

ASX Announcement
6th February 2020

CROWD MEDIA ACHIEVES SIGNIFICANT FINANCIAL TURNAROUND

After recording substantial losses for the past two financial years the Board is proud to report that Crowd Media Holdings Limited (ASX: CM8 & FWB: CM3) (“Crowd” or “Company”) has recorded a near-breakeven position, at the underlying EBITDA level, for the first half of FY2020 (1st July 2019 to 31st December 2019).

Crowd has achieved this near-breakeven operational position in H1-FY2020 with \$8.5m in revenue and a small loss of \$36k in underlying EBITDA (unaudited). This compares most favorably to the H1-FY2019 loss of \$1.3m in underlying EBITDA.

To drive this turnaround, Management (led by non-executive director Robert Quandt) continued to deeply scrutinize the *quality of revenue* derived from both the Q&A and Subscription verticals, further extracting maximum profitability from these two streams. This process included discontinuation of business in certain unprofitable markets, efficiency improvements, as well as rebalancing the service.

After early one-off adjustments, revenue has been stable for the final 4 months of H1-FY2020. Following the substantial restructuring of costs and personnel overheads in June 2019 (see announcement 7th June 2019), Crowd has optimized its workforce to match the size of the business. In so doing, the Company has maintained capacity to build upon the new direct-to-consumer (DTC) initiatives - specifically the selling of London Labs (www.thelondonlabs.com) and I am Kamu (www.iamkamu.de) brands - both of which begin in February. *Management sees significant potential to further build this part of the business, and negotiations on additional partnerships are well progressed.*

Through the strategic alliance with both London Labs and I Am Kamu, Crowd will be selling product directly to the consumer. Both of these brands have compelling offerings, and Crowd will operate with healthy gross margins expected to be around 75%. Further, Crowd’s cashflow will be improved as the Company will collect payment from the sale immediately yet it will have 30 days credit from the brand. *This is a considerably improved business model compared with either Q&A or Subscription, and is a pivotal component of the Plan referenced below*

The ‘London Labs. Skincare For hair’ brand successfully merges skincare science with haircare. Deriving the heavy-lifting ingredients from nature, then supercharging them in the lab, has resulted in 14 must-haves with a potency rarely seen outside a dermatologists surgery. This brand is known as the category-maker, and is sold in more than 50 of Europe’s most prestigious stores, including Le Bon Marche in Paris. Crowd has digital exclusivity for all sales generated in Europe.

‘I Am Kamu’ is a brand created by the Invincible Brands Group, with a focus on cool and contemporary jewellery including bracelets and watches. Each item has been created “with love” in Berlin, and over the last 3 years the brands has generated a lot of buzz – an indication of which is the 25k+ German followers on Instagram, and about another 34k in France. For this brand, Crowd has global digital exclusivity

At the November AGM, the Company outlined a strategic vision for the business. Simply this was:
Horizon One: 2020 Crowd will sell products and/or services that it either owns, or part-owns, or is strategically aligned with. *We are now ready to launch with the ‘London Labs’ and ‘I am Kamu’ brands, and have other brands in the wings to follow. Revenue will flow from these initiatives beginning February.*



Horizon 2: H2-2020/H1-2021, Crowd will shift its focus to the more scalable sale of services via collaborations, partnerships, or strategic alliances modelled on the London Labs arrangement above. Initially this will be in the (regulated) travel insurance and fintech space. *As evidenced by the recent announcement, Crowd has an LOI with Pluto Travel and are well on track in driving this opportunity to commercialisation on time.*

Horizon 3: Here we targeted the launch of a conversational 'voice-and-visual' interactive digital media product, with applications across a range of sectors including influencer marketing, customer service, healthcare and education. *As evidenced by the recent announcement, Crowd has an LOI with Forever Holdings Ltd. and are well on track in driving this opportunity to commercialisation.*

It should now be evident to Shareholders that the Investor Consortium has demonstrated its commitment to taking Crowd to the next level. The Consortium has injected more than \$2.8m in cash into the Company's coffers, retired the toxic convertible debt that impeded growth, turned the ship around from a \$4m+ NPAT loss last year (FY19) to a near-breakeven position for H1-2020 of this year, and re-energised Management. In short, Crowd has got its mojo back.

It is still early days, but 2020 is well on track in every way with strategic brand sales beginning in February. Likewise, we have fintech and insuretech products in the pipeline ready to complement current revenue and nascent brand sales.

With our Investment Consortium on board, Crowd has evolved into a business run (and part owned) by entrepreneurs, not corporate managers. We look for (and dream up) great ideas, and then execute with vision, capital and passion. We have put our own money on the line and we walk the walk. Crowd has many exciting opportunities ahead and the Board looks forward to providing significant updates over the coming months.

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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.