

ASX Announcement
Friday 1st May 2020

CROWD MEDIA SIGNS 3-YEAR EXCLUSIVE AGREEMENT WITH KINN LIVING TO SELL HAND SANITISERS, AND ECO-FRIENDLY NATURAL CLEANING AND LAUNDRY PRODUCTS FROM THE UK INTO EUROPE

Crowd Media Holdings Limited (ASX: CM8 & FWB: CM3) (“Crowd” or “Company”) has executed a 3 year exclusive distribution agreement with London-based KINN Living (<https://www.KINN-living.com/>), to sell KINN’s eco-friendly, natural, home-cleaning, sanitisers and laundry-care essentials into the European market (excluding UK).

This agreement leverages Crowd’s core strengths (digital social media / influencer marketing / conversational commerce) to drive web sales of KINN products across Europe. Crowd will act as exclusive digital distributor for KINN’s award-winning home-cleaning and laundry-care products in all EU markets outside of the UK.

Whilst the terms of the agreement are commercially sensitive, and thus confidential, Crowd can confirm that the agreed distribution margin is consistent with standard distribution / reseller margins of between 60%-75%, and fits strategically with the Company’s vision of selling high-margin products and services with which it is closely aligned.

Over recent weeks, Crowd has worked with KINN to fast-track the development and manufacture of a World Health Organisation (WHO) formulated sanitiser and handwash and will work closely with the founders in further developing the KINN product portfolio. Crowd is set to launch all KINN products in the next month.

Founded just 3 years ago by Marie and Sophie Lavabre, KINN’s range of eco, vegan and natural range of home-cleaning and laundry-care essentials are well recognized by the industry. Having won multiple awards across the ‘wellbeing and beauty’ segment, and renowned for its eco-friendly, vegan & non-toxic credentials, KINN has neatly filled a major hole in the current offering of home and laundry cleaning products. KINN’s range is currently available in the UK only, at more than 280 Waitrose stores (Britain’s poshest supermarket) as well as Ocado. KINN’s own online business has also flourished in the UK, a clear bellwether for its digital prospects in those European markets where Crowd is active.

This collaboration marks another milestone in the execution of the Company’s strategic vision, as outlined by Crowd’s Chairman Steven Schapera at the November 2019 AGM, when Mr Schapera highlighted Crowd’s plan to sell exemplary products integral to the lives of European-based millennials on a Direct to Consumer model. Crowd has deep experience in digital marketing to millennials and Gen Z in most European countries and across 12 different languages, and will be using influencer and performance marketing strategies to drive KINN sales.

Crowd’s CEO Domenic Carosa said: “We are excited to have executed a deal with KINN Living. According to a market report from Research and Markets the global household green cleaning products market is expected to grow to USD\$27.83 billion by the end of 2024⁽¹⁾. This segment of the market is growing rapidly, and our research suggests that eco-friendly cleaning products account for more than 30% of the prestige household cleaning market.

This space has recorded rapid growth in the last year, and more recently accelerated by Covid19. Whilst we are interested in helping the EU community stay safe with high quality hygiene products in this current crisis, our focus is always on the long term. Our view is that after the coronavirus pandemic subsides, the awareness of the importance of surface-, laundry-, and hand-hygiene will endure. We will be leveraging our existing influencer network and the ubiquitous Amazon e-commerce marketplace to grow our KINN business in Europe.”

Further details regarding the agreement are contained in the Appendix below.

This announcement has been authorised for release to the ASX by the Board of Directors of CM8.

APPENDIX: SUMMARY OF THE EXCLUSIVE DISTRIBUTION AGREEMENT

- CM8 has the exclusive right to market, promote, advertise, distribute and sell KINN products through the EU KINN website www.kinn-living.eu which is launching in May; CM8 also has the exclusive right to market, promote, advertise, distribute and sell KINN products through Amazon in the EU (excluding UK), and will set up a shop within the Amazon e-commerce marketplace channel as part of the agreement.
- The EU KINN website, as well as the Amazon shop within Amazon are both developed by CM8 and all costs borne by CM8. The costs are not material in nature.
- The first six months of this agreement are a Pilot and CM8 has the right to terminate the agreement for no reason within the Pilot term.
- If not terminated within the 6-month Pilot term (Pilot ends 28th October 2020), the agreement then continues for a period of three years to 28th October 2023. The agreement will automatically renew for another three years, unless either party notifies of its intention not to renew it by giving 90 days prior written notice.
- CM8 has agreed to a 'buy back' mechanism with KINN should CM8 have excess inventory.
- The prices and payment terms agreed between KINN and CM8 are outlined in the agreement and are in line, or better than, typical distributor margins of 60-75% of RRP net of VAT. CM8 will pay to KINN the actual production cost of each saleable KINN product (excluding VAT) plus a fixed percentage of that cost as a profit margin for KINN (this exact % is confidential). KINN will keep separate and detailed records of all production costs, and CM8 will do likewise for its transactions concerning the KINN products; both parties have agreed for these records to be available for inspection or audit.
- Until CM8 has established its own distribution/logistics facility in Europe via a 3PL, KINN will provide fulfilment services to CM8. KINN will isolate stock purchased from them by CM8 in their warehouse in UK (as specified in article 5.1.). Fulfilment services provided by KINN can include picking, packing and shipping of products ordered from customers, customer support (example technical inquiries regarding products) and processing returns of products from customers (annex 1). KINN will charge CM8 at cost for the expenses incurred for providing these services.
- All costs incurred to fulfil CM8 obligations under this agreement (sale and marketing of KINN products) will be borne by CM8. These include influencer marketing, performance marketing, and other digital marketing initiatives in line with Crowd's existing business.

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Source:

(1) <https://www.hpci-events.com/household-green-cleaning-products-market-estimated-to-grow/>

ABOUT CROWD MEDIA

Crowd Media Holdings Limited (ASX:CM8 & FWB:CM3) is a global media and marketing company. Crowd Media has two divisions: a Mobile division built upon its Q&A and Subscription tech platforms to produce and deliver content including apps, games and music, and a Digital Marketing division which works with brands and digital influencers to deliver branded content primarily to the fast-growing Millennial and Gen Z markets.

Crowd Media's networks are strengthened by its partnerships with hundreds of mobile carriers internationally and some of the world's largest agencies, brands and media companies. The mobile division operates in more than 50 countries and 30 languages and the media division has worked with more than 10,000 digital influencers worldwide.