

Tomizone Limited
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TOMIZONE®

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ASX RELEASE

DATE: 18 May 2018

Tomizone confirms Digital Signage acquisition to proceed

- Tomizone to acquire business and assets of Lighthouse Digital Limited
- Adds over 70 sites to Tomizone existing signage footprint
- Advertising sales provide an additional revenue stream for Tomizone
- Increases Tomizone's managed services product offering
- Estimated increase in revenues of \$500,000 per annum
- Acquisition of Lighthouse is at current asset value
- Full consideration payable via issue of Tomizone shares and earnout provisions
- Key Lighthouse vendor to join Tomizone in senior management role

SYDNEY, 18 May 2018 - The Board of Tomizone Limited (ASX: TOM) is pleased to confirm that due diligence on the proposed Digital Signage business, announced on 16 April 2018 has been completed and a sale and purchase agreement has been executed with Lighthouse Digital Limited ("Lighthouse").

Lighthouse is a New Zealand based company with circa 70 digital signs located throughout New Zealand. Lighthouse provide the digital signage, technical support infrastructure and manage the sale of advertising on deployed screens.

Lighthouse has an existing customer base of advertisers and sites. The current growth in sites is expected to increase as the product is offered to existing Tomizone customers within New Zealand. Tomizone has a significant opportunity via the Lighthouse business, to expand the company's Australian market presence. It is planned to introduce this product into the Australian East Coast market within the next 3-6 months. The current business is expected to turn over a minimum of \$500,000 in the next calendar year, however, this is expected to increase substantially once there is a ramp up of the sales and marketing teams in New Zealand and the launch of the product in Australia.

The Lighthouse footprint is currently across DIY hardware stores, garden centres and stock yards with the recent introduction of marinas. Further, there is a strategic and targeted marketing campaign to approach a number of other underserved niche markets, which will add to the growth of the business.

Lighthouse will integrate into the current Tomizone digital signage business to provide another service that will be offered to all Tomizone customers as another fully managed product. Whilst currently cashflow positive, the nature of the Lighthouse business is to install digital signage to increase the footprint which will require some working capital, depending on the speed Lighthouse can grow their market due to the need to purchase and install the digital signs prior to obtaining the advertising revenues. Tomizone is expected to grow the Lighthouse business by providing Lighthouse access to the existing Tomizone customer base. To accelerate the growth of the Lighthouse business Tomizone will provide working capital to fund the screen and site acquisitions.

The Lighthouse vendors have elected to take payment for the initial purchase price of NZ\$225,000, and also the earnout, by way of Tomizone shares. The key vendor, Brian Hanlon will join Tomizone in a senior management role. Mr Hanlon will be appointed divisional manager of the Marketing and Media division of Tomizone and be responsible for sales of the Lighthouse product suite across both New Zealand and Australia.

Under the terms of the acquisition, there is a 2-year earnout provision. Consideration payable under the earnout provision will also be paid for by the issue of Tomizone shares, calculated as being the higher of the 5-day VWAP at the time of the earnout being calculated and 1.5 cents per share. There is no cash component under the terms of the agreement.

The acquisition is consistent with the company strategy of growth by organic means and acquisitions and comes quickly after the recently announced ISP acquisition (Sweep).

The acquisitions of the ISP Sweep and Lighthouse are relatively small, however, Tomizone expect that the opportunity to introduce new products into the current Tomizone Managed services customer base will have a significant impact on the Company's sales and profitability into the future.

The transaction is subject to ASX, and shareholder approvals. It is expected both transactions will be finalised for approval at a shareholders meeting scheduled for June 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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