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ASX Release

Mobile Embrace Strengthens Digital Performance Marketing Business with Acquisition of C2B Solutions

OVERVIEW

- **Mobile Embrace (ASX: MBE) (MBE or Company) has acquired C2B Solutions Pty Ltd (C2B)**, a profitable and strategically compelling Performance Marketing company, for an overall consideration of \$6.5M
 - Attractive terms with upfront consideration of \$2.5M followed by;
 - A two-year performance-based earn-out of \$2M in 12 months On Target Earnings (OTE), and \$2M in a further 12 months OTE
- **Strategically compelling acquisition** enables MBE to benefit more from its digital Performance Marketing positioning to deliver more sustainable growth:
 - Highly complementary business with strong earnings increasing sales reach that works favourably with the building out of the Company's Performance Marketing platforms and products
 - Vertically integrates call centre IP and expertise into MBE's digital Performance Marketing infrastructure, strengthening capability and expanding the Company's addressable market
 - Expands product offerings that enable businesses to acquire quality customers at scale via online and mobile devices
 - Increases MBE's ability to grow in key markets
- **Attractive financial metrics:**
 - Profitable and growing business immediately Earnings Per Share (EPS) accretive to MBE
 - C2B Solutions is forecast for FY2018 to generate annual EBITDA of \$2.5M
- **Acquisition upfront consideration** funded from MBE's cash reserves

Mobile Embrace Limited (**ASX: MBE**) (**MBE** or **Company**) is pleased to announce the acquisition of C2B Solutions Pty Ltd (C2B), a profitable and growing Performance Marketing business.

Favourable acquisition terms and strong financial performance

MBE has acquired C2B on favourable terms with an upfront cash consideration of \$2.5M. In addition to the upfront consideration and subject to achieving targeted earnings over the next 2 years, there will be additional cash consideration \$2M for each year of successful achievement. The upfront consideration is funded from MBE's cash reserves.

C2B is a successful Australian Performance Marketing business that specialises in providing businesses with a highly efficient customer acquisition offering including:

- The generation of high volume, permissioned consumer leads on online and mobile devices and;
- Facilitating conversion from a quality digital lead to a highly-engaged customer via outbound call centres

C2B's solutions deliver increased customer conversion effectiveness, and therefore a strong return on Performance Marketing investment (ROI) for businesses.

Drawing on proven expertise and Intellectual Property (IP) in call centre development and management, C2B has delivered highly successful and profitable outcomes for its clients. Client retention is high at approx. 90% and C2B is growing well.

C2B's clients span a number of industries with a growing new business development pipeline. Co-Founders Ben Carrington and Michal Fort-Williams will continue with the business and have entered into employment agreements.

C2B is forecast to generate EBITDA of \$2.5M for FY2018 which means the acquisition of the business will be immediately EPS accretive to MBE.

The growing importance of C2B's offering to its clients is supported by research, with 65% of all businesses finding generating traffic and leads the top marketing challenge and 74% of all businesses seeing converting leads to customers the key marketing priority¹.

The acquisition is supported by strong strategic rationale

Growth platform: Vertical integration of C2B's proven call centre IP and expertise into MBE's digital Performance Marketing infrastructure strengthens the Company's capabilities and expands the addressable and contestable market for business growth.

Extending MBE's digital Performance Marketing offering further along the customer acquisition supply chain, the acquisition will enable the Company to more efficiently serve clients needs in a competitive business environment.

¹ 2016 HubSpot Report



Strategic Fit: The C2B acquisition delivers to the Company's core strategic objective "enabling businesses to generate quality customers at scale" and is a strong EBITDA margin business.

The acquisition enables greater sales reach and market growth prospects. C2B has been partnering with MBE's The Performance Factory (TPF) for approximately 18 months. The business relationship with TPF is strong, well tested and financially successful. This enables C2B to be immediately integrated into MBE.

Scale: The acquisition provides greater market reach for MBE's existing growing digital Performance Marketing business and will contribute to the scaling of the Performance Marketing platforms and products that will deliver more sustainable growth and improved margin performance. It can also enhance growth opportunities in international markets.

Product enhancement and expansion: C2B expands the Company's Performance Marketing product offerings, with the strengthened ability to grow in large existing and new markets.

Diversification of product offerings will enable MBE to better serve clients' customer acquisition needs.

Neil Wiles, CEO & Managing Director at Mobile Embrace, said:

"We are pleased to welcome C2B to Mobile Embrace. It is an innovative and proven company that bolsters our digital Performance Marketing strategy to deliver more value for MBE's shareholders. It adds soundly to MBE's growth opportunities and competitive strength.

C2B is immediately scalable, highly complementary and will be easily integrated into our Performance Marketing operations. Given the partnership with TPF, integration will be seamless.

The acquisition of C2B also enables MBE to provide more Performance Marketing products to accurately satisfy the customer conversion demands of SME's and major brand businesses across the greatest number of industry verticals. The value and importance of this is growing with businesses globally being in an environment where identifying reliable ROI for every digital marketing dollar spent is of increasing challenge and priority."

The acquisition is in line with MBE's strategy of establishing a larger, more dominant digital Performance Marketing business across Australia, New Zealand and the UK, and a business that delivers improved earnings margins and predictable revenue streams. Following completion of the acquisition, MBE's balance sheet and financial position remains strong and gives the Company further flexibility to fund and grow its now expanded Performance Marketing business.

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About Mobile Embrace Limited

Mobile Embrace Limited (ASX: MBE) is a technology led digital performance marketing company. Through our integrated and award winning digital customer acquisition infrastructure we enable the reach, engagement, transactions with and embracement of consumers at scale. To learn more please visit www.mobileembrace.com or follow us on Twitter [@MobileEmbraceIR](https://twitter.com/MobileEmbraceIR).

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