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TZ LIMITED

ABN 26 073 979 272

30 October 2026

ASX Announcement

September Q1 FY27 Quarterly Activities Report

TZ Limited (ASX: TZL) ("TZ" or "the Company") provides its activities report and Appendix 4C for the quarter ended 30 September 2026.

TZ's operating performance has stabilised and is improving following its management restructure and cost reduction program, with a material reduction in operating cash outflow during the September quarter. The Company's focus is on achieving sustainable operating break-even, strengthening its balance sheet and securing capital to support growth across its existing customer base and new opportunities.

Key highlights

- Net operating cash outflow reduced to $275,000, compared with $1.006 million in the June 2026 quarter and $671,000 in the September 2025 quarter.
- The quarter included $201,500 in one-off redundancy payments. Excluding those payments, net operating cash outflow would have been $73,500.
- A $100,000 customer payment expected during the quarter was delayed following a client administrative error on payment terms.
- The restructure has reduced the Company's wage cost base, with management focused on a leaner operating structure and growing revenue from existing customers.
- Discussions with external investors and existing shareholders are continuing to strengthen the balance sheet and provide capital for growth.

Operating performance and business priorities

The improvement in operating cash flow illustrates a more sustainable cost base. The Company's restructure included $1.5 million in annualised wage cost reductions and changes to its management structure, with a sharper focus on commercial execution and customer revenue growth.

Operating cash flow for the September quarter was affected by $201,500 in one-off redundancy payments and the timing of a $100,000 payment from a major international customer. The customer's 30-day payment terms were incorrectly recorded as 90 days, delaying the expected receipt. The delayed amount is not included in the quarter's cash receipts.

The Company is focused on expanding revenue from its installed base, building recurring software and service revenue, and pursuing opportunities in data centre security. This includes work with Rittal and CDC towards a standardised data centre rack security solution. These initiatives remain at the proof-of-concept stage.

The December quarter order book provides a basis for further improvement. The Company remains focused on converting orders into revenue and cash receipts, maintaining cost discipline and progressing its funding discussions.

Balance sheet and funding

At 30 September 2026, TZ held cash of $185,000, compared with $356,000 at 30 June 2026. Appendix 4C reports no unused financing facilities at quarter end. Securing additional funding remains a priority.

TZ is in discussions with external parties and existing shareholders regarding new capital and has received proposals from more than one party. The objective is to strengthen the balance sheet, address debt and outstanding vendor obligations, and provide working capital to support the Company's growth opportunities. Completion and timing remain subject to agreement on terms and the outcome of those discussions.

The Company's current debt totals $5.055 million, comprising:

- A $1.5 million debenture with First Samuel Limited, maturing on 30 June 2027.
- $3.555 million with AMAL Security Services Ltd as trustee for the Causeway Private Debt Master Fund.

TZ acknowledges the ongoing support of AMAL Security Services Ltd as trustee for the Causeway Private Debt Master Fund.

As part of the proposed funding arrangements, TZ intends to make a $500,000 debt repayment, together with outstanding interest, and settle the remaining payment due to the vendor of Keyvision. The timing and completion of these payments will depend on the funding outcome and agreed arrangements.

Financial summary

For the quarter ended 30 September 2026:

- Customer receipts were $2.621 million.
- Product manufacturing and operating payments were $939,000.
- Staff payments were $1.355 million.
- Administration and corporate payments were $403,000.
- Advertising and marketing payments were $30,000.
- Interest and other finance costs paid were $171,000.
- Other operating inflows were $2,000.
- Net cash used in operating activities was $275,000.
- Cash and cash equivalents at quarter end were $185,000.
- As disclosed in item 6.1 of Appendix 4C, payments of $60,500 were made for non-executive directors' fees.

For further information, please contact:

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Chairman

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Appendix 4C

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

Name of entity	
TZ LIMITED	
ABN	**Quarter ended ("current quarter")**
26 073 979 272	30 SEPTEMBER 2026

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	2,621	2,621
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(939)	(939)
	(c) advertising and marketing	(30)	(30)
	(d) leased assets	-	-
	(e) staff costs	(1,355)	(1,355)
	(f) administration and corporate costs	(403)	(403)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(171)	(171)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	2	2
1.9	**Net cash from / (used in) operating activities**	**(275)**	**(275)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses	-	-
	(c) property, plant and equipment	(2)	(2)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(2)**	**(2)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	121	121
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2)	(2)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(27)	(27)
3.10	**Net cash from / (used in) financing activities**	**92**	**92**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	356	356
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(275)	(275)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	92	92
4.5	Effect of movement in exchange rates on cash held	14	14
4.6	**Cash and cash equivalents at end of period**	**185**	**185**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	185	356
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**185**	**356**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	60.5
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	5,055	5,055
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	5,055	5,055

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

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The $1.5 million of the secured debenture facility with First Samuel is fully drawn.

The interest rate on the facility is 12% p.a.

$3.555 million is outstanding under the loan from AMAL Security Services Ltd as trustee for the Causeway Private Debt Master Fund. The loan bears interest at 16% per annum, including 4% penalty interest.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(275)
8.2	Cash and cash equivalents at quarter end (item 4.6)	185
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	185
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	0.67

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

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

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: The company conducted strategic cost cutting which resulted in an improved performance. The next quarter should be cashflow positive on the order pipeline.

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The company is strengthening the balance sheet with a near term capital raise. It has taken longer than expected but the company has now received offers from more than one party.

8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer: Yes. Per the reasons listed above.	

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 30 October 2026

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.