

ASX Announcement

25 July 2018

Operational and Trading Update

Dreamscape Networks Limited (ASX: DN8) is pleased to provide shareholders and the investment community with the following operational and trading update, relating to its activities in the second half of the 2018 financial year.

Results Update

In early May 2018, Dreamscape Networks announced that it had seen improved results in its underlying core business in the second half FY18.

Subject to confirmation of June results and full year audit, the Company envisages a full year adjusted EBITDA in the range of \$9.4 million to \$9.8 million before one-time costs of restructure previously estimated at \$1.0 million. The second half of FY18 has resulted in a significant improvement over the first half.

These results stem from operational and strategic changes as well as further enhancement of our structure that has reaped rewards and resulted in improved bookings and earnings. Dreamscape has further improved its .au domain market share and has leveraged its leadership status to improve earnings in the 2nd half.

The Company believes it is well placed to deliver further integration benefits in FY19 and FY20.

Integration of Acquisitions

In the past 16 months, Dreamscape has acquired four onshore hosting and domain businesses, together with our first strategic SEA business; Vodien Internet Solutions, Singapore's #1 Hosting and .sg Domain Provider. Integration of data centres, billing systems, customer service and administration have been a major focus during this time and have challenged resources, particularly in the first half of FY18. In the second half of FY18, the integration process has continued at pace and we are pleased to report that all current acquisitions will be completed in July 2018 as planned. The recently announced Domain Name Registrar's business will be integrated by 30 September 2018. The Company is confident integration cost savings for all acquisitions will emerge in FY19 with full benefits seen in FY20.

Corporate Relocation to Singapore

Dreamscape has substantially completed its move into new corporate headquarters in Singapore. The move integrates marketing for the Company's brands Crazy Domains and Vodien and consolidates the executive team, finance, administration and human resources functions for the Dreamscape Networks group. Mark Evans CEO and Gavin Gibson COO have both now relocated to Singapore. Tony Sparks, Group Finance Director will relocate to Singapore towards the end of Calendar 2018.

The Perth office was closed in March 2018 and the Dubai office in May 2018. Continuing staff from Perth are progressively being relocated to Singapore with the remaining relocations occurring by September 2018. The group finance function previously located in Dubai, UAE has been closed with all staff being made redundant. New appointments have been made in Singapore with completion of recruiting expected by the end of July. The Company is extremely pleased with the calibre and experience of the new finance team and the talent pool available in Singapore, reaffirming its strategic realignment and operational streamlining.

Board and Management

As our business and geographic focus moves to incorporate South East Asia, it is important for the mix of our board and management team to evolve. In May 2018 the board announced the appointment of Ms Ng Shin Ein to the board as a non-executive director. Shin has a wealth of experience in not only the ASEAN region but in technology, growth companies and corporate finance. Ms Ng has a stellar record of investment as well as very notable and successful relationships within Asia's technology and finance sector. She will be a great asset to the board and we look forward to working closely with her in FY19 as we grow our business in South East Asia.

We are also pleased to announce that joint Vodien founder; Mr Jervis (John) Lee has accepted a new role within the senior management structure as we focus on growth in South East Asia. John has accepted the position of Chief Integrations Officer where he will lead and drive integrations from start to execution, working across development, infrastructure and product and will play an integral role in optimising implementation and best practices as we drive further activity in the region. Mr Alvin Poh, also a joint founder of Vodien has announced his retirement from the business to pursue personal interests outside of the industry. We sincerely thank Alvin for his role during our Singapore integration. Both John and Alvin remain substantial and committed shareholders in Dreamscape Networks Limited.

The Company is also pleased to welcome Ms Sharon Sam, as our new Group Financial Controller based in Singapore. Sharon is a qualified Chartered Accountant with significant finance and reporting experience in global commercial operations. She is a former PwC senior manager prior to leaving the profession in 2011 to move into a commercial role. She has control of the new Singapore based accounting and finance team and reports directly to Tony Sparks.

New Technology Solutions (Products):

Sitebeat

In the second half of FY18, Dreamscape launched its exciting and innovative next-generation technology website builder, Sitebeat (www.sitebeat.com). Sitebeat was soft launched in March 2018 and commercially launched in May 2018. Reaction to, and uptake of Sitebeat in the initial launch phase has been very encouraging. In the first month of launch, sales were in the order of 35% higher than sales of our previous website builder product. In addition, Sitebeat recently achieved the top 10 list of most innovative products to help businesses digitally transform with a leading Singaporean technology accelerator.

Glasshat

Glasshat is an automated Search Engine Optimisation (SEO) platform enabled for Do It Yourself (DIY) and managed service application for Small Medium Businesses (SMB's). This exciting technology generates customised and prioritised digital marketing recommendations that help users identify what is required to improve optimization and search engine rankings. Dreamscape Networks was a reseller of Glasshat and was able to acquire the technology in June 2018 after the product owner went into Administration after years of hard work and \$5m AUD of investment. The product is commercially complete and we believe it has great potential to more aggressively roll out to our customer base under our Solutions pillar at a much more appealing and affordable price, than where it was previously positioned in the market. The Company will commence marketing efforts in the first quarter of FY19.

Future Focus

As Australia's #1 .au domain brand, Dreamscape Networks remains committed to the Australian domain and hosting industry and continues to grow .au market share for new registrations as well as the hosting pillar of the business. While domain pricing remains competitive, there remains 59% of Australian SMB's that don't have an online presence. Domains by their nature continue to be the key on-ramp to get an online presence and they continue to be a strong annuity cash generator of our business which also supports our growth initiatives.

Since listing in December 2016 we have acquired the four best small independent operators in Australia and the benefits of integration will continue to accrue to shareholders of Dreamscape Networks over the next two financial years. Once integration is complete, Dreamscape Networks will be in a position to actively upsell its broad range of services to the customers acquired, thus improving margins and increasing the lifetime value of the customer.

Our focus for FY19 will see more activity in South East Asia (SEA) as we leverage the Vodien brand and infrastructure as well as grow the Crazy Domains brand within SEA. In tandem, we will continue to acquire, develop and deliver great products through our Solutions pillar to our expanded customer base.

Strategic Partnerships remain a key growth strategy in Australia and into SEA where we have recently commenced co-marketing campaigns with PayPal in Asia, with Australia to follow. We have also partnered with Devcon, a developer community in the Philippines which sees us teaming up with students, educators, web professionals as well as fresh graduates within our industry. This has been successful with in-country industry exposure for us in an emerging market.

We are excited about the future and look forward to delivering improved results for all shareholders.



Notes

- (1) A Non-IFRS cash-based financial measure of DN8's performance that aligns with the Group's Bookings and operating expenditures to evaluate the core operating profitability of the Group's business. Adjusted EBITDA is calculated using the Statutory EBITDA calculation, primarily adjusted for the change in deferred revenue so as to include total Bookings, the change in the deferred costs associated with the total Bookings, and excluding the non-cash equity-based expenses including share-based compensation and Unrealised Foreign currency exchange losses/gains and transaction expenses and non-core one off expenses.

For more information, please contact

Investors

Mark Evans – Managing Director & CEO, or

Tony Sparks – Group Finance Director

 +61 8 9422 0894

 investor.relations@dreamscapenetworks.com

Media

James Chesters

Corporate Communications Manager

 +61 467 228 676

 james.c@dreamscapenetworks.com

About Dreamscape Networks Limited

Dreamscape Networks Limited is a trusted and affordable online solutions provider of domain names, hosting and technology solutions and owns Australia's #1 domain brand Crazy Domains and Singapore's #1 domain brand and hosting provider Vodien Internet Solutions. The Dreamscape Networks Group offers affordable and easy to use online solutions that help businesses and independents establish, build, maintain and grow 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 premium service.

Mission

"To help customers achieve their online goals by delivering innovative, user friendly and intuitive, technology driven solutions to become the worlds most trusted and affordable online solutions provider, all backed by Best in World service". Learn more at www.dreamscapenetworks.com, www.crazydomains.com and vodien.com

