ASXAnnouncement



30 July 2018

Market Announcements Platform ASX Limited Exchange Centre 20 Bridge Street Sydney NSW 2000

Contact Light Acquisition Update

30 July 2018: Commuter technology company XTD Limited (ASX: XTD) (**XTD** or the **Company**) refers to its announcement of 8 March 2018 and the proposed share acquisition of the 63% interest that it currently does not own in technology company Contact Light Pty Ltd (**CL**) (**Acquisition**).

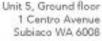
Since the Company's previous update the implications of the recent M&A activity in Out-of-Home (**OOH**) sector have become more apparent. In particular, they have directly impacted Contact Light's negotiations to monetise its proprietary data products before the M&A wave, and these conversations are now being restructured to take advantage of the significant market consolidation, whilst the ACCC reviews these deals. Contact Light aimed to have finalised contracts with key players involved in the M&A before the proposed XTD shareholder vote on the CL acquisition. This delay directly impacts the CL Acquisition. Therefore, the XTD Board has resolved to indefinitely delay the proposed purchase of CL.

However, the structural changes in OOH and resulting delay in CL deals do not change XTD's strategy and vision for the future. The direction set by the XTD Board in the first half of the year – to secure the business, expand our data values across all DOOH environments and to develop a strong Smart Cities offer based on data – holds very true and Contact Light is a critical contributor to this. The Board is putting in place mechanisms that will guarantee XTD exclusive rights for CL products as we continue to build world leading solutions.

The XTD Board fully believes that acquiring Contact Light would be a prudent step, but a full recommendation from the Board and timing on future moves for CL is dependent on guaranteed revenue commitments to CL. We are urging CL to continue expanding its footprint and digital development. We reported recently on CL's global SaaS (Software as a Solution) collaboration with IBM that will be a very data-rich environment for the Company. This is a very future-facing pathway that is gaining pace. Another example of the increased value of Smart Cities capabilities is the \$500m City of Sydney Outdoor Media / Free WiFi tender¹ that was released in mid-July.

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¹ https://www.smh.com.au/business/companies/advertising-giants-to-re-submit-for-500m-city-of-sydney-contract-20180708-p4zq6v.html



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As with all software products, XTD is continually looking to take advantage of any opportunity to more clearly define our value proposition. Comparative results are the best way to demonstrate this.

In conjunction with a highly-respected digital research platform, Contact Light recently ran an Embark campaign on the XTrackTV network in Sydney and Brisbane utilising the Nearcast platform in Brisbane only.

The objective of the campaign was to independently assess the engagement value of our Nearcast technology when coupled with a specific call-to-action on a DOOH screen advertisement. Contact Light ran two weeks of activity - the first week with a standard 15 second ad on the XTrackTV screens with a generic call to action. In the second week a longer 30 second adaptation of the advertisement from the previous week was ran, with a very specific and clear call to action in Brisbane.

There was significant uplift in the mobile-ad engagement from the first to the second week in Brisbane of almost 300% - confirming one of the key opportunities of connecting DOOH screens to a mobile device - that a clear behavioural instruction by a brand using outdoor media will drive engagement. Nearcast is fully owned by Contact Light, patent protected and the only technology of its kind. We are looking forward to sharing the results of the case study with the market shortly.

In Summary

The XTD Board has delayed acquisition plans for Contact Light pending identification of guaranteed revenue. At the same time, the Board is fully confident its strategy for the business is sound. Contact Light continues to expand its technology capabilities with success, as shown in the Nearcast campaign in Sydney and Brisbane.

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