

Shoply Limited

ASX:SHP

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ASX and Media Release

Acquisition of Warcom (Warcom.com.au)

Shoply Limited (**Shoply** or the **Company**) is pleased to announce that it has completed the acquisition of the business and assets of Warcom (Aust) Pty Ltd (**Warcom**), via Shoply's wholly owned subsidiary AER Group Pty Ltd.

Warcom, which operates the website warcom.com.au, is an online premier e-commerce IT supply company founded in 1998. With a database of over 55,000 customers and annualised revenues of approximately \$2m, Warcom's key product offerings include networking, voice over IP and resale of commercial and residential broadband, combined with low prices and first-class customer service (**Warcom Business**).

Shoply has retained the services of Warcom's existing management team, which has extensive experience in the sourcing and online retail of networking and technology products. Warcom's management team will continue to operate the Warcom Business and ensure a smooth transition following settlement of the acquisition.

Shoply's existing office technology e-commerce store EzyDirect (ezydirect.com.au), its product lines and 18,000 customer base will be consolidated into the Warcom Business, thus enabling Shoply to leverage synergies of both business segments by creating operating efficiencies and adding market strength.

Effective today, the Warcom Business will become a part of Shoply's online shopping division, and the Board is optimistic that this business segment will contribute positive earnings to Shoply in the first year. The acquisition of the Warcom Business is expected to bring to Shoply:

- Additional revenues in excess of \$2m in FY15
- A database of over 55,000 active customers

- Strong management personnel that will remain in key roles within the Group thus complementing the Group's existing capabilities
- Operating synergies through the consolidation of the Warcom Business into Shoply's existing operations
- Cross-selling opportunities with the EzyDirect customer base
- A hybrid-inventory model aligned to the Company's strategic direction

The consideration for the Company's acquisition of the Warcom Business is comprised of a cash component of \$150,000, and a share based component, under which Shoply will issue ordinary shares in the Company to the vendor of the Warcom Business in tranches over a two year earn-out period, subject to the satisfaction of prescribed revenue and profit margin targets of the Warcom Business (**Consideration Shares**). The Consideration Shares will be issued at a deemed price aligned with the volume weighted average price of Shoply shares over a 30 day period prior to the date of issue of those shares. The maximum number of Consideration Shares that Shoply will issue to the vendor will be the number of Consideration Shares represented by the aggregate issue price of \$550,000.

Commenting on the acquisition of the Warcom Business, Shoply's CEO Simon Crean said:

"The acquisition of Warcom presents an exciting growth opportunity with demand for new technology driven by the roll out of the National Broadband Network. The addition of Warcom and its leadership team will consolidate the equity created in EzyDirect into a larger market proposition, which is an exciting step for the Company."

The acquisition of the Warcom Business progresses Shoply's strategy of becoming a leading ASX-listed online shopping company. The acquisition will leverage Shoply's existing online shopping platform and is expected to provide Shoply with additional distribution and cross-selling synergies.

-ENDS

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About Shoply Limited

Shoply is an Online Shopping and Online Advertising business focusing on the retail sale of consumer goods and distribution of advertising to publishers and publisher networks.

<http://www.shoply.com.au>