

9 July 2015

ASX Announcement

Exoma signs Share Purchase Agreement with The Gruden Group (Gruden)

Highlights

- Exoma will be acquiring 100% of The Gruden Group by the purchase of all the shares in Gruden Pty Ltd, Blackglass Pty Ltd and Mobile Den Pty Ltd from the vendors, in exchange for shares in Exoma. The key Management will remain and manage the business.
- At closing Exoma will have approximately \$6.8m in cash and therefore does not need to raise capital.
- Gross Revenue for Gruden for 2014/15 of in excess of \$8.5m.
- Gruden is a market leader in the area of digital, fintech and mobile transactions.
- Gruden's award-winning Mobile Den platform engages and provides brands with the ability to financially transact directly with end customers through their mobile. Gruden aims to significantly grow its annuity revenues by charging transaction margins to customers by taking a "clip" per transaction.
- Gruden's existing suite of multi-million dollar blue-chip clients includes **Starbucks, Oporto, Red Rooster, Betta Home Living, Accor Hotels, Sydney Airports, Ausgrid, Jamie's Italian, Woolworths and the Australian Federal and New South Wales governments.**
- Gruden's award winning digital agency has been operating for 20 years and provides Gruden with a broad range of high margin income streams.
- Grudens unique partnership with global point of sale (POS) leader Micros/Oracle (NASDAQ:ORCL) and as a Certified Cloud Partner with Amazon Web Services (NASDAQ:AMZN), makes this a truly global offering.
- Gruden established its China operations in 2008 which has a dedicated team delivering digital services in China and providing support in servicing clients in Australia and across the Asia Pacific region. This provides access to one of the largest global consumer mobile and digital markets.
- This proposed ASX listing will provide Gruden with funds to accelerate the take-up and global rollout of the Mobile Den platform, initially focused on the wider Asia Pacific region.



Following its Announcement on the 18th December 2014, Exoma Energy Limited (**ASX: EXE**) is pleased to announce that it has today entered into a formal Share Purchase Agreement with the vendors to acquire The Gruden Group (**Gruden**), subject to shareholder approval. Gruden is comprised of 3 private companies specializing in fully integrated e-commerce and m-commerce point of sale applications and digital marketing services.

Chairman of Exoma Mr. Gary Castledine said:

"Gruden is uniquely positioned in that it has a proven track record with significant and growing annuity revenues from a national and international client list which includes many well-known brands and government clients, unlike many competitors in the sector.

The Board is excited at the significant expansion and growth opportunities that exist for Gruden in the digital and mobile transaction space both within the current domestic market and the planned expansion into Asia, particularly with the Mobile Den platform. We believe Gruden has the capability of expanding to become a global brand"

The share purchase agreement is subject to a number of conditions described below.

Overview of The Gruden Group

- The Gruden Group is a group of 3 specialist technology and digital marketing companies providing an end-to-end offering for clients wanting to interact and engage with their customers via mobile, web and various digital channels. Gruden is made up of three core key businesses; Gruden, BlackGlass and Mobile Den, covering a wide range of digital services & products with a team of over 60 equivalent full time.
- The Gruden Group delivers a premium digital offering – providing innovative strategy, creative, development and management services for its customers within the digital marketplace. It also generates growing revenues through highly scalable, recurrent transaction incomes, service level agreements and bespoke business applications developed for their impressive client list.
- **Gruden Pty Ltd** (www.gruden.com), formed in 1995, is a leading digital technology agency, a major mobile and online platform developer, providing digital services, products and technology platforms to high-end business and government clients. Gruden developed and maintains the Aus Tender platform for the Federal and NSW Governments, one of Australia's largest online platforms. Gruden is also only one of two providers approved by the Dept of Finance for their Cloud services panel. Over the past 3 years, utilizing its experience and skills in developing platforms, Gruden invested considerable funds to create the Mobile Den platform.
- **Blackglass Pty Ltd** (www.blackglass.com.au), formed in 2005, is a leading digital marketing business spun out of advertising giant George Patterson Bates. Like Gruden, Blackglass also serves blue-chip clients by successfully driving consumers to online sites through various digital marketing channels – such as paid search, SEO, social media and email marketing.

- **Mobile Den Pty Ltd** (www.Mobileden.com.au) is the Award Winning Mobile Retail & App Platform, a proven and sophisticated cloud platform that integrates fintech, mobile loyalty, gaming, advertising & marketing and comprehensive data analytics. Mobile Den is in a unique position as an earlier adopter and developer in mobile digital payments and loyalty transactions space that provides a fully integrated solution and is used by global brands and large franchises.

Business Model

Gruden generates its revenues through three primary sources:

1. **Recurrent Transaction Income** - Simply put, the more consumers pay using their mobile phones the more revenues Gruden generates by capturing a percentage of their payments. Gruden provides Mobile Den platform to its customers, who use its mobile marketing, loyalty and fintech functions to bring more consumers into their stores and make it easier for consumers to pay. For both the customer and Gruden, Mobile Den is infinitely scalable in its ability to handle large numbers of consumers and payments with little increase in costs. Gruden's current customers generate over a billion dollars in turnover per year, and they have significant incentives to have all their consumers download their customized Mobile Den App's onto their phones.
2. **Annuity licencing and retainer fees** – Gruden not only captures a percentage of each transaction, but also receives annuity licence, service level agreement (SLA) and service fees from its customers for use of the Mobile Den platform. In addition, many customers have retainer agreements with Gruden to provide continual digital marketing services to acquire market and engage their consumers in the digital realm.
3. **Service provision** – Gruden has strong digital creative, development and campaign marketing divisions, which provides a base load of consistent, recurring revenues. The quality of this business is evidenced by the blue-chip nature of its clients who trust Gruden with developing digital products that manage over a billion dollars of product service.

Future Growth Strategy

The current business model of Gruden is both scalable and global. However in order to take maximum advantage of that position both Exoma and Gruden have spent considerable time and resources integrating and corporatizing the existing Gruden operations so as to take maximum advantage as the group moves to become public and implementing its growth plan.

During this period we have seen numerous changes including: the appointment of an interim CEO and a new CFO for the group, the appoint of various new staff, integration of accounting and reporting systems, the various Sydney operations have now moved to one office, and the management and staff reporting lines have also changed so as to make the teams more efficient and to help promote the cross selling of services across the different business lines and clients. All these changes were made to help maximize the growth strategy and we are already seeing greater accountability, cost advantages and increased revenue streams from existing clients and many new clients signed.



The mobile commerce market (m-commerce) is a significant commercial opportunity and growth story for Gruden and in particular for Mobile Den. The m-commerce market offers new business opportunities on the internet due to its significant advantages over the traditional desktop internet. Also mobile internet growth is particularly strong in emerging regions such as Asia where mobile phone technology is greater than fixed line telecommunications infrastructure.

Gruden operates in m-commerce which is a high growth industry sector in regard to Application software and mobile Apps through the use of its Mobile Den platform. Mobile Den has a significant competitive advantage over its rivals in being one of the few mobile App platforms that provide a full suite of retail and transaction services as an integrated, multi-functional product. Also the Mobile Den transaction revenue earned through mobile payments and wallet capabilities is high margin and scalable.

Based on the expected trends in m-commerce in the region, the Board sees significant opportunities to extend Gruden's services and in particular the Mobile Den platform within China and throughout Asia. Gruden has operated a team of project managers and developers through its Chinese offices for the past eight years and the Board sees the opportunity in leveraging off that platform and building out the capabilities within China and across Asia.

As an example of this strategy, Gruden has recently entered into an agreement with ASX listed company SmartTrans (ASX:SMA) to provide exclusive Apps for China Mobile customers on their Android platform. China Mobile is the largest mobile provider in China with over 800 million customers.

The Company's cash reserves will be used to build additional technical capability in China, establish a new Singapore office and to focus on marketing and business development in order to accelerate the take-up and global rollout of the Mobile Den platform, initially focused on the wider Asia Pacific region.

Key Terms of the Proposed Transaction

Exoma has entered into a Share Purchase Agreement with each of the controlling shareholders of the Acquisition Companies set out below pursuant to which Exoma will acquire all of the shares in those companies on the following terms:

1. Acquisition Companies

Exoma to acquire the following three companies in the Gruden Group:

**Mobile Den Pty Ltd
Gruden Pty Ltd
Blackglass Pty Ltd**

2. Consideration

The consideration for the acquisition is:

- a) 185,000,000 Shares;**
- b) 90,000,000 Class A Performance Shares; and**
- c) 90,000,000 Class B Performance Shares.**

The Conversion and expiry of Class A Performance Shares and Class B Performance Shares are:

- a) **(Conversion on achievement of Class A Milestone)** Each Class A Performance Share will convert into a Share on a one for one basis upon the Gruden Group in aggregate generating consolidated gross revenue in any 12 month consecutive period of at least \$10,000,000 on or before 5pm (EST) on the date which is 24 months from 1st February 2015,.
- b) **(Conversion on achievement of Class B Milestone)** Each Class B Performance Share will convert into a Share on a one for one basis upon the Gruden Group in aggregate generating consolidated gross revenue in any 12 month consecutive period of at least \$16,000,000 on or before 5pm (EST) on the date which is 24 months from completion,.

The acquisition is conditional upon, and subject to, a number of conditions. These include Shareholder approval of the acquisition resolutions, Exoma obtaining all necessary regulatory approvals, including re-compliance with Chapters 1 and 2 of the ASX Listing Rules and having a minimum of \$6,600,000 net cash and receivables after taking into account various payments. There are normal commercial warranties associated with the Acquisition.

3. The indicative capital structure of Exoma post acquisition of Gruden is set out below:

	Shares
Existing Exoma shareholders	422,846,696
Initial Shares to Gruden vendors	185,000,000
Total after Initial Shares	607,846,696
Additional Shares to Gruden vendors if all Performance Shares convert	180,000,000
Total	787,846,696

4. Board and Management of the Combined Group

Following completion of the acquisition, the Board of the combined group will comprise of Mr. Gary Castledine (non-executive chairman), Mr. Stephen Harrison (non-executive director), Mr. Warren Barry (executive director) and Mr. Todd Trevillion (executive director).

The senior leadership team of the Gruden Group will remain and will be comprised of Mr. Warren Barry, Mr. Todd Trevillion and Mr. Brent Trimnell-Ritchard. Mr. Warren Barry will be the interim CEO for the Gruden Group, pending appointment of a new CEO within 12 months of completion of the transaction.

5. Change of Name

Exoma will change its name on completion of the proposed transaction to **The Gruden Group Limited**. Details of the name change will be provided in the Notice of Meeting, which will require approval from Shareholders.



6. Change to Nature and Scale of Activities

The acquisition of Gruden will constitute a change to the nature and scale of Exoma's activities. Exoma will therefore need to re-comply with Chapters 1 and 2 of the ASX Listing Rules. As part of satisfying its requirements to re-comply, the acquisition must be approved by Exoma shareholders.

Shareholders will receive a Notice of Meeting setting out various resolutions relating to the acquisition. A detailed explanatory statement will accompany the Notice of Meeting and will be distributed to all Shareholders prior to the meeting.

FURTHER INFORMATION

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