

# **Tymlez Group Limited**

ABN 37 622 817 421

## **Consolidated Financial Statements**

For the Year Ended 31 December 2022

# Tymlez Group Limited

ABN 37 622 817 421

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## **Tymlez Group Limited**

# **Corporate Governance Statement**

## **For the Year Ended 31 December 2022**

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 (4th 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 reviews 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 2022 corporate governance statement is dated as at 31 December 2022 and reflects the corporate governance practices in place throughout the 2022 financial year. The 2022 corporate governance statement will be approved by the Board on 31 March 2023. 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/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 2022

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 2022.

### 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:

Daniel O'Halloran

Experience

Daniel is an experienced board member, energy industry executive and investor, with more than 13 years experience consulting in the transmission power grid sector. As founder and CEO of a number of successful energy transmission companies, he has worked closely with major utility asset owners in Australian, Canadian and American markets to maximise grid and green energy integration. Daniel's investment strategies are deeply driven by innovation, sustainability and positive social impact, with current investments and advisory roles that sit mainly in renewable energy, bio tech, agri tech and AI.

Interest in shares and options

36,150,963 ordinary shares; 1,261,363 listed options (TYMO); 35,044,424 unlisted options

Special responsibilities

Appointed Chief Executive Officer and Managing Director on 1 October 2020; Stepped down as Chief Executive Officer on 31 August 2022; Appointed as Executive Chairman on 1 September 2022 - 30 March 2023; and Appointed as Acting Chief Executive Officer on 1 January 2023

Other current directorships in listed entities

N/A

Other directorships in listed entities held in the previous three years

N/A

Jason Conroy

Qualifications

Master of Business Administration (MBA); Bachelor of Commerce (Accounting); and Fellow of Chartered Accountants Australia and New Zealand

Experience

Jason is an experienced CFO and non-executive director in the energy, infrastructure, and renewables sectors.

Interest in shares and options

2,500,000 ordinary shares; 7,500,000 unlisted options

Special responsibilities

Non-Executive Director;  
Chair of Audit and Risk Committee (from 1 November 2021);  
Member of Nominations and Remuneration Committee (from 1 September 2022 2022);  
Acting Non-Executive Chairman (from 1 December 2021 to 31 August 2022);  
Chair of Nominations and Remuneration Committee (from 1 November 2021 to 10 March 2022);  
Non-Executive Chairman (from 30 March 2023)

Other current directorships in listed entities

N/A

Other directorships in listed entities held in the previous three years

Verdant Minerals Ltd (ASX: VRM) (resigned 18 June 2019)

## Tymlez Group Limited

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### Directors' Report For the Year Ended 31 December 2022

#### Information on directors (continued)

Rhys George Evans	(Appointed 7 February 2022)
Qualifications	LLB, Law
Experience	Rhys Evans is a skilled legal advisor with extensive corporate and commercial experience gained during a period over 25 years of working in large, medium and boutique firms and in-house for companies operating in the technology, banking and financial services sectors.
Interest in shares and options	1,105,498 ordinary shares; 7,500,000 unlisted options
Special responsibilities	Non-Executive Director; and Chair of Nominations and Remuneration Committee (from 11 March 2022)
Other current directorships in listed entities	N/A
Other directorships in listed entities held in the previous three years	N/A
Eglantine Florence Suzanne Etiemble	(Appointed 29 June 2022)
Qualifications	Commerce BA (Oxford Brookes University -UK and Excelea- FR); Digital Business Strategy (MIT); and AICD Graduate
Experience	Eglantine has a solid track record in delivering projects as diverse as new operating model design and implementation, transformation through technology, mergers and acquisitions, introduction of new ways of working and in-house innovation incubators and has, in parallel to her corporate career, launched a start-up project aiming at accelerating the adoption of new skills and network in the Australian market.  Eglantine is currently the CTO of PEXA, the operator of the world's first digital property exchange platform, where she oversees Technology and International expansion. Prior to this, she spent four years leading the digital transformation of another iconic Australian brand, DuluxGroup, as the Executive General Manager of IT and Digital.  Passionate about diversity, Eglantine has been actively involved as a mentor with asylum seekers and women in IT organisations.
Interest in shares and options	2,500,000 ordinary shares; 7,500,000 unlisted options
Special responsibilities	Non-Executive Director; Member of Audit and Risk Committee; and Member of Nominations and Remuneration Committee
Other current directorships in listed entities	N/A
Other directorships in listed entities held in the previous three years	N/A
Luca Febbraio	(Resigned 22 August 2022)
Interest in shares and options	2,500,000 ordinary shares as at the date of resignation
Special responsibilities	Former Non-Executive Director; Former Member of Audit and Risk Committee; and Former Member of Nominations and Remuneration Committee
Other current directorships in listed entities	N/A
Other directorships in listed entities held in the previous three years	N/A

## **Tymlez Group Limited**

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# **Directors' Report**

## **For the Year Ended 31 December 2022**

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

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

### **Company secretary**

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

- Mr Justyn Peter Stedwell has been the company secretary since 13 November 2017. Mr Stedwell resigned as company secretary on 4 February 2022.
- Ms Belinda Cleminson was appointed company secretary on 3 September 2021. Subsequent to year end, Ms Cleminson stepped down as company secretary on 1 January 2023.
- Mr Jonathan Hart was appointed company secretary on 1 January 2023. Mr Hart holds a Bachelor of Laws and Commerce and has 20+ years of corporate advisory experience. Mr Hart's experience includes initial public offerings, reverse takeovers, due diligence investigations, general corporate and commercial drafting, public and private mergers and acquisitions, general corporate advice in relation to capital raisings, Corporations Act and ASX compliance, Australian Financial Services Licenses, managed investment schemes and anti-money laundering compliance.

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

The Group is a pioneer in the development and delivery of carbon reporting and guarantee of origin solutions. The Group provides companies across the globe with world-class solutions designed to empower them in their decarbonisation journeys.

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 after providing for income tax amounted to \$4,506,896 (2021: \$3,646,443).

### **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**

Some operational highlights for the Group in the year ended 31 December 2022 included the following:

- New strategic partnerships
  - Eight new partnerships formed in 2022
  - First commercial agreement signed, since TYMLEZ's relaunch in 2021, with Magnum Mining & Exploration
- Strengthened Board of Directors
  - Appointment of Executive Chairman

## Tymlez Group Limited

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# Directors' Report

## For the Year Ended 31 December 2022

### Review of operations (continued)

- New Board of Directors with industry experience
- Expansion into the US market
  - New US Entity established in 2022
- Completion of an equity raise
  - AU\$2,023,154 before costs successfully raised
  - Supported by existing shareholders, including the Board
- Capital discipline
  - Clear focus on managing costs and improving efficiencies

### 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 3,000,000 unlisted options with an exercise price of \$0.015 expiring on 31 December 2023 as settlement of an outstanding debt owing to Sequoia Corporate Finance Pty Ltd ("Sequoia");
- ii) Issue of 15,789,624 unlisted options with an exercise price of \$0.015 expiring on 28 June 2026 pursuant to the Employee Share Option Plan ("ESOP");
- iii) Issue of 4,400,000 unlisted options with an exercise price of \$0.016 expiring on various dates between 29 March 2026 and 15 November 2026 pursuant to the ESOP;
- iv) Issue of 2,500,000 fully paid ordinary shares at \$0.017 each in lieu of directors fees;
- v) Issue of 13,637 fully paid ordinary shares at \$0.065 each upon exercise of options;
- vi) Issue of 7,500,000 unlisted options with an exercise price of \$0.024 expiring on 23 August 2026 to a director, subsequent to receiving shareholders approval at an Extraordinary General Meeting ("EGM") held on 23 August 2023;
- vii) Issue of 7,500,000 unlisted options with an exercise price of \$0.0285 expiring on 23 August 2026 to a director, subsequent to receiving shareholders approval at an EGM held on 23 August 2023;
- viii) Issue of 7,500,000 unlisted options with an exercise price of \$0.045 expiring on 23 August 2026 to a director, subsequent to receiving shareholders approval at an EGM held on 23 August 2023;
- ix) Issue of 899,021 fully paid ordinary shares at \$0.03 each in lieu of directors fees; and
- x) Issue of 101,157,704 fully paid ordinary shares at \$0.02 under private placement.

## **Directors' Report**

### **For the Year Ended 31 December 2022**

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

On 1 January 2023, the Group's Executive Chairman, Mr Daniel O'Halloran, was appointed as Acting Chief Executive Officer (CEO). Pursuant to the executed employment agreement, Mr O'Halloran is entitled to a fixed remuneration of \$100,000 per annum plus superannuation. This amount is exclusive of the remuneration and incentives being granted in his role as Executive Chairman under the employment agreement effective from 1 September 2022.

On 1 January 2023, Ms Belinda Cleminson stepped down as Company Secretary of the Group and was replaced by Mr Jonathan Hart.

Mr Daniel O'Halloran resigned as Acting CEO on 30 March 2023, giving 2 months' notice on that date as per the executed employment agreement, and his resignation will be effective 31 May 2023. On the same day, he also resigned as Executive Chairman and this will be effective immediately. It is the Group's intention to retain Mr O'Halloran as an advisor for a period to be agreed beyond 31 May 2023 to assist the Board with a number of business development initiatives that are underway and also assist with handover to a new CEO when appointed. The global search for a new CEO is currently in progress. The Group's non-executive director, Mr Jason Conroy, has been appointed as Non-Executive Chairman.

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**

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

#### **Environmental 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, 15 meetings of directors (including committees of directors) were held. Committee meetings for the financial year were conducted as part of the Board meeting. No separate committee meetings were held. Attendances by each director during the year were as follows:

Daniel O'Halloran  
Jason Conroy  
Rhys George Evans (Appointed 7 February 2022)  
Eglantine Florence Suzanne Etienne (Appointed 29 June 2022)  
Luca Febbraio (Resigned 22 August 2022)

<b>Directors' Meetings</b>	
<b>Number eligible to attend</b>	<b>Number attended</b>
15	15
15	15
14	14
8	8
9	9



## Tymlez Group Limited

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# Directors' Report

## For the Year Ended 31 December 2022

### Indemnification and insurance of officers and auditors

On 22 November 2022, 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 directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract.

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

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

### Options

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

Grant Date	Date of Expiry	Exercise Price	Number under Option
15 November 2019	31 December 2023	\$0.065	13,863,638
03 December 2019	31 December 2023	\$0.065	1,204,544
27 December 2019	31 December 2023	\$0.065	1,910,505
29 May 2020	31 December 2023	\$0.065	1,084,182
14 July 2020	31 December 2023	\$0.065	1,500,000
11 August 2020	25 August 2023	\$0.055	1,560,000
04 September 2020	31 December 2023	\$0.065	12,720,524
14 September 2020	31 December 2023	\$0.065	750,000
17 September 2020	31 December 2023	\$0.065	100,000
09 October 2020	31 December 2023	\$0.065	1,000,000
14 October 2020	31 December 2023	\$0.065	250,000
30 July 2021	30 November 2024	\$0.035	51,805,530
17 June 2021	31 December 2023	\$0.015	3,000,000
02 July 2021	28 June 2026	\$0.015	15,789,624
08 December 2021	15 November 2026	\$0.016	880,000
08 December 2021	05 August 2026	\$0.016	880,000
08 December 2021	29 March 2026	\$0.016	880,000
08 December 2021	05 July 2026	\$0.016	880,000
08 December 2021	15 September 2026	\$0.016	880,000
23 August 2022	23 August 2026	\$0.024	7,500,000
23 August 2022	23 August 2026	\$0.029	7,500,000
23 August 2022	23 August 2026	\$0.045	7,500,000
			<hr/> <hr/> <b>133,438,547</b>

### 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 2022, please refer to the remuneration report.

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### Directors' Report For the Year Ended 31 December 2022

During the year ended 31 December 2022, the following ordinary shares of Tymlez Group Limited were issued on the exercise of options granted. No further shares have been issued since that date. No amounts are unpaid on any of these shares.

Grant Date	Exercise Price	Number of Shares Issued
04 September 2020	\$ 0.065	13,637

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

#### 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.

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly, including all directors.

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

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

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

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

- The remuneration policy is to be developed and approved by the Board after professional advice is sought from independent external consultants (where applicable);
- All executive KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and performance incentives, where appropriate;
- Performance incentives (in the form of a cash bonus) are generally only paid once predetermined key performance indicators (KPIs) have been met;

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# Directors' Report

## For the Year Ended 31 December 2022

### Remuneration report (audited) (continued)

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

- 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. In addition, the director's service agreements also has provisions to allow the Board, in its absolute discretion and as it considers appropriate, at any time during the Director's term in office, to grant or issue to the Director (or his nominee), options or shares:

- a) with or without vesting conditions;
- b) for such amount of cash consideration, which may be NIL cash consideration; and
- c) otherwise on such terms and conditions (including, where appropriate, exercise and expiry date).

The grant of share based payments to Directors is always subject to the Company obtaining any applicable regulatory and/or shareholder approvals, as required under the ASX Listing Rules and/or the *Corporations Act 2001*.

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

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

- Reward Executives for the Group, business unit and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of Executives with those of shareholders;

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# Directors' Report

## For the Year Ended 31 December 2022

### Remuneration report (audited) (continued)

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

- 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, as well as options issued under the Employee Share Options Plan (ESOP).

#### **Fixed Remuneration**

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the CEO based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

#### **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.

The long-term incentives ('LTI') include long service leave and share-based payments. Options are awarded to executives over a period of two to three years based on long-term incentive measures. These include market capitalisation measures, share price measures over a specific period, and achievement of continuous employment hurdle period of service. The Board has reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 31 December 2022.

#### **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.

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## Directors' Report For the Year Ended 31 December 2022

### Remuneration report (audited) (continued)

The following table shows the gross revenue, profits and dividends for the last 36 months for the Group, as well as the share prices at the end of the respective financial years.

	2022	2021	2020	2019
	\$	\$	\$	\$
Revenue	71,852	-	-	306,921
Net Profit/(Loss)	(4,506,896)	(3,646,443)	(3,654,032)	(6,719,585)
Share Price at Year-end	0.02	0.03	0.08	0.04
Dividends Paid (cents)	-	-	-	-

### Details of remuneration

Details of the remuneration of key management personnel are set out in the tables in the following pages.

### 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
Jason Conroy	Non-Executive Chairman (from 30 March 2023); Non-Executive Director
Rhys Evans (Appointed 7 February 2022)	Non-Executive Director
Eglantine Etiemble (Appointed 29 June 2022)	Non-Executive Director
Luca Febbraio (Resigned 22 August 2022)	Non-Executive Director
Executive Directors	Position
Daniel O'Halloran	Acting CEO (From 1 January 2023); Executive Chairman (1 September 2022 - 30 March 2023); Chief Executive Officer (Until 31 August 2022)
Executives	Position
Dan Voyce (Appointed 28 June 2021)	Chief Technology Officer
Maciek Kiernikowski (Appointed 1 August 2022; Resigned 23 November 2022)	Chief Innovation Officer (1-31 August 2022); Chief Executive Officer (1 September - 23 November 2022)

### Key Management Personnel - Employment and Service Agreements

#### Employment and Service Agreements - Mr Daniel O'Halloran (Acting CEO (from 1 January 2023); Executive Chairman (1 September 2022 - 30 March 2023); Former CEO (until 31 August 2022))

##### Chief Executive Officer (CEO) contract until 31 August 2022

Mr O'Halloran's remuneration pursuant to his employment contract was \$275,000 per year (inclusive of superannuation). In addition to his annual remuneration, Mr O'Halloran is also entitled to incentive options for NIL consideration, subject to the achievement of the following vesting conditions:

- 17,522,212 options will vest when the volume-weighted average price (VWAP) is greater than or equal to 5 cents for 30 trading days; and
- a further 17,522,212 options will vest when the VWAP greater than or equal to 10 cents for 30 trading days.

Mr O'Halloran's employment may be terminated by either party giving 6 calendar months' notice in writing to the other party. Mr O'Halloran stepped down as CEO on 31 August 2022.

## **Directors' Report**

### **For the Year Ended 31 December 2022**

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

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

###### Executive Chairman contract from 1 September 2022

With effect from 1 September 2022, Mr O'Halloran stepped down as Chief Executive Officer and was appointed Executive Chairman. Pursuant to the executed employment contract, Mr O'Halloran is entitled to an annual remuneration of \$250,000 plus superannuation. In addition to his annual remuneration, Mr O'Halloran is also entitled to incentive options for NIL consideration, subject to the achievement of the following vesting conditions:

- 5,000,000 options will vest when the VWAP is 0.15 cents over 15 consecutive trading days with an exercise price per option payable by Mr O'Halloran calculated at the price of the 15 day VWAP prior to the date of signing (\$0.0318); and
- a further 5,000,000 options will vest when the VWAP is 0.20 cents over 15 consecutive trading days with an exercise price per option payable by Mr O'Halloran calculated at the price of the 15 day VWAP prior to the date of signing (\$0.0318).

Mr O'Halloran's employment in this role may be terminated by either party giving 3 calendar months' notice in writing to the other party.

Subsequent to year end, Mr O'Halloran resigned as Executive Chairman with effect from 30 March 2023.

###### Acting CEO contract from 1 January 2023

Mr O'Halloran was appointed Acting CEO of the Company from 1 January 2023. In this role, Mr O'Halloran is entitled to an annual remuneration of \$100,000 per annum plus superannuation. This amount is exclusive of the remuneration and incentives being granted in his role as Executive Chairman.

Mr O'Halloran's employment in this role may be terminated by either party giving 2 calendar months' notice in writing to the other party. Subsequent to year end, Mr O'Halloran tendered his resignation as Acting CEO on 30 March 2023. Pursuant to the termination clause in the employment contract, he has given 2 months' notice and his resignation will be effective on 31 May 2023.

##### ***Director's Service Agreement - Mr Jason Conroy (Non-Executive Chairman (from 30 March 2023); Non-Executive Director)***

The Company entered into a Director's Service Agreement with Mr Jason Conroy on 1 November 2021 in relation to his appointment as Non-Executive Director of the Company. Pursuant to this agreement, Mr Conroy is entitled to directors' fees of \$75,000 per annum, inclusive of superannuation, in equal monthly installments, in cash. Further, as Mr Conroy is chair of the Audit and Risk Committee, as well as a member of the Nominations and Remuneration Committee, he is entitled to additional fees of \$10,000 per annum and \$5,000 per annum, respectively, during his term of service in these roles.

During the year, the shareholders' approved a resolution at an EGM held on 23 August 2022, to issue 7,500,000 unlisted options for NIL consideration to Mr Conroy. These options were issued to Mr Conroy on 19 September 2022. These options are subject to the achievement of the following vesting conditions:

- 1,875,000 options will vest when the Company achieves a share price of \$0.05 based on the VWAP over a consecutive period of 20 market trading days (during which the Company's shares have been traded) with an exercise price payable by Mr Conroy of \$0.024 per option;
- a further 1,875,000 options will vest when the Company achieves a share price of \$0.075 based on the VWAP over a consecutive period of 20 market trading days (during which the Company's shares have been traded) with an exercise price payable by Mr Conroy of \$0.024 per option;
- another 1,875,000 options will vest when the Company achieves a share price of \$0.10 based on the VWAP over a consecutive period of 20 market trading days (during which the Company's shares have been traded) with an exercise price payable by Mr Conroy of \$0.024 per option; and

## **Directors' Report**

### **For the Year Ended 31 December 2022**

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

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

- the last 1,875,000 options will vest when the Company achieves a share price of \$0.125 based on the VWAP over a consecutive period of 20 market trading days (during which the Company's shares have been traded) with an exercise price payable by Mr Conroy of \$0.024 per option.

Mr Conroy has been appointed Non-Executive Chairman from 30 March 2023.

##### ***Director's Service Agreement - Mr Rhys Evans (Non-Executive Director) - Appointed 7 February 2022***

The Company entered into a Director's Service Agreement with Mr Rhys Evans on 7 February 2022 in relation to his appointment as Non-Executive Director of the Company. Pursuant to this agreement, Mr Evans is entitled to directors' fees of \$75,000 per annum, inclusive of superannuation, in equal monthly installments. Further, as Mr Evans is chair of the Nominations and Remuneration Committee, he is entitled to additional fees of \$10,000 per annum during his term of service in this role.

Pursuant to the executed service agreement, Mr Evans's Non-Executive Director fee for the first 12 months is accrued and paid, in arrears, at the end of each 6 month period, either in cash or shares. The conversion shares is subject to shareholders approval and will be calculated based on the accrued amount and the closing price of shares on Mr Evans' commencement date (that is, \$0.030).

During the year, the shareholders' approved a resolution at an EGM held on 23 August 2022, to issue 7,500,000 unlisted options for NIL consideration to Mr Evans. These options were issued to Mr Evans on 19 September 2022. These options are subject to the achievement of the following vesting conditions:

- 1,875,000 options will vest when the Company achieves a share price of \$0.05 based on the VWAP over a consecutive period of 20 market trading days (during which the Company's shares have been traded) with an exercise price payable by Mr Evans of \$0.045 per option;
- a further 1,875,000 options will vest when the Company achieves a share price of \$0.075 based on the VWAP over a consecutive period of 20 market trading days (during which the Company's shares have been traded) with an exercise price payable by Mr Evans of \$0.045 per option;
- another 1,875,000 options will vest when the Company achieves a share price of \$0.10 based on the VWAP over a consecutive period of 20 market trading days (during which the Company's shares have been traded) with an exercise price payable by Mr Evans of \$0.045 per option; and
- the last 1,875,000 options will vest when the Company achieves a share price of \$0.125 based on the VWAP over a consecutive period of 20 market trading days (during which the Company's shares have been traded) with an exercise price payable by Mr Evans of \$0.045 per option.

## Tymlez Group Limited

ABN 37 622 817 421

# Directors' Report

## For the Year Ended 31 December 2022

### Remuneration report (audited) (continued)

#### Details of remuneration (continued)

#### ***Director's Service Agreement - Ms Eglantine Etiemble (Non-Executive Director) - Appointed 29 June 2022***

The Company entered into a Director's Service Agreement with Ms Eglantine Etiemble on 29 June 2022 in relation to her appointment as Non-Executive Director of the Company. Pursuant to this agreement, Ms Etiemble is entitled to directors' fees of \$75,000 per annum, inclusive of superannuation, in equal monthly installments, in cash. Further, as Ms Etiemble is a member of both the Audit and Risk Committee, as well as the Nominations and Remuneration Committee, she is entitled to additional fees of \$5,000 per annum per committee during her term of service in these respective roles.

During the year, the shareholders' approved a resolution at an EGM held on 23 August 2022, to issue 7,500,000 unlisted options for NIL consideration to Ms Etiemble. These options were issued to Ms Etiemble on 19 September 2022. These options are subject to the achievement of the following vesting conditions:

- 1,875,000 options will vest when the Company achieves a share price of \$0.05 based on the VWAP over a consecutive period of 20 market trading days (during which the Company's shares have been traded) with an exercise price payable by Ms Etiemble of \$0.0285 per option;
- a further 1,875,000 options will vest when the Company achieves a share price of \$0.075 based on the VWAP over a consecutive period of 20 market trading days (during which the Company's shares have been traded) with an exercise price payable by Ms Etiemble of \$0.0285 per option;
- another 1,875,000 options will vest when the Company achieves a share price of \$0.10 based on the VWAP over a consecutive period of 20 market trading days (during which the Company's shares have been traded) with an exercise price payable by Ms Etiemble of \$0.0285 per option; and
- the last 1,875,000 options will vest when the Company achieves a share price of \$0.125 based on the VWAP over a consecutive period of 20 market trading days (during which the Company's shares have been traded) with an exercise price payable by Ms Etiemble of \$0.0285 per option.

#### ***Director's Service Agreement - Mr Luca Febbraio (Former Non-Executive Director) - Resigned 22 August 2022***

The Company entered into a Director's Service Agreement with Mr Luca Febbraio on 1 November 2021 in relation to his appointment as Non-Executive Director of the Company. Pursuant to this agreement, Mr Febbraio was entitled to directors' fees of \$75,000 per annum. Further, as Mr Febbraio was a member of both the Audit and Risk Committee, as well as the Nominations and Remuneration Committee, he was entitled to additional fees of \$5,000 per annum per committee during his term of service in these respective roles.

Pursuant to the executed service agreement, Mr Febbraio's fee for the first 12 months was to be accrued and paid, in arrears, at the end of each 6 month period, either in cash or shares. The conversion shares is subject to shareholders approval and will be calculated based on the accrued amount and the closing price of shares on Mr Febbraio's commencement date (that is, \$0.017).

Further, Mr Febbraio entered into a Consultancy Agreement with the Company commencing on 1 February 2022 for business development consultancy services to the Company in addition to his non-executive Director role. This agreement has a term of 12 months and remuneration is as follows:

- for the period up to 31 May 2022, \$200 (excluding GST) per hour at not less than 30 hours for each calendar month;
- for the period 1 June 2022 to the end of the contract, \$200 per hour (excluding GST) for the number of hours that the Company and Mr Febbraio mutually agree upon.



## Tymlez Group Limited

ABN 37 622 817 421

## Directors' Report For the Year Ended 31 December 2022

### Remuneration report (audited) (continued)

#### Details of remuneration (continued)

Both the Director's Service Agreement and Consultancy Agreement was terminated upon Mr Febbraio's resignation on 22 August 2022.

#### ***Employment Agreement - Mr Dan Voyce (Chief Technology Officer) - Appointed 28 June 2021***

Tymlez Pty Ltd has entered into an Employment Contract with Mr Dan Voyce on 28 June 2021 in relation to his appointment as Chief Technology Officer of the Group. Pursuant to such agreement, Mr Voyce shall be entitled to an annual remuneration of \$280,000 (plus superannuation at the superannuation guarantee rate).

In addition to his annual remuneration, Mr Voyce is also entitled to incentive options for NIL consideration, subject to the achievement of the following vesting conditions:

- that number of incentive options equal to 50% of 1.6% of the post capital raise share capital will vest when the Company first achieves an average market capitalisation of at least A\$70 million over any period of 30 days within 36 months from the commencement date;
- that number of incentive options equal to 10% of 1.6% of the post capital raise share capital will vest if Mr Voyce remains employed by Tymlez Pty Ltd for 12 months after the commencement date;
- that number of incentive options equal to 20% of 1.6% of the post capital raise share capital will vest if Mr Voyce remains employed by Tymlez Pty Ltd for 24 months after the commencement date; and
- that number of incentive options equal to 20% of 1.6% of the post capital raise share capital will vest if Mr Voyce remains employed by Tymlez Pty Ltd for 36 months after the commencement date.

#### ***Employment Agreement - Mr Maciek Kiernikowski (Former Chief Executive Officer (1 September - 23 November 2022))***

Mr Kiernikowski was appointed CEO on 1 September 2022. Pursuant to the employment agreement, Mr Kiernikowski was entitled to an annual remuneration of \$350,000 (plus superannuation at the superannuation guarantee rate). Mr Kiernikowski resigned as CEO on 23 November 2022.

## Directors' Report

### For the Year Ended 31 December 2022

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

#### Remuneration details for the year 31 December 2022

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	Total
	Cash Salary and Fees	Leave Provision	Cash Bonus	Superannuation Contributions	Shares/Options \$	
2022	\$	\$	\$	\$	\$	\$
<b>Directors</b>						
<i>Executive Directors:</i>						
Daniel O'Halloran	266,907	(6,815)	-	27,139	128,938	416,169
<i>Non-Executive Directors:</i>						
Jason Conroy	87,288	-	-	8,963	11,017	107,268
Rhys Evans	42,411	-	-	7,285	37,554	87,250
Eglantine Etiennele	38,462	-	-	4,038	10,933	53,433
Luca Febbraio *	14,725	-	-	-	42,500	57,225
<b>Other KMP</b>						
Dan Voyce	280,000	2	-	24,476	69,932	374,410
Maciek Kiernikowski	120,325	-	-	8,206	-	128,531
<b>Total</b>	<b>850,118</b>	<b>(6,813)</b>	<b>-</b>	<b>80,107</b>	<b>300,874</b>	<b>1,224,286</b>

\* Luca Febbraio is the owner of Zero CO2 Pty Ltd ("Zero CO2") which performed some consultancy work for the Group during the year. During the year (until his resignation as director of the Group on 22 August 2022), Zero CO2 received a total of \$30,716 in consultancy fees. The consultancy fees is not included in Luca's cash salary and fees in the table.

#### 2021

#### Directors

#### *Executive Directors:*

Daniel O'Halloran	236,930	13,980	-	23,248	57,285	331,443
Jitze Jongsma	236,183	-	-	-	11,000	247,183

#### *Non-Executive Directors:*

Jason Conroy *	14,394	-	-	1,439	4,234	20,067
Luca Febbraio *	11,364	-	-	-	4,234	15,598
Wayne Clay **	69,228	-	-	-	48,186	117,414
Tim Ebbeck	62,372	-	-	-	48,186	110,558

#### **Other KMP**

Dan Voyce ***	145,384	6,878	-	12,374	37,605	202,241
Stephen Daniel Friel	31,908	-	-	2,854	20,575	55,337
<b>Total</b>	<b>807,763</b>	<b>20,858</b>	<b>-</b>	<b>39,915</b>	<b>231,305</b>	<b>1,099,841</b>

\* During the year ended 31 December 2021, an accrual for the apportionment of the vesting amount of share based payments of \$4,234 each was raised. However, as these share based payments were subject to shareholders' approval, no options had been issued by the Group to Jason Conroy or Luca Febbraio as at 31 December 2021. During the year ended 31 December 2022, these proposed options were withdrawn and new director options were approved to be issued at an EGM held on 23 August 2022.

\*\* Wayne Clay is the owner of Claytec Pty Ltd ("Claytec") which performed some consultancy work for the Group during the year. During the year (until his resignation as director of the Group on 30 November 2021), Claytec received a total of \$37,823 in consultancy fees. The consultancy fees is not included in Wayne's cash salary and fees in the table.

## Directors' Report

### For the Year Ended 31 December 2022

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

#### Remuneration details for the year (continued) 31 December 2022

\*\*\* As at 31 December 2021, no options have been issued by the Group to Dan Voyce. These amounts have been accrued as at the year end date.

None of the remuneration paid to key management personnel for the year ended 31 December 2022 is related to the performance of the Group (31 December 2021: None).

#### Changes in KMP

There were no changes to key management personnel since the end of the financial year, except for the following:

- Appointment of Mr Daniel O'Halloran as Acting CEO on 1 January 2023. Mr O'Halloran remains as Executive Chairman.

#### 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. All of the share-based payments related to directors fees taken as shares/options or director options which were approved for issue by the shareholders.

#### Options and rights granted

	Date	Grant details		For the financial year ended 31 December 2022			Overall		
		No.	Value \$	Lapsed No.	Vested No.	Unvested No.	Vested %	Unvested %	Lapsed %
<b>Key Management Personnel</b>									
<b>Directors</b>									
<i>Executive Directors:</i>									
Daniel O'Halloran *	01 September 2022	10,000,000	13,292	-	-	10,000,000	-	100.00	-
<i>Non-Executive Directors:</i>									
Jason Conroy	23 August 2022	7,500,000	11,017	-	-	7,500,000	-	100.00	-
Rhys Evans	23 August 2022	7,500,000	10,583	-	-	7,500,000	-	100.00	-
Eglantine Etienne	23 August 2022	7,500,000	10,933	-	-	7,500,000	-	100.00	-
<b>Other KMP</b>									
Dan Voyce **	02 July 2021	15,789,624	69,932	-	-	15,789,624	-	100.00	-
		<u>48,289,624</u>	<u>115,757</u>	-	-	<u>48,289,624</u>			

\* As these share based payments are subject to shareholders' approval, no shares or options have been issued by the Group to Daniel O'Halloran during the year ended 31 December 2022.

\*\* These options were granted during the year ended 31 December 2021 but were issued during the year ended 31 December 2022. Accordingly, the fair value of the options have been accrued since the year ended 31 December 2021.

There were no options held by key management personnel have been exercised during the years ended 31 December 2022 or 31 December 2021.

## Directors' Report

### For the Year Ended 31 December 2022

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

#### Options and rights granted (continued)

Values of the options at grant date were determined using the Black-Scholes and Monte Carlo Simulation method. Refer to Note 20 of the financial statements for further information.

Options granted carry no dividend or voting rights.

All options/rights were issued by Tymlez Group Limited and entitle the holder to ordinary shares in Tymlez Group Limited for each option/right exercised.

There have not been any alterations to the terms or conditions of any share based payment arrangements since grant date.

#### Key management personnel options and rights holdings

The number of options in Tymlez Group Limited held by each Key Management Personnel and their related parties up to and including the financial year end is as follows:

	Balance at beginning of year	Granted as remuneration	Accrued/ Adjusted **	Lapsed	Market acquisitions	Other changes *	Balance at the end of year	Vested during the year	Vested and exercisable
31 December 2022	No.	No.	No.	No.	No.	No.	No.	No.	No.
<b>Directors</b>									
<i>Executive Directors:</i>									
Daniel O'Halloran	36,305,787	-	10,000,000	-	-	-	46,305,787	-	1,261,363
<i>Non-Executive Directors:</i>									
Jason Conroy	10,000,000	7,500,000	(10,000,000)	-	-	-	7,500,000	-	-
Rhys Evans	-	7,500,000	-	-	-	-	7,500,000	-	-
Eglantine Etiemble	-	7,500,000	-	-	-	-	7,500,000	-	-
Luca Febbraio	10,000,000	-	(10,000,000)	-	-	-	-	-	-
<b>Other KMP</b>									
Dan Voyce ***	15,745,770	-	43,854	-	-	-	15,789,624	1,578,962	1,578,962
Maciek Kiernikowski	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>72,051,557</b>	<b>22,500,000</b>	<b>(9,956,146)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84,595,411</b>	<b>1,578,962</b>	<b>2,840,325</b>

\* These changes represent the holdings associated with the named personnel when they were appointed or on the date of resignation as key management personnel. These do not represent the disposal or purchase of options.

\*\* The following transactions are included in the accrued/adjusted column:

- Daniel O'Halloran is entitled to 10,000,000 unlisted options, subject to various vesting conditions, pursuant to his Executive Chairman agreement with the Company. As this is subject to shareholders' approval, no options have been issued to Daniel as at 31 December 2022. An accrual for the apportionment of the vesting amount of share based payments of \$13,292 was raised as at the year end date.
- During the year ended 31 December 2021, an accrual for the apportionment of the vesting amount of share based payments of \$4,234 (10,000,000 options) each was raised. However, as these share based payments were subject to shareholders' approval, no options had been issued by the Group to Jason Conroy or Luca Febbraio as at 31 December 2021. During the year ended 31 December 2022, these proposed options were withdrawn and new director options were approved to be issued at an EGM held on 23 August 2022.
- The 43,854 unlisted options included relates to the difference between the number of options accrued for during the year ended 31 December 2021 and the actual number of options that were issued during the year ended 31 December 2022.

## Tymlez Group Limited

ABN 37 622 817 421

# Directors' Report

## For the Year Ended 31 December 2022

### Remuneration report (audited) (continued)

#### Key management personnel shareholdings

The number of ordinary shares in Tymlez Group Limited held by each Key Management Personnel and their related parties up to and including the financial year end is as follows:

31 December 2022	Balance at start of year	Market acquisitions	Share based payment	Market disposals	Other changes during the year *	Balance at end of year
<b>Directors</b>						
<i>Executive Directors:</i>						
Daniel O'Halloran	36,150,963	-	-	-	-	36,150,963
<i>Non-Executive Directors:</i>						
Jason Conroy	-	2,500,000	-	-	-	2,500,000
Rhys Evans	-	-	899,021	-	206,477	1,105,498
Eglantine Etienne	-	2,500,000	-	-	-	2,500,000
Luca Febbraio	-	-	2,500,000	-	(2,500,000)	-
<b>Other KMP</b>						
Dan Voyce	-	-	-	-	-	-
Maciek Kiernikowski	-	-	-	-	-	-
<b>Total</b>	<b>36,150,963</b>	<b>5,000,000</b>	<b>3,399,021</b>	<b>-</b>	<b>(2,293,523)</b>	<b>42,256,461</b>

\* These changes represent the holdings associated with the named personnel when they were appointed or on the date of resignation as key management personnel. These do not represent the disposal or purchase of shares.

#### 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.

**Directors' Report  
For the Year Ended 31 December 2022**

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

**Transactions (excluding loans)**

<b>Transaction type</b>	<b>Terms and conditions*</b>	<b>Name of KMP</b>	<b>Amount \$</b>
Luca Febbraio is the owner of Zero CO2 Pty Ltd ("Zero CO2") which performed some consultancy work for the Group during the year until his resignation as director of the Group on 22 August 2022. Zero CO2 did not perform any consultancy work subsequent to Luca's resignation as director:			
- Consultancy fees	N/A	Luca Febbraio	30,716

\* 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*

<b>Transaction type</b>	<b>Expense recognised \$</b>
Consultancy fees	30,716

**End of Audited Remuneration Report**

**Auditor's independence declaration**

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2022 has been received and can be found on page 21 of the consolidated financial report.

**Non-audit services**

No non-audit services were provided by the auditor during the year.

**Auditor**

HLB Mann Judd continues in office in accordance with section 327 of the *Corporations Act 2001*.

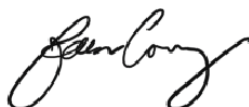
This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Acting CEO: .....



Daniel O'Halloran

Non-Executive Chairman: .....



Jason Conroy

Dated this 31st day of March 2023

## 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 2022, 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

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

Melbourne  
31 March 2023

A handwritten signature in black ink, appearing to read 'M Gummery', with a stylized flourish at the end.

**Michael Gummery**  
**Partner**

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

For the Year Ended 31 December 2022

	Note	2022 \$	2021 \$
<b>Continuing Operations</b>			
Revenue	4	71,852	-
Other income	4	484,287	373,779
Employee benefits expense		(2,625,277)	(2,010,059)
Impairment of digital assets	5	(90,174)	-
Directors' fees and wages		(731,411)	(841,942)
Insurance expense		(218,166)	-
Occupancy expenses		(117,518)	(136,008)
Office expenses		(38,730)	(98,108)
Professional fees		(616,148)	(461,480)
Selling and distribution expenses		(67,203)	(97,126)
Subcontracting costs		(66,969)	-
Subscriptions		(158,363)	(36,996)
Other expenses		(306,054)	(312,564)
Finance costs	5	(27,022)	(26,161)
<b>Loss before income tax</b>		<b>(4,506,896)</b>	<b>(3,646,665)</b>
Income tax (expense)/benefit	6	-	222
<b>Loss for the year</b>	18	<b>(4,506,896)</b>	<b>(3,646,443)</b>
<b>Other comprehensive income, net of income tax</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
		-	-
<b>Items that will be reclassified to profit or loss when specific conditions are met</b>			
Exchange differences on translating foreign controlled entities	17	(3,002)	903
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>(3,002)</b>	<b>903</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>(4,509,898)</b>	<b>(3,645,540)</b>
<b>Profit/(loss) attributable to:</b>			
Members of the parent entity		(4,506,896)	(3,646,443)
		<b>(4,506,896)</b>	<b>(3,646,443)</b>
<b>Total comprehensive income attributable to:</b>			
Members of the parent entity		(4,509,898)	(3,645,540)
		<b>(4,509,898)</b>	<b>(3,645,540)</b>
<b>Earnings per share:</b>			
Basic, loss for the year attributable to ordinary equity holders of the parent (cents)	7	(0.45)	(0.56)
Diluted, loss for the year attributable to ordinary equity holders of the parent (cents)	7	(0.45)	(0.56)
<b>Earnings per share for continuing operations:</b>			
Basic, loss from continuing operations attributable to ordinary equity holders of the parent (cents)	7	(0.45)	(0.56)
Diluted, loss from continuing operations attributable to ordinary equity holders of the parent (cents)	7	(0.45)	(0.56)



# Tymlez Group Limited

ABN 37 622 817 421

## Consolidated Statement of Financial Position As At 31 December 2022

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	2,702,596	4,960,227
Trade and other receivables	9	183,373	218,063
Other assets	10	179,852	219,281
<b>TOTAL CURRENT ASSETS</b>		<b>3,065,821</b>	<b>5,397,571</b>
<b>NON-CURRENT ASSETS</b>			
Intangible assets	11	38,955	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>38,955</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>3,104,776</b>	<b>5,397,571</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	505,593	746,267
Borrowings	13	364,566	319,397
Employee benefits	15	68,040	52,473
Contract liabilities	14	226,084	138,411
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,164,283</b>	<b>1,256,548</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	13	-	150,620
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>150,620</b>
<b>TOTAL LIABILITIES</b>		<b>1,164,283</b>	<b>1,407,168</b>
<b>NET ASSETS</b>		<b>1,940,493</b>	<b>3,990,403</b>
<b>EQUITY</b>			
Issued capital	16	25,302,324	23,218,766
Reserves	17	(3,579,550)	(3,677,178)
Accumulated losses	18	(19,782,281)	(15,551,185)
<b>TOTAL EQUITY</b>		<b>1,940,493</b>	<b>3,990,403</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2022

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Option Reserve	Deferred Consideration Shares Reserve	Common Control Reserve	Total	
Note	\$	\$	\$	\$	\$	\$	\$	
<b>Balance at 1 January 2022</b>	<b>23,218,766</b>	<b>(15,551,185)</b>	<b>149,822</b>	<b>3,105,024</b>	-	<b>(6,932,024)</b>	<b>3,990,403</b>	
Net profit/(loss) for the year	18	-	(4,506,896)	-	-	-	(4,506,896)	
Total other comprehensive income for the year	17	-	-	(3,002)	-	-	(3,002)	
		<b>(4,506,896)</b>	<b>(3,002)</b>	-	-	-	<b>(4,509,898)</b>	
<b>Transactions with owners in their capacity as owners</b>								
Contribution of equity, net of transaction costs	16	<b>2,081,845</b>	-	-	-	-	<b>2,081,845</b>	
Options issued	17	-	-	<b>162,553</b>	-	-	<b>162,553</b>	
Options vested	17	-	-	<b>215,590</b>	-	-	<b>215,590</b>	
Options exercised	17	<b>1,713</b>	-	(1,713)	-	-	-	
Lapsed/forfeited options	17	-	<b>275,800</b>	-	(275,800)	-	-	
<b>Balance at 31 December 2022</b>		<b>25,302,324</b>	<b>(19,782,281)</b>	<b>146,820</b>	<b>3,205,654</b>	-	<b>(6,932,024)</b>	<b>1,940,493</b>
<b>Balance at 1 January 2021</b>								
		16,657,725	(12,736,351)	148,919	2,819,160	602,019	(6,932,024)	559,448
Net profit/(loss) for the year	18	-	(3,646,443)	-	-	-	-	(3,646,443)
Total other comprehensive income for the year	17	-	-	903	-	-	-	903
		-	(3,646,443)	903	-	-	-	(3,645,540)
<b>Transactions with owners in their capacity as owners</b>								
Contribution of equity, net of transaction costs	16	6,561,041	-	-	-	-	-	6,561,041
Issue of options	17	-	-	-	515,454	-	-	515,454
Lapsed/forfeited options	17	-	229,590	-	(229,590)	-	-	-
Write-off deferred consideration shares	17	-	602,019	-	-	(602,019)	-	-
<b>Balance at 31 December 2021</b>		<b>23,218,766</b>	<b>(15,551,185)</b>	<b>149,822</b>	<b>3,105,024</b>	-	<b>(6,932,024)</b>	<b>3,990,403</b>

The accompanying notes form part of these financial statements.

# Tymlez Group Limited

ABN 37 622 817 421

## Consolidated Statement of Cash Flows For the Year Ended 31 December 2022

	2022	2021
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	77,909	-
Payments to suppliers and employees	(4,350,115)	(3,394,776)
Interest received	5,863	349
VAT and GST received/(paid)	30,435	61,344
Finance costs	-	(2,665)
Income taxes received/(paid)	-	222
Receipts from grant income	459,554	284,743
<b>Net cash provided by/(used in) operating activities</b>	<b>19 (3,776,354)</b>	<b>(3,050,783)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of shares	2,024,040	6,920,738
Net proceeds from/(repayment of) borrowings	(475,189)	(294,920)
Payment of lease liabilities	-	(55,763)
Payment of share issue costs	(14,462)	(423,790)
<b>Net cash provided by/(used in) financing activities</b>	<b>1,534,389</b>	<b>6,146,265</b>
Effects of exchange rate changes on cash and cash equivalents	(15,666)	23,575
Net increase/(decrease) in cash and cash equivalents held	(2,257,631)	3,119,057
Cash and cash equivalents at beginning of year	4,960,227	1,841,170
<b>Cash and cash equivalents at end of financial year</b>	<b>8(a) 2,702,596</b>	<b>4,960,227</b>

The accompanying notes form part of these financial statements.

## **Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022**

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 2023.

Comparatives are consistent with prior years, unless otherwise stated.

### **1 Basis of Preparation**

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

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

The financial statements, 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 2022, the Group has a net asset position of \$1,940,493 (2021: \$3,990,403) and its current assets exceed its current liabilities by \$1,901,538 (2021: \$4,141,023). During the financial year, the Group had cash outflows from operating activities of \$3,776,354 (2021: \$3,050,783) and a net loss from operating activities of \$4,506,896 (2021: \$3,646,443).

The Group has prepared a cash flow forecast for the period ending 30 September 2024, which indicates that, without further fundraising, 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 for 12 months from the date of this financial report.

To address the future additional funding requirements of the Group, since 31 December 2022, the directors have undertaken the following initiatives:

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

## **Notes to the Consolidated Financial Statements**

### **For the Year Ended 31 December 2022**

#### **1 Basis of Preparation (continued)**

##### **Going concern (continued)**

Based on past experience, 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 and implement the stated strategies, 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 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 Group 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.

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.

## **Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022**

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

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

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.

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.

## **Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022**

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

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

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**

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.

#### **Right-of-use asset**

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

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

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

#### **Lease liability**

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.

## **Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022**

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

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

##### **Lease liability (continued)**

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.

##### **Adoption of short term leases or low value asset exception**

###### *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 from contracts with customers**

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

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

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

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



## **Notes to the Consolidated Financial Statements**

### **For the Year Ended 31 December 2022**

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

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

###### **Specific revenue streams**

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

###### **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.

###### **Government grant income**

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

###### *Hedera grant income - Digital assets*

The Hedera grant income contract provides for payment in the grantor's digital asset, HBAR. The digital asset's fair value is determined by referencing publicly available pricing data from digital asset exchanges at the applicable date of recognition.

###### **Interest income**

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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

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

##### **(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.

## **Notes to the Consolidated Financial Statements**

### **For the Year Ended 31 December 2022**

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

##### **(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:

- amortised cost

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

##### *Amortised cost*

Assets measured at amortised cost are financial assets where:

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

## **Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022**

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

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

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

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

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

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

##### *Impairment of financial assets*

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

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased 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 assets is more than 90 days past due.

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

##### *Trade receivables*

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

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

## **Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022**

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

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

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

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

##### **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.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the consolidated statement of financial position, net of transaction costs.

#### **(j) Digital assets - Cryptocurrency**

Digital assets are assets such as HBAR, which use an open-source software-based online system where transactions are recorded in a public ledger (blockchain) using its own unit of account. Digital Assets are an emerging technology and asset class, and as such there are no specific accounting standards that cover the treatment, rather digital assets are assessed by applying existing accounting standards in conjunction with guidance released by the accounting standard setting bodies such as the International Accounting Standards Board ("IASB").

The Group considers the digital assets it holds meet the recognition criteria of intangible assets (identifiable, controllable, and capable of generating future economic benefits) and therefore have accounted for these assets in accordance with AASB 138 *Intangible Assets*.

The Group measures digital assets at cost less accumulated impairment as it is determined that there is no active market for the digital assets the Group currently holds. Digital assets classified as intangible assets are considered to be indefinite life intangible assets given their nature.

Digital assets are derecognised when the Group disposes of the asset or when the Group otherwise loses control of and therefore, access to the economic benefits associated with ownership of the digital asset.

#### **(k) 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.

## **Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022**

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

#### **(k) Impairment of non-financial assets (continued)**

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

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

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

#### **(l) 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.

##### **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.

#### **(m) 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.

#### **(n) Share capital**

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

## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022

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

#### (o) Equity-settled compensation

##### *Employee options*

Equity-settled compensation benefits are provided to employees via the Employee Share Option Plan. Information relating to this plan is set out in Note 20.

The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using the Black-Scholes pricing model which incorporates all market vesting conditions. The amount to be expensed is determined by reference to the fair value of the options or shares granted, this expense takes in account any market performance conditions and the impact of any non-vesting conditions but ignores the effect of any service and non-market performance vesting conditions.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

Non-market vesting conditions are taken into account when considering the number of options expected to vest. At the end of each reporting period, the Group revises its estimate of the number of options which are expected to vest based on the non-market vesting conditions. Revisions to the prior period estimate are recognised in profit or loss and equity.

##### *Share-based payments to non-employees*

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 consolidated statement of profit or loss and other comprehensive income respectively. The fair value of options is determined using the Black-Scholes 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.

#### (p) 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.

## **Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022**

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

#### **(p) Foreign currency transactions and balances (continued)**

##### **Transaction and balances (continued)**

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

##### **Group companies**

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

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

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

#### **(q) Adoption of new and revised accounting standards**

The Group has adopted all standards which became effective for the first time at 1 January 2022, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

#### **(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.

## **Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022**

### **3 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 - 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 Black-Scholes option pricing model and the Monte-Carlo Simulation, 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. Refer to Note 20 for further details.

#### **Key judgement - Accounting treatment for digital assets (cryptocurrency)**

Management note that the topic of digital assets and the accounting for digital assets continues to be considered by the IASB and continues to monitor new comments and interpretations released by the IASB and other standard setters from around the world.

In line with this, the Group has considered its position for the year ended 31 December 2022 and has determined that the Group's digital assets fall into the intangible asset method (the method noted by the IASB in its most recent deliberations).

Management has assessed that, under the intangible asset method and due to the determination that there is a lack of an active market, the measurement of the digital assets at cost less any impairment is appropriate under the respective accounting standards.

On initial recognition, the fair value of digital assets is determined by reference to the quoted price in United States Dollars (USD) on the respective transaction dates from the Coin Market Cap website ([www.coinmarketcap.com](http://www.coinmarketcap.com)) at closing Coordinated Universal Time. The Group considers this fair value to be a Level 2 input on the basis that there is not an active market with sufficient volume.



## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022

### 4 Revenue and Other Income

	2022	2021
	\$	\$
<b>Revenue from contracts with customers</b>		
<i>Service fees:</i>		
- Consultancy and professional services	71,852	-
<b>Total revenue</b>	<u>71,852</u>	<u>-</u>
<b>Other income</b>		
- Income from government funding	341,990	279,153
- Hedera grant income - digital assets	132,525	-
- Net gain on early termination of lease	-	86,877
- Interest income	5,863	349
- Other income	3,909	7,400
<b>Total other income</b>	<u>484,287</u>	<u>373,779</u>

#### (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 tables disaggregate 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
	Australia	Europe	Total reportable segments	All other segments	
	\$	\$	\$	\$	\$
<b>Year ended 31 December 2022</b>					
<b>Type of contract</b>					
<i>Service fees:</i>					
- Consultancy and professional services	71,852	-	71,852	-	71,852
<b>Revenue from contracts with customers</b>	<u>71,852</u>	<u>-</u>	<u>71,852</u>	<u>-</u>	<u>71,852</u>
<b>Timing of revenue recognition</b>					
<i>Over time:</i>					
- Service fees:					
- Consultancy and professional services	71,852	-	71,852	-	71,852
<b>Revenue from contracts with customers</b>	<u>71,852</u>	<u>-</u>	<u>71,852</u>	<u>-</u>	<u>71,852</u>

Total revenue for the year ended 31 December 2022 is mainly derived from two individual external customers.

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### Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022

#### 5 Result for the Year

The result for the year includes the following specific expenses:

	2022	2021
	\$	\$
<b>Finance costs:</b>		
- Banks and other third parties	27,022	25,243
- Lease liability	-	918
<b>Total finance costs</b>	<u>27,022</u>	<u>26,161</u>
Impairment of digital assets	<u>90,174</u>	<u>-</u>

#### 6 Income Tax Expense

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

Profit/(loss) before income tax	<u>(4,506,896)</u>	<u>(3,646,665)</u>
Tax at Australian tax rate of 30%	(1,150,639)	(701,190)
Tax at Overseas tax rates	<u>(101,938)</u>	<u>(195,537)</u>
	<u>(1,252,577)</u>	<u>(896,727)</u>
Add tax effect of:		
- other deductible items	(119,233)	(136,506)
- other non-deductible expenses	210,534	145,228
- tax losses not brought to account	<u>1,161,276</u>	<u>887,783</u>
<b>Income tax expense/(benefit)</b>	<u>-</u>	<u>(222)</u>

Refer to Note 21 for tax losses not recognised.

**Notes to the Consolidated Financial Statements  
For the Year Ended 31 December 2022**

**7 Earnings per Share**

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

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Loss from continuing operations	<u>(4,506,896)</u>	(3,646,443)
Earnings used to calculate basic EPS from continuing operations	<u>(4,506,896)</u>	(3,646,443)
<b>Earnings used in the calculation of dilutive EPS from continuing operations</b>	<u><b>(4,506,896)</b></u>	<u>(3,646,443)</u>

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

<b>Earnings used to calculate overall earnings per share</b>	<u><b>(4,506,896)</b></u>	<u>(3,646,443)</u>
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**(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS**

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	<b>994,299,043</b>	653,058,418
Weighted average number of dilutive options outstanding	-	-
<b>Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS</b>	<u><b>994,299,043</b></u>	<u>653,058,418</u>

**(d) Earnings per share**

	<b>2022</b>	<b>2021</b>
	<b>Cents</b>	<b>Cents</b>
<b>Earnings per share:</b>		
Basic, loss for the year attributable to ordinary equity holders of the parent	<b>(0.45)</b>	(0.56)
Diluted, loss for the year attributable to ordinary equity holders of the parent	<b>(0.45)</b>	(0.56)
<b>Earnings per share for continuing operations:</b>		
Basic, loss from continuing operations attributable to ordinary equity holders of the parent	<b>(0.45)</b>	(0.56)
Diluted, loss from continuing operations attributable to ordinary equity holders of the parent	<b>(0.45)</b>	(0.56)

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### Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022

#### 8 Cash and Cash Equivalents

	2022	2021
Note	\$	\$
Cash at bank	2,702,596	4,960,227
<b>Total cash and cash equivalents</b>	<b>2,702,596</b>	<b>4,960,227</b>

#### (a) Reconciliation of cash

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

Cash and cash equivalents	8	2,702,596	4,960,227
<b>Balance as per consolidated statement of cash flows</b>		<b>2,702,596</b>	<b>4,960,227</b>

#### 9 Trade and Other Receivables

CURRENT			
Deposits		14,325	25,750
Taxes and social security		33,672	36,323
Grant receivable		51,625	72,917
Other receivables		83,751	83,073
<b>Total current trade and other receivables</b>		<b>183,373</b>	<b>218,063</b>

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.

#### 10 Other Assets

CURRENT			
Prepayments		179,852	219,281
<b>Total current other assets</b>		<b>179,852</b>	<b>219,281</b>

#### 11 Intangible Assets

<b>Development costs</b>			
Cost		2,678,745	2,678,745
Accumulated amortisation and impairment		(2,678,745)	(2,678,745)
<b>Net carrying value</b>		<b>-</b>	<b>-</b>
<b>Digital Assets - HBAR Cryptocurrency</b>			
Cost		129,129	-
Accumulated amortisation and impairment		(90,174)	-
<b>Net carrying value</b>		<b>38,955</b>	<b>-</b>
<b>Total intangibles</b>		<b>38,955</b>	<b>-</b>

**Notes to the Consolidated Financial Statements  
For the Year Ended 31 December 2022**

**11 Intangible Assets (continued)**

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

	Digital Assets - Cryptocurrency	Development costs	Total
	\$	\$	\$
<b>Year ended 31 December 2022</b>			
Balance at the beginning of the year	-	-	-
Additions	129,129	-	129,129
Amortisation expense	-	-	-
Impairment loss in profit & loss	(90,174)	-	(90,174)
<b>Closing value at 31 December 2022</b>	<b>38,955</b>	<b>-</b>	<b>38,955</b>

There were no movements in intangible assets during the year ended 31 December 2021.

**(b) Impairment of digital assets (cryptocurrency)**

The Group entered into a HBAR Grant and Rewards Agreement with The HBAR Foundation on 21 March 2022 for a period of 4 years. The total value of the grant is approximately USD1,000,000 payable in HBAR (cryptocurrency native to the Hedera Network) with an initial payment of approximately USD100,000 (paid in the equivalent HBAR on date of transaction being 4 May 2022).

The Group acquires HBAR (digital asset) in various separate transactions. Each individual acquisition of HBAR held by the Group represents a unit of account for impairment testing purposes and the Group maintains the carrying values of each acquisition in order to perform impairment testing.

The fair value of the HBAR is determined with reference to the HBAR-USD (US Dollar) rate on the respective transaction dates from the Coin Market Cap website ([www.coinmarketcap.com](http://www.coinmarketcap.com)) at closing Coordinated Universal Time. In the event that the fair value of HBAR falls below its carrying value, an impairment is recorded. During the year ended 31 December 2022, an impairment charge of \$90,174 was recognised in profit and loss.

**(c) Restrictions on use of digital assets**

As part of the agreement with The HBAR Foundation, the Group agrees that it will not transfer, or cause to be transferred, any HBARS received under the agreement out of the original payment account, or otherwise transfer, exchange, distribute or sell those HBARS for fiat currency or a different cryptocurrency, unless mutually agreed to transfer as fiat currency, for a period of 6 months from the granting of the HBARS. Exceptions to this requirement are:

- transfer from one TYMLEZ account to another TYMLEZ account;
- transfer to pay transaction fees required to make use of the Hedera Network.

## Notes to the Consolidated Financial Statements

### For the Year Ended 31 December 2022

#### 12 Trade and Other Payables

	Note	2022 \$	2021 \$
CURRENT			
<i>Unsecured liabilities:</i>			
Trade payables		93,025	261,612
Taxes and social security		8,593	7,404
Sundry payables and accrued expenses		155,180	271,007
Other payables		248,795	206,244
<b>Total current trade and other payables</b>		<b>505,593</b>	<b>746,267</b>

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

#### 13 Borrowings

CURRENT			
<i>Unsecured liabilities:</i>			
Loan from Netherlands government	13(a)	229,500	301,241
Insurance premium funding	13(b)	135,066	18,156
<b>Total current borrowings</b>		<b>364,566</b>	<b>319,397</b>
NON-CURRENT			
<i>Unsecured liabilities:</i>			
Loan from Netherlands government	13(a)	-	150,620
<b>Total non-current borrowings</b>		<b>-</b>	<b>150,620</b>

##### (a) Loan from Netherlands government

The terms and conditions of the loan from the Netherlands government is as follows:

- The Netherlands government has provided 75% (€375,000) of the bridging credit in the form of a loan to Tymlez Holding B.V. on the basis that Tymlez Group Limited is willing to provide the remaining 25%;
- The loan will only be used to finance the capital expenditures and working capital needs of the Group;
- Interest is calculated at 3% per annum on the outstanding part of the principal, accruing on a daily basis;
- Repayment of the principal and interest commences on 1 July 2021 and thereafter, on the last day of each calendar quarter; and
- Extensions for repayment may be granted at the request of the Group to a period equal to no more than 16 quarterly installments.

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### Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022

#### 13 Borrowings (continued)

##### (b) Insurance premium funding

Insurance premium funding has a fixed interest rate of 5.23% per annum (2021: 7.33% per annum).

#### 14 Contract Liabilities

	2022	2021
	\$	\$
CURRENT		
Contract liabilities - grant income	226,084	138,411
<b>Total current contract liabilities</b>	<b>226,084</b>	<b>138,411</b>

#### 15 Employee Benefits

CURRENT		
Annual leave	68,040	52,473
<b>Total current employee benefits</b>	<b>68,040</b>	<b>52,473</b>

#### 16 Issued Capital

1,091,421,885 (2021: 986,851,523) fully paid ordinary shares	28,132,273	26,037,049
Share issue costs	(2,829,949)	(2,818,283)
<b>Total issued capital</b>	<b>25,302,324</b>	<b>23,218,766</b>

##### (a) Ordinary shares

	2022	2021
	No.	No.
At the beginning of the reporting year	986,851,523	292,036,871
Shares issued during the year:		
- Shares issued on private placement	101,157,704	108,540,910
- Shares issued on exercise of options	13,637	-
- Shares issued to Lead Manager	-	200,000
- Shares issued on rights issue	-	584,073,742
- Shares issued to directors in lieu of remuneration	3,399,021	2,000,000
<b>At the end of the reporting period</b>	<b>1,091,421,885</b>	<b>986,851,523</b>

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.

## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022

### 16 Issued Capital (continued)

#### (b) Capital Management

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

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

The Group 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 Group's capital risk management is to maintain compliance with the covenants, if any, attached to the Group's debts. During the financial years ended 31 December 2022 and 2021, there were no covenants attached to the Group's borrowings.

### 17 Reserves

	2022	2021
	\$	\$
<b>Foreign currency translation reserve</b>		
Opening balance	149,822	148,919
Exchange differences on translating foreign controlled entities	(3,002)	903
<b>Closing balance</b>	<b>146,820</b>	<b>149,822</b>
<b>Option reserve</b>		
Opening balance	3,105,024	2,819,160
Options issued	162,553	515,454
Options vested	215,590	-
Options exercised	(1,713)	-
Lapsed/forfeited options	(275,800)	(229,590)
<b>Closing balance</b>	<b>3,205,654</b>	<b>3,105,024</b>
<b>Deferred consideration shares reserve</b>		
Opening balance	-	602,019
Write-off deferred consideration shares	-	(602,019)
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>Common control reserve</b>		
Opening balance	(6,932,024)	(6,932,024)
<b>Closing balance</b>	<b>(6,932,024)</b>	<b>(6,932,024)</b>
<b>Total reserves</b>	<b>(3,579,550)</b>	<b>(3,677,178)</b>



## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022

### 17 Reserves (continued)

**(a) Foreign currency translation reserve**

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

**(b) Option reserve**

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

**(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. During the year ended 31 December 2022, the deferred consideration shares reserve was transferred to accumulated losses as the period for the achievement of the respective milestones had expired and none of the performance milestones had been met to warrant the issue of the deferred consideration shares.

**(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

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Accumulated losses at the beginning of the financial year	<b>(15,551,185)</b>	(12,736,351)
Net profit/(loss) for the year	<b>(4,506,896)</b>	(3,646,443)
Lapsed/forfeited options	<b>275,800</b>	229,590
Transfer from deferred consideration shares reserve	-	602,019
<b>Accumulated losses at end of the financial year</b>	<b><u>(19,782,281)</u></b>	<b><u>(15,551,185)</u></b>

## Tymlez Group Limited

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### Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022

#### 19 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities	2022	2021
	\$	\$
Net profit/(loss) for the year	(4,506,896)	(3,646,443)
Non-cash flows in profit/(loss):		
- impairment of digital assets	90,174	-
- income received in the form of digital assets, net of forex differences	(129,129)	-
- expenses paid via issue of shares/options	-	44,175
- share based payment to directors and employees	427,514	440,444
- interest expense included financing activities	27,022	23,496
- GST claim on capital raising costs	996	27,962
- insurance expense paid via insurance premium funding	355,380	20,040
- (gain)/loss on early termination of lease	-	(86,193)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	34,690	(121,593)
- (increase)/decrease in other assets	39,429	(30,945)
- increase/(decrease) in other liabilities	87,673	138,411
- increase/(decrease) in trade and other payables	(218,774)	87,976
- increase/(decrease) in employee benefits	15,567	51,887
<b>Net cash provided by/(used in) operating activities</b>	<b>(3,776,354)</b>	<b>(3,050,783)</b>
<b>(b) Non-cash financing and investing activities</b>		
Payment of outstanding debts via the issue of shares	-	14,500
Payment of outstanding debts via the issue of TYMO options	20,100	132,675
Issue of options under employee share scheme	358,042	132,000
Insurance premium funding	368,479	21,450
<b>Total non-cash financing and investing activities</b>	<b>746,621</b>	<b>300,625</b>

**Notes to the Consolidated Financial Statements**  
**For the Year Ended 31 December 2022**

**19 Cash Flow Information (continued)**

**(c) Changes in liabilities arising from financing activities**

	2021	Cash flows	Non-cash changes		2022
			Foreign exchange movement	Other non-cash movement	
	\$	\$	\$	\$	\$
Insurance premium funding	18,156	(250,825)	-	367,735	135,066
Loan from Netherlands government	451,861	(224,364)	(12,664)	14,667	229,500
<b>Total liabilities from financing activities</b>	<b>470,017</b>	<b>(475,189)</b>	<b>(12,664)</b>	<b>382,402</b>	<b>364,566</b>

	2020	Cash flows	Non-cash changes		2021
			Foreign exchange movement	Other non-cash movement	
	\$	\$	\$	\$	\$
Insurance premium funding	130,120	(137,849)	-	25,885	18,156
Lease liabilities	143,822	(55,763)	(174,936)	86,877	-
Loan from Netherlands government	606,492	(157,071)	(14,293)	16,733	451,861
<b>Total liabilities from financing activities</b>	<b>880,434</b>	<b>(350,683)</b>	<b>(189,229)</b>	<b>129,495</b>	<b>470,017</b>

**20 Share-based Payments**

During the year ended 31 December 2022, the Company granted options to its employees and key management personnel pursuant to its Employee Share Option Plan ("ESOP").

*Employee Share Option Plan ("ESOP")*

The ESOP has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Board, grant options over ordinary shares in the Company to certain key management personnel of the Group. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

## Notes to the Consolidated Financial Statements

### For the Year Ended 31 December 2022

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

Set out below are summaries of options granted under the plan:

	31 December 2022		31 December 2021	
	Weighted Average Exercise Price Per Share Option	Number of Options	Weighted Average Exercise Price Per Share Option	Number of Options
	\$	No.	\$	No.
As at 1 January	0.043	82,671,154	0.166	9,206,000
Granted during the year	0.014	32,500,000	0.033	74,995,154
Forfeited during the year	-	-	0.055	(210,000)
Expired during the period	0.350	(2,000,000)	0.350	(1,320,000)
<b>As at 31 December</b>	<b>0.034</b>	<b>113,171,154</b>	<b>0.043</b>	<b>82,671,154</b>
Vested and exercisable at 31 December	0.038	18,106,068	0.085	15,087,106

No options were exercised during the periods covered by the above table.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

2022		Exercise price	Share Options 31 December 2022 *	Share Options 31 December 2021 **
Grant Date	Expiry Date	\$	No.	No.
13 December 2018	11 December 2022	0.350	-	2,000,000
29 May 2020	31 December 2023	0.065	516,000	516,000
14 July 2020	31 December 2023	0.065	1,500,000	1,500,000
11 August 2020	25 August 2023	0.055	1,560,000	1,560,000
14 September 2020	31 December 2023	0.065	750,000	750,000
17 September 2020	31 December 2023	0.065	100,000	100,000
09 October 2020	31 December 2023	0.065	1,000,000	1,000,000
14 October 2020	31 December 2023	0.065	250,000	250,000
17 June 2021	31 December 2023	0.015	3,000,000	3,000,000
02 July 2021	02 July 2025	0.015	15,789,624	15,789,624
30 July 2021	30 November 2024	0.035	51,805,530	51,805,530
08 December 2021	08 December 2026	0.016	4,400,000	4,400,000
23 August 2022	23 August 2026	0.024	7,500,000	-
23 August 2022	23 August 2026	0.029	7,500,000	-
23 August 2022	23 August 2026	0.045	7,500,000	-
31 August 2022	31 August 2026	0.032	10,000,000	-
			<b>113,171,154</b>	<b>82,671,154</b>

\* The 10,000,000 options granted on 31 August 2022 has not yet been issued as at 31 December 2022 as these options are granted to a director which is subject to shareholders' approval at the 2022 AGM.

\*\* The options granted in 2021, except for the 51,805,530 options granted on 30 July 2021, have not yet been issued as at 31 December 2021 as these options are either employee share options or share-based payments to suppliers that are in the process of being issued, pending the finalisation of relevant information.

The weighted average remaining contractual life of options outstanding at year end was 2.63 years (2021: 3.18 years).

The weighted average exercise price of outstanding shares at the end of the reporting period was \$0.03 (2021: \$0.17).

## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022

### 20 Share-based Payments (continued)

The weighted average fair value of the options granted during the year was \$0.016 (2021: \$0.015). These values were calculated by using a Black-Scholes and Monte-Carlo option pricing model applying the following inputs:

Grant date:	23 August 2022	23 August 2022	23 August 2022
Expiry date:	23 August 2026	23 August 2026	23 August 2026
Share price at grant date (\$):	0.021	0.021	0.021
Exercise price (\$):	0.024	0.029	0.045
Weighted average life of the option (years):	4.00	4.00	4.00
Expected share price volatility:	140.00 %	140.00 %	140.00 %
Dividend yield:	- %	- %	- %
Weighted average risk-free interest rate:	3.34 %	3.34 %	3.34 %
Weighted average fair value at grant date (\$):	0.0165	0.0164	0.0159
Grant date:	31 August 2022		
Expiry date:	31 August 2026		
Share price at grant date (\$):	0.022		
Exercise price (\$):	0.032		
Weighted average life of the option (years):	4.00		
Expected share price volatility:	140.00 %		
Dividend yield:	- %		
Weighted average risk-free interest rate:	3.30 %		
Weighted average fair value at grant date (\$):	0.0160		

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 2022 was \$0.023.

### 21 Tax assets and liabilities

#### Unrecognised deferred tax assets

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

	2022	2021
	\$	\$
<i>Australian tax losses not recognised:</i>		
Unused tax losses for which no deferred tax asset has been recognised	7,904,771	4,215,206
Potential tax benefit at 30%	<u>2,371,431</u>	<u>1,264,562</u>

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.

**Notes to the Consolidated Financial Statements  
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**22 Interests in Subsidiaries**

**Composition of the Group**

	Principal place of business / Country of Incorporation	Percentage Owned (%)*	Percentage Owned (%)*
		2022	2021
<b>Subsidiaries:</b>			
Tymlez Holding B.V.	Netherlands	100	100
Tymlez GmbH **	Germany	100	100
Tymlez Properties B.V.	Netherlands	100	100
Tymlez B.V.	Netherlands	100	100
Tymlez Inc. **	United States of America	100	100
Tymlez Pty Ltd	Australia	100	100
Tymlez USA Inc. (Incorporated 19 May 2022) **	United States of America	100	-

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

\*\* These entities are currently dormant.

**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 Group has two reportable segments, namely, Australia and Europe. The Group 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. 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 Consolidated Financial Statements**  
For the Year Ended 31 December 2022

23 Operating Segments (continued)

(d) Segment performance

	Australia		Europe		Elimination		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>								
Revenue from external customers	71,852	-	-	-	-	-	71,852	-
Other segment income	253,188	73,948	243,191	300,513	(17,955)	(1,031)	478,424	373,430
Interest income	409,741	162,797	-	-	(403,878)	(162,448)	5,863	349
<b>Total segment revenue</b>	<b>734,781</b>	<b>236,745</b>	<b>243,191</b>	<b>300,513</b>	<b>(421,833)</b>	<b>(163,479)</b>	<b>556,139</b>	<b>373,779</b>
Impairment of non-current assets	90,174	-	-	-	-	-	90,174	-
Interest expense	203,880	5,845	227,020	182,764	(403,878)	(162,448)	27,022	26,161
Other segment expenses	4,276,191	2,568,200	630,424	1,510,292	39,224	(84,209)	4,945,839	3,994,283
Income tax expense	-	-	-	(222)	-	-	-	(222)
<b>Total segment expenses</b>	<b>4,570,245</b>	<b>2,574,045</b>	<b>857,444</b>	<b>1,692,834</b>	<b>(364,654)</b>	<b>(246,657)</b>	<b>5,063,035</b>	<b>4,020,222</b>
<b>Segment operating profit/(loss)</b>	<b>(3,835,464)</b>	<b>(2,337,300)</b>	<b>(614,253)</b>	<b>(1,392,321)</b>	<b>(57,179)</b>	<b>83,178</b>	<b>(4,506,896)</b>	<b>(3,646,443)</b>

## Tymlez Group Limited

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### Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022

#### 23 Operating Segments (continued)

##### (e) Segment assets

	Australia		Europe		Elimination		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Segment assets	12,220,314	10,698,909	187,087	184,053	(9,302,635)	(5,485,391)	3,104,766	5,397,571
<b>Total segment assets</b>	<b>12,220,314</b>	<b>10,698,909</b>	<b>187,087</b>	<b>184,053</b>	<b>(9,302,635)</b>	<b>(5,485,391)</b>	<b>3,104,766</b>	<b>5,397,571</b>

##### (f) Segment liabilities

Segment liabilities	5,089,052	2,192,172	5,377,766	4,700,283	(9,302,535)	(5,485,287)	1,164,283	1,407,168
<b>Total segment liabilities</b>	<b>5,089,052</b>	<b>2,192,172</b>	<b>5,377,766</b>	<b>4,700,283</b>	<b>(9,302,535)</b>	<b>(5,485,287)</b>	<b>1,164,283</b>	<b>1,407,168</b>



## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022

### 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	2022 \$	2021 \$
<b>Financial Assets</b>			
Financial assets at amortised cost:			
- Cash and cash equivalents	8	2,702,596	4,960,227
- Loans and receivables	9	149,701	181,740
<b>Total financial assets</b>		<b>2,852,297</b>	<b>5,141,967</b>
<b>Financial Liabilities</b>			
Financial liabilities at amortised cost:			
- Trade and other payables	12	497,000	738,863
- Borrowings	13	364,566	470,017
<b>Total financial liabilities</b>		<b>861,566</b>	<b>1,208,880</b>

#### 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. Management 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 Consolidated Financial Statements For the Year Ended 31 December 2022

### 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.

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		Less than 12 months		1 to 2 years	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>						
Trade and other payables	497,000	738,863	-	-	-	-
Insurance premium funding	16,627	1,910	118,439	16,246	-	-
Loan from Netherlands government	-	-	229,500	301,241	-	150,620
<b>Total contractual outflows</b>	<b>513,627</b>	<b>740,773</b>	<b>347,939</b>	<b>317,487</b>	<b>-</b>	<b>150,620</b>
					<b>Total Contractual Cashflow/ Carrying Amount</b>	
					2022	2021
					\$	\$
<b>Financial liabilities due for payment</b>						
Trade and other payables					497,000	1,235,863
Insurance premium funding					135,066	153,222
Loan from Netherlands government					229,500	530,741
<b>Total contractual outflows</b>					<b>861,566</b>	<b>1,919,826</b>

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

## **Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022**

### **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 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 2022 and 31 December 2021, the Group did not have any trade receivables.

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.

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. As at 31 December 2022 and 31 December 2021, the Group did not have any trade receivables, accordingly, expected credit losses were not assessed.

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.

## Notes to the Consolidated Financial Statements

### For the Year Ended 31 December 2022

#### 24 Financial Risk Management (continued)

##### (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 2022, the only borrowings the Group has relate to the insurance premium funding and the loan from the Netherlands government (refer to Note 13 for further details) (31 December 2021: insurance premium funding and the loan from the Netherlands government).

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.

	2022	2021
	\$	\$
<b>Floating rate instruments</b>		
Cash at bank	2,702,596	4,960,227
<b>Total floating rate instruments</b>	<u>2,702,596</u>	<u>4,960,227</u>

##### (ii) Foreign exchange risk

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

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

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

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

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

	USD	EUR	AUD	Total AUD
	\$	\$	\$	\$
<b>2022</b>				
<i>Nominal amounts</i>				
Financial assets	-	172,518	2,679,779	2,852,297
Financial liabilities	-	(271,865)	(589,701)	(861,566)
<b>Short-term exposure</b>	<u>-</u>	<u>(99,347)</u>	<u>2,090,078</u>	<u>1,990,731</u>
<b>2021</b>				
<i>Nominal amounts</i>				
Financial assets	1,591	147,577	4,992,799	5,141,967
Financial liabilities	(103)	(576,032)	(632,745)	(1,208,880)
<b>Short-term exposure</b>	<u>1,488</u>	<u>(428,455)</u>	<u>4,360,054</u>	<u>3,933,087</u>

**Notes to the Consolidated Financial Statements  
For the Year Ended 31 December 2022**

**24 Financial Risk Management (continued)**

**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.

**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.

In addition, Mr Maciek Kiernikowski (Chief Innovation Officer from 1 August to 31 August 2022 and Chief Executive Officer from 1 September to 23 November 2022) and Mr Dan Voyce (Chief Technology Officer), acted in a capacity which meets the definition of key management personnel.

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the KMP for the year ended 31 December 2022.

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

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	<b>843,305</b>	828,621
Post-employment benefits	<b>80,107</b>	39,915
Share-based payments	<b>300,874</b>	231,305
<b>Total key management personnel remuneration</b>	<b><u>1,224,286</u></b>	<u>1,099,841</u>

**26 Related Parties**

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

Subsidiaries - refer to Note 22.

Key management personnel - refer to Note 25.

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 Consolidated Financial Statements**  
**For the Year Ended 31 December 2022**

**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 \$
<b>KMP related parties</b>				
Claytec Pty Ltd *:				
- 2022	-	-	-	-
- 2021	37,823	-	-	-
Zero CO2 PTY LTD **::				
- 2022	<b>30,716</b>	-	-	-
- 2021	-	-	-	-
<b>Subsidiaries</b>				
Loan to Tymlez Holding B.V. ***:				
- 2022	-	<b>212,353</b>	<b>4,871,224</b>	-
- 2021	-	162,448	3,876,666	-
Loan to Tymlez Pty Ltd ****:				
- 2022	-	<b>191,525</b>	<b>4,431,311</b>	-
- 2021	-	-	1,506,954	-

\* Wayne Clay is the owner of Claytec Pty Ltd ("Claytec"). During the year ended 31 December 2021, Wayne provided consulting services to the Group, in addition to his role as non-executive director of the Group. Wayne was appointed as non-executive director of the Group on 14 September 2020 and resigned on 30 November 2021.

\*\* Luca Febbraio is the owner of Zero CO2 Pty Ltd. During the year ended 31 December 2022, Luca provided consulting services to the Group, in addition to his role as non-executive director of the Group. Luca was appointed as non-executive director of the Group on 1 November 2021 and resigned on 22 August 2022.

\*\*\* This loan is unsecured and interest is charged monthly in arrears on the outstanding portion of the loan account at 5% per annum. The outstanding loan balance is repayable in 5 years and the maximum outstanding balance in the loan is capped at EUR 6,000,000.

\*\*\*\* This loan is unsecured and interest is charged monthly in arrears on the outstanding portion of the loan account at 5% per annum. The outstanding loan balance is repayable in 5 years.

## Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022

### 27 Auditors' Remuneration

	2022	2021
	\$	\$
Remuneration of the auditor HLB Mann Judd, for:		
- auditing or reviewing the financial statements of the Group	44,250	35,600
	<u>44,250</u>	<u>35,600</u>
Remuneration of other auditors (HLB Network Firms) of subsidiaries for:		
- auditing or reviewing the financial statements of subsidiaries	33,941	32,278
	<u>33,941</u>	<u>32,278</u>
<b>Total auditors' remuneration</b>	<u><u>78,191</u></u>	<u><u>67,878</u></u>

### 28 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2022 (31 December 2021: None).

### 29 Events Occurring After the Reporting Date

The consolidated financial report was authorised for issue on 31 March 2023 by the board of directors.

On 1 January 2023, the Group's Executive Chairman, Mr Daniel O'Halloran, was appointed as Acting Chief Executive Officer (CEO). Pursuant to the executed employment agreement, Mr O'Halloran is entitled to a fixed remuneration of \$100,000 per annum plus superannuation. This amount is exclusive of the remuneration and incentives being granted in his role as Executive Chairman under the employment agreement effective from 1 September 2022.

On 1 January 2023, Ms Belinda Cleminson stepped down as Company Secretary of the Group and was replaced by Mr Jonathan Hart.

Mr Daniel O'Halloran resigned as Acting CEO on 30 March 2023, giving 2 months' notice on that date as per the executed employment agreement, and his resignation will be effective 31 May 2023. On the same day, he also resigned as Executive Chairman and this will be effective immediately. It is the Group's intention to retain Mr O'Halloran as an advisor for a period to be agreed beyond 31 May 2023 to assist the Board with a number of business development initiatives that are underway and also assist with handover to a new CEO when appointed. The global search for a new CEO is currently in progress. The Group's non-executive director, Mr Jason Conroy, has been appointed as Non-Executive Chairman.

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.

## Tymlez Group Limited

ABN 37 622 817 421

# Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022

### 30 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.

	2022	2021
	\$	\$
<b>Statement of Financial Position</b>		
<b>Assets</b>		
Current assets	11,997,367	10,484,999
Non-current assets	105,551	101,771
<b>Total Assets</b>	<b>12,102,918</b>	<b>10,586,770</b>
<b>Liabilities</b>		
Current liabilities	314,401	408,266
<b>Total Liabilities</b>	<b>314,401</b>	<b>408,266</b>
<b>Equity</b>		
Issued capital	25,302,324	23,218,766
Accumulated losses	(16,719,461)	(16,145,286)
Options reserve	3,205,654	3,105,024
<b>Total Equity</b>	<b>11,788,517</b>	<b>10,178,504</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Total profit/(loss) for the year	(849,975)	(916,353)
<b>Total Comprehensive Income</b>	<b>(849,975)</b>	<b>(916,353)</b>

#### Guarantees

There were no financial guarantees held by the parent entity as at 31 December 2022 or or 31 December 2021.

#### Contingent liabilities

The parent entity did not have any contingent liabilities as at 31 December 2022 or 31 December 2021, other than those outlined in Note 28.

#### Contractual commitments

The parent entity did not have any commitments as at 31 December 2022 or 31 December 2021.



## **Tymlez Group Limited**

ABN 37 622 817 421

# **Notes to the Consolidated Financial Statements For the Year Ended 31 December 2022**

### **31 Statutory Information**

The registered office of the Company is:

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

The principal places of business is:

Tymlez Group Limited  
16 Nexus Way  
Southport QLD 4215

Tymlez Holding B.V.  
Kraanspoor 50  
1033 SE Amsterdam  
The Netherlands

**Tymlez Group Limited**

ABN 37 622 817 421

**Directors' Declaration**

The directors of the Company declare that:

- 1. the consolidated financial statements and notes for the year ended 31 December 2022 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 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.



Acting CEO: .....

Daniel O'Halloran



Non-Executive Chairman: .....

Jason Conroy

Dated this 31st day of March 2023

## 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 2022, 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 2022 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 \$4,506,896 during the year ended 31 December 2022 and had operating cash outflows of \$3,776,354. 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.

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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.

We have not identified any additional matters, aside from the matter described in the *Material Uncertainty Regarding Going Concern* section above, to be key audit matters requiring communication in our report.

### **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 2022, 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 Company's or 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 Company or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

## **REPORT ON THE REMUNERATION REPORT**

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

We have audited the Remuneration Report included in pages 8 to 20 of the directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Tymlez Group Limited for the year ended 31 December 2022 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

**HLB Mann Judd  
Chartered Accountants**

Melbourne  
31 March 2023

A handwritten signature in black ink, appearing to read 'M Gummery', with a stylized flourish at the end.

**Michael Gummery  
Partner**

## Additional Information for Listed Public Companies For the Year Ended 31 December 2022

### 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 21 March 2023.

### Substantial shareholders

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

Shareholders	Number of Shares	% of issued shares
Whitecombe Super Investments Pty Ltd <Whitecombe Super Fund A/C> and Hamilton Hawkes Pty Ltd <Whitcombe Family A/c>	216,813,655	19.85 %
10 Bolivianos Pty Ltd, Freedom Trader Pty Ltd and Mr Niv Dagan	147,018,217	13.46 %

### 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	30	4
1,001 - 5,000	36	23
5,001 - 10,000	58	19
10,001 - 100,000	605	106
100,001 and over	519	50
<b>Total</b>	<b>1,248</b>	<b>202</b>

Based on the price per security, there were 452 holders of less than a marketable parcel of ordinary shares. This equates to a total of 8,020,966 ordinary shares (0.73% of total issued capital).

**Additional Information for Listed Public Companies  
For the Year Ended 31 December 2022**

**Twenty largest shareholders - Ordinary shares**

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

	<b>Ordinary Shares Number Held</b>	<b>% of issued shares</b>
10 Bolivianos Pty Ltd	134,651,479	12.33 %
Whitcombe Super Investments Pty Ltd <Whitcombe Super Fund A/c>	110,800,000	10.14 %
Hamilton Hawkes Pty Ltd <Whitcombe Family A/c>	106,013,655	9.71 %
Mr Gavin Jeremy Dunhill	49,000,000	4.49 %
Altor Capital Management Pty Ltd <Altor Alpha Fund A/C>	48,782,777	4.47 %
Mr Daniel Joseph O'Halloran	33,900,963	3.10 %
Mr Lee Jason Dixon	24,150,420	2.21 %
Tooting Bec Pty Ltd <Bakerloo Superfund A/C>	23,400,000	2.14 %
Mr Noel Russell Cameron & Dr Belinda Caroline Goad <Noel Cameron Super Fund A/c>	20,000,251	1.83 %
MGL Corp Pty Ltd	17,400,000	1.59 %
Flourich Pty Ltd <GT & JH Super Fund A/c>	17,335,025	1.59 %
Mr Todd Joseph Bard	17,125,330	1.57 %
Narrawallee Capital Pty Ltd <The Narrawallee Unit A/C>	15,000,000	1.37 %
Granet Superannuation and Investment Services PL <Granet Super Fund A/c>	13,324,658	1.22 %
Citicorp Nominees Pty Limited	11,417,359	1.05 %
Buprestid Pty Ltd <Hanlon Family Super A/c>	11,175,108	1.02 %
BNP Paribas Nominees Pty Ltd ACF Clearstream	10,807,782	0.99 %
Mr Graham John Walker	9,503,862	0.87 %
Tag Investments Australia Pty Ltd <Tag Investment A/C>	9,182,711	0.84 %
Mr John Patrick O'Leary & Mrs Michelle O'Leary	9,110,162	0.83 %
<b>Total</b>	<b>692,081,542</b>	<b>63.36 %</b>



## Tymlez Group Limited

### Additional Information for Listed Public Companies

For the Year Ended 31 December 2022

#### Twenty largest option holders - Listed Options (TYMO)

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

	<b>Listed Options Number held</b>	<b>% of issued options</b>
Tooting Bec Pty Ltd <Bakerloo Superfund A/C>	7,000,000	20.36 %
Flourich Pty Ltd <GT & JH Super Fund A/C>	4,026,860	11.71 %
Mr Eoin Patrick Flynn	1,603,334	4.66 %
Buprestid Pty Ltd <Hanlon Family Super A/c>	1,416,478	4.12 %
Mr Daniel Joseph O'Halloran	1,136,363	3.31 %
Conteck Nederland BV	1,000,000	2.91 %
Altor Capital Management Pty Ltd <Altor Alpha Fund A/c>	909,091	2.64 %
Mr John Anthony Phelan & Mrs Brenda Margaret Phelan <Phelan Super Fund A/c>	894,546	2.60 %
Mr Noel Russell Cameron & Dr Belinda Caroline Goad <Noel Cameron Super Fund A/c>	727,273	2.12 %
BT portfolio Services Limited <Caergwrle Invest P/L A/c>	681,818	1.98 %
Klockmann Investments Pty Ltd <Klockmann Family Super A/c>	568,182	1.65 %
Mrs Connie Solty	556,655	1.62 %
Ms Eileen Lilian Collins & Mr Adam James Champion <The Eileen Collins Unit A/c>	553,897	1.61 %
Marrah Capital Investment Pty Ltd <Gardiner Brookes Super A/c>	500,000	1.45 %
MacDonald Family SF Pty Ltd <MacDonald Family SF A/C>	500,000	1.45 %
Mr Shane Gregory Ciurleo	500,000	1.45 %
Mr Graham John Walker	477,273	1.39 %
Allegro Capital Nominees Pty Ltd <Allegro Capital Account>	454,546	1.32 %
Ausitano Holdings Pty Ltd	454,545	1.32 %
Ali Burn & Gery Sullivan <P J Roughan Family A/c>	454,545	1.32 %
Mrs Michelle Annette Solty	365,455	1.06 %
Mr Martin John Gardiner	350,000	1.02 %
Mr Roulan Gillion	345,455	1.00 %
<b>Total</b>	<b>25,476,316</b>	<b>74.07 %</b>

**Additional Information for Listed Public Companies  
For the Year Ended 31 December 2022**

**Unissued equity securities**

Options issued:

- 1,560,000 unlisted options exercisable at \$0.055 expiring 25 August 2023 (9 holders)
- 51,805,530 unlisted options exercisable at \$0.035 expiring 30 November 2024 (4 holders)
- 15,789,624 unlisted options exercisable at \$0.015 expiring 28 June 2026 (1 holder)
- 880,000 unlisted options exercisable at \$0.016 expiring 29 March 2026 (1 holder)
- 880,000 unlisted options exercisable at \$0.016 expiring 5 July 2026 (1 holder)
- 880,000 unlisted options exercisable at \$0.016 expiring 5 August 2026 (1 holder)
- 880,000 unlisted options exercisable at \$0.016 expiring 15 September 2026 (1 holder)
- 880,000 unlisted options exercisable at \$0.016 expiring 15 November 2026 (1 holder)
- 3,000,000 unlisted options exercisable at \$0.015 expiring 31 December 2023 (6 holders)
- 7,500,000 unlisted options exercisable at \$0.024 expiring 23 August 2026 (1 holder)
- 7,500,000 unlisted options exercisable at \$0.045 expiring 23 August 2026 (1 holder)
- 7,500,000 unlisted options exercisable at \$0.0285 expiring 23 August 2026 (1 holder)

**Securities exchange**

The Company is listed on the Australian Securities Exchange.