

8 March 2018

Market Announcements Platform  
ASX Limited  
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20 Bridge Street  
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## Acquisition of Smart Cities Company Contact Light

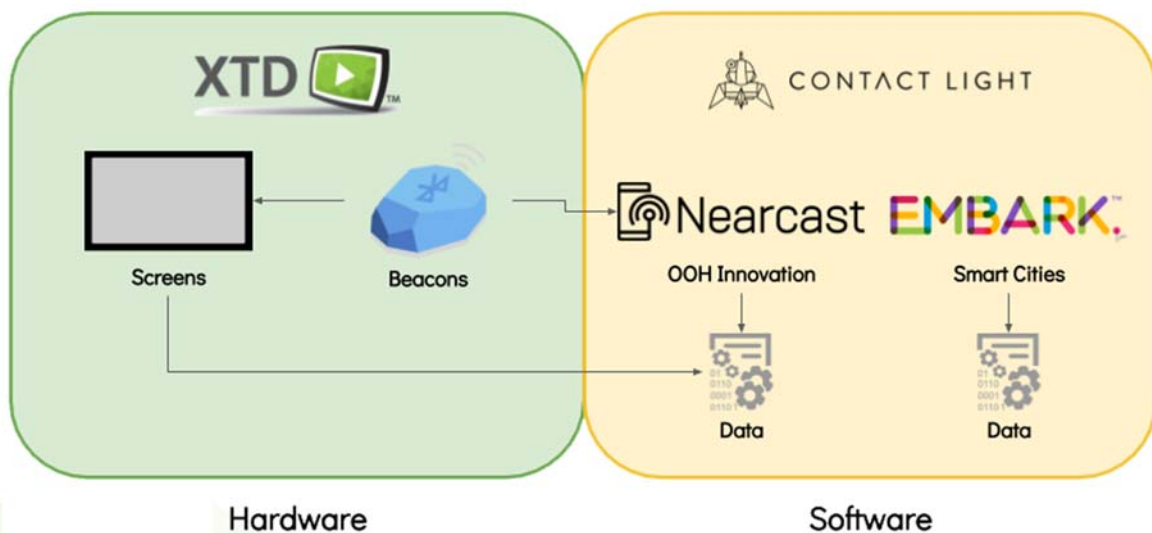
**8 March 2018:** Transit technology company XTD Limited (ASX: XTD) (**XTD** or the **Company**) is pleased to announce the proposed share acquisition of the 63% interest that it currently does not own in technology company Contact Light Pty Ltd (**Acquisition**).

Following completion of the Acquisition, Contact Light will become a wholly-owned subsidiary of XTD.

The Acquisition follows a strategic review that XTD's Board has been undertaking since November 2017, focusing on operations, personnel and potential future revenue streams.

The acquisition of Contact Light will dramatically strengthen XTD's market positioning by adding Contact Light's world-first suite of technologies and Smart Cities innovation to the Company's market-leading cross-track digital media systems for transit environments, which are operating in Melbourne and Brisbane.

XTD plans to rapidly accelerate the commercialisation of Contact Light's opportunities in the complementary areas of advertising and Smart Cities solutions once the Acquisition is completed.



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## About Contact Light

Contact Light has developed and is in the process of commercialising the world's most advanced interactivity between out-of-home (OOH) digital screens and people's mobile devices.

Contact Light has launched two new technologies that it owns 100% outright:

1. **Nearcast** – Frictionless, consumer-driven, screen-to-mobile engagement, connecting brands and the consumer to provide valuable data insights.
2. **Embark** – A mobile application (“app”) that connects commuters with public transport information including wayfinding in more than 1,200 cities worldwide.

With more than 210,000 Embark users, Contact Light is now commercialising opportunities in transit, tourism, airports, shopping centres and with global hotel groups.

XTD, in conjunction with Contact Light, will connect the digital and physical worlds enhancing both peoples' journeys through cities (Embark) and offering brands the opportunity to drive more relevant and engaging advertising by connecting individual consumers (Nearcast).

XTD Chairman and acting CEO Frank Hurley said, *“Increasingly cities are connecting people and information, brands and consumers, transit systems and commuters; Contact Light leverages XTD to the forefront of the exciting development of smart cities technology and commercial opportunity worldwide.”*

## Commercialising XTD and Contact Light

Global advertising expenditure in 2017 was forecast to increase 4.1% on 2016, expecting to reach US\$535 billion<sup>1</sup>. A further 5.2% increase is forecast for 2018. The two fastest growing segments in global advertising spend in 2017 were outdoor and digital/mobile (50% of total spend), and these segments are forecast to remain the substantial growth segments of all advertising for the next 2-3 years.

A merger of XTD and Contact Light covers both growing segments and dramatically expands XTD's commercial opportunities. XTD will continue to drive the growth of its leading cross-track digital media systems in both Melbourne and Brisbane rail networks. This business unit will continue to produce positive cashflow post acquisition for XTD and remains a priority focus with key partners, MTM Melbourne, QR Brisbane and APN Outdoor. XTD will be well funded on completion of the Acquisition with in excess of \$2 million cash at bank.

Contact Light has a global opportunity to develop its software into high margin solutions; including software-as-a-service (SaaS) style annuity income, data and artificial intelligence (AI) opportunities, joint ventures with leading media groups in out of home (OOH) and mobile segments of the marketplace, and software integration into Smart Cities technology platforms and other existing solutions.

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<sup>1</sup> IPG Mediabrands - MAGNA Global Advertising Forecasts - December 2017 report available at <http://xtd.tv/investor-information/asx-announcements/>



Key relationships are either advanced commercially and/or in final commercial development and are of a commercial in confidence stage.

- Contact Light has partnered a leading OOH media group and now provides transit information for 350 screens nationally for small initial recurring revenues.
- Contact Light is in an advanced development stage with a global advertising platform to integrate with its Nearcast technology.
- Contact Light is developing an alliance with a large global tech company that has the scale and reach to accelerate Contact Light into Smart Cities solutions.

Contact Light CEO Michael Boyd said, *“The merger of both businesses aligns effort and leverage utilising the OOH screens, beacon technology and Contact Light solutions (Embark) and software (Nearcast). Nearcast is a unique global opportunity and no other group has yet ubiquitously connected OOH screens and mobile devices. The attribution data is valuable and very powerful for brands, hence the significant interest in partnering Contact Light.”*

XTD is in discussions with additional Directors and executives with top level skills and capabilities that will further strengthen the Company's development as it positions itself as a market leader in Smart Cities solutions.

### **Acquisition Terms**

XTD and Contact Light have entered into a Heads of Agreement (**HOA**) which sets out the proposed terms of the acquisition and the terms upon which the parties will work together to make an offer to each Contact Light shareholder, other than XTD. XTD currently holds 37.33% of Contact Light.

The Acquisition will require a share sale agreement between XTD and each Contact Light shareholder. This requires all Contact Light shareholders to sign up to the transaction (although it should be noted that XTD can waive this requirement and proceed to complete with less than 100% acceptances).

XTD will offer 110,485,350 XTD shares for the 62.67% of Contact Light not currently owned by XTD (equal to approximately 37.5 XTD shares for every one Contact Light share). The consideration was determined based on the XTD share price when the Acquisition was contemplated of \$0.04. Based on a XTD share price of \$0.04, this values 100% of Contact Light at approximately \$7 million, which represents a nil premium to Contact Light's last capital raise.

The Acquisition is also conditional on:

- Each minority Contact Light shareholder signing a share sale agreement with XTD (although it should be noted that XTD can waive this requirement and proceed to complete with less than 100% acceptances);
- XTD shareholder approval of the issue of the consideration shares under the Acquisition at a shareholder meeting estimated to be held in late May 2018;
- An independent expert's report stating that the acquisition is fair and reasonable, or not fair, but reasonable, to XTD shareholders; and
- Contact Light obtaining all necessary third-party consents or approvals to the acquisition and the parties obtaining all necessary regulatory approvals.



## Capital Structure on completion of the Acquisition

On the basis that no other shares are issued by XTD and the Acquisition is completed on the terms set out above, XTD's capital structure on a post-acquisition basis will be as set out below:

	Shares	Options	Performance Shares	% Post-Acquisition
Current	132,986,077	5,000,000	4,500,013	54.62%
Consideration Shares	110,485,350	-	-	45.38%
<b>TOTAL</b>	<b>243,471,427</b>	<b>5,000,000</b>	<b>4,500,013</b>	<b>100%</b>

## Indicative Timetable

The indicative timetable for the acquisition is as follows and may be subject to change:

Event	Date
Sign share sale agreements with each minority Contact Light shareholder	By 24 April 2018
Despatch notice of meeting	26 April 2018
Shareholder meeting to approve the acquisition	28 May 2018
Complete acquisition	30 May 2018

The Board of XTD looks forward to updating shareholders with respect to the Acquisition and Contact Light's commercialisation activities.

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