

29 April 2021

ASX Announcement

QUARTERLY ACTIVITIES & CASHFLOW REPORT

Quarter ended 31st March 2021

Highlights for the Quarter

- TROEF contract won, first deliverables and first cash received
- Rebrand to reflect new green energy and sustainability focus
- Cost reduction and restructure
- Applied for Gold Coast Health and Knowledge Precinct (GCHKP) Investment Attraction Program grant
- Business development and pipeline progressing
- **Closing cash balance** of A\$1,037,000

Commenting on the quarter, TYMLEZ CEO Daniel O'Halloran said, *"Our task in Q1 was to continue to shift our commercialisation focus from selling a platform for developers to build their own solutions upon, to developing solutions for clients in key industries, leveraging the TYMLEZ platform. There are some very exciting opportunities in industries that are experiencing legislative change which support proof of origin and tracking and tracing applications, these are primary use cases for blockchain."*

"TYMLEZ has been selected together with some of the most prestigious Dutch companies to develop a decentralised energy system. TROEF (Transparent Reduction of CO₂ and Optimisation of Energy in an Ecosystem of Flexibility) consortium is committed and supported by the Dutch government. Established with the ambition of creating CO₂ neutral energy communities to become 'Paris Proof', the project will reward users for active participation in the energy community, based on innovative data-driven services. The consortium's lead partner is Royal BAM Group (€6.8bn revenue in 2020)."

"TYMLEZ has also actively reduced costs which are not directly aligned to its strategy of delivering commercial revenue in our targeted sectors."

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 31 March 2021 (The Quarter). All financial results are in Australian dollars unless otherwise stated and are unaudited. Where results occurred in other currencies such as Euros, they have been converted to Australian dollars at the rate of €1.00 = A\$1.55.

TROEF contract won, first deliverables and first cash received

During the period from 1 January to 31 December 2020 the Group focused on refining its strategic approach to market, completing important product development stages, and building pipeline in its focused markets.

This refined strategy has started to pay off. On 30th October 2020 the Group announced that it had

applied for a Government grant with the TROEF (Transparent Reduction of CO2 and Optimisation of Energy in an Ecosystem of Flexibility) consortium comprising leading Dutch enterprises and institutions to develop an “Internet of Energy” solution.

In the consortium TYMLEZ is responsible for the development of a carbon credit trading solution utilising its existing energy marketplace and its blockchain technology.

The grant with the TROEF was successfully awarded in early 2021. The initial project grant for the Group is €675,000 over 4 years to develop and test the carbon credit trading platform in a live environment. The grant covers project costs during development but excludes any license and consulting revenue for follow-on large scale roll outs. Those are envisaged to occur from 2022 and onwards.

Significant Restructuring of the Business in Line with Change in Strategy

Our rejuvenated team with deep, relevant expertise in software and energy sectors has been a key driver in establishing a new focus and clear commercial strategy.

In early 2021 TYMLEZ continued to pivot the business into building commercial grade applications for clients on the enterprise grade TYMLEZ platform. The world is driving green energy and sustainability initiatives in peer-to-peer trading, CO₂ tracking and tracing with proof of origin also being an area that is presenting exciting opportunities and TYMLEZ will provide the blockchain technologies that will deliver the solutions these markets are seeking.

The revenue model has also been shifted from perpetual licensing with ongoing maintenance fees to a subscription model that is both scalable and more aligned with customer success.

During Q1, TYMLEZ unveiled a rebrand and launched its redesigned website to reflect its new green energy and sustainability focus.

Cutting Costs in our European operation

During the Quarter, TYMLEZ continued its shift of global headquarters to Australia to lower cost, improve market focus and investor communication.

On 30 March 2021 the Company agreed with the landlord of the German office to buy off the remaining lease. This has freed the way for the Company to move our developers to a more efficient office in Heidelberg. This means lower monthly costs and more flexibility.

Gold Coast Health and Knowledge Precinct (GCHKP) Investment Attraction Program grant

The GCHKP Investment Attraction Program provides financial assistance to companies that are considering expanding or relocating to the Precinct. The TYMLEZ Digital Cities Ignition Project will roll out an all-encompassing smart city case study to demonstrate at scale how to build the smart, renewable cities of the future using our technology that provides a digitally enabled ecosystem for all of the inhabitants. TYMLEZ has the capacity to catalyse the digital future that is enabled by scalable enterprise blockchain solutions which can provide entirely new models of regional economic development.

TYMLEZ is also moving our university collaboration resources from Europe to Australia to be closer to our leadership, technology and research teams. We have started a non-exclusive engagement process with academics and administrators at University of Queensland, Queensland University of Technology and the Sant Fe Institute in the United States. We aim to generate educational content for training programs and to engage with other industry research bodies to provide industry placements and opportunities for students as part of the cores R&D strategy for our Company.

The Gold Coast will become the TYMLEZ Australian and International Office with the c-suite and senior team all living and working at the Gold Coast.

Financial and Corporate matters

During the Quarter, cash receipts of A\$23,000 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\$770,000. During the same period in 2020 cash outflow was A\$1,095,000. This reflects the results of the measures that have been taken to increase efficiency. The net cash outflow (spending minus amounts received) was A\$729,000.

Summary of the expenditure incurred on business activities

The expenditures of TYMLEZ for the March 2021 quarter can be summarized as follows (A\$ 1,000):

Development costs	122
Sales and marketing costs	37
Staff costs	210
Administration and corporate costs	329
Other costs (lease, interest, etc.)	72

Total cash outflow	770

Additional Information

Payments to related parties and their associates during the quarter was \$107K which consists of salaries for two executive directors and fees for non-executive directors.

Authorised by the Board of 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")

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	23	23
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(37)	(37)
(d) leased assets	(71)	(71)
(e) staff costs	(332)	(332)
(f) administration and corporate costs	(329)	(329)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	18	18
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(729)	(729)
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 (3 months)
		\$A'000	\$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(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	-	-

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	(68)	(68)
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	(68)	(68)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,841	1,841
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(729)	(729)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(68)	(68)
4.5	Effect of movement in exchange rates on cash held	(7)	(7)
4.6	Cash and cash equivalents at end of period	1,037	1,037

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	1,037	1,841
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)	1,037	1,841

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
107
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)	590	590
7.4 Total financing facilities	590	590

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

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 July 2020, the Company was granted a EURO 375k COVID-19 loan from the Dutch government.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(729)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,037
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,037
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.42

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

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?

Answer: Yes, the Q2 and Q3 budgets are comparable to the Q1 budget.

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?

Answer: The Company is preparing for a raise of new equity. It plans to complete this in June 2021. Based on the Company's history of equity raising, the Directors believe that they will be successful.

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: Yes, based on preliminary discussions with investors and planned revenue for Q2 and Q3.

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 behalf of the Board,

Justyn Stedwell

Company Secretary

29 April 2021

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.