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TZ Limited

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TZ receives approach from SRA Solutions to acquire the manufacturing rights to TZ's DC Security Products.

TZ Limited ("TZ" or the "Company") is pleased to announce it has been approached by SRA Solutions to acquire the exclusive licensing to the global manufacturing rights of TZ's DC Security Products.

SRA Solutions is a leading Australian owned and operated manufacturer of data centre infrastructure solutions for the Defence, Government, ICT, Telecommunications and Data Centre sectors. SRA has been TZ's preferred reseller of DC Security Products in the Australian market.

The licensing arrangements proposed by SRA (which have not been accepted by TZ) include upfront non-refundable consideration of US\$350,000, plus ongoing royalties of between 5% and 15% of the sales price to the end consumer on various TZ DC Security Products. The parties are also discussing provisions for a minimum annual royalty payment and the capacity for future price increases. Negotiations are continuing.

The transaction contemplates the migration of all manufacturing responsibilities to SRA Solutions (including component sourcing, contract manufacturing, assembly, storage and sales distribution of the range of TZ proprietary products, including TZ SlideHandles, TZ PushLocks, Bridges and ancillary electronic hardware). The products would still be marketed under the established TZ brands.

If the transaction proceeds, it would effectively eliminate the need for TZ to continue to invest in manufacturing tooling, stockpiling of components, warehousing and production scheduling, while potentially delivering a high margin annuity royalty business albeit subject to the final negotiated deal structure.

TZ's DC Security Product business has already seen strong growth in the last 18 months, with established customers like NextDC, Macquarie Telecom, Fujitsu and others, having announced DC network expansion programs.

In the US, TZ's DC Security Products business is also seeing strong growth potential, again with expansion programs for established customers like DXC; and with new prospects, like Microsoft, who is exploring TZ solutions in pilot programs. Microsoft recently confirmed their US\$80bn expansion program for AI Data centres in 2025.

Whilst the Board is actively considering SRA's licensing proposal, it is also considering all alternative options, particularly in the light of the anticipated significant growth in the data centre market due to increased infrastructure requirements for AI-enabled data centres. NextDC's chief executive, Craig Scroggie, recently stated at their AGM, that the local AI market was projected to grow to about \$4.8B this year and would continue to grow at a compound annual growth rate of nearly 29 per cent through to 2030.

There is no certainty that a transaction with SRA will eventuate, and the Board will update the market further after due consideration.

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

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