



## TZ Limited

ABN 26 073 979 272

[www.tz.net](http://www.tz.net)

31 January 2025

# DECEMBER 2024 – QUARTERLY ACTIVITIES REPORT

TZ Limited (ASX: TZL) (“TZ” or “the Company”) today released its Appendix 4C - Quarterly Cash Flow Report for the quarter ended 31 December 2024. To accompany the Appendix 4C, the Company is pleased to provide an update on its quarterly business activities for Q2 FY2025, along with continuing activities that support its strategic growth objectives.

### Key Highlights of Fiscal 2025 Q2 Performance:

- **Revenue:** The Company reported quarterly revenue of \$2.33M, which was below plan expectations. This shortfall was primarily due to delayed project commencements in the US, attributed to economic uncertainty ahead of the US election.
- **Post-Election Recovery:** With the US election concluded, government and corporate spending has resumed, driving increased activity. December sales rebounded to AUD \$1.17M, aligning with planned expectations.
- **Net Operating Cash Flow:** The net cash outflow from operating activities for the quarter was \$529K.
- **Operating Cash Flows:**
  - Receipts: \$2.33M
  - Payments for product manufacturing and operating costs: \$1.24M
  - Payments for staff costs: \$0.98M
  - Payments for administration, corporate, and other costs: \$0.52M
- **Debt Reduction:** The Company made an additional repayment of \$500K to its debt facility, reducing the outstanding balance from \$3.3M to \$2.8M.
- **Director Payments:** As per item 6.1 of the Appendix 4C, \$58K was paid to directors for non-executive directors' fees.

### Business Update:

The Company acknowledges that delays in US project commencements impacted revenue targets, leading to an overall shortfall in half-year results. These delays were largely driven by economic caution preceding the US election. However, with improved sentiment post-election and an intensified US sales focus, TZ expects to recover lost ground over the next six months.

While the US subsidiary underperformed relative to plan, both ANZ and ASIA outperformed expectations, mitigating some of the revenue shortfall.



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Operating expenditure remains tightly managed and is significantly below budgeted spending levels. Cash outflows for the quarter also included payments addressing legacy issues, particularly production orders placed in FY2021/2022 that could not be cancelled.

Annuity revenue remains stable at an annualised \$3.9M, with forecasted growth of 20% over the 2025 fiscal year.

The proposed acquisition of Keyvision Holdings Pty Limited, announced in October 2024, is now expected to complete due diligence and conclude by the end of February 2025. Keyvision is anticipated to enhance TZ's market positioning, with its recent contract wins placing it on track to meet or exceed its projected \$1.6M annuity revenue target post-acquisition.

Additionally, the Company remains optimistic about growth in the data centre security segment, driven by AI-related demand. This sector is expected to provide a substantial uplift in sales over the next six months.

### **Outlook:**

The calendar year 2025 is set to be a year of strategic growth for TZ. The acquisition of Keyvision, the expansion of the US market, and investments in licensing and new distribution channels underpin the Company's key objectives. The robust sales pipeline and strong market demand position TZ well for a strong second half of the 2025 financial year.

The Company remains committed to disciplined financial management while capitalising on emerging market opportunities to drive shareholder value.

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

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 December 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,334	6,124
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,238)	(3,240)
(c) advertising and marketing	(88)	(135)
(d) leased assets		
(e) staff costs	(980)	(1,903)
(f) administration and corporate costs	(519)	(977)
1.3 Dividends received (see note 3)		
1.4 Interest received	0	0
1.5 Interest and other costs of finance paid	(50)	(236)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	12	15
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(529)</b>	<b>(353)</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	(4)	(16)
(d) investments		
(e) intellectual property	(101)	(220)
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	0	0
	(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>(105)</b>	<b>(236)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
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	667	667
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(500)	(500)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(50)	(99)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>117</b>	<b>68</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	1,087	1,050
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(529)	(353)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(105)	(236)

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

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)	117	68
4.5	Effect of movement in exchange rates on cash held	(9)	32
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>561</b>	<b>561</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	561	1,087
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>561</b>	<b>1,087</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	58
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.	<b>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	2,800	2,800
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>	2,800	2,800
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.		
	<p>The \$2.8 million of the secured debenture facility with First Samuel was drawn down as of 31<sup>st</sup> December.</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>The Company plans to establish new terms, including partial repayment of the debenture, once refinancing to support the Keyvision acquisition is finalised.</p>		

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(529)
8.2	Cash and cash equivalents at quarter end (item 4.6)	561
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	561
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	1.06
	<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: No. The company has seen an uplift in sales which should see a return to positive cashflow in Q3 and Q4.	
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: The Company is currently completing an acquisition which includes a new finance facility.	

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: Yes. Per the reasons listed above.

*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: 31 January 2025

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.