

Tomizone Limited
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HALF YEAR REPORT COMMENTARY AND BUSINESS UPDATE

SYDNEY, 28th February 2018 - Tomizone Limited (ASX: TOM) (Tomizone, the Company) today lodged its Appendix 4D and Half Year report for the six months ending 31 December 2017 (the Report).

The release provides commentary on items contained in the Report together with the current Tomizone business.

The following comments are made in respect to the reported loss of \$2.48 million:

- For the first half of the reporting period the Tomizone business was limited to Tomizone's existing wi-fi business. As a standalone this business did not have sufficient scale to be sustainable and the company implemented a strategy to rebuild the company;
- The acquisitions of Bluesky and Ironman Group occurred on 1 October 2017 and the full impact of these acquisitions was only occurring towards the end of the period which is evident in the 4C's released 31st January 2018;
- The new Board and management were implemented in August 2017 and following a comprehensive review of the group in excess of \$2 million of costs were removed from the business. A further \$500k has been identified to be removed in coming months. The majority of these cost reductions were actioned in the later part of the period and hence had minimal impact on the result for this period,
- Tomizone has chosen to impair the carrying value of several older platforms that are no longer used but were carried on the balance sheet.

Since the new Board and management took over Tomizone in August 2017 significant change has been instigated. This has included:

- Resetting the corporate strategy of Tomizone;
- Complete restructure of the operational business;
- Removal of duplicate and unnecessary costs;
- Acquisition and successful integration of 2 businesses (Bluesky and Ironman Group) to provide necessary scale to Tomizone's revenue;
- Increase of recurrent, contracted revenue from circa \$120k per month in June 2017 to in excess of circa \$320k per month in December 2017;
- Announcement of a third acquisition (see ASX release of 26 February 2018) subject to due diligence and regulatory approval.

The above actions have resulted in:

- Tomizone is now trading at EBITDA breakeven when adjusted to remove the restructuring costs incurred and recurrent costs that have since been removed from the business. All restructuring costs should be fully accounted for in the March 2018 quarter;
- Tomizone will be cashflow neutral within the next quarter and cashflow positive thereafter;
- Tomizone now has a sustainable base from which to add shareholder value through organic growth and targeted acquisitions.

In conclusion, Tomizone has taken the steps necessary during the period to position it for a successful transition to scale and profitability. The restructure and integration of acquisitions is an endorsement of the company's strategy. The benefits from actions taken by the company over the last six months will be accounted for in the current half. Your board and management continues to work tirelessly to build shareholder value and we thank all shareholders for their ongoing support.



M T Ohlsson
Company Secretary
Tomizone Limited

28 February 2018

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About Tomizone

Tomizone offers an extensive suite of managed services, encompassing WiFi & Analytics, Business Cloud Applications, VoIP, Data Redundancy, Business Security and Point of Sale. A monthly subscription model for all services gives SME through to multi-site enterprise clients a predictable, consolidated fee for all hardware, software, email, backup, telephony and security requirements, along with best-in-class priority support. As a managed services provider, the Company's strategy is simple: increase a client's bottom line, reduce their ICT burden, and harness their competitive edge by facilitating a stronger connection with their customers.

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