

27 January 2022

ASX RELEASE | I Synergy Group Limited (ASX:IS3)

I Synergy Group enters into Share Purchase Agreement with shareholders of POSTech International Pty Ltd

I Synergy Group Limited (**I Synergy** or the **Company**) (ASX: IS3) is pleased to announce that the shareholders (**Sellers**) in POSTech International Pty Ltd (ACN 636 735 576) (**POSTech**) have signed a binding agreement (**Share Purchase Agreement** or **SPA**) for the acquisition by the Company of 100% of the issued capital of POSTech (**Proposed Acquisition**).

POSTech provides a rewards program platform coupled with a food delivery offering (via an app), for both merchants and users. This platform allows merchants to offer products and services and reward users, and for users to engage with merchants by purchasing products or services, or by users referring these products and services to their network. It allows users to socially engage with merchants, allowing merchants to stay in touch with the users on an on-demand basis.

The rewards platform that is built using nascent opensource technology that allows for its platform users to access rewards points and use them across its ecosystem of product offerings. This platform also permits merchants to enable and initiate a marketplace for their business. Customers can engage with the marketplace and refer on the platform to earn reward points. POSTech has also developed an Artificial Intelligence engine that allows platform users to capture images and promote the merchants whilst the users get rewarded for their engagement on the app.

Management Commentary

Commenting on the Proposed Acquisition, I Synergy Managing Director Mr Dato Lawrence Teo Chee Hong said: "The proposed acquisition of POSTech will provide I Synergy with a greater presence in Australia, with an experienced team of operators and a contracted client base of around 300 to 500 merchants and product offerings. I Synergy intends to leverage POSTech's technology via utilising the Company's existing affiliate marketing expertise to improve the POSTech platform. The two businesses will also be able to share expertise in the form of management and technology, with the aim of improving I Synergy's service offerings to clients across Australia and Southeast Asia".

Proposed Acquisition Terms

I Synergy intends to acquire 100% of the issued capital of POSTech on the terms and conditions set out in the SPA. Settlement of the Proposed Acquisition (**Settlement**) will be subject to various conditions including (inter alia) the Company obtaining any necessary shareholder approvals required for the Proposed Acquisition, no material adverse effects on POSTech, satisfactory due diligence by the Company,

I Synergy Group Limited (ACN 613 927 361)
www.i-synergysgroup.com



Indonesian Office
Kantor Taman E3.3 Unit A2, Jl. Dr. Ide Anak Agung Gde Agung
Lot 8.6-8.7 / E3.3 Kawasan Mega Kuningan, Kel Kuningan Timur,
Kec. Setiabudi, Jakarta Selatan 12950, Indonesia
t. +62 21 5794 2020 f. +62 21 5794 2030

Malaysian Office
Unit 20-10, Tower A,
The Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
t. +603 2242 1333 f. +603 2242 1331

Australian Office
Ground Floor, 16 Ord Street,
West Perth, WA 6005
t. +618 9482 0500
f. +618 9482 0505

release of any encumbrances, the signing of an employment agreement between the Company and Mr Kevin Coutinho (the Founder and CEO of POSTech), the finalisation of a development agreement between POSTech and a company controlled by Mr Kevin Coutinho, and completion of the placement mentioned below.

The total consideration payable by the Company to the shareholders of POSTech for the Proposed Acquisition comprises:

- The issue of 55,000,000 fully paid ordinary shares (**Consideration Shares**) in the Company to the shareholders of POSTech at a deemed issue price of \$0.036 per Share; and
- The issue of 55,000,000 unlisted options (**Consideration Options**) in the Company to the shareholders of POSTech. The exercise price of the Consideration Options is \$0.05 with an expiry date two years from the date of issue.

The SPA contains various obligations, including non-compete obligations, guarantees, warranties and indemnities given by the primary Sellers, which are considered standard for agreements of this nature. Also, the remaining POSTech shareholders will give warranties in relation to their ownership, capacity and power to sell their shares in POSTech to the Company.

Placement

Upon Settlement of the Proposed Acquisition, the Company proposes to conduct a Placement to raise \$992,010 through the issue of 27,555,838 fully paid ordinary shares (**Placement Shares**) at an issue price of \$0.036 per Placement Share to sophisticated investors being clients of Alto Capital (**Sophisticated Investors**), of which it is proposed that approximately 80% of funds raised will be used to fund the activities of POSTech. The Placement Shares are proposed to be issued subject to approval by the Company's shareholders under ASX Listing Rule 7.1.

Also, in connection with the Acquisition, it is proposed that following Settlement, the Company will issue the following:

- subject to obtaining shareholder approval, 27,555,838 free-attaching (on a 1-for-1 basis with each Placement Share) options for a nil issue price to the Sophisticated Investors on the same terms as the Consideration Options (**Free-Attaching Options**); and
- 2,200,000 fully paid ordinary shares at an issue price of \$0.001 per share (**Advisor Shares**) to the Company's corporate advisor, Ventnor Capital (or its nominees) (**Advisor**).

Capital Structure Post Acquisition

The indicative effect of the Placement and Proposed Acquisition on the capital structure of the Company will be as follows:

Description	Ordinary Shares	Options	Performance Shares or Rights
Current Issued Capital	183,705,588	7,110,000	400,000
<i>Securities to be issued in connection with the Acquisition:</i>			
Placement (subject to shareholder approval)	27,555,838		
Consideration Shares (subject to shareholder approval)	55,000,000		
Advisor Shares	2,200,000		
Consideration Options (subject to shareholder approval)		55,000,000	
Free Attaching Options (subject to shareholder approval)		27,555,838	
Capital Structure on completion of the Acquisition and Capital Raising	268,461,426	89,665,838	400,000

Board Changes

Subject to shareholder approval, at Settlement of the Proposed Acquisition, Mr Kevin Coutinho will be appointed as Executive Director and Chief Technical Officer of the Company.

Mr Kevin Coutinho started programming at the age of 8 and has been a constant contributor to the open-source developer community on platforms such as GNU/LINUX, Firefox, and Shells.

Mr Coutinho is the Founder and CEO of Rewalty. He is also Founder and CEO of Humanbot; an Australian IT firm specialising in software development. He is an expert in core operating system development, data structures and algorithms, and encryption model programming. Kevin has developed the ability to code and program in more than 13 Languages.

Mr Coutinho has a Bachelor of Computer Applications from Savitribai Phule Pune University, India, a Master of Public Administration from Indira Gandhi National Open University, India, a Master of Professional Accounting from the University of Western Australia and is currently conducting work as a Research Associate (Pathway to PhD) in the Computer Science and Software Engineering Department at the University of Western Australia.

Notice of General Meeting

The Company will prepare a Notice of Meeting to seek the necessary shareholder approvals in relation to the issue of the Consideration Shares and Consideration Options under the Proposed Acquisition, as well as the appointment of Mr Coutinho as a Director, the issue of the Placement Shares to the Sophisticated Investors, the issue of the Free-Attaching Options to the Sophisticated Investors, and the issue of the Advisor Shares to the Advisor.

Indicative Timing

The indicative timing set out below outlines the key milestones for the transaction but remains subject to change:

Action	Timing
Company to lodge EGM Notice of Meeting with ASX	Within 7 days
Extraordinary General Meeting	Early March 2022
Settlement of the Proposed Acquisition	3 business days following the EGM
Issue of holding statements for Consideration Shares, Consideration Options, Placement Shares, Free-attaching Options and Advisor Options	1 business day following Settlement

This announcement was authorised for release by the I Synergy Board of Directors.

-ENDS-

About I Synergy Group Limited (ASX: IS3)

I Synergy Group Limited (“iSYNERGY”) is a leading affiliate marketing network and solutions provider. I Synergy connects advertisers with affiliates via its affiliate marketing platform to deliver performance-based solutions that enhance product/brand awareness and drive business leads. The affiliate marketing platform, VTRAK (formerly known as Affiliate Junction), is home to more than 40,000 affiliates and 5,000 advertisers. Under the platform, there is a variety of affiliate programs available which cater to various industry verticals and markets. To learn more, please visit: www.i-synergysgroup.com.

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