

## 1. Company details

Name of entity:	Kyckr Limited
ABN:	38 609 323 257
Reporting period:	For the year ended 30 June 2019
Previous period:	For the year ended 30 June 2018

## 2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	25.8% to	2,223,227
Loss from ordinary activities after tax attributable to the owners of Kyckr Limited	up	72.7% to	(6,125,773)
Loss for the year attributable to the owners of Kyckr Limited	up	72.7% to	(6,125,773)

### 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 \$6,125,773 (30 June 2018: \$3,547,445).

Refer to Market announcement issued on 30 August 2019 for further commentary.

## 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.53	1.51

## 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.

### Previous period

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

## 7. Dividend reinvestment plans

Not applicable.

## 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 in the process of being audited and an unqualified opinion is expected to be issued.

---

## 11. Attachments

*Details of attachments (if any):*

The Preliminary Financial Report of Kyckr Limited for the year ended 30 June 2019 is attached.

---

## 12. Signed

Signed

A handwritten signature in black ink, appearing to read "B Higgins", is written over a horizontal line.

Benny Higgins  
Chairman  
Sydney

Date: 30 August 2019

**Kyckr Limited**

**ABN 38 609 323 257**

**Preliminary Financial Report - 30 June 2019**

		<b>Consolidated</b>	
	<b>Note</b>	<b>2019 unaudited \$</b>	<b>2018 \$</b>
<b>Revenue</b>	1	2,138,671	1,724,409
Other income	2	1,871,855	513,644
Interest revenue calculated using the effective interest method		84,556	42,611
<b>Expenses</b>			
Direct costs and consumables used		(886,328)	(670,633)
Employee benefits expense	3	(2,964,872)	(2,999,223)
Share-based payments expense	3	(534,996)	(337,763)
Depreciation and amortisation expense	3	(62,655)	(56,738)
Impairment of intangible assets	3	(3,801,663)	-
Impairment of receivables	6	(89,196)	(7,042)
Consultancy and professional fees		(611,441)	(517,014)
Occupancy expenses		(142,203)	(134,509)
Travel expenses		(207,930)	(298,907)
Net foreign exchange loss		(5,050)	(4,944)
Listing related expenses		(248,219)	(232,541)
Other expenses		(653,168)	(531,473)
Finance costs	3	(13,134)	(37,322)
<b>Loss before income tax expense</b>		(6,125,773)	(3,547,445)
Income tax expense	4	-	-
<b>Loss after income tax expense for the year attributable to the owners of Kyckr Limited</b>		(6,125,773)	(3,547,445)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		809	32,816
Other comprehensive income for the year, net of tax		809	32,816
<b>Total comprehensive income for the year attributable to the owners of Kyckr Limited</b>		<u>(6,124,964)</u>	<u>(3,514,629)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	18	(4.09)	(3.24)
Diluted earnings per share	18	(4.09)	(3.24)

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

	Note	Consolidated 2019 unaudited \$	2018 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	1,448,660	4,575,703
Trade and other receivables	6	418,286	366,612
Other	7	174,934	124,141
Total current assets		<u>2,041,880</u>	<u>5,066,456</u>
<b>Non-current assets</b>			
Property, plant and equipment	8	49,035	56,670
Intangibles	9	9,627,372	12,565,203
Total non-current assets		<u>9,676,407</u>	<u>12,621,873</u>
<b>Total assets</b>		<u>11,718,287</u>	<u>17,688,329</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	839,214	831,299
Contract liabilities	11	158,000	69,800
Borrowings	12	54,348	-
Employee benefits		21,434	14,843
Contingent consideration	13	214,500	2,080,000
Total current liabilities		<u>1,287,496</u>	<u>2,995,942</u>
<b>Non-current liabilities</b>			
Employee benefits		7,079	-
Total non-current liabilities		<u>7,079</u>	<u>-</u>
<b>Total liabilities</b>		<u>1,294,575</u>	<u>2,995,942</u>
<b>Net assets</b>		<u>10,423,712</u>	<u>14,692,387</u>
<b>Equity</b>			
Issued capital	14	21,798,633	20,477,340
Reserves	15	2,477,342	1,941,537
Accumulated losses		<u>(13,852,263)</u>	<u>(7,726,490)</u>
<b>Total equity</b>		<u>10,423,712</u>	<u>14,692,387</u>

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

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	14,897,543	1,570,958	(4,179,045)	12,289,456
Loss after income tax expense for the year	-	-	(3,547,445)	(3,547,445)
Other comprehensive income for the year, net of tax	-	32,816	-	32,816
Total comprehensive income for the year	-	32,816	(3,547,445)	(3,514,629)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 14)	5,579,797	-	-	5,579,797
Share-based payments	-	337,763	-	337,763
Balance at 30 June 2018	<u>20,477,340</u>	<u>1,941,537</u>	<u>(7,726,490)</u>	<u>14,692,387</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	20,477,340	1,941,537	(7,726,490)	14,692,387
Loss after income tax expense for the year	-	-	(6,125,773)	(6,125,773)
Other comprehensive income for the year, net of tax	-	809	-	809
Total comprehensive income for the year	-	809	(6,125,773)	(6,124,964)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 14)	1,321,293	-	-	1,321,293
Share-based payments	-	534,996	-	534,996
Balance at 30 June 2019	<u>21,798,633</u>	<u>2,477,342</u>	<u>(13,852,263)</u>	<u>10,423,712</u>

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

		<b>Consolidated</b>	
		<b>2019</b>	
	<b>Note</b>	<b>unaudited</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		2,396,259	1,725,581
Payments to suppliers and employees (inclusive of GST)		<u>(6,067,182)</u>	<u>(5,108,652)</u>
		(3,670,923)	(3,383,071)
Interest received		84,556	42,611
Interest and other finance costs paid		<u>(6,779)</u>	<u>-</u>
Net cash used in operating activities	17	<u>(3,593,146)</u>	<u>(3,340,460)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	8	(24,217)	(45,728)
Payments for intangibles	9	<u>(885,321)</u>	<u>(281,239)</u>
Net cash used in investing activities		<u>(909,538)</u>	<u>(326,967)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	14	1,407,878	5,945,441
Share issue transaction costs	14	(86,585)	(365,644)
Proceeds from borrowings		<u>54,348</u>	<u>-</u>
Net cash from financing activities		<u>1,375,641</u>	<u>5,579,797</u>
Net increase/(decrease) in cash and cash equivalents		(3,127,043)	1,912,370
Cash and cash equivalents at the beginning of the financial year		4,575,703	2,670,859
Effects of exchange rate changes on cash and cash equivalents		<u>-</u>	<u>(7,526)</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>1,448,660</u></u>	<u><u>4,575,703</u></u>

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

## Note 1. Revenue

	Consolidated	
	2019 unaudited \$	2018 \$
Sales of services	<u>2,138,671</u>	<u>1,724,409</u>

## Note 2. Other income

	Consolidated	
	2019 unaudited \$	2018 \$
Net fair value gain on financial liability (refer to note 13)	<u>1,871,855</u>	<u>513,644</u>

## Note 3. Expenses

	Consolidated	
	2019 unaudited \$	2018 \$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Computer equipment	<u>32,811</u>	<u>16,361</u>
<i>Amortisation</i>		
Computer software and development	<u>29,844</u>	<u>40,377</u>
Total depreciation and amortisation	<u>62,655</u>	<u>56,738</u>
<i>Impairment</i>		
Goodwill	<u>3,801,663</u>	<u>-</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	<u>6,779</u>	<u>-</u>
Unwinding of the discount on contingent consideration (refer to note 13)	<u>6,355</u>	<u>37,322</u>
Finance costs expensed	<u>13,134</u>	<u>37,322</u>
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	<u>5,050</u>	<u>4,944</u>
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	<u>140,859</u>	<u>130,970</u>
<i>Share-based payments expense</i>		
Share-based payments expense	<u>534,996</u>	<u>337,763</u>
<i>Employee benefits expense</i>		
Employee benefits expense excluding superannuation	<u>2,918,590</u>	<u>2,942,401</u>
Defined contribution superannuation expense	<u>46,282</u>	<u>56,822</u>
Total employee benefits expense	<u>2,964,872</u>	<u>2,999,223</u>



#### Note 4. Income tax expense

	Consolidated	
	2019 unaudited \$	2018 \$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(6,125,773)	(3,547,445)
Tax at the statutory tax rate of 27.5%	(1,684,588)	(975,547)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	1,193,363	103,812
Non-assessable income	(514,760)	(141,252)
Capital deductions	(24,873)	(100,552)
	(1,030,858)	(1,113,539)
Current year tax losses not recognised	684,750	798,850
Difference in overseas tax rates	346,108	314,689
Income tax expense	-	-

	Consolidated	
	2019 unaudited \$	2018 \$
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Carried forward tax losses benefit	2,504,753	1,905,895
Temporary differences	34,618	43,003
Total deferred tax assets not recognised	2,539,371	1,948,898

The above potential tax benefit, which includes tax losses and temporary differences has not been recognised in the statement of financial position as recovery of this benefit is not probable. There is no expiration date for the tax losses carried forward. The estimated amount of cumulative tax losses at 30 June 2019 was \$12,981,159 (2018: \$9,794,107). Utilisation of these tax losses is dependent on the company satisfying certain tests at the time the losses are recouped.

#### Note 5. Current assets - cash and cash equivalents

	Consolidated	
	2019 unaudited \$	2018 \$
Cash at bank	1,448,660	4,575,703

**Note 6. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>unaudited</b>	
	<b>\$</b>	<b>\$</b>
Trade receivables	264,281	329,289
Less: Allowance for expected credit losses	(3,241)	(8,512)
	<u>261,040</u>	<u>320,777</u>
Other receivables	36,751	15,428
GST receivable	<u>120,495</u>	<u>30,407</u>
	<u><u>418,286</u></u>	<u><u>366,612</u></u>

**Note 7. Current assets - other**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>unaudited</b>	
	<b>\$</b>	<b>\$</b>
Prepayments	158,729	108,378
Security deposits	<u>16,205</u>	<u>15,763</u>
	<u><u>174,934</u></u>	<u><u>124,141</u></u>

**Note 8. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>unaudited</b>	
	<b>\$</b>	<b>\$</b>
Computer equipment - at cost	104,616	79,440
Less: Accumulated depreciation	<u>(55,581)</u>	<u>(22,770)</u>
	<u><u>49,035</u></u>	<u><u>56,670</u></u>

**Reconciliations**

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

	<b>Computer equipment</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Consolidated</b>		
Balance at 1 July 2017	26,259	26,259
Additions	45,728	45,728
Exchange differences	1,044	1,044
Depreciation expense	<u>(16,361)</u>	<u>(16,361)</u>
Balance at 30 June 2018	56,670	56,670
Additions	24,217	24,217
Exchange differences	959	959
Depreciation expense	<u>(32,811)</u>	<u>(32,811)</u>
Balance at 30 June 2019	<u><u>49,035</u></u>	<u><u>49,035</u></u>

## Note 9. Non-current assets - intangibles

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>unaudited</b>	
	<b>\$</b>	<b>\$</b>
Goodwill - at cost	12,250,079	12,250,079
Less: Impairment	(3,801,663)	-
	<u>8,448,416</u>	<u>12,250,079</u>
Computer software and development - at cost	1,292,552	398,876
Less: Accumulated amortisation	(113,596)	(83,752)
	<u>1,178,956</u>	<u>315,124</u>
	<u><u>9,627,372</u></u>	<u><u>12,565,203</u></u>

### Reconciliations

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

	Goodwill	Computer software and development	Total
	\$	\$	\$
<b>Consolidated</b>			
Balance at 1 July 2017	12,250,079	70,938	12,321,017
Additions	-	281,239	281,239
Exchange differences	-	3,324	3,324
Amortisation expense	-	(40,377)	(40,377)
Balance at 30 June 2018	12,250,079	315,124	12,565,203
Additions	-	885,321	885,321
Exchange differences	-	8,355	8,355
Impairment of assets	(3,801,663)	-	(3,801,663)
Amortisation expense	-	(29,844)	(29,844)
Balance at 30 June 2019	<u><u>8,448,416</u></u>	<u><u>1,178,956</u></u>	<u><u>9,627,372</u></u>

## Note 10. Current liabilities - trade and other payables

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>unaudited</b>	
	<b>\$</b>	<b>\$</b>
Trade payables	395,289	517,913
Accrued expenses	273,130	262,427
Other payables	170,795	50,959
	<u><u>839,214</u></u>	<u><u>831,299</u></u>

#### Note 11. Current liabilities - contract liabilities

	Consolidated	
	2019 unaudited \$	2018 \$
Contract liabilities	158,000	-
Deferred revenue	-	69,800
	<u>158,000</u>	<u>69,800</u>

Deferred revenue has been reclassified to contract liabilities at 1 July 2018 following the adoption of AASB 15 'Revenue from Contracts with Customers'.

#### Note 12. Current liabilities - borrowings

	Consolidated	
	2019 unaudited \$	2018 \$
Interest bearing liability - insurance premium funding	<u>54,348</u>	<u>-</u>

#### Note 13. Current liabilities - contingent consideration

	Consolidated	
	2019 unaudited \$	2018 \$
Contingent consideration	<u>214,500</u>	<u>2,080,000</u>

##### *Contingent consideration*

Contingent consideration relates to the acquisition of Kyckr Ireland Limited on 1 September 2016 and represents 13,000,000 Performance Shares that were issued which will convert to fully paid ordinary shares on a one-for-one basis upon meeting the following vesting conditions:

- 50% of the performance shares automatically convert upon the Company achieving a turnover of \$5 million or more as set out in the full year or half-yearly financial statements released to the ASX; and
- 50% of the performance shares automatically convert upon the Company achieving a turnover of \$10 million or more as set out in its yearly or half-yearly financial statements released to the ASX.

The performance shares expire four years from the date of acquisition in the event that the above vesting conditions are not met.

As the contingent consideration vests no earlier than two years from the date of issue, the amount has been discounted by the two-year government bond rate of 1.46% p.a. The finance costs incurred during the period with respect to the unwinding of the discount was \$6,355 (2018: \$37,322) and is included in finance costs, which in addition to a fair value movement of \$1,871,855 (2018: \$513,644) gives a balance at 30 June 2019 of \$214,500 (2018: \$2,080,000).

#### Note 14. Equity - issued capital

	Consolidated			
	2019 unaudited Shares	2018 Shares	2019 unaudited \$	2018 \$
Ordinary shares - fully paid	<u>150,964,890</u>	<u>140,908,619</u>	<u>21,798,633</u>	<u>20,477,340</u>

#### Note 14. Equity - issued capital (continued)

##### Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2017	100,962,186		14,897,543
Share placement	17 October 2017	11,764,710	\$0.17	2,000,000
Share placement	27 June 2018	28,181,723	\$0.14	3,945,441
less share issue costs (net of taxation)		-	\$0.00	(365,644)
Balance	30 June 2018	140,908,619		20,477,340
Share placement	10 August 2018	10,056,271	\$0.14	1,407,878
less share issue costs (net of taxation)		-	\$0.00	(86,585)
Balance	30 June 2019	<u>150,964,890</u>		<u>21,798,633</u>

#### Note 15. Equity - reserves

	Consolidated	
	2019 unaudited \$	2018 \$
Foreign currency reserve	7,534	6,725
Share-based payments reserve	<u>2,469,808</u>	<u>1,934,812</u>
	<u>2,477,342</u>	<u>1,941,537</u>

##### Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

##### Share-based payments reserve

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

#### Note 16. Equity - dividends

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

## Note 17. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2019 unaudited \$	2018 \$
Loss after income tax expense for the year	(6,125,773)	(3,547,445)
Adjustments for:		
Depreciation and amortisation	62,655	56,738
Impairment of goodwill	3,801,663	-
Share-based payments	534,996	337,763
Foreign exchange differences	(8,505)	35,974
Non-cash finance costs	6,355	37,322
Fair value gain on contingent consideration	(1,871,855)	(513,644)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(52,116)	(186,830)
Increase in prepayments	(50,351)	(7,110)
Increase in trade and other payables	7,915	420,373
Increase in contract liabilities	88,200	37,636
Increase/(decrease) in employee benefits	13,670	(11,237)
Net cash used in operating activities	<u>(3,593,146)</u>	<u>(3,340,460)</u>

## Note 18. Earnings per share

	Consolidated 2019 unaudited \$	2018 \$
Loss after income tax attributable to the owners of Kyckr Limited	<u>(6,125,773)</u>	<u>(3,547,445)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	149,859,806	109,445,229
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>149,859,806</u>	<u>109,445,229</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(4.09)	(3.24)
Diluted earnings per share	(4.09)	(3.24)

For the purpose calculating the diluted earnings per share the calculation has excluded the number of options as the effect would be anti-dilutive.

## Note 19. Events after the reporting period

Subsequent to year end, the company issued 32,350,159 ordinary shares at a price of \$0.066 per share to institutional and sophisticated investors on 7 August 2019. The total proceeds from the issuance of the above securities amounted to \$2,135,110.

Apart from the above, no other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.