

CROWD MEDIA DELIVERS FINANCIAL TURN AROUND

Highlights:

- Underlying EBITDA reaches near-breakeven position for the first half of FY2020, a key milestone in the business turnaround.
- Crowd Media reports underlying EBITDA loss of \$36,270 and a total EBITDA loss of \$965,830, an almost 70% improvement from previous corresponding period (FY2019 HY loss of \$3,271,788). The underlying EBITDA excludes non-cash mark-to-market adjustments on derivative financial instruments, non-cash share-based payment expenses and restructuring / financing costs.
- Net cash used in operating activities for the half-year was \$1,545,695, a decrease of 14% compared to the prior period.
- Smaller revenues reported of \$8,542,586 for the period, reflecting an absolute focus on quality of revenue, and re-shaping of the business in line with the Business Plan.
- HY2 commenced strongly with small underlying EBITDA profit anticipated for the Financial Year

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 2019, with the results demonstrating a strong turnaround in business fundamentals driven by a revitalised business strategy and management.

The Company delivered underlying EBITDA numbers which verge on breakeven, with a total underlying EBITDA loss of \$36,270.

The strength of the underlying EBITDA figure reflects the significant benefits of a Company-wide restructure which was completed during the period. The restructure placed an absolute focus on the quality of revenue delivered by its social media influencer vertical, as well as a phased exit of certain unprofitable markets.

The underlying EBITDA excludes a non-cash net fair value loss on derivative financial liabilities of \$303,902, a non-cash share-based payment charge of \$189,367, restructuring and financing costs of \$446,527 and minor impairment charges.

Total EBITDA for the period was a loss of \$965,830, which is an approximate 70% improvement from the previous corresponding period (FY2019 HY loss of \$3,271,788).

The Company has commenced the second half of the financial year strongly and anticipates an EBITDA profit in this period, thereby assisting to deliver an underlying EBITDA profit for the full Financial Year.

Commenting on the turnaround results, Crowd Media Chairman Steven Schapera said:

“It has been a highly encouraging period for the Company as we steer a path to stronger financial performance whilst also laying the foundation for the new Business Plan outlined to shareholders at the November 2019 AGM.

“The Company has worked hard to improve efficiency by simultaneously focussing on quality of revenue and cutting costs. Each vertical is now well integrated with the other, tech has been strengthened, taking us closer to where we need to be as a social media-based commerce business targeting Millennials.



“Crowd Media has two vertically integrated social media divisions which represent the Company’s core business: its Mobile Division (Q&A & Subscription platform) and its Media Division, which sells products via digital influencers.

“Both divisions are now paying particular attention to the Direct-to-Consumer business, selling products that the Company is strategically aligned with. This is a basic tenet of the November 2019 Business Plan that has been implemented in the expected timeframe. Execution of this strategy continues to build momentum, with the Company arranging distribution agreements with the British beauty brand London Labs (www.thelondonlabs.com) and German fashion-house I am Kamu (www.iamkamu.de).

“The Company is readying itself to sell London Labs and I Am Kamu products on various websites and social media assets directly to consumers, with gross margins expected to be around 75%. The Company is also in advanced negotiations with a number of other brands that could join our portfolio. We will continue to build out our Direct-to-Consumer business before moving into the next phase – that of selling digital (and thus more scalable) products, such as travel insurance and digital banking.

“These results announced today provide the platform enabling us to implement our three-year Plan to advance Crowd Media. I take this opportunity to thank the full Team at Crowd Media for their hard work and loyalty to date. Likewise, I thank the owners of the Company, its shareholders, for their support. I hope to provide a more encouraging news flow as the strategic roadmap progresses.”

During the Half Year, Crowd Media reported a net loss after tax of \$1,246,578 which is an improvement of approximately 56% when compared with the previous corresponding period (FY2019 HY net loss of \$2,811,723).

In addition to improved underlying EBITDA and profit/loss figures, the restructure of the Company has also seen a significant decrease in operating outflows.

For the period, net cash used in operating activities was \$1,545,695. This represents a 14 percent decrease compared to the prior period (FY2019 HY \$1,791,678). Operating cash flows are expected to improve for the remainder of the financial year.

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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.