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TZ Limited

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9 November 2021
ASX Announcement

TZ US sales up 40% in the first 4 months of FY22 & capital raise of \$3.45m completed

Announcement highlights:

- \$3.45 million capital raising successfully completed via a share placement at 12.5 cents per share, issuing 27.57 million new shares.
- Placement proceeds to cover remaining debt and for general working capital, enabling TZ to focus on supporting the planned business growth.
- In the first four months of FY22, US sales increased 40% year on year to AUD \$7.75 million.

TZ Limited (ASX: TZL) is pleased to announce that it has received firm commitments to raise approximately \$3.45 million via a share placement to institutional, professional and sophisticated investors at 12.5 cents per Share. Reach Markets was the lead manager of the Offer, which was not underwritten.

The placement will result in the issue of 27,570,000 fully paid ordinary shares in TZ Limited. The placement was undertaken within TZ's existing placement capacity under ASX Listing Rule 7.1.

Recent highlights for TZ

1. **TZ announced several contracts recently won in Australia totalling approximately \$1.1m.**
Australia's sales revenue was already running at 20% above budget.
2. **In the past couple of days, TZ has seen finalised October sales numbers out of the US.**
From July 1 to 30 October 2020, the US did AUD\$5.5m in sales.
For the corresponding period in 2021, the US has recorded AUD\$7.75m in purchase orders received, **representing an increase of 40% on last year.**

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3. Supply chain constraints.

In the last week of October, nearly \$500,000 in a deposit to a supplier illustrates the constraints on cash flow. The company experiences a gap between TZ having to order from suppliers and clients paying deposits. **Global supply chains remain tight, so TZ is ensuring supply by pre-paying for materials.**

4. Software development accelerated.

Existing TZ clients have been requesting “additional functionalities” which provided an opportunity going forward for annuity revenue. Management is increasing our software developers to deliver these upgrades that earn additional income.

Balance Sheet restructure has had a positive impact on TZ business

Over the past 9 months, TZ has raised significant capital to remove the company from debt and remove interest costs (circa \$1m per annum).

The debt had fallen from near \$12m to \$2.5m. This latest raise of \$3.45m effectively means the company will be debt-free with working capital to fund its organic growth.

The company’s indebtedness was hindering opportunities causing concerns over TZ’s financial viability. This is no longer the case and the business has seen an increase in the overall percentage of contract wins.

Additionally, internally TZ staff are reinvigorated knowing the company is without the financial pressures of previously, and as staff feel more secure in their employment, it has had a very positive impact on productivity.

Thank you to all investors who participated in the placement, and to our existing shareholders for their ongoing support. The Board of TZ looks forward to keeping you updated as we deliver on our growth strategy.

This ASX announcement has been approved by the Board of Directors.

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