



Level 2, 40 Gloucester Street
The Rocks NSW 2000, Australia

TZ Limited

ABN 26 073 979 272

www.tz.net

29 August 2024

ASX Announcement

TZ Limited Annual Report – Appendix 4E

Key highlights include:

- Management's streamlining of the business to drive greater cost and production efficiencies through optimised business processes, improved supplier terms and relationships and more structured cross-functional and cross-geography cooperation is starting to show results.
- Earnings before interest, tax, depreciation and amortization, adjusted for impairment (adjusted EBITDA) of \$780,178 (\$0.78m);
- Significant improvement in average gross margin from 39% (30 June 2023) to 50% (30 June 2024);
- Annuity Subscription revenue approaches \$4m per annum;
- Initiatives now taken for the US operations to "resume significant growth";
- Staff costs reduced from \$7.4m (30 June 2023) to \$4.4m (30 June 2024);

OUTLOOK

Several initiatives have been taken for the US operations to have improved performance in FY25.

More effort to grow the recurring revenue, especially in the US.

The company has been extensively researching opportunities for additional, diversified growth.

The target would be to acquire another SaaS revenue stream with the potential for cross-selling TZ products and services. These efforts will be continuing.

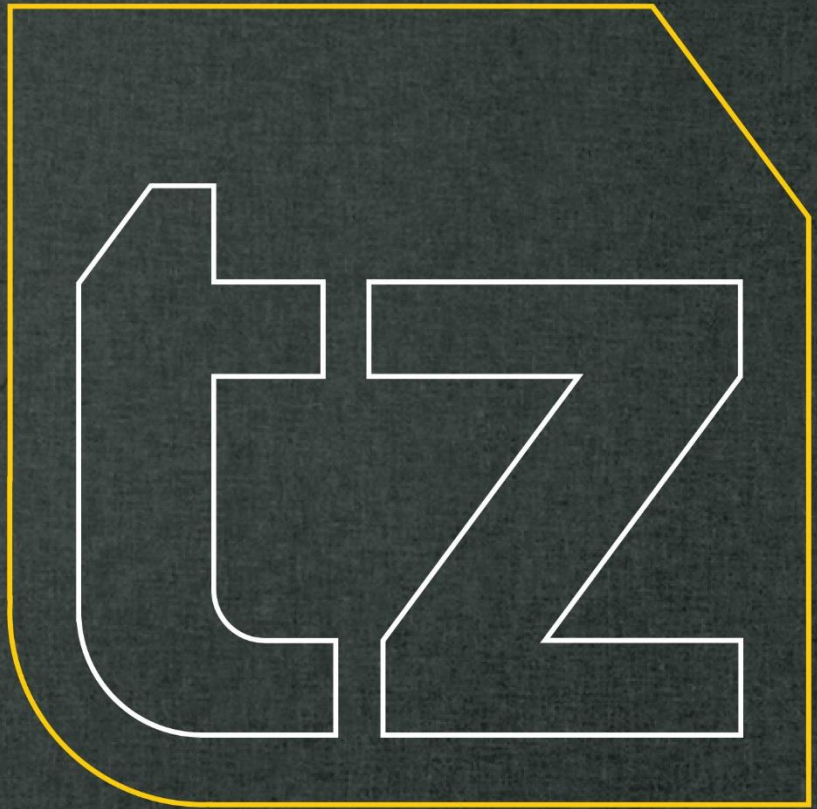
This announcement is authorised for release by TZ Limited's Board of Directors.

For further information, please contact:

Peter Graham
Chairman
Phone: +61 412 225 616
Email: p.graham@tz.net

Think SMART. Think TZ.

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2024 Annual Report

1. Company details

Name of entity:	TZ Limited
ABN:	26 073 979 272
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	1% to	13,937,328
Earnings before interest, tax, depreciation and amortisation, adjusted for impairment ('adjusted EBITDA')	up	117% to	780,178
Profit from ordinary activities after tax attributable to the owners of TZ Limited	up	102% to	99,352
Profit for the year attributable to the owners of TZ Limited	up	102% to	99,352

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The profit for the consolidated entity after providing for income tax amounted to \$99,352 (30 June 2023: loss of \$5,985,562).

The earnings before interest, tax, depreciation and amortisation ('EBITDA'), adjusted for impairment, was a profit of \$780,178 (30 June 2023: loss of \$4,673,012).

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-specific non-cash and significant items. The Directors consider adjusted EBITDA to reflect the core earnings of the consolidated entity.

Additional information supporting the Appendix 4E disclosure requirements can be found in the Annual Report which contains the Directors' report and the 30 June 2024 Financial Statements and accompanying notes.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(1.71)	(1.75)

As at 30 June 2024, the net tangible assets per ordinary security of (1.71¢) presented above is inclusive of right-of-use assets and lease liabilities.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Name of entities (or group of entities)	TZ Holdings Inc TZ Development Technologies Inc TZ Tooling Inc
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Date control lost	29 September 2023
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6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

All foreign entities are in compliance with IFRS which is equivalent to Australian Accounting Standards.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

11. Signed

As authorised by the Board of Directors



Signed _____

Date: 28 August 2024

Peter Graham
Chairman
Sydney



TZ Limited

ABN 26 073 979 272

Annual Report - 30 June 2024



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Directors

Peter Graham - Non-Executive Chairman
John D'Angelo - Non-Executive Director
Simon White - Non-Executive Director

Company secretary

Mathew Watkins

Annual General Meeting

21 November 2024

Registered office

Level 2, 40 Gloucester Street
The Rocks NSW 2000
Head Office Tel: +61 2 9053 6753

Principal place of business

TZ Limited and TZI Australia Pty Limited
Level 2, 40 Gloucester Street
The Rocks NSW 2000 Australia

Telezygology, Inc.
200 Howard Avenue, Suite 280,
Des Plaines, IL 60018 USA

TZI Singapore Pte Limited,
Suntec Tower 2, 9 Temasek Boulevard #29-01
Singapore 038989

TZI UK Limited
3rd Floor
207 Regent Street
London W1B 3HH
England

Share register

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
Tel: 1300 787 272
Fax: +61 3 9473 2500

Auditor

PKF Brisbane Audit
Level 2, 66 Eagle Street
Brisbane QLD 4000

Solicitors

K&L Gates
Level 31, 1 O'Connell Street
Sydney NSW 2000

Bankers

St George Bank Limited
Level 3, 1 Chifley Square
Sydney NSW 2000

Stock exchange listing

TZ Limited shares are listed on the Australian Securities Exchange (ASX code: TZL)

Website

www.tz.net
TZ Limited's public website contains information regarding its products and the Company, including an investor services section
E-mail: info@tz.net

Corporate Governance Statement

The Directors and Management are committed to conducting the business of TZ Limited in an ethical manner and in accordance with the highest standards of corporate governance. TZ Limited has adopted and substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations.

The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed, was approved at the same time as the annual report can be found at <https://tz.net/investors/corporate-governance/>

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Dear Shareholders,

The turnaround in the Group's performance this year focussed on "right setting" the organisation, rebuilding our capabilities through putting the right competencies in place and addressing inefficiencies in the way TZ operated.

Key Restructuring Highlights

- Reduction in staff costs from \$7.4 million (30 June 2023) to \$4.4 million (30 June 2024);
- Closed previous management's setup into India. All functions brought back to Australia;
- Consolidation of all finance functions back in Australia providing better transparency and global costs reduced from circa \$850k to \$450k per annum;
- Liquidation of 3 dormant US subsidiaries and the transition of "Health Insurance" from TZ back to the individual staff members provided both cost and administration savings.

Key Performance Indicators

- EBITDA improvement from a loss of \$4,673,012 (30 June 2023) to a profit of \$780,178 (30 June 2024);
- Significant improvement in average gross margin on sales from 39% (30 June 2023) to 50% (30 June 2024);
- Annuity Subscription revenue continues to grow towards \$4 million (circa \$3.5 million in FY24) per annum;
- Updated and refreshed software offerings.

Most importantly, TZ has established a business-wide team culture and a galvanizing vision that has been instrumental in the Group achieving its stated objectives. The reinvigoration of customer relationships and the focus on customer success has rebuilt the reputation of TZ as a reliable and "best-in-class" provider.

While there are some initiatives that we are still working on to resolve more complex legacy issues, our focus for the coming 12 months is on growth. In our traditional markets, we believe there are many opportunities to improve our sales penetration.

In particular, the US Educational Sector, where we actively participate, remains a very large and attractive addressable market. We recently secured our 100th customer in that sector, but with over 4,000 colleges and universities in US, there is enormous potential to accelerate engagement.

In the Corporate Sector, our established customers like Apple, Microsoft and large property developer and real estate organisations, like CapitaLand in Asia, continue to offer the potential to expand our business within their extensive operations. Diligent account management will be implemented to ensure we convert the potential into sales.

Our data centre security business, which represents about 10% of our overall turnover, is also looking extremely prospective with the data centre industry forecast to grow strongly due to the increasing demand for data storage and processing, as well as the need for social, mobile, analytics, and cloud services. With established customers, NextDC, Macquarie Telecom and others, planning to expand this year, the opportunities to grow this niche business are promising.

The team at TZ will continue to work towards returning shareholder confidence. For now, the signs are definitely positive and encouraging.

John Wilson
Group CEO
28 August 2024

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'TZ' or 'the Group') consisting of TZ Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

The following persons were Directors of TZ Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Peter Graham - Non-Executive Chairman
John D'Angelo - Non-Executive Director
Simon White - Non-Executive Director
Cary Peter Stynes - Non-Executive Director (resigned on 20 February 2024)

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of the development of intelligent devices and smart device systems that enable the commercialisation of hardware and software solutions for the management, control and monitoring of business assets and the provision of associated value-added services through Telezygology Inc., TZI Australia Pty Limited ('TZI'), TZI Singapore Pte Ltd and TZI UK Limited.

- All of the operations of the consolidated entity are based in Australia, the United States of America, United Kingdom and Singapore.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$99,352 (30 June 2023: loss of \$5,985,562).

This year has seen the Group undertake major restructuring of our operations and realignment in the way that we do business. The net result of those operational changes is a very successful turnaround of the business.

Business Highlights

Business highlights over the year include:

- Right setting the operational structure and business framework
- Improving gross margins across the business from 39% last year to over 50%
- Streamlining business systems and reducing the cost of implementation
- Simplifying supply chain and actively resolving legacy inventory management issues
- Refocusing our sales effort and implementing effective account management principles
- Optimising our cloud services and improving the overall quality and security of our cloud offering
- Growing our software annuity revenue business - 20% growth on last year
- Updating and refreshing our software offerings so we can compete effectively in our chosen market segments
- Sales of A\$13,937,328 (1% increase over FY23 performance) despite significant reduction in operational spend

Addressing Operational Legacy

Many steps have been taken to lay a structured framework for the way the Group conducts its business including the standardisation of policies and processes across all subsidiaries, and the establishment of cross-functional and cross-geographic teams to tackle identified gaps in business operation.

The Board and Management have, in particular, put in place strong fiscal discipline and governance across all financial, accounting and banking matters to ensure that we manage the business within our operational capital constraints. Our business systems have been designed to provide strong visibility on performance KPIs, operating costs and expenses so that we can be proactive in the management of the business.

Although much work has been done to resolve legacy operational issues, the Group is still working hard to address the challenge of high inventory levels and handle the large open orders, which were placed around the COVID years, which far outstrip current product demand. In response to the former, the Group took steps in June 2024 to bring inventory back in-house in the US, to allow stock rationalisation and provision for obsolete stock write-offs.

As to the matter of large open orders, the Group is confident it can resolve this through on-going collaboration and negotiation with our supportive Supply Partners to phase production supply over the next several years, until we right set production against demand.

Product and Technology Update

The last 12 months has seen TZ get back to its roots as a technology innovator. The Group had lost much ground in the previous three years lacking a clear technological direction, in particular, losing its differentiation against competitors who have closed the gap in product capability in recent years.

This last year saw a far more structured program of software releases and enhancements to our major platforms to address some of the workflow issues identified by our customers. The Group also released its newly architected feature-rich mobile platform across its Day Locker and Campus platforms which should allow TZ to stand out once again from the competition. A much-needed upgrade to the User Portals and modernisation of the User Experience is well underway and should be launched in Q2 of FY2025.

Work is also well advanced on the Group's next generation product offering, which TZ believes will revolutionise our offering with an unprecedented uplift in configuration design and customisation options.

Outlook

With the restructuring and rebuilding initiatives delivering significantly improved performance of the business, the Group is now shifting from operational efficiency and the implementation of stabilising measures to a focus on growth.

Significant changes in the state of affairs

During the year ended 30 June 2024 pursuant to a Third Deed of Variation and additional informal agreements ("the variations") entered into between the company and First Samuel Limited, the repayment date of its debenture facilities were extended from the original date of 31 January 2024, to future dates as outlined below:

- \$2,500,000 to 30 June 2025;
- \$200,000 repaid in April 2024; and
- \$800,000 to be agreed between the Company and First Samuel Limited.

During the year ended 30 June 2024, the Company repaid \$200,000 to First Samuel Limited.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Further information on the future strategies is detailed in the Chief Executive Officer's message which precedes the Directors' report and Annual Financial Statements.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on the Directors in office as at the date of this report

Name: Peter Graham
Title: Non-Executive Chairman
Qualifications: Professional Diploma in Stockbroking - Stockbrokers Association of Australia & Deakin University
Margin Lending Accreditation - Stockbrokers Association of Australia & Deakin University
ASIC PS146 - Securities & Derivatives Industry Association & Deakin University
Registered Representative - Sydney Futures Exchange (SFE)
Accredited Derivatives Adviser Level One - Australian Stock Exchange (ASX) & Tribeca
Experience and expertise: Peter is an experienced corporate advisor with a comprehensive financial background. Initially in accountancy before a decade of Treasury roles with Westpac and UBS, Peter switched to equities in the 1990's and has over 20 years' experience as a research analyst, institutional dealer and corporate advisor. The significant finance and capital markets experience was to the fore after Peter joined the board as Chairman, with TZ embarking on successful capital raises to substantially reduce the Group's debt.
Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Chair
Interests in shares: 14,041,074 fully paid ordinary shares
Interests in options: None

Name: John D'Angelo
Title: Non-Executive Director
Qualifications: Bachelor of Engineering – Monash University
Regulatory Guide 146 (RG146) - Kaplan Business School
Experience and expertise: John has vast international experience in the areas of Marketing, Finance and Engineering. He spent 15 years based in Singapore in senior management positions for JP Morgan and Hartree Partners (part owned by the investment firm Oaktree Capital). Prior to this, he held management positions at Chase Manhattan Bank and Mitsui Commodities. John began his career as an Engineer at BHP before moving into the Marketing and Financial Risk Management areas for the company where he spent some time based in the U.S.A. John holds a Bachelor Of Engineering (Hons).
Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: 2,297,190 ordinary shares
Interests in options: None

Name: Simon White
Title: Non-Executive Director
Qualifications: Bachelor of Commerce – Bachelor of Law - Curtin University
Regulatory Guide 146 (RG146) - Kaplan Business School
Diploma of Management - Ashton College
MBA - currently studying at Ducere Business School
Experience and expertise: Post a successful AFL career, Simon worked in corporate advisory and equity capital markets, with initial experience at Patersons Stockbroking before joining Sequoia Financial Group (SEQ) and then the Delcor Family office. In this time Simon worked on IPO's, equity placements, corporate advisory and restructuring. He has worked on a variety of deals across many business sectors. Recently, Simon has been Director of Investor Relations with Paradigm Biopharma. Simon's skills in corporate governance will be most beneficial to the TZ Limited board.
Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: None
Interests in options: None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary

Mathew Watkins

Mr Watkins is a Chartered Accountant who has extensive ASX experience within several industry sectors including Biotechnology, Bioscience, Resources and Information Technology. He specialises in ASX statutory reporting, ASX compliance, Corporate Governance and board and secretarial support. Mr Watkins is appointed Company Secretary on a number of ASX listed Companies.

Mr Watkins is employed at Vistra Australia Pty Ltd (Vistra), a global corporate services provider. Vistra is a prominent provider of specialised consulting and administrative services to clients in the Fund, Corporate, Capital Markets, and Private Wealth sectors. Vistra have vast experience working with listed entities and brings a strong background of working with growing companies within the resources sector.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each Director were:

	Full Board	
	Attended	Held
Peter Graham - Chairman	12	12
John D'Angelo	12	12
Simon White	12	12
Cary Stynes (resigned on 20 February 2024)	7	7

Held: represents the number of meetings held during the time the Director held office.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the Director and key management personnel remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders and conforms with the market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate demanding performance hurdles for variable executive remuneration.

The Board reviews and is responsible for the consolidated entity's remuneration policies, procedures and practices.

TZ Limited's employee Equity Incentive Plan ('EIP') was approved by the shareholders during the Company's 2021 Annual General Meeting held on 27 January 2022. The Plan was designed to attract, retain, motivate and reward eligible persons (Employees and Directors) of the Company (collectively the 'Participants') by issuing securities to the Participants. The vesting of those securities may be subject to certain performance criteria to be determined by the Board.

Non-Executive Directors' remuneration

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the directors. Non-Executive Directors' fees and payments are reviewed annually. The Board considers advice from shareholders and takes into account the fees paid to Non-Executive Directors of comparable companies, when undertaking the annual review process. Non-Executive Directors are NOT entitled to participate in the EIP.

ASX listing rules require that the aggregate Non-Executive Directors remuneration shall be determined periodically by a general meeting. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The most recent determination was at the AGM held on 23 November 2023, where the shareholders approved an aggregate remuneration of \$500,000.

Executive remuneration

The consolidated entity and company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and adds additional value for the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the targets of those executives in charge of meeting those targets. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI') being achieved. KPI's can include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') includes long service leave and share-based payments. As noted above, the EIP Plan has been set up to reward executives based on long term incentive measures in the form of fully paid ordinary, options and rights. These include increase in shareholders' value relative to the entire market and the increase compared to the consolidated entity's direct competitors.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. Executives and other employees can be issued with options and rights to acquire shares in the company. The number and the terms of the options and rights issued are determined by the Board after consideration of the employee's performance and their ability to contribute to the achievement of the consolidated entity's objectives. Refer to the additional information section of the remuneration report for details of the last five years earnings and total shareholders' return ('TSR').

Voting and comments made at the company's 2023 Annual General Meeting ('AGM')

At the last AGM 98.69% of the shareholders voted to adopt the remuneration report for the year ended 30 June 2023. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

The key management personnel of the consolidated entity consisted of the following persons:

- Peter Graham - Non-Executive Chairman
- John D'Angelo - Non-Executive Director
- Simon White - Non-Executive Director
- Cary Stynes – Non-Executive Director (resigned on 20 February 2024)
- John Wilson – Group Chief Executive Officer
- Chris Kelliher – President, Telezygology, Inc

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
	Cash salary and fees	Other**	Bonus	Super-annuation	Employee leave	Options	Share grants	Total
	\$	\$	\$	\$	\$	\$	\$	\$
2024								
<i>Non-Executive Directors:</i>								
P Graham	111,667	-	-	-	-	-	-	111,667
J D'Angelo	61,667	-	-	-	-	-	-	61,667
S White	61,667	-	-	-	-	-	-	61,667
C Stynes*	40,000	-	-	-	-	-	-	40,000
<i>Other Key Management Personnel:</i>								
J Wilson	300,000	11,539	30,000	25,292	19,845	457	16,875	404,008
C Kelliher	289,722	-	20,842	-	7,538	69	5,000	323,171
	864,723	11,539	50,842	25,292	27,383	526	21,875	1,002,180

* Represents remuneration from date of appointment and/or to date of resignation

** Represents changes in the accrued amounts of annual leave over the year

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
	Cash salary and fees	Other**	Bonus	Super-annuation	Employee leave	Options	Share grants	Total
	\$	\$	\$	\$	\$	\$	\$	\$
2023								
<i>Non-Executive Directors:</i>								
P Graham	120,000	-	-	-	-	-	-	120,000
J D'Angelo	75,000	-	-	-	-	-	-	75,000
S White	75,000	-	-	-	-	-	-	75,000
C Stynes*	31,250	-	-	-	-	-	-	31,250
D McCulloch*	12,500	-	-	-	-	-	-	12,500
<i>Other Key Management Personnel:</i>								
J Wilson	218,182	(2,409)	-	22,909	18,444	3,185	6,875	267,186
M Vecchio*	175,000	-	-	14,840	-	-	-	189,840
S Van Es*	222,715	(6,250)	-	20,726	-	-	-	237,191
C Kelliher	118,012	-	22,282	-	-	483	-	140,777
	1,047,659	(8,659)	22,282	58,475	18,444	3,668	6,875	1,148,744

* Represents remuneration from date of appointment and/or to date of resignation

** Represents changes in the accrued amounts of annual leave over the year

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2024	2023	2024	2023	2024	2023
<i>Non-Executive Directors*:</i>						
P Graham	100%	100%	-	-	-	-
J D'Angelo	100%	100%	-	-	-	-
S White	100%	100%	-	-	-	-
C Stynes	100%	100%	-	-	-	-
D McCulloch	-	100%	-	-	-	-
<i>Other Key Management Personnel:</i>						
M Vecchio	-	100%	-	-	-	-
S Van Es	-	100%	-	-	-	-
J Wilson	88%	96%	8%	-	4%	4%
C Kelliher	92%	84%	6%	16%	2%	-

* Per company policy the Directors ONLY receive Director's Fees. The Directors are NOT entitled to STI or LTI benefits.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: John Wilson
Title: Chief Executive Officer
Agreement commenced: 1 July 2023 Updated
Term of agreement: No fixed term
Details: Remuneration of AU\$300,000 plus superannuation and notice period of 3 months.

In addition to total annual remuneration and subject to any approval required by the shareholders or regulatory approvals pursuant to the Company's constitution, access to the Company's incentive program.

Short Term Incentives (STI) against established and agreed Key Performance indicators (KPI's) which are to be determined by the Board from time to time.

Further entitlement to participate in the Long-Term Employee Incentive Plan that may be offered from time to time at the discretion of the Board.

Name: Chris Kelliher
Title: President of US Operations
Agreement commenced: 1 September 2023 Updated
Term of agreement: No fixed term
Details: Remuneration of US\$190,000 plus entitlements and notice period of 3 months

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

The Company issued 5,050,000 fully paid ordinary shares to eligible participants of its Equity Incentive Plan during the year ended 30 June 2024. 1,800,000 of these shares were issued to key management personnel.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Expiry date	Exercise price	Fair value per option at grant date
J Wilson	165,000	6 August 2019	31 August 2024	\$0.25	\$0.0605
J Wilson	165,000	6 August 2019	31 August 2025	\$0.40	\$0.0679
J Wilson	165,000	6 August 2019	31 August 2026	\$0.45	\$0.0654
C Kelliher	25,000	6 August 2019	31 August 2024	\$0.25	\$0.0605
C Kelliher	25,000	6 August 2019	31 August 2025	\$0.40	\$0.0679
C Kelliher	25,000	6 August 2019	31 August 2026	\$0.45	\$0.0654

Additional information

The earnings of the consolidated entity for the five years to 30 June 2024 are summarised below:

	2024	2023	2022 Restated	2021	2020
	\$	\$	\$	\$	\$
Sales revenue	13,937,328	13,808,095	20,401,634	16,378,223	12,852,402
Adjusted EBITDA *	780,178	(4,673,012)	(750,124)	137,364	(3,739,568)
Profit/(loss) after income tax	99,352	(5,985,562)	(1,996,149)	(1,658,204)	(5,120,229)

* Earnings before interest, tax, depreciation, amortisation and other non-operating items (refer to note 4 for reconciliation of EBITDA)

The factors that are considered to affect total shareholder remuneration ('TSR') are summarised below:

	2024	2023	2022 Restated	2021	2020
Share price at financial year end (\$)	0.0300	0.0260	0.1100	0.1100	0.0300
Basic earnings /(loss) per share (cents per share)	0.0387	(2.5920)	(0.9550)	1.5490	(6.3600)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Disposals	Other **	Balance at the end of the year
<i>Ordinary shares</i>					
J D'Angelo *	2,000,000	297,190	-	-	2,297,190
P Graham	14,041,074	-	-	-	14,041,074
J Wilson	195,730	-	-	1,200,000	1,395,730
C Kelliher	32,550	-	-	600,000	632,550
	<u>16,269,354</u>	<u>297,190</u>	<u>-</u>	<u>1,800,000</u>	<u>18,366,544</u>

* On market purchase

** Shares issued as remuneration

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Expired	Forfeited	Balance at the end of the year
<i>Options over ordinary shares</i>					
J Wilson	495,000	-	-	-	495,000
C Kelliher	75,000	-	-	-	75,000
	<u>570,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>570,000</u>

No options were exercised during the year ended 30 June 2024.

Other transactions with key management personnel and their related parties

There were no other transactions with KMP personnel and their related parties during the year ended 30 June 2024.

This concludes the remuneration report, which has been audited.

Shares issued as remuneration

The Company issued 5,050,000 fully paid ordinary shares to eligible participants of its Equity Incentive Plan during the year ended 30 June 2024. 1,800,000 of these shares were issued to key management personnel.

Shares under option

Unissued ordinary shares of TZ Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
6 August 2019	31 August 2024	\$0.2500	215,000
6 August 2019	31 August 2025	\$0.4000	215,000
6 August 2019	31 August 2026	\$0.4500	697,000
23 March 2023	23 March 2025	\$0.0750	<u>15,000,000</u>
			<u><u>16,127,000</u></u>

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of TZ Limited issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 26 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 26 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including independence standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of PKF Brisbane Audit

There are no officers of the Company who are former partners of PKF Brisbane Audit.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



Peter Graham
Chairman

28 August 2024
Sydney

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF TZ LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of TZ Limited and the entities it controlled during the year.

PKF

PKF BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

BRISBANE
28 AUGUST 2024

TZ Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024



	Note	Consolidated 2024 \$	2023 \$
Revenue	5	13,937,328	13,808,095
Other income	6	335,654	3,511
Interest income		2,737	1,126
Expenses			
Raw materials and consumables used		(6,932,432)	(8,407,647)
Employee benefits expense		(4,380,487)	(7,424,832)
Occupancy expense	7	(217,119)	(272,903)
Depreciation and amortisation expense	7	(644,573)	(804,745)
Communications expense		(42,281)	(57,062)
Professional and corporate services		(584,760)	(556,020)
Travel and accommodation expense		(225,683)	(349,560)
Net foreign currency exchange gain/(losses)		50,959	(110,592)
Other expenses	7	(829,289)	(1,501,916)
Finance costs	7	(384,493)	(278,927)
Profit/(loss) before income tax benefit/(expense)		85,561	(5,951,472)
Income tax benefit/(expense)		13,791	(34,090)
Profit/(loss) after income tax benefit/(expense) for the year attributable to the owners of TZ Limited		99,352	(5,985,562)
Other comprehensive income/(losses)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		79,080	(770,831)
Other comprehensive income/(losses) for the year, net of tax		79,080	(770,831)
Total comprehensive income/(losses) for the year attributable to the owners of TZ Limited		<u>178,432</u>	<u>(6,756,393)</u>
		Cents	Cents
Basic earnings/(loss) per share	32	0.0387	(2.5920)
Diluted earnings/(loss) per share	32	0.0387	(2.5920)

*The above statement of profit or loss and other comprehensive income
should be read in conjunction with the accompanying notes*

TZ Limited
Statement of financial position
As at 30 June 2024



	Note	Consolidated 2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	8	1,049,797	862,946
Trade and other receivables	9	1,668,483	1,781,913
Contract assets	10	246,336	878,771
Inventories	11	1,467,048	1,878,250
Other current assets	12	425,778	607,533
Total current assets		4,857,442	6,009,413
Non-current assets			
Property, plant and equipment		90,513	120,876
Right-of-use assets	13	1,148,929	339,811
Intangibles	14	849,285	706,176
Total non-current assets		2,088,727	1,166,863
Total assets		6,946,169	7,176,276
Liabilities			
Current liabilities			
Trade and other payables	15	2,891,055	3,663,621
Contract liabilities	16	2,550,109	2,867,579
Borrowings	17	3,300,000	3,500,000
Lease liabilities	18	204,987	224,622
Provisions	19	529,726	461,206
Total current liabilities		9,475,877	10,717,028
Non-current liabilities			
Lease liabilities	18	964,832	144,562
Provisions	19	46,010	35,571
Total non-current liabilities		1,010,842	180,133
Total liabilities		10,486,719	10,897,161
Net liabilities		(3,540,550)	(3,720,885)
Equity			
Issued capital	20	228,421,700	228,420,393
Reserves	21	(4,991,549)	(5,071,225)
Accumulated losses		(226,970,701)	(227,070,053)
Total deficiency in equity		(3,540,550)	(3,720,885)

The above statement of financial position should be read in conjunction with the accompanying notes

TZ Limited
Statement of changes in equity
For the year ended 30 June 2024



Consolidated

	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2022	227,279,703	(4,304,544)	(221,084,491)	1,890,668
Loss after income tax expense for the year	-	-	(5,985,562)	(5,985,562)
Other comprehensive losses for the year, net of tax	-	(770,831)	-	(770,831)
Total comprehensive losses for the year	-	(770,831)	(5,985,562)	(6,756,393)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity (note 20)	1,200,000	-	-	1,200,000
Less: transaction costs on shares issued (note 20)	(59,310)	-	-	(59,310)
Share-based payments (note 33)	-	4,150	-	4,150
Balance at 30 June 2023	<u>228,420,393</u>	<u>(5,071,225)</u>	<u>(227,070,053)</u>	<u>(3,720,885)</u>

Consolidated

	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2023	228,420,393	(5,071,225)	(227,070,053)	(3,720,885)
Profit after income tax benefit for the year	-	-	99,352	99,352
Other comprehensive income for the year, net of tax	-	79,080	-	79,080
Total comprehensive income for the year	-	79,080	99,352	178,432
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 33)	-	596	-	596
Shares issued under employee incentive scheme - Escrow 2 (note 20)	126,250	-	-	126,250
Shares cancelled under employee incentive scheme - Escrow 1 (note 20)	(110,000)	-	-	(110,000)
Shares cancelled under employee incentive scheme - Escrow 1 (note 20)	(14,943)	-	-	(14,943)
Balance at 30 June 2024	<u>228,421,700</u>	<u>(4,991,549)</u>	<u>(226,970,701)</u>	<u>(3,540,550)</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

TZ Limited
Statement of cash flows
For the year ended 30 June 2024



	Note	Consolidated 2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		14,174,441	16,387,533
Payments to suppliers and employees (inclusive of GST)		(13,271,561)	(19,115,737)
Interest received		2,737	1,126
Government grants received		335,654	3,511
Interest and other finance costs paid		(199,937)	(166,378)
Income taxes refunded		13,791	-
Income taxes paid		-	(34,089)
Net cash from/(used in) operating activities	31	<u>1,055,125</u>	<u>(2,924,034)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(32,717)	(24,208)
Payments for intangibles	14	<u>(474,979)</u>	<u>(166,456)</u>
Net cash used in investing activities		<u>(507,696)</u>	<u>(190,664)</u>
Cash flows from financing activities			
Proceeds from issue of shares	20	-	1,200,000
Transaction costs on shares issued		-	(59,310)
Proceeds from borrowings		(200,000)	1,000,000
Repayment of lease liabilities		<u>(290,616)</u>	<u>(208,852)</u>
Net cash from/(used in) financing activities		<u>(490,616)</u>	<u>1,931,838</u>
Net (decrease)/increase in cash and cash equivalents		56,813	(1,182,860)
Cash and cash equivalents at the beginning of the financial year		862,946	2,051,162
Effects of exchange rate changes on cash and cash equivalents		<u>130,038</u>	<u>(5,356)</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>1,049,797</u></u>	<u><u>862,946</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover TZ Limited as a consolidated entity consisting of TZ Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is TZ Limited's functional and presentation currency.

TZ Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office and principal place of business

Level 2, 40 Gloucester Street
The Rocks NSW 2000 Australia

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 28 August 2024. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New and revised accounting standards and amendments thereof, and interpretations effective for the current year that are relevant to the consolidated entity include:

Material accounting policy information

The Australian Accounting Standards Board has released guidance on what is considered to be material accounting policy information. Accounting policy information is expected to be material if the users of an entity's financial statements would need it to understand other material information in the financial statements. For example, an entity is likely to consider accounting policy information material to its financial statements if that information relates to material transactions, other events or conditions and:

- A change in accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- A choice of accounting policy permitted by Australian Accounting Standards (e.g. choice to measure an asset at historical cost or fair value);
- An accounting policy developed (in accordance with AASB 108) in the absence of an accounting standard that specifically applies;
- The policy relates to a significant area of judgement or estimate (which also require disclosure); or
- Transactions, other events or conditions which are complex and the accounting policy information is required in order for the users of financial statements to understand them.

Consequently, the quantum of accounting policy information disclosed in these financial statements has been reduced from the previous financial reporting year.

Note 2. Material accounting policy information (continued)

Going concern

The Group demonstrated a turnaround of business performance from a net loss after tax of \$5,985,562 (30 June 2023) to a profit of \$99,352 (30 June 2024). The Group recorded a net current asset deficiency of \$4,618,435 (30 June 2023 \$4,707,615) and net liabilities of \$3,540,550 (30 June 2023 \$3,720,855).

In assessing the appropriateness of the going concern basis, the Directors believe that with the restructured organisation, new pricing models and new business fundamentals in place, the enabling conditions are in place to sustain and grow a profitable business.

The business has demonstrated historically that it has been able to successfully raise funds from the equity capital markets and financiers as and when required. The Directors expect the Company will continue to have options available should further funding be required.

In making their assessment, the Directors have relied upon the above considerations, and the financial statements have been prepared on the going concern basis for the above reasons.

Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Rounding

Amounts in this report have been rounded off to the nearest dollar.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 29.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of TZ Limited ('Company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. TZ Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity' or 'the Group'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Note 2. Material accounting policy information (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM are responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

Foreign currency transactions

Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, where this approximates the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Sale of software and hardware

Sales of software and hardware are recognised at the point of sale, which is where the customer has taken delivery of the goods.

Rendering of installation and commissioning services

Rendering of installation and commissioning services revenue is recognised at the point in time when software and hardware has been installed.

Rendering of maintenance services

Revenue from maintenance services is typically paid in advance on an annual, quarterly or monthly basis. Revenue is recognised over the period the customer support/hosting relates to (the coverage period). Fees received in advance of the performance of services are deferred and recognised as contract liabilities.

Note 2. Material accounting policy information (continued)

Government grant - Research and development incentive

Government grant - Research and development incentive represents reimbursements received from the Australian Government for eligible research and development expenditure incurred by the consolidated entity. The consolidated entity recognises government grants upon receipt of funds.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Reclassification

Comparative figures in the statement of profit or loss and other comprehensive income and in the statement of financial position have been reclassified to conform to the current year presentation.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30-60 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Aged receivable amounts over 120 days have been individually assessed for possible losses.

Note 2. Material accounting policy information (continued)

Contract assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Patents

Expenditure directly attributable to the registration of patents is capitalised at cost and is amortised over the useful life of 15 years.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is capitalised if the product or service is technically feasible, adequate resources are available to complete the project, it is probable that future economic benefits will be generated and expenditure attributable to the project can be measured reliably. Expenditure capitalised comprises costs of materials, services, direct labour and an appropriate portion of overheads.

Capitalised development expenditure is stated at cost less accumulated amortisation and any impairment losses and are amortised over the period of expected future sales from the related projects which vary from 3 to 5 years.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 2. Material accounting policy information (continued)

Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance Costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Provisions

Inventory provision

Inventory provision for obsolescence is estimated based on historical inventory movement, for example, purchases / sales and knowledge of inventory products on hand.

Warranties provision

The consolidated entity provides warranties on hardware sales which generally covers a period of 12 months from the date of sale. The consolidated entity has initiated accruing warranty provision at 1% of the sales based on historical warranty claims.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries and other employee benefits expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

Employee benefits not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Note 2. Material accounting policy information (continued)

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification had not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, they are treated as if they had vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award are treated as if they were a modification.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of TZ Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Inventory provision

Inventory provision for obsolescence is estimated based on historical inventory movement, for example, purchases / sales and knowledge of inventory products on hand. The Group has provided 100% obsolescence provision at cost on hand for inventory items that have no movement in the past 2 years.

Warranties provision

Refer to policy in note 2.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Revenue from contracts with customers

Determining when to recognise revenues from maintenance services recognised over time is dependent on the extent to which the performance obligations have been satisfied. For maintenance service agreements, revenue recognition requires an understanding of the customer's use of the related products, historical experience and knowledge of the market.

Recognised amounts of contract revenues and related receivables reflect management's best estimate of each contract's outcome and stage of completion. This includes the assessment of the profitability of ongoing contracts and the order backlog. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 9, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower. Aged receivable amounts over 120 days have been individually assessed for possible losses.

Capitalised development costs

Distinguishing the research and development phases of a new project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves assessing the value of the asset at fair value less costs of disposal and using value-in-use models which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Incremental borrowing rate (IBR)

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment. The IBR for Sydney Office lease starting May 2024 has been determined on the basis of the interest rate per the Group's borrowing agreement with First Samuel Limited.

Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity operates in four operating segments being Australia, United States of America ('USA'), Europe (including the United Kingdom), Middle East and Africa ('EMEA') and Asia. The principal activities of each operating segment are identical, being the sale of hardware and software products, maintenance and support services, and installation and commissioning services. These segments are based on the internal reports that are reviewed and used by the Board of Directors (being the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Other segments represent the activities of the corporate headquarters.

The information reported to the CODM, on at least a monthly basis, is profit or loss and adjusted earnings before interest, tax, depreciation and amortisation and other specific items ('Adjusted EBITDA').

For information about revenue from products and services, refer to note 5.

Note 4. Operating segments (continued)

Intersegment transactions

Transactions between segments are carried out at arm's length and are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment receivables, payables and loans are eliminated on consolidation.

Major customers

One customer contributed 21.75% of the consolidated entity for the year ended 30 June 2024. During the year ended 30 June 2023, two customers contributed more than 10% to the external revenue of the consolidated entity.

Operating segment information

	Australia \$	USA \$	EMEA \$	Asia \$	Other segments \$	Total \$
Consolidated - 2024						
Revenue						
Sales to external customers	5,744,459	6,909,996	231,119	1,051,754	-	13,937,328
Interest	-	-	-	-	2,737	2,737
Total revenue	<u>5,744,459</u>	<u>6,909,996</u>	<u>231,119</u>	<u>1,051,754</u>	<u>2,737</u>	<u>13,940,065</u>
Adjusted EBITDA	<u>395,188</u>	<u>891,056</u>	<u>123,215</u>	<u>170,374</u>	<u>(799,655)</u>	<u>780,178</u>
Depreciation and amortisation						(644,573)
Interest revenue						2,737
Finance costs						(384,493)
Government grants						331,712
Profit before income tax benefit						85,561
Income tax benefit						13,791
Profit after income tax benefit						<u>99,352</u>
	Australia \$	USA \$	EMEA \$	Asia \$	Other segments \$	Total \$
Consolidated - 2023						
Revenue						
Sales to external customers	4,863,707	6,978,721	719,372	1,246,295	-	13,808,095
Interest	-	-	-	-	1,126	1,126
Total revenue	<u>4,863,707</u>	<u>6,978,721</u>	<u>719,372</u>	<u>1,246,295</u>	<u>1,126</u>	<u>13,809,221</u>
Adjusted EBITDA	<u>400,533</u>	<u>(5,031,627)</u>	<u>(92,226)</u>	<u>69,612</u>	<u>(19,304)</u>	<u>(4,673,012)</u>
Depreciation and amortisation						(804,745)
Impairment						(195,914)
Interest revenue						1,126
Finance costs						(278,927)
Loss before income tax expense						(5,951,472)
Income tax expense						(34,090)
Loss after income tax expense						<u>(5,985,562)</u>

All assets and liabilities, including taxes are not allocated to the operating segments as they are managed on an overall group basis, and therefore this information is not reported to the CODM.

Note 4. Operating segments (continued)

Geographical information

	Geographical non-current assets	
	2024	2023
	\$	\$
Australia	1,778,657	794,833
United States of America	309,187	370,182
EMEA	883	1,472
Asia (Singapore)	-	376
	<u>2,088,727</u>	<u>1,166,863</u>

Note 5. Revenue

	Consolidated	
	2024	2023
	\$	\$
Sale and service revenue	<u>13,937,328</u>	<u>13,808,095</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2024	2023
	\$	\$
<i>Major product and service lines</i>		
Sale of hardware and software	9,892,958	9,584,908
Installation and commissioning services	542,440	882,335
Maintenance and support services	<u>3,501,930</u>	<u>3,340,852</u>
	<u>13,937,328</u>	<u>13,808,095</u>
<i>Timing of revenue recognition</i>		
Goods and services transferred at a point in time	10,435,398	10,467,243
Services transferred over time	<u>3,501,930</u>	<u>3,340,852</u>
	<u>13,937,328</u>	<u>13,808,095</u>

Refer to note 4 for details of revenue disaggregated by geographical regions.

Note 6. Other income

	Consolidated	
	2024	2023
	\$	\$
Government grant - Research and development incentive	331,712	3,511
Other	<u>3,942</u>	<u>-</u>
Other income	<u>335,654</u>	<u>3,511</u>

Note 7. Expenses

	Consolidated	
	2024	2023
	\$	\$
Profit/(loss) before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	19,787	63,764
Office equipment	43,293	61,981
Right-of-use assets	249,623	220,358
Total depreciation	312,703	346,103
<i>Amortisation</i>		
Development costs	331,870	458,642
Total depreciation and amortisation	644,573	804,745
<i>Inventory</i>		
Inventory write-downs / (write-ups)	(92,500)	485,126
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	351,983	251,809
Interest and finance charges paid/payable on lease liabilities	32,510	27,118
Finance costs expensed	384,493	278,927
<i>Leases</i>		
Short-term lease payments	217,119	272,462
Defined contribution superannuation expense	246,064	329,942
<i>Other expenses</i>		
Bad debts	133,524	-
Insurance	132,854	266,943
Marketing	172,047	192,080
Other expenses	162,984	740,625
Subscriptions	227,880	302,268
Total other expenses	829,289	1,501,916
<i>Share-based payments</i>		
Options	4,287	6,446
Share grants	71,948	26,144
	76,235	32,590

Note 8. Cash and cash equivalents

	Consolidated	
	2024	2023
	\$	\$
<i>Current assets</i>		
Cash held at bank	1,049,797	862,946

Note 9. Trade and other receivables

	Consolidated	
	2024	2023
	\$	\$
<i>Current assets</i>		
Trade receivables	1,770,861	1,781,913
Less: Allowance for expected credit losses	(102,378)	-
	<u>1,668,483</u>	<u>1,781,913</u>

Allowance for expected credit losses

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2024	2023	2024	2023	2024	2023
Consolidated	%	%	\$	\$	\$	\$
Not overdue	-	-	1,328,067	1,209,716	-	-
0 to 3 months overdue	-	-	337,975	436,113	-	-
3 to 6 months overdue	94.717%	-	46,204	40,933	43,763	-
Over 6 months overdue	100.000%	-	58,615	95,151	58,615	-
			<u>1,770,861</u>	<u>1,781,913</u>	<u>102,378</u>	<u>-</u>

Refer to note 3 for credit loss estimation method.

Note 10. Contract assets

	Consolidated	
	2024	2023
	\$	\$
<i>Current assets</i>		
Contract assets	<u>246,336</u>	<u>878,771</u>

Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

Opening balance	878,771	1,137,355
Additions	8,585,452	19,647,454
Transfer to trade receivables	(9,217,887)	(19,906,038)
Closing balance	<u>246,336</u>	<u>878,771</u>

Allowance for expected credit losses

The allowance for expected credit losses on contract assets for the year ended 30 June 2024 is \$nil (2023: \$nil).

Note 11. Inventories

	Consolidated	
	2024	2023
	\$	\$
<i>Current assets</i>		
Finished goods - at cost	1,743,422	2,365,560
Less: Provision for impairment	(276,374)	(487,310)
	<u>1,467,048</u>	<u>1,878,250</u>

Refer to note 3 for details of estimation of inventory obsolescence provision.

Note 12. Other current assets

	Consolidated	
	2024	2023
	\$	\$
<i>Current assets</i>		
Prepayments and deferred expenses	334,524	484,705
Security deposits	91,254	122,828
	<u>425,778</u>	<u>607,533</u>

Note 13. Right-of-use assets

	Consolidated	
	2024	2023
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	1,249,790	805,775
Less: Accumulated depreciation	(100,861)	(465,964)
	<u>1,148,929</u>	<u>339,811</u>

The consolidated entity leases various premises under non-cancellable operating leases expiring between 4 and 5 years, in some cases, with no options to extend. The above commitments do not include commitments for any renewal options on leases. Lease conditions do not impose any restrictions on the ability of TZ Limited and its subsidiaries from borrowing further funds or paying dividends. TZI Administration has renewed the lease for existing office premises with agreed fixed annual increase of 3%.

Note 13. Right-of-use assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Right-of-use assets
	\$
Balance at 1 July 2022	378,325
Additions	183,566
Disposals	(2,906)
Exchange differences	1,184
Depreciation expense	(220,358)
Balance at 30 June 2023	339,811
Additions	1,057,928
Exchange differences	813
Depreciation expense	(249,623)
Balance at 30 June 2024	<u>1,148,929</u>

Note 14. Intangibles

	Consolidated	
	2024	2023
	\$	\$
<i>Non-current assets</i>		
Re-acquired right (Intevia Licence) - at cost *	-	10,138,090
Less: Accumulated amortisation *	-	(8,035,887)
Less: Impairment *	-	(2,102,203)
	-	-
Patents - at cost **	3,565,316	2,842,881
Less: Accumulated amortisation **	(1,312,346)	(819,128)
Less: Impairment **	(2,089,579)	(1,840,886)
	163,391	182,867
Development costs - at cost ***	4,210,742	11,059,116
Less: Accumulated amortisation ***	(2,732,909)	(6,034,807)
Less: Impairment ***	(791,939)	(4,501,000)
	685,894	523,309
	<u>849,285</u>	<u>706,176</u>

* The fully amortised and impaired intangible assets were held in a subsidiary which was disposed during the year ended 30 June 2024.

** The movement in cost, amortisation and impairment of intangible assets were in relation to patent costs held in a subsidiary which was disposed during the year ended 30 June 2024.

*** The movement in cost, amortisation and impairment of intangible assets were in relation to development costs held in a subsidiary which was disposed during the year ended 30 June 2024.

Note 14. Intangibles (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Patents \$	Development costs \$	Total \$
Balance at 1 July 2022	196,318	795,398	991,716
Additions	-	166,456	166,456
Exchange differences	6,645	-	6,645
Amortisation expense	(20,096)	(438,545)	(458,641)
Balance at 30 June 2023	182,867	523,309	706,176
Additions	-	473,823	473,823
Exchange differences	1,155	1	1,156
Amortisation expense	(20,631)	(311,239)	(331,870)
Balance at 30 June 2024	<u>163,391</u>	<u>685,894</u>	<u>849,285</u>

Impairment testing

At 30 June 2024, the cash generating units ('CGU') to which intangible assets belong was tested for impairment. Despite growth in revenue and small profit, results were less than budgeted hence an impairment indicator existed at year end, which required a full impairment analysis to be undertaken. For the purpose of impairment testing, the Package Asset Delivery ('PAD') CGU is determined to be the sole CGU that benefits from the core patented technology and product development costs. The net carrying value of the CGU is as follows:

	Consolidated	
	2024 \$	2023 \$
Package Asset Delivery – PAD	<u>685,893</u>	<u>523,309</u>

Impairment test performed

The recoverable value of the CGU was assessed on the value in use model.

The value in use hierarchy within which the value in use measurement of the asset is categorised in its entirety is Level 3. The valuation techniques used to measure the value in use less likely costs of disposal were the Relief from Royalty Method and Multi Period Excess Earnings Method. Cashflow for 6 years were projected in assessing the impairment testing. Management used the following key estimates and assumptions in the valuation calculation:

Key items	2024	2023
Growth rate	1.50%	1.50%
Discount rate	12.80%	12.40%
Royalty rate	5.00%	5.00%
Customer attrition rate	10.00%	10.00%
EBITDA margin	50.00%	50.00%

Impairment test results

Based on the testing performed, the recoverable amount of the CGU exceeded the carrying value and no impairment existed at 30 June 2024 (30 June 2023: no impairment).

Impairment test sensitivity

A reasonable possible change in the key assumptions used to determine the recoverable amount of the CGU would not cause the remaining carrying value of the CGU to exceed its recoverable amount.

Note 15. Trade and other payables

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	1,540,308	2,227,204
Employee expense payables	53,136	269,969
Goods and services tax payable	390,497	146,930
Other payables	907,114	1,019,518
	<u>2,891,055</u>	<u>3,663,621</u>

Refer to note 23 for further information on financial instruments.

Note 16. Contract liabilities

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Contract liabilities	<u>2,550,109</u>	<u>2,867,579</u>
<i>Reconciliation</i>		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	2,867,579	4,275,853
Amounts invoiced in advance	11,306,018	12,530,112
Restatement of comparative (2022)	-	(765,307)
-Transfer to revenue - included in the opening balance	(2,867,579)	(3,510,545)
Transfer to revenue - performance obligations satisfied in previous periods	(8,755,909)	(9,662,534)
Closing balance	<u>2,550,109</u>	<u>2,867,579</u>

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$2,550,109 as at 30 June 2024 (\$2,867,579 as at 30 June 2023) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2024	2023
	\$	\$
Within 6 months	1,951,351	2,198,698
Greater than 6 months	598,758	668,881
	<u>2,550,109</u>	<u>2,867,579</u>

Note 17. Borrowings

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Loan - First Samuel Limited ("First Samuel")	<u>3,300,000</u>	<u>3,500,000</u>

Note 17. Borrowings (continued)

Refer to note 23 for further information on financial instruments.

Loan - First Samuel Limited ("First Samuel")

The full debenture facility was established with First Samuel Limited on 30 June 2021 and originally matured on 31 January 2024, an entity with significant influence (by virtue of shareholdings). This facility carries a coupon rate of BBSW + 4.5% per annum and a facility fee of 1% per annum payable in advance. First Samuel Limited is a related party of the Group. Refer to note 28 for further information on related party transactions and balances.

On 9 December 2022, the Company extended the debenture facility with First Samuel Limited from \$2,500,000 to \$3,500,000.

During the year ended 30 June 2024, pursuant to a Third Deed of Variation and additional informal agreements ("the variations") entered into between the Company and First Samuel Limited, the repayment dates of its debenture facilities were extended to future dates as outlined below:

- \$2,500,000 to 30 June 2025;
- \$200,000 paid in April 2024; and
- \$800,000 to be agreed between the Company and First Samuel.

Total secured liabilities

The total secured liabilities are as follows:

	Consolidated	
	2024	2023
	\$	\$
Loan - First Samuel Limited	3,300,000	3,500,000

Assets pledged as security

The facilities are secured by first ranking security interest over the assets of the consolidated entity.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2024	2023
	\$	\$
Total facilities		
Loan - First Samuel Limited (current facility)	3,500,000	3,500,000
Used at the reporting date		
Loan - First Samuel Limited (current facility)	3,300,000	3,500,000
Unused at the reporting date		
Loan - First Samuel Limited (current facility)	200,000	-

Note 18. Lease liabilities

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Lease liability	204,987	224,622
<i>Non-current liabilities</i>		
Lease liability	964,832	144,562
	<u>1,169,819</u>	<u>369,184</u>

Refer to note 23 for further information.

Reconciliations

Reconciliations of the lease liability (current and non-current) at the beginning and end of the current financial year are set out below:

	Consolidated	
	2024	2023
	\$	\$
Opening balance	369,184	406,082
Additions	1,057,928	183,566
Payments - principal	(289,395)	(235,970)
Payments - interest	32,509	27,118
Exchange difference	(407)	(11,612)
Closing balance	<u>1,169,819</u>	<u>369,184</u>

Note 19. Provisions

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Employee benefits	462,223	461,206
Warranty provision	67,503	-
	<u>529,726</u>	<u>461,206</u>
<i>Non-current liabilities</i>		
Employee benefits	46,010	35,571
	<u>575,736</u>	<u>496,777</u>

Note 20. Issued capital

	2024	2023	Consolidated	
	Shares	Shares	2024	2023
			\$	\$
Ordinary shares - fully paid	256,583,114	252,708,114	228,421,700	228,420,393

Note 20. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	222,708,114		227,279,703
Issue of shares - equity incentive plan	23 March 2023	30,000,000	\$0.0400	1,200,000
Less: share issue costs		-	\$0.0000	(59,310)
Balance	30 June 2023	252,708,114		228,420,393
Shares issued under employee incentive scheme – Escrow 2	6 July 2023	5,050,000	\$0.0250	126,250
Shares cancelled under employee incentive scheme - Escrow 1	6 July 2023	(1,000,000)	\$0.1100	(110,000)
Shares cancelled under employee incentive scheme	28 March 2024	(175,000)	\$0.0850	(14,943)
Balance	30 June 2024	<u>256,583,114</u>		<u>228,421,700</u>

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Unquoted options

At 30 June 2024, there were 1,127,000 (2023: 1,415,000) options on issue associated with share-based payment arrangements (see note 33). Each option entitles the holder to subscribe for one fully paid share in the company upon exercise at any time from the date the vesting conditions have been satisfied until expiry of the options.

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company or invest in growth was seen as value adding.

The capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Note 21. Reserves

	Consolidated	
	2024	2023
	\$	\$
Foreign currency reserve	(5,031,066)	(5,110,146)
Share-based payments reserve	39,517	38,921
	<u>(4,991,549)</u>	<u>(5,071,225)</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency \$	Share-based payments \$	Total \$
Balance at 1 July 2022	(4,339,315)	34,771	(4,304,544)
Foreign currency translation	(770,831)	-	(770,831)
Share-based payments	-	4,150	4,150
Balance at 30 June 2023	(5,110,146)	38,921	(5,071,225)
Foreign currency translation	79,080	-	79,080
Share-based payments	-	596	596
Balance at 30 June 2024	<u>(5,031,066)</u>	<u>39,517</u>	<u>(4,991,549)</u>

Note 22. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 23. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Note 23. Financial instruments (continued)

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The consolidated entity's foreign exchange risk is managed to ensure sufficient funds are available to meet foreign currency commitments in a timely and cost-effective manner. The consolidated entity will continually monitor this risk and consider entering into forward foreign exchange, foreign currency swap and foreign currency option contracts if appropriate.

Creditors and debtors as at 30 June 2024 were reviewed to assess currency risk at year end. The value of transactions denominated in a currency other than the functional currency of the respective subsidiary was insignificant and therefore the risk was determined as immaterial.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the consolidated entity to interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value interest rate risk.

The consolidated entity invests surplus cash in term deposits with fixed returns. The Board makes investment decisions after considering advice received from professional advisors.

The consolidated entity monitors its interest rate exposure continuously.

As at the reporting date, the consolidated entity had the following variable rate exposures:

	2024		2023	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Consolidated				
Cash and cash equivalents	-	1,049,797	-	862,946
Loan - First Samuel Limited	8.94%	(3,300,000)	8.74%	(3,500,000)
Net exposure to cash flow interest rate risk		<u>(2,250,203)</u>		<u>(2,637,054)</u>

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

The consolidated entity has a net cash deficit totalling \$2,250,203 (2023: net cash deficit \$2,637,054). An official increase/decrease in interest rates of 100 basis point (2023: 100 basis point) percentage point would have an adverse/favourable effect on profit before tax of \$22,502 (2023: adverse/favourable \$26,371) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Note 23. Financial instruments (continued)

The consolidated entity does not have any concentration of credit risk exposure from its customers as at 30 June 2024 and 30 June 2023.

There is a concentration of credit risk for cash at bank and cash on deposit as most monies in Australia are held with one financial institution, St George Bank.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	2024	2023
	\$	\$
Loan - First Samuel Limited (current facility)	200,000	-

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 2024	%	\$	\$	\$	\$	\$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	1,540,308	-	-	-	1,540,308
Employee expenses payable	-	53,136	-	-	-	53,136
Other payables	-	907,114	-	-	-	907,114
GST payable	-	390,497	-	-	-	390,497
<i>Interest-bearing - variable</i>						
Loan - First Samuel Limited	8.94%	3,300,000	-	-	-	3,300,000
<i>Interest-bearing - fixed rate</i>						
Lease liability	8.86%	204,987	234,980	729,852	-	1,169,819
Total non-derivatives		6,396,042	234,980	729,852	-	7,360,874

Note 23. Financial instruments (continued)

Consolidated - 2023	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	2,227,204	-	-	-	2,227,204
Employee expenses payable	-	269,969	-	-	-	269,969
Other payables	-	1,019,518	-	-	-	1,019,518
GST payable	-	146,930	-	-	-	146,930
<i>Interest-bearing - variable</i>						
Loan - First Samuel Limited	8.74%	3,500,000	-	-	-	3,500,000
<i>Interest-bearing - fixed rate</i>						
Lease liability	8.24%	224,622	43,898	100,664	-	369,184
Total non-derivatives		7,388,243	43,898	100,664	-	7,532,805

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 24. Fair value measurement

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 25. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2024	2023
	\$	\$
Short-term employee benefits	927,104	1,061,282
Post-employment benefits	25,292	76,919
Long-term benefits	27,383	-
Share-based payments	-	3,185
	979,779	1,141,386

Note 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PKF Brisbane Audit, the auditor of the Company:

	Consolidated	
	2024	2023
	\$	\$
<i>Audit services - PKF Brisbane Audit</i>		
Audit or review of the financial statements	115,625	74,000
<i>Other services - PKF Brisbane</i>		
Tax compliance services	15,000	12,000
	<u>130,625</u>	<u>86,000</u>

Note 27. Contingent liabilities

As at 30 June 2024, there are \$72,101 (30 June 2023: nil) held in St. George Bank Limited, representing a bank guarantee. The consolidated entity does not have any other contingent liabilities at 30 June 2024 (as at 30 June 2023: nil).

Note 28. Related party transactions

Parent entity
TZ Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 30.

Key management personnel
Disclosures relating to key management personnel are set out in note 25 and note 33 and the remuneration report included in the Directors' report.

	Consolidated	
	2024	2023
	\$	\$
<i>Payables to Directors:</i>		
Amounts owed to Directors for outstanding Director fees	-	27,500

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2024	2023
	\$	\$
<i>Payment for other expenses:</i>		
Interest expense for the year (including interest payable at year end below) to First Samuel Limited - an entity with significant influence (by virtue of shareholdings)	308,326	221,230
Interest payable outstanding at year end to First Samuel Limited - an entity with significant influence (by virtue of shareholdings)	152,046	-

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date, with the exception of the following amounts:

Note 28. Related party transactions (continued)

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2024	2023
	\$	\$
Current borrowings:		
Loan from First Samuel Limited - an entity with significant influence (by virtue of shareholdings)	3,300,000	3,500,000

Terms and conditions

Refer to note 17 for details of terms and conditions on the First Samuel Limited loan facility.

Note 29. Parent entity information

	Parent	
	2024	2023
	\$	\$
Financial performance		
Loss for the year	(1,126,839)	(492,578)

	Parent	
	2024	2023
	\$	\$
Financial position		
Total current assets	5,610,503	10,511,841
Total assets	7,198,994	12,112,655
Total current liabilities	(3,748,939)	(7,536,067)
Total liabilities	(3,748,939)	(7,536,067)
Net assets	3,450,055	4,576,588
Issued capital	228,417,393	228,420,394
Reserves	39,517	38,921
Accumulated losses	(225,006,857)	(223,882,727)
Total equity	3,450,053	4,576,588

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2024 %	2023 %
Telezygology, Inc	United States of America	100.00%	100.00%
TZ Holdings Inc *	United States of America	-	100.00%
TZ Development Technologies Inc *	United States of America	-	100.00%
TZ Tooling Inc *	United States of America	-	100.00%
TZI Australia Pty Limited	Australia	100.00%	100.00%
TZ Administration Services Pty Ltd	Australia	100.00%	100.00%
TZI Singapore Pte Ltd	Singapore	100.00%	100.00%
TZI UK Limited	United Kingdom	100.00%	100.00%

* Deregistered on 29 September 2023.

Note 31. Cash flow information

Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	Consolidated	
	2024 \$	2023 \$
Profit/(loss) after income tax benefit/(expense) for the year	99,352	(5,985,562)
Adjustments for:		
Depreciation and amortisation	644,573	804,745
Share-based payments	1,903	4,150
Foreign exchange differences	(50,959)	(793,818)
Interest expense on lease liabilities	32,510	153,042
Change in operating assets and liabilities:		
Decrease in trade and other receivables	113,430	2,348,318
Decrease in contract assets	632,435	258,585
Decrease in inventories	411,202	808,591
Decrease in other assets	181,755	594,436
Increase/(decrease) in trade and other payables	(772,564)	404,854
Decrease in contract liabilities	(317,470)	(1,408,275)
Increase/(decrease) in provisions	78,958	(113,100)
Net cash from/(used in) operating activities	<u>1,055,125</u>	<u>(2,924,034)</u>

Non-cash investing and financing activities

	Consolidated	
	2024 \$	2023 \$
Additions to the right-of-use assets	1,057,928	183,566
Shares issued	-	1,200,000
	<u>1,057,928</u>	<u>1,383,566</u>

Note 31. Cash flow information (continued)

Changes in liabilities arising from financing activities

Consolidated	Loan - First Samuel Limited \$	Lease liabilities \$	Total \$
Balance at 1 July 2022	2,500,000	406,082	2,906,082
Net cash from/(used in) financing activities	1,000,000	(208,852)	791,148
Lease additions	-	183,566	183,566
Exchange differences	-	(11,612)	(11,612)
Balance at 30 June 2023	3,500,000	369,184	3,869,184
Net cash used in financing activities	(200,000)	(290,613)	(490,613)
Lease additions	-	1,057,928	1,057,928
Exchange differences	-	33,320	33,320
Balance at 30 June 2024	<u>3,300,000</u>	<u>1,169,819</u>	<u>4,469,819</u>

Note 32. Earnings/(Loss) per share

	Consolidated	
	2024	2023
	\$	\$
Profit/(loss) after income tax attributable to the owners of TZ Limited	<u>99,352</u>	<u>(5,985,562)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>256,657,363</u>	<u>230,927,292</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>256,657,363</u>	<u>230,927,292</u>
	Cents	Cents
Basic earnings/(loss) per share	0.0387	(2.5920)
Diluted earnings/(loss) per share	0.0387	(2.5920)

For the purpose of calculating the diluted loss per share the denominator has excluded 16,127,000 options (2023: 1,415,000) as the effect would be anti-dilutive.

Note 33. Share-based payments

TZ Limited's employee Equity Incentive Plan

TZ Limited's employee Equity Incentive Plan ('EIP') was approved by shareholders during the Company's 2021 Annual General Meeting held on 27 January 2022. The Plan was designed to attract, retain, motivate and reward eligible persons (employees and directors) of the Company (collectively the 'Participants') by issuing securities to the Participants. The vesting of those securities may be subject to certain performance criteria to be determined by the Board.

Note 33. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

2024

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Forfeited/ Expired	Balance at the end of the year
06/08/2019	31/08/2024	\$0.2500	359,000	-	-	(144,000)	215,000
06/08/2019	31/08/2025	\$0.4000	359,000	-	-	(144,000)	215,000
06/08/2019	31/08/2026	\$0.4500	697,000	-	-	-	697,000
			<u>1,415,000</u>	<u>-</u>	<u>-</u>	<u>(288,000)</u>	<u>1,127,000</u>

Weighted average exercise price	\$0.3866	\$0.0000	\$0.0000	\$0.3250	\$0.4023
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2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Forfeited/ Expired	Balance at the end of the year
06/08/2019	31/08/2024	\$0.2500	697,000	-	-	(338,000)	359,000
06/08/2019	31/08/2025	\$0.4000	697,000	-	-	(338,000)	359,000
06/08/2019	31/08/2026	\$0.4500	697,000	-	-	-	697,000
			<u>2,091,000</u>	<u>-</u>	<u>-</u>	<u>(676,000)</u>	<u>1,415,000</u>

Weighted average exercise price	\$0.3667	\$0.0000	\$0.0000	\$0.3250	\$0.3667
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Note 34. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Entity name	Body Corporate, Partnership or Trust	Place incorporated/ formed	% of share capital held directly or indirectly by the Company	Australian or Foreign tax resident	Jurisdiction for Foreign tax resident
TZ Limited	Body Corporate	Australia	N/A (Parent Entity)	Australian	N/A
TZI Australia Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
TZ Administration Services Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Telezygology Inc	Body Corporate	United States of America	100%	Australian	Dual*
TZI Singapore Pte Ltd	Body Corporate	Singapore	100%	Australian	Dual - Singapore
TZI UK Limited	Body Corporate	United Kingdom	100%	Australian	Dual**

* - United States of America

** - United Kingdom

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Peter Graham
Chairman

28 August 2024
Sydney

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TZ LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of TZ Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the financial report of TZ Limited is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

1. Carrying amount of intangible assets with finite useful lives

Why significant

As at 30 June 2024, the carrying value of intangible assets with finite useful lives was \$849,285 (2023: \$706,176), as disclosed in Note 14.

The Group's accounting policy in respect of intangible assets with finite useful lives is outlined in Note 2.

The carrying amount of intangible assets with finite useful lives is a key audit matter due to:

- the significant audit effort required to test the carrying amount of intangible assets with finite useful lives; and
- the level of judgement applied in evaluating management's assessment of impairment.

As outlined in Notes 2 and 3, management assessed the carrying amount of intangible assets with finite useful lives through impairment testing utilising a fair value less costs of disposal model in which significant judgements are applied in determining key assumptions. The judgements made in determining the underlying assumptions in the model have a significant impact on the carrying amount of intangible assets with finite useful lives, and accordingly the amount of any impairment charge, to be recorded in the current financial year.

How our audit addressed the key audit matter

In assessing this key audit matter, we involved senior audit team members who understand the industry.

Our audit procedures included, amongst others:

- evaluating management's methodology for determining the carrying amount of intangible assets with finite useful lives by comparing the fair value less costs of disposal model with generally accepted valuation methodology and accounting standard requirements;
- conducting sensitivity analysis on key assumptions such as weighted average cost of capital (WACC) and growth rates, within reasonable foreseeable ranges;
- challenging the key assumptions used in the value in use model by:
 - assessing growth rates used in comparison to historical results;
 - evaluating the WACC rate used in comparison to market and industry information available;
 - assessing yearly revenue forecasts in comparison to historical results and approved budgets; and
 - assessing the impact of economic environment on all key assumptions;
- assessing the appropriateness of the Group's accounting policy for the capitalisation of development costs;
- obtaining a list of additions to intangible assets and assessing against the recognition criteria of AASB 138 *Intangible Assets*; assessing management's estimate of future economic benefits related to the costs capitalised; and
- assessing the appropriateness of the related disclosures in Note 2, 3 and 14.

2. Revenue recognition

Why significant

As at 30 June 2024 the recorded revenue from continuing operations of the group was \$13,937,328 (2023: \$13,808,095), as disclosed in Note 5.

As disclosed in the accounting policy in Note 2, the group has multiple revenue streams including contracts with customers, sale of software and hardware, rendering of installation and commissioning services, maintenance services and professional services. As disclosed in Note 3, management judgement is required in relation to revenue recognition for maintenance services recognised over time.

Revenue recognition is considered a Key Audit Matter (KAM) due to:

- The significance of the balance;
- The different categories of revenue recognised which in some cases require management judgement; and
- Errors identified in a prior period relating to revenue.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Understanding the Group's accounting policies and processes for recognising contract revenue;
- Tracing revenue samples to contracts, and assessing management's revenue recognition based on the five steps required under AASB 15 *Revenue from Contracts with Customers*;
- Performing cut-off testing to ensure revenue transactions around the year end have been recorded in the correct period and any contract assets or contract liabilities have been properly accounted for;
- Reviewing related balance sheet accounts, including accrued revenue and customer deposits to ensure the completeness and accuracy of recorded revenue; and
- Reviewing the disclosures in Note 2, 3, 5, 10, and 16 to ensure that they are appropriate and in accordance with AASB 15 *Revenue from Contracts with Customers*.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

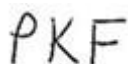
A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of TZ Limited for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.



PKF BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

BRISBANE
28 August 2024

Following is a summary of shareholder information as at 31 July 2024.

Equity security holders

Distribution of equity securities

Analysis of number of equity security holders by size of holding:

Holdings Ranges	Ordinary Shares			Unquoted Options		
	Holders	Total Units	%	Holders	Total Units	%
1-1,000	1,265	283,069	0.10	-	-	-
1,001-5,000	340	887,552	0.35	-	-	-
5,001-10,000	133	1,075,310	0.42	-	-	-
10,001-100,000	315	12,160,255	4.74	6	375,000	2.33
100,001-999,999,999	181	242,176,928	94.39	24	15,752,000	97.67
Totals	2,234	256,583,114	100.00	30	16,127,000	100.00

Holding less than a marketable parcel

Based on the closing share price on 31 July 2024 of A\$ 0.0240 per share, there were 1,848 holders of less than a marketable parcel of ordinary shares, holding 3,925,766 shares in aggregate.

Voting Rights

All issued ordinary shares carry one vote per share.

All options do not carry the right to vote.

Top 20 largest holders of ordinary shares

Name	Balance as at 31 July 2024	%
FIRST SAMUEL LTD ACN 086243567 <ANF ITS MDA CLIENTS A/C>	60,882,104	23.73
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,387,449	8.34
MR SCOTT JOSEPH BOGUE	20,000,000	7.79
DELCOR ADVISORY INVESTMENT GROUP PTY LTD	14,041,074	5.47
ONE MANAGED INVESTMENT FUNDS LIMITED <TI GROWTH A/C>	12,944,403	5.04
MR DAVID FREDERICK OAKLEY <DFO INVESTMENT A/C>	7,398,174	2.88
MR ERICH GUSTAV BROSELL	6,050,000	2.36
BOURSE SECURITIES PTY LTD	6,000,570	2.34
APPWAM PTY LTD	6,000,000	2.34
ONE MANAGED INVESTMENT FUNDS LIMITED <TI ABSOLUTE RETURN A/C>	3,701,993	1.44
MR DAVID FREDERICK OAKLEY	3,563,684	1.39
PRICE SUPERANNUATION SERVICES PTY LTD <MILLS SUPER FUND A/C>	3,000,000	1.17
EXELMONT PTY LTD	2,443,545	0.95
JOHN ANTHONY D'ANGELO + FONNIE KANLIS	2,297,190	0.90
GUTHRIE CAD/GIS SOFTWARE PTY LTD	2,279,771	0.89
MR PHILIP ANTHONY FEITELSON	2,012,352	0.78
SURFLODGE PTY LTD <JE LYNCH STAFF SUPER FD A/C>	1,995,670	0.78
PRICE FINANCIAL INTELLIGENCE PTY LTD	1,750,000	0.68
GUTHRIE CAD/GIS SOFTWARE PTY LTD <GUTHRIE SUPER FUND A/C>	1,700,000	0.66
MISS CHIA - HUI HSU	1,656,678	0.65
Total Securities of Top 20 Holdings	181,104,657	70.58
Total Securities of remaining shareholders	75,478,457	29.42
Total of Securities	256,583,114	100.00

Substantial Holders

Substantial holders in the Company, with their respective voting power known to the Company, are set out below:

Name	Number held	% of total shares issued
First Samuel Ltd ACN 086243567 (ANF ITS MDA Clients A/C)	60,882,104	23.73
SG Hiscock & Company Limited	20,448,109	7.97
Scott Joseph Bogue	20,000,000	7.79
Technical Investing Pty Ltd	18,146,396	7.07
Delcor Advisory Investment Group Pty Ltd	14,041,074	5.47

Securities subject to voluntary escrow

Class	Escrow end date	Number of Securities
Ordinary Shares	27 January 2025	787,500
Ordinary Shares	6 July 2026	4,750,000

On-market buy-back

There is no current on-market buy-back

Closing Date for Director Nominations for Annual General Meeting

An election of Directors will be held at the Company's 2024 Annual General Meeting on 21 November 2024. Notice is hereby given in accordance with ASX Listing Rules 3.13.1 and the Company's constitution that the closing date for receipt of nominations from persons wishing to be considered for election as a Director is 2 October 2024 ('Closing Date').

Nomination must be received in writing no later than 5.00pm (Melbourne Time) on the Closing Date at the Company's registered office.

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