

17 September 2015

Crowd Mobile signs Share Purchase Agreement for Track Concepts acquisition

Crowd Mobile (**ASX: CM8 & FWB-XETRA: CM3**) is pleased to announce that it has signed a binding Share Purchase Agreement (**SPA**) with the vendors of Netherlands-based Track Holdings (**Track Concepts**).

The key terms of the SPA are as follows:

- Total Initial Consideration of €22.4m (AUD\$35.5m) which is represented by:
 - €18.7m (AUD\$29.7m) Initial Consideration being €17.0m cash and €1.7m shares (as 15.3 million ordinary shares in CM8 with an issue price of AUD16.3 cents escrowed for 12 months);
 - €3.7m (AUD\$5.8m) Initial Consideration for Net Tangible Assets (**NTA**);
- Vendors services retained under contract until May 2016.

The Financing for the acquisition Initial Consideration is as follows:

- €9.0m (AUD\$14.3m) of Senior Debt as a 3 Year, revolving, 12% p.a. interest, 1st lien secured, flexible facility from a European bank;
- €5.0m (AUD\$7.9m) of Vendor Debt as a 2 Year, 15% p.a. interest, 2nd lien secured facility with 5m, 3 year, AUD30.0 cents CM8 Options over Ordinary Shares
- AUD\$12.8m (€8.1m) equity as a fully underwritten, 3:5 Rights Issue at 25.0 cents per share; and
- AUD\$0.5m (€0.3m) existing cash reserves.

Commenting on the SPA, Crowd Mobile CEO Mr Domenic Carosa said:

“We are delighted to have executed the SPA for Track Concepts as we move significantly closer to completing the acquisition. We now look forward to finalising the few remaining steps of the acquisition.

“The Track Concepts acquisition extends the Company’s global m-payments network reaching over 160 mobile operators across 50 countries, allowing Crowd Mobile to accelerate its launch of existing products into new markets, and offers significant cross promotion opportunities and customer acquisition synergies.

“In addition, Track Concepts is a highly profitable and cash generating business and will provide Crowd Mobile with strong growth in revenue, earnings and free cash flow. We see a large number of synergies available to the combined group, which will help to position Crowd Mobile as a leading m-content & m-commerce organisation globally”, said Mr Carosa.

The vendors have agreed to provide contracted management and consulting services until May 2016 and the Track employees are incentivised via STIs & LTIs to maximise the performance of the business within the Crowd Mobile group. In addition to the Initial Consideration, a capped Earn-Out Consideration of up to €4.7m (AUD\$7.5m) may become payable in cash based on Track generating €12.0m (AUD\$19.0m) in EBITDA in CY15.

As previously advised, technical, legal, and financial due diligence have all been completed.

The Company advises that on the basis of receiving increased debt accommodation from the Track vendors, that the recently announced term sheet for mezzanine debt financing of €5.0m is being reviewed.

Deal completion remains subject to a number of conditions precedent. It is expected that the acquisition will be completed in October 2015.

Pro-forma FY15 Financial - Combining both CM8/Track*

(AUD - \$000's)	CM8	Track	Total
Revenue	13.0m	30.1m	43.1m
Gross profit	8.3m	16.5m	24.8m
Expenses	6.2m	2.7m	8.9m
EBITDA*	2.1m	13.8m	15.9m

Notes:

- ▶ *CM8 results are based on underlying EBITDA and the Track results are unaudited
- ▶ AUD/EUR exchange rate 0.696 (average exchange rate for FY15; Source: OANDA.com)
- ▶ Pro-forma FY15 Financials may not necessarily be reflected in future results

Funding Summary:

Type	Amount €EUR	Amount \$AUD^
Senior debt	€9.0m	\$14.3m
Vendor Finance	€5.0m	\$7.9m
Rights Issue	€8.1m	\$12.8m
Cash Reserves	€0.3m	\$0.5m
	€22.4	
Total	m	\$35.5m

^Exchange rate at 0.63 and rounded to the nearest '000

Proposed Capital Structure post-acquisition:

Shareholder	Shares	%
Existing	85.2	56%
Vendors	15.3	10%
Shares issued from Rights Issue	51.2	34%
Total shares	151.7	100%

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