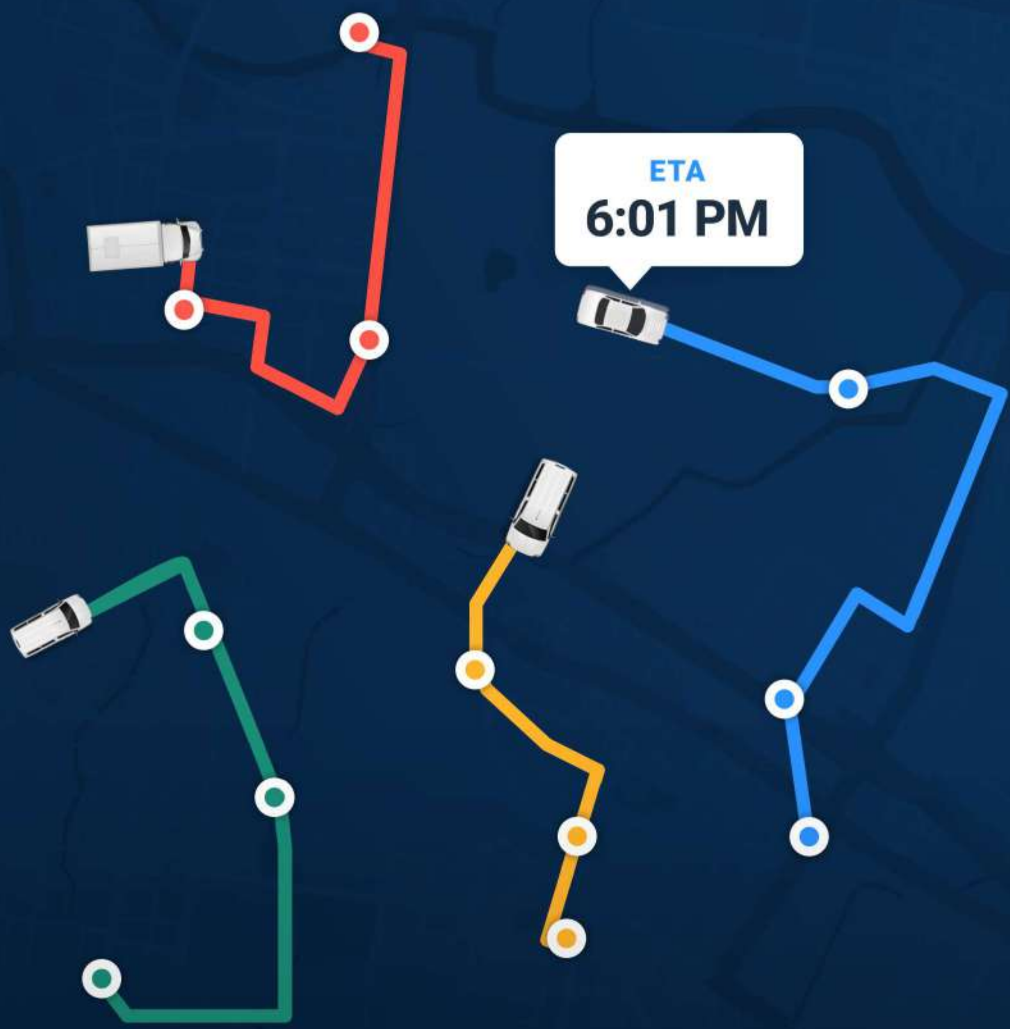
Zoom2u Technologies



Zoom2u Technologies Limited

FY23 Annual Report

Contents

About Us

Zoom2u Technologies is an Australian based company which specialises in developing technology solutions globally for the last mile delivery industry.

Our key solutions are:

Locate2u: Our Software as a Service (SaaS) product, enabling businesses to manage their deliveries more efficiently, profitably and improve their customer experience. Locate2u is a global product that can be used by businesses of all sizes.

Locate2u is used by big and small customers across the globe. Our customer base includes, Amart Furniture, Bing Lee and Mayo Clinic.

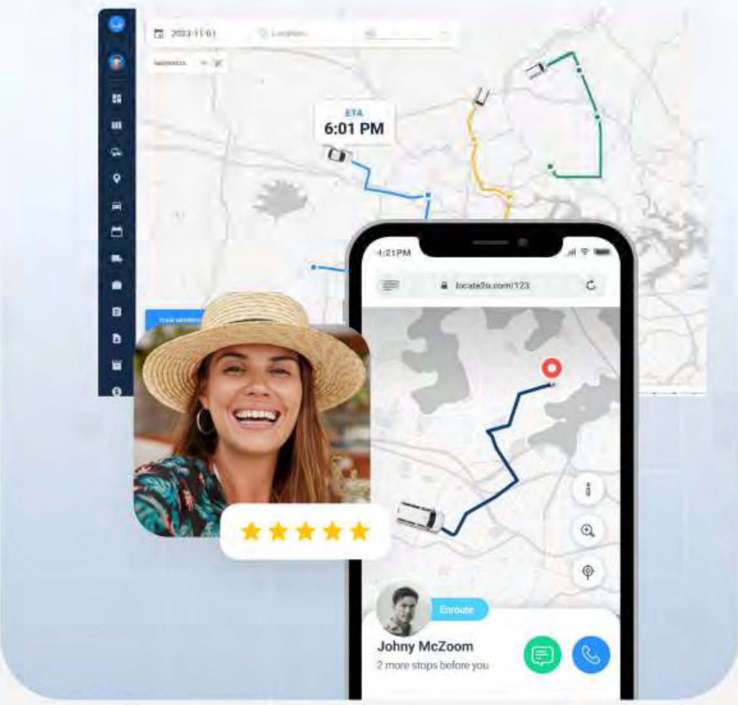
Zoom2u: Provides a platform for customers to connect with local drivers in their area for a fast same day delivery. The platform enables customers to see the live location of their driver allowing them to improve the customer experience.

The Zoom2u platform is available in Australia and is used by SMEs and corporates including, DHL Express, Nespresso and Bunnings Warehouse.

Our global team of 75 staff is committed to our mission which is to empower customers to provide the best customer experience through our last mile technology innovations.

Zoom2u

Locate2u



Our vision, mission and values

Vision

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

Mission

Empowering customers to thrive through our last mile technology innovations.

Our Values

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

Customer centricity

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

Absolute transparency

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

Continuous innovation

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

Letter from our Chair and CEO

Dear fellow shareholders

We are pleased to present the 2023 Annual Report for Zoom2u Technologies Limited (Zoom2u Technologies" or "the Company"). This year has been one of growth and change for our businesses, as we adapt to evolving market conditions.

Locate2u has experienced significant revenue growth in 2023. This has come both organically from growth in Locate2u sales combined with revenue acquired through the Talcasoft purchase. Locate2u is now contributing around 41% of Group Revenue, compared to 4% at the time of the Company's IPO in September 2021.

We continuously look to reduce the cost of customer acquisition (CAC) for Locate2u whilst increasing the inbound lead volume and quality. The changes have started to show results with a number of new customers signing up to the product. We are confident that our change in marketing strategy will enable us to continue to expand our customer base and drive further revenue growth, whilst maintaining a disciplined approach to marketing spend.

As we noted in last year's annual report, in the 2022 financial year the performance of the Zoom2u business was positively assisted by the Covid-19 lockdowns in Sydney and Melbourne in the August to October 2021 period. Accordingly, with the cessation of lockdowns and return to in store shopping, delivery volumes through the Zoom2u marketplace in the 2023 financial year have been lower than in 2022, which has resulted in a decline in Zoom2u's GMV in 2023. Offsetting the decline in GMV was an improvement in revenue, which when combined with labour and marketing cost reductions has enabled the Zoom2u business to achieve a positive EBITDA result in the second half of the financial year.

Key Highlights of 2023 have included:

- As part of our ongoing efforts to expand our capabilities and improve our offerings, we completed the acquisition of Talcasoft. We are pleased with the progress we have made in integrating their team and functionalities into our platform, which will enable us to deliver even greater value to our customers and prospects.
- To support our growth and expansion plans, we obtained a $4 million debt facility from PURE Asset Management, as well as raising $1.5 million from institutional and high net worth investors, and $0.5 million from a Share Purchase Plan. These funds will assist us in pursuing our growth objectives.

- Finally, we have successfully completed a restructuring of our businesses, which has enabled us to reduce our employee expenses. We have also implemented an organic social media strategy, which together with outbound marketing activities, has allowed us to further reduce our marketing costs whilst expanding our reach.

We remain focused on delivering long-term value to our shareholders, and we look forward to continuing to grow and evolve our businesses in the years to come. Thank you for your ongoing support and trust in our business.

Sincerely,

Drew Kelton
Chair

Steve Orenstein
CEO and Founder

L-R: Drew Kelton (Chair), Kara Nicholls (Non-Executive Director), Steve Orenstein (CEO & Executive Director), Michael Gayst (CFO & Executive Director) & Michael Rosenbaum (Non-Executive Director).

FY23 Highlights

$1.584k
Locate2u Revenue
218% growth over FY22

$4.6m
Group Revenue
consistent with FY22

-$1.5m
H2 FY23 Cash burn, reduced from
$3.0m in H1 FY23

$3.9m
Cash at 30 June 2023

Zoom2u wins Product Review Award for 5th consecutive year

2019 2020 2021 2022 2023
PRODUCT REVIEW .COM.AU AWARD WINNER

Group Revenue

The Markets we Operate in

> A$46 billion addressable markets with favourable trends

Zoom2u

A$10B[2]
Australian courier market

Locate2u

A$10.2B[3]
Delivery Management Software market

A$2.8B[4]
GPS tracking market

A$4.2B[5]
Field service market

+A$19.6B[6]
Transportation Management Systems market

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

Market size for Locate2u

Locate2u offers a service as a software (SaaS) product for the global last mile delivery management software market which was valued at A$10.2 billion in 2023 and is forecast to grow to A$23.3 billion by 2030[3].

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

[3] Verified Market Research, Last Mile Delivery Software Market Size And Forecast, accessed from https://www.verifiedmarketresearch.com/product/last-mile-delivery-software-market/. Market sizes converted from US$ at exchange rate as at 18 June 2023

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

[5] https://www.fortunebusinessinsights.com/field-service-management-fsm-market-102215

[6] https://www.marketsandmarkets.com/Market-Reports/transportation-management-market-232446179.html

Recent extensions to the functionality of Locate2u have enabled us to target additional adjacent markets to the last mile delivery management software market. We now have functionality that enables us to compete in the GPS tracking (market size = A$2.8 billion[4]) and field service software markets (market size = A$4.2 billion[5]), which are also large addressable markets.

In particular, our ability to compete in the GPS tracking market provides an opportunity to upsell the additional functionality of Locate2u to customers initially only looking for a simple tracking solution. Our ability to compete in the field service software market opens up a new range of industries that can use the Locate2u product to bring efficiencies to their operations and provide their customers with a better customer experience.

The acquisition of Talcasoft is fast tracking the development of Talcasoft functionality in the Locate2u product. This functionality includes a rates engine, billing and invoicing and reporting capabilities that are required by operators in the transport industry. This functionality was on the Locate2u product development roadmap, but with the expertise of the Talcasoft development team the development work has been accelerated. Once available, this functionality will allow Locate2u to access the transport management systems market worth ~A$20 billion.

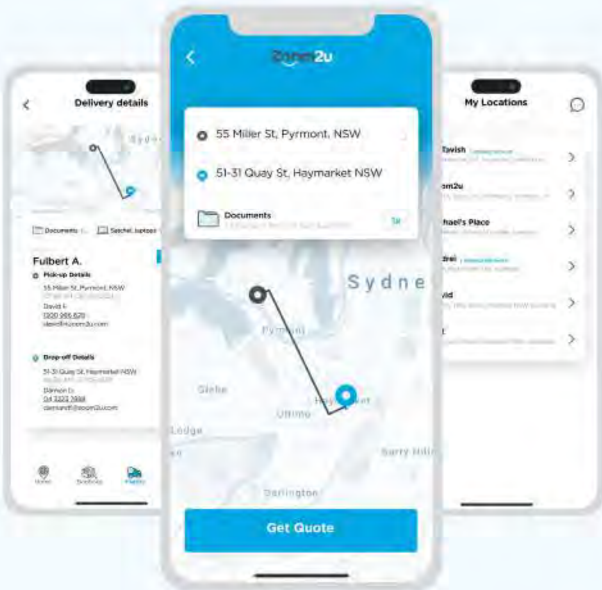
Being able to sell the Locate2u product into each of these markets, means that the total addressable market for Locate2u is estimated at approximately A$37 billion.

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

Since launching in 2020, Locate2u has grown to have over 500 businesses use the product.

Market size for Zoom2u

Zoom2u operates in the Australian delivery service market which was valued at A$10 billion in 2022. Key market drivers include an increase in both e-commerce and the outsourcing of delivery services by retailers. The Covid-19 pandemic restrictions provided the e-commerce market with a significant boost and introduced many consumers to a new way of purchasing products.



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

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

The year saw us progress the development of our online marketplace to connect customers to local drivers in their area for fast delivery. The key to the success of our marketplace is to build supply and demand at the same time.

The marketplace will continue to expand as more customers access it. This creates a network or multiplier effect with deliveries becoming faster and more bookings becoming available for drivers.

Our Strategy

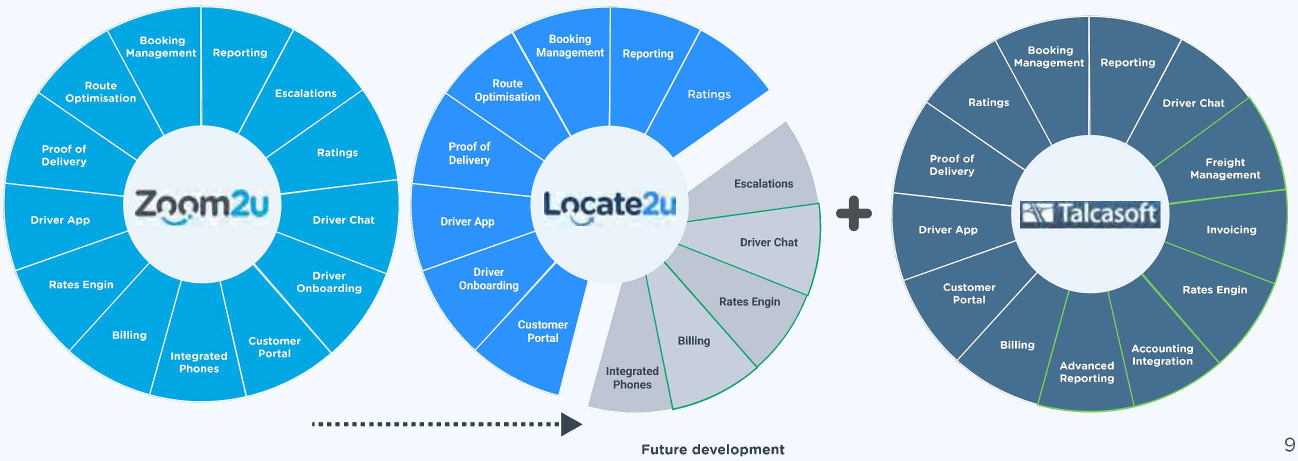
The Company's mission continues to be to empower customers to thrive through our last-mile technology innovations. The growth initiatives we have pursued since the Company's IPO in September 2021 remain the same, with a focus on sales and marketing, product development, and M&A. However, we have and will continue to adapt these initiatives due to changes in market conditions and other developments.

Sales & Marketing

The Company has altered its sales and marketing strategy for the Locate2u product, with a move from operating a sales team responding to inbound leads from paid advertising, to a content-based marketing strategy combined with outbound sales activities generated from the sales team. The change has allowed us to reduce headcount and advertising spend, whilst maintaining momentum in revenue growth.

Further product development

The Company intends to continue to invest in product development for the core Zoom2u and Locate2u products. The priorities for our development team are integrating functionality from the Talcasoft software into Locate2u and building the Locate2u marketplace, which will allow customers to connect with external carriers in addition to utilising their own fleet of drivers. The new features will enable us to sell Locate2u into broader markets where the additional functionality is sought after.



Mergers and acquisitions

The Company has made two acquisitions since listing in September 2021, being the acquisition of the Local Delivery Shopify App in December 2021, and the acquisition of the Talcasoft transport management systems business in November 2022.

Both of these acquisitions have been consistent with our stated strategy of acquiring complementary SaaS businesses that provide access to new customer bases. In the case of Talcasoft, the acquisition has had a number of other strategic benefits, including access to a team of experienced transport industry software developers located in Australia and IP in the Talcasoft products that can be replicated in the Locate2u product - broadening the target customer market to include transport businesses that need functionality to price jobs for their customers. We are making progress on replicating this functionality into Locate2u. We continue to investigate potential acquisition opportunities and expect that we will see a number of opportunities arise as economic conditions tighten and the availability of capital continues to be constrained.

We will remain disciplined in our approach to acquisitions, and will only proceed should we see an opportunity to build shareholder value.

Environmental, Social And Governance (ESG)

Introduction

Zoom2u Technologies acknowledges the constantly evolving environmental, social and sustainability requirements and its responsibility to provide transparent reporting against these requirements to all our stakeholders.

Zoom2u Technologies listed on the Australian Securities Exchange in September 2021, and we commenced our ESG journey in 2022.

We have initially used our Risk Management Framework to identify, assess and manage ESG areas which are most relevant to our business.

From an environmental perspective, the nature of Zoom2u Technologies' businesses, driven by our people and our digital offerings, means that Zoom2u Technologies is not a large consumer of energy or water. However, as we continue on our ESG journey we will be considering these areas further, particularly from a perspective of monitoring and further reducing our consumption.

From a social perspective, we nurture our workforce as it is our most important asset. We strive to ensure that our workforce is inclusive and diverse and is a great place to work, and as a result, our employees are able to be the best they can be.

From a governance perspective, we have a competent board that has the right skillset to oversee the operations of the Company. The board has put in place policies to assist in sound governance and has established a Risk Management Framework and Risk Appetite Statement to provide parameters within which management operates.

Environmental

As a software solutions provider, Zoom2u Technologies does not physically transport goods. While our global environmental footprint is small across our operations we will attempt to reduce our environmental impacts where they exist, and where we can.

The COVID-19 pandemic led to significant reductions in Zoom2u Technologies' energy usage, use of consumables, business travel and waste as our staff were required to work from home. As we resume office-based work, we aim to carry this efficiency forward, exploring meaningful ways to reduce our emissions.

The Zoom2u and Locate2u platforms have a number of functions which allow our customers to reduce their environmental footprint. With intelligent planning tools, real-time tracking, and route optimization, customers can significantly reduce futile transport trips and deliveries and hence reduce fuel consumption. This means better quality reporting, fewer delays and returns, and high-quality deliveries. Additionally, our Cloud deployment makes remote working and collaboration easy to deploy.

Social

Our Workforce

Zoom2u Technologies' has a diversified workforce, who work flexibly, located in Australia, South Africa, India and the Philippines.

We have recently implemented short monthly staff pulse check surveys as well as a more in depth annual staff survey. The monthly pulse checks assist in quickly addressing any issues that our people are dealing with as we grow and scale. Not only does the monthly pulse check highlight issues, our people also provide great ideas for improvements which will we believe help to accelerate our growth trajectory.

In 2022, we conducted our first global workforce survey and pleasingly we achieved an employee net promoter score ("e-NPS") of 77 with a participation rate of 78%. This year's survey produced an e-NPS of 61 with a participation rate of 68%. The decrease in the e-NPS was due to a number of factors, with staff citing insufficient focus on opportunities for professional development and issues associated with working from home as factors. We are currently reviewing the outcomes with our teams to put in place actions to address employees' concerns.

Whilst Zoom2u Technologies is a publicly listed company, it has maintained elements of a start-up culture. The organisational structure is flat, all staff have a direct line of communication to the CEO and CFO and our staff's performance is judged based on outcomes, not time spent in the office.

Zoom2u Technologies has adopted a Diversity Policy to assist it in attracting, developing and retaining people who are highly competent and can contribute to our long-term success and values by bringing a broad range of perspectives, experience and ideas. Our Diversity Policy includes the provision of Equal Opportunity, and is supported by our Whistleblower Policy. The Whistleblower Policy has been strengthened by allowing our people to anonymously report issues that they are concerned about. Zoom2u Technologies has established a Code of Conduct which outlines how it expects its people to not only comply with the law, but also to conduct themselves in a manner consistent with community and corporate standards. This Code has been updated to include Sustainability as a quality that the Company and its workforce are working towards.

Diversity & Inclusion

Zoom2u Technologies is committed to promoting diversity within the Company and recognises the value of diversity in achieving the Company's corporate objectives, and maximising value to shareholders.

Through fostering an inclusive environment which recognises a variety of employee qualities, the Company aims to improve employee retention, embrace different perspectives, and enhance the Group's reputation.

Strategies available to the Company for achieving diversity are set out in the Company's Diversity Policy, for which the Company's Board is responsible.

When Zoom2u Technologies established its Diversity Policy, it was cognisant that achieving its objectives would be influenced by many factors including:

- The need to hire the best qualified person for the available job as established by the Company's Diversity Policy;
- The under representation of female candidates in the IT industry;
- Changes in the number of people employed due to expansion or reduction in future business activities of the Company; and
- Changes in the composition of the workforce due to resignations, redundancies or terminations.

Reflecting on the above, the Company's Diversity Policy:

- facilitates equal employment opportunities based on relative ability, performance, and potential, including ensuring equal access for people who are Aboriginal or Torres Strait Islander when recruiting for open positions;
- seeks to improve employment and career development opportunities for women; and
- seeks to build a safe work environment by taking action against inappropriate workplace and business behaviour including discrimination, harassment, bullying, victimisation and vilification.

The Company's Diversity Policy can be found at www.zoom2u.com.au/investors/corporate-governance

Diversity Objectives

The Board has set measurable objectives for achieving gender diversity and is committed to annually reviewing, assessing, and reporting on these objectives, and the Company's progress in achieving them.Performance for the year ended 30 June 2023 is as follows:

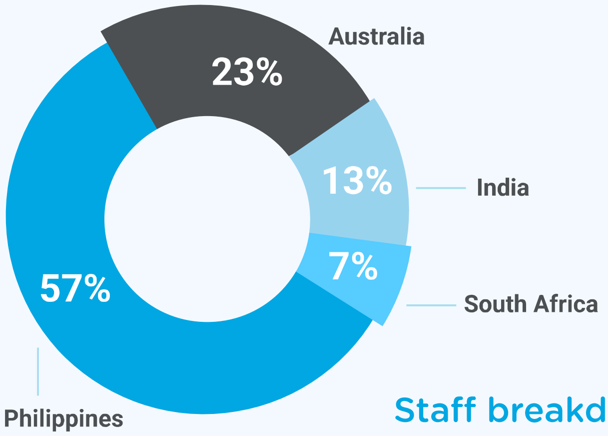
Staff Group	Gender Objective	FY23 Performance	Outcome
Non-Executive Directors	At least 30% female	33% female	Achieved
Senior Executive	At least 40% male and 40% female	14% female	Not achieved
Other roles	At least 40% male and 40% female	35% female	Not achieved

Females now comprise more than 33 % of staff. We will continually work towards creating a diverse and culturally aligned workforce and focus on diversity in its broadest sense when making decisions.

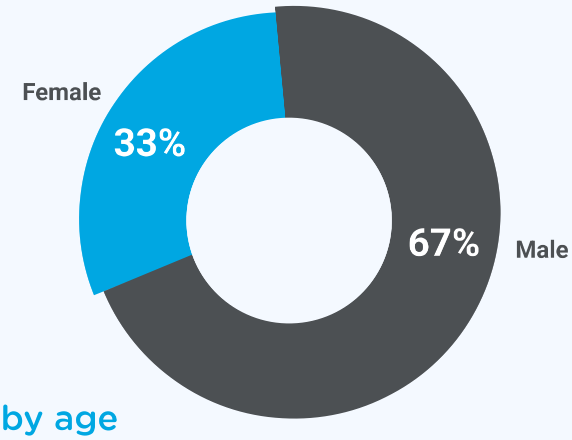
Diversity Profile

As at 30 June 2023 we had 75 staff members. The breakdown on location, gender and age is provided in the charts below.

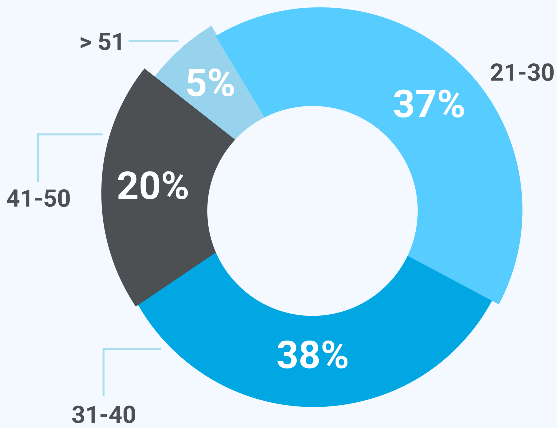
Staff breakdown by location



Staff breakdown by gender



Staff breakdown by age



GOVERNANCE

Regulatory landscape

Zoom2u Technologies acknowledges and embraces its regulatory and business responsibilities. Our businesses are subject to a set of laws, regulations and industry requirements in various jurisdictions globally. These include, but are not limited to, privacy and data protection, taxation, employment, corporate regulations and corporate governance.

Corporate Governance

The Board acknowledges that it is accountable to shareholders, and must ensure that the Company is properly managed and protected to enhance shareholder value. Zoom2u Technologies recognises that its reputation is a valuable asset, which is based largely on the ethical behaviour of the people who represent the Company.

To test and understand whether the Board of Directors has the appropriate skillset to run the Company, and is operating effectively, an annual review of the Boards' skills is conducted each year . The outcome of this process is summarised in the below skills matrix. The skills matrix is a tool able to be used by the Board to assess the suitability of new board members.

The Company's Code of Conduct outlines how it expects its people to not only comply with the law, but also to conduct themselves in a manner consistent with community and corporate standards.

The Company has established various charters and policies to support the Code of Conduct including:

- Board Charter
- Audit and Risk Committee Charter
- Remuneration and Nomination Committee Charter
- Corporate Governance Statement
- Anti-Bribery and Corruption Policy
- Modern Slavery Policy
- Diversity Policy
- Securities Trading Policy
- Continuous Disclosure & Communication Policy
- Whistleblower Policy

These policies are all available on Zoom2u's website at **www.zoom2u.com/corporate-governance/**

In addition to public facing policies, Zoom2u also hosts governance resources on its Intranet, which makes a suite of policies, procedures and templates available for use by our people. As well as the above these include:

- Risk Management Framework
- Company Vehicle Policy
- Occupational Health & Safety Policy
- Expense Policy

RISK MANAGEMENT

Zoom2u Technologies considers risk management to be an essential part of good corporate governance and is committed to having a risk-aware culture that is championed by our Board and Senior Executives.

Zoom2u Technologies recognises that effective risk management is only possible with effective risk governance and conducts its risk management activities in line with a Board approved Risk Management Framework. The Zoom2u Technologies' Risk Management Framework is designed to identify material financial and non-financial risks.

Responsibility for Risk Management is shared between the Board, Management and all of our people. The Board sets the risk appetite and provides oversight of Management's execution of Zoom2u Technologies' Risk Management Framework.

We recognise that all of our people have a role to play in this area. Key roles are outlined in the diagram below.

Risk Management and Accountability

Zoom2u Technologies' Board
Responsible for effective governance of risk management

The Board's Role
Set the Risk Appetite Statement (RAS) and Risk Management Framework (RMF)

Zoom2u Senior Executives
Adequate and effective execution of the RMF and managing risks within the RAS

Zoom2u staff
Adhere to the RAS and report unacceptable risks to Management

External Assurance Providers*

*Used where appropriate

The table below highlights key strategic, operational and emerging areas of potential risk facing Zoom2u and the high-level mitigation activities we have in place

Key Areas of Potential Risk	Mitigation strategies and activities
Liquidity and Capital Management	
• Our liquidity may be adversely impacted by circumstances we are unable to control – such as changes in customer behaviour • An inability to access funding to support our liquidity would severely limit our ability to deliver on strategic plans	• We monitor and adjust our expenses in response to a change in business conditions • We proactively engage with our material customers to prevent revenue leakage • We have a strong balance sheet and ensure that a minimum level of cash and/or committed funding is available at any given time
People	
Wellbeing, Health and Safety	
• We have a widely distributed workforce and may not be able to protect our employees wellbeing, health and safety	• We regularly undertake employee surveys and act on any issues that our employees raise • We immediately address any unacceptable workplace issues which are not aligned with our code of conduct, diversity and safety policies
Attracting and Retaining	
• If we do not attract and retain the right people, we will not have the capacity to undertake the processes and projects that deliver growth, platform and product development and customer support activities	• We provide our people with a flexible workplace • We foster an environment where people want to work • Our annual employee surveys provides a high Employee Net Promoter Score (“e-NPS”) and an opportunity for staff to provide anonymous feedback
Operating	
Competition and Disruption	
• Zoom2u may need to invest significant time and costs into updating its technology to remain competitive	• Zoom2u is increasing its investment in product development and is adding new features to its platform and products on a regular basis

Operating

Competition and Disruption

- Zoom2u may need to invest significant time and costs into updating its technology to remain competitive

- Zoom2u is increasing its investment in product development and is adding new features to its platform and products on a regular basis

Product Delivery Execution

- New features in Zoom2u's platform, products and services may not be valued by customers and thus may not convert to sales

- The Company constantly tracks trends in the delivery industry (for instance autonomous vehicles and drones) with a view to adopting new technologies in the future
- Prioritisation of initiatives to focus available resources and delivery on the highest priority projects

Legal

- Complex legal arrangements which may lead to litigation which Zoom2u should not be involved in
- Actions by our employees and contractors and marketplace participants could result in liabilities to third parties with whom we have no formal relationship. They could see litigation against Zoom2u as the only option for seeking recourse
- Misuse or misappropriation of our intellectual property may result is costly litigation

- We maintain relationships with advisors to assist in complying with the obligations applicable to our business

Compliance

- The regulatory environment which the company operates in is complex – changes to the regulatory environment may cause additional expenditure to be incurred and / or disruption to business growth, platform / product development, and customer support activities
- Breach of regulations could lead to reputational damage, fines and penalties

- We maintain relationships with advisors to assist in complying with the obligations applicable to our business

Data and cybersecurity breaches

Breach

- Security controls and processes are insufficient leading to a breach and resulting in loss of data or system functionality, and disruption to customers' businesses

- When developing our platform and products, protecting the customer and corporate data is a core priority. We protect this information by developing coding rules, databases and application and review procedures to ensure that we are protecting this information to the greatest extent possible
- We use layered cyber security, regular access reviews and cyber security penetration testing to confirm the security of systems
- We have adopted privileged access management to ensure administrator rights are protected
- Multiple layers of system security to harden our systems against malware

Third Party relationships

- We depend on third parties that are exposed to the same cyber risks as Zoom2u but they are largely outside of our control

- We protect ourselves by appropriately worded contracts
- Where possible, we undertake a review to ensure the provider has robust controls in place

Platform Stability

- Failure or disruption of our platform or products resulting in disruption to a customer's business.

- Comprehensive testing, piloting and integration of new features and functionality improvements
- We pursue "High Tempo" development of the platform/ products, on demand. Their stability and availability is essential to delivering new functionality and features on time
- Appropriate redundancy and disaster recovery processes to reduce any impact of systems failures or disruptions

Zoom2u Technologies

Zoom2u Technologies Limited

ACN: 636 364 246

Consolidated Financial Statements

For the Year Ended 30 June 2023

Contents

The directors present their report, together with the consolidated financial statements of Zoom2u Technologies Limited (**the Company**) and its controlled entities (**the Group**), for the financial year ended 30 June 2023.

1. General information

Directors and company secretary

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

Name	Appointed
Drew Kelton	30 July 2021
Stephen Orenstein	23 September 2019
Michael Gayst	23 July 2021
Mike Rosenbaum	23 July 2021
Kara-Lyn Nicholls	15 March 2022

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

Company Secretary

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

Name	Appointed	Resigned
Hasaka Martin	30 July 2021	15 May 2023
Geoffrey Stirton	22 November 2021	12 December 2022
Gai Stephens	15 May 2023	

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

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

Ms Stephens has extensive experience as Company Secretary with roles previously in a range of entities from multinationals, large and small Australian public listed companies to disruptive technology startups. In these roles, her breadth of experience includes mergers and acquisitions, corporate restructurings, equity and debt fund raising, corporate governance, risk management and remuneration planning. She is a Fellow of the Governance Institute of Australia, the Tax Institute, and Chartered Accountants Australia and New Zealand. She is a graduate member of the Institute of Company Directors. She holds undergraduate degrees in accounting and law and a postgraduate qualification in corporate and tax law.

Principal activities

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

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

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

2. Operating and Financial Review

Overview of the Group

Zoom2u Technologies is a global provider of innovative and real time tracking delivery solutions and is the parent company for Zoom2u and Locate2u. The Company's Zoom2u Platform provides an Australia-wide Marketplace connecting customers to a network of local drivers for fast deliveries, and Locate2u provides real time tracking solutions to customers around the globe running their own fleet of vehicles. Since launching in 2014, Zoom2u has processed over 3.2 million deliveries to over 91,000 customers and has over 14,000 drivers.

Operating and financial performance for the year

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

	2023	2022	Change ($)	Change (%)
Gross Marketplace Value (**GMV**[1]) ($m)	12,558,469	17,474,295	(4,915,826)	(28.1%)
Revenue from operating activities	4,632,330	4,633,184	(854)	0.0%
Loss before interest, tax, depreciation & amortisation (**EBITDA**[2])	(4,255,952)	(4,578,609)	322,657	7.0%
Loss after income tax expense	(5,558,488)	(4,903,637)	(654,851)	(13.4%)

The highlights of the 2023 financial year included the following:

- Acquisition of the assets of the Talcasoft business. Talcasoft provides transport management software systems to transport industry customers;
- Successful cash finance obtained of $5,965,500 through a $4,000,000 secured loan facility provided by PURE Asset Management ("PURE"), a placement to institutional and wholesale investors that raised $1,500,000 and a share purchase plan which raised $465,500;
- The continued growth of the Locate2u business, with revenue increasing by over 200% compared with the 2022 financial year; and
- The ~57% reduction in Normalised EBITDA[2] loss from $2,756,413 in H1 FY23 to $1,182,426 for H2 FY23 through a combination of increased revenue and an optimized cost base.

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[1] Gross Marketplace Value represents the total price of all Deliveries completed through the Platform after cancellations, inclusive of fees paid by Customers to Zoom2u, but excludes any applicable GST.

[2] EBTIDA and Normalised EBTIDA are non-IFRS measures that is presented to provide an understanding of the normalised performance of the Group's operations. In the opinion of the Directors, the Group's Normalised EBTIDA reflects the results generated from ongoing operating activities. The non-routine adjustments outlined above are considered to be non-cash or non-recurring in nature. These items are included in the Group's consolidated statutory result but excluded from Normalised EBTIDA. The non-IFRS financial information is unaudited. However, the numbers have been extracted from the financial statements.

A reconciliation of loss after income tax expense to EBITDA[2] and Normalised EBITDA[2] is set out below:

	Consolidated	
	30 June 2023 ($)	**30 June 2022 ($)**
Loss after income tax expense	**(5,558,488)**	**(4,903,637)**
Add: Income tax expense	-	82,964
Add: Finance costs	355,941	34,864
Add: Depreciation and amortisation	987,193	283,267
Less: Finance and interest income	(40,638)	(76,067)
EBITDA	**(4,255,952)**	**(4,578,609)**
Add: Transaction costs and IPO costs	85,285	418,265
Add: Accelerated option vesting expense	231,828	-
Normalised EBITDA	**(3,938,839)**	**(4,160,344)**

The EBITDA[2] for the consolidated entity for the year ended 30 June 2023 was a loss of $4,255,952 (30 June 2022: $4,578,609). The result for the year was impacted by costs associated with the acquisition of Talcasoft, the raising of capital and the requirement to accelerate the expensing of option vesting on cancellation of certain employee options. Excluding these one-off costs, Normalised EBITDA[2] for the year ended 30 June 2023 was a loss of $3,938,839 (30 June 2022: $4,160,344).

The consolidated loss after income tax expense of the Group for the year ended 30 June 2023 amounted to $5,558,488 (2022: $4,903,637). This represented a 13% increase in losses compared to the year ended 30 June 2022. The increased loss after income tax expense was largely due to the impact of depreciation and amortisation expenses associated with assets acquired as part of the acquisition of the Talcasoft business in November 2022, together with the interest expense associated with the debt facility provided by PURE in November 2022.

Locate2u - Revenue

The Locate2u business achieved revenue in the 2023 financial year of $1,583,751, being over 200% higher than the $497,892 reported in the prior year. All revenue lines in the business increased, with software and other revenue and GPS revenue increasing by 214% and 239% respectively. The increase in GPS revenue is a positive leading indicator as we are finding that customers often commence their Locate2u journey with the purchase of a small number of GPS units, following which our sales team can sell additional GPS units and additional Locate2u licenses to the customer.

The Local Delivery Shopify App, acquired in December 2021, has performed slightly below expectations at the time of acquisition, principally due to higher levels of net customer churn than assumed at the time of the acquisition. During the year we reassessed the useful life of the Local Delivery customer list acquired, from 6 years to 3 years, due to the higher rate of customer churn experienced to date.

Zoom2u and 2u Enterprises - GMV and Revenue

As noted in the 2022 annual report, the impact of the Coronavirus (COVID-19) pandemic during the 2022 financial year was financially positive for the Zoom2u business. GMV and revenue increased as consumers accelerated the trend towards on-line shopping and businesses responded to changed operating conditions by promoting contactless delivery of products. In addition, the lockdowns in Sydney and Melbourne in August and September 2021 created a surge in demand for deliveries which led to an extremely strong 2022 financial year for the Zoom2u business. Accordingly, Zoom2u's GMV for the 2023 financial year declined by ~28% from the level reported in the 2022 financial year.

Going forward, and consistent with our focus on achieving profitability, we will manage the Zoom2u business to maximise revenue (rather than GMV). This will be done through minimising unprofitable deliveries through the platform.

Key metrics for Zoom2u for the 2023 financial year included:

- onboarding over 8,300 new customers to the marketplace;
- completing ~450,000 deliveries, taking total deliveries to over 3.2 million since the platform was launched in 2014; and
- significantly increasing the average GMV per delivery by ~27% to ~$28 compared to ~$22 in the prior year.

The Zoom2u business (excluding 2u Enterprises) recorded a revenue decline of ~26% in the 2023 financial year to $2,833,253 compared to $3,854,009 reported in the 2022 financial year due to:

- a 28% decline in Zoom2u's GMV to $12,588,469; offset by
- a marginal increase in revenue as a percentage of GMV to 22.5% from 22.1% in the prior year

Zoom2u's revenue as a percentage of GMV has increased in recent months, with ~25.5% being achieved for the period January to June 2023 compared to 20.1% over the period July to December 2022. This improvement has been due to several factors, including customer mix changes and the introduction of additional fees charged to customers of the Freight Match business.

During the 2023 financial year, 2u Enterprises' revenue was derived from the Shred2u business which facilitates secure document shredding services. In the 2022 financial year, 2u Enterprises also derived revenue from ad hoc development services which did not continue in 2023. Shred2u's revenue for the 2023 financial year declined to $215,325 versus $321,506 in the prior year. The decline in Shred2u revenue was primarily a result of reducing advertising spend, which was reallocated to the Group's other businesses.

EBITDA

The Group's Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') loss for the year was $4,255,952 compared to a loss of $4,578,609 for the prior year.

Whilst revenue for the 2023 financial year was flat relative to the prior year, a reduction in the EBITDA loss was achieved due to:

- a reduction in marketing expenses from $1,619,853 in the 2022 financial year to $800,267 in 2023, with the decrease achieved from reduced spending on paid advertising with the move to more content-based marketing; net of
- an increase in employee benefit expenses from $5,002,192 in the 2022 financial year to $5,527,872 in 2023. This increase was due to a number of factors, including:
    - full year impact of the expenses associated with the employee share options plan, introduced at the time of the Company's IPO in September 2021;
    - accelerated vesting of cancelled options held by the CEO together with the expensing of options held by a number of ESOP participants whose employment was terminated during the financial year;
    - the full year impact of certain staff hired in the 2022 financial year, together with the costs of Talcasoft staff hired as part of the Talcasoft acquisition in November 2022; and
    - redundancy and other costs associated with terminating staff.

  The impact of the recent reduction in headcount (from 112 at 30 June 2022 to 75 at 30 June 2023) and lower employee option scheme expenses has resulted in a reduction in the level of employee expenses currently being incurred.

- Other expenses increased marginally from $2,589,748 in the 2022 financial year to $2,618,626 in 2023.

Financial Position

The Group had $3,853,671 in cash as at 30 June 2023 compared with $4,259,091 in cash as at 30 June 2022.

The net decrease in cash of $405,420 in the 2023 financial year was due to:

- proceeds from the Company's capital raisings in October and November 2022 of $5,965,500 (before costs) net of;
- an investment of $1,360,000 to acquire the assets associated with the Talcasoft business;
- transaction costs associated with the acquisition of the Talcasoft business and costs associated with the capital raisings during the year; and
- cash expended on operating activities and investments in software development.

The net assets of the Group have decreased from a net asset position of $5,356,300 at 30 June 2022 to a net asset position of $3,311,667 at 30 June 2023.

Dividends paid or recommended

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

Outlook and Likely Developments

The Company's mission continues to be to empower customers to thrive through our last-mile technology innovations. The growth initiatives we have pursued since the Company's IPO in September 2021 remain the same, with a focus on sales and marketing, product development and M&A. However, we have adapted our strategies for these initiatives due to changes in market conditions and other recent developments.

Whilst the economic outlook remains uncertain, we continue to identify interest in the Locate2u product from businesses looking to achieve efficiencies in their delivery processes. By using Locate2u to optimise routes, businesses can save money on fuel, labour, and other costs, thereby offsetting price increases on businesses' inputs. Whilst an economic slowdown will likely impact delivery volumes for the Zoom2u marketplace, the increase in revenue we have achieved in recent months from customer mix changes should assist to ameliorate any future reduction in volume.

3. Other items

Significant changes in state of affairs

In November 2022, the Group acquired the assets of the Talcasoft business. Talcasoft provides transport management software systems to transport industry customers.

During October and November 2022, the Group successful raised $5,965,500 of cash through a $4,000,000 secured loan facility provided by PURE, a placement to institutional and wholesale investors that raised $1,500,000 and a share purchase plan which raised $465,500;

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

Events after the reporting date

As noted in the Company's interim report for the half-year period ended 31 December 2022, following 31 December 2022, a 'review event' was identified in relation to the EBITDA covenant contained in the PURE Facility Agreement. It was also noted that PURE and Zoom2u were in discussions in relation to the potential waiver of this 'review event' and any required amendments to the Facility Agreement. An agreement was executed on 25 July 2023, which resulted in new EBITDA covenants under the Facility Agreement and royalty payments, calculated as 2.5% of Locate2u revenues, capped at $750,000 to be paid quarterly. The Company may buyout the remaining royalty payments by paying the amount represented by the cap of $750k less additional royalty payments made to the date of buyout. PURE has also agreed to waive the review event for the December 2023 quarter which would have increased the interest rate on the facility from 9.95% to 15%.

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

Future developments and results

Legislation around how the Company engages with drivers on the Zoom2u platform continues to evolve. The Company will take appropriate action if and when any change to relevant legislation is proposed.

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

Environmental issues

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

Information on directors

Drew Kelton	**Independent Non-Executive Chairman**
Qualifications and Experience	Drew is a global business leader and professional board director with 40 years' experience in the information and communication technology and telecommunications arena. Drew has been a non-executive director of Superloop Limited (ASX:SLC) since October 2018. He was previously the non-executive chairman of Firstwave Cloud Technology Limited (ASX:FCT) (resigned October 2018) and a non-executive director of Megaport Limited (ASX:MP1) (resigned June 2019). Drew previously held senior executive roles with Docusign, T-Mobile USA, Bharti Airtel and Telstra.
Interest in Shares and Options	247,818 shares, 1,975,582 options
Stephen Orenstein	**Managing Director and Chief Executive Officer**
Qualifications and Experience	Steve has significant software development and entrepreneurial experience, in particular around job management and job dispatch systems. Prior to founding Zoom2u Pty Ltd in 2014, he founded a business, Connect2Field, providing field management solutions. In 2013, Connect2Field was acquired by a company listed on the New York Stock Exchange, Fleetmatics (NYSE:FLTX). In 2014, Steve founded Zoom2u Pty Ltd in recognition of the lack of technology used by many of the traditional courier companies and having identified the opportunity to use technology to provide an exceptional customer experience.
Interest in Shares and Options	46,394,875 shares

Michael Gayst	**Executive Director and Chief Financial Officer**
Qualifications and Experience	Michael has over 25 years of corporate finance and private equity experience. Michael worked with Coopers & Lybrand from 1989 to 1992, in which time he completed the Institute of Chartered Accountant's professional year program and qualified as a Chartered Accountant. He joined boutique investment bank Baring Brothers Burrows in 1992 as an analyst and worked his way to Director level during his 11 years at the firm. From 2004 to 2017, Michael was a Director at Momentum Corporate, a boutique M&A and Private Equity business. In his 20+ year investment banking career, Michael has advised numerous ASX listed companies on M&A transactions, raising capital and ASX listings. These ASX listed companies include but are not limited to Metcash Limited (ASX:MTS), HT&E Limited (formerly "APN News & Media Limited") (ASX:HT1) and National Australia Bank Limited (ASX:NAB). Since leaving Momentum Corporate, Michael has been the Managing Director of M&M Gayst Consulting, which provides corporate finance consulting services to small and medium sized businesses.
Interest in Shares and Options	1,138,047 shares, 4,938,956 options
Mike Rosenbaum	**Independent Non-Executive Director**
Qualifications and Experience	Mike has over 20 years' experience in leading and advising high growth tech companies. He co-founded and was the CEO of DealsDirect and built it to circa $100m turnover (exit to GraysOnline in 2014) and is currently the CEO of Spacer Technologies, which is a marketplace for storage and parking in Australia and the United States. He is also currently a Non-Executive Director of Fitmycar Pty Ltd. Mike brings a broad mix of experience across marketing, technology and scaling high growth businesses. Mike is also an early-stage investor in a number of marketplaces in Australia and co-founded the Sharing Hub, a community of founders building marketplaces.
Interest in Shares and Options	721,047 shares, 987,791 options

Kara-Lyn Nicholls	**Independent Non Executive Director**
Qualifications and Experience	Kara has an accomplished career at senior executive levels, most recently as Group Company Secretary and Executive General Manager Group Governance at Commonwealth Bank. Kara has also held regulatory, compliance and governance roles with ASX listed companies Caltex (now Ampol), Woolworths, Arrium and Macquarie Group. Prior to these roles, Kara worked at the ASX as a Companies Adviser. Kara is currently Chair and Non-Executive Director of ICMEC Australia (International Centre for Missing and Exploited Children), a Non-Executive Director of Ripple Learning Limited, independent member of the Australian Medical Association (NSW)'s Audit & Risk Committee, and a member of the ESG Council of Blackwattle Investment Partners.
Interest in Shares and Options	90,909 shares, 987,791 options

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:

	Board		Audit & Risk Committee		Remuneration & Nominations Committee[2]	
Director	**Meetings Attended**	**Eligible to Attend**	**Meetings Attended**	**Eligible to Attend**	**Meetings Attended**	**Eligible to Attend**
Drew Kelton	12	12	5	5	4	4
Steve Orenstein	12	12	5	5	4	4
Michael Gayst	12	12	5	5	4	4
Mike Rosenbaum	12	12	5	5	4	4
Kara-Lyn Nicholls	12	12	5	5	4	4

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

[2] Previously known as the Sustainability Committee

4. Remuneration report (audited)

Remuneration policy

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

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

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

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

Relationship between remuneration policy and company performance

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

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

	2023 ($)	**2022 ($)**	**2021 ($)**
GMV	12,558,469	17,474,295	11,115,951
Revenue	4,632,330	4,633,184	2,838,633
Net loss after income tax expense	(5,558,488)	(4,903,637)	(1,081,342)
Basic earnings per share (**EPS**)	(0.03)	(0.03)	(1.19)

Short Term Incentive Plan

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

Due to cash flow constraints, no STI plan was implemented for the 2023 financial year. The Board intends to reintroduce an STI plan once warranted by the Company's financial position.

As at the date of this report, no STI's have been paid for the year ended 30 June 2023.

Employee Share Option Plans (ESOP)

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

For the year ended 30 June 2023, no options were granted to any KMP.

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

At the 2022 AGM, 99.8% 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.

Prohibitions

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

Employment details of members of key management personnel

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

Directors	Position
Drew Kelton	Non Executive Director (appointed 30 July 2021)
Stephen Orenstein	Executive Director (appointed 23 September 2019)
Michael Gayst	Executive Director (appointed 23 July 2021)
Mike Rosenbaum	Non Executive Director (appointed 23 July 2021)
Kara-Lyn Nicholls	Non Executive Director (appointed 15 March 2022)

Service Agreements

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

Steve Orenstein – CEO and Managing Director

Steve Orenstein has entered into an employment contract with the Company. The contract specifies the following:
- Base salary of $220,000 per annum (excluding superannuation);
- Entitled to participate in the Short Term Incentive plan;
- Entitled to participate in the ESOP;
- Employment may be terminated on notice by the employee or the Company giving six months written notice of termination, or any greater period required by legislation,
- No benefits are payable on termination other than statutory entitlements.

Michael Gayst – CFO and Executive Director

Michael Gayst has entered into a contractor agreement with the Company, commencing 1 September 2021. The contract specifies the following:
- Fees of $220,000 per annum (excluding GST);
- Entitled to participate in the Short Term Incentive plan;
- Entitled to participate in the ESOP
- The contractor agreement may be terminated on notice by either party giving three months written notice of termination,
- No benefits are payable on termination.

Drew Kelton – Non Executive Director

Drew Kelton has executed an appointment letter with the Company. The contract specifies the following:
- Director fee of $80,000 per annum (including superannuation);
- Entitled to participate in the ESOP,
- No benefits are payable on termination.

Mike Rosenbaum – Non Executive Director

Michael Rosenbaum has executed an appointment letter with the Company. The contract specifies the following:
- Director fee of $60,000 per annum (including superannuation);
- Entitled to participate in the ESOP,
- No benefits are payable on termination.

Kara-Lyn Nicholls – Non Executive Director

Kara-Lyn Nicholls has executed an appointment letter with the Company. The contract specifies the following:
- Director fee of $60,000 per annum (including superannuation);
- Entitled to participate in the ESOP,
- No benefits are payable on termination.

Remuneration details for the year ended 30 June 2023

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

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

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

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

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration & Nominations Committee.

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

Table of benefits and payments

2023

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees ($)	Cash bonus ($)	Non-monetary ($)	Super-annuation ($)	Long service leave ($)	Equity-settled options ($)	Total ($)
Non-Executive Directors:							
Drew Kelton (Chair)	80,000	-	-	-	-	65,105	145,105
Michael Rosenbaum	60,000	-	-	-	-	32,550	92,550
Kara-Lyn Nicholls	60,000	-	-	-	-	6,248	66,248
Executive Directors:							
Steve Orenstein (CEO)	236,831	-	-	23,100	6,210	341,968	608,109
Michael Gayst (CFO)	220,000	-	-	-	-	146,813	366,813
Total	**656,831**	**-**	**-**	**23,100**	**6,210**	**592,684**	**1,278,825**

2022

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

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

Key management personnel share and option holdings

30 June 2023

Ordinary shares

The number of ordinary shares in Zoom2u Technologies Limited held by each key management person of the Group during the financial year ended 30 June 2023 was as follows:

Directors	Balance at beginning of year	Changes during the year	Balance at end of year
Stephen Orenstein	45,319,783	1,075,092	46,394,875
Michael Gayst	865,320	272,727	1,138,047
Drew Kelton	66,000	181,818	247,818
Mike Rosenbaum	539,229	181,818	721,047
Kara-Lyn Nicholls	-	90,909	90,909
Total	**46,790,332**	**1,802,364**	**48,592,696**

Options

The number of options in Zoom2u Technologies Limited held by each key management person of the Group during the financial year ended 30 June 2023 was as follows:

Directors	Held at start of period	Granted during the period	Exercised	Any other changes	Held at end of period	Vested at end of period
Stephen Orenstein(1)	5,926,747	-	-	(5,926,747)	-	-
Michael Gayst	4,938,956	-	-	-	4,938,956	370,422
Drew Kelton	1,975,582	-	-	-	1,975,582	98,779
Michael Rosenbaum	987,791	-	-	-	987,791	49,390
Kara-Lyn Nicholls	987,791	-	-	-	987,791	-
Total	**14,816,867**	**-**	**-**	**(5,926,747)**	**8,890,120**	**518,591**

(1) On 24 March 2023, the Company cancelled 5,296,747 share options previously granted to Steve Orenstein.

30 June 2022

Ordinary shares

The number of ordinary shares in Zoom2u Technologies Limited held by each key management person of the Group during the financial year ended 30 June 2022 was as follows:

Directors	Balance at beginning of year	Share Split (1)	Other changes during the year	Balance at end of year
Stephen Orenstein	345,546	44,126,224	848,013	45,319,783
Michael Gayst (2)	3,600	459,720	402,000	865,320
Drew Kelton (2)	-	-	66,000	66,000
Mike Rosenbaum (2)	3,677	469,552	66,000	539,229
Kara-Lyn Nicholls	-	-	-	-
Terry Sinclair (3)	-	-	-	-
Total	**352,823**	**45,055,496**	**1,382,013**	**46,790,332**

(1) On 8 July 2021, the shareholders of the Company passed a resolution to approve a share split on the basis that each shareholder would receive 128.7 shares for each share held (Share Split). Where a revised shareholding results in a fractional number of shares, it was to be rounded down to the closest whole number. The Share Split increased the number of shares on issue from 906,498 to 115,759,780. The figures shown in this column represent the additional shares obtained pursuant to the share split.

(2) Michael Gayst, Drew Kelton and Mike Rosenbaum were appointed in July 2021. The balance at the beginning of the year represents their shareholdings at 1 July 2021.

(3) Resigned on 26 July 2021.

Options

The number of options in Zoom2u Technologies Limited held by each key management person of the Group during the financial year ended 30 June 2022 was as follows:

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

(1) The issue of these options was approved by shareholders at the Company's 2022 Annual General Meeting

KMP related party transactions

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

This concludes the Remuneration report which has been audited.

5. Indemnification and insurance of officers and auditors

During the financial year the Company paid premiums totaling $154,000 (2022: $146,666) to insure the directors and management of the Company.

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

6. Non-audit services

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

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

The following fees were paid or payable to the related parties of the external auditors, BDO Audit Pty Ltd, for non-audit services provided during the year ended 30 June 2023:

	2023 ($)	2022 ($)
Investigating accountant and related services	-	60,686
Acquisition due diligence services	-	10,685
Tax advisory services	4,500	28,510
Total fees for non-audit services	**4,500**	**99,881**

7. Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2023 has been received and can be found in the consolidated financial report.

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

Director:	Drew Kelton	**Director:**	Stephen Orenstein
Signature:	Drew Kelton	**Signature:**	

Dated: 23 August 2023

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Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

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

As lead auditor of Zoom2u Technologies Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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

Elysia Rothwell
Director

BDO Audit Pty Ltd

Sydney

23 August 2023

Corporate Governance Statement 30 June 2023

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

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2023

	Note	2023 ($)	2022 ($)
Revenue	6	**4,632,330**	4,633,184
Finance income	7	**40,638**	76,065
Other income	6	**58,483**	2
Marketing expenses		**(800,267)**	(1,619,853)
Employee benefits expense		**(5,527,872)**	(5,002,192)
Other expenses	8	**(2,618,626)**	(2,589,748)
Depreciation and amortisation expense		**(987,193)**	(283,267)
Finance costs	7	**(355,941)**	(34,864)
Loss before income tax		**(5,558,448)**	(4,820,673)
Income tax expense	10	**-**	(82,964)
Loss for the year		**(5,558,448)**	(4,903,637)
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**(5,558,448)**	(4,903,637)
Loss attributable to: Members of the parent entity		**(5,558,448)**	(4,903,637)
Total comprehensive income attributable to: Members of the parent entity		**(5,558,448)**	(4,903,637)
Earnings per share (cents)			
From continuing operations:			
Basic earnings per share	9	**(0.03)**	**(0.03)**
Diluted earnings per share	9	**(0.03)**	**(0.03)**

These financial statements should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

For the Year Ended 30 June 2023

	Note	2023 ($)	2022 ($)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	14	**3,853,671**	4,259,091
Trade and other receivables	19	**520,423**	589,758
Inventory		**45,438**	54,196
Other assets	23	**136,227**	132,574
TOTAL CURRENT ASSETS		**4,555,759**	5,035,619
NON-CURRENT ASSETS			
Property, plant and equipment	20	**117,745**	151,229
Intangible assets	21	**3,241,194**	1,712,108
Right-of-use assets	24	**-**	23,522
TOTAL NON-CURRENT ASSETS		**3,358,939**	1,886,859
TOTAL ASSETS		**7,914,698**	6,922,478
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	25	**889,456**	1,272,414
Borrowings	16	**6,692**	-
Lease liabilities	24	**-**	26,884
Other current liabilities	26	**-**	49,824
Employee benefits	12	**202,407**	181,841
TOTAL CURRENT LIABILITIES		**1,098,555**	1,530,963
NON-CURRENT LIABILITIES			
Borrowings	16	**3,393,915**	-
Employee benefits	12	**110,561**	35,215
TOTAL NON-CURRENT LIABILITIES		**3,504,476**	35,215
TOTAL LIABILITIES		**4,603,031**	1,566,178
NET ASSETS		**3,311,667**	5,356,300
EQUITY			
Issued capital	27	**20,811,967**	18,697,593
Share based payments reserve		**2,264,074**	864,633
Accumulated losses		**(19,764,374)**	(14,205,926)
TOTAL EQUITY		**3,311,667**	5,356,300

These financial statements should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2023

2023

	Note	Issued Capital ($)	Accumulated Losses ($)	Share Based Reserves ($)	Total ($)
Balance at 1 July 2022		**18,697,593**	**(14,205,926)**	**864,633**	**5,356,300**
Loss attributable to members of the parent entity		**-**	**(5,558,448)**	**-**	**(5,558,448)**
Other comprehensive income for the year		**-**	**-**	**-**	**-**
Total comprehensive income for the year		**-**	**(5,558,448)**	**-**	**(5,558,448)**
Transactions with owners in their capacity as owners					
Share based payments	28	**-**	**-**	**846,568**	**846,568**
Warrants reserve	28	**-**	**-**	**552,873**	**552,873**
Issue of ordinary shares	27	**2,249,833**	**-**	**-**	**2,249,833**
Capital raising costs	27	**(135,459)**	**-**	**-**	**(135,459)**
Balance at 30 June 2023		**20,811,967**	**(19,764,374)**	**2,264,074**	**3,311,667**

2022

	Note	Issued Capital ($)	Accumulated Losses ($)	Share Based Payment Reserve ($)	Total ($)
Balance at 1 July 2021		9,012,201	(9,302,289)	-	(290,088)
Loss attributable to members of the parent entity		-	(4,903,637)	-	(4,903,637)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	(4,903,637)	-	(4,903,637)
Transactions with owners in their capacity as owners					
Share based payments	28	-	-	864,633	864,633
Conversion of convertible notes		2,499,998	-	-	2,499,998
Issue of ordinary shares		8,000,000	-	-	8,000,000
Capital raising costs		(814,606)	-	-	(814,606)
Balance at 30 June 2022		18,697,593	(14,205,926)	864,633	5,356,300

These financial statements should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2023

	Note	2023 ($)	2022 ($)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers (inclusive of GST)		**5,227,559**	5,018,563
Payments to suppliers and employees (inclusive of GST)		**(8,908,783)**	(8,809,394)
Interest received		**40,638**	2
Finance costs		**(266,867)**	(31,124)
Receipt from grants		**47,409**	-
Net cash used in operating activities	15	**(3,860,044)**	(3,821,953)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for intangibles		**(2,149,018)**	(1,629,697)
Proceeds from sale of property, plant and equipment		**32,000**	-
Purchase of property, plant and equipment		**(57,209)**	(103,695)
Net cash used in investing activities		**(2,174,227)**	(1,733,392)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares, net of transaction costs		**1,821,041**	7,446,842
Proceeds from borrowings, net of borrowing costs		**3,834,694**	-
Payment of finance lease liabilities		**(26,884)**	(78,890)
Net cash provided by financing activities		**5,628,851**	7,367,952
Net increase in cash and cash equivalents held		**(405,420)**	1,812,607
Cash and cash equivalents at beginning of year		**4,259,091**	2,446,484
Cash and cash equivalents at end of financial year	14	**3,853,671**	4,259,091

These financial statements should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the Year Ended 30 June 2023

About this Report

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

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

Comparatives are consistent with prior years, unless otherwise stated.

1. Basis of preparation

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

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

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

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

2. Critical accounting estimates and judgments

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

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

The significant estimates and judgements made have been described below.

2.1. Key estimates - receivables

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

2.2. Key estimates - impairment of goodwill and intangible assets

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

2. Critical accounting estimates and judgments (continued)

2.2. Key estimates - impairment of goodwill (continued)

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

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

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

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

The performance of the Local Delivery asset acquired in the 2022 financial year has been slightly lower than expected principally due to higher levels of net customer churn than assumed at the time of the acquisition. During the year the useful life of the Local Delivery customer list acquired was reassessed from 6 years to 3 years, due to the higher rate of customer churn experienced to date.

2.3. Key judgments - taxes

Deferred tax assets

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

3. Going concern

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

As disclosed in the financial statements, the Group recorded a loss for the year ended 30 June 2023 of $5,558,448 (2022: loss of $4,903,637) and had net cash outflows from operating activities of $3,860,044 (2022: outflows of $3,821,953), net current assets (working capital) at 30 June 2023 of $3,457,204 (30 June 2022: $3,504,656) and had net assets of $3,311,667 at 30 June 2023 (2022: net assets of $5,356,300).

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

- In October and November 2022, the Company raised $1,500,000 in a placement to institutional and wholesale investors and a further $465,500 in a share purchase plan. If required, the Company has the ability to raise additional funds pursuant to the Corporations Act and ASX Listing Rules. The Directors believe that the Company will be able to source additional equity as required; and

- The Directors have reviewed the cash flow forecast for the Group through to August 2024. The cash flow forecast indicates that the Group will have sufficient cash on hand and cash flows from operations to meet working capital requirements over the 12 months from the date of signing this financial report.

Notes to the Financial Statements

For the Year Ended 30 June 2023

3. Going concern (continued)

If the Group is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different to those stated in the financial report. The financial report does not include any adjustments relating to the recoverability or classification of recorded assets amounts, or to the amounts or classification of liabilities, which might be necessary should the Group not be able to continue as a going concern.

4. Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time on 30 June 2023. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

Performance for the year

5. Segment reporting

Identification of reportable segments

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

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

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

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

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

- Zoom2u and 2u Enterprises
- Locate2u.

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

Locate2u derives revenue from clients paying a monthly subscription fee for access to the Locate2u SaaS product which allows clients to manage their own portfolio of drivers and optimise delivery routes. Locate2u also sells GPS units in conjunction with the Locate2u software in addition to reselling SMS services to some clients. This segment also derives revenue from the Talcasoft business, which provides transport management software systems to transport industry customers and subscriptions for the Local Delivery Shopify App.

Basis of accounting for purposes of reporting by operating segments

5.1. Accounting policies adopted

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

Notes to the Financial Statements
For the Year Ended 30 June 2023

5. Segment reporting (continued)

5.2. Segment assets and liabilities

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

5.3. Unallocated items

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

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

5.4. Segment performance

	Zoom2u and 2u Enterprises		Locate2u		Total	
	2023 ($)	**2022 ($)**	**2023 ($)**	**2022 ($)**	**2023 ($)**	**2022 ($)**
Revenue from external customers	**3,048,579**	4,135,292	**1,583,751**	497,892	**4,632,330**	4,633,184
Segment result	**620,079**	805,114	**(3,241,145)**	(2, 618,901)	**(2,621,066)**	(1,813,787)
Unallocated corporate expenses					**(2,622,079)**	(3,048,087)
Finance (costs) / income					**(315,303)**	41,201
Net loss before tax					**(5,558,448)**	(4,820,673)

6. Revenue and other income

Revenue from continuing operations

	2023 ($)	2022 ($)
Revenue from contracts with customers		
- provision of goods and services	**4,632,330**	4,633,184
Other income (1)	**58,483**	2
Total Revenue and Other Income	**4,690,813**	4,633,186

(1) During the year the Group received grants under the Boosting Apprenticeship Commencements program provided by the Australian Government.

Notes to the Financial Statements

For the Year Ended 30 June 2023

6. Revenue and other income (continued)

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated into "Courier platform fees", "Shredding services", "Software subscriptions" and "Website development and other services". The following table shows this breakdown:

	2023 ($)	2022 ($)
Timing of revenue recognition		
- At a point in time	**268,527**	79,236
- Over time	**4,363,803**	4,553,948
Revenue from contracts with customers	**4,632,330**	4,633,184
Type of contract		
- Fee revenue - customer booking fees and courier platform fees	**2,826,217**	3,854,009
- Fee revenue - shredding services	**215,325**	137,184
- Software license fees	**1,215,751**	418,657
- Sale of GPS units	**268,527**	79,236
- Website development and other services	**106,510**	144,098
Revenue from contracts with customers	**4,632,330**	4,633,184

Accounting treatment

Revenue from contracts with customers

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

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

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

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

Notes to the Financial Statements
For the Year Ended 30 June 2023

6. Revenue and other income (continued)

Specific revenue streams

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

Fee revenue - customer booking fees and courier platform fee

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

Fee revenue - shredding services

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

Software licence fees

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

Sale of GPS units and other hardware

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

Website development and other services

Talcaosft generates revenue from support services and ad hoc project work for customers. Revenue is recognised over time as the services are provided to the customer.

Contract assets and liabilities

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

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

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

Other income

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

Notes to the Financial Statements

For the Year Ended 30 June 2023

7. Finance income and expenses

Finance income

	Note	2023 ($)	2022 ($)
Interest income		**40,638**	-
Fair value gain on derivative financial instruments	18	**-**	76,065
Total finance income		**40,638**	76,06

Finance expenses

	2023 ($)	2022 ($)
Interest expense	**355,941**	34,864
Total finance expenses	**355,941**	34,864

8. Other expenses

The result for the year includes the following other expenses:

	2023 ($)	2022 ($)
Superannuation contributions	**252,612**	215,903
Other expenses comprising:		
Cost of sales - 2u Enterprises	**164,398**	45,305
Cost of sales – Locate2u and Talcasoft	**292,866**	152,780
Merchant fees and credit checks	**98,672**	133,251
Consulting and professional fees	**326,599**	747,329
Office and related expenses	**166,630**	258,537
Telecommunications and internet expenses	**155,557**	174,033
Software and subscription expenses	**692,858**	494,387
Insurance expenses	**329,298**	274,036
Sundry expenses	**391,748**	310,090
	2,618,626	2,589,748

9. Earnings per share (EPS)

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

	2023 ($)	2022 ($)
Loss for the year	**(5,558,448)**	(4,903,637)
Earnings used to calculate basic EPS from continuing operations	**(5,558,448)**	(4,903,637)
Earnings used in the calculation of dilutive EPS from continuing operations	**(5,558,448)**	(4,903,637)

Notes to the Financial Statements

For the Year Ended 30 June 2023

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

	2023 (No.)	2022 (No.)
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	186,840,403	162,620,606

Accounting treatment

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

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Notes to the Financial Statements
For the Year Ended 30 June 2023

Income taxes

10. Income tax expense

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

	2023 ($)	2022 ($)
Current tax expense	**-**	82,964
Deferred tax expense	**-**	-
Total income tax expense	**-**	82,964

10.2. Reconciliation of income tax to accounting loss:

	2023 ($)	2022 ($)
Loss before income tax expense	**(5,558,448)**	(4,820,673)
Statutory tax rate	**25%**	25%
Tax at the statutory rate	(1,389,612)	(1,205,168)
Tax effect amounts which are:		
- non-deductible expenses	(10,691)	201,869
- non-assessable income	(11,852)	(30,249)
- other non-allowable items	37,376	48,305
- deductible expenses	-	(192,299)
- adjustment recognised for prior period	-	82,964
	14,833	110,590
Income tax benefit	(1,374,779)	(1,094,578)
Tax losses not brought to account	1,374,779	1,177,5432
Income tax expense	**-**	82,964

10. Income tax expense (continued)

Accounting treatment

Income tax

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

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

Deferred tax assets and liabilities

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

Deferred tax is not provided for the following:

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

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

11. Tax assets and liabilities

Unrecognised deferred tax assets

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

	2023 ($)	2022 ($)
Tax losses	17,077,207	12,362,158

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

Employee rewards

12. Employee benefits

	2023 ($)	2022 ($)
Current liabilities		
Annual leave	**202,407**	181,841
	202,407	181,841
Non-current liabilities		
Long service leave	**110,561**	35,215
	110,561	35,215

Accounting treatment

Employee benefits

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

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

13. Key Management Personnel Remuneration

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

	2023 ($)	2022 ($)
Short-term employee benefits	**656,831**	652,998
Long-term benefits	**6,210**	4,669
Post-employment benefits	**23,100**	21,146
Share based payments	**592,684**	474,080
	1,278,825	1,152,893

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

Cash and financial risk management

14. Cash and cash equivalents

	2023 ($)	2022 ($)
Cash at bank and in hand	**3,853,671**	4,259,091
	3,853,671	4,259,091

Accounting treatment

Cash and cash equivalents

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

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

15. Cash flow information

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

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

	2023 ($)	2022 ($)
Loss for the year	(5,558,448)	(4,903,637)
Non-cash flows in loss:		
- depreciation	**987,193**	283,267
- fair value movement on derivative financial instruments	**-**	(76,065)
- share based payments expenses	**846,568**	911,085
- interest and other finance costs	**89,074**	30,846
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**69,335**	(58,495)
- (increase)/decrease in other assets	**5,106**	(110,500)
- increase/(decrease) in trade and other payables	**(344,960)**	81,933
- increase/(decrease) in other liabilities	**46,088**	19,613
Cashflows used in operations	**(3,860,044)**	(3,821,953)

Notes to the Financial Statements
For the Year Ended 30 June 2023

15. Cash flow information (continued)

15.2. Changes in liabilities arising from financing activities

	2022 ($)	Cash flows ($)	Fair value changes ($)	Other changes (i) ($)	2023 ($)
Long term borrowings	**-**	**4,000,000**	**-**	**(487,632)**	**3,512,368**
Borrowings - Lease Finance	**-**	**29,712**	**-**	**-**	**29,712**
Borrowing costs	**-**	**(141,473)**	**-**	**-**	**(141,473)**
Lease liabilities	**26,884**	**(26,884)**	**-**	**-**	**-**
Total liabilities from financing activities	**26,884**	**3,861,355**	**-**	**(487,632)**	**3,400,607**

i) Other changes represent the fair value of attaching warrants (-$576,706) and amortisation of the finance component of the PURE loan facility ($89,074). Refer to Note 16 for further information.

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

ii) Other changes represent non-cash movements including conversion of convertible notes to ordinary shares, accrued interest expense, recognition of the embedded derivative and borrowing costs associated with the issue of convertible notes.

15.3. Borrowing facilities

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

	2023 ($)	2022 ($)
Total facilities		
PURE loan facility	**4,000,000**	-
Trade finance facility	**-**	500,000
Used at reporting date		
PURE loan facility	**4,000,000**	-
Trade finance facility	**-**	-
Unused at reporting date		
PURE loan facility	**-**	
Trade finance facility	**-**	500,000

Notes to the Financial Statements

For the Year Ended 30 June 2023

16. Borrowings

	Consolidated	
	2023 ($)	**2022 ($)**
Borrowing - current		
Borrowings – Lease finance	6,692	-
Total current borrowings	**6,692**	-
Borrowing – non-current		
Borrowings – Lease finance	23,020	-
PURE loan facility	4,000,000	-
Fair value of attaching warrants(1)	(576,706)	-
Transaction costs(1)	(141,473)	-
		-
Amortisation of finance component	89,074	-
Total non-current borrowings	**3,393,915**	-

(1) The fair value of long term borrowings provided by PURE are based on cash flows discounted using an effective market discount rate available to the Group. The fair values of attaching warrants ($576,706) and transaction costs ($141,473) have been capitalised and are to be amortised over the life of the borrowings, which in effect discounts the face value of the borrowings of $4,000,000. The effective interest rate method is a method of calculating the amortised cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability. The loan has a term of 4 years and a fixed interest rate of 9.95% per annum.

Defaults and breaches

Following 31 December 2022, a 'review event' was identified in relation to the EBITDA covenant contained in the PURE Facility Agreement. It was also noted that PURE and Zoom2u were in discussions in relation to the potential waiver of this 'review event' and any required amendments to the Facility Agreement. Negotiations have recently concluded with the result that improved EBITDA covenants under the Facility Agreement have been agreed in return for additional interest payments, calculated as 2.5% of Locate2u revenues, capped at $750,000 to be paid quarterly. The Company may buyout the remaining additional interest payments by paying the amount represented by the cap of $750,000 less additional interest payments made to the date of buyout.

Other than the above, during the current and prior year, and up to the date of this report, there were no defaults or breaches on any of the loans.

Accounting treatment

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds net of transaction costs and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

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

Notes to the Financial Statements

For the Year Ended 30 June 2023

17. Fair value measurement

Fair value hierarchy

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

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

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

30 June 2023	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
Financial liabilities				
PURE loan facility	-	-	3,370,895	3,370,895
Phantom equity plan liability	-	-	1,681	1,681
30 June 2022				
Financial liabilities				
Phantom equity plan liability	-	-	46,451	46,451

18. Financial risk management

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

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

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

Specific risks

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

Financial instruments used

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2023

	2023 ($)	2022 ($)
Financial assets		
Held at amortised cost		
- Cash and cash equivalents	**3,853,671**	4,259,091
- Trade and other receivables	**520,423**	601,128
Total financial assets	**4,374,094**	4,860,219
Financial liabilities		
Financial liabilities measured at amortised cost	**887,775**	1,275,787
Lease liabilities	**-**	26,884
Financial liabilities at fair value		
- PURE loan facility	**3,370,895**	-
- Phantom equity plan liability	**1,681**	46,451
Total financial liabilities	**4,260,351**	1,349,122

Objectives, policies and processes

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

The day-to-day risk management is carried out by the Group's finance function under objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

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

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due.

At the reporting date, budgets and cash flow forecasts indicate that the Group is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Notes to the Financial Statements

For the Year Ended 30 June 2023

18. Financial risk management (continued)

Liquidity risk (continued)

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

Financial liability maturity analysis - Non-derivative

	Within 1 Year		1 to 5 Years		Total	
	2023 ($)	2022 ($)	2023 ($)	2022 ($)	2023 ($)	2022 ($)
Financial liabilities due for payment						
Trade payables and other liabilities	**887,775**	1,275,787	-		**887,775**	1,275,787
Lease liability	**-**	26,884	-	-	-	26,884
Phantom equity plan liability	**-**	-	**1,681**	46,451	**1,681**	46,451
Borrowings (excluding lease liabilities)	**-**	-	**4,000,000**	**-**	**4,000,000**	-
Total contractual outflows	**887,775**	1,302,671	**4,001,681**	46,451	**4,889,456**	1,349,122

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

Credit risk

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

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

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

Trade receivables and contract assets

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

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2023

18. Financial risk management (continued)

Credit risk (continued)

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

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

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

The other classes of receivables do not contain impaired assets.

Market risk

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

(i) Foreign exchange risk

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

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

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

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

2023 (A$)	**USD**	**PHP**	**GBP**	**ZAR**	**INR**	**Total AUD**
Nominal amounts						
Financial assets	**38,361**	**-**	**-**	**-**	**-**	**38,361**
Financial liabilities	**57,709**	**28,875**	**-**	**7,298**	**1,557**	**95,439**
Short-term exposure	**19,348**	**28,875**	**-**	**7,298**	**1,557**	**57,078**

2022 (A$)	**USD**	**PHP**	**GBP**	**ZAR**	**INR**	**Total AUD**
Nominal amounts						
Financial assets	-	-	-	-	-	-
Financial liabilities	90,909	55,362	8,794,	7,611	6,350	169,026
Short-term exposure	90,909	55,362	8,794,	7,611	6,350	169,026

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

Notes to the Financial Statements
For the Year Ended 30 June 2023

18. Financial risk management (continued)

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

	2023		2022	
	+5%	**-5%**	**+5%**	**-5%**
USD				
Result	**967**	**(967)**	4,545	(4,545)
Equity	**967**	**(967)**	4,545	(4,545)
PHP				
Result	**1,444**	**(1,444)**	2,768	(2,768)
Equity	**1,444**	**(1,444)**	2,768	(2,768)
GBP				
Result	**-**	**-**	440	(440)
Equity	**-**	**-**	440	(440)
ZAR				
Result	**365**	**(365)**	381	(381)
Equity	**365**	**(365)**	381	(381)
INR				
Result	**78**	**(78)**	318	(318)
Equity	**78**	**(78)**	318	(318)

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

(ii) Interest rate risk

The Group is exposed to interest rate risk on short maturity term deposits held. The PURE loan facility is at a fixed interest rate of 9.95%.

(iii) Price risk

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

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

Accounting treatment

Foreign currency translation

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

At the end of the reporting period:

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

Notes to the Financial Statements

For the Year Ended 30 June 2023

18. Financial risk management (continued)

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

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

Financial instruments

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

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

Financial Assets

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

Classification

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

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

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

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

Financial assets through profit or loss

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

Impairment of financial assets

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

18. Financial risk management (continued)

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

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

Trade receivables and contract assets

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

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

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

Financial liabilities

The Group classifies financial liabilities into either:

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

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

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

Operating assets and liabilities

19. Trade and other receivables

	2023 ($)	2022 ($)
CURRENT		
Trade receivables	**531,023**	592,998
Provision for expected credit losses	**(10,600)**	(10,000)
	520,423	582,998
GST receivable	**-**	6,760
Total current trade and other receivables	**520,423**	589,758

Notes to the Financial Statements
For the Year Ended 30 June 2023

19. Trade and other receivables (continued)

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

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

19.1 Provision for expected credit losses

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

30 June 2023	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
Expected loss rate (1.80%)					
Gross carrying amount ($)	412,440	69,052	48,871	660	531,023
ECL provision	-	-	(9,940)	(660)	(10,600)
30 June 2022					
Gross carrying amount ($)	436,211	123,767	20,177	12,843	592,998
ECL provision	-	-	-	(10,000)	(10,000)

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

	2023 ($)	2022 ($)
Balance at beginning of the year	**10,000**	7,400
Additional provisions recognised	**600**	2,600
Unused amounts reversed	**-**	-
Balance at end of the year	**10,600**	10,000

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

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

Notes to the Financial Statements
For the Year Ended 30 June 2023

20. Property, plant and equipment

	2023 ($)	2022 ($)
PLANT AND EQUIPMENT		
Motor vehicles		
At cost	**30,401**	32,092
Accumulated depreciation	**(2,724)**	(11,167)
Total motor vehicles	**27,677**	20,925
Office equipment		
At cost	**34,209**	45,230
Accumulated depreciation	**(17,355)**	(21,647)
Total office equipment	**16,854**	23,583
Computer equipment		
At cost	**134,175**	128,685
Accumulated depreciation	**(60,961)**	(21,964)
Total computer equipment	**73,214**	106,721
Total property, plant and equipment	**117,745**	151,229

20.1 Movements in carrying amounts of property, plant and equipment

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

	Motor Vehicles ($)	Office Equipment ($)	Computer Equipment ($)	Total ($)
Year ended 30 June 2023				
Balance at the beginning of year	**20,925**	**23,582**	**106,722**	**151,229**
Additions	**30,401**	**-**	**26,808**	**57,209**
Disposals	**(20,925)**	**(1,904)**	**(17,458)**	**(40,287)**
Depreciation expense	**(2,724)**	**(4,824)**	**(42,858)**	**(50,406)**
Balance at the end of the year	**27,677**	**16,854**	**73,214**	**117,745**
Year ended 30 June 2022				
Balance at the beginning of year	24,618	26,697	51,073	102,388
Additions	-	2,953	100,742	103,695
Disposals			(17,578)	(17,578)
Depreciation expense	(3,693)	(6,068)	(27,515)	(37,276)
Balance at the end of the year	20,925	23,582	106,722	151,229

Notes to the Financial Statements

For the Year Ended 30 June 2023

20. Property, plant and equipment (continued)

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

Accounting treatment

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

Depreciation

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

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

Fixed asset class	Depreciation rate
Motor Vehicles	15%
Office equipment	10%-33%
Computer equipment	33%

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

Notes to the Financial Statements
For the Year Ended 30 June 2023

21. Intangible assets

	2023 ($)	2022 ($)
Goodwill		
Cost	**423,000**	250,000
Accumulated impairment losses	**-**	-
Net carrying value	**423,000**	250,000
Patents, trademarks and other rights		
Cost	**181,120**	165,328
Accumulated amortisation and impairment	**(116,390)**	(109,505)
Net carrying value	**64,730**	55,823
Customer list		
Cost	**757,500**	450,000
Accumulated amortisation and impairment	**(267,150)**	(42,137)
Net carrying value	**490,350**	407,863
Acquired software		
Cost	**1,494,077**	350,000
Accumulated amortisation and impairment	**(481,148)**	(39,326)
Net carrying value	**1,012,929**	310,674
Developed software		
Cost	**1,571,180**	769,197
Accumulated amortisation and impairment	**(320,995)**	(81,449)
Net carrying value	**1,250,185**	687,748
Total Intangible assets	**3,241,194**	1,712,108

On 7 November 2022, the Company completed the acquisition of the Talcasoft transport management software business. The acquisition included all of the assets required to operate the Talcasoft business including the Intellectual Property in its software products and customer contracts. Refer to note 29 for additional detail.

Notes to the Financial Statements

For the Year Ended 30 June 2023

22. Intangible assets (continued)

22.1. Movement in carrying amounts of intangible assets

	Goodwill ($)	Patents, trademarks and other rights ($)	Customer list ($)	Acquired software ($)	Developed software ($)	Total ($)
Year ended 30 June 2023						
Balance at the beginning of the year	**250,000**	**55,823**	**407,863**	**310,674**	**687,748**	**1,712,108**
Additions	**173,000**	**15,791**	**307,500**	**1,144,077**	**801,983**	**2,442,351**
Amortisation expense	**-**	**(6,885)**	**(225,013)**	**(441,822)**	**(239,546)**	**(913,266)**
Closing value at 30 June 2023	**423,000**	**64,729**	**490,350**	**1,012,929**	**1,250,185**	**3,241,193**
Year ended 30 June 2022						
Balance at the beginning of the year	250,000	11,000	-	-	-	261,000
Additions	-	48,828	450,000	350,000	769,197	1,618,025
Amortisation expense	-	(4,005)	(42,137)	(39,326)	(81,449)	(166,917)
Closing value at 30 June 2022	250,000	55,823	407,863	310,674	687,748	1,712,108

Recoverable amount testing for goodwill and indefinite life intangibles

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

Description of the cash-generating unit (CGU)	Carrying amount of goodwill ($)	Method of estimation
Freight Match Business	250,000	Value-in-use
Locate2u Business	173,000	Value-in-use

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

CGU	Period over which cash flows have been projected	Terminal growth rate used for cash flow projections (%)	Discount Rate (%)
Freight Match Business	3 years	4.00	25
Locate2u Business	5 years	7.50	20

Impairment assumptions

Goodwill is allocated to the Freight Match and Locate2u Businesses which are the cash generating unit (CGU) for the purpose of impairment testing. The recoverable amount of the CGU is determined based on value in use calculations. These calculations use cash flow projections covering a three or five year period. Cash flows past the three or five year period are extrapolated using an estimated growth rate. These growth rates do not exceed the long-term average growth rates for the industry.

Notes to the Financial Statements

For the Year Ended 30 June 2023

22. Intangible assets (continued)

Accounting treatment

Goodwill

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

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

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

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

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 2 to 5 years.

Amortisation

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

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. During the year the useful life of the Local Delivery customer list acquired was reassessed from 6 years to 3 years, due to the higher rate of customer churn experienced to date.

Impairment

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

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

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

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

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

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

Notes to the Financial Statements
For the Year Ended 30 June 2023

23. Other assets

	2023 ($)	2022 ($)
CURRENT		
Prepayments	**97,476**	82,944
Accrued income	**17,479**	28,730
Other assets	**21,272**	20,900
	136,227	132,574

24. Leases

The Group as a lessee

The Group has leases over its office premises.

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

Terms and conditions of leases

Buildings

The Group leases a building for their corporate office. The lease is currently on a month to month basis.

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

	Buildings ($)	Total ($)
Year ended 30 June 2023		
Balance at beginning of year	23,522	23,522
Depreciation charge	(23,522)	(23,522)
Balance at end of year	-	-

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

Notes to the Financial Statements

For the Year Ended 30 June 2023

24. Leases (continued)

Lease liabilities

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

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Consolidated Statement Of Financial Position
2023	-	-	-	-	-
2022	26,884	-	-	26,884	26,884

Consolidated Statement of Cash Flows

	2023 ($)	2022 ($)
Total cash outflow for leases	**(26,884)**	(78,890)

Accounting treatment

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

This involves an assessment of whether:

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

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

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

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

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

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

24. Leases (continued)

Accounting treatment (continued)

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

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

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term. The Group currently leases its corporate office on a short-term (month to month) basis.

25. Trade and other payables

	Note	2023 ($)	2022 ($)
CURRENT			
Trade payables		**435,084**	805,814
GST payable		**50,662**	-
Accrued expense		**152,292**	245,161
Deferred income		**29,128**	19,045
Phantom equity plan liability	(a)	**1,681**	46,451
Other payables		**220,609**	155,943
		889,456	1,272,414

(a) Phantom equity plan

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

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

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

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

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

As at 30 June 2023, 715,400 Phantom Shares had been granted to employees. Most of the Phantom Shares have an issue date of 13 September 2021.

Notes to the Financial Statements
For the Year Ended 30 June 2023

Fair Value Measurement

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

The assessed fair value at issue date of Phantom Shares at 30 June 2023 was approximately $0.0023 per Phantom Share.

The model inputs for Phantom Shares as at 30 June 2023 included:

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

Accounting treatment

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

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

Goods and services tax (GST)

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

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

26. Other liabilities

	2023 ($)	2022 ($)
CURRENT		
Other current liabilities	-	49,824

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

Capital structure

27. Issued capital

	30 June 2023 Shares	30 June 2022 Shares	30 June 2023 $	30 June 2022 $
Ordinary shares - fully paid		**173,332,932**		**18,697,593**

Movements in ordinary share capital		Date	Shares (Number)	Issue Price $	Total $
Balance		30 June 2022	173,332,932	-	18,697,593
Share capital issued	(a)	20 October 2022	12,000,000	0.11	1,320,000
Share capital issued	(b)	7 November 2022	2,666,667	0.11	293,333
Share capital issued	(c)	17 November 2022	4,149,964	0.11	456,500
Share capital issued	(d)	8 December 2022	1,636,364	0.11	180,000
Less: capital raising costs					(135,459)
Balance			**193,785,927**		**20,811,967**

(a) On 20 October 2022, the Company issued 12,000,000 fully paid ordinary shares (at a price of A$0.11 per share) to raise $1,320,000 from an equity placement to institutional and wholesale investors.

(b) On 7 November 2022, the Company issued 2,666,667 fully paid ordinary shares as part consideration for the acquisition of the Talcasoft business.

(c) On 17 November 2022, the Company issued 4,149,964 fully paid ordinary shares (at a price of A$0.11 per share) to participants in the Company's SPP raising $456,500. The Company divided the value of each applicant's investment by the issue price of $0.11 in order to determine the number of SPP shares that would be issued to each investor. If this calculation produced a fractional number, the number of SPP Shares issued was rounded down to the nearest whole SPP share.

(d) On 8 December 2022, the Company issued 1,636,364 fully paid ordinary shares (at a price of A$0.11 per share) raising $180,000 to the Directors of the Company. Shareholder approval for the issue of these shares was obtained pursuant to ASX Listing Rule 10.11 at the Company's 2022 Annual General Meeting held on 30 November 2022.

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

Notes to the Financial Statements

For the Year Ended 30 June 2023

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

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

Capital Management

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

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

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

28. Share based payments reserve

Balances of share based payments reserves s at 30 June 2023 were as follows:

		30 June 2023 $	30 June 2022 $
Employee share option plan	(a)	**1,499,479**	693,067
New employee share option plan	(b)	**45,542**	5,387
Lead manager options	(c)	**166,180**	166,180
Warrants reserve	(d)	**552,873**	-
Total		**2,264,074**	864,634

The assessed fair value at issue date of share based payment securities issued during the year ended 30 June 2023 has been determined using either a Black-Scholes Model, or a Monte Carlo simulation model that takes into account the exercise price, any price cap on the securities, the term of the securities, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the securities and the correlations and volatilities of a group of peer companies. The valuations determined have been adjusted to reflect the likelihood of vesting conditions being met.

(a) Employee Share Option Plan

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

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

As at 30 June 2023, 15,310,763 Options had been granted to eligible employees. These Options all had an issue date of 10 September 2021.

Notes to the Financial Statements
For the Year Ended 30 June 2023

Fair Value Measurement

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

The model inputs for Options granted under the ESOP included:

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

During the financial year, the Company decided to adjust down the probability that participants in the ESOP will meet the service based vesting conditions, which has resulted in a reduction in the value of equity settled options issued under the ESOP.

(b) New Employee Share Option Plan

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

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

As at 30 June 2023, 6,237,791 New Options had been granted to eligible employees. 987,791 New Options have an exercise price of $0.35 per share and 5,250,000 New Options have an exercise price of $0.20 per share.

Fair Value Measurement

The assessed fair value of 493,896 New Options for options subject to service-based conditions is approximately $0.039 per share whilst the assessed fair value of 493,895 New Options subject to performance hurdles is approximately $0.02 per share.

The assessed fair value of 2,265,000 New Options granted during the year ended 30 June 2023 was approximately $0.041 per option for options subject to service-based conditions, whilst the assessed fair value of 2,985,000 New Options granted during the year ended 30 June 2023 subject to performance hurdles was approximately $0.041 per option.

The model inputs for options granted under the New Options included:

- New Options are granted for no consideration and vest based on conditions related to Service Conditions and Performance Conditions;
- an exercise price of $020 or $0.35 per New Option;
- New Options being exercisable for a period of 60 to 72 months from the grant date,
- expected price volatility of the Company’s shares of 80%. The expected price volatility is based on the historic volatility of a group of peer companies; and
- a risk-free interest rate of 3.40% to 3.54%, consistent with the yield on a 10 year Commonwealth Government Bond at around the issue date.

(c) Lead Manager Options

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

As at 30 June 2023, 2,000,000 Lead Manager Options were on issue.

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

Fair Value Measurement

The assessed fair value at issue date of Lead Manager Options granted during the half year ended 31 December 2021 was approximately $0.083 per Phantom Share.

The model inputs for Lead Manager Options granted during the half year ended 31 December 2021 included:

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

(d) Warrants Reserve

The proceeds received on issue of the PURE loan facility are allocated into a liability and equity component. The amount initially attributed to the debt component equals the discounted cashflows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently the debt component is accounted for as a financial liability measured at amortised cost until extinguished on maturity.

The remainder of the proceeds are allocated to the conversion option and is recognised in the "Warrant Reserve" within shareholders' equity, net of income tax.

Group structure

29. Business combinations

On 14 October 2022, the Company (through its subsidiary, Talcasoft Australia Pty Ltd) entered into a conditional business sale and purchase deed (SPA) for the acquisition of the Talcasoft transport management software business from Saclat Pty Ltd, Saclat Pty Ltd as trustee for the Saclat Unit Trust, Blue Data Pty Ltd as trustee for the Saclat Family Trust and Blue Data Pty Ltd as trustee for the JAR Family Trust (Vendors). The acquisition was completed on 7 November 2022.

Talcasoft's technology platform - created specifically for the freight sector - enables customers to manage data to allocate transport jobs faster, calculate delivery charges to customers (job pricing), and organise workflow responsibilities.

Pursuant to the SPA, the Company acquired the assets associated with the Talcasoft transport management software business. The agreement included the acquisition of all of the assets required to operate the Talcasoft business including the Intellectual Property in its software products.

The business was acquired for total consideration transferred valued at $1,608,939, being $1,360,000 in cash less a completion adjustment of $44,394 plus $293,333 in Zoom2u shares (2,666,667 shares at a closing price on the issue date of $0.11 per share).

Notes to the Financial Statements

For the Year Ended 30 June 2023

29. Business combinations (continued)

The acquired business contributed revenues of $534,280 to the consolidated entity for the period from 7 November 2022 to 30 June 2023.

The values identified below in relation to the acquisition of the Talcasoft business are:

	Fair value $
Plant and equipment	10,000
Customer contracts	307,500
Software	1,144,077
Employee entitlements	(40,638)
Net identifiable assets acquired	1,420,939
Goodwill	173,000
Acquisition-date fair value of the total consideration transferred	**1,593,939**
Representing:	
Cash paid to vendors	1,360,000
Shares issued to vendors	293,333
Completion adjustment, cash received	(59,394)
Total consideration transferred	**1,593,939**

30. Interests in subsidiaries

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2023	Percentage Owned (%)* 2022
Subsidiaries:			
Zoom2u Pty Limited	Australia	**100**	100
Locate 2u Pty Limited	Australia	**100**	100
2u Enterprises Pty Limited	Australia	**100**	100
Locate IP Pty Limited	Australia	**100**	100
Locate2u USA Inc	United States of America	**100**	100
Locate2u UK Pty Ltd	United Kingdom	**100**	100
Locate2u Pte Ltd	Singapore	**100**	-
Talcasoft Australia Pty Ltd	Australia	**100**	-
Drivers2u Pty Ltd	Australia	**100**	-

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

Notes to the Financial Statements
For the Year Ended 30 June 2023

31. Related parties

The Group's main related parties are as follows:

- Key management personnel - refer to Note 13.
- Subsidiaries - refer to Note 30.
- Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

32. Parent entity

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

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

Investments in subsidiaries, associates and joint ventures

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

	2023 ($)	2022 ($)
Statement of Financial Position		
Assets		
Current assets	**2,745,699**	2,835,560
Non-current assets	**5,019,630**	14,090,942
Total Assets	**7,765,329**	16,926,802
Liabilities		
Current liabilities	**279,149**	370,617
Non-current liabilities	**4,454,058**	240,083
Total Liabilities	**4,733,207**	679,607
Equity		
Issued capital	**20,811,967**	18,697,593
Reserves	**2,264,073**	865,633
Retained earnings	**(20,043,919)**	(3,246,124)
Total Equity	**3,032,122**	16,316,102
Statement of Profit or Loss and Other Comprehensive Income		
Total loss for the year	**(16,797,794)**	(2,778,649)
Other comprehensive income	**-**	-
Total comprehensive income for the year	**(16,797,794)**	(2,778,649)

Notes to the Financial Statements
For the Year Ended 30 June 2023

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2023 or 30 June 2022.

Contractual commitments

The parent entity did not have any commitments as at 30 June 2023 or 30 June 2022.

Unrecognised and further items

33. Contingent liabilities and contingent assets

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2023 (30 June 2022: None).

34. Events occurring after the reporting date

As noted in the Company's interim report for the half-year period ended 31 December 2022, following 31 December 2022, a 'review event' was identified in relation to the EBITDA covenant contained in the PURE Facility Agreement. It was also noted that PURE and Zoom2u were in discussions in relation to the potential waiver of this 'review event' and any required amendments to the Facility Agreement. Negotiations have recently concluded with the result that improved EBITDA covenants under the Facility Agreement have been agreed in return for additional interest payments, calculated as 2.5% of Locate2u revenues, capped at $750,000 to be paid quarterly. The Company may buyout the remaining additional interest payments by paying the amount represented by the cap of $750,000 less additional interest payments made to the date of buyout.

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

35. Remuneration of auditors

	2023 ($)	2022 ($)
Remuneration of the auditor BDO Audit Pty Ltd, for:		
- auditing or reviewing the financial statements	**96,000**	99,890
- other services	**4,500**	100,261
Total	**100,500**	200,151

Other services from BDO include the provision of IPO due diligence and taxation services.

Notes to the Financial Statements
For the Year Ended 30 June 2023

36. New accounting standards for application in future periods

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

Standard Name	Effective date for entity	Requirements	Impact
AASB 2020-1 Amendments to Australian Accounting Standards – Classifications of Liabilities as Current or Non-Current.	Annual reporting periods beginning on 1 July 2024	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.	Little impact is expected on the Group's financial statement with the exception being that derivative financial liability would be classified as current.
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [amends AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2]	Annual reporting periods beginning on or after 1 January 2023	This Standard amends a number of standards as follows: - AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; - AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies; - AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; - AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and - • AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	No impact on reported financial performance or position. Reductions in quantum of accounting policies disclosures to focus on key decision areas and material policies only.

Notes to the Financial Statements
For the Year Ended 30 June 2023

37. Statutory Information

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2023

Directors' Declaration

The directors of the Company declare that:

1. the consolidated financial statements and notes for the year ended 30 June 2023 are in accordance with the Corporations Act 2001 and:

   a. comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

   b. give a true and fair view of the financial position as at 30 June 2023 and the financial performance of the consolidated group for the year then ended;

2. the Chief Executive Officer and Chief Finance Officer have given the declarations required by Section 295A that:

   a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   b. the consolidated financial statements and notes for the financial year comply with the Accounting Standards; and

   c. the consolidated financial statements and notes for the financial year give a true and fair view.

3. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

4. Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

Director:	Drew Kelton	**Director:**	Stephen Orenstein
Signature:	Drew Kelton	**Signature:**	

Dated: 23 August 2023

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INDEPENDENT AUDITOR'S REPORT

To the members of Zoom2u Technologies Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Zoom2u Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 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 report, including a summary of significant accounting policies and the directors' declaration.

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

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

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

Basis for opinion

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

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

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

Key audit matters

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

Accounting for acquisition of Talcasoft

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 29 of the financial report, the Group acquired Talcasoft during the year. The audit of the accounting for this acquisition is a key audit matter due to the significant judgement and complexity involved in the application of AASB 3 *Business* Combinations, including assessing the determination of the fair value of identifiable intangible assets.	Our audit procedures for addressing this key audit matter included, but were not limited to the following: • Obtaining an understanding of the transaction including an assessment of whether the transaction constituted a business or an asset acquisition; • Evaluating the assumptions and methodology in management's determination of the fair value assets and liabilities acquired; • Obtaining a copy of the external valuation report to critically assess the determination of the fair values of the identifiable intangible assets associated with the acquisition; and • In conjunction with internal experts, we assessed the identification of intangible assets acquired including software and customer contracts along with the valuation methodologies used to value those assets.

Accounting for loan facility

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 16 of the financial report, the Group entered into an agreement with PURE Asset Management for a loan facility which is a compound financial instrument with a face value of $4,000,000 and attaching warrants. The accounting for the instrument was considered a key audit matter due to the complexity involved in assessing whether to account for the facility as a liability, as equity or a combination of both, as well as the subsequent measurement of the individual	Our audit procedures for addressing this key audit matter included, but were not limited to the following: • Obtaining an understanding of and assessing the terms and conditions of the compound financial instrument to determine if the facility is to be accounted for as equity a liability or a combination of both;

components of the liability based on the terms and conditions of the agreement. The assessment includes significant judgement and there is a high degree of estimation applied in determining the fair value of the liability component.	• Evaluating the appropriateness of the valuation methodology applied against the requirements of the relevant Australian Accounting Standard including an assessment of the significant inputs applied by management in the valuation model; • Reviewing the adequacy of the disclosures in the financial report and agreeing these to the valuation model.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's Annual Report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

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

In our opinion, the Remuneration Report of Zoom2u Technologies 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.

BDO Audit Pty Ltd

BDO

E Rothwell

Elysia Rothwell
Director

Sydney, 23 August 2023

Shareholder Information

The shareholder information set out below was applicable as at 15 August 2023.

At 15 August 2023, there was a total of 193,785,927 Ordinary shares of the Company on issue.

Substantial holders in the company

Holder of equity securities	Class of equity securities	Number of equity securities held	% of total issued securities in relevant class
JM Future Holdings Pty Limited	Ordinary Shares	11,571,423	5.97%
Zoom2u Technologies Limited	Ordinary Shares	53,796,257	27.76%
Paul Orenstein and Mary Orenstein	Ordinary Shares	11,549,280	5.95%
Steve Orenstein and his controlled entities	Ordinary Shares	46,228,875	23.86%
UniSuper Limited as Trustee for UniSuper and UniSuper Management Pty Limited	Ordinary Shares	10,460,349	5.40%
Perennial Value Management Limited	Ordinary Shares	17,127,015	8.83%

Distribution of quoted ordinary shares

Holding ranges	Holders	Shares	%
1 – 1000	202	149,049	0.11%
1,001 – 5,000	768	1,977,720	1.44%
5,001 – 10,000	297	2,379,396	1.73%
10,001 – 100,000	479	15,673,203	11.41%
>100,000	107	117,143,635	85.31%
Total	**1,853**	**137,323,003**	**100.00%**

Number of holders and securities held

Security Name	Total Holders	Total Holdings
FULLY PAID ORDINARY SHARES	1,853	137,323,003
FULLY PAID ORDINARY SHARES RESTRICTED 24 MONTHS FROM QUOTATION	12	56,462,924
OPT @ $0.30 EXP 3YR FROM LIST ESC 24M	1	2,000,000
ESOP @ $0.20 EXP 5YRS FROM ISSUE	3	7,408,434
ESOP @ $0.20 EXP 5YRS FROM ISSUE ESC 24M	3	7,902,329
ESOP @ $0.20 EXP 7-MAR-2029	19	6,450,000
ESOP @ $0.35 EXP 28-MAR-2027	1	987,791
WARRANTS @ $0.175 EXP 31 OCTOBER 2026	1	9,500,000
WARRANTS @ $0.28 EXP 31 OCTOBER 2026	1	9,500,000
Total		**237,534,481**

Escrow Shares

Class of restricted securities	Type of restriction	Number of securities	End date of escrow period
Ordinary shares	Compulsory Escrowed	53,796,257	10 September 2023
Ordinary shares	Compulsory Escrowed	2,666,667	17 October 2024
Total		**56,462,924**	

Less than marketable parcels (UMP) of ordinary shares

Total ordinary shares	UMP ordinary shares	UMP holders	% of issued ordinary shares held by UMP holders
193,785,927	2,843,131	1,087	1.5%

Top 20 shareholders

Holder name	Holding	% Issued capital
SMO FUNDS PTY LIMITED<THE SMO FUNDS A/C>	44,835,407	23.14%
JM FUTURE HOLDINGS PTY LTD <THE JONO FUTURE FUND A/C>	13,087,805	6.75%
PAUL AND MARY ORENSTEIN <ORENSTEIN SUPER FUND>	11,549,280	5.96%
BNP PARIBAS NOMS PTY LTD <DRP>	10,460,349	5.40%
SANDHURST TRUSTEES LTD <CYAN C3G FUND A/C>	8,596,970	4.44%
NATIONAL NOMINEES LIMITED	7,141,412	3.69%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	5,929,507	3.06%
MR ANTHONY KLOK & MRS KERRY RYAN KLOK RYAN FAMILY S/F A/C	5,086,486	2.62%
MANHOL PTY LTD <NEABERGE SUPER FUND>	3,349,815	1.73%
SCINTILLA STRATEGIC INVESTMENTS LIMITED	3,000,000	1.55%
MISTARET PTY LIMITED <WOODFORDE FAMILY S/F A/C>	2,609,919	1.35%
MR STEPHEN DISCO HEMPTON	2,592,424	1.34%
APOLLO HOLDINGS LIMITED	2,533,333	1.31%
APPWAM PTY LTD	2,272,927	1.17%
EBM CAPITAL PTY LTD<EBM CAPITAL INVESTMENT A/C>	2,158,061	1.11%
MARK POWER	2,083,333	1.08%
MR BERGE DER SARKISSIAN	1,961,022	1.01%
STRIBLEY CAPITAL PTY LTD	1,876,446	0.97%
BRENTON HEDLEY KEY &MICHELLE JEANNE KEY<KEY FAMILY S/F A/C>	1,686,110	0.87%
MRS LUCY SIBYL ORENSTEIN	1,598,727	0.83%
Total	**134,409,333**	**69.36%**
Total issued capital - ordinary shares	**193,785,927**	**100.00%**

Zoom2u Technologies

www.zoom2u.com.au/investors