

Tomizone Limited
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Tomizone Confirms ISP Acquisition to Progress

- Tomizone to Acquire Business and Assets of Sweep Internet NZ Limited
- Increases customer reach and product set with immediate synergies
- Estimated increase in Tomizone revenues by circa \$1M over the calendar year
- Full consideration payable via issue of Tomizone shares with a 2 year earnout provision
- Key Vendors to join Tomizone in senior management roles

SYDNEY, 11 May 2018 - The Board of Tomizone Limited (ASX: TOM) is pleased to confirm that Due Diligence on the proposed ISP acquisition announced in February 2018 has been completed. A sale and purchase agreement has been executed with Sweep Internet NZ Limited ("Sweep").

Sweep is a New Zealand based ISP and telephony supply and support company. The company has an existing customer base with ongoing recurring revenue streams. In addition, Sweep have a number of strategic assets that will allow Tomizone to reduce operating costs, whilst also increasing group revenues, profits and cashflows. Sweep forecasts revenue to be \$1 million for the next calendar year with potential for significant growth once synergies are implemented including cross selling of the new services to existing Tomizone clients.

Sweep generates profit of circa NZ\$150,000 per annum and, combined with cost savings the amalgamated company will provide to Tomizone, the return on investment is expected to be less than 2 years.

Sweep has a key partnership relationship with a leading digital communications software and services provider, Avaya (AVYA.NYSE). Avaya delivers open, intelligent and customisable solutions for contact centres and unified communications through cloud, on-premises and hybrid models. Avaya is a market leader with over 130,000 customers in 220,000 locations and in excess of 100M users.

As part of the transaction, Tomizone will enter into a similar partnership agreement which will license Tomizone to provide ongoing support and sales of Avaya products into the NZ market. This provides Tomizone with access to larger customers with upwards of 1,000 extensions and a consistent revenue stream.

The Vendors have elected to take payment for the initial purchase price of NZ\$350,000 and also the earnout, by way of Tomizone shares as consideration for the acquisition and will join Tomizone in senior management roles. Andy Woods will join the group as Chief Technology Officer and Chris Lang has been appointed Divisional Manager of the ICT/VoIP division, with specific responsibility for growing that division of the Tomizone business.

Under the terms of the acquisition there is a 2-year earnout provision. Consideration payable under the provision will also be paid for by the issue of Tomizone shares, calculated at the 5-day VWAP at the time of the earnout being paid. There is no cash component under the terms of the agreement. To accelerate the growth of the Sweep business Tomizone will provide working capital to the new division.

The acquisition is consistent with the company strategy of growth by organic means and acquisitions. The Sweep business will provide additional revenues, cashflows and profits to Tomizone and provide a significant opportunity to further grow the Tomizone business by adding additional products to the suite of products currently offered to Tomizone customers.

Once completed and integrated the acquisition will provide increased value for Tomizone and our shareholders. Importantly it will add circa \$1M to the annualised revenues streams in addition to forecasts announced previously.

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The transaction is subject to ASX, Bondholder and Shareholder approvals. The company also continues to undertake final due diligence on the Marketing media acquisition announced in March. It is expected both transactions will be finalised for approval at a shareholders meeting scheduled for June 2018.

More Information

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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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