

4 May 2021

ASX ANNOUNCEMENT

Acquisition of Neat Ideas adds 50+ enterprise clients and access to over 4 million consumers.

The board of Mobecom Limited (ACN 125 688 940) (**MBM**) is pleased to announce it has signed a share purchase agreement to acquire 100% of Neat Tickets Pty Ltd a business trading as **Neat Ideas** for \$2,040,000 plus up to 1,500,000 shares in MBM, subject to certain milestones being achieved.

The acquisition extends the ability for Mobecom to not only offer bluechip enterprise customers its agile loyalty software application, but to also manage the effective use of these loyalty schemes by procuring and delivering the rewards and recognition services on behalf of the client.

This vertically extends MBM from the provision of software to execution and delivery of the loyalty rewards scheme. Providing **“Loyalty & Rewards as a Service”** to meet significant demand.

Based on the similarities of our business activities, the Directors believe the acquisition of Neat Ideas will allow MBM to take advantage of key synergies only available through vertical integration.

Neat Ideas' has a history of more than 20 years in the rewards industry, with high quality product and service offerings. Highlights include:

- **A unique opportunity to acquire a profitable leading loyalty and rewards business complementing the Mosaic software engine, with revenues significantly impacted by Covid.**
- **Full Year sales revenue in FY20¹ was \$11.4m and \$13.3m in FY19.**
- **Sales revenue of \$2.4m was generated in the six months² ended 31 Dec 20 and \$4.3m for the 8 months to February 2021, evidencing a return to normal revenue run rates.**
- **Over 4 million consumers use the Neat Ideas loyalty products.**
- **Over 50 long term enterprise customers.**
- **Partnerships with over 150 suppliers/merchants.**
- **A customised Adobe Magento E-Commerce Platform.**

¹ FY20 includes 3 months of COVID affected revenues.

² 1H21 includes 6 months of COVID affected revenues. When lockdowns occurred in March 20 onwards, the provision of loyalty services such as cinema tickets were impaired which reduced revenues. Post COVID this is expected to return towards pre-COVID trading levels

This acquisition meets a significant milestone in the growth strategy of MBM to provide a full end-to-end solution for its enterprise customers:



About Neat Ideas:

- Neat Ideas offers a front-end solution based on the Adobe third party platform Magento Commerce to more than 50 existing customers.
- Content for their employee scheme and members is then sourced from over 150 different suppliers.
- Offer employees and or loyalty rewards members the ability to easily use their accrued points for consumer products and service offers.
- Neat Ideas' owners and sole shareholders are John Beardsley and Carol Beardsley. In recognition of their talent and ability growing the business to this stage, MBM will engaged John Beardsley as a Key Contractor and hire Carol Beardsley to continue to provide services after completion.
- Further information about Neat Ideas' business, history and offerings are available at their website: <https://www.neatideas.com.au/>

About Neat Ideas

The graphic features the 'neat ideas' logo on the left. To its right is a dark blue rounded rectangle containing the text: 'Neat Ideas is an Australiawide rewards platform, providing customer and employee benefits to 50+ EXISTING CLIENTS and their customers and employees'. To the right of this rectangle is a collection of partner logos: Coles, Our Rewards, RACV, BUNNINGS, Kmart, Officeworks, hbf, get well, and alintaenergy.



Vertical Integration offers Cross Selling Synergy:

- Prior to the acquisition, where a MBM client, such as Vodacom in South Africa, wanted to offer a catalogue of consumer products and services to its loyalty members:
 - the client would have needed to source content deals and outsource the management of the scheme to a third party such as Neat Ideas; or
 - directly cultivate relationships with retailers to fulfil their client's request.

- Acquiring Neat Ideas accelerates the compilation of the technology stack and card linked offers which is, the final piece of the end-to-end solution.

Technology Synergy:

- Mosaic already has a software developers kit (SDK) that interfaces with both the Magento platform and Shopify to create a seamless integration between the apps and the Company's backend operations.
- This creates an opportunity to cross sell the Company's back end to each of Neat Ideas' customers and vice versa to offer an extended SaaS revenue stream plus the service of a fulfilment offering.

The material terms of the Sale Agreement are outlined in Appendix 1.

MBM confirms that this announcement has been approved by the board of directors of MBM.

David Hwang
Company Secretary

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About Mobecom Limited

Mobecom Limited (ASX:MBM) is a full-stack customer engagement technology provider that delivers end-to-end technology solutions for businesses to engage with their customers. Its primary focus is providing liquidity for digital assets through its newly developed Mosaic Enterprise Engagement Platform. With mobile payment, ordering, booking and local offer capability; the Mosaic EEP will be the gateway to delivering a new digital lifestyle rewards program.

To learn more, please visit: www.mobecom.co

Appendix 1 – Terms of the Sale Agreement

Proposed acquisition	100% of the issued share capital in Neat Ideas.
Purchase Price	<p>No more than \$2,040,000 in cash and 1,500,000 in Shares, as follows:</p> <ul style="list-style-type: none">• \$40,000 upon execution of the Sale Agreement; and• \$1,300,000 payable on Completion; and• no more than:<ul style="list-style-type: none">○ \$500,000 and (subject to shareholder approval) 750,000 shares if Neat Ideas achieves the First Financial Milestone (see below); and○ \$200,000 and (subject to shareholder approval) 750,000 Shares if Neat Ideas achieves the Second Financial Milestone (see below); or• \$2,000,000 (less any amounts already paid) if Neat Ideas achieves an average monthly revenue (AMR) of \$1,083,333 over any consecutive 3-month period between completion and 30 June 2022. <p>The deemed issue price / value of these Shares will be equal to the 20-day volume weighted average price calculated as at the date the Company is obligated to issue the shares (approximately 10 business days after the date Neat Ideas' audited accounts are finalised for each financial milestone period).</p> <p>The Company will seek shareholder approval to issue the shares if and when Neat Ideas achieves the relevant financial milestones.</p> <p>If the Company does not receive shareholder approval to issue the shares and is not otherwise entitled to issue some or all of the Shares under any existing placement capacity, then the Company must pay the value of the Shares in cash. The sellers will be restricted from dealing with these shares for a period of 12 months from the date of issue.</p>
Financial Milestones	<p>To meet the First Financial Milestone, Neat Ideas must achieve an AMR of at least \$812,500 over any consecutive 3-month period in the period between 1 July 2021 and 31 December 2021. If the AMR is less than \$812,500 but more than \$541,666, then a lesser cash amount³ will be paid but no shares will be issued.</p> <p>To meet the Second Financial Milestone, Neat Ideas must achieve an AMR of above \$1,083,333 over any consecutive 3-month period in the period between 1 January 2022 and 30 June 2022. If the AMR is less than \$1,083,333 but more than \$812,500, then a lesser cash amount⁴ will be paid but no shares will be issued.</p>
Completion date	MBM anticipates the Sale Agreement will complete on 7 May 2021.

³ The exact amount payable will then be determined by the following formula: $\$500,000 \times ((\text{AMR} - \$541,666) / \$270,834) - \text{KCA}$ where KCA equals all payments made under key contractor agreements with John Beardsley.

⁴ The exact amount payable will be then determined by the following formula: $\$200,000 \times ((\text{AMR} - \$812,500) / \$270,834) - \text{KCA}$.

Source of funds to pay the Purchase Price

MBM has received firm commitments from investors to advance in aggregate \$2.0m by way of unsecured loans to cover the cash consideration and costs associated with the transaction. It is proposed that, subject to shareholder approval, convertible notes will subsequently be issued to the investors in repayment of the loans. In a strong show of support, Bombora Special Investment Growth Fund will cornerstone the investment round with an investment of \$1.0m, the balance will be made up of commitments from high-net-worth investors.

- The key terms of the loan are as follows:
 - Maturity: 12 months
 - Interest Rate: 8% p.a.
 - Unsecured
- It is proposed that the convertible notes (the issue of which are subject to shareholder approval) will have a conversion price of \$0.026 representing circa. 15% discount to the 15-day VWAP as at 30 April 2021.
- The Company anticipates the notice of meeting and explanatory memorandum for the convertible notes will be issued to shareholders prior to 30 June 2021.

Conditions precedent to Completion

The following key conditions precedent must be satisfied prior to completion:

- **(Discharge of Shareholder Loans):** the sellers discharging or forgiving, their shareholder loans. After discharging or forgiving this loan, Neat Ideas will be debt free.
- **(No Material Adverse Change):** no material adverse change having occurred since the date of the Sale Agreement.
- **(Key Contractors):** the key contractor (John Beardsley) entering into key contractor agreements for a term of 12 months.

Approval requirements

Shareholder approval will be sought for:

- the \$2m of unsecured loans to be repaid by the issue of convertible notes (see above); and
- to issue shares to the sellers if Neat Ideas achieves the First Financial Milestone or Second Financial Milestone (see above).

ASX has previously confirmed no approvals under Chapter 11 of the ASX Listing Rules are required.

Changes to Board/senior management as a result of the Acquisition

The proposed acquisition will not result in any change to the Board or Senior Management of MBM.