

ASX Announcement

29 April 2022

MARCH 2022 QUARTER ACTIVITIES REPORT

Highlights:

- **Positive operating cash flow** for the quarter ending 31 March 2022 of \$0.02M and year-to-date of \$0.03M. This follows on from the positive operating cash flow announced for the previous quarter.
- **Cash at Bank of \$1.29 million** at 31 March 2022.
- **Ongoing profitability delivered by the Mobile Subscription division**; optimization measures and new processes initiated to drive long-term revenue growth.
- **Talking Head development continues to build pace** with a growing development team and the establishment of a separate R&D department in Barcelona dedicated to technology development.
- **Licensing Deal** executed with South African Med-Tech company PangeaMed to deepen the Talking Head technology within medical use-cases.
- **Formed three strategic partnerships worldwide** with key players in the NFT, Advertisement Technology and Media industries to support the Talking Head platform's commercialization.

Financial Update:

- The balance of cash on hand as at 31 March 2022 was \$1.29 million. Net cash from operating activities for the quarter was \$0.02M, with net trading receipts of \$0.03M.
- Net cash flow from investing activities for the period was (\$0.27M). Crowd invested \$0.06M to keep its investment in Aflorithmic Labs at 10% ownership, finalizing the investment with no further payments planned, and invested a further \$0.21M in intellectual property.
- Net cash flow from financing activities was (\$0.05M) for the quarter. Crowd received \$0.1M for the exercise of options and expended \$0.10M on the repayment of lease liabilities.

Talking Head Update:

- Talking Head development continues according to plan. With a clear technology strategy set for future features and versions, we continue to expand our development team in preparation for scaled deployment of the platform as a part of its commercialization.



- Commercialization continues ahead of schedule:
 - Med-Tech partner PangeaMed signed a 12-month licensing agreement; main objective is to deploy the system with patients.
 - Soft-launched a Talking Head product with the Mobile Subscription division, signifying the success of integrating the platform internally and opening the door for future integrations with the technical tools that were created to do so. A full Talking Head subscription product line will follow, to be sold via business-to-consumer (B2C, from the Subscription division directly to end users) and business-to-business (B2B, licensing the technology to non-competing mobile-app companies).
- Formed three strategic partnerships to integrate the technology in the NFT and Metaverse (web 3.0) worlds, legacy media and advertisement technology.

Mobile Subscription Update:

- The Mobile Subscription division continues to deliver ongoing profit. Optimization measures are continuously being implemented across personnel, sales and marketing functions.
- The average revenue per user increased by 3% from the prior quarter.
- To enable long-term 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 accelerated long-term growth prospects and lessen dependence on third parties, allowing new revenue streams alongside increasing margins.
- Leveraging years of know-how, the division is actively participating in the commercialization of the Talking Head platform in the gaming/entertainment space. The objective is to launch a scaled entertainment-first Talking Head subscription product by the end of this quarter.

Crowd Media's CEO, Idan Schmorak, said: *"Crowd continues to build extraordinary technology and optimise its existing business, pushing new tech commercialization ahead of schedule and "soft-launching" products to scale the system sensibly. The demand and willingness that is coming from third parties and potential customers to participate in commercializing the Talking Head technology strengthens our core vision and confirms that we are on the right track.*

We keep rightsizing our teams to support commercialization, while maintaining a responsible cash flow regime, allowing us to be operating cash flow positive for a second quarter in a row, an exceptional situation for a company in a growth stage."



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 \$0.07M, 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:

Idan Schmorak, CEO

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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 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,761	4,984
1.2 Payments for		
(a) research and development	(140)	(457)
(b) product manufacturing and operating costs	(263)	(824)
(c) advertising and marketing	(323)	(861)
(d) leased assets		
(e) staff costs	(611)	(1,834)
(f) administration and corporate costs	(397)	(896)
1.3 Dividends received (see note 3)		
1.4 Interest received	13	42
1.5 Interest and other costs of finance paid	(21)	(129)
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	19	25

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments	(59)	(975)
(e) intellectual property	(206)	(554)
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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	0	(347)
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(265)	(1,876)

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	108	720
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(14)	(21)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings	0	(233)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)	(146)	(306)
3.10 Net cash from / (used in) financing activities	(52)	160

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,697	3,143
4.2 Net cash from / (used in) operating activities (item 1.9 above)	19	25
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(265)	(1,876)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(52)	160
4.5	Effect of movement in exchange rates on cash held	(108)	(161)
4.6	Cash and cash equivalents at end of period	1,291	1,291

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	1,291	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)	1,291	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	74
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	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	2,587	0
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	2,587	0
7.5 Unused financing facilities available at quarter end		2,587
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.		
<p>Crowd Media has a two-year revolving credit facility with Vane Finance Technology Ltd (formerly BillFront). No amounts were drawn / outstanding at 31 March 2022 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.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	19
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,291
8.3 Unused finance facilities available at quarter end (item 7.5)	2,587
8.4 Total available funding (item 8.2 + item 8.3)	3,878
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:29 April 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.