



ASX Announcement | 26 October 2016 Crowd Mobile Limited (ASX:CM8)

September Quarter Trading Update Strong Partners, Stronger Balance Sheet

Operational Highlights

- Executed partnership agreement with Viacom International Media Networks, the international division of Viacom Inc. (NASDAQ:VIAB and VIA)
- Executed China partnership agreement with SmartTrans Holdings Limited (ASX: SMA)

Financial Highlights

- Quarterly revenue of \$10.6 million and underlying EBITDA of \$2.2 million
- Completed debt re-financing with additional working capital availability
- Equity raisings totaling \$3.0 million
- Maintained continued positive operating cash flow generation
- Commenced Convertible Note repayments in cash – Net Debt now \$12.5 million
- Strengthened balance sheet with lower gearing and improved working capital ratios

26 October 2016 – Crowd Mobile Limited (ASX: CM8 & FWB: CM3) (**Crowd Mobile or the Company**) is pleased to report its unaudited first quarter results for the three months to 30 September 2016. Following a record FY16 financial results, momentum has continued despite a traditionally softer period due to the European summer. Crowd Mobile has successfully secured strong partnerships and bolstered its balance sheet.

Operational Performance

Q&A Division

Crowd Mobile's Q&A [Question & Answer] division consolidated its FY16 record results with strong first quarter considering the summer quarter is traditionally softer than the other quarters and executed a pivotal partnership agreement with Viacom International Media Networks, a division of American media company Viacom Inc. (NASDAQ:VIAB and VIA).

Q&A delivered strong year-on-year growth in the first quarter of FY17, experiencing 30% growth in billed message volumes versus the same quarter of the prior year (Q1 FY16).

The Q&A division continues to focus on enhancing and refining its strategy around the mobile entertainment app offering following the success of its GazMoji launch in July 2016. GazMoji emoji's are inspired by well know English MTV show personality Gaz Beadle and the app was ranked the number one paid entertainment in nine countries and top five paid apps in 18 countries.

Crowd Mobile plans to build on this success with preparations well underway for the launch of 'freemium' apps incorporating several new features such as photo editor and importantly, Crowd's proprietary Q&A technology. The Q&A technology will enable users to ask questions and receive answers in relation to the celebrities or brands behind the app.

Crowd Mobile has identified the celebrity & influencer space as a global opportunity. It is currently developing a product which will integrate Q&A directly into various social media websites including Facebook, Twitter & Instagram. It will allow consumers to ask questions of their favourite celebrity without having to download an app and will leverage Crowd Mobile's extensive global m-payment platform.

The Q&A business is performing strongly and is exceptionally well positioned coming out of European summer so therefore expected to generate even stronger second quarter results.

Viacom Partnership

As announced on 10 October 2016 Crowd Mobile executed a partnership agreement with Viacom International Media Networks (VIMN). Under the agreement Crowd Mobile and VIMN will collaborate to develop new apps leveraging VIMN's popular brands and celebrities to maximise global exposure.

In a world first the initial mobile apps product will consist of five apps incorporating Q&A capability within emoji style products, consistent with Crowd Mobile's strategic goal of bringing customers closer to their celebrities.

The VIMN agreement, and subsequent product launches in Q2 FY17, is very important to Crowd Mobile as it represents the first third party corporate endorsement of Crowd Mobile's Q&A technology platform by a global media company seeking to connect and commercialise its IP and their social media followers.

SmartTrans China Partnership

As announced on 1 August 2016 Crowd Mobile has signed a Letter of Intent (LOI) with SmartTrans Holdings Limited (ASX: SMA) and its subsidiary SmartTrans Technology (Beijing) to form a partnership that will give the Crowd Mobile an effective entry point to the Chinese market.

The partnership will allow Crowd Mobile to utilise SmartTrans' proven and established payments platform in China to help monetise the Company's products in the region. Crowd Mobile has been working since the start of the year on localising its product for the China market. It is expected that the pilot will be launched later in this quarter. It is expected that revenues will be modest during the pilot phase.

Mobile Content Subscription Division

The Subscription division continues to stabilize in terms of revenue and EBITDA generation. During the quarter, Hans de Back ceased executive duties for personal reasons and Crowd Mobile appointed Ivo Urlings, formerly Sales Director, to the role of General Manager.

Mr. Urlings immediately commenced initiating plans for a dedicated, direct media buying desk, as the Company resolved the need for greater end-to-end control of customer acquisition and early results are proving positive.

The Subscription division launched some new entertainment products including Virtual Reality (VR) entertainment into various markets with some early positive results. Continued focus is being placed on growing the revenue and EBITDA of the business for the remainder of FY17.

Financial Performance

Profit

The quarterly underlying EBITDA of \$2.2 million is calculated after adding back expense items totaling \$1.3 million for re-financing costs (including advisory, legal, management and success fees), share based payments and foreign exchange.

It is expected that the December quarter results (Q2-FY17) will be materially higher than the September quarter results (Q1-FY17).

Debt Refinancing

The recent re-finance with the JGB Convertible Note were on terms offering significantly greater flexibility to the Company as it pursues business growth and shareholder returns over the coming years. The maximum funding value of the Convertible Note is €10.8 million which is €7.55 million in up-front and €3.255 million in follow-on funding.

Crowd Mobile has the ability to repay in cash or shares under the Convertible Note instrument and the Company intends to repay in cash, wherever it makes sense to do so. During the quarter,

Crowd Mobile paid each of the two monthly repayments totaling €900,000 (A\$1.32m) plus interest, in cash and expects to continue paying in cash for the foreseeable future.

Equity Raises

Crowd Mobile completed two equity raises during the quarter. First was a placement of \$2.4 million to sophisticated and professional investor and the second was a \$0.6 million rights issue on the same terms to existing shareholders which was sub-underwritten by the existing Directors.

Proceeds of the new capital raised will be used for strengthening the Company's balance sheet to enable it to engage on larger media company partnerships, such as the recently announced VIMN partnership, and for general working capital purposes. Crowd Mobile's balance sheet has been strengthened due to these initiatives.

Cash and Net Debt

At the end of 30 September 2016 Crowd Mobile had net debt of \$12.50 million, (an improvement of \$2.303 million since Jun-16) comprising cash of \$4.74 million and debt of \$17.24 million. During the quarter, non-recurring cash payments totaling \$0.885 million were made for re-financing costs (including advisory, legal, management and success fees). In addition, payments for interest and tax for the quarter totaled \$1.85m million.

Crowd Mobile's Chief Executive Officer, Domenic Carosa: "Crowd Mobile has achieved a positive start to the first quarter of the 2017 financial year by building on the success of our record FY16 results.

Our Q&A division continues to exceed expectations and has been validated by the significant partnership agreement with global media group Viacom International Media Networks.

Our Subscription division continues to stabilise and we are focused on releasing new products including in the Virtual Reality (VR) space and we continue to look for new countries to expand into. We expect material growth in the second half of this financial year in the Subscription division.

We also welcome the appointment of Ivo Urlings as General Manager of the Subscription division, we are confident in his leadership of the business unit.

Our track record for successful mobile apps is established and we are excited to grow our mobile app portfolio with new celebrities and brands. In the coming months Crowd Mobile looks forward to updating shareholders with operational, partnership and financial progress."

Ends

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About Crowd Mobile

Crowd Mobile is a mobile-first company with a world-leading 'Q&A' platform, providing personalised expert advice, and a subscription service giving users access to games, infotainment and security products. We operate across 54 countries and 30 languages and have partnered with more than 160 mobile carriers, allowing users to pay for products and services through their mobile phone or with Google or Apple Pay. Crowd Mobile has developed a diverse range of products in the m-payment, entertainment and infotainment space and is listed on Australian and German stock exchanges (ASX:CM8, FWB:CM3).