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ASX: TOM

Tomizone to acquire Ironman Group Limited

- **Ironman is a complementary business in the managed services market with ~4,000 customers throughout New Zealand, and an increasing recurring revenue stream**
 - **Ironman offers a range of managed services including telecommunications and internet-based business services, monitored alarm systems, remotely managed CCTV, digital signage, point of sales systems, website design, digital advertising/marketing, and telecommunications services**
 - **Ironman intends to add Tomizone wi-fi services to its customer base and product offering, focusing on the high-wait-time market**
 - **Purchase price satisfied through the issue of 9.2M Tomizone shares and an earn-out of up to NZ\$600K payable in shares or cash at Tomizone's option**
 - **Highly value accretive, strategic and complementary transaction that presents strong opportunities to grow revenues by cross-selling managed services**
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The Board of Tomizone Limited (ASX: TOM) ('**Tomizone**', 'the **Company**') are pleased to announce that the Company has taken a further step in executing its growth strategy, as advised in the Entitlement Offer issue documents and recent ASX releases, by entering into a Share Purchase Agreement to acquire all the issued shares in New Zealand based managed services company Ironman Group Limited ('**Ironman**') (the '**Transaction**').

Ironman's business model is to develop recurring revenues streams by providing a combination of hardware, software and wi-fi services in a single monthly subscription.

Ironman provides a selection of technology infrastructure, managed services and solutions on monthly rental terms to around 4,000 customers throughout New Zealand, and is expected to offer the same services into the Australian market.

Through its extensive partnerships with a range of business and technology service providers, Ironman offers a wide array of managed services including digital signage, point of sales systems, website design, digital marketing, and telecommunications services.

The Transaction will see the Company expand its reach into the New Zealand market with an existing customer base that has the requirement for Tomizone's wi-fi managed services. Ironman's customer base includes large stadiums, medical centres, sports clubs, and hospitality businesses – all sectors with high wait times which is attractive to the wi-fi market.

Transaction terms

The purchase price for all the shares in Ironman comprises an initial issue of 9.2M Shares, to be held in escrow for two years, and an earn-out of up to NZ\$600,000, after meeting an agreed profit target over the next five years. This target equates to the full repayment of all debt the Tomizone group will assume upon completion of the Transaction, estimated to be approximately NZ\$3.8M. At the Company's option, the earn-out may be paid via the issue of Tomizone shares (capped at 36,800,000 shares in total) or in cash.

The Transaction is subject to a number of conditions precedent including but not limited to the following:

- the counterparties (including Ironman's customers and suppliers) under each material contract giving written consent prior to completion that they will not exercise any contractual right to terminate such material contract as a result of the Transaction;
- a material adverse change not occurring prior to completion; and
- the satisfactory completion of a due diligence investigation of Ironman by the Company.

The conditions to completion of the Transaction are expected to be satisfied in the coming days, with completion to occur shortly thereafter. Tomizone is only obliged to issue the initial consideration shares following the company's Annual General Meeting.

The Share Purchase Agreement contains standard terms and conditions relating to such matters as warranties, the preparation of accounts to enable the calculation of the earn-out (if any) and dispute resolution.

Transaction Rationale

The Transaction represents an important step forward in Tomizone's evolution into a vertically and horizontally integrated one-stop-shop provider for technology-related managed services using the Company's product set as the core differentiator and driver. The execution of this strategy includes undertaking acquisitions that are aligned with current market segments to drive growth in distribution, customer base, and revenue streams.

Through this highly complementary, value-accretive and synergistic transaction, Tomizone will gain the opportunity to grow revenues by cross selling Ironman's extensive service portfolio to its existing wi-fi hotspot and advertising customers.

Additionally, Tomizone will drive the further expansion of its existing network of over 2,000 wi-fi data access points across Australia and New Zealand through Ironman's established customer base.

The Transaction further illustrates how Tomizone is delivering on its strategy to increase its recurring revenue base by allowing its sales teams to bundle new products and services, in addition to Tomizone's wi-fi managed services, to suit customers across a range of industries.

Management Commentary

Tomizone Chairman Ian Bailey commented: "Ironman is a highly-complementary business that clearly fulfils our strategic criteria for acquisitions that deliver aligned products and services, new distribution channels, an increase in our customer base, and stable recurring revenue streams.

This transaction is an important step towards our goal of positioning Tomizone so that we control all aspects of our business and can offer more products and services to our existing customer base, whilst allowing the Tomizone product set to be utilized and expanded into new business opportunities.

We are currently in the process of implementing additional steps to advance our strategy, and look forward to providing further details on how such transactions will deliver further value for our shareholders."

It is expected the enlarged business will be able to reduce overall operating costs by synergies in infrastructure and operational cost reductions over the next 3-6 months.

Post completion of these transactions and implementation of the integration synergies, the company expects to have increasing recurring revenues and the ability to become EBITDA positive within a relatively short timeframe.

For further information, please contact:

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About Tomizone

Tomizone is a managed services provider of WiFi based connectivity, analytics and location based services and software to enterprises, retailers, brands and public venues. Its product suites include SaaS and Internet of Things connectivity and related management services. The Company's strategy is to provide its customers with a wide range of products and services that add value to Tomizone's customer.

For further information, please visit www.tomizone.com