

ASX Announcement

27 April 2017

## **Invigor undertakes transformational acquisition of Sprooki**

- **Game changing acquisition – positions Invigor as a leader in loyalty and data analytics for Retail and e-commerce**
- **Creates a comprehensive suite of data centric solutions that provide powerful defences and opportunities for Retail and Brands to combat new market entrants such as Amazon**
- **Expands Invigor’s operations and customer base to Asia, in addition to Australia and Europe**
- **All scrip deal that aligns acquisition terms with Invigor performance and growth:**
  - **\$4 million worth of Invigor shares\* issued to Sprooki vendors all subject to 12-month escrow**
  - **Up to \$6 million worth of shares\* subject to performance milestones over FY17/FY18**
- **Highly earnings accretive, creating an additional \$5m of revenue in FY18 with the Company cash flow positive in FY18**
- **Greatly strengthens IVO’s management team with Sprooki Co-Founders**
- **Bob Mckinnon, former CIO of CBA and Westpac and former CFO of Lendlease, to become Independent Chairman**
- **Broad synergies delivered through combined operations – expanded revenue streams, broader suite of services, highly scalable business model enhanced by streamlined cost base and back office**

Leading big data solutions company **Invigor Group Limited (ASX: IVO)** (“Invigor”, “the Company”) is pleased to announce it has signed a Share Purchase Agreement for the acquisition of Sprooki Pte Limited (“Sprooki”), a Singapore based Company.

The retail industry is seeking to transform in order to grow profitably and remain competitive against new entrants such as Amazon. The acquisition of Sprooki is a game changing transaction that will position Invigor as the leading provider of loyalty and data solutions to Retail and e-commerce.

### **Attractive acquisition terms aligned to growth**

Invigor will acquire Sprooki for a potential total consideration of \$10 million through the issue of IVO shares to the Sprooki vendors.

\$4 million worth of IVO shares based on the VWAP\* will be issued in two tranches following transaction completion which is expected in early June after shareholder approval. These shares will be subject to a 12-month escrow. The balance of up to \$6 million worth of IVO shares will be issued in April 2019 at the then VWAP\*, subject to profit and performance milestones being met for FY17 and FY18.

**\*IVO shares to be issued at VWAP subject to floor and cap.**

### **Earnings Accretive**

Sprooki is forecast to add more than \$2 million of revenue to Invigor in FY18, with an additional \$3 million p.a. expected to be generated in revenue synergies.

Invigor's revenue model will also be strengthened and broadened through recurring performance and transaction fees based on customer usage and sales transactions via the platform.

The cost base of the combined business will be streamlined through consolidating shared service functions, back office cost savings and more efficient sales and marketing operations.

### **Strengthened Board and management team aligned to performance**

Following completion, Invigor's Board and management team will be strengthened with Sprooki Co-founders Claire Mula and Michael Gethen taking senior leadership roles at Invigor. Claire Mula will be based in Sydney and will be appointed as Chief Operating Officer and an executive director. Michael Gethen will be based in Singapore and will head up the Group's Asian Operations.

Bob McKinnon, former CIO of the Commonwealth Bank and Westpac, and former CFO of Lendlease, will become Non-Executive Chairman, replacing Gary Cohen who will remain as Invigor's Chief Executive Officer and an executive director of the Company.

Also joining the Board as an independent director will be Jack Hanrahan, the former General Manager of Retail Relations for Scentre Group, operator of Westfield shopping centres. All Board members and new management are positively aligned to the performance of the group.

### **A leader in loyalty and data analytics for Retailers and Brands**

Invigor will emerge as a market leader in applying data to loyalty, engagement and other commerce-driving solutions for Retailers and Brands. Sprooki adds to Invigor's international expansion across three key markets – Europe, Australia and now Asia.

The impetus for Retailers to remain competitive through the use of data intelligence and digital solutions, to help drive revenue and increase profitability, has become more urgent than ever with the impending arrival of Amazon into Australia and Asia.

Sprooki is a leading provider of shopper engagement and loyalty solutions in Asia with a customer footprint of 18 shopping malls and several thousand retailers across 6 markets, including Far East Organisation, Lend Lease Asia, Supermal Karawaci and GNC. Sprooki and Invigor have worked together to roll out their complimentary services in Australia at Manly Wharf.

With the Sprooki suite of solutions, Invigor will be well positioned to offer Retailers and Brands cost effective tools that they need to action different sources of shopper and retail data to drive more profitable growth through personalised shopper engagement and long-term loyalty. Enabling them to level the playing field with online and omnichannel competitors, which has now become immediate and urgent.

The acquisition will give Invigor a significantly increased customer base, a greatly expanded geographical footprint and a comprehensive product offering to leverage existing customers for further growth, creating a major competitive advantage for the Company in the markets in which it operates.

### **Application to ASX in respect of Chapter 11 ASX Listing Rules**

The Company has sought confirmation from ASX in respect of the application of Chapter 11 of the ASX Listing Rules in relation to the acquisition of Sprooki. The Company will update the market following confirmation from ASX in this regard.

### **Management Commentary**

**Invigor’s Chairman and CEO, Mr Gary Cohen, said:** *“Sprooki is a transformational acquisition for Invigor and positions the Company as the unrivalled leader in loyalty and applied data solutions, delivering the very best predictive and prescriptive analytics to retailers, leading brands, shopping malls and venues in Australia, Europe and now Asia.*

*“With the imminent arrival of Amazon, something that has been much publicised in Australia recently, we have witnessed a surge of interest in data-driven digital solutions that can address loyalty, pricing and shopper behaviour. With the Sprooki acquisition, we will now have the necessary range of solutions to provide the antidote that these Enterprise and SME customers need to compete more effectively in an increasingly competitive retail environment.*

*“Already we have identified multiple opportunities to market to our customers and this is expected to deliver almost immediate revenue-generating opportunities to the combined group.*

*“We are pleased to welcome the Sprooki team to Invigor. The depth of talent they bring to our Board and management ranks help make this a transformational acquisition for Invigor. We look forward to seeking approval for this transaction from our shareholders and then working on the integration and obvious growth opportunities that Sprooki delivers.”*

**Sprooki Co-founder Claire Mula added:** *“This transaction is a natural progression from our partnership with Invigor, that has delivered projects such as the digitisation of Manly Wharf. Sprooki and Invigor have complementary products, presence and leadership. Together, we are stronger and aligned to unlock opportunities from existing and new customers and markets. “*

*“Today’s commerce takes place everywhere and retail sector enterprises need a game-changer to survive and thrive. Invigor with Sprooki provides an unrivalled offering in data analytics, loyalty and the new world of commerce delivered in an efficient and highly scalable way. The growth that can be achieved from combining our services and rolling them out across three large regions together with our joint R&D, will be a major benefit to our customers and their shoppers”.*

Invigor will shortly seek shareholder approval through a general meeting which is expected to be held in early June. All necessary due diligence has now been completed.

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**About Invigor Group Limited**

Invigor Group (ASX:IVO) uses its complementary suite of big data products to source, aggregate, analyse and publish content for the benefit of businesses and consumers.

Today its interconnected data sets enable enterprise clients including retailers, brands, shopping centres and government bodies to identify and better understand competitors, consumers, markets and demographics while providing the consumer with the best value-for-money.

Using its current products and a pipeline of additional offerings Invigor will have the ability to provide an end-to-end solution spanning sales, product management, business intelligence, marketing, advertising, content creation and distribution, while monetising each step of the process.