

## CROWD MEDIA SIGNS “TALKING HEAD” COLLABORATION & INVESTMENT INTO ARTIFICIAL INTELLIGENCE (AI) COMPANY

### Highlights:

- Crowd’s Talking Head technology has conversational commerce applications across multiple sectors including influencer marketing, ecommerce, education and health.
- Through a strategic collaboration and accompanying equity investment into London-based Aflorithmic Labs. Ltd. (AFLR) established in Feb 2019 ([aflorithmic.ai](http://aflorithmic.ai)). Crowd reduces technical risk, locks in greater certainty and accelerates the speed of execution with its Talking Head technology.
- Crowd has signed a Binding Heads of Agreement with Aflorithmic Labs Ltd. engaging them to build the voice cloning engine and core Artificial Intelligence (AI) engine that will together drive the Talking Head platform.
- Aflorithmic will fast-track the integration of all three technical elements, using their voice tech, video from one of Crowd’s JV partners VFR Assets and Holdings Ltd (“VFR”), and Crowd’s Q&A tech.
- Aflorithmic Labs Ltd. will form a dedicated engineering team that will allow Crowd to drive the project to a point where it is expected to be ready to commercialise before end 2022
- Crowd commits to invest £1.0m (AUD\$1.773m) into Aflorithmic, in a combination of cash and shares, for a 10% stake.
- Crowd shall provide financial contributions for the project which include AFLR product and shared development resources of £10k (AUD\$17.7k) p.c.m and £425k (AUD\$752k) which covers 4 engineers for per annum and fees and operational expenses of the partners.

Crowd Media Holdings Limited (ASX: CM8 & FWB: CM3) (“Crowd” or “Company”) has further cemented its push into conversational commerce via a new collaboration and strategic investment into Artificial Intelligence company Aflorithmic Labs. Ltd. (“AFLR”). Crowd will own a 10% stake in AFLR, and AFLR will own about 1.3% of Crowd.

This collaboration enables the accelerated integration of Crowd’s well-proven AI-driven Q&A Chatbot technology (which has processed in excess of 180 million questions and answers) with AFLR’s voice cloning technology and the video technology from one of Crowd’s other JV partners VFR as previously announced. Together, these comprise of the platform for Crowd’s Talking Head technology that aims to deliver an immersive experience combining sight, sound, and real-time conversation.

By aligning with AFLR, Crowd immediately accesses their multi-disciplined R&D team and voice cloning technology. AFLR has the execution power to lead, manage, and coordinate the project build by integrating their technology and expertise with the Q&A of Crowd and video from VFR.

Aflorithmic Labs Ltd is a London/Barcelona based AI company that has developed an API-first Audio-As-A Service platform to power the next generation of audio creation. The platform democratises the traditional

audio production process that requires expert knowledge, takes weeks and costs thousands. The platform leverages the latest developments in AI voice synthesis and audio production automation for voice cloning that can replicate tones and mannerisms of an individual.

This partnership and investment complement the recent investments into Forever Holdings Ltd (as announced to the ASX 11<sup>th</sup> September 2020), USA based UneeQ Limited and the Israel-based VFR Assets and Holdings Ltd ("VFR") JV (announced 11th November 2020). A new subsidiary, Crowd Ventures BV, will be formed to hold all the Talking Heads technology investments.

The key terms of the HOA which form the basis of a definitive long form agreement are :

1. Crowd and AFLR will collaborate to maximise the benefits and synergies of their respective technologies in order to deliver the successful implementation of Crowd's "Talking Heads" strategy before end 2022.
2. The collaboration will develop and build a marketable product/platform capable of producing, operating and integrating the individual technology components (Crowd's Q&A technology, video technology, avatar design and synthetic voice cloning) into a commercial solution.
3. AFLR will engage a dedicated internal engineering R&D team of 4 that will drive the operationalisation of the "Talking heads" strategy in order to construct a marketable solution for the Talking Heads strategy.
4. The 3 founders Timo Kunz, Peadar Coyle and Bjorn Uhss are the Directors and the majority shareholders of AFLR.
5. Crowd commits to invest £1.0 million (GBP) in AFLR's current fundraising round for a 10% share (on a fully diluted basis) of AFLR subject to completion of appropriate confirmatory legal and commercial due diligence.
6. Crowd will be entitled to a board seat as part of its investment.
7. Crowd shall provide the following financial contributions for the project:
  - (a) AFLR product and shared development resources: £10,000(GBP) per month;
  - (b) Team budget comprised of 4 engineers, which covers payroll, overhead and computing resources: estimated at a total of £425,000 (GBP);
  - (c) Fees and operational expenses of the partners.
8. Crowd's investment of £1.0 million will be structured as £750,000 in cash as well as the equivalent of £250,000 in Crowd's CM8 shares based on the last 10-Day VWAP from execution of this HOA. Crowd will hold an EGM in early March 2021 in order to approve the issue of £250,000 in CM8 shares
9. Upon completion of the project, the engineering team and the working Talking Head platform will be transferred into a Joint Venture. The Joint Venture's ownership structure will be such that Crowd owns 85%, AFLR owns 10% and key employees of the Joint Venture own 5%. Importantly, Crowd will have the option to buy out the remaining stakeholders at an already agreed valuation.
10. The intellectual property (IP) and all improvements thereto will remain the property of the Party which owns it, though licensing arrangements may be entered into between Parties as part of the project or development of technology. All IP and future patents listed (if applicable) within the Joint Venture, shall be fully owned by the Joint Venture.

11. AFLR's is a startup and the accounts for FY2020 disclose it had net assets of GBP51k (A\$90k) as at 31 December 2020.

Crowd Media's Chairman, Steven Schapera said: "What we are doing here is lowering technical risk by engaging an experienced, specialised team, and simultaneously reducing timelines by increasing our execution resources. From the outside, Aflorithmic may be about AI, but it's really about the human intelligence of their Founders: having spent a lot of time with many experts, internationally, in this space it is my view that Timo Kunz, Peadar Coyle and Bjorn Uhss lead a team that are at the top of their game. Working together, I believe we can translate the most recent advances in AI research into commercial innovations that will completely reshape the way consumers engage in ecommerce. The vulnerable part of our plan was finding the right team to bolt all the pieces together, and Aflorithmic is the silver bullet I was looking for."

Crowd's CEO Domenic Carosa said: "Conversational commerce is the future of ecommerce and we are excited to have successfully executed this initiative. We now have all the elements that are needed for our Horizon 3 strategy and are looking forward to bringing the reality of a one-to-one conversations between an influencer and a follower, positioning Crowd right at the front of the race."

Aflorithmic CEO Timo Kunz said: "Crowd has developed a strong and convincing vision of what the future of conversational commerce will look like and has managed to create a fantastic portfolio of best-of-breed synthetic media companies unlike we have ever seen. Together with Crowd and their partners, we see the opportunity to fundamentally redesign the way users experience digital commerce and to significantly shape the future of synthetic media as such. The Aflorithmic team is excited to embark with Crowd on this journey together."

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

(ends)

## ABOUT CROWD MEDIA

Crowd Media Holdings Limited (ASX:CM8 & FWB:CM3) Crowd is a tech-based, vertically integrated social commerce business selling exemplary products and services that are integral to the lives of its customers.

## ABOUT AFLORITHMIC

Aflorithmic Labs Ltd is a London/Barcelona based AI startup that has developed an API-first Audio-As-A-Service platform to power the next generation of audio creation. The platform democratises the traditional audio production process that requires expert knowledge, takes weeks and costs thousands, by allowing every app or business to dynamically create professionally sounding, fully produced audio from text within minutes. The platform leverages the latest developments in AI voice synthesis and audio production automation - making it easy for developers to build ambitious audio-first projects, to integrate audio into existing systems and to seamlessly distribute audio content into various channels.