



TZ Limited

ABN 26 073 979 272

Level 2, 40 Gloucester Street
The Rocks NSW 2000 Australia
Telephone (+61) 2 9053 6753

www.tz.net

23 November 2023

ASX Announcement

AGM CEO ADDRESS

TZ has gone through a roller coaster ride since it was founded by Dickory Rudduck and myself back in 1998. It has seen periods of great business success which culminated in the listing of the Company on the ASX back in 2004 and a peak market capitalization of over \$300M, to the risk of going into administration during the GFC of 2008, and everything in between. It has gone through several business iterations and focuses from IP and Technology Commercialization when the business first started, to Proprietary Product Manufacturer to most recently Software Solution Provider. We have also seen the business move from a smart device generalist to a smart locker specialist over the two decades of operation. These major transformations over the years, while necessitated by the situation and dynamics at the time, have seen the Company restructure and rebuild itself several times over, requiring investment and impacting business progress.

When I stepped back in to run the Company as CEO in February, the business was reeling from the effects of significant business changes – all undertaken aggressively and without a clear understanding of the impact to our customers, our competitive advantage and our business relationships and operations.

Cutting costs, while challenging, was the easy part. Rebuilding our capability through putting the right competencies in place and addressing inefficiencies in the way we were working, re-establishing a company-wide team culture and galvanizing vision, and reinvigorating customer relationships who had lost faith in TZ as a reliable provider was our main challenge.

Today, the Company knows very clearly what is needed, what we stand for and most importantly we now understand collectively how to get there. This is evidenced by some very encouraging indicators.

We have rationalized our supply chain through centralized sourcing and harmonization across the product range. Renegotiated supply terms have led to significant production savings of around 20% and a significant reduction in inventory.

We have changed our project deployment and service processes, not only improving customer service levels and experience but most importantly managing our service margins so that the cost of delivering those services is fully understood.

We have sharpened our sales focus, our overall message to customers and implemented structured pricing guidelines. This is evidenced by a massive improvement in our US business from an average sales margin of 34% last year to over 50% in the last quarter (at similar sales run rate).

We have optimized our cloud service offerings, which has not only improved margins but has improved maintainability, security, and reliability. Understanding what it costs to deliver these cloud services has allowed us to properly price our long-term recurring revenue contracts.



Level 2, 40 Gloucester Street
The Rocks NSW 2000 Australia
Telephone (+61) 2 9053 6753

TZ Limited

ABN 26 073 979 272

www.tz.net

Most importantly, we have rebuilt our key customer relationships, which has led to new business, new maintenance and service contracts and new opportunities.

The first quarter of FY24 showed that what we are doing is starting to pay dividends with a profitable start to the new financial year. We have also been consistently delivering above plan expectations in terms of revenue, gross margin, and operating expense targets.

Although we can see the market is softening due to economic conditions and world events, we are mining our traditional participation segments and do see significant growth opportunities in our installed base. The recent \$2.6M order shows that we can secure business in the face of competition, and it represents clear recognition of the value that we provide as an organization.

We are also focusing on securing foundation partner relationships that can fuel multiple project sales. These opportunities aim to shift TZ into a preferred provider status with large global enterprise customers. Once in place, this provides us access to a promising pipeline of new business.

Don't get me wrong, the business is still work in progress and there are several initiatives that we are working on putting in place to address legacy issues. We are endeavouring to rebuild shareholder confidence and the best way to do this is to make good on our prospects and promises – and this takes time. But, the initial signs are definitely positive and encouraging.

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

For further information, please contact:

Peter Graham
Chairman TZ Limited
Telephone (+61) 412 225 616

About TZ Limited

At TZ, we create solutions that can manage assets effectively or manage space and utility effectively, i.e. Smart Lockers for IT Asset Management, Smart Lockers for Package Asset Management, and secure Personal Employee Storage Solutions.

We develop end-to-end integrated solutions that are dynamic and help companies manage secure access, optimise workflows and productivity for their mobile workforce. Our ability to support individual preferences and practices and enable the collective workspace environment are underpinning deliverables in our solutions, that ensure flexibility for the User and drive a unique and enhanced User experience.