



**TZ Limited**

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26 April 2022

**ASX Announcement**

## **Business Review for the Quarter ended 31 March 2022**

TZ Limited (ASX: TZL) (“TZ” or “the Company”), a leader in intelligent access control, specialising in smart locking software and smart locking devices is pleased to release its Appendix 4C - Quarterly Cash Flow Report for the quarter ended 31 March 2022.

### **HIGHLIGHTS:**

- The net cash generated from operating activities for this quarter was \$0.4 million, which is significantly improved on the -\$0.4 million result in the corresponding Q3 quarter last year and the -\$2.3 million result reported for Q2 of FY22.
- The significant cash flows for operating activities during the quarter were:
  - Receipts of \$8.0 million.
  - Payments of product manufacturing and operating costs of \$4.9 million.
  - Payments for staff costs of \$2.1 million.
  - Payments for administration and corporate costs of \$0.6 million.
- Group revenue for the quarter was \$5.05 million bringing the year-to-date revenue to \$13.2 million (unaudited). This represents an increase of 11% on the revenue result in the corresponding period last year.

### **BUSINESS UPDATE**

Q3 had a monthly recurring revenue base (MRR) of \$235,000. In summary, the journey of bringing all customers and prospects to a comprehensive set of TZ Cloud Subscription services is now well underway as we continue to see great uptake on our TZ Cloud solution.

TZ has a large backlog of orders (over \$7.0M) which will be delivered before June 30<sup>th</sup>, 2022. We are working diligently to ensure that we meet our customer’s expectations with their feature requests and that our supply chain is coordinated to deliver within our customer's requirements. We are confident that we have these in place.

We continue to scale up the TZ Labs development team and our technical operations team to meet the many requests for new features our customers are asking for as part of our land and expand strategy with our large existing customer base.

Security concerns have reached a very high level with our enterprise customers globally. Overall security threat levels have increased dramatically over the last 2 years. In response to our customer needs and protection, we have elevated our TZ cloud infrastructure to be SOC 2 and ISO27001 compliant.

Internally, TZ continues to simplify and streamline all facets of the business, fully leveraging cloud, automation, and exciting new partnerships. We have deployed automation for onboarding systems aligning to improved customer management and satisfaction.

In the last quarter, we have streamlined the product portfolio both to reduce costs and allow the company to focus on our core growth sectors.

We have launched a new website as we continue to evolve our brand to better attract new clients and partners.

Shortly after the end of the quarter, TZ appointed Marco De Vries as Regional Sales Director to lead the TZ Europe and William Dano VP Sales Americas who will lead the US operations, respectively. These new senior management roles will significantly add to TZ's capability in both regions.

## **BUSINESS ACTIVITIES AND PAYMENTS TO RELATED PARTIES OF THE ENTITY AND THEIR ASSOCIATES**

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 the Appendix 4C, \$165,000 was paid to directors for non-executive directors' fees and salary for the executive director.

## **OUTLOOK**

The Company forecasted the second half of FY2022 to be stronger than the first half and expects the strong momentum (revenue and cashflow) from the 3<sup>rd</sup> quarter to flow through to the last quarter of FY22.

We are in negotiations with a range of new generation software only partners who will resell our new TZ Cloud software platform and provide their own integration and hardware services, we expect the first of these partners to sign up with us within Q4, our plan is to continue to roll out these TZ Cloud new software only partnerships across the world over the next 12 months.

The Company has been selected for a USA based fast food restaurant trial. The trial is designed to solve efficiency issues created by the booming food service delivery market provided by companies such as Uber Eats, Deliveroo, Menulog etc. We expect the trial to run for the next 90 days to ensure that our restaurant customers create the efficiencies that they are looking for during the in-restaurant pickup services to meet keep up with this fast-growing demand. We see this market sector as a natural fit for our TZ Cloud Application software suite and a very larger opportunity for the Company.

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:**

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## 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")**

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	8,047	16,804
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(4,862)	(10,315)
(c) advertising and marketing	(31)	(128)
(d) leased assets	(60)	(147)
(e) staff costs	(2,060)	(6,000)
(f) administration and corporate costs	(613)	(1,909)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(10)	(92)
1.6 Income taxes paid	(1)	(11)
1.7 Government grants and tax incentives	-	218
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>410</b>	<b>(1,580)</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	(31)	(121)
(d) investments	-	-
(e) intellectual property	(13)	(59)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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>(44)</b>	<b>(180)</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	(2)	(259)
3.5	Proceeds from borrowings	-	2,500
3.6	Repayment of borrowings	-	(2,111)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(47)	(141)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(49)</b>	<b>3,435</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	1,739	374
4.2	Net cash from / (used in) operating activities (item 1.9 above)	410	(1,580)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(44)	(180)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(49)	3,435
4.5	Effect of movement in exchange rates on cash held	(59)	(52)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,997</b>	<b>1,997</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,997	1,739
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,997</b>	<b>1,739</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	165
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*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.*

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>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.</i>		
7.1 Loan facilities	3,121	3,121
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>3,121</b>	<b>3,121</b>
<b>7.5 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.		
<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 July 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.</p>		

<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)	410
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,997
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,997
<b>8.5 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?	
Answer: N/A	
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?	
Answer: N/A	
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	
<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: 26 April 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.