

14 August 2017



Update on Social Light Acquisition and Growth Strategy

The Board of Tomizone Limited (ASX: TOM) (Tomizone) advises shareholders that following a final review of the Social Light business, and after a meeting between the Company's Chairman Ian Bailey and Social Light in Manila both parties have mutually and amicably agreed not to proceed with the acquisition.

The same result can be achieved by both businesses remaining independent. Tomizone's priority is to re-establish sales and marketing programs, expand via organic growth and acquisitions, and focus on the ongoing provision of Wi-Fi analytics and the deployment of Tomizone's managed services software for customers.

The companies have agreed to terminate the current sale and purchase agreement and to look to replace it with a technology purchase and IP transfer agreement, which will see Tomizone owning the software, source code and intellectual property of the software required by Tomizone for its customers. Social Light will also continue as Tomizone's development partner for the maintenance and ongoing development of its software.

The benefits of this strategy to Tomizone's shareholders are:

- Less dilutive given Tomizone no longer has to issue the Social Light vendors 24,500,300 ordinary shares;
- Retained access to Social Light's technology products and capabilities through agreed procurement terms;
- A resulting quarterly overhead saving of ~AUD\$100,000;
- Less time commitment managing a business with operations in the Philippines.

Tomizone's Chairman Ian Bailey said: "This is a much better outcome for Tomizone's shareholders, as it is for Social Light. We retain all the value that Social Light would have delivered through the acquisition, but it is being achieved through a simpler and more flexible technology acquisition arrangement.

"This is in line with the new direction set by the Board to focus on Tomizone's core customer base and identify additional products and services that those customers require to operate their businesses more profitably. Tomizone is now 100% focused on managing and controlling the end to end product offering, however it can achieve this by subcontracting its technology and development requirements and intends to utilize Social Light's development team for that purpose.

Customers are our priority and we plan to deliver better value to them by delivering more complementary services and product offerings to grow revenues and provide additional value to our customers."

As well as refocusing on core customers, the Company has commenced an aggressive acquisition campaign to grow the business and expand its customer base and market reach. The company is looking for potential acquisition targets that provide value by way of both vertical and horizontal integration. These include IT managed services, distribution networks, aligned related products and services, and complementary Wi-Fi marketing businesses.

The company has advised the market of its intention to manage and control all aspects of its product delivery, including software, IT, distribution, support and ancillary services.

The Board has implemented key guidelines around acquisitions and growth, including:

- Enhancing Tomizone's connectivity analytics and location-based technology services;
- Delivering added distribution;
- Growing the Company's customer base;
- Strengthening revenue streams and margins;
- Enables end to end vertical and/or horizontal integration of the business or cost controls
- Adding new products or services and increasing capability for current customers.

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The Company advises that a number of revenue-generating opportunities have already been identified and are being carefully assessed by the board.

-ENDS-

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About Tomizone (ASX: TOM)

Tomizone is a managed services provider of Wi-fi based connectivity, analytics and location based services and software to enterprises, retailers, brands and public venues. The company's mission is to connect its customers to consumers through meaningful digital experiences within the Internet of Things.

Tomizone offers enterprise grade solutions, focusing on the accommodation, transportation & hubs, retail, metro & campus, and hospitality verticals — while expanding into new verticals where digital engagement becomes increasingly critical for venues. For further information, please visit www.tomizone.com

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