



**TZ Limited**

ABN 26 073 979 272

Level 2, 40 Gloucester Street  
The Rocks NSW 2000 Australia

Telephone (+61) 2 9137 7300

**www.tz.net**

25 July 2022

**ASX Announcement**

## **Business Review for the Quarter ended 30 June 2022**

TZ Limited (ASX: TZL) ("TZ" or "the Company"), a leader in intelligent access control software specialising in smart locking systems, is pleased to release its Appendix 4C - Quarterly Cash Flow Report for the quarter ended 30 June 2022.

### **HIGHLIGHTS:**

- The net cash generated from operating activities for this quarter was \$0.7 million, which is significantly improved on the -\$1.2 million result in the corresponding Q4 quarter last year and the \$0.4 million result reported for Q3 of FY22.
- The significant cash flows for operating activities during the quarter were:
  - Receipts of \$7.9 million.
  - Payments of product manufacturing and operating costs of \$4.2 million.
  - Payments for staff costs of \$2.3 million.
  - Payments for administration and corporate costs of \$0.7 million.
- Group revenue for the quarter was \$8.0 million bringing the year-to-date revenue to \$21.2 million (unaudited). This represents an increase of 78% on the revenue result in the corresponding quarter last year.

### **BUSINESS UPDATE**

Q4 had a monthly recurring revenue ("MRR") base of \$0.26 million, compared to an MRR of \$0.23 million in Q3. This represents a growth rate of 13% for the quarter and represents the company's forecast of 50% MMR growth for the year ahead.

Q4 was an extremely busy time for TZ, with the team working to get customer projects delivered, shipped and installed, which allowed us to meet our target of 21M revenue for FY22.

The Q4 result is a reflection of the ongoing laser focus the business has placed on culture, and the implementation of our next-generation software stack, which has immediately provided better efficiency through software automation using our TZ cloud platform, including the introduction of new automation tools for our internal systems and procedures. Over the quarter, much work has also been done on reducing the cost of installations and focusing on moving from hardware assets to software which will continue to reduce costs in the area of supply chain into the new year. The results of this effort will flow into future quarters.

**Think SMART. Think TZ.**

TZ closes Q4 with a backlog of orders totalling \$4M, which we expect will be delivered in Q1 FY2023.

#### **BUSINESS ACTIVITIES AND DIRECTOR REMUNERATION**

During the reporting period, TZ Limited's business activities continued to be the sale of smart locking devices and software. Per item 6.1 of Appendix 4C, \$74,250 was paid to directors for non-executive directors' fees.

#### **OUTLOOK**

The Company finished FY2022 with a very strong second half of the year and expects the momentum to continue throughout FY2023.

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

To stay up to date on company news, announcements and upcoming events, please register your details at the [TZL Investor Centre](#).

#### **For further information, please contact:**

Mario Vecchio  
Chief Executive Officer  
+61 407 138 254  
Email: [mario@tz.net](mailto:mario@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 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	7,933	24,737
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(4,249)	(14,564)
(c) advertising and marketing	(71)	(199)
(d) leased assets	(57)	(204)
(e) staff costs	(2,307)	(8,307)
(f) administration and corporate costs	(753)	(2,662)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11	11
1.5 Interest and other costs of finance paid	(65)	(157)
1.6 Income taxes paid	(15)	(26)
1.7 Government grants and tax incentives	244	462
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>671</b>	<b>(909)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(9)	(130)
(d) investments	-	-
(e) intellectual property	(22)	(80)
(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	-	-
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(31)</b>	<b>(210)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,446
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	-	(259)
3.5	Proceeds from borrowings	-	2,500
3.6	Repayment of borrowings	(650)	(2,761)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(50)	(191)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(700)</b>	<b>2,735</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,997	374
4.2	Net cash from / (used in) operating activities (item 1.9 above)	671	(909)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(31)	(210)

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)	(700)	2,735
4.5	Effect of movement in exchange rates on cash held	114	61
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,051</b>	<b>2,051</b>

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	2,051	1,997
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,051</b>	<b>1,997</b>

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	74
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>		

<b>7. Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	2,500	2,500
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	2,500	2,500
7.5 <b>Unused financing facilities available at quarter end</b>		-
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.  <div style="border: 1px solid black; padding: 5px;"> <p>TZ's secured debenture facility with First Samuel of \$2.5 million was fully drawn down at the end of the quarter. This facility matures on 31 October 2022 and carries interest of BBSW plus 4.5% p.a.</p> <p>TZ's USA subsidiary, Telezygology Inc, had a PPP loan under the CARES Act for US\$465,000, which was forgiven in May 2022.</p> </div>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	671
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,051
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	2,051
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
<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?  <div style="border: 1px solid black; padding: 5px; min-height: 30px;"> Answer: N/A </div>	
<i>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.</i>	

## 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: 25 July 2022

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.