

## CROWD MEDIA GROWS PERFORMANCE MOMENTUM WITH DECEMBER 2021 HALF-YEAR RESULTS

### Highlights from the half-year ending 31 December 2021:

- **Underlying EBITDA profit of \$36,099** vs. a loss of (\$411,494) in the prior half year.
- **Total EBITDA profit of \$109,530** vs. a loss of (\$703,328) in the prior half year.
- **Net profit after tax improves significantly** with a loss of (\$280,550) vs. (\$1,364,908) in the prior half-year.
- **Positive operating cash inflow of \$5,517** vs. cash outflow of (\$1,215,642) in the prior half-year.
- **Cash at Bank of \$1.70 million** at 31 December 2021.
- **Ongoing profitability delivered by the Mobile Subscription division.**
- **HY2 commenced strongly**, continuing with positive EBITDA results.
- **Zero borrowings on the balance sheet.**
- **Invested final \$0.9 million in AI voice-cloning company Aflorithmic Labs Ltd (AFLR)** during the half year, completing the agreed GBP 1.0 million investment.
- **Net assets of \$5.8 million** on the balance sheet and **working capital of \$2.0 million.**
- **Fair value gain of \$479,648 on investments.**
- **Talking Head development continues according to schedule** 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](#)).

**Crowd Media Holdings Limited (ASX: CM8 & FWB: CM3) (“Crowd” or “Company”)** is pleased to announce its half yearly report for the period ending 31 December 2021, demonstrating strong results in financial performance, liquidity and investment positions.

The Company delivered positive total EBITDA with a profit of \$109,530, an improvement of 116% from the prior half year, and the net loss after tax of (\$280,550) improved by 79%. Notably, the Company’s EBITDA and net loss includes non-cash impairment expenses of \$335,453, non-cash share-based payment charges of \$61,983 and a non-cash fair value gain on investments of \$479,648. When adjusting for these effects, the underlying EBITDA for the financial year is a profit of \$36,099, as follows:

	31 Dec 2021 \$	31 Dec 2020 \$	Increase/ (decrease) \$	Percentage change %
Net profit / (loss) after tax ('NPAT')	(280,550)	(1,364,908)	1,084,358	(79%)
Add back: income tax expense / (benefit)	-	125,069	(125,069)	(100%)
Add back: finance costs	112,960	263,525	(150,565)	(57%)
Deduct: interest revenue	(28,895)	(2,230)	(26,665)	1196%
Add back: depreciation and amortisation	306,015	275,306	30,709	11%
Earnings before interest, tax, depreciation and amortisation ('EBITDA')	109,530	(703,238)	812,768	(116%)
Add back: impairment expenses (non-cash)	335,453	-	335,453	-
Add back: share-based payments expense (non-cash)	61,983	266,138	(204,155)	(77%)
Add back: restructuring and financing costs	13,552	35,177	(21,625)	(61%)
Deduct: fair value gain on investments (non-cash)	(479,648)	-	(479,648)	-
Effects of exchange rate changes	(4,771)	(9,571)	4,800	(50%)
Underlying EBITDA	36,099	(411,494)	447,593	(109%)

The Company has commenced the second half of the financial year strongly, continuing with positive EBITDA results.

#### Liquidity and Financial Position:

Operating cash flows for the current half year were positive at \$5,517, a significant improvement from cash used of (\$1,215,642) for the prior half year.

At Crowd Media's 31 December 2021 reporting date:

- Cash and cash equivalents ('cash') were \$1,696,996.
- Working capital (defined as current assets less current liabilities) was \$1,957,205.
- Reporting date total current and non-current borrowings ('debt') were nil, a decrease of \$624,743 from 30 June 2021.
- Net assets were \$5,756,189, an increase of \$504,741 from \$5,251,448 at 30 June 2021.

#### Talking Head Update:

- Talking Head development continues according to plan and with great clarity. Clear tech development objectives have been set for the next 8 months, resulting in the expansion of our development team as we prepare the ground for first deployment of the platform. This enables early commercial uptake with a focus on gathering user insights to improve the system.
- Med-Tech proof of concept completed. This milestone secured PangeaMed as the first paying customer for the Talking Head platform, together with a deep commitment for closer collaboration going forward. We are 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, the industry standard is 2 communications on a single server. Crowd's vision to create a human-like video experience, at scale, is finally within reach.
- 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.
- 310,000 new subscribers were acquired in the half year, an improvement of **49%** compared to the prior half year where 208,000 users were acquired.
- To further support revenue growth, and encourage innovation within the division, an in-house media buying process 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: *"Following our quarterly report, this half year report is another milestone that represents the fresh wind in Crowd's journey. With positive EBITDA and operating cashflow, we are strongly positioned to pursue the development and drive the commercialization objectives of our new AI platform. We are growing our team responsibly, alongside strengthening our Subscription division to push the group forward."*

Crowd Media's Chairman, Steven Schapera, said: *"The turnaround phase of Crowd Media is now complete: we have the right strategy, the right people, and the right culture. Every aspect of the business has been strengthened: the Board, Management, Operations and R&D. This H1 Report is extremely encouraging, and confirms my belief in the company and its future as a media tech challenger."*

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>

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

**(ENDS)**

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## ABOUT CROWD MEDIA

Crowd Media is an Artificial Intelligence company developing conversational AI solutions to introduce a new age of human-computer interaction.