

## SEPTEMBER 2021 QUARTER ACTIVITIES REPORT

### Highlights:

- Total net cash used in operating activities for the quarter ending 30 September 2021 was \$0.133M – **an improvement of 57% versus the quarterly average of the prior financial year.**
- **Cash at Bank of \$2.33 million** at 30 September 2021.
- **Crowd's new CEO, Idan Schmorak, started on 20 September 2021**, already shifting up a gear on the development and commercialization of the Talking Head technology.
- **Appointment of Non-Executive Director, Sytze Voulon**, announced on 30 September 2021; Sytze has extensive international business experience, most recently leading Synlab Analytics & Services which was acquired in 2020 via a €550 (AUD\$851m) million merger.
- **Significant advancements in the Talking Head Development**, including R&D milestones and deepening of investee partners collaboration.
- **PangeaMed Partnership** - commenced the creation of a proof of concept for a medical-assistive product, negotiating a commercial deal to be signed during the December quarter (Q2).
- Completed second tranche of investment of GBP 250k (AUD \$460k) of the agreed GBP 1.0 million with **AI voice-cloning company Aflorithmic Labs Ltd (AFLR)** in July 2021.
- The Mobile Subscription division continues to deliver ongoing profits.

### Financial Update:

- The balance of cash on hand as at 30 September 2021 was \$2.33 million. Net cash used in operating activities for the quarter was (\$0.133m), with net trading receipts of (\$0.089m) and interest costs paid of (\$0.054m). The interest costs mainly relate to repayment of accrued interest on the Tranche 2 convertible notes for the six months ended 30 June 2021.
- Net cash flow from investing activities for the period was (\$0.613m). Crowd invested \$0.460m for the second tranche of the investment in Aflorithmic Labs Ltd and spent \$0.153m on development of IP.
- Net cash flow from financing activities was (\$0.048m) for the quarter, mainly for the repayment of lease liabilities.
- Net cash (cash less debt) was \$1.7 million at 30 September 2021. Total borrowings were \$0.6 million, consisting of the European Investments Consortium and Director Domenic Carosa Tranche 2 convertible notes that expire in December 2021. The notes are convertible at AUD \$0.02 per share and have a face value of \$0.650m.

## Talking head Update:

- Finalised the establishment of a research and development team, incubated in our investee company and partner Aflorithmic Labs Ltd in Barcelona, together with new leadership. Expected to release a first commercial version of the talking head system during Q3 FY2022, utilising new technologies based on research and discoveries on deep-fake and artificial intelligence technologies.
- Terminated JV with VFR Holdings, a technology-driven decision that allows Crowd to focus development efforts on new technologies and the partnership with AFLR due to discoveries made within the R&D process, leveraging the IP and learnings acquired during the JV period.

## Mobile Subscription Update:

- 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:

- Executed a secured loan agreement with Reign (purchaser of the Mobile Q&A business) on 18 October 2021, whereby Crowd agreed to lend up to \$0.350m at 10.00% interest, maturing on 30 April 2022.

Crowd Media's CEO Idan said: *"Crowd is entering 2022 with an improved operating cash flow and fresh wind in the sails on all fronts - on the development side, with a newly formed R&D team on agile development mode in order to roll out a first version of our talking head system. With a special focus on commercialization, we are using our cutting edge tech stack to release a light-weight, fast, versatile system that will allow us to deploy our technology in various use cases expanding our prospective client list."*

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 \$0.101m, reflecting fees paid to executive and 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:

Steven Schapera, Chairman

Crowd Media Holdings:

[steven@crowdmedia.com](mailto:steven@crowdmedia.com)

#### ABOUT CROWD MEDIA

Crowd Media is an Artificial Intelligence company that is leveraging its AI platform for applications in Conversational Commerce.

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