

DECEMBER 2021 QUARTER ACTIVITIES REPORT

Highlights:

- **Positive operating cash flow** for the quarter ending 31 December 2021 was \$0.14M – an improvement of 205% quarter-on-quarter.
- **Cash at Bank of \$1.70 million** at 31 December 2021.
- **Zero borrowings on the balance sheet.** Tranche 2 of the European Investment Consortium convertible notes were partially converted to shares (\$0.42M) and repaid in cash (\$0.23M) in December 2021, reducing outstanding borrowings by \$0.65M to zero on 31 December 2021.
- **Talking Head development continues according to plan** and set for first commercial deployment of the platform.
- **Med-Tech proof of concept completed**, culminating in an agreement with PangeaMed as the first paying customer for the Talking Head platform ([clickable Demo Link](#), [Video Link](#)).
- **Commenced activities in the Metaverse** with land acquisition in leading digital world Decentraland and establishment of a Crowd Media billboard. In the future this will become an interactive conversational commerce stage for Crowd ([Link](#)).
- Executed the final investment tranche of GBP 0.25M (AUD \$0.46M) of the agreed GBP 1.0 million with **AI voice-cloning company Aflorithmic Labs Ltd (AFLR)** in November 2021.
- Ongoing profitability delivered by the Mobile Subscription division.

Financial Update:

- The balance of cash on hand as at 31 December 2021 was \$1.70 million. Net cash from operating activities for the quarter was \$0.14M, with net trading receipts of \$0.17M and interest costs paid of (\$0.05M). The interest costs mainly relate to repayment of accrued interest on the Tranche 2 convertible notes.
- Net cash flow from investing activities for the period was (\$1.0M). This included the final tranche of \$0.46M for the investment in Aflorithmic Labs Ltd, \$0.19M on further development of IP and a secured loan agreement of \$0.35M at 10.00% interest, maturing on 30 April 2022, with Reign (purchaser of the legacy Mobile Q&A business).
- Net cash flow from financing activities was \$0.26M for the quarter. Crowd received \$0.61M for the exercise of options and used \$0.23M for the repayment of T2 convertible notes, lowering total borrowings to zero at 31 December 2021.

Talking Head Update:

- Talking Head development continues according to plan. With clear tech development objectives set for the next 8 months, we are now expanding our development team as we prepare the ground for first deployment of the platform. This will enable early commercial usage with a focus on gathering user insights to improve the system.
- Med-Tech proof of concept - secured PangeaMed as the first paying customer for the Talking Head platform, together with a deep commitment for closer collaboration going forward. Now finalizing a second *working* proof of concept, two months ahead of internal deadlines ([clickable Demo Link](#), [Video Link](#)).
- Our R&D team have overcome a number of technical obstacles with inventiveness and ingenuity. First, the time taken to create a “digital twin” has been slashed from 28 days to 4 days. Second, server efficiency improvements now allow thousands of *simultaneous* communications on a single server. As a reference, industry standard is 2 communications on a single server. Crowd’s vision to create a human-like video experience, at scale, is finally within grasp.
- Refinement efforts continue, with steady improvements in bringing a new level of human-likeness on the video and audio side. In line with plan and strategy, we are further expanding our team with experts and researchers in the machine learning and artificial intelligence space.
- Commercialization that began with the PangeaMed partnership will continue, with first-use cases to be deployed during this quarter. In this regards the primary objective is the gathering of user insights and market entry.

Mobile Subscription Update:

- The Mobile Subscription division continues to deliver ongoing profit. Optimization measures are continuously being implemented across personnel, sales and marketing functions.
- 205,000 new paying subscribers were acquired in the quarter, an improvement of **63%** quarter on the previous quarter (128,000 users acquired on Q1).
- To further support revenue growth, and encourage innovation within the division, a process of establishing in-house media buying has been initiated. This is expected to result in better long-term growth prospects and lessen dependence on third parties.
- Leveraging years of know-how, this division will soon participate in the commercialization of the Talking Head platform in the gaming/entertainment space. The objective is to launch an entertainment-first Talking Head subscription product by the end of this quarter.



Crowd Media's CEO Idan Schmorak said: *"Crowd starts 2022 with the tone set on development and growth and ongoing improvement in cash flow. With major technical achievements under our belt, we now pave the way with a team comprised of some of the greatest minds in our chosen space. Unusually for scientists, they have set themselves clear commercial objectives and are delivering great results. Our profitable subscription division continues to build on growth shown last quarter; this will be strengthened with new verticals that include the commercialization of our Talking Head technology in the gaming/entertainment space. We are pleased to release a video that showcases our PoC with PangeaMed and two clickable demos as a glimpse to version 1 of our talking head platform."*

Crowd Media welcomes investors to join the Company's mailing list for the latest updates and industry research by subscribing at: <https://crowdmedia.com/newsletter>

Related Party Payments:

Section 6 of the Appendix 4C released today discloses payments to related parties of \$0.11M, reflecting fees paid to non-executive directors and their associates during the quarter.

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

(ENDS)

For further Information:

Steven Schapera, Chairman

Crowd Media Holdings:

steven@crowdmedia.com

ABOUT CROWD MEDIA

Crowd Media is an Artificial Intelligence company that is leveraging its AI platform for applications in Conversational Commerce.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Crowd Media Holdings Ltd

ABN

13 083 160 909

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,698	3,223
1.2 Payments for		
(a) research and development	(159)	(317)
(b) product manufacturing and operating costs	(266)	(561)
(c) advertising and marketing	(326)	(538)
(d) leased assets		
(e) staff costs	(543)	(1,223)
(f) administration and corporate costs	(230)	(499)
1.3 Dividends received (see note 3)		
1.4 Interest received	19	29
1.5 Interest and other costs of finance paid	(54)	(108)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	139	6
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property	(456)	(916)
(f) other non-current assets	(195)	(348)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities	(347)	(347)
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(998)	(1,611)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	612	612
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(7)	(7)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(233)	(233)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(112)	(160)
3.10	Net cash from / (used in) financing activities	260	212

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,329	3,143
4.2	Net cash from / (used in) operating activities (item 1.9 above)	139	6
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(998)	(1,611)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	260	212
4.5	Effect of movement in exchange rates on cash held	(33)	(53)
4.6	Cash and cash equivalents at end of period	1,697	1,697

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,697	1,697
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,697	1,697

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	114
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	2,740	0
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	2,740	0
7.5	Unused financing facilities available at quarter end		2,740
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	Crowd Media has a two-year revolving credit facility with Vane Finance Technology Ltd (formerly BillFront). No amounts were drawn / outstanding at 31 December 2021 and the maximum amount that can be drawn is EUR 1,750,000. The effective annual interest rate is 11.3% and the maturity date is 25 April 2023.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	139
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,697
8.3	Unused finance facilities available at quarter end (item 7.5)	2,740
8.4	Total available funding (item 8.2 + item 8.3)	4,437
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
	8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	
	8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer:	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:31 January 2022.....

Authorised by:the Board of Directors.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.