

GRUDEN

31 October 2016

September 2016 Quarterly Report

- **Strong client acquisition across established business units (Gruden Government, Digital Services and Performance Marketing), with Digital Services and Performance Marketing benefiting from cross-selling opportunities**
- **Additional resources being on-boarded to fast track commercialisation of the mobileDEN platform, and drive transactional and licensing revenues**
- **mobileDEN showing positive signs of increased traction among consumers, with a five-fold increase in the number of transactions and sales generated vs the previous quarter**
- **Positive outlook for all business units, with established businesses continuing to experience client acquisition and mobileDEN ready to scale up**

Market leading technology agency, The Gruden Group Ltd (ASX:GGL) (Gruden or the Company) is pleased to provide a quarterly review for its operations for the three-month period ended 30 September 2016.

Operational

Digital Services and Performance Marketing

During the quarter, Gruden made solid progress across its established business units signing a number of new clients. Its Digital Services and Performance Marketing units in particular benefited from a number of cross-selling opportunities. A selection of new clients won during the quarter include:

- **D-Link Australia** appointed Gruden to assist D-Link Australia in migration planning for its new website. This is utilising Gruden's experience in best practice Search Engine Optimisation strategies.
- **Fraser's Property's** residential division appointed Gruden to manage the paid & organic search marketing campaigns for their projects in both NSW & Victoria.
- **Credit Union SA** appointed Gruden's Digital Services division to optimise their digital customer acquisition channels

Gruden Government

As a preferred supplier to the Government, Gruden is well positioned in the sector as a leading and credible partner to the Government and governmental agencies. The Company has proven digital expertise through a number of large projects delivered for the Government, including the development of its whole-of-government AusTender platform.

During the quarter, the Company signed the **Public Records Office of Victoria (PROV)** to create a cloud-based environment that will enable PROV to take advantage of the power, security, cost-

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effectiveness and flexibility of the Amazon Web Services' (AWS) world-leading public cloud offering. The cloud environment, designed and implemented by Gruden will include a total of eight different digital workloads that had previously been hosted in a traditional hosting environment, enabling all of PROV's records to be available online.

Signing new governmental agency projects, further validates Gruden's technical capabilities and ability to secure high profile digital projects.

mobileDEN

During the quarter, Gruden's mobileDEN platform continued to gain traction. The platform is an award winning, PaaS (Platform as a Service) and transaction mobile technology platform that empowers brands to seamlessly engage and interact with consumers, extending the reach of a brand beyond the typical Point of Sale (POS) system.

During the quarter, the mobileDEN platform reported over 59,000 transactions, worth a total of \$2.3 million in sales. This represents an increase of 500% against the previous June 2016 quarter and an average month-on-month growth of +39% during the period. The increase demonstrates the ongoing traction of the platform among consumers.

Corporate

The September quarter represents the Company's first full quarter as a listed entity. During the quarter, the Company has further built its team and established a solid base from which to grow.

In August, the Company appointed Mr John Butterworth to head Gruden's Digital Services Business. Mr Butterworth has extensive experience in operational leadership in technology, media, telecommunications and digital sectors and is responsible for leading the growth of the Digital Services unit.

Mr Gavin Gorazdowski was also appointed as General Manager of mobileDEN. Mr Gorazdowski is a top-tier digital technology expert, having founded and managed a number of digital focused businesses. He is responsible for the continued platform development of mobileDEN and is currently working on a number of internal initiatives to develop the mobileDEN platform.

Outlook

Gruden is well positioned to pursue its strategic growth objectives that include continuing to grow its existing business units and scaling its innovative engagement and transaction mobile platform, mobileDEN.

The Company expects to begin to realise the benefits of increased investment in the coming quarters. In addition, it has a robust sales pipeline, partly due to its ability to cross-sell between divisions and also its strong sales team that continue to drive customer uptake.

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Tim Parker, CEO of The Gruden Group commented: “Since our listing in May 2016, we have undergone a transformational period. While carefully managing the core business, we are deploying additional resources in order to prepare for expected growth, and to drive the expansion and scale of our mobileDEN platform. We’re very excited about mobileDEN. The transactional revenue it brings to the Company is changing our revenue model. It already delivered 11% of total revenue in FY16 and we’re focused on scaling this.”

ENDS

For further information, please contact:

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About Gruden

The Gruden Group Ltd is a market leading technology provider offering fully integrated platforms in the digital marketplace, with over 80 staff, across five office locations. The Company is made up of the award-winning Gruden Digital Services, Gruden Performance Marketing, award-winning Gruden mobileDEN and Gruden Government. Services offered across the group include digital marketing, web and mobile application development and mobile loyalty with point of sale integration.

For more information, visit www.thegrudengroup.com

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

The Gruden Group Limited

ABN

56 125 943 240

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,718	3,718
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(50)	(50)
(d) leased assets	-	-
(e) staff costs	(2,469)	(2,469)
(f) administration and corporate costs	(2,291)	(2,291)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	12	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,080)	(1,080)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(111)	(111)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(111)	(111)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	5,673	5,673
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1080)	(1,080)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(111)	(111)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	4,482	4,482

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	655	1,659
5.2	Call deposits	3,827	4,014
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,482	5,673

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
206
-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	50
9.4 Leased assets	
9.5 Staff costs	2,700
9.6 Administration and corporate costs	2,300
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	5,050

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: N J Bassett
(Company secretary)

Date: 31 October 2016

Print name: Neville John Bassett

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.