

ASX Announcement (ASX: CM8 | FRA: CM3)

24 October 2022

CROWD MEDIA OPERATING CASH FLOW POSITIVE FOLLOWING CONTINUED GROWTH IN Q1 FY23

SEPTEMBER 2022 QUARTER (Q1 FY23) ACTIVITIES REPORT

Q1 FY23 Highlights:

- **Positive operating cash flow of \$36K** vs outflow of \$(4)K in Q4 FY22 and a **210% improvement in comparison to the operating cash flow of the prior financial year.**
- **Cash at Bank of \$2.57 million** at 30 September 2022, and **no debt**
- A **Big Five tech company** purchased 3 licenses for the Talking Head platform
- **Technical milestones achieved for Talking Head platform** including extended device support, improved voice recognition and stability features (example available at: <https://youtu.be/tBzwWxv-7Bk>), as well as integration being enabled with third-party 3D animated characters in the gaming industry for conversational AI integrations
- **Strategic partnership with SrcFlare for media search activities extended**, having exceeded expectations with \$258k revenue generated for Crowd Media
- **Mobile Subscription division shows ongoing profitability** alongside implementing growth measures on all business fronts; growing profitability per user
- **Mobile Subscription expands markets**, with Bedtime Stories now in Oman and Kuwait; AstroVIP in Czech Republic, Portugal and The Netherlands; and Potion Games in Oman.

Crowd Media Holdings Limited (Crowd Media, or the Company) is pleased to provide this quarterly activities report alongside its Appendix 4C for the quarter ended 30 September 2022.

Commenting on the strong quarterly growth achieved over Q1 FY23, Crowd Media's CEO Idan Schmorak, said:

"Crowd is capitalizing on the excellent work of our development team by expanding Subscription products into new markets and regions, and creating larger opportunities for digital avatars.

"This was evidenced by the new Big 5 tech company that has licensed Crowd's Talking Head



platform for a conversational AI solution to address their business challenges that can be scaled across multiple languages without additional hires and provide humanized interactions at scale globally. This milestone, together with all the other commercial and operational achievements of the past quarter, validate Crowd's vision. In addition, the insights we gather from clients further supports the scaling of our software development.

“Conversational AI has the potential to transform workplaces, delivering better experiences for both employees and customers. We are delighted to be working with such a forward-thinking company that has employees located around the world, and millions of customers. This is just one example of how progressive businesses can utilize conversational AI to automate procedures in a humanized way.”

Q1 FY23 Financial Updates:

- Cash at 30 September 2022 was \$2.57 million, up \$0.34 million from 30 June 2022
- Net cash flow from operating activities was \$36K, with net trading receipts of \$45K
- Net cash flow from investing activities for the period was \$(214)K, which was used for further investment in intellectual property
- Net cash flow from financing activities was \$0.57 million, reflecting \$0.6 million cash from the share placement in August 2022. The lease liability repayment was \$0.06 million for the quarter.

Talking Head Technology Division Update:

- A Tier 1 Big Five tech company (which cannot be named as per confidentiality clauses) has purchased 3 licenses for Crowd Media's Talking Head platform for 2 years to provide them with digital avatars. Each will be powered by conversational AI for information delivery. The digital avatars will be designed in collaboration with the Tier 1 client and be programmed with conversational AI functionalities to support daily operations. This initial 2-year license is a cornerstone in Crowd's relationship with the company and opens further commercial opportunities. The subscription is expandable to significantly material figures over time with the licensing of more digital avatars and deep-tech applications.
- Crowd's development team successfully reached a technical milestone that enables the Talking Head platform to be integrated with third-party 3D animated characters. This technology integration will create potential opportunities to partner with video game



creators and animators to apply conversational AI within the gaming industry where interactions have previously been scripted with limited text-based responses from non-playing characters

- An example of this technical update can be viewed here with digital avatars Lana and Ava: <https://youtu.be/tBzwWxv-7Bk>
- Crowd's partnership with media search company SrcFlare was extended after a successful Proof of Concept validated the application of conversational AI to reduce online lead generation costs for SrcFlare clients, generating \$286k revenue for Crowd Media since May 2022.

Mobile Subscription Update:

- Average revenue per user increased 17% (compared to Q4 FY22) by refocusing marketing budgets on new products and markets with higher margins
- Commercial interest accelerated following Crowd Media's feature at the World Telemedia conference in Spain with a keynote presentation, and the Global Carrier Billing Summit in Germany
- Optimization measures are continuously being implemented across personnel, sales and marketing functions, with this division delivering ongoing profitability
- Exploring new marketing channels, particularly social media channels, for the distribution of new products based on the in-house AI-powered Talking Head technology
- Secured further mobile network approvals to mass distribute artificial intelligence-powered Talking Head technology for entertainment applications in Czech Republic, Oman and Kuwait; increasing the total number of markets available for distribution of the new AI products to 6
- Bedtime Stories and AstroVIP have commenced localisation for Spanish, Slovakian, Latvian, Lithuanian and Bulgarian as new languages to be supported.

Related Party Payments:

Section 6 of the Appendix 4C released today discloses payments to related parties of \$64K, reflecting fees paid to non-executive directors and their associates during the quarter.

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>



This announcement has been authorized for release to the ASX by the Board of Directors of CM8.

(ENDS)

For further Information:

Idan Schmorak, CEO

Crowd Media Holdings:

idan@crowdmedia.com

ABOUT CROWD MEDIA

Crowd Media is an Artificial Intelligence (AI) company that is leveraging its conversational AI platform to create business solutions. Crowd Media's Talking Head platform combines AI with machine-learning based technology to generate digital avatars that appear visually as unique individuals. Audio elements of the platform are generated from voice cloning or synthetic audio to provide corresponding sound that accompanies the visual elements. Digital avatars are then powered by conversational AI for them to provide humanized interactions in real time across multiple languages.

For further information please visit: <https://crowdmedia.com/>



Crowd Media Holdings LTD

ACN 083 160 909
crowdmedia.com

Perth

202/37 Barrack St
Perth WA 6000, AU

Amsterdam

Piet Heinkade, 95B
1019 GM Amsterdam, NL

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")

30 September 2022

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 1,426 | 1,426 |
| 1.2 Payments for | | |
| (a) research and development | (232) | (232) |
| (b) product manufacturing and operating costs | (398) | (398) |
| (c) advertising and marketing | (160) | (160) |
| (d) leased assets | | |
| (e) staff costs | (395) | (395) |
| (f) administration and corporate costs | (196) | (196) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | 13 | 13 |
| 1.5 Interest and other costs of finance paid | (22) | (22) |
| 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 | 36 | 36 |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | | |
| (b) businesses | | |
| (c) property, plant and equipment | | |
| (d) investments | | |
| (e) intellectual property | (214) | (214) |
| (f) other non-current assets | | |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 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 | | |
| 2.4 | Dividends received (see note 3) | | |
| 2.5 | Other (provide details if material) | | |
| 2.6 | Net cash from / (used in) investing activities | (214) | (214) |

| | | | |
|-------------|---|------------|------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 600 | 600 |
| 3.2 | Proceeds from issue of convertible debt securities | | |
| 3.3 | Proceeds from exercise of options | | |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | (4) | (4) |
| 3.5 | Proceeds from borrowings | | |
| 3.6 | Repayment of borrowings | | |
| 3.7 | Transaction costs related to loans and borrowings | | |
| 3.8 | Dividends paid | | |
| 3.9 | Other (provide details if material) | (23) | (23) |
| 3.10 | Net cash from / (used in) financing activities | 573 | 573 |

| | | | |
|-----------|--|-------|-------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 2,228 | 2,228 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | 36 | 36 |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (214) | (214) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|--|------------------------------------|--|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 573 | 573 |
| 4.5 | Effect of movement in exchange rates on cash held | (50) | (50) |
| 4.6 | Cash and cash equivalents at end of period | 2,573 | 2,573 |

| 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 | 2,573 | 2,228 |
| 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) | 2,573 | 2,228 |

| 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 | 64 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | 0 |

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.

| 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 | 2,681 | 0 |
| 7.2 Credit standby arrangements | | |
| 7.3 Other (please specify) | | |
| 7.4 Total financing facilities | 2,681 | 0 |
| 7.5 Unused financing facilities available at quarter end | | 2,681 |
| 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. | | |
| Crowd Media has a two-year revolving credit facility with Vane Finance Technology Ltd (formerly BillFront). No amounts were drawn / outstanding at 30 September 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. | | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|--|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | 36 |
| 8.2 Cash and cash equivalents at quarter end (item 4.6) | 2,573 |
| 8.3 Unused finance facilities available at quarter end (item 7.5) | 2,681 |
| 8.4 Total available funding (item 8.2 + item 8.3) | 5,254 |
| 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: 24th October 2022

Authorised by the Board of Directors

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.