

# **Tymlez Group Limited**

**ABN 37 622 817 421**

## **Consolidated Financial Statements**

**For the Year Ended 31 December 2018**

# **Tymlez Group Limited**

ABN 37 622 817 421

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**For the Year Ended 31 December 2018**

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## **Corporate Governance Statement**

### **For the Year Ended 31 December 2018**

Tymlez Group Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Tymlez Group Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council, to the extent that such principles and recommendations are applicable to an entity of the size and structure of the Company.

The Company has formulated its own Corporate Governance policies and practices using the ASX Principles and Recommendations as a guide.

The Board will review on an ongoing basis, the corporate governance policies and structures that the Company has in place to ensure that these are appropriate for the size and structure of the Company and nature of its activities, and that these policies and structures continue to meet the corporate governance standards that the Board is committed to.

The 2018 corporate governance statement is dated as at 31 December 2018 and reflects the corporate governance practices in place throughout the 2018 financial year. The 2018 corporate governance statement was approved by the Board on 29 March 2019. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at <https://www.tymlez.com/corporate-governance/> and should be read in conjunction with the recent Company announcements on the ASX website.

## Tymlez Group Limited

ABN 37 622 817 421

## Directors' Report

### For the Year Ended 31 December 2018

The directors present their report, together with the consolidated financial statements of the Group, being Tymlez Group Limited ("the Company") and its controlled entities, for the financial year ended 31 December 2018. As the Company was incorporated on 13 November 2017, accordingly, the comparative information is for the period from incorporation to 31 December 2017.

#### Information on directors

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

Michael Reh

Qualifications	Kaufmann im Gross- und Aussenhandel
Experience	Michael is an experienced software executive having worked at board level for the world's leading IT firms as an Executive VP at SAP, Executive VP and Global Head for Finacle at Infosys and most recently CEO and board member at Edgeverve. He has the ability to combine his technical expertise with his ability to understand customer business systems and processes, and has worked in an international capacity for years building strong networks within the business information and technology space.
Interest in shares and options	50% of 65,404,233 ordinary shares held by Tyhold 2 B.V. a company jointly owned by Michael Reh and Reinier van der Drift
Special responsibilities	Executive Director; Chief Executive Officer and Co-Founder
Other current directorships in listed entities	N/A
Other directorships in listed entities held in the previous three years	N/A

Reinier van der Drift

Qualifications	Bachelor of Information Technology, The Open Universiteit of the Netherlands
Experience	Reinier is a technology entrepreneur, founding his first company in 1994. Reinier has been a leader in the ICT industry since 1984. He was the CEO and founder of Authasas which was acquired by Micro Focus in 2015. Reinier is also a thought leader and public advocate for the continued development of strong authentication technologies. He is a public representative of the security industry and typically participates in the media and open forums as an industry commentator.
Interest in shares and options	50% of 65,404,233 ordinary shares held by Tyhold 2 B.V. a company jointly owned by Michael Reh and Reinier van der Drift
Special responsibilities	Executive Director; Executive Director Business Development and Co-Founder
Other current directorships in listed entities	N/A
Other directorships in listed entities held in the previous three years	N/A

## **Directors' Report**

### **For the Year Ended 31 December 2018**

#### **Information on directors (continued)**

Daniel Charles Dickens

Qualifications	Master of Business Administration; Graduate of Australian Institute of Company Directors
Experience	Daniel is a proven business leader, and currently retains the position of Chief Technology Officer for Cromwell Property Group - an ASX200 listed fund manager with over \$10 billion in assets under management. At Cromwell, he has been instrumental in driving business adoption of cloud technologies and is regularly invited to speak at events such as Amazon's AWS Summit and the Chief Information Security Officer Forum. Daniel has won multiple awards for his work from major software vendors, Microsoft and Sage.
Interest in shares and options	400,000 ordinary shares
Special responsibilities	Non-Executive Director; Audit and Risk Committee Chair
Other current directorships in listed entities	N/A
Other directorships in listed entities held in the previous three years	N/A

Rodney Hannington

	(Appointed 11 July 2018)
Qualifications	Bachelor of Marketing, Monash University
Experience	Rodney has international experience in Australia, China, Japan, South Korea and South East Asia, Middle East/Africa, Russia and Ukraine markets. He is a strategic and innovative marketer with deep experience in Asia, ASEAN and Australia and been a part of several company acquisitions and new product launches in China and Australia as a board member, consultant and employee. He has also led and overseen the implementation of digital health applications.
Interest in shares and options	Nil
Special responsibilities	Non-Executive Chairman
Other current directorships in listed entities	Non-Executive Director - Eagle Health Holdings Limited (ASX: EHH); and Non-Executive Chairman - Lifespot Health Limited (ASX: LSH)

Justyn Peter Stedwell

	(Resigned 11 July 2018)
Qualifications	Bachelor of Commerce (Economics and Management), Monash University; Graduate Diploma of Accounting , Deakin University; and Graduate Diploma in Applied Corporate Governance, Governance Institute of Australia
Experience	Justyn is a professional company secretary, with over 11 years' experience as a company secretary of ASX-listed companies, including biotechnology, agriculture, mining and exploration, information technology and telecommunications.
Interest in shares and options	Nil
Special responsibilities	Company Secretary
Other current directorships in listed entities	N/A
Other directorships in listed entities held in the previous three years	N/A

## **Tymlez Group Limited**

ABN 37 622 817 421

# **Directors' Report**

## **For the Year Ended 31 December 2018**

### **Information on directors (continued)**

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

### **Company secretary**

The following person held the position of Company secretary at the end of the financial year:

Justyn Peter Stedwell has been the company secretary since 13 November 2017. Justyn's qualifications and experience is included under "Information on Directors" above.

### **Principal activities and significant changes in nature of activities**

The Group provides a highly scalable, multi-tenant, enterprise-grade smart contract blockchain platform which can be deployed in minutes and/or implemented via partners within an enterprise or across a consortium. The Group brings commercial-grade blockchain technology to the enterprise by delivering a scalable platform which enables accelerated development, management, and deployment of enterprise blockchain applications algorithms.

There were no significant changes in the nature of the Group's principal activities during the financial year, other than those outlined in "Significant Changes in State of Affairs" below.

### **Operating results**

The consolidated loss of the Group amounted to \$2,323,092(2017: \$46,458).

### **Dividends paid or recommended**

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

### **Review of operations**

The Group's receipts from customers were \$492K, with the addition of contracts signed in 2018 to be recognised in 2019, total sales effort in 2018 generated sales of \$700K. Reported revenues for the period were \$399K compared to \$301K in 2017 (13 November - 31 December 2017). The Company incorporated in Australia on 13 November 2017. TYMLEZ Holding BV Revenues in 2017 were €332k or \$489K.

The consolidated loss of the Group after providing for income tax amounted to a loss for the year of (\$2.32M). Activities in 2018 included product development, client project execution and business development activities. The IPO costs in 2018 are subtracted from the issued capital.

During 2018, the Group developed a number of excellent proof of concepts for enterprises on the TYMLEZ Blockchain Solution Platform . In addition, the Group has established scalable distributor and partner relationships to ensure accelerated growth behind these growing proofs of concepts. Below are examples from the period Directors would like to highlight to investors:

The Group developed a document sharing blockchain solution for Grant Thornton, a leading global audit firm. The TYMLEZ solution enabled smart contract rules to be applied to document approvals, multiple sign offs and authorisations. Grant Thornton wanted to automate and have immutable records of their audit process to meet regulatory compliance. They needed a secure document transfer and tracking solution with automation to reduce timelines, overheads and processing costs. The TYMLEZ platform provided secure and encrypted document exchange between individuals, improved operating efficiencies and customer experience and increased trust due to an immutable proof of compliance.

## **Directors' Report**

### **For the Year Ended 31 December 2018**

#### **Review of operations (continued)**

The TYMLEZ platform also created a digital General Data Protection Regulation (GDPR) compliant and secure recruitment and onboarding process for Save the Children, an international non-governmental organisation that promotes children's rights, provides relief and helps support children in developing countries. The client employed the TYMLEZ blockchain platform to provide better collaboration of skills, reductions in overhead costs and process timelines, improvements in risk assessment and operational efficiencies. TYMLEZ's blockchain solution met all these requirements utilizing the visual modelling and smart contract capabilities plus API integration with HR systems and biometric devices.

Nicolab's StrokeViewer® supports the complex process of clinical decision-making in cardio vascular disease. Within three minutes, StrokeViewer® informs the physician with a detailed biomarker report and allows remote image viewing on any device, therefore enabling direct transfer of imaging data between stroke care centers within seconds. The TYMLEZ platform has been deployed to guarantee patient data confidentiality with secure transportation of data, where access and encryption of data is governed by the blockchain and full GDPR compliant data exchange between parties in the consortium. The brain scans are uniquely fingerprinted, and the integrity of the dataset is governed by the blockchain.

The Dutch Ministry of Transportation (ILT) is responsible for the safe transportation of hazardous goods. Its current process is a time-consuming and costly paper-based process shared between transporters, countries and processors. ILT chose TYMLEZ to leverage the secure document sharing application, combined with smart contracts capability. The TYMLEZ platform replaced paper based process, reduced overhead costs and processing timelines and improved tracking and safety in transportation.

The Group partnered with EPI-USE Labs to offer an enterprise blockchain solution platform, hosted via their secure cloud infrastructure and services team, being rolled out across all 47 corporate offices. EPI-USE are a global company, with offices throughout Europe, the Americas, UK, Australia, South Africa, the Middle East and Turkey, with over 850 enterprise clients that include Kelloggs, Siemens and Rabobank.

EPI-USE Labs are offering the TYMLEZ Blockchain-as-a-Service (BaaS) platform, to provide businesses with a ready-to-use, low-cost blockchain subscription services for a single or two-user package to learn about the potential of using blockchain. This applies to a wide range of companies, from start-ups, to medium- sized and large corporate organisations. BaaS subscription fees for each user will be \$AUD 1,018 per month.

The Group also partnered with SUSE & Hewlett Packard Enterprise (HPE) with Blockchain-in-a-Box. The go-to-market strategy with HPE & SUSE is gaining positive traction, with the solution to be sold through the combined HPE/SUSE & TYMLEZ channel, where customers are able to purchase on a monthly subscription or, in the future, on a "pay per use" basis.

Geographic expansion plans commenced and the next generation Beta version of the TYMLEZ platform is scheduled to be released in Q1 2019.

#### **Significant changes in state of affairs**

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

- i) Issue of 4,124,133 fully paid ordinary shares at \$0.10 each as settlement of a loan from Tyhold 2 B.V.;
- ii) Issue of 790,000 ordinary shares at \$0.10 each in the 4th round of seed capital raising;
- iii) Issue of 2,104,876 ordinary shares at \$0.10 each as settlement of an outstanding debt owing to Peak Asset Management Pty Ltd ("Peak");
- iv) Issue of 4,707,791 ordinary shares at \$0.15 per share upon conversion of convertible notes;
- v) Issue of 24,175,632 ordinary shares at \$0.22 per share as part of the Company's initial public offering ("IPO");

## **Directors' Report**

### **For the Year Ended 31 December 2018**

#### **Significant changes in state of affairs (continued)**

- vi) Issue of 4,262,439 ordinary shares at \$0.22 per share and 2,000,000 ordinary share options with an exercise price of \$0.35 each to Peak on admission to the Australian Securities Exchange ("ASX"); and
- vii) The Company was admitted onto the ASX on 13 December 2018.

#### **Matters or circumstances arising after the end of the period**

In February 2019, the Group commenced a partnership with Brightsolver one of Africa's leading business process outsourcing and technology services providers for entrepreneurs, large corporate and Government organisations. Brightsolver has been assigned by the public sector department to set up, establish and support a country wide digital network solutions across South Africa.

In February 2019, the Group also commenced a collaboration with Nascent Group a TYMLEZ consulting partner who act as a trusted adviser to Brightsolver in the formulation, design, management and delivery of large-scale technology solutions. Nascent Group are responsible for bringing together the combined platform solution for a Citizen Engagement Program with the South African Government.

In conjunction with Brightsolver and TYMLEZ's consulting partner Nascent, the Group has been awarded a national project with a leading South African National public sector entity as part of a three-year agreement, delivering technology enabled services to citizens. The agreement includes a perpetual licence in line with TYMLEZ's Perpetual licence and recurring maintenance fee terms.

The TYMLEZ Blockchain Solution Platform (TBSP) has been selected as the foundation for securing and safeguarding the Personally Identifiable Information (PII) of anyone using a new South Africa National public sector service. The TYMLEZ Platform ensures that the South African Government and associated national entities can easily deliver secure PII to any Public or Private Sector Stakeholders.

The Group finished the development of the new TYMLEZ Platform version 2.0 which will be released into a BETA program in Q1 2019. The main features of the new release are the support of BFT (Byzantine Fault-Tolerant), improved user experience especially for developers, and extended support for various deployments scenarios supporting Kubernetes, Docker and Vagrant. All existing business scenarios will be available like Tracking and Tracing, HR Onboarding, Secure Document Handling, Exchange of digital Ownership rights besides various technology updates.

The Group has further expanded its development team to match client demands. Three new hires to the TYMLEZ family located at the Company's centre of excellence and development in Weinheim Germany. The three new team members include a chief development architect with excellent experience in designing and developing software and two junior developers.

Michael Reh, CEO and Executive Director has taken over full responsibility for day to day sales and operations activities, allowing Reinier van der Drift (Executive Director Business Development & Co-Founder) to focus on business development and directing opportunities into the business development pipeline. In addition, the Group appointed Tom de Jongh as Asia Pacific Business Development lead who has located in Singapore to service the Asia Pacific region.

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

#### **Future developments and results**

The Group will participate in a joint presentation with SUSE at SUSECon in Nashville 1-5 April 2019. The event features exceptional technical content presented by SUSE Engineers, Product Managers, customers, partners, and community enthusiasts. SUSECON 2019 will feature technical and business-level tutorials, customer case studies, hands-on product training, open source solution demos and more certification opportunities.

## Tymlez Group Limited

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## Directors' Report

### For the Year Ended 31 December 2018

#### Future developments and results (continued)

The Board remains confident that the approved budgets and deployed resources will continue to maintain the encouraging momentum that has been seen in 2018.

#### Environmental matters

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

#### Meetings of directors

During the financial year, 9 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Michael Reh	9	9
Reinier van der Drift	9	9
Daniel Charles Dickens	9	9
Rodney Hannington	4	4
Justyn Peter Stedwell *	5	3

\* In the capacity as a director of the Company.

#### Indemnification and insurance of officers and auditors

On 23 November 2018, the Group renewed its directors and officers insurance. This policy remains in force at the date of this Report. No indemnities have been given for any person who is, or has been, an officer of the Group.

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

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

#### Options

At the date of this report, the unissued ordinary shares of Tymlez Group Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
13 December 2018	11 December 2022	\$0.35	2,000,000
			2,000,000

#### Details of option issues - Listed Company

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

## **Directors' Report**

### **For the Year Ended 31 December 2018**

#### **Details of option issues - Listed Company (continued)**

There were no options issued to directors and other key management personnel as remuneration during the year ended 31 December 2018 (31 December 2017: None).

#### **Proceedings on behalf of Company**

No person has applied for leave of court under Section 237 of the *Corporations Act 2001* to bring proceedings on behalf of the Company or 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 any part of those proceedings.

The Company was not a party to any such proceedings during the year.

#### **Remuneration report (audited)**

The remuneration report, which has been audited, outlines the Director and executive remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

#### **Principles used to determine the nature and amount of remuneration**

The performance of the Group depends upon the quality of its Directors and Executives. To prosper, the Group must attract, motivate and retain highly skilled Directors and Executives. To that end, the Group embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Focus on creating sustained shareholder value;
- Placing a portion of executive remuneration at risk, dependent upon meeting predetermined performance benchmarks; and
- Differentiation of individual rewards commensurate with contribution to overall results and according to individual accountability, performance and potential.

The Board's policy for determining the nature and amount of remuneration for Key Management Personnel ("KMP") for the Group is based on the following:

- The remuneration policy is to be developed and approved by the Board after professional advice is sought from independent external consultants (where applicable);
- All executive KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and performance incentives, where appropriate;
- Performance incentives (in the form of a cash bonus) are generally only paid once predetermined key performance indicators (KPIs) have been met;
- Apart from those detailed in this report no other share based/options incentives have been offered to KMP during this reporting financial year; and
- The Board, which also serves as the remuneration committee, reviews the remuneration packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

## **Directors' Report**

### **For the Year Ended 31 December 2018**

#### **Remuneration report (audited) (continued)**

#### **Principles used to determine the nature and amount of remuneration (continued)**

All remuneration paid to KMP is valued at the cost to the Group and expensed.

KMP or closely related parties of KMP are prohibited from entering hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration. In addition, the Board's remuneration policy prohibits Directors and KMP from using the Group's shares as collateral in any financial transaction.

#### **Engagement of remuneration consultants**

During the year, the Group did not engage any remuneration consultants.

#### **Remuneration structure**

The structure of Non-Executive, Executive Director and Senior Management remuneration is separate and distinct.

#### **A. Non-Executive Director Remuneration**

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

Each Director receives a fee for being a Director of the Group.

#### **B. Senior Management and Executive Director Remuneration**

The Group aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group to:

- Reward Executives for the Group, business unit and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of Executives with those of shareholders;
- Link reward with the strategic goals and performance of the Group;
- Ensure total remuneration is competitive by market standards; and
- Executive remuneration is designed to support the Group's reward philosophies and to underpin the Group's growth strategy. The program comprises the following available components:
  - Fixed remuneration component; and
  - Variable remuneration component including cash bonuses paid.

## **Directors' Report**

### **For the Year Ended 31 December 2018**

#### **Remuneration report (audited) (continued)**

#### **Principles used to determine the nature and amount of remuneration (continued)**

##### **Fixed Remuneration**

The level of fixed remuneration is set to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. The fixed (primary) remuneration is provided in cash.

##### **Variable Remuneration**

The performance of KMP is measured against criteria agreed annually with each Executive. All bonuses and incentives must be linked to predetermined performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

The objective of the Short-Term Incentive ("STI") program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level to provide sufficient incentive to achieve the operational targets and such that the cost to the Group is reasonable.

Actual STI payments granted depend on the extent to which specific operating targets are met. The operational targets consist of a number of Key Performance Indicators (KPIs) covering both financial and non-financial measures of performance.

On an annual basis, the individual performance of each executive is rated and taken into account when determining the amount, if any, of the short-term incentive pool allocated to each executive. The aggregate of annual STI payments available for executives across the Group are usually delivered in the form of a cash bonus.

#### **Relationship between remuneration policy and company performance**

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. The Group aims to align management remuneration to the strategic and business objectives and the creation of shareholder wealth. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

The following table shows the gross revenue, profits and dividends for the last 14.5 months for the Group, as well as the share prices at the end of the respective financial years.

	<b>2018</b>	<b>13 November - 31 December 2017</b>
	<b>\$</b>	<b>\$</b>
Revenue	<b>398,500</b>	300,680
Net Profit/(Loss)	<b>(2,323,092)</b>	(46,458)
Share Price at Year-end	<b>0.16</b>	-
Dividends Paid (cents)	-	-

#### **Details of remuneration**

Details of the remuneration of the Directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the Group) are set out in the tables on pages 10 and 13.

## **Directors' Report**

### **For the Year Ended 31 December 2018**

#### **Remuneration report (audited) (continued)**

#### **Details of remuneration (continued)**

#### **Key Management Personnel - Directors and Executives**

The key management personnel ("KMP") of the Group consisted of the following Directors and executives during the year:

<b>Non-Executive Directors</b>	<b>Position</b>
Rodney Hannington	Non-Executive Chairman
Daniel Charles Dickens	Non-Executive Director and Audit and Risk Committee Chair
Justyn Peter Stedwell (Resigned 11 July 2018)	Non-Executive Director
<b>Executive Directors</b>	<b>Position</b>
Michael Reh	Executive Director; Chief Executive Officer
Reinier van der Drift	Executive Director; Chief Marketing & Sales Officer
<b>Other KMP</b>	<b>Position</b>
Jitze Jongsma	Chief Financial Officer
Justyn Peter Stedwell	Company Secretary

#### **Key Management Personnel - Service Agreements**

##### ***Director's Management Services Agreement - Mr Michael Reh (Executive Director)***

Tymlez Holding has entered into a consulting agreement with Timeless-Systems GmbH, being an entity controlled by Mr Michael Reh, for the provision of such services required for the proper management of the Tymlez Business. In connection with such agreement, Mr Reh has been appointed as an Executive Director of the Company and is entitled to a monthly fee of €12,500 pursuant to such agreement.

##### ***Director's Management Services Agreement - Mr Reinier van der Drift (Executive Director)***

Tymlez Holding has entered into a consulting agreement with Fergil B.V., being an entity controlled by Mr Reinier van der Drift, for the provision of such services required for the proper management of the Tymlez Business. In connection with such agreement, Mr van der Drift has been appointed as an Executive Director of the Company and is entitled to a monthly fee of €12,500 pursuant to such agreement.

##### ***Director's Service Agreement - Mr Rodney Hannington (Non-Executive Chairman)***

The Company has entered into a Director's Service Agreement with Mr Rodney Hannington on 11 July 2018 in relation to his appointment as Non-Executive Chairman of the Company. Pursuant to such agreement, Mr Hannington shall be entitled to directors' fees of \$27,500 per annum (plus superannuation) prior to admission to the official list of the ASX and \$55,000 per annum (plus superannuation) post admission.

##### ***Director's Service Agreement - Mr Daniel Charles Dickens (Non-Executive Director)***

The Company has entered into a Director's Service Agreement with Mr Daniel Dickens on 13 November 2017 in relation to his appointment as Non-Executive Director of the Company. Pursuant to such agreement, Mr Dickens shall be entitled to directors' fees of \$140 per hour prior to admission to the official list of the ASX and \$33,000 per annum (plus superannuation) post admission.

##### ***Service Agreement - Mr Jitze Jongsma (Chief Financial Officer)***

The Company has entered into a Service Agreement with Lighthouse Business Improvement B.V., being an entity controlled by Mr Jitze Jongsma, for the provision of such services required for financial management of the Company. In connection with such agreement, Mr Jongsma has been appointed as a Chief Financial Officer of the Company and is entitled to a fee of €175 per hour which is invoiced monthly and based on actual time spent, pursuant to such agreement.

## Directors' Report

### For the Year Ended 31 December 2018

#### Remuneration report (audited) (continued)

#### Details of remuneration (continued)

#### *Service Agreement - Mr Justyn Peter Stedwell (Company Secretary)*

The Company has entered into a Service Agreement with Mr Justyn Peter Stedwell on 13 November 2017 in relation to his appointment as Company Secretary of the Company. Pursuant to such agreement, Mr Stedwell shall be entitled to company secretarial' fees of \$140 per hour prior to admission to the official list of the ASX and \$2,750 per month post admission.

#### Remuneration details for the year ended 31 December 2018

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group.

#### Table of benefits and payments

	Short Term Employment Benefits			Post-Employment Benefits	
	Cash Salary and Fees	Leave Provision	Cash Bonus	Superannuation Contributions	Total
	\$	\$	\$	\$	\$
<b>2018</b>					
<b>Directors</b>					
<i>Executive Directors:</i>					
Michael Reh	236,921	-	-	-	236,921
Reinier van der Drift	236,921	-	-	-	236,921
<i>Non-Executive Directors:</i>					
Rodney Hannington	17,507	-	-	479	17,986
Daniel Charles Dickens	20,830	-	-	287	21,117
<b>Other KMP</b>					
Jitze Jongsma	204,194	-	-	-	204,194
Justyn Peter Stedwell	9,314	-	-	-	9,314
<b>Total</b>	<b>725,687</b>	<b>-</b>	<b>-</b>	<b>766</b>	<b>726,453</b>

#### 2017

#### Directors

#### *Executive Directors:*

Michael Reh	30,221	-	-	-	30,221
Reinier van der Drift	30,221	-	-	-	30,221

#### *Non-Executive Directors:*

Daniel Charles Dickens	769	-	-	-	769
Justyn Peter Stedwell	-	-	-	-	-

#### **Other KMP**

Jitze Jongsma	22,036	-	-	-	22,036
<b>Total</b>	<b>83,247</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,247</b>

# Tymlez Group Limited

ABN 37 622 817 421

## Directors' Report For the Year Ended 31 December 2018

### Remuneration report (audited) (continued)

#### Remuneration details for the year (continued) ended 31 December 2018

None of the remuneration paid to key management personnel for the year ended 31 December 2018 is related to the performance of the Group (31 December 2017: None).

#### Cash performance-related bonuses

There were no cash bonuses granted as remuneration during the year that was paid or payable to key management personnel.

#### Securities received that are not performance related

No members of key management personnel are entitled to receive securities which are not performance-based as part of their remuneration package.

#### Key management personnel shareholdings

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

	Balance at beginning of year	On exercise of options	Other changes during the year	Balance at end of year
<b>31 December 2018</b>				
<b>Directors</b>				
<b>Executive Directors:</b>				
Michael Reh *	32,702,117	-	-	32,702,117
Reinier van der Drift *	32,702,116	-	-	32,702,116
<b>Non-Executive Directors:</b>				
Rodney Hannington	-	-	-	-
Daniel Charles Dickens	400,000	-	-	400,000
<b>Other KMP</b>				
Jitze Jongsma	-	-	-	-
Justyn Peter Stedwell	-	-	-	-
<b>Total</b>	<b>65,804,233</b>	<b>-</b>	<b>-</b>	<b>65,804,233</b>

#### 31 December 2017

##### Directors

###### Executive Directors:

Michael Reh *	-	-	32,702,117	32,702,117
Reinier van der Drift *	-	-	32,702,116	32,702,116

###### Non-Executive Directors:

Daniel Charles Dickens	-	-	400,000	400,000
Justyn Peter Stedwell	-	-	-	-

###### Other KMP

Jitze Jongsma	-	-	-	-
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<b>Total</b>	<b>-</b>	<b>-</b>	<b>65,804,233</b>	<b>65,804,233</b>
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## Tymlez Group Limited

ABN 37 622 817 421

## Directors' Report

For the Year Ended 31 December 2018

### Remuneration report (audited) (continued)

### Key management personnel shareholdings (continued)

\* Mr Michael Reh and Mr Reinier van der Drift are each deemed to have a relevant interest in all of the 65,404,233 shares held by Tyhold 2 B.V., which is wholly owned by Mr Reh and Mr van der Drift in equal proportions. Tyhold 2 B.V. is also eligible to be issued up to an additional 8,000,000 ordinary shares subject to achievement of certain performance milestones pursuant to the share purchase agreement between Tymlez Group Limited and Tyhold 2 B.V..

There were no options issued to key management personnel during the year ended 31 December 2018 (period ended 31 December 2017: None).

### KMP related party transactions

The Group did not undertake any transactions during the year with:

- Key management personnel (KMP);
- A close member of the family of that person; or
- An entity over which the key management person or family member has, directly or indirectly, control, joint control or significant influence.

### End of Audited Remuneration Report

### Auditor's independence declaration


The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2018 has been received and can be found on page 15 of the consolidated financial report.

### Non-audit services

Details of the amount paid/payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 29 to the financial statements.

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

Executive Director & CEO: .....  
  
Michael Reh

  
Non-Executive Chairman: .....  
Rodney Hannington

Dated this 29th day of March 2019

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Tymlez Group Limited for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to the Tymlez Group Limited and the entities it controlled during the year.



**HLB Mann Judd**  
**Chartered Accountants**

Melbourne  
29 March 2019



**Jude Lau**  
**Partner**

**[hlb.com.au](http://hlb.com.au)**

**HLB Mann Judd (VIC Partnership) ABN 20 696 861 713**

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (VIC Partnership) is a member of HLB International, the global advisory and accounting network

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2018

		2018	13 November - 31 December 2017
	Note	\$	\$
<b>Continuing Operations</b>			
Revenue	5	398,500	300,680
Employee benefits expense		(1,024,264)	(37,822)
Depreciation and amortisation expense	6	(231,598)	(478)
Management fees		(511,098)	(58,161)
Occupancy expenses		(76,397)	(5,073)
Office expenses		(108,856)	(13,548)
Operating expenses		(39,171)	-
Professional fees		(286,532)	(60,464)
Selling and distribution expenses		(368,020)	(123,803)
Unrealised foreign exchange losses		-	(43,651)
Other expenses		(62,676)	(4,034)
Finance costs	6	(11,745)	(104)
<b>Loss before income tax</b>		<b>(2,321,857)</b>	<b>(46,458)</b>
Income tax expense	7	(1,235)	-
<b>Loss for the year/period</b>		<b>(2,323,092)</b>	<b>(46,458)</b>
<b>Other comprehensive income, net of income tax</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>		-	-
<b>Items that will be reclassified to profit or loss when specific conditions are met</b>			
Exchange differences on translating foreign controlled entities	19	155,167	(249)
<b>Other comprehensive income/(loss) for the year/period, net of tax</b>		<b>155,167</b>	<b>(249)</b>
<b>Total comprehensive income/(loss) for the year/period</b>		<b>(2,167,925)</b>	<b>(46,707)</b>
<b>Profit/(loss) attributable to:</b>			
Members of the parent entity		(2,323,092)	(46,458)
		<b>(2,323,092)</b>	<b>(46,458)</b>
<b>Total comprehensive income attributable to:</b>			
Members of the parent entity		(2,167,925)	(46,707)
		<b>(2,167,925)</b>	<b>(46,707)</b>
<b>Earnings per share:</b>			
Basic, loss for the year/period attributable to ordinary equity holders of the parent (cents)	8	(2.08)	(0.04)
Diluted, loss for the year/period attributable to ordinary equity holders of the parent (cents)	8	(2.08)	(0.04)
<b>Earnings per share for continuing operations:</b>			
Basic, loss from continuing operations attributable to ordinary equity holders of the parent (cents)	8	(2.08)	(0.04)
Diluted, loss from continuing operations attributable to ordinary equity holders of the parent (cents)	8	(2.08)	(0.04)

The accompanying notes form part of these financial statements.

The Group has applied AASB 15 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 118 and related interpretations. The Group has not restated comparatives when applying AASB 9, the comparative information has been prepared under AASB 139.

## **Consolidated Statement of Financial Position**

**As At 31 December 2018**

	<b>Note</b>	<b>2018</b> <b>\$</b>	<b>2017</b> <b>\$</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	10	<b>4,481,774</b>	2,025,893
Trade and other receivables	11	<b>239,640</b>	293,041
Other assets	12	<b>177,610</b>	85,542
<b>TOTAL CURRENT ASSETS</b>		<b>4,899,024</b>	2,404,476
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	<b>87,894</b>	17,311
Intangible assets	14	<b>2,496,819</b>	1,016,479
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,584,713</b>	1,033,790
<b>TOTAL ASSETS</b>		<b>7,483,737</b>	3,438,266
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	<b>1,263,868</b>	486,443
Borrowings	16	-	407,976
Contract liabilities	17	-	60,311
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,263,868</b>	954,730
<b>TOTAL LIABILITIES</b>		<b>1,263,868</b>	954,730
<b>NET ASSETS</b>		<b>6,219,869</b>	2,483,536
<b>EQUITY</b>			
Issued capital	18	<b>14,488,706</b>	8,860,248
Reserves	19	<b>(5,899,287)</b>	(6,330,254)
Accumulated losses	20	<b>(2,369,550)</b>	(46,458)
<b>TOTAL EQUITY</b>		<b>6,219,869</b>	2,483,536

The accompanying notes form part of these financial statements.

The Group has applied AASB 15 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 118 and related interpretations. The Group has not restated comparatives when applying AASB 9, the comparative information has been prepared under AASB 139.

## Consolidated Statement of Changes in Equity

### For the Year Ended 31 December 2018

	Note	Issued Capital \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Deferred Consideration Shares Reserve \$	Common Control Reserve \$	Total \$
<b>Balance at 1 January 2018</b>		8,860,248	(46,458)	(249)	-	425,886	(6,755,891)	2,483,536
Net profit/(loss) for the year	20	-	(2,323,092)	-	-	-	-	(2,323,092)
Total other comprehensive Income for the year	19	-	-	155,167	-	-	-	155,167
<b>Transactions with owners in their capacity as owners</b>								
Contribution of equity, net of transaction costs	18	5,628,458	-	-	-	-	-	5,628,458
Issue of options	19	-	-	-	275,800	-	-	275,800
Adjustment to deferred consideration	19	-	-	-	-	176,133	(176,133)	-
<b>Balance at 31 December 2018</b>		14,488,706	(2,369,550)	154,918	275,800	602,019	(6,932,024)	6,219,869
<b>Balance at 13 November 2017</b>								
Net profit/(loss) for the period	20	-	(46,458)	-	-	-	-	(46,458)
Total other comprehensive income for the period	19	-	-	(249)	-	-	-	(249)
<b>Transactions with owners in their capacity as owners</b>								
Contribution of equity, net of transaction costs	18	8,860,248	-	-	-	-	-	8,860,248
Common control transaction	19	-	-	-	-	425,886	(6,755,891)	(6,330,005)
<b>Balance at 31 December 2017</b>		8,860,248	(46,458)	(249)	-	425,886	(6,755,891)	2,483,536

The accompanying notes form part of these financial statements.

The Group has applied AASB 15 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 118 and related interpretations. The Group has not restated comparatives when applying AASB 9, the comparative information has been prepared under AASB 139.

# Consolidated Statement of Cash Flows

## For the Year Ended 31 December 2018

		13 November - 31 December 2017
	2018	
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	492,400	78,534
Payments to suppliers and employees	(1,967,892)	(276,346)
VAT paid	(123,208)	-
Finance costs	(5,577)	(104)
Income taxes paid	(1,235)	-
<b>Net cash provided by/(used in) operating activities</b>	21(a) <b>(1,605,512)</b>	<b>(197,916)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payment for intangible asset	(1,637,303)	(119,916)
Purchase of property, plant and equipment	(92,061)	(8,840)
Cash acquired via common control transaction	-	66,253
<b>Net cash provided by/(used in) investing activities</b>	<b>(1,729,364)</b>	<b>(62,503)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of shares	5,397,647	2,923,600
Proceeds from borrowings	700,000	-
Repayment of borrowings	-	(445,687)
Payment of share issue costs	(413,337)	(191,352)
<b>Net cash provided by/(used in) financing activities</b>	<b>5,684,310</b>	<b>2,286,561</b>
Effects of exchange rate changes on cash and cash equivalents	106,447	(249)
Net increase/(decrease) in cash and cash equivalents held	2,455,881	2,025,893
Cash and cash equivalents at beginning of year/period	2,025,893	-
<b>Cash and cash equivalents at end of financial year/period</b>	10(a) <b>4,481,774</b>	<b>2,025,893</b>

The accompanying notes form part of these financial statements.

The Group has applied AASB 15 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 118 and related interpretations. The Group has not restated comparatives when applying AASB 9, the comparative information has been prepared under AASB 139.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

The consolidated financial report covers Tymlez Group Limited and its controlled entities ('the Group'). Tymlez Group Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia.

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

The financial report was authorised for issue by the Directors on 29 March 2019.

Comparatives are consistent with prior years, unless otherwise stated in Note 2 to the financial statements.

As the Company was incorporated on 13 November 2017, accordingly, the comparative information is for the period from incorporation to 31 December 2017.

#### **1 Basis of Preparation**

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

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

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

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

#### **2 Change in Accounting Policy**

##### **Financial Instruments - Adoption of AASB 9**

The Group has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 January 2018.

As part of the adoption of AASB 9, the Group adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the consolidated statement of profit or loss and other comprehensive income. In the comparative year, this information was presented as part of other expenses.
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year.

The key changes to the Group's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Group has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 January 2018.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **2 Change in Accounting Policy (continued)**

##### **Financial Instruments - Adoption of AASB 9 (continued)**

###### **Classification of financial assets**

The financial assets of the Group have been reclassified into the following category on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics:

- Measured at amortised cost; and
- Fair value through other comprehensive income - equity instruments (FVOCI - equity).

###### **Measurement of equity instruments**

All equity instruments of the Group are measured at fair value under AASB 9 whereas there was a cost exception under AASB 139 which allowed certain unlisted investments to be carried at amortised cost in the absence of a reliable measurement of fair value. Any difference in the previous carrying amount and the fair value is recognised in the opening retained earnings (or other component of equity, as appropriate) in the reporting period which includes the date of application.

Equity instruments are no longer subject to impairment testing and therefore all movements on equity instruments classified as fair value through other comprehensive income are taken to the relevant reserve.

###### **Impairment of financial assets**

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has resulted in the earlier recognition of credit loss (bad debt provisions).

###### **Transition adjustments**

The move to the expected credit loss model under AASB 9 has had no impact on the provision for trade receivables at the adoption date.

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 2 Change in Accounting Policy (continued)

##### Financial Instruments - Adoption of AASB 9 (continued)

##### Classification of financial assets and financial liabilities

The table below illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at the date of initial application.

	Note	Classification under AASB 139	Classification under AASB 9	Carrying amount under AASB 139 \$	Reclassification \$	Remeasurements \$	Carrying amount under AASB 9 \$
<b>Financial assets</b>							
Cash and cash equivalents	10	Loans and receivables	Amortised cost	2,025,893	-	-	2,025,893
Trade and other receivables	11	Loans and receivables	Amortised cost	254,909	-	-	254,909
<b>Total financial assets</b>				<b>2,280,802</b>	<b>-</b>	<b>-</b>	<b>2,280,802</b>
<b>Financial liabilities</b>							
Trade and other payables	15	Other financial liabilities	Other financial liabilities	486,134	-	-	486,134
Borrowings	16	Other financial liabilities	Other financial liabilities	407,976	-	-	407,976
<b>Total financial liabilities</b>				<b>894,110</b>	<b>-</b>	<b>-</b>	<b>894,110</b>

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **2 Change in Accounting Policy (continued)**

##### **Revenue from Contracts with Customers - Adoption of AASB 15**

The Group has adopted AASB 15 *Revenue from Contracts with Customers* for the first time in the current year with a date of initial application of 1 January 2018.

The key changes to the Group's accounting policies and the impact on these financial statements from applying AASB 15 are described below.

The Group has applied AASB 15 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118 and related interpretations. All adjustments on adoption of AASB 15 have been taken to retained earnings at 1 January 2018. The adoption of AASB 15 has had no effect in respect of the recognition and valuation of the revenue earned.

##### **Accounting for contracts - change in accounting policy**

Prior to the adoption of AASB 15, incremental costs incurred in obtaining customer contracts and costs to fulfil contracts were expensed as incurred. Under AASB 15, these costs are recognised as an asset and amortised over the customer life.

##### **Changes in presentation**

In addition to the above changes in accounting policies, the Group has also amended the presentation of certain items to align them with the requirements of AASB 15:

- Contract liabilities relating to licence and service fees were previously presented within the deferred income (other current liabilities) balance.

##### **Statement of Profit or Loss and Other Comprehensive Income**

The consolidated statement of profit or loss and other comprehensive income is not materially different from that presented.

##### **Statement of Financial Position**

The consolidated statement of financial position is not materially different from that presented.

##### **Statement of Cash Flows**

The consolidated statement of cash flows is not materially different from that presented.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **3 Summary of Significant Accounting Policies**

##### **(a) Basis for consolidation**

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a December financial year end.

A list of controlled entities is contained in Note 24 to the financial statements.

##### **Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

##### **(b) Business combinations**

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases, unless it is a combination involving entities or businesses under common control. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

For transactions meeting the definition of "transactions between entities under common control", the Group accounts for the assets and liabilities of the entities acquired at their pre-combination carrying amount without fair value uplift. The accounting is applied on the basis that there has been no substantive economic change. No goodwill is recognised as part of the transaction, instead, any difference between the cost of transaction and the carrying value of the net asset acquired has been recorded in equity. The acquisition of Tymlez Holding B.V. in the 2017 financial period met the definition of a transaction between entities under common control as per AASB 3 and no fair value uplift was applied. Refer to Note 9 for further details.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss. Refer to Note 9 for information on the goodwill policy adopted by the Group for common control acquisitions.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured unless it forms part of provisional accounting adjustment and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **3 Summary of Significant Accounting Policies (continued)**

##### **(c) Income Tax**

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

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

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

Deferred tax is not provided for the following:

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

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

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

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

##### **(d) Leases**

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **3 Summary of Significant Accounting Policies (continued)**

##### **(e) Revenue and other income**

###### **Pre 1 January 2018**

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

###### **Licence fees**

Revenue from this stream is recognised in the accounting period in which the licences are issued. Licences sold on a subscription basis is earned over the subscription period on a straight-line basis. Revenue from selling perpetual licences where the Group receives an upfront fee is apportioned between sale of licence income upfront and software upgrade over a period of time.

###### **Rendering of services**

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

###### **Interest revenue**

Interest is recognised using the effective interest method.

###### **Other income**

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

###### **Post 31 December 2017**

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue from licence fees and rendering of services over time and at a point in time when it transfers control of a product or services to a customer.

###### **Licence fees**

Revenue from this stream is recognised in the accounting period in which the licences are issued. Licences sold on a subscription basis is earned over the subscription period as performance obligations are satisfied over time. Revenue from selling perpetual licences where the Group receives an upfront fee is apportioned between sale of licence income which recognised upfront and software upgrade over a period of time. The transaction price allocated to these software upgrades is recognised as a contract liability at the time of the initial sale transaction is released on a straight-line basis.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **3 Summary of Significant Accounting Policies (continued)**

##### **(e) Revenue and other income (continued)**

###### **Rendering of services**

Revenue from providing such services is recognised in the accounting period in which the services are rendered.

###### **Interest revenue**

Interest is recognised using the effective interest method.

###### **Other income**

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

##### **(f) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

##### **(g) Goods and services tax (GST)**

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

Receivables and payables are stated inclusive of GST.

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

##### **(h) Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments with original maturities of 3 months or less, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the consolidated statement of cash flows and are presented within current liabilities on the consolidated statement of financial position.

##### **(i) Financial instruments**

###### **Pre 1 January 2018**

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **3 Summary of Significant Accounting Policies (continued)**

##### **(i) Financial instruments (continued)**

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

##### **Financial Assets**

The Group's financial assets are divided into the following categories which are described in detail below:

- loans and receivables.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the consolidated statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Group's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

##### **Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

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

##### *Trade and other payables*

Trade and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Payment terms are usually 30 days from invoice date.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **3 Summary of Significant Accounting Policies (continued)**

##### **(i) Financial instruments (continued)**

###### **Impairment of financial assets**

At the end of the reporting period the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

###### *Financial assets at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

###### **Post 31 December 2017**

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

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

###### **Financial assets**

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

###### *Classification*

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

- amortised cost

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

###### *Amortised cost*

Assets measured at amortised cost are financial assets where:

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

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **3 Summary of Significant Accounting Policies (continued)**

##### **(i) Financial instruments (continued)**

###### **Financial assets (continued)**

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

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

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

###### *Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

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

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

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

###### *Trade receivables*

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

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

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **3 Summary of Significant Accounting Policies (continued)**

##### **(i) Financial instruments (continued)**

###### **Financial assets (continued)**

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

###### *Other financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

###### **Financial liabilities**

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables and borrowings.

##### **(j) Property, plant and equipment**

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

Costs include purchase price, other directly attributable costs and the initial estimate of costs of dismantling and restoring the asset, where applicable.

###### **Depreciation**

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

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

<b>Fixed asset class</b>	<b>Depreciation rate</b>
Plant and Equipment	20%

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

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **3 Summary of Significant Accounting Policies (continued)**

##### **(k) Intangibles**

###### **Development costs**

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses.

The cost of capitalised development costs, where the assets are developed within the Group, includes direct labour, contract labour and software. Costs incurred subsequent to initial recognition are capitalised when it is expected that additional future economic benefits will flow to the Group. The costs are capitalised only when they will deliver future economic benefits and the benefits can be measured reliably.

Development costs have a finite life and is being amortised on a systematic basis matched to the future economic benefits over the useful life of the project which is 5 years commencing 1 January 2018.

###### **Amortisation**

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

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

##### **(l) Impairment of non-financial assets**

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

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

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

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

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

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

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **3 Summary of Significant Accounting Policies (continued)**

##### **(m) Employee benefits**

###### **Short-term employee benefits**

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination 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 and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled, inclusive of on-costs.

The Group's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current employee benefits in the consolidated statement of financial position.

###### **Other long-term employee benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yield at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The Group's obligations for long-term employee benefits are presented as non-current employee benefits in its consolidated statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current employee benefits.

###### **Defined contribution schemes**

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

##### **(n) Earnings per share**

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

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

##### **(o) Share capital**

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

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **3 Summary of Significant Accounting Policies (continued)**

##### **(p) Equity-settled compensation**

The Group operates an employee share and option plan. Share-based payments to employees, directors and consultants are measured at the fair value of the instruments at grant date and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amounts are recognised in the option reserve and statement of profit and loss respectively. The fair value of options is determined using the binomial pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

##### **(q) Foreign currency transactions and balances**

###### **Transaction and balances**

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

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

###### **Group companies**

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period where the average rate approximates the rate at the date of the transaction; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of any net investment in foreign entities are transferred directly to the Group's foreign currency translation reserve in the consolidated statement of financial position. These differences are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 3 Summary of Significant Accounting Policies (continued)

##### (r) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 1 January 2018, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group and are outlined in Note 2.

##### (s) New Accounting Standards and Interpretations

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

Title of standard	AASB 16 Leases
Nature of the Change in Accounting Policy	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.
Mandatory application date/Date of adoption by the Group	The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).
Expected Impact on the Financial Statements	<p>Management has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in AASB 16. The standard will affect primarily the accounting for the Group's operating leases.</p> <p>As at the reporting date, the Group has non-cancellable operating lease commitments of \$814,720, see Note 30. Of these commitments, approximately \$5,304 relate to short-term leases which will be recognised on a straight-line basis as expense in profit or loss.</p> <p>The Group expects to recognise right-of-use assets of approximately \$673,501 on 1 January 2019 and lease liabilities of \$673,501.</p>

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **4 Critical Accounting Estimates and Judgements**

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

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

The significant estimates and judgements made have been described below.

##### **Key estimates - impairment of property, plant and equipment and intangible assets**

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Management completed a search for annual impairment indicators and concluded that no impairment assessment was required to be performed.

##### **Key estimates - share based payments**

Equity-settled share awards are recognised as an expense based on their fair value at date of grant. The fair value of equity-settled share options is estimated through the use of option valuation models – which require inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life – and is expensed over the vesting period.

Some of the inputs used, such as the expected option life, are not market observable and are based on estimates derived from available data, such as employee exercise behaviour. The models utilised, such as the binomial option pricing model, are intended to value options traded in active markets. The share options issued by the Group, however, have a number of features that make them incomparable to such traded options. Using different input estimates or models could produce different option values, which would result in the recognition of a higher or lower expense.

##### **Key estimates - revenue recognition**

When determining the nature, timing and amount of revenue to be recognised, the following critical estimates and judgements were applied and are considered to be those that have the most significant effect on revenue recognition.

##### **Critical judgements and estimations applied in recognising licence fees**

Revenues from license fees are recognised in the period where the service is delivered. In general, revenue is recognised once the Group has provided the client with the requisite access to the purchased software based on the conditions included in the respective client agreements.

The Group differentiates revenue from licences on a subscription base and perpetual licences. For licences on a subscription basis, the client pays and receives access to the purchased software on a monthly basis, therefore, on provision of the access to the software, the Group recognises revenue from these licences on a monthly basis for the life of the contract. Perpetual licences are paid up front and the client receives access to the purchased software for an unlimited period of time. In these instances, revenue is recognised once the client receives the required access.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **4 Critical Accounting Estimates and Judgements (continued)**

##### **Key estimates - revenue recognition (continued)**

##### **Critical judgements and estimations applied in recognising service fees**

For fixed price contracts, revenue recognition is determined by assessing the completion of performance obligations and whether the clients simultaneously receive and consume the benefit provided.

##### **Key estimates - deferred consideration shares**

Deferred consideration shares are recognised as an equity reserve based on their fair value as at the date of acquisition. The fair value of such shares is estimated through the use of a valuation model - which require inputs such as the expected sales, expected growth factors, discount rate, probability factors - which is not remeasured and the settlement is accounted for within equity.

Most of the inputs used are not market observable and are based on estimates derived from available data, such as sales pipelines. The model designed to determine the fair value of the deferred consideration shares uses a combination of logic, forecasts and probability. If different input estimates or models were utilised in the calculation, the resulting fair value determined could be higher or lower, therefore impacting the value of the purchase consideration calculated in the acquisition of the subsidiary.

#### **5 Revenue and Other Income**

##### **Revenue from continuing operations**

	<b>2018</b>	<b>13 November - 31 December 2017</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue from contracts with customers</b>		
<i>Licence fees:</i>		
- Platform as a service	<b>92,557</b>	-
- Perpetual revenues	<b>81,359</b>	58,024
<i>Service fees:</i>		
- Setup and support revenues	<b>29,093</b>	79,592
- Consultancy and professional services	<b>195,491</b>	163,064
<b>Total revenue</b>	<b>398,500</b>	300,680



## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 5 Revenue and Other Income (continued)

##### (a) Disaggregation of revenue from contracts with customers (continued)

Total revenue for the year ended 31 December 2018 is mainly derived from nine individual external customers. These revenues are attributed to the Netherlands geographical segment from both licence fees and service fees.

##### (b) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

	2018 \$	2017 \$
<i>Revenue recognised that was included in the contract liability balance at the beginning of the period</i>		
Licence fees	60,311	-
<i>Revenue recognised from performance obligations satisfied in previous periods</i>	-	-

##### (c) Unsatisfied performance obligations

All customer contracts are for periods of one year or less or are billed based on time incurred. As permitted by AASB 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

#### 6 Result for the Year/Period

The result for the year/period includes the following specific expenses:

##### Depreciation and amortisation expense:

- Depreciation - Plant and equipment	21,920	478
- Amortisation - Development costs	209,678	-
<b>Total depreciation and amortisation expense</b>	<b>231,598</b>	<b>478</b>

##### Finance costs:

- Banks and other third parties	11,745	104
<b>Total finance costs</b>	<b>11,745</b>	<b>104</b>

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 7 Income Tax Expense

##### Reconciliation of income tax to accounting profit/(loss):

	2018	13 November - 31 December 2017
	\$	\$
Profit/(loss) before income tax	(2,321,857)	(46,458)
Tax at Australian tax rate of 30%	72,380	(13,101)
Tax at Overseas tax rates	(518,107)	(558)
	(445,727)	(13,659)
Add tax effect of:		
- other non-allowable items	(104,618)	-
- other non-deductible expenses	1,650	5,059
- tax losses not brought to account	549,930	8,600
<b>Income tax expense</b>	<b>1,235</b>	<b>-</b>

#### 8 Earnings per Share

##### (a) Reconciliation of earnings to profit or loss from continuing operations

Loss from continuing operations	(2,323,092)	(46,458)
Earnings used to calculate basic EPS from continuing operations	(2,323,092)	(46,458)
<b>Earnings used in the calculation of dilutive EPS from continuing operations</b>	<b>(2,323,092)</b>	<b>(46,458)</b>

##### (b) Earnings used to calculate overall earnings per share

<b>Earnings used to calculate overall earnings per share</b>	<b>(2,323,092)</b>	<b>(46,458)</b>
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##### (c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	2018 No.	2017 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	111,869,895	108,450,041
Weighted average number of dilutive options outstanding	-	-
<b>Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS</b>	<b>111,869,895</b>	<b>108,450,041</b>

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 8 Earnings per Share (continued)

##### (d) Earnings per share

	2018 Cents	2017 Cents
<b>Earnings per share:</b>		
Basic, loss for the year/period attributable to ordinary equity holders of the parent	(2.08)	(0.04)
Diluted, loss for the year/period attributable to ordinary equity holders of the parent	(2.08)	(0.04)
<b>Earnings per share for continuing operations:</b>		
Basic, loss from continuing operations attributable to ordinary equity holders of the parent	(2.08)	(0.04)
Diluted, loss from continuing operations attributable to ordinary equity holders of the parent	(2.08)	(0.04)

#### 9 Acquisition of a Subsidiary - Common Control Transaction

On 14 November 2017, the parent Company acquired a 100% interest of Tymlez Holding B.V. (a company incorporated in Amsterdam, Netherlands) and resulted in Tymlez Group Limited obtaining control of Tymlez Holding B.V.. A Deed of Variation to the Share Purchase Agreement which amended the conditions attached to the issue of deferred consideration shares to the vendor was executed on 22 October 2018.

The following table shows the assets acquired, liabilities assumed and the purchase consideration at the acquisition date.

	Acquiree's Carrying Amount \$
Purchase consideration:	
- Contingent consideration (Deferred consideration shares)	425,886
- Contingent consideration (Adjustment to deferred consideration shares)	176,133
- Ordinary shares	6,128,000
<b>Total purchase consideration</b>	<b>6,730,019</b>
Assets or liabilities acquired:	
Cash	66,253
Trade receivables	70,895
Plant and equipment	8,949
Intangible assets	896,563
Trade payables	(391,002)
Loans	(853,663)
<b>Total net identifiable assets/(liabilities)</b>	<b>(202,005)</b>
<b>Identifiable assets/(liabilities) acquired and liabilities assumed</b>	<b>(202,005)</b>
Purchase consideration	6,730,019
Less: Identifiable assets acquired	(202,005)
<b>Excess of net assets/(liabilities) over purchase consideration paid recognised as reserve</b>	<b>6,932,024</b>

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 9 Acquisition of a Subsidiary - Common Control Transaction (continued)

##### Contingent consideration

The Deed of Variation to the Share Purchase Agreement which was executed on 22 October 2018, includes an entitlement for the vendor to be issued deferred consideration shares subject to the following conditions:

*Entitlement of Tyhold 2 B.V.*

Tranche Shares	No. of Deferred Consideration Shares	Relevant Earn Out Triggers	Relevant Earn Out Period
Tranche 1	2,000,000	Tymlez Holding B.V. generating Total Revenue of A\$2,000,000 during the Relevant Earn Out Period	Within 3 years of the date of admission of the Company to the ASX
Tranche 2	2,000,000	Tymlez Holding B.V. generating Total Revenue of A\$3,000,000 during the Relevant Earn Out Period	Within 3 years of the date of admission of the Company to the ASX
Tranche 3	2,000,000	Tymlez Holding B.V. generating Total Revenue of A\$4,000,000 during the Relevant Earn Out Period	Within 3 years of the date of admission of the Company to the ASX
Tranche 4	2,000,000	Tymlez Holding B.V. generating Total Revenue of A\$5,000,000 during the Relevant Earn Out Period	Within 3 years of the date of admission of the Company to the ASX

As at 31 December 2018, it was determined that Tymlez Holding B.V. did not meet the conditions for the any of the tranches. The Group has included an adjustment to contingent consideration of \$176,133 in the deferred consideration shares reserve (see Note 19) which is the fair value based on probability and a discount rate of 15% as a result of the revision in conditions relating to the issue of deferred consideration shares.

In determining the accounting treatment to be applied for goodwill, the Directors considered the following:

The company, Tymlez Holding B.V., was controlled by the same owners before and after the acquisition. Therefore, it was assessed that the acquisition of Tymlez Holding B.V. met the definition of a transaction between entities under common control as outlined in AASB 3 *Business Combinations*.

As a "transaction between entities under common control", the acquisition did not meet the definition of a business combination as per AASB 3 *Business Combinations*. As a result, the Company incorporated the assets and liabilities of the entity acquired at their pre-combination carrying amounts without any fair value uplift. This accounting treatment is applied on the basis that there is no substantive change arising from the transaction. No goodwill has been recorded as part of the transaction. Instead, any difference between the cost of the transaction and the carrying value of the net assets acquired is recorded in equity as "Common Control Reserve" (see Note 19).

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 10 Cash and Cash Equivalents

	2018	2017
Note	\$	\$
Cash at bank	4,481,774	2,025,893
<b>Total cash and cash equivalents</b>	<b>4,481,774</b>	<b>2,025,893</b>

##### (a) Reconciliation of cash

Cash and cash equivalents reported in the consolidated statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

Cash and cash equivalents	10	4,481,774	2,025,893
<b>Balance as per consolidated statement of cash flows</b>		<b>4,481,774</b>	<b>2,025,893</b>

#### 11 Trade and Other Receivables

##### CURRENT

Trade receivables	25,402	158,936
	<b>25,402</b>	<b>158,936</b>
Deposits	26,018	2,965
Taxes and social security	161,031	38,132
Funds held in trust	992	93,008
Other receivables	26,197	-
<b>Total current trade and other receivables</b>	<b>239,640</b>	<b>293,041</b>

Trade receivables are amounts due from customers for licences sold or services rendered in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. They are initially recorded at the amount of consideration that is unconditional unless they contain significant financing components, where they are recorded at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them at amortised cost using the effective interest method.

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

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements. See Note 26 for details on the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon.

##### (a) Aged analysis

The ageing analysis of trade receivables is as follows:

0-30 days	19,422	157,083
31-60 days	-	1,853
91+ days (past due not impaired)	5,980	-
<b>Total current trade receivables</b>	<b>25,402</b>	<b>158,936</b>

Debtor days ratio (days)	84	26
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# Notes to the Financial Statements

## For the Year Ended 31 December 2018

### 12 Other Assets

	2018 \$	2017 \$
CURRENT		
Subsidy	-	67,354
Other	177,610	18,188
<b>Total current other assets</b>	<b>177,610</b>	<b>85,542</b>

### 13 Property, plant and equipment

<b>Plant and equipment</b>		
At cost	114,806	21,519
Accumulated depreciation	(26,912)	(4,208)
<b>Total plant and equipment</b>	<b>87,894</b>	<b>17,311</b>
<b>Total property, plant and equipment</b>	<b>87,894</b>	<b>17,311</b>

#### (a) Movements in carrying amounts of property, plant and equipment

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

	Plant and Equipment \$	Total \$
<b>Year ended 31 December 2018</b>		
Balance at the beginning of the year	17,311	17,311
Additions	92,061	92,061
Depreciation expense	(21,920)	(21,920)
Foreign exchange movements	442	442
<b>Balance at the end of the year</b>	<b>87,894</b>	<b>87,894</b>
<b>Year ended 31 December 2017</b>		
Balance at the beginning of the period	-	-
Additions	8,829	8,829
Additions through common control transaction	8,949	8,949
Depreciation expense	(478)	(478)
Foreign exchange movements	11	11
<b>Balance at the end of the year</b>	<b>17,311</b>	<b>17,311</b>

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 14 Intangible Assets

	2018 \$	2017 \$
<b>Development costs</b>		
Cost	2,711,698	1,016,479
Accumulated amortisation and impairment	(214,879)	-
<b>Total Intangibles</b>	<b>2,496,819</b>	<b>1,016,479</b>

#### (a) Movements in carrying amounts of intangible assets

	Development costs \$	Total \$
<b>Year ended 31 December 2018</b>		
Balance at the beginning of the year	1,016,479	1,016,479
Additions	1,637,303	1,637,303
Amortisation expense	(209,678)	(209,678)
Foreign exchange movements	52,715	52,715
<b>Closing value at 31 December 2018</b>	<b>2,496,819</b>	<b>2,496,819</b>
<b>Year ended 31 December 2017</b>		
Balance at the beginning of the period	-	-
Additions	118,818	118,818
Additions through common control transaction	896,563	896,563
Foreign exchange movements	1,098	1,098
<b>Closing value at 31 December 2017</b>	<b>1,016,479</b>	<b>1,016,479</b>

#### 15 Trade and Other Payables

	2018 \$	2017 \$
<b>CURRENT</b>		
Unsecured:		
Trade payables	459,282	198,348
Taxes and social security	-	309
Sundry payables and accrued expenses	804,586	267,778
Share subscription account	-	20,008
<b>Total current trade and other payables</b>	<b>1,263,868</b>	<b>486,443</b>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 16 Borrowings

	Note	2018 \$	2017 \$
CURRENT			
<i>Unsecured liabilities:</i>			
Related party payables *	28(c)	-	407,976
<b>Total current borrowings</b>		<b>-</b>	<b>407,976</b>

\* This amount was subsequently settled via a debt to equity swap with Tyhold 2 B.V. (a director-related entity) on 25 January 2018. The terms and conditions in relation to this loan is outlined in Note 28(c).

#### 17 Contract Liabilities

CURRENT			
Contract liabilities - licence fees		-	60,311
<b>Total current contract liabilities</b>		<b>-</b>	<b>60,311</b>

#### Significant changes in contract liabilities

The reduction in contract liabilities from licence fees is due to the satisfaction of performance obligations during the current financial year in relation to a customer contract. There were no outstanding performance obligations in relation to customer contracts as at 31 December 2018.

#### 18 Issued Capital

130,679,971 (2017: 90,515,100) fully paid ordinary shares	<b>16,716,052</b>	9,051,600
Share issue costs	<b>(2,227,346)</b>	(191,352)
<b>Total issued capital</b>	<b>14,488,706</b>	<b>8,860,248</b>

#### (a) Ordinary shares

	2018 No.	2017 No.
At the beginning of the reporting year/period	<b>90,515,100</b>	-
Shares issued during the year/period:		
- Issued to Tyhold 2 B.V. on incorporation of Company	-	100
- Issued as consideration for acquisition of Tymlez Holding B.V.	-	61,280,000
- First round seed capital raising	-	14,910,000
- Second round seed capital raising	-	11,070,000
- Conversion of convertible note	-	2,525,000
- Third round seed capital raising	-	730,000
- Issued to Tyhold 2 B.V. on conversion of loan	<b>4,124,133</b>	-
- Fourth round seed capital raising	<b>790,000</b>	-
- Conversion of convertible notes	<b>4,707,791</b>	-
- Conversion of debt payable to Lead Manager	<b>2,104,876</b>	-
- Shares issued on IPO	<b>24,175,632</b>	-
- Shares issued to Lead Manager	<b>4,262,439</b>	-
<b>At the end of the reporting period</b>	<b>130,679,971</b>	<b>90,515,100</b>

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 18 Issued Capital (continued)

##### (a) Ordinary shares (continued)

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

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

##### (b) Capital Management

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

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

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, the ability to adjust the size and timing of dividends paid to shareholders and the issue of new shares.

The Board monitors a range of financial metrics including return on capital employed and gearing ratios. A key objective of the Company's capital risk management is to maintain compliance with the covenants attached to the Company's debts. Throughout the year, the Company has complied with these covenants.

#### 19 Reserves

	Note	2018 \$	2017 \$
<b>Foreign currency translation reserve</b>			
Opening balance		(249)	-
Exchange differences on translating foreign controlled entities		155,167	(249)
<b>Closing balance</b>		<b>154,918</b>	<b>(249)</b>
<b>Option reserve</b>			
Opening balance		-	-
Issue of options to Lead Manager		275,800	-
<b>Closing balance</b>		<b>275,800</b>	<b>-</b>
<b>Deferred consideration shares reserve</b>			
Opening balance		425,886	-
Adjustment to deferred consideration	9	176,133	-
Acquisition of Tymlez Holding B.V.	9	-	425,886
<b>Closing balance</b>		<b>602,019</b>	<b>425,886</b>
<b>Common control reserve</b>			
Opening balance		(6,755,891)	-
Acquisition of Tymlez Holding B.V.	9	-	(6,755,891)
Adjustment to deferred consideration		(176,133)	-
<b>Closing balance</b>		<b>(6,932,024)</b>	<b>(6,755,891)</b>
<b>Total reserves</b>		<b>(5,899,287)</b>	<b>(6,330,254)</b>

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 19 Reserves (continued)

##### (a) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income - foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

##### (b) Option reserve

This reserve records the cumulative value of employee service received for the issue of share options. When the option is exercised the amount in the share option reserve is transferred to share capital. Refer to Note 22 for details of the option plan.

##### (c) Deferred consideration shares reserve

The deferred consideration shares reserve records the equity contingent consideration that forms part of the purchase consideration of a business combination or common control transaction. This amount is not remeasured and the settlement is accounted for within equity.

##### (d) Common control reserve

The common control reserve records any difference between the cost of the transaction and the carrying value of the net assets acquired in a transaction between entities under common control.

#### 20 Accumulated Losses

	2018 \$	2017 \$
Accumulated losses at the beginning of the financial year/period	(46,458)	-
Net profit/(loss) for the year/period	(2,323,092)	(46,458)
<b>Accumulated losses at end of the financial year/period</b>	<b>(2,369,550)</b>	<b>(46,458)</b>

#### 21 Cash Flow Information

##### (a) Reconciliation of result for the period to cashflows from operating activities

Net profit/(loss) for the year/period	(2,323,092)	(46,458)
Non-cash flows in profit/(loss):		
- depreciation and amortisation expense	231,598	478
- expenses paid via issue of shares	216,655	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	53,401	(222,146)
- (increase)/decrease in other assets	(92,068)	(85,542)
- increase/(decrease) in other liabilities	(60,311)	82,400
- increase/(decrease) in trade and other payables	368,305	73,352
<b>Net cash provided by/(used in) operating activities</b>	<b>(1,605,512)</b>	<b>(197,916)</b>

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 21 Cash Flow Information (continued)

##### (b) Non-cash financing and investing activities

		2018	2017
	Note	\$	\$
Acquisition of subsidiary via the issue of shares	9	-	6,553,886
Adjustment to deferred consideration	19	176,133	-
<b>Total non-cash financing and investing activities</b>		<b>176,133</b>	<b>6,553,886</b>

#### 22 Share-based Payments

During the year ended 31 December 2018, the Company issued some options to its Lead Manager, Peak Asset Management Pty Ltd ("Peak"), pursuant to the Deed of Variation to the Peak Mandate which was executed in October 2018, for successful completion of the IPO as well as the Company's admission onto the official list of the ASX.

There were no options issued to the Group's employees or key management personnel during the year ended 31 December 2018 (31 December 2017: None).

A summary of the Company options issued is as follows:

2018							Balance	Vested and
Grant Date	Expiry Date	Exercise price	Start of the year	Granted during the year	Exercised during the year	Forfeited during the year	at the end of the year	exercisable at the end of the year
13 December 2018	11 December 2022	0.35	-	2,000,000	-	-	2,000,000	2,000,000

There were no options exercised during the year ended 31 December 2018 (31 December 2017: None).

The weighted average remaining contractual life of options outstanding at year end was 3.95 years (2017: Nil). The weighted average exercise price of outstanding shares at the end of the reporting period was \$0.35.

The weighted average fair value of the options granted during the year was \$ 0.14 (2017: \$ NIL). These values were calculated by using a binomial option pricing model applying the following inputs:

Grant date:	13 December 2018
Expiry date:	11 December 2022
Share price at grant date (\$):	0.22
Exercise price (\$):	0.35
Weighted average life of the option (years):	4
Expected share price volatility:	100.00 %
Dividend yield:	- %
Risk-free interest rate:	2.02 %
Fair value at grant date (\$):	0.14

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 22 Share-based Payments (continued)

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future movements.

The share price at 31 December 2018 was \$ 0.16.

#### 23 Tax assets and liabilities

##### Unrecognised deferred tax assets

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

	2018	2017
	\$	\$
Unused tax losses for which no deferred tax asset has been recognised	1,861,767	28,668
Potential tax benefit at 30%	558,530	8,600

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

#### 24 Interests in Subsidiaries

##### Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%) <sup>*</sup> 2018	Percentage Owned (%) <sup>*</sup> 2017
<b>Subsidiaries:</b>			
Tymlez Holding B.V.	Netherlands	100	100
Tymlez GmbH	Germany	100	100
Tymlez Properties B.V.	Netherlands	100	100
Tymlez B.V.	Netherlands	100	100
Tymlez Inc.	United States of America	100	-

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

## **Notes to the Financial Statements**

**For the Year Ended 31 December 2018**

### **25 Operating Segments**

#### **Segment information**

##### **Identification of reportable segments**

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

Management has determined that the Company has four reportable segments, namely, Australia, the Netherlands, Germany and the United States of America. The Company is managed primarily on the basis of geographical segments as the operations of the Group in each of these geographic areas have different risk profiles and environment in which the business operates in. Operating segments are therefore determined on the same basis.

##### **Basis of accounting for purposes of reporting by operating segments**

###### **(a) Accounting policies adopted**

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

###### **(b) Segment assets**

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

###### **(c) Segment liabilities**

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

# Tymlez Group Limited

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## Notes to the Financial Statements For the Year Ended 31 December 2018

### 25 Operating Segments (continued)

(d) Segment performance	Australia		Netherlands		Germany		United States of America		Elimination		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>												
Revenue from external customers	-	-	398,500	300,680	-	-	-	-	-	-	398,500	300,680
Inter-segment revenue	215,935	-	8,934	-	998,550	-	-	-	1,223,419	-	-	-
Interest revenue	177,696	16,824	36,846	-	-	-	-	-	(214,542)	(16,824)	-	-
<b>Total segment revenue</b>	<b>393,631</b>	<b>16,824</b>	<b>444,280</b>	<b>300,680</b>	<b>998,550</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,437,961)</b>	<b>(16,824)</b>	<b>398,500</b>	<b>300,680</b>
Depreciation and amortisation	-	-	211,752	478	18,808	-	1,038	-	-	-	231,598	478
Interest expense	6,238	-	183,445	16,928	19,048	-	17,556	-	(214,542)	(16,824)	11,745	104
Other segment expenses	146,128	60,495	1,828,224	286,061	948,716	-	552,496	-	(998,550)	-	2,477,014	346,556
Income tax expense	-	-	-	-	1,235	-	-	-	-	-	1,235	-
<b>Total segment expenses</b>	<b>152,366</b>	<b>60,495</b>	<b>2,223,421</b>	<b>303,467</b>	<b>987,807</b>	<b>-</b>	<b>571,090</b>	<b>-</b>	<b>(1,213,092)</b>	<b>(16,824)</b>	<b>2,721,592</b>	<b>347,138</b>
<b>Segment operating profit</b>	<b>241,265</b>	<b>(43,671)</b>	<b>1,779,141</b>	<b>(2,787)</b>	<b>10,743</b>	<b>-</b>	<b>(571,090)</b>	<b>-</b>	<b>(224,869)</b>	<b>-</b>	<b>2,323,092</b>	<b>(46,458)</b>

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 25 Operating Segments (continued)

##### (e) Segment assets

	Australia		Netherlands		Germany		United States of America		Elimination		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Segment assets</b>	15,995,437	3,324,758	2,104,424	2,416,352	217,797	-	4,401	-	12,567,686	(2,976,568)	5,754,373	2,764,542
Segment asset increases for the period:												
- Capital expenditure	-	-	1,644,127	673,724	76,407	-	8,830	-	-	-	1,729,364	673,724
- Acquisitions	-	6,553,886	-	-	-	-	-	-	-	(6,553,886)	-	-
<b>Total segment assets</b>	<b>15,995,437</b>	<b>9,878,644</b>	<b>3,748,551</b>	<b>3,090,076</b>	<b>294,204</b>	<b>-</b>	<b>13,231</b>	<b>-</b>	<b>(12,567,686)</b>	<b>(9,530,454)</b>	<b>7,483,737</b>	<b>3,438,266</b>

##### (f) Segment liabilities

<b>Segment liabilities</b>	431,318	636,181	5,802,520	3,295,117	250,777	-	616,926	-	(5,837,673)	(2,976,568)	1,263,868	954,730
<b>Total segment liabilities</b>	<b>431,318</b>	<b>636,181</b>	<b>5,802,520</b>	<b>3,295,117</b>	<b>250,777</b>	<b>-</b>	<b>616,926</b>	<b>-</b>	<b>(5,837,673)</b>	<b>(2,976,568)</b>	<b>1,263,868</b>	<b>954,730</b>

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 26 Financial Risk Management

The Group's principal financial instruments comprise of trade receivable, trade payables, borrowings and cash at bank. The main purpose of holding these instruments is to invest surplus members' funds in order to maximise returns while not exposing the Group to high levels of risk.

This note presents information about the Group's exposure to financial instrument risks, its objectives, policies and processes for measuring and managing risk.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2018 \$	2017 \$
<b>Financial Assets</b>			
Financial assets at amortised cost:			
Cash and cash equivalents	10	<b>4,481,774</b>	2,025,893
Loans and receivables	11	<b>78,609</b>	254,909
<b>Total financial assets</b>		<b>4,560,383</b>	2,280,802
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost:			
- Trade and other payables	15	<b>1,263,868</b>	486,134
- Borrowings	16	-	407,976
<b>Total financial liabilities</b>		<b>1,263,868</b>	894,110

#### Objectives, policies and processes

The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

It is, and has been throughout the period under review, the Group's policy that no trading of financial instruments shall be undertaken. The main risks arising from holding these financial instruments are foreign exchange risk, interest rate risk, liquidity risk and credit risk. The Group is not exposed to price risk. Mitigation strategies for specific risks faced are described below:

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 26 Financial Risk Management (continued)

##### Liquidity risk

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

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

The table below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

The Group's liabilities have contractual maturities which are summarised below:

	Not later than 1 month		1 to 3 months		3 months to 1 year	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Trade and other payables	1,263,868	486,134	-	-	-	-
Related party payables	-	407,976	-	-	-	-
<b>Total</b>	<b>1,263,868</b>	<b>894,110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	1 to 5 years		Total Contractual Cashflow/ Carrying Amount	
	2018	2017	2018	2017
	\$	\$	\$	\$
Trade and other payables	-	-	1,263,868	486,134
Related party payables	-	-	-	407,976
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,263,868</b>	<b>894,110</b>

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **26 Financial Risk Management (continued)**

##### **Credit risk**

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

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

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

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

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Group's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

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

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

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

On a geographical basis, the Group has significant credit risk exposure in the Netherlands given the substantial operations in that region.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 13.5 months before 31 December 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect the Group's detailed assessment of their customers' ability to settle their debts.

On that basis, the loss allowance as at 31 December 2018 was determined as follows for trade receivables:

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 26 Financial Risk Management (continued)

	Gross amount \$	Past due and impaired \$	Past due but not impaired (days overdue)				Within initial trade terms \$
			< 30 \$	31-60 \$	61-90 \$	> 90 \$	
<b>2018</b>							
Expected loss rate		- %	- %	- %	- %	- %	- %
Trade and other receivables	78,609	-	-	-	-	5,980	72,629
<b>Loss allowance</b>		-	-	-	-	-	-

^ The Group has applied AASB 15 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 118 and related interpretations. Accordingly, as permitted under the transitional provisions in AASB 15, the loss allowances for trade receivables at 2017 are not disclosed.

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

The other classes of receivables do not contain impaired assets.

#### Market risk

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

##### (i) Interest rate risk

The Group is exposed to interest rate risk as surplus funds are invested at floating rates. Borrowings are non-interest bearing and does not create any interest rate risk.

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At the reporting date, the Group is exposed to changes in market interest rates through its bank deposits, which are subject to variable interest rates.

	2018 \$	2017 \$
<b>Floating rate instruments</b>		
Cash at bank	4,481,774	2,025,893
<b>Total floating rate instruments</b>	4,481,774	2,025,893

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +0.10% and -0.10%, with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions and economist reports.

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 26 Financial Risk Management (continued)

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

	2018		2017	
	+0.10%	-0.10%	+0.10%	-0.10%
	\$	\$	\$	\$
Net results	4,482	(4,482)	272	(272)
Equity	4,482	(4,482)	272	(272)

##### (ii) Foreign exchange risk

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

Exposures to currency exchange rates arise from the Group's overseas operations, hence sales and purchases, which are primarily denominated in Euro and USD.

The Group does not hedge nor apply hedge accounting. The implications of this decision are that unrealised foreign exchange gains and losses are recognised in profit and loss in the period in which they occur.

Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

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

	USD	EUR	AUD	Total AUD
	\$	\$	\$	\$
<b>2018</b>				
Nominal amounts				
Financial assets	421	764,000	3,795,962	4,560,383
Financial liabilities	(104,461)	(728,089)	(431,318)	(1,263,868)
<b>Short-term exposure</b>	<b>(104,040)</b>	<b>35,911</b>	<b>3,364,644</b>	<b>3,296,515</b>
<b>2017</b>				
Nominal amounts				
Financial assets	-	1,932,612	348,190	2,280,802
Financial liabilities	-	(257,929)	(636,181)	(894,110)
<b>Short-term exposure</b>	<b>-</b>	<b>1,674,683</b>	<b>(287,991)</b>	<b>1,386,692</b>

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and financial liabilities and the Euro-AUD / USD-AUD exchange rate.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **26 Financial Risk Management (continued)**

It assumes a +/- 0.02% change for the AUD/Euro exchange rate (31 December 2017: 0.03%) and a +/- 0.03% change is considered for the AUD/USD exchange rate (31 December 2017: NIL%). This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months.

The year end rate is 0.62 Euro and 0.71 USD.

The sensitivity analysis is based on the foreign currency financial instruments held at the reporting date.

If the AUD had strengthened and weakened against the Euro and USD by 0.02% (31 December 2017: 0.03%) and 0.03% (31 December 2017: NIL%) respectively, then this would have had the following impact:

	<b>2018</b>		<b>2017</b>	
	<b>Increase \$</b>	<b>Decrease \$</b>	<b>Increase \$</b>	<b>Decrease \$</b>
<b>USD</b>				
Net results	(142)	(212)	-	-
Equity	(142)	(212)	-	-
<b>Euro</b>				
Net results	(12)	2	(503)	503
Equity	(12)	2	(503)	503

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

#### **Net Fair Values**

##### **Fair value estimation**

The fair values of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables and payables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. None of the Group's financial instruments are revalued at fair value post initial recognition.

##### **Fair value hierarchy**

The fair value of financial instruments carried at fair value have been classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The levels of the hierarchy are as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **26 Financial Risk Management (continued)**

##### **Net Fair Values (continued)**

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs)

At 31 December 2018 and 31 December 2017, none of the Group's financial instruments were recorded at fair value subsequent to initial recognition.

#### **27 Key Management Personnel Remuneration**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

The names of directors who have held office during the financial year are outlined in the Directors' Report. In addition, Mr Jitze Jongsma (Chief Financial Officer) and Mr Justyn Peter Stedwell (Company Secretary), act in a capacity which meets the definition of key management personnel.

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the KMP for the year ended 31 December 2018.

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

	2018	13 November - 31 December 2017
	\$	\$
Short-term employee benefits	725,687	83,247
Post-employment benefits	766	-
<b>Total key management personnel remuneration</b>	<b>726,453</b>	<b>83,247</b>

#### **28 Related Parties**

##### **(a) The Group's main related parties are as follows:**

The ultimate parent entity, which exercises control over the Group, is Tyhold 2 B.V. which is incorporated in the Netherlands and owns 50.05% of Tymlez Group Limited.

Subsidiaries - refer to Note 24.

Key management personnel - refer to Note 27.

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

# Notes to the Financial Statements

For the Year Ended 31 December 2018

## 28 Related Parties (continued)

### (b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	Expenses \$	Revenue \$	Balance outstanding Owed to the Company \$	Owed by the Company \$
<b>Subsidiaries</b>				
Loan to Tymlez Holding B.V.	-	177,696	5,319,318	-

### (c) Loans to/from related parties

Unsecured loans are made to the ultimate parent entity, subsidiaries, key management personnel and other related parties on an arm's length basis.

	Note	Opening balance \$	Closing balance \$	Interest paid/payable \$
<b>Loans from ultimate parent *</b>				
2018	16	-	-	-
2017	16	-	407,976	-
<b>Loans to subsidiary **</b>				
2018	28(b)	2,976,568	5,319,318	177,696
2017		-	2,976,568	16,824

\* This amount was subsequently settled via a debt to equity swap with Tyhold 2 B.V. (a director-related entity) on 25 January 2018. The original loan of EUR 265,696 converted at the spot rate on 25 January 2018 to A\$412,413, was converted at A\$0.10 per share to 4,124,133 fully paid ordinary shares in the Company as full settlement of the outstanding loan balance. No interest was paid or payable on this loan.

\*\* This loan is unsecured and interest is charged monthly in arrears on the outstanding portion of the loan account at 5% per annum. There are no fixed repayment terms in respect of the outstanding loan balance and the maximum outstanding balance in the loan is capped at EUR 3,500,000 (equivalent to A\$5,665,264).

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **29 Auditors' Remuneration**

	<b>2018</b>	<b>13 November - 31 December 2017</b>
	<b>\$</b>	<b>\$</b>
Remuneration of the auditor HLB Mann Judd, for:		
- auditing or reviewing the financial statements	<b>34,500</b>	10,000
- taxation services	<b>3,000</b>	-
- due diligence services	<b>29,000</b>	-
	<b>66,500</b>	10,000
Remuneration of other auditors (HLB Network Firms) of subsidiaries for:		
- auditing or reviewing the financial statements of subsidiaries	<b>91,767</b>	47,510
	<b>91,767</b>	47,510
<b>Total auditors' remuneration</b>	<b>158,267</b>	57,510

#### **30 Leasing Commitments**

##### **Operating Leases**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	<b>122,302</b>	39,971
- between one year and five years	<b>348,416</b>	-
- later than five years	<b>344,002</b>	-
<b>Total minimum lease payments</b>	<b>814,720</b>	39,971

Operating leases were in place for the following:

- The Group commenced a new lease at a new location in Amsterdam, the Netherlands from 1 August 2018 for a period of 2 years at a rate of EUR1,604 per month.
- The Group commenced a new lease at a new location in Weinheim, Germany from 21 February 2018 for a period of 10 years at a rate of EUR4,250.49 per month.
- The Group commenced a new lease in Washington, United States of America from 1 January 2018 for a period of 1.5 years at a rate of USD999 per month.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2018**

#### **31 Contingencies**

##### **Contingent Liabilities**

During the reporting period ended 31 December 2017, the Group reported contingent liabilities in relation to performance shares to be issued to Peak Asset Management Pty Ltd ("Peak"), the lead broker/manager assisting in the fund raising campaigns of the Group, in particular the successful Initial Public Offering ("IPO") that was completed in December 2018. Per the original terms of Peak's engagement, it was agreed that the Company will issue performance shares to Peak upon achievement of certain milestones. This condition was later revised in a variation to the agreement executed in October 2018, which removed the requirement of the original milestones and replaced them with one milestone, being the successful completion of the IPO and the Company being admitted to the official list of the ASX. On admission to the ASX, Peak was issued 2,000,000 full paid ordinary shares and 2,000,000 options in the Company and this has been provided for and recorded in the accounts.

Based on the satisfaction of the above, in the opinion of the Directors, the Company did not have any contingencies at 31 December 2018.

#### **32 Events Occurring After the Reporting Date**

The consolidated financial report was authorised for issue on 29 March 2019 by the board of directors.

Except for the matters outlined under the heading of "Matters or circumstances arising after the end of the period" in the Directors' Report, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

#### **33 Parent entity**

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

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

##### **Investments in subsidiaries, associates and joint ventures**

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the consolidated financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

## Notes to the Financial Statements

### For the Year Ended 31 December 2018

#### 33 Parent entity (continued)

	2018 \$	2017 \$
<b>Statement of Financial Position</b>		
<b>Assets</b>		
Current assets	9,265,418	3,324,758
Non-current assets	6,730,019	6,553,886
<b>Total Assets</b>	<b>15,995,437</b>	<b>9,878,644</b>
<b>Liabilities</b>		
Current liabilities	431,318	636,181
<b>Total Liabilities</b>	<b>431,318</b>	<b>636,181</b>
<b>Equity</b>		
Issued capital	14,488,706	8,860,248
Retained earnings/(Accumulated losses)	197,594	(43,671)
Deferred consideration shares reserve	602,019	425,886
Options reserve	275,800	-
<b>Total Equity</b>	<b>15,564,119</b>	<b>9,242,463</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Total profit/(loss) for the year/period	241,265	(43,671)
<b>Total Comprehensive Income</b>	<b>241,265</b>	<b>(43,671)</b>

#### Guarantees

The parent entity has provided a letter of financial support to enable Tymlez Holdings B.V. to prepared their financial statements on the going concern basis.

#### Contingent liabilities

The parent entity did not have any contingent liabilities as at 31 December 2018 other than those outlined in Note 31.

#### Contractual commitments

The parent entity did not have any commitments as at 31 December 2018.

## **Tymlez Group Limited**

ABN 37 622 817 421

### **Notes to the Financial Statements For the Year Ended 31 December 2018**

#### **34 Statutory Information**

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

Tymlez Group Limited  
c/o Moray & Agnew  
Level 6, 505 Little Collins Street  
Melbourne VIC 3000

The principal place of business is:

Tymlez Group Limited  
Unit 1B  
Level 1, 2015 Johnston Street  
Fitzroy VIC 3065

Directors' Declaration

The directors of the Company declare that:

- 1. the consolidated financial statements and notes for the year ended 31 December 2018 are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the consolidated financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - b. give a true and fair view of the financial position and performance of the consolidated group;
- 2. the Chief Executive Officer and Chief Finance Officer have given the declarations required by Section 295A of the *Corporations Act 2001*.
- 3. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Executive Director & CEO ..... Michael Reh

Non-Executive Chairman ..... Rodney Hannington

Dated this 29th day of March 2019

## **Independent Auditor's Report to the Members of Tymlez Group Limited**

### **REPORT ON THE AUDIT OF THE FINANCIAL REPORT**

#### **Opinion**

We have audited the financial report of Tymlez Group Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2018, 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:

- a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
- b) 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.

#### **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.

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#### **HLB Mann Judd (VIC Partnership) ABN 20 696 861 713**

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Key Audit Matter	How our audit addressed the key audit matter
<b>Accounting for capitalised development costs and impairment assessment</b> Refer to note 12, Non-current assets – Intangible assets	
<p>During the year ended 31 December 2018, the Group continued to develop the Tymlez Platform for developing and managing distributed ledger applications held by one of its subsidiaries, Tymlez Holding B.V..</p> <p>The directors considered the requirements of <i>AASB 138 Intangible assets</i> to assess if the expenditure incurred during the year met the definition of “development” costs as per the requirements of the standard. The directors concluded that the expenditure incurred during the year met the development criteria of <i>AASB 138</i> paragraph 57 and therefore the expenditure was capitalised as development costs.</p> <p>The directors also assessed whether there was any indication that the capitalised intangible asset may be impaired, taking into consideration the impairment indicators listed in <i>AASB 136 Impairment of assets</i>. It was concluded that no impairment indicators were identified.</p> <p>Due to the significant judgement required in determining the satisfaction of the development criteria within <i>AASB 138</i>, and in assessing the intangible asset for impairment in accordance with <i>AASB 136</i>, the capitalisation of development costs and associated impairment considerations were assessed to be a key audit matter.</p>	<p>We assessed management’s evaluation of the adopted accounting treatment and performed the following procedures amongst others:</p> <ul style="list-style-type: none"> <li>• Reviewed management’s processes and procedures in place to determine if costs are to be capitalised as development costs;</li> <li>• Assessed whether costs incurred met the conditions for capitalising or expensing in accordance with <i>AASB 138 Intangible Assets</i>;</li> <li>• Tested, on a sample basis, the value of research and development expenditure incurred; and</li> <li>• Reviewed and evaluated management’s assessment for impairment and evaluated the reasonableness of the factors considered in conjunction with our knowledge of the business.</li> </ul>

#### Information Other than the Financial Report and Auditor’s Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 31 December 2018, but does not include the financial report and our 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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **REPORT ON THE REMUNERATION REPORT**

### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 8 to 14 of the directors' report for the year ended 31 December 2018.

In our opinion, the Remuneration Report of Tymlez Group Limited for the year ended 31 December 2018 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.



**HLB Mann Judd**  
**Chartered Accountants**

Melbourne  
29 March 2019



**Jude Lau**  
**Partner**

## Additional Information for Listed Public Companies

### For the Year Ended 31 December 2018

#### ASX Additional Information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 25 March 2019.

#### Substantial shareholders

The number of substantial shareholders and their associates are set out below:

Shareholders	Number of shares	% of issued shares
Tyhold 2 B.V., Timeless-Systems GmbH and Mr Michael Reh	65,404,233	50.05 %
Tyhold 2 B.V., Fergil B.V. and Mr Reinier van der Drift	65,404,233	50.05 %
Hamilton Hawkes Pty Ltd <Whitcombe Family A/c> and Whitcombe Super Investments Pty Ltd <Whitcombe Super Fund A/c>	6,592,188	5.04 %

#### Voting rights

##### Ordinary Shares

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.

##### Options

No voting rights.

#### Distribution of equity security holders - ordinary shares

Analysis of numbers of equity security holders by size of holding:

Holding	Number of Holders	Number of Units	% of Total Issued Capital
1 - 1,000	6	3,503	- %
1,001 - 5,000	58	166,856	0.13 %
5,001 - 10,000	68	590,616	0.45 %
10,001 - 100,000	330	14,225,547	10.89 %
100,001 and over	117	115,693,449	88.53 %
<b>Total</b>	<b>579</b>	<b>130,679,971</b>	<b>100.00 %</b>

Based on the price per security, there were 18 holders of less than a marketable parcel of ordinary shares. This equates to a total of 21,591 ordinary shares (0.02% of total issued capital).

## Additional Information for Listed Public Companies

For the Year Ended 31 December 2018

### Twenty largest shareholders - Ordinary shares

The names of the twenty largest holders of quoted equity securities are listed below:

	Ordinary Shares Number Held	% of issued shares
Tyhold 2 B.V.	65,404,233	50.05 %
Hamilton Hawkes Pty Ltd <Whitcombe Family A/c>	5,299,388	4.06 %
10 Bolivianos Pty Ltd	3,385,844	2.59 %
Vadlamudi (Medical) Pty Ltd <Ramineni Super Fund A/c>	2,672,694	2.05 %
Mr Graham John Walker	2,517,954	1.93 %
Mr Peter Anthony	2,000,000	1.53 %
Granet Superannuation and Investment Services PL <Granet Super Fund A/c>	1,723,318	1.32 %
Rouse Equities Pty Ltd <Rouse Investment Trust>	1,659,727	1.27 %
Pyxis Holdings Pty Ltd <The Mapletree A/c>	1,602,572	1.23 %
Burrwood Investment Pty Ltd <Burrwood Investments A/c>	1,472,694	1.13 %
Mr Carlo Chiodo	1,378,529	1.05 %
Whitcombe Super Investments Pty Ltd <Whitcombe Super Fund A/c>	1,292,800	0.99 %
Freedom Trader Pty Ltd	1,277,497	0.98 %
Mr James Richard Odum & Mrs Wendy Ann Marquenie & Ms Melissa Marie Odum <JVO Super A/c>	1,100,863	0.84 %
Pyxis Holdings Pty Ltd	1,019,795	0.78 %
Mr Gavin Jeremy Dunhill	800,000	0.61 %
Limmershin Pty Ltd	684,717	0.52 %
Mrs Poh Choo Kee	665,000	0.51 %
Mr Ryan Evans	620,000	0.47 %
Klockmann Investments Pty Ltd <Klockmann Family Super A/c>	568,182	0.43 %
<b>Total</b>	<b>97,145,807</b>	<b>74.34 %</b>
<b>Total issued capital</b>	<b>130,679,971</b>	<b>100.00 %</b>

### Unissued equity securities

Options issued: 2,000,000 unlisted options exercisable at \$0.35 expiring 11 December 2022.

### Securities exchange

The Company is listed on the Australian Securities Exchange.