of both Nextgen Networks and Personal Broadband Australia, and as Consulting Director of NM Rothschild and Sons. Stephe's extensive technology leadership, strategic finance, M&A and governance expertise provide a useful foundation to contribute to achieving Vonex's strategic goals. Based in Sydney, he has Science and Law degrees from Macquarie University and a Master of Laws from the University of Sydney.
Other current directorships:	Non-Executive Director of Bluglass Limited
Former directorships (last 3 years):	Non-Executive Director of 1st Group Limited, Non-Executive Chair of Over the Wire Holdings Limited
Special responsibilities:	Member of the Audit & Risk Committee
Interests in shares:	None
Interests in options:	None
Contractual rights to shares:	None

Name:	Nicholas Ong
Title:	Former Non-Executive Chairman (resigned as Non-Executive Chairman on 28 October 2022 and as Director on 17 March 2023)
Qualifications, experience and expertise:	Mr Ong was a Principal Adviser at the Australian Securities Exchange (ASX) and brings 17 years' experience in IPO, listing rules compliance and corporate governance. Mr Ong has developed a wide network of clients in Asia-Pacific region and provides corporate and transactional advisory services through boutique firm Minerva Corporate Pty Ltd. He is a fellow member of the Governance Institute of Australia and holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia.
Other current directorships:	Until date of resignation): Helios Energy Limited, White Cliff Minerals Limited, CFoam Limited, Mie Pay Limited and Beroni Group Limited
Former directorships (last 3 years):	None
Special responsibilities:	Former Chairman of the Audit & Risk Committee
Interests in shares:	Not applicable as no longer a director
Interests in options:	Not applicable as no longer a director
Contractual rights to shares:	Not applicable as no longer a director

Name:	Matthew Fahey
Title:	Former Managing Director and CEO (resigned on 23 May 2023)
Qualifications, experience and expertise:	Mr Fahey was Vonex Telecom's Chief Executive Officer and joined the Board as Managing Director. Mr Fahey joined Vonex Ltd in 2013, through the Vonex Group's acquisition of iTrinity (IP Voice & Data) where he had served as Sales Director. Mr Fahey brings with him 20 years' of extensive experience in building and managing telecommunications companies with a well-regarded reputation in the industry for channel partner programs as well as excellence in VoIP and Telco.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	Not applicable as no longer a director
Interests in options:	Not applicable as no longer a director
Contractual rights to shares:	Not applicable as no longer a director

Name:	David Vilensky
Title:	Former Non-Executive Director (resigned on 17 March 2023)
Qualifications, experience and expertise:	Mr Vilensky is a practicing corporate lawyer and the managing director of Perth law firm Bowen Buchbinder Vilensky. He has more than 30 years’ experience in the areas of corporate and business law and in commercial and corporate management. Mr Vilensky practices mainly in the areas of corporate and commercial law, mergers and acquisitions, mining and resources, trade practices and competition law and complex dispute resolution. Mr Vilensky acts for a number of listed and private companies and advises on directors’ duties, due diligence, capital raisings, compliance with ASX Listing Rules, corporate governance and corporate transactions generally. Mr Vilensky has a Bachelor of Arts, a Bachelor of Laws from the University of Cape Town and is a member of the Law Society of Western Australia.
Other current directorships:	Until date of resignation: Latin Resources Limited and Oakdale Resources Limited
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	Not applicable as no longer a director
Interests in options:	Not applicable as no longer a director
Contractual rights to shares:	Not applicable as no longer a director

Name:	Winnie Lai Hadad
Title:	Former Non-Executive Director (resigned following her decision to not stand for re-election at the Annual General Meeting held on 30 November 2022)
Qualifications, experience and expertise:	Ms Lai Hadad has expertise in change management, corporate governance, business process improvement and has been involved in listings on the Australian Securities Exchange. Ms Lai Hadad has been involved with both investments into China and out-bound investment from China. Her past roles include implementing Coca-Cola bottling strategies into Greater China and administering the first Chinese direct investment in an iron ore mine in the Pilbara Region of Western Australia. Ms Lai Hadad is a lawyer admitted to practice in Western Australia, a qualified CPA, holds a BA, BCom and MSc, and is a graduate of both the Australian Institute of Company Directors and Governance Institute of Australia..
Other current directorships:	Until date of resignation: Avenira Limited
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	Not applicable as no longer a director
Interests in options:	Not applicable as no longer a director
Contractual rights to shares:	Not applicable as no longer a director

Name:	Jason Gomersall
Title:	Non-Executive Director
Qualifications, experience and expertise:	Mr Gomersall is a former Director of 2SG Wholesale and is the Founder, CEO and Managing Director of iseek Communications. He has long been at the forefront of the telecommunications industry and the mobile phone market since being one of the foundation franchisees of the Optus World chain of retail stores in the 1990s.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Audit and Risk Committee
Interests in shares:	16,354,579 Shares
Interests in options:	1,500,000 Options
Contractual rights to shares:	None

Name:	Brent Paddon
Title:	Non-Executive Director (appointed on 28 October 2022)
Qualifications, experience and expertise:	Mr Paddon is an experienced company director and manager with over 25 years experience in the telecommunications and IT services sectors. After completing a Bachelor of IT from QUT in 1996, Mr Paddon co-founded Brisbane Internet Technology which was sold to Asia Online in 1999. He then held senior management roles at WebCentral and PIPE Networks and subsequently co-founded Over the Wire (OTW) in 2007, which listed on the ASX in 2015. Mr Paddon has detailed knowledge of the telecommunications industry and hands-on experience in starting and scaling successful businesses in that space. Based in Brisbane, he additionally holds a Graduate Diploma in Business Administration from QUT.
Other current directorships:	None
Former directorships (last 3 years):	Non-Executive Director of Over the Wire Holdings Limited
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	450,000 Shares
Interests in options:	None
Contractual rights to shares:	None

Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Name:	Daniel Smith
Title:	Former Company Secretary (resigned on 31 March 2023)
Qualifications, experience and expertise:	Mr Smith is a member of the Australian Institute of Company Directors, a Fellow of the Governance Institute of Australia and has over 15 years' primary and secondary capital markets expertise. As a director of Minerva Corporate, he has advised on, and been involved in, a significant number of IPOs, RTOs and capital raisings on both the ASX and NSX.

Name:	Mike Stabb
Title:	Company Secretary (appointed on 17 March 2023)
Qualifications, experience and expertise:	Mike is a finance executive with over 30 years of Australian and international experience. He is a Fellow of the Institute of Chartered Accountants, graduated with Distinction from QUT with a Bachelor of Business (Accy & BusLaw), is a registered tax agent and a member of the Australian Institute of Company Directors. He has worked in London and on Wall Street, and held CFO and senior finance roles in the telecommunications and radio communications industries in Australia. Most recently, he was CFO and Company Secretary of Over the Wire Holdings Limited (ASX:OTW).

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 2023, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Nicholas Ong	4	4	2	2
Matthew Fahey	7	8		
David Vilensky	3	4		
Winnie Lai Hadad	1	1	1	1
Jason Gomersall	10	10	2	2
Brent Paddon	9	9	1	1
Stephe Wilks	9	9		

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

REMUNERATION REPORT (Audited)

The remuneration report is set out under the following main headings:

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

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

Mr Stephe Wilks – Non-Executive Chair	
Mr Nicholas Ong – Non-Executive Chairman	
	Director on 17 March 2023)
Mr Matthew Fahey – Managing Director and CEO	(resigned on 23 May 2023)
Mr David Vilensky – Non-Executive Director	(resigned on 17 March 2023)
Ms Winnie Lai Hadad – Non-Executive Director	(resigned following her decision to not stand for re-election at the Annual General Meeting held on 30 November 2022)
Mr Jason Gomersall – Non-Executive Director	
Mr Brent Paddon – Non-Executive Director	(appointed on 28 October 2022)
Mr Ian Porter – Chief Executive Officer	(appointed on 23 May 2022)

Use of remuneration consultants

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

Voting and comments made at the Company's 2022 Annual General Meeting

At the 2022 AGM, 93.98% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

A Remuneration Governance

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

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

B Remuneration Structure

Non-Executive remuneration arrangements

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

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

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

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

C Details of Remuneration

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

	Short-term benefits			Post-employment benefits	Share-based payment		
30/06/2023	Salary & fees $	Cash bonus $	Long Service Leave $	Superannuation $	Performance rights/options (I) $	Total $	Percentage remuneration consisting of performance rights/options for the year
Directors and executives							
Mr Fahey *	407,572	-	-	38,061	549,820	995,453	55%
Mr Ong **	46,581	-	-	6,691	-	53,272	-
Mr Vilensky ***	42,500	-	-	5,963	-	48,463	-
Ms Hadad ****	25,000	-	-	4,125	-	29,125	-
Mr Gomersall	60,000	-	-	6,225	-	66,225	-
Mr Wilks	80,000	-	-	8,400	-	88,400	-
Mr Paddon	40,645	-	-	4,793	-	45,438	-
Mr Porter	15,577	-	-	1,636	-	17,213	-
Total	**717,875**	**-**	**-**	**75,893**	**549,820**	**1,343,588**	**41%**

* Resigned 23 May 2023 ** Resigned 17 March 2023 *** Resigned 17 March 2023 **** Resigned 30 November 2022

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

(I) The valuation of tranche 3 performance rights was reversed previously recognized expense during the year, refer to Note 33

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

	Fixed Remuneration*		At risk – LTI **	
	2023	2022	2023	2022
Director				
Mr Fahey	45%	100%	55%	-
Mr Ong	100%	100%	-	-
Mr Vilensky	100%	100%	-	-
Ms Hadad	100%	100%	-	-
Mr Gomersall	100%	100%	-	-
Mr Wilks	100%	-	-	-
Mr Paddon	100%	-	-	-
Mr Porter	100%	-	-	-

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

Remuneration Policy

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

Non-Executive Directors received a fixed fee for their services of $60,000 per annum (excl. GST) plus superannuation for services performed. The Non-Executive Chair receives a fixed fee for his services of $120,000 per annum (plus GST) plus superannuation for services performed.

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

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

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

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

Mr Fahey resigned on 23 May 2023.

Chief Executive Officer – *Mr Ian Porter*

Outlined below is a summary of the material provisions of the Executive Services Agreement between the Company and Mr Ian Porter. Mr Porter will receive an annual salary of $150,000 plus statutory superannuation. Either party can terminate t Executive Services Agreement by giving six (6) months written notice.

D Share-based Compensation

Short term and long term incentives

In prior financial years Mr Fahey, Mr Ong and Mr Vilensky were issued performance rights incentives for their work and ongoing commitment and contribution to the Company. The performance rights were issued in three tranches, each with different performance milestones. All tranches have now either vested or been forfeited.

On 20 December 2022, Mr Fahey was issued performance rights incentives for his work and ongoing commitment and contribution to the Company. The performance rights were issued in three tranches, each with different performance milestones. It was agreed that these performance rights were not forfeited when he resigned, and vesting remained subject to their original performance milestones being achieved.

No options were issued to directors during the year.

In prior financial years, all directors were issued options for their work and ongoing commitment and contribution to the Company. Refer to Note 33 for further details in respect to the options granted.

E Equity Instruments Issued on Exercise of Remuneration Options

No equity instruments were issued during the year to Directors or key management personnel as a result of exercising remuneration options (2022: Nil).

F Value of options and Performance Rights to Directors

Options – Directors

No options were issued to directors during the year.

Performance Rights - Directors

On 30 November 2022, 8,000,000 performance rights were issued to Mr Fahey following shareholder approval and valued using the Hoadley's Barrier1 valuation model. Fair value of performance rights granted was $549,820. Share based expense is recognised over the vesting period, and as Mr Fahey resigned during the year and was permitted to keep his performance rights, this resulted in $549,820 being recognised during the reporting period.

The performance rights were valued using the Hoadley's Barrier1 valuation model as follows:

Number Issued	Grant Date	Share price on grant date	Exercise Price	Barrier Price (15 day VWAP)	Expiry Date	Expected Future Volatility	Risk Free Rate	Dividend Yield	Value per right	Valuation
Tranche 1 - 2,000,000	30/11/2022	$0.079	$0.00	$0.10	20/12/2025	75%	3.17%	Nil	$0.0734	$146,740
Tranche 2 - 3,000,000	30/11/2022	$0.079	$0.00	$0.12	20/12/2025	75%	3.17%	Nil	$0.0692	$207,450
Tranche 3 - 3,000,000	30/11/2022	$0.079	$0.00	$0.14	20/12/2025	75%	3.17%	Nil	$0.0652	$195,630
									Fair value of performance rights	$549,820

As at reporting date the company had 8,000,000 performance rights on issue.

G Equity instruments disclosures relating to key management personnel

Share holdings

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

2023	Opening Balance	Received as Remuneration	Received During Year on Exercise of Options	Net Change Other	Closing Balance
Directors					
Mr Matthew Fahey *	**7,311,018**	-	-	(7,311,018)	**-**
Mr Nicholas Ong **	**4,416,462**	-	-	(4,416,462)	**-**
Mr David Vilensky ***	**3,090,000**	-	-	(3,090,000)	**-**
Ms Winnie L Hadid ****	**269,367**	-	-	(269,367)	**-**
Mr Jason Gomersall	**12,104,579**	-	-	4,250,000	**16,354,579**
Mr Stephe Wilks	**-**	-	-	-	**-**
Mr Brent Paddon	**-**	-	-	450,000	**450,000**
Mr Ian Porter	**-**	-	-	-	**-**
	27,191,426	**-**	**-**	**10,386,847**	**16,804,579**

Balance at date of resignation. * Resigned 23 May 2023 ** Resigned 17 March 2023 *** Resigned 17 March 2023 **** Resigned 30 November 2022

Performance rights

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

2023	Opening Balance	Expired during the period	Issued during the period	Net Change Other	Closing Balance
Directors					
Mr Matthew Fahey *	**8,600,000**	(8,600,000)	8,000,000	(8,000,000)	-
Mr Nicholas Ong **	**1,210,000**	(1,210,000)	-	-	-
Mr David Vilensky ***	**1,210,000**	(1,210,000)	-	-	-
Ms Winnie Hadid ****	-	-	-	-	-
Mr Jason Gomersall	-	-	-	-	-
Mr Stephe Wilks	-	-	-	-	-
Mr Brent Paddon	-	-	-	-	-
Mr Ian Porter	-	-	-	-	-
	11,020,000	**(11,020,000)**	**8,000,000**	**(8,000,000)**	-

Balance at date of resignation. * Resigned 23 May 2023 ** Resigned 17 March 2023 *** Resigned 17 March 2023 **** Resigned 30 November 2022

Option holdings

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

2023	**Opening Balance**	**Granted during the period**	**Expired Unexercised During the Period**	**Net Change Other**	**Closing Balance**
Directors					
Mr Matthew Fahey *	**3,000,000**	-	-	**(3,000,000)**	**-**
Mr Nicholas Ong **	**2,552,000**	-	(52,000)	**(2,500,000)**	**-**
Mr David Vilensky ***	**1,500,000**	-	-	**(1,500,000)**	**-**
Ms Winnie L Hadid ****	**1,500,000**	**-**	-	**(1,500,000)**	**-**
Mr Jason Gomersall	**1,500,000**	**-**	-	**-**	**1,500,000**
Mr Stephe Wilks	**-**	-	-	-	**-**
Mr Brent Paddon	**-**	-	-	-	**-**
Mr Ian Porter	**-**	-	-	-	**-**
	10,052,000	**-**	**(52,000)**	**(8,500,000)**	**1,500,000**

Options exercisable at $0.37 on or before 1 December 2023

Balance at date of resignation. * Resigned 23 May 2023 ** Resigned 17 March 2023 *** Resigned 17 March 2023 **** Resigned 30 November 2022

H Other transactions with key management personnel

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

Services provided:

	Consolidated 2023 $	Consolidated 2022 $
Company secretarial, corporate compliance, bookkeeping and accounting fees from Minerva Corporate (director-related entity of Nicholas Ong)	55,683	54,000
Payments for legal fees from Bowen Buchbinder Vilensky (director-related entity of David Vilensky)	89,996	172,124
	145,679	226,124

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

	Consolidated 2023 $	Consolidated 2022 $
Trade payables to Minerva Corporate (director-related entity of Nicholas Ong)	2,000	14,850
	2,000	14,850

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

I Additional statutory information

The earnings of the consolidated entity for the five years to 30 June 2023 are summarised below:

	2023	2022	2021	2020	2019
Sales Revenue	45,454,008	33,616,139	18,259,243	12,770,304	8,801,740
Profit/(loss) for the year	$(22,816,233)	$251,685*	$(3,984,788)	$(705,964)*	$(2,791,622)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2023	2022	2021	2020	2019
Share price at financial year end (cents per share)	3.0	6.6	12.5	11.0	11.0
Basic Earnings per Share (cents per share)	(6.825)	0.08	(2.1)	(0.45)	(1.99)

* Restated

End of Audited Remuneration Report

Environmental Regulation

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

Officer's Indemnities and Insurance

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

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

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

Indemnity and insurance of auditor

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

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

Options

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

- 10,000,000 options exercisable at $0.37 on or before 1 December 2023.

Performance Rights

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

- 8,000,000 performance rights with an expiry date of 20 December 2025, and 15-day vwap barrier prices ranging between $0.10 and $0.14.

Proceedings on Behalf of the Company

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

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

Non-Audit Services

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

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

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 48 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

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

	Consolidated	
	2023	**2022**
	$	**$**
Assurance Services:		
Audit Services		
RSM Australia Partners	155,500	152,500
Total remuneration for audit and assurance services	155,500	152,500

	Consolidated	
	2023	2022
Corporate Services:	$	$
RSM Australia Pty Ltd – Due Diligence Report	27,500	95,000
Total remuneration for corporate services	27,500	95,000

Officers of the company who are former partners of RSM Australia Partners
There are no officers of the company who are former partners of RSM Australia Partners.

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

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

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

Stephe Wilks
Chair
31 August 2023

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Vonex Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 31 August 2023

JAMES KOMNINOS
Partner

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2023	Restated* 2022
		$	$
Sales revenue	3	45,454,008	33,616,139
Cost of sales	5	(25,223,709)	(17,062,382)
Gross profit		20,230,299	16,553,757
Other revenues	4	1,715,849	712,922
Administration expenses		(3,260,359)	(2,227,022)
Amortisation	5	(2,047,538)	(1,560,385)
Account and audit fees		(262,342)	(182,346)
Bad & doubtful debt expenses		1,271	(155,718)
Contractor expenses		(3,091,193)	(2,431,161)
Dealer commissions		(1,199,679)	(983,161)
Depreciation expenses	5	(1,021,669)	(421,395)
Directors' fees		(365,287)	(315,700)
Employee Expenses		(9,638,733)	(6,799,870)
Fair Value loss on contingent consideration	20 (i)	(1,081,246)	-
Finance costs	5	(2,393,517)	(1,592,831)
Insurance expense		(275,419)	(208,383)
Impairment expense	14	(19,461,347)	(550,000)
Legal fees		(134,556)	(158,131)
Loss on disposal of non-current assets		10,160	(7,482)
Occupancy expenses		(260,570)	(150,870)
Repairs and maintenance		(50,402)	(7,019)
Share based payment expense	33	(549,820)	809,030
Stamp duty		-	(390,724)
Travel expenses		(244,135)	(100,001)
Loss before income tax		(23,380,233)	(166,490)
Income tax benefit	6	564,000	418,175
Net profit/(loss) for the year		(22,816,233)	251,685
Other comprehensive income for the year		-	-
Total comprehensive profit/(loss) for the year		(22,816,233)	251,685
Basic and diluted earnings/(loss) per share of profit/(loss) attributable to the owners of Vonex Limited (cents per share)	9	(6.825)	0.08

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2023	Restated* 2022
		$	$
CURRENT ASSETS			
Cash and cash equivalents	10	1,793,030	3,195,181
Trade and other receivables	11	3,306,042	2,943,008
Contract assets	12	55,801	73,639
Other current assets	13	740,058	695,331
TOTAL CURRENT ASSETS		5,894,931	6,907,159
NON-CURRENT ASSETS			
Intangibles	14	27,276,716	39,422,636
Plant and equipment	17	1,264,470	435,564
Contract assets	12	20,525	3,802
Right of Use Assets	18	1,387,012	1,175,559
Other non-current assets	13	586,952	503,908
TOTAL NON-CURRENT ASSETS		30,535,675	41,541,469
TOTAL ASSETS		36,430,606	48,448,628
CURRENT LIABILITIES			
Trade and other payables	20	10,346,056	9,098,160
Provision for Income tax Payable		167,346	-
Provisions	19	1,537,788	1,064,101
Borrowings	21	21,581,658	1,779,750
Lease liability	22	485,191	497,450
TOTAL CURRENT LIABILITIES		34,118,039	12,439,461
NON-CURRENT LIABILITIES			
Provisions	19	114,004	126,610
Borrowings	21	-	12,222,996
Lease liability	22	1,366,569	1,162,181
Deferred tax liability	23	3,758,889	3,291,676
TOTAL NON-CURRENT LIABILITIES		5,239,462	16,803,463
TOTAL LIABILITIES		39,357,501	29,242,924
NET ASSETS		(2,926,895)	19,205,704
EQUITY			
Issued capital	24	66,045,470	65,912,270
Reserves	25	1,779,326	3,085,718
Accumulated losses	29	(70,751,691)	(49,792,284)
TOTAL EQUITY		(2,926,895)	19,205,704

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

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Accumulated Losses	Reserves	Restated* Total
	$	$	$	$
At 1 July 2021	**50,442,160**	**(50,043,969)**	**5,177,748**	**5,575,939**
Comprehensive income:				
Profit for the year	-	251,685	-	**251,685**
Total comprehensive income / (loss) for the year	**-**	**251,685**	**-**	**251,685**
Transactions with owners, in their capacity as owners				
Shares issued during the year	13,999,986	-	-	**13,999,986**
Shares issued in settlement of trade payables – extinguishment of liabilities	268,240	-	-	**268,240**
Shares issued in settlement of advertising/marketing activities	21,317			**21,317**
Shares issued in acquisition settlement of Voiteck Pty Ltd	548,157	-	-	**548,157**
Shares issued in settlement of employee benefits – extinguishment of liabilities	22,500	-	-	**22,500**
Conversion of performance rights to ordinary shares	1,260,500	-	(1,260,500)	**-**
Forfeited performance rights	-	-	(831,530)	**(831,530)**
Capital raising costs	(650,590)	-	-	**(650,590)**
At 30 June 2022	**65,912,270**	**(49,792,284)**	**3,085,718**	**19,205,704**
At 1 July 2022	**65,912,270**	**(49,792,284)**	**3,085,718**	**19,205,704**
Comprehensive income:				
Loss for the year	-	(22,816,233)	-	**(22,816,233)**
Total comprehensive income / (loss) for the year	**-**	**(22,816,233)**	**-**	**(22,816,233)**
Transactions with owners, in their capacity as owners				
Shares issued in acquisition settlement of Voiteck Pty Ltd	133,200	-	-	**133,200**
Reversal of Option Expired during the year	-	1,856,826	(1,856,212)	**614**
Performance rights issued during the year	-	-	549,820	**549,820**
At 30 June 2023	**66,045,470**	**(70,751,691)**	**1,779,326**	**(2,926,895)**

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

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2023	2022
		$	$
CASH FLOWS FROM OPERATING ACTIVITES			
Receipts from customers		49,064,848	33,229,199
Payments to suppliers and employees		(46,747,772)	(28,319,239)
Research and development tax offset		-	485,715
Government grants		-	11,125
Other Revenue – Mining Royalty		250,000	-
Interest received		4,837	309
Interest paid		(14,503)	(77,990)
Net cash provided by operating activities	28	**2,557,410**	**5,329,119**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for physical non-current assets		(316,350)	(153,422)
Payments of stamp duty for business aquisiton		-	(283,843)
Payment to acquire business		(8,124,827)	(30,356,017)
Transction costs for business combinations		-	(569,950)
Proceeds from disposal of property, plant and equipment		43,069	423
Net movement in bonds		(123,372)	-
Net cash used in investing activities		**(8,521,480)**	**(31,362,809)**
CASH FLOWS FROM FINANCING ACTIVITES			
Proceeds from application funds held in trust, net of costs		-	13,999,986
Proceeds from borrowings		8,042,521	16,000,000
Payments for capital raising costs		-	(644,330)
Payment of transaction and finance costs		(2,343,274)	(2,015,081)
Repayment of borrowings		(500,000)	(1,500,000)
Leasing payments		(635,451)	(270,310)
Other financing Cashflow		(1,877)	-
Net cash cash provided by financing activities		**4,561,919**	**25,570,265**
Net decrease in cash and cash equivalents		**(1,402,151)**	**(463,425)**
Cash and cash equivalents at the beginning of the financial year		3,195,181	3,658,416
Exchange rate adjustments		-	190
Cash and cash equivalents at end of the financial year	10	**1,793,030**	**3,195,181**

The accompanying notes form part of these financial statements.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

The consolidated financial statements and notes represent those of Vonex Limited and the entities it controlled during the year ("the consolidated entity"). Vonex Limited is a public company, incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is Level 6, 303 Corronation Drive, Milton, Qld.

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

The financial statements were authorised for issue by the Board on 31 August 2023.

Note 1: Statement of Significant Accounting Policies

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 16.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies (continued)

(a) Principles of Consolidation

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

(b) Business Combinations

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

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

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

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

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies (continued)

(c) Income Tax

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

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

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

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

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

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

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

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

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies (continued)

(d) Plant and Equipment

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

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

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

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Furniture and Fixtures	5% - 100%
Plant and Equipment	8% - 100%
Leasehold Improvements	2.5% - 33%
Motor Vehicles	16% - 25%
Computer Equipment	4% - 100%

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

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

i. Plant and Equipment

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

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies (continued)

(d) Plant and Equipment (continued)

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

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

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

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

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

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

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

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

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies (continued)

(g) Investments and other financial assets

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

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

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

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

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

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

(h) Cash and Cash Equivalents

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies (continued)

(i) Revenue and Other Income

Revenue from contracts with customers

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

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

Rendering of telecommunications services

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

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

Sale of goods

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

Revenue arrangements with multiple deliverables

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

Interest

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

Other revenue

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

(j) Contract assets

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

(k) Borrowing Costs

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

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

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies (continued)

(s) Intangibles (continued)

Patents

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

Customer & Supply contracts (2SG)

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

Customer & Supply contracts (Nextel)

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

Customer contracts & Channel Partners (MNF)

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

Customer contracts & developed software (Voiteck)

The customer contracts & developed software are being amortised on a straight-line basis over 8.5 years. The residual values and useful lives are reviewed annually at each balance date and adjusted, if appropriate.

Customer contracts (OntheNet)

The customer contracts are being amortised on a straight-line basis over 10 years. The residual values and useful lives are reviewed annually at each balance date and adjusted, if appropriate.

(t) Current and non-current classification

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

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

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

Deferred tax assets and liabilities are always classified as non-current.

(u) Issued capital

Ordinary shares are classified as equity.

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

(v) Earnings Per Share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(w) Borrowings

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

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

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

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023. There is no material impact of these new or amended Accounting Standards and Interpretations.

(y) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. The consolidated entity has incurred a net loss of $22,816,233 during the year ended 30 June 2023 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by $28,223,108.

Whilst the above condition indicates a material uncertainty which may cast significant doubt over the consolidated entity's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report, the

Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- The Directors expect the Consolidated Entity's Retail and Wholesale segments will continue to trade profitably;
- Cashflows from operating activities generated $2,557,410 cashflow for the year ended 30 June 2023 and is expected to increase;
- Trade and other payables as disclosed in Note 20 includes contingent consideration which will be partly settled in shares and restricted share consideration which will convert to equity;
- Despite the net current liability position of $28,233,108, which is predominantly made up of trade payables and borrowings, the consolidated entity's suppliers and debt financier remain supportive of the business, including the provision of extended payment terms and payment plans, and in the case of borrowings, conversations have included the likely need to extend the maturity date of the debt; and
- The consolidated entity has the ability to raise capital through the issue of equity

On this basis, the Directors are of the opinion that the financial statements should be prepared on a going concern basis and that the consolidated will be able to pay its debts as and when they fall due and payable.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

Note 2: Critical Estimates

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

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

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

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

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

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

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

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 3: Revenue

	2023	2022
	$	$
Revenue from customers		
Sales revenue	45,454,008	33,616,139

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

Consolidated - 30 June 2023	Retail $	Wholesale $	Corporate $	Total $
Major service lines				
Telephony / Internet	31,112,790	9,614,000	-	40,726,790
Hardware / Software	166,851	110,319	-	277,170
Infrasructure/Projects/Support	1,813,694	339,032	-	2,152,726
Hosted PBX	395,060	1,902,262	-	2,297,322
	33,488,395	11,965,613	-	45,454,008
Geographical regions				
Australia	33,488,395	11,965,613	-	45,454,008
United States of America	-	-	-	-
	33,488,395	11,965,613	-	45,454,008

Consolidated - 30 June 2022	Retail $	Wholesale $	Corporate $	Total $
Major service lines				
Telephony & Internet	22,142,125	8,702,726	-	30,844,851
Hardware	470,504	70,683	-	541,187
Infrasructure/Projects/Support	536,119	-	-	536,119
Hosted PBX	-	1,693,982	-	1,693,982
	23,148,748	10,467,391	-	33,616,139
Geographical regions				
Australia	23,148,748	10,453,221	-	33,601,969
United States of America	-	14,170	-	14,170
	23,148,748	10,467,391	-	33,616,139

Note 4: Other Income

	2023	2022
	$	$
Other income		
Interest received	4,837	351
Research & development tax offset	-	485,715
Disposal of operating lease	-	32,232
Johnson Range Royalty Sale	250,000	-
Debt forgiveness	13,661	64,005
Gain on disposal of plant and equipment	-	173
Other income	227,907	130,446
Fair value gain on contingent consideration [refer Note 20 (ii)]	1,219,444	-
Total other income	1,715,849	712,922

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 5: Profit/(Loss) for the year

Profit/(Loss) before income tax includes the following specific expenses	2023 $	2022 $
Expenses		
Cost of sales		
Cost of sales	(25,223,709)	(17,062,382)
Depreciation		
Leasehold improvements	(15,635)	(12,226)
Plant and equipment	(130,024)	(7,696)
Office and computer equipment	(140,051)	(81,119)
Motor vehicles	(14,845)	(14,432)
Licenses and development	(4,158)	(379)
Land and buildings right-of-use assets	(672,424)	(255,398)
Plant and equipment right-of-use assets	(44,532)	(50,145)
Total depreciation	**(1,021,669)**	**(421,395)**
Amortisation		
Patents and trademarks	-	(886)
Customer list	(59,602)	(72,082)
Customer and supplier contracts	(1,987,936)	(1,487,417)
Total amortisation	**(2,047,538)**	**(1,560,385)**
Finance costs		
Interest and finance charges payable/paid on lease liabilities	(112,863)	(58,451)
Interest charges on insurance premium funding and credit cards	(14,503)	(16,791)
Interest charges on Longreach debt facility	(2,266,151)	(1,517,589)
Total finance costs	**(2,393,517)**	**(1,592,831)**
Superannuation expenses		
Employee superannuation expense	(868,893)	(573,475)
Directors superannuation expense	(37,561)	(28,700)
Total superannuation expenses	**(906,454)**	**(602,175)**

Note 6: Income Tax Expense

	2023	2022
	$	**$**
(a) Income Tax Expense		
Current tax expense	-	-
Deferred tax expense/(benefit)	**(564,000)**	**(418,175)**
Income tax expense/(benefit)	**(564,000)**	**(418,175)**

(b) Reconciliation

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

	2023	2022
Loss for the year	(23,380,233)	(166,490)
Prima facie tax expense at 25% (2022:25%)	(5,845,058)	(41,622)
Non-deductible expenses	4,901,243	125,716
Non-assessable income	-	(323,686)
Deferred tax asset not brought to account	379,815	(178,583)
Income tax benefit	**(564,000)**	**(418,175)**

(c) Deferred Tax Asset

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

	2023	2022
	$	**$**
Tax losses – revenue (resident)	5,071,128	5,027,947
Accruals and provisions	666,693	493,452
Business related costs	163,875	180,760
Other	(73,409)	(296,614)
	5,828,287	5,405,545

(d) Deferred Tax Liabilities

Deferred tax liability of $3,758,889 (2022: $3,291,676)*.

Resident tax losses calculated at the Australian income tax rate of 25% (2022:25%).

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

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

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

Note 7: Key Management Personnel Disclosures

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

	2023	2022
	$	$
Short-term employee benefits	717,875	584,960
Post-employment benefits	75,893	56,794
Share-based payments	549,820	(402,465)
	1,343,588	**239,289**

Note 8: Auditors' Remuneration

	2023	2022
	$	$
Remuneration of the auditor:		
- auditing or reviewing the financial report	155,500	152,500
- other services	27,500	95,000
	183,000	**247,500**

Note 9: Earnings per Share

	2023	2022
	$	$
Profit/(Loss) for the year	(22,816,233)	251,685
	No. Shares	**No. Shares**
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	334,279,496	309,315,492

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

Note 10: Cash and Cash Equivalents

	2023	2022
	$	$
Cash on hand	2,154	1,554
Cash at bank	1,790,876	3,193,627
	1,793,030	3,195,181

Note 11: Trade and Other Receivables

	2023	2022
	$	$
CURRENT		
Trade debtors	2,302,085	2,014,588
Less: Allowance for expected credit losses	(415,964)	(431,548)
	1,886,121	1,583,040
Other debtors	1,419,921	1,359,968
	3,306,042	2,943,008

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

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2023	2022	2023	2022	2023	2022
Consolidated	%	%	$'000	$'000	$'000	$'000
0 to 3 months overdue	11%	0%	2,045,726	1,411,553	224,229	-
3 to 6 months overdue	12%	11%	58,381	192,682	6,738	21,195
Over 6 months overdue	93%	100%	197,978	410,353	184,997	410,353
			2,302,085	2,014,588	415,964	431,548

The consolidated entity has taken up an additional allowance for expected credit losses in 2023 following the recent migration of customers from recent acquisitions, and the pressure of increasing interest rates throughout the economy. Even though these receivables are not overdue, the consolidated entity considers an additional allowance prudent at this time.

Movements in the allowance for expected credit losses are as follows:

	2023	2022
	$	$
Reconciliation:		
Opening balance	431,548	66,106
Additions/(Reversals)	(17,592)	159,123
MNF acquisition	13,261	244,408
Receivables written off during the year as uncollectable	(11,253)	(38,089)
Closing balance	415,964	431,548

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 12: Current Assets – Contract Assets	**2023**	**2022**
	$	**$**
CURRENT		
Contract assets	55,801	73,639
NON CURRENT		
Contract assets	20,525	3,802
Reconciliation:		
Reconciliation of the written down values at the beginning and end of the Current and previous financial year are set out below:		
Balance at the beginning of the year	77,441	68,594
Additional provision	81,155	94,745
Transfer to sales adjustments	(82,270)	(85,898)
Balance at the end of the year	76,326	**77,441**

Note 13: Other Assets	**2023**	**2022**
	$	**$**
CURRENT		
Bonds/deposits paid/receivables	201,148	-
Works in progress	3,569	-
Loans	-	9,415
Inventory	183,581	269,183
Prepayments	333,505	349,431
Leasing receivables	18,255	67,302
	740,058	695,331
NON-CURRENT		
Bonds/deposits paid/receivables	281,771	148,932
Prepayments	1,584	-
Leasing receivables	303,597	354,976
	586,952	503,908

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 14: Intangible assets

	2023	Restated * 2022
Customer Contracts and Developed software (Voiteck)	1,858,842	1,858,842
Less: Impairment	(329,691)	(107,074)
	1,529,151	1,751,768
Customer contracts (Nextel)	278,648	278,648
Less: Accumulated amortisation	(134,440)	(78,284)
	144,208	200,364
Goodwill (2SG & Nextel & MNF)	28,240,274	28,240,274
Less: Accumulated impairment	(20,011,347)	(550,000)
	8,228,927	27,690,274
Intangible Assets – Provisionally Acquired (OntheNet)	5,234,252	-
	5,234,252	-
IPVD customer list	720,081	720,081
Less: Accumulated amortisation	(720,081)	(660,479)
	-	59,602
Customer contracts (OntheNet)	4,128,712	-
Less: Accumulated amortisation	(295,000)	-
	3,833,712	-
Customer & Supply contracts (2SG)	2,908,977	2,908,977
Less: Accumulated amortisation	(1,515,911)	(1,061,137)
	1,393,066	1,847,840
Customer and Channel partnership contracts (MNF)	8,714,324	8,714,324
Less: Accumulated amortisation	(1,806,674)	(847,286)
	6,907,650	7,867,038
Patents and trademarks - at cost	222,130	222,130
Less: Accumulated amortisation	(218,451)	(218,451)
	3,679	3,679
Domain name acquisition	2,071	2,071
	2,071	2,071
	27,276,716	39,422,636

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 14: Intangible assets (continued)

Reconciliations

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

Consolidated	Customer list	Goodwill	Customer and Channel Partnership Contract - MNF	Intangible Assets - Provisionally acquired)	Patents and trademarks	Domain name	Customer and Supply contracts (2SG)	Customer Contracts - Nextel	Customer Contracts - On The Net (Provisionally Acquired)	Customer Contracts and Developed software - Voiteck	Total
Balance at 30 June 2021	131,684	1,857,480	-	-	4,566	2,071	2,302,613	278,648			4,577,062
								-			-
Additions/(Disposal)	-	23,791,956	8,714,324	3,959,471	-	-	-				36,465,751
Amortisation expense	(72,082)	-	(847,286)	-	(887)	-	(454,773)	(78,284)			(1,453,312)
Impairment expense	-	(550,000)	-	-	-	-	-	-			(550,000)
Re-allocation of provisionally acquired intangible assets	-	2,590,838	-	(3,959,471)	-	-	-	-		1,858,842	490,209
Amortisation of re-allocated assets	-	-	-	-	-	-	-	-		(107,074)	(107,074)
Balance at 30 June 2022	59,602	27,690,274	7,867,038	-	3,679	2,071	1,847,840	200,364		1,751,768	39,422,636
Additions/(Disposal)	-	-	-	-	-	-	-	-	-	-	-
Amortisation expense	(59,602)	-	(959,388)	-	-	-	(454,774)	(56,156)	(295,000)	(222,617)	(2,047537)
Impairment expense (i)	-	(19,461,347)	-	-	-	-	-	-	-	-	(19,461,347)
Intangible Assets – Provisionally Acquired (OntheNet)	-	-	-	5,234,252	-	-	-	-	4,128,712	-	9,362,964
Balance at 30 June 2023	-	8,228,927	6,907,650	5,234,252	3,679	2,071	1,393,066	144,208	3,833,712	1,529,151	27,276,716

i. During the financial year the impacts of post-COVID19 cotinued across Australia with many States and Territories, followed by a sustained period of increased interest rates. As a result, the Company has taken the decision to write down carrying values of a number of business units.

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 14: Intangible assets (continued)

(a) Business combination – 2SG Wholesale Pty Ltd

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

(b) Business combination – Voiteck

On 4 January 2022 Vonex Ltd, acquired Voiteck Pty Ltd (‘Voiteck’). On 4 January 2022, Voiteck is an Adelaide, SA based business providing voice and internet services to small to medium enterprise (SME) customers. The intangible assets launches Vonex into a new geographic region providing a branded physical presence from which the combined group can pursue growth in the SA market.

(c) Business combination – MNF

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

(d) Business combination – Nextel

On 2 February 2021, Vonex Ltd acquired the business of Nextel Pty Ltd (‘Nextel’). Nextel is a Sydney, NSW based business providing telecommunications services to business customers and is recognised as an industry leader in the design, installation and maintenance of voice, data and communications networks. It is an established single-source provider to small-to-medium enterprise (SME) businesses with expertise in rolling out wireless, fibre and RFID networks, as well as delivering structured cabling, telephony systems and electrical fit outs to large-scale projects.

(e) Business combination – OntheNet

On 27 October 2022, Vonex Ltd acquired the business of Network Technology (Aust) Pty Ltd trading as OntheNet (“OntheNet”). OntheNet provides data network, voice and hosting/colocation services primarily to business customers across Australia. It also brings ownership of its fully redundant core network, peering at major Australian Internet Exchange Points (IXPs) and a Tier 3 Data Centre located on the Gold Coast. The intangible assets launches Vonex into a new geographic region (Gold Coast) within Australia and significantly expands the Company’s data network capabilities and introduces new product offerings in colocation and hosting.

Note 14: Intangible assets (continued)

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

- 2SG
- Direct Business of MNF
- Nextel
- Voiteck

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

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

Revenue growth rate

The growth rate represents a steady indexation rate which does not exceed management's expectations of the long term average growth rate for the business in which each CGU operates. The rate applied in the cash flow projection is 4.6% on average.

Discount rate

For the 2SG CGU, the pre-tax discount rate applied to cash flow projections is 26.62%.

Cash flows

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

Revenue

The value-in-use model is based on the current forecasts used by the Board. The forecast process was based on revenue expectations for the years ahead built around existing customer contracts along with ongoing cross-selling opportunities withing the existing wholesale customer base to sustain growth, with a conservative bias.

Sensitivities

As disclosed in Note 2, the Board has made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:
- Revenue growth rate would need to decrease to 1.23% before goodwill would need to be impaired, with all other assumptions remaining constant or
- The pre-tax discount rate would be required to significantly increase before goodwill would need to be impaired, with all other assumptions remaining constant.

Note 14: Intangible assets (continued)

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

Revenue growth rate

The growth rate represents a steady indexation rate which does not exceed management's expectations of the long term average growth rate for the business in which each CGU operates. The rate applied in the cash flow projection is a decrease of 5% in 2024, with growth to then remain flat on average.

Discount rate

For the Direct Business of MNF CGU, the pre-tax discount rate applied to cash flow projections is 21.05%.

Cash flows

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

Revenue

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

Based on the above, an impairment charge of $16,392,896 has been applied as the carrying amount of goodwill exceeded its recoverable amount for the MNF Direct Business.

Goodwill impairment testing is conducted annually, was last performed in 31 December 2022. There are no futher indicators of impairment as at 30 June 2023.

Note 14: Intangible assets (continued)

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

Revenue growth rate

The growth rate represents a steady indexation rate which does not exceed management's expectations of the long term average growth rate for the business in which each CGU operates. The rate applied in the cash flow projection is 1% on average.

Discount rate

For Voiteck, the pre-tax discount rate applied to cash flow projections is 24.24%.

Cash flows

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

Revenue

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

Based on the above, an impairment charge of $2,285,111 has been applied as the carrying amount of goodwill exceeded its recoverable amount for Voiteck.

Goodwill impairment testing is conducted annually, was last performed in 31 December 2022. There are no futher indicators of impairment as at 30 June 2023.

Nextel:
The following describes the assumptions on which management determined value in use for **Nextel**:

The impacts of post-COVID19 resulted in significant impact to Nextel resulting in the decision to write down the carrying values of Nextel Goodwill. This resulted in an impairment charge of $783,340. The carrying amount of goodwill has now been written off in full.

Note 15: Subsidiaries

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

(b) Subsidiaries

Subsidiaries	Country of incorporation	Class of shares	Ownership Interest 2023	2022
IP Voice and Data Pty Ltd (ABN 45 147 537 871)	AUS	Ordinary	100%	100%
Oper8tor Pty Ltd (ABN 14 601 220 633)	AUS	Ordinary	100%	100%
Vonex Wholesale Pty Ltd (ABN 98 138 093 482)	AUS	Ordinary	100%	100%
Voiteck Pty Ltd (ABN 45 139 880 952)	AUS	Ordinary	100%	100%
Network Technologies (Aust) Pty Ltd (ACN: 096 864 836)	AUS	Ordinary	100%	
Subsidaries of Voiteck Pty Ltd				
Voiteck Mobile Pty Ltd (ABN 73 616 534 466)	AUS	Ordinary	100%	100%
Subsidiaries of IP Voice and Data Pty Ltd				
Itrinity Australia Pty Ltd (ACN 131 196 886)	AUS	Ordinary	100%	100%

Note 16: Parent Entity Disclosures

	2023	2022
Financial Position	**$**	**$**
Assets		
Current assets	2,974,902	3,053,545
Non-current assets	30,124,156	40,755,743
Total assets	**33,099,058**	**43,809,288**
Liabilities		
Current liabilities	42,949,298	14,666,438
Non-current liabilities	4,279,226	16,402,886
Total liabilities	47,228,524	**31,069,324**
Net Assets	**(14,129,466)**	**12,739,964**
Equity		
Issued capital	135,037,704	134,904,504
Reserves	1,763,263	3,069,655
Accumulated losses	(150,930,432)	(125,234,195)
Total Equity	**(14,129,465)**	**12,739,964**
Financial Performance		
Loss for the year	(27,552,449)	(5,489,894)
Other comprehensive income		-
Total comprehensive loss for the year	**(27,552,449)**	**(5,489,894)**

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 16: Parent Entity Disclosures (continued)

Guarantees

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

Commitments for expenditure

Vonex Ltd has no commitments to acquire property, plant and equipment, and has no contingent liabilities (2022: nil).

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

-Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
-Investments in associates are accounted for at cost, less any impairment, in the parent entity.
-Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 17: Plant and Equipment	**2023**	**2022**
	$	**$**
Leasehold improvements		
At cost	287,558	107,097
Accumulated depreciation	(44,132)	(28,497)
	243,426	78,600
Plant and Equipment		
At cost	730,785	123,650
Accumulated depreciation	(177,492)	(83,682)
Transfer between classes	(36,214)	-
	517,079	39,968
Office & Computer equipment		
At cost	1,122,872	774,464
Accumulated depreciation	(714,720)	(538,455)
Transfer between classes	36,214	-
	444,366	236,009
Licenses & Development (inc. software)		
At cost	270,250	268,360
Accumulated depreciation	(262,685)	(258,527)
	7,565	9,833
Motor Vehicles		
At cost	113,305	117,580
Accumulated depreciation	(61,271)	(46,426)
	52,034	71,154
Total plant and equipment	**1,264,470**	**435,564**

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 17: Plant and Equipment (continued)

Movements in Carrying Amounts

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

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

	Leasehold Improvements	Plant & Equipment	Office & Computer	Licences & Development	Motor Vehicles	Total
Balance at 1 July 2022	78,600	39,968	236,009	9,833	71,154	435,564
Transfer between classes	-	(36,214)	36,214	-	-	-
Additions	11,654	10,222	281,339		197	303,412
Disposal / Write off			(1,498)		(41,571)	(43,069)
Additions via acquistion	168,807	633,127	32,353	1,890	37,099	873,276
Depreciation	(15,635)	(130,024)	(140,051)	(4,158)	(14,845)	(304,713)
Carrying amount at 30 June 2023	243,426	517,079	444,366	7,565	52,034	1,264,470

Note 18: Right Of Use Assets

	2023	2022
	$	$
Leasehold improvements		
Land and buildings – right of use	2,531,548	1,462,747
Accumulated depreciation	(1,244,734)	(454,803)
	1,286,814	1,007,944
Plant and Equipment		
Plant and equipment – right of use	241,675	251,659
Accumulated depreciation	(141,477)	(84,044)
	100,198	167,615
	1,387,012	1,175,559

The consolidated entity leases land and buildings for its offices under agreements of between one to four years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The addition to right-of-use assets during the year were $788,903.

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

Note 19: Provisions

	2023	2022
	$	$
CURRENT		
Annual leave	855,528	581,078
Long service leave	682,260	483,023
	1,537,788	**1,064,101**
NON-CURRENT		
Long service leave	77,080	94,786
Make good	36,925	31,824
	114,005	**126,610**

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

Movements in Carrying Amounts

	2023	2022
	$	$
Carrying amount at the start of the year	1,190,711	642,873
Additional provisions recognised	1,361,743	844,801
Amounts used	(900,661)	(296,963)
Carrying amount at the end of the year	1,651,793	1,190,711

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

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

Note 20: Trade and Other Payables

	2023	2022
	$	$
Trade payables	5,386,603	4,376,572
PAYG withholding	159,576	157,074
GST	512,954	338,504
Superannuation guarantee	221,720	203,557
Contingent consideration – Voiteck (i)	1,840,000	760,000
Deferred consideration – Voiteck	-	666,000
Deferred consideration – MNF	-	833,333
Contingent consideration – OTN (ii)	812,962	-
Other payables and accruals	1,412,241	1,763,120
	10,346,056	**9,098,160**

Trade creditors are expected to be paid within agreed terms.

(i) Contingent consideration is measured at fair value at each reporting date with changes in fair value been recognised in the profit and loss. The contingent consideration associated with the Voiteck acquisition is due to be settled through both the issuance of ordinary shares in Vonex Limited and cash in accordance with the Share Acquisition Agreement.

	2023	2022
	$	$
Opening Balance	758,754	-
Contingent consideration – Voiteck – At Acquisition (Note 34)	-	758,754
Change in Fair Value recognised in Profit & Loss	1,081,246	-
Closing Balance of Contingent consideration – Voiteck	**1,840,000**	**758,754**

(ii) Restricted consideration shares associated with the OntheNet acquisition have been issued but remain restricted in accordance with the Share Acquisition Agreement and the Restriction Deed. They are contingent upon customer related metrics in the 12 months period post completion date. Upon these metrics being met this financial liability will be remeasued and classified as equity.

	2023	2022
	$	$
Contingent consideration – OTN – At Acquisition (Note 34)	2,032,406	-
Change in Fair Value recognised in Profit & Loss (Note 4)	(1,219,444)	-
Closing Balance of Deferred consideration – OTN	**812,962**	**-**

Note 21: Borrowings

	2023	2022
	$	$
CURRENT		
Loan – Secured	22,000,000	2,000,000
Accrued interest expense	98,630	56,110
Capitalised borrowing costs	(516,972)	(276,360)
	21,581,658	**1,779,750**
NON-CURRENT		
Loan – Secured	-	12,500,000
Capitalised borrowing costs	-	(277,004)
	-	**12,222,996**

Tranche A

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

The key terms of the secured loan for Tranche A are as follows:

Maturity:	15 August 2024
Repayments:	Interest only
Security:	First ranking General Security Interest
Key covenants:	Net leverage cover, interest cover, debt service cover and minimum cash at bank
Interest costs:	The interest rate payable depends on the prevailing net debt / pro forma Last Twelve Months ("**LTM**") EBITDA.
Unused at the reporting date:	Nil

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

Tranche B

The key terms of the secured loan for Tranche B are as follows:

Maturity:	15 August 2024
Principal repayments:	\$500,000 per quarter commencing 15 December 2021 Principal repayments of \$750,000 per quarter commencing 15 March 2023 however principal repayments were paused from the March 2023 Quarter onwards
Security:	First ranking General Security Interest
Key covenants:	Net leverage cover, interest cover, debt service cover and minimum cash at bank
Interest costs:	The interest rate payable is fixed at 10%.
Unused at reporting date:	Nil

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

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Note 22: Lease Liability

	2023	2022
CURRENT		
Chattel mortgage leases	-	42,444
Lease liability	485,191	455,006
	485,191	**497,450**
NON-CURRENT		
Lease liability	1,366,569	1,162,181
	1,366,569	**1,162,181**

Refer to Note 32 for further information on financial instruments.

Note 23: Deferred tax liability

	2023	2022
	$	$
Deferred tax liability comprises temporary differences attributable to:		
Amounst recognised in profit or loss:		
Intangible assets	3,758,889	3,291,676
Deferred tax liability	3,758,889	3,291,676
Movements:		
Opening balance	3,291,676	702,171
Charged/(credited) to profit or loss	(564,000)	(418,175)
Additions through business combinations (Note 34)	1,031,212	3,007,680
Closing balance	3,758,889	3,291,676

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 24: Issued Capital	**2023**		**2022**	
	$	**No.**	**$**	**No.**
Fully paid ordinary shares	66,045,470	361,808,620	65,912,270	333,521,134

Movement in ordinary shares		**$**	**No.**	**Issue price $**
Balance at 30 June 2021		**50,442,160**	**193,133,473**	
Shares issued – placement	30/07/2021	2,475,226	22,502,051	0.11
Shares issued – share purchase plan	18/08/2021	1,999,985	18,181,485	0.11
Shares issued – placement	03/09/2021	9,524,775	86,588,857	0.11
Conversion of performance rights	09/09/2021	1,260,500	5,490,000	0.229
Shares issued in settlement of employee benefits and to settle trade creditors	19/10/2021	290,740	2,456,657	0.12
Issue of shares to settle acquisition of Voiteck	05/01/2022	548,157	4,983,246	0.11
Issue of shares to settle service provider	13/01/2022	21,317	185,365	0.115
Capital raising costs		(650,590)		
Balance at 30 June 2022		**65,912,270**	**333,521,134**	
Issue of shares to settle a potion of the Voiteck deferred consideration	14/11/2022	133,200	1,208,743	0.11
Restricted Share issued – OnTheNet (Note 20)	28/10/2022	-	27,098,743	
Balance at 30 June 2023		**66,045,470**	**361,828,620**	

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 24: Issued Capital (continued)

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

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

Capital Risk Management

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

The gearing ratios at 30 June 2023 and 30 June 2022 are as follows:

	2023	2022
	$	$
Total borrowings (including trade and other payables)	31,927,714	23,100,906
Less: cash and cash equivalents	(1,793,030)	(3,195,181)
Net debt	**30,134,684**	**19,905,725**
Total equity	(2,926,895)	19,205,704
Total capital	**27,207,789**	**39,111,429**

Note 25: Reserves

	2023	2022
	$	$
Asset revaluation reserve	18,506	18,506
Options premium reserve	1,211,000	3,067,212
Share based payments reserve	549,820	-
Balance at the end of the year	**1,779,326**	**3,085,718**

Asset revaluation reserve	2023	2022
	$	$
Balance at the beginning of the year	18,506	18,506
Balance at the end of the year	**18,506**	**18,506**

The reserve records revaluations of non-current assets.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 25: Reserves (continued)

Options premium reserve	**2023** **$**	**2022** **$**
Balance at the beginning of the year	3,067,212	3,067,212
Options expired	(1,856,212)	-
Balance at the end of the year	**1,211,000**	**3,067,212**

Share-based payments reserve	**2023** **$**	**2022** **$**
Balance at the beginning of the year	-	2,092,030
Expense related to performance rights issued 20 December 2022	549,820	-
Conversion of performance rights to ordinary shares	-	(1,260,500)
Write-back related to performance rights issued 28 July 2017 (see note 33)	-	(831,530)
Balance at the end of the year	**549,820**	**-**

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

Note 26: Contingent Liabilities and Contingent Assets

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

The consolidated entity has given bank guarantees as at 30 June 2023 of $195,884 (2022: nil).

There are no other known contingent liabilities at reporting date.

Contingent Assets
There are contingent assets at reporting date of $500,000 (2022: $750,000).

Vonex Ltd may receive up to $500,000 in future years in relation to the disposal of its iron ore production royalties derived from the Koolyanobbing Iron Ore Project.

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

The consolidated entity received $250,000 during the 2023 financial year.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 27: Operating Segments

Identification of reportable segments
The Consolidated entity has identified its operating segments based its service offerings, which represents retail and wholesale services within the telecommunications industry. The three main operating segments are:

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

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

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

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

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

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

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 27: Operating Segments (continued)

SEGMENT INFORMATION
The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2023 and 30 June 2022 are as follows:

	30 June 2023				
Segment performance	**Wholesale**	**Retail**	**Corporate**	**Intercompany transactions**	**TOTAL**
	$	$	$	**$**	$
External customer sales	17,091,039	33,713,595	-	(5,350,626)	45,454,008
Other revenues	33,433	182,548	1,495,031	-	1,711,012
Interest received	189	4,638	10	-	4,837
Total segment revenues	17,124,661	33,900,781	1,495,041	(5,350,626)	47,169,857
EBITDA	698,321	5,139,352	(4,298,672)	-	1,539,001
Depreciation and amortisation	(196,367)	(752,409)	(2,120,431)	-	(3,069,207)
Impairment charges			(19,461,347)		(19,461,347)
Interest Revenue	189	4,638	10	-	4,837
Finance costs	(20,953)	(63,848)	(2,308,716)	-	(2,393,517)
Segmented loss before income tax expense	**481,190**	**4,327,733**	**(28,189,156)**	**-**	**(23,380,233)**
Income tax benefit			564,000	-	**564,000**
Segmented profit after income tax expense	**481,190**	**4,327,733**	**(27,625,156)**	-	**(22,816,233)**
Segment assets	4,797,547	6,113,370	28,267,052	(2,747,363)	**36,430,606**
Total assets					**36,430,606**
Segment liabilities	4,091,906	8,555,465	29,457,493	(2,747,363)	**39,357,501**
Total Liabilities					**39,357,501**

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 27: Operating Segments (continued)

Restated *
30 June 2022

Segment performance	Wholesale	Retail	Corporate	Intercompany transactions	TOTAL
	$	$	$	$	$
External customer sales	14,418,577	23,281,840	-	(4,084,278)	**33,616,139**
Other revenues	71,460	124,943	516,168	-	**712,571**
Interest received	-	63	288	-	**351**
Total segment revenues	14,490,037	23,406,846	516,456	(4,084,278)	**34,329,061**
EBITDA	822,822	5,434,875	(2,299,576)	**-**	**3,958,121**
Depreciation and amortisation	(148,368)	(234,865)	(1,598,547)		**(1,981,780)**
Impairment charges	-	-	(550,000)		**(550,000)**
Finance costs	(25,468)	(29,938)	(1,537,425)		**(1,592,831)**
Segmented loss before income tax expense	**648,986**	**5,170,072**	**(5,985,548)**		**(166,490)**
Income tax benefit	-	-	418,175		**418,175**
Segmented profit after income tax expense	**648,986**	**5,170,072**	**(5,567,373)**		**251,685**
Segment assets	4,119,016	5,482,657	39,863,820	(1,016,865)	**48,448,628**
Total assets					**48,448,628**
Segment liabilities	3,238,157	13,970,598	13,051,034	(1,016,865)	**29,242,924**
Total Liabilities					**29,242,924**

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 28: Cash Flow Information

	2023	2022
	$	$
(a) Reconciliation of cash flows from operations with loss after Income Tax		
Profit/(Loss) after income tax	(22,816,233)	252,285
Adjustments for:		
Depreciation and amortisation expense	3,069,206	1,981,780
Share based payments	549,820	(809,030)
Loss on disposal of assets/investments	(9,642)	7,482
Bad debts	(1,271)	155,718
Interest & Borrowing Costs	2,379,015	58,451
Amortisation of Formation Costs	250	-
Impairment expense	19,461,347	550,000
Fair Value Assessment of Contingent Liabilities	(151,199)	-
Change in operating assets and liabilities:		
- trade and other receivables (current)	(1,469,295)	(1,264,443)
- other assets	338,839	(558,834)
- provisions	(175,060)	547,838
- trade and other payables	1,945,633	4,826,647
- deferred tax liability	(564,000)	(418,775)
Cash flow generated by/(used in) operating activities	**2,557,410**	**5,329,119**

Note 29: Accumulated losses

	2023	2022
	$	$
Accumulated losses at beginning of financial year	(49,792,284)	(50,043,969)
Net profit/(loss) attributable to members of the company at end of financial year	(22,816,233)	330,522
Retained earnings adjustment –transfer of options valuations which expired in November 2022 & June 2023	1,856,826	-
Re-allocation of provisionally acquired intangible assets - Amortisation & Deferred Tax expense	-	(78,837)
Accumulated losses at end of financial year	**(70,751,691)**	**(49,792,284)**

Note 30: Events after the Reporting Period

The company agreed with its debt funders to pause principal repayments on the loan facility, in order to allow a stronger working capital position to be established. Principal repayments on the loan facility will recommence when the company is better placed to do so without placing unnecessary pressure on the business. Accordingly, subsequent to the end of the financial year, the company will commence paying a higher interest rate on the loan facility. The company will continue cash-settling the existing interest obligations each month, with the additional increased interest portion capitalised over the remaining period of the loan.

Apart from the disclosures made within this report, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 31: Related Party Transactions

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

Subsidiaries
Interests in subsidiaries are set out in note 15.

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

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

	2023	2022
	$	$
Services provided:		
Company secretarial, corporate compliance, bookkeeping and accounting fees from Minerva Corporate (director-related entity of Nicholas Ong & Daniel Smith)	55,683	54,000
Payments for legal fees from Bowen Buchbinder Vilensky (director-related entity of David Vilensky)	89,996	172,124

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

	2023	2022
	$	$
Current payables:		
Trade payables to Minerva Corporate (director-related entity of Nicholas Ong & Daniel Smith)	2,000	14,850

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 32: Financial Instruments

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

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

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

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

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 32: Financial Instruments (continued)

The consolidated entity's bank loans outstanding, totalling $21,581,658 (2022: $14,002,745), are principal (until March 2023) and interest payment loans. Until March 2023, quarterly cash outlays of approximately $500,000 (2022: $500,000) per month were required to service the principal payments, with interest paid monthly.
An official increase/decrease in interest rates of 100 (2022: 100) basis points would have an adverse/favourable effect on profit before tax of $215,817 (2022: $140,027) per annum. The percentage change is based on the recent RBA commentary that the recent cycle of interest rate rises is likely coming to an end. In addition, whilst no minimum principal repayments (2022: $2,000,000) are due during the year ending 30 June 2024, the loan is due to mature during the financial year ending 30 June 2025 (Maturity date: August 2024).

	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Within 1 Year	Fixed Interest Rate Within 1-5 Years	Non-Interest Bearing	Total
	%	$	$	$	$	$
2023						
Financial Assets:						
Cash	0.02	1,790,876	-	-	2,154	**1,793,030**
Receivables					3,306,042	**3,306,042**
Total financial assets		**1,790,876**			**3,308,196**	**5,099,072**
Financial Liabilities:						
Payables					10,346,056	**10,346,056**
Borrowings	0.10		21,581,658	-	-	**21,581,658**
Total financial liabilities			**21,581,658**		**10,346,056**	**31,927,714**
Net financial assets/liabilities		**1,790,876**	**(21,581,658)**	**-**	**(7,037,860)**	**(26,828,642)**

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

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 32: Financial Instruments (continued)

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

	Note	2023	2022
		$	$
Cash and cash equivalents			
— AA Rated	10	**1,793,030**	**3,195,181**

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

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

Trade and other receivables are disclosed at Note 11 and appropriate provisions for doubtful debts have been made. Carrying value approximates fair value at 30 June 2023.

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

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

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

The consolidated entity does have indications of an exposure in terms of financial liabilities and illiquid financial assets that may lead to it experiencing difficulty at times to settle its debts or otherwise meet its obligations related to financial liabilities. Whilst there are indications as to whether the company will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report, the Directors believe that there are reasonable grounds to believe that the Group will be able to continue to manage liquidity risk, after consideration of the following factors:

- The Directors expect the Consolidated Entity's Retail and Wholesale segments will continue to trade profitably;
- Despite the net current liability position of $28,233,108, which is predominantly made up of trade payables and borrowings, the consolidated entity's suppliers and debt financier remain supportive of the business, including the provision of extended payment terms and payment plans, and in the case of borrowings, conversations have included the likely need to extend the maturity date of the debt; and
- The consolidated entity has the ability to raise capital through the issue of equity

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 32: Financial Instruments (continued)

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

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2023 $	2022 $	2023 $	2022 $	2023 $	2022 $	2023 $	2022 $
Financial liabilities								
Payables	10,346,056	9,098,160	-	-	-	-	**10,346,056**	**9,098,160**
Borrowings	21,581,658	1,779,750	-	12,222,996	-	-	**21,581,658**	**14,002,746**
Lease Liability	485,191	497,450	1,366,569	1,162,181	-	-	**1,851,760**	**1,659,631**
Total expected outflows	**32,412,905**	**11,375,360**	1,366,569	13,385,177	-	-	**33,779,474**	**24,760,537**
Financial assets								
Cash and cash equivalents	1,793,030	3,195,181	-	-	-	-	**1,793,030**	**3,195,181**
Receivables	3,306,042	2,943,008	-	-	-	-	**3,306,042**	**2,943,008**
Total anticipated inflows	**5,099,072**	**6,138,189**	**-**	**-**	**-**	**-**	**5,099,072**	**6,138,189**
Net inflow / (outflow) on financial instruments	**(27,313,833)**	**(5,237,171)**	**(1,366,569)**	**(13,385,177)**	**-**	**-**	**(28,680,402)**	**(18,622,348)**

Note 33: Share Based Payments

The total expense arising from share based payment transactions recognised during the year in relation to the performance rights, performance shares and options issued was:

Share Based Payment Expense	**2023**	**2022**
	$	**$**
Forfeiture of Performance Rights Valuation – 28 July 2017	-	(756,590)
Shares issued to employee	-	22,500
Forfeiture of Performance Rights Key Management Personnel – 28 July 2017	-	(74,940)
Performance Rights – Key Management Personnel – 20 December 2022	549,820	-
Total Share Based Payment Expense	**549,820**	**(809,030)**

Movement in share rights and performance shares during the period	Number of performance rights
Balance at beginning of period	**-**
Issued during the Year	**8,000,000**
Vested during the period	-
Balance at end of period	**8,000,000**

Performance rights granted during the period:

Total performance rights granted during the period was 8,000,000 (2022: $nil).

Note 33: Share Based Payments (continued)

On 30 November 2022, 8,000,000 performance rights were issued to Director (Matthew Fahey) following shareholder approval and valued using the Hoadley's Barrier1 valuation model. Fair value of performance rights granted was $549,820.

The performance rights were valued using the Hoadley's Barrier1 valuation model as follows:

Number Issued	Grant Date	Share price on grant date	Exercise Price	Barrier Price (15 day VWAP)	Expiry Date	Expected Future Volatility	Risk Free Rate	Dividend Yield	Value per right	Valuation
Tranche 1 - 2,000,000	30/11/2022	$0.079	$0.00	$0.10	20/12/2025	75%	3.17%	Nil	$0.0734	$146,740
Tranche 2 - 3,000,000	30/11/2022	$0.079	$0.00	$0.12	20/12/2025	75%	3.17%	Nil	$0.0692	$207,450
Tranche 3 - 3,000,000	30/11/2022	$0.079	$0.00	$0.14	20/12/2025	75%	3.17%	Nil	$0.0652	$195,630
									Fair value of performance rights	$549,820

As at reporting date the company had 8,000,000 performance rights on issue.

Options granted during the period

No options were granted during the period.

The total options on issue at 30 June 2023 are as follows:

Grant date	Expiry date	Exercise Price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited	Balance at the end of year
07/06/18 (i)	07/06/23	$0.30	14,500,000	-	-	(14,500,000)	-
30/11/17 (iI)	30/11/22	$0.20	14,719,731	-	-	(14,719,731)	-
05/06/2019	30/11/22	$0.20	3,215,060	-	-	(3,215,060)	-
05/06/2019	30/11/22	$0.20	1,800,000	-	-	(1,800,000)	-
27/11/2020	01/12/23	$0.37	10,000,000	-	-	-	10,000,000
			44,234,791	-	-	(34,234,791)	10,000,000

Weighted average exercise price: $0.37
The weighted average remaining contractual life of options outstanding was 0.5 years

Note 34: Business Combinations

Voiteck Pty Ltd
On 4 January 2022, Vonex Ltd acquired the business of Voiteck Pty Ltd ('Voiteck'). Voiteck is an Adelaide, SA based business providing voice and internet services to small to medium enterprise (SME) customers. The intangible assets of $1,858,842 and goodwill of $2,590,837 launches Vonex into a new geographic region providing a branded physical presence from which the combined group can pursue growth in the SA market. The purchase price allocation was recalculated during the reporting period and the comparative balances restated (see below). The purchase price allocation was recalculated during the period and the comparative balances restated (see below). The recalculation of the acquisition gave rise to a deferred tax liability of $490,209 in respect of this acquisition. The customer contracts and developed software are being amortised on a straight-line basis over 9 and 5 years respectively.

The values identified in relation to the acquisition of Voiteck Pty Ltd are final as at 30 June 2023.

Details of the acquisition are as follows:

	Fair value $
Cash	147,288
Receivables	442,154
Other assets	52,028
Property, plant and equipment	33,741
Intangible assets - Customer contracts	1,696,879
Intangible assets - Developed software	161,963
Other payables	(510,483)
Employee benefits	(122,358)
Deferred tax liability	(490,209)
Net assets acquired	1,411,003
Intangible assets - Goodwill	2,590,837
Acquisition-date fair value of the total consideration transferred	4,001,840
Representing:	
Cash paid to vendor	2,561,732
Shares issued to vendor	681,354
Contingent consideration (note 20)	758,754
Acquisition costs capitalised	4,001,840
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	2,561,732
Less: cash acquired	(147,288)
Net cash used	2,414,444

Note 34: Business Combinations (Continued)

Measurement period adjustment and comparative information restatement

The company was able to finalise its assessment of the assets and liabilities obtained upon the acquisition of Voiteck on 4 January 2022 which included provisionally recognised as intangible assets as at 30 June 2022. This balance is related to future revenue in the customer contracts acquired and developed software. This restatement within the statement of financial position as at 30 June 2022 has a resulted in an increase in intangible assets, an increase in deferred tax liability, and an increase to accumulated losses.

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

Extract	**2022 $ Reported**	**Adjustment**	**2022 $ Restated**
Non-current Assets			
Intangible assets	39,039,501	383,135	39,422,636
Total non-current assets	41,158,334	383,135	41,541,469
Total assets	48,065,493	383,135	48,448,628
Non-current liabilities			
Deferred tax liability	2,829,704	461,972	3,291,676
Total non-current liabilities	16,341,491	461,972	16,803,463
Total liabilities	28,780,952	461,972	29,242,924
Net assets	19,284,541	(78,837)	19,205,704
Equity			
Accumulated losses	(49,713,447)	(78,837)	(49,792,284)
Total Equity	19,284,541	(78,837)	19,205,704

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Note 34: Business Combinations (Continued)

Network Technology (Aust) Pty Ltd
On 27 October 2022, Vonex Ltd acquired the business of Network Technology (Aust) Pty Ltd trading as OntheNet (‘OntheNet’). OntheNet provides data network, voice and hosting/colocation services primarily to business customers across Australia. It also brings ownership of its fully redundant core network, peering at major Australian Internet Exchange Points (IXPs) and a Tier 3 Data Centre located on the Gold Coast. The intangible assets of $9,493,002 launches Vonex into a new geographic region within Australia and significantly expands the Company’s data network capabilities and introduces new product offerings in colocation and hosting.
The acquired business contributed revenues of $9,578,226 and profit after tax of $656,914 to the consolidated entity for the period from 1 November 2022 to 30 June 2023. If the acquisition occurred on 1 July 2022, the full year contributions may have been revenues of $15,603,221 and profit after tax of $1,972,835.

The fair values of OntheNet business assets and liabilities have been measured provisionally. The initial accounting for this business combination is incomplete at 30 June 2023 as management is waiting on third party experts to finalise the fair value of assets and liabilities acquired. If new information is obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the amounts above, the accounting for the acquisition will be revised.

Details of the acquisition are as follows:

	Fair value $
Cash	2,167,579
Trade and other receivables	174,611
Prepayments	466,475
Other assets	332,943
Property, plant and equipment	873,276
Right of use assets	240,035
Intangible assets - Customer contracts	4,128,712
Intangible Assets – Provisionally Acquired	5,234,252
Trade and other payables	(1,469,977)
Lease Liability	(240,035)
Provisions	(664,253)
Deferred tax liability	(1,031,212)
Acquisition-date fair value of the total consideration transferred	10,212,406
Representing:	
Cash paid to vendor	8,180,000
Shares issued to vendor – contingent consideration (note 20)	2,032,406
Total Consideration	10,212,406
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	8,180,000
Less: cash acquired	(2,167,579)
Net cash used	6,012,421

Note 35: Non-cash investing and financing activities

	2023	2022
	$	$
Additions to the right-of-use assets	788,903	736,555
Additions to the right-of-use assets through Acquisitions	240,035	-
Leasehold improvements – lease make good	(5,101)	(20,810)
Shares issued is part of employee benefits	-	22,500
	1,023,837	**738,245**

Note 36: Changes in liabilities arising from financing activities

	Loans	Lease liability	Total
	$	$	$
Balance at 1 July 2021	-	995,328	995,328
Net cash used in financing activities	14,002,746	(312,334)	13,690,412
Acquisition of leases	-	1,148,364	1,148,364
Cessation of leases	-	(171,728)	(171,728)
Other	-	-	-
Balance at 30 June 2022	14,002,746	1,659,630	15,662,376
Net cash used in financing activities	7,542,521	(635,451)	6,907,070
NonCash Amort of Borrow Costs	395,739	-	395,739
NonCash Reclass to Prepayments	652	-	652
Payment of Borrowing Costs	(360,000)	-	(360,000)
Acquisition of leases	-	240,035	240,035
New Leases	-	754,150	754,150
NonCash Rent Abatement Adjustments	-	(166,605)	(166,605)
Balance at 30 June 2023	21,581,658	1,851,759	23,433,417

Note 37: Commitments

The Group has no commitments. (2022: nil).

Note 38: Company Details

The registered office is:
- Level 6, 303 Coronation Drive, Milton, Qld, 4064

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

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

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

Stephe Wilks
Chairman
31 August 2023

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VONEX LIMITED

Opinion

We have audited the financial report of Vonex Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group has incurred a net loss of $22,816,233 during the year ended 30 June 2023 and, as of that date, the Group's current liabilities exceeded its current assets by $28,223,108. As stated in Note 1, this condition, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Intangible Assets
Refer to Note 14 in the financial statements</td></tr>
<tr><td>The Group is required to perform an annual impairment test on the recoverability of the Group's goodwill by using a value-in-use model. In addition, the Group is required to assess whether indicators of impairment are present in relation to the Group's other intangible assets.

For the year ended 30 June 2023, the Group recognised an impairment expense of $19,461,347 in relation to its goodwill across three Cash Generating Units (CGU's).

We determined this to be a key audit matter due to the size of the balance and because management judgement is involved in:

- preparing a value-in-use model of the cash generating unit (CGU) which requires estimates of the future underlying cash flows of the CGU and the discount rate applied;
- assessing whether indicators of impairment are present in relation to the Group's other intangible assets; and
- determining the impairment expense to be recognised, if required.</td><td>Our audit procedures in relation to goodwill include:

• Assessing management's determination of the CGU;
• Assessing the valuation methodology of the value-in-use model;
• Checking the mathematical accuracy of the model;
• Challenging the reasonableness of key assumptions used in the model;
• Reviewing sensitivity analysis over the key assumptions used in the model;
• Reviewing the adequacy and accuracy of the relevant disclosures in the financial statements; and
• Assessing the appropriateness of the impairment expense against the goodwill balance.

Our audit procedures in relation to the other intangible assets included:

• Critically evaluating management's assessment of whether impairment indicators were present at 30 June 2023;
• Assessing management's determination of the useful life of the intangible assets; and
• Checking the mathematical accuracy of the amortisation expense of the intangible assets.</td></tr>
<tr><td colspan="2">Business Combination - Acquisition of Network Technology (Aust) Pty Ltd
Refer to Note 34 in the financial statements</td></tr>
<tr><td>The Group acquired the business of Network Technology (Aust) on 27 October 2022.

The transaction was treated as a business combination in accordance with AASB 3 Business Combinations. The provisional purchase price allocation has resulted in intangible assets of $9,362,964 being recognised.

This was considered a key audit matter because the accounting for the transaction is complex and involves significant judgments. These include the recognition and valuation of consideration paid and the determination of the fair value of the assets acquired and liabilities assumed.</td><td>Our audit procedures included:

• Obtaining the purchase agreement and other associated documents to obtain an understanding of the transaction and the related accounting considerations;
• Determination that the acquisition met the definition of a business in accordance with Accounting Standards;
• Assessing management's determination of the acquisition date, fair value of consideration paid, assets acquired and liabilities assumed; and
• Assessing the appropriateness of disclosures in the financial statements.</td></tr>
</table>

Other Information

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

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

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

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

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

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

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Vonex Limited, for the year ended 30 June 2023, 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.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 31 August 2023

JAMES KOMNINOS
Partner

ADDITIONAL INFORMATION

SHAREHOLDER INFORMATION (as at 18 September 2023)

(i) Number of shareholders: 2,710
(ii) Ordinary shares issued: 361,828,620
(iii) Distribution schedule of holdings of ordinary shares is set out below

Category (size of holding)	Holders	Total Units
1 – 1,000	197	52,836
1,001 – 5,000	546	1,912,040
5,001 – 10,000	511	4,024,635
10,001 – 100,000	1,092	38,804,823
100,001 – and over	364	317,034,286
Total	**2,710**	**361,828,620**

VOTING RIGHTS

Ordinary Shares

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

Options & Performance Rights

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

SUBSTANTIAL SHAREHOLDERS

As at 18 September 2023, shareholders with a relevant interest in 5% or more of the Company's securities are set out below:

Holder	% Interest	Total Units
2SG Investments Pty Ltd	7.40	26,760,756
BNP Paribas Noms Pty Ltd <Drp>	5.69	20,571,120

ADDITIONAL INFORMATION

TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES (as at 18 September 2023)

Rank	Name	Units	% Units
1	2SG Investments Pty Ltd	26,760,756	7.40
2	BNP Paribas Noms Pty Ltd <Drp>	20,571,120	5.69
3	Citicorp Nominees Pty Limited	15,449,226	4.27
4	12223 Pty Ltd	14,670,268	4.05
5	Jag Capital Invest Pty Ltd <Jg Investments A/C>	12,400,000	3.43
6	Finance West Pty Ltd <Finance West Unit A/C>	10,532,430	2.91
7	Mr Robert Farago	7,099,418	1.96
8	Mr Tak Kuen Woo	7,099,418	1.96
9	Skua Investments Pty Ltd <The Scaramouche Equities A/C>	6,500,246	1.80
10	Mr Matthew Brian Michael Fahey <Fahey Family A/C>	5,633,698	1.56
11	Mr Paul Richard Pyyvaara	4,548,887	1.26
12	Bnp Paribas Nominees Pty Ltd <Ib Au Noms Retailclient Drp>	4,286,361	1.18
13	Earglow Pty Limited <Boorne Super Fund A/C>	4,000,000	1.11
14	Mr Brett Holterman	3,962,351	1.10
15	Jpob Investments Pty Ltd <Gomersall Investment A/C>	3,954,579	1.09
16	J P Morgan Nominees Australia Pty Limited	3,846,534	1.06
17	Mr Anthony George Griffiths	3,712,733	1.03
18	Plsm Holdings Pty Ltd <Pl Investment A/C>	3,650,000	1.01
19	Hsbc Custody Nominees (Australia) Limited	3,302,604	0.91
20	Pula Holdings Pty Ltd <Herath Super Fund A/C>	3,072,727	0.85
	Totals: Top 20 Holders of Ordinary Fully Paid Shares	165,053,356	45.62
	Total Remaining Holders Balance	196,775,264	54.38
	Total Shares on Issue	**361,828,620**	**100.00**

UNQUOTED SECURITIES

As at 18 September 2023, the classes of unquoted securities currently on issue are set out below:

Class	Total Units
Performance Rights expiring 20/12/25	8,000,000
Options exercisable at 37c expiring 30/11/2023	10,000,000

UNQUOTED SECURITIES HOLDERS WITH GREATER THAN 20% OF AN INDIVIDUAL CLASS

As at 18 September 2023, the following classes of unquoted securities had holders with greater than 20% of that class on issue is set out below.:

Class	% Interest
Performance Rights expiring 20/12/25	
- Mr Matthew Brian Michael Fahey <Fahey Family A/C>	100%
Options exercisable at 37c expiring 30/11/2023	
- Mr Matthew Brian Michael Fahey <Fahey Family A/C>	30%
- Qupit Pty Ltd	25%

ADDITIONAL INFORMATION

ON-MARKET BUYBACK

As at 18 September 2023, there is no on-market buy-back of the Company's securities.

SECURITIES SUBJECT TO ESCROW

As at 18 September 2023, securities currently subject to escrow are set out below:

Class	Total Units
Ordinary fully paid shares escrowed until 04/01/2024	1,793,968
Ordinary fully paid shares escrowed until 26/10/2023	27,098,743
Ordinary fully paid shares escrowed until 14/11/2023	604,372
Ordinary fully paid shares escrowed until 14/11/2024	218,602
Total	**29,715,685**

CORPORATE GOVERNANCE

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

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