

MOKO.mobi Limited

### **ASX Release:**

# MOKO to acquire 51% controlling interest in e-commerce business "Deals I Love" (DIL)

## MOKO signs binding agreement to take control of DIL

**Sydney - 26 February 2013:** MOKO is pleased to announce that it has signed a binding agreement to acquire 51% of e-commerce business "Deals I Love" (DIL), including an option to acquire the remaining 49%.

The deal will take effect as from July 1<sup>st</sup> 2013 and provides for an initial deferred payment of \$40,000 and a commitment from MOKO to provide up to \$200,000 in loans for marketing purposes. DIL had revenues of \$476,049 for the FY 2012 (ending June 2012) and \$938,994 for the 2012 calendar year. With the increased marketing contribution that is planned, MOKO expects revenues to increase materially in 2013.

DIL is a Sydney based Flash Sales website, experiencing double digit quarter on quarter compound revenue growth. Despite being a green fields project and only a little over a year old, DIL has already established itself as a mid-tier player and a market thought leader with advanced digital customer acquisition technology platforms and strategies, product acquisition and distribution strategies and "business to consumer" (B2C) marketing. DIL is a market led, hybrid e-Commerce/Group Buying business and already has over 25% of its sales and activity from mobile. MOKO believes it can tap into the growing mobile commerce sector using the DIL platform, and expand the revenues from mobile commerce transactions.

Kristian Hedge, founder and CEO of DIL said; "We designated 2013 as the year we transitioned from 'Learning Experiences' to 'Earning Experiences'. As a result, we looked at several options to scale our business and we saw fantastic synergies with MOKO and its subsidiaries. Most interestingly, the synergies that most catch our eye are ones that have a rapid potential to generate tangible cash results. For Deals I Love, this means we gain the opportunity to scale our proven methodologies into foreign markets at a fraction of the usual entry cost and in return, we can assist MOKO in tapping into the latent spending power of its other mobile channels. We believe in the MOKO strategy and you can see from the structure of this deal we have backed ourselves and the integration with MOKO in a significant way."

MOKO believes it can assist DIL to grow its mobile user base and revenues, increase its mobile penetration and extend its reach into Europe and that this transaction further enhances MOKO's strategic objectives in seeking new mobile revenue streams while leveraging its other business units such as OfferMobi and the "direct to consumer" marketing channels of the MOKO UK business unit.

#### **Commercial Terms of the Acquisition**

- MOKO has entered into an agreement to acquire 51% of DIL from the existing DIL shareholders, including Mr Johannes de Back who is a non-executive director of MOKO, for consideration of \$40,000 with completion of the acquisition taking effect from 1 July 2013.
- At completion Mr de Back will have no further equity interest in DIL.
- The continuing shareholders of DIL have granted MOKO an option to acquire the remaining 49% of DIL, with the option commencing 12 months from completion and expiring 31 January 2016, with the purchase price to be determined by a blended gross margin/EBITDA multiple formula.
- MOKO will also be providing up to \$200,000 in loans to DIL for marketing purposes, with the first \$50,000 payable immediately and the balance to be advanced at MOKO's option subject to the continuing growth of the business. As security for the repayment of the loans, the continuing shareholders of DIL have granted MOKO a security interest in all their DIL shares. The loans will also incur interest payable to MOKO at a rate of 10% pa.

#### **DIL Board**

- The current board of DIL comprises Mr Hedge and one other director unrelated to MOKO, who will resign following completion of the acquisition. Mr Hedge will continue as a director and CEO of DIL and MOKO will nominate a director and chairman.
- MOKO have also secured the agreement of existing DIL staff to continue with the company following completion of the acquisition.

Greg McCann
Chairman
MOKO.mobi Limited