

## PROPOSED ACQUISITION OF GYMENY – A LIFESTYLE APP FOR THE FAST-GROWING GENERATION OF ACTIVE CONSUMERS WHO VALUE THEIR HEALTH, FITNESS AND WELLBEING

### Highlights

- Gymeny is positioned to become a leading global holistic wellbeing ecosystem and location-based discovery platform for health, fitness and lifestyle products and services
- Targeting a US\$10 trillion dollar market opportunity including Health and Fitness, Sports Apparel and Footwear, and the Food and Nutritional Segments<sup>1</sup>
- Gymeny leverages the sharing economy via its gamified lifestyle app, to offer unparalleled value to its users on the things that make them look, feel and perform better
- By transacting with Gymeny's unique virtual currency, users receive instant cash savings from a diverse range of popular and premium health, fitness and lifestyle brands
- Initial vendor alliances and strategic brand partnerships commenced in October 2015 across Australia, Singapore, Hong Kong and Dubai. Highly scalable business model
- Proposed acquisition price is \$17.0 million.

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Astro Resources NL (ASX: ARO or the Company) is pleased to announce that it has today entered into a non-binding heads of agreement (“**HoA**”) for the acquisition of 100% of the issued capital of Gymeny Pty Ltd (“**Gymeny**”) (a company incorporated in Hong Kong).

Gymeny is a technology-based business that has developed a proprietary mobile software application with unique integration, interaction and innovation across the health, fitness and wellbeing industries. Gymeny aims to provide consumers with a considerable leap in accessibility, convenience and value to a diverse range of popular and premium products and services in this space. For the vendors and brand partners, Gymeny expects to significantly increase asset utilisation and offer superior behavioural intelligence driving unparalleled efficiencies and earnings. Gymeny will help consumers adopt and maintain healthy lifestyle choices in a fun and socially interactive environment.

Gymeny's strategy is to enter into the fitness and lifestyle product and services market in Australia and throughout South East Asia.

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<sup>1</sup> Underarmour, Inc Investor Day Presentation 16-September-2015



Jacob Khouri, Astro Resource's Chairman, commented that *"the proposed acquisition of Gymeny represents a significant transforming opportunity for the Company and its shareholders as it offers a potentially large scale sustainable business both in Australia and abroad. Moreover, the proposed acquisition comes with a strong management team and financial backing including sub-underwriting of the funding required to take to market this business model"*.

## Background

Gymeny is an innovative mobile application and technology business that promotes and incentivises positive wellbeing. Through the mobile app, Gymeny users can:

1. discover, access and purchase from a diverse range of boutique fitness studios, sports facilities, gyms, spas, and nutritional food outlets;
2. purchase the latest, most-trusted, and highest quality health, fitness and lifestyle products – from activewear and organic skincare, to vitamins and nutritional supplements;
3. consume and share mobile-first, contextually relevant content created by wellbeing experts including: celebrity coaches and trainers, chefs, nutritionists, doctors, and dieticians; and
4. be rewarded for their healthy habits through Gymeny's integrated, gamified loyalty points system.

## Target Markets

The global nutrition, health and wellness industry in which Gymeny operates, represent a 10 trillion dollar opportunity. In Australia alone, the market for health and fitness services such as gyms, personal trainers, yoga and pilates is estimated to exceed \$2 billion<sup>2</sup>. The domestic market for packaged foods, vitamins and nutrition products in the sports, health, and wellness categories is estimated to exceed \$14 billion<sup>3</sup>.

## Strategy

Gymeny's vision is to become the market-leading, go-to lifestyle app for discovering, accessing and paying for health, fitness and wellbeing related products and services. Critical to Gymeny's success will be its ability to firstly attract service and product vendors to its wellbeing ecosystem, and then secondly build an audience of active users.

A launch to vendors in Australia, Singapore, Hong Kong and Dubai commenced in October 2015 and plans for an international roll out in Q2 2016 are in place.

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<sup>2</sup> IBIS World Pilates and Yoga Studios Market Research Report, May 2015 Personal Trainers Market Research Report, April 2015 Gyms and Fitness Centres Market Research Report, June 2015

<sup>3</sup> Euromonitor Health and Wellness in Australia report, July 2015. Sports Nutrition in Australia report, June 2015. Vitamins and Dietary Supplements in Australia report, June 2015



Gymeny aims to generate revenue by sharing in the value of transactions processed through its market place. To promote engagement, users are required to purchase a virtual currency – known as “Gymenies” – to access instant cash savings on the services and products available within the Gymeny wellbeing ecosystem. Gymeny offers users value without the need for a monthly or fixed term membership. Gymeny is designed so users only spend what they consume; eliminating wastage and high levels of customer churn associated with traditional membership-based business models in the fitness services industry.

### Assets and Key Personnel


Gymeny’s principal asset is intellectual property surrounding its mobile software application. It is envisaged that functionality and capabilities of the software will be subject to further upgrades pending vendor and user feedback post launch.

Gymeny has been developed from concept through commercialisation by Incipient IT (**Incipient**). Incipient is an Asian based venture developer and incubator of technology start-ups with offices in multiple locations across Asia. Incipient’s mandate is to design, build and commercialise disruptive retail and SAAS platforms with a focus across web platforms, iOS and Android applications. Incipient employs over 30 professionals from both Europe and Asia with an ability to design, develop and commercialise technology.

### The Transaction

The key terms of the proposed transaction are as follows:

- (1) ARO will acquire 100% of Gymeny’s shares for a total consideration of \$17 million (the Consideration) to be satisfied by:
  - (a) the issue of 885,416,667 ARO shares at a value of \$0.019 per share; plus
  - (b) \$2,500,000 of deferred consideration for meeting of the following “Performance Conditions” being 50,000 customers and a market capitalisation of the Company of \$40 million. The deferred consideration is to be satisfied by way of issue of shares using the 30 days volume weighted share price of the Company;
- (2) the transaction is subject to a number of conditions, including:
  - (a) due diligence;
  - (b) all necessary regulatory approvals;
  - (c) execution of a sale and purchase agreement;
  - (d) appropriate board and shareholder approvals, including the provision of an independent expert’s report and the change of name of the Company to “Gymeny Ltd”;
  - (e) a share consolidation;
  - (f) appointment of two new board members;

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- (g) satisfaction by ARO of Chapters 1 and 2 of the ASX Listing Rules; and
  - (h) ARO issuing a Prospectus and having the document registered by ASIC; and
  - (i) a capital raising of a minimum of \$3 million.

The proposed transaction is scheduled to close by no later than 31 March 2016.

For further details, please contact:

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