



TZ Limited

ABN 26 073 979 272

www.tz.net

29 July 2024

ASX Announcement

Business Review for the Quarter ended 30 June 2024

TZ Limited (ASX: TZL) ("TZ" or "the Company") today released its Appendix 4C - Quarterly Cash Flow Report for the quarter ended 30 June 2024.

The key points of the Company's Q4 and fiscal 2024 year ending performance are:

- The net cash from operating activities for this quarter was a positive inflow of \$0.5M which continues the strong profitable performance over the fiscal year.
- The cash flows for operating activities during the quarter were:
 - Receipts of \$2.2 million.
 - Payments of product manufacturing and operating costs of \$0.7 million.
 - Payments for staff costs of \$0.8 million.
 - Payments for administration, corporate and other costs of \$0.1 million.
- Revenue for the full year to 30 June 2024 is expected to be around A\$14M (unaudited), which is on par with last year's turnover. This is an extremely positive result that demonstrates that the significant reduction in staff costs from \$7.6 million to \$4.4 million over the last 12 months did not impact top line revenue.
- \$200K of the secured debenture facility with First Samuel was repaid during the quarter.

During the reporting period, TZ Limited's business activities continued to be the sale of smart locker solutions and supporting software. Per item 6.1 of the Appendix 4C, \$62K was paid to directors for non-executive directors' fees and salary for the executive director.

BUSINESS UPDATE

The last year has seen the Company undertake major restructuring of our operations and realignment in the way that we do business. The net result of those operational changes is a very successful turnaround of the business.

Based on the unaudited accounts, we have delivered \$14 million in top line revenue, a positive EBITDA performance of circa \$700K and a net bottom line profitability of circa \$100K. This is the first time in the last five years that the Company has delivered a true net profit.

Business highlights over the year include:

- Right setting the operational structure and business framework
- Improving gross margins across the business, particularly in the US from 30% last year to over 50%
- Streamlining business systems and reducing the cost of implementation
- Simplifying supply chain and actively resolving legacy inventory management issues

Think SMART. Think TZ.

- Refocusing our sales effort and implementing effective account management principles
- Optimising our cloud services and improving the overall quality and security of our cloud offering while reducing our cost of service delivery
- Growing our annuity revenue business – 20% growth on last year
- Updating and refreshing our software offerings so we can compete effectively in our chosen market segments

OUTLOOK

The work to stabilise operations and implement a sustainable business model has largely been completed over the last 12 months. Going forward, our focus is now on growth and to implementing strategies that will improve our penetration into traditional participation areas and/or take the Company into new areas of business opportunity.

In particular, the Company is actively exploring potential acquisitions in the Tenant App space. We believe that this would be complimentary and synergistic to our smart locker, locking and access control security businesses and provide the diversification we need to uplift business potential.

This announcement is authorised for release by TZ Limited's Board of Directors.

For further information, please contact:

Peter Graham
Chairman
Phone: +61 412 225 616
Email: p.graham@tz.net

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

TZ LIMITED

ABN

26 073 979 272

Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,214	14,174
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(693)	(6,865)
(c) advertising and marketing	(73)	(175)
(d) leased assets		
(e) staff costs	(795)	(4,380)
(f) administration and corporate costs	(112)	(1,574)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	3
1.5 Interest and other costs of finance paid	(26)	(352)
1.6 Income taxes paid	5	14
1.7 Government grants and tax incentives	0	332
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	522	1,177
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(22)	(33)
(d) investments		
(e) intellectual property	(137)	(475)
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	0	1
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(159)	(507)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(200)	(200)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(104)	(291)
3.10	Net cash from / (used in) financing activities	(304)	(491)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,002	863
4.2	Net cash from / (used in) operating activities (item 1.9 above)	522	1,177
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(159)	(507)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(304)	(491)
4.5	Effect of movement in exchange rates on cash held	(11)	8
4.6	Cash and cash equivalents at end of period	1,050	1,050

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,050	1,002
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,050	1,002

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	62
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	3,500	3,300
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	3,500	3,300
7.5	Unused financing facilities available at quarter end <div style="border: 1px solid black; height: 20px; width: 100%;"></div>		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<p>The \$3.3 million of the secured debenture facility with First Samuel was drawn down as of 30th June.</p> <p>The interest rate of the facility is 90-day BBSW plus 4.5% p.a.</p> <p>AUD\$2.5 million of the loan facility will be maturing on 30 June 2025.</p> <p>AUD\$0.5 million of the loan maturing 30 June 2024 will be paid in August 2024</p> <p>AUD\$0.3 million deferred from 31 March 2024 will be paid in August 2024.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	522
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,050
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	1,050
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1) <div style="border: 1px solid black; height: 20px; width: 100%; text-align: center;">N/A</div>	
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	<div style="border: 1px solid black; padding: 5px; min-height: 30px;"> Answer: N/A </div>	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	<div style="border: 1px solid black; padding: 5px; min-height: 30px;"> Answer: N/A </div>	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2024

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.