

Shoply Ltd - ASX:SHP

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ASX and Media Release

Shoply acquires eStore.com.au, increases revenue c40%

Shoply Limited (**Shoply** or the **Company**) is pleased to announce that it has entered into an agreement to purchase the business and assets used to operate the online retail website www.eStore.com.au (**eStore**).

Key highlights include:

- **eStore is expected to contribute over \$7 million of annualised revenues**
- **Ranked 89th in Power Retail's 2015 Top 100 Online Retailers, and is the largest independent online IT retailer**
- **Increased depth in the Office Technology market**
- **Operational and supplier relationship synergies**
- **Increases Shoply's forecast revenue base to \$25 million heading into FY16**

eStore is expected to contribute to an increase revenue to Shoply of approximately 40%, and be earnings accretive.

eStore is a premier e-commerce business technology retailer. It is a leader in several technology brands, including the number 1 online reseller of Microsoft digital download products, and recently ranked 89th on Power Retail's Top 100 Australian online retailers.

The acquisition of eStore builds on Shoply's current office technology offering through its Warcom business, and is consistent with the Company's strategy of growing revenues through strategic acquisitions.

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

"This is a highly synergistic acquisition. The business is very complementary to our Warcom business and will allow us to increase our depth in this market to become a much stronger player. This segment of the market presents an exciting growth opportunity, with a growing demand for technology upgrades required by the ever-increasing technology requirements of organisations, as well as the reinvestment driven by the roll out of the National Broadband Network.

"In addition, this acquisition builds further scale in the Shoply business and takes the forecast revenue base to \$25 million heading into the 2016 financial year."

eStore background

eStore was founded in 1991 and has delivered to over 100,000 small business and home user customers in the last three years with an active mailing database of over 64,000 customers. eStore's key product offerings include software, networking, mobile computing, PC's, printing solutions and consumables.

Lorenzo Coppa, founder of eStore, is delighted that eStore will be part of Shoply's online retail business, and expressed his confidence in the management of Shoply to continue the execution of their growth plan.

"Aligning eStore with the Warcom business will enable Shoply to leverage synergies from both businesses through operating efficiencies and added market strength. eStore has built deep and broad supply relationships from which Shoply expects to benefit. I am very excited by the opportunities that will arise through the combined group and capitalising on the growth dynamics in the office technology market", Lorenzo Coppa said.

Lorenzo Coppa has been invited to join the Board of Shoply. Mr Coppa would bring 23 years of multichannel retail experience to the board, including the pioneering direct-response office technology marketing throughout the early nineties through press media as retailer City Software before expanding online in the mid-nineties. His appointment is expected to be formalised at Shoply's Board meeting in March 2015.

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Consideration

The consideration for the Company's acquisition of eStore comprises a fixed component and an earn-out component. The details are as follows:

- The fixed component is to be paid up front and comprises \$500,000 cash plus \$250,000 in Shoply shares, which will be held in escrow for a period of 12 months.
- The variable component will be an amount of up to \$1.05 million in Shoply shares to be paid progressively, subject to eStore meeting performance hurdles over the next 24 months.
- Shoply shares will be issued at a price equating to the 30 day volume weighted average price preceding each issue.

The future

It is intended that the acquisition of eStore will be completed this month. Upon completion, eStore will become part of the Shoply business, and the Board is optimistic that this business segment will contribute positive earnings to Shoply. The acquisition of eStore is expected to bring to Shoply:

- Additional revenues in excess of \$7m in FY16
- A database of over 64,000 active customers
- 25,000 products online
- A dedicated Australian call centre to answer and deal with customer queries and returns.
- Wider supplier relationships and new product opportunities given eStore is the largest independent online IT retailer
- A team of industry professionals in the business technology market.

Shoply's CEO Simon Crean said: "The acquisition of eStore progresses Shoply's strategy of becoming a leading ASX listed online shopping company. We look forward to integrating

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eStore to immediately build further scale in our business, and to leverage some significant synergies in a very exciting space.”

-ENDS

For further information contact:

Simon Crean

Chief Executive Officer

M: + 61 433 777 717

E: simon.crean@shoply.com.au

Eric Kuret

Investor relations, Market Eye

M: +61 417 311 335

E: eric.kuret@marketeye.com.au

About Shoply Limited

Shoply's objective is to be a leading ASX listed online shopping company. Shoply is rapidly executing a dual, organic and acquisitive growth strategy, acquiring or creating positions in attractive retail categories.

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

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