



3Q Holdings Limited
ABN 42 089 058 293

3Q Reinforces Omni-Channel Retail Leadership

Acquires UK-Headquartered Intelligent Retail

-
- ▀ 3Q has acquired UK based Intelligent Retail for a combination of cash and shares.
 - ▀ Intelligent Retail was the first company to design a multichannel retail solution – in store PoS, ecommerce, mail and telephone orders and online marketplaces.
 - ▀ The company's award-winning "Connect" software used by around 600 customers in the UK.
 - ▀ Provides 3Q with market-leading multichannel retail technology
 - Complements the Island Pacific omni-channel and mobile solutions
 - Provides a channel for 3Q to address ANZ independent retail market
 - Expected to expand into North America and Asia
-

Sydney, 6 May 2013: 3Q Holdings Ltd today announced the acquisition of Intelligent Retail Ltd, the UK-based developer of the "Connect" multi-channel retail solution.

The acquisition reinforces 3Q's position as a market-leading solutions provider for the new generation of omni-channel retailers. Those retailers depend on systems that deliver real-time customer service seamlessly across bricks and mortar stores, internet, mobile, email and call centre channels.

Founded in 2004, Intelligent Retail was the first company to design a multichannel retail solution specifically around the needs of independent retailers - encompassing in-store PoS systems, eCommerce, mail order, telephone orders, as well as online marketplaces.

The company's award-winning "Connect" software is used today by around 600 customers throughout the UK and Ireland providing retailers with both a comprehensive in-store solution as well as an online "Connect eCommerce" webstore.

Backed by in-house creative design and online marketing teams and featuring seamless integration into leading online marketplaces, including eBay and Amazon, the "Connect" solution allows retailers to rapidly develop an effective web channel.

The acquisition provides 3Q with market-leading multichannel retail technology, complements the company's Island Pacific omni-channel and mobile solutions, and provides a channel for 3Q to address the smaller Australian and New Zealand independent retail market. In addition, 3Q aims to expand the Intelligent Retail business into international markets, including North America and Asia, while using the acquisition to strengthen the group's successful presence in the UK.

3Q chairman, Shaun Rosen, said, "Our business follows the basic principle of putting the retail customer first. We concentrate on ensuring those customers are served by innovative solutions that are leading edge and scalable. Our acquisition of Intelligent Retail is an excellent opportunity to provide our customers and partners with the assurance that we will continue to respond to their needs, delivering industry-leading retail solutions which drive a compelling customer experience."



David Mackley, CEO of Intelligent Retail, said, "The combination of 3Q and Intelligent Retail is a win-win for retailers looking for competitive advantage and an increased focus on serving the unique needs of today's consumer."

The acquisition is in line with 3Q's mission to achieve scale and increase profitability through strategic acquisitions on top of organic growth in the existing businesses.

Financial Transaction Details

The consideration for 3Q's acquisition of Intelligent Retail was a combination of

- a. an initial cash payment of approximately \$2.7 million, being around 3.5x 2011 earnings (with \$450k held in escrow for one year covering potential working capital movements), and
- b. an earn-out based on increased earnings in each of the 2014 and 2015 financial years, payable in cash and shares. The earn-out is limited to approximately \$1.5 million per year.

The vendors will leave approximately \$300k in net tangible assets in the business on completion, with the purchase price adjusted by the amount of the shortfall or excess.

3Q will fund the purchase price 60 per cent from debt and 40 per cent from its own cash reserves including funding from the recent convertible notes issue and future equity issues if required. Debt in relation to the acquisition is denominated in GBP to limit currency exposure, and provide a natural hedge for the Company against its UK based earnings.

For more information please contact:

Alan Treisman
Chief Financial Officer
+61 2 9369 8591
alan@threeq.com.au
<http://www.threeq.com.au>

Stephe Wilks
Non-Executive Director
+61 2 9226 9839
stephe.wilks@threeq.com.au
<http://www.threeq.com.au>

About 3Q Holdings

3Q Holdings Limited delisted from the ASX on 12 February 2013, having been listed in its current form since 2005. The Company now operates as an unlisted public company.

It originally acquired 100% of Island Pacific Australia Pty Limited, a software company that provides software applications to the retail industry in Australia and New Zealand – with both point of sale (POS) and head office solutions into a wide range of retail clients operating in the fashion, electronics, furniture, general merchandise and discount variety industries.

In March 2006 the company acquired the San Diego based Applied Retail Solutions business (ARS), now known as Island Pacific Store (IP Store). IP Store has been providing software and services to mid-sized and large retailers in the United States since 1987. Its core product "Store" provides a Post to Host solution in market segments such as apparel, footwear, entertainment, discount and variety, giving TQH an excellent entry into the US retail software and services market.

New Zealand based AdvanceRetail Technology was acquired by TQH in March 2007, and is a leading retail solutions provider with offices in Auckland, Sydney and Brisbane and representation in Malaysia, China and Singapore – giving it a high quality customer base in Australia, New Zealand and Asia. The company has a range of strategic alliances through which the Company takes its products and services to market, including industry leaders that include SAP, Microsoft and IBM.



In December 2007 the company acquired Island Pacific, which provides access to market leading retail merchandising, store operations, CRM, and multi-channel software solutions internationally. With offices in the United States and the United Kingdom, TQH not only has better access to those markets, but has the advantage of a springboard into the broader European markets. Island Pacific was founded in 1978 and has developed a reputation for delivering high-quality, high-reliability software to the retail industry. The company is headquartered in Irvine, California.