

Teaminvest Private Group Limited

(ASX:TIP)

ACN 629 045 736

CEO letter

For the year ended 30 June 2020

Noble purpose: *Transferring knowledge between generations*

Mission: *Assist successful business owners to enhance their legacy; and mentor the next generation of business leaders*

Vision: *To build a society where the knowledge we accumulate over a lifetime isn't lost to retirement, forcing the next generation to learn it all again*



Year in review

It is my pleasure to present the CEO report for the financial year ended 30 June 2020 (**FY20**) for Teaminvest Private Group Limited (**TIP**) and the record results it contains.

When I wrote in my half-yearly letter that “*we can’t always prepare for momentous unplanned events ... such as global emergencies*”, I had no inclination that my words would be proved prescient so quickly.

Starting with the bushfires in January, the catalogue of floods, pandemic, lockdowns, cyber warfare, unrest, and even storms of locusts (in June and July in Africa) this year have appeared more like a biblical story threatening plagues of all description than the sanguine periods of economic growth we have been accustomed to. It is incredible to think that only six months ago none of these global events were on the radar.

Whilst I had no idea of what the future would hold when I wrote that sentence, I am profoundly glad that the next sentence also proved true:

“However, I am confident that the talent, hard work, great ethics and dedication of our growing team of business leaders will deliver long term success regardless of any bumps they experience in the road on the way.”

As owners of our business, you can be proud of how our leadership teams have risen to the challenges they faced this year. Not only have they taken events in their stride, our Portfolio Companies are stronger today than they were in December: a remarkable achievement for which all staff deserve our esteem.

We are therefore pleased to announce that our results for the year ended 30 June 2020 are a new record for TIP and are convinced the record results bode well for our future. I trust you also share my excitement.

Segment Results

| Segment | Revenue | | | | | EBITDA | | | | |
|--------------|---------|-------|-------|-------|----|--------|------|------|------|------|
| | FY17 | FY18 | FY19 | FY20 | Δ% | FY17 | FY18 | FY19 | FY20 | Δ% |
| Engineering | 57.7 | 61.6 | 66.0 | 67.9 | 3% | (0.7) | 4.6 | 3.6 | 7.7 | 114% |
| Services | 59.6 | 64.1 | 69.7 | 69.6 | 0% | 1.5 | 3.8 | 3.6 | 5.9 | 63% |
| Pre-abnormal | 117.3 | 125.7 | 135.7 | 137.5 | 1% | 0.8 | 8.4 | 7.2 | 13.6 | 88% |
| Abnormal | | | | 3.5 | | | | | 3.5 | |
| Total | 117.3 | 125.7 | 135.7 | 141.0 | 4% | 0.8 | 8.4 | 7.2 | 17.1 | 137% |

This is the normalised revenue and EBITDA (including minority interests) for each segment in which we invest (**Segment Results**). This provides shareholders with the best approximation of our operating performance, and it is the figure that we (as management) spend most time discussing. Whilst we find Segment Results to be the most useful measure of our performance, they often differ from the Statutory Consolidated Income we report in accordance with accounting standards. This is discussed further below.

Particularly noteworthy was the performance of Icon Metal (Engineering Division, 100% owned) which generated substantial growth in FY20 by expanding and growing their management team in FY19. Despite the challenges of COVID, they achieved record revenue (up 33% compared to FY19) and EBITDA (up 155%) as Icon Metal continued to win and deliver larger projects and invest in staff capability. The successful execution of these projects by Icon Metal’s talented and energetic staff has cemented their position as the architectural metalwork firm of choice for Tier 1 construction projects in Sydney.

East Coast Traffic Control (**ECT**) (Services Division, 100% owned) again delivered outstanding improvements in revenue (up 22% compared to FY19) and EBITDA (up 70%). ECT continues to increase in scale and reputation as their unceasing innovation in the delivery of traffic control services drives industry leading safety outcomes and client confidence. As ECT grows geographically from their North Queensland roots, their nimble depot model and strict adherence to the highest ethical standards in their treatment of staff in a challenging industry, gives us confidence that the enthusiastic team will continue to deliver scale and profit improvements.

The performance of Multimedia Technology (**MMT**) (Services Division, 30% owned), our only Melbourne headquartered business, also deserves note. Despite the myriad of interruptions caused by bushfires, floods and COVID, MMT grew EBITDA

by 58% compared to FY19. Growth was primarily driven by the steps taken by the company's founder and CEO, John Hassall, to grow management capability. This investment in quality people provided increased agility, allowing the business to take market share and margins at the expense of more hidebound competitors.

Our world-leading trailer engineering business Graham Lusty Trailers (**GLT**) (Engineering Division, 100% owned) again delivered significant operational and earnings improvements in FY20. This resulted in an EBITDA increase of 55% compared to FY19, despite revenue remaining steady. Increased profits at this outstanding engineering business were primarily due to operational efficiencies from a consolidation of manufacturing facilities, and margin improvements as GLT's unique designs commanded a higher premium on the back of supply issues related to global events. This continues to pay off, with GLT starting FY21 with a record order book as more customers realise the benefit of using our world leading designs to haul their products.

Statutory Comprehensive Income (SCI)

Unlike Segment Results, which are compiled on a normalised (i.e. operating) basis, SCI is calculated in accordance with the technical accounting standards in force at any time. It encompasses consolidation accounting where we control a business, equity accounting where we own a substantial share of between 20% and 50%, and investment accounting where we own less than 20%. Because it reflects accounting standards, and not operating performance, SCI is also regularly affected by one-off items, changes in accounting rules, and technical quirks.

Whilst SCI is the official published result of the Group, shareholders should be aware of its limitations when using it to draw conclusions about operating performance. The table below sets out our SCI and a summary balance sheet.

| (\$m) | | | (\$m) | | |
|-----------------------------|-------------|-------------|---------------------------------|-------------|--------------|
| P&L | FY19 | FY20 | Balance Sheet | FY19 | FY20 |
| Revenue | 28.4 | 89.0 | Current assets | 27.0 | 35.0 |
| Operating expenses | (28.4) | (77.3) | Non-current assets | 68.2 | 73.0 |
| EBITDA | (0.0) | 11.7 | Total assets | 95.2 | 108.0 |
| D&A | (0.3) | (2.5) | Current liabilities | 21.6 | 23.3 |
| EBIT | (0.3) | 9.2 | Non-current liabilities | 0.9 | 3.5 |
| Interest income / (expense) | (2.3) | (0.3) | Total liabilities | 22.5 | 26.8 |
| PBT | (2.7) | 8.9 | Equity | 72.7 | 81.2 |
| Tax income / (expense) | 0.8 | (0.6) | Net cash / (debt) - traditional | 1.4 | 9.3 |
| NPAT | (1.8) | 8.3 | Net cash / (debt) - AASB 16 | 1.4 | 5.2 |

Change in accounting rules - AASB 16

Those more financially inclined will note that the financial statements accompanying this letter include a different basis for the recognition of leases than previous years. This has arisen due to the required adoption of AASB 16.

Under this new accounting standard, leases no longer appear as an "operating expense" but rather as a "financing expense" with an associated asset and liability on the balance sheet. The result of this is that the sum of our future rental expenses (under contract) for our group now appear as a debt on our balance sheet, with a new "right of use asset" of corresponding value. No immediate change to equity, but setting it out as a line item in its own right.

To understand this new standard best, it is worth taking a simple example. Let us say you have a business with \$1m profit before tax, paying \$250k per annum in lease costs with a four-year lease term, and no other debt or depreciation.

Under the old method, in force prior to FY20, your accounts would show:

- EBITDA of \$1m (we have assumed no interest or depreciation);
- Profit before tax of \$1m; and
- Zero debt.

Under AASB 16 this now changes as follows:

- EBITDA up 25% to \$1.25m despite no changes to operations; *(the \$250k per annum lease cost is now classified as an interest and depreciation expense)*
- Profit before tax remains unchanged at \$1m; and
- Two new items appear on the balance sheet: a debt of \$1m and a “right of use asset” with the same value. *(\$250k per annum of rent for four years).*

The new standard therefore has limited practical implication for our operations, but it does affect our SCI and debt. For those who prefer the old method (where leases were treated as operating expenses not balance sheet items), we have set out net cash / (debt) under both AASB 16 and pre-AASB 16 in the table of SCI above.

AASB 16 adoption is another reason why we, as management, find Segment Results a more valuable indicator of operating performance than SCI.

Other one-off items affecting SCI this year

Insurance payout

During 1H20, the Group received an insurance payout of \$4m related to the death of a Portfolio Company CEO under two key man insurance policies. The full amount has been applied to our SCI in FY20 and is partially offset by losses incurred during the period from Kitome. We have taken the approach that the purpose of the insurance was to restore Kitome to full operations in the event of losing the CEO, and so we have split the insurance into two amounts: the amount required to reverse the decline in Kitome profitability compared to FY19 (which has been “added back” to the Segment Results) and the difference which has been excluded (and appears as part of the ‘abnormal’ items).

FY20 windfall gain

In the FY19 annual report, we identified approximately \$0.7m of cash unlocked with the unwinding of the old trust structure that would return to the group as a one-off gain. We received this in the second half of FY20 and it appears in the ‘abnormal’ items of the Segment Results.

Tax impact of the Restructure and IPO

During FY19 we took up as many of our Restructure and IPO expenses as we could in our SCI. These one-off expenses totalled \$1.3m, and were accompanied by a further net loss of \$1.2m in consolidation adjustments in that year. This provides a carried forward loss of \$2.5m, which we will use in future years to our benefit.

Purchase price allocation

Accounting rules allow us to undertake a purchase price allocation process associated with the Restructure. Purchase price allocation is an accounting process whereby the balance sheet is revalued on a line by line basis to adjust carrying book value to be in line with fair market value. This process is time consuming but valuable as it allows our shareholders to get a truer picture of the fair market value of assets and liabilities (and therefore understand our business better).

We conducted this process in 1H20, and astute readers will observe that the FY19 financial statements presented in this report looks different to that presented in the annual report last year. Goodwill has been reduced, and some of the difference allocated to a mix of tangible assets to better reflect true value.

Whites Diesels

In December we announced that one of our managed investments, Whites Diesels Australia, had been placed in voluntary administration. As a prudent measure, we wrote off all loans outstanding to this business, as well as expensing all items related to work done to try and help the business through its recent struggles. The net result is that we have recorded a one-off loss of \$275k in our accounts. We have excluded this from our Segment Results but it appears in SCI.

Valuestream Acquisition

During the year we acquired out of administration Valuestream Investment Management Limited (**Valuestream**), a third-party trustee with which we had previously had dealings as a customer. This purchase provides the Group with the potential to broaden our financial services and creates the potential for future income streams related to managed fund operation, trustee, custodial and other financial services.

In a quirk of accounting rules, by acquiring Valuestream for a price below the fair value of its assets, our FY20 SCI includes a one-off gain equal to the difference. Because it is not an operational profit, we have excluded this one-off gain of approximately \$0.6m from our Segment Results.

Performance rights

When TIP was listed in May 2019, performance rights in the form of shares were issued to senior management (including myself). To qualify for the shares, TIP was required to deliver a record profit for shareholders: with the higher the profit, the bigger the payment. These performance rights were accompanied with modest base pay, ensuring that senior management was incentivised to deliver profits not build empires.

I am proud to say that our FY20 results were such a record that the total of performance rights vested in shares to senior management was \$1.1m. This appears in our SCI as an expense (despite having no cash impact) and is a testament to the incredible results achieved.

When the performance rights were issued last year, the expectation was that the Group would grow steadily over the next four or five years. Instead, the exceptional performance this year has exposed the folly of our attempting to predict growth (all stretch targets look small when you have growth this large!) so we are in the process of examining a better long-term solution for all group senior management. The intention of any new system will be that our leaders (at head office and at Portfolio Companies) are paid a regular proportion of profits, in line with shareholders, rather than larger one-off bonuses on achieving specific results. This should remove the binary, and sudden, nature of performance hurdle payments, and replace them with a simple incentive in line with the delivery of growing the group and increasing shareholder wealth. It should also have the long-term advantage of ensuring our talented leaders are rewarded for delivering better results, not negotiating better pay and targets.

Year ahead

FY21 looks to be an exciting year. We are confident that our outstanding Portfolio Company management and boards are enhancing their businesses, aided by our listed structure.

Despite the incredible challenges they faced, our Portfolio Companies delivered a record result this year. My hope is that each future period will also have more ups than downs, but (as we have just seen) the world does not always work that way: and we can't always prepare for momentous unplanned events such as the ongoing global emergencies. Fortunately, in this instance we have been largely unaffected, but this may not always be the case in the future. However, I am confident that the talent, hard work, great ethics and dedication of our growing team of business leaders will deliver long term success regardless of any bumps they experience in the road on the way.

My confidence is highlighted by our regular Strategy Days where our team of Portfolio Company CEOs and Selected Shareholders keep astounding me by developing substantial numbers of new ideas that could add significantly to our bottom line. I don't expect they will all be implemented, or prove as valuable as we hope, but just having so many exciting opportunities is a testament to the value of our Selected Shareholder model.

Our noble purpose

As part of our core operations, we ask every Portfolio Company to define their 'Noble Purpose', mission and vision. A *Noble Purpose* is the emotional, gut feel, statement of why your company exists. It's why what you do makes a difference in the world.

Research shows that having a clear and succinct noble purpose:

1. **Simplifies decision-making:** empowering boards and management to move faster to seize or reject opportunities;
2. **Helps recruit and retain talented staff:** building a united, high performance culture towards a common noble goal;
3. **Improves margins:** by engaging with customers and suppliers about the bigger picture, not focusing on lowest price; and
4. Results in **outperforming peers** by an average of 400%.

Whilst FY20 was the first time the exercise was formally conducted for each of our Portfolio Companies, we have long held the belief that businesses perform best when they act in the service of others. It is why we started TIP, and why we developed

our unique Selected Shareholder model. Our noble purpose, mission and vision are core to who we are and what we do. They are:

Noble purpose: *Transferring knowledge between generations*

Mission: *Assist successful business owners to enhance their legacy; and mentor the next generation of business leaders*

Vision: *To build a society where the knowledge we accumulate over a lifetime isn't lost to retirement, forcing the next generation to learn it all again*

Long term goals

Last year I wrote that:

"Looking forward ten years we want to develop and grow an ever-increasing portfolio of entrepreneurial CEOs who think differently to their competition and enhance society whilst delivering outstanding profits. Whenever we look at acquiring a new business, or mentoring an existing one, we do so through a lens of growing management and business capability: our people and our moats."

Our results this year show we have taken our first steps towards achieving this. In FY19 we had eight portfolio investments: we now have twelve and are in the process of acquiring our thirteenth. They range in size from micro start-ups without any revenue to entities turning over more than \$10m a month, but they all share the same goal: to transfer knowledge between generations and enhance our society.

We have also started to promote staff across Portfolio Companies to ensure that we can reward, retain and develop the best talent: and we are looking forward to making further developments on this front as we combine smaller entities with similar characteristics into larger divisions.

The scale of our noble purpose is large, and this is what makes it so exciting. As our outstanding businesses grow organically, we must continue to support them with an ever-increasing pool of Selected Shareholders who can provide mentorship and support. If we develop the skills of our people, whilst providing space for them to grow into greater roles, then we can have every confidence we will meet our long-term goals.

A final word

Whilst each period presents new challenges and opportunities, in the long run we are confident that a mix of successful management teams, surrounded by dedicated mentors, with access to our group philosophy and balance sheet will deliver outstanding results, achieve our noble purpose and reward our shareholders handsomely for their support.

If you are excited by our noble purpose, and you would like to participate in our unique organisation, please apply to become a Selected Shareholder. A copy of the application follows this letter. The knowledge you bring, and the value you add, will accelerate our future success.

I would also like to remind all shareholders that we are, at our core, a natural acquirer and developer of executives and SMEs. If you are the owner or leader of an SME, or know of one, who has reached a stage in their development where access to the mentorship, support and the balance sheet that TIP can provide will take your business to the next level, we would like to hear from you. Owners looking to sell out completely, or financial advisers looking to make a quick buck, need not apply.

Best wishes,



Andrew Coleman
CEO
Teaminvest Private Group Limited

Application to become a Selected Shareholder

Name of applicant

Phone number

Email address

Qualifications

Condensed resume

Areas of interest

- Analysis of investment opportunities
- Mentorship of Portfolio Companies
- Directorship of Portfolio Companies

Acknowledgement

By applying to become a Selected Shareholder, I acknowledge that:

- I have read the Company's Securities Trading Policy and agree to be bound by it if accepted;
- I understand that serving as a mentor or director carries specific legal responsibilities; and
- I understand that there is no guarantee that my application will be accepted.

Signature

Date

Please send this form, along with a complete copy of your resume, to either:

- By email: andrew.coleman@tipgroup.com.au
- By post: Teaminvest Private Group Limited
Suite 302, 80 Mount Street
North Sydney, NSW 2060

Teaminvest Private Group Limited

ABN 74 629 045 736

Annual Report - 30 June 2020

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|--------------------------------|--|
| Directors | Malcolm Jones - Chair Andrew Coleman Howard Coleman Ian Kadish Regan Passlow |
| Company secretary | Anand Sundaraj |
| Registered office | Suite 302 80 Mount Street North Sydney NSW 2060 |
| Share register | Computershare Investor Services Pty Ltd 452 Johnston Street Abbotsford VIC 3067 Tel: 1300 850 505 |
| Auditor | KPMG Level 38, Tower Three, International Towers Sydney 300 Barangaroo Avenue Sydney NSW 2000 |
| Solicitors | Sundaraj & Ker Level 36, Australia Square 264 George Street Sydney NSW 2000 |
| Stock exchange listing | Teaminvest Private Group Limited shares are listed on the Australian Securities Exchange (ASX code: TIP) |
| Website | http://www.teaminvestprivate.com.au |
| Corporate Governance Statement | <p>The directors and management are committed to conducting the business of Teaminvest Private Group Limited in an ethical manner and in accordance with the highest standards of corporate governance. Teaminvest Private Group Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations.</p> <p>The Group's Corporate Governance Statement, which was approved by the Board of Directors at the same time as the Annual Report, sets out the corporate governance practices that were in operation during the financial period and identifies and explains any Recommendations that have not been followed. The Corporate Governance Statement for the year ended 30 June 2020 and the Group's corporate governance policies can be found on the Company's website at https://www.teaminvestprivate.com.au/investor-information.</p> |

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Teaminvest Private Group 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 Teaminvest Private Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Malcolm Jones - Chair (appointed 13 December 2019)
Andrew Coleman
Howard Coleman
Ian Kadish
Regan Passlow
Katherine Woodthorpe - Chair (resigned 13 December 2019)

Principal activities

During the financial period the principal continuing activities of the Group consisted of investing in Australian businesses.

Dividends

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

Review of operations

The profit for the Group after providing for income tax amounted to \$8,306,000 (30 June 2019: loss of \$1,826,000).

The Group has adopted Accounting Standard AASB 16 'Leases' for the year ended 30 June 2020 using the modified retrospective approach and as such the comparatives have not been restated. Changes to significant accounting policies and the impact of applying new standards are described in note 2.

The Group's current period results are for the year ended 30 June 2020. The comparative results are for the Group's results for the four-month period from 1 March 2019 to 30 June 2019 when the Company acquired the subsidiaries as presented in note 35. From the date of incorporation on 26 September 2018 to 28 February 2019 the Company did not trade. The comparative financial statements for the prior period have been restated as described in note 4.

The Group has not experienced any material adverse effects from the recent events including Coronavirus (COVID-19) pandemic, drought, bushfires, floods and OPEC crisis up to 30 June 2020. Whilst some individual subsidiaries exposed to retail and regional Australia have been impacted adversely at the revenue line, this has been offset by indirect cost reductions and profit improvements in other parts of the Group. Other subsidiaries have benefited from the stimulus measures enacted by the both federal and state governments in relation to COVID-19. The net effect on the Group's results have been to continue along the growth path expected from the Group as a whole.

Refer to the 'CEO report' for further details of operations and commentary on the results.

Significant changes in the state of affairs

On 13 May 2020, the Company acquired 100% of the ordinary shares of Valuestream Investment Management Limited ('Valuestream') for the total consideration transferred of \$60,000.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

The impact of the COVID-19 pandemic is ongoing and whilst individual subsidiaries have been impacted differently, the net effect on the Group's results remain within a reasonable bound 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.

On 14 July 2020, the Group announced agreement subject to shareholder approval, to acquire 100% of the shares in Automation Group Investments Pty Ltd for the initial purchase price of \$2,660,000 and a deferred consideration based on a percentage of revenue generated under a key contract for financial years 2020 and 2021 payable after completion of the 2021 financial year audit.

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

Likely developments and expected results of operations

Refer to the 'CEO letter' for details of likely developments and expected results of operations.

Environmental regulation

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

Information on directors

Name: Malcolm Jones (appointed 13 December 2019)
Title: Independent Chair
Qualifications: FCA
Experience and expertise: Malcolm has experience in managing large organisations. He has held positions as a Member of the Group Management Board Zurich Financial Services in Switzerland, CEO Zurich Financial Services Asia Pacific, CEO Zurich Financial Services Australia Ltd, CEO NRMA Ltd & NRMA Insurance Ltd and CEO State Government Insurance commission of South Australia.

Prior to these executive roles Malcolm was a Partner at Ernst & Young where he had worked for 18 years.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: 2,121,937 ordinary shares
Interests in options: None
Contractual rights to shares: None

Name: Andrew Coleman
Title: Managing Director and Chief Executive Officer ('CEO')
Qualifications: B.Ec (Hons)
Experience and expertise: Andrew is a Co-Founder of Teaminvest Private and is responsible for sourcing, structuring and overseeing investments and general management. Prior to joining Teaminvest Private, Andrew worked in Sydney as an investment banker for Credit Suisse. Andrew advised and assisted clients on significant corporate deals in Australia and internationally with a specific focus on mergers and acquisitions and capital raising activity. He is also a co-author of 'Relative Performance Incentives and Price Bubbles in Experimental Asset Markets' published in the Southern Economic Journal.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Member of the strategy committee and investment committee
Interests in shares: 11,022,744 ordinary shares direct and indirectly held
Interests in options: None
Contractual rights to shares: LTI Performance of \$1,200,000 subject to meeting EPS targets and Board Approval

Name: Howard Coleman
Title: Non-Executive Director
Qualifications: BSc in Physics
Experience and expertise: Howard has over 40 years' experience as a founder and CEO in the areas of sales, marketing, publishing, consumer finance, and language and mathematics education in Australia, South Africa and the UK. Howard has held Board positions in a number of private companies in several countries including South Africa, UK, Australia and Canada. His extensive background and experience are invaluable for assessing the strengths and weaknesses of companies. This particularly applies to identifying their future risks, and the ability and strategies of the board and senior management to deal with them.

He is a graduate of the Harvard Business School Owner/President Management Program and completed the Australian Institute of Company Directors' program for company directors. He is a director of a number of private companies and has won many business awards including the prestigious Speaker of The Year Award from The Executive Connection. Howard has regularly appeared as a guest commentator on Sky Business and Ausbiz. Howard is a founding director of Teaminvest, Teaminvest Private and Conscious Capital.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Member of strategy committee
Interests in shares: 16,777,525 ordinary shares direct and indirectly held
Interests in options: None
Contractual rights to shares: None

Name: Ian Kadish
Title: Independent Non-Executive Director
Qualifications: MBBCH MBA
Experience and expertise: Ian has extensive public company board and executive experience as CEO and Managing Director of ASX listed Integral Diagnostics Limited; CEO and Managing Director of ASX listed Pulse Health Group; CEO and Managing Director of private equity owned Healthcare Australia Limited and Executive Director of JSE listed Network Healthcare Holdings Limited. In addition to his public company experience, he has served as a senior executive and board member of large private businesses owned and operated by private equity and listed equity, including CEO of Laverty Pathology, Chief Operating Officer of Greencross Limited, and Co-founder and Non-Executive Director of Digital Healthcare Solutions.

Ian holds a Master's of Business Administration ('MBA') from the Wharton Business School at the University of Pennsylvania, United States of America, and a Bachelor of Medicine and Surgery from the University of Witwatersrand, South Africa. In addition to his executive career in the United States, South Africa and Australia, Ian has also worked as a consultant for McKinsey and Company and as an advisor to boards on executing and integrating mergers and acquisitions.

Other current directorships: Integral Diagnostics Limited (ASX: IDX)
Former directorships (last 3 years): None
Special responsibilities: Chairman of the strategy committee, Chairman of Audit Committee
Interests in shares: 149,107 ordinary shares directly held
Interests in options: None
Contractual rights to shares: None

Name: Regan Passlow
Title: Non-Executive Director
Qualifications: MA, Mgmt
Experience and expertise: Regan has worked as an executive director for nearly 40 years for both national and multi-national companies. His focus has been primarily on strategic business development, administration and back office systems.

He has over 40 years' experience in senior management and governance roles in private organisations. He is the former co-founder of WebProfit.com.au, a business established in the 1990's to provide executives of small and medium-sized enterprises ('SMEs') with strategic advice on the use of the Internet and e-commerce. He is also the co-founder of retail lender EM Finance Corporation and a founding director of Teaminvest, Teaminvest Private and EM Commercial Finance. He has historically chaired the investment committee and has held directorships on five portfolio companies.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Chairman of the investment committee
Interests in shares: 1,077,045 ordinary shares directly and indirectly held
Interests in options: None
Contractual rights to shares: None

Name: Katherine Woodthorpe (resigned 13 December 2019)
Title: Former Independent Chair
Qualifications: AO PhD FAICD FTSE
Experience and expertise: Katherine has significant public company board experience, including as a former Non-Executive Director of Sirtex Medical Ltd and a former director of other ASX and NASDAQ listed companies. She has had large private and government board experience including as Chair of the National Climate Science Advisory Committee, Chair of Fishburners Ltd, Chair of the Antarctic Science Foundation, Chair of the Bushfire and Natural Hazards Cooperative Research Centre ('CRC') and Member of the National Health and Medical Research Council. She also has significant experience in venture capital and private equity including as Chair of Fishburners, and Chief Executive Officer of the Australian Venture Capital and Private Equity Association ('AVCAL').

Katherine holds a Doctor of Philosophy ('PhD') in Organic Chemistry from the University of Leicester, UK and an Honorary Doctorate from University of Technology, Sydney. She was appointed an Officer in the Order of Australia in 2017 for her distinguished service to business through venture capital, research and innovation.

Other current directorships: None
Former directorships (last 3 years): Former Non-Executive Director of Sirtex Medical Ltd (ASX: SRX) (2015 to 2018)
Special responsibilities: None
Interests in shares: 59,438 ordinary shares directly held
Interests in options: Not applicable as no longer a director
Contractual rights to shares: Not applicable as no longer a director

'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

Anand Sundaraj is a corporate lawyer with over 20 years' experience and is currently a principal at Sundaraj & Ker, a Sydney-based law firm. Anand specialises in advising on mergers and acquisitions, and capital raisings for both publicly listed and privately held entities. He also advises on funds management and general securities law matters including listing rule compliance and corporate governance.

Meetings of directors

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

| | Full Board | | Investment committee | | Strategy committee | |
|----------------------|------------|------|----------------------|------|--------------------|------|
| | Attended | Held | Attended | Held | Attended | Held |
| Malcolm Jones | 7 | 7 | - | - | 12 | 12 |
| Andrew Coleman | 13 | 13 | 20 | 23 | 12 | 12 |
| Howard Coleman | 13 | 13 | - | - | 12 | 12 |
| Ian Kadish | 13 | 13 | - | - | 12 | 12 |
| Regan Passlow | 13 | 13 | 21 | 23 | - | - |
| Katherine Woodthorpe | 5 | 6 | - | - | - | - |

Audit Committee

The Company has established an Audit Committee which has three members, two of whom are independent (including an independent Chair):

- Dr Ian Kadish, independent chair of the committee;
- Mr Malcolm Jones, independent member of the committee; and
- Mr Regan Passlow, non-executive member of the committee.

The number of meetings of the Audit Committee held during the year ended 30 June 2020, and the number of meetings attended by each director were:

| | Audit committee | | Risk and compliance committee | |
|----------------------|-----------------|------|-------------------------------|------|
| | Attended | Held | Attended | Held |
| Malcolm Jones | 2 | 2 | - | - |
| Ian Kadish | 2 | 2 | - | - |
| Regan Passlow | 2 | 2 | - | - |
| Katherine Woodthorpe | - | - | - | - |

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Risk and Compliance Committee

The Company has established a Risk and Compliance Committee which has seven members comprising Mr Dean Robinson, the CFO of the Company and chair of the committee, and six Selected Shareholders. The Risk and Compliance Committee's function is to continuously review the risk, compliance framework and corporate governance policies of the Group's Portfolio Companies to inculcate and improve operations. The Risk and Compliance Committee meets on a monthly basis and reports to the Board.

Nomination and Remuneration Committee

The Company has not constituted a Nomination and Remuneration Committee given the nature and scale of the Group's operations. The Board as a whole fulfils the functions normally delegated to a Nomination and Remuneration Committee.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, 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 Company, directly or indirectly, including all directors.

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

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- 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 Group's executive reward framework is to ensure remuneration 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; and
- Transparency and clarity.

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performing and high-quality personnel. The Board determines its remuneration policies having regard to the Company's earnings and the consequences of the Company's performance on shareholder wealth.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board considers that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of increasing earnings per share, and delivering appropriate returns on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework seeks to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing 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 chair's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chair is not present at any discussions relating to the determination of their own remuneration. Non-executive directors do not receive share options or other incentives.

The annual non-executive directors' fees currently agreed to be paid by the Company are set out below:

| Director | Director's fees |
|----------------|---|
| Malcolm Jones | \$100,000 per annum (including superannuation). |
| Howard Coleman | \$70,000 per annum (including superannuation). |
| Ian Kadish | \$70,000 per annum (including superannuation). |
| Regan Passlow | \$70,000 per annum (including superannuation). |

Each non-executive director has agreed with the Company that half of their remuneration will be accrued but not paid during each financial year. If shareholder approval is received at the annual general meeting following the end of each financial year, this accrued remuneration will be issued as ordinary shares. If shareholder approval is not received, the accrued remuneration will be paid as cash.

Australian Securities Exchange ('ASX') listing rules require any change to the aggregate non-executive directors' remuneration be approved by shareholders at a general meeting. The maximum aggregate non-executive directors' remuneration approved by the Constitution is \$500,000. No change to this amount will be sought at the 2020 annual general meeting.

Executive remuneration

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance and the overall performance of the Group. The Fixed remuneration is set below comparable market remunerations. A greater percentage of total executive remuneration is available through short term and long-term incentives based on performance.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- long-term incentives in the form of share-based payments; and
- other remuneration such as superannuation, annual leave and long service leave.

The combination of these comprises the executive's total remuneration.

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

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management. The KPI for the period ended 30 June 2019, in relation to Andrew Coleman and Dean Robinson STI of \$50,000 each was awarded for successfully listing the Company as a public company on the ASX. The KPI for the period ended 30 June 2020, in relation to Andrew Coleman and Dean Robinson STI of \$50,000 each was awarded for enabling a positive collaborative environment and enhancing the growth of the Group through hard economic times.

The long-term incentives ('LTI') include share-based payments in the form of performance rights. The current hurdles for performance vesting rights are linked to the comprehensive income per share of the Group for each financial year.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Group as part of the LTI. After receiving shareholder approval, the Company issued four tranches of \$300,000 performance rights to Andrew Coleman at the conclusion of the FY19 Annual General Meeting and the Board awarded four tranches of \$250,000 performance rights to Dean Robinson. Each tranche of performance rights converts into ordinary shares upon the achievement of the comprehensive income per share targets set out below.

The Board chose to link the performance rights to substantial increases in comprehensive income per share targets relative to the pre-IPO performance of the Group. Delivery of these targets represents substantial increases in shareholder value as represented by earnings per share: aligning the interests of management with shareholders in a business making regular acquisitions. The Board believes that these targets reduce the risk of management increasing earnings while decreasing shareholder wealth if the relevant performance target was measured purely on aggregate profit. The Board chose not to link targets based on share price to avoid the risk of management attempting to influence trading rather than focussing on improvement of Group performance.

The first tranche of performance share targets represented a significant (in excess of 70%) premium to the comparable normalised income per share at listing. Each subsequent tranche represents a further large increase in income per share.

| Comprehensive income per share target | Dollar value of performance rights that vest (Andrew Coleman) | Dollar value of performance rights that vest (Dean Robinson) |
|---------------------------------------|---|--|
| \$0.0675 | \$300,000 | \$250,000 |
| \$0.0810 | \$300,000 | \$250,000 |
| \$0.0945 | \$300,000 | \$250,000 |
| \$0.1080 | \$300,000 | \$250,000 |

At the end of each financial year, following the receipt of the audited financial statements, the Board will assess whether one or more targets have been met. Comprehensive Income per share is calculated prior to any charge relating to the bonus that may need to be provided for in the Audited Financial Statements. Each target can only be met once and more than one target can be met in the same financial year. The number of ordinary shares to be issued if a tranche of performance rights vest is determined by dividing the dollar value of the performance rights that have vested by the volume weighted average price of shares over the 10 business days to 30 June during the relevant financial year. The financial year ending 30 June 2023 ('FY23') is the last year in which the targets can be met. After the audit for FY23 has been completed, any unvested performance rights will lapse.

Use of remuneration consultants

During the financial period ended 30 June 2020, the Group did not engage the use of remuneration consultants, to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI programs.

Details of remuneration

The key management personnel of the Group consisted of the following current and former directors of Teaminvest Private Group Limited:

- Malcolm Jones - Independent Chair (appointed 13 December 2019)
- Howard Coleman - Non-Executive Director
- Ian Kadish - Independent Non-Executive Director
- Regan Passlow - Non-Executive Director
- Andrew Coleman - Managing Director and Chief Executive Officer ('CEO')
- Katherine Woodthorpe - Independent Chair (resigned 13 December 2019)

And the following person:

- Dean Robinson - Chief Finance Officer ('CFO')

Amounts of remuneration

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

| 30 June 2020 | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | | LTI unsettled | Total |
|--|----------------------|---------------|---------------|--------------------------|--------------------|----------------------|-------------------|------------------|------------------|
| | Cash salary and fees | Cash bonus | Annual leave | Super-annuation | Long service leave | Equity-Settled**** | Equity-Unsettled# | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| <i>Non-Executive Directors:</i> | | | | | | | | | |
| Malcolm Jones* | 25,077 | - | - | 4,765 | - | - | 25,077 | | 54,919 |
| Howard Coleman | 31,963 | - | - | 6,073 | - | 17,500 | 14,464 | | 70,000 |
| Ian Kadish | 31,963 | - | - | 6,073 | - | 23,333 | 8,631 | | 70,000 |
| Regan Passlow | 33,630 | - | - | 6,240 | - | 23,333 | 8,631 | | 71,834 |
| Katherine Woodthorpe ** | 20,642 | - | - | 2,147 | - | 22,789 | - | | 45,578 |
| <i>Executive Directors:</i> | | | | | | | | | |
| Andrew Coleman*** | 200,000 | 45,662 | 15,385 | 23,338 | 3,333 | - | - | 600,000 | 887,718 |
| <i>Other Key Management Personnel:</i> | | | | | | | | | |
| Dean Robinson*** | 200,000 | 45,662 | 15,385 | 23,338 | - | - | - | 500,000 | 784,385 |
| | <u>543,276</u> | <u>91,324</u> | <u>30,769</u> | <u>71,974</u> | <u>3,333</u> | <u>86,955</u> | <u>56,803</u> | <u>1,100,000</u> | <u>1,984,435</u> |

* Remuneration disclosed is for the period from 13 December 2019 to 30 June 2020.

** Remuneration disclosed is for the period from 1 July 2019 to 13 December 2019.

*** The long-term incentive amounts have been met and the board has resolved at 31/8/2020 that the first two tranches have vested

**** Share based payments - Equity Settled portion were approved at the 2019 AGM by Shareholder vote

Share based payments represent half of non-executive directors' remuneration has been accrued and not paid during the financial year. Payments are to be settled in share based payments subject to Shareholder vote at the AGM.

| Period from 26 Sep 2018 to 30 Jun 2019 Restated | Short-term benefits | | Post-employment benefits | Long-term benefits | Share-based payments | | | Total \$ | |
|--|----------------------------|------------------|--------------------------|-----------------------|--------------------------|----------------------|-------------------------|-------------|---------------------|
| | Cash salary and fees \$ | Cash bonus \$ | Annual leave \$ | Super-annuation \$ | Long service leave \$ | Equity-settled \$ | Equity-Unsettled* \$ | | LTI unsettled \$ |
| <i>Non-Executive Directors:</i> | | | | | | | | | |
| Katherine Woodthorpe* | 22,3307 | - | - | 2,121 | - | - | 25,000 | - | 49,451 |
| Howard Coleman** | 10,449 | - | - | 993 | - | - | 11,667 | - | 23,109 |
| Ian Kadish* | 15,630 | - | - | 1,485 | - | - | 17,500 | - | 34,615 |
| Regan Passlow** | 10,449 | - | - | 993 | - | - | 11,667 | - | 23,109 |
| <i>Executive Directors:</i> | | | | | | | | | |
| Andrew Coleman | 65,384 | 45,250 | 5,128 | 10,962 | 1,111 | - | - | - | 127,835 |
| <i>Other Key Management Personnel:</i> | | | | | | | | | |
| Dean Robinson | 65,384 | 45,250 | 5,128 | 10,962 | - | 73,000 | - | - | 199,724 |
| | 189,626 | 90,500 | 10,256 | 27,516 | 1,111 | 73,000 | 65,833 | - | 457,843 |

*Acted as key management personnel effective from 1 January 2019.

** Acted as key management personnel effective from 1 March 2019.

Restatement of comparatives

Remuneration report for the period from 26 September 2018 to 30 June 2019 was reported on cash basis and resulted in an under-accrual of share based payments for non-executive directors and annual and long service leave for senior management. Accordingly, the prior year comparatives have been adjusted to account for accrual of remuneration for key management personnel as follows:

Non-Executive Directors:

- Share based payments disclosed for Katherine Woodthorpe has increased from nil to \$25,000 and total remuneration increased from \$24,451 to \$49,451.
- Share based payments disclosed for Howard Coleman has increased from nil to \$11,667 and total remuneration increased from \$11,442 to \$23,109.
- Share based payments disclosed for Ian Kadish has increased from nil to \$17,500 and total remuneration increased from \$17,115 to \$34,615.
- Share based payments disclosed for Regan Passlow has increased from nil to \$11,667 and total remuneration increased from \$11,442 to \$23,109.

Value of shares issued to the non-executive directors upon approval at the Annual General Meeting on 27 November 2019 in lieu of 50% of the directors' fee was for the full year remuneration rather than based on the service period by directors. Remuneration report for the period from 26 September 2018 to 30 June 2019 has been adjusted to disclose the accrual of share based payments based on the service periods.

Executive Directors:

- Annual leave and long service leave accrual has increased from nil to \$5,128 and \$1,111 respectively. Total remuneration has increased from \$121,596 to \$127,835.

Other Key management personnel

- Annual leave accrual has increased from nil to \$5,128 and total remuneration increased from \$194,596 to \$199,724.

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

| Name | Fixed remuneration | | At risk - STI | | At risk - LTI | |
|--|--------------------|--|---------------|---|---------------|---|
| | 30 Jun 2020 | Period from 26 Sep 2018 to 30 Jun 2019 Restated (note 4) | 30 Jun 2020 | Period from 26 Sep 2018 to 30 Jun 2019 Restated | 30 Jun 2020 | Period from 26 Sep 2018 to 30 Jun 2019 Restated |
| <i>Non-Executive Directors:</i> | | | | | | |
| Malcolm Jones | 100% | - | - | - | - | - |
| Howard Coleman | 100% | 100% | - | - | - | - |
| Ian Kadish | 100% | 100% | - | - | - | - |
| Regan Passlow | 100% | 100% | - | - | - | - |
| Katherine Woodthorpe | 100% | 100% | - | - | - | - |
| <i>Executive Directors:</i> | | | | | | |
| Andrew Coleman | 27% | 64% | 5% | 36% | 68% | - |
| <i>Other Key Management Personnel:</i> | | | | | | |
| Dean Robinson | 30% | 41% | 6% | 59% | 64% | - |

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: Malcolm Jones
Title: Independent Chairperson
Agreement commenced: 13 December 2019
Term of agreement: Ongoing
Details: \$100,000 per annum (including superannuation)

Name: Howard Coleman
Title: Non-Executive Director
Agreement commenced: 1 March 2019
Term of agreement: Ongoing
Details: \$70,000 per annum (including superannuation)

Name: Ian Kadish
Title: Non-Executive Director
Agreement commenced: 26 February 2019, acted as key management personnel from 1 January 2019
Term of agreement: Ongoing
Details: \$70,000 per annum (including superannuation)

Name: Regan Passlow
Title: Non-Executive Director
Agreement commenced: 1 March 2019
Term of agreement: Ongoing
Details: \$70,000 per annum (including superannuation)

Name: Andrew Coleman
 Title: Managing Director and Chief Executive Officer
 Agreement commenced: 26 February 2019
 Term of agreement: Ongoing
 Details: \$219,000 per annum (including superannuation). Employment notice is 3 months.

Name: Dean Robinson
 Title: Chief Finance Officer
 Agreement commenced: 1 November 2018
 Term of agreement: Ongoing
 Details: \$219,000 per annum

Key management personnel have no entitlement to termination payments in the event of removal for misconduct. Leave entitlements are accrued on top of the annual salary.

Share-based compensation

Issue of shares

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2020 for the services performed in the previous financial period are set out below:

| Name | Issue Date | Shares | Issue price | \$ |
|----------------------|------------------|--------|-------------|--------|
| Howard Coleman | 27 November 2019 | 41,607 | \$0.84 | 35,000 |
| Ian Kadish | 27 November 2019 | 41,607 | \$0.84 | 35,000 |
| Regan Passlow | 27 November 2019 | 41,607 | \$0.84 | 35,000 |
| Katherine Woodthorpe | 27 November 2019 | 59,438 | \$0.84 | 49,999 |

The shares were issued in lieu of 50% of the directors' fees accrued but not paid to non-executive directors approved at the Annual general Meeting.

The value of shares issued to the non-executive directors upon obtaining approval at the Annual General Meeting on 27 November 2019 was inadvertently based on the full twelve months of remuneration rather than the period of service ending 30 June 2019. The additional shares issued have been treated as an advance for services performed in 2020 financial year, subject to approval at the 2020 Annual General Meeting.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2020.

Additional information

The earnings of the Group for the two years to 30 June 2020 are summarised below:

| | 2020 | 2019 Restated |
|---|--------------|------------------|
| EBITDA | \$11,834,000 | \$20,000 |
| Statutory comprehensive income/(loss) - pre-bonus | \$9,076,000 | (\$1,826,000) |
| Profit/(loss) after tax | \$8,306,000 | (\$1,826,000) |
| Comprehensive income/(loss) per share - pre-bonus | \$0.082 | (\$0.039) |
| LTI % achieved | 50% | nil% |

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 Group, including their personally related parties, is set out below:

| | Balance at the start of the year | Received as part of remuneration | Additions | Disposals/ other | Balance at the end of the year |
|------------------------|----------------------------------|----------------------------------|------------------|------------------|--------------------------------|
| <i>Ordinary shares</i> | | | | | |
| Katherine Woodthorpe | - | 59,438 | - | - | 59,438 |
| Malcolm Jones | 2,071,937 | - | 50,000 | - | 2,121,937 |
| Howard Coleman | 16,297,168 | 41,607 | 438,750 | - | 16,777,525 |
| Ian Kadish | 67,500 | 41,607 | 40,000 | - | 149,107 |
| Regan Passlow | 1,035,438 | 41,607 | - | - | 1,077,045 |
| Andrew Coleman | 5,427,000 | - | 5,595,744 | - | 11,022,744 |
| Dean Robinson | 132,917 | - | - | - | 132,917 |
| | <u>25,031,960</u> | <u>184,259</u> | <u>6,126,494</u> | <u>-</u> | <u>31,340,713</u> |

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of Teaminvest Private Group Limited under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Teaminvest Private Group 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.

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

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 30 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 30 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of KPMG

There are no officers of the Company who are former partners of KPMG.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

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

Auditor

KPMG 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



Andrew Coleman
Managing Director and Chief Executive Officer

31 August 2020
Sydney



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Teaminvest Private Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Teaminvest Private Group Limited for the financial year ended 30 June 2020 there have been:

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

KPMG

Tony Nimac
Partner

Sydney
31 August 2020

For personal use only

Teaminvest Private Group Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020



| | | Consolidated | |
|---|-------------|---------------------|------------------|
| | | Period from | |
| | | 26 Sep 2018 | |
| | | to 30 Jun | |
| | | 2019 | |
| | Note | 30 Jun 2020 | Restated* |
| | | \$'000 | \$'000 |
| Revenue from contracts with customers | 6 | 89,002 | 28,384 |
| Share of profits of associates accounted for using the equity method | 14 | 1,858 | 270 |
| Other income | 7 | 5,747 | 2,177 |
| Interest revenue calculated using the effective interest method | | 93 | 3 |
| Expenses | | | |
| Raw materials and consumables used | | (41,676) | (14,255) |
| Employee benefits expense | | (35,661) | (11,399) |
| Depreciation and amortisation expense | 8 | (2,514) | (323) |
| Impairment of receivables | | (302) | (9) |
| Net loss on disposal of property, plant and equipment | | (60) | (16) |
| Occupancy expense | | (1,227) | (754) |
| Initial public offering ('IPO') listing expense | | (42) | (2,090) |
| Other expenses | | (5,898) | (2,291) |
| Finance costs | 8 | (399) | (2,351) |
| Profit/(loss) before income tax (expense)/benefit | | 8,921 | (2,654) |
| Income tax (expense)/benefit | 9 | (615) | 828 |
| Profit/(loss) after income tax (expense)/benefit for the year attributable to the owners of Teaminvest Private Group Limited | | 8,306 | (1,826) |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive income/(loss) for the year attributable to the owners of Teaminvest Private Group Limited | | <u>8,306</u> | <u>(1,826)</u> |
| | | Cents | Cents |
| Basic earnings/(loss) per share | 39 | 7.47 | (3.86) |
| Diluted earnings/(loss) per share | 39 | 7.32 | (3.85) |

* Refer to note 4 for detailed information on restatement of comparatives.

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

| | | Consolidated | |
|---|------|-----------------------|------------------------------------|
| | Note | 30 Jun 2020 \$'000 | 30 Jun 2019 Restated* \$'000 |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 10 | 10,777 | 6,694 |
| Trade and other receivables | 11 | 8,397 | 7,485 |
| Contract assets | 12 | 9,033 | 5,699 |
| Inventories | 13 | 6,612 | 7,020 |
| Prepayments and other deposits | | 228 | 80 |
| Total current assets | | <u>35,047</u> | <u>26,978</u> |
| Non-current assets | | | |
| Investments accounted for using the equity method | 14 | 19,124 | 17,499 |
| Other financial assets | | 4 | - |
| Property, plant and equipment | 15 | 4,200 | 3,937 |
| Right-of-use assets | 16 | 3,817 | - |
| Intangibles | 17 | 45,770 | 45,786 |
| Deferred tax | 9 | - | 995 |
| Total non-current assets | | <u>72,915</u> | <u>68,217</u> |
| Total assets | | <u>107,962</u> | <u>95,195</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 18 | 15,759 | 11,752 |
| Contract liabilities | 19 | 3,117 | 1,489 |
| Borrowings | 20 | 379 | 3,400 |
| Lease liabilities | 21 | 1,976 | 1,248 |
| Income tax | 9 | 2 | 1,072 |
| Employee benefits | 22 | 1,790 | 1,935 |
| Provisions | | 248 | 662 |
| Total current liabilities | | <u>23,271</u> | <u>21,558</u> |
| Non-current liabilities | | | |
| Lease liabilities | 24 | 3,196 | 598 |
| Deferred tax | 9 | 6 | - |
| Employee benefits | 25 | 293 | 304 |
| Total non-current liabilities | | <u>3,495</u> | <u>902</u> |
| Total liabilities | | <u>26,766</u> | <u>22,460</u> |
| Net assets | | <u>81,196</u> | <u>72,735</u> |
| Equity | | | |
| Issued capital | 26 | 75,386 | 75,231 |
| Retained profits/(accumulated losses) | | 5,810 | (2,496) |
| Total equity | | <u>81,196</u> | <u>72,735</u> |

* Refer to note 4 for detailed information on restatement of comparatives and note 35 for finalisation of prior period business combination which has resulted in comparatives being adjusted.

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

Consolidated

| | Issued capital Restated* \$'000 | Accumulated losses Restated* \$'000 | Total equity Restated* \$'000 |
|--|--|--|-------------------------------------|
| Balance at 26 September 2018 | - | - | - |
| Loss after income tax benefit for the year | - | (1,826) | (1,826) |
| Other comprehensive income for the year, net of tax | - | - | - |
| Total comprehensive loss for the year | - | (1,826) | (1,826) |
| <i>Transactions with owners in their capacity as owners:</i> | | | |
| Contributions of equity, net of transaction costs (note 26) | 75,231 | - | 75,231 |
| Deferred tax adjustment upon settlement of convertible notes, recognised directly in equity (note 4) | | (670) | (670) |
| Balance at 30 June 2019 | <u>75,231</u> | <u>(2,496)</u> | <u>72,735</u> |

Refer to note 4 for detailed information on Restatement of comparatives.

Consolidated

| | Issued capital \$'000 | Retained earnings/ (accumulated losses) \$'000 | Total equity \$'000 |
|--|-----------------------------|--|------------------------|
| Balance at 1 July 2019 | 75,231 | (2,496) | 72,735 |
| Profit after income tax expense for the year | - | 8,306 | 8,306 |
| Other comprehensive income for the year, net of tax | - | - | - |
| Total comprehensive income for the year | - | 8,306 | 8,306 |
| <i>Transactions with owners in their capacity as owners:</i> | | | |
| Shares issued to directors (note 28) | 155 | - | 155 |
| Balance at 30 June 2020 | <u>75,386</u> | <u>5,810</u> | <u>81,196</u> |

| | | Consolidated Period from 26 Sep 2018 to 30 Jun 2019 | |
|---|------|---|---------------------|
| | Note | 30 Jun 2020 \$'000 | 2019 \$'000 |
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 93,645 | 25,940 |
| Payments to suppliers (inclusive of GST) | | <u>(88,180)</u> | <u>(31,611)</u> |
| Dividends received | | 5,465 | (5,671) |
| Interest received | | 233 | 167 |
| Receipts of government grants (COVID-19) | | 93 | 3 |
| Other revenue | | 436 | - |
| Interest and other finance costs paid | | 4,785 | 395 |
| Income taxes paid | | <u>(399)</u> | <u>(144)</u> |
| | | <u>(576)</u> | <u>(391)</u> |
| Net cash from/(used in) operating activities | 37 | <u>10,037</u> | <u>(5,641)</u> |
| Cash flows from investing activities | | | |
| Payment for purchase of business, net of cash acquired | 35 | (60) | 5,351 |
| Payments for investment in associates | | - | (1,000) |
| Payments for other financial assets | | (4) | - |
| Payments for property, plant and equipment | 15 | (1,131) | (751) |
| Payments for intangibles | 17 | (124) | (8) |
| Proceeds from/ (payments for) disposal of property, plant and equipment | | <u>61</u> | <u>(16)</u> |
| Net cash from/(used in) investing activities | | <u>(1,258)</u> | <u>3,592</u> |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | 26 | - | 7,021 |
| Proceeds from/(payments to) borrowings | 38 | (340) | 719 |
| Repayment of lease liabilities | 38 | (1,663) | (34) |
| Loans from/(to) related and other parties | | (1,375) | (50) |
| Proceeds from/(payments to) invoice discounting | 38 | <u>(478)</u> | <u>263</u> |
| Net cash from/(used in) financing activities | | <u>(3,856)</u> | <u>7,919</u> |
| Net increase in cash and cash equivalents | | 4,923 | 5,854 |
| Cash and cash equivalents at the beginning of the financial year | | <u>5,854</u> | <u>-</u> |
| Cash and cash equivalents at the end of the financial year | 10 | <u><u>10,777</u></u> | <u><u>5,854</u></u> |

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

Note 1. General information

The financial statements cover Teaminvest Private Group Limited as a Group consisting of Teaminvest Private Group Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the period (referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars, which is Teaminvest Private Group Limited's functional and presentation currency.

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

Suite 302, 80 Mount Street
North Sydney, NSW 2060

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

The Group's current period results are for the year ended 30 June 2020. The comparative results are for the Group's results for the 4 month period from 1 March 2019 to 30 June 2019 when the Company acquired the subsidiaries as presented in note 35. From the date of incorporation on 26 September 2018 to 28 February 2019 the Company did not trade. For the purposes of the consolidated financial statements, Teaminvest Private Pty Ltd has been identified as the accounting parent (legal acquiree) and the Group as the legal parent (accounting acquiree).

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2020. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

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

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

AASB 16 Leases

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

Impact of adoption of AASB 16

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The Group recognised additional right-of-use assets to the equal value of lease liabilities recognised, thus there is no effect on opening accumulated losses. The impact of transition is summarised below:

Note 2. Significant accounting policies (continued)

1 July 2019
\$'000

| | |
|---|---------|
| Operating lease commitments as at 1 July 2019 (AASB 117) | 4,151 |
| Operating lease commitments discount based on the weighted average incremental borrowing rate of 5% (AASB 16) | 3,690 |
| Short-term leases not recognised as a right-of-use asset (AASB 16) | (1,077) |
| Low-value assets leases not recognised as a right-of-use asset (AASB 16) | (61) |
| Extension options reasonably certain to be exercised (AASB 16) | 146 |
| Lease liabilities recognised as at 1 July 2019 | 2,698 |
| Lease liabilities - current (AASB 16) | 518 |
| Lease liabilities - non-current (AASB 16) | 2,180 |
| Lease liabilities recognised as at 1 July 2019 | 2,698 |

Practical expedients applied

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

- applying a single discount rate to a portfolio of leases with similar characteristics;
- accounting for leases which end within 12 months of the date of initial application as short term leases; and
- excluding initial direct costs from the measurement of the right-of-use asset.

Interpretation 23 Uncertainty over Income Tax

The Group has adopted Interpretation 23 from 1 July 2019. The interpretation clarifies how to apply the recognition and measurement requirements of AASB 112 'Income Taxes' in circumstances where uncertain tax treatments exist. The interpretation requires: the Group to determine whether each uncertain tax treatment should be treated separately or together, based on which approach better predicts the resolution of the uncertainty; the Group to consider whether it is probable that a taxation authority will accept an uncertain tax treatment; and if the Group concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates, measuring the tax uncertainty based on either the most likely amount or the expected value. In making the assessment it is assumed that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. Management has considered all facts and circumstances as it relates to the Group and believe there is no material uncertainty over the availability of the tax losses and other deductions to the Group.

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, unless otherwise stated.

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 Group'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 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 41.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Teaminvest Private Group Limited as at 30 June 2020 and the results of all subsidiaries for the period then ended.

Note 2. Significant accounting policies (continued)

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

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group 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 Group.

The acquisition 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 Group 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 Group 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.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: 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.

Sale of goods

Revenue from the design, manufacture and installation of the products listed below is typically recognised at the point in time when the customer obtains control of the goods, which is generally at the time of installation or delivery.

- glass splashbacks, glass bathroom walls and toughened mirrors; and
- semi-trailers.

Revenue from the design, development and installation of electrical network extensions and upgrades work in exchange for a fixed fee is recognised over time.

Rendering of services

Revenue from a contract to provide logistic support services is recognised at a point in time when the services are rendered based on a fixed price.

Note 2. Significant accounting policies (continued)

Revenue from the design, development and installation of architectural metal work in exchange for a fixed fee is recognised over time in addition to the provision of traffic management services. Due to the high degree of interdependence between the various elements of these projects, they are accounted for as a single performance obligation. The performance obligation is based on the 'output method', where progress is measured against internally predetermined project milestones, being the most faithful depiction of the transfer of goods and services to each customer based on historical experience. As the performance obligation is generally completed within 12 months, the Group has used the practical expedient not to adjust the for the effects of financing.

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.

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.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Teaminvest Private Group Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Note 2. Significant accounting policies (continued)

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 Group'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 Group'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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

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 Group 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.

Contract assets

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group has yet to issue an invoice. Contract assets are treated as financial assets for impairment purposes.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Note 2. Significant accounting policies (continued)

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

| | |
|---------------------------------|----------------------------|
| Leasehold improvements | over the term of the lease |
| Plant and equipment | 1-10 years |
| Plant and equipment under lease | 2-5 years |
| Motor vehicles | 4 years |

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of 10 years.

Note 2. Significant accounting policies (continued)

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 and 15 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of 5 years.

Formation costs

Costs in relation to the formation of the Group are capitalised as an asset. These costs are not subsequently amortised.

Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

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.

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 Group'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 are expensed in the period in which they are incurred.

Note 2. Significant accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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 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. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

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.

Note 2. Significant accounting policies (continued)

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.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are capitalised as value in use cost.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

When two or more entities combine through an exchange of equity interests, AASB 3 requires one of the entities to be deemed the acquirer under a reverse acquisition. In a 'reverse acquisitions', the issuing entity is the deemed to be the acquiree (legal parent) and the acquirer is deemed to be the subsidiary. In identifying the acquirer in a reverse acquisition the consideration is given in facts and circumstances including (a) the relative voting rights in the combined entity after the business combination; (b) the existence of a large minority voting interest in the combined entity if no other owner or organised group of owners has a significant voting interest; (c) the composition of the governing body of the combined entity; (d) the composition of the senior management of the combined entity and (e) the terms of the exchange of equity interests.

The acquirer is usually the combining entity whose relative size (measured in, for example, assets, revenues or profit) is significantly greater than that of the other combining entity or entities.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Teaminvest Private Group 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.

Note 2. Significant accounting policies (continued)

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.

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.

Comparative information

Comparatives have been restated, where appropriate, to conform to changes in presentation in the current year and to enhance comparability. There was no net effect on the net asset position.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2020. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

New Conceptual Framework for Financial Reporting

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 Group 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 Group 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 Group's financial statements.

Note 3. 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.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

COVID-19 pandemic

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

Revenue recognition over time

For performance obligations satisfied over time, management uses judgement to select a method for measuring its progress towards complete satisfaction of that performance obligation. In exercising that judgement, management selects a method that depicts its performance in transferring control of goods or services to the customer. For the provision of architectural metal work, management has determined that progress should be measured by internally predetermined project milestones (an output method). Specifically this method involves estimating the progress towards satisfying performance obligations within the contract and contract costs expected to be incurred to satisfy the performance obligations.

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 COVID-19 pandemic and forward-looking information that is available

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

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

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 4. Restatement of comparatives

Restatement 1

On 28 February 2019, the Company acquired 100% of the ordinary shares of Teaminvest Private Pty Ltd ('TIP') in exchange for shares in the Company. TIP is an investment management business.

The Group had accounted for the transaction as a business combination under AASB 3 '*Business Combinations*', with the Company being treated as both the legal and accounting acquirer in the annual report for the period-ended 30 June 2019. Total consideration transferred was \$14,400,000 which resulted in a goodwill of \$14,397,000.

In the current reporting period, the Company has reassessed the transaction by applying the principles of AASB 3. After reconsideration of the facts and circumstances of the transaction, the Company found an error in the previous application of AASB 3 and concluded that TIP should have been identified as the accounting acquirer (legal subsidiary) and the Company as the accounting acquiree (legal parent), resulting in a reverse acquisition. As the Company did not meet the definition of a business at the time of the transaction, the reverse acquisition should have been accounted for under AASB 2 '*Share-based Payments*'.

Accordingly, the accounting for the acquisition of TIP has been restated as at 30 June 2019 as follows:

- Goodwill of \$14,397,000 previously recognised on acquisition of TIP by the Company was reversed;
- Accumulated losses increased by \$824,000 to reflect the AASB 2 reverse acquisition expense representing the difference between the deemed consideration paid by TIP and the fair value of the identifiable net assets of the Company on acquisition date. Deemed consideration transferred at acquisition date was determined by reference to the fair value of the number of shares TIP would have issued to the owners of the Company to give them the same percentage interest in the combined group that results from the reverse acquisition; and
- Issued capital of the Group was reduced by \$13,573,000 to reflect the value of TIP issued capital immediately prior to the transaction (\$100), plus the deemed consideration paid by TIP for the Company (\$3,852,000) and shares issued subsequent to the transaction (\$69,171,000), excluding the impact of Restatement 2 below for the settlement of the convertible notes. The number of shares on issue continues to represent the equity structure of the Company.

Note 4. Restatement of comparatives (continued)

Details of the acquisition balance sheet on TIP's reverse acquisition of the Company at 28 February 2019 are summarised as follows:

| | 28 February 2019 \$'000 |
|--|-------------------------------|
| Deemed consideration | <u>3,852</u> |
| Less: fair value of net assets acquired in the Company | |
| Cash | 4,058 |
| Other current assets | 49 |
| Equity accounted investment* | 2,912 |
| Other financial assets – FVTPL | 2,413 |
| Deferred tax asset | 615 |
| Trade payables | (1,619) |
| Borrowing | <u>(5,400)</u> |
| Fair value of net assets acquired in the Company* | <u>3,028</u> |
| Expense arising on reverse acquisition* | <u>824</u> |

* The impact of this restatement was first presented in the Interim Financial Report for the half year ended 31 December 2019. Subsequent to this, the Company identified a further adjustment relating to the determination of the fair value of the equity accounted investment of the Company at 28 February 2019. This has decreased the AASB 2 reverse acquisition expense by \$1,412,000 to \$824,000. There was no additional impact on the 30 June 2019 net assets.

Restatement 2

In reconsidering the above restatement, it was identified that the consideration and goodwill arising on the acquisition of the portfolio entities at 28 February 2019 did not appropriately consider the fair value of previously existing interests held in Kitome Pty. Ltd, Icon Metal Pty Ltd and Lusty TIP Trailers Pty Ltd.

Further, it was identified that the Company had not been recognising a convertible note liability at fair value through profit or loss in accordance with AASB 9 *Financial Instruments*. This convertible note liability was settled with an issue of shares prior to 30 June 2019.

The impact of these restatements results in an:

- (a) increase to goodwill of \$2,159,000 with a corresponding increase in profit or loss to reflect the revaluation of the pre-existing interests; and
- (b) increase in issued capital of \$2,207,000, decrease in other equity of \$670,000 with a corresponding net decrease in profit and loss of \$1,537,000 to correct for the revaluation and settlement of the convertible notes.

Note 4. Restatement of comparatives (continued)

Summary of restatements due to error follow:

Statement of profit or loss and other comprehensive income

| | Consolidated | | | | Period from 26 Sep 2018 to 30 Jun 2019 \$'000 |
|--|--|--|--|----------------------------------|--|
| | Period from 26 Sep 2018 to 30 Jun 2019 \$'000 | \$'000 Reverse acquisition (restatement 1) | \$'000 Fair value assessment (restatement 2) | \$'000 Fair value of net assets* | |
| | Reported | 1) | 2) | Fair value of net assets* | Restated |
| Revenue | 28,384 | - | - | - | 28,384 |
| Share of profits of associates accounted for using the equity method | 270 | - | - | - | 270 |
| Other income | 18 | - | 2,159 | - | 2,177 |
| Interest revenue calculated using the effective interest method | 3 | - | - | - | 3 |
| Expenses | | | | | |
| Raw materials and consumables used | (14,255) | - | - | - | (14,255) |
| Employee benefits expense | (11,399) | - | - | - | (11,399) |
| Depreciation and amortisation expense | (323) | - | - | - | (323) |
| Impairment of receivables | (9) | - | - | - | (9) |
| Net loss on disposal of property, plant and equipment | (16) | - | - | - | (16) |
| Occupancy expense | (754) | - | - | - | (754) |
| Initial public offering ('IPO') listing expense | (1,266) | (824) | - | - | (2,090) |
| Other expenses | (2,291) | - | - | - | (2,291) |
| Finance costs | (144) | - | (2,207) | - | (2,351) |
| Loss before income tax benefit | (1,782) | (824) | (48) | - | (2,654) |
| Income tax benefit | 158 | - | 670 | - | 828 |
| Loss after income tax benefit for the year attributable to the owners of Teaminvest Private Group Limited | (1,624) | (824) | 622 | - | (1,826) |
| Other comprehensive income for the year, net of tax | - | - | - | - | - |
| Total comprehensive loss for the year attributable to the owners of Teaminvest Private Group Limited | (1,624) | (824) | 622 | - | (1,826) |
| | Cents | Cents | Cents | Cents | Cents |
| | Reported | Restatement 1 | Restatement 2 | Fair value of net assets* | Restated |
| Basic earnings per share | (3.43) | (1.74) | 1.31 | - | (3.86) |
| Diluted earnings per share | (3.43) | (1.74) | 1.31 | - | (3.85) |

* refer note 35 for details of adjustments made to provisional business combinations reported at 30 June 2019.

Note 4. Restatement of comparatives (continued)

Statement of financial position at the end of the earliest comparative period

| | Consolidated | | | | 30 Jun 2019 \$'000 Restated |
|---|-----------------------------------|--|--|--|-----------------------------------|
| | 30 Jun 2019 \$'000 Reported | \$'000 Reverse acquisition (restatement 1) | \$'000 Fair value assessment (restatement 2) | \$'000 Fair value of net assets* | |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 6,694 | - | - | - | 6,694 |
| Trade and other receivables | 7,720 | - | - | (235) | 7,485 |
| Contract assets | 5,699 | - | - | - | 5,699 |
| Inventories | 7,497 | - | - | (477) | 7,020 |
| Other | 80 | - | - | - | 80 |
| Total current assets | 27,690 | | | (712) | 26,978 |
| Non-current assets | | | | | |
| Investments accounted for using the equity method | 17,499 | - | - | - | 17,499 |
| Property, plant and equipment | 4,198 | - | - | (261) | 3,937 |
| Intangibles | 54,934 | (14,397) | 2,159 | 3,090 | 45,786 |
| Deferred tax | 1,416 | - | - | (421) | 995 |
| Total non-current assets | 78,047 | (14,397) | 2,159 | 2,408 | 68,217 |
| Total assets | 105,737 | (14,397) | 2,159 | 1,696 | 95,195 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 11,386 | - | - | 366 | 11,752 |
| Contract liabilities | 1,489 | - | - | - | 1,489 |
| Borrowings | 4,554 | - | - | (1,154) | 3,400 |
| Lease liabilities | - | - | - | 1,248 | 1,248 |
| Income tax | 1,051 | - | - | 21 | 1,072 |
| Employee benefits | 1,362 | - | - | 573 | 1,935 |
| Provisions | 20 | - | - | 642 | 662 |
| Total current liabilities | 19,862 | - | - | 1,696 | 21,558 |
| Non-current liabilities | | | | | |
| Lease liabilities | 598 | - | - | - | 598 |
| Employee benefits | 304 | - | - | - | 304 |
| Total non-current liabilities | 902 | - | - | - | 902 |
| Total liabilities | 20,764 | - | - | 1,696 | 22,460 |
| Net assets | 84,973 | (14,397) | 2,159 | - | 72,735 |
| Equity | | | | | |
| Issued capital | 86,597 | (13,573) | 2,207 | - | 75,231 |
| Accumulated losses | (1,624) | (824) | (48) | - | (2,496) |
| Total equity | 84,973 | (14,397) | 2,159 | - | 72,735 |

These restatements have had no impact on the statement of cash flows.

* refer note 35 for details of adjustments made to provisional business combinations reported at 30 June 2019.

Note 5. Operating segments

Identification of reportable operating segments

The Group is organised into two operating segments based on the whether it manufactures ('Engineering') or provides services ('Services'). These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. Further details are as follows:

| Segment name | Description |
|---------------------|--|
| Engineering segment | The engineering segment includes four wholly-owned subsidiaries of the Group: DecoGlaze Holdings Pty Ltd; Lusty TIP Trailers Pty Ltd; Icon Metal Pty Ltd; and Coastal Energy Pty Ltd. |
| Services segment | The services segment includes five wholly-owned subsidiaries of the Group; East Coast Traffic Controllers Pty Ltd, Kitome Pty Ltd, Boutique Portraits Pty Ltd, The Step Ahead Builder's Assistant Pty Ltd and Valuestream Investment Management Limited and three associate entities: Colour Capital Pty Ltd, Multimedia Technology Pty Ltd and Teaminvest Private Insurance Services Pty Ltd. |

There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). 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.

Intersegment transactions

There were no intersegment transactions.

Intersegment receivables, payables and loans

There were no intersegment receivables, payables and loans.

Major customers

During the period ended 30 June 2020, the Group had sales to a construction customer that amounted to \$9,175,000 (2019: \$2,636,000).

Note 5. Operating segments (continued)

Operating segment information

| Consolidated - 30 Jun 2020 | Engineering \$'000 | Services \$'000 | Total \$'000 |
|---|-----------------------|--------------------|-----------------|
| Revenue | | | |
| Sales to external customers | 66,958 | 20,572 | 87,530 |
| Other revenue | 387 | 357 | 744 |
| Total revenue | <u>67,345</u> | <u>20,929</u> | <u>88,274</u> |
| Segment EBITDA | <u>6,477</u> | <u>6,761</u> | 13,238 |
| Depreciation and amortisation | | | (2,514) |
| Interest revenue | | | 93 |
| Other income | | | 728 |
| Gain on business combination (note 35) | | | 594 |
| Government grants (COVID-19) | 870 | 226 | 1,096 |
| Finance costs | | | (399) |
| Corporate overheads | | | <u>(3,915)</u> |
| Profit before income tax expense | | | 8,921 |
| Income tax expense | | | <u>(615)</u> |
| Profit after income tax expense | | | <u>8,306</u> |
| <i>Material items include:</i> | | | |
| Share of profits of associates | - | 1,858 | 1,858 |
| Assets | | | |
| Segment assets | <u>64,382</u> | <u>40,004</u> | 104,386 |
| <i>Unallocated assets:</i> | | | |
| Corporate assets | | | 3,576 |
| Total assets | | | <u>107,962</u> |
| <i>Total assets includes:</i> | | | |
| Investments in associates | - | 19,124 | 19,124 |
| Liabilities | | | |
| Segment liabilities | <u>20,158</u> | <u>5,020</u> | 25,178 |
| <i>Unallocated liabilities:</i> | | | |
| Provision for income tax | | | 2 |
| Deferred tax liability | | | 6 |
| Corporate liabilities | | | 1,580 |
| Total liabilities | | | <u>26,766</u> |

Note 5. Operating segments (continued)

Consolidated - Period from 26 Sep 2018 to 30 Jun 2019
Restated (note 4)

| | Engineering | Services | Total |
|---------------------------------------|---------------|--------------|----------------|
| | \$'000 | \$'000 | \$'000 |
| Revenue | | | |
| Sales to external customers | 20,211 | 7,796 | 28,007 |
| Other revenue | 144 | 233 | 377 |
| Total revenue | 20,355 | 8,029 | 28,384 |
| Segment EBITDA | 357 | 448 | 805 |
| Depreciation and amortisation | | | (323) |
| Fair value gain | | | 2,159 |
| Interest revenue | | | 3 |
| Finance costs | | | (2,351) |
| Corporate overheads | | | (2,947) |
| Loss before income tax benefit | | | (2,654) |
| Income tax benefit | | | 828 |
| Loss after income tax benefit | | | (1,826) |
| <i>Material items include:</i> | | | |
| Share of profits of associates | - | 270 | 270 |
| Assets | | | |
| Segment assets | 54,955 | 34,975 | 89,930 |
| <i>Unallocated assets:</i> | | | |
| Deferred tax asset | | | 995 |
| Corporate assets | | | 4,270 |
| Total assets | | | 95,195 |
| <i>Total assets includes:</i> | | | |
| Investments in associates | - | 17,499 | 17,499 |
| Liabilities | | | |
| Segment liabilities | 16,148 | 4,945 | 21,093 |
| <i>Unallocated liabilities:</i> | | | |
| Provision for income tax | | | 1,072 |
| Corporate liabilities | | | 295 |
| Total liabilities | | | 22,460 |

Note 6. Revenue from contracts with customers

| | Consolidated Period from 26 Sep 2018 to 30 Jun | |
|--|---|----------------|
| | 30 Jun 2020 \$'000 | 2019 \$'000 |
| <i>Revenue from contracts with customers</i> | | |
| Sale of goods | 48,827 | 15,871 |
| Rendering of services | 38,703 | 12,136 |
| | 87,530 | 28,007 |
| <i>Other revenue</i> | | |
| Other revenue | 1,472 | 377 |
| Revenue from contracts with customers | 89,002 | 28,384 |

Note 6. Revenue from contracts with customers (continued)

Disaggregation of revenue

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

Consolidated - 30 Jun 2020

Geographical regions

Australia

| Engineering \$'000 | Services \$'000 | Total \$'000 |
|-----------------------|--------------------|-----------------|
| 66,958 | 20,572 | 87,530 |

Timing of revenue recognition

Goods transferred at a point in time

Goods transferred over time

Services transferred at a point in time

Services transferred over time

| | | |
|--------|--------|--------|
| 35,305 | - | 35,305 |
| 13,523 | - | 13,523 |
| 438 | 10,085 | 10,523 |
| 17,692 | 10,487 | 28,179 |
| 66,958 | 20,572 | 87,530 |

Consolidated - Period from 26 Sep 2018 to 30 Jun 2019

Geographical regions

Australia

| Engineering \$'000 | Services \$'000 | Total \$'000 |
|-----------------------|--------------------|-----------------|
| 20,211 | 7,796 | 28,007 |

Timing of revenue recognition

Goods transferred at a point in time

Goods transferred over time

Services transferred at a point in time

Services transferred over time

| | | |
|--------|-------|--------|
| 11,549 | - | 11,549 |
| 4,322 | - | 4,322 |
| 201 | 4,483 | 4,684 |
| 4,139 | 3,313 | 7,452 |
| 20,211 | 7,796 | 28,007 |

Note 7. Other income

**Consolidated
Period from
26 Sep 2018
to 30 Jun
2019**

**30 Jun 2020
\$'000**

**Restated
(note 4)
\$'000**

Net fair value gain on investments
Gain on bargain purchase (note 35)
Government grants (COVID-19)
Insurance recoveries
Reimbursement of expenses
Others

| | |
|-------|-------|
| - | 2,159 |
| 594 | - |
| 1,096 | - |
| 4,020 | - |
| 37 | 14 |
| - | 4 |
| 5,747 | 2,177 |

Other income

Note 7. Other income (continued)

Government grants (COVID-19)

During the COVID-19 pandemic, the Group has received JobKeeper support payments from the Australian Government which are passed on to eligible employees. These have been recognised as government grants in the financial statements and recorded as other income over the periods in which the related employee benefits are recognised as an expense. The JobKeeper payment scheme in its current form runs for the fortnights from 30 March until 27 September 2020. The Group is eligible for JobKeeper support from the government on the condition that employee benefits continue to be paid.

Insurance recoveries

As the result of the loss of the founder of Kitome in July 2019 the group received an insurance payout of \$4,020,000 under two keyman policies.

Note 8. Expenses

| | 30 Jun 2020 \$'000 | Consolidated Period from 26 Sep 2018 to 30 Jun 2019 Restated (note 4) \$'000 |
|---|-----------------------|---|
| Profit/(loss) before income tax includes the following specific expenses: | | |
| <i>Depreciation</i> | | |
| Leasehold improvements | 66 | 5 |
| Plant and equipment | 335 | 62 |
| Motor vehicles | 374 | 216 |
| Buildings right-of-use assets | 1,054 | - |
| Plant and equipment right-of-use assets | 48 | - |
| Impairment | 32 | - |
| Total depreciation | <u>1,909</u> | <u>283</u> |
| <i>Amortisation</i> | | |
| Patents and trademarks | 1 | - |
| Customer contracts | 601 | - |
| Software | 3 | 40 |
| Total amortisation | <u>605</u> | <u>40</u> |
| Total depreciation and amortisation | <u>2,514</u> | <u>323</u> |
| <i>Finance costs</i> | | |
| Interest and finance charges paid/payable on borrowings | 243 | 2,328 |
| Interest and finance charges paid/payable on lease liabilities | 156 | 23 |
| Finance costs expensed | <u>399</u> | <u>2,351</u> |
| <i>Leases</i> | | |
| Minimum lease payments | - | 710 |
| Short-term lease payments | 858 | - |
| Low-value assets lease payments | 17 | - |
| | <u>875</u> | <u>710</u> |
| <i>Superannuation expense</i> | | |
| Defined contribution superannuation expense | <u>2,357</u> | <u>667</u> |

Note 8. Expenses (continued)

Note 9. Income tax

| | 30 Jun 2020 \$'000 | Consolidated Period from 26 Sep 2018 to 30 Jun 2019 Restated (note 4) \$'000 |
|---|-----------------------|---|
| <i>Income tax expense/(benefit)</i> | | |
| Current tax | (522) | 67 |
| Deferred tax - origination and reversal of temporary differences | 1,024 | (225) |
| Adjustment recognised for prior periods | 113 | - |
| | <hr/> | <hr/> |
| Aggregate income tax expense/(benefit) | <u>615</u> | <u>(158)</u> |
| Deferred tax included in income tax expense/(benefit) comprises: | | |
| Decrease/(increase) in deferred tax assets | 1,024 | (895) |
| | <hr/> | <hr/> |
| <i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i> | | |
| Profit/(loss) before income tax (expense)/benefit | 8,921 | (2,654) |
| | <hr/> | <hr/> |
| Tax at the statutory tax rate of 30% | 2,676 | (796) |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Insurance recoveries | (1,206) | - |
| Gain on bargain purchase | (178) | - |
| Other non-taxable income | (281) | - |
| Share of profits - associates | (551) | - |
| Non-deductible expenses | 46 | 638 |
| | <hr/> | <hr/> |
| Adjustment recognised for prior periods | 502 | (828) |
| | <hr/> | <hr/> |
| Income tax expense/(benefit) | <u>615</u> | <u>(828)</u> |

Note 9. Income tax (continued)

| | Consolidated 30 Jun 2019 Restated (note 4) \$'000 | 30 Jun 2020 \$'000 |
|---|---|-----------------------|
| <i>Deferred tax asset/(liability)</i> | | |
| Deferred tax asset/(liability) comprises temporary differences attributable to: | | |
| Amounts recognised in profit or loss: | | |
| Tax losses | 1,036 | 640 |
| Allowance for expected credit losses | 133 | 91 |
| Rights-of-use | - | 79 |
| Contract liabilities | - | 1,482 |
| Employee benefits | 735 | 1,074 |
| Provision for warranties and claims | 140 | 60 |
| Accrued expenses | 6 | 39 |
| Retention receivable | (144) | (460) |
| Prepayments | (4) | (41) |
| Contract assets | - | (2,150) |
| Inventories | (20) | (11) |
| Customer relationships | (887) | (707) |
| Property, plant and equipment | - | (102) |
| Deferred tax asset/(liability) | <u>995</u> | <u>(6)</u> |
| Movements: | | |
| Opening balance | - | 995 |
| Credited/(charged) to profit or loss | 225 | (1,024) |
| Additions through business combinations (note 35) | (68) | - |
| Additional deferred tax on entering tax consolidated group | 838 | 23 |
| Closing balance | <u>995</u> | <u>(6)</u> |
| | Consolidated 30 Jun 2019 Restated (note 4) \$'000 | 30 Jun 2020 \$'000 |
| <i>Provision for income tax</i> | | |
| Provision for income tax | <u>1,072</u> | <u>2</u> |

Note 10. Current assets - cash and cash equivalents

| | Consolidated 30 Jun 2020 \$'000 | 30 Jun 2019 \$'000 |
|-----------------|---------------------------------------|-----------------------|
| Cash on hand | 2 | 4 |
| Cash at bank | 8,466 | 6,352 |
| Cash on deposit | 2,309 | 338 |
| | <u>10,777</u> | <u>6,694</u> |

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

| | | |
|--|---------------|--------------|
| Balances as above | 10,777 | 6,694 |
| Bank overdraft (note 20) | - | (840) |
| Balance as per statement of cash flows | <u>10,777</u> | <u>5,854</u> |

Note 11. Current assets - trade and other receivables

| | Consolidated 30 Jun 2020 \$'000 | 30 Jun 2019 Restated (note 4) \$'000 |
|--|---------------------------------------|---|
| Trade receivables | 8,215 | 7,823 |
| Less: Allowance for expected credit losses | (302) | (443) |
| | <u>7,913</u> | <u>7,380</u> |
| Loan receivable | - | 15 |
| Receivable from employees | 8 | 9 |
| | <u>8</u> | <u>24</u> |
| Other receivables | 463 | 80 |
| Receivable from related parties | 13 | 1 |
| | <u>8,397</u> | <u>7,485</u> |

Note 11. Current assets - trade and other receivables (continued)

Allowance for expected credit losses

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

| | Expected credit loss rate | Gross carrying amount | Carrying amount | | Allowance for expected credit losses | |
|-----------------------------|---------------------------|-----------------------|--------------------|--------------------|--------------------------------------|--------------------------------------|
| | 30 Jun 2020 % | 30 Jun 2019 % | 30 Jun 2020 \$'000 | 30 Jun 2019 \$'000 | 30 Jun 2020 \$'000 | 30 Jun 2019 Restated (note 4) \$'000 |
| Consolidated | | | | | | |
| Not overdue | - | - | 5,768 | 5,492 | - | - |
| Under three months overdue | - | 0.12% | 1,512 | 1,676 | - | 2 |
| Three to six months overdue | 11.45% | 29.37% | 262 | 303 | 30 | 89 |
| Over six months overdue# | 61.12% | 100% | 673 | 352 | 272 | 352 |
| | | | <u>8,215</u> | <u>7,823</u> | <u>302</u> | <u>443</u> |

Includes Retentions due after 12-months \$228k at 30 June 2020

Movements in the allowance for expected credit losses are as follows:

| | Consolidated 30 Jun 2020 \$'000 | Consolidated 30 Jun 2019 Restated (note 4) \$'000 |
|--|---------------------------------------|---|
| Opening balance | 443 | - |
| Additional provisions recognised | 26 | 117 |
| Additions through business combinations | - | 464 |
| Receivables written off during the year as uncollectable | (165) | - |
| Unused amounts reversed | (2) | (138) |
| Closing balance | <u>302</u> | <u>443</u> |

Note 12. Current assets - contract assets

| | Consolidated 30 Jun 2020 \$'000 | Consolidated 30 Jun 2019 \$'000 |
|-----------------|---------------------------------------|---------------------------------------|
| Contract assets | <u>9,033</u> | <u>5,699</u> |

Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

| | Consolidated 30 Jun 2020 \$'000 | Consolidated 30 Jun 2019 \$'000 |
|---|---------------------------------------|---------------------------------------|
| Opening balance | 5,699 | - |
| Additions | 34,335 | 258 |
| Additions through business combinations (note 35) | 3 | 5,441 |
| Transfer to trade receivables | (31,004) | - |
| Closing balance | <u>9,033</u> | <u>5,699</u> |

Note 13. Current assets - inventories

| | Consolidated 30 Jun 2019 Restated (note 4) \$'000 | 30 Jun 2020 \$'000 |
|----------------------------|---|-----------------------|
| Raw materials - at cost | 94 | 100 |
| Work in progress - at cost | 4,659 | 3,789 |
| Finished goods - at cost | 2,267 | 2,723 |
| | <u>7,020</u> | <u>6,612</u> |

Note 14. Non-current assets - investments accounted for using the equity method

| | Consolidated 30 Jun 2019 \$'000 | 30 Jun 2020 \$'000 |
|--------------------------|---------------------------------------|-----------------------|
| Investment in associates | 17,499 | 19,124 |

Reconciliation

Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

| | | |
|-------------------------|---------------|---------------|
| Opening carrying amount | - | 17,499 |
| Profit after income tax | 270 | 1,858 |
| Additions | 17,396 | - |
| Dividends received | (167) | (233) |
| Closing carrying amount | <u>17,499</u> | <u>19,124</u> |

Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group are set out below:

| Name | Principal place of business / Country of incorporation | Ownership interest | |
|--|---|--------------------|------------------|
| | | 30 Jun 2020 % | 30 Jun 2019 % |
| Colour Capital Pty Ltd* | Australia | 33.30% | 33.30% |
| Multimedia Technology Pty Ltd** | Australia | 30.00% | 30.00% |
| Teaminvest Private Insurance Services Pty Ltd*** | Australia | 50.00% | - |

* On 28 February 2019, the Company purchased 33.30% of Colour Capital Pty Ltd for a total consideration of \$7,887,000. This is a franchise management business and operates as franchisor of Raw Energy Cafe Brand, master franchisor for GJ Gardner Homes (NSW/ACT and WA) and master franchisor for Golds Gym Australia and New Zealand.

** On 28 February 2019, the Company purchased 30.00% of Multimedia Technology Pty Ltd for a total consideration of \$9,509,000. Multimedia Technology Pty Ltd is an importer of information technology hardware to approximately 10,000 qualified resellers across Australia.

*** On 26 August 2019, Teaminvest Private Insurance Services Pty Ltd was registered as an Australian company with the Group investing in 50% of the share capital of the business.

Note 14. Non-current assets - investments accounted for using the equity method (continued)

Summarised financial information for the year ended 30 June 2020 and 30 June 2019 are as follows:

| | Colour Capital 30 Jun 2020 \$'000 | 30 Jun 2019 Restated (note 4) \$'000 | Multimedia 30 Jun 2020 \$'000 | Technology 30 Jun 2019 Restated (note 4) \$'000 | Teaminvest Private Insurance 30 Jun 2020 \$'000 |
|--|---|---|-------------------------------------|---|---|
| <i>Summarised statement of financial position</i> | | | | | |
| Current assets | 3,269 | 675 | 29,520 | 32,752 | 66 |
| Non-current assets | 2,276 | 2,535 | 4,048 | 676 | 4 |
| Total assets | 5,545 | 3,210 | 33,568 | 33,428 | 70 |
| Current liabilities | 1,827 | 460 | 9,954 | 15,106 | 76 |
| Non-current liabilities | 41 | 332 | 6,396 | 5,083 | - |
| Total liabilities | 1,868 | 792 | 16,350 | 20,189 | 76 |
| Net assets/(liabilities) | 3,677 | 2,418 | 17,218 | 13,239 | (10) |
| <i>Summarised statement of profit or loss and other comprehensive income</i> | | | | | |
| Revenue | 11,505 | 11,146 | 144,838 | 140,219 | 60 |
| Expenses | (9,071) | (9,800) | (138,354) | (135,602) | (74) |
| Profit/(loss) before income tax | 2,434 | 1,346 | 6,484 | 4,617 | (14) |
| Income tax (expense)/benefit | (928) | (608) | (1,931) | (1,386) | 4 |
| Profit/(loss) after income tax | 1,506 | 738 | 4,553 | 3,231 | (10) |
| Other comprehensive loss | (1) | - | - | - | - |
| Total comprehensive income/(loss) | 1,505 | 738 | 4,553 | 3,231 | (10) |
| <i>Reconciliation of the Group's carrying amount</i> | | | | | |
| Beginning balance/acquisition price | 7,677 | 7,887 | 9,822 | 9,509 | - |
| Share of profit/(loss) after income tax | 502 | (43) | 1,366 | 313 | - |
| Share of dividends received | (83) | (167) | (150) | - | - |
| Closing carrying amount | 8,096 | 7,677 | 11,038 | 9,822 | - |

Note 15. Non-current assets - property, plant and equipment

| | Consolidated 30 Jun 2019 Restated (note 4) \$'000 | 30 Jun 2020 \$'000 |
|----------------------------------|---|-----------------------|
| Land - at cost | 54 | 54 |
| Leasehold improvements - at cost | 211 | 164 |
| Less: Accumulated depreciation | (42) | (5) |
| | <u>169</u> | <u>159</u> |
| Plant and equipment - at cost | 2,458 | 2,084 |
| Less: Accumulated depreciation | (402) | (71) |
| | <u>2,056</u> | <u>2,013</u> |
| Motor vehicles - at cost | 2,250 | 1,927 |
| Less: Accumulated depreciation | (329) | (216) |
| | <u>1,921</u> | <u>1,711</u> |
| | <u>4,200</u> | <u>3,937</u> |

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| Consolidated | Land \$'000 | Leasehold improvements \$'000 | Plant and equipment \$'000 | Motor vehicles \$'000 | Total \$'000 |
|---|----------------|-------------------------------------|----------------------------------|-----------------------------|-----------------|
| Balance at 26 September 2018 | - | - | - | - | - |
| Additions | - | - | 35 | 719 | 754 |
| Additions through business combinations (note 35) | 54 | 164 | 2,040 | 1,208 | 3,466 |
| Depreciation expense | - | (5) | (62) | (216) | (283) |
| Balance at 30 June 2019 | 54 | 159 | 2,013 | 1,711 | 3,937 |
| Additions | - | 154 | 803 | 174 | 1,131 |
| Disposals | - | (33) | (14) | (14) | (61) |
| Reclassifications | - | (45) | (411) | 456 | - |
| Impairment of assets | - | - | - | (32) | (32) |
| Depreciation expense | - | (66) | (335) | (374) | (775) |
| Balance at 30 June 2020 | <u>54</u> | <u>169</u> | <u>2,056</u> | <u>1,921</u> | <u>4,200</u> |

Note 16. Non-current assets - right-of-use assets

| | Consolidated 30 Jun 2020 \$'000 | 30 Jun 2019 \$'000 |
|------------------------------------|---------------------------------------|-----------------------|
| Land and buildings - right-of-use | 4,760 | - |
| Less: Accumulated depreciation | (1,054) | - |
| | <u>3,706</u> | <u>-</u> |
| Plant and equipment - right-of-use | 159 | - |
| Less: Accumulated depreciation | (48) | - |
| | <u>111</u> | <u>-</u> |
| | <u><u>3,817</u></u> | <u><u>-</u></u> |

Additions to the right-of-use assets during the period were \$2,221,000.

The Group leases land and buildings for its offices, warehouses and retail outlets under agreements of between 1 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases plant and equipment under agreements of between 1 to 5 years.

The Group leases office equipment under agreements of less than 1 year. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

Note 17. Non-current assets - intangibles

| | Consolidated 30 Jun 2020 \$'000 | 30 Jun 2019 Restated (note 4) \$'000 |
|----------------------------------|---------------------------------------|---|
| Goodwill - at cost | 42,619 | 42,619 |
| Patents and trademarks - at cost | 543 | 78 |
| Less: Accumulated amortisation | (1) | - |
| | <u>542</u> | <u>78</u> |
| Customer contracts - at cost | 2,957 | 2,957 |
| Less: Accumulated amortisation | (601) | - |
| | <u>2,356</u> | <u>2,957</u> |
| Software - at cost | 259 | 172 |
| Less: Accumulated amortisation | (43) | (40) |
| | <u>216</u> | <u>132</u> |
| Formation costs | 37 | - |
| | <u><u>45,770</u></u> | <u><u>45,786</u></u> |

Note 17. Non-current assets - intangibles (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| Consolidated | Goodwill \$'000 | Patents, trademarks and license \$'000 | Customer relationship \$'000 | Software \$'000 | Formation cost \$'000 | Total \$'000 |
|---|--------------------|---|------------------------------------|--------------------|-----------------------------|-----------------|
| Balance at 26 September 2018 | - | - | - | - | - | - |
| Additions | - | 8 | - | - | - | 8 |
| Additions through business combinations (note 35) | 42,619 | 70 | 2,957 | 172 | - | 45,818 |
| Amortisation expense | - | - | - | (40) | - | (40) |
| Balance at 30 June 2019 | 42,619 | 78 | 2,957 | 132 | - | 45,786 |
| Additions | - | - | - | 87 | 37 | 124 |
| Additions through business combinations (note 35) | - | 465 | - | - | - | 465 |
| Amortisation expense | - | (1) | (601) | (3) | - | (605) |
| Balance at 30 June 2020 | 42,619 | 542 | 2,356 | 216 | 37 | 45,770 |

Impairment testing

Goodwill has been allocated to the cash-generating units ('CGUs') as follows:

| | Consolidated 30 Jun 2019 Restated (note 4) \$'000 | 30 Jun 2020 \$'000 |
|---|---|-----------------------|
| Goodwill allocated to engineering segment: | | |
| Coastal Energy | 4,260 | 4,260 |
| DecoGlaze | 6,306 | 6,306 |
| Icon Metal | 8,595 | 8,595 |
| Lusty TIP Trailers | 10,462 | 10,462 |
| Engineering segment | 29,623 | 29,623 |
| Goodwill allocated to services segment: | | |
| East Coast Traffic Controllers | 2,826 | 2,826 |
| Kitome | 10,170 | 10,170 |
| Services segment | 12,996 | 12,996 |
| Total goodwill | 42,619 | 42,619 |

The recoverable amount of the Group's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on management approved budget and the application of a growth rate for a 5 year projection period, together with a terminal value.

Note 17. Non-current assets - intangibles (continued)

The following assumptions were used in the discounted cash flow models for the period subsequent to management's approved budget:

| | 2020 Revenue growth rate % | 2020 Discount rate (pre-tax) % | 2020 Terminal growth rate % | 2019 Revenue growth rate % | 2019 Discount rate (pre-tax) % | 2019 Terminal growth rate % |
|--------------------------------|-------------------------------------|---|--------------------------------------|-------------------------------------|---|--------------------------------------|
| Coastal Energy | 7.6% | 10.77% | 2.75% | 4.0% | 12.4% | 2.7% |
| DecoGlaze | 5.4% | 11.04% | 2.75% | 6.3% | 10.8% | 2.7% |
| Lusty TIP Trailers | 5.8% | 9.52% | 2.75% | 3.0% | 11.5% | 2.7% |
| Icon Metal | 10.0% | 11.05% | 2.75% | 3.0% | 11.8% | 2.7% |
| East Coast Traffic Controllers | 9.2% | 9.35% | 2.75% | 3.7% | 12.3% | 2.7% |
| Kitome | 8.0% | 10.54% | 2.75% | 7.0% | 10.7% | 2.7% |

Key assumption

Approach used to determine values

Revenue growth rate

Management believes Revenue growth is appropriate based on businesses being driven by top line results with limited fixed costs, stable cost of goods sold when considering the general market in which the relevant CGU operates. A degree of conservativeness has been factored in the 2021 revenue growth forecast in light of potential impacts of COVID19.

Discount rate

Pre-tax discount rate reflects management's estimate of the time value of money and the relevant portfolio company's weighted average cost of capital adjusted for the risk free rate and the volatility of the relevant portfolio company's industry relative to market movements.

Terminal growth rate

Management have estimated that the terminal growth rate will be in line with the Reserve Bank of Australia ('RBA') expected gross domestic product ('GDP') growth rate.

Based on the above the recoverable amount exceeds the carrying amount and therefore, goodwill is not considered to be impaired.

Sensitivity

As disclosed in note 3, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The recoverable amount of the CGU would equal its carrying amount if the key assumptions were to change as follows:

| | 2020 Revenue growth rate decrease by % | 2020 Discount rate increase by % | 2019 Revenue growth rate decrease by % | 2019 Discount rate increase by % |
|--------------------------------|--|---|--|---|
| Coastal Energy | 14.01% | 10.85% | 6.00% | 1.70% |
| DecoGlaze | 3.87% | 3.77% | 4.00% | 1.00% |
| Lusty TIP Trailers | 14.65% | 15.02% | 12.00% | 2.90% |
| Icon Metal | 18.57% | 12.32% | 9.00% | 2.20% |
| East Coast Traffic Controllers | 20.75% | 23.72% | 11.50% | 3.00% |
| Kitome | 4.80% | 3.12% | 3.30% | 1.50% |

This sensitivity analysis assumes all other assumptions remain constant. Management has performed sensitivity analysis on revenue as it best aligns with growth of the businesses.

Note 17. Non-current assets - intangibles (continued)

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the CGU's carrying amount to exceed its recoverable amount.

Note 18. Current liabilities - trade and other payables

| | 30 Jun 2020 \$'000 | Consolidated 30 Jun 2019 Restated (note 4) \$'000 |
|------------------|-----------------------|---|
| Trade payables | 6,138 | 6,988 |
| Accrued expenses | 6,848 | 2,964 |
| BAS payable | 966 | 484 |
| Other payables | 1,807 | 1,316 |
| | <u>15,759</u> | <u>11,752</u> |

Refer to note 28 for further information on financial instruments.

Note 19. Current liabilities - contract liabilities

| | 30 Jun 2020 \$'000 | Consolidated 30 Jun 2019 Restated (note 4) \$'000 |
|----------------------|-----------------------|---|
| Contract liabilities | <u>3,117</u> | <u>1,489</u> |

Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

| | | |
|--|-----------------|----------------|
| Opening balance | 1,489 | - |
| Payments received in advance | 15,415 | 6,709 |
| Additions through business combinations (note 35) | 14 | 1,993 |
| Transfer to revenue - from additions through business combinations | (5) | (1,705) |
| Transfer to revenue - from advance payments received during the period | <u>(13,796)</u> | <u>(5,508)</u> |
| Closing balance | <u>3,117</u> | <u>1,489</u> |

Note 19. Current liabilities - contract liabilities (continued)

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$3,117,000 as at 30 June 2020 (\$1,489,000 as at 30 June 2019) and is expected to be recognised as revenue in future periods as follows:

| | Consolidated 30 Jun 2020 \$'000 | 30 Jun 2019 Restated (note 4) \$'000 |
|-----------------|---------------------------------------|---|
| Within 6 months | 2,911 | 1,111 |
| 6 to 12 months | 206 | 378 |
| | <u>3,117</u> | <u>1,489</u> |

Note 20. Current liabilities - borrowings

| | Consolidated 30 Jun 2020 \$'000 | 30 Jun 2019 Restated (note 4) \$'000 |
|--------------------------|---------------------------------------|---|
| Bank overdraft | - | 840 |
| Bank loans | 379 | 719 |
| Invoice discounting | - | 478 |
| Payable to other parties | - | 1,363 |
| | <u>379</u> | <u>3,400</u> |

Refer to note 28 for further information on financial instruments.

Invoice discounting is secured by the trade receivables.

Note 21. Current liabilities - lease liabilities

| | Consolidated 30 Jun 2020 \$'000 | 30 Jun 2019 Restated (note 4) \$'000 |
|---------------------------------|---------------------------------------|---|
| Lease liability | 680 | 1,248 |
| Lease liability (under AASB 16) | 1,296 | - |
| | <u>1,976</u> | <u>1,248</u> |

Refer to note 28 for further information on financial instruments.

Note 22. Current liabilities - employee benefits

| | Consolidated 30 Jun 2019 Restated (note 4) \$'000 | 30 Jun 2020 \$'000 |
|--------------------|---|-----------------------|
| Annual leave | 1,345 | 1,428 |
| Long service leave | 590 | 362 |
| | <u>1,935</u> | <u>1,790</u> |

Note 23. Non-current liabilities - borrowings

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

| | Consolidated 30 Jun 2019 Restated (note 4) \$'000 | 30 Jun 2020 \$'000 |
|-------------------------------------|---|-----------------------|
| Total facilities | | |
| Bank overdraft | 2,700 | 4,400 |
| Bank loans | 2,000 | 700 |
| Invoice discounting | 800 | 800 |
| | <u>5,500</u> | <u>5,900</u> |
| Used at the reporting date | | |
| Bank overdraft | 840 | - |
| Bank loans | 719 | 379 |
| Invoice discounting | 478 | - |
| | <u>2,037</u> | <u>379</u> |
| Unused at the reporting date | | |
| Bank overdraft | 1,860 | 4,400 |
| Bank loans | 1,281 | 321 |
| Invoice discounting | 322 | 800 |
| | <u>3,463</u> | <u>5,521</u> |

Note 24. Non-current liabilities - lease liabilities

| | Consolidated 30 Jun 2019 \$'000 | 30 Jun 2020 \$'000 |
|---------------------------------|---------------------------------------|-----------------------|
| Lease liability | 598 | 461 |
| Lease liability (under AASB 16) | - | 2,735 |
| | <u>598</u> | <u>3,196</u> |

Refer to note 28 for further information on financial instruments.

Note 25. Non-current liabilities - employee benefits

| | Consolidated 30 Jun 2020 \$'000 | 30 Jun 2019 \$'000 |
|--------------------|---------------------------------------|-----------------------|
| Long service leave | <u>293</u> | <u>304</u> |

Note 26. Equity - issued capital

| | Consolidated | | | 30 Jun 2019 Restated (note 4) |
|------------------------------|-----------------------|-----------------------|-----------------------|-------------------------------------|
| | 30 Jun 2020 Shares | 30 Jun 2019 Shares | 30 Jun 2020 \$'000 | \$'000 |
| Ordinary shares - fully paid | <u>111,230,952</u> | <u>111,046,693</u> | <u>75,386</u> | <u>75,231</u> |

Movements in ordinary share capital

| Details | Date | Shares | Share price | \$'000 |
|--|-------------------|--------------------|-------------|---------------|
| Balance | 26 September 2018 | - | | - |
| Issue of shares - founding shares | 26 September 2018 | 1,000,000 | \$0.00 | - |
| Issue of shares - acquisition of associates | 28 February 2019 | 20,494,549 | \$0.80 | 16,396 |
| Issue of shares - acquisition of subsidiaries | 28 February 2019 | 81,766,977 | \$0.80 | 63,180 |
| Reverse acquisition adjustment - elimination of TIP issued capital immediately prior to the acquisition (note 4) | | - | \$0.80 | (13,573) |
| Increase in the valuation of shares at the acquisition of subsidiaries (Note 4) | | - | \$0.80 | 2,207 |
| Issue of shares - wholesale | 24 May 2019 | 3,815,417 | \$0.80 | 3,052 |
| Issue of shares - IPO | 24 May 2019 | <u>3,969,750</u> | \$1.00 | <u>3,969</u> |
| Balance | 30 June 2019 | 111,046,693 | | 75,231 |
| Issue of shares to directors | 27 November 2019 | <u>184,259</u> | \$0.84 | <u>155</u> |
| Balance | 30 June 2020 | <u>111,230,952</u> | | <u>75,386</u> |

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. 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 Group'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 and to maintain an optimum capital structure to reduce the cost of capital.

Note 26. Equity - issued capital (continued)

Capital is regarded as total equity, as recognised in the statement of 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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group 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 Group is actively looking for accretive acquisitions to grow in alignment with the Groups investment mandate.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Note 27. Equity - dividends

Dividends

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

Franking credits

| | Consolidated 30 Jun 2019 Restated (note 4) \$'000 | 30 Jun 2020 \$'000 |
|--|---|-----------------------|
| Franking credits available for subsequent financial years based on a tax rate of 30% | <u>1,013</u> | <u>1,454</u> |

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 28. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group'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 Group. The Group 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 and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') in conjunction with the Risk and Compliance committee ('RCC'). Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The Group is not exposed to any significant foreign currency risk.

Price risk

The Group is not exposed to any significant price risk.

Note 28. Financial instruments (continued)

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

As at the reporting date, the Group had the following variable rate borrowings outstanding:

| Consolidated | 30 Jun 2020 | | 30 Jun 2019 Restated (note 4) | |
|--|----------------------------------|----------------|----------------------------------|----------------|
| | Weighted average interest rate % | Balance \$'000 | Weighted average interest rate % | Balance \$'000 |
| Bank overdraft and bank loans | 5.95% | 379 | 8.28% | 2,037 |
| Net exposure to cash flow interest rate risk | | <u>379</u> | | <u>2,037</u> |

An analysis by remaining contractual maturities is shown in 'liquidity risk' below.

For the Group, the bank overdraft and loans outstanding, totalling \$379,000 (2019: \$2,037,000), are principal and interest payment loans. An official increase/decrease in interest rates of 100 (2019: 100) basis points would have an adverse/favourable effect on profit before tax of \$3,790 (2019: \$20,370) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

Credit risk

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

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

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 one year.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group 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.

Note 28. Financial instruments (continued)

Financing arrangements

Unused borrowing facilities at the reporting date:

| | Consolidated 30 Jun 2019 Restated (note 4) \$'000 | 30 Jun 2020 \$'000 |
|---------------------|---|-----------------------|
| Bank overdraft | 1,860 | 4,400 |
| Bank loans | 1,281 | 321 |
| Invoice discounting | 322 | 800 |
| | 3,463 | 5,521 |

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time.

Remaining contractual maturities

The following tables detail the Group'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.

| Consolidated - 30 Jun 2020 | Weighted average interest rate % | 1 year or less \$'000 | Between 1 and 2 years \$'000 | Between 2 and 5 years \$'000 | Over 5 years \$'000 | Remaining contractual maturities \$'000 |
|------------------------------------|---|--------------------------|------------------------------------|------------------------------------|------------------------|--|
| Non-derivatives | | | | | | |
| <i>Non-interest bearing</i> | | | | | | |
| Trade payables | - | 6,138 | - | - | - | 6,138 |
| Other payables | - | 1,807 | - | - | - | 1,807 |
| <i>Interest-bearing - variable</i> | | | | | | |
| Bank loans | 5.45% | 379 | - | - | - | 379 |
| Invoice discounting | 7.20% | - | - | - | - | - |
| Lease liability | 5.00% | 680 | 354 | 107 | - | 1,141 |
| Lease liability (AASB 16) | 5.00% | 1,296 | 1,305 | 1,271 | 159 | 4,031 |
| Total non-derivatives | | 10,300 | 1,659 | 1,378 | 159 | 13,496 |

| Consolidated - 30 Jun 2019 Restated (note 4) | Weighted average interest rate % | 1 year or less \$'000 | Between 1 and 2 years \$'000 | Between 2 and 5 years \$'000 | Over 5 years \$'000 | Remaining contractual maturities \$'000 |
|---|---|--------------------------|------------------------------------|------------------------------------|------------------------|--|
| Non-derivatives | | | | | | |
| <i>Non-interest bearing</i> | | | | | | |
| Trade payables | - | 6,988 | - | - | - | 6,988 |
| Other payables | - | 1,316 | - | - | - | 1,316 |
| <i>Interest-bearing - variable</i> | | | | | | |
| Bank overdraft | 8.61% | 840 | - | - | - | 840 |
| Bank loans | 7.49% | 719 | - | - | - | 719 |
| Invoice discounting | 7.72% | 478 | - | - | - | 478 |
| Lease liability | 6.51% | 1,248 | 564 | 34 | - | 1,846 |
| Total non-derivatives | | 11,589 | 564 | 34 | - | 12,187 |

Note 28. Financial instruments (continued)

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

Note 29. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Note 30. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the Company:

| | 30 Jun 2020 \$ | Consolidated Period from 26 Sep 2018 to 30 Jun 2019 \$ |
|--|-------------------|---|
| <i>Audit services - KPMG (30 Jun 2019 Restated (note 4): HLB Mann Judd)</i> Audit or review of the financial statements | 153,675 | 182,500 |
| <i>Other services - KPMG (30 Jun 2019: HLB Mann Judd)</i> Other assurance services | - | 48,000 |
| Other audit services | - | 223,914 |
| Non-Audit Services – Software license charges | 58,759 | - |
| | <u>58,759</u> | <u>271,914</u> |
| | <u>212,434</u> | <u>454,414</u> |

Note 31. Contingent liabilities

The Group has given bank guarantees of \$498,000 (2019: \$65,000) as at 30 June 2020.

Contingent liability for unsettled claims against the Group is \$nil (2019: \$130,000) as at 30 June 2020.

Note 32. Commitments

| | Consolidated | |
|---|-----------------------|-----------------------|
| | 30 Jun 2020 \$'000 | 30 Jun 2019 \$'000 |
| <i>Lease commitments - operating</i> | | |
| Committed at the reporting date but not recognised as liabilities, payable: | | |
| Within one year | 31 | 1,562 |
| One to five years | - | 2,562 |
| More than five years | - | 27 |
| | 31 | 4,151 |
| <i>Lease commitments - finance</i> | | |
| Committed at the reporting date and recognised as liabilities, payable: | | |
| Within one year | 727 | 1,254 |
| One to five years | 488 | 564 |
| More than five years | - | 37 |
| | 1,215 | 1,855 |
| Total commitment | 1,215 | 1,855 |
| Less: Future finance charges | (74) | (9) |
| | 1,141 | 1,846 |
| Net commitment recognised as liabilities | 1,141 | 1,846 |

Operating lease commitments includes contracted amounts for various retail outlets, warehouses, offices and plant and equipment under non-cancellable operating leases expiring within one to six years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Finance lease commitments includes contracted amounts for various plant and equipment with a written down value of \$1,199,000 as of 30 June 2019 under finance leases expiring within one to six years. Under the terms of the leases, the Group has the option to acquire the leased assets for predetermined residual values on the expiry of the leases.

With the application of AASB 16, these are now recognised as right-of-use assets with corresponding current and non-current lease liabilities (see note 16, note 21 and note 24).

Note 33. Related party transactions

Parent entity

Teaminvest Private Group Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 36.

Associates

Interests in associates are set out in note 14.

Key management personnel

Disclosures relating to key management personnel are set out in note 34 and the remuneration report included in the directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Note 33. Related party transactions (continued)

Receivable from and payable to related parties

| | Consolidated 30 Jun 2020 \$ | 30 Jun 2019 \$ |
|--------------------------------------|-----------------------------------|-------------------|
| Current receivables: | | |
| Receivables from other related party | 13,218 | 1,001 |
| Current payables: | | |
| Payables to other related party | - | 1,363,712 |

Loans to/from related parties

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

Note 34. Key management personnel disclosures

Compensation

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

| | Consolidated 30 Jun 2020 \$ | Period from 26 Sep 2018 to 30 Jun 2019 \$ |
|-----------------------------------|-----------------------------------|---|
| Short-term employee benefits | 665,369 | 289,626 |
| Post-employment benefits | 71,974 | 18,016 |
| Long-term benefits | 3,333 | - |
| Share-based payments | 143,758 | 73,000 |
| Long-term incentives - unsettled* | 1,100,000 | - |
| | <u>1,984,435</u> | <u>380,642</u> |

* The long-term incentive amounts have been met and the board has resolved at 31/8/2020 that the first two tranches have vested.

Note 35. Business combinations

30 June 2020

On 13 May 2020, the Company acquired 100% of the ordinary shares of Valuestream Investment Management Limited ('Valuestream') for the total consideration transferred of \$60,000. Valuestream holds an Australian Financial Service Licence to provide trustee and responsible entity services for both wholesale and retail fund managers and operates in the Services division of the Group. Consideration paid reflected the difficulties that the owner of Valuestream was experiencing prior to the acquisition and fair value of net assets were valued at \$654,000 resulting in a gain on bargain purchase of \$594,000. The acquired business contributed revenues of \$607,000 to the Group for the period from 13 May 2020 to 30 June 2020. The values identified in relation to the acquisition are final as at 30 June 2020.

Note 35. Business combinations (continued)

Details of the acquisition are as follows:

| | Fair value \$'000 |
|--|------------------------------|
| Trade receivables | 220 |
| Contract assets | 3 |
| Intangible assets | 465 |
| Other payables | (20) |
| Contract liabilities | (14) |
| | <hr/> |
| Net assets acquired | 654 |
| Goodwill | - |
| | <hr/> |
| Acquisition-date fair value of the total consideration transferred | <u>654</u> |
| Representing: | |
| Cash paid or payable to vendor | 60 |
| Gain on bargain purchase (note 7) | 594 |
| | <hr/> |
| | <u>654</u> |
| | <hr/> |
| Cash used to acquire business, net of cash acquired: | |
| Acquisition-date fair value of the total consideration transferred | 654 |
| Less: gain on bargain purchase | (594) |
| | <hr/> |
| Net cash used | <u>60</u> |

Note 35. Business combinations (continued)

30 June 2019

The provisional business combinations as of 30 June 2019 have now been finalised and details are below.

Acquisition of six portfolio entities

On 28 February 2019, the Company acquired 100% of the ordinary shares (directly or indirectly) of six portfolio entities below. The fair values identified in relation to the acquisition of these entities as at 30 June 2019 were provisional and have now been finalised. Effect of the adjustments are summarised below:

| Entity | Details |
|--|---|
| Coastal Energy Pty Ltd ('Coastal Energy') | The fair value of assets as at the date of acquisition decreased by \$108,000 and the liabilities increased by \$15,000, resulting in an increase in goodwill of \$86,000, net of the deferred tax asset of \$39,000. An additional customer relationships of \$44,000 is also recognised with the corresponding deferred tax liability of \$13,000. |
| DecoGlaze Holdings Pty Ltd and controlled entities ('DecoGlaze') | The fair value of assets as at the date of acquisition increased by \$119,000 and the liabilities increased by \$429,000, resulting in an increase in goodwill of \$217,000, net of the deferred tax asset of \$93,000. An additional customer relationships of \$613,000 is also recognised with the corresponding deferred tax liability of \$184,000. |
| East Coast Traffic Controllers Pty Ltd ('ECT') | The fair value of assets as at the date of acquisition increased by \$38,000 and the liabilities increased by \$111,000, resulting in an increase in goodwill of \$51,000, net of the deferred tax asset of \$22,000. |
| Icon Metal Pty Ltd ('Icon Metal') | The fair value of assets as at the date of acquisition decreased by \$765,000 and the liabilities decreased by \$342,000, resulting in an increase in goodwill of \$296,000, net of the deferred tax asset of \$127,000. An additional customer relationships of \$1,068,000 is also recognised with a corresponding deferred tax liability of \$320,000. |
| Kitome Pty Ltd ('Kitome') | The fair value of assets as at the date of acquisition decreased by \$55,000 and the liabilities increased by \$108,000, resulting in an increase in goodwill of \$114,000, net of the deferred tax asset of \$49,000. |
| Lusty TIP Trailers Pty Ltd ('Lusty TIP') | The fair value of assets as at the date of acquisition decreased by \$425,000 and the liabilities increased by \$686,000, resulting in an increase in goodwill of \$778,000, net of the deferred tax asset of \$333,000. An additional customer relationships of \$1,232,000 is also recognised with a corresponding deferred tax liability of \$370,000. |

Note 35. Business combinations (continued)

Details of the acquisitions are as follows:

| | Coastal Energy Fair value | DecoGlaze Fair value | ECT Fair value | Icon Metal Fair value | Kitome Fair value | Lusty TIP Fair value | Total Final Fair value | Adjustment s from provisional value |
|--|---------------------------------|-------------------------|-------------------|--------------------------|----------------------|-------------------------|---------------------------|--|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash and cash equivalents | 575 | 863 | 55 | - | 1,399 | 2,769 | 5,661 | - |
| Trade receivables | 2,168 | 300 | 1,407 | 860 | 346 | 276 | 5,357 | (235) |
| Other receivables | - | 2 | - | - | 1 | 89 | 92 | - |
| Contract assets | 35 | - | - | 5,356 | 50 | - | 5,441 | - |
| Raw materials | - | 74 | - | 30 | - | - | 104 | - |
| Work in progress | 270 | 23 | - | - | - | 5,150 | 5,443 | (210) |
| Finished goods | 253 | 27 | - | - | 20 | 1,570 | 1,870 | (267) |
| Prepayments and other assets | - | 2 | 22 | 21 | 61 | 97 | 203 | - |
| Land and buildings | - | - | - | - | 54 | - | 54 | (90) |
| Leasehold improvements | - | - | - | 52 | 80 | 32 | 164 | - |
| Plant and equipment | 229 | 463 | 705 | 185 | 78 | 380 | 2,040 | (223) |
| Motor vehicles | 711 | 34 | 112 | 124 | 10 | 217 | 1,208 | 52 |
| Patents and trademarks | - | - | - | - | 2 | 68 | 70 | - |
| Software | - | 94 | - | - | 78 | - | 172 | - |
| Customer relationships | 44 | 613 | - | 1,068 | - | 1,232 | 2,957 | 2,957 |
| Deferred tax asset | (6) | (23) | 259 | (378) | 110 | (30) | (68) | (421) |
| Trade payables | (1,339) | (127) | (272) | (461) | (952) | (3,641) | (6,792) | (103) |
| Other payables | (175) | (101) | (343) | (581) | (1,447) | (1,738) | (4,385) | (263) |
| Contract liabilities | (273) | (23) | - | - | (573) | (1,124) | (1,993) | - |
| Provision for income tax | - | (218) | 223 | 284 | (108) | (739) | (558) | (21) |
| Employee benefits | (177) | (236) | (50) | (471) | (418) | (764) | (2,116) | (573) |
| Warranty provision and other provisions | - | (236) | - | - | - | (252) | (488) | (468) |
| Bank overdraft | - | - | - | (310) | - | - | (310) | - |
| Finance facility | - | - | (215) | - | - | - | (215) | - |
| Lease liability | (607) | - | (532) | (233) | - | (508) | (1,880) | (94) |
| Other liabilities | - | - | (83) | (3,454) | (74) | (100) | (3,711) | (174) |
| Net assets/(liabilities) acquired | 1,708 | 1,531 | 1,288 | 2,092 | (1,283) | 2,984 | 8,320 | (133) |
| Goodwill | 4,260 | 6,306 | 2,826 | 8,595 | 10,170 | 10,462 | 42,619 | 2,292 |
| Acquisition-date fair value of the total consideration transferred | 5,968 | 7,837 | 4,114 | 10,687 | 8,887 | 13,446 | 50,939 | 2,159 |

Note 35. Business combinations (continued)

| | Coastal Energy \$'000 | DecoGlaze \$'000 | ECT \$'000 | Icon Metal \$'000 | Kitome \$'000 | Lusty TIP \$'000 | Total Final \$'000 | Adjustment s from provisional value \$'000 |
|---|-----------------------------|---------------------|---------------|----------------------|------------------|---------------------|-----------------------|--|
| Representing: Teaminvest Private Group Limited shares issued to vendors | 5,968 | 7,837 | 4,114 | 10,687 | 8,887 | 13,446 | 50,939 | 2,159 |
| Cash used to acquire business, net of cash acquired: Add: bank overdraft | - | - | - | 310 | - | - | 310 | - |
| Less: cash and cash equivalents | (575) | (863) | (55) | - | (1,399) | (2,769) | (5,661) | - |
| Net cash used/(received) | <u>(575)</u> | <u>(863)</u> | <u>(55)</u> | <u>310</u> | <u>(1,399)</u> | <u>(2,769)</u> | <u>(5,351)</u> | <u>-</u> |

Note 36. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

| Name | Principal place of business / Country of incorporation | Ownership interest | |
|---|---|--------------------|--|
| | | 30 Jun 2020 % | 30 Jun 2019 Restated (note 4) % |
| Teaminvest Private Pty Ltd | Australia | 100% | 100% |
| Coastal Energy Pty Ltd | Australia | 100% | 100% |
| DecoGlaze Holdings Pty Ltd and its controlled entities: | Australia | 100% | 100% |
| -DecoGlaze Franchising Pty Ltd | Australia | 100% | 100% |
| -DecoGlaze Intellectual Property Pty Ltd | Australia | 100% | 100% |
| -DecoGlaze Pty Limited | Australia | 100% | 100% |
| -DecoGlaze Surface Cleaner Pty Ltd | Australia | 100% | 100% |
| -DecoGlaze Surface Cleaner Unit Trust | Australia | 100% | 100% |
| East Coast Traffic Controllers Pty Ltd | Australia | 100% | 100% |
| Icon Metal Pty Ltd | Australia | 100% | 100% |
| Kitome Pty Ltd | Australia | 100% | 100% |
| Lusty TIP Trailers Pty Ltd | Australia | 100% | 100% |
| TIP CC Newco Pty Ltd | Australia | 100% | 100% |
| TIP CE Newco Pty Ltd | Australia | 100% | 100% |
| TIP DG Newco Pty Ltd | Australia | 100% | 100% |
| TIP DG 2 Newco Pty Ltd | Australia | 100% | 100% |
| TIP ECT Newco Pty Ltd | Australia | 100% | 100% |
| TIP GLT Newco Pty Ltd | Australia | 100% | 100% |
| TIP Icon Newco Pty Ltd | Australia | 100% | 100% |
| TIP KTM Newco Pty Ltd | Australia | 100% | 100% |
| TIP MMT Newco Pty Ltd | Australia | 100% | 100% |
| Boutique Portraits Pty Ltd | Australia | 100% | 100% |
| The Step Ahead Builder's Assistant Pty Ltd | Australia | 100% | - |
| Valuestream Investment Management Limited | Australia | 100% | - |

Note 37. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

| | 30 Jun 2020 \$'000 | Consolidated Period from 26 Sep 2018 to 30 Jun 2019 Restated (note 4) \$'000 |
|---|-----------------------|---|
| Profit/(loss) after income tax (expense)/benefit for the year | 8,306 | (1,826) |
| Adjustments for: | | |
| Depreciation and amortisation | 2,514 | 323 |
| Net loss on disposal of property, plant and equipment | - | 16 |
| Share of profit - associates | (1,858) | (270) |
| Share-based payments | 155 | - |
| Dividends received - associates | 233 | 167 |
| Non-cash reverse acquisition items | - | 202 |
| Gain on bargain purchase | (594) | - |
| Change in operating assets and liabilities: | | |
| Increase in trade and other receivables | (641) | (2,036) |
| Increase in contract assets | (3,334) | (258) |
| Decrease in inventories | 408 | 397 |
| Decrease/(increase) in deferred tax assets | 995 | (1,063) |
| Decrease/(increase) in prepayments | (107) | 138 |
| Increase in other operating assets | (41) | (15) |
| Increase/(decrease) in trade and other payables | 4,007 | (1,921) |
| Increase/(decrease) in contract liabilities | 1,628 | (132) |
| Increase/(decrease) in provision for income tax | (1,070) | 514 |
| Increase in deferred tax liabilities | 6 | - |
| Increase/(decrease) in employee benefits | (156) | 123 |
| Decrease in other provisions | (414) | - |
| Net cash from/(used in) operating activities | <u>10,037</u> | <u>(5,641)</u> |

Note 38. Changes in liabilities arising from financing activities

| Consolidated | Bank loan \$'000 | Lease liabilities \$'000 | Invoice discounting \$'000 | Total \$'000 |
|---|---------------------|--------------------------------|----------------------------------|-----------------|
| Balance at 26 September 2018 | - | - | - | - |
| Net cash from/(used in) financing activities | 719 | (34) | 263 | 948 |
| Changes through business combinations (note 35) | - | 1,880 | 215 | 2,095 |
| Balance at 30 June 2019 | 719 | 1,846 | 478 | 3,043 |
| Net cash used in financing activities | (340) | (1,663) | (478) | (2,481) |
| Acquisition of leases | - | 4,989 | - | 4,989 |
| Balance at 30 June 2020 | <u>379</u> | <u>5,172</u> | <u>-</u> | <u>5,551</u> |

Note 39. Earnings per share

| | 30 Jun 2020 \$'000 | Consolidated Period from 26 Sep 2018 to 30 Jun 2019 Restated (note 4) \$'000 |
|---|-----------------------|---|
| Profit/(loss) after income tax attributable to the owners of Teaminvest Private Group Limited | 8,306 | (1,826) |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 111,230,952 | 47,309,367 |
| Adjustments for calculation of diluted earnings per share: | | |
| Unissued ordinary shares to directors in lieu of directors fees | 107,457 | 78,224 |
| Unissued ordinary shares to directors in lieu of unsettled long term incentives | 2,081,018 | |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 113,419,427 | 47,387,591 |
| | Cents | Cents |
| Basic earnings/(loss) per share | 7.47 | (3.86) |
| Diluted earnings/(loss) per share | 7.32 | (3.85) |

Note 40. Share-based payments

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2020 and 30 June 2019 are set out below:

| | Issue date | Number of shares | Issue price | Total value \$ |
|-----------------------------|------------|---------------------|-------------|-------------------|
| 30 June 2020 | | | | |
| Shares issued to directors* | 27/11/2019 | 184,259 | \$0.84 | 154,999 |
| 30 June 2019 | | | | |
| Shares issued to KMP | 26/02/2019 | 91,250 | \$0.80 | 73,000 |

* The shares were issued in lieu of 50% of the directors' fees accrued but not paid to non-executive directors during the 30 June 2019 financial year. The number of shares issued are valued using the volume-weighted average price ('VWAP').

Note 41. Parent entity information

Set out below is the supplementary information about the parent entity (Group Costs).

Statement of profit or loss and other comprehensive income

| | 30 Jun 2020 \$'000 | Parent Period from 26 Sep 2018 to 30 Jun 2019 Restated (note 4) \$'000 |
|--------------------------|-----------------------|---|
| Loss after income tax | (2,475) | (1,677) |
| Total comprehensive loss | (2,475) | (1,677) |

Statement of financial position

| | 30 Jun 2020 \$'000 | Parent 30 Jun 2019 Restated (note 4) \$'000 |
|---------------------------|-----------------------|---|
| Total current assets | 3,288 | 4,567 |
| Total assets | 74,891 | 73,850 |
| Total current liabilities | 3,529 | 296 |
| Total liabilities | 3,657 | 296 |
| Equity | | |
| Issued capital | 75,386 | 75,231 |
| Accumulated losses | (4,152) | (1,677) |
| Total equity | 71,234 | 73,554 |

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 Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, or fair value should a bargain purchase be acquired 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 42. Events after the reporting period

The impact of the COVID-19 pandemic is ongoing and whilst individual subsidiaries have been impacted differently, the net effect on the Group's results remain within a reasonable bound 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.

On 14 July 2020, the Group announced agreement subject to shareholder approval, to acquire 100% of the shares in Automation Group Investments Pty Ltd for the initial purchase price of \$2,660,000 and a deferred consideration based on a percentage of revenue generated under a key contract for financial years 2020 and 2021 payable after completion of the 2021 financial year audit. The Group is in the process of performing the fair value assessment of the assets and liabilities acquired.

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

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In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group'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 295A 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



Andrew Coleman
Managing Director and Chief Executive Officer

31 August 2020
Sydney



Independent Auditor's Report

To the shareholders of Teaminvest Private Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Teaminvest Private Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- 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
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- *Statement of financial position* as at 30 June 2020
- *Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows* for the year then ended
- Notes including a summary of significant accounting policies
- *Directors' Declaration*.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including the Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

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Key Audit Matters

The **Key Audit Matters** we identified are:

- Revenue recognition
- Carrying value of goodwill

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.

Revenue recognition

Refer to note 6 of the Financial Report (\$89m AUD)

The key audit matter

Recognition of revenue is a key audit matter due to the:

- Significance of revenue to the financial statements; and
- Large number of contracts, across a large number of businesses, operating in different industries, for a wide range of customers which may also have potentially numerous performance measurement events occurring over the course of the contract's life. This results in judgmental revenue recognition from rendering of services contracts and therefore significant audit effort is required to gather sufficient audit evidence.

How the matter was addressed in our audit

Our procedures included:

- We obtained an understanding of the Group's process of recognising revenue for rendering of services and sale of goods;
- We evaluated the appropriateness of the Group's revenue recognition policies against the requirements of AASB 15 *Revenue from contracts with customers*;
- We selected a sample of contracts for testing, across businesses, industries and customer types, focusing on key revenue streams where revenue is recognised over time. For each contract selected, we read the contract terms and conditions to evaluate the individual characteristics of each contract for consistency with the Group's method of measuring performance to date;
- We tested statistical samples of transactions recognising revenue, by rendering of services, to either progress claims certificates or management's assessment of progress against project plans. We obtained signed contracts and checked the performance milestones met to date against the value of service revenue recognised.
- We tested statistical samples of transactions recognising revenue by sale of goods to delivery dockets and sales invoices;

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| | <ul style="list-style-type: none"> • We selected a sample of transactions recognising revenue, by rendering of services, from immediately before and immediately after year end. We compared the year in which the revenue recognised by the Group to terms of the underlying contract and project plan; • We selected a sample of transactions recognising revenue, by sale of goods, from immediately before and immediately after year end. We compared the year in which the revenue recognised by the Group to terms of the contract and the date of delivery. |
|--|---|

| Carrying value of goodwill | |
|---|---|
| Refer to note 17 of the Financial Report (\$42.69m) | |
| The key audit matter | How the matter was addressed in our audit |
| <p>A key audit matter for us was the Group’s annual testing of goodwill for impairment, given the size of the balance (being 40% of total assets). We focused on the significant forward-looking assumptions the Group applied in its value in use models, including:</p> <ul style="list-style-type: none"> • forecast cash flows and the growth rates (including terminal growth rates) applied to those forecasts in light of market conditions in the current year and impacts of COVID-19. These conditions increase the possibility of goodwill being impaired, plus the risk of inaccurate forecasts or a wider range of outcomes for us to consider. We focused on what the Group considers as its future business model when assessing the feasibility of the Group’s forecast cashflows. • discount rates, as they are complex in nature and vary according to the conditions and environment in which the Cash Generating Unit (CGU’s) operate. The Group operates in various industries and is therefore subject to different discount rates for each CGU. This drives additional audit effort in challenging the assumptions used by the Group in determining the discount | <p>Working with our valuation specialists, our procedures included:</p> <ul style="list-style-type: none"> • We considered the appropriateness of the value-in-use method applied by the Group to perform its annual impairment testing of goodwill against the requirements of the relevant accounting standards. • We assessed the integrity of the value in use models used, including the accuracy of the underlying calculation formulas. • We inquired with management to understand the impact of COVID-19 to the Group, the impact to the FY20 results, and implications for forecasting. • We compared the forecast cash flows and capital expenditure contained in the value in use models to Board approved 2021 forecasts. For subsequent years, we have compared growth rates applied to historical results and management’s plans for the business. • We challenged the Group’s forecast cash flow and growth assumptions in light of market conditions. We assessed key assumptions such as what the group considers as its future business model. We used our knowledge of the Group, business and customers, and our industry |

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| <p>rate for each CGU. We involve our valuations specialist with the assessment.</p> <ul style="list-style-type: none"> the models' sensitivity to assumptions adopted by the Group, including forecast growth rates and terminal growth rates applied to each identified CGU. Such assumptions have a significant impact on the recoverable amount of the assets within the identified CGUs. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy. <p>In addition to the above:</p> <ul style="list-style-type: none"> the carrying amount of the net assets of the Group exceeded the Group's market capitalisation at year end, increasing the possibility of goodwill being impaired. This further increased our audit effort in this key audit area. The Group has a large number of operating businesses during the year necessitating our consideration of the Group's determination of CGUs, based on the smallest group of assets to generate largely independent cash inflows. The Group uses complex models to perform its annual impairment testing of goodwill. The models are largely manually developed, and a range of internal and external sources as inputs to the assumptions. Complex modelling, particularly those containing highly judgemental forward-looking assumptions and allocations of corporate costs to CGUs tend to be prone to greater risk of potential bias, error and inconsistent application. Such conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used to derive assumptions, and their consistent application. | <p>experience. We sourced authoritative and credible inputs from our specialists.</p> <ul style="list-style-type: none"> We assessed the Group's underlying methodology and documentation for the allocation of corporate costs to the forecast cash flows in the value in use model, for consistency with our understanding of the business and the criteria in the accounting standards. We assessed the Group's determination of its CGUs based on our understanding of the operations of the Group's business, how independent cash inflows were generated, against the requirements of the relevant accounting standards. We considered the sensitivity of the models by varying key assumptions, such as the Group's forecast growth rates, terminal growth rates and discount rates, within a reasonably possible range. We considered the interdependencies of key assumptions when performing the sensitivity analysis and what the Group consider to be reasonably possible. We did this to identify those CGUs at higher risk of impairment and to focus our further procedures. We assessed the Group's reconciliation of differences between the year-end market capitalisation and the carrying amount of the net assets by comparing the implicit earnings from the models to market multiples of comparable entities and control premiums. We assessed the disclosures in the financial report using our understanding of the issue obtained from our testing and against the requirements of the accounting standards. |
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Emphasis of matter - restatement of comparative balances

Without modifying our opinion expressed above, we draw attention to Note 4 to the Financial Report, which states that amounts reported in the previously issued 30 June 2019 Financial Report have been restated and disclosed as comparatives in this financial report.

The Financial Report of Teaminvest Private Group Limited for the period ended 30 June 2019 was audited by another auditor who issued an unmodified opinion in their audit report dated 27 September 2019.

Other Information

Other Information is financial and non-financial information in Teaminvest Private Group Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.



Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Teaminvest Private Group Limited for the year ended 30 June 2020, complies with *Section 300A of the Corporations Act 2001*.

Directors' 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 responsibilities

We have audited the Remuneration Report included in pages 7 to 15 of the Directors' report for the year ended 30 June 2020.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

Emphasis of matter – Restatement of Comparatives

We draw attention to the section titled 'Restatement of comparatives' in the Remuneration Report, which describes the effect of the restatement of share based payments and leave accruals disclosed as comparatives. Our opinion is not modified in respect of this matter.

Remuneration Report of Teaminvest Private Group Limited for the period ended 30 June 2019 was audited by another auditor who issued an unmodified opinion in their audit report dated 27 September 2019.

KPMG

Tony Nimac
Partner

Sydney
31 August 2020

The shareholder information set out below was applicable as at 24 August 2020.

Distribution of equitable securities

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

| | Number of holders of ordinary shares | Number of ordinary shares | Percentage |
|---------------------------------------|--------------------------------------|---------------------------|------------|
| 1 to 1,000 | 37 | 23,511 | 0.02% |
| 1,001 to 5,000 | 107 | 320,818 | 0.29% |
| 5,001 to 10,000 | 62 | 551,638 | 0.50% |
| 10,001 to 100,000 | 239 | 10,493,371 | 9.43% |
| 100,001 and over | 132 | 99,841,614 | 89.76% |
| | 577 | 111,230,952 | 100% |
| Holding less than a marketable parcel | 22 | 8,808 | |

Equity security holders

Twenty largest quoted equity security holders

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

| | Ordinary shares Number held | % of total shares issued |
|--|--------------------------------|--------------------------|
| TEAMINVEST PTY LTD | 12,600,000 | 11.33 |
| PLUTO MINING PTY LTD | 6,723,198 | 6.04 |
| ONE FUNDS MANAGEMENT LIMITED (TDGF A/C) | 5,532,744 | 4.97 |
| CROOKS PTY LTD | 4,363,049 | 3.92 |
| KITOME PASTORAL PTY LIMITED | 3,767,613 | 3.39 |
| MR ANDREW COLEMAN | 2,777,500 | 2.50 |
| MR ANDREW COLEMAN | 2,712,500 | 2.44 |
| PRIBULA FAMILY PTY LTD | 2,671,709 | 2.40 |
| DECOGLAZE AUSTRALIA PTY LTD | 2,349,116 | 2.11 |
| ELECTRONIC MARKETING PTY LTD | 2,176,659 | 1.96 |
| LE GRAND PTY LTD | 1,633,395 | 1.47 |
| BNP PARIBAS NOMINEES PTY LTD (B AU NOMS RETAILCLIENT DRP) | 1,521,857 | 1.37 |
| MALONGA PTY LTD | 1,491,923 | 1.34 |
| JOSAMBA PTY LTD (WR&P GIBSON SUPER FUND A/C) | 1,425,435 | 1.28 |
| MR MALCOLM MURRAY JONES + MRS LYNNETTE ANNE JONES (RELM A/C) | 1,421,541 | 1.28 |
| MR MALCOLM OLIVER THOMPSON + MS ELIZABETH THOMPSON | 1,392,363 | 1.25 |
| ROBERT BREIT | 1,380,628 | 1.24 |
| BAXTERO PTY LIMITED (CARMICHAEL SUPERFUND A/C) | 1,319,455 | 1.19 |
| PENMARK SUPER PTY LTD (PENMARK SUPER FUND A/C) | 1,318,546 | 1.19 |
| WILLBERG INVESTMENTS PTY LTD (THE WILLIAMS FAMILY A/C) | 1,305,433 | 1.17 |
| | <u>59,884,664</u> | <u>53.84</u> |

Equity securities

Ordinary securities (quoted): 111,230,952

Performance rights (unquoted): 4 tranches of \$550,000

Substantial holders

Substantial holders in the Company are set out below:

| | Ordinary shares | |
|------------------------------------|-----------------|--------------------------|
| | Number held | % of total shares issued |
| Teaminvest Pty Ltd | 12,600,000 | 11.35 |
| Phillip Patrick Hart | 6,195,843 | 5.58 |
| Teaminvest Diversified Growth Fund | 5,595,244 | 5.03 |
| Graham Lusty | 6,733,198 | 6.06 |
| Teaminvest Private Group Limited | 24,076,433 | 21.65 |
| Howard Harry Coleman | 16,029,668 | 14.44 |
| Andrew Joseph Coleman | 10,982,744 | 9.89 |

Securities subject to escrow

| Type of escrow | Escrow period | Number of shares |
|------------------------------------|--|------------------|
| Voluntary escrow – ordinary shares | From the period commencing on the date of official quotation (24 May 2019) and ending 24 months after the date of quotation. | 24,076,433 |

Voting rights

The voting rights attached to equity securities 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.

Performance rights

Performance rights do not have voting rights.