

1. Company details

Name of entity:	TZ Limited
ABN:	26 073 979 272
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	7.7% to	8,050,116
Earnings before interest, tax, depreciation and amortisation, adjusted for impairment ('adjusted EBITDA')	up	120.0% to	677,637
Profit from ordinary activities after tax attributable to the owners of TZ Limited	up	104.4% to	177,364
Profit for the half-year attributable to the owners of TZ Limited	up	104.4% to	177,364

Dividends

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

Comments

The profit for the consolidated entity after providing for income tax amounted to \$177,364 (31 December 2022: loss of \$4,030,529).

The earnings before interest, tax, depreciation and amortisation adjusted for impairment ('adjusted EBITDA') was a profit of \$677,637 (31 December 2022: loss of \$3,467,580).

Adjusted EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for specific non-cash and significant items. The directors consider adjusted EBITDA to reflect the core earnings of the consolidated entity.

Refer to 'Review of operations' in the Directors' Report for further commentary on the results for the half-year ended 31 December 2023.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(1.63)</u>	<u>(1.27)</u>

The net tangible assets presented above is inclusive of right-of-use assets and lease liabilities.

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:

All foreign entities are in compliance with IFRS which is equivalent to Australian Accounting Standards.

10. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

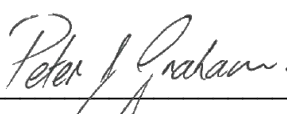
11. Attachments

Details of attachments (if any):

The Interim Report of TZ Limited for the half-year ended 31 December 2023 is attached.

12. Signed

As authorised by the Board of Directors

Signed  _____

Peter Graham
Chairman
Sydney

Date: 27 February 2024



TZ Limited

ABN 26 073 979 272

Interim Report - 31 December 2023

TZ Limited
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31 December 2023



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Directors	Peter Graham John D'Angelo Simon White
Company secretary	Mathew Watkins
Registered office	Level 2, 40 Gloucester Street The Rocks NSW 2000 Head office Tel: +61 2 9053 6753
Principal place of business	TZ Limited and TZI Australia Pty Limited Level 2, 40 Gloucester Street The Rocks NSW 2000 Australia Telezygology, Inc. 200 Howard Avenue, Suite 280 Des Plaines IL 60018 USA TZI Singapore Pte Limited Suntec Tower 2, 9 Temasek Boulevard #29-01 Singapore 038989 TZI UK Limited 3rd Floor 207 Regent Street London W1B 3HH England
Share register	Computershare Investor Services Pty Limited Yarra Falls 452 Johnston Street Abbotsford VIC 3067 Tel: 1300 787 272 Fax: +61 3 9473 2500
Auditor	PKF Brisbane Audit Level 2, 66 Eagle Street Brisbane QLD 4000
Solicitors	K&L Gates Level 31, 1 O'Connell Street Sydney NSW 2000
Bankers	St George Bank Limited Level 3, 1 Chifley Square Sydney NSW 2000
Stock exchange listing	TZ Limited shares are listed on the Australian Securities Exchange (ASX code: TZL)
Website	www.tz.net TZ Limited's public website contains information regarding its products and the company, including an investor services section E-mail: info@tz.net



Corporate Governance Statement

The directors and management are committed to conducting the business of TZ Limited in an ethical manner and in accordance with the highest standards of corporate governance. TZ Limited has adopted and substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed, was approved at the same time as the annual report can be found at <http://tz.net/investors/corporate-governance/>



The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'TZ') consisting of TZ Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The names of Directors who held office during or since the end of the half year are:

Peter Graham - Executive Chairman
John D'Angelo - Non-Executive Director
Simon White - Non-Executive Director
Cary Stynes - Non-Executive Director (resigned on 20 February 2024)

Dividends

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

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$177,364 (31 December 2022: loss of \$4,030,529).

The half year's positive result and business turn-around is in line with Board expectations and represents a culmination of the business transformation initiatives undertaken over the last nine months to reduce operating costs, improve productivity and operational efficiencies, and to better position our offerings in markets where we have a strong competitive advantage.

Targeted cost savings have now been fully realised with the last significant restructure occurring in December, when the Company's Indian operation was shut down. This represents the significant step of bringing support services including financial management and technical support, back to Australia and the US, where customer engagement, expense reconciliation and overall outward facing service functions can be more efficiently handled and closely controlled.

The Company has also taken the opportunity over the last several months addressing many outstanding corporate issues including resolving outstanding tax returns, moving to deregister and shut down dormant and defunct subsidiaries and generally stream-lining its key business processes, including rationalisation of the Company's business systems so that they better support the business need. The recent extension of the repayment date for the First Samuel debenture provides an opportunity for the Company to better assess its available funding options, given anticipated on-going cashflow positive business performance.

Where possible, the Company has also simplified its remuneration strategies including implementing new health benefit policies (US business), commission policies and staff retention policies to reduce administration overhead while delivering a net positive benefit to staff.

There are still however, areas requiring management attention including the need to further rationalise the supplier base and to improve inventory management to better align with forecast production requirements. The Company is still dealing with several open legacy production orders that date back 18 months that have inventory levels sitting above optimum projections.

Focus has now shifted to business building activities and exploring new growth opportunities. With our OPeL ("Third Party Lock Integration") strategy fully implemented, we are exploring a number of new customer relationships and segments where we believe we now have a compelling offering. Recurring revenue through our cloud subscription and annuity maintenance services continues to grow strongly and is expected to reach \$320,000 per month by fiscal year end – in excess of previous estimates.

As we enter our traditionally slow third quarter, we are reserved but encouraged by the emerging business prospects. The outlook continues to be positive.

Shareholders should however, be aware that the Group's future results could be impacted by a variety of factors, many of which are outside of the Group's control. These factors include:

- the rate at which customers adopt and use the Group's technology and services and the number of completed transactions;
- implementation cycles of the Group's customers;
- the loss of existing customers;
- the loss of key employees and the time and expense needed to recruit, hire and train new personnel, particularly technology and business development personnel;
- the Group's ability to develop, upgrade, enhance and maintain its technology and infrastructure and the associated timing and cost;
- delays in the on-going development of the Group's technology; and
- economic conditions which may affect the budgets of potential customers for technological expenditures.

While we believe that the Group has carved out a strong and differentiated niche for our products and services in the markets we participate in, the Group does face significant competitive pressures from existing market participants, who have significantly greater financial, marketing, technical, sales and customer support than the Group does. If we are unable to sustain our differentiated position, this could have an effect on the Group's business, financial condition and results of operations.

Principal activities

During the half year, the principal continuing activities of the consolidated entity consisted of the development and commercialisation of hardware and software solutions for smart locker market, the data centre cabinet security market, and the provision of fully managed cloud services and value-added maintenance and support services through Telezygology Inc., TZI Australia Pty Limited ('TZI'), TZI Singapore Pte Ltd and TZI UK Limited.

All of the operations of the consolidated entity are based in Australia, the United States of America, United Kingdom and Singapore.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 6 February 2024, pursuant to a Third Deed of Variation ("the variation") entered into between the company and First Samuel Limited, the repayment dates of its debenture facilities were extended from the original date of 31 January 2024, to future dates as outlined below:

- \$2,500,000 to 30 June 2025;
- \$500,000 to 31 March 2024; and
- \$500,000 to 30 June 2024.

On 20 February 2024, Cary Stynes resigned as the Non-Executive Director of the Company.

No other matter or circumstance has arisen since 31 December 2023 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.

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.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Peter Graham
Chairman

27 February 2024
Sydney

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF TZ LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2023, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of TZ Limited and the entities it controlled during the half year.

PKF

PKF BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

27 FEBRUARY 2024
BRISBANE

TZ Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023



		Consolidated	
	Note	31 December 2023	31 December 2022
		\$	\$
Revenue from contracts with customers	4	8,050,116	8,722,258
Other income	5	605	17,711
Interest revenue calculated using the effective interest method		369	76
Expenses			
Raw materials and consumables used		(3,931,298)	(6,599,462)
Employee benefits expense		(2,366,397)	(4,281,827)
Depreciation and amortisation expense		(335,045)	(420,269)
Professional and corporate services		(303,870)	(284,288)
Finance costs		(182,199)	(122,017)
Travel and accommodation expense		(113,518)	(179,835)
Occupancy expense		(114,434)	(109,638)
Net foreign exchange losses		(66,622)	(29,655)
Communications expense		(24,495)	(43,573)
Other expenses		(318,335)	(696,639)
Allowance for expected credit loss		(134,115)	-
Profit/(loss) before income tax (expense)/benefit		160,762	(4,027,158)
Income tax (expense)/benefit		16,602	(3,371)
Profit/(loss) after income tax (expense)/benefit for the half-year attributable to the owners of TZ Limited		177,364	(4,030,529)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		90,588	148,219
Other comprehensive income for the half-year, net of tax		90,588	148,219
Total comprehensive income/(loss) for the half-year attributable to the owners of TZ Limited		267,952	(3,882,310)
		Cents	Cents
Basic earnings per share	17	0.07	(1.81)
Diluted earnings per share	17	0.07	(1.81)

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

TZ Limited
Statement of financial position
As at 31 December 2023



		Consolidated	
	Note	31 December	30 June 2023
		2023	2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,560,201	862,946
Trade and other receivables	6	1,098,778	1,781,913
Contract assets		88,122	878,771
Inventories		1,861,242	1,878,250
Other assets	7	1,421,863	607,533
Total current assets		<u>6,030,206</u>	<u>6,009,413</u>
Non-current assets			
Property, plant and equipment		107,328	120,876
Right-of-use assets	8	212,215	339,811
Intangibles		745,127	706,176
Total non-current assets		<u>1,064,670</u>	<u>1,166,863</u>
Total assets		<u>7,094,876</u>	<u>7,176,276</u>
Liabilities			
Current liabilities			
Trade and other payables	9	3,279,082	3,663,621
Contract liabilities	10	3,078,467	2,867,579
Borrowings	11	3,500,000	3,500,000
Lease liabilities		112,110	224,622
Provisions		438,480	461,206
Total current liabilities		<u>10,408,139</u>	<u>10,717,028</u>
Non-current liabilities			
Lease liabilities		122,824	144,562
Provisions		-	35,571
Total non-current liabilities		<u>122,824</u>	<u>180,133</u>
Total liabilities		<u>10,530,963</u>	<u>10,897,161</u>
Net liabilities		<u>(3,436,087)</u>	<u>(3,720,885)</u>
Equity			
Issued capital	12	228,436,643	228,420,393
Reserves		(4,980,041)	(5,071,225)
Accumulated losses		(226,892,689)	(227,070,053)
Total deficiency in equity		<u>(3,436,087)</u>	<u>(3,720,885)</u>

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

TZ Limited
Statement of changes in equity
For the half-year ended 31 December 2023



Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2022	227,279,703	(4,304,544)	(221,084,491)	1,890,668
Loss after income tax expense for the half-year	-	-	(4,030,529)	(4,030,529)
Other comprehensive income for the half-year, net of tax	-	148,219	-	148,219
Total comprehensive income/(loss) for the half-year	-	148,219	(4,030,529)	(3,882,310)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	2,439	-	2,439
Balance at 31 December 2022	<u>227,279,703</u>	<u>(4,153,886)</u>	<u>(225,115,020)</u>	<u>(1,989,203)</u>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2023	228,420,393	(5,071,225)	(227,070,053)	(3,720,885)
Profit after income tax benefit for the half-year	-	-	177,364	177,364
Other comprehensive income for the half-year, net of tax	-	90,588	-	90,588
Total comprehensive income for the half-year	-	90,588	177,364	267,952
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued under employee incentive scheme - Escrow 2 (note 12)	126,250	-	-	126,250
Shares cancelled under employee incentive scheme - Escrow 1 (note 12)	(110,000)	-	-	(110,000)
Share-based payments	-	596	-	596
Balance at 31 December 2023	<u>228,436,643</u>	<u>(4,980,041)</u>	<u>(226,892,689)</u>	<u>(3,436,087)</u>

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

TZ Limited
Statement of cash flows
For the half-year ended 31 December 2023



	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	8,723,467	9,316,213
Payments to suppliers and employees (inclusive of GST)	<u>(7,521,697)</u>	<u>(11,203,770)</u>
	1,201,770	(1,887,557)
Other income	605	-
Interest received	369	76
Government grants received	-	3,443
Interest and other finance costs paid	(165,061)	(109,394)
Income taxes (paid)/refunded	<u>16,602</u>	<u>(3,371)</u>
Net cash from/(used in) operating activities	<u>1,054,285</u>	<u>(1,996,803)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(18,225)	(23,437)
Payments for intangibles	(217,882)	(96,913)
Payments for security deposits	-	(14,651)
Proceeds from disposal of property, plant and equipment	<u>-</u>	<u>1,498</u>
Net cash used in investing activities	<u>(236,107)</u>	<u>(133,503)</u>
Cash flows from financing activities		
Proceeds from borrowings	-	1,000,000
Repayment of lease liabilities	<u>(144,888)</u>	<u>(103,275)</u>
Net cash from/(used in) financing activities	<u>(144,888)</u>	<u>896,725</u>
Net increase/(decrease) in cash and cash equivalents	673,290	(1,233,581)
Cash and cash equivalents at the beginning of the financial half-year	862,946	2,051,162
Effects of exchange rate changes on cash and cash equivalents	<u>23,965</u>	<u>24,000</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>1,560,201</u></u>	<u><u>841,581</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 TZ Limited as a consolidated entity consisting of TZ Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is TZ Limited's functional and presentation currency.

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

Registered office and Principal place of business

Level 2, 40 Gloucester Street
The Rocks NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 February 2024.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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

Note 2. Material accounting policy information (continued)

Going concern

During the financial half-year ended 31 December 2023, the consolidated entity incurred a net profit after tax of \$177,364 (31 December 2022: net loss after tax \$4,030,529) and a net cash inflow from operating activities of \$1,054,285 (31 December 2022: net cash outflow from operating activities of \$1,996,803).

As at 31 December 2023, the consolidated entity had a net current asset deficiency of \$4,377,933 (30 June 2023: net current asset deficiency of \$4,707,615) and net liabilities of \$3,436,087 (30 June 2023: net asset of \$3,720,885). The net current asset deficiency at the reporting date is largely due to the fully drawn debenture facility that is due for repayment. However as announced to the market on 15 January 2024, the Group has entered into an agreement with the lender (First Samuel) to extend the repayment dates. Subsequent to the period end, as disclosed at note 18, the third deed of variation has been signed by both parties and as a result the Group is scheduled to repay \$1,000,000 of the facility within 6 months, while the remaining balance of \$2,500,000 will not be due and payable until 30 June 2025.

The business has demonstrated in the last six months a period of sustained profitability and positive cashflow resulting from several initiatives implemented by the Board and management of the Company. With the focus on profitable business growth and tight fiscal management, coupled with the on-going support of shareholders and its financiers, the Directors believe that the Company will be able to meet its obligations and continue its business for the foreseeable future.

The Directors have considered a period of 12 months from the anticipated date of signing the financial report. In making their assessment, the Directors have relied upon the above considerations, and the financial statements have been prepared on the going concern basis for the above reasons.

Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity operates in four operating segments being Australia, United States of America ('USA'), Europe Middle East and Africa ('EMEA') and Asia. The principal activities of each operating segment are identical, being the sale of hardware and software products. These segments are based on the internal reports that are reviewed and used by the Board of Directors (being the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Other segments represent the activities of the corporate headquarters.

The information reported to the CODM, on at least a monthly basis, is profit or loss and adjusted earnings before interest, tax, depreciation and amortisation and other items ('Adjusted EBITDA').

Adjusted EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-specific non-cash and significant items. The Directors consider adjusted EBITDA to reflect the core earnings of the consolidated entity.

Types of products and services

For information about revenue from products and services, refer to note 4.

Intersegment transactions

Transactions between segments are carried out at arm's length and are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment receivables, payables and loans are eliminated on consolidation.

Operating segment information

	Australia	USA	EMEA	Asia	Other segments	Total
Consolidated - 31 December 2023	\$	\$	\$	\$	\$	\$
Revenue						
Sales to external customers	3,206,266	4,263,655	139,513	441,051	-	8,050,485
Intersegment sales	144,465	19,451	-	13,895	-	177,811
Total sales revenue	3,350,731	4,283,106	139,513	454,946	-	8,228,296
Interest	-	-	-	-	-	-
Total segment revenue	3,350,731	4,283,106	139,513	454,946	-	8,228,296
Intersegment eliminations						(177,811)
Total revenue						8,050,485
Adjusted EBITDA	336,781	546,110	87,930	59,379	(352,563)	677,637
Depreciation and amortisation						(335,045)
Interest revenue						369
Finance costs						(182,199)
Profit before income tax benefit						160,762
Income tax benefit						16,602
Profit after income tax benefit						177,364

Note 3. Operating segments (continued)

	Australia	USA	EMEA	Asia	Other segments	Total
Consolidated - 31 December 2022	\$	\$	\$	\$	\$	\$
Revenue						
Sales to external customers	3,558,786	4,042,911	656,541	464,020	-	8,722,258
Intersegment sales	542,072	7,322	10,077	-	-	559,471
Total sales revenue	4,100,858	4,050,233	666,618	464,020	-	9,281,729
Interest	76	-	-	-	-	76
Total segment revenue	4,100,934	4,050,233	666,618	464,020	-	9,281,805
Intersegment eliminations						(559,471)
Total revenue						8,722,334
Adjusted EBITDA	340,420	(1,864,700)	307,334	182,814	(2,433,448)	(3,467,580)
Depreciation and amortisation						(420,269)
Interest revenue						76
Finance costs						(122,017)
Head office revenue/income						(17,368)
Loss before income tax expense						(4,027,158)
Income tax expense						(3,371)
Loss after income tax expense						(4,030,529)

All assets and liabilities, including taxes are not allocated to the operating segments as they are managed on an overall group basis.

Geographical information

	Geographical non-current assets	
	31 December 2023	30 June 2023
	\$	\$
Australia	743,413	794,833
United States of America	320,050	370,182
EMEA	1,155	1,472
Asia (Singapore)	53	376
	<u>1,064,671</u>	<u>1,166,863</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 4. Revenue from contracts with customers

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Sales and services revenue	<u>8,050,116</u>	<u>8,722,258</u>

Note 4. Revenue from contracts with customers (continued)

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

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
<i>Major product lines</i>		
Sale of hardware and software	5,999,539	6,513,033
Installation and commissioning services	394,984	512,524
Maintenance and support services	1,640,093	1,681,203
Professional services	15,500	15,498
	<u>8,050,116</u>	<u>8,722,258</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	6,410,023	7,041,055
Services transferred over time	1,640,093	1,681,203
	<u>8,050,116</u>	<u>8,722,258</u>

Refer to note 3 for details of revenue disaggregated by geographical regions.

Note 5. Other income

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Government grant - other	-	3,443
Other income	605	14,268
	<u>605</u>	<u>17,711</u>

Note 6. Trade and other receivables

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
<i>Current assets</i>		
Trade receivables	1,227,440	1,781,913
Less: Allowance for expected credit losses	(128,662)	-
	<u>1,098,778</u>	<u>1,781,913</u>

Note 7. Other assets

	Consolidated	
	31 December	30 June 2023
	2023	2023
	\$	\$
<i>Current assets</i>		
Prepayments and deferred expenses	1,329,902	484,705
Security deposits	91,961	122,828
	<u>1,421,863</u>	<u>607,533</u>

Note 8. Right-of-use assets

	Consolidated	
	31 December	30 June 2023
	2023	2023
	\$	\$
<i>Non-current assets</i>		
Right-of-use assets	801,277	805,775
Less: Accumulated depreciation	<u>(589,062)</u>	<u>(465,964)</u>
	<u>212,215</u>	<u>339,811</u>

The consolidated entity leases various premises under non-cancellable operating leases expiring between 1 and 5 years, in some cases, with options to extend. All leases have annual CPI escalation clauses. The above commitments do not include commitments for any renewal options on leases. Lease conditions do not impose any restrictions on the ability of TZ Limited and its subsidiaries from borrowing further funds or paying dividends.

Note 9. Trade and other payables

	Consolidated	
	31 December	30 June 2023
	2023	2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	2,043,656	2,227,204
Employee expense payables	245,406	269,969
Goods and services tax payable	273,382	146,930
Other payables	<u>716,638</u>	<u>1,019,518</u>
	<u>3,279,082</u>	<u>3,663,621</u>

Note 10. Contract liabilities

	Consolidated	
	31 December	30 June 2023
	2023	2023
	\$	\$
<i>Current liabilities</i>		
Contract liabilities	<u>3,078,467</u>	<u>2,867,579</u>
<i>Reconciliation</i>		
Reconciliation of the carrying values at the beginning and end of the current and previous financial reporting period are set out below:		
Opening balance	2,867,579	4,275,853
Amounts invoiced in advance	3,078,467	12,530,112
Restatement	-	(765,307)
Transfer to revenue - included in the opening balance	(2,867,579)	(3,510,545)
Transfer to revenue - performance obligations satisfied in the current period	<u>-</u>	<u>(9,662,534)</u>
Closing balance	<u>3,078,467</u>	<u>2,867,579</u>

Note 11. Borrowings

	Consolidated	
	31 December	30 June 2023
	2023	2023
	\$	\$
<i>Current liabilities</i>		
Loan - First Samuel	<u>3,500,000</u>	<u>3,500,000</u>

Loan - First Samuel

The full debenture facility was established with First Samuel on 30 June 2021 and originally matured on 31 January 2024. Subsequent to balance date, the maturity dates were extended (refer to note 18). This facility carries a coupon rate of BBSW + 4.5% per annum and a facility fee of 1% per annum payable in advance. On 9 December 2022, the Company extended the debenture facility with First Samuel from \$2,500,000 to \$3,500,000.

As at 31 December 2023, the total loan facility is \$3,500,000 (30 June 2023: \$3,500,000) of which \$3,500,000 (30 June 2023: \$3,500,000) was utilised.

Note 12. Issued capital

	Consolidated			
	31 December	30 June 2023	31 December	30 June 2023
	2023	2023	2023	2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>256,758,114</u>	<u>252,708,114</u>	<u>228,436,643</u>	<u>228,420,393</u>

Note 12. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2023	252,708,114		228,420,393
Shares issued under employee incentive scheme	6 July 2023	5,050,000	\$0.025	126,250
Shares cancelled under employee incentive scheme - Escrow 1	6 July 2023	<u>(1,000,000)</u>	\$0.110	<u>(110,000)</u>
Balance	31 December 2023	<u>256,758,114</u>		<u>228,436,643</u>

Note 13. Dividends

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

Note 14. Fair value measurement

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 15. Contingent assets and contingent liabilities

There are no contingent assets and contingent liabilities at 31 December 2023 and 30 June 2023.

Note 16. Related party transactions

Parent entity

TZ Limited is the parent entity.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Payment for other expenses:		
Interest paid/(payable) to First Samuel Limited - an entity with significant influence	153,033	77,359

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
Current payables:		
Interest paid/(payable) to First Samuel Limited - an entity with significant influence	156,280	153,033

Note 16. Related party transactions (continued)

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	31 December	30 June 2023
	2023	2023
	\$	\$
Current borrowings:		
Interest bearing loan from First Samuel Limited - an entity with significant influence	3,500,000	3,500,000

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates. Refer to note 11.

Note 17. Earnings per share

	Consolidated	
	31 December	31 December
	2023	2022
	\$	\$
Profit/(loss) after income tax attributable to the owners of TZ Limited	<u>177,364</u>	<u>(4,030,529)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>256,647,458</u>	<u>222,708,114</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>256,647,458</u>	<u>222,708,114</u>
	Cents	Cents
Basic earnings per share	0.07	(1.81)
Diluted earnings per share	0.07	(1.81)

Note 18. Events after the reporting period

On 6 February 2024, pursuant to a Third Deed of Variation ("the variation") entered into between the company and First Samuel Limited, the repayment dates of its debenture facilities were extended from the original date of 31 January 2024, to future dates as outlined below:

- \$2,500,000 to 30 June 2025;
- \$500,000 to 31 March 2024; and
- \$500,000 to 30 June 2024.

On 20 February 2024, Cary Stynes resigned as the Non-Executive Director of the Company.

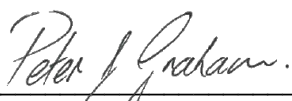
No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-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.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Peter Graham
Chairman

27 February 2024
Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TZ LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of TZ Limited ("the company"), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of TZ Limited is not in accordance with the *Corporations Act 2001* including:-

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Independence

In conducting our review, we have complied with the auditor independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial statements which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Regulations 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF

PKF BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

27 FEBRUARY 2024
BRISBANE