

MARCH QUARTER 2021 ACTIVITIES REPORT

Highlights:

- Total positive operating cash flow for the quarter ending 31 March 2021 was \$0.3M (vs. -\$0.7M) for the previous quarter) – **an improvement of 148% quarter-on-quarter**
- **Cash at Bank of \$4.2 million** at 31 March 2021
- **Signed first SaaS licence for Crowd's Conversation AI platform for AUD300k** in the quarter
- Launched Crowd's beta version of Digital Dom - View here: <https://youtu.be/sA24myK9Eis>
- Completed first tranche of investment of USD \$159k (AUD \$204k) of the agreed USD \$250k into Crowd's Joint Venture with **Israeli-based VFR Assets and Holdings Ltd.** (www.zoe01.com) - **creating the visual Talking Head proof of concept**
- The Mobile Subscription division continues to deliver ongoing profits
- Completed first tranche of investment of GBP 250k (AUD \$444k) with **AI voice-cloning company** Aflorithmic Labs Ltd (AFLR)

Financial Update:

- The balance of cash on hand as at 31 March 2021 was \$4.2 million, an increase of \$1.3 million from the prior quarter.
- Net cash from operating activities for the quarter was \$319k, an improvement of 148% from the prior quarter, reflecting net trading receipts of (\$122k) and a tax refund received of \$438k.
- Net cash flow from investing activities for the period was (\$877k). Crowd invested \$225k in the form of an interest-bearing Convertible Note loan to Forever Holdings Ltd, \$444k for the first tranche of the investment into Aflorithmic Labs Ltd, and \$204k in the joint venture with VFR Assets and Holdings Ltd.
- Net cash flow from financing activities was \$2.0 million. Crowd raised \$1.4 million (net of transaction costs) from the share placement in January 2021, received \$0.8 million from the exercise of options during the quarter and used \$176k for reduction of lease liabilities.
- Total borrowings were \$1.6 million at 31 March 2021, consisting of the European Investments Consortium tranche 1 and 2 convertible notes. The tranche 1 notes had an original maturity date of 29 April 2021 and have been extended until 25 June 2021. The tranche 2 notes expire in December 2021.

Outlook and Talking Head Update:

The Company recently released a beta version of its Talking Head "Digital Dom" which is 100% synthetic/digital and combines both in-house and Investee company technology.

Working closely with our four Investee partners, we have made significant progress with the R&D needed to drive the commercialisation of our Talking Head initiative.

A summary of 3 key milestones achieved is outlined:

Crowd's "Digital Dom": Crowd has released its beta version of the "Digital Dom - Talking Head". This digital twin of Crowd's Director, Domenic Carosa, showcases Crowd's integration of our partner technologies (Aflorithmic for Dom's synthetic voice cloning, and our Israeli VFR 50:50 Joint Venture for the Digital Dom). Bolted together, these will ultimately serve as a platform for our conversational commerce. View here: <https://youtu.be/sA24myK9Eis>

Uneeq Limited: Crowd investee, Uneeq, has released a digital human twin of All Blacks rugby legend Sir John Kirwan. View here: <https://digitalhumans.com/casestudies/mentemia/>

Forever Holdings: Crowd's investee, Forever Holdings (UK), has recently released "In The Room With Nile Rodgers" which is targeted at music lovers. The experience is being delivered in association with Universal Music, the National Portrait Gallery, and Abbey Road Studios and has already started to generate revenues. View Here: <https://hereintheroom.com/>

Each of our investee partners share a common objective: to create a virtual, interactive one-to-one conversation. Whilst each has approached the problem from a different angle, each solution can leverage Crowd's best-in-class Q&A engine to drive the conversational outcome.

Crowd's AI-driven Q&A technology leverages Crowd's 10 years of experience and technology development in the Conversational AI space. Crowd's Conversational AI technology is unique in that it can seamlessly combine answers from both AI and real humans. In the past 12 months more than 65% of all questions put to Crowd's platform were answered by AI; the remaining 35% were accurately answered by humans and these answers then join the database to rapidly build efficiency. Crowd's Conversational AI platform has processed more than 180 million questions to date.

Outlook for Crowd Direct and Mobile Subscription division:

- Crowd Direct generated sales revenue of \$165K during the quarter, down 56% from the prior quarter as Crowd has shifted away from non-performing brands and is gearing up to promote new products for our best-performing brands, Kamu and KINN, starting in the next quarter
- The Mobile Subscription division continues to deliver ongoing profits to Crowd notwithstanding regulatory and other headwinds in the sector. The Company continues to optimise its cost base within the division in order to maximise short term profits and cashflow. The Company is not expecting any growth within this segment, as previously communicated to the market.

Subsequent events:

- Appointment of Australian based Non- Executive Directors, Matthew Blake and Scott Mison, following the resignation of John Palermo. Mr Mison has also been appointed Company Secretary.
- Divestment of Mobile Premium SMS Business: Crowd Media has divested its legacy and loss making Mobile Premium SMS business for a nominal amount on 28 April 2021. This will improve overall profitability of the company by allowing the Mobile division to focus solely on the profitable Subscription business. The underlying Q&A AI driven tech platform will remain the property of Crowd and the purchaser will be provided with a non-exclusive licence to use the platform.

- Extension of T1 Convertible Notes: The maturity of the European Investments Consortium Tranche 1 convertible notes, originally set for 29th April 2021, have been extended to 25 June 2021 on the same terms and conditions.

Tranche 1 of the European Investments Consortium convertible notes was executed on 19 December 2019. The Company raised \$1,741,000 (less associated fees and costs) and issued 1,741 convertible notes with a face value of AUD 1,000 each. The Tranche 1 notes are convertible into shares at a fixed price of \$0.018 and had an original maturity date of 29 April 2021; 736 notes were converted into shares, leaving 1,005 Tranche 1 notes outstanding.

Under Tranche 2, the Company raised \$1,080,000 (less associated fees and costs) and issued 1,080 convertible notes with a face value of AUD 1,000 each on 31 January 2020. The Tranche 2 notes are convertible into shares at a fixed price of \$0.02 and mature on 18 December 2021; 430 notes were converted into shares, leaving 650 Tranche 2 notes outstanding.

The Company conducted a webinar on 21 April 2021 which can be [viewed on YouTube](#).

The Company would also like to draw the attention of its Shareholders to a publicly available report on Conversational AI by Deloitte Digital – [the report is available to download for investors](#).

Crowd Media's Chairman, Steven Schapera said: *"The Plan is coming together: we now have the substrate upon which we can integrate our Investee Partner's tech with Crowd's Q&A tech so that it becomes a conversational commerce platform. Although it might seem fake to you today, by the end of next year it will appear very real indeed."*

Crowd Media welcomes investors to join the Company 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 \$179k, reflecting payments for salaries, fees and consulting services to executive and non-executive directors.

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

For further information please contact:

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ABOUT CROWD MEDIA

Crowd Media Holdings Limited (ASX:CM8 & FWB:CM3) Crowd is a tech-based, vertically integrated social commerce business selling exemplary products and services that are integral to the lives of its customers.