

## Tambla Limited FY20 H1 Chairman's letter

Dear Fellow shareholders,

Your company, Tambla Limited, delivered FY20 first half results of a \$84,499 Net Profit After Tax (NPAT), up from \$12,442 in the previous corresponding period. Overall a good result in the challenging environment we are all in and another step forward in the journey we are on, towards delivering a sustainably profitable, growing and more valuable company.

The financial highlights are:

- NPAT increasing to \$84,499
- EBITDA up 75% to \$0.9m (FY19 H1 \$0.5m)
- Operating Cash flows up 319% to \$0.87m (FY19 H1 \$0.27m), with investing cash flows steady at \$1.1m and net cash surplus generated of \$0.15m after the raising of new convertible notes
- Government grants relating to COVID-19 were \$0.5m
- Revenue from customers was down by 6% to \$4.24m in H1, though down over 30% in March 2020
- Recurring revenue steady at c. 66% of total revenue
- Continued investment in new technology solutions, with appropriate capitalisation
- New capital raised from new and existing shareholders by Convertible Note

These results take into account the costs of the delisting from the Australian Securities Exchange (ASX) process that was approved by shareholders in May and completed in June. We are already seeing the benefits of this step, with costs being reduced and management and board time being freed up.

The major external challenge of the year to date has been COVID-19 where Tambla, like all other companies, has been buffeted by the COVID-19 wave since March. Immediate companywide action was taken to keep our people safe, move to remote working, reduce salary costs (on a voluntary and agreed short term basis, including all executives and directors – eg: reduced hours/increased holidays/reduced pay) and cut expenses where appropriate (marketing, leases etc). In addition, the Commonwealth Government's JobKeeper and other Government assistance programs have been accessed where available.

So far in the 2<sup>nd</sup> half trading continues to be steady, the sales pipeline solid and existing customers continuing to upgrade and expand their relationship, whilst the sales cycle for new customers is slow in the current climate. This has led to increased workloads and return to more normal hours and salaries for our staff during the current quarter, with the expectation that we will be back to "normal" in October.

In September, Tambla made a significant step forward with the acquisition of Datacom Business Services (now renamed Tambla Business Services). This complimentary acquisition, brings a strong government, healthcare and enterprise customer base into the group, will more than double the size of Tambla and is forecast to move us into ongoing profitability. This further strengthens Tambla and continues us on the path laid out in our strategic plan.

The 2020 year has been challenging so far, however Tambla is showing that it is a stronger, more resilient and better positioned than it was last year, especially in the COVID-19 environment and whilst undertaking the major corporate step of delisting from the ASX. This is a credit to the whole Tambla team and management who have worked effectively and made sacrifices alongside the Company to ensure that all stakeholders are best positioned for the future. On your behalf I thank Chris Fydler and his team. In addition, I would like to thank Neil Docherty, who has retired as a non-executive director in September, for his diligence, counsel and input over the last 5 years.

We look forward to continuing to develop Tambla and delivering for you a sustainably growing, profitable and more valuable company on an ongoing basis.

Yours sincerely



Niall Cairns  
Chairman