

Tomizone Limited
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Tomizone March Quarter Appendix 4C Commentary and market update

SYDNEY, 30th April 2019 - The Board of Tomizone Limited (ASX: TOM) today issued its Appendix 4C for the period to end March 2019. Tomizone also refers to its previous Acquisition agreement and Senior Finance Facility release of 11th April 2019 and the prior December quarter Appendix 4C release of 25th January 2019.

Cashflow Commentary for March 2019 Quarter as follows:

- As previously advised in the December Appendix 4C cashflow receipts were expected to be lower in the first quarter due to seasonal and holiday sales being lower over that period. Importantly, sales for March 2019 and the June Quarter are strong and on target.
- Also importantly is the classification of certain operational inflows under the "Proceeds from Borrowings" rather than "Receipts from Customers" which totalled \$311K for the quarter. These amounts are actually sales, and cashflow in, as they relate to sales made and financed via Tomizone's primary funder FE Investments Limited.
- Operational costs remain static at \$1,614K for the quarter.

Adjusting for this anomaly the cash inflow would have been \$1,608K for the Quarter resulting in an almost neutral operational cashflow over the quarter.

Material cashflow items and future plan

Cashflows out were impacted by the payment of interest and repayment of debt, being a combined \$357K which continues to have a material impact on the business's cashflow. Bondholders interest payments are currently in arrears.

As advised previously, the Board has been pursuing a strategy to revitalise Tomizone by growing the business by acquisitions, increase revenues, reduce operational costs and then refinance and recapitalise the business.

The acquisition proposed in Tomizone's announcement of 11th April 2019, is the final and most significant part of the restructure as it brings to account significant additional cashflows, with little additional cost and also replaces current high priced and inappropriately structured debt with a lower cost debt facility. Tomizone proposes to include current bondholders and other debt holders in the restructure and the new Senior Debt facility.

Foremost in the announcement of 11 April 2019 is the Agreement to purchase the EWL Rent Book which has unexpired rental book cashflows of approximately NZ\$5.1M, EWL's customer base and re-signs (with a total re-sign value of NZ\$10.1M). This transaction when coupled with the new debt facilities increase Tomizone's free cashflow by approximately NZ\$1.5M per annum.

Tomizone and the Vendors to the EWL Rent Book Acquisition have been working towards satisfying the conditions precedent to the acquisition. The ASX have now confirmed the transaction does not attract the application of Listing Rules 11.1.2 (Shareholder Approval) or 11.1.3 (re-compliance with Chapters 1 and 2 of the ASX Listing Rules).

In order to fund any shortfall in overall cashflow between now and when the above transaction completes (including making current secured debt obligations that are outstanding), Tomizone is currently pursuing several capital raising initiatives and will provide further information to the market in due course.

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Conclusion

Since Tomizone Ltd changed its Board and Senior Management team approximately 18 months ago much progress has been made to grow its overall business, add product set and customer base. The transactions mentioned above are the final steps in the previously advised strategy and whilst the future work of your Board and senior management team is far from finished these transactions stabilise the business and allow steps to be taken to make Tomizone sustainable and achieve profitable growth.

In closing the Tomizone Board would like to thank all shareholders and other stakeholders for their support to date.

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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