



ASX Announcement
20th July 2020

Crowd Media Hits Year-1 milestone with \$2.7M improvement in underlying EBITDA

As the Chairman of Crowd Media Holdings Ltd (“Crowd”) since 19th September 2019, I began with 3 jobs:

1. Get Crowd to an operational breakeven by June 30th 2020.
2. Start selling products in 2020, and prepare for selling services in 2021.
3. Build a truly unique tech business utilising Crowd’s core competencies which will lead to potential take out opportunities from 2022 and beyond.

Job #1:

Using underlying EBITDA (u.EBITDA) as my key metric for success, we have achieved the following:

- Q&A has moved from u.EBITDA of (\$521,000) in FY2019, to +\$220k in FY2020 (unaudited). A +\$740k *turnaround*.
- Subscription has moved from u.EBITDA of +\$1,007,000 in FY2019, to +\$2.2M (unaudited) in FY2020. A \$1.2M growth – *more than doubled!*
- Consolidated u.EBITDA for Crowd to June 30, 2020 has moved from (\$2,649,000) in 2019, to +\$100k (unaudited) in FY2020. A \$2.7M *turnaround*. **Job #1 is done.**

Job #2:

The new Crowd Direct to Consumer (“D2C”) vertical has generated \$350k, with the majority of the revenue being generated in the second half of FY2020. Payment flexibility has been enhanced by adding Buy-Now Pay-Later (BNPL) provider Klarna to our D2C offering, which is well-rounded with a number of great brands including I am Kamu, London Labs, KINN Living, and selected brands from the Vital Group. All are currently being piloted; it is an iterative process as we test, tweak, and test again in order to home in on the “secret sauce” required to sell each category or product before we scale up sales and marketing initiatives. **First part of Job #2 is done**

As per our plan, we also have services lined up. These include the Pluto Travel Insurance LOI we previously announced, however but COVID has pushed that to one side for now. Nevertheless, we continue to make progress with our insurtech and fintech initiatives, most notably in terms of developing the strategic relationships and ensuring compliance within the relevant regulatory framework. We are nicely on track to commercialise these service opportunities in CY2021. **Second part of Job #2 is progressing nicely.**

Job #3: At Crowd’s AGM in November last year I shared my vision to build a truly unique media-tech business in the influencer marketing space. Let me share with you *why* our investment group came looking to Crowd as the platform for our technology concept.

First, what does a truly unique company look like? If it were a trading company, with a value of say \$1 billion as measure of uniqueness, it would take *many* years to build to the point where it had:

1. Annual sales of around \$350m to \$650M (A multiple of 1.5x to 3x revenues is not unreasonable).
2. EBITDA of about \$85M (a multiple of 12x is not unreasonable).
3. If listed, it would need an EPS of around \$40M (A multiple of 25x is not unreasonable).

OR

1. It needs to be a tech company, with a breakthrough technology that can be commercialized in the short-medium term, say 3-5 years max. Whilst the valuation for an established company stems from past years’ performances, a new tech venture’s valuation is derived from its growth opportunities and its expected development in the longer term for its potential market. Think Paypal, Tesla, Afterpay, Canva, Lemonade, etc.

My investment group came to Crowd with an objective for a tech breakthrough, namely conversational social commerce on a virtual audio-visual platform. We believed this could be executed within 3-5 years, with the right innovation and partner alliances. To achieve this, we need to bolt three technologies together: conversational (Q&A), audio, and visual. Our early diligence confirmed that Crowd’s Q&A tech, with some tweaking, can provide the “conversation”. The “audio” is easy, as it already exists (think Siri, Alexa). The

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hardest part is the visual...but we knew exactly where to get it and have since strategically aligned on an exclusive basis with our innovation partners (including the Forever Group).

Our vision stemmed from our belief that Influencer Marketing in the next few years will be experiential, more closely resembling Facetime with a famous person versus looking at a post on Instagram (which is how it is now). To create conversational commerce interaction between, say, a Formula 1 racing fan and an influencer like Lewis Hamilton is *the billion-dollar breakthrough* in influencer marketing. From our perspective, Crowd is the only junior influencer marketing company - in the world - that is listed on a major stock exchange and has the necessary building blocks to revolutionise conversational social commerce. In summary, we believe we now have the strategic alliances in place to execute on Job #3 during CY2021 and CY2022. **Job #3 is progressing nicely.**

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

Regards,

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Chairman
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[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.