

## Appendix 4D Interim Report

Company details  
Zoom2u Technologies Limited  
ACN 636 364 246

### 1. Results for announcement to the market for the half year ended 31 December 2023

		31 Dec 2023 \$'000	31 Dec 2022 \$'000
Revenues from ordinary activities	<b>up by 36% to</b>	<b>\$2,890</b>	<b>\$2,118</b>
Loss from ordinary activities after tax attributable to the owners of Zoom2u Technologies Limited	<b>down by 47% to</b>	<b>(\$1,699)</b>	<b>(\$3,217)</b>
Loss for the year attributable to the owners of Zoom2u Technologies Limited	<b>down by 47% to</b>	<b>(\$1,699)</b>	<b>(\$3,217)</b>

#### Dividends

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

#### Comments

The loss after income tax expense for the Group for the half-year ended 31 December 2023 amounted to \$1,698,944 (31 December 2022: \$3,217,117).

Normalised EBITDA loss for the Group for the half year ended 31 December 2023 was \$426,253 (31 December 2022: loss of \$2,756,413).

Locate2u, the Company's SaaS product for delivery and services businesses, recorded revenue for the half year ended 31 December 2023 of \$1,202,390, representing approximately 106% growth over the prior corresponding period (pcp) revenue of \$584,941.

The revenue of the Zoom2u business segment for the half year ended 31 December 2023 grew by ~10% to \$1,687,175 from \$1,532,932 in the pcp. This was a consequence of an increase in deliveries as enterprise customers provided higher volumes than the pcp in the peak of the delivery season.

Refer to the attached Directors' report section for further explanation.

**2. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	-0.7	0.0

**3. Control gained over entities**

Not applicable.

**4. Loss of control over entities**

Not applicable.

**5. Dividends**

**Current period**

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

**Previous period**

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

**6. Dividend reinvestment plans**

Not applicable.

**7. Details of associates and joint venture entities**

Not applicable.

**8. Foreign entities**

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

Two offshore subsidiaries are not operating and hence accounts have not been prepared. The accounts for Locate2u USA Inc have been prepared using Generally Accepted Accounting Principles (GAAP).

**9. Audit qualification or review**

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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**10. Attachments Details of attachments (if any):**

The Interim Report of Zoom2u Technologies Limited for the half-year ended 31 December 2023 is attached.

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**11. Signed**



\_\_\_\_\_ Date: 27 February 2024

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# **Zoom2u Technologies Limited**

**ABN 23 636 364 246**

**Interim report for the half-year period ended  
31 December 2023**

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## Directors' report For the half-year period ending 31 December 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or the 'Group') consisting of Zoom2u Technologies Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

### Directors

The following persons were directors of Zoom2u Technologies Limited during the whole of the financial half-year and up to the date of this report:

Drew Kelton  
Steve Orenstein  
Mike Rosenbaum  
Michael Gayst  
Kara-Lyn Nicholls

### Principal activities

During the financial half-year, the principal continuing activities of the consolidated entity consisted of:

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

### Review of operations

The loss after income tax expense for the consolidated entity for the half-year ended 31 December 2023 amounted to \$1,698,944 (31 December 2022 loss after income tax \$3,217,117).

A reconciliation of loss after income tax to Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) is set out below:

	<b>Consolidated</b>	
	<b>31 Dec 2023 (\$)</b>	<b>31 Dec 2022 (\$)</b>
<b>Loss after tax</b>	<b>(1,698,944)</b>	<b>(3,217,117)</b>
Add: Finance costs	804,234	83,369
Add: Depreciation and amortisation	629,367	316,697
Less: Income tax refund	(80,181)	-
Less: Finance and interest income	(39,818)	(5,712)
<b>EBITDA</b>	<b>(385,342)</b>	<b>(2,822,763)</b>
Less: Other income	(40,911)	(11,075)
Add: Acquisition and Capital raising costs	-	77,425
<b>Normalised EBITDA</b>	<b>(426,253)</b>	<b>(2,756,413)</b>

The EBITDA for the consolidated entity for the half-year ended 31 December 2023 was a loss of \$385,342 This represented an 86% reduction in EBITDA loss compared with the half-year ended 31 December 2022 when a loss of \$2,822,763 was reported.

Group revenue for the half year ended 31 December 2023 was \$2,889,565, a 36% increase on the prior corresponding period (“pcp”) revenue of \$2,117,873. The increase was attributed to stronger revenue from both our Zoom2u and Locate2u businesses.

Locate2u, the Company’s SaaS product for delivery and services businesses, recorded revenue for the half year ended 31 December 2023 of, \$1,202,390 representing approximately 106% growth over the pcp revenue of \$584,941. This growth was primarily achieved through:

- the signing of new customers to the product, including enterprise customers Western Australia Return Recycle Renew and CBD Couriers; and
- a full six-month contribution by the Talcasoft business, which was acquired in November 2022.

The revenue of the Zoom2u business segment for the half year ended 31 December 2023 grew by 10% to \$1,687,175 from \$1,532,932 in the pcp. This was a consequence of an increase in deliveries as enterprise customers provided higher volumes than the pcp in the peak of the delivery season.

During the half year ended 31 December 2023 the Company continued its focus on minimising operating costs which will assist the Company in reaching sustainable profitability. Operating costs (excluding depreciation, amortization and finance costs) in the half year ended 31 December 2023 declined by 33% to \$3,315,819 from \$4,951,711 in the pcp, with reductions in employee benefits (35% lower than the pcp) and marketing expenses (65% lower than the pcp) being achieved.

Headcount increased from 75 as at 30 June 2023 to 82 as at 31 December 2023, with small increases in headcount in the development and marketing teams. The switch in marketing strategy towards content driven digital marketing has necessitated the addition of additional content creators to the marketing team.

Finance costs in the half year ended 31 December 2023 increased to \$804,234 from \$83,369 in the pcp mainly due to:

- a full six months of interest on the PURE facility agreement, compared with the pcp, when interest on the facility was only incurred for the period from drawdown on 7 November 2022 to 31 December 2022; and
- the expensing of the PURE royalty (of \$750,000 with a discounted value of \$494,662) in the period in accordance with ASSB 9 Financial Instruments.

Depreciation and amortisation expense in the half year ended 31 December 2023 increased to \$629,367 from \$316,697 in the pcp mainly due to:

- a full six months of amortisation of the Talcasoft intangible assets acquired, compared with the pcp, when the assets acquired were only amortised over the period from acquisition on 7 November 2022 to 31 December 2022; and
- an increase in the amortisation expense related to developed software relative to the pcp.

As at 31 December 2023 the Company was in a sound financial position with \$2,575,654 in cash (30 June 2023: \$3,853,671).

This half-year financial report does not include all risk management information and disclosures required for the annual financial statements. For further details on our risk management refer to the 2023 Annual Report. There have been no material changes to our risk management policies since 30 June 2023.

### Significant changes in the state of affairs

On 9 August 2023, the Company announced that it had entered into agreements with Western Australia Return Recycle Renew Limited (WARRRL) and Couriers By Demand Pty Ltd (CBD) for use of the Locate2u product to optimise their service offerings. Combined incremental annual revenue from the contracts of ~\$260,000 represented approximately 5.5% of FY22 consolidated revenue.

As noted in the Company’s annual report for the year ended 30 June 2023, 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 \$750,000 less additional royalty payments made to the date of buyout. PURE 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%.

Other than the above, there were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

#### **Matters subsequent to the end of the financial period**

There has been no matter or circumstance that has arisen since 31 December 2023 that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations, or the group's state of affairs in future financial years.

#### **Auditor's independence declaration**

A copy of the auditors' independence declaration as required under section 307c of the Corporations Act 2001 is set out on page 5. This report is made in accordance with a resolution of directors pursuant to section 306 (3) (a) of the Corporations Act 2001.

On behalf of the directors:



Steve Orenstein

Director

27 February 2024

Sydney

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

As lead auditor for the review of Zoom2u Technologies Limited for the half-year ended 31 December 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 review.

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

27 February 2024



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#### General information

The financial statements cover Zoom2u Technologies Limited as a consolidated entity consisting of Zoom2u Technologies Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Zoom2u Technologies Limited's functional and presentation currency.

Zoom2u Technologies Limited is a publicly listed company, limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

#### Registered office

Level 4, 55 Miller Street,  
Pyrmont NSW 2009

#### Principal place of business

Level 4, 55 Miller Street,  
Pyrmont NSW 2009

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2024.

**Consolidated statement of profit or loss and other comprehensive income  
For the half-year period ending 31 December 2023**

	Note	Consolidated	
		31 Dec 2023 (\$)	31 Dec 2022 (\$)
Revenue	3	2,889,565	2,117,873
Finance income	4	39,818	5,712
Other income	4	40,911	11,075
<b>Expenses</b>			
Marketing expenses		(172,848)	(497,193)
Employee benefits expense		(1,940,456)	(2,970,004)
Other expenses	5	(1,202,514)	(1,484,514)
Depreciation and amortisation expense		(629,367)	(316,697)
Finance costs	6	(804,234)	(83,369)
<b>Loss before income tax expense</b>		<b>(1,779,125)</b>	<b>(3,217,117)</b>
Income tax benefit		80,181	-
<b>Loss after income tax expense for the half-year</b>		<b>(1,698,944)</b>	<b>(3,217,117)</b>
<b>Other comprehensive income for the half-year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(1,698,944)</b>	<b>(3,217,117)</b>
<b>Loss attributable to Members of the Parent entity</b>		<b>(1,698,944)</b>	<b>(3,217,117)</b>
<b>Total comprehensive income attributable to Members of the Parent entity</b>		<b>(1,698,944)</b>	<b>(3,217,117)</b>
		<b>Cents</b>	<b>Cents</b>
Earnings per share	17	(0.9)	(1.8)

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**Consolidated statement of financial position**  
**As at 31 December 2023**

		Consolidated	
	Note	31 Dec 2023 (\$)	30 Jun 2023 (\$)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,575,654	3,853,671
Trade and other receivables	7	965,821	520,423
Inventory		45,584	45,438
Other current assets	8	224,100	136,227
<b>Total current assets</b>		<b>3,811,159</b>	<b>4,555,759</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	115,339	117,745
Intangible assets	10	3,100,781	3,241,194
<b>Total non-current assets</b>		<b>3,216,120</b>	<b>3,358,939</b>
<b>Total assets</b>		<b>7,027,279</b>	<b>7,914,698</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	873,689	889,456
Borrowings	12	137,946	6,692
Other current liabilities	13	84,128	-
Employee benefits		205,978	202,407
<b>Total current liabilities</b>		<b>1,301,741</b>	<b>1,098,555</b>
<b>Non-current liabilities</b>			
Borrowings	12	3,496,381	3,393,915
Employee benefits		112,255	110,561
Other non-current liabilities	13	395,787	-
<b>Total non-current liabilities</b>		<b>4,004,423</b>	<b>3,504,476</b>
<b>Total liabilities</b>		<b>5,306,164</b>	<b>4,603,031</b>
<b>Net assets</b>		<b>1,721,115</b>	<b>3,311,667</b>
<b>Equity</b>			
Issued capital	14	20,811,967	20,811,967
Reserves	15	2,372,466	2,264,074
Accumulated losses		(21,463,318)	(19,764,374)
<b>Total Equity</b>		<b>1,721,115</b>	<b>3,311,667</b>

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**Consolidated statement of changes in equity  
For the half year period ending 31 December 2023**

<b>Consolidated</b>	<b>Issued capital (\$)</b>	<b>Accumulated losses (\$)</b>	<b>Share Based Reserves (\$)</b>	<b>Total equity (\$)</b>
Balance at 1 July 2023	20,811,967	(19,764,374)	2,264,074	3,311,667
Loss after income tax expense for the half-year	-	(1,698,944)	-	(1,698,944)
Other comprehensive income for the half-year, net of tax	-	-	-	-
<b>Total comprehensive income for the half-year</b>	-	<b>(1,698,944)</b>	-	<b>(1,698,944)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Share based payments (see note 15)	-	-	108,392	108,392
<b>Balance at 31 December 2023</b>	<b>20,811,967</b>	<b>(21,463,318)</b>	<b>2,372,466</b>	<b>1,721,115</b>
<b>Consolidated</b>	<b>Issued capital (\$)</b>	<b>Accumulated losses (\$)</b>	<b>Share Based Reserves (\$)</b>	<b>Total equity (\$)</b>
Balance at 1 July 2022	18,697,593	(14,205,927)	864,634	5,356,300
Loss after income tax expense for the half-year	-	(3,217,117)	-	(3,217,117)
Other comprehensive income for the half-year, net of tax	-	-	-	-
<b>Total comprehensive income for the half-year</b>	-	<b>(3,217,117)</b>	-	<b>(3,217,117)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Share based payments (see note 15)	-	-	364,981	364,981
Warrants reserve (see note 15)	-	-	552,873	552,873
Issue of ordinary shares, net of transaction costs	2,144,374	-	-	2,144,374
<b>Balance at 31 December 2022</b>	<b>20,811,967</b>	<b>(17,423,043)</b>	<b>1,782,488</b>	<b>5,171,412</b>

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**Consolidated statement of cash flows**  
**For the half year period ending 31 December 2023**

	<b>Consolidated</b>	
	<b>31 Dec 2023 (\$)</b>	<b>31 Dec 2022 (\$)</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	2,688,584	2,158,907
Payments to suppliers and employees (inclusive of GST)	(3,422,982)	(4,824,923)
Interest received	39,818	5,712
Other income	40,911	11,075
Interest and other finance costs paid	(217,982)	(62,525)
Income taxes received	80,181	-
	<b>(791,470)</b>	<b>(2,711,754)</b>
<b>Cash flows from investing activities</b>		
Payments for intangibles	(469,928)	(1,756,825)
Payments for property, plant and equipment	(16,619)	(33,141)
	<b>(486,547)</b>	<b>(1,789,966)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share issue, net of transaction costs	-	1,821,041
Proceeds from borrowings, net of transaction costs	-	3,834,694
Repayment of lease liabilities	-	(26,884)
	<b>-</b>	<b>5,628,851</b>
Net (decrease) / increase in cash and cash equivalents	(1,278,017)	1,127,131
Cash and cash equivalents at the beginning of the financial half-year	3,853,671	4,259,091
	<b>2,575,654</b>	<b>5,386,222</b>

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**Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting', as appropriate for for-profit oriented entities applying Australian Accounting Standards. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2023 and any public pronouncement made by the Company during the interim reporting period in accordance with the continuous disclosure requirement of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Where necessary, the figures from the prior period have been reclassified to facilitate comparison.

**New or amended Accounting Standards and Interpretations adopted**

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

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

**Note 2. Operating segments**

*Identification of reportable operating segments*

The consolidated entity derives revenue from contracts with its clients through its two operating segments:

- Zoom2u and 2u Enterprises; and
- Locate2u.

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

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. The Talcasoft business is included in the Locate2u segment.

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM)) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. The CODM reviews revenue and net profit / (loss) before tax.

The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is reported on a monthly basis. The CODM does not regularly review segment assets and segment liabilities. Refer to statement of financial position for assets and liabilities.

**Notes to the financial statements**  
**For the half year period ending 31 December 2023**



*Operating segment information*

	Zoom2u and 2u Enterprises		Locate2u		Total	
	31 Dec 2023 (\$)	31 Dec 2022 (\$)	31 Dec 2023 (\$)	31 Dec 2022 (\$)	31 Dec 2023 (\$)	31 Dec 2022 (\$)
Revenue from external customers	1,687,175	1,532,932	1,202,390	584,941	2,889,565	2,117,873
<b>Segment result</b>	<b>888,037</b>	<b>64,972</b>	<b>(948,200)</b>	<b>(1,882,567)</b>	<b>(60,163)</b>	<b>(1,817,595)</b>
Unallocated corporate expenses					(954,547)	(1,321,865)
Net finance costs					(764,415)	(77,657)
<b>Net loss before tax</b>					<b>(1,779,125)</b>	<b>(3,217,117)</b>

**Note 3. Revenue**

**Consolidated**

**31 Dec 2023 (\$)**      **31 Dec 2022 (\$)**

*Revenue from contracts with customers*

Sales of GPS units	131,798	123,870
Rendering of services	2,757,767	1,994,003
<b>Total revenue</b>	<b>2,889,565</b>	<b>2,117,873</b>

*Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

*Geographical regions*

Australia	2,868,531	2,117,873
Rest of the World <sup>1</sup>	21,034	-
<b>Total revenue</b>	<b>2,889,565</b>	<b>2,117,873</b>

*Timing of revenue recognition*

At a point in time	131,798	123,870
Over time	2,757,767	1,994,003
<b>Total revenue</b>	<b>2,889,565</b>	<b>2,117,873</b>

*Type of contract*

Courier platform fees	1,581,697	1,409,505
Shredding services	101,210	123,427
Software license fees	965,796	401,611
Sales of GPS units	131,798	123,870
Website development and other services	109,064	59,460
<b>Total revenue</b>	<b>2,889,565</b>	<b>2,117,873</b>

<sup>1</sup> Rest of World revenue is customer revenue received through the Company's wholly owned subsidiary, Locate2u USA Inc. Additional revenue from customers outside of Australia is collected by Locate2u Pty Ltd.

**Note 4. Finance and other income**

	Consolidated	
	31 Dec 2023 (\$)	31 Dec 2022 (\$)
Interest income	39,818	5,712
<b>Total finance income</b>	<b>39,818</b>	<b>5,712</b>
Government grants	40,911	-
Gain on disposal of property, plant and equipment	-	11,075
<b>Total other income</b>	<b>40,911</b>	<b>11,075</b>

**Note 5. Other expenses**

	Consolidated	
	31 Dec 2023 (\$)	31 Dec 2022 (\$)
Cost of sales - 2u Enterprises	85,668	93,292
Cost of sales - Locate2u	114,666	146,140
Cost of sales - Talcasoft	5,837	2,147
Merchant fees and credit checks	40,092	54,062
Consulting and professional fees	120,871	218,074
Office and related expenses	80,674	88,725
Telecommunications and internet expenses	78,222	89,125
Software and subscription expenses	348,435	353,498
Insurance	133,553	164,962
Sundry expenses	194,496	274,489
<b>Total other expenses</b>	<b>1,202,514</b>	<b>1,484,514</b>

**Note 6. Finance costs**

	Consolidated	
	31 Dec 2023 (\$)	31 Dec 2022 (\$)
Interest expense – Pure facility	250,212	79,726
Finance cost – loss on extinguishment of loan	55,123	-
Royalty expense	494,662	-
Interest expense - other	4,237	3,643
<b>Total finance costs</b>	<b>804,234</b>	<b>83,369</b>



Notes to the financial statements  
For the half year period ending 31 December 2023



Note 7. Trade and other receivables

	Consolidated	
	31 Dec 2023 (\$)	30 Jun 2023 (\$)
Trade receivables	984,521	531,023
Provision for expected credit losses	(18,700)	(10,600)
<b>Total current trade and other receivables</b>	<b>965,821</b>	<b>520,423</b>

Note 8. Other current assets

	Consolidated	
	31 Dec 2023 (\$)	30 Jun 2023 (\$)
Prepayments	194,614	97,476
Accrued income	8,215	17,479
Other	21,271	21,272
<b>Total other current assets</b>	<b>224,100</b>	<b>136,227</b>

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**Notes to the financial statements**  
**For the half year period ending 31 December 2023**



**Note 9. Property, plant and equipment**

/

	<b>Consolidated</b>	
	<b>31 Dec 2023 (\$)</b>	<b>30 Jun 2023 (\$)</b>
<b>Motor vehicles</b>		
At cost	30,401	30,401
Accumulated depreciation	(4,811)	(2,724)
	<b>25,590</b>	<b>27,677</b>
<b>Office equipment</b>		
At cost	34,209	34,209
Accumulated depreciation	(19,116)	(17,355)
	<b>15,093</b>	<b>16,854</b>
<b>Computer equipment</b>		
At cost	150,794	134,175
Accumulated depreciation	(76,138)	(60,961)
	<b>74,656</b>	<b>73,214</b>
<b>Total property, plant and equipment</b>	<b>115,339</b>	<b>117,745</b>

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Note 10. Intangible assets

	Consolidated	
	31 Dec 2023 (\$)	30 Jun 2023 (\$)
Goodwill - at cost	423,000	423,000
Accumulated impairment losses	-	-
Net carrying value	423,000	423,000
Customer list – at cost	757,500	757,500
Accumulated amortisation and impairment losses	(367,776)	(267,150)
Net carrying value	389,724	490,350
Software acquired – at cost	1,494,077	1,494,077
Accumulated amortisation and impairment losses	(802,166)	(481,148)
Net carrying value	691,911	1,012,929
Developed software – at cost	2,038,608	1,571,180
Accumulated amortisation and impairment losses	(505,673)	(320,995)
Net carrying value	1,532,935	1,250,185
Trademarks – at cost	183,620	181,120
Accumulated amortisation and impairment losses	(120,409)	(116,390)
Net carrying value	63,211	64,730
<b>Total intangible assets</b>	<b>3,100,781</b>	<b>3,241,194</b>

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Note 11. Trade and other payables

	Note	Consolidated	
		31 Dec 2023 (\$)	30 Jun 2023 (\$)
Trade payables		515,069	435,084
GST payable		99,993	50,662
Accrued expenses		110,290	152,292
Deferred revenue		29,486	29,128
Phantom equity plan liability	(a)	1,538	1,681
Other payables		117,313	220,609
<b>Total trade and other payables</b>		<b>873,689</b>	<b>889,456</b>

(a) Phantom equity plan

The Company has established a Phantom equity plan (PEP) for staff who have not been allocated securities in the Company's ESOP (see note 15), including offshore staff. The purpose of the PEP is 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.

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 31 December 2023, 654,400 Phantom Shares had been granted to employees. The Phantom Shares were issued on 13 September 2021 and 31 January 2022.

**Fair Value Measurement**

The fair value at reporting date of Phantom Shares granted during the half year ended 31 December 2023 was approximately \$0.0023 per Phantom Share.

The model inputs for valuing Phantom Shares as at 31 December 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.

**Note 12. Borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2023 (\$)</b>	<b>30 Jun 2023 (\$)</b>
<b>Borrowing - current</b>		
Borrowings	130,967	-
Borrowings – Lease finance	6,978	6,692
<b>Total current borrowings</b>	<b>137,945</b>	<b>6,692</b>
<b>Borrowing – non-current</b>		
Borrowings – Lease finance	19,150	23,020
PURE Asset Management Loan facility	4,000,000	4,000,000
Fair value of attaching warrants <sup>1</sup>	(576,706)	(576,706)
Transaction costs <sup>1</sup>	(141,473)	(141,473)
Amortisation of finance component <sup>2</sup>	195,410	89,074
<b>Total non-current borrowings</b>	<b>3,496,381</b>	<b>3,393,915</b>

1. The fair value of long term borrowings provided by PURE Asset Management 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.
2. Pursuant to AASB 9, Financial Instruments, the payment of the royalty to PURE (see note 13) represents a substantial modification of the terms of the existing liability and requires the original financial liability to be extinguished and a new financial liability to be recognised. Upon recognition of the new loan, a loss on extinguishment of the existing loan of \$55,123 has been recognised in the amortisation of the finance component, together with interest accrued to 31 December 2023 of \$140,287.

**Note 13. Other liabilities**

	<b>Consolidated</b>	
	<b>31 Dec 2023 (\$)</b>	<b>30 Jun 2023 (\$)</b>
<b>Current</b>		
Royalty payable	84,128	-
<b>Non-Current</b>		
Royalty payable	393,787	-

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. As a result of this "review event", 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 to PURE quarterly. Pursuant to AASB 9, Financial

**Notes to the financial statements**  
**For the half year period ending 31 December 2023**



Instruments, the payment of the royalty to PURE represents a substantial modification of the terms of the existing liability.

In a substantial modification scenario, any fees between the borrower and the lender are required to be expensed as part of the gain/loss on extinguishment. The amount included in Royalty payable as at 31 December 2023 is the amount remaining to be paid to PURE pursuant to the Royalty which has been discounted to a value of \$479,915 in accordance with AASB 9, Financial Instruments .

**Note 14. Issued capital**

	31 Dec 2023 (Shares)	30 Jun 2023 (Shares)	31 Dec 2023 (\$)	30 Jun 2023 (\$)
Ordinary shares - fully paid	193,785,927	193,785,927	20,811,967	20,811,967

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 a meeting 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.

**Note 15. Reserves**

	Note	31 Dec 2023 (\$)	30 Jun 2023 (\$)
Employee share option plan	(a)	1,586,990	1,499,479
New employee share option plan	(b)	66,423	45,542
Lead manager options	(c)	166,180	166,180
Warrants reserve	(d)	552,873	552,873
<b>Total</b>		<b>2,372,466</b>	<b>2,264,074</b>

The assessed fair value at issue date of share based payment securities 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 31 December 2023, 15,310,763 Options had been granted to eligible employees. These Options all had an issue date of 10 September 2021.

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### **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.

### **(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 or 72 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 31 December 2023, 7,387,791 New Options had been granted to eligible employees under the New ESOP. 987,791 New Options have an exercise price of \$0.35 per share and 6,400,000 New Options have an exercise price of \$0.20 per share.

### **Fair Value Measurement**

The assessed fair value of New Options issued in December 2022, subject to service-based conditions, is approximately \$0.039 per share whilst the assessed fair value of New Options issued in December 2022, subject to performance hurdles is approximately \$0.02 per share.

The assessed fair value of 5,150,000 New Options issued during the year ended 30 June 2023, subject to service-based conditions or performance hurdles, is approximately \$0.041 per option.

The assessed fair value of 1,250,000 New Options issued during the half year ended 31 December 2023, subject to service-based conditions or performance hurdles, is approximately \$0.036 per option.

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

- New Options are granted for no consideration and vest based on conditions related to Service Conditions and Performance Conditions;
- an exercise price of \$0.20 or \$0.35 per New Option;
- Options being exercisable for a period of 60 or 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 3.84%, 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 31 December 2023, 2,000,000 Lead Manager Options were on issue.

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

**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.

**Note 16. Contingent liabilities**

The consolidated entity had no contingent liabilities as at 31 December 2023 and 30 June 2023.



**Notes to the financial statements**  
**For the half year period ending 31 December 2023**



**Note 17. Earnings per share**

	<b>Consolidated</b>	
	<b>31 Dec 2023 (\$)</b>	<b>31 Dec 2022 (\$)</b>
Loss after income tax attributable to the owners of Zoom2u Technologies Ltd	(1,698,944)	(3,217,117)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<b>193,785,927</b>	180,008,121
	<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings per share	(0.9)	(1.8)

**Note 18. Events after the reporting period**

There has been no matter or circumstance that has arisen since 31 December 2023 that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations, or the group's state of affairs in future financial years.

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## Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting framework.
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year period ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Steve Orenstein

Director

27 February 2024

Sydney

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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Zoom2u Technologies Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Zoom2u Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

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



## Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

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

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

Elysia Rothwell  
Director

Sydney, 27 February 2024