

ASX Announcement | 9 February 2018 Crowd Mobile Limited (ASX:CM8)

Crowd Mobile Q&A Division Achieves Strong H1 Performance Continued Investment into Crowd Media division

H1 2018 Financial Results (Unaudited)

- Revenue of \$21.1 million
- EBITDA of \$2.2 million
- Underlying EBITDA of \$2.8 million
- Invested \$1.5 million in establishing Crowd Media
- Operational Cashflow (includes tax and interest) up 75% to \$2.7 million
- Achieved NPATA of \$2.5 million (excluding \$1.5 million Crowd Media investment)
- NPAT loss of (\$0.7) million
- Net Debt down 43% to \$1.6 million

H1 2018 Divisional Highlights

- Q&A Division: Achieved H1 2018 revenue of \$12.6 million
- Subscription Division: Achieved H1 2018 revenue of \$8.4 million
- Crowd Media sales pipeline in excess of \$1.0 million
- Number of telco mobile payment partners increased from 212 to 248
- Appointed Michel de Jong as new Chief Operating Officer

H2 2018 Outlook

- Revenue, EBITDA, NPAT and Operating Cashflow in H2 2018 are projected to be in line with H1 2018
- FY18 is expected to be outperformed by FY17 due to the strategic investment into Crowd Media and headwinds within Subscription Division
- Crowd Media expects to strengthen results beyond FY18

Friday 9th February 2018 – **Global mobile entertainment and digital media company Crowd Mobile Limited (ASX: CM8 & FWB: CM3) (“Crowd Mobile” or “the Company”)** reports its financial and operational performance for the first half of the 2018 financial year, marked by a strong performance in the Q&A division and strategic investment into the Crowd Media division.

Crowd Mobile’s Q&A Division supported the Company’s growth as it worked to establish its digital influencer business, Crowd Media, and addressed challenging conditions within the Subscription Division.

The Company appointed Michel de Jong as its new Chief Operating Officer and looks forward to benefiting from his international experience, largely overseeing the Q&A and Subscription Divisions.

H1 2018 Financial Results (unaudited)

Group (\$m)	1H18	1H17	Change
Revenue	21.07	21.52	(2%)
EBITDA *	2.23	3.33	(33%)
U.EBITDA *	2.78	4.73	(41%)
OP CF	2.70	1.54	75%
	Dec-17	Jun-17	
Net debt	(1.58)	(2.75)	(43%)
Cash	7.42	5.20	43%
Debt	(9.00)	(7.95)	13%

Divisional (\$m)	1H18	1H17	Change
Q&A			
Revenue	12.64	10.66	19%
U. EBITDA	3.33	2.34	42%
Subscription			
Revenue	8.43	10.86	(22%)
U. EBITDA	2.12	3.69	(43%)
Corporate	(1.14)	(1.30)	(12%)
Crowd Media	(1.53)*	0.00	n/a

* Measures include 1H18 net expenses for Crowd Media of \$1.53m

- U.EBITDA (Underlying EBITDA) excludes share based expenses plus one-off debt re-financing costs in 1H17

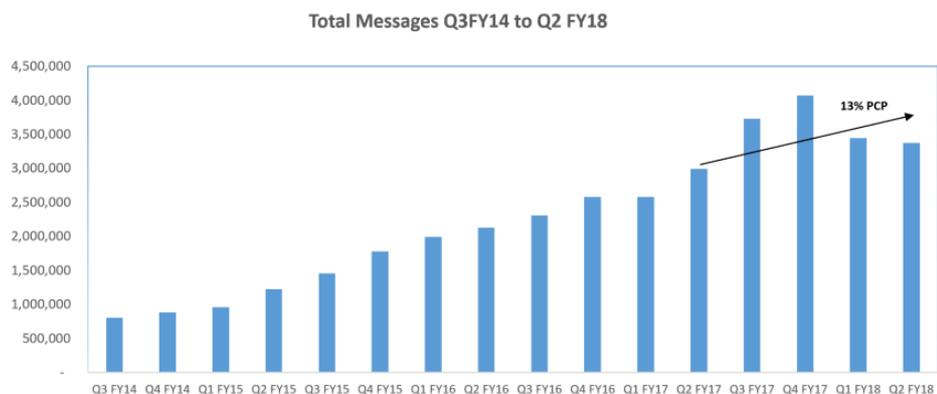
H1 2018 Divisional Highlights

Crowd Mobile continued to invest in establishing its third division, Crowd Media, in the first half (which is being incubated within the Q&A division for 1H18). In addition to our two existing divisions, Q&A and Subscription, Crowd Media is an advertising agency and technology solutions provider for digital influencers poised to capture a significant market opportunity leveraging the expertise and assets built up over the past 5 years from within the Q&A division.

Q&A Division

The Q&A Division continued to perform strongly in the first half and achieved revenue of \$12.64 million, an increase of 19% on the previous half year. First half EBITDA was up 42% to \$3.33 million. Billed messages also increased, rising 13% from 3 million to 3.4 million.

Crowd Mobile continues to invest in Artificial Intelligence (AI) and machine learning technology in order to improve operating margins. The success of the Q&A Division has also been used to incubate the Crowd Media Division and mitigate the financial effects of the Subscription Division's results.



Subscription Division

Crowd Mobile's Subscription business faced stronger regulatory headwinds than expected over the first half. These conditions contributed to a 22% decline in revenue to \$8.43 million. Going forward, Crowd Mobile is continuing to invest in new products that leverage its vast global network of mobile carrier billing channels. Crowd Mobile expects that the appointment of a new Chief Operating Officer, who will oversee the Subscription and Q&A Divisions, will have a positive effect on the business in FY19.

Crowd Media Division

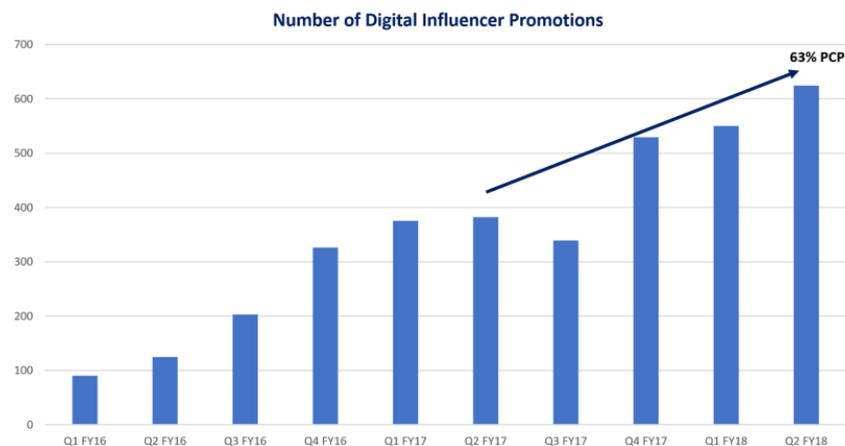
Crowd Mobile made a net investment of \$1.53 million in Crowd Media during the first half. Crowd Media is a global, data-driven influencer division that connects digital influencers with brands looking for a new and effective ways of reaching their customers. Crowd Media consists of Crowd Agency, an influencer marketing agency and Crowd.ly, a platform providing advanced analytics on marketing campaigns.

Crowd Media saw the achievement of its first revenues and repeat clients in the first half. The Division executed multiple pan-Europe campaigns with global brands and has strong activity indicators and a sales pipeline in excess of \$1.0 million.

Influencer-based marketing campaign volumes increased 63% from 382 to 624 in the first half and Crowd Mobile expects these numbers to continue growing. There are currently over 1.2 million influencers on the platform, and the Division has received very positive feedback from the global brands with which it has worked to date.

Crowd Mobile is continuing to invest in the Crowd Media's Influencer Customer Relationship Management (CRM) system with over \$0.7 million invested and expensed in building the technology platform to date. The Company is also conducting R&D into various aspects of Blockchain & ICO's as it may be

applicable to the digital influencer sector. Blockchain is the technology that underpins most major cryptocurrencies including Bitcoin, Ethereum and Ripple.



Capital Management & Debt Reduction

Finance costs were higher than expected in the first half with Net Debt at \$1.58 million with JGB Convertible Note debt of \$9.00 million and Cash of \$7.42 million (FY17: \$2.75 million). JGB did not redeem the Note during 1H18, meaning the Company was unable to repay principal or the fixed finance component of the Note. The unpaid finance cost for the first half is included within the \$9.00 million Convertible Note debt figure. The natural termination date of the facility with no penalties is January 2019.

Operational Re-organisation

Crowd Mobile has enhanced its senior management team with the appointment of Michel de Jong as its incoming Chief Operating Officer (**COO**). Mr de Jong has held prior Chief Operating Officer, Chief Information Officer and General Manager roles within technology businesses and has extensive global experience with General Electric and British Airways.

Mr de Jong holds a dual bachelor degree in European Business Administration and International Management and an Executive MBA from Nyenrode University. His appointment will be effective April 1, 2018. Crowd Mobile's Q&A and Subscription Divisions and support functions will report to Mr de Jong and Crowd Media will continue to report to CEO Domenic Carosa. This appointment and corresponding executive restructure aims to add a stronger focus on the performance of our established divisions and also dedicated focus on product innovation and continued growth and success of Crowd Media.

H2 2018 | Outlook

Crowd Mobile will be focused on the following areas in the second half:

- Q&A: Growing message volumes and revenues via new marketing channels and increased levels of AI technology to further improve margins
- Subscription: Executing the multiple new product and market opportunities in an attempt to return the Division to a growth profile

- Crowd Media: Delivering globally competitive digital influencer campaigns and a best of breed Digital Influencer CRM. Generating material revenues, with strong quarter on quarter growth and demonstrating economic value and demand for blockchain technology within the Company's digital influencer ecosystem

Crowd Mobile's Chief Executive Officer, Domenic Carosa: "We are very pleased with the continued growth from our Q&A division and although our Subscription Division encountered stronger operating headwinds than expected, we believe the initiatives we are currently working on, combined with the appointment of new leadership, will facilitate future growth.

In addition, our new Crowd Media Division presents an important strategic opportunity for the Company and we will continue to focus on capturing the significant opportunity that exists in the digital marketing sector.

The re-invigoration of Crowd Mobile remains both a challenge and opportunity and we have solid plans to pursue improvements in 2018. I expect the appointment of a European-based credentialed COO to our senior team will significantly bolster our execution capability moving forward and look forward to reporting our future developments."

Ends

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About Crowd Mobile

Crowd Mobile Limited (ASX:CM8) is a global technology company creating digital platforms, building mobile products and working with digital influencers to make customers smile.

Crowd Mobile's business consists of three divisions: Q&A, Subscription and Crowd Media. The Q&A division connects those seeking answers with qualified experts, the Subscription division delivers mobile content including games, apps, music and video and the Crowd Media division is focused on the digital influencers industry. Crowd Media includes [Crowd.Agency](#) a digital influencer marketing agency and [Crowd.ly](#), an influencer commerce platform. All of the company's divisions are underpinned by its mobile payments and distribution network.

Crowd Mobile's networks are strengthened by its partnerships with hundreds of mobile carriers and some of the world's largest agencies, brands and media companies. The Q&A and Subscription divisions operate in over 60 countries and 30 languages and Crowd Media has worked with over 6,000 digital influencers worldwide. Crowd Mobile is listed on Australian (ASX:CM8) and German (FWB: CM3) stock exchanges. To learn more please visit: www.crowdmobile.com.