

**Opyl Limited**  
**Appendix 4E**  
**Preliminary final report**

**1. Company details**

Name of entity: Opyl Limited  
ABN: 71 063 144 865  
Reporting period: For the year ended 30 June 2020  
Previous period: For the year ended 30 June 2019

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**2. Results for announcement to the market**

			\$
Revenues from ordinary activities	down	33.0% to	620,783
Loss from ordinary activities after tax attributable to the owners of Opyl Limited	down	70.2% to	(925,847)
Loss for the year attributable to the owners of Opyl Limited	down	70.2% to	(925,847)

*Dividends*

There were no dividends paid, recommended or declared during the current financial period.

*Comments*

The loss for the company after providing for income tax amounted to \$925,847 (30 June 2019: \$3,105,138).

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**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>1.79</u>	<u>(0.03)</u>

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**4. Control gained over entities**

Not applicable.

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**5. Dividends**

*Current period*

There were no dividends paid, recommended or declared during the current financial period.

*Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

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**6. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements have been audited and an unqualified opinion has been issued.

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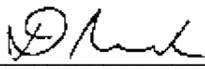
**7. Attachments**

*Details of attachments (if any):*

The Annual Report of Opyl Limited for the year ended 30 June 2020 is attached.

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**8. Signed**

Signed  \_\_\_\_\_

Damon Rasheed  
Director

Date: \_\_\_\_\_ 27 August \_\_\_\_\_ 2020

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**Opyl Limited**

**ABN 71 063 144 865**

**Annual Report - 30 June 2020**

**Opyl Limited  
Directors' report  
30 June 2020**

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2020.

**Corporate Directory**

Directors	Julian Chick - Chairman and Non-Executive Director Damon Rasheed - Non-Executive Director Marat Basyrov - Non-Executive Director
Company Secretary	David Lilja - Appointed 10 December 2019 David Hwang - Resigned 10 December 2019
Notice of annual general meeting	The details of the annual general meeting of Opyl Limited are: to be determined
Registered office	105, Wellington Street St Kilda, VIC 3182, Australia
Principal place of business	105, Wellington Street St Kilda, VIC 3182, Australia
Share register	Automic Pty Ltd Level 5, 126 Phillip Street Sydney NSW 2000, Australia Telephone: +1300 288 664 (within Australia); +61 2 9698 5414 (outside Australia) Email: hello@automic.com.au
Auditor	William Buck 20/181, William St Melbourne VIC 3000
Solicitor	Automic Legal Pty Ltd Level 5, 126 Philip Street Sydney NSW 2000, Australia  Vault Legal 102/15 Corporate Drive Moorabbin VIC 3189, Australia  Vasquez Benisek & Lindgren LLP 1150, Parkside Drive, Suite 130 Walnut Creek, CA 94596, USA
Bankers	Westpac Banking Corporation Level 13 109, St Georges Tce Perth WA 6000, Australia  First Republic Bank 44, Montgomery Street San Francisco, CA 94104, USA
Stock exchange listing	Opyl Limited shares are listed on the Australian Stock Exchange (ASX code: OPL)
Website	www.opyl.ai
Corporate Governance Statement	www.opyl.ai/investors

**Opyl Limited**  
**Directors' report**  
**30 June 2020**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Opyl Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

**Directors**

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Julian Chick - Chairman and Non-Executive Director  
Damon Rasheed - Non-Executive Director  
Marat Basyrov - Non-Executive Director

**Principal activities**

During the period, the principal activities of the company were predominantly the continued development of its digital tools that improve the healthcare experience for patients, deliver deep market insights from social media data and improve the efficiency and value of clinical research process.

The company continues to focus on implementing the key recommendations of the major strategic and technology review delivered in April 2019, recalibrating the business plan and service offering to focus on developing digital and data technologies and services addressing the escalating needs of the global healthcare sector.

**Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

### **Review of operations**

The loss for the company after providing for income tax amounted to \$925,847 (30 June 2019: \$3,105,138).

Opyl Limited delivered to expectations for the financial year ended 30 June 2020. Completing the year of realignment in the global digital health market, Opyl parsimoniously advanced a healthy R&D pipeline of three novel artificial intelligence platforms, launching two of the platforms into beta testing within the Opyl client services offering, initiating the first critical stage of a scaled roll out.

#### *Operational Progress*

End of year results delivered an overall improved cash position. Opyl delivered a significant reduction in operating loss, down 70.2% on the corresponding period, reflecting:

- the focusing of the strategic direction to digital health; and
- completion of the US shutdown, of both ShareRoot Operations (US) and Ludomade, eliminating unproductive and significant expenditure but also relinquishing a small amount of revenue from the US-based client services team.

Revenue declined by 33% to \$739,000 compared to the same period last year, predominantly due to the early impact of COVID19 of which indicators suggest will be recovered in future periods.

Opyl completed a successful rights issue and share placement in July 2019 raising \$1.2million before capital raising costs which was used to invest in the early stage R&D pipeline, remove debt and improve working capital. Opyl opened a further share placement in June 2020 raising \$730,000 before costs to invest in sales and implementation support, and the next development stage of the clinical trial recruitment and prediction platform beta roll out

Following the outcome and recommendations of the strategic review late in the previous financial year, Opyl shifted its research and development focus into more responsive, agile products for the digital health market, leveraging the skills and relationships within the leadership team specifically in the artificial intelligence, life sciences and clinical trials market.

The first novel technology was a deep social media listening market research tool, combined with the know-how of the strategic and creative team working in Opyl client services. This offering yielded pleasing early revenue as it was rolled out in late 2019 and new client acquisitions toward the end of the period were sales associated with this offering.

As announced to the market on 19 February 2020, the company successfully completed the first critical proof-of-concept stage of a second algorithm-based software interface which can predict the likelihood of a clinical trial completing each phase and inform clinical trial practitioners on steps to take to improve this likelihood. As with the social media insights tool, the Opyl clinical trial prediction model will be commercialised initially on a consulting services project basis with future development designed to deliver a subscription model, aimed at pharmaceutical, biotechnology, government, hospitals, universities and research institutes, medical device companies, Contract Research Organisations (CROs) and investment houses. Opyl is in preliminary discussion with several organisations in this space. St Vincent's Hospital Office of Research in Melbourne have provided valuable advice and development feedback through stage one and have agreed to continue to participate in the continued development of the tool in future stages as per the Media Consent Clinical MOU signed over a year ago. Toward the conclusion of the period Opyl trialed a third novel digital platform designed to improve efficiencies in clinical trial recruitment via social media channels and retention of participants, extending upon current service offering in this space and addressing a very significant failure point in the life sciences market.

The company name change in late November from ShareRoot to Opyl, marked the operational turning point for the business into the global digital health market, validated by the announcement and implementation of a two year revenue-share alliance with UK-based global marketing communication solution provider humun in February 2020.

Opyl forecasted a cash positive-neutral position by the end of Q4, and would have achieved the target if not for the direct impact on COVID-19 on a number of university-based clients who reduced scope or did not renew retainer agreements. The variance included timing issues on customer receipts during the final quarter of the year, much of which will be reflected in Q1 and Q2.

Q4 results demonstrated Opyl is heading in the right direction with significant increase in new client enquiries (over 500%) combined with cost base management. Though initially detrimental to Opyl revenues, the COVID-19 environment has been helpful for the business as many clients have increased their interest in accessing novel data and digital solutions to maintain sales, marketing, market research and clinical trial recruitment strategies.

**Opyl Limited**  
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Software research and development relates to the development of a machine learning/artificial intelligence (AI) algorithm which can predict the likelihood of a clinical trial passing its primary objective. An emerging branch of data science known as "explainable AI" has been adopted, which can help inform clinical trial practitioners on key elements of their trial protocols to help improve the chances of successful outcomes.

*Board and leadership changes*

Mr David Lilja was appointed company secretary in December 2019. There were no other changes to the board or leadership team during the period.

**Significant changes in the state of affairs**

As highlighted above, the company rebranded to Opyl Limited.

As discussed previously, the significant change to the company was in executing the change in direction into digital health, rebuilding the R&D pipeline to deliver novel solutions to the global health and life sciences sector improving the current service offering but to also as upside value in terms of scalability potential of the artificial intelligence platforms in delivering market research and clinical trial efficiency outcomes. The strategic reset was then completed with the change in name from ShareRoot Limited to Opyl Limited, as voted upon by shareholders in late November 2019.

**Matters subsequent to the end of the financial year**

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

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially negative for the consolidated 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.

The company does however have a history of being able to raise capital and debt when required and the directors are confident that should the need arise they will be able to raise sufficient funds to meet their liabilities as they fall due.

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

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

**Likely developments and expected results of operations**

Opyl Limited anticipates that as the group grows and rolls out the new service offering and continues to commercialise the clinical trial predictor tool and recruitment solutions, it will continue to increase its revenue and decrease its loss, quarter over quarter, as it drives operational efficiencies, expands revenue generating client services, advances new digital and data technology offerings in healthcare and optimise overall company functionality and sustainability.

The company has a significant number of active client proposals and discussions associated with the new services in the market and anticipates that the coming year will see these start to convert to contracts and therefore increase overall company revenue validating the strategy and services.

As noted above, the company has entered into a two year non-exclusive collaboration agreement with humun which is expected to provide greater revenue and client acquisition opportunities and has been one of the key drivers of new client enquiries. This, coupled with achieving the MVP and beta roll out of the artificial intelligence tools/platforms, delivering early revenue and refinement opportunities with active clients, provides the company with an excellent competitive foundation from which to grow.

**Environmental regulation**

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

**Information on directors**

Name: Dr Julian Chick  
Title: Chairman and Non-Executive Director  
Experience and expertise: Dr Chick is an executive with more than 25 years of experience in the biotechnology and medical technology industry as well as five years in investment banking.

Leading public and private companies, Dr Chick's previous roles include investment adviser, healthcare analyst for private equity investors, portfolio manager, investment banker and venture capitalist.

Dr Chick has advanced a number of technologies from discovery through to market as well as leading numerous capital raisings, M&A transactions, company restructuring, business development and licensing transactions.

Dr Chick has a background with Opyl (previously ShareRoot), as a shareholder and later worked as an independent advisor on The Social Science acquisition in April 2018.

Other current directorships: N/A  
Former directorships (last 3 years): N/A  
Interests in shares: 464,741 ordinary shares  
Interests in options: 184,998

Name: Damon Rasheed  
Title: Non-Executive Director  
Experience and expertise: Mr Rasheed has more than 20 years' experience in the tech sector, including founding several successful start-ups. He is the founder of Rate Detective Group, one of Australia's largest financial comparison websites. He is also the co-founder of Advantage Data, a leading machine learning and AI consultancy business. His most recent venture is Aurum Data which has built a propriety AI model to value data and discover commercialisation strategies for data sets. He has sat on the boards of several private technology companies both in Australia and overseas.

Mr Rasheed's former roles include CEO of iBus Media Limited, one of the world's largest online media companies and as an economist assessing mergers at the Australian Competition and Consumer Commission (ACCC).

Mr Rasheed holds a Masters Degree in Commerce (Hons) and a Degree in Economics (Hons) majoring in statistics.

Other current directorships: N/A  
Former directorships (last 3 years): N/A  
Special responsibilities: N/A  
Interests in shares: 40,000  
Interests in options: 129,998

**Opyl Limited  
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Name: Marat Basyrov  
Title: Non-Executive Director  
Experience and expertise: Mr Basyrov is an experience investor and serial entrepreneur, applying creative and technology-forward data and digital solutions across a large cross-section of industries to solve complex challenges. He sits on the board of advisors to Forbes AI.

As a Chief Executive Officer of artificial intelligence software and app solutions provider, Edway Apps Studio and Intelligent Profit Solutions, Mr Basyrov has a track record of success through building a number of data-driven startup companies including Adevi.io.

Mr Basyrov has a broad high-value professional network of directors, investors and collaborators across the globe. Mr Basyrov holds a Bachelor of Business in Accounting and Management from Central Queensland University and is a Certified Practising Accountant (Australia).

Other current directorships: N/A  
Former directorships (last 3 years): N/A  
Interests in shares: 802,000 ordinary shares  
Interests in options: 129,998

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

**Company secretary**

David Lilja (Appointed 10 December 2019)

David Lilja (B.Bus, MBA, CTA, MIPA) is a qualified accountant and experienced company secretary with over 20 years' within the professional services industry working closely across a wide range of industries. David will supply his services through his firm, DLK Advisory, which provides a breadth of support to its clients including outsourced CFO and Company Secretary services.

David Hwang (Resigned 10 December 2019)

Mr Hwang is an experienced corporate lawyer specialising in listings on ASX (IPOs and reverse listings), equity capital markets, mergers & acquisitions and providing advice on corporate governance and compliance issues. Mr Hwang is the Chief Compliance Officer at Automic Group.

**Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Julian Chick	11	11
Damon Rasheed	11	11
Marat Basyrov	11	11

Held: represents the number of meetings held during the time the director held office.

There were 11 meetings of directors held during the year ended 30 June 2020.

**Remuneration report (audited)**

The remuneration report details the key management personnel remuneration arrangements for the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

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

**Opyl Limited**  
**Directors' report**  
**30 June 2020**

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

- Details of remuneration (continued)
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

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

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ("the Board") ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage / alignment of executive compensation
- Transparency
- Capital management

The company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' and program participants' interests:

- Focuses on sustained growth in shareholder wealth
- Attracts and retains high calibre executives
- Rewards capability and experience
- Provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

*Non-executive directors remuneration*

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the board. The board may, from time to time receive advice from independent remuneration consultants to ensure non-executive director's fees and payments are appropriate and in line with the market.

ASX listing rules require the aggregate non-executive director's remuneration be determined periodically by a general meeting. The most recent determinations was at the Annual General Meeting held on 30 October 2018, where the shareholders approved a maximum annual aggregate remuneration of \$300,000.

*Voting and comments made at the Company's 2019 Annual General Meeting ('AGM')*

At the 2019 AGM, more than 75% 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 regarding its remuneration practices.

**Details of remuneration**

*Amounts of remuneration*

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

The key management personnel of the consolidated entity consisted of the following directors and employees of Opyl Limited:

- Julian Chick - Chairman - Non-executive Director
- Damon Rasheed - Non-executive Director
- Marat Basyrov - Non-executive Director
- Michelle Gallaher - Chief Executive Officer

The amount of remuneration of the directors and key management personnel is set out below:

**Details of remuneration (continued)**

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Annual and Long service leave	Equity-settled shares	Equity-settled option	
<b>30 June 2020</b>	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-executive directors:</i>								
Damon Rasheed*	40,000	-	-	3,800	-	-	13,189	56,989
Marat Basyrov*	40,000	-	-	3,800	-	-	21,203	65,003
Julian Chick*	40,000	-	-	3,800	-	-	50,958	94,758
<i>Other Key Management Personnel:</i>								
Michelle Gallaher*	217,479	-	-	21,850	12,521	-	53,100	304,950
	<u>337,479</u>	<u>-</u>	<u>-</u>	<u>33,250</u>	<u>12,521</u>	<u>-</u>	<u>138,450</u>	<u>521,700</u>

\*A portion of these equity settled options includes prior year adjustments.

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**Directors' report**  
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	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Annual and Long service leave	Equity-settled shares	Equity-settled option	
<b>30 June 2019</b>	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Damon Rasheed	16,667	-	-	1,583	-	-	5,196	23,446
Marat Basyrov	13,333	-	-	1,267	-	-	3,713	18,313
Julian Chick	6,087	-	-	578	-	-	882	7,547
Lee Rodne <sup>^</sup>	46,667	-	-	-	-	-	(12,266)	34,401
Peter McLennan <sup>^</sup>	23,333	-	-	4,433	-	-	(2,935)	24,831
Harvey Kaplan <sup>^^</sup>	10,580	-	-	1,005	-	-	-	11,585
<i>Executive Directors:</i>								
Noah Abelson-Gertler <sup>^^^</sup>	272,516	-	-	-	-	-	-	272,516
<i>Other Key Management Personnel:</i>								
Michelle Gallaher <sup>^^^^</sup>	67,083	-	132,500	6,373	-	-	26,626	232,582
	456,266	-	132,500	15,239	-	-	21,216	625,221

<sup>^</sup> Resigned 1 February 2019

<sup>^^</sup> Appointed 1 February 2019, resigned 6 May 2019

<sup>^^^</sup> Resigned 1 March 2019. Included in this cash component is US\$75,000 (A\$104,814), 5 months payment in lieu of notice termination payment.

<sup>^^^^</sup> Appointed 14 March 2019. Non-monetary benefit related to payment of \$32,500 MBA tuition fees and \$100,000 forgiveness and waiver of salary advance.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
<i>Non-Executive Directors:</i>						
Damon Rasheed	77%	78%	-	-	23%	22%
Marat Basyrov	67%	80%	-	-	33%	20%
Julian Chick	46%	88%	-	-	54%	12%
Lee Rodne <sup>^</sup>	-	100%	-	-	-	-
Peter McLennan <sup>^</sup>	-	79%	-	-	-	21%
Harvey Kaplan <sup>^^</sup>	-	100%	-	-	-	-
<i>Executive Directors:</i>						
Noah Abelson-Gertler <sup>^^^</sup>	-	100%	-	-	-	-
<i>Other Key Management Personnel:</i>						
Michelle Gallaher	83%	89%	-	-	17%	11%

**Opyl Limited**  
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<sup>^</sup>Resigned 1 February 2019

<sup>^^</sup>Appointed 1 February 2019, resigned 6 May 2019

<sup>^^^</sup>Resigned 1 March 2019

**Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Michelle Gallaher  
 Title: Chief Executive Officer  
 Agreement commenced: 14 March 2019  
 Term of agreement:

(a) Remuneration: Fixed annual salary \$230,000 (inclusive of director's fees) plus 9.5% employer superannuation contribution;

(b) Non-cash benefits: the Board may, at its discretion, determine that Ms Gallaher may participate in the company's share plan, subject to shareholder and regulatory approval; payment of remaining tuition fees in relation to MBA programme provided appointment is not terminated during the initial term (i.e. 12 months from commencement date); laptop computer; mobile phone and data service; forgive and waive recovery of salary advance provided agreement not terminated during the initial term of 12 months.

(c) Termination: the company and Ms Gallaher may terminate the Executive Services Agreement without cause giving the other party six months' notice.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

As at 30 June 2020, no other key management personnel have any service agreement with the consolidated entity.

**Share-based compensation**

*Issue of shares*

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2020.

*Options*

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Damon Rasheed	20,000	10 December 2019	10 December 2019	10 December 2024	\$0.300	\$0.113
Marat Basyrov	20,000	10 December 2019	10 December 2019	10 December 2024	\$0.300	\$0.113
Julian Chick	20,000	10 December 2019	10 December 2019	10 December 2024	\$0.300	\$0.113

Options granted carry no dividend or voting rights.

**Opyl Limited**  
**Directors' report**  
**30 June 2020**

**Additional information**

The earnings of the company for the five years to 30 June 2020 are summarised below:

	2020	2019	2018	2017	2016
	\$	\$	\$	\$	\$
Sales revenue	620,783	927,041	390,956	169,094	56,037
Loss after income tax	(934,904)	(3,105,138)	(3,035,627)	(3,228,403)	(6,083,488)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2020	2019	2018	2017	2016
Share price at financial year end (\$)	0.087	0.001	0.005	0.007	0.034
Basic earnings per share (cents per share)	(6.785)	(0.180)	(0.330)	(0.810)	(2.740)
Diluted earnings per share (cents per share)	(6.785)	(0.180)	(0.330)	(0.810)	(2.740)

**Additional disclosures relating to key management personnel**

**Shareholding**

The number of shares in the company held during the financial year by each director and other members of key management personnel of the company, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ consolidation*/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Julian Chick	4,033,333	-	424,408	(3,993,000)	464,741
Michelle Gallaher	-	-	100,000	-	100,000
Damon Rasheed	-	-	40,000	-	40,000
Marat Basyrov	80,200,000	-	-	(79,398,000)	802,000
	<u>84,233,333</u>	<u>-</u>	<u>564,408</u>	<u>(83,391,000)</u>	<u>1,406,741</u>

\*On 2 December 2019 the consolidated entity recorded the consolidation of ordinary shares, the ordinary shares were consolidated at a 100:1 ratio.

The additions of ordinary shares to key management personnel arose from the purchase of on-market shares at market value.

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*Option holding*

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ consolidation* / forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Julian Chick	16,500,000	20,000	-	(16,335,002)	184,998
Michelle Gallaher	9,000,000	-	-	(8,910,000)	90,000
Damon Rasheed	11,000,000	20,000	-	(10,890,002)	129,998
Marat Basyrov	11,000,000	20,000	-	(10,890,002)	129,998
	<u>47,500,000</u>	<u>60,000</u>	<u>-</u>	<u>(47,025,006)</u>	<u>534,994</u>

\*On 2 December 2019 the consolidated entity recorded the consolidation of options, the options were consolidated at a 100:1 ratio.

	Vested options	Unvested options	Balance at the end of the year
<i>Options over ordinary shares</i>			
Julian Chick	111,666	73,332	184,998
Michelle Gallaher	90,000	-	90,000
Damon Rasheed	56,666	73,332	129,998
Marat Basyrov	56,666	73,332	129,998
	<u>314,998</u>	<u>219,996</u>	<u>534,994</u>

During the financial year ended 30 June 2020, the consolidated entity did not employ or use the services of remuneration consultants.

**Performance rights over ordinary shares**

There were no performance rights issued over ordinary shares during the financial year.

**This concludes the remuneration report, which has been audited.**

**Shares under option and performance rights**

Unissued ordinary shares of Opyl Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
07/01/2016	31/12/2020	\$5.000	210,000
05/12/2016	05/12/2026	\$1.200	42,480
27/06/2017	27/06/2022	\$0.500	30,000
10/11/2017	10/11/2022	\$0.500	36,666
21/02/2018	20/02/2023	\$0.600	30,000
21/02/2018	05/06/2022	\$0.700	80,000
21/02/2018	13/04/2022	\$0.500	118,421
17/04/2018	17/04/2023	\$0.500	3,000
19/02/2018	19/02/2023	\$0.500	30,000
05/04/2018	05/04/2023	\$0.500	2,000
05/04/2018	05/04/2023	\$0.500	2,000
18/04/2018	18/04/2023	\$0.500	3,000
06/03/2018	04/05/2023	\$0.500	90,000
04/05/2018	04/05/2023	\$0.500	25,000
06/02/2017	06/02/2027	\$0.800	6,000
20/03/2017	20/03/2027	\$2.500	4,250
20/03/2017	20/03/2027	\$2.500	5,666
20/03/2017	20/03/2027	\$2.500	5,000
01/04/2017	01/04/2027	\$0.600	15,000
01/04/2017	01/04/2027	\$0.600	7,500
01/04/2017	01/04/2027	\$0.600	15,000
01/04/2017	01/04/2027	\$0.600	15,000
26/01/2018	26/02/2028	\$0.600	7,500
24/07/2018	24/07/2023	\$1.000	250,000
15/10/2018	06/03/2023	\$0.400	20,000
15/10/2018	06/03/2023	\$0.400	7,500
15/10/2018	18/09/2023	\$0.400	3,000
15/10/2018	09/06/2023	\$0.400	3,000
08/02/2019	08/02/2024	\$0.500	109,998
21/03/2019	21/03/2024	\$0.500	109,998
13/05/2019	13/05/2024	\$0.500	109,998
12/12/2019	10/12/2024	\$0.300	60,000
12/12/2019	10/12/2024	\$0.800	2,335,000
			3,791,977

**Shares issued on the exercise of options**

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

**Indemnity and insurance of officers**

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Indemnity and insurance of auditor**

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

**Opyl Limited**  
**Directors' report**  
**30 June 2020**

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

**Proceedings on behalf of the company**

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

**Non-audit services**

There were no non-audit services provided during the financial year by the auditor.

**Officers of the company who are former partners of William Buck**

There are no officers of the company who are former partners of William Buck.

**Auditor's independence declaration**

A copy of the auditor's declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this director's report.

**Auditor**

William Buck continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



---

Damon Rasheed  
Director

27 August 2020

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001 TO THE DIRECTORS OF OPYL LIMITED AND  
CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief during the year ended 30 June 2020 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

*William Buck*

**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136



**N. S. Benbow**  
Director

Melbourne, 27<sup>th</sup> August 2020

**ACCOUNTANTS & ADVISORS**

Level 20, 181 William Street  
Melbourne VIC 3000

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**Opyl Limited**  
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**General information**

The financial statements cover Opyl Limited as an individual entity. The financial statements are presented in Australian dollars, which is Opyl Limited's functional and presentation currency.

Opyl Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

105, Wellington Street  
St Kilda, VIC 3182, Australia

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 August 2020 2020. The directors have the power to amend and reissue the financial statements.

**Opyl Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2020**

	Note	30 June 2020 \$	30 June 2019 \$
<b>Revenue from contracts with customers</b>	4	620,783	927,041
Other income	5	296,046	1,021,615
<b>Expenses</b>			
Employee benefits expense		(802,565)	(1,601,374)
Depreciation and amortisation expense	6	(848)	(26,033)
Impairment		-	(1,862,584)
Corporate compliance and management		(71,466)	(55,227)
Finance costs	6	(25,105)	(8,747)
Occupancy costs		(48,449)	(39,711)
Administration		(758,338)	(1,043,110)
Consultancy costs		(93,503)	(417,008)
<b>Loss before income tax expense</b>		(883,445)	(3,105,138)
Income tax expense		(42,402)	-
<b>Loss after income tax expense for the year attributable to the owners of Opyl Limited</b>		(925,847)	(3,105,138)
<b>Other comprehensive income / (loss)</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(9,057)	21,547
Other comprehensive income / (loss) for the year, net of tax		(9,057)	21,547
<b>Total comprehensive loss for the year attributable to the owners of Opyl Limited</b>		(934,904)	(3,083,591)
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	23	(6.785)	(0.183)
Diluted earnings per share	23	(6.785)	(0.183)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Opyl Limited**  
**Statement of financial position**  
**As at 30 June 2020**

	Note	30 June 2020	30 June 2019
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	800,088	99,140
Trade and other receivables	8	60,990	177,999
Prepayments and other deposits		8,098	53,015
Total current assets		<u>869,176</u>	<u>330,154</u>
<b>Non-current assets</b>			
Property, plant and equipment		8,539	-
Capitalised software development		58,054	-
Total non-current assets		<u>66,593</u>	<u>-</u>
<b>Total assets</b>		<u>935,769</u>	<u>330,154</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	216,593	480,408
Borrowings	10	-	203,989
Deferred revenue		-	48,562
Total current liabilities		<u>216,593</u>	<u>732,959</u>
<b>Total liabilities</b>		<u>216,593</u>	<u>732,959</u>
<b>Net assets/(liabilities)</b>		<u>719,176</u>	<u>(402,805)</u>
<b>Equity</b>			
Issued capital	11	16,837,024	14,826,597
Reserves	12	885,062	1,076,931
Accumulated losses		<u>(17,002,910)</u>	<u>(16,306,333)</u>
<b>Total equity/(deficiency)</b>		<u>719,176</u>	<u>(402,805)</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Opyl Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2020**

	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total deficiency in equity \$</b>
Balance at 1 July 2018	13,673,475	921,837	(13,201,195)	1,394,117
Loss after income tax expense for the year	-	-	(3,105,138)	(3,105,138)
Other comprehensive income for the year, net of tax	-	21,547	-	21,547
Total comprehensive income / (loss) for the year	-	21,547	(3,105,138)	(3,083,591)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued during the year	1,221,772	-	-	1,221,772
Cost of issue	(68,650)	-	-	(68,650)
Share option reserve on recognition of remuneration options	-	133,547	-	133,547
Balance at 30 June 2019	<u>14,826,597</u>	<u>1,076,931</u>	<u>(16,306,333)</u>	<u>(402,805)</u>
	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2019	14,826,597	1,076,931	(16,306,333)	(402,805)
Loss after income tax expense for the year	-	-	(925,847)	(925,847)
Other comprehensive loss for the year, net of tax	-	(9,057)	-	(9,057)
Total comprehensive loss for the year	-	(9,057)	(925,847)	(934,904)
Shares issued during the year	2,119,612	-	-	2,119,612
Cost of issue	(109,185)	-	-	(109,185)
Lapse of expired options	-	(229,270)	229,270	-
Vesting charge for share-based payments	-	46,458	-	46,458
Balance at 30 June 2020	<u>16,837,024</u>	<u>885,062</u>	<u>(17,002,910)</u>	<u>719,176</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Opyl Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2020**

	Note	30 June 2020 \$	30 June 2019 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		745,910	907,689
Government grants and tax incentives		290,794	-
Payments to suppliers and employees		(2,057,499)	(3,016,124)
Interest received		5,257	5,578
		<u>(1,015,538)</u>	<u>(2,102,857)</u>
Income taxes paid		(13,454)	-
Net cash used in operating activities	22	<u>(1,028,992)</u>	<u>(2,102,857)</u>
<b>Cash flows from investing activities</b>			
Payment for purchase of business, net of cash acquired		-	(687,853)
Payments for property, plant and equipment		(9,387)	-
Payments for intangibles		(58,054)	-
Net cash used in investing activities		<u>(67,441)</u>	<u>(687,853)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	11	2,019,612	1,221,772
Share issue transaction costs	11	(109,185)	(68,650)
Proceeds from borrowings	10	-	200,000
Repayment of borrowings		(103,989)	-
Net cash from financing activities		<u>1,806,438</u>	<u>1,353,122</u>
Net increase/(decrease) in cash and cash equivalents		710,005	(1,437,588)
Cash and cash equivalents at the beginning of the financial year	7	99,140	1,546,284
Effects of exchange rate changes on cash and cash equivalents		(9,057)	(9,556)
Cash and cash equivalents at the end of the financial year	7	<u><u>800,088</u></u>	<u><u>99,140</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Note 1. Significant accounting policies**

The principle accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The consolidated entity 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.

*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 company 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 company 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 company's financial statements.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity:

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

**AASB 16 Leases**

The company 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 balance sheet. 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. The change in accounting standard does not affect the company as all accommodation agreements are less than 12 months, and as such, we have applied the short term lease exemption to the requirements of the standard.

**Comparative figures**

Certain comparative figures have been reclassified to reflect a more meaningful comparison.

**Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB')

*Historical cost convention*

The financial statements have been prepared under the historical cost convention.

*Critical accounting estimates*

The preparation of the 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 2.

**Note 1. Significant accounting policies (continued)**

**Going concern**

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated entity has incurred net loss after tax of \$934,904 and net cash outflows from operations of \$1,028,992 for the year ended 30 June 2020, and had working capital surplus of \$652,583 at 30 June 2020. Cash balance at 30 June 2020 was \$800,088 while there was no borrowings as at 30 June 2020.

These conditions give rise to a material uncertainty that casts significant doubt upon the consolidated entity's ability to continue as a going concern.

Opyl Limited completed a rights issue and share placement subsequent to the year-end in July 2019 where for \$1.2 million was raised before capital raising costs with a further share placement raise of \$730,000 in June 2020 before capital raising costs. The money raised is used predominantly to scale the existing revenue-generating digital client services capabilities and capacity; complete and launch new technology projects and roll out marketing campaigns and continue the development of MediaConsent Clinical.

As previously advised, the Board and Management decided to focus on the digital health market and introduce new data and digital technologies to expand the service offerings. As a consequence of this, it was also decided to reduce spending in other parts of the business, most notably with the closure of its US operations, Ludomade.

The directors have prepared a revised cash flow forecast which takes into account:

- commercialisation of its new A1-powered digital insights platform (Opyl) which has already shown potential as well as other Opyl technologies;
- further reduction in expenditure for non-core parts of the business and rationalisation and streamlining of the company structure; and
- the change in operational focus and significant reduction in costs.

This forecast indicates that the consolidated entity can continue as a going concern for at least the next 12 months.

Furthermore, the directors are reviewing the Group's ability as a technology innovation company to apply for various government grants and incentives, which have not yet been factored into the cash flow forecast but will provide cash inflows to reduce the impact of expenditure should they be successfully granted.

Should the commercialisation of new products and platforms take longer than forecast the directors may be required to raise further capital through either equity or debt. The company has a history of being able to raise capital and debt when required and the directors are confident that should the need arise they will be able to raise sufficient funds to meet their liabilities as they fall due.

Should the consolidated entity be unable to implement the above strategies or source alternative funding, it may be necessary to realise some or all assets and discharge liabilities at amounts different to those stated in the financial statements. No adjustments have been made to the recoverability and classification of asset and the amount and classification of liabilities that might be necessary should the consolidated entity be unable to continue as a going concern and meet its debts as and when they fall due.

**Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 19.

The parent entity disclosure related to the legal parent entity, Opyl Limited.

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Opyl Limited ('company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Opyl Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

**Note 1. Significant accounting policies (continued)**

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvements with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisitions of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**Foreign currency translation**

The financial statements are presented in Australian dollars, which is Opyl Limited's functional and presentation currency.

*Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

*Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

**Revenue recognition**

*Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

**Note 1. Significant accounting policies (continued)**

*Rendering of services*

The consolidated entity primarily generates revenue from sale of its annual subscription services, which enable its customer to access an online platform that allows them to search and source user generated content. The consolidated entity also sells advertising and contesting services that are sold in a one-off basis rather than a subscription model.

The consolidated entity recognises subscription revenue over the subscription period (generally 1 year) on a straight-line basis. For contracts where the consolidated entity is able to provide advertising services for a specific contract period, advertising revenue is recognised ratably over the advertising term. Contest revenue is recognised when the contest has concluded.

In relation to the revenue streams of the consolidated entity, the main revenue streams are recognised as follows:

**SaaS revenue** - This refers to SaaS platform that customers pay for in order to be compliant in how they market to consumers, gather data and respect consumer privacy. Revenue from the sale of annual subscription services, which enable customers to access an online platform that allows them to search and source user generated content, is recognised over the subscription period (generally 1 year) on a straight line basis. The performance obligation is satisfied over time. As at 30 June 2020, there is no deferred SaaS revenue as the consolidated group's American subsidiary operations ceased during the 2020 financial year.

**Retainer revenue** - For retainer contracts, revenue from its social media marketing agency arm is recognised when the performance obligations are satisfied over time.

**Project revenue** - Project revenue is from ad-hoc projects. For project contracts, revenue is recognised when the performance obligations are satisfied at a point in time.

**Web revenue** - Relates to Ludomade projects. For these contracts, revenue is recognised when the performance obligations are satisfied over time.

*Interest*

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

*Other revenue*

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

**Deferred revenue**

Deferred revenue includes billings or payments received in advance of revenue recognition and is recognised as the revenue recognition criteria are met. Deferred revenue primarily consists of unearned portion of subscription fees.

**Government grants**

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

**Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

**Note 1. Significant accounting policies (continued)**

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

**Current and non-current classification**

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

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

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

Deferred tax assets and liabilities are always classified as non-current.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**Capitalised development costs**

As the consolidated entity recognises development costs, these costs are capitalised. This means that expenditure arising during the development phase is recognised as an asset. Development costs are only capitalised if the project is assessed to be technically and commercially feasible, we are able to use or sell the asset and we have sufficient resources and intent to complete the development. Internally generated intangible assets have a finite life and are amortised on a straight-line basis over their useful lives, usually 3 years.

**Trade and other payables**

Trade and other payables present liabilities for goods and services provided to the consolidated entity prior to year end that are unpaid and arise when the consolidated entity becomes obliged to make future payments in respect of the purchase of those goods and services. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**Note 1. Significant accounting policies (continued)**

**Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

**Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

**Employee benefits**

*Defined contribution superannuation expense*

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

*Share-based payments*

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

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing 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 company 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.

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.

**Note 1. Significant accounting policies (continued)**

If the non-vesting condition is within the control of the company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the company 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.

**Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

**Issued capital**

Ordinary shares are classified as equity.

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

**Earnings per share**

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Opyl Limited, 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 financial 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.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

**Note 1. Significant accounting policies (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 tax authority is included in other receivables or other payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Share-based payment transactions*

The company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or 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 share-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.

*Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 8, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

*Impairment of non-financial assets*

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows (CGUs) from continuing use that are largely independent of the cash inflows of other assets of CGUs. The recoverable amounts of an assets or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset of CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

*Non-recognition of deferred tax assets*

We apply management judgement to recognise a deferred tax asset and review its carrying amount at each reporting date. The carrying amount is only recognised to the extent that it is probable that sufficient taxable profit will be available in the future to utilise this benefit. Any amount unrecognised could be subsequently recognised if it has become probable that future taxable profit will allow us to benefit from this deferred tax asset.

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**Note 2. Critical accounting judgements, estimates and assumptions (continued)**

*Non-recognition of R&D tax offset receivable*

For financial reporting purposes, the R&D tax offset is analogised as other income see note 5. A credit will be recognised within other income when the entity satisfies the criteria to receive the credit. The criteria is usually satisfied post reporting date upon lodgment of the Consolidated group's income tax return and as such management has opted to treat R&D tax refunds on a cash basis and recorded in the year they are received.

**Note 3. Operating segments**

*Identification of reportable operating segments*

Performances are monitored per individual entity basis.

The Chief Operating Decision Maker (CODM) reviews cash flows, revenue and profit / loss before tax. The CODM reviews the operations as one consolidated business. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

*Types of products and services*

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

Opyl Services - Formerly "The Social Science" Opyl's social media marketing agency providing client services and account management layer behind the group's technology properties. The main revenue streams are retainer revenue and project revenue.

UGC Discovery platform - Opyl's Legal Rights Management protecting against unauthorised use of people's social and digital content. This platform forms part of SaaS revenue in ShareRoot Inc.

Ludomade Inc. - Provides consumer data and privacy compliance. The main revenue stream is web revenue.

*Major customers*

The consolidated entity does not have any single customer which contributes more than 10% of the consolidated entity's revenue.

*Operating segment information*

<b>30 June 2020</b>	Opyl Services (formerly The Social Science) \$	ShareRoot Inc \$	Ludomade \$	Opyl Limited (formerly ShareRoot Limited) \$	ShareRoot Ops \$	Other segments \$	Total \$
<b>Revenue</b>							
Sales to external customers	541,648	37,204	39,023	-	-	-	617,875
Other revenue	57,736	2,908	-	233,057	-	-	293,701
<b>Total revenue</b>	<b>599,384</b>	<b>40,112</b>	<b>39,023</b>	<b>233,057</b>	<b>-</b>	<b>-</b>	<b>911,576</b>
<b>EBITDA</b>	(120,238)	1,584	4,829	(748,924)	-	-	(862,749)
Depreciation and amortisation	(848)	-	-	-	-	-	(848)
Interest revenue	4,134	-	-	1,123	-	-	5,257
Finance costs	(21,074)	-	-	(4,031)	-	-	(25,105)
<b>Profit/(loss) before income tax expense</b>	<b>(138,026)</b>	<b>1,584</b>	<b>4,829</b>	<b>(751,832)</b>	<b>-</b>	<b>-</b>	<b>(883,445)</b>
Income tax expense							(42,402)
<b>Loss after income tax expense</b>							<b>(925,847)</b>

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**Note 3. Operating segments (continued)**

	Opyl Services (formerly The Social Science) \$	ShareRoot Inc \$	Ludomade \$	Opyl Limited (formerly ShareRoot Limited) \$	ShareRoot Ops \$	Other segments \$	Total \$
<b>30 June 2019</b>							
<b>Revenue</b>							
Sales to external customers	575,898	239,092	112,813	-	(762)	-	927,041
<b>Total revenue</b>	<u>575,898</u>	<u>239,092</u>	<u>112,813</u>	<u>-</u>	<u>(762)</u>	<u>-</u>	<u>927,041</u>
<b>EBITDA</b>	(196,064)	(1,249,365)	58,769	(708,419)	(762)	-	(2,095,841)
Depreciation and amortisation	-	(5,695)	(20,338)	-	-	-	(26,033)
Impairment of assets	-	(1,700,961)	-	(161,623)	-	-	(1,862,584)
Interest revenue	4,713	-	-	865	-	-	5,578
Finance costs	(4,758)	-	-	(3,989)	-	-	(8,747)
Fair value adjustments - deferred consideration	-	1,016,037	-	-	-	-	1,016,037
Share based payments	-	-	-	(133,548)	-	-	(133,548)
<b>Profit/(loss) before income tax expense</b>	<u>(196,109)</u>	<u>(1,939,984)</u>	<u>38,431</u>	<u>(1,006,714)</u>	<u>(762)</u>	<u>-</u>	<u>(3,105,138)</u>
Income tax expense							-
<b>Loss after income tax expense</b>							<u>(3,105,138)</u>

*Geographical information*

	<b>Sales to external customers</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
Australia	541,648	575,136
USA	76,227	351,905
	<u>617,875</u>	<u>927,041</u>

**Note 4. Revenue from contracts with customers**

	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
SaaS revenue	37,204	235,109
Retainer revenue	398,520	464,607
Project revenue	118,048	106,298
Web	39,023	112,813
Other	27,988	8,214
Revenue from contracts with customers	<u>620,783</u>	<u>927,041</u>

**Note 4. Revenue from contracts with customers (continued)**

*Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

	30 June 2020	30 June 2019
	\$	\$
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	185,059	227,325
Services transferred over time	435,724	699,716
	<u>620,783</u>	<u>927,041</u>

**Note 5. Other income**

	30 June 2020	30 June 2019
	\$	\$
Fair value adjustment - deferred consideration relating to Ludomade	-	1,016,037
Government subsidy	75,820	-
COVID 19 - Jobkeeper	30,000	-
Interest income	5,252	5,578
R&D tax refund	184,974	-
	<u>296,046</u>	<u>1,021,615</u>

**Note 6. Expenses**

	30 June 2020	30 June 2019
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Interest and finance charges paid/payable	30,214	8,747
<i>Rental expense relating to short-term leases</i>		
Minimum lease payments	48,449	39,711
<i>Shares issued to employees</i>		
Share based payments	46,458	133,548
<i>Superannuation expense</i>		
Defined contribution superannuation expense	66,498	8,328

**Note 7. Cash and cash equivalents**

	30 June 2020	30 June 2019
	\$	\$
<i>Current assets</i>		
Cash on hand	12	-
Cash at bank	800,076	99,140
	<u>800,088</u>	<u>99,140</u>

**Note 8. Trade and other receivables**

	30 June 2020	30 June 2019
	\$	\$
<i>Current assets</i>		
Trade receivables	62,842	145,866
Less: Allowance for expected credit losses	<u>(1,852)</u>	<u>(12,472)</u>
	60,990	133,394
Other receivables	<u>-</u>	<u>44,605</u>
	<u>60,990</u>	<u>177,999</u>

*Allowance for expected credit losses*

The company has recognised a loss of (\$1,852) (2019: (\$12,472)) in profit or loss in respect of the expected credit losses for the year ended 30 June 2020.

Management believes that the amounts that are past due by more than 30 days are still collectable in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customer's credit scores if they are available. The ageing of the consolidated entity's trade receivables that were not impaired was as follows:

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

	30 June 2020	30 June 2019
	\$	\$
Neither past due not impaired	22,517	44,972
Past due 1 - 30 days	-	6,721
Past due 31 - 90 days	2,735	28,178
Past due 90+ days	<u>35,738</u>	<u>53,523</u>
	<u>60,990</u>	<u>133,394</u>

**Note 9. Trade and other payables**

	30 June 2020	30 June 2019
	\$	\$
<i>Current liabilities</i>		
Trade payables	58,485	185,094
Other payables and accruals	<u>158,108</u>	<u>295,314</u>
	<u>216,593</u>	<u>480,408</u>

Refer to note 14 for further information on financial instruments.

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**Note 10. Borrowings**

	30 June 2020	30 June 2019
	\$	\$
<i>Current liabilities</i>		
Shareholder loan	-	203,989

Refer to note 14 for further information on financial instruments.

On 1 April 2019, Mr Antanas Guoga ("Tony G") advanced a \$200,000 loan to the company with maturity 30 March 2020. On 1 October 2019 the loan was partially converted to fully paid ordinary shares 100,000,000 at A\$0.01 per share (A\$100,000). The balance of the loan (A\$100,000) was paid in cash with an interest payment of A\$3,989.

**Note 11. Equity - issued capital**

	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	Shares	Shares	\$	\$
Ordinary shares - fully paid	36,892,002	1,569,454,374	16,837,024	14,826,597

*Movements in ordinary share capital*

Details	Date	Shares	\$
Balance	1 July 2018	1,231,699,788	13,673,475
Issue of shares - placement	24 July 2018	104,254,587	521,272
Issue of shares - placement	29 November 2018	189,499,999	568,500
Issue of shares - placement	10 December 2018	44,000,000	132,000
Share issue costs		-	(68,650)
Balance	30 June 2019	1,569,454,374	14,826,597
Issue of shares - rights issue	19 July 2019	509,611,125	509,612
Issue of shares - placement	24 July 2019	444,731,041	444,731
Issue of shares - placement	24 July 2019	325,268,959	325,269
Antanas Guoga - loan	1 October 2019	100,000,000	100,000
Issue of shares - placement	15 October 2019	10,000,000	10,000
Security consolidation	2 December 2019	(2,929,473,497)	-
Issue of shares - placement	24 June 2020	7,300,000	730,000
Share issue costs		-	(109,185)
Balance	30 June 2020	36,892,002	16,837,024

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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

*Share buy-back*

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

*Capital risk management*

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, issue new shares or sell assets to reduce debt.

**Opyl Limited**  
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**Note 11. Equity - issued capital (continued)**

Capital is regarded as total equity, as recognised in the financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

**Note 12. Equity - reserves**

	30 June 2020	30 June 2019
	\$	\$
Foreign currency reserve	(381,075)	(372,018)
Options reserve	1,266,137	1,448,949
	<u>885,062</u>	<u>1,076,931</u>

*Foreign currency reserve*

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

*Option reserve*

The reserve is used to recognise the value of equity benefits provided to employees, directors and other parties as part of their remuneration and compensation for services.

*Movements in reserves*

Movements in each class of reserve during the current financial half-year are set out below:

*Movements in reserves*

Movements in each class of reserve during the current and previous financial year are set out below:

	Foreign exchange reserve	Option reserve	Total
	\$	\$	\$
Balance at 1 July 2018	(393,565)	1,315,402	921,837
Foreign currency translation	21,547	-	21,547
Options issued during the year	-	133,547	133,547
Balance at 30 June 2019	(372,018)	1,448,949	1,076,931
Foreign currency translation	(9,057)	-	(9,057)
Options issued during the year	-	46,458	46,458
Lapse of expired options	-	(229,270)	(229,270)
Balance at 30 June 2020	<u>(381,075)</u>	<u>1,266,137</u>	<u>885,062</u>

**Note 13. Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

#### Note 14. Financial instruments

##### **Financial risk management objectives**

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

##### **Market risk**

###### *Foreign currency risk*

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. As each of the individual entities in the group primarily transact in their own respective functional currency, foreign currency risk is deemed to be minimal.

###### *Price risk*

The consolidated entity is not exposed to any significant price risk.

###### *Interest rate risk*

Interest rate risk is deemed to be minimal as the consolidated entity exposure on interest risk is mainly on its cash at bank.

##### **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The company obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for expected credit losses of those assets, as disclosed in the statement of financial position and notes to the financial statements. The company does not hold any collateral.

The consolidated entity deemed its credit risk to be minimal as its financial assets are mainly cash held at financial institutions.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

##### **Liquidity risk**

The company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

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**Note 14. Financial instruments (continued)**

*Remaining contractual maturities*

The following tables detail the company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

<b>30 June 2020</b>	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	58,485	-	-	-	58,485
Other payables	-	158,108	-	-	-	158,108
Total non-derivatives		216,593	-	-	-	216,593
<b>30 June 2019</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	185,094	-	-	-	185,094
Other payables	-	295,314	-	-	-	295,314
<i>Interest-bearing - variable</i>						
Other loans	8.00%	203,989	-	-	-	203,989
Total non-derivatives		684,397	-	-	-	684,397

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Note 15. Key management personnel disclosures**

*Directors*

The following persons were directors of Opyl Limited during the financial year:

Julian Chick  
Damon Rasheed  
Marat Basyrov

*Other key management personnel*

The following person also had the authority and responsibility for planning, directing and controlling the major activities of the company, directly or indirectly, during the financial year:

Michelle Gallaher

**Opyl Limited**  
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**Note 15. Key management personnel disclosures (continued)**

*Compensation*

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

	<b>30 June 2020</b>	<b>30 June 2019</b>
	\$	\$
Short-term employee benefits	337,479	588,766
Post-employment benefits	33,250	15,239
Long-term benefits	150,971	21,216
	<u>521,700</u>	<u>625,221</u>

**Note 16. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by William Buck, the auditor of the company. Audit services for the year ended 30 June 2020 were completed by William Buck, for the year ended 30 June 2019 audit services were completed by BDO East Coast Partnership (BDO).

	<b>30 June 2020</b>	<b>30 June 2019</b>
	\$	\$
Audit services		
Audit or review of the financial statements - William Buck	25,000	-
Audit or review of the financial statements - BDO	-	72,000
	<u>25,000</u>	<u>72,000</u>

**Note 17. Contingent liabilities**

The company had no contingent liabilities as at 30 June 2020.

**Note 18. Related party transactions**

*Parent entity*

Opyl Limited is the parent entity.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 15 and the remuneration report included in the directors' report.

*Transactions with related parties*

During the financial year ended 30 June 2020, RDI Consulting Pty Ltd have been engaged to develop software for a machine learning/artificial intelligence algorithm which can predict the likelihood of clinical trial passing its primary objective. The engagement is to the value of \$150,000. \$58,054 has been incurred as at 30 June 2020. Damon Rasheed being a shareholder of RDI Consulting is considered a related party.

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

Michelle Gallaher has drawings from the company corporate credit card which are to be repaid to the company. The balance outstanding as at 30 June 2020 is \$24,605 (2019:A\$15,823).

**Opyl Limited**  
**Notes to the financial statements**  
**30 June 2020**

**Note 19. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	30 June 2020	30 June 2019
	\$	\$
Loss after income tax	(751,832)	(803,634)
Total comprehensive income	<u>(751,832)</u>	<u>(803,634)</u>

*Statement of financial position*

	30 June 2020	30 June 2019
	\$	\$
Total current assets	781,305	10,879
Total assets	<u>781,305</u>	<u>10,879</u>
Total current liabilities	133,100	413,813
Total liabilities	<u>133,100</u>	<u>413,813</u>
Equity		
Issued capital	18,586,126	16,653,323
Options reserve	1,266,137	1,613,088
Accumulated losses	<u>(19,011,494)</u>	<u>(18,669,345)</u>
Total equity/(deficiency)	<u>840,769</u>	<u>(402,934)</u>

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2020 and 30 June 2019.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following.

- Investments in subsidiaries are accounted for at cost, less impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

**Note 20. Interest in subsidiaries**

(a) Ultimate parent

Opyl Limited is the ultimate parent entity and the parent entity of the consolidation entity from a legal perspective. For accounting purposes, Opyl Limited is the deemed ultimate parent of the consolidated entity in line with reverse acquisition accounting.

(b) Corporate structure

The legal corporate structure of the consolidated entity is set out below;

**Note 20. Interest in subsidiaries (continued)**

Name	Principal place of business / Country of incorporation	Ownership of interest	
		2020 %	2019 %
Legal parent			
Opyl Limited	Australia	-	-
ShareRoot Inc	United States of America	100.00%	100.00%
ShareRoot (Australian Ops) Pty Ltd	Australia	100.00%	100.00%
Opyl Services (Formerly The Social Science Pty Ltd)	Australia	100.00%	100.00%
Ludomade, Inc	United States of America	100.00%	100.00%

**Note 21. Events after the reporting period**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially negative for the consolidated 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.

The company does however have a history of being able to raise capital and debt when required and the directors are confident that should the need arise they will be able to raise sufficient funds to meet their liabilities as they fall due.

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

**Note 22. Reconciliation of loss after income tax to net cash used in operating activities**

	30 June 2020	30 June 2019
	\$	\$
Loss after income tax expense for the year	(925,847)	(3,105,138)
Adjustments for:		
Depreciation and amortisation	848	26,033
Impairment of goodwill	-	1,862,584
Share-based payments	46,458	133,548
Fair-value adjustment of deferred consideration in relation to Ludomade	-	(1,016,037)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	117,009	7,960
Decrease in prepayments	44,917	82,959
Decrease/(increase) in other non-current assets	-	5,653
Decrease in trade and other payables	(263,815)	(24,242)
Increase/(decrease) in deferred revenue	(48,562)	(76,177)
Net cash used in operating activities	<u>(1,028,992)</u>	<u>(2,102,857)</u>

Note 23. Earnings per share

	30 June 2020	30 June 2019
	\$	\$
Loss after income tax attributable to the owners of Opyl Limited	<u>(925,847)</u>	<u>(3,105,138)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>13,645,211</u>	<u>1,694,417,552</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>13,645,211</u>	<u>1,694,417,552</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(6.785)	(0.183)
Diluted earnings per share	(6.785)	(0.183)

The amount of the dilution is the average market price of ordinary shares during the period minus the issue price. Therefore, to calculate diluted earnings per share, potential ordinary shares are treated as consisting of both the following:

- a contract to issue a certain number of the ordinary shares at their average market price during the period. Such ordinary shares are assumed to be fairly priced and to be neither dilutive nor antidilutive. They are ignored in the calculation of diluted earnings per share.
- a contract to issue the remaining ordinary shares for no consideration. Such ordinary shares generate no proceeds and have no effect on profit or loss attributable to ordinary shares outstanding. Therefore, such shares are dilutive and are added to the number of ordinary shares outstanding in the calculation of diluted earnings per share.

As the consolidated entity is in a loss position at the end of the financial year, the options on issue are not considered to be dilutive.

**Opyl Limited**  
**Notes to the financial statements**  
**30 June 2020**

**Note 24. Share based payments**

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Board of Directors, grant options over ordinary shares in the company to certain personnel of the consolidated entity. Share options are issued at nil consideration.

In addition, options may also be issued to advisers of the company for example to assist with capital raising activities.

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

**2020**

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Expired/ forfeited/ other	Impact of share consolidation	Balance at the end of the year
07/01/2016	31/12/2020	\$5.000	21,000,000	-	-	(20,790,000)	210,000
05/12/2016	05/12/2026	\$1.200	4,248,000	-	-	(4,205,520)	42,480
27/06/2017	27/06/2022	\$0.500	3,000,000	-	-	(2,970,000)	30,000
10/11/2017	10/11/2022	\$0.500	3,666,667	-	-	(3,630,001)	36,666
21/02/2018	20/02/2023	\$0.600	3,000,000	-	-	(2,970,000)	30,000
21/02/2018	05/06/2022	\$0.700	8,000,000	-	-	(7,920,000)	80,000
21/02/2018	13/04/2022	\$0.500	11,842,105	-	-	(11,723,684)	118,421
17/04/2018	17/04/2023	\$0.500	300,000	-	-	(297,000)	3,000
19/02/2018	19/02/2023	\$0.500	3,000,000	-	-	(2,970,000)	30,000
05/04/2018	05/04/2023	\$0.500	200,000	-	-	(198,000)	2,000
05/04/2018	05/04/2023	\$0.500	200,000	-	-	(198,000)	2,000
18/04/2018	18/04/2023	\$0.500	300,000	-	-	(297,000)	3,000
06/03/2018	04/05/2023	\$0.500	9,000,000	-	-	(8,910,000)	90,000
04/05/2018	04/05/2023	\$0.500	2,500,000	-	-	(2,475,000)	25,000
06/02/2017	06/02/2027	\$0.800	600,000	-	-	(594,000)	6,000
20/03/2017	20/03/2027	\$2.500	425,000	-	-	(420,750)	4,250
20/03/2017	20/03/2027	\$2.500	566,666	-	-	(561,000)	5,666
20/03/2017	20/03/2027	\$2.500	500,000	-	-	(495,000)	5,000
01/04/2017	01/04/2027	\$0.600	1,500,000	-	-	(1,485,000)	15,000
01/04/2017	01/04/2027	\$0.600	750,000	-	-	(742,500)	7,500
01/04/2017	01/04/2027	\$0.600	1,500,000	-	-	(1,485,000)	15,000
01/04/2017	01/04/2027	\$0.600	1,500,000	-	-	(1,485,000)	15,000
26/01/2018	26/02/2028	\$0.600	750,000	-	-	(742,500)	7,500
24/07/2018	24/07/2023	\$1.000	25,000,000	-	-	(24,750,000)	250,000
15/10/2018	06/03/2023	\$0.400	2,000,000	-	-	(1,980,000)	20,000
15/10/2018	06/03/2023	\$0.400	750,000	-	-	(742,500)	7,500
15/10/2018	18/09/2023	\$0.400	300,000	-	-	(297,000)	3,000
15/10/2018	09/06/2023	\$0.400	300,000	-	-	(297,000)	3,000
08/02/2019	08/02/2024	\$0.500	11,000,000	-	-	(10,890,002)	109,998
21/03/2019	21/03/2024	\$0.500	11,000,000	-	-	(10,890,002)	109,998
13/05/2019	13/05/2024	\$0.500	11,000,000	-	-	(10,890,002)	109,998
10/12/2019	28/02/2020	\$0.800	-	250,000*	(250,000)	-	-
10/12/2019	10/12/2024	\$0.300	-	60,000	-	-	60,000
10/12/2019	10/12/2024	\$0.800	-	2,335,000*	-	-	2,335,000
			<u>139,698,438</u>	<u>2,645,000</u>	<u>(250,000)</u>	<u>(138,301,461)</u>	<u>3,791,977</u>

\*Tranches issued to investors unconnected with share-based payments.

Opyl Limited  
Notes to the financial statements  
30 June 2020

Note 24. Share based payments (continued)

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
07/01/2016	31/12/2020	\$0.050	21,000,000	-	-	-	21,000,000
05/12/2016	05/12/2026	\$0.012	4,248,000	-	-	-	4,248,000
27/06/2017	27/06/2022	\$0.005	9,000,000	-	-	(6,000,000)	3,000,000
11/07/2017	31/12/2018	\$0.010	22,000,000	-	-	(22,000,000)	-
10/11/2017	10/11/2022	\$0.005	11,000,000	-	-	(7,333,333)	3,666,667
21/02/2018	20/02/2023	\$0.006	3,000,000	-	-	-	3,000,000
21/02/2018	05/06/2022	\$0.007	8,000,000	-	-	-	8,000,000
21/02/2018	13/04/2022	\$0.005	11,842,105	-	-	-	11,842,105
17/04/2018	17/04/2023	\$0.005	300,000	-	-	-	300,000
19/02/2018	19/02/2023	\$0.005	3,000,000	-	-	-	3,000,000
05/04/2018	05/04/2023	\$0.005	200,000	-	-	-	200,000
05/04/2018	05/04/2018	\$0.005	200,000	-	-	-	200,000
18/04/2018	18/04/2023	\$0.005	300,000	-	-	-	300,000
06/03/2018	04/05/2023	\$0.005	9,000,000	-	-	-	9,000,000
04/05/2018	04/05/2023	\$0.005	2,500,000	-	-	-	2,500,000
06/02/2017	06/02/2027	\$0.008	600,000	-	-	-	600,000
20/03/2017	20/03/2027	\$0.025	425,000	-	-	-	425,000
20/03/2017	20/03/2027	\$0.025	56,666	-	-	-	56,666
20/03/2017	20/03/2027	\$0.025	500,000	-	-	-	500,000
01/04/2017	01/04/2027	\$0.006	1,500,000	-	-	-	1,500,000
01/04/2017	01/04/2027	\$0.006	750,000	-	-	-	750,000
01/04/2017	01/04/2027	\$0.006	1,500,000	-	-	-	1,500,000
01/04/2017	01/04/2027	\$0.006	1,500,000	-	-	-	1,500,000
26/01/2018	26/02/2028	\$0.006	750,000	-	-	-	750,000
24/07/2018	24/07/2023	\$0.001	-	25,000,000	-	-	25,000,000
15/10/2018	06/03/2023	\$0.004	-	2,000,000	-	-	2,000,000
15/10/2018	06/03/2023	\$0.004	-	750,000	-	-	750,000
15/10/2018	18/09/2023	\$0.004	-	300,000	-	-	300,000
15/10/2018	09/06/2023	\$0.004	-	300,000	-	-	300,000
08/02/2019	08/02/2024	\$0.005	-	11,000,000	-	-	11,000,000
21/03/2019	21/03/2024	\$0.005	-	11,000,000	-	-	11,000,000
08/02/2019	08/02/2024	\$0.005	-	11,000,000	-	(11,000,000)	-
13/05/2019	13/05/2024	\$0.005	-	11,000,000	-	-	11,000,000
			<u>113,171,771</u>	<u>72,350,000</u>	<u>-</u>	<u>(46,333,333)</u>	<u>139,698,438</u>

**Opyl Limited**  
**Notes to the financial statements**  
**30 June 2020**

**Note 24. Share based payments (continued)**

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2020 Number	2019 Number
07/01/2006	31/12/2020	210,000	21,000,000
05/12/2016	05/12/2026	42,480	2,956,000
27/06/2017	27/06/2022	30,000	3,000,000
11/07/2017	31/12/2018	-	22,000,000
10/11/2017	10/11/2022	36,667	3,666,667
21/02/2018	20/02/2023	30,000	3,000,000
21/02/2018	05/06/2022	80,000	8,000,000
21/02/2018	13/04/2022	118,421	11,842,105
17/04/2018	17/04/2023	40,000	100,000
19/02/2018	19/02/2023	-	1,000,000
05/04/2018	05/04/2023	-	66,667
05/04/2018	05/04/2023	-	66,667
18/04/2018	18/04/2023	-	100,000
06/03/2018	04/05/2023	90,000	3,000,000
04/05/2018	04/05/2023	25,000	2,500,000
06/02/2017	06/02/2027	6,000	300,000
20/03/2017	20/03/2027	14,917	290,000
20/03/2017	20/03/2027	-	380,000
20/03/2017	20/03/2027	-	350,000
01/04/2017	01/04/2027	-	375,000
01/04/2017	01/04/2027	-	375,000
01/04/2017	01/04/2027	-	562,500
01/04/2017	01/04/2027	-	750,000
26/01/2018	26/01/2028	-	187,500
24/07/2018	24/07/2023	250,000	8,333,334
15/10/2018	06/03/2023	20,000	1,333,334
15/10/2018	06/03/2023	7,500	500,000
15/10/2018	18/09/2023	3,000	100,000
15/10/2018	09/06/2023	3,000	100,000
08/02/2019	08/02/2024	36,667	-
08/02/2019	08/02/2024	36,667	-
08/02/2019	08/02/2024	36,667	-
21/03/2019	21/03/2024	36,667	-
21/03/2019	21/03/2024	36,667	-
21/03/2019	21/03/2024	36,667	-
13/05/2019	13/05/2024	36,667	-
13/05/2019	13/05/2024	36,667	-
13/05/2019	13/05/2024	36,667	-
10/12/2019	10/12/2024	20,000	-
10/12/2019	10/12/2024	20,000	-
10/12/2019	10/12/2024	20,000	-
		<u>1,396,988</u>	<u>96,234,774</u>

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date are as follow:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
10/12/2019	10/12/2024	\$0.170	\$0.300	100.00%	-	1.50%	\$0.113

**Opyl Limited**  
**Directors' declaration**  
**30 June 2020**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Accounting Standards AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The financial statements also comply with International Financial Reporting Standards as disclosed in note 1.
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 303(5)(a) of the Corporations Act 2001.

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

On behalf of the directors



---

Damon Rasheed  
Director

27 August 2020

## Opyl Limited

Independent auditor's report to members

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Opyl Limited (the Company) and its controlled entities (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 statements, including a summary of significant accounting policies and other explanatory information, 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$934,904 during the year ended 30 June 2020 and, as of that date, the Group's net cash outflows used in operations was \$1,028,992. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### ACCOUNTANTS & ADVISORS

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Melbourne VIC 3000

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### Other Matter

The financial report of Opyl Limited (formerly named ShareRoot Limited) for the year ended 30 June 2019 was audited by another auditor, who expressed an unmodified opinion to that report.

### Key Audit Matters

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

REVENUE RECOGNITION	
Area of focus	How our audit addressed it
<p>As required by AASB 15 <i>Revenue from Contracts with Customers</i>, revenue is disclosed in Note 1.</p> <p>This area is a key audit matter as each revenue stream requires a bespoke revenue recognition model to ensure that revenue is only recognised:</p> <p>a) when a performance milestone is achieved;            b) can be reliably measured; and            c) there is a low likelihood for dispute by the customer for revenues that are recognised which are beyond that originally scoped at the inception of the engagement.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Understanding and documenting the design of key controls and testing their operational effectiveness on revenue recognition;</li> <li>• The evaluation of revenue recognition policies for all material sources of revenue to ensure that revenue is recognised in-accordance with AASB 15;</li> <li>• Examining management's assessment of achievement of performance milestones relevant to material revenue contracts;</li> <li>• Performing detailed cut-off testing to ensure that revenue transactions throughout the year end had been recorded in the correct financial period.</li> </ul> <p>In-addition, we also examined key disclosures relating to the recognition of revenue in the financial statements.</p>

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## CLOSURE OF US OPERATIONS

Area of focus	How our audit addressed it
<p>During the year the Group wound down trading activity that it formerly conducted in the United States.</p> <p>As a result of this wind down, the Group has settled legacy liabilities with previous suppliers and employees that it had previously recorded in the Statement of Financial Position.</p> <p>In preparing these financial statements, the Directors have considered that the results of its US operations were sufficiently immaterial and inconsequential to merit the designation of a <i>discontinued operation</i> that may otherwise have been disclosed in the Statement of Financial Position.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Legacy liabilities which were individually material were agreed to settlements and final cash payments; and</li> <li>• We consulted with the Group's legal counsel to discuss any further liabilities not captured in the Statement of Financial Position, or the existence of contingent liabilities not otherwise disclosed in the financial statements;</li> <li>• We consulted with our Group Technical Team to discuss management's assessment of its trading activity as <i>not</i> meeting the definition of a <i>discontinued operation</i> in assessing disclosures in the financial statements.</li> </ul>

### 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 these financial statements is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our independent auditor's report.

## **Report on the Remuneration Report**

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

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Opyl Limited, for the year ended 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.

William Buck

**William Buck Audit (Vic) Pty Ltd**  
ABN: 59 116 151 136

A handwritten signature in black ink, appearing to read 'N. S. Benbow'.

**N. S. Benbow**  
Director

Melbourne, dated this 27<sup>th</sup> day of August, 2020

For personal use only

**Opyl Limited**  
**Shareholder information**  
**30 June 2020**

The shareholder information set out below was applicable as at 15 July 2020

**Distribution of equitable securities**

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	2,609	-
1,001 to 5,000	335	9
5,001 to 10,000	151	12
10,001 to 100,000	278	34
100,001 and over	82	11
	<u>3,455</u>	<u>66</u>
Holding less than a marketable parcel	<u>-</u>	<u>-</u>

**Equity security holders**

*Twenty largest quoted equity security holders*

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

	Number held	Ordinary shares % of total shares issued
SCINTILLA STRATEGIC INVESTMENTS LIMITED	1,877,532	5.09
ALTOR CAPITAL MANAGEMENT PTY LTD (ALTOR ALPHA FUND A/C)	1,011,077	2.74
HONGKONG FRANK PTY LTD (DAVIS SUPER FUND A/C)	850,000	2.30
REWOP PTY LTD (SCOTT POWER SUPER FUND A/C)	840,669	2.28
UBS NOMINEES PTY LTD	762,500	2.07
MR MARAT BASYROV	730,000	1.98
KAMAREL PTY LTD (K F & M L SMITH S/F A/C)	700,000	1.90
DR DEREK ANTHONY JELLINEK	683,153	1.85
CS THIRD NOMINEES PTY LIMITED (HSBC CUST NOM AU LTD 13 A/C)	619,400	1.68
SUPERTANK PTY LTD (SUPERTANK SUPERFUND A/C)	500,000	1.36
NOAH ABELSON	491,188	1.33
MR ROBERT GARETH PRICE & MR STEVEN DAVID PRICE (SIMEST SUPER FUND A/C)	406,150	1.10
MR ELIE CHAKKOUR	400,000	1.08
DR THOMAS PETER CLARKE & MRS GILDA FRANCES CLARKE (TP&GF CLARKE SUPER FUND A/C)	400,000	1.08
DLK INVESTMENTS GROUP PTY LTD (THE DLK INVESTMENTS UNIT A/C)	400,000	1.08
MRS JACINTA MAY WILKIE	399,250	1.08
CARTER HOSKING PTY LTD (CARTER HOSKING S/FUND A/C)	380,480	1.03
DOLOC PTY LTD (THE CLIVE BRIGGS PSL S/F A/C)	361,711	0.98
MR THOMAS ROBERT SARTOR	360,400	0.98
RCKC NOMINEES PTY LTD	330,000	0.89
	<u>12,503,510</u>	<u>33.88</u>

*Twenty largest unquoted equity security holders*

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

Opyl Limited  
Shareholder information  
30 June 2020

	Options over ordinary shares	
	Number held	% of total options issued
ANTANAS GUOGA	690,000	18.20
DDPEVCIC (WA) PTY LTD(DOMINIC FAMILY A/C)	233,333	6.15
GE EQUITY INVESTMENTS PTY LTD	166,667	4.40
SCINTILLA STRATEGIC INVESTMENTS LIMITED	166,667	4.40
JULIAN CHICK	159,998	4.22
FOSTER STOCKBROKING PTY LTD	140,000	3.69
MR MARAT BASYROV	129,998	3.43
DAMON RASHEED	129,998	3.43
SANLAM PRIVATE WEALTH PTY LTD (WESTBOURNE LONG SHORT A/C)	125,000	3.30
BLARNEY VENTURES	118,421	3.12
WALSH PRESTIGE PTY LTD (WALSH FAMILY A/C)	100,000	2.64
AUSTRALIAN TRAVEL DIRECTORY (AUST) PTY LTD	100,000	2.64
MR MARK ANDREW TKOCZ	100,000	2.64
MR BIN LIU	100,000	2.64
HIRSCH FINANCIAL PTY LTD	100,000	2.64
MICHELLE GALLAGHER	90,000	2.37
HELMET NOMINEES PTY LTD (TIM WEIR FAMILY FUND A/C)	83,333	2.20
DEMASIADO PTY LTD (DEMASIADO FAMILY A/C)	83,333	2.20
JASON WEAVER (WEAVER FAMILY A/C)	80,000	2.11
MRS LUYE LI	80,000	2.11
	<u>2,976,748</u>	<u>78.53</u>

*Unquoted equity securities*

There are no unquoted equity securities.

**Opyl Limited**  
**Shareholder information**  
**30 June 2020**

Unlisted Options expiry and exercise price	Number on issue	Number of holders
UNL OPTIONS EXP 05/06/2022 @ \$0.70	80,000	1
UNL OPTIONS EXP 13/04/2022 @ \$0.50	118,421	1
UNL OPTIONS EXP 17/04/23 @ \$0.50	3,000	1
UNL OPTIONS EXP 19/02/23 @ \$0.50	30,000	1
UNL OPTIONS EXP 05/04/23 @ \$0.50	4,000	2
UNL OPTIONS EXP 18/04/23 @ \$0.50	3,000	1
UNL OPTIONS EXP 04/05/23 @ \$0.50	115,000	2
UNL OPTIONS EXP 06/02/27 @ \$0.80	6,000	1
UNL OPTIONS EXP 20/03/27 @ \$2.50	14,916	3
UNL OPTIONS EXP 01/04/27 @ \$0.60	52,500	4
UNL OPTIONS EXP 26/01/28 @ \$0.60	7,500	1
UNL ESS OPT EXP 24/07/2023 @ \$1.00	250,000	1
UNL OPT EXP 6/03/2023 @ \$0.40	27,500	2
UNL OPT EXP 18/09/2023 @ \$0.40	3,000	1
UNL OPT EXP 9/06/2023 @ \$0.40	3,000	1
UNL OP EX 8/2/2024 @ \$0.50 VEST 11/2/20	36,666	1
UNL OP EX 8/2/2024 @ \$0.50 VEST 11/2/21	36,666	1
UNL OP EX 8/2/2024 @ \$0.50 VEST 11/2/22	36,666	1
UNL OP EX 21/3/24 @ \$0.50 VEST 21/3/20	36,666	1
UNL OPTIONS EXP 31/12/2020 @ \$5.00	210,000	6
UNL OP EX 21/3/24 @ \$0.50 VEST 21/3/21	36,666	1
UNL OP EX 21/3/24 @ \$0.50 VEST 21/3/22	36,666	1
UNL OP EXP 13/5/24 @ \$0.50 VEST 13/5/20	36,666	1
UNL OP EXP 13/5/24 @ \$0.50 VEST 13/5/21	36,666	1
UNL OP EXP 13/5/24 @ \$0.50 VEST 13/5/22	36,666	1
UNL OP EXP 10/12/24 @ \$0.30	60,000	3
UNL OPTIONS EXP 10YRS GRANT DAY @ \$1.20	42,480	4
UNL OP EXP 10/12/24 @ \$0.80	2,335,000	28
UNL OPTIONS EXP 27/06/2022 @ \$0.50	30,000	1
UNL OPTIONS EXP 10/11/2022 @ \$0.50	36,666	1
UNL OPTIONS EXP 20/02/2023 @ \$0.60	30,000	1
	<b>3,791,977</b>	<b>76</b>

**Substantial holders**

Substantial holders in the company are set out below:

	Ordinary shares Number held	% of total shares issued
SCINTILLA STRATEGIC INVESTMENTS LIMITED	1,877,532	5.09
ALTOR CAPITAL MANAGEMENT PTY LTD (ALTOR ALPHA FUND A/C)	1,011,077	2.74
HONGKONG FRANK PTY LTD (DAVIS SUPER FUND A/C)	850,000	2.30
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MR MARAT BASYROV	730,000	1.98

	Options over ordinary shares	
	Number held	% of total options issued
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SCINTILLA STRATEGIC INVESTMENTS LIMITED	166,667	4.40
JULIAN CHICK	159,998	4.22
FOSTER STOCKBROKING PTY LTD	140,000	3.69
MR MARAT BASYROV	129,998	3.43
DAMON RASHEED	129,998	3.43

**Voting rights**

The voting rights attached to ordinary shares are set out below:

*Ordinary shares*

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

*Options*

All quoted and unquoted options do not carry any voting rights