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**ASX RELEASE**

## **Mobile Embrace accelerates its leading M-Payments position with investment in Clipp**

- MBE accelerates its leadership in mobile payments with investment in Clipp, an innovative and disruptive player in cashless transactions in the \$40B hospitality industry.
- MBE's strategic investment will accelerate Clipp's growth and market penetration using multiple growth channels across MBE's M-Payments and M-Marketing business.
- At the current run rate, Clipp's 20,000 users already transact over \$5 million of gross retail revenue through Clipp annually. MBE's investment and core capabilities will accelerate this growth to capture a slice of the \$40B hospitality market.
- With over 20,000 users & 570 pubs & restaurants connected, Clipp enables consumers to seamlessly pay a restaurant bill or bar tab from the intuitive Clipp app, eliminating the need for in-venue cash or credit card transactions.
- The largest group in Australia, ALH has enabled Clipp across 180 of its 300+ pubs as it increasingly shifts toward a cashless system adding to the growing and highly credible network of Clipp venues.
- 31% of Clipp has been acquired from existing shareholders of Clipp by MBE through the issue of 4.59 million new MBE shares at \$0.26 per share and 2.29 million MBE options to shareholders of Clipp (\$0.39 issue price).
- \$3.5 million Convertible Note issued to Clipp with quarterly drawdown of funds over 18 months, MBE can convert any drawn down funds into equity at any stage and if fully drawn and converted into ordinary shares in Clipp, MBE would hold a total of 72% of Clipp.
- MBE has been considered in its investment preserving its strong cash balance of circa \$9 million through staggered time based drawdown of funds from the convertible note.
- Significant scope for Clipp's growth in domestic market alone with over 3,500 pubs, bars and nightclubs, 1,800 clubs and 8,000 restaurants.
- Clipp has already worked with major brands such as Carlton Draught and Heineken utilising Clipp's unique marketing platform that offers direct interaction with consumers.
- Clipp delivers an "Uber-like" experience, disrupting payments in the hospitality industry. Users love it, bars and restaurants get a market-first loyalty platform while reducing cash handling costs and credit card fraud.
- Venues are increasingly moving away from credit card bar tabs and becoming "Clipp only" bar tab venues. These venues are seeing a 190% increase in Clipp revenue and increase in number of tabs driven via the app when the loyalty component is activated.

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**Mobile payments and mobile marketing company Mobile Embrace Limited (ASX: MBE)** is pleased to announce that it has completed an investment in Australia's leading bar tab & restaurant bill payment smartphone application (App) Clipp, in a cash and scrip investment valued at \$4.69 million.

MBE's Chief Executive Officer Chris Thorpe said: "For some time we have been assessing opportunities in line with our growth strategy that can achieve far greater scale by being part of MBE, and most importantly, deliver to MBE an additional disruptive payments platform in its own right that we can expand and grow. Clipp fits all these criteria and we believe the business has a great deal of unlocked value".

Clipp is a well-recognised and integrated payments App which was launched in 2013 and is now accepted by 570 hotels and bars throughout Australia and has over 20,000 users. The App enables customers to open a bar tab via the Clipp smartphone App to purchase food and drink.

Clipp seamlessly integrates into most of the major Point of Sale (POS) systems used in bars, hotels and restaurants earning revenue by retaining a percentage of each transaction, and more recently, allows unique targeted advertising to consumers driven by prior purchase behaviour.

ALH Group has enabled Clipp across 180 of its 300+ pubs as it increasingly shifts toward a cashless system adding to the growing and highly credible network of Clipp venues. Combining Clipp's functionality with MBE's advanced audience targeting capabilities delivers a market leading experience for consumers, venues and advertisers alike.

Mobile Embrace completed this investment in Clipp with the company issuing 4.59 million new Fully Paid Ordinary MBE Shares at \$0.26 per share to some early stage investors in Clipp for a total scrip value of \$1.19 million in consideration for the purchase of their shareholdings. These MBE shares will be escrowed for a period of 12 months. As well, 2.29 million options exercisable at \$0.39 within 24 months have been issued to the same investors in MBE. In order to fund Clipp's growth in the near term, MBE has issued a \$3.5 million convertible note to Clipp with funds to be drawn down quarterly over 18 months.

MBE can convert to stock at any stage but if fully drawn and converted into ordinary shares it will take MBE's shareholding in Clipp to 72% and the founders of the business will hold the majority of the remaining 28% of Clipp being completely aligned to the success of Clipp.

Clipp's co-founder Greg Taylor added: "We are very pleased to have secured this funding from Mobile Embrace and we look forward to accelerating the already rapid growth of Clipp. From a \$1.5 million investment in 2013, Clipp has achieved phenomenal success with over 570 venues integrating the technology and the investment from MBE will enable us to build on this strong foundation."

"We believe this uptake from venues and consumers represents a very sound endorsement of the technology, combined with MBE's funding and their powerful marketing abilities, it is the catalyst to now scale up rapidly. Our strategy is well mapped out and we are committed to the business' continued growth and development."

The hospitality market holds significant untapped potential for Clipp with \$40 billion spent annually in restaurants, bars and clubs according to a report by IBISworld\*. There is significant scope for growth in domestic market alone with over 3,500 pubs, bars and nightclubs, 1,800 clubs and 8,000 restaurants.

With the App integrating with the majority of POS systems, and integration being pursued with other leading global POS systems, Clipp's domestic and international market growth is looking positive.

MBE's investment in Clipp will help deliver scale cost effectively and in a much shorter time frame.

MBE's Chief Executive Officer Chris Thorpe said: "Clipp delivers an 'Uber-like' customer experience, disrupting payments in the hospitality industry whilst delivering a market-first loyalty platform for bars and restaurants. The benefits for the consumer are it's a safe, secure, simple and fast way to transact. The benefits for the venues are it minimises credit card fraud, staff do not have to deal with transactions (30% overall payment time saving), it is fully accountable, reduces the amount of cash held on premise and is a compelling loyalty and marketing platform which is already showing marked benefits for the venue.

Many establishments are now moving away from credit card to exclusive "Clipp-only" venues.

Clipp won App of the Year in Gizmodo Australia's 2014 Awards and won the "Greatest Potential Award" at Tech23 2014.

Clipp is available **free** for download in the [Apple App Store](#) and [Google Play](#).

More information on Clipp is available at [www.clipp.co](http://www.clipp.co)

\*IBISworld

<http://www.ibisworld.com.au/industry/default.aspx?indid=448>

<http://www.ibisworld.com.au/industry/default.aspx?indid=452>

<http://www.ibisworld.com.au/industry/default.aspx?indid=2010>

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**About Mobile Embrace Limited**

Mobile Embrace Limited (ASX:MBE) is a mobile payments and mobile marketing company. We are a Digital Distribution Network for the complete end-to-end mobile customer life-cycle. Through our integrated and award winning mobile marketing, advertising and m-payments infrastructure (including a Tier 1 local/global premium publisher advertising network, mobile media trading desk, m-commerce and mobile marketing platforms and applications) we enable the reach, engagement, transactions with and embracement of consumers via mobiles and tablets. For more information please visit: [www.mobileembrace.com](http://www.mobileembrace.com)