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ASX release

Dreamscape Networks delivers a record first half result and reaffirms FY17 Prospectus forecast

23 February 2017, Perth: Dreamscape Networks Limited (ASX: DN8), owner of Australia's number one domain brand – Crazy Domains, is pleased to announce its maiden result since listing, covering the six months ended 31 December 2016 (H1 FY17).

H1 FY17 – a record result for Dreamscape Networks

- Total Bookings up 9% to \$25.6 million
- Revenue up 6% to \$22.5 million
- Net Profit After Tax¹ up 220% to \$1.6 million
- Adjusted EBITDA² up 58% to \$5.2 million
- Cash of \$17.5 million and no debt at 31 December 2016
- Operating cash flow up 37% to \$6.3 million

(1) Before forgiveness of advances to related parties pursuant to Share Sale Agreement (see Appendix 4D and Half Year Financial Report disclosure)

(2) After adjusting for change in deferred revenue treatment, and equity based compensation expense

Commenting on the Company's H1 FY17 result, Dreamscape Networks' Managing Director & CEO Mark Evans said: "Dreamscape Networks generated its highest ever half year result, delivering growth across all key metrics. These results were delivered at the same time as pursuing our ASX listing, which is testament to the highly talented and dedicated teams we have in place across our operations in Australia, Ukraine, Philippines, and UAE. Dreamscape Networks has continued to grow in line with the Company's expectations that underpin the Prospectus FY17 forecasts."

Total Bookings, a lead growth indicator, representing cash receipts on the sale of products, was up 9% to \$25.6 million. At the same time, Average Bookings Per User (ABPU) was up 9% to \$144 due to new products and an evolving sales mix. The combination of higher bookings and ABPU drove a 6% increase in revenue to \$22.5 million.

Adjusted EBITDA was up 58% to \$5.2 million due to increased sales in the hosting and solutions pillar.

Strong balance sheet and growing operating cash flow

"The Company's strong balance sheet, with \$17.5 million cash and no debt, strongly positions Dreamscape Networks to pursue multiple growth opportunities, both organic and M&A. In addition, operating cash flow showed strong growth, up 37% to \$6.3 million over the first half," said Mr Evans.

Executing on focused growth strategy to deliver Prospectus FY17 forecasts

Continuing to deliver against the Company's strategy, the key priorities for H2 FY17 are:

- International expansion – focus on higher growth markets, in particular English speaking Asian countries Singapore, Hong Kong, Indonesia, Malaysia and Philippines.
- Marketing – targeted marketing within current markets and underserved segments such as SMBs
- Acquisitions – acquisitions of complementary businesses and products
- Sales Team – further training and development of the new in-house sales team for up-selling, cross-selling and new product marketing
- Customer Care – maintaining high levels of customer care (at least 90% positive feedback rate) to increase retention, renewals and word of mouth referrals
- Product Development – accelerate development of new and refreshed products

Commenting on the Company's outlook for H2 FY17, Mr Evans said:

"We intend to maintain our growth trajectory by doing the simple things really well. Our dedicated Customer Care Specialists are very focused on ensuring our members receive the highest level of customer service. We have recently launched several new online products including newly revamped Traffic Booster console and Cloud Backup products, and intend to launch several new and refreshed products over the second half.

"Given the strong result in the first half, and with all the right fundamentals in place, Dreamscape Networks is well placed to deliver its Prospectus 2017 full financial year forecasts"

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About us

Dreamscape Networks Limited (ASX: DN8) is a leading online solutions provider of domain names, hosting and solutions and owns Australia's #1 domain brand Crazy Domains. The Dreamscape Networks Group offers simple, innovative and affordable online solutions that help businesses build and manage their online presence. Our solutions are innovative, user-friendly and engineered across all platforms embracing intuitive design and backed by our focus on best in world service.

Learn more at www.dreamscapenetworks.com and www.crazydomains.com