

## Trading Update - Ahead of Plan and on Track

Dreamscape Networks Limited (ASX:DN8) is pleased to provide the following operational and trading update relating to its activities to date in the second half of the 2019 financial year (2HFY19) as well as guidance for the 12 months to 30 June 2019 (FY19).

The Board is delighted to report that the operational and trading conditions in 2HFY19 to date have continued to follow the strong trend set in the first six months to 31 December 2018 (1HFY19). With approximately two months remaining, the Board anticipates posting its best results to date since listing on the ASX in December 2016.

Total Bookings<sup>1</sup> for both the underlying Crazy Domains business and Vodien business have continued to perform strongly in 2HFY19 with Total Bookings growth in the order of 9% for underlying and 19% for Vodien over the comparative period in 2HFY18.

Similarly Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) margins continue to improve and cash generation is strong with the significant restructuring, relocation of the Group as well as the investment in Cebu Infrastructure nearing completion. Integration of acquisitions over the past 12 months are also nearing completion with the Board reiterating that the full benefits of the hard work undertaken by management will emerge in FY20.

Whilst the earnings results for April 2019 have not yet been finalised at this time, the Board has reasonable grounds based on the Group's management accounts to 31 March 2019 to provide shareholders with the following guidance for FY19 as follows:

### IFRS Measures - FY19

Full year FY19 Revenue is expected to be in the range of **\$71.5 million to \$72.7 million, up \$9.9 to \$11.1 million (+16 to 18%)** on FY18 (\$61.6 million).

Full year FY19 EBITDA is expected to be in the range of **\$10.5 million to \$11.1 million, up \$4.2 to \$4.8 million (+67 to 76%)** on FY18 (\$6.3 million).

Full year FY19 Net Profit is expected to be in the range of **\$4.3 million to \$4.9 million, up \$1.6 to \$2.2 million (+59% to 81%)** on FY18 (\$2.7 million).

### Non IFRS Measures - FY19

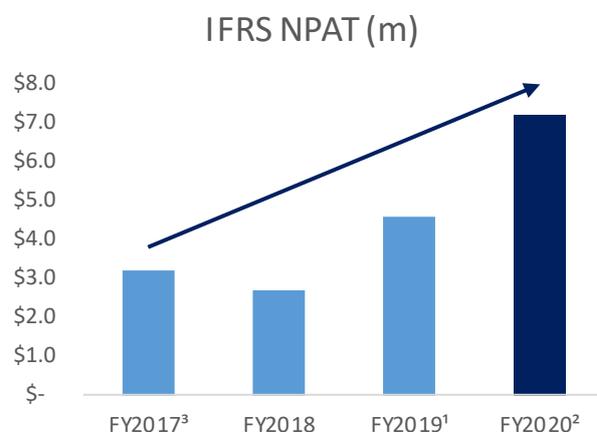
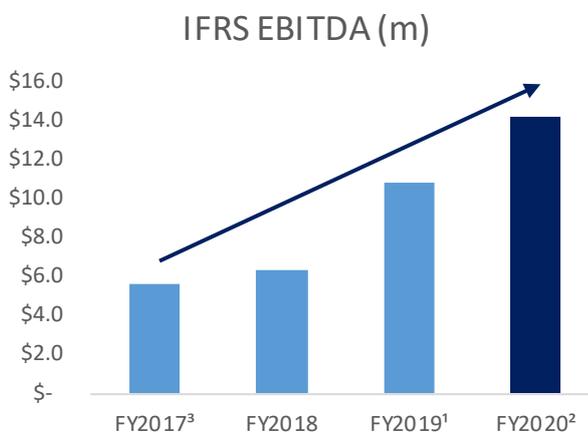
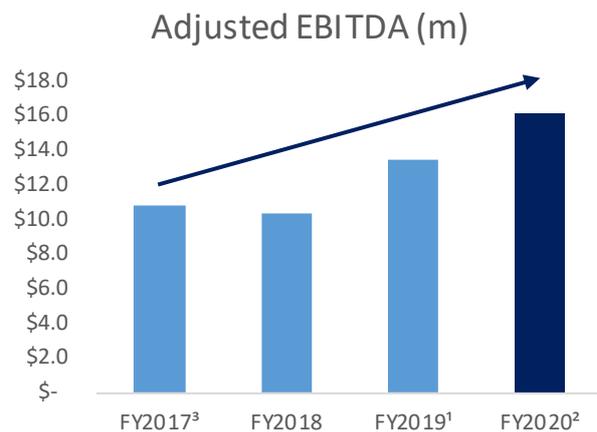
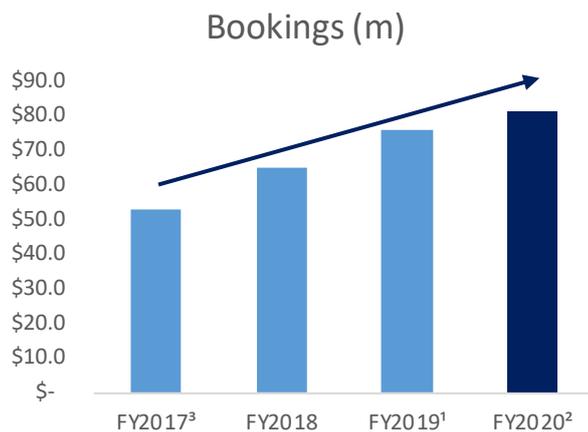
Full year FY19 Total Bookings is expected to be in the range of **\$75.1 million to \$76.3 million, up \$9.9 to \$11.1 million (+15% to 17%)** on FY18 (\$65.2 million).

Full year FY19 Adjusted EBITDA<sup>2</sup> is expected to be in the range of **\$13.2 million to \$13.8 million, up \$2.9 to \$3.5 million (+28% to 34%)** on FY18 (\$10.3 million).

DN8 believes these Non-IFRS and operational measures are useful in monitoring and understanding the Group's business and they should not be considered in isolation nor as a substitute for IFRS measures.

## Historic and Trending Performance

The historic and trending financial performance, resulting from the significant investments and restructure in FY18 are illustrated below:



**Notes for Graphs:**

1. Based on unaudited results and management's best estimate.
2. Based on prevailing economic conditions and operating trends. This is not a forecast nor guidance.
3. FY2017 results exclude the one-off expense item relating to the acquisition of Pandora Enterprise Holdings Ltd.

The forecast results include several non recurring items that will contribute to further margin improvements in FY20. As previously announced at the half year, the Company has experienced higher merchant and currency settlement costs due to changes in the fee structures for Visa and Mastercard settlements. The Company has transferred the majority of customer settlements to the new default provider, PayPal with a corresponding decrease in costs. The impact on the FY19 EBITDA however is estimated at \$960k.



## Mark Evans, MD & CEO, commented

*" I am very pleased with the significant momentum we have been able to achieve this financial year. Our results are strong across the Group and particularly strong in the underlying Domain pillar.*

*With the potential for the release of the shortened .au domain registration in FY20, I believe we will continue to capitalise on the momentum we currently have. As previously announced we expect our past acquisition activity, restructuring and investment in infrastructure to contribute to a more efficient business with improved margins and capabilities to support further growth without significant cost for at least the medium term in South East Asia."*

A further update on trading and likely results for FY19 will be provided as soon as practical, post year end.

### Notes

- (1) "Total Bookings" is a Non-IFRS financial measure which represents cash receipts from the sale of products to customers in a given period before effecting adjustments for net refunds granted within the period. This provides valuable insight into the sales of our products and the performance of our business since we typically collect payment at the time of sale.
- (2) Adjusted EBITDA is a Non-IFRS cash-based financial measure of DNB's performance that aligns with the Group's Total 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, unrealised foreign currency exchange losses/gains, transaction expenses and non-core one off expenses.

### For more information, please contact

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### 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, Singapore's #1 domain and hosting brand Vodien Internet Solutions and recently launched Sitebeat.com, an easy-to-use website builder platform.

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.

### Vision

Providing simple, innovative and affordable online solutions that change lives

Learn more at [www.dreamscapenetworks.com](http://www.dreamscapenetworks.com), [www.crazydomains.com](http://www.crazydomains.com) and [vodien.com](http://vodien.com) and [sitebeat.com](http://sitebeat.com).

### Forward looking statements

This ASX release includes certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Dreamscape. These factors may cause actual results to differ materially from those expressed in the statements contained in this announcement.

