

TOMIZONE LIMITED APPENDIX 4E PRELIMINARY FINAL REPORT

TOMIZONE LIMITED

A.B.N. 99 000 094 995

Appendix 4E Preliminary Final Report Year ended 30 June 2021 (previous corresponding period: 30 June 2020)

Tomizone Limited ("Tomizone" or "the Company") is pleased to report its 30 June 2021 preliminary final report.

Principal Activities

Tomizone offers an extensive suite of managed services, encompassing WiFi & Analytics, Business Cloud Applications, VoIP, Data Redundancy and Data Security, Business Security and Point of Sale. A monthly subscription model for all services gives SME through to multi-site enterprise clients a predictable, consolidated fee for all hardware, software, email, backup, telephony and security requirements, along with best-in-class priority support. As a managed service provider, the Company's strategy is simple: increase a client's bottom line, reduce their ICT burden, and harness their competitive edge by facilitating a stronger connection with their customers.

The Company's strategy is to provide its customers with a wide range of products and services that add value to Tomizone's customer. Growth strategy is to grow by way of acquisitions of synergistic and aligned products and services, combined with organic growth of its core customer base.

Rule 4.3A Note

2

Results for announcement to the market

The financial report is presented in Australian dollars.

Results in accordance with Australian Accounting Standards		2021		2020	
2.1	Revenue from ordinary activities	up -23.2%	to 3,099,185	from	4,037,348
2.2	NPAT from ordinary activities	up -11.5%	to (2,963,033)	from	(2,656,567)
2.3	Net profit for the period attributable to members of the parent	up -16.2%	to (2,924,182)	from	(2,517,197)

2.4 Dividends (distributions)

In respect of the financial year ended 30 June 2021, there have been no dividends paid or provided for (2020: nil).

2.5

Not applicable.

2.6 Brief explanation of the figures reported above to enable the figures to be understood

The Company generated revenue of \$3.1m during the FY2021 period (2020: \$4.0m). The decrease in revenues can be attributed to the impact of COVID-19 and subsequent lockdowns in New Zealand and Australia on the sales arm of the Group. Tomizone has discontinued financing contracts and now completes in-house contracts for the Group's recurring base.

Over the last year the Company has continued to expand its product set to better serve its customers, and has adapted to the new business environment under COVID-19.

Operating costs have continued to be managed during the year with cost savings (mainly in the areas of labour costs and operating efficiencies) achieved both during the year and post year end.

Net Loss after tax (NPAT) increased to (\$2.9m) compared to a loss of (\$2.7m) in FY20. Net Loss before impairment is \$2.46m which is an improvement of \$23k over FY20.

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TOMIZONE LIMITED
3 Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Note	2021	2020
Revenues	1	3,099,185	4,037,348
Direct costs	1	(1,384,658)	(2,077,408)
Gross profit		1,714,527	1,959,940
Operating expenses	1	(2,615,339)	(2,944,676)
Operating earnings before interest, taxation, depreciation & amortisation		(900,812)	(984,736)
Depreciation and amortisation	1	(220,240)	(258,555)
Other non-operating income / (costs)		53,548	114,958
Impairment of intangibles	3	(502,823)	(173,007)
Share based payments		(11,638)	(46,673)
Profit / (loss) before income tax and finance costs		(1,581,965)	(1,348,013)
Finance income		159	231
Finance costs	1	(1,557,473)	(1,375,053)
Profit / (loss) before income tax		(3,139,279)	(2,722,835)
Income tax credit		176,246	66,268
Net profit/(loss) after tax		(2,963,033)	(2,656,567)
Other Comprehensive Income			
<i>Items that may be reclassified subsequently to profit & loss:</i>			
Movement in Foreign Currency Translation		38,851	139,370
Other comprehensive income / (loss) for the period, net of income tax		38,851	139,370
Total comprehensive income / (loss) for the period		(2,924,182)	(2,517,197)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Rule 4.3A Note

14.1	2021	2020
Earnings per share (EPS)		
Basic EPS	(0.006)	(0.006)
Diluted EPS	(0.006)	(0.006)

EPS calculation is based on the weighted average number of shares on issue throughout the period.

TOMIZONE LIMITED
4 Consolidated Statement of Financial Position

As at 30 June 2021

	Note	2021	2020
Current Assets			
Cash and cash equivalents	2	82,817	229,338
Trade and other receivables		479,203	492,887
Inventories & Work in Progress		22,341	25,730
Other financial assets		1,949	1,942
Total current assets		586,310	749,897
Non-current assets			
Other financial assets		9,312	9,352
Property, plant and equipment		216,725	217,218
Other intangible assets	3	3,124	624,043
Deferred tax assets		48,456	38,659
Total non-current assets		277,617	889,272
Total assets		863,927	1,639,169
Current Liabilities			
Trade and other payables		7,477,462	5,059,497
Interest-bearing loans and borrowings		7,172,821	6,996,929
Bank overdraft and other liabilities		60,824	51,658
Employee benefit liabilities		123,707	191,522
Deferred revenue		46,867	51,628
Other financial liabilities		67,011	-
Total current liabilities		14,948,692	12,351,234
Non-current liabilities			
Interest-bearing loans and borrowings		1,816,154	2,103,854
Deferred tax liabilities		-	172,454
Total non-current liabilities		1,816,154	2,276,308
Total liabilities		16,764,846	14,627,542
Net assets / (liabilities)		(15,900,919)	(12,988,373)
Equity			
Contributed equity		24,885,935	24,885,935
Reserves		747,792	697,303
Accumulated losses		(41,534,646)	(38,571,611)
Total equity		(15,900,919)	(12,988,373)

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Commentary on Consolidated Statement of Financial Position

Total assets decreased to \$864k from \$1.6m due to the impairment of the intangible contract book. Intangibles of \$502k were written down in FY21, which also eliminated the Deferred Tax liability.

TOMIZONE LIMITED
5 Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	Note	2021	2020
Cash flows from operating activities			
Receipts from customers		3,603,636	4,862,416
Payments to suppliers and employees		(3,452,330)	(4,970,357)
Interest received		-	165
Borrowing costs paid		(38,711)	(71,023)
Net cash flows from/(used in) operating activities		112,595	(178,799)
Cash flows from investing activities			
Purchase of property, plant and equipment		(26,958)	(35,624)
Proceeds from sale of property, plant and equipment		-	(972)
Net cash flows from/(used in) investing activities		(26,958)	(36,596)
Cash flows from financing activities			
Proceeds from borrowings		-	609,465
Repayment of borrowings		(108,619)	(208,070)
Repayment of lease liabilities		(85,971)	-
Net cash flows from/(used in) financing activities		(194,590)	401,394
Net increase/(decrease) in cash and cash equivalents		(108,954)	186,000
Cash and cash equivalents at the beginning of the financial year		193,154	12,724
Effect of exchange rate changes on cash		(1,383)	(5,570)
Cash and cash equivalents at the end of the financial year	2	82,817	193,154

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

TOMIZONE LIMITED
6 Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

	Contributed	Reserves	Accumulated Losses	Total Equity
Year ended 30 June 2019				
Balance at 1 July 2019	24,885,935	511,259	(35,915,046)	(10,517,852)
Loss for the period	-	-	(2,656,567)	(2,656,567)
Other comprehensive income	-	139,370	2	139,372
Total comprehensive income for the period	-	139,370	(2,656,565)	(2,517,195)
Share-based payments	-	46,674	-	46,674
Balance at 30 June 2020	24,885,935	697,303	(38,571,611)	(12,988,373)
Year ended 30 June 2020				
Balance at 1 July 2020	24,885,935	697,303	(38,571,611)	(12,988,373)
Loss for the period	-	-	(2,963,033)	(2,963,033)
Other comprehensive income	-	38,851	(2)	38,849
Total comprehensive income for the period	-	38,851	(2,963,035)	(2,924,184)
Employee share-based payments	-	11,638	-	11,638
Balance at 30 June 2021	24,885,935	747,792	(41,534,646)	(15,900,919)

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

TOMIZONE LIMITED
Notes to the Consolidated Financial Statements

For the year ended 30 June 2021

1. Revenue and Expenses

	2021	2020
Profit before income tax expense includes the following revenues and expenses:		
(a) Revenue		
Revenue from operations	3,099,185	4,037,348
	3,099,185	4,037,348
(b) Other income		
Interest	159	231
	159	231
(c) Expenses		
Direct costs	1,384,658	2,077,408
Operating activities	2,615,339	2,944,676
	3,999,997	5,022,084
Depreciation expense <i>(included in expenses above)</i>		
Plant and equipment	104,972	137,886
	104,972	137,886
Amortisation expense <i>(included in expenses above)</i>		
Software intangible amortisation	3,287	7,073
Customer intangible amortisation	111,981	113,596
	115,268	120,669
Total depreciation and amortisation expense	220,240	258,555
(d) Other income and expense disclosures		
Finance costs expensed:		
Debt facilities	1,549,211	1,340,836
Other finance costs	8,262	34,217
	1,557,473	1,375,053

2. Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents are comprised of the following:

	2021	2020
Cash on hand and at bank deposits on call	82,817	229,338
Bank overdrafts and credit cards	(60,824)	(36,184)
	21,993	193,154

3. Impairment

An impairment charge of \$502k (2020: \$173k) was recognised against the contract book.

9 Net Tangible Assets per share

	2021	2020
Basic NTA cents per share	(3.74)	(3.20)
Diluted NTA cents per share	(3.75)	(3.20)

NTA per share calculation is based on weighted average number of shares on issue throughout the period.

12 Other Significant Information

Subsequent Events

Tomzone continues to pursue a full financial restructure which will lead to a largely debt free group of companies along with sufficient working capital. The most material element of this restructure (by debt value) is Tomzone's debt owing to FE Investments Limited. Following the receivership of FE Investments Limited, Tomzone has been negotiating with FE's receivers to come to an arrangement to settle the outstanding amounts. A high level settlement has been agreed between the parties and is now subject to long form documentation which is being prepared. This settlement is part of Tomzone's wider financial restructure which continues to progress through both Tomzone's Board and management and external advisors.

There have been no other subsequent events since the end of the financial year.

14 Commentary on the results for the period

- 14.1 Earnings Per Share - refer to section above.
- 14.2 Returns to shareholders including distributions and buy backs - refer to section above.
- 14.3 Significant features of operating performance - articulated in Commentary section above.
- 14.4 The Group's operating segment has been determined based on internal management structure and the nature of the products provided by the Group. It reflects the business level at which financial information is provided to management for decision making regarding resource allocation and performance assessment. On this basis it is concluded that the Group is reviewed for management purposes as a single operating segment.
- 14.5 A discussion of trends in performance - articulated in Commentary section above
- 14.6 The Group is currently exploring options to recapitalise the business including a full debt restructure and equity raise. It is expected further announcements will be made in regard to this initiative in the coming months
- 14.7 Unless otherwise explicitly stated above there are no other significant factors that could not be quantified.

15 Audit

This report is based on accounts which have not been audited. It is not considered likely that any audit qualification will arise.



John Seton

Chairman - Tomizone Limited
27th day of August, 2021