

29 January 2021

ASX Announcement

## **QUARTERLY ACTIVITIES & CASHFLOW REPORT** **Quarter ended 31<sup>st</sup> December 2020**

### **Highlights for the Quarter**

- Reduced operating costs to refocus operations in Australia and core development in Germany.
- Refocused go-to-market strategy from technology platform across multiple vertical markets to a targeted solutions for the energy sector, still leveraging the core Tymlez platform.
- Aggressively pursuing opportunities in the energy market.
- Changes in board and management team with deep industry experience to drive strategy, strong and focused execution, and enhanced corporate governance.
- **Closing cash balance** of A\$1,841,000.

**Commenting on the quarter, TYMLEZ CEO Daniel O’Halloran said,** *“Since taking over as CEO Tymlez has embarked on a material change go-to-market strategy. Our core focus going forward is selling our existing market-ready products built on our innovative Tymlez platform into the energy sector. The Board reviewed the previous approach of selling an enterprise blockchain platform for developers to utilise as being too complex and, to date, ineffective. We are now aggressively pursuing direct customer engagement in target markets, starting with the energy segment, where the market for marketplace applications is rapidly expanding.*

*“Our task in Q4 was focussed primarily on streamlining our costs to match the revised go-to-market plans. Tymlez is now selling existing applications built on our platform as solutions that solve specific business problems for our clients and their ecosystems. Along with the change in strategic direction, we have strengthened our board with deeply experienced industry and technology leaders and made changes to senior management with a strict focus on executing the strategy. Tymlez is now well positioned to take advantage of the huge investments being made in Australia’s fastest growing markets of the future - sustainability, renewable energy transition, carbon neutral initiatives, smart cities, electric vehicles as well as interrelated commercial opportunities in financial services, data and analytics products that add value to businesses in these ecosystems*

*“The company is very much aware that its shareholders have been seeking firm action on the direction of the business. The past few months have seen action taken, strategy reset, costs reduced and focus established. These actions have set a strong foundation for growth in 2021, 2022 and beyond.”*

TYMLEZ Group Limited (ASX:TYM) (TYMLEZ or the Company), a leader in enterprise software and technology solutions utilizing commercial grade blockchain technology, is pleased to release its Appendix 4C – Quarterly Cashflow report and Update for the quarter ended 31 December 2020 (The Quarter). All financial results are in Australian dollars unless otherwise stated and are unaudited. Where results occurred in other currencies such as Euros, they have been converted to Australian dollars at the rate of €1.00 = A\$1.65.

### **Changes in Board and Management Team to Further Enhance Corporate Governance:**

- Appointment of Daniel O Halloran as CEO of Tymlez Group Ltd on 1st October 2020 to replace Reinier Van Der Drift with the charter of developing and driving a change in business direction into growth markets with immediate applicability for Tymlez.
- Appointment of Tim Ebbeck as Non-Executive Director on the 14<sup>th</sup> October 2020. As a seasoned technology industry CEO, advisor and Director, Tim brings strong leadership and domain experience as well as clarity of thought and drive that will greatly assist the Company through this period of change.
- Reinier Van Der Drift stepped down from board on 14<sup>th</sup> December 2020.
- Dr. Stephen Friel was appointed Chief Technology Officer on 29<sup>th</sup> October 2020 bringing world-leading marketplace knowledge and experience.

### **Further focus on Commercial Structure and go to Market Strategy:**

When Tymlez was founded in 2016 there were few platforms capable of delivering what the Tymlez technology was built to do.

Since then, other larger platform players (such as IBM with Hyperledger) have grown at a rapid rate and have entrenched their market leading position in the enterprise blockchain platform space.

The Tymlez platform has continued to be developed over the past 4 years and remains a leading and flexible technology with significant advantages over competitive offerings.

However, the inability to gain traction as a pure technology platform play has resulted in the Company shifting approach. In the past, the go-to-market strategy had its focus around commercializing the state-of-the-art platform, with a secondary objective of creating marketplaces in the financial services, energy, telematics and other sector. Under this approach, the Company would provide the Tymlez platform to solution developers to build enterprise blockchain solutions for their customers.

The Company has now revised its strategy to targeting customers in the energy segment with specific marketplace and technology solutions. The Company will still leverage its leading blockchain platform, but also sell its existing pre-built applications, and couple these with configuration and front-end development to deliver blockchain functionality in marketplaces, trading, blockchain, and settlement in the energy and adjacent markets.

This is a focused and important change. Tymlez has shifted the business to ensure that it can drive value for its shareholders in 2021 and beyond.

### **Cutting Costs in our European business**

Consistent with this strategic change, the Company has executed on the task of decreasing operational expenditure by AUD \$1m per year in areas that do not directly contribute to Tymlez revenue generation or software development. As a result, it has cut back on its European operations and shifted some core roles to Australia, including the CEO and CTO. This consolidation of global operations in Australia will better serve targeted corporate customers and shareholders. This makes particular sense in the context of travel restrictions in the post-COVID world.

## Ongoing Revenue Opportunities and Grant Application Updates

In October 2021, the Company announced its part as a key technology provider to European consortium to create 'Internet of Energy' to facilitate peer-to-peer energy trading alongside carbon (CO2) emission tracking, tracing and trading. The consortium - called TROEF - is developing a new layered energy ecosystem for this purpose with which sustainable energy can be exchanged transparently and optimally between buildings and areas, with the lowest possible CO2 emissions as a result. The cooperation agreement signed by the parties concerned at the beginning of October has a term of four years and is subject to award of a Government grant expected to be announced by Q2 2021.

In September 2020 the Company signed a Letter of Intent with the "Tyalgum Energy Project" in Northern NSW to install and pilot its decentralised tracking and tracing green energy platform. This project is ongoing awaiting grant application outcome which is expected to be announced by Q2 2021.

TYMLEZ filed an application for a \$1,358,820 government grant together with the free university of Amsterdam and Macquarie University of Sydney, to develop and test the marketplace for medical supplies & PPE. The grant application to Australian Government was unsuccessful.

## Financial and Corporate matters

During the Quarter, cash receipts of A\$67,000 were attributable to payments for consultancy and professional services delivered as well as Platform as a Service income and perpetual revenue.

In this Quarter, cash outflow (spending) from operations was A\$779,000. During the same period in 2019, cash outflow from operations was A\$1,095,000. This reflects the results of the measures that have been taken to increase efficiency. The net operating cash outflow (spending minus amounts received) was A\$710,000.

## Summary of the expenditure incurred on business activities

The expenditures of Tymlez for the December quarter can be summarized as follows (A\$ 1,000):

Development costs <sup>#</sup>	196
Sales and marketing costs	19
Staff costs <sup>#</sup>	337
Administration and corporate costs	203
Other costs (lease, interest, etc.)	24
	-----
Total cash outflow	779
	-----

<sup>#</sup> These are collectively included in the Appendix 4C under "staff costs". As a portion of the staff costs relate directly to development costs, this is split out in the above table to provide some clarity.

## Additional Information

The December 2020 quarter is a period which is covered by the Use of Funds Statement as outlined in the Company's Replacement Prospectus dated 6 November 2018. A summary of expenditure to date since listing is set out below:

Use of Funds per November 2018 Prospectus	Funds Raised During IPO	Actual Expenditure	Variance	
		13 Dec 2018 - 31 Dec 2020	Amount (\$'000)	%
	Amount (\$'000)	Amount (\$'000)	Amount (\$'000)	%
Marketing and Sales	1,064	981	83	8
Product Development	2,127	2,364	(237)	(11)
Expansion in Asia-Pacific and USA	1,596	1,064	532	33
Working Capital	532	910	(378)	(71)
<b>Total</b>	<b>5,319</b>	<b>5,319</b>	-	

### *Explanation of material differences in the table above:*

Subsequent to the IPO, revenues earned have not met expectations. Therefore it was decided to slow down the expansion in Asia-Pacific and USA to a considerable degree. Also because TYMLEZ was able to do less work for paying customers, an additional investment was made in Product Development. The lack of revenues has had its effect on the burn-rate of TYMLEZ. Hence a higher investment in working capital than foreseen.

Payments to related parties and their associates during the Quarter was \$293K which consists of salaries for two executive directors and fees for non-executive directors.

## Authorised by the Board of Directors

- ENDS -

For further information:

Mr Justyn Stedwell  
Company Secretary  
+61 3 8395 5446

TYMLEZ GROUP LIMITED  
ACN 622 817 421  
Suite 1.03, 2 Queen St Melbourne VIC 3000  
03 8395 5446

## ABOUT TYMLEZ

Blockchain designed for business. TYMLEZ provides a highly scalable, multi-tenant, enterprise-grade smart contract blockchain platform which can be deployed in minutes and / or implemented via partners within an enterprise or across a consortium. We bring commercial grade blockchain technology to the enterprise. We do this by delivering a scalable platform which enables accelerated development, management, and deployment of enterprise blockchain applications.

## Appendix 4C

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

**Name of entity**

Tymlez Group Limited

**ABN**

37 622 817 421

**Quarter ended ("current quarter")**

31 December 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter</b>	<b>Year to date (12 months)</b>
	<b>\$A'000</b>	<b>\$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	67	223
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(19)	(136)
(d) leased assets	(17)	(82)
(e) staff costs	(533)	(2,133)
(f) administration and corporate costs	(203)	(830)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(7)	(21)
1.6 Income taxes paid	2	60
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(710)</b>	<b>(2,919)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

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

Consolidated statement of cash flows		Current quarter	Year to date (12 months)
		\$A'000	\$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	(3)	2,908
3.2	Proceeds from issue of convertible debt securities	-	813
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(196)
3.5	Proceeds from borrowings	127	619
3.6	Repayment of borrowings	(18)	(76)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>106</b>	<b>4,068</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,572	714
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(710)	(2,919)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date (12 months)</b>
		<b>\$A'000</b>	<b>\$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	106	4,068
4.5	Effect of movement in exchange rates on cash held	(127)	(22)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,841</b>	<b>1,841</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b>	<b>Current quarter</b>	<b>Previous quarter</b>
		<b>\$A'000</b>	<b>\$A'000</b>
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	1,841	2,572
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,841</b>	<b>2,572</b>

**6. Payments to related parties of the entity and their associates**

6.1 Aggregate amount of payments to related parties and their associates included in item 1 \*

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter**  
**\$A'000**

293

NIL

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

\* Amount included in 6.1 above relates to remuneration (inclusive of share based payments) paid to directors

**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	NIL	NIL
7.2 Credit standby arrangements	NIL	NIL
7.3 Other (please specify)	619	619
<b>7.4 Total financing facilities</b>	<b>619</b>	<b>619</b>

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.

In July 2020, the Company was granted a EURO 375k COVID-19 loan from the Dutch government.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(710)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,841
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,841
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	(2.59)

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

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

Answer: N/A as item 8.5 is more than 2 quarters

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

Answer: N/A as item 8.5 is more than 2 quarters

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A as item 8.5 is more than 2 quarters



## 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.

Authorised on behalf of the Board by:

**Justyn Stedwell**

Company Secretary

## 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.