

Tymlez Group Limited

ABN 37 622 817 421

Annual Report

For the Year Ended 31 December 2019

Tymlez Group Limited

ABN 37 622 817 421

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Corporate Governance Statement

For the Year Ended 31 December 2019

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 2019 corporate governance statement is dated as at 31 December 2019 and reflects the corporate governance practices in place throughout the 2019 financial year. The 2019 corporate governance statement was approved by the Board on 31 March 2020. 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

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Directors' Report For the Year Ended 31 December 2019

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 2019.

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:

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; 150,000 unlisted options exercisable at \$0.35 expiring 15 March 2021
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

Justyn Peter Stedwell

Qualifications	(Appointed 29 November 2019) 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	10,000 unlisted options exercisable at \$0.35 expiring 15 March 2021
Special responsibilities	Non-Executive Director; Company Secretary
Other current directorships in listed entities	I-Global Holdings Limited (NSX: IGH)
Other directorships in listed entities held in the previous three years	ECS Botanics Holdings Ltd (ASX: ECS) - Formerly known as Axxis Technology Group Ltd (ASX: AYG) (Resigned 15 July 2019)

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Directors' Report

For the Year Ended 31 December 2019

Information on directors (continued)

Jitze Jongsma	(Appointed 29 November 2019)
Qualifications	Masters degree in Business Economics, Erasmus University Rotterdam; Post-masters degree in Auditing, Erasmus University Rotterdam
Experience	Jitze started his career as an auditor and a management consultant at KPMG. After that, he founded a mid-sized auditing and consulting company. In 2011, Jitze has founded an investment company that helped scalable companies to become successful. Jitze is involved with Tymlez since late 2016.
Interest in shares and options	90,000 unlisted options exercisable at \$0.35 expiring 15 March 2021
Special responsibilities	Managing Director; Chief Financial Officer
Other current directorships in listed entities	N/A
Other directorships in listed entities held in the previous three years	N/A
Niv Dagan	(Appointed 29 November 2019)
Qualifications	Bachelor of Commerce (Honours of Finance), University of Melbourne; RG146, KAPLAN ASX Derivates 1+2
Experience	Prior to founding CoPeak in 2013, Niv headed up HC Securities; spent three years growing its capital markets division and worked on the wholesale desk at Macquarie Bank, servicing a wide range of institutional, intermediary and offshore clients. Niv takes an active approach in managing client funds and is passionate about backing strong management teams that deliver shareholder value. Niv's focus is identifying great companies that are traditionally not offered to retail and institutional investors and sees a large opportunity in assisting Australian companies expand their presence in the North American markets.
Interest in shares and options	5,911,081 ordinary shares; 1,050,000 unlisted options exercisable at \$0.35 expiring 11 December 2022; 1,022,740 listed options (TYMO) exercisable at \$0.065 expiring 31 December 2023
Special responsibilities	Non-Executive Director
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 2019

Information on directors (continued)

Michael Reh	(Resigned 15 November 2019)
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; 150,000 unlisted options exercisable at \$0.35 expiring 15 March 2021
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
Daniel Charles Dickens	(Resigned 29 November 2019)
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

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Directors' Report

For the Year Ended 31 December 2019

Information on directors (continued)

Rodney Hannington	(Resigned 29 November 2019)
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 Chairman - Lifespot Health Limited (ASX: LSH)
Other directorships in listed entities held in the previous three years	Non-Executive Director - Eagle Health Holdings Limited (ASX: EHH) (Resigned 18 November 2019)

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 \$6,719,585 (2018: \$2,323,092).

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 \$340K, with the addition of contracts signed in 2019 to be recognised in 2020, total sales effort in 2019 generated sales of \$514K. Reported revenues for the period were \$307K compared to \$399K in 2018.

Directors' Report

For the Year Ended 31 December 2019

Review of operations (continued)

The consolidated loss of the Group after providing for income tax amounted to a loss for the year of \$6.72M. Activities in 2019 included product development, client project execution and business development activities. This amount consists of a loss due to impairment of \$2.2M. To better reflect the current financial position of the Group, the Directors have decided not to capitalise any expenditure incurred in development as intangible assets during the 2019 financial year.

On 19 September 2019, the integration of the TYMLEZ platform with SAP HANA® became available and form a cornerstone of the Tymlez multi-layer-strategy.

On 25 September 2019, Tymlez has announced the appointment of MatrixThread Pty Ltd as a technology partner for the Australian market. MatrixThread is a Melbourne-based IT solution provider specialising in Distributed Ledger Technology (DLT), Artificial Intelligence (AI), Machine Learning and Cloud Infrastructure. The leadership team at MatrixThread has experience in enterprise resource planning (ERP) system implementation, enterprise program management and IT Architecture Design.

On 6 November 2019, Tymlez has announced that the Vrije Universiteit of Amsterdam (over 25,000 students) has incorporated the TYMLEZ Blockchain Solution Platform as a teaching foundation for building smart contracts.

In the ASX announcement on 29 October 2019, the Group informed the market about its renewed strategy for 2020 and the restructuring of the Group to fit the newly defined goals. While the majority of the investments in previous years were to develop a great software stack and maturing the partnerships with Google, HPE and SUSE, the Group informed its investor base of its intention to pivot to consultative selling. Part of the strategy is bringing the TYMLEZ Blockchain Software Development Platform live on Google Cloud Marketplace and work towards bringing Blockchain in a Box in joint development with HP Enterprise to the first customers in 2020.

The restructuring results will come into effect from 1 March 2020 and the Group will continue optimising the organisation further. Over the course of the next few weeks, we will update the market on these partnerships and current commercial developments. For now, the monthly costs have been decreased by about \$100K. In the near future, some, although to a smaller extent, further costs cuttings should be possible.

In November 2019, structure of the Group was changed when Mr Michael Reh left the Group and Mr Reinier van der Drift, together with Mr Jitze Jongsma, took charge of the necessary changes. Mr Jitze Jongsma was asked to join the Board as an executive Board member. Also, Mr. Skip Middleton, a turnaround specialist, joined the Board as an advisor.

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 125,000 fully paid ordinary shares at \$0.22 each as settlement of an outstanding debts owing to Peak Asset Management Pty Ltd ("Peak"); and
- ii) Issue of 15,068,182 fully paid ordinary shares at \$0.044 each with one free attaching listed option with an exercise price of \$0.065 expiring on 31 December 2023 (TYMO) under private placement

Matters or circumstances arising after the end of the period

On 6 January 2020, 1,910,505 ordinary shares at \$0.044 per share was issued as a result of the rights issue and the eligible shareholders shortfall offer which occurred in December 2019. Together with the ordinary shares, 1,910,505 attaching Class D listed options exercisable at \$0.065 per option expiring 31 December 2023 were issued to the same shareholders pursuant to the conditions attached to the rights issue and shortfall offer.

Directors' Report

For the Year Ended 31 December 2019

Matters or circumstances arising after the end of the period (continued)

On 17 January 2020, Tymlez announced that it has been awarded a government grant from the province of North Holland to develop and drive a technology called "Swarm Learning" or "distributed Artificial Intelligence". The grant of \$368,420 is awarded to partially fund the project that will be executed by TYMLEZ and Nico.Lab. TYMLEZ will receive \$177,379 out of this grant. Nico.Lab is a Dutch developer of StrokeViewerTM, an artificial intelligence engine and SAAS platform to analyse brain scans and advise on the treatment of strokes. The Nico.Lab technology processes large imaging files (up to 7Gb) centrally in the cloud, which might lead to scalability problems and because data is kept outside the hospitals premise, extensive measures regarding privacy compliance must be taken.

On 31 January 2020, 15,068,182 Class D listed options exercisable at \$0.065 per option expiring 31 December 2023 were issued to shareholders pursuant to the conditions attached to the private placement which occurred in November and December 2019.

On 27 March 2020, the Company announced that it has received binding commitments to raise A\$752,000 (before costs) through the issue of convertible notes with a conversion price of A\$0.008 per share ("the Placement"). The notes will convert to shares subject to shareholder approval for the conversion at the Company's upcoming Annual General Meeting (AGM). The notes will accrue an interest of 8% per annum and have a term of 6 months. If the conversion of notes to shares is not approved by shareholders, the principal and interest will be payable at the end of the term. The Company's directors, Mr Niv Dagan, Mr Jitze Jongsma, and Mr Reinier van der Drift, have each subscribed for \$30,000, \$18,000 and \$18,000 worth of notes respectively in the Placement, and similarly, the conversion of these notes to shares will be subject to shareholder approval at the Company's AGM. Peak Asset Management Pty Ltd, an entity associated with the Company's director, Mr Niv Dagan, acted as lead manager to the Placement and will be paid a fee equal to 6% of the funds raised. This will be paid via an issue of the Company's shares at \$0.008 per share, subject to shareholder approval.

In the week commencing 16 March 2020, the Australian Government, together with State and Territory Premiers, announced a series of measures aimed at preventing the spread of COVID-19. Governments of other countries where the Group is active, such as The Netherlands, Germany and the USA have also announced similar measures. These measures create uncertainties that are new to the Group. Eventhough the Group is primarily focused on the online, decentralized business concept, the Group want to acknowledge that as a result of the current global situation, business may slow down. For this reason, management has performed a risk assessment and formed alternative forecast scenarios that can be used as guidelines for the near future.

In addressing and implementing the necessary changes to ensure the Group complies with these measures, the Board has agreed to implement, amongst others, the following:

- The Group will, where eligible, apply for any financial assistance provided by the governments in The Netherlands and Germany. These may be in the form of tax holidays, grants and other instruments as announced by the respective governments;
- Travel and marketing costs will be reduced;
- Where possible and fair, suppliers will be asked to accept late(r) repayments; and
- Costs of development will be reduced.

Management is still in the process of quantifying the other possible impacts associated with the implementation of these measures and have estimated the resulting impact (financial and operational) that this might have on the Group's future results and financial position, which include the following:

- The reduction in costs for the year are projected to offset the decrease in revenues; and
- Development will take place at a slower pace.

Directors' Report

For the Year Ended 31 December 2019

Matters or circumstances arising after the end of the period (continued)

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 Board remains confident that the approved budgets and deployed resources will continue to maintain the encouraging momentum that has been seen in 2019.

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, 16 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
Reinier van der Drift	16
Justyn Peter Stedwell * (Appointed 29 November 2019)	14
Jitze Jongsma (Appointed 29 November 2019)	-
Niv Dagan (Appointed 29 November 2019)	-
Michael Reh (Resigned 15 November 2019)	-
Daniel Charles Dickens (Resigned 29 November 2019)	15
Rodney Hannington (Resigned 29 November 2019)	12
	16
	16

* In the capacity as a director of the Company.

Indemnification and insurance of officers and auditors

On 22 November 2019, 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.

Directors' Report

For the Year Ended 31 December 2019

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
16 January 2019	15 March 2021	\$0.35	930,000
14 May 2019	15 March 2021	\$0.35	300,000
30 July 2019	15 March 2021	\$0.35	90,000
15 November 2019	31 December 2023	\$0.07	13,863,638
03 December 2019	31 December 2023	\$0.07	1,204,544
27 December 2019	31 December 2023	\$0.07	1,910,505
			<hr/>
			20,298,687

Details of option issues

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

For details of options issued to directors and other key management personnel as remuneration during the year ended 31 December 2019, refer to the remuneration report (31 December 2018: 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.

Directors' Report

For the Year Ended 31 December 2019

Remuneration report (audited) (continued)

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

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.

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;

Directors' Report

For the Year Ended 31 December 2019

Remuneration report (audited) (continued)

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

- 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.

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.

New accounting standards implemented

The Group has implemented one new accounting standard that is applicable for the current reporting period. AASB 16 Leases has been applied retrospectively with the cumulative impact recognised as an adjustment to accumulated losses as at 1 January 2019. The comparatives have not been restated as a result.

Directors' Report

For the Year Ended 31 December 2019

Remuneration report (audited) (continued)

The following table shows the gross revenue, profits and dividends for the last 24 months for the Group, as well as the share prices at the end of the respective financial years.

	2019	2018
	\$	\$
Revenue	306,921	398,500
Net Profit/(Loss)	(6,719,585)	(2,323,092)
Share Price at Year-end	0.04	0.16
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 12 and 15.

Key Management Personnel - Directors and Executives

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

Non-Executive Directors	Position
Justyn Peter Stedwell (Appointed 29 November 2019)	Non-Executive Director, Company Secretary
Niv Dagan	Non-Executive Director
Rodney Hannington (Resigned 29 November 2019)	Non-Executive Chairman
Daniel Charles Dickens (Resigned 29 November 2019)	Non-Executive Director and Audit and Risk Committee Chair
Executive Directors	Position
Reinier van der Drift	Executive Director; Chief Executive Officer
Jitze Jongsma	Managing Director, Chief Financial Officer
Michael Reh (Resigned 15 November 2019)	Executive Director; Chief Executive Officer

Key Management Personnel - Service Agreements

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 Management Services Agreement - Mr Jitze Jongsma (Managing Director) - From 1 April 2019

Tymlez Holding 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 the proper management of Tymlez Holding. In connection with such agreement, Mr Jongsma has been appointed as a Managing Director of the Company and is entitled to a fee of €12,500 per month pursuant to such agreement.

Mr Jongsma was appointed Managing Director of Tymlez Holding B.V. from 1 April 2019 and subsequently appointed Executive Director of the Company on 29 November 2019. There was no change to the service agreement as a result of the subsequent appointment.

Directors' Report

For the Year Ended 31 December 2019

Remuneration report (audited) (continued)

Details of remuneration (continued)

Director's Management Services Agreement - Mr Justyn Stedwell (Non-Executive Director) - Appointed 29 November 2019

The Company has entered into a Service Agreement with Mr Justyn Peter Stedwell on 29 November 2019 in relation to his appointment as Non-Executive Director of the Company. Pursuant to such agreement, Mr Stedwell shall be entitled to directors' fees of \$1,000 (inclusive of superannuation) per month.

Director's Management Services Agreement - Mr Niv Dagan (Non-Executive Director) - Appointed 29 November 2019

The Company has entered into a Service Agreement with Mr Niv Dagan on 29 November 2019 in relation to his appointment as Non-Executive Director of the Company. Pursuant to such agreement, Mr Stedwell shall be entitled to directors' fees of \$2,738 (inclusive of superannuation) per month.

Director's Management Services Agreement - Mr Michael Reh (Executive Director) - Resigned 15 November 2019

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 Service Agreement - Mr Rodney Hannington (Non-Executive Chairman) - Resigned 29 November 2019

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) - Resigned 29 November 2019

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) - From 1 January - 31 March 2019

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.

Mr Jongsma was appointed Managing Director of Tymlez Holding B.V. from 1 April 2019 and as a result, a new service agreement was entered into on that date (see above for more details).

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.

Directors' Report

For the Year Ended 31 December 2019

Remuneration report (audited) (continued)

Remuneration details for the year

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	Share Based Payments	
	Cash Salary and Fees	Leave Provision	Cash Bonus	Superannuation Contributions	Shares/Options	Total
	\$	\$	\$	\$	\$	\$
2019						
Directors						
<i>Executive Directors:</i>						
Reinier van der Drift	241,619	-	-	-	6,390	248,009
Jitze Jongsma	240,735	-	-	-	752	241,487
Michael Reh	201,349	-	-	-	6,390	207,739
<i>Non-Executive Directors:</i>						
Justyn Peter Stedwell	35,288	-	-	87	449	35,824
Niv Dagan *	2,500	-	-	238	-	2,738
Rodney Hannington	49,560	-	-	5,029	3,834	58,423
Daniel Charles Dickens	29,268	-	-	3,014	2,982	35,264
Total	800,319	-	-	8,368	20,797	829,484

* Niv Dagan is an executive director of Peak Asset Management Pty Ltd ("Peak") which has acted as lead manager and consultant to the Group during the year. During the year, Peak received a total of \$440,553 in capital raising fees and \$55,688 in consultancy fees.

2018

Directors

Executive Directors:

Michael Reh	236,921	-	-	-	-	236,921
Reinier van der Drift	236,921	-	-	-	-	236,921

Non-Executive Directors:

Rodney Hannington	17,507	-	-	479	-	17,986
Daniel Charles Dickens	20,830	-	-	287	-	21,117

Other KMP

Jitze Jongsma	204,194	-	-	-	-	204,194
Justyn Peter Stedwell	9,314	-	-	-	-	9,314
Total	725,687	-	-	766	-	726,453

None of the remuneration paid to key management personnel for the year ended 31 December 2019 is related to the performance of the Group (31 December 2018: None).

Directors' Report

For the Year Ended 31 December 2019

Remuneration report (audited) (continued)

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 performance-based as part of their remuneration package.

Options and rights granted

Grant details			For the financial year ended 31 December 2019					Overall		
			Value	Lapsed	Lapsed	Vested	Unvested	Vested	Unvested	Lapsed
		No.	\$	No.	\$	No.	No.	%	%	%
Date			(Note 1)		(Note 2)					
Key Management Personnel										
Reinier van der Drift	14 May 2019	150,000	6,390	-	-	150,000	-	100		
Jitze Jongsma	30 July 2019	90,000	752	-	-	-	90,000		100	
Justyn Peter Stedwell	16 January 2019	10,000	449	-	-	-	10,000		100	
Niv Dagan		-	-	-	-	-	-			
Michael Reh	14 May 2019	150,000	6,390	-	-	150,000	-	100		
Rodney Hannington	14 May 2019	90,000	3,834	90,000	3,834	-	-			100
Daniel Charles Dickens	14 May 2019	70,000	2,982	70,000	2,982	-	-			100
				160,000	6,816	300,000	100,000			

Tymlez Group Limited

ABN 37 622 817 421

Directors' Report

For the Year Ended 31 December 2019

Remuneration report (audited) (continued)

Key management personnel options and rights holdings

31 December 2019	Balance at beginning of year	Granted as remuneration	Exercised	Other changes	Balance at the end of year	Vested during the year	Vested and exercisable
	No.	No.	No.	No.	No.	No.	No.
Directors							
Executive Directors:							
Reinier van der Drift	-	150,000	-	-	150,000	150,000	150,000
Jitze Jongsma	-	90,000	-	-	90,000	-	-
Michael Reh	-	150,000	-	-	150,000	150,000	150,000
Non-Executive Directors:							
Justyn Peter Stedwell	-	10,000	-	-	10,000	-	-
Niv Dagan *	-	-	-	1,050,000	1,050,000	-	-
Rodney Hannington	-	90,000	-	(90,000)	-	-	-
Daniel Charles Dickens	-	70,000	-	(70,000)	-	-	-
Total	-	560,000	-	890,000	1,450,000	300,000	300,000

* Niv Dagan was appointed as non-executive Director on 29 November 2019. As required by the ASX Listing Rules, Niv provided the Group with an Appendix 3X *Initial Director's Interest Notice* detailing his interests in the Group's securities on the date of his appointment. The interests in respect of Niv are therefore as at 29 November 2019. Further, as part of the private placement which occurred in December 2019, there is an agreement to issue 1,022,740 (1:1) attaching options with an exercise price of \$0.065 expiring on 31 December 2023 to Mr Niv Dagan. These options were subsequently issued on 31 January 2020.

There were no options issued to key management personnel during the year ended 31 December 2018.

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:

31 December 2019	Balance at beginning of year	On exercise of options	Other changes during the year	Balance at end of year
Directors				
Executive Directors:				
Reinier van der Drift *	32,702,116	-	-	32,702,116
Jitze Jongsma	-	-	-	-
Michael Reh *	32,702,117	-	-	32,702,117
Non-Executive Directors:				
Justyn Peter Stedwell	-	-	-	-
Niv Dagan **	-	-	5,911,081	5,911,081
Rodney Hannington	-	-	-	-
Daniel Charles Dickens	400,000	-	-	400,000
	-	-	-	-
	-	-	-	-
Total	65,804,233	-	5,911,081	71,715,314

Directors' Report

For the Year Ended 31 December 2019

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.

** Niv Dagan was appointed as non-executive Director on 29 November 2019. As required by the ASX Listing Rules, Niv provided the Group with an Appendix 3X *Initial Director's Interest Notice* detailing his interests in the Group's securities on the date of his appointment. The interests in respect of Niv are therefore as at 29 November 2019.

KMP related party transactions

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

- Key management personnel (KMP), except for those stated below;
- 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.

Transactions (excluding loans)

Transaction type	Terms and conditions*	Name of KMP	Amount \$
Niv Dagan is an executive director of Peak Asset Management Pty Ltd ("Peak") which acted as the Group's lead manager and consultant, during the year. Peak received the following fees, both before and after Niv's appointment as director:			
Capital raising fees	6% of total funds raised (plus 10% GST)	Niv Dagan	440,553
Consultancy fees	\$5,000 per month (plus 10% GST)	Niv Dagan	55,688

* The transactions are on normal commercial terms and conditions no more favourable than those available to other parties.

Income and expenses related to KMP transactions

Transaction type	Expense recognised \$	Amount of expenses relating to:	
		Interest \$	Bad debts \$
Consultancy fees	55,688	-	-

Assets and liabilities related to KMP transactions

Transaction type	Current liabilities \$	Non-current liabilities \$
Accrued expenses - capital raising fees	48,976	-

End of Audited Remuneration Report

Directors' Report

For the Year Ended 31 December 2019

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 2019 has been received and can be found on page 19 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 27 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:

Reinier van der Drift

Managing Director & CFO:

Jitze Jongsma

Dated this 31st day of March 2020

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 2019, 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 period.



HLB Mann Judd
Chartered Accountants



Jude Lau
Partner

Melbourne
31 March 2020

hlb.com.au

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2019

	Note	2019 \$	2018 \$
Continuing Operations			
Revenue	5	306,921	398,500
Other income		2,074	-
Employee benefits expense		(2,286,297)	(1,024,264)
Depreciation and amortisation expense	6	(655,803)	(231,598)
Impairment loss on non-current assets	6	(2,227,383)	-
Management fees		(540,360)	(511,098)
Occupancy expenses		(35,979)	(76,397)
Office expenses		(120,376)	(108,856)
Operating expenses		-	(39,171)
Professional fees		(502,529)	(286,532)
Selling and distribution expenses		(367,199)	(368,020)
Other expenses		(271,341)	(62,676)
Finance costs	6	(22,573)	(11,745)
Loss before income tax		(6,720,845)	(2,321,857)
Income tax (expense)/benefit	7	1,260	(1,235)
Loss for the year		(6,719,585)	(2,323,092)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified to profit or loss when specific conditions are met			
Exchange differences on translating foreign controlled entities	17	(2,219)	155,167
Other comprehensive income/(loss) for the year, net of tax		(2,219)	155,167
Total comprehensive income/(loss) for the year		(6,721,804)	(2,167,925)
Profit/(loss) attributable to:			
Members of the parent entity		(6,719,585)	(2,323,092)
		(6,719,585)	(2,323,092)
Total comprehensive income attributable to:			
Members of the parent entity		(6,721,804)	(2,167,925)
		(6,721,804)	(2,167,925)
Earnings per share:			
Basic, loss for the year attributable to ordinary equity holders of the parent (cents)	8	(5.07)	(2.08)
Diluted, loss for the year attributable to ordinary equity holders of the parent (cents)	8	(5.07)	(2.08)
Earnings per share for continuing operations:			
Basic, loss from continuing operations attributable to ordinary equity holders of the parent (cents)	8	(5.07)	(2.08)
Diluted, loss from continuing operations attributable to ordinary equity holders of the parent (cents)	8	(5.07)	(2.08)

Consolidated Statement of Financial Position

As At 31 December 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	714,430	4,481,774
Trade and other receivables	10	199,679	239,640
Other assets	11	229,097	177,610
TOTAL CURRENT ASSETS		1,143,206	4,899,024
NON-CURRENT ASSETS			
Property, plant and equipment	12	-	87,894
Intangible assets	13	-	2,496,819
TOTAL NON-CURRENT ASSETS		-	2,584,713
TOTAL ASSETS		1,143,206	7,483,737
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	570,587	1,263,868
Borrowings	15	188,122	-
TOTAL CURRENT LIABILITIES		758,709	1,263,868
NON-CURRENT LIABILITIES			
Borrowings	15	144,167	-
TOTAL NON-CURRENT LIABILITIES		144,167	-
TOTAL LIABILITIES		902,876	1,263,868
NET ASSETS		240,330	6,219,869
EQUITY			
Issued capital	16	14,614,311	14,488,706
Reserves	17	(5,291,662)	(5,899,287)
Accumulated losses	18	(9,082,319)	(2,369,550)
TOTAL EQUITY		240,330	6,219,869

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity**For the Year Ended 31 December 2019**

	Note	Issued Capital \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Deferred Consideration Shares Reserve \$	Common Control Reserve \$	Total \$
Balance at 1 January 2019		14,488,706	(2,369,550)	154,918	275,800	602,019	(6,932,024)	6,219,869
Net profit/(loss) for the year	18	-	(6,719,585)	-	-	-	-	(6,719,585)
Total other comprehensive income for the year	17	-	-	(2,219)	-	-	-	(2,219)
Transactions with owners in their capacity as owners								
Contribution of equity, net of transaction costs	16	125,605	-	-	-	-	-	125,605
Issue of options	17	-	-	-	616,660	-	-	616,660
Lapsed options	17	-	6,816	-	(6,816)	-	-	-
Balance at 31 December 2019		14,614,311	(9,082,319)	152,699	885,644	602,019	(6,932,024)	240,330
Balance at 1 January 2018		8,860,248	(46,458)	(249)	-	425,886	(6,755,891)	2,483,536
Net profit/(loss) for the year	18	-	(2,323,092)	-	-	-	-	(2,323,092)
Total other comprehensive income for the year	17	-	-	155,167	-	-	-	155,167
Transactions with owners in their capacity as owners								
Contribution of equity, net of transaction costs	16	5,628,458	-	-	-	-	-	5,628,458
Issue of options	17	-	-	-	275,800	-	-	275,800
Adjustment to deferred consideration	17	-	-	-	-	176,133	(176,133)	-
Balance at 31 December 2018		14,488,706	(2,369,550)	154,918	275,800	602,019	(6,932,024)	6,219,869

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	339,675	492,400
Payments to suppliers and employees	(4,426,257)	(1,967,892)
Interest received	1,176	-
VAT and GST received/(paid)	221,027	(123,208)
Finance costs	(12,125)	(5,577)
Income taxes received/(paid)	1,260	(1,235)
Net cash provided by/(used in) operating activities	19(a) (3,875,244)	(1,605,512)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for intangible asset	-	(1,637,303)
Purchase of property, plant and equipment	(24,050)	(92,061)
Net cash provided by/(used in) investing activities	(24,050)	(1,729,364)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	658,000	5,397,647
Proceeds from borrowings	(122,722)	700,000
Payment of share issue costs	(415,197)	(413,337)
Net cash provided by/(used in) financing activities	120,081	5,684,310
Effects of exchange rate changes on cash and cash equivalents	11,869	106,447
Net increase/(decrease) in cash and cash equivalents held	(3,767,344)	2,455,881
Cash and cash equivalents at beginning of year	4,481,774	2,025,893
Cash and cash equivalents at end of financial year	9(a) 714,430	4,481,774

Notes to the Financial Statements

For the Year Ended 31 December 2019

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 31 March 2020.

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

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.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business, for a period of at least 12 months from the date the financial report is authorised for issue.

As at 31 December 2019, the Group has a net asset position of \$240,330 (2018: \$6,219,869) and its current assets exceed its current liabilities by \$384,497 (2018: \$3,635,156). During the financial year, the Group had cash outflows from operating activities of \$3,875,244 (2018: \$1,605,512), cash outflows from investing activities of \$24,050 (2018: \$1,729,364) and a net loss from operating activities of \$6,719,585 (2018: \$2,323,092). The decrease in the net asset position is largely due to an impairment of the non-current assets as the directors have decided that a situation where development costs are not capitalised provides a better representation of the Group's current financial position.

The Group has prepared a cash flow forecast for the period ending 31 December 2021, which indicates that, without either a bridge loan or further issue of shares, the Group may have insufficient funds to meet its expenditure commitments and to support its current level of corporate overheads. It therefore would need to raise additional funds in order to fund its growth and to continue as a going concern.

In the first quarter of 2020, the Group raised approximately \$84,000 via a rights issue and eligible shareholder shortfall offer.

Notes to the Financial Statements

For the Year Ended 31 December 2019

1 Basis of Preparation (continued)

Going concern (continued)

To address the future additional funding requirements of the Group, since 31 December 2019, the directors have undertaken the following initiatives:

- Driving revenue growth;
- Continue to monitor and control the Group's ongoing working capital requirements and expenditure commitments; and
- Continue management's focus on maintaining an appropriate level of corporate overheads in line with the Group's available cash resources.

The above initiatives have led to a some reduction in overhead costs.

The directors are confident that they will be able to complete the capital raising initiatives that will provide the Group with sufficient funding to meet its minimum expenditure commitments and support the planned level of overhead expenditures, and therefore, determine that it is appropriate to prepared the financial statements on the going concern basis.

In the event that the Group is unable to successfully complete the fundraising referred to above, a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will realise assets and discharge liabilities in the normal course of business and at the amounts shown in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

2 Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 1 January 2019, the adoption of these standards has not resulted in material adjustments to the reported financial position, performance or cash flow of the Group as outlined below.

The Group applies, for the first time, AASB 16 *Leases* that require restatement of previous financial statements. As required by AASB 134, the nature and effect of these changes are disclosed below. The new accounting policies that have been applied from 1 January 2019 are also disclosed below.

Several other amendments and interpretations applied for the first time in 2019, but did not have an impact on the consolidated financial statements of the Group.

AASB 16 Leases

The Group adopted AASB 16 from 1 January 2019 and elected to apply the modified retrospective approach as permitted under the specific transitional provisions in the standard. Under this approach, the right of use asset relating to the operating lease and the lease liability is measured at the present value of remaining lease payments and discounted using the Group's incremental borrowing rate at the date of initial application of AASB 16. As a result of applying the modified retrospective approach, there are no reclassifications or adjustments arising from the new leasing rules that are required to be recognised in the opening balance sheet on 1 January 2019. There is no impact on accumulated losses on 1 January 2019.

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Adoption of new and revised accounting standards (continued)

Adjustments recognised on adoption of AASB 16

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of AASB 117 *Leases*. As mentioned previously, these liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2019. The weighted average of the Group's incremental borrowing rate applied to all of the lease liabilities on 1 January 2019 was 5%.

	\$
Operating lease commitments disclosed as 31 December 2018 *	814,720
Discounted using the incremental borrowing rate at 1 January 2019	(22,116)
Less:	
Short-term leases recognised on a straight-line basis as expense	(8,586)
Adjustment of monthly rental charge rates	(54,925)
Adjustment to duration of lease	(412,803)
Lease liabilities recognised at 1 January 2019	316,290
Of which are:	
- Current lease liabilities	89,746
- Non-current lease liabilities	226,544
	316,290

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

*Included a lease where the intention was to extend the lease for a further term of 5 years.

The recognised right-of-use assets relate to the following types of assets:

	31 December 2019 \$	1 January 2019 \$
Properties	201,076	316,290
Total right-of-use assets	201,076	316,290

The asset was assessed to be impaired and the amount expensed in the 2019 financial year. The depreciation charged for the year in respect of recognised right-of-use assets was \$84,246.

Impact on segment disclosures and earnings per share

Adjusted EBITDA, segment assets and segment liabilities for December 2019 all increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities, whereas finance lease liabilities were previously excluded from segment liabilities.

	Adjusted EBITDA \$	Segment Assets \$	Segment Liabilities \$
Netherlands	20,854	-	-
Germany	69,042	-	205,838
	89,896	-	205,838

Earnings per share decreased by 0.16c per share for the twelve months to 31 December 2019 as a result of the adoption of AASB 16.

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Adoption of new and revised accounting standards (continued)

Adjustments recognised on adoption of AASB 16 (continued)

Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

The Group's leasing activities and how these are accounted for

The Group leases various offices in the Netherlands, Germany and USA. Rental contracts are typically made for fixed periods of between 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Adoption of new and revised accounting standards (continued)

Adjustments recognised on adoption of AASB 16 (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

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 22 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.

Notes to the Financial Statements

For the Year Ended 31 December 2019

3 Summary of Significant Accounting Policies (continued)

(b) Business combinations (continued)

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.

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.

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.

(c) Income Tax

The tax expense/benefit 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.

Notes to the Financial Statements

For the Year Ended 31 December 2019

3 Summary of Significant Accounting Policies (continued)

(c) Income Tax (continued)

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

Applicable for the year ended 31 December 2018

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.

Applicable for the year ended 31 December 2019

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

This involves an assessment of whether:

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

Lessee accounting

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2019

3 Summary of Significant Accounting Policies (continued)

(d) Leases (continued)

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

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

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

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

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

Exceptions to lease accounting

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

(e) Revenue and other income

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.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2019

3 Summary of Significant Accounting Policies (continued)

(e) Revenue and other income (continued)

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

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:

Notes to the Financial Statements

For the Year Ended 31 December 2019

3 Summary of Significant Accounting Policies (continued)

(i) Financial instruments (continued)

Financial assets (continued)

- 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 that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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 asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment 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 asset is more than 90 days past due.

Notes to the Financial Statements

For the Year Ended 31 December 2019

3 Summary of Significant Accounting Policies (continued)

(i) Financial instruments (continued)

Financial assets (continued)

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.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2019

3 Summary of Significant Accounting Policies (continued)

(j) Property, plant and equipment (continued)

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

Fixed asset class	Depreciation rate
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.

(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.

Notes to the Financial Statements

For the Year Ended 31 December 2019

3 Summary of Significant Accounting Policies (continued)

(l) Impairment of non-financial assets (continued)

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.

(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/(loss) attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

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

Notes to the Financial Statements

For the Year Ended 31 December 2019

3 Summary of Significant Accounting Policies (continued)

(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.

(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.

Notes to the Financial Statements

For the Year Ended 31 December 2019

3 Summary of Significant Accounting Policies (continued)

(q) Foreign currency transactions and balances (continued)

Group companies (continued)

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.

(r) New Accounting Standards and Interpretations for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The directors have decided against early adoption of these Standards, but does not expect the adoption of these standards to have any impact on the reported position or performance of the Group.

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 an impairment charge of \$2,227,383 was required to be recognised for the year ended 31 December 2019 as it was assessed that the expected future cash flows were not sufficient to support the carrying values of these assets (31 December 2018: \$NIL).

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.

Notes to the Financial Statements

For the Year Ended 31 December 2019

4 Critical Accounting Estimates and Judgements (continued)

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.

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

Revenue from continuing operations

	2019	2018
	\$	\$
Revenue from contracts with customers		
<i>Licence fees:</i>		
- Platform as a service	128,474	92,557
- Perpetual revenues	-	81,359
<i>Service fees:</i>		
- Setup and support revenues	18,363	29,093
- Consultancy and professional services	160,084	195,491
Total revenue	306,921	398,500

Notes to the Financial Statements

For the Year Ended 31 December 2019

5 Revenue (continued)

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from licence fees and service fees both over time and at a point in time. The following table disaggregates revenue by primary geographical market and the timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reporting segments.

	Reportable segments				Total reportable segments	All other segments	Total
	Australia	Netherlands	Germany	United States of America			
	\$	\$	\$	\$	\$	\$	\$
Year ended 31 December 2019							
Type of contract							
<i>Licence fees:</i>							
- Platform as a service	-	128,474	-	-	128,474	-	128,474
<i>Service fees:</i>							
- Setup and support revenues	-	18,363	-	-	18,363	-	18,363
- Consultancy and professional services	-	160,084	-	-	160,084	-	160,084
Revenue from contracts with customers	-	306,921	-	-	306,921	-	306,921
Timing of revenue recognition							
<i>At a point in time:</i>							
<i>- Licence fees:</i>							
<i>- Service fees:</i>							
- Setup and support revenues	-	18,363	-	-	18,363	-	18,363
- Consultancy and professional services	-	160,084	-	-	160,084	-	160,084
<i>Over time:</i>							
<i>- Licence fees:</i>							
- Platform as a service	-	128,474	-	-	128,474	-	128,474
Revenue from contracts with customers	-	306,921	-	-	306,921	-	306,921

Total revenue for the year ended 31 December 2019 is mainly derived from three individual external customers. These revenues are attributed to the Netherlands geographical segment from both licence fees and service fees.

Notes to the Financial Statements

For the Year Ended 31 December 2019

5 Revenue (continued)

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

	Reportable segments					
	Australia	Netherlands	Germany	United States of America	Total reportable segments	All other segments
	\$	\$	\$	\$	\$	\$
Year ended 31 December 2018						
Type of contract						
<i>Licence fees:</i>						
- Platform as a service	-	92,557	-	-	92,557	-
- Perpetual revenues	-	81,359	-	-	81,359	-
<i>Service fees</i>						
- Setup and support revenues	-	29,093	-	-	29,093	-
- Consultancy and professional services	-	195,491	-	-	195,491	-
Revenue from contracts with customers	-	398,500	-	-	398,500	-
Timing of revenue recognition						
<i>At a point in time:</i>						
- Licence fees:						
- Perpetual revenues	-	81,359	-	-	81,359	-
- Service fees:						
- Setup and support revenues	-	29,093	-	-	29,093	-
- Consultancy and professional services	-	195,491	-	-	195,491	-
<i>Over time:</i>						
- Licence fees:						
- Platform as a service	-	92,557	-	-	92,557	-
Revenue from contracts with customers	-	398,500	-	-	398,500	-

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.

Notes to the Financial Statements

For the Year Ended 31 December 2019

5 Revenue (continued)

(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:

	2019 \$	2018 \$
<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

The result for the year includes the following specific expenses:

Depreciation and amortisation expense:

- Depreciation - Plant and equipment	31,850	21,920
- Depreciation - Right-of-use asset	84,246	-
- Amortisation - Development costs	539,707	209,678
Total depreciation and amortisation expense	655,803	231,598

Finance costs:

- Banks and other third parties	12,125	11,745
- Lease liability	10,448	-
Total finance costs	22,573	11,745

Significant expenses:

Impairment loss on non-current assets	2,227,383	-
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7 Income Tax Expense

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

Profit/(loss) before income tax	(6,720,845)	(2,321,857)
Tax at Australian tax rate of 30%	(4,550,749)	72,380
Tax at Overseas tax rates	1,659,053	(518,107)
	(2,891,696)	(445,727)
Add tax effect of:		
- other non-allowable items	(53,935)	(104,618)
- other non-deductible expenses	1,496,358	1,650
- tax losses not brought to account	1,448,013	549,930
Income tax expense/(benefit)	(1,260)	1,235

Notes to the Financial Statements

For the Year Ended 31 December 2019

8 Earnings per Share

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

	2019	2018
	\$	\$
Loss from continuing operations	(6,719,585)	(2,323,092)
Earnings used to calculate basic EPS from continuing operations	(6,719,585)	(2,323,092)
Earnings used in the calculation of dilutive EPS from continuing operations	(6,719,585)	(2,323,092)

(b) Earnings used to calculate overall earnings per share

Earnings used to calculate overall earnings per share	(6,719,585)	(2,323,092)
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(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	2019	2018
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	132,589,622	111,869,895
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	132,589,622	111,869,895

(d) Earnings per share

	2019	2018
	Cents	Cents
Earnings per share:		
Basic, loss for the year attributable to ordinary equity holders of the parent	(5.07)	(2.08)
Diluted, loss for the year attributable to ordinary equity holders of the parent	(5.07)	(2.08)
Earnings per share for continuing operations:		
Basic, loss from continuing operations attributable to ordinary equity holders of the parent	(5.07)	(2.08)
Diluted, loss from continuing operations attributable to ordinary equity holders of the parent	(5.07)	(2.08)

Notes to the Financial Statements

For the Year Ended 31 December 2019

9 Cash and Cash Equivalents

	2019	2018
Note	\$	\$
Cash at bank	714,430	4,481,774
Total cash and cash equivalents	714,430	4,481,774

(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	9	714,430	4,481,774
Balance as per consolidated statement of cash flows		714,430	4,481,774

10 Trade and Other Receivables

CURRENT

Trade receivables	-	25,402
	-	25,402
Deposits	31,605	26,018
Taxes and social security	68,864	161,031
Funds held in trust	85,054	992
Other receivables	14,156	26,197
Total current trade and other receivables	199,679	239,640

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 24 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
31-60 days	-	-
91+ days (past due not impaired)	-	5,980
Total current trade receivables	-	25,402

Debtor days ratio (days)	15	84
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Notes to the Financial Statements

For the Year Ended 31 December 2019

11 Other Assets

	2019 \$	2018 \$
CURRENT		
Other	229,097	177,610
Total current other assets	229,097	177,610

12 Property, plant and equipment

Plant and equipment

At cost	137,461	114,806
Accumulated depreciation	(58,228)	(26,912)
Accumulated impairment losses	(79,233)	-
Total plant and equipment	-	87,894
Total property, plant and equipment	-	87,894

(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 \$
Year ended 31 December 2019		
Balance at the beginning of the year	87,894	87,894
Additions	24,050	24,050
Depreciation expense	(31,850)	(31,850)
Impairment loss	(79,818)	(79,818)
Foreign exchange movements	(276)	(276)
Balance at the end of the year	-	-
Year ended 31 December 2018		
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
Balance at the end of the year	87,894	87,894

Notes to the Financial Statements

For the Year Ended 31 December 2019

13 Intangible Assets

	2019 \$	2018 \$
Development costs		
Cost	2,678,745	2,711,698
Accumulated amortisation and impairment	(2,678,745)	(214,879)
Total Intangibles	-	2,496,819

(a) Movements in carrying amounts of intangible assets

	Development costs \$	Total \$
Year ended 31 December 2019		
Balance at the beginning of the year	2,496,819	2,496,819
Amortisation expense	(539,707)	(539,707)
Impairment loss	(1,945,002)	(1,945,002)
Foreign exchange movements	(12,110)	(12,110)
Closing value at 31 December 2019	-	-
Year ended 31 December 2018		
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
Closing value at 31 December 2018	2,496,819	2,496,819

14 Trade and Other Payables

	2019 \$	2018 \$
CURRENT		
<i>Unsecured liabilities:</i>		
Trade payables	178,035	459,282
Taxes and social security	27,560	-
Sundry payables and accrued expenses	280,930	804,586
Share subscription account	84,062	-
Total current trade and other payables	570,587	1,263,868

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 2019

15 Borrowings

	2019	2018
	\$	\$
CURRENT		
<i>Unsecured liabilities:</i>		
Insurance premium funding *	126,451	-
Lease liability	61,671	-
Total current borrowings	188,122	-
NON-CURRENT		
<i>Unsecured liabilities:</i>		
Lease liability	144,167	-
Total non-current borrowings	144,167	-

* Insurance premium funding has a fixed interest rate of 11.38% per annum.

16 Issued Capital

145,873,153 (2018: 130,679,971) fully paid ordinary shares	16,846,988	16,716,052
Share issue costs	(2,232,677)	(2,227,346)
Total issued capital	14,614,311	14,488,706

(a) Ordinary shares

	2019	2018
	No.	No.
At the beginning of the reporting year	130,679,971	90,515,100
Shares issued during the year:		
- Shares issued on private placement	15,068,182	-
- Issued to Tyhold 2 B.V. on conversion of loan	-	4,124,133
- Fourth round seed capital raising	-	790,000
- Conversion of convertible notes	-	4,707,791
- Conversion of debt payable to Lead Manager	125,000	2,104,876
- Shares issued on IPO	-	24,175,632
- Shares issued to Lead Manager	-	4,262,439
At the end of the reporting period	145,873,153	130,679,971

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.

Notes to the Financial Statements

For the Year Ended 31 December 2019

16 Issued Capital (continued)

(b) Capital Management (continued)

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.

17 Reserves

	2019 \$	2018 \$
Foreign currency translation reserve		
Opening balance	154,918	(249)
Exchange differences on translating foreign controlled entities	(2,219)	155,167
Closing balance	152,699	154,918
Option reserve		
Opening balance	275,800	-
Issue of options	616,660	275,800
Lapsed options	(6,816)	-
Closing balance	885,644	275,800
Deferred consideration shares reserve		
Opening balance	602,019	425,886
Adjustment to deferred consideration	-	176,133
Closing balance	602,019	602,019
Common control reserve		
Opening balance	(6,932,024)	(6,755,891)
Adjustment to deferred consideration	-	(176,133)
Closing balance	(6,932,024)	(6,932,024)
Total reserves	(5,291,662)	(5,899,287)

(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.

Notes to the Financial Statements

For the Year Ended 31 December 2019

17 Reserves (continued)

(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.

18 Accumulated Losses

	Note	2019 \$	2018 \$
Accumulated losses at the beginning of the financial year		(2,369,550)	(46,458)
Net profit/(loss) for the year		(6,719,585)	(2,323,092)
Lapsed options		6,816	-
Accumulated losses at end of the financial year		(9,082,319)	(2,369,550)

19 Cash Flow Information

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

Net profit/(loss) for the year		(6,719,585)	(2,323,092)
Non-cash flows in profit/(loss):			
- depreciation and amortisation expense		655,803	231,598
- impairment of non-current assets		2,227,383	-
- expenses paid via issue of shares		27,500	216,655
- share based payment to directors and employees		62,096	-
- interest expense on lease liability		10,448	-
- GST claim on capital raising costs		64,947	-
- insurance expense paid via insurance premium funding		16,733	-
Changes in assets and liabilities:			
- (increase)/decrease in trade and other receivables		124,023	53,401
- (increase)/decrease in other assets		88,380	(92,068)
- increase/(decrease) in other liabilities		-	(60,311)
- increase/(decrease) in trade and other payables		(432,972)	368,305
Net cash provided by/(used in) operating activities		(3,875,244)	(1,605,512)

(b) Non-cash financing and investing activities

Payment of outstanding debts via the issue of shares	16	27,500	-
Adjustment to deferred consideration	17	-	176,133
Total non-cash financing and investing activities		27,500	176,133

Notes to the Financial Statements

For the Year Ended 31 December 2019

19 Cash Flow Information (continued)

(c) Changes in liabilities arising from financing activities

	2018	Cash flows	Initial application of AASB 16	Non-cash changes Foreign exchange movement	Other non-cash movement	2019
	\$	\$	\$	\$	\$	\$
Insurance premium funding	-	(33,037)	-	-	159,488	126,451
Lease liabilities	-	(89,685)	316,290	(2,478)	(18,291)	205,836
Total liabilities from financing activities	-	(122,722)	316,290	(2,478)	141,197	332,287

As there are no liabilities from financing activities in the prior financial year, no comparative table is prepared.

20 Share-based Payments

During the year ended 31 December 2019, the Company issued options to its employees and key management personnel pursuant to its Employee Share Option Plan ("ESOP").

There were no options issued to the Group's employees or key management personnel during the year ended 31 December 2018.

A summary of the Company options on issue is as follows:

2019 Grant Date	Expiry Date	Exercise price	Start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
13 December 2018	11 December 2022	0.35	2,000,000	-	-	-	2,000,000	2,000,000
16 January 2019	15 March 2021	0.35	-	930,000	-	-	930,000	-
14 May 2019	15 March 2021	0.35	-	460,000	-	(160,000)	300,000	300,000
30 July 2019	15 March 2021	0.35	-	90,000	-	-	90,000	-
2018								
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 2019 (31 December 2018: None).

The weighted average remaining contractual life of options outstanding at year end was 2.26 years (2018: 3.95 years). The weighted average exercise price of outstanding shares at the end of the reporting period was \$0.35 (2018: \$0.35).

Notes to the Financial Statements

For the Year Ended 31 December 2019

20 Share-based Payments (continued)

The weighted average fair value of the options granted during the year was \$0.08 (2018: \$0.14). These values were calculated by using a binomial option pricing model applying the following inputs:

Grant date:	16 January 2019	14 May 2019	30 July 2019	13 December 2018
Expiry date:	15 March 2021	15 March 2021	15 March 2021	11 December 2022
Share price at grant date (\$):	0.225	0.175	0.140	0.220
Exercise price (\$):	0.35	0.35	0.35	0.35
Weighted average life of the option (years):	1.89	1.82	1.44	4.00
Expected share price volatility:	105.87 %	80.44 %	118.90 %	100.00 %
Dividend yield:	- %	- %	- %	- %
Risk-free interest rate:	1.85 %	1.28 %	0.84 %	2.02 %
Fair value at grant date (\$):	0.10	0.04	0.04	0.14

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 2019 was \$0.04.

21 Tax assets and liabilities

Unrecognised deferred tax assets

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

	2019	2018
	\$	\$
Unused tax losses for which no deferred tax asset has been recognised	674,737	130,252
Potential tax benefit at 30%	202,421	39,076

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.

22 Interests in Subsidiaries

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%) [*] 2019	Percentage Owned (%) [*] 2018
Subsidiaries:			
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	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 2019

23 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.

Notes to the Financial Statements

For the Year Ended 31 December 2019

23 Operating Segments (continued)

(d) Segment performance

	Australia		Netherlands		Germany		United States of America		Elimination		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE												
Revenue from external customers	-	-	306,921	398,500	-	-	-	-	-	-	306,921	398,500
Inter-segment revenue	-	215,935	-	8,934	1,411,901	998,550	-	-	(1,411,901)	(1,223,419)	-	-
Interest revenue	361,482	177,696	43,206	36,846	-	-	-	-	(402,614)	(214,542)	2,074	-
Total segment revenue	361,482	393,631	350,127	444,280	1,411,901	998,550	-	-	(1,814,515)	(1,437,961)	308,995	398,500
Depreciation and amortisation	-	-	545,377	211,752	108,474	18,808	1,952	1,038	-	-	655,803	231,598
Impairment of non-current assets	14,724,902	-	1,958,583	-	261,787	-	7,012	-	(14,724,902)	-	2,227,382	-
Interest expense	2,828	6,238	372,289	183,445	28,754	19,048	21,316	17,556	(402,614)	(214,542)	22,573	11,745
Other segment expenses	802,917	146,128	3,449,609	1,828,224	1,310,619	948,716	53,457	552,496	(1,492,520)	(998,550)	4,124,082	2,477,014
Income tax expense	-	-	-	-	(1,260)	1,235	-	-	-	-	(1,260)	1,235
Total segment expenses	15,530,647	152,366	6,325,858	2,223,421	1,708,374	987,807	83,737	571,090	(16,620,036)	(1,213,092)	7,028,580	2,721,592
Segment operating profit/(loss)	15,169,165)	241,265	(5,975,731)	(1,779,141)	(296,473)	10,743	(83,737)	(571,090)	14,805,521	(224,869)	(6,719,585)	(2,323,092)

Tymlez Group Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2019

23 Operating Segments (continued)

(e) Segment assets

	Australia		Netherlands		Germany		United States of America		Elimination		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Segment assets	1,455,552	15,995,437	217,434	2,104,424	191,693	217,797	15,443	4,401	(760,966)	(12,567,686)	1,119,156	5,754,373
Segment asset increases for the period:												
- Capital expenditure	-	-	-	1,644,127	22,756	76,407	1,294	8,830	-	-	24,050	1,729,364
- Acquisitions	-	-	-	-	-	-	-	-	-	-	-	-
Total segment assets	1,455,552	15,995,437	217,434	3,748,551	214,449	294,204	16,737	13,231	(760,966)	(12,567,686)	1,143,206	7,483,737

(f) Segment liabilities

Segment liabilities	318,333	431,318	216,809	5,802,520	427,432	250,777	701,268	616,926	(760,966)	(5,837,673)	902,876	1,263,868
Total segment liabilities	318,333	431,318	216,809	5,802,520	427,432	250,777	701,268	616,926	(760,966)	(5,837,673)	902,876	1,263,868

Notes to the Financial Statements

For the Year Ended 31 December 2019

24 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	2019 \$	2018 \$
Financial Assets			
Financial assets at amortised cost:			
Cash and cash equivalents	9	714,430	4,481,774
Loans and receivables	10	130,815	78,609
Total financial assets		845,245	4,560,383
Financial Liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	14	543,027	1,263,868
- Borrowings	15	332,289	-
Total financial liabilities		875,316	1,263,868

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 2019

24 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 expects to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

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	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Trade and other payables	543,027	1,263,868	-	-	-	-
Lease liability	5,223	-	10,110	-	46,338	-
Insurance premium funding	15,289	-	31,015	-	80,147	-
Total	563,539	1,263,868	41,125	-	126,485	-

	1 to 5 years		Total Contractual Cashflow/ Carrying Amount	
	2019	2018	2019	2018
	\$	\$	\$	\$
Trade and other payables	-	-	543,027	1,263,868
Lease liability	144,167	-	205,838	-
Insurance premium funding	-	-	126,451	-
Total	144,167	-	875,316	1,263,868

Notes to the Financial Statements

For the Year Ended 31 December 2019

24 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 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.

As a result of the type of product and service provided by the Group, trade receivables may consist of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. As at 31 December 2019, the Group did not have any trade receivables and at 31 December 2018, trade receivables were based only in the Netherlands.

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 25.5 months before 31 December 2019 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 2019 was determined as follows for trade receivables:

Notes to the Financial Statements

For the Year Ended 31 December 2019

24 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 \$	
2019							
Expected loss rate		- %	- %	- %	- %	- %	- %
Trade and other receivables	130,815	-	-	-	-	-	130,815
Loss allowance		-	-	-	-	-	-
2018							
Expected loss rate		- %	- %	- %	- %	- %	- %
Trade and other receivables	78,609	-	-	-	-	5,980	72,629
Loss allowance		-	-	-	-	-	-

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 issued at fixed rates and may expose the Group to fair value interest rate risk. As at 31 December 2019, the only borrowing the Group has relates to the insurance premium funding (refer to Note 15 for further details) (31 December 2018: None).

The Group's policy is to minimise cash flow interest rate 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.

	2019 \$	2018 \$
Floating rate instruments		
Cash at bank	714,430	4,481,774
Total floating rate instruments	714,430	4,481,774

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% (2018: +0.10%/-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 2019

24 Financial Risk Management (continued)

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

	2019		2018	
	+0.10%	-0.10%	+0.10%	-0.10%
	\$	\$	\$	\$
Net results	714	(714)	4,482	(4,482)
Equity	714	(714)	4,482	(4,482)

(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
	\$	\$	\$	\$
2019				
Nominal amounts				
Financial assets	7,909	309,166	528,170	845,245
Financial liabilities	(7,168)	(549,815)	(318,333)	(875,316)
Short-term exposure	741	(240,649)	209,837	(30,071)
2018				
Nominal amounts				
Financial assets	421	764,000	3,795,962	4,560,383
Financial liabilities	(104,461)	(728,089)	(431,318)	(1,263,868)
Short-term exposure	(104,040)	35,911	3,364,644	3,296,515

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 2019

24 Financial Risk Management (continued)

It assumes a +/- 0.0080% change for the AUD/Euro exchange rate (31 December 2018: 0.02%) and a +/- 0.0006% change is considered for the AUD/USD exchange rate (31 December 2018: 0.03%). This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months.

The year end rate is 0.6254 Euro and 0.7006 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 0.0080% (31 December 2018: 0.02%) and 0.0006% (31 December 2018: 0.03%) respectively, then this would have had the following impact:

	2019		2018	
	Increase \$	Decrease \$	Increase \$	Decrease \$
USD				
Net results	1	2	(142)	(212)
Equity	1	2	(142)	(212)
Euro				
Net results	20	(18)	(12)	2
Equity	20	(18)	(12)	2

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 recognised 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 2019

24 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 2019 and 31 December 2018, none of the Group's financial instruments were recorded at fair value subsequent to initial recognition.

25 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.

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 2019.

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

	2019	2018
	\$	\$
Short-term employee benefits	800,319	725,687
Post-employment benefits	8,368	766
Share-based payments	20,797	-
Total key management personnel remuneration	829,484	726,453

26 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 44.84% of Tymlez Group Limited.

Subsidiaries - refer to Note 22.

Key management personnel - refer to Note 25.

Mr Niv Dagan, a non-executive Director of the Group, owns a total of 5,911,081 ordinary shares (directly and beneficially owned) in the Company, which represents 4.05% of the total ordinary shares on issue.

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 2019

26 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 \$
KMP related parties				
Peak Asset Management Pty Ltd *:				
- 2019 **	-	-	-	48,976
- 2018	-	-	-	-
Subsidiaries				
Loan to Tymlez Holding B.V.:				
- 2019	-	359,429	760,966	-
- 2018	-	177,696	5,319,318	-

* Niv Dagan is an executive director of Peak Asset Management Pty Ltd ("Peak") which acted in the capacity of lead manager and consultant to the Group's fund raising during the year, both before and after his appointment as a director. Niv was appointed as non-executive director of the Group on 29 November 2019. Accordingly, amounts disclosed here only relate to transactions occurring in the period from when he was appointed to 31 December 2019.

** The amount accrued relates to capital raising fees pursuant to a signed mandate with Peak. Since Niv was appointed as non-executive director of the Group, Peak assisted the Group in the successful completion of a private placement as well as a rights issue. This expense has been capitalised as capital raising fees in equity.

(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 \$
2019	15	-	-	-
Loans to subsidiary *				
2019	26(b)	5,319,318	760,966	359,429
2018		2,976,568	5,319,318	177,696

* 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\$5,596,418). Further, on 31 December 2019, the Board of Directors of the Group resolved to convert EUR 5,000,000 (equivalent to A\$7,994,883) to equity in Tymlez Holding B.V.. This conversion has been reflected in the figures above for the current year.

Notes to the Financial Statements

For the Year Ended 31 December 2019

27 Auditors' Remuneration

	2019 \$	2018 \$
Remuneration of the auditor HLB Mann Judd, for:		
- auditing or reviewing the financial statements	37,050	34,500
- taxation services	-	3,000
- due diligence services	-	29,000
	37,050	66,500
Remuneration of other auditors (HLB Network Firms) of subsidiaries for:		
- auditing or reviewing the financial statements of subsidiaries	91,794	91,767
	91,794	91,767
Total auditors' remuneration	128,844	158,267

28 Leasing Commitments

Operating Leases - short term leases

	2019 \$	2018 \$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	28,884	122,302
- between one year and five years	-	348,416
- later than five years	-	344,002
Total minimum lease payments	28,884	814,720

Operating leases were in place for the following as at 31 December 2019 (under AASB 16):

- The Group commenced a new lease at a new location in Amsterdam, the Netherlands from 1 September 2019 for a period of 1 year at a rate of EUR2,258 per month.

Operating leases were in place for the following as at 31 December 2018 (under AASB 117):

- 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 (initial 5 years plus an option to extend for a further 5 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 2019

29 Contingencies

Contingent Liabilities

During the reporting period ended 31 December 2018, 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 in the previous financial year.

Based on the satisfaction of the above, in the opinion of the Directors, the Company did not have any contingencies at 31 December 2019 (31 December 2018: None).

30 Events Occurring After the Reporting Date

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

On 6 January 2020, 1,910,505 ordinary shares at \$0.044 per share was issued as a result of the rights issue and the eligible shareholders shortfall offer which occurred in December 2019. Together with the ordinary shares, 1,910,505 attaching Class D listed options exercisable at \$0.065 per option expiring 31 December 2023 were issued to the same shareholders pursuant to the conditions attached to the rights issue and shortfall offer.

On 31 January 2020, 15,068,182 Class D listed options exercisable at \$0.065 per option expiring 31 December 2023 were issued to shareholders pursuant to the conditions attached to the private placement which occurred in November and December 2019.

On 27 March 2020, the Company announced that it has received binding commitments to raise A\$752,000 (before costs) through the issue of convertible notes with a conversion price of A\$0.008 per share ("the Placement"). The notes will convert to shares subject to shareholder approval for the conversion at the Company's upcoming Annual General Meeting (AGM). The notes will accrue an interest of 8% per annum and have a term of 6 months. If the conversion of notes to shares is not approved by shareholders, the principal and interest will be payable at the end of the term. The Company's directors, Mr Niv Dagan, Mr Jitze Jongsma, and Mr Reinier van der Drift, have each subscribed for \$30,000, \$18,000 and \$18,000 worth of notes respectively in the Placement, and similarly, the conversion of these notes to shares will be subject to shareholder approval at the Company's AGM. Peak Asset Management Pty Ltd, an entity associated with the Company's director, Mr Niv Dagan, acted as lead manager to the Placement and will be paid a fee equal to 6% of the funds raised. This will be paid via an issue of the Company's shares at \$0.008 per share, subject to shareholder approval.

In the week commencing 16 March 2020, the Australian Government, together with State and Territory Premiers, announced a series of measures aimed at preventing the spread of COVID-19. Governments of other countries where the Group is active, such as The Netherlands, Germany and the USA have also announced similar measures. These measures create uncertainties that are new to the Group. Eventhough the Group is primarily focused on the online, decentralized business concept, the Group want to acknowledge that as a result of the current global situation, business may slow down. For this reason, management has performed a risk assessment and formed alternative forecast scenarios that can be used as guidelines for the near future.

Notes to the Financial Statements

For the Year Ended 31 December 2019

30 Events Occurring After the Reporting Date (continued)

In addressing and implementing the necessary changes to ensure the Group complies with these measures, the Board has agreed to implement, amongst others, the following:

- The Group will, where eligible, apply for any financial assistance provided by the governments in The Netherlands and Germany. These may be in the form of tax holidays, grants and other instruments as announced by the respective governments;
- Travel and marketing costs will be reduced;
- Where possible and fair, suppliers will be asked to accept late(r) repayments; and
- Costs of development will be reduced.

Management is currently in the process of quantifying the other possible impacts associated with the implementation of these measures and have estimated the resulting impact (financial and operational) that this might have on the Group's future results and financial position, which include the following:

- The reduction in costs for the year are projected to offset the decrease in revenues; and
- Development will take place at a slower pace.

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.

31 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 2019

31 Parent entity (continued)

	2019 \$	2018 \$
Statement of Financial Position		
Assets		
Current assets	694,586	9,265,418
Non-current assets	760,966	6,730,019
Total Assets	1,455,552	15,995,437
Liabilities		
Current liabilities	318,333	431,318
Total Liabilities	318,333	431,318
Equity		
Issued capital	14,614,311	14,488,706
Retained earnings/(Accumulated losses)	(14,964,755)	197,594
Deferred consideration shares reserve	602,019	602,019
Options reserve	885,644	275,800
Total Equity	1,137,219	15,564,119
Statement of Profit or Loss and Other Comprehensive Income		
Total profit/(loss) for the year	(15,169,165)	241,265
Total Comprehensive Income	(15,169,165)	241,265

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 2019 or 31 December 2018, other than those outlined in Note 29.

Contractual commitments

The parent entity did not have any commitments as at 31 December 2019 or 31 December 2018.

Tymlez Group Limited

ABN 37 622 817 421

Notes to the Financial Statements

For the Year Ended 31 December 2019

32 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 2019 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, based on the factors outlined in Note 1 "Going Concern" to the financial statements.

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

Executive Director & CEO:

Reinier van der Drift

Managing Director & CFO:

Jitze Jongsma

Dated this 31st day of March 2020

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 2019, 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 2019 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.

Material Uncertainty Regarding Going Concern

We draw attention to Note 1 Going Concern in the financial report, which indicates that the Group incurred a net loss of \$6,719,585 during the year ended 31 December 2019 (2018: \$2,323,092) and, as of that date, had net assets of \$240,330 (2018: \$6,219,869). As stated in Note 1 Going Concern, these events or conditions, along with other matters as set forth in Note 1 Going Concern, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Effects of COVID-19

We draw attention to Note 30 Events Occurring after the Reporting Date to the financial statements, which describes the uncertainties and possible effects on the Group arising from its management of the on-going issues related to COVID. Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Regarding Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Accounting for capitalised development costs and impairment assessment Refer to note 13, Non-current assets – Intangible assets	
<p>During the year ended 31 December 2019 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. The Group incurred a loss of \$6,719,585.</p> <p>The directors considered the requirements of AASB 138 Intangible assets 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 did not meet the development criteria of AASB 138 paragraph 57 and therefore the expenditure was not capitalised.</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 AASB 136 Impairment of assets. It was concluded that there were impairment indicators present and after performing impairment testing, the directors took the decision to fully impair the intangible asset.</p> <p>Due to the significant judgement required in determining the satisfaction of the development criteria within AASB 138, and in assessing the intangible asset for impairment in accordance with AASB 136, 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"> • Reviewed management’s processes and procedures in place to determine if costs are to be capitalised as development costs; • Assessed whether costs incurred met the conditions for capitalising or expensing in accordance with AASB 138 Intangible Assets; • Tested, on a sample basis, the value of research and development expenditure incurred; and • Reviewed and evaluated management’s assessment for impairment and evaluated the reasonableness of the factors considered in conjunction with our knowledge of the business.

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 2019, 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 9 to 17 of the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Tymlez Group Limited for the year ended 31 December 2019 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



Jude Lau
Partner

Melbourne
31 March 2020

Additional Information for Listed Public Companies

For the Year Ended 31 December 2019

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 19 March 2020.

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	44.26 %
Tyhold 2 B.V., Fergil B.V. and Mr Reinier van der Drift	65,404,233	44.26 %

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

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

Holding	Ordinary Shares	
	Shares	Options
1 - 1,000	13	4
1,001 - 5,000	42	22
5,001 - 10,000	60	17
10,001 - 100,000	274	31
100,001 and over	140	37
Total	529	111

Based on the price per security, there were 208 holders of less than a marketable parcel of ordinary shares. This equates to a total of 2,210,411 ordinary shares (1.50% of total issued capital).

Additional Information for Listed Public Companies

For the Year Ended 31 December 2019

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	44.26 %
Hamilton Hawkes Pty Ltd <Whitcombe Family A/c>	5,299,388	3.59 %
10 Bolivianos Pty Ltd	4,568,584	3.09 %
Mr Graham John Walker	2,972,499	2.01 %
Pyxis Holdings Pty Ltd <The Mapletree A/c>	2,752,572	1.86 %
Vadlamudi (Medical) Pty Ltd <Ramineni Super Fund A/c>	2,672,694	1.81 %
Rouse Equities Pty Ltd <Rouse Investment Trust>	1,659,727	1.12 %
Granet Superannuation and Investment Services PL <Granet Super Fund A/c>	1,613,318	1.09 %
JP Morgan Nominees Australia Pty Limited	1,588,875	1.08 %
Mr Peter Anthony <Peter Anthony Family A/c>	1,550,000	1.05 %
Marrah Capital Investment Pty Ltd <Gardiner Brookes Super A/c>	1,500,000	1.02 %
Buprestid Pty Ltd <Hanlon Family Super A/c>	1,498,296	1.01 %
Burrwood Investment Pty Ltd <Burrwood Investments A/c>	1,472,694	1.00 %
Whitcombe Super Investments Pty Ltd <Whitcombe Super Fund A/c>	1,292,800	0.87 %
Freedom Trader Pty Ltd	1,277,497	0.86 %
Mr Daniel Joseph O'Halloran	1,185,923	0.80 %
Daniel O'Halloran	1,136,363	0.77 %
Flourich Pty Ltd <GT & JH Super Fund A/c>	1,122,738	0.76 %
Klockmann Investments Pty Ltd <Klockmann Family Super A/c>	1,068,182	0.72 %
Mr Carlo Chiodo	1,027,149	0.70 %
Total	102,663,532	69.47 %
Total issued capital	147,783,658	100.00 %

Additional Information for Listed Public Companies

For the Year Ended 31 December 2019

Twenty largest option holders - Listed Options (TYMO)

The names of the twenty largest holders of listed options are listed below:

	Listed Options Number held	% of issued options
Buprestid Pty Ltd <Hanlon Family Super A/c>	1,316,478	7.75 %
Daniel O'Halloran	1,136,363	6.69 %
10 Bolivianos Pty Ltd	1,022,740	6.02 %
Pyxis Holdings Pty Ltd <The Mapletree A/c>	1,000,000	5.89 %
Stow Court Pty Ltd <RM & JP Bolton S/F A/c>	696,131	4.10 %
Mr John Anthony Phelan & Mrs Brenda Margaret Phelan <Phelan Super Fund A/c>	681,818	4.02 %
Acuerdo Pty Ltd	639,204	3.76 %
Mr Peter Anthony <Peter Anthony Family A/c>	534,091	3.15 %
Vector Nominees Pty Limited <The Vector Super A/c>	500,000	2.94 %
Klockmann Investments Pty Ltd <Klockmann Family Super A/c>	500,000	2.94 %
Marrah Capital Investment Pty Ltd <Gardiner Brookes Super A/c>	500,000	2.94 %
Mr Anthony John Corrigan & Mrs Margaret Mary Corrigan	454,545	2.68 %
Ausitano Holdings Pty Ltd	454,545	2.68 %
Ali Burn & Gery Sullivan <P J Roughan Family A/c>	454,545	2.68 %
Mr Noel Russell Cameron	454,545	2.68 %
MGL Corp Pty Ltd	454,545	2.68 %
Mr Graham John Walker	454,545	2.68 %
CRB Investments (WA) Pty Ltd	409,091	2.41 %
Mrs Kathryn Valerie van der Zwan <Harleston Family A/c>	400,000	2.36 %
Mr Martin John Gardiner	350,000	2.06 %
Ignition Capital Pty Ltd <The Ignition A/c>	340,909	2.01 %
Mr Dean Rodney Ryan & Mrs Julia Leonie Ryan <Dean Ryan Super A/c>	295,454	1.74 %
Rimoyne Pty Ltd	277,272	1.63 %
Mr Howard Van Nguyen	227,272	1.34 %
Mrobb Super Pty Ltd <M Robb Super A/c>	227,272	1.34 %
Mr Joe Garreffa & Mrs Carmel Garreffa <Garreffa Fam Ret Fund A/c>	204,545	1.20 %
Dr David Delac & Mrs Natalie Delac <The Advant>	170,454	1.00 %
Leslie Renard Investments Pty Ltd <GR & RL Pfeiffer Family A/c>	159,091	0.94 %
Total	14,315,455	84.31 %
Total listed options	16,978,687	100.00 %

Unissued equity securities

Options issued:

- 2,000,000 unlisted options exercisable at \$0.35 expiring 11 December 2022 (5 holders)
- 1,320,000 unlisted options exercisable at \$0.35 expiring 15 March 2021 (21 holders)

Securities exchange

The Company is listed on the Australian Securities Exchange.