

ASX Announcement | 23 November 2016
Crowd Mobile Limited (ASX:CM8)

Chairman's Address to Shareholders 2016 Annual General Meeting

Melbourne, 23 November 2016

Good afternoon ladies and gentlemen. My name is Theo Hnarakis and I am the Chairman of Crowd Mobile Limited. I welcome you to the Company's 2016 Annual General Meeting.

The 2016 financial year was Crowd Mobile's first full year as an ASX listed business, and I am pleased to report that it was a year of accomplishment and expansion. The year commenced with our acquisition of Netherlands-based international m-payment business, Track Holdings B.V, and ended with our achievement of maiden net profit, growth in our Question and Answer business, and expansion of our international m-payments network to 160 mobile carriers in 54 countries.

Our achievements in 2016 have provided the infrastructure and paved the way for us to continue building a substantial mobile entertainment and mobile content business.

Results

During the financial year, the Crowd Mobile business delivered quality financial results with a 192% increase in net revenue on the prior year to \$37.9 million with continuing and growing demand for our broad mobile content services.

The major growth in revenue was generated from the newly integrated mobile subscription division via the acquisition of Track, which contributed \$17.2 million for the last eight months of the financial year.

The original Q&A division grew to \$20.7 million during the year, up 61.7% from \$12.8 million in the 2015 financial year. We achieved strong revenue growth across each of the FY16 quarters, and our key performance metrics of message volume, new territories entered and products in the market have all increased contributing to this growth.

Reflecting the continued emphasis on growth within the Q&A and Subscription businesses during the year, Crowd Mobile reported a maiden net profit for the year of \$900k, although this included a number of one-off and extraordinary items primarily relating to the Track acquisition and financing costs. When adjusting for these items, the Group's underlying EBITDA for the 2016 financial year EBITDA for the year is \$8.3 million.

It is also pleasing to note that our results converted very strongly into cash flow during the financial year, with net cash from operating activities of \$7 million after paying interest and other finance costs of \$2 million.

Capital management

During the financial year, we implemented a number of capital management initiatives to ensure that our working capital requirements were appropriately balanced with the need to maintain an optimal capital structure.

Firstly, we refinanced our senior debt to a EUR11.8 million convertible note facility. This provides the Company with a higher level of certainty, flexibility and control with the added benefits of providing growth capital and a clear line of sight over debt reduction.

Secondly, we undertook a \$3 million equity capital raising via a combined placement and rights issue. The capital raising completed after the end of the financial year, and the proceeds will be applied towards increased marketing initiatives, investments in product development, our earnings growth strategy and debt reduction.

Outlook

Looking ahead, in FY17 we intend to capitalise on opportunities for market entry into China and other large geographies for both the Q&A and Subscription businesses. We are enthusiastic about the Company's growing mobile app portfolio suited for celebrities, brands and businesses and look forward to leveraging our micro job technology in new ways, delivering larger scale product innovations and increasing monetisation from such products.

In FY17 our key priority is also to reinforce our business foundations laid in 2016, to ensure that we are equipped to achieve and sustain our growth objectives for FY17 and beyond. As part of this strategy, we are continually seeking to strengthen the capabilities of our management team and Board. To this end, I am pleased to welcome Sophie Karzis as Non-Executive Director. Sophie was appointed as Director on 2 November, and brings with her considerable expertise in the areas of corporate governance and corporate and commercial law. We look forward to her continued contribution as Company Secretary and Director.

As announced this morning, Hans De Back has advised that he does not intend to stand for re-election at today's AGM, and will retire as Director from the close of today's meeting. I would like to take this opportunity to express the Board's gratitude to Hans for his commitment and efforts over the last year in leading the post-acquisition integration of the Track business.

I will now hand over to Domenic Carosa, our Chief Executive Officer, who will be presenting the Company's strategy for FY17 in further detail.

On behalf of the Board, let me close by thanking you, our shareholders, for your ongoing support. To the Company's Board of Directors, CEO and Managing Director, Domenic Carosa and his growing international team, thank you for your continued dedication to the business.

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).