Annual Financial Report

For the year ended 30 June 2021

ACN: 063 074 635

VONEX
always on

Directors

Chen Chik (Nicholas) Ong
Non-Exec. Chairman

Matthew Fahey
Managing Director

David Vilensky
Non-Exec. Director

Winnie Lai Hadad
Non-Exec. Director

Jason Gomersall
Non-Exec. Director

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Head Office

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Solicitors

Bowen Buchbinder Vilensky

Level 14, 251 Adelaide Terrace
Perth WA 6000

Bankers

Commonwealth Bank of Australia

ANZ Bank

Westpac Bank

Website

www.vonex.com.au

https://vonex.com.au/investors/corporate-governance

Company Secretary

Daniel Smith

Share Registry

Computershare Investor Services Pty Limited

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Perth WA 6000

Tel +61 8 9323 2000
Fax +61 8 9323 2033

Auditor

RSM Australia Partners

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2 The Esplanade
Perth WA 6000

ASX Code

VN8

Directors' Report

The Directors present their report together with the consolidated financial report for Vonex Limited ("Vonex" or "the Company") and its controlled entities (collectively the "consolidated entity" or "Group"), for the year ended 30 June 2021.

Directors

The names and qualifications of persons who have held the position of Director of Vonex Limited at any time during the financial year and up to the date of this report are:

Mr Nicholas Ong
Non-Executive Chairman

Mr Matthew Fahey
Managing Director

Mr David Vilensky
Non-Executive Director

Ms Winnie Lai Hadad
Non-Executive Director

Mr Jason Gomersall
Non-Executive Director

Information on Directors & Company Secretary

Nicholas Ong / Non-Executive Chairman

Mr Ong was a Principal Adviser at the Australian Securities Exchange (ASX) and brings 15 years' experience in IPO, listing rules compliance and corporate governance. Mr Ong has developed a wide network of clients in Asia-Pacific region and provides corporate and transactional advisory services through boutique firm Minerva Corporate Pty Ltd. He is a member of the Governance Institute of Australia and holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia.

Other directorships of Australian listed companies held by Mr Ong in the last three years are:

Current: Helios Energy Limited, White Cliff Minerals Limited, CFoam Limited, Mie Pay Limited and Beroni Group Limited.

Previous: CoAssets Limited, Arrow Energy Limited, Tianmei Beverage Group Corporation Limited, Bojun Agriculture Holdings Limited and Jiajiafu Modern Agriculture Limited.

Matthew Fahey / Managing Director & CEO

Mr Fahey is Vonex Telecom's Chief Executive Officer and joined the Board as Managing Director. Mr Fahey joined Vonex Ltd in 2013, through the Vonex Group's acquisition of iTrinity (IP Voice & Data) where he had served as Sales Director. Mr Fahey brings with him 20 years' of extensive experience in building and managing Telecommunications companies with a well-regarded reputation in the industry for channel partner programs as well as excellence in VoIP and Telco. 2014 saw amazing growth for Vonex, winning the CRN fast 50 award for the fastest growing IT company in Australia.

Mr Fahey is focused on accelerating growth both organically and by further acquisition and the continued development of diverse products in order to expand Vonex's market share.

Mr Fahey has not held any other directorships of Australian listed companies in the last three years.

David Vilensky / Non-Executive Director

Mr Vilensky is a practicing corporate lawyer and the managing director of Perth law firm Bowen Buchbinder Vilensky. He has more than 30 years' experience in the areas of corporate and business law and in commercial and corporate management. Mr Vilensky practices mainly in the areas of corporate and commercial law, mergers and acquisitions, mining and resources, trade practices and competition law and complex dispute resolution. Mr Vilensky acts for a number of listed and private companies and advises on directors' duties, due diligence, capital raisings, compliance with ASX Listing Rules, corporate governance and corporate transactions generally.

Other directorships of Australian listed companies held by Mr Vilensky in the last three years are:

Current: Latin Resources Limited and Oakdale Resources Limited.

Mr Vilensky has a Bachelor of Arts, a Bachelor of Laws from the University of Cape Town and is a member of the Law Society of Western Australia.

Winnie Lai Hadad / Non-Executive Director

Ms Lai Hadad has expertise in change management, corporate governance, business process improvement and has been involved in listings on the Australian Securities Exchange. Ms Lai Hadad has been involved with both investments into China and out-bound investment from China. Her past roles include implementing Coca-Cola bottling strategies into Greater China and administering the first Chinese direct investment in an iron ore mine in the Pilbara Region of Western Australia.

Other directorships of Australian listed companies held by Ms Lai Hadad in the last three years are:

Current: Avenira Limited.

Ms Lai Hadad is a lawyer admitted to practice in Western Australia, a qualified CPA, holds a BA, BCom and MSc, and is a graduate of both the Australian Institute of Company Directors and Governance Institute of Australia.

Jason Gomersall / Non-Executive Director

Mr Gomersall is a former Director of 2SG Wholesale and is the Founder, CEO and Managing Director of iseek Communications. Mr Gomersall has long been at the forefront of the telecommunications industry and the mobile phone market since being one of the foundation franchisees of the Optus World chain of retail stores in the 1990s.

Mr Gomersall has not held any other directorships of Australian listed companies in the last three years

Daniel Smith / Company Secretary

Mr Smith is a member of the Australian Institute of Company Directors, a Fellow of the Governance Institute of Australia and has over 14 years' primary and secondary capital markets expertise. As a director of Minerva Corporate, he has advised on, and been involved in, a significant number of IPOs, RTOs and capital raisings on both the ASX and NSX. His key focus is on corporate governance and compliance, commercial due diligence and transaction structuring, as well as ongoing investor and stakeholder engagement.

Mr Smith is currently a director and/or company secretary of numerous companies listed on ASX, AIM and NSX.

Interests in the securities of the Company

As at the date of this report, the interests of the directors in securities of the Company were:

	Ordinary Shares	Performance Rights	Options
Nicholas Ong	2,826,462	2,550,000	2,552,000
Matthew Fahey	6,781,018	8,830,000	3,000,000
David Vilensky	2,550,000	2,550,000	1,500,000
Winnie Lai Hadad	149,367	Nil	1,500,000
Jason Gomersall	557,727	Nil	1,500,000

Meetings of Directors

The attendance of directors at meeting of the company's Board of Directors held during the year is as follows:

Directors	Number of Meetings	
	Attended	Eligible to Attend
Nicholas Ong	4	4
Matthew Fahey	4	4
David Vilensky	4	4
Winnie Lai Hadad	4	4
Jason Gomersall	4	4

Principal Activities

The principal activities withing the consolidated entity include the year on year growth within our Retail Telco division and expansion of our Wholesale Telco division during the financial year. Other activities have focused on the continuation of R&D projects within technologies in communications, including the Company's proprietary cloud hosted PBX system.

Financial Position & Operating Results

The financial results of the consolidated entity for the financial year ended 30 June 2021 are:

	30 / Jun / 21	30 / Jun / 20	% Change
Cash and cash equivalents ($)	3,658,416	4,811,798	(23%)
Net assets / (liabilities) ($)	5,575,939	6,808,837	(18%)
Revenue ($)	19,215,521	15,406,034	25%
Net loss after tax ($)	(3,984,788)	(705,964)	(464)%
Loss per share (cents)	(2.10)	(0.45)	(366)%

Dividends Paid or Recommended

There were no dividends declared or paid by the Company during the year and no dividend is recommended.

Review of Operations

MNF Group transaction

Subsequent to year-end, on 23 July 2021, the Company announced the that it had agreed to acquire part of MNF Group's Direct Business which services SME and Consumer customers (the "Direct Business") for $31 million, comprising $20 million of cash consideration payable on completion and $11 million of deferred cash consideration payable in monthly installments over 12 months.

The Direct Business sells cloud phone, internet and mobile services to small-to-medium enterprise and residential customers in Australia, as well as dedicated audio and video conferencing services. The Acquisition will materially expand Vonex's footprint of SME and residential customers across Australia and will see the Company migrate approximately 5,250 new SME customers to its platform. The Acquisition delivers Vonex a strong platform for organic growth in the Australian telecommunications market through cross-selling internet and mobility products to Direct Business customers.

The Direct Business delivered an unaudited FY21 EBITDA of $5.5 million from revenue of $15.0 million.

Completion of the acquisition of the Direct Business took place on 9 August 2021.

Nextel acquisition

On 18 December 2020, Vonex announced that it had entered into a binding term sheet with Nextel Pty Ltd ("Nextel") to acquire Nextel's business and operations as a going concern.

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

In FY20, Nextel achieved EBITDA of approximately $450,000 on revenue of approximately $2 million, with infrastructure and specialised projects a key driver. Nextel also brings a highly capable and experienced team headquartered in Sydney that is well positioned to drive further growth from immediate cross sell opportunities.

Nextel brings long-term relationships with tier-1 carriers, network partners and customers spanning a range of industries, including LJ Hooker, Endemol Shine Australia, 4 Pines Brewing Co, Lifeline and the Sydney Harbour Federation Trust.

Completion of the acquisition of Nextel's business and operations took place on 3 February 2021, The integration of the operations of Nextel was completed in the June quarter, six months on from when the acquisition was announced. The Company is now engaged in promoting Nextel with proactive marketing campaigns which has have already yielded a $140k infrastructure contract.

The Company will continue to explore further synergies between the Nextel business and the Company's existing operations to identify new opportunities to add value for Vonex's business customers.

Wholesale Operations

All Vonex wholesale services became combined and branded as 2SG Wholesale as of 1st January 2021. 2SG Wholesale is a telecommunications and data wholesaling business which provides Australian Managed Service Providers, ISPs and System Integrators with access to the latest in hardware and connectivity solutions from leading brands. Its provision of fast, secure, business-grade wireless broadband has met strong customer demand amid the rise of working from home across Australia during the COVID-19 pandemic – a trend that is set to continue.

Vonex's Wholesale division showed continued growth in the half year following the successful integration of 2SG Wholesale.

During the period, Vonex also delivered digital upgrades that increased product features and reduced costs. The Company deployed newly integrated billing and provisioning platforms across 2SG Wholesale as well as Nextel. 2SG Wholesale has also deployed its new B2B NBN ordering platform for wholesale customers, enabling touchless provisioning and service management—an essential feature as social distancing measures remain part of life in areas of Australia.

Successfully integrating 2SG Wholesale has allowed the Company to expand its offering to SME customers by developing and delivering new products. 2SG's sales growth was strong across its new and existing Wholesale product suite in Q2 FY21, including an 88% increase in Mobile Broadband orders year-on-year for the quarter, Mobile Voice up 321% and NBN with 4G backup increasing by 107% over the same period. This strong growth continued across Q3 and Q4 FY21, reflecting Vonex beginning to capture the cross-selling opportunities the Company identified prior to acquiring 2SG Wholesale.

In addition, the business grade mobile broadband offered by 2SG Wholesale is attracting potentially much larger wholesale customers. Discovery Technologies, a subsidiary of ASX 300 member Data#3 Ltd (ASX: DTL), signed up as a new customer during FY21. In addition, Orange Business Services also signed up, a network native digital services company and the global enterprise division of the Orange Group (EPA: ORA) which currently services 3,000 multi-national clients.

The Company is currently rolling out 5G services to its customers, providing another significant value proposition to support sales. After having been selected by Optus as a key 5G partner, 2SG has now commenced the launch, which includes a brand new Service Qualification and an automated ordering system for partners and customers. The Company expects this new product to contribute to revenue growth.

Retail Growth and Strong Customer Satisfaction

In FY21, Vonex grew the number of SME retail customers by 25% year-on-year while Total Contract Value of new customer sales remained strong with Q4 of FY21 representing a near record quarter and June 2021 the most productive month of the financial year.

Vonex's cloud-based PBX phone service surpassed 45,000 active subscribers during the financial period, with growth over the year to June 30 providing a 26% increase over FY20.

NBN Assure

The Company has rolled out its NBN Assure service to partners following the launch in Q3 FY21. NBN Assure is Vonex's "always on" business grade broadband service. It is a first-to-market SME specific broadband offering that provides businesses with critical service continuity in the event of a localised or general NBN outage through a wireless 4G failover backup tool.

The product is highly valued by customers whose operations conducted online are impacted through network faults. NBN Assure provides business continuity assurance for all critical systems and applications with static identity, enabling users to work as normal when on back up and be able to log into secure cloud systems and still gain access from remote locations such as home. NBN Assure also features cyberattack protection which is gaining a positive response from customers in both the wholesale and retail markets.

Oper8tor

Oper8tor is a disruptive aggregated communications platform which targets the inclusion of Conference, Voice, Message and Video functionality, facilitating user communication across a broad swathe of channels. The mobile app aims to seamlessly link all voice calls as well as messaging across multiple platforms and devices.

In December 2020, Company announced that it was transitioning Oper8tor from one of active research and development, to one which focuses on identifying and engaging the right technical and financial partners to guide Oper8tor's further development and commercialisation. Vonex will maintain in good standing all intellectual property, websites and internationally granted patents relating to Oper8tor, however it does not anticipate committing further development capital to the project at this time.

COVID-19

In light of the COVID-19 pandemic, Vonex implemented a range of initiatives in March 2020 to minimise impact of the virus on its operations. These included:

- The Company's call centre in Cebu in the Philippines remained open as normal with a remote working strategy in place if Cebu staff are placed in lock down and cannot attend work.
- Handset stock sourced from China was stockpiled and Vonex had several months of inventory to continue to fulfil new and existing orders without new stock arriving.
- Adapting nimbly to the current climate, the Company rapidly rolled out 'work from home' marketing campaigns to existing and potential SME customers which highlight how Vonex's Hosted PBX technology enables a seamless transition for staff to work from home.
- Ongoing lockdown's are expected to have some impact on the organic growth of the business and will continue to impact divisions where site visits are required to complete work, such as Nextel.

Corporate

Capital Raising

Subsequent to the end of the period, on 23 July 2021, Vonex announced that it had received firm commitments from new and existing sophisticated and institutional investors to subscribe for a two-tranche placement of 109,090,909 fully paid ordinary shares ("**Shares**") at $0.11 each to raise $12 million before costs ("**Placement**"). Vonex also announced a Share Purchase Plan ("**SPP**") to eligible, existing shareholders to raise up to an additional $2 million at the Placement price. Tranche 1 of the Placement, consisting of 22,502,051 shares to raise $2.475m completed on 30 July 2021, with shareholders approving the issue of shares under Tranche 2 of the Placement at the general meeting held on 30 August 2021.

The Company received the support of a strong mix of institutional investors across Australia and New Zealand who were introduced by PAC Partners Securities Pty Ltd, which acted as Lead Manager to the Placement. Net proceeds from the Placement and SPP will be used to part fund the remaining balance of the $20 million consideration payable by Vonex on completion of the acquisition of MNF Group's Direct business, as well as the $11 million of deferred cash consideration payable in monthly installments over 12 months.

Shareholder Meetings

At a general meeting held 4 September 2020, all resolutions were passed by way of a poll.

At the Company's AGM held 27 November 2020, all resolutions were passed by way of a poll.

R&D Tax Rebate

The Company has received a Research and Development Tax Incentive rebate of $0.54 million for FY20 FY201 (FY19FY20: $0.63 million) from the Australian Government's Research and Development Tax Incentive Program for eligible R&D activities conducted by the Company. The refund was in respect of eligible R&D activities across Vonex's portfolio.

Cash Position

The Company ended the financial year with a strong cash balance of $3.658 million.

Outlook

Following its acquisition of MNF Group's Direct Business, Vonex is well-placed to execute its clear three-pillar growth strategy.

The highly complementary acquisition has transformed Vonex by delivering financial scale and market relevance. Through this deal, Vonex is welcoming a highly experienced new team of 30 staff, more than 5,000 new SME customers and more than 180 new channel partners to its platform, and expects to almost double the Company's annualised recurring revenue on a full year basis. Vonex has identified and is pursuing opportunities to increase the value of the acquired and combined business by targeting growth in lead generation, brand awareness and average revenue per user.

In 2SG Wholesale, Vonex plans to deliver organic growth which is accelerated by the recent acquisition by way of cross-selling opportunities, product range expansion and network cost efficiencies. The Company's focus continues to be on the recruitment of new Channel Partners across Australia to support the anticipated growth in Hosted

PBX and Unified Communications in the region. National marketing programs in Australia's capital cities remain underway to gain traction with SME customers and facilitate strong growth in registered PBX users.

Vonex is pursuing an established M&A-led growth strategy for FY22 and FY23, targeting profitable IT and telco businesses that offer potential for growth in revenue and profit through further product expansion and cross-selling.

With the latest Communications Report from the Australian Communications and Media Authority (ACMA) forecasting the Australian telecommunications industry revenue to grow from $44 billion in 2018 to $47 billion by 2022, Vonex continues to see a positive outlook for growth in sales as the Company's customer base expands.

Significant Changes in the State of Affairs

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

Events After the Reporting Period

Subsequent to the reporting period on 30 July 2021 Vonex raised $2,475,000 in a share placement via the issue of 22,502,051 ordinary fully-paid shares at $0.11 per share, as part of the two-tranche placement announced 23 July 2021. On 30 August 2021, shareholders approved the issue of an additional 86,588,858 shares at $0.11 per shares pursuant to tranche 2, which will raise an additional $9.525m.

Subsequent to the reporting period on 9 August 2021 Vonex has drawn down a $16m debt facility from Longreach Credit Investors to part fund the initial $20 million consideration payable by Vonex on completion of the acquisition of MNF Group's Direct business.

Subsequent to the reporting period on 18 August 2021 Vonex announced that its SPP received strong support and was heavily over-subscribed with in excess of $3.7 million of demand from eligible Vonex shareholders. On 19 August 2021, Vonex issued 18,181,485 shares to the SPP subscribers.

Apart from the disclosures made within this report, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Remuneration Report (Audited)

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

- A Remuneration Governance
- B Remuneration Structure
- C Details of Remuneration
- D Share-Based Compensation
- E Equity Instruments Issued on Exercise of Remuneration Options
- F Value of Options to Directors
- G Equity Instruments Disclosures Relating to Key Management Personnel
- H Other Transactions with Key Management Personnel
- I Additional Statutory Information

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

Mr Nicholas Ong
Non-Executive Chairman

Mr Matthew Fahey
Managing Director

Mr David Vilensky
Non-Executive Director

Ms Winnie Lai Hadad
Non-Executive Director

Mr Jason Gomersall
Non-Executive Director

Use of remuneration consultants

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

Voting and comments made at the Company's 2020 Annual General Meeting

The Company received 83.4% of "yes" proxy votes on its remuneration report for the 2020 financial year, inclusive of discretionary proxy votes, with the resolution passing by way of a poll. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

A Remuneration Governance

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

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

B Remuneration Structure

Non-Executive remuneration arrangements

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

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

The Group has provided variable remuneration incentive schemes to certain Non-Executive Directors as detailed in Note 31.

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

C Details of Remuneration

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

	Short-term benefits			Post-employment benefits	Share-based payment		
30/06/2021	**Salary & fees ($)**	**Cash bonus ($)**	**Long service leave ($)**	**Super-annuation ($)**	**Performance rights/options (I) ($)**	**Total ($)**	Percentage remuneration consisting of performance rights/options for the year
Directors							
Mr Fahey	286,000	-	5,722	27,170	364,525	683,417	53%
Mr Ong	60,000	-	-	5,700	317,428	383,128	83%
Mr Vilensky	60,000	-	-	5,700	196,328	262,028	75%
Ms Hadad	60,000	-	-	5,700	181,650	247,350	73%
Mr Gomersall	60,000	-	-	5,700	181,650	247,350	73%
Total	**526,000**	**-**	**5,722**	**49,970**	**1,241,581**	**1,823,273**	**68%**

(I) *Total includes issued options valued at $1,211,000 approved at Annual General Meeting on 27 November 2020.*

30/06/2020	Short-term benefits			Post-employment benefits	Share-based payment		
	Salary & fees ($)	Cash bonus ($)	Long service leave ($)	Super-annuation ($)	Performance rights/options (iv) ($)	Total ($)	Percentage remuneration consisting of performance rights for the year
Directors							
Mr Fahey (ii)	283,000	-	5,428	26,885	19,734	335,047	6%
Mr Ong (ii)	57,000	-	-	5,415	190,148	252,563	75%
Mr Vilensky (ii)	57,000	-	-	5,415	190,148	252,563	75%
Ms Hadad (ii)	57,000	-	-	5,415	-	62,415	0%
Mr Gomersall (i) (ii)	17,000	-	-	1,615	-	18,615	0%
Total	**471,000**	**-**	**5,428**	**44,745**	**400,030**	**921,203**	**43%**

(i) *Mr Gomersall (Non-Executive Director) (appointed on 28 February 2020)*

(ii) *Executive and Non-Executive directors volunteered to reduce their fees by 22% for the period 1 April 2020 to 30 June 2020*

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

Director	Fixed Remuneration* 2021	Fixed Remuneration* 2020	At risk-LTI** 2021	At risk-LTI** 2020
Mr Fahey	47%	94%	53%	6%
Mr Ong	17%	25%	83%	75%
Mr Vilensky	25%	25%	75%	75%
Ms Hadad	27%	100%	73%	0%
Mr Gomersall	27%	100%	73%	0%

**Fixed Remuneration includes short term benefits and post-employment benefits*

*Performance rights are at risk - **Long term incentives are provided by way of the performance rights issued with long term performance milestones (Tranche 1,2 and 3). The percentages disclosed reflect the fair value of remuneration based on the value of the performance rights at grant date subject to future vesting conditions. Options are at risk - **Long term incentives are provided by way of options issued, exercisable from 1 Dec 2020 to 1 Dec 2023, at a exercise price of $0.37.*

Remuneration Policy

Non-Executive Directors

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

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

The Group has provided variable remuneration incentive schemes to certain Non-Executive Directors as detailed in Note 31. There are no termination or retirement benefits for non-executive directors (other than statutory superannuation).

Executive Director
Mr Matthew Fahey / Chief Executive Officer

Outlined below is a summary of the material provisions of the Executive Services Agreement between the Company and Mr Matthew Fahey. Mr Fahey receives an annual salary of $250,000 plus statutory superannuation. Mr Fahey is also entitled to director fee of $36,000 per annum. Either party may terminate the Executive Services Agreement by giving six (6) months written notice.

A bonus based on key performance indicators ("KPIs") will be paid as follows:

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

D Share-Based Compensation

Short term and long term incentives

In prior financial years Mr Fahey, Mr Ong and Mr Vilensky were issued performance rights incentives for their work and ongoing commitment and contribution to the Company.

The performance rights were issued in three tranches, each with different performance milestones. Refer to Note 31 for further details in respect to the performance rights granted.

In the current financial year, all directors were issued options for their work and ongoing commitment and contribution to the Company.

Refer to Note 31 for further details in respect to the options granted.

E Equity Instruments Issued on Exercise of Remuneration Options

No equity instruments were issued during the year to Directors or key management personnel as a result of exercising remuneration options (2020: Nil).

F Value of Options to Directors

Options – Directors

During the year Vonex Ltd issued 10,000,000 options in one tranche to directors as part of their remuneration.

Type of options	Grant date	Expiry date	Exercise price	Value per option at grant date	Date exercisable	% vested during the year	% forfeited during the year	Financial year options vest	Range of possible values relating to future payments
Directors	27 Nov 2020	1 Dec 2023	$0.370	$0.1211	Between 1 Dec 2020 to 1 Dec 2023	100%	-	2021	-

When exercisable, each option is convertible into one ordinary share of Vonex Ltd. Further information on the options is set out in Note 31 to the Financial Statements.

Total value of options issued is $1,211,000, breakdown as follows:

Director	Option Holding	$ Value
Mr Matthew Fahey	3,000,000	363,300
Mr Nicholas Ong	2,500,000	302,750
Mr David Vilensky	1,500,000	181,650
Ms Winnie Lai Hadid	1,500,000	181,650
Mr Jason Gomersall	1,500,000	181,650

G Equity Instruments Disclosures Relating to Key Management Personnel

Share Holdings

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

2021	Opening Balance	Received as Remuneration	Received During Year on Exercise of Options	Net Change Other	Closing Balance
Directors					
Mr Matthew Fahey	**6,408,291**	–	–	100,000	**6,508,291**
Mr Nicholas Ong	**2,644,645**	–	–	–	**2,644,645**
Mr David Vilensky	**2,550,000**	–	–	–	**2,550,000**
Ms Winnie Lai Hadid	**-**	–	–	58,823	**58,823**
Mr Jason Gomersall	**-**	–	–	285,000	**285,000**
	11,602,936	**-**	**-**	**443,823**	**12,046,759**

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Deferred Performance Shares Holdings

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

	Year Granted	No Granted	Grant Date Value per share	Grant Date value	Vested value	Forfeited value	Maximum value yet to vest
Mr Fahey							
Tranche 3	FY17	130,000	$0.45	$58,500	$58,500	-	-
Tranche 2	FY18	100,000	$0.20	$20,000	$20,000	-	-
Tranche 3	FY18	100,000	$0.20	$20,000	-	-	$20,000
		330,000					
Mr Ong							
Tranche 3	FY17	130,000	$0.45	$58,500	$58,500	-	-
Tranche 2	FY18	1,210,000	$0.20	$242,000	$242,000	-	-
Tranche 3	FY18	1,210,000	$0.20	$242,000	-	-	$242,000
		2,550,000					
Mr Vilensky							
Tranche 3	FY17	130,000	$0.45	$58,500	$58,500	-	-
Tranche 2	FY18	1,210,000	$0.20	$242,000	$242,000	-	-
Tranche 3	FY18	1,210,000	$0.20	$242,000	-	-	$242,000
		2,550,000					

The above tables excludes 8,500,000 Performance rights issued to Mr Matthew Fahey on 28 July 2017 in relation to Oper8tor rights. These rights have nil value and expire on 28 July 2022.

2021	Opening Balance	Vested during the period	Net Change Other	Closing Balance
Directors				
Mr Matthew Fahey	8,830,000*	-	-	8,830,000
Mr Nicholas Ong	2,550,000	-	-	2,550,000
Mr David Vilensky	2,550,000	-	-	2,550,000
	13,930,000	-	-	13,930,000

**8,500,000 Performance rights relate to Oper8tor rights issued on 28 July 2017. These rights have nil value and expire on 28 July 2022.*

Option Holdings

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

2021	Opening Balance	Granted during the period	Exercised during the period	Closing Balance
Directors				
Mr Matthew Fahey	-	3,000,000	-	3,000,000
Mr Nicholas Ong	52,000	2,500,000	-	2,552,000
Mr David Vilensky	-	1,500,000	-	1,500,000
Ms Winnie Lai Hadid	-	1,500,000	-	1,500,000
Mr Jason Gomersall	-	1,500,000	-	1,500,000
	52,000	10,000,000	-	10,052,000

H Other Transactions with Key Management Personnel

Transactions with Related Parties

The following transactions occurred with related parties:

	2021	2020
Services Provided	**$**	**$**
Company secretarial, corporate compliance, bookkeeping and accounting fees from Minerva Corporate (director-related entity of Nicholas Ong)	56,788	74,161
Payments for legal fees from Bowen Buchbinder Vilensky (director-related entity of David Vilensky)	26,033	37,378

Receivable from and Payable to Related Parties

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

	2021	2020
Current Payables	**$**	**$**
Trade payables to Minerva Corporate (director-related entity of Nicholas Ong)	9,900	4,950

I Additional Statutory Information

Relationship between remuneration and the Group's performance

The following table shows key performance indicators for the Group over the last five years:

	2021	2020	2019	2018	2017
Loss for the year	$3,984,788	$705,964**	$2,791,622	$14,713,402	$9,737,819
Closing Share Price	12.5 cents	11.0 cents	11.0 cents	14.0 cents	N/A*
KMP Incentives	$1,241,581	$400,030	$342,538	$1,105,537	$702,000
Total KMP Remuneration	$1,823,273	$921,203	$1,138,252	$1,734,754	$1,503,715

* *No closing share price as the company was unlisted*

** *Restated loss for the year. Refer to Note 32 for Restatement.*

End of Audited Remuneration Report

Environmental Regulation

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

Officer's Indemnities and Insurance

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

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

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

Indemnity and insurance of auditor

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

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

Options

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

a) 14,500,000 options exercisable at $0.30 on or before 7 June 2023;

b) 14,719,731 options exercisable at $0.20 on or before 30 November 2022;

c) 3,215,060 options exercisable at $0.20 on or before 30 November 2022;

d) 1,800,000 options exercisable at $0.20 on or before 30 November 2022; and

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

Performance Rights

As at the date of this report the Company has 27,460,000 performance rights held with the following performance conditions:

a) 780,000 convertible upon the Company reaching $10 million annualised revenue per annum in any quarter. These performance rights have vested but not yet converted to ordinary shares (i);

b) 4,840,000 convertible upon the Company achieving audited gross revenue of $15 million in a financial year. These performance rights have vested but not yet converted to ordinary shares (ii);

c) 4,840,000 convertible upon the Company achieving audited net profit after tax of $1 million in a financial year (ii);

d) 2,000,000 convertible into ordinary shares upon completion of the beta version of the Oper8tor App and commencement of the official Oper8tor launch in Europe;

e) 5,000,000 convertible into ordinary shares upon the Oper8tor App achieving 10 million active users; and

f) 10,000,000 convertible into ordinary shares upon the Oper8tor App achieving 50 million active users;.

(i) *Notwithstanding the performance conditions above, all the performance rights will vest automatically if there is a trade sale of all or any part of the business or assets of the Company or if the Company merges with another company or is the subject of a successful takeover or if the multi-platform phone call and messaging communication app called "Oper8tor" is spun out into a separate Company.*

(ii) *Notwithstanding the performance conditions above, all the performance rights will vest automatically if there is a trade sale of all or any part of the business or assets of the Company or if the Company merges with another company or is the subject of a takeover of 50.1% or more, or if the multi-platform phone call and messaging communication app called "Oper8tor" is spun out into a separate Company.*

Subject to achievement of the performance conditions, one share will be issued for each performance right that has vested on the same terms and conditions as the Company's issued shares and will rank equally with all other issued shares from the issue date.

Proceedings on Behalf of the Company

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

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

Non-Audit Services

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

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

The Board has considered the position and, in accordance with the advice received from the Audit Compliance and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The Directors are satisfied that the provision of non-audit services by the Auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act for the following reasons:

- all non-audit services are reviewed by the Audit Compliance and Risk Management Committee to ensure they do not impact the impartiality; and
- objectivity of the Auditor, none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the Auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

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

	2021	2020
	$	$
Assurance Services		
Audit Services		
RSM Australia Partners	95,000	79,000
Total remuneration for audit and assurance services	95,000	79,000
Corporate Services		
RSM Australia Pty Ltd	–	31,025
Total remuneration for corporate services	–	31,025

Auditor

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

Auditor's Independence Declaration

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

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

Nicholas Ong
Chairman
31 August 2021

RSM

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Vonex Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 31 August 2021

Consolidated Statement of Profit or Loss & Other Comprehensive Income

	Note	2021 $	2020 $ Restated
Sales Revenue	2	18,259,243	12,770,304
Cost of sales	4	(12,737,896)	(8,096,081)
Gross Profit		5,521,347	4,674,223
Other Revenues	3	956,278	885,730
Disposal of mining royalties		-	1,750,000
Administration Expenses		(1,416,444)	(1,109,404)
Amortisation	4	(536,804)	(238,181)
Account and audit fees		(109,118)	(123,906)
Bad & doubtful debt expenses		(82,016)	(11,623)
Contractor expenses		(1,081,592)	(556,492)
Dealer commissions		(769,090)	(635,440)
Depreciation expenses	4	(321,325)	(330,075)
Directors' fees		(302,220)	(241,995)
Employee expenses		(3,579,201)	(3,592,062)
Finance costs	4	(58,957)	(57,184)
Insurance expense		(129,426)	(94,596)
Impairment expense		(771,319)	-
Legal fees		(104,958)	(46,954)
Loss on disposal of non-current assets	16	(3,411)	(2,541)
Occupancy expenses		(22,190)	(511)
Repairs and maintenance		(7,579)	(1,446)
Share based payment expense	31	(1,269,776)	(770,573)
Stamp duty		(322)	(136,868)
Travel expenses		(22,260)	(107,931)
Loss before income tax		**(4,110,383)**	**(747,829)**
Income tax benefit		125,595	41,865
Net loss for the year		**(3,984,788)**	**(705,964)**
Other comprehensive income for the year		**-**	**-**
Total comprehensive loss for the year		**(3,984,788)**	**(705,964)**
Basic and diluted earnings per share of loss attributable to the owners of Vonex Limited (cents per share)		**(2.10)**	**(0.45)**

The accompanying notes form part of these financial statements | Refer to note 32 for detailed information on Restatement of comparatives

Consolidated Statement of Financial Position

	Note	2021 $	2020 $ Restated
Current Assets			
Cash and cash equivalents	9	3,658,416	4,811,798
Trade and other receivables	10	1,684,355	1,480,524
Contract assets	11	60,676	55,155
Other current assets	12	463,858	441,608
Total Current Assets		5,867,305	6,789,085
Non-Current Assets			
Intangible assets	13	4,507,400	4,233,417
Plant and equipment	16	335,630	201,201
Contract assets	11	7,918	32,860
Right of Use Assets	17	908,037	883,200
Other non-current assets	12	109,244	90,800
Total Non-Current Assets		5,868,229	5,441,478
Total Assets		11,735,534	12,230,563
Current Liabilities			
Trade and other payables	19	3,888,885	3,181,665
Provisions	18	521,842	456,271
Lease liability	20	346,815	267,300
Total Current Liabilities		4,757,542	3,905,236
Non-Current Liabilities			
Provisions	18	121,031	75,136
Lease liability	20	648,513	683,250
Deferred tax liability	5	632,509	758,104
Total Non-Current Liabilities		1,402,053	1,516,490
Total Liabilities		6,159,595	5,421,726
Net Assets		5,575,939	6,808,837
Equity			
Issued capital	21	50,442,160	47,642,165
Reserves	22	5,177,748	5,230,937
Accumulated losses	27	(50,043,969)	(46,064,265)
Total Equity		5,575,939	6,808,837

The accompanying notes form part of these financial statements | Refer to note 32 for detailed information on Restatement of comparatives

Consolidated Statement of Changes in Equity

	Issued Capital	Accumulated Losses	Reserves	Total
	$	$	$	$
At 1 July 2019	**45,484,270**	**(45,308,426)**	**3,158,579**	**3,334,423**
Comprehensive income				
Loss for the year	-	(705,964)	-	**(705,964)**
Total comprehensive income / (loss) for the year	**-**	**(705,964)**	**-**	**(705,964)**
Transactions with owners, in their capacity as owners				
Shares issued during the year	2,157,895	-	-	**2,157,895**
Vesting of performance shares and rights	-	-	-	**-**
Share-based payment – options, performance shares and rights	-	-	770,573	**770,573**
Capital-raising proceeds received in advance (net of costs)	-	-	1,301,785	**1,301,785**
Retained earnings adjustment - adoption of AASB 16	-	(49,875)	-	**(49,875)**
Capital raising costs	-	-	-	**-**
At 30 June 2020	**47,642,165**	**(46,064,265)**	**5,230,937**	**6,808,837**
At 1 July 2020	**47,642,165**	**(46,064,265)**	**5,230,937**	**6,808,837**
Comprehensive income				
Loss for the year	-	(3,984,788)	-	**(3,984,788)**
Total comprehensive income / (loss) for the year	**-**	**(3,984,788)**	**-**	**(3,984,788)**
Transactions with owners, in their capacity as owners				
Shares issued during the year	1,478,210	-	-	**1,478,210**
Vesting of performance shares and rights	20,000	-	(20,000)	**-**
Increase in asset reserve	-	-	3,904	**3,904**
Share-based payment – options, performance shares and rights	-	-	1,269,776	**1,269,776**
Capital-raising reserve transferred to share capital (net of costs)	1,301,785	-	(1,301,785)	**-**
Retained earnings adjustment – reversal of options valuation expired 3 August 2020	-	5,084	(5,084)	**-**
Capital raising costs	-	-	-	**-**
At 30 June 2021	**50,442,160**	**(50,043,969)**	**5,177,748**	**5,575,939**

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

	Note	2021 $	2020 $
Cash Flows From Operating Activities			
Receipts from customers		17,223,379	12,129,637
Payments to suppliers and employees		(18,221,230)	(13,589,900)
Research and development tax offset		541,661	629,569
Government grants		163,570	101,500
Interest received		1,090	6,458
Interest paid		(50,864)	(6,506)
Net cash used in operating activities	26	**(342,394)**	**(729,242)**
Cash Flows From Investing Activities			
Receipt of capital grant		70,000	-
Payments for physical non-current assets		(161,021)	(73,164)
Payments of stamp duty for business acquisition		(136,869)	-
Payment to acquire business	32	(334,367)	(444,180)
Proceeds from disposal of property, plant and equipment		1,137	218
Proceeds from/(Repayment of) loans		329	818
Proceeds from disposal of mining royalty		-	1,750,000
Net movement in bonds		(75,680)	-
Net cash provided by/(used) in investing activities		**(636,471)**	**1,233,692**
Cash Flows From Financing Activities			
Proceeds from application funds held in trust, net of costs		-	1,320,500
Net repayment of borrowings		-	(362)
Leasing payments		(173,644)	(185,334)
Net cash provided by financing activities		**(173,644)**	**1,134,804**
Net increase/(decrease) in cash and cash equivalents		**(1,152,509)**	**1,639,254**
Cash and cash equivalents at the beginning of the financial year		4,811,798	3,173,355
Exchange rate adjustments		(873)	(811)
Cash and cash equivalents at end of the financial year	9	**3,658,416**	**4,811,798**

The accompanying notes form part of these financial statements

Consolidated Notes

to the Financial Statements

The consolidated financial statements and notes represent those of Vonex Limited and the entities it controlled during the year ("the consolidated entity"). Vonex Limited is a public company, incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is Level 8, 99 St Georges Terrace, Perth, WA, 6000.

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

The financial statements were authorised for issue by the Board on 31 August 2021.

Note 1

Statement of Significant Accounting Policies

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

New, revised or amending Accounting Standards and Interpretations adopted

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

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

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

(a) Principles of Consolidation

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

(b) Business Combinations

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

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

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

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

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

(c) Income Tax

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

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

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

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

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

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

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

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

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

(d) Plant and Equipment

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

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

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

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Furniture and Fixtures	15% - 25%
Plant and Equipment	15% - 33.3%
Leasehold Improvements	12%
Motor Vehicles	20%
Computer Equipment	50%

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

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

(i) Plant and Equipment

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

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

(ii) Impairment of Assets

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

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

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

(e) Employee Entitlements

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

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

Short-term employee benefits

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

Other long-term employee benefits

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

Defined contribution superannuation expense

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

(f) Provisions

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

(g) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

1. Financial assets at fair value through profit or loss

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

2. Financial assets at fair value through other comprehensive income

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

3. Impairment of financial assets

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

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

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

(h) Cash and Cash Equivalents

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

(i) Revenue and Other Income

Revenue from contracts with customers

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

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

Rendering of telecommunications services

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

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

Sale of goods

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

Revenue arrangements with multiple deliverables

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

Interest

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

Other revenue

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

(j) Contract assets

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

(k) Borrowing Costs

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

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

(l) Goods and Services Tax ("GST")

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

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

(m) Trade and other payables

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

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

(n) Trade and other receivables

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

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

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

(o) Comparative Figures

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

(p) Critical Accounting Estimates and Judgements

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

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

Share based payment transactions

The consolidated entity measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by management using an appropriate valuation model that use estimates and assumptions. Management exercises judgement in preparing the valuations and these may affect the value of any share-based payments recorded in the financial statements (refer to notes 30 for further details).

Impairment

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

Goodwill and other indefinite life intangible assets

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

(q) Right-Of-Use Assets

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

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

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

(r) Segment Reporting

Identification of reportable operating segments

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

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

Types of products and services

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

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

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

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

(s) Intangibles

Goodwill

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

Customer List

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

Trademarks

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

Patents

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

Customer & Supply contracts (2SG)

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

(t) Current and non-current classification

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

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

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

(u) Issued capital

Ordinary shares are classified as equity.

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

(v) Earnings Per Share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2
Revenue

	2021	2020
	$	$
Revenue from Customers		
Sales revenue	18,259,243	12,770,304

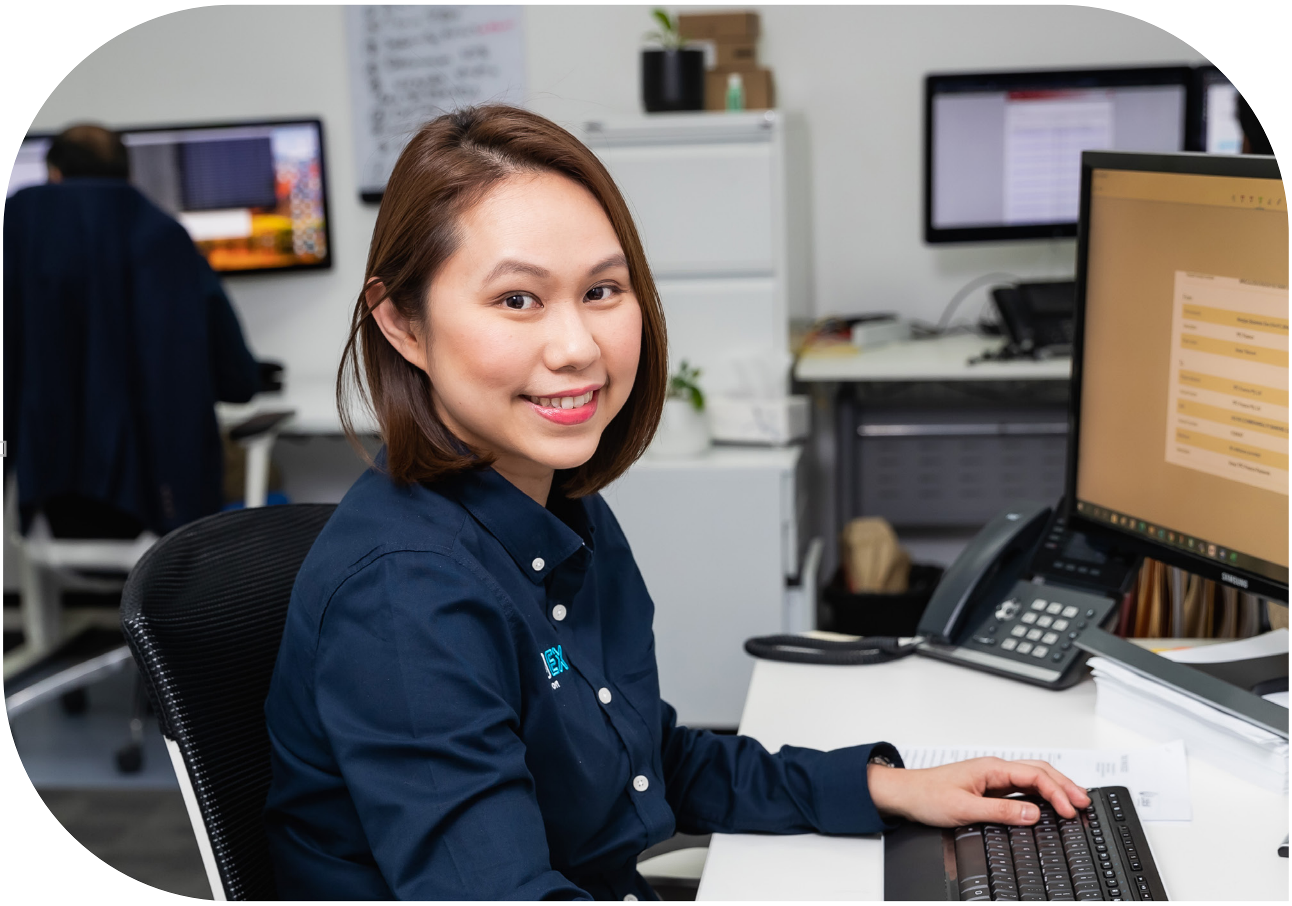
Disaggregation of Revenue

The disaggregation of revenue from customers is as follows:

	Retail	Wholesale	Corporate	Total
Consolidated - 30 June 2021	$	$	$	$
Major service lines				
Telephony	6,049,139	2,309,863	-	8,359,002
Internet	2,567,436	4,895,422	-	7,462,858
Hardware	707,482	73,050	-	780,532
Cabling/Infrastructure/Security	106,103	-	-	106,103
Hosted PBX	-	1,550,748	-	1,550,748
	9,430,160	8,829,083	-	18,259,243
Geographic regions				
Australia	9,430,160	8,788,318	-	18,218,478
United States of America	-	40,765	-	40,765
	9,430,160	8,829,083	-	18,259,243
Consolidated - 30 June 2020				
Major service lines				
Telephony	6,141,624	301,662	-	6,443,286
Internet	1,780,553	2,146,175	-	3,926,728
Hardware	845,336	63,135	-	908,471
Hosted PBX	-	1,491,819	-	1,491,819
	8,767,513	4,002,791	-	12,770,304
Geographic regions				
Australia	8,767,513	3,956,401	-	12,723,914
United States of America	-	46,390	-	46,390
	8,767,513	4,002,791	-	12,770,304

Note 3
Other Income

	2021	2020
Other Income	$	$
Interest received	1,091	6,816
Research & development tax offset	541,661	629,569
Disposal of operating lease	42,788	-
Government Incentive Rebate	150,000	167,500
Debt forgiveness	21,864	20,080
Gain on disposal of plant and equipment	78,683	-
Other income	120,191	61,765
Total other income	956,278	885,730



Note 4

Loss for the Year

Loss before income tax includes the following specific expenses:

Expenses	2021 $	Restated 2020 $
Cost of sales		
Cost of sales	(12,737,896)	(8,096,081)
Depreciation		
Leasehold improvements	(8,848)	(9,185)
Plant and equipment	(7,747)	(12,537)
Office and computer equipment	(45,989)	(64,097)
Motor vehicles	(6,289)	–
Licences	–	(1,718)
Land and buildings right-of-use assets	(232,010)	(226,670)
Plant and equipment right-of-use assets	(20,442)	(15,868)
Total depreciation	**(321,325)**	**(330,075)**
Amortisaiton		
Patents and trademarks	(9,949)	(14,508)
Customer list	(72,082)	(72,082)
Customer and supplier contracts (2SG)	(454,773)	(151,591)
Total amortisation	**(536,804)**	**(238,181)**
Finance costs		
Interest and finance charges payable/paid on lease liabilities	(49,808)	(52,393)
Interest charges on insurance premium funding and credit cards	(9,149)	(4,791)
Total finance costs	**(58,957)**	**(57,184)**

Note 5

Income Tax Expense

(a) Income Tax Expense

	2021	Restated 2020
	$	$
Current tax expense	-	-
Deferred tax expense	(125,595)	(41,865)
Income tax expense	(125,595)	(41,865)

(b) Reconciliation

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

Loss for the year	(4,110,383)	(747,829)
Prima facie tax expense at 25% (2020:26%)	(1,027,596)	(194,436)
Non-deductible expenses	531,720	203,701
Non-assessable income	(37,500)	(210,311)
Deferred tax asset not brought to account	407,781	159,181
Income tax benefit	**(125,595)**	**(41,865)**

(c) Deferred Tax Asset

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

	2021	2020
	$	$
Tax losses – revenue (resident)	5,364,624	5,435,793
Accruals and provisions	210,967	160,152
Business related costs	-	100,702
Other	(86,805)	(12,223)
	5,488,785	5,684,424

(d) Deferred Tax Liabilities

Deferred tax liability of $632,509 (2020: $758,104).

Resident tax losses calculated at the Australian income tax rate of 25% (2020:26%).

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

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the asset from the deductions for the loss to be realised;

(b) the company continues to comply with the conditions for deductibility imposed by the law; and

(c) no changes in tax legislation adversely affect the consolidated entity in realising the asset from deductions for the losses.

Refer to note 32 for detailed information on Restatement of comparatives.

Note 6

Key Management Personnel Disclosures

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

	2021	2020
	$	$
Short-term employee benefits	531,722	476,428
Post-employment benefits	49,970	44,745
Share-based payments	1,241,581	400,030
	1,823,273	921,203

Note 7

Auditor's Remuneration

Remuneration of the auditor	2021 $	2020 $
Auditing or reviewing the financial report	95,000	79,000
Other services	-	31,025
	95,000	**110,025**

Note 8

Earnings per Share

	2021 $	Restated 2020 $
Loss for the year	(3,984,788)	(705,964)

	No. of Shares	No. of Shares
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	189,358,459	156,437,810

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

Note 9

Cash and Cash Equivalents

	2021 $	2020 $
Cash on hand	1,352	1,352
Cash at bank	3,657,064	4,810,446
	3,658,416	**4,811,798**

Note 10

Trade and Other Receivables

	2021	2020
Current	$	$
Trade debtors	1,112,865	696,784
Less: Allowance for expected credit losses	(66,106)	(43,635)
	1,046,759	**653,149**
Other debtors	637,596	827,375
	1,684,355	**1,480,524**

Allowance for expected credit losses

The consolidated entity has recognised a loss of $25,775 in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

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

	Expected credit loss rate 2021	Carrying amount 2021	Allowance for expected credit losses 2021
Consolidated	%	$	$
0 to 3 months overdue	0%	929,039	-
3 to 6 months overdue	11%	132,959	15,239
Over 6 months overdue	100%	50,867	50,867
		1,112,865	**66,106**

Movements in the allowance for expected credit losses (2021: provision for impairment of receivables) are as follows:

	Consolidated	
	2021	2020
Reconciliation:	$	$
Opening balance	43,635	39,400
Additions	25,775	11,623
Receivables written off during the year as uncollectable	(3,304)	(7,388)
Closing balance	**66,106**	**43,635**

Note 11

Current Assets - Contract Assets

	2021	2020
Current	**$**	**$**
Contract assets	60,676	55,155
Non Current		
Contract assets	7,918	32,860

Reconciliation

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

Balance at the beginning of the year	88,015	56,162
Additional provision	115,536	96,033
Transfer to sales adjustments	(134,957)	(64,180)
Balance at the end of the year	**68,594**	**88,015**

Note 12

Other Assets

	2021	2020
Current	**$**	**$**
Bonds/deposits paid	38,500	14,314
Works in progress	43,942	-
Inventory	94,926	56,869
Prepayments	286,490	370,425
	463,858	441,608
Non Current		
Bonds/deposits paid (i)	109,244	90,800
	109,244	90,800

(I) *Covers bank guarantee facilities that are in place securing leased premises for staff and operations based in Brisbane, QLD, Sydney, NSW and bond paid on office premises in Perth, WA. Funds held in a bank term deposit are securing the bank guarantee facility. The bank guarantee facilities will be in place for the term of the property lease.*

Note 13
Intangible Assets

	2021	Restated 2020
	$	$
Goodwill	524,140	524,140
Less: Accumulated amortisation	-	-
	524,140	524,140
Intangible assets – provisionnaly acquired (Nextel)	1,542,326	-
Less: Accumulated amortisation	-	-
	1,542,326	-
Customer list	720,081	720,081
Less: Accumulated amortisation	(588,397)	(516,315)
	131,684	203,766
Acquisition of IP (Oper8tor)	600,000	600,000
Less: Accumulated amortisation	(600,000)	-
	-	600,000
Customer & Supply contracts (2SG)	2,908,977	2,908,977
Less: Accumulated amortisation	(606,364)	(151,591)
	2,302,613	2,757,386
Patents and trademarks - at cost	222,130	182,350
Less: Accumulated amortisation	(217,564)	(36,296)
	4,566	146,054
Domain name acquisition	2,071	2,071
	2,071	2,071
	4,507,400	**4,233,417**

Reconciliations

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

	Customer List	Goodwill (a)	Intangible Assets – Provisionally Acquired (Nextel) (b)	Oper8tor	Patents and trademarks	Domain name	Contract assets from 2SG (a)	Total
Consolidated								
Balance at 30 June 2019	275,848	-	-	600,000	103,221	2,071	-	981,140
Additions/(Disposal)	-	524,140	-	-	57,341	-	2,908,977	3,490,458
Amortisation expense	(72,082)	-	-	-	(14,508)	-	(151,591)	(238,181)
Balance at 30 June 2020	203,766	524,140	-	600,000	146,054	2,071	2,757,386	4,233,417
Additions/(Disposal)	-	-	1,542,326	-	39,780	-	-	1,582,106
Amortisation expense	(72,082)	-	-	-	(9,949)	-	(454,773)	(536,804)
Impairment expense (i)	-	-	-	(600,000)	(171,319)	-	-	(771,319)
Balance at 30 June 2021	131,684	524,140	1,542,326	-	4,566	2,071	2,302,613	4,507,400

(i) *During the financial year the Company advised that it was working with Ragnar Capital Partners LLP (Ragnar) regarding various funding options for the continuation of the Oper8tor development along with advising on 29 January 2021 that it does not anticipate committing further development capital to the project. The ability to identify and engage with the right technical and financial partners to guide Oper8tor's further development has been unsuccessful to date. As a result, the Company has taken the decision to write down carrying values pertaining to the Oper8tor development including any values attributed to the national and international patents.*

(a) Business combination – 2SG Wholesale Pty Ltd

On 28 February 2020, Vonex Ltd acquired the business of 2SG Wholesale Pty Ltd ('2SG'). 2SG Wholesale is a telecommunications and data wholesaler based in Brisbane, Queensland which provides Australian Managed Service Providers, ISPs and System Integrators with access to the latest in hardware and connectivity solutions from leading brands. 2SG 's mobile broadband capability provides Australian ISPs the opportunity to sell a wireless broadband solution via the Optus 4G Network. Integration with Australia's premier carriers facilitates the delivery of the latest fixed line, mobile connectivity and hardware solutions country-wide. The intangible assets of $2,908,977 represents the expansion of Vonex's diversified wholesale service offerings commencement as it expands its brand and exposure within the Australia telecommunications market along with extensive cross-sell opportunities within 2SG's customer base acquired as part of the total consideration. The purchase price was recalculated during the year and the comparative balances restated, please refer to note 32. The recalculation of the acquisition gave rise to a deferred tax liability of $799,969 in respect of this acquisition and $524,140 of goodwill. The customer and supply contract of $2,908,977 is being amortised on a straight-line basis over two periods dependent on the contract term (5 years and 10 years).

(b) Business combination – Nextel Pty Ltd

On 3 February 2021, Vonex Ltd acquired the business of Nextel Pty Ltd ('Nextel'). Nextel is a Sydney, NSW based business providing telecommunications services to business customers and is recognised as an industry leader in the design, installation and maintenance of voice, data and communications networks. It is an established single-source provider to small-to-medium enterprise (SME) businesses with expertise in rolling out wireless, fibre and RFID networks, as well as delivering structured cabling, telephony systems and electrical fit outs to large-scale projects. The intangible assets of $1,542,326 represents a substantial enhancement of Vonex's presence in the Sydney and NSW markets for telco services to small-to-medium enterprises (SMEs), adding market-leading products and services will create opportunities for cross-selling and product expansion through a growing national SME customer.

Key Assumptions Used for Value-in-Use Calculations

The recoverable amount of the CGU within the business segment is determined on the basis of value-in-use (VIU). In the Wholesale CGU, our experience and continued expansion in the wholesale telecommunications sector and opportunities in sustaining wholesale underpins the forecast growth.

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

Revenue growth rate

The growth rate represents a steady indexation rate which does not exceed management's expectations of the long term average growth rate for the business in which each CGU operates. The rate applied in the cash flow projection is 4%.

Discount rate

For the Wholesale CGU, the pre-tax discount rate applied to cash flow projections is 11.3%.

Cash flows

Value-in-use calculations use cash flow projections from approved budgets based on past performance and expectations for the future covering a four year period.

Revenue

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

Sensitivities

As disclosed in note 1p, the Board has made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- Revenue growth rate would need to decrease to 2.3% or lower before goodwill would need to be impaired, with all other assumptions remaining constant; or
- The pre-tax discount rate would be required to increase to 14.2% or more before goodwill would need to be impaired, with all other assumptions remaining constant.

Note 14
Subsidiaries

(a) Parent Entity

The parent entity within the Group is Vonex Ltd.

(b) Subsidiaries

			Ownership Interest	
Subsidiaries	Country of incorporation	Class of shares	2021	2020
IP Voice and Data Pty Ltd (ABN 45 147 537 871)	AUS	Ordinary	100%	100%
Oper8tor Pty Ltd (ABN 14 601 220 633)	AUS	Ordinary	100%	100%
Vonex Wholesale Pty Ltd (ABN 98 138 093 482)	AUS	Ordinary	100%	100%
Subsidiaries of IP Voice and Data Pty Ltd				
Itrinity Australia Pty Ltd (ACN 131 196 886)	AUS	Ordinary	100%	100%

Note 15
Parent Entity Disclosures

Financial Position	2021 $	Restated 2020 $
Assets		
Current assets	3,392,528	5,013,545
Non-current assets	4,536,435	4,342,741
Total assets	**7,928,963**	**9,356,286**
Liabilities		
Current liabilities	775,796	715,014
Non-current liabilities	2,301,389	2,628,314
Total liabilities	**3,077,185**	**3,343,328**
Net Assets	**4,851,778**	**6,012,958**
Equity		
Issued capital	116,101,056	113,301,061
Reserves	5,161,685	5,216,335
Accumulated losses	(116,410,963)	(112,504,438)
Total Equity	**4,851,778**	**6,012,958**
Financial Performance		
Loss for the year	(3,912,144)	3,902
Other comprehensive income	-	-
Total comprehensive loss for the year	**(3,912,144)**	**3,902**

Guarantees

Vonex Ltd has entered into a parental guarantee for one of its subsidiaries in connection with Wholesale Broadband services being acquired from NBN Co. (2020: nil).

Commitments for expenditure

Vonex Ltd has no commitments to acquire property, plant and equipment, and has no contingent liabilities (2020: nil).

Note 16
Plant and Equipment

	2021	2020
	$	$
Leasehold improvements		
At cost	89,257	39,128
Accumulated depreciation	(16,271)	(14,528)
	72,986	24,600
Plant and Equipment		
At cost	115,021	115,024
Accumulated depreciation	(75,986)	(71,915)
	39,035	43,109
Office & Computer equipment		
At cost	520,612	423,050
Accumulated depreciation	(367,214)	(289,558)
	153,398	133,492
Licenses & Development (inc. software)		
At cost	249,587	249,587
Accumulated depreciation	(249,587)	(249,587)
	-	-
Motor Vehicles		
At cost	76,500	-
Accumulated depreciation	(6,289)	-
	70,211	-
Total plant and equipment	**335,630**	**201,201**

Movements in Carrying Amounts

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

	Leasehold Improvements	Plant & Equipment	Office & Computer	Licenses & Development	Motor Vehicles	Total
Balance at 1 July 2019	28,940	56,626	127,195	1,718	-	214,479
Additions	4,845	1,561	70,394	-	-	76,800
Disposal / Write off	-	(2,541)	-	-	-	(2,541)
Depreciation	(9,185)	(12,537)	(64,097)	(1,718)	-	(87,537)
Carrying amount at 30 June 2020	24,600	43,109	133,492	-	-	201,201
Balance at 1 July 2020	24,600	43,109	133,492	-	-	201,201
Additions	57,333	6,724	66,156	-	76,500	206,713
Disposal / Write off	(99)	(3,051)	(261)	-	-	(3,411)
Depreciation	(8,848)	(7,747)	(45,989)	-	(6,289)	(68,873)
Carrying amount at 30 June 2021	72,986	39,035	153,398	-	70,211	335,630

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Note 17
Right of Use Assets

	2021	2020
	$	$
Leasehold improvements		
Land and buildings – right of use	1,323,695	1,046,405
Accumulated depreciation	(458,680)	(226,670)
	865,015	819,735
Plant and Equipment		
Plant and equipment – right of use	79,333	79,333
Accumulated depreciation	(36,311)	(15,868)
	43,022	63,465
	908,037	**883,200**

The consolidated entity leases land and buildings for its offices under agreements of between one to four years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The addition to right-of-use assets during the year were $277,290.

The consolidated entity leases office equipment under agreements of less than two years.

Note 18
Provisions

Current	2021 $	2020 $
Annual leave	353,275	326,242
Long service leave	168,567	130,029
	521,842	**456,271**
Non Current		
Long service leave	68,397	46,685
Make good	52,634	28,451
	121,031	**75,136**

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

Movements in Carrying Amounts

	2021 $	2020 $
Carrying amount at the start of the year	531,407	504,654
Additional provisions recognised	358,238	367,636
Amounts used	(246,772)	(340,883)
Carrying amount at the end of the year	**642,873**	**531,407**

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

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

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Note 19
Trade and Other Payables

	2021	2020
	$	$
Trade payables	3,128,712	1,755,852
PAYG withholding	87,943	154,346
GST	66,726	79,534
Superannuation guarantee	87,619	73,062
Other payables and accruals	517,885	1,118,871
	3,888,885	**3,181,665**

Trade creditors are expected to be paid within agreed terms.

Note 20
Lease Liability

	2021	2020
Current	$	$
Chattel mortgage leases (i)	42,926	-
Lease liability	303,889	267,300
	346,815	**267,300**
Non Current		
Chattel mortgage leases (i)	42,444	-
Lease liability	606,069	683,250
	648,513	**683,250**

Refer to note 32 for detailed information on Restatement of comparatives.

(i) *On 2 June 2021 a new Chattel Mortgage facililty was entered into to payout the existing finance lease obligations relating to 4 motor vehicles and specialised equipment acquired with the Nextel business acquisition.*

Note 21

Issued Capital

	2021		2020	
	$	No.	$	No.
Fully paid ordinary shares	50,442,160	193,133,473	47,642,165	170,922,309

Movements in Ordinary Shares

		$	No.	Issue Price $
Balance at 30 June 2019		**45,484,270**	**149,343,362**	
Issue of shares to settle acquisition of 2SG	02/03/2020	2,157,895	21,578,947	0.10
Balance at 30 June 2020		**47,642,165**	**170,922,309**	
Issue of shares on placement	01/07/2020	1,400,000	14,736,843	0.095
Issue of shares on conversion of Vodia performance rights	01/07/2020	20,000	100,000	0.20
Issue of shares to settle service provider and for employee entitlements	21/09/2020	220,513	1,750,000	0.126
Issue of shares to settle acquisition of Nextel	03/02/2021	1,238,129	5,502,795	0.225
Issue of shares to settle service provider	14/05/2021	19,569	121,526	0.161
Capital raising costs		(98,216)		
Balance at 30 June 2021		**50,442,160**	**193,133,473**	

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

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

Capital Risk Management

The Company is not subject to any externally imposed capital requirements.

Management's objectives when managing capital is to ensure the company continues as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

The company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the company at 30 June 2021 and 30 June 2020 are as follows:

	2021	2020
	$	$
Total borrowings (including trade and other payables)	3,888,885	3,181,665
Less: cash and cash equivalents	(3,658,416)	(4,811,798)
Net debt	**230,469**	**(1,630,133)**
Total equity	5,575,939	6,808,837
Total capital	**5,806,408**	**5,178,704**

Note 22
Reserves

	2021	2020
	$	$
Asset revaluation reserve	18,506	14,602
Options premium reserve	3,067,212	1,861,296
Share based payments reserve	2,092,030	2,053,254
Capital raising reserve	–	1,301,785
Balance at the end of the year	**5,177,748**	**5,230,937**

Asset Revaluation Reserve

	2021	2020
	$	$
Balance at the beginning of the year	14,602	14,602
Increase in reserve	3,904	–
Reduction in reserve – disposal of assets	–	–
Balance at the end of the year	**18,506**	**14,602**

The reserve records revaluations of non-current assets.

Options Premium Reserve

	2021	2020
	$	$
Balance at the beginning of the year	1,861,296	1,861,296
Expense relating to options issued	1,211,000	-
Options expired	(5,084)	-
Balance at the end of the year	**3,067,212**	**1,861,296**

Share-Based Payments Reserve

	2021	2020
	$	$
Balance at the beginning of the year	2,053,254	1,282,681
Expense related to performance rights issued 20 September 2016	-	26,285
Expense related to Vodia performance shares issued 14 July 2018	-	1,887
Expense related to performance rights issued 28 July 2017	58,776	742,401
Conversion of Vodia Performance Shares to ordinary shares	(20,000)	-
Balance at the end of the year	**2,092,030**	**2,053,254**

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

Capital Raising Reserve

	2021	2020
	$	$
Balance at the beginning of the year	1,301,785	-
Share capital received in advance	-	1,400,000
Capital raising costs paid in advance	-	(98,215)
Transfer to ordinary share capital	(1,301,785)	-
Balance at the end of the year	**-**	**1,301,785**

The reserve records fund received in advance for the issue of share capital (net of associated costs).

Note 23

Contingent Liabilities and Contingent Assets

Contingent Liabilities

There were no known contingent liabilities at reporting date (2020: nil).

Contingent Assets

There are contingent assets at reporting date of $750,000 (2020: $750,000).

Vonex Ltd may receive up to $750,000 in future years in relation to the disposal of its iron ore production royalties derived from the Koolyanobbing Iron Ore Project. The company may receive this in two tranches subject to the following milestones:

- $250,000 cash payable upon three million dry metric tonnes of iron ore being produced and accounted for in royalty invoices from M77/1258
- $500,000 cash payable upon five million dry metric tonnes of iron ore being produced and accounted for in royalty invoices from M77/1258

Note 25

Operating Segments

Identification of reportable segments

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

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

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

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

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

Basis of accounting for purposes of report by operating segments

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

Segment assets and liabilities

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

Unallocated items

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

Segment Information

The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2021 and 30 June 2020 are as follows:

	30 June 2021				
	Wholesale	Retail	Corporate	Intercompany transactions	Total
Segment Performance	$	$	$	$	$
External customer sales	10,416,583	9,510,901	-	(1,668,241)	**18,259,243**
Other revenues	164,703	138,398	652,086	-	**955,187**
Interest received	404	446	241	-	**1,091**
Total segment revenues	10,581,690	9,649,745	652,327	(1,668,241)	**19,215,521**
EBITDA	148,961	511,549	(3,083,579)	-	**(2,423,069)**
Depreciation and amortisation	(109,431)	(235,020)	(513,678)	-	**(858,129)**
Impairment charges	-	-	(771,319)	-	**(771,319)**
Interest revenue	404	446	241	-	**1,091**
Finance costs	(22,589)	(21,386)	(14,982)	-	**(58,957)**
Segment loss before income tax expense	**17,345**	**255,589**	**(4,383,317)**		**(4,110,383)**
Income tax benefit			125,595		**125,595**
Segment loss after income tax expense	**17,345**	**255,589**	**(4,257,722)**		**(3,984,788)**
Segment assets	3,253,349	3,795,398	5,190,608	(503,820)	**11,735,534**
Total assets					**11,735,534**
Segment liabilities	2,385,018	1,179,008	3,099,389	(503,820)	**6,159,595**
Total liabilities					**6,159,595**

	30 June 2020			
	Wholesale	Retail	Corporate	Total
Segment Performance	$	$	$	$
External customer sales	4,002,791	8,767,513	–	**12,770,304**
Other revenues	118,095	63,470	2,447,349	**2,628,914**
Interest received	171	–	6,645	**6,816**
Total segment revenues	4,121,057	8,830,983	2,453,994	**15,406,034**
EBITDA	336,014	433,500	(898,719)	**(129,205)**
Depreciation and amortisation	(56,586)	(122,993)	(388,677)	**(568,256)**
Interest revenue	171	–	6,645	**6,816**
Finance costs	(11,452)	(21,986)	(23,746)	**(57,184)**
Segment loss before income tax expense	**268,147**	**288,521**	**(1,304,497)**	**(747,829)**
Income tax benefit			41,865	**41,865**
Segment loss after income tax expense	**268,147**	**288,521**	**(1,262,632)**	**(705,964)**
Segment assets	1,823,995	3,305,307	7,101,261	**12,230,563**
Total assets				**12,230,563**
Segment liabilities	1,244,692	1,016,563	3,160,471	**5,421,726**
Total liabilities				**5,421,726**

Note 26
Cash Flow Information

	2021	Restated 2020
(a) Reconciliation of cash flows from operations with loss after Income Tax	**$**	**$**
Loss after income tax	(3,984,788)	(705,964)
Non-cash items		
Depreciation and amortisation expense	858,129	568,256
Share based payments	1,269,776	770,573
Loss on disposal of assets/investments	3,411	2,541
Bad debts	82,016	11,623
Interest adjustments	49,327	52,393
Debt forgiven	(13,975)	(11,821)
Impairment expense	771,319	-
Changes in assets and liabilities		
Trade and other receivables (current)	(203,831)	(891,863)
Other assets	40,693	(110,621)
Provisions	111,466	26,754
Trade and other payables	799,658	(399,248)
Deferred tax liability	(125,595)	(41,865)
Cash flow used in operating activities	**(342,394)**	**(729,242)**

Note 27
Accumulated Losses

	2021	2020
	$	**$**
Accumulated losses at beginning of financial year	(46,064,265)	(45,308,426)
Net loss attributable to members of the company at end of financial year	(3,984,788)	(705,964)
Retained earnings adjustment – adoption of AASB 16	-	(49,875)
Retained earnings adjustment – reversal of options valuation expired 3 August 2020	5,084	-
Accumulated losses at end of financial year	**(50,043,969)**	**(46,064,265)**

Note 28

Events After the Reporting Period

Subsequent to the reporting period on 30 July 2021 Vonex raised $2,475,000 in a share placement via the issue of 22,502,051 ordinary fully-paid shares at $0.11 per share, as part of the two-tranche placement announced 23 July 2021. On 30 August 2021, shareholders approved the issue of an additional 86,588,858 shares at $0.11 per shares pursuant to tranche 2, which will raise an additional $9.525m.

Subsequent to the reporting period on 9 August 2021 Vonex has drawn down a $16m debt facility from Longreach Credit Investors to part fund the initial $20 million consideration payable by Vonex on completion of the acquisition of MNF Group's Direct business.

Subsequent to the reporting period on 18 August 2021 Vonex announced that its SPP received strong support and was heavily over-subscribed with in excess of $3.7 million of demand from eligible Vonex shareholders. On 19 August 2021, Vonex issued 18,181,485 shares to the SPP subscribers.

COVID-19

On 31 January 2020, the World Health Organisation ('WHO') announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The company is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operation during future years.

Management is actively monitoring the global situation and its impact on the Company's financial condition, liquidity, operations, supplier, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb the spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity in future years.

Although the Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Company's results of future operations, financial position, and liquidity in future years.

Apart from the disclosures made within this report, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 29

Related Party Transactions

Parent Entity

The parent entity within the Group is Vonex Ltd.

Subsidiaries

Interests in subsidiaries are set out in note 14.

Key Management Personnel

Disclosures relating to key management personnel are set out in note 6.

Transactions with Related Parties

The following transactions occurred with related parties:

Services provided	2021 $	2020 $
Company secretarial, corporate compliance, bookkeeping and accounting fees from Minerva Corporate (director-related entity of Nicholas Ong)	56,788	74,161
Payments for legal fees from Bowen Buchbinder Vilensky (director-related entity of David Vilensky)	26,033	37,378

Receivable from and Payable to Related Parties

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

Current payables	2021 $	2020 $
Trade payables to Minerva Corporate (director-related entity of Nicholas Ong)	9,900	4,950

Note 30
Financial Instruments

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

(a) Interest Rate Risk

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

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

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

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

2021	Weighted Average Interest Rate %	Floating Interest Rate $	Fixed Interest Rate Within 1 Year $	Fixed Interest Rate Within 1-5 Years $	Non-Interest Bearing $	Total $
Financial Assets						
Cash	0.03	3,657,064	-	-	1,352	**3,658,416**
Receivables	-	-	-	-	1,684,355	**1,684,355**
Total financial assets		**3,657,064**	**-**	**-**	**1,685,707**	**5,342,771**
Financial Liabilities						
Payables	-	-	-	-	3,888,885	**3,888,885**
Total financial liabilities		**-**	**-**	**-**	**3,888,885**	**3,888,885**
Net financial assets		**3,657,064**	**-**	**-**	**(2,203,178)**	**1,453,886**

2020						
Financial Assets						
Cash	0.05	4,810,446	-	-	1,352	**4,811,798**
Receivables	-	-	-	-	1,480,524	**1,480,524**
Total financial assets		**4,810,446**	**-**	**-**	**1,481,876**	**6,292,322**
Financial Liabilities						
Payables	-	-	-	-	3,181,665	**3,181,665**
Total financial liabilities		**-**	**-**	**-**	**3,181,665**	**3,181,665**
Net financial assets		**4,810,446**	**-**	**-**	**(1,699,789)**	**3,110,657**

Sensitivity Analysis

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

(b) Credit Risk

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

	Note	2021	2020
Cash and cash equivalents		$	$
AA Rated	9	3,658,416	4,811,798

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

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

Trade and other receivables are within normal terms and appropriate provisions for doubtful debts have been made. Carrying value approximates fair value at 30 June 2021.

(c) Net Fair Values

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

(d) Liquidity Risk

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

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

The consolidated entity does not have a significant exposure in terms of financial liabilities or illiquid financial assets and is able to settle its debts or otherwise meet its obligations related to financial liabilities.

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	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $
Financial Liabilities								
Payables	3,888,885	3,181,665	-	-	-	-	**3,888,885**	**3,181,665**
Borrowings	-	-	-	-	-	-	**-**	**-**
Lease Liability	346,815	267,300	648,513	683,250	-	-	**995,328**	**950,550**
Total expected outflows	**4,235,700**	**3,448,965**	**648,513**	**683,250**	**-**	**-**	**4,884,213**	**4,132,215**
Financial assets								
Cash and cash equivalents	3,658,416	4,811,798	-	-	-	-	3,658,416	**4,811,798**
Receivables	1,684,355	1,480,524	-	-	-	-	1,684,355	**1,480,524**
Total anticipated inflows	**5,342,771**	**6,292,322**	**-**	**-**	**-**	**-**	5,342,771	**6,292,322**
Net inflow / (outflow) on financial instruments	**1,107,071**	**2,843,357**	**(648,513)**	**(683,250)**	**-**	**-**	458,558	**2,160,107**

(e) Foreign Exchange Risk

The consolidated entity does have a minor exposure to fluctuations in foreign currencies between the US and Australian dollar. Some wholesale customers are based in the United States of America and monthly invoices are rendered in US dollars. When invoices are paid the proceeds are converted into Australian dollars. Depending on exchange rate fluctuations from the time the invoice is rendered and subsequently paid, the consolidated entity may have an associated exchange rate gain or loss. Management will continue to conduct monitoring reviews on an ongoing basis of its USA based customers.

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Note 31

Share Based Payments

The total expense arising from share based payment transactions recognised during the year in relation to the performance rights, performance shares and options issued was $1,269,776 (2020: $770,573).

	2021	2020
Share Based Payment Expense	**$**	**$**
Performance Rights – Key Management Personnel – 20 September 2016	-	13,143
Performance Rights – Other Personnel – 20 September 2016	-	13,143
Performance Rights – Vodia Networks Inc - 14 July 2018	-	1,886
Performance Rights – Key Management Personnel – 28 July 2017	30,582	386,887
Performance Rights – Other Personnel – 28 July 2017	28,194	355,514
Options – Key Management Personnel	1,211,000	
Total Share Based Payment Expense	**1,269,776**	**770,573**

Movement in share rights and performance shares during the period

	Number of performance rights
Balance at beginning of period	27,560,000
Vested during the period	(100,000)
Balance at end of period	**27,460,000**

Performance rights granted during the period

Total performance rights granted during the period was $nil (2020: $nil).

Performance Rights – Vodia Networks Inc - 14 July 2018

Vonex Ltd issued 328,000 performance rights to Vodia Networks Inc in four tranches. Each performance right will convert into 1 ordinary share of Vonex Ltd upon achievement of the performance milestone. These performance rights were valued at their issue dates at $65,600.

Performance Milestones:

- Tranche 1 has vested and converted on 30 April 2019.
- Tranche 2 has vested and converted on 1 July 2018.
- Tranche 3 has vested and converted on 1 July 2020.
- Tranche 4 has vested and converted on 1 July 2020.

Performance Rights – Key Management Personnel – 28 July 2017

On 28 July 2017, Vonex Ltd issued 16,940,000 performance rights to management. These performance rights were issued in three tranches, each with different performance milestones. Each performance right will convert into 1 ordinary share of Vonex Ltd upon achievement of the performance milestone.

The company has assessed tranche 1,2 and 3 as being probable of being achieved and have therefore recognized an expense over the expected vesting period.

The details of each class are tabled below:

Trache	Number	Start Date	Expected Date of Milestone Achievements	Underlying Share Price	Total Fair Value
1	7,260,000	28/07/17	Vested	$0.20	$1,452,000
2	4,840,000	28/07/17	Vested	$0.20	$968,000
3	4,840,000	28/07/17	28/07/2022	$0.20	$968,000

These performance rights were valued at their issue dates at $3,388,000.

Performance Milestones:

- On 29 January 2018, the performance rights relating to Tranche 1 were amended such that the 7,260,000 vest upon a successful listing on the Australia Securities Exchange.
- Tranche 2 have vested on 31 August 2020 – Convertible upon company achieving audited gross revenue of $15 million in a financial year. The milestone has been achieved but performance rights have not been converted to ordinary shares.
- Tranche 3 performance rights are outstanding – Convertible upon company achieving audited net profit after tax of $1 million in a financial year.

Oper8tor Rights – 28 July 2017

Performance Milestones:

- 2,000,000 Performance Rights which shall vest and convert into ordinary fully paid shares in the issued share capital of the Assignee upon completion of the beta version of the Oper8tor App and commencement of the official Oper8tor launch in Europe, expiring 28 July 2022;
- 5,000,000 Performance Rights which shall vest and convert into ordinary fully paid shares in the issued share capital of the Assignee when Oper8tor reaches 10 million Active Users, expiring 28 July 2022; and
- 10,000,000 Performance Rights which shall vest and convert into ordinary fully paid shares in the issued share capital of the Assignee when Oper8tor reaches 50 million Active Users, expiring 28 July 2022.

No value has been allocated to the performance rights due to significant uncertainty of the meeting the performance milestone which are based on future events.

Performance Rights – Key Management Personnel – 20 September 2016

Vonex Ltd issued 2,340,000 performance rights to Executive Directors, management personnel, the Chairman and a non-executive director. These performance rights were issued in three tranches, each with different performance milestones. Each performance right will convert into 1 ordinary share of Vonex Ltd upon achievement of the performance milestone. These performance rights were valued at their issue dates at $1,053,000.

Performance Milestones:

- Tranche 1 performance rights were forfeited and amounts previously recorded was reversed during the 2018 financial year as the vesting conditions were not satisfied.
- Tranche 2 has vested and coverted to ordinary shares on 14 June 2018.
- Tranche 3 has vested - Convertible upon company reaching $10 million annualised revenue per annum in any quarter. The milestone has been achieved but performance rights have not been converted to ordinary shares.

Options granted during the period

On 27 November 2020, the Company issued 10,000,000 options to directors, each exercisable at $0.37 with a three-year expiry period. These options were valued using a Hoadley ESO2 valuation model and the expense recognised in full at their issue date is $1,211,000. For the options issued during the period, a Hoadley ESO2 valuation model was used with the valuation model inputs used to determine the fair value at the grant date as follows:

Grant date	Expiry date	Share prince at grant date	Exercise price	Expected volatility	Risk free rate	Dividend yield	Number of options	Value per option	Total value $	Vesting terms
27/11/2020	01/12/23	$0.26	$0.37	100%	0.11%	0%	10,000,000	$0.1211	1,211,000	Immediately

The total options on issue at 30 June 2021 are as follows:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited	Balance at the end of the year
03/08/17 (i)	03/08/20	$0.90	133,750	-	-	(133,750)	-
07/06/18 (i)	07/06/23	$0.30	14,500,000	-	-	-	14,500,000
30/11/17 (ii)	30/11/22	$0.20	14,719,731	-	-	-	14,719,731
05/06/2019	30/11/22	$0.20	3,215,060	-	-	-	3,215,060
05/06/2019	30/11/22	$0.20	1,800,000	-	-	-	1,800,000
27/11/2020	01/12/23	$0.37	-	10,000,000	-	-	10,000,000
			34,368,541	10,000,000	-	(133,750)	44,234,791

Weighted average exercise price: $0.2712
The weighted average remaining contractual life of options outstanding was 1.82 years

(i) *Options granted on 3 August 2017 and 7 June 2018 were free attaching options, the value of these options are not required to be valued separately, as they are part of the share issue, and all the shares issued have been valued in the issued capital account.*

(ii) *Where applicable, amounts in the tables above, have been adjusted for the 5:1 and 2:1 share consolidation completed on 28 July 2017 and 29 January 2018 respectively.*

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Note 32

Business Combinations

2SG Wholesale Pty Ltd

On 28 February 2020 Vonex Ltd, acquired the business of 2SG Wholesale Pty Ltd ('2SG'). 2SG Wholesale is a telecommunications and data wholesaler based in Brisbane, Queensland which provides Australian Managed Service Providers, ISPs and System Integrators with access to the latest in hardware and connectivity solutions from leading brands. 2SG 's mobile broadband capability provides Australian ISPs the opportunity to sell a wireless broadband solution via the Optus 4G Network. Integration with Australia's premier carriers facilitates the delivery of the latest fixed line, mobile connectivity and hardware solutions country-wide. The intangible assets of $2,908,977 and goodwill of $524,140 represents the expansion of Vonex's diversified wholesale service offerings commencement as it expands its brand and exposure within the Australia telecommunications market along with extensive cross-sell opportunities within 2SG's customer base acquired as part of the total consideration. The purchase price allocation was recalculated during the year and the comparative balances restated (see below). The recalculation of the acquisition gave rise to a deferred tax liability of $799,969 in respect of this acquisition. The contract is being amortised on a straight-line basis over two periods dependent on contract terms (5 years and 10 years).

Details of the acquisition are as follows:

	Fair Value $
Other Assets	24,747
Employee benefits	(55,820)
Net liabilities acquired	(31,073)
Customer and supplier contracts	2,908,977
Deferred tax liability	(799,969)
Goodwill	524,140
Acquisition-date fair value of the total consideration transferred	2,602,075
Representing:	
Cash paid or payable to vendor	444,180
Shares issued	2,157,895
Acquisition costs capitalised	2,602,075
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	500,000
Less: employee benefits	(55,820)
Net cash used	444,180

Nextel Pty Ltd

On 2 February 2021, Vonex Ltd acquired the business of Nextel Pty Ltd ('Nextel'). Nextel is a Sydney, NSW based business providing telecommunications services to business customers and is recognised as an industry leader in the design, installation and maintenance of voice, data and communications networks. It is an established single-source provider to small-to-medium enterprise (SME) businesses with expertise in rolling out wireless, fibre and RFID networks, as well as delivering structured cabling, telephony systems and electrical fit outs to large-scale projects. The intangible assets of $1,542,326 represents a substantial enhancement of Vonex's presence in the Sydney and NSW markets for telco services to small-to-medium enterprises (SMEs), adding market-leading products and services will create opportunities for cross-selling and product expansion through a growing national SME customer. The acquired business contributed revenues of $577,600 to the consolidated entity for the period from 2 February 2021 to 30 June 2021. If the acquisition occurred on 1 July 2020, the revenue would be approximately $1,525,000. The values identified in relation to the acquisition of Nextel are provisional as at 30 June 2021.

Details of the acquisition are as follows:

	Fair Value
	$
Other Assets	43,775
Employee benefits	(13,604)
Net assets acquired	30,170
Intangible assets	1,542,326
Acquisition-date fair value of the total consideration transferred	1,572,496
Representing:	
Cash paid or payable to vendor	334,367
Shares issued (refer to Note 21)	1,238,129
Acquisition costs capitalised	1,572,496
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	315,000
Add: other assets	32,971
Less: employee benefits	(13,604)
Net cash used	334,367

The fair values of Nextel business assets and liabilities have been measured provisionally. If new information is obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the amounts above, the accounting for the acquisition will be revised.

Measurement period adjustment and comparative information restatement

The company was able to finalise its assessment of the assets and liabilities obtained upon the acquisition of 2SG Wholesale Pty Ltd ('2SG') on 28 February 2020 which included provisionally recognised as intangible assets as at 30 June 2020. This balance is related to future revenue in various telecommunications and data contracts provided to various wholesaler customers of varying contract periods and key supply contract acquired. This restatement within the statement of financial position as at 30 June 2020 has resulted in an increase in Intangibles and Goodwill, an increase in deferred tax liability, amortisation of intangible assets during the period and an increase in income tax benefit. Extracts (being only those line items affected) are disclosed below.

	2020 $		2020 $
Extract	**Reported**	**Adjustment**	**Restated**
Expenses			
Amortisation	(86,590)	(151,591)	(238,181)
Loss before income tax	(596,238)	(151,591)	(747,829)
Income tax expense	-	41,865	41,865
Net loss for the year	(596,238)	(109,726)	(705,964)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	(596,238)	(109,726)	(705,964)
Basic and diluted earnings per share of loss attributable to the owners of Vonex Limited (cents per share)	(0.38)	(0.07)	(0.45)
Statement of financial position			
Non-current Assets			
Intangible assets	3,585,039	648,378	4,233,417
Total non-current assets	4,793,100	648,378	5,441,478
Total assets	11,582,185	648,378	12,230,563
Non-current liabilities			
Deferred tax liability	-	758,104	758,104
Total non-current liabilities	758,386	758,104	1,516,490
Total liabilities	4,663,622	758,104	5,421,726
Net assets	6,918,563	(109,726)	6,808,837
Equity			
Accumulated losses	(45,954,539)	(109,726)	(46,064,265)
Total Equity	6,918,563	(109,726)	6,808,837

Note 33
Company Details

Registered Office

Level 8, 99 St Georges Terrace, Perth, WA, 6000

Principal Place of Business

Level 6, 303 Coronation Drvie, Milton, QLD, 4064

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

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

Nicholas Ong
Chairman
31 August 2021

RSM

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VONEX LIMITED

Opinion

We have audited the financial report of Vonex Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

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

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

RSM

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.

Key audit matter	How our audit addressed this matter
Intangible Assets Refer to Note 13 in the financial statements	
The Group has goodwill of $524,140 and other intangible assets of $3,983,260 at the reporting date. For the year ended 30 June 2021, the Group recognised an impairment expense of $771,319 in relation to its intangible assets. Management is required to perform an annual impairment test on the recoverability of the Group's goodwill by using a value-in-use model. In addition, management is required to assess whether indicators of impairment are present in relation to the Group's other intangible assets. We determined this to be a key audit matter due to the size of the balance and because management judgement is involved in: - preparing a value-in-use model of the cash generating unit (CGU) which requires estimates of the future underlying cash flows of the CGU and the discount rate applied; - assessing whether indicators of impairment are present in relation to the Group's other intangible assets; and - determining the impairment expense to be recognised, if required.	Our audit procedures in relation to Goodwill included: • Assessing management's determination of the CGU; • Assessing the valuation methodology of the value-in-use model; • Checking the mathematical accuracy of the model; • Challenging the reasonableness of key assumptions used in the model; • Reviewing sensitivity analysis over the key assumptions used in the model; and • Reviewing the adequacy and accuracy of the relevant disclosures in the financial statements. Our audit procedures in relation to the other intangible assets included: • Critically evaluating management's assessment of whether impairment indicators were present at 30 June 2021; • Assessing management's determination of the useful life of the intangible assets; • Checking the mathematical accuracy of the amortisation expense of the intangible assets; and • Assessing the appropriateness of the impairment expense against the intangible assets in relation to Oper8tor, patents and trademarks.
Business Combination - Acquisition of Nextel Pty Ltd Refer to Note 32 in the financial statements	
The Group acquired the business of Nextel Pty Ltd on 2 February 2021. The transaction was treated as a business combination in accordance with AASB 3 *Business Combinations*. The provisional purchase price allocation has resulted in intangible assets of $1,542,326 being recognised. This was considered a key audit matter because the accounting for the transaction is complex and involves significant judgments. These include the recognition and valuation of consideration paid and the determination of the fair value of the assets acquired and liabilities assumed.	Our audit procedures included: • Obtaining the purchase agreement and other associated documents to obtain an understanding of the transaction and the related accounting considerations; • Determination that the acquisition met the definition of a business in accordance with Accounting Standards; • Assessing management's determination of the acquisition date, fair value of consideration paid, assets acquired and liabilities assumed; and • Reviewing the disclosures in the financial statements.

Key Audit Matter	How our audit addressed this matter
Share Based Payments – Options Refer to Note 31 in the financial statements	
During the year, the Company issued 10,000,000 options. The fair value of options granted during the year was $1,211,000. Management has performed the valuation of the options granted using a valuation model. We considered the valuation of these options to be a key audit matter as it involved management's judgement in determining various inputs used in the valuation model.	Our audit procedures included: Reviewing the key terms and conditions of the options issued; • Obtaining the valuation model prepared by management and assessing whether the model was appropriate for valuing the options issued during the year; • Challenging the reasonableness of key assumptions used by management in the model to calculate the fair value of the options; • Recalculating the value of the share-based payment expense to be recognised in profit or loss; and • Reviewing the adequacy of the disclosures in the financial statements.

Other Information

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

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Vonex Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 31 August 2021

Additional Information

Shareholder Information (as at 25 August 2021)

(i) Number of shareholders: 2,991

(ii) Ordinary shares issued: 233,817,009

(iii) Distribution schedule of holdings of ordinary shares is set out below

Category (size of holding)	Holders	Total Units
1 - 1000	197	55,633
1,001 - 5,000	684	2,393,946
5,001 - 10,000	574	4,475,136
10,001 - 100,000	1,241	42,990,935
100,001 - and over	295	183,901,359
Total	**2,991**	**233,817,009**

Voting Rights

Ordinary Shares

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

Options & Performance Rights

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

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Top 20 Holders of Ordinary Fully Paid Shares at 25 August 2021

Rank	Name	Units	%Units
1	2SG INVESTMENTS PTY LTD	21,578,947	9.23
2	BNP PARIBAS NOMS PTY LTD <DRP>	16,790,253	7.18
3	FINANCE WEST PTY LTD <FINANCE WEST UNIT A/C>	10,532,430	4.50
4	JORSAVA PTY LTD <JORSAVA FAMILY A/C>	5,901,309	2.52
5	MR MATTHEW BRIAN MICHAEL FAHEY <FAHEY FAMILY A/C>	5,533,698	2.37
6	JET CLUB PTY LTD	5,502,795	2.35
7	GUAVA CAPITAL PTY LTD	5,236,808	2.24
8	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	4,117,426	1.76
9	CARMINE LION GROUP PTY LTD	3,681,818	1.57
10	CONFADENT LIMITED	3,500,000	1.50
11	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	3,492,939	1.49
12	STATE ONE STOCKBROKING LTD	3,300,341	1.41
13	COILENS CORPORATION PTY LTD	2,420,000	1.03
14	MS TOW LOY SUN <QUPIT FAMILY A/C>	2,375,454	1.02
15	LATERAL CONSULTING (WA) PTY LTD <PATON SUPER FUND A/C>	2,239,381	0.96
16	PULA HOLDINGS PTY LTD <HERATH SUPER FUND A/C>	2,172,727	0.93
17	MR BRETT HOLTERMAN	1,610,839	0.69
18	S3 CONSORTIUM PTY LTD	1,600,000	0.68
19	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,356,680	0.58
20	DR ROBERT POPOVIC	1,307,159	0.56
	Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)	**104,251,004**	**44.59%**
	Total Remaining Holders Balance	**129,566,005**	**55.41%**
	Total Shares on Issue	**233,817,009**	**100%**

Substantial Shareholder

As at 30 August 2021, shareholders with a relevant interest in 5% or more of the Company's securities are set out below:

No. of Shares	% Interest	Holder
21,578,947	9.23	2SG INVESTMENTS PTY LTD
16,790,253	7.18	BNP PARIBAS NOMS PTY LTD <DRP>

Unquoted Securities

Set out below are the classes of unquoted securities currently on issue:

Number	Class
14,500,000	options exercisable at 30c expiring 7/6/2023
19,734,791	options exercisable at 20c expiring 30/11/2022
10,000,000	options exercisable at 37c expiring 30/11/2023
27,460,000	performance rights with various vesting milestones

Unquoted Equity Security Holders with Greater than 20% of an Individual Class

As at 30 August 2021 the following classes of unquoted securities had holders with greater than 20% of that class on issue is set out below.

Options exercisable at 30c expiring 7/6/2023	% Interest
CODE NOMINEES PTY LTD	64.83
STATE ONE EQUITIES PTY LTD	28.74
Performance Rights	**% Interest**
MR MATTHEW FAHEY <FAHEY FAMILY A/C>	31.57
Mr Angus Parker	31.20

On-Market Buyback

Currently there is no on-market buy-back of the Company's securities.

Securities Subject to Escrow

Set out below are securities currently subject to escrow:

Number	Class
5,502,795	Ordinary fully paid shares (Jet Club Pty Ltd) escrowed until 02/02/2022

Corporate Governance

Pursuant to the ASX Listing Rules, the Company's Corporate Governance Statement will be released in conjunction with this report. The Company's Corporate Governance Statement is available on the Company's website at:

https://vonex.com.au/investors/corporate-governance always on

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