



## ASX Announcement

29 May 2019

### Invigor to leverage WeChat Pay in China & Asia in Farm-to-Plate Strategy

- Acquisition of Sun Asia Group that brings to Invigor substantial revenue from Australian-farm produce supply contracts in Asia as well an order book worth potentially over \$30m.
- Acquisition of Sun Asia largely performance based - total transaction value up to \$2m through cash payment, issue of scrip and performance shares linked to gross profit targets.
- IVO to leverage its established partnership with Chinese Winning Group which delivers a large and well-established retail distribution channel in China— over 5000 EasyGo smart vending machines and over 200 unmanned EasyGo outlets by year end all powered by WeChat Pay technology.
- Sun Asia Group's existing supply chain from Australian farm gate is greatly complemented by Invigor's technology platform, comprising Pricing Insights, Loyalty, e-payments and by Winning Group's growing e-commerce-enabled retail footprint in China.
- Experienced Australian finance and agribusiness executive Geoff Shannon to join Invigor to grow Sun Asia Group as a 100%-owned entity of Invigor – commits \$1m investment to the Company.

Invigor Group Limited (ASX:IVO) (“Invigor” or “the Company”), is pleased to confirm that in a deal that will significantly grow its revenue and strengthen its Asian-focused e-commerce operations Invigor has signed a Heads of Agreement (HOA) for the acquisition of Australian produce company Sun Asia Group ('Sun Asia'), a company backed by experienced agribusiness and financial services executive Geoff Shannon.

The transaction brings together the technology platform of Invigor in Pricing Insights, Loyalty, and e-payments together with a large WeChat Pay-powered retail distribution footprint in China established by Invigor's partner Winning Group, with an entrenched supply chain built by Sun Asia. This combination of technology, supply and distribution will deliver Australian produce from dozens of farms located across Australia under the Sun Asia Group thus creating a seamless farm-to-plate operation.

The transaction complements and significantly expands Invigor's and Winning Group's growing WeChat Pay operations in Asia to now include the direct sourcing and subsequent sale of quality Australian-grown produce through Winning Group's established network in China which is forecast to grow to over 5000 EasyGO WeChat Pay and AI enabled, self-service kiosks and over 200 unmanned EasyGo stores by year end.

#### **Transaction Terms**

Under the HOA, Invigor will acquire Sun Asia Group for up to AUD\$2m which comprises:

- A \$250,000 cash payment;
- \$500,000 in share based payments through the issue of 125,000,000 shares at \$0.004 per share with a six-month escrow;
- \$1.25m through the issue of 312,500,000 performance shares together with 125,000,000 options exercisable at \$0.005 and expiring in three years from date of issue;



- The performance shares will vest based on Sun Asian group generating at least \$3m of gross profit by December 2020;
- Geoff Shannon will enter into a contract with Invigor Group to grow and develop Sun Asia and broaden the retail distribution channels in China and Asia together with Winning Group;
- Geoff Shannon (and/or his controlled entities) will invest \$1m in Invigor through the issue of 125,000,000 shares at \$0.004 and enter into a \$500,000 convertible note facility converting at \$0.005.
- The issue of the shares and Options will be subject to shareholder approval at a meeting to be called in early July.

### **A unique and powerful business combination**

Geoff Shannon has been a champion of the Australian Farmer for over the past decade and enjoys an excellent reputation in the Australian Farming and Financial services sector. He regularly appears on various news and current affairs programs assisting people facing financial ruin. His efforts have seen him be nominated for Australian of the year several times. His expertise is often sought after by the leadership teams of many of Australia's banks and international banks operating in the Agribusiness sector. His sector experience helped him establish Sun Asia Group which has established contracts and relationships across dozens of farms in Australia.

Sun Asia has existing contracted sales for Australian produce with customers, together with an order book that has \$30m in expected sales in the next 9-12 months. The Agreement with Winning Group will broaden Sun Asia's sales channels through the introduction of the EasyGo outlets and their growing self-serve kiosk distribution network mentioned above.

### **Comment**

**Invigor's CEO, Gary Cohen commented:** *"This transaction significantly expands our operations in Asia and marries our technology platform, a robust e-commerce and payments operation with a well-established supply chain of fresh Australian produce from the farm gate to consumers in China and Asia. It allows Invigor to not only capture revenue from transaction fees and promotions, but now also revenue from actual sales. By bringing Winning Group's retail distribution network and payments capability to the equation, we have an incredibly powerful WeChat Pay-enabled operation that connects Australian farmers directly to consumers. We look forward to presenting this opportunity to shareholders for approval."*

**Sun Asia's Geoff Shannon added:** *"Over 6 years we have painstakingly assembled a network of accredited farms that bring the best produce to Asian and Indian consumers. Invigor presented the best e-commerce and payment systems channels to expand our sales channels whilst at the same time deliver the farmer better prices due to less reliance on intermediaries. We see a huge scope for growth by combining our operations, to sum it up, it's a win-win all round."*

### **For further information, please contact:**

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### **About Invigor Group**

Invigor Group (ASX: IVO) is a B2B data intelligence and solutions company that turns data analytics into dollars for the retail and service industries. Invigor's innovation in owned retail platforms and unique cross-channel data ecosystem allows businesses to have a holistic view of their customers and competitive landscape to not only understand, but effectively engage with today's physical and digital consumers. Combined with proprietary data and predictive engines, Invigor Group provides



strategic insights and recommendations that empower businesses to successfully influence future customer strategy and increase long-term profitability.

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### Summary of Key Terms of HOA

The key terms of the Transaction are as follows:

1. Invigor to acquire the business of Sun Asia, comprising the IP, the customers and key contracts, the know-how and key staff, particularly Geoff Shannon (**Business**).
2. Included in the Business will be key contracts for the supply of produce to Asia, including potential orders for the value of at least \$30M – relating to a commitment to supply various products to China and Asia at a potential gross margin amount as agreed.
3. Invigor will agree to pay \$2M for the acquisition of the Business by \$250,000 in cash, \$500,000 by the issue of 125million shares and \$1,250,000 by the issue of 312,500,000 performance shares together with 125 million options at 0.5c a share.
4. The 125 million shares will be subject to a 6 month lock up. The Options will have a term of three years and will be subject to Geoff Shannon remaining employed or contracted to the Business during this period.
5. The 312,500,000 performance shares will vest based on the Business generating at least \$3 million gross profit from the Business by 31 December 2020. Vesting of the performance shares will be pro rata and undertaken at the end of each quarter commencing 30 June 2019.

The Transaction is conditional upon the following items being satisfied or waived by the mutual written consent of both Parties on or before 31 May 2019 (**Sunset Date**):

- a) Sun Asia securing an order for the Supply of produce on substantially the same terms as previously represented to Invigor;
- b) Sun Asia investing \$1million into Invigor to deliver against the initial contractual obligations; and
- c) Invigor agreeing to obtain the approval of shareholders to the proposed issue of shares.

This HOA commences on the date it is signed by both Parties and continues in full force and effect until the earlier of:

Execution of Formal Documentation; or any of the Conditions Precedent outlined in this HOA fail to be satisfied or waived by the Sunset Date; or one Party breaches this HOA and the breach is not remedied within seven days or is incapable of being remedied.