

28 July 2020

ASX Announcement

QUARTERLY ACTIVITIES & CASHFLOW REPORT Quarter ended 30th June 2020

TYMLEZ Group Limited (ASX:TYM) (TYMLEZ or the Company), a leader in enterprise software and technology solutions utilizing commercial grade blockchain technology, is pleased to release its Appendix 4C – Quarterly Cashflow report and Update for the quarter ended 30 June 2020 (The Quarter). All financial results are in Australian dollars unless otherwise stated and are unaudited. Where results occurred in Euros they have been converted to Australian dollars at the rate of €1.00 = A\$1.65.

Highlights for the Quarter

- Incorporation of TYMLEZ Energy Pty Ltd to further drive **Australasian Green Energy Strategy**
- Appointment of Dr. Stephen Friel (**ex NASDAQ**), as Optimal Market Design Advisory Board Member
- **Restructuring TYMLEZ completed**; TYMLEZ GmbH (Germany) & TYMLEZ Ltd (USA) consolidated with most costs sitting with TYMLEZ BV as part of ongoing consolidation
- Magnus Olofsson and Cornelius Ryan with **outstanding track records**, appointed as advisors to the board, to drive business development in the Energy space
- **Awarded Dutch Government COVID non-dilutive financing** of €375.000 (A\$620,000), to be received in July 2020
- **Awarded German & Dutch COVID related subsidies** for €51.000 (A\$84,000)
- **Increased number of deployments** on Google Marketplace in June
- Successful deployment of the new complete version of TBSP on **Google Marketplace**
- **Closing cash balance** of A\$130,000 (excluding the \$620,000 funding expected to be received this month)

TYMLEZ completes Incorporation of TYMLEZ Energy to further drive its push into the Australian and Asian Markets

Following the new strategic direction of TYMLEZ, with the primary focus on the marketing and sales of the two marketplaces for the energy and telematics markets, TYMLEZ announced that Daniel O Halloran, TYMLEZ's current Non-Exec Director, will be stepping into the role of Managing Director TYMLEZ Energy Pty Ltd, with the responsibility to market & sell the energy marketplace into the global market.

"There are significant opportunities to be explored by TYMLEZ Energy beginning in the Asia/Pacific Region. The acceleration of TYMLEZ into these markets firm up our commitment to providing a better and more efficient way to trade and have access to green energy bringing our customers goal to zero carbon emissions ever closer. Governments in these regions have announced a "Green Recovery" post COVID and we believe we are strategically placed with our market offering for steady growth." explains Daniel O Halloran.

A renewables-led economic recovery will create almost three times as many jobs as a fossil-fuel-led recovery, according to a report by economic consultancy Ernst and Young (EY).

According to Clean Energy Council, Australia's Renewable Energy Target has been instrumental in driving the take up of renewable energy in Australia. The policy is designed to ensure that at least 33,000 gigawatt-hours of Australia's electricity comes from renewable sources by 2020.

More recently, the Australian federal government has released a "technology roadmap" to address climate change, which includes a range of technologies such as gas, hydrogen, carbon capture and storage, and renewables.

TYMLEZ Energy will be ideally placed in Australia to engage with the federal and state governments measures post COVID-19 and hope to be a strategic partner with its cutting-edge and revolutionary energy marketplace.

These measures include:

- Investment in manufacturing to reduce use of gas and build new clean-technology export industries. **Cost:** \$520m **Jobs:** 22,000
- Make Australia a leading global battery manufacturer. **Cost:** \$500m. **Jobs:** 7,800
- Make all buses electric. **Cost:** \$240m **Jobs:** 10,000
- Subsidise solar for community organisations. **Cost:** \$500m **Jobs:** 5,000
- Accelerate the renewable hydrogen industry. **Cost:** \$225m. **Jobs:** 1,200

Australia's small-scale renewable generation capacity has grown rapidly in recent years and is now equivalent to around 20 per cent of the NEM's total capacity. Spending on small-scale generation (mainly rooftop solar electricity and heating) has increased in recent years to around \$3.5 billion in 2019.

Appointment of Dr. Stephen D Friel as Optimal Market Design Advisory Board Member

Dr. Friel (Steve) will be integral in supporting the company's focus on the energy and telematics markets. The success of his appointment will allow the Company to better leverage the TYMLEZ platform, with scalable, strategic insights into market design to add ongoing value to our enterprise clients regardless of their size.

Steve's role will be to provide additional technical rigor to ensure that all TYMLEZ customers have a seamless experience for blockchain settlement for their unique market environments.

Steve's PhD research: "A Market Microstructure Theory of Relativity: Towards a Theory of Everything for Financial Markets", put forward an innovative, empirically validated, theoretical framework on which market outcome solutions can be engineered quantitatively and integrated, into real-world trading technologies.

TYMLEZ's cloud-based blockchain system works hand in glove with optimal market design research by allowing buyers and sellers to come together in a more efficient way, while simultaneously decreasing execution costs for market participants that trade on our platform. Allowing companies to decrease transaction costs, as well as the costs of settlement middlemen, provides them more scope to focus on their core strengths and better serve their customers without having to rebuild their products or systems.

Steve will also support the integrated roll-out of the TYMLEZ platform for use in applications across industries and competitive market segments within those industries.

"Steve brings everything we need at this stage of our growth to reach a new level for our business," said Reinier van der Drift, Tymlez's CEO. "He has a wealth of experience in optimal market design, the evaluation of trading and execution systems, and an understanding of how to integrate theoretical aspects of market structure with the real-world technical product development processes, where TYMLEZ excels. His unique understanding of the quantitative, technical, and academic aspects of market design and settlement technology is matched by an ability to observe, identify and translate systems into concise, tangible solutions."

“For TYMLEZ enterprise, he is an essential asset for the future of our Company and we are delighted to have him on board.”

“Perfectly functioning markets should be designed to maximally benefit all buyers and sellers but market frictions in the trading and settlement process can prevent this from happening efficiently,” said Steve. “TYMLEZ’s scalable cloud-based trading and settlement system provides an automated turnkey blockchain solution for enterprises. This gives even the world’s largest marketplace providers the ability to provide their customers with a more efficient market design that has scalable integrated settlement. Being able to be a part of delivering TYMLEZ’s grand vision of scalable simplicity to the world’s markets is a beautiful thing.”

Operations Update (BIAB, GCP, New Deployments)

In Q2 TYMLEZ completed the restructuring of its European and US activities. All these activities are now concentrated in Amsterdam. In order to streamline the operations of the Company and save costs the German & US offices are not operational anymore and the legal structures are in the process of being consolidated.

Following the new strategy, where TYMLEZ focuses on the marketing and sales of marketplace for the Energy as well as Telematics market, the team added crucial capabilities to the platform to run marketplaces at scale, such as divisible assets, contract to contract calls as well as multi-signatures capabilities.

The Blockchain-in-A-Box global demo center has been updated with the latest version along with a running demo of the energy marketplace. Google Cloud Marketplace has been updated to the latest full version and after quiet months, in June we saw increased deployments.

TYMLEZ awarded €375,000 (A\$620,000) government non-dilutive financing

In June, TYMLEZ was awarded government bridge financing of €375,000. The funds will be used to roll out TYMLEZ’s energy and telematics marketplaces, with expected launch this quarter.

Energy Marketplace update

As reported in the previous update, TYMLEZ is teaming with DNVGL, ICT-Group, and various universities and Local Energy Communities in Netherlands as well as Australia to put the marketplace in production. As the marketplace plays a vital role in the energy transition, in the Netherlands as well as Australia, TYMLEZ is applying for governments grants to enable larger pilots.

In both the EU as well as Australia, government incentives are made to speed up the energy transition. TYMLEZ is well positioned with its tech as well as its partner to leverage those incentives.

Automotive Data - Consumer Telematics marketplace

Due to COVID19, the OEM’s closed down operations and are slowly getting production up the speed. We expect things to revive in next quarter.

Financial and Corporate matters

During the Quarter, cash receipts of A\$53,000 were attributable to payments for consultancy and professional services delivered as well as Platform as a Service income and perpetual revenue.

In this Quarter cash outflow (spending) was A\$742,000. During the same period in 2019 cash outflow was A\$1,373,000. This reflects the results of the measures that have been taken to increase efficiency. The net cash outflow (spending minus amounts received) was A\$647,000 and we expect this to continue to move in the right direction.

The Company reported a cash balance of A\$130,000 at 30 June 2020. With the COVID-19 facility coming in from the Dutch government this month (\$620,000), a few expected government grants and the roll-out of the Energy and Telematics market places, the company is confident that the business is moving in the right direction.

Additional Information

The June 2020 quarter is a period which is covered by the Use of Funds Statement as outlined in the Company's Replacement Prospectus dated 6 November 2018. A summary of expenditure to date since listing is set out below:

Use of Funds per November 2018 Prospectus	Funds Raised During IPO	Actual Expenditure	Variance	
		13 Dec 2018 - 30 Jun 2020		
	Amount (\$'000)	Amount (\$'000)	Amount (\$'000)	%
Marketing and Sales	1,064	981	83	8
Product Development	2,127	2,364	(237)	(11)
Expansion in Asia-Pacific and USA	1,596	1,064	532	33
Working Capital	532	910	(378)	(71)
Total	5,319	5,319	-	

Explanation of material differences in the table above:

Subsequent to the IPO, revenues earned have not met expectations. Therefore it was decided to slow down the expansion in Asia-Pacific and USA to a considerable degree. Also because TYMLEZ was able to do less work for paying customers, an additional investment was done in Product Development. The lack of revenues has had its effect on the burn-rate of TYMLEZ. Hence a higher investment in working capital than foreseen.

Payments to related parties and their associates during the quarter was \$143K which consists of salaries for two executive directors and fees for non-executive directors.

– ENDS –

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ABOUT TYMLEZ

Blockchain designed for business. TYMLEZ provides a highly scalable, multi-tenant, enterprise-grade smart contract blockchain platform which can be deployed in minutes and / or implemented via partners within an enterprise or across a consortium. We bring commercial grade blockchain technology to the enterprise. We do this by delivering a scalable platform which enables accelerated development, management, and deployment of enterprise blockchain applications.

Appendix 4C

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

Name of entity

Tymlez Group Limited

ABN

37 622 817 421

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	53	96
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(7)	(66)
(d) leased assets	(20)	(46)
(e) staff costs	(558)	(1,206)
(f) administration and corporate costs	(150)	(126)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(7)	(9)
1.6 Income taxes paid	42	25
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(647)	(1,332)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	7	-
	(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	7	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	109
3.2	Proceeds from issue of convertible debt securities	405	813
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(25)	(35)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(68)	(135)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	312	752

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	463	714
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(647)	(1,332)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	7	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	312	752
4.5	Effect of movement in exchange rates on cash held	(5)	(4)
4.6	Cash and cash equivalents at end of period	130	130

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	130	130
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)	130	130

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1 *
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
143
NIL

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

* Amount included in 6.1 above relates to remuneration (inclusive of share based payments) paid to directors

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	NIL	NIL
7.2 Credit standby arrangements	NIL	NIL
7.3 Other (please specify)	630	630
7.4 Total financing facilities	630	630

7.5 **Unused financing facilities available at quarter end** 630

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.

In June the company was granted a EURO 375k COVID-19 loan from the Dutch government. It will be paid out in July 2020.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(647)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	130
8.3 Unused finance facilities available at quarter end (Item 7.5)	630
8.4 Total available funding (Item 8.2 + Item 8.3)	760
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	(1.20)

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- 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?

Answer: In June 2020 the German and US offices have been closed. This will lead to less expenditures. The COVID-19 loan, together with expected cash flow and access to the capital market will keep the Group liquid.

- 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?

Answer: Yes, a COVID loan was applied for and granted by the Dutch government. Furthermore, the Group is currently applying for a few (substantial) Dutch and Australian government grants.

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

Answer: Yes. The current cash position and outlook is positive.

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.

Authorised by the Board of Directors on 28 July 2020

On behalf of the Board,

Justyn Stedwell

Company Secretary

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.