

Media release

29 April 2020

Tambla Achieves Fifth Consecutive Positive Operating Cashflow Quarter

- **\$304,000 operating cashflow surplus recorded for first quarter 2020**
- **Result achieved after capitalisation of \$539,000 in development costs**
- **Significant growth in new business pipeline from Tambla-PAYCE and Public Sector opportunities**
- **Release of Tambla PayCE's new Comparison Service**
- **Cash balance at quarter end of \$887,000 after completion of \$1.53 million convertible note issue with \$1.0 million to be received this quarter**
- **Solid cash balance recurring revenue streams and low burn give Tambla the financial flexibility to weather the COVID-19 pandemic**

Australian intelligent workforce solutions company Tambla Limited (ASX: TBL) ('Tambla' or 'the Company') is pleased to provide this quarterly activities report for the period ended 31 March 2020.

Financial overview:

Tambla continued its track record of delivering stable and predictable recurring revenue streams from long term customer contracts and achieved its fifth consecutive operating cashflow positive quarter. Receipts from customers totaled \$2.2 million which is down on the previous quarter (Q4 2020: \$3.1 million) and also lower than the previous corresponding period (Q1 2019: \$2.8m) due solely to the impact of the COVID-19 pandemic. Notwithstanding, recurring revenue continues to account for ~68% of the total revenue base.

During the quarter, cash at bank was strengthened with the issue of \$525,000 of Convertible Notes, with receipts for a further \$1.0 million convertible notes to be received this quarter.

The Company capitalised \$539,000 in development costs with the successful completion and release of its SAP Success Factor integration via real-time APIs. The shift from a batch based interface has enabled our largest retail customer to synchronise employee and payroll information more regularly which has resulted in increased automation and efficiency in managing a workforce of +20,000 employees.

The Company released its FY 2019 Annual Financial Report during the quarter, with earnings before interest, tax, depreciation and amortisation (EBITDA) rising to \$591,000, 95% stronger compared to total EBITDA of \$302k for FY 2018.

Technology enhancements and launches:

Tambla's new Portal v12.1 became available to customers in March. This release supports single-on & multi-factor authentication through Industry standards (openID/oAuth) enabling our customers to seamlessly integrate the Tambla Portal with their existing identity management solution framework such as Office365. The Manual Allowance functionality was also included in this release.

Tambla's newly released Tambla-PayCE Comparison Service allows a business to quickly and easily certify their pay compliance without having to replace any of their existing workforce management or payroll systems. The Comparison Service ingests data from the existing systems and processes it against the Tambla Award Interpretation engine. The new pay calculations are then compared to the actual payroll data and the findings are delivered via interactive dashboards allowing the results to be visually explored.

Continued growth in tendering and business development:

The newly refreshed Business Development team has increased its pipeline of new business opportunities in the quarter adding \$400,000 of Tambla-PayCE projects with our partner Alayacare and \$3.0 million worth of prospective public sector opportunities. Tendering and new business activity remains active in the current quarter.

Proposed delisting from ASX:

During the quarter, the Company lodged a formal application for the removal of Tambla from the Official List. Tambla has received in-principle approval which is now subject to approval by a special resolution of shareholders. As outlined in its release to the market in late March, the board and management outlined a number of reasons as to why the proposed delisting represents the best opportunity to recognise shareholder value in the medium-term.

Outlook:

Tambla is well-placed in the current market with a solid cash balance of \$886,000 as at 31 March 2020, and together with its stable revenue recurring revenue streams and low cost base, the Company has the necessary financial flexibility to manage the impact of the impact of the COVID-19 pandemic.

Comment:

Managing Director Chris Fydler said: *"Despite the obvious challenges faced during the period, Tambla has delivered another quarter of growth, we have strengthened our technology offering, enhanced our business development pipeline and sufficiently insulated the business so it can trade through this unprecedented period.*

"As well, the Board has put forward a solid rationale for delisting the Company from the Official List of ASX and we are now focused on progressing this in close consultation with our shareholders. In the meantime, it will be business as usual."

-ENDS-

For further information, please contact:

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About Tambla

Tambla is an innovative enterprise HR software company delivering cloud-first intelligent workforce solutions to organisations with large “shift-based” workforces. Tambla provides these companies with the tools to ensure visibility, optimisation and compliance of their workforce globally. At present, over 340,000 workers globally are managed by Tambla software.

Appendix 4C

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

Name of entity

TAMBLA LIMITED

ABN

79 000 648 082

Quarter ended ("current quarter")

31 March 2020

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	2,231	2,231
1.2 Payments for		
(a) research and development	(397)	(397)
(b) product manufacturing and operating costs	(416)	(416)
(c) advertising and marketing	(32)	(32)
(d) leased assets	-	-
(e) staff costs	(1,034)	(1,034)
(f) administration and corporate costs	(34)	(34)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(14)	(14)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	304	304
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(16)	(16)
(d) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(e) intellectual property		
	(f) other non-current assets	(539)	(539)
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	(555)	(555)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities	475	475
3.3	Proceeds from exercise of options		
3.4	Interest payment related to issues of equity securities or convertible debt securities	(32)	(32)
3.5	Proceeds from borrowings	307	307
3.6	Repayment of borrowings	(252)	(252)
3.7	Transaction costs related to loans and borrowings	(9)	(9)
3.8	Dividends paid	-	-
3.9	Other (Loan – R&D funding)	214	214
	Other (Buy back of shares)	(20)	(20)
	Other (Repayment of lease liabilities)	(97)	(97)
3.10	Net cash from / (used in) financing activities	586	586

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	547	547
4.2	Net cash from / (used in) operating activities (item 1.9 above)	304	304

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(555)	(555)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	586	586
4.5	Effect of movement in exchange rates on cash held	5	5
4.6	Cash and cash equivalents at end of period	887	887

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	887	547
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)	887	547

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
30
-

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

	\$A'000
Directors remuneration	30

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	2,140	540
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	2,140	540

7.5 **Unused financing facilities available at quarter end** 1,600

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.

Debtor factoring facility \$1,500,000	Interest rate 0.1% daily	Secured
R&D funding facility \$640,000	Interest rate 1.25% monthly	Secured

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	304
8.2 Cash and cash equivalents at quarter end (Item 4.6)	887
8.3 Unused finance facilities available at quarter end (Item 7.5)	1,600
8.4 Total available funding (Item 8.2 + Item 8.3)	2,487
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	8.18

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:

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:

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:

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: 29 April 2020

Authorised by: By The Board

(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**