

Tymlez Group Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity: Tymlez Group Limited
ABN: 37 622 817 421
Reporting period: For the year ended 31 December 2019
Previous period: For the year ended 31 December 2018

2. Results for announcement to the market

				A\$
Revenue from ordinary activities	down	(22.98) %	to	306,921
Loss from ordinary activities after tax attributable to the owners of Tymlez Group Limited	up	189.25 %	to	(6,719,585)
Loss for the year attributable to the owners of Tymlez Group Limited	up	189.25 %	to	(6,719,585)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$6,719,585 (2018: loss of \$2,323,092).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.16	2.85

4. Control gained over entities

Not applicable

5. Loss of control over entities

Not applicable

6. Dividends

Current period

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

Current period

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

7. Dividend reinvestment plans

Not applicable

Tymlez Group Limited
Appendix 4E
Preliminary final report

8. Details of associates and joint venture entities

Not applicable

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable

10. Audit qualification or review

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

The financial statements are currently being audited

11. Attachments

Details of attachments (if any):

The Preliminary Report of Tymlez Group Limited for the year ended 31 December 2019 is attached.

12. Signed



Guslyn Stedwell
Company Secretary
On behalf of the Board of Directors
Tymlez Group Limited
28 February 2020

Tymlez Group Limited

ABN 37 622 817 421

Preliminary Report - 31 December 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2019

	Note	2019 \$	2018 \$
Continuing Operations			
Revenue	2	306,921	398,500
Other income		2,074	-
Employee benefits expense		(2,286,297)	(1,024,264)
Depreciation and amortisation expense	3	(655,803)	(231,598)
Impairment loss on non-current assets		(2,227,383)	-
Management fees		(540,360)	(511,098)
Occupancy expenses		(35,979)	(76,397)
Office expenses		(120,376)	(108,856)
Operating expenses		-	(39,171)
Professional fees		(502,529)	(286,532)
Selling and distribution expenses		(367,199)	(368,020)
Other expenses		(271,341)	(62,676)
Finance costs	3	(22,573)	(11,745)
Loss before income tax		(6,720,845)	(2,321,857)
Income tax (expense)/benefit		1,260	(1,235)
Loss for the year		(6,719,585)	(2,323,092)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified to profit or loss when specific conditions are met			
Exchange differences on translating foreign controlled entities	8	(2,219)	155,167
Other comprehensive income/(loss) for the year, net of tax		(2,219)	155,167
Total comprehensive income/(loss) for the year		(6,721,804)	(2,167,925)
Profit/(loss) attributable to:			
Members of the parent entity		(6,719,585)	(2,323,092)
		(6,719,585)	(2,323,092)
Total comprehensive income attributable to:			
Members of the parent entity		(6,721,804)	(2,167,925)
		(6,721,804)	(2,167,925)
Earnings per share:			
Basic, loss for the year attributable to ordinary equity holders of the parent (cents)	4	(5.07)	(2.08)
Diluted, loss for the year attributable to ordinary equity holders of the parent (cents)	4	(5.07)	(2.08)
Earnings per share for continuing operations:			
Basic, loss from continuing operations attributable to ordinary equity holders of the parent (cents)	4	(5.07)	(2.08)
Diluted, loss from continuing operations attributable to ordinary equity holders of the parent (cents)	4	(5.07)	(2.08)

Tymlez Group Limited

ABN 37 622 817 421

Consolidated Statement of Financial Position

As At 31 December 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		714,430	4,481,774
Trade and other receivables		199,679	239,640
Other assets		229,097	177,610
TOTAL CURRENT ASSETS		1,143,206	4,899,024
NON-CURRENT ASSETS			
Property, plant and equipment		-	87,894
Intangible assets	5	-	2,496,819
TOTAL NON-CURRENT ASSETS		-	2,584,713
TOTAL ASSETS		1,143,206	7,483,737
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		570,587	1,263,868
Borrowings	6	188,122	-
TOTAL CURRENT LIABILITIES		758,709	1,263,868
NON-CURRENT LIABILITIES			
Borrowings	6	144,167	-
TOTAL NON-CURRENT LIABILITIES		144,167	-
TOTAL LIABILITIES		902,876	1,263,868
NET ASSETS		240,330	6,219,869
EQUITY			
Issued capital	7	14,614,311	14,488,706
Reserves	8	(5,291,662)	(5,899,287)
Accumulated losses		(9,082,319)	(2,369,550)
TOTAL EQUITY		240,330	6,219,869

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2019

	Note	Issued Capital \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Deferred Consideration Shares Reserve \$	Common Control Reserve \$	Total \$
Balance at 1 January 2019		14,488,706	(2,369,550)	154,918	275,800	602,019	(6,932,024)	6,219,869
Net profit/(loss) for the year		-	(6,719,585)	-	-	-	-	(6,719,585)
Total other comprehensive income for the year	8	-	-	(2,219)	-	-	-	(2,219)
Transactions with owners in their capacity as owners								
Contribution of equity, net of transaction costs	7	125,605	-	-	-	-	-	125,605
Issue of options	8	-	-	-	616,660	-	-	616,660
Lapsed options	8	-	6,816	-	(6,816)	-	-	-
Balance at 31 December 2019		14,614,311	(9,082,319)	152,699	885,644	602,019	(6,932,024)	240,330
Balance at 1 January 2018		8,860,248	(46,458)	(249)	-	425,886	(6,755,891)	2,483,536
Net profit/(loss) for the year		-	(2,323,092)	-	-	-	-	(2,323,092)
Total other comprehensive income for the year	8	-	-	155,167	-	-	-	155,167
Transactions with owners in their capacity as owners								
Contribution of equity, net of transaction costs	7	5,628,458	-	-	-	-	-	5,628,458
Issue of options	8	-	-	-	275,800	-	-	275,800
Adjustment to deferred consideration	8	-	-	-	-	176,133	(176,133)	-
Balance at 31 December 2018		14,488,706	(2,369,550)	154,918	275,800	602,019	(6,932,024)	6,219,869

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		339,675	492,400
Payments to suppliers and employees		(4,582,309)	(1,967,892)
Interest received		1,176	-
VAT and GST received/(paid)		221,027	(123,208)
Finance costs		(12,125)	(5,577)
Income taxes received/(paid)		1,260	(1,235)
Net cash provided by/(used in) operating activities	9(a)	(4,031,296)	(1,605,512)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for intangible asset		-	(1,637,303)
Purchase of property, plant and equipment		(24,050)	(92,061)
Net cash provided by/(used in) investing activities		(24,050)	(1,729,364)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		658,000	5,397,647
Proceeds from borrowings		33,330	700,000
Payment of share issue costs		(415,197)	(413,337)
Net cash provided by/(used in) financing activities		276,133	5,684,310
Effects of exchange rate changes on cash and cash equivalents		11,869	106,447
Net increase/(decrease) in cash and cash equivalents held		(3,767,344)	2,455,881
Cash and cash equivalents at beginning of year		4,481,774	2,025,893
Cash and cash equivalents at end of financial year		714,430	4,481,774

Notes to the Financial Statements

For the Year Ended 31 December 2019

1 Adoption of new and revised accounting standards

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

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

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

AASB 16 Leases

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

Adjustments recognised on adoption of AASB 16

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

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

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2019

1 Adoption of new and revised accounting standards (continued)

Adjustments recognised on adoption of AASB 16 (continued)

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

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

The asset was assessed to be impaired and the amount expensed in the 2019 financial year.

Impact on segment disclosures and earnings per share

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

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

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

Practical expedients applied

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2019

1 Adoption of new and revised accounting standards (continued)

Adjustments recognised on adoption of AASB 16 (continued)

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

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

2 Revenue

Revenue from continuing operations

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

3 Result for the Year

The result for the year includes the following specific expenses:

Depreciation and amortisation expense:

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

Finance costs:

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

Notes to the Financial Statements

For the Year Ended 31 December 2019

4 Earnings per Share

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

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

(b) Earnings used to calculate overall earnings per share

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

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

(d) Earnings per share

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

Notes to the Financial Statements

For the Year Ended 31 December 2019

5 Intangible Assets

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

(a) Movements in carrying amounts of intangible assets

	Development costs \$	Total \$
Year ended 31 December 2019		
Balance at the beginning of the year	2,496,819	2,496,819
Amortisation expense	(539,707)	(539,707)
Impairment loss	(1,945,002)	(1,945,002)
Foreign exchange movements	(12,110)	(12,110)
Closing value at 31 December 2019	-	-
Year ended 31 December 2018		
Balance at the beginning of the year	1,016,479	1,016,479
Additions	1,637,303	1,637,303
Amortisation expense	(209,678)	(209,678)
Foreign exchange movements	52,715	52,715
Closing value at 31 December 2018	2,496,819	2,496,819

6 Borrowings

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

Notes to the Financial Statements

For the Year Ended 31 December 2019

7 Issued Capital

	2019	2018
	\$	\$
145,873,153 (2018: 130,679,971) fully paid ordinary shares	16,846,988	16,716,052
Share issue costs	(2,232,677)	(2,227,346)
Total issued capital	14,614,311	14,488,706

(a) Ordinary shares

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

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

(b) Capital Management

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

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

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, the ability to adjust the size and timing of dividends paid to shareholders and the issue of new shares.

The Board monitors a range of financial metrics including return on capital employed and gearing ratios. A key objective of the Company's capital risk management is to maintain compliance with the covenants attached to the Company's debts. Throughout the year, the Company has complied with these covenants.

Notes to the Financial Statements

For the Year Ended 31 December 2019

8 Reserves

(a) Foreign currency translation reserve

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

(b) Option reserve

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

(c) Deferred consideration shares reserve

The deferred consideration shares reserve records the equity contingent consideration that forms part of the purchase consideration of a business combination or common control transaction. This amount is not remeasured and the settlement is accounted for within equity.

(d) Common control reserve

The common control reserve records any difference between the cost of the transaction and the carrying value of the net assets acquired in a transaction between entities under common control.

9 Cash Flow Information

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

	2019	2018
	\$	\$
Net profit/(loss) for the year	(6,719,585)	(2,323,092)
Non-cash flows in profit/(loss):		
- depreciation and amortisation expense	655,803	231,598
- impairment of non-current assets	2,227,383	-
- expenses paid via issue of shares	27,500	216,655
- share based payment to directors and employees	62,096	-
- interest expense on lease liability	10,448	-
- GST claim on capital raising costs	64,947	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	124,023	53,401
- (increase)/decrease in other assets	(51,487)	(92,068)
- increase/(decrease) in other liabilities	-	(60,311)
- increase/(decrease) in trade and other payables	(432,424)	368,305
Net cash provided by/(used in) operating activities	(4,031,296)	(1,605,512)