



ASX APPENDIX 4E

TRANSCENDENCE TECHNOLOGIES LIMITED

ABN: 57 096 781 716

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE YEAR ENDED 30 JUNE 2020

(Previous corresponding period is the year ended 30 June 2019)

| KEY INFORMATION | 30-Jun-20 | 30-Jun-19 | % Change |
|---|------------------|------------------|-----------------|
| | \$ | \$ | |
| Revenue from ordinary activities | 5,840 | 21,476 | (73%) |
| Loss from ordinary activities after tax attributable to members | (412,615) | (596,004) | (31%) |
| Net loss attributable to members | (412,615) | (596,004) | (31%) |

DIVIDEND INFORMATION

No dividend has been proposed or declared.

| NET TANGIBLE ASSETS PER SECURITY | 30-Jun-20 | 30-Jun-19 |
|---|------------------|------------------|
| Net tangible assets per security | 0.004 | 0.007 |

| EARNINGS PER SHARE | 30-Jun-20 | 30-Jun-19 |
|----------------------------|------------------|------------------|
| | Cents | Cents |
| Basic earnings per share | (0.24) | (0.34) |
| Diluted earnings per share | (0.24) | (0.34) |

CONTROL GAINED OR LOST OVER ENTITIES IN THE PERIOD

There have been no gains or losses of control over entities in the year ended 30 June 2020.

Refer to the Directors' Report for an explanation of the operational and financial results of the Group.

This report is based on, and should be read in conjunction with, the attached financial report for the year ended 30 June 2020 for Transcendence Technologies Limited, which has been audited by BDO (WA) Pty Ltd.

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TRANSCENDENCE TECHNOLOGIES LIMITED

ABN 57 096 781 716

ANNUAL REPORT

YEAR ENDED 30 JUNE 2020

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CORPORATE DIRECTORY

Board of Directors

Mr Peter Wall

Non-Executive Chairman

Mr Jeremy King

Non-Executive Director

Mr Patrick Holywell

Non-Executive Director (appointed 20 November 2019)

Secretary

Ms Sarah Smith

Registered Office

Suite 2, Level 1

1 Altona Street

West Perth WA 6005

Telephone: 08 6559 1792

Website: www.tt-limited.com

Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX Code: TTL)

Auditors

BDO (WA) Pty Ltd

Level 1, 38 Station Street

Subiaco WA 6008

Solicitors

Steinepreis Paganin

Level 4, Next Building

16 Milligan Street

Perth WA 6000

Bankers

Westpac Banking Corporation

Level 4, Brookfield Place, Tower Two

123 St Georges Terrace

Perth WA 6000

Share Registry

Automic Share Registry

Level 2, 267 St Georges Terrace

Perth WA 6000

Telephone: 1300 288 664

DIRECTORS' REPORT

The Directors of Transcendence Technologies Limited (“TTL” or “the Company”) present their report, together with the financial statements on the consolidated entity consisting of Transcendence Technologies Limited and its controlled entities (the “Group”) for the financial year ended 30 June 2020.

INFORMATION ON DIRECTORS

The names and details of the Company’s Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

Peter Wall | Non-Executive Chairman
(Appointed 6 October 2015)

Mr Wall is a corporate lawyer and has been a Partner at Steinepreis Paganin (Perth based corporate law firm) since July 2005. Mr Wall graduated from the University of Western Australia in 1998 with a Bachelor of Laws and Bachelor of Commerce (Finance). He has also completed a Masters of Applied Finance and Investment with FINSIA.

Mr Wall has a wide range of experience in all forms of commercial and corporate law, with a particular focus on technology companies, resources (hard rock and oil/gas), equity capital markets and mergers and acquisitions. He also has significant experience in dealing in cross border transactions.

During the past three years, Mr Wall held the following directorships in other ASX listed companies:

- Non-Executive Chairman of MMJ Group Holdings Ltd (current);
- Non-Executive Chairman of Minbos Resources Limited (current);
- Non-Executive Chairman of MyFiziq Limited (current);
- Non-Executive Chairman of Pursuit Minerals Ltd (current);
- Non-Executive Chairman of Argent Minerals Ltd (current);
- Non-Executive Chairman of Mandrake Resources Limited (resigned 5 August 2019);
- Non-Executive Chairman of Sky & Space Global Ltd (resigned 3 December 2018);
- Non-Executive Chairman of Activistic Limited (resigned 23 April 2018);
- Non-Executive Director of Ookami Limited (resigned 16 February 2018); and
- Non-Executive Chairman of Zyber Holdings Limited (resigned 22 January 2018).

Jeremy King | Non-Executive Director
(Appointed 8 June 2016)

Mr King is a corporate advisor and lawyer with over 16 years’ experience in domestic and international legal, financial and corporate matters. Mr King spent several years in London where he worked with Allen & Overy LLP and Debevoise & Plimpton LLP and has extensive corporate experience, particularly in relation to cross-border private equity, leveraged buy-out acquisitions and acting for financial institutions and corporate issuers in respect of various equity capital raising.

During the past three years, Mr King held the following directorships in other ASX listed companies:

- Executive Director of Red Mountain Mining Limited (current);
- Non-Executive Director ECS Botanics Holdings Ltd (formerly Axxis Technology Limited) (current);
- Non-Executive Director of Smart Parking Limited (current);
- Non-Executive Director of EHR Resources Limited (current);
- Non-Executive Director of Sultan Resources Limited (current);
- Non-Executive Chairman of Aldoro Resources Limited (resigned November 2019);
- Non-Executive Director of Vanadium Resources Limited (resigned July 2019);
- Non-Executive Director of DTI Group Limited (resigned January 2019);
- Non-Executive Chairman of Pure Minerals Limited (resigned November 2018); and
- Non-Executive Director of Aquaint Capital Holdings Limited (resigned October 2017).

DIRECTORS' REPORT

Patrick Holywell | Non-Executive Director
(Appointed 20 November 2019)

Mr Holywell has over fifteen years of experience in accounting, finance and corporate governance, including employment at Deloitte and Patersons. He is a Chartered Accountant and a Fellow of the Governance Institute of Australia with the last ten years focused on Director/CFO/Company Secretarial roles. Mr Holywell worked at Deloitte, in the assurance and advisory division and was a founding member and investment analyst for Patersons Asset Management, the funds management division which reached funds under management of +\$250 million during his tenure. He has held roles with various companies particularly in the resources and technology space and is currently also involved with De Grey Mining Ltd (ASX:DEG) and Six Sigma Metals Ltd (ASX:SI6). Mr Holywell has completed a Bachelor of Commerce at UWA, a Graduate Diploma of Chartered Accounting with the Institute of Chartered Accountants and the Company Directors Course with the Australian Institute of Company Directors.

During the past three years, Mr Holywell held the following directorship in other ASX listed companies:

- Six Sigma Metals Limited (current).

COMPANY SECRETARY

Sarah Smith

(Appointed 16 March 2016)

Ms Smith specialises in corporate advisory, company secretarial and financial management services. Ms Smith's experience includes company secretarial and financial management services for ASX listed companies, capital raisings and IPOs, due diligence reviews and ASX and ASIC compliance. Ms Smith is a Chartered Accountant and has acted as the Company Secretary for a number of ASX listed companies.

INTERESTS IN SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

The following table sets out each current Director's relevant interest in shares and options of the Company or a related body corporate as at the date of this report.

| Director | Ordinary Shares | Unlisted Share Options |
|--|------------------|------------------------|
| Mr Peter Wall | 2,150,000 | 5,500,000 |
| Mr Jeremy King | 500,000 | 3,000,000 |
| My Patrick Holywell (appointed 20 November 2019) | - | - |
| Mr Patrick Burke (resigned 20 November 2019) | - | - |
| Total | 2,650,000 | 8,500,000 |

DIRECTORS' MEETINGS

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director during the time the Director's held office are:

| Name | Number Eligible to Attend | Number Attended |
|--|---------------------------|-----------------|
| Mr Peter Wall | 1 | 1 |
| Mr Jeremy King | 1 | 1 |
| My Patrick Holywell (appointed 20 November 2019) | 1 | 1 |
| Mr Patrick Burke (resigned 20 November 2019) | - | - |

During the year, the Directors met regularly on an informal basis to discuss all matters associated with investment strategy, review of operations, and other Company matters.

DIRECTORS' REPORT

Due to the size and scale of the Company, there is no Remuneration and Nomination Committee or Audit Committee at present. Matters typically dealt with by these Committees are, for the time being, managed by the Board. For details of the function of the Board, please refer to the Corporate Governance Statement on page 40.

PRINCIPAL ACTIVITIES

The Company continues to proactively identify and review acquisition and investment opportunities, while conserving cash.

FINANCIAL RESULTS

The financial results of the Company for the financial year ended 30 June 2020 are:

| | 30-Jun-20 | 30-Jun-19 |
|--------------------------------|-----------|-----------|
| Cash and cash equivalents (\$) | 746,966 | 1,198,254 |
| Net assets (\$) | 742,293 | 1,154,908 |

| | 30-Jun-20 | 30-Jun-19 |
|-------------------------|-----------|-----------|
| Revenue (\$) | 5,840 | 21,476 |
| Net loss after tax (\$) | (412,615) | (596,004) |
| Loss per share (cents) | (0.24) | (0.34) |

REVIEW OF OPERATIONS

On 23 September 2019, the Company was suspended from official quotation in accordance with Listing Rule 17.3, as ASX determined that the Company's operations are not adequate to warrant the continued quotation of its securities pursuant to ASX Listing Rule 12.1. The suspension will continue until the Company is able to demonstrate compliance with Listing Rule 12.1.

During the period, a total of 73,554,272 quoted options exercisable at \$0.05 each on or before 11 August 2019 expired unexercised.

On 20 November 2019, Mr Patrick Holywell was appointed as a Non-Executive Director of the Company and Mr Patrick Burke resigned as Non-Executive Director.

The Board continues to proactively identify and review acquisition and investment opportunities. In the meantime, the Board has implemented a cost reduction program in order to conserve cash.

DIVIDENDS

No dividends have been paid or declared by the Group since the end of the previous financial year.

No dividend is recommended in respect of the current financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in state of affairs during and subsequent to the end of the financial year.

MATTERS SUBSEQUENT TO THE REPORTING PERIOD

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company is exploring other business opportunities.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2020 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent company.

a) Key Management Personnel Disclosed in this Report

Key Management Personnel of the Group during or since the end of the financial year were:

| | |
|------------------|---|
| Peter Wall | Non-Executive Chairman |
| Jeremy King | Non-Executive Director |
| Patrick Holywell | Non-Executive Director (appointed 20 November 2019) |
| Patrick Burke | Non-Executive Director (resigned 20 November 2019) |

There have been no other changes after reporting date and up to the date that the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

| | |
|---|---|
| A | Remuneration Philosophy |
| B | Remuneration Governance, Structure and Approvals |
| C | Remuneration and Performance |
| D | Details of Remuneration |
| E | Contractual Arrangements |
| F | Share-based Compensation |
| G | Equity Instruments Issued on Exercise of Remuneration Options |
| H | Voting and comments made at the Company's 2019 Annual General Meeting |
| I | Loans with KMP |
| J | Other Transactions with KMP |
| K | Additional Information |

A Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP of Transcendence Technologies Limited comprise of the Board of Directors.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

No remuneration consultants were employed during the financial year.

B Remuneration Governance, Structure and Approvals

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Group's development, nor has the Board engaged the services of an external remuneration consultant. It is considered that the size of the Board along with the level of activity of the Group renders this impractical. The Board is primarily responsible for:

- The over-arching executive remuneration framework;

DIRECTORS' REPORT

- Operation of the incentive plans which apply to executive directors and senior executives, including key performance indicators and performance hurdles;
- Remuneration levels of executives; and
- Non-Executive Director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

❖ Non-Executive Remuneration Structure

The remuneration of Non-Executive Directors consists of Directors' fees, payable in arrears. The total aggregate fixed sum per annum to be paid to Non-Executive Directors in accordance with the Company's Constitution is currently A\$250,000 and may be varied by ordinary resolution of the Shareholders in a General Meeting.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. In accordance with the Company's Constitution, the Directors may at any time, subject to the Listing Rules, adopt any scheme or plan which they consider to be in the interests of the Company and which is designed to provide superannuation benefits for both present and future Non-Executive Directors, and they may from time to time vary this scheme or plan.

The remuneration of Non-Executive Directors is detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Contractual Arrangements".

Remuneration may also include an invitation to participate in share-based incentive program in accordance with Company policy.

The nature and amount of remuneration is collectively considered by the Board of Directors with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors.

❖ Executive Remuneration Structure

The nature and amount of remuneration of executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of high-performance Directors.

The main objectives sought when reviewing executive remuneration is that the Company has:

- Coherent remuneration policies and practices to attract and retain Executives;
- Executives who will create value for shareholders;
- Competitive remuneration offered benchmarked against the external market; and
- Fair and responsible rewards to Executives having regard to the performance of the Group, the performance of the Executives and the general pay environment.

The remuneration of Executives is detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Contractual Agreements".

❖ Executive Remuneration Approvals

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and aligned with market practice. Executive contracts are reviewed annually by the Board, in the absence of a Remuneration Committee, for their approval. The process consists of a review of company, business unit and individual performance, relevant comparative remuneration internally and externally and where appropriate, external advice independent of management.

Executive remuneration and incentive policies and practices must be aligned with the Company's vision, values and overall business objectives. Executive remuneration and incentive policies and practices must be designed to motivate management to pursue the Company's long-term growth and success and demonstrate a clear relationship between the Company's overall performance and performance of the executives.

DIRECTORS' REPORT

C Remuneration and Performance

The following table shows the gross revenue, losses, earnings per share ("EPS") and share price of the Group as at 30 June 2020 and 30 June 2019.

| | 30-Jun-20 | 30-Jun-19 |
|-------------------------|----------------------|-----------|
| Revenue (\$) | 5,840 | 21,476 |
| Net loss after tax (\$) | (412,615) | (596,004) |
| EPS (cents) | (0.24) | (0.34) |
| Share price (\$) | 0.008 ⁽ⁱ⁾ | 0.014 |

(i) Closing share price on 23 September 2019, when the Company was suspended from official quotation.

Relationship between Remuneration and Company Performance

Given the early stages of product development, the Board did not consider earnings during the current or previous financial year when determining, and in relation to, the nature and amount of remuneration of KMP.

The pay and reward framework for key management personnel may consist of the following areas:

- Fixed Remuneration – base salary;
- Variable Short-Term Incentives; and
- Variable Long-Term Incentives.

The combination of these would comprise the key management personnel's total remuneration.

a) Fixed Remuneration – Base Salary

The fixed remuneration for each senior executive is influenced by the nature and responsibilities of each role and knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary inclusive of statutory superannuation. It is structured as a total employment cost package.

Key management personnel are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. No external advice was taken this year. Base salary for key management personnel is reviewed annually to ensure the executives' pay is competitive with the market. The pay of key management personnel is also reviewed on promotion. There is no guaranteed pay increase included in any key management personnel's contract.

b) Variable Remuneration – Short Term Incentives (STI)

Discretionary cash bonuses may be paid to senior executives annually, subject to the requisite Board and shareholder approvals where applicable. No bonus payments were made during the financial year.

The Company adopted an Incentive Option Scheme during the year ended 30 June 2016. The Scheme allows eligible participants to be granted Options to acquire Shares in the Company. The Board may grant Options to any Director, full or part time employee, or casual employee or contractor who falls within the definition of an Eligible Participant as defined in ASIC Class Order 14/1000. Each Option granted under the Scheme will be granted for nil or nominal consideration. Each Option is exercisable into one Share in the Company and the exercise price and expiry date for Options granted under the Scheme will be determined by the Board prior to the grant of the Options.

The Options granted may be subject to conditions on exercise as may be fixed by the Directors prior to grant of the Options. The Options will not be quoted on ASX.

Other than options disclosed in section D of the Remuneration Report, there have been no other options issued to employees at the date of this financial report.

DIRECTORS' REPORT

D Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP of the Group during the financial year are:

Table 1 – Remuneration of Directors of the Group for the year ended 30 June 2020 is set out below:

| 30 June 2020 | Fixed Remuneration | | | Post-Employment | Share Based Payments | Total | Proportion of total performance related |
|-----------------------------------|--------------------|-------------------------------|-------|-----------------|----------------------|---------------|---|
| | Salary & fees | Annual and long service leave | Other | Super-annuation | Options | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | |
| Directors | | | | | | | |
| Peter Wall ⁽ⁱ⁾ | 26,468 | - | - | - | - | 26,468 | - |
| Jeremy King ⁽ⁱⁱ⁾ | 26,468 | - | - | - | - | 26,468 | - |
| Patrick Holywell ⁽ⁱⁱⁱ⁾ | 13,761 | - | - | - | - | 13,761 | - |
| Patrick Burke ^(iv) | 14,000 | - | - | - | - | 14,000 | - |
| Total | 80,697 | - | - | - | - | 80,697 | - |

- (i) An amount of \$26,468 has been paid to Pheakes Pty Ltd relating to Peter Wall's Director Fees.
- (ii) An amount of \$26,468 has been paid to Bushwood Nominees Pty Ltd relating to Jeremy King's Director Fees.
- (iii) Patrick Holywell was appointed as a Non-Executive Director on 20 November 2019. An amount of \$13,761 has been paid to PWT Corporate Pty Ltd relating to Mr Holywell's Director Fees.
- (iv) Patrick Burke resigned as Non-Executive Director on 20 November 2019.

Details of the remuneration of Directors of the Group for the year ended 30 June 2019 is set out below:

| 30 June 2019 | Fixed Remuneration | | | Post-Employment | Share Based Payments | Total | Proportion of total performance related |
|--------------------------------|--------------------|-------------------------------|-------|-----------------|----------------------|----------------|---|
| | Salary & fees | Annual and long service leave | Other | Super-annuation | Options | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | |
| Directors | | | | | | | |
| Peter Wall ⁽ⁱ⁾ | 36,000 | - | - | - | 56,451 | 92,451 | 61% |
| Jeremy King ⁽ⁱⁱ⁾ | 36,000 | - | - | - | 30,791 | 66,791 | 46% |
| Patrick Burke ⁽ⁱⁱⁱ⁾ | 27,300 | - | - | - | 30,791 | 58,091 | 53% |
| Edwin Bulseco ^(iv) | 9,000 | - | - | - | - | 9,000 | - |
| Sub-total | 108,300 | - | - | - | 118,033 | 226,333 | |
| Other Key Management | | | | | | | |
| Bowen Plug ^(v) | 20,000 | - ^(vi) | - | - | - | 20,000 | - |
| Sub-total | 20,000 | - | - | - | - | 20,000 | |
| Total | 128,300 | - | - | - | 118,033 | 246,333 | |

- (i) An amount of \$36,000 has been paid/is payable to Pheakes Pty Ltd relating to Peter Wall's Director Fees.
- (ii) An amount of \$36,000 has been paid/is payable to Bushwood Nominees Pty Ltd relating to Jeremy King's Director Fees.
- (iii) Mr Burke was appointed as a Non-Executive Director on 28 September 2018.
- (iv) An amount of \$9,000 has been paid to Kalcon Investments Pty Ltd relating to Edwin Bulseco's Director Fees. Mr Bulseco resigned as Non-Executive Director on 28 September 2018.
- (v) Mr Plug resigned as CEO on 2 July 2018.
- (vi) Annual leave entitlements of \$2,333 accrued at 30 June 2018 was paid to Mr Plug in the 30 June 2019 financial year.

DIRECTORS' REPORT

Table 2 – Relative proportion of fixed vs variable remuneration expense

| Name | Fixed Remuneration | | At Risk – STI (%) | | At Risk – LTI (%) | |
|--------------------------|--------------------|------|-------------------|------|-------------------|------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Directors | | | | | | |
| Peter Wall | 100% | 39% | - | 61% | - | - |
| Jeremy King | 100% | 54% | - | 46% | - | - |
| Patrick Holywell | 100% | - | - | - | - | - |
| Patrick Burke (resigned) | 100% | 47% | - | 53% | - | - |

Table 3 – Shareholdings of KMP (direct and indirect holdings)

| Name | Balance at 01/07/2019 | Received as Remuneration | On Exercise of Options | Net Change - other | Balance at 30/06/2020 |
|--------------------------|-----------------------|--------------------------|------------------------|--------------------|-----------------------|
| Directors | | | | | |
| Peter Wall | 2,150,000 | - | - | - | 2,150,000 |
| Jeremy King | 500,000 | - | - | - | 500,000 |
| Patrick Holywell | - | - | - | - | - |
| Patrick Burke (resigned) | - | - | - | - | - |
| Total | 2,650,000 | - | - | - | 2,650,000 |

Table 4 – Option holdings of KMP (direct and indirect holdings)

| | Balance at 01/07/2019 | Granted as Remuneration | Exercised | Other | Balance at 30/06/2020 | Vested & Exercisable |
|--------------------------|-----------------------|-------------------------|-----------|-----------------------------|-----------------------|----------------------|
| Directors | | | | | | |
| Peter Wall | 8,000,000 | - | - | (2,500,000) ⁽ⁱ⁾ | 5,500,000 | 5,500,000 |
| Jeremy King | 8,100,001 | - | - | (5,100,001) ⁽ⁱ⁾ | 3,000,000 | 3,000,000 |
| Patrick Holywell | - | - | - | - | - | - |
| Patrick Burke (resigned) | 3,000,000 | - | - | (3,000,000) ⁽ⁱⁱ⁾ | - | - |
| Total | 19,100,001 | - | - | (10,600,001) | 8,500,000 | 8,500,000 |

(i) Unlisted options exercisable at \$0.05 expired on 11 August 2019.

(ii) Mr Burke resigned on 20 November 2019.

E Contractual Arrangements**❖ Mr Peter Wall – Non-Executive Chairman**

- Contract: Commenced on 6 October 2015.
- Director's Fee
1 July 2019 to 20 December 2019: A\$36,000 per annum
From 21 December 2019: A\$18,000 per annum
- Term: See Note 1 below for details pertaining to re-appointment and termination.

❖ Mr Jeremy King – Non-Executive Director

- Contract: Commenced on 8 June 2016.
- Director's Fee
1 July 2019 to 20 December 2019: A\$36,000 per annum
From 21 December 2019: A\$18,000 per annum
- Term: See Note 1 below for details pertaining to re-appointment and termination.

❖ Mr Patrick Holywell – Non-Executive Director

- Contract: Commenced on 20 November 2019.
- Director's Fee
1 July 2019 to 20 December 2019: A\$36,000 per annum (plus statutory superannuation)
From 21 December 2019: A\$18,000 (plus statutory superannuation) per annum
- Term: See Note 1 below for details pertaining to re-appointment and termination.

DIRECTORS' REPORT

Note 1: The term of each Non-Executive Director is open to the extent that they hold office subject to retirement by rotation, as per the Company's Constitution, at each AGM and are eligible for re-election as a Director at the meeting. Appointment shall cease automatically in the event that the Director gives written notice to the Board, or the Director is not re-elected as a Director by the shareholders of the Company. There are no entitlements to termination or notice periods.

F Share-based Compensation

The Company rewards Directors for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options and/or performance rights. Share-based compensation is at the discretion of the Board and no individual has a contractual right to receive any guaranteed benefits.

Options

On 5 December 2018, the Company issued 11,500,000 unlisted options to Directors, exercisable at \$0.032 on or before 5 December 2022. The options were issued to Directors to provide a performance linked incentive component in their remuneration package to motivate and reward the performance in their roles as Directors. The issue of options was approved by shareholders at the Annual General Meeting held 30 November 2018. These options vested immediately.

| Director | Number of granted | Grant date | Fair Value per option at grant date \$ | Exercise price \$ | Vested date and exercisable date | Expiry date |
|----------------|-------------------|------------|--|-------------------|----------------------------------|-------------|
| Mr Peter Wall | 5,500,000 | 30/11/2018 | 0.0103 | 0.032 | 30/11/2018 | 5/12/2022 |
| Mr Jeremy King | 3,000,000 | 30/11/2018 | 0.0103 | 0.032 | 30/11/2018 | 5/12/2022 |

At the date of this report, the unissued ordinary shares of the Company under option carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company.

Shares

Short and Long-term Incentives

No short or long-term incentive based shares were issued as remuneration to Directors or other KMP during the current financial year.

G Equity Instruments Issued on Exercise of Remuneration Options

No remuneration options were exercised during the financial year.

H Voting and Comments made at the Company's 2019 Annual General Meeting ('AGM')

At the 2019 AGM, 93.86% of the votes received supported the adoption of the Remuneration Report for the year ended 30 June 2019. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

I Loans with KMP

There were no loans made to any KMP during the year ended 30 June 2020 (2019: nil).

There were no loans from any KMP during the year ended 30 June 2020 (2019: nil).

J Other Transactions with KMP

During the financial year, the Company incurred legal fees of \$68,267, paid to Steinepreis Paganin (a Company of which Peter Wall is a Director).

DIRECTORS' REPORT

During the financial year, the Company incurred fees of \$90,750 for company secretarial and accounting services paid/ payable to Mirador Corporate (a Company of which Jeremy King is a Director).

All transactions were made on normal commercial terms and conditions and at market rates.

There were no other transactions with KMP during the year ended 30 June 2020.

K Additional Information

The earnings/(losses) of the consolidated entity for the five years to 30 June 2020 are summarised below:

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|----------------------------|-----------|-----------|-----------|-----------|-------------|
| Revenue (\$) | 5,840 | 21,476 | 35,796 | 15,729 | 11,217 |
| EBITDA (\$) | (418,455) | (617,330) | (878,116) | (667,788) | (1,010,101) |
| EBIT (\$) | (418,455) | (617,330) | (878,116) | (667,788) | (1,010,101) |
| Loss after income tax (\$) | (412,615) | (596,004) | (842,528) | (652,799) | (999,442) |
| Share Price (\$) | 0.008 | 0.014 | 0.022 | 0.020 | 0.024 |
| EPS (cents per share) | (0.24) | (0.34) | (0.48) | (0.38) | (0.97) |

End of Audited Remuneration Report.

SHARES UNDER OPTION

| Option | Number | Grant Date | Expiry Date | Exercise Price |
|------------------|------------|------------|-------------|----------------|
| Unlisted Options | 18,000,000 | 30/11/2018 | 5/12/2022 | \$0.032 |

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

For details of options issued to Directors as remuneration, refer to the Remuneration Report.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares issued during the year ended 30 June 2020 and up to the date of this report on the exercise of options.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During the year ended 30 June 2020, the Company paid premiums in respect of a contract insuring the directors and officers of the Company against liabilities incurred as directors or officers to the extent permitted by the Corporations Act 2001.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

DIRECTORS' REPORT

PROCEEDINGS ON BEHALF OF THE COMPANY

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

ENVIRONMENTAL REGULATIONS

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The Directors have assessed that there are no current reporting requirements under this Act, but this may change in the future. The Company is not aware of any matters that requires disclosure regarding any significant environmental regulation in respect of its operating activities.

NON-AUDIT SERVICES

The Board of Directors have considered any non-audit services and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditors, as set out below, did not compromise the auditor independent requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the financial year, BDO Audit (WA) Pty Ltd, the Group's auditor did not provide any services other than their statutory duties.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is set out on page 15 and forms part of the Directors' Report for the financial year ended 30 June 2020.

This report is signed in accordance with a resolution of Board of Directors.



Peter Wall
Non-Executive Chairman
25 August 2020

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF TRANSCENDENCE TECHNOLOGIES LIMITED

As lead auditor of Transcendence Technologies Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Transcendence Technologies Limited and the entity it controlled during the period.



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 25 August 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2020

| | Note | 2020 \$ | 2019 \$ |
|---|------|------------------|------------|
| Other income | 2 | 5,840 | 21,476 |
| Compliance and regulatory expenses | | (62,208) | (73,461) |
| Consulting and corporate expenses | 3 | (241,232) | (218,845) |
| Employee benefits expense | 3 | (80,697) | (128,300) |
| Other expenses | | (34,318) | (30,841) |
| Share based payment expense | 16 | - | (166,033) |
| Loss before income tax | | (412,615) | (596,004) |
| Income tax expense | 5 | - | - |
| Loss after income tax | | (412,615) | (596,004) |
| Total comprehensive loss attributable to the members of Transcendence Technologies Limited | | (412,615) | (596,004) |
| Loss per share for the year attributable to the members of Transcendence Technologies Limited: | | | |
| Basic loss per share (cents) | 6 | (0.24) | (0.34) |
| Diluted loss per share (cents) | 6 | (0.24) | (0.34) |

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

| | Note | 2020 \$ | 2019 \$ |
|----------------------------------|------|----------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 9 | 746,966 | 1,198,254 |
| Trade and other receivables | 10 | 28,025 | 34,594 |
| Total current assets | | 774,991 | 1,232,848 |
| Total assets | | 774,991 | 1,232,848 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 11 | 32,698 | 77,940 |
| Total current liabilities | | 32,698 | 77,940 |
| Total liabilities | | 32,698 | 77,940 |
| Net assets | | 742,293 | 1,154,908 |
| EQUITY | | | |
| Issued capital | 12 | 14,471,769 | 14,471,769 |
| Reserves | | 365,382 | 365,382 |
| Accumulated losses | | (14,094,858) | (13,682,243) |
| Total equity | | 742,293 | 1,154,908 |

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2020

| | Issued Capital | Reserves | Accumulated Losses | Total |
|--|-------------------|----------------|-----------------------|------------------|
| | \$ | \$ | \$ | \$ |
| At 1 July 2019 | 14,471,769 | 365,382 | (13,682,243) | 1,154,908 |
| Loss for the year | - | - | (412,615) | (412,615) |
| Total comprehensive loss for the year after tax | - | - | (412,615) | (412,615) |
| Balance at 30 June 2020 | 14,471,769 | 365,382 | (14,094,858) | 742,293 |
| At 1 July 2018 | 14,471,769 | 199,349 | (13,086,239) | 1,584,879 |
| Loss for the year | - | - | (596,004) | (596,004) |
| Total comprehensive loss for the year after tax | - | - | (596,004) | (596,004) |
| Transactions with owners in their capacity as owners: | | | | |
| Unlisted options issued | - | 166,033 | - | 166,033 |
| Balance at 30 June 2019 | 14,471,769 | 365,382 | (13,682,243) | 1,154,908 |

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 30 June 2020

| | Note | 2020 \$ | 2019 \$ |
|---|------|-----------------------|------------------|
| Cash flows from operating activities | | | |
| Payments to suppliers and employees | | (457,128) | (475,109) |
| Interest received | 2 | 5,840 | 21,476 |
| Net cash used in operating activities | 9(b) | <u>(451,288)</u> | <u>(453,633)</u> |
| Net decrease in cash and cash equivalents | | (451,288) | (453,633) |
| Cash and cash equivalents at the beginning of the year | | <u>1,198,254</u> | 1,651,887 |
| Cash and cash equivalents at the end of the year | 9(a) | <u>746,966</u> | <u>1,198,254</u> |

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Transcendence Technologies Limited (referred to as “TTL” or the “Company”) is a company domiciled in Australia. The address of the Company’s registered office and principal place of business is disclosed in the Corporate Directory of the Annual Report. The consolidated financial statements of the Company as at and for the year ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the “consolidated entity” or the “Group”). The nature of the operations and principal activities of the Group are described in the Directors’ Report.

(b) Basis of Preparation

Statement of Compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (“IFRS”) adopted by the International Accounting Standards Board (“IASB”). Transcendence Technologies Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are authorised for issue on 25 August 2020 by the directors of the Company.

Basis of measurement

The consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

New, revised or amended standards and interpretations adopted by the Group

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

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

AASB 16 Leases

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 ‘Leases’ and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

The Group has adopted AASB 16 from 1 July 2019 using the retrospective modified approach and as such the comparatives have not been restated. There was no impact of adoption on opening accumulated losses as at 1 July 2019 or at reporting date, 30 June 2020.

Significant Judgements and Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(f).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Transcendence Technologies Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(e) Functional and Presentation Currency

The financial statements have been presented in Australian dollars, which is the Company’s functional currency.

(f) Critical Accounting Estimates and Judgements

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

In preparing this financial report, the judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the period are discussed below.

Share based payments

The Group measures the cost of equity settled transactions with Directors, employees and consultants, where applicable, by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled shared-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(g) Comparatives

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current year.

(h) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision makers have been identified as the Board of Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

New standards and interpretations not yet mandatory or early adopted

The Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2020. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

(i) AASB 2018-6: Amendments to the Australia Accounting Standards – Definition of a business

This standard amends AASB 3 Business Combinations' ("AASB 3") definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contributes to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. The revisions to AASB 3 also introduced an optional concentration test. If the concentration test is met, the set of activities and assets acquired is determined not to be a business combination and asset acquisition accounting is applied. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The Group's assessment of the impact of this new amendment is that it is not expected to have a material impact on the Group in the current or future reporting periods.

(ii) Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

NOTE 2 REVENUE

| | 2020 \$ | 2019 \$ |
|----------------------|--------------|------------|
| <i>Other revenue</i> | | |
| Interest income | 5,840 | 21,476 |

Accounting Policy

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. If the consideration promised includes a variable component, the Group estimates the expected consideration for the estimated impact of the variable component at the point of recognition and re-estimated at every reporting period.

Interest Income

Interest income is recognised when the Company gains controls of the right to receive the interest payment.

All revenue is stated net of the amount of goods and services tax.

NOTE 3 EXPENSES

Consulting and corporate expenses

| | | |
|---|----------------|---------|
| Accounting and company secretarial fees | 93,250 | 104,875 |
| Consulting fees | 5,000 | - |
| Corporate advisory fees | 74,715 | 96,000 |
| Legal fees | 68,267 | 17,970 |
| | 241,232 | 218,845 |

Employee benefit expenses

| | | |
|------------------|---------------|---------|
| Director fees | 80,697 | 108,300 |
| Wages & salaries | - | 20,000 |
| | 80,697 | 128,300 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 SEGMENT INFORMATION

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 makers) in assessing performance and determining the allocation of resources. The information presented in the financial report is the same information that is viewed by the Directors.

The Group is currently operating in one business segment being an administrative entity in the technology sector and one geographic region being Australia.

NOTE 5 INCOME TAX EXPENSE

| | 2020 \$ | 2019 \$ |
|---|------------|------------|
| (a) The prima facie tax on loss from ordinary activities before income tax is reconciled to income tax expense as follows: | | |
| Prima facie tax payable on loss from ordinary activities before income tax at 30% (2019: 30%) | (123,785) | (178,801) |
| Add: | | |
| Tax Effect of: | | |
| - Non-allowable items | | 49,810 |
| - Temporary differences | (9,450) | 4,595 |
| - Deferred tax assets not recognised | 133,235 | 124,396 |
| Income Tax Attributable to the Entity | - | - |
| (b) Tax Losses | | |
| The amount of deductible temporary differences and unused tax losses for which no deferred tax assets have been brought to account: | | |
| - Temporary differences | 20,500 | 52,000 |
| - Tax Losses: Operating Losses Carried Forward | 2,553,694 | 2,109,579 |
| - Tax Losses: Capital Carried Forward | 83,009 | 83,009 |

The benefit of the above temporary differences and unused tax losses will only be realised if the conditions for deductibility are met as set out in the note below. These amounts have no expiry date.

Based on the failure of the Continuity of Ownership Test (COT) and the Same Business Test (SBT) for the 2015 financial year, tax losses carried forward of \$12,798,840 are unable to be offset against any future income.

Accounting Policy

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

Current Tax

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

Deferred Tax

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 INCOME TAX EXPENSE (continued)

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

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

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

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

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

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

NOTE 6 LOSS PER SHARE

| | 2020 \$ | 2019 \$ |
|--|--------------------|-------------|
| Net loss for the year | (412,615) | (596,004) |
| Weighted average number of ordinary shares for basic and diluted loss per share. | 173,720,669 | 173,720,669 |
| Basic and diluted loss per share (cents) | (0.24) | (0.34) |

Accounting Policy

Basic Earnings Per Share

Basic earnings per share is determined by dividing net profit or loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted Earnings Per Share

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**NOTE 7 AUDITOR'S REMUNERATION**

| | 2020 | 2019 |
|---|---------------|---------------|
| | \$ | \$ |
| Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for: | | |
| - Audit and review of the financial report of the Group | 29,115 | 28,230 |
| Amounts received or due and receivable by Hall Chadwick for: | | |
| - Audit and review of the financial report of the Group | - | 399 |
| Total Auditor Remuneration | 29,115 | 28,629 |

NOTE 8 RELATED PARTY TRANSACTIONS

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company Key Management Personnel ("KMP") for the year ended 30 June 2020.

(a) Key management personnel compensation

| | | |
|------------------------------|---------------|----------------|
| Short-term employee benefits | 80,697 | 128,300 |
| Post-employment benefits | - | - |
| Equity compensation benefits | - | 118,033 |
| | 80,697 | 246,333 |

Information regarding individual Directors and Executive compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 are provided in the Remuneration Report section of the Directors' Report.

(b) Transactions with related parties

| | | |
|---|--------|---------|
| Steinepreis Paganin ⁽ⁱ⁾ | 68,267 | 17,970 |
| Mirador Corporate Pty Ltd ⁽ⁱⁱ⁾ | 90,750 | 102,375 |

(i) Legal fees paid to Steinepreis Paganin Lawyers & Consultants

Legal fees of \$68,267 was paid to Steinepreis Paganin Lawyers & Consultants during the financial year, of which Mr Peter Wall, Non-Executive Chairman, is a partner.

(ii) Consulting fees paid to Mirador Corporate Pty Ltd

Company secretarial and financial management fees of \$90,750 was paid to Mirador Corporate Pty Ltd during the financial year, of which Mr Jeremy King, Non-Executive Director, is a Director.

(c) Issue of shares in lieu of services of related parties

In the prior year, the Company issued 11,500,000 unlisted options to Directors. Refer to Note 16 for details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**NOTE 9 CASH AND CASH EQUIVALENTS**

| | 2020 | 2019 |
|-----------------------------------|----------------|-------------|
| | \$ | \$ |
| (a) Reconciliation of cash | | |
| Cash at bank | 246,966 | 198,254 |
| Short-term deposits | 500,000 | 1,000,000 |
| | 746,966 | 1,198,254 |

Cash at bank earns interest at floating rates based on daily deposit rates. Short-term deposits are made in varying periods between one day and three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

(b) Reconciliation of net loss after income tax to net cash flows used in operating activities

| | | |
|--|------------------|-----------|
| Loss for the financial year | (412,615) | (596,004) |
| Adjustments for: | | |
| Share based payment expense | - | 166,033 |
| Change in assets and liabilities | | |
| (Increase) / decrease in trade and other receivables | 6,569 | 3,244 |
| Increase / (decrease) in trade and other payables | (45,242) | (24,573) |
| Increase / (decrease) in provisions | - | (2,333) |
| Net cash flow used in operating activities | (451,288) | (453,633) |

Accounting Policy

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term high liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities in the statement of financial position.

NOTE 10 TRADE AND OTHER RECEIVABLES

| | | |
|----------------|---------------|--------|
| GST receivable | 8,692 | 10,302 |
| Prepayments | 19,333 | 24,292 |
| | 28,025 | 34,594 |

Due to the short-term nature of these receivables, their carrying value is assumed to be the same as their fair value.

Accounting Policy**Trade Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or part of the expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**NOTE 10 TRADE AND OTHER RECEIVABLES (continued)**

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST on investing and financial activities, which are disclosed as operating cash flows.

Other Receivables

Other receivables are recognised at amortised cost, less any provision for expected credit loss. Other receivables do not contain impaired assets and are not past due. Based on the credit history, it is expected that these other balances will be received when due.

NOTE 11 TRADE AND OTHER PAYABLES

| | 2020 | 2019 |
|------------------|---------------|---------------|
| | \$ | \$ |
| Trade creditors | 12,198 | 25,940 |
| Accrued expenses | 20,500 | 52,000 |
| | 32,698 | 77,940 |

Trade and other payables are non-interest bearing and are normally settled on 30-day terms.

Due to the short-term nature of these payables, their carrying value is assumed to be the same as their fair value.

Accounting Policy

Trade payables and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTE 12 ISSUED CAPITAL**a) ORDINARY SHARES**

| | 2020 | | 2019 | |
|---|--------------------|-------------------|-------------|------------|
| | No. | \$ | No. | \$ |
| Fully paid ordinary shares | 173,720,669 | 14,471,769 | 173,720,669 | 14,471,769 |
| <i>Movement in ordinary shares</i> | No. | \$ | | |
| Balance at 1 July 2019 | 173,720,669 | 14,471,769 | | |
| Balance at 30 June 2020 | 173,720,669 | 14,471,769 | | |
| <i>Movement in ordinary shares</i> | No. | \$ | | |
| Balance at 1 July 2018 | 173,720,669 | 14,471,769 | | |
| Balance at 30 June 2019 | 173,720,669 | 14,471,769 | | |

Ordinary shares entitle the holder to participate in the dividends and the proceeds on winding up in proportion to the number of and amounts paid on the shares held.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 ISSUED CAPITAL (continued)

At shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Accounting Policy

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example, as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

NOTE 13 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no contingent assets or contingent liabilities as at 30 June 2020 (2019: nil).

NOTE 14 COMMITMENTS

There are no commitments as at 30 June 2020 (2019: nil).

NOTE 15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unprofitability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods included sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by the Board of Directors ('the Board') and includes identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits.

The carrying values of the Group's financial instruments are as follows:

| | 2020 | 2019 |
|------------------------------|----------------|------------------|
| | \$ | \$ |
| Financial Assets | | |
| Cash and cash equivalents | 746,966 | 1,198,254 |
| Trade and other receivables | 28,025 | 34,594 |
| | 774,991 | 1,232,848 |
| Financial Liabilities | | |
| Trade and other payables | 32,698 | 77,940 |
| | 32,698 | 77,940 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk

(i) Foreign exchange risk

The Company is not significantly exposed to foreign currency risk fluctuations.

(ii) Interest rate risk

The Group is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The Group's exposure to this risk relates primarily to the Group's cash and any cash on deposit. The Group does not use derivatives to mitigate these exposures. The Group manages its exposure to interest rate risk by holding certain amounts of cash in fixed and floating interest rate facilities. At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

| | 2020 | | 2019 | |
|---------------------------|---|---------|--------------------------------|-----------|
| | Weighted average interest rate ⁽ⁱ⁾ | Balance | Weighted average interest rate | Balance |
| | | \$ | | \$ |
| Cash and cash equivalents | 0.54% | 746,966 | 1.76% | 1,198,254 |

(i) This interest rate represents the average interest rate for the period.

(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counterparty, with maximum exposure equal to the carrying amount of the financial assets.

The Group's policy is to trade only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms will be subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group except for cash and cash equivalents.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.

The following are the contractual maturities of financial liabilities:

| | 6 months | 6-12 months | 1-5 years | > 5 years | Total |
|--------------------------|----------|-------------|-----------|-----------|--------|
| | \$ | \$ | \$ | \$ | \$ |
| 2020 | | | | | |
| Trade and other payables | 32,698 | - | - | - | 32,698 |
| 2019 | | | | | |
| Trade and other payables | 77,940 | - | - | - | 77,940 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**NOTE 15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****(d) Sensitivity analysis**

Within this analysis, consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 1% increase and 1% decrease in rates is based on reasonably expected possible changes over a financial year, using the observed range of historical rates for the preceding five-year period.

At 30 June 2020, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax losses and equity would have been affected as follows:

| <i>Judgements of reasonably possible movements:</i> | Profit /(Loss) Higher/(Lower) | | Equity Higher/(Lower) | |
|---|----------------------------------|------------|--------------------------|------------|
| | 2020 \$ | 2019 \$ | 2020 \$ | 2019 \$ |
| + 1.0% (100 basis points) | 5,229 | 8,388 | 5,229 | 8,388 |
| - 1.0% (100 basis points) | (5,229) | (8,388) | (5,229) | (8,388) |

(e) Capital risk management

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the stage of the Group's development there are no formal targets set for return on capital. There were no changes to the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements. The net equity of the Group is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange ("ASX").

NOTE 16 SHARE-BASED PAYMENTS**(a) Recognised share-based payment transactions**

| | 30-Jun-20 \$ | 30-Jun-19 \$ |
|---|-----------------|-----------------|
| Options issued to Directors ⁽ⁱ⁾ | - | 118,033 |
| Options issued to consultants ⁽ⁱⁱ⁾ | - | 48,000 |
| | - | 166,033 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**NOTE 16 SHARE-BASED PAYMENTS (continued)***(i) Options issued to Directors*

On 5 December 2018, the Company issued 11,500,000 unlisted options to Directors, exercisable at \$0.032 on or before 5 December 2022. The Grant Date of the 11,500,000 options is 30 November 2018 which is the date of the Annual General Meeting when the options were approved. In line with Australian Accounting Standards, these options have been fair valued based on the Grant Date, 30 November 2018, and a share-based payment expense has been recognised in the statement of profit or loss and other comprehensive income. The total value of the options issued was \$118,033 and the options are exercisable at any time prior to the expiry date.

(ii) Options issued to Consultants

On 5 December 2018, the Company issued 6,500,000 unlisted options to Consultants, exercisable at \$0.032 on or before 5 December 2022. The unlisted options were issued to Consultants as consideration for the provision of corporate advisory services and have been fair valued based on the services provided. The share-based payment expense of \$48,000 has been recognised in the statement of profit or loss and other comprehensive income at 30 June 2019. The options are exercisable at any time prior to the expiry date.

(b) Summary of options

| Options | Issue Date | Date of Expiry | Exercise Price | Balance at the start of the year | Granted during the year | Exercised during the year | Expired during the year | Balance at the end of the year |
|---------------------------------|-------------------------|----------------|----------------|----------------------------------|-------------------------|---------------------------|-------------------------|--------------------------------|
| Directors | 05-12-18 ⁽ⁱ⁾ | 05-12-22 | \$0.032 | 11,500,000 | - | - | - | 11,500,000 |
| Consultant | 05-12-18 ⁽ⁱ⁾ | 05-12-22 | \$0.032 | 6,500,000 | - | - | - | 6,500,000 |
| | | | | 18,000,000 | - | - | - | 18,000,000 |
| Weighted average exercise price | | | \$0.032 | | | | | |

(i) The options were issued on 5 December 2018 but were granted on 30 November 2018.

The options issued to the Directors of the Company, have been valued using the Black-Scholes model. The model and assumptions are shown in the table below:

| Black-Scholes Option Pricing Model | |
|---|------------------|
| | Directors |
| Grant Date | 30-11-18 |
| Expiry Date | 05-12-22 |
| Strike (Exercise) Price | \$0.032 |
| Underlying Share Price (at date of issue) | \$0.016 |
| Risk-free Rate (at date of issue) | 2.16% |
| Volatility | 110% |
| Number of Options Issued | 11,500,000 |
| Dividend Yield | 0% |
| Black-Scholes Valuation | \$0.0103 |
| Total Fair Value of Options | \$118,033 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 SHARE-BASED PAYMENTS (continued)

Accounting Policy

Equity-settled and cash-settled share-based compensation benefits are provided to Key Management Personnel and employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using an appropriate valuation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying an appropriate valuation model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

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.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17 PARENT INFORMATION

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

| | 2020 | 2019 |
|---|------------------|--------------------|
| | \$ | \$ |
| Statement of Financial Position | | |
| Assets | | |
| Current assets | 774,991 | 1,232,848 |
| Total Assets | 774,991 | 1,232,848 |
| Liabilities | | |
| Current liabilities | 32,698 | 77,939 |
| Total Liabilities | 32,698 | 77,939 |
| Equity | | |
| Issued capital | 14,471,769 | 14,471,769 |
| Accumulated losses | (14,094,858) | (13,682,243) |
| Reserves | 365,382 | 365,382 |
| Total Equity | 742,293 | 1,154,908 |
| Statement of Profit or Loss and Other Comprehensive Income | | |
| Loss for the year | (412,615) | (1,204,733) |
| Total Comprehensive Income | (412,615) | (1,204,733) |

NOTE 18 INVESTMENT IN SUBSIDIARIES

Information about Principal Subsidiaries

The subsidiary listed below has share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

| Name of Subsidiary | Principal Place of Business | Ownership Interest Held by the Group | |
|--------------------------|-----------------------------|--------------------------------------|------|
| | | 2020 | 2019 |
| | | % | % |
| <i>E-Collate Pty Ltd</i> | Australia | 100 | 100 |

NOTE 19 EVENTS AFTER THE REPORTING DATE

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the Directors' opinion:

- a) The financial statements and accompanying notes are in accordance with the Corporations Act 2001, including:
 - i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii) giving a true and fair view of the entity's financial position as at 30 June 2020 and of its performance for the year ended on that date.
- b) The financial statements and notes comply with International Financial Reporting Standards.
- c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Peter Wall
Non-Executive Chairman
25 August 2020

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INDEPENDENT AUDITOR'S REPORT

To the members of Transcendence Technologies Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Transcendence Technologies Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have not identified any key audit matters for Transcendence Technologies Limited.

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Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in in pages 7 to 13 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Transcendence Technologies Limited, for the year 30 June 2020, 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.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'J Prue'.

Jarrad Prue

Director

Perth, 25 August 2020

ASX ADDITIONAL INFORMATION

The following additional information was applicable as at 10 August 2020.

1. Fully paid ordinary shares

- There is a total of 173,720,669 ordinary fully paid shares on issue which are listed on the ASX.
- The number of holders of fully paid ordinary shares is 290.
- Holders of fully paid ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company.
- There are no preference shares on issue.

2. Distribution of fully paid ordinary shareholders is as follows:

| Range | Number of holders | Number of shares | % of shares |
|-------------------------|-------------------|--------------------|----------------|
| 1 - 1,000 | 21 | 3,224 | 0.00% |
| 1,001 - 5,000 | - | - | - |
| 5,001 - 10,000 | - | - | - |
| 10,001 - 100,000 | 98 | 6,024,763 | 3.47% |
| 100,001 - 9,999,999,999 | 171 | 167,692,682 | 96.53% |
| | 290 | 173,720,669 | 100.00% |

3. Holders of non-marketable parcels

Holders of non-marketable parcels are deemed to be those whose shareholding is valued at less than \$500.

There are 60 shareholders who hold less than a marketable parcel of shares and amounts to 0.84% of issued capital.

4. Substantial shareholders of ordinary fully paid shares

The substantial shareholders of the Company are:

| Holders | Number of Shares | % of Issued Capital |
|--|------------------|---------------------|
| PAPILLON HOLDINGS PTY LTD <THE VML NO 1 A/C> | 10,216,664 | 5.88% |
| FERGUSON SUPERANNUATION PTY LTD <FERGUSON SUPERFUND A/C> | 8,700,000 | 5.01% |

5. Share buy-backs

There is no current on-market buy-back scheme.

6. Voting Rights of Shareholders

All fully paid ordinary shareholders are entitled to vote at any meeting of the members of the Company and their voting rights are on:

- show of hands – one vote per shareholder; and
- poll – one vote per fully paid ordinary share.

ASX ADDITIONAL INFORMATION

7. Major Shareholders

The top 20 largest fully paid ordinary shareholders together held 52.59% of the securities in this class and are listed below:

| Rank | Major Shareholders | Number of Shares | % |
|--------------|---|-------------------|---------------|
| 1 | PAPILLON HOLDINGS PTY LTD <THE VML NO 1 A/C> | 10,216,664 | 5.88% |
| 2 | FERGUSON SUPERANNUATION PTY LTD <FERGUSON SUPERFUND A/C> | 8,700,000 | 5.01% |
| 3 | RIMOYNE PTY LTD | 8,682,490 | 5.00% |
| 4 | SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED <THE SACCO FAMILY A/C> | 8,600,000 | 4.95% |
| 5 | MYCONSULTING PTY LTD | 8,300,000 | 4.78% |
| 6 | CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C> | 4,540,589 | 2.61% |
| 7 | RICHSHAM NOMINEES PTY LTD | 4,000,000 | 2.30% |
| 8 | ELSTREE CAPITAL PTY LTD | 4,000,000 | 2.30% |
| 9 | MR STEFANO SACCO | 3,919,230 | 2.26% |
| 10 | ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C> | 3,877,806 | 2.23% |
| 11 | SISU INTERNATIONAL PTY LTD | 3,500,000 | 2.01% |
| 12 | DHU HOLDINGS PTY LTD <DHUFISH SUPERANNUATION A/C> | 3,348,088 | 1.93% |
| 13 | MR BOWEN PLUG | 3,003,334 | 1.73% |
| 14 | DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C> | 3,000,000 | 1.73% |
| 15 | NIGHTFALL PTY LTD <NIGHTFALL SUPER FUND A/C> | 2,675,000 | 1.54% |
| 16 | MS ANGELA MARIA GIUSTI | 2,400,000 | 1.38% |
| 17 | MR TIMOTHY MIZERA | 2,350,000 | 1.35% |
| 18 | MR MICHAEL ARENDT | 2,250,000 | 1.30% |
| 19 | MR ANDY HOANG NGUYEN | 2,000,000 | 1.15% |
| 20 | ZERO NOMINEES PTY LTD | 2,000,000 | 1.15% |
| Total | | 91,363,201 | 52.59% |

8. Listed Options

There are no listed options on issue as at 10 August 2020.

9. Unlisted Options

| Number of Options | Exercise Price | Expiry Date | Holders |
|-------------------|----------------|-----------------|---------|
| 18,000,000 | \$0.032 | 4 December 2022 | 4 |

10. Restricted Securities

There are no shares on issue that are subject to voluntary escrow restrictions or mandatory escrow restriction under ASX Listing Rules Chapter 9.

11. Tax Status

The Company is treated as a public company for taxation purposes.

12. Securities Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited under Security Code TTL.

ASX ADDITIONAL INFORMATION

13. Registered and Principal Office

The address of the registered and principal office is:

Suite 2, Level 1, 1 Altona Street
West Perth WA 6005

14. Company Secretary

Ms Sarah Smith

15. Register of Securities

Held at the following address:

Automic Share Registry
Level 2, 267 St Georges Terrace
Perth WA 6000

Telephone: 1300 288 664

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CORPORATE GOVERNANCE STATEMENT

The Company's Directors are committed to conducting the Company's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (3rd Edition) (Recommendations) to the extent appropriate to the size and nature of the Company's operations.

The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations.

The Company's Corporate Governance Statement and policies can be found on its website:
<https://www.tt-limited.com/governance.html>

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