

1. Company details

Name of entity: Crowd Media Holdings Limited
 ABN: 13 083 160 909
 Reporting period: For the half-year ended 31 December 2020
 Previous period: For the half-year ended 31 December 2019

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	18.4% to	6,974,899
Loss from ordinary activities after tax attributable to the owners of Crowd Media Holdings Limited	up	84.3% to	(2,297,252)
Loss for the half-year attributable to the owners of Crowd Media Holdings Limited	up	84.3% to	(2,297,252)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax amounted to \$2,297,252 (31 December 2019: \$1,246,578).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.94</u>	<u>0.08</u>
Calculated as follows:		
	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Net assets	5,619,685	930,267
Less: Intangibles	(748,614)	(736,687)
Net tangible assets	<u>4,871,071</u>	<u>193,580</u>
Total shares issued	<u>516,624,996</u>	<u>283,300,397</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half Year Report.

11. Attachments

Details of attachments (if any):

The Half Year Report of Crowd Media Holdings Limited for the half-year ended 31 December 2020 is attached.

12. Signed



Signed _____

Date: 26 February 2021

Steven Schapera
Chairman
Melbourne

Crowd Media Holdings Limited

ABN 13 083 160 909

Half Year Report - 31 December 2020

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Crowd Media Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were directors of Crowd Media Holdings Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Steven Schapera - Chairman
Domenic Carosa*
Robert Quandt
John Palermo

* On 27 January 2021, Domenic Carosa resigned as Chief Executive Officer of the Company, effective 31 March 2021, however will remain on the board of directors as a Non-Executive Director from this date.

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of the sale of information, entertainment and content and utility services for mobile phones and tablets; the sale of products direct-to-consumer; and development of conversational commerce technology.

Review of operations

Crowd Media Holdings Limited was organised into three operating segments during the financial half-year: Mobile Content-Q&A (or 'Q&A'), Mobile Content-Subscription (or 'Subscription') and Crowd Direct.

Crowd Media Group earned revenue for the half-year ended 31 December 2020 of \$6,972,669 versus \$8,542,586 in the prior half-year period ended 31 December 2019 ('pcp' or 'prior half-year'). The Company's earnings before interest, tax, depreciation and amortisation ('EBITDA') was a loss of (\$1,468,349) for the year (pcp: loss of (\$965,830)) and the net loss after tax for the year was (\$2,297,252) compared with a pcp net loss after tax of (\$1,246,578). Crowd Media's net asset position at 31 December 2020 was \$5.6 million, an increase of \$3.0 million from the 30 June 2020 balance.

Notably, the Company's EBITDA and net loss includes a non-cash share-based payment charge of \$266,138, restructuring costs of \$269,472, non-cash impairment expenses of \$165,000 and effects of foreign exchange rate changes of (\$5,399). When adjusting only for these effects, consistent with performance measures reported to shareholders during the year, the Underlying EBITDA for the financial year is a loss of (\$773,138), as follows:

	31 Dec 2020	31 Dec 2019	Increase/ (decrease)	Percentage change
	\$	\$	\$	%
Net profit / (loss) after tax ('NPAT')	(2,297,252)	(1,246,578)	(1,050,674)	84%
Deduct/(Add back): income tax expense / (benefit)* (non-cash)	240,173	(448,655)	688,828	(154%)
Add back: finance costs	269,233	438,504	(169,271)	(39%)
Deduct: interest revenue	(2,230)	(129)	(2,101)	1629%
Add back: depreciation and amortisation	321,727	291,028	30,699	11%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	<u>(1,468,349)</u>	<u>(965,830)</u>	<u>(502,519)</u>	52%
Add back: impairment expenses (non-cash)	165,000	(3,145)	168,145	(5346%)
Add back: share-based payments expense (non-cash)	266,138	189,367	76,771	41%
Add back: restructuring and financing costs	269,472	446,527	(177,055)	(40%)
Add back: net fair value loss on derivative financial liabilities	-	303,902	(303,902)	(100%)
Effects of exchange rate changes	(5,399)	(7,091)	1,692	(24%)
Underlying EBITDA	<u><u>(773,138)</u></u>	<u><u>(36,270)</u></u>	<u><u>(736,868)</u></u>	2032%

* Income tax expense for the half-year ended 31 December 2020 reflects a non-cash adjustment in the tax rates used to calculate deferred tax assets from 30% to 26%. Excluding this adjustment, income taxes for the half-year is a benefit of \$41,359.

Comparison of half-year ended 31 December 2020 to 31 December 2019

	31 Dec 2020	31 Dec 2019	Increase/ (decrease)	Percentage change
	\$	\$	\$	%
Revenue	6,972,669	8,542,586	(1,569,917)	(18%)
Other income	113,506	-	113,506	-
Cost of sales	(2,082,930)	(2,457,352)	374,422	(15%)
Selling, general and administration expenses	(6,306,594)	(7,054,209)	747,615	(11%)
Impairment expenses	(165,000)	3,145	(168,145)	(5346%)
EBITDA Profit / (Loss)	(1,468,349)	(965,830)	(502,519)	52%
Interest revenue	2,230	129	2,101	1629%
Depreciation and amortisation	(321,727)	(291,028)	(30,699)	11%
Finance costs	(269,233)	(438,504)	169,271	(39%)
Income tax (expense) / benefit*	(240,173)	448,655	(688,828)	(154%)
Net Profit / (Loss) After Tax ('NPAT')	(2,297,252)	(1,246,578)	(1,050,674)	84%

* Income tax expense for the half-year ended 31 December 2020 reflects a non-cash adjustment in the tax rates used to calculate deferred tax assets from 30% to 26%. Excluding this adjustment, income taxes for the half-year is a benefit of \$41,359.

Revenue

For the half-year, revenue from Crowd Media's main operating units of \$6,972,669 (pcp: 8,542,586) was represented by Q&A of \$2,885,135 (pcp: \$4,744,678), Subscription of \$3,392,244, (pcp: \$3,376,882) and Crowd Direct of \$695,290 (pcp: not applicable, division commenced in the second half of FY 2020).

The Q&A business encountered continued headwinds and produced softer than expected revenues. The Company continues to optimize its cost base in its legacy mobile businesses. Billed message volumes decreased from 3.5 million to 2.0 million half-year on half-year. The average revenue per paid message for the current half-year was \$1.42 compared to \$1.28 for the prior period.

Subscription contributed revenue of \$3,392,244 and the business continues to be profitable. Management will continue to expand the product offering, adding new and better-quality third-party content and diversifying revenue in order to lift revenue and profitability.

Crowd Direct contributed revenue of \$695,290 during the half-year. The division has performed below internal expectations as measured by return on marketing spend. Retail marketing dollars are seen to be moving away from bricks and mortar, to aggressive online deployment. Accordingly, we have restructured this business segment in a positive way, to focus on our best-performing brands, Kamu and KINN, which we see as having the strongest potential. As a result, management expects an increase in profitability for Crowd Direct in the second half of the financial year.

Expenses

(i) Cost of sales

For the year, the Group's cost of sales was \$2,082,930, or 30% of revenue (pcp: \$2,457,352 at 29%). Cost of sales as a percentage of revenue is expected to be relatively flat, or to decrease slightly, for the remainder of the financial year.

(ii) Selling, general and administration expense

Crowd Media's selling, general and administration expenses (including Marketing) of \$6,306,594 for the half-year decreased by 11% compared to the prior period. The decrease is mainly due to a decrease in consulting fees (-42% versus the prior period) and marketing expenses (-9% versus the prior period), which were partially offset by an increase in employee benefits expense (+4% versus the prior period, mainly due to a non-cash increase in the annual leave provision for employees).

(iii) Depreciation and amortisation

The consolidated depreciation and amortisation expense for the year was \$321,727 (pcp: \$291,028). The increase from prior period is mainly due to amortisation on software intangible assets.

(iv) Finance costs

The consolidated finance costs for the half-year of \$269,233 decreased by 39% from the prior half-year. The Company fully repaid the loan payable to BillFront during the half-year, which will save approximately \$0.2 million in annual interest and administration costs.

(v) Income tax expense/(benefit)

The consolidated tax expense for the half-year of \$240,173 reflects a non-cash adjustment in the tax rates used to calculate deferred tax assets from 30% to 26%. Excluding this adjustment, income taxes for the half-year is a benefit of \$41,359.

Cash flow

The Company's net cash used in operating activities for the year was (\$1,215,642), an improvement of 21% compared to the prior period cash used of (\$1,545,695). Operating cash flows are expected to further improve in the second half of financial year 2021 due to realising benefits from the ongoing initiatives to improve business performance and optimize costs.

The net cash flow from investing activities for the period was (\$483,658). Crowd invested \$331,749 in the form of an interest-bearing convertible notes loan to UneeQ Limited, further cementing the strategic alliance and underpinning Crowd's "Talking Head" strategy. Net cash flow from financing activities was \$2,773,978. Crowd raised \$4.6 million (net of transaction costs) from the issue of shares during the half-year and used \$1.6 million to fully repay and extinguish (early) the BillFront loan to preserve cash.

Liquidity and Financial Position

At Crowd Media's 31 December 2020 reporting date:

- Cash and cash equivalents ('cash') were \$2,969,194, an increase of \$1.1 million from \$1,913,953 at 30 June 2020
- Working capital (defined as current assets less current liabilities) increased by \$2.3 million to \$1,983,527 (30 June 2020: (\$300,448))
- Reporting date total current and non-current borrowings ('debt') were \$1,741,062, a decrease of \$1.8 million from \$3,554,598 at 30 June 2020
- Net debt (debt less cash) was (\$1,228,132), a decrease of \$2.9 million from \$1,640,645 at 30 June 2020
- Net assets were \$5,619,685, an increase of \$3.0 million from \$2,581,775 at 30 June 2020

The financial statements have been prepared on a going concern basis. Refer to note 2 of the financial statements.

Significant changes in the state of affairs

Strategic collaborations and investments

On 11 September 2020, the Company announced that it had agreed to make a strategic investment into London-based Forever Holdings Limited by acquiring an 8% interest for GBP 200,000, thereby accelerating Crowd's conversational commerce initiative. Forever is a 'leading edge' voice-and-visual Interactive Digital Media company. Their technology can enable one-to-one digital encounters between an influencer and any follower who wants to converse with them 1:1. This dialogue can function on Crowd's AI-driven Q&A Chatbot technology platform, across multiple languages. By combining Crowd's Chatbot technology with Forever's digital voice and visual projections we can significantly accelerate development of Crowd's Horizon 3 "Talking Head" strategy, as outlined by Chairman Steven Schapera at the November 2019 Annual General Meeting.

On 11 November 2020, the Company announced that it signed two strategic partnerships in order to further accelerate its stated "Talking Head" strategy. Crowd executed a three-year binding Heads of Agreement with UneeQ Limited for the creation of 'Digital Ambassadors' to help power Conversation Commerce activity and influencer marketing. As part of this partnership, Crowd invested USD 250,000 in the form of an interest-bearing convertible notes loan to UneeQ Limited during the financial half-year. Crowd also executed a binding Heads of Agreement to form a joint venture with Israel-based VFR Assets and Holdings Limited (VFR). VFR has created one of the world's first virtual digital influencers, Zoe Dvir (i.e. a digital influencer that does not actually exist in real life). The joint venture will bring together the technical and commercial expertise of both parties to create a platform that will allow Crowd to roll out many "talking heads" in days and at a fraction of the cost of current platforms. Crowd will invest USD 250,000 into an incorporated joint venture, while VFR will provide the IP, know-how and development resources to develop the proof of concept.

Capital raising and full repayment of loan payable to BillFront

On 16 November 2020, the Company announced that it raised \$4 million (less transaction costs) through a placement of 80 million ordinary shares at \$0.05 per share and 40 million options with an exercise price of \$0.07 and 2-year expiry from issue. These options are subject to Shareholder approval. The placement proceeds were utilised by the Company to strengthen the balance sheet, continue accelerated R&D of its "Talking Head" technology, boost inventory for the Crowd Direct division and repay the BillFront loan payable in full.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

Strategic collaboration and investment

On 27 January 2021, the Company announced that it has further cemented its push into conversational commerce via a new collaboration and strategic investment into Artificial Intelligence company Aflorithmic Labs Ltd (AFLR). Crowd will invest GBP 1 million in AFLR, structured as GBP 750,000 in cash and the equivalent of GBP 250,000 in Crowd shares (subject to shareholder approval), after which Crowd will own a 10% stake in AFLR and AFLR will own approximately 1.3% of Crowd. This collaboration enables the accelerated integration of Crowd's well-proven AI-driven Q&A Chatbot technology (which has processed in excess of 180 million questions and answers) with AFLR's voice cloning technology and the video technology from one of Crowd's other JV partners, VFR, as previously announced. Together, these comprise of the platform for Crowd's Talking Head technology that aims to deliver an immersive experience combining sight, sound, and real-time conversation.

Management update

On 27 January 2021, the Company announced that Domenic Carosa resigned as Chief Executive Officer of the Company, effective 31 March 2021, to spend more time with his recently-listed fintech company, Banxa Holdings Inc. Mr. Carosa will transition to a Non-Executive Director role with the Company and will remain available, on an as-needed consulting basis, for projects relating to Crowd's Horizon 2 (Fintech and Insurtech) and Horizon 3 (Talking Head) objectives. Chairman Steven Schapera and Director Robert Quandt will both move to interim executive roles whilst the board commences a search for a new Chief Executive Officer.

Capital raising and issue of shares

On 27 January 2021, the Company announced that it raised \$1.6 million (less transaction costs) through a placement of 32 million ordinary shares at \$0.05 per share and 16 million options with an exercise price of \$0.07 and 2-year expiry from issue. These options are subject to Shareholder approval. The placement proceeds were utilised by the Company to strengthen the balance sheet and continue accelerated R&D of its "Talking Head" technology. Additionally, on 14 January 2021, 12,534,142 fully paid ordinary shares were issued as a result of option exercises. A further 9,444,445 fully paid ordinary shares and 9,444,445 Tranche 1 conversion options were issued following the conversion of 170 Tranche 1 convertible notes.

Novel Coronavirus (COVID-19)

The Novel Coronavirus ('COVID-19') has been declared a pandemic in March 2020 by the World Health Organisation ('WHO'). There have been considerable economic impacts in Australia, Europe and globally arising from the outbreak of COVID-19 and Government action to reduce the spread of the virus. The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian, European and other governments as well as the travel and trade restrictions imposed by Australia, Europe and other countries in early 2020 have caused disruption to businesses and economic activity.

The impact of the COVID-19 pandemic is ongoing is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. It is not practicable to estimate the potential impact, positive or negative, after the reporting date.


No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Steven Schapera
Chairman

26 February 2021
Melbourne

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RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Crowd Media Holdings Limited and its controlled entities for the half year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



M PARAMESWARAN
Partner

Dated: 26 February 2021
Melbourne, Victoria

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Crowd Media Holdings Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

CROWDMEDIA

	Note	Consolidated 31 Dec 2020 \$	31 Dec 2019 \$
Revenue			
Revenue from continuing operations	4	6,972,669	8,542,586
Cost of sales		<u>(2,082,930)</u>	<u>(2,457,352)</u>
Gross profit		4,889,739	6,085,234
Other income	5	113,506	-
Interest revenue calculated using the effective interest method		2,230	129
Expenses			
Marketing		(2,153,449)	(2,360,621)
Administration and other expenses		(577,879)	(767,758)
Consultants		(428,688)	(744,251)
Depreciation and amortisation expense		(321,727)	(291,028)
Employee benefits expense		(2,859,111)	(2,619,382)
Impairment of assets		(165,000)	-
Travel and accommodation		(12,943)	(62,630)
Product development		(8,386)	(6,298)
Share-based payment		(266,138)	(189,367)
Allowance for expected credit losses		-	3,145
Net fair value loss on financial liabilities		-	(303,902)
Finance costs		<u>(269,233)</u>	<u>(438,504)</u>
Loss before income tax (expense)/benefit		(2,057,079)	(1,695,233)
Income tax (expense)/benefit		<u>(240,173)</u>	<u>448,655</u>
Loss after income tax (expense)/benefit for the half-year attributable to the owners of Crowd Media Holdings Limited		(2,297,252)	(1,246,578)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>28,085</u>	<u>(45,667)</u>
Other comprehensive income for the half-year, net of tax		28,085	(45,667)
Total comprehensive income for the half-year attributable to the owners of Crowd Media Holdings Limited		<u>(2,269,167)</u>	<u>(1,292,245)</u>
		Cents	Cents
Basic earnings per share	15	(0.55)	(0.48)
Diluted earnings per share	15	(0.55)	(0.48)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Crowd Media Holdings Limited
Statement of financial position
As at 31 December 2020

CROWDMEDIA

	Note	Consolidated 31 Dec 2020 \$	30 Jun 2020 \$
Assets			
Current assets			
Cash and cash equivalents		2,969,194	1,913,953
Trade and other receivables	6	1,628,353	2,176,440
Accrued income		1,935,376	1,925,793
Inventories		581,250	118,236
Income tax receivable		451,047	471,974
Other		158,960	262,605
Total current assets		<u>7,724,180</u>	<u>6,869,001</u>
Non-current assets			
Property, plant and equipment	7	213,347	224,470
Right-of-use assets	8	1,727,263	1,950,985
Intangibles	9	748,614	825,158
Deferred tax		2,057,720	2,244,437
Convertible notes receivable	10	331,749	-
Total non-current assets		<u>5,078,693</u>	<u>5,245,050</u>
Total assets		<u>12,802,873</u>	<u>12,114,051</u>
Liabilities			
Current liabilities			
Trade and other payables		3,505,038	3,727,401
Deferred revenue		-	85,062
Borrowings	11	1,741,062	2,905,275
Lease liabilities		344,796	285,433
Employee benefits		74,240	13,427
Provisions		75,517	152,851
Total current liabilities		<u>5,740,653</u>	<u>7,169,449</u>
Non-current liabilities			
Borrowings	12	-	649,323
Lease liabilities		1,442,535	1,713,504
Total non-current liabilities		<u>1,442,535</u>	<u>2,362,827</u>
Total liabilities		<u>7,183,188</u>	<u>9,532,276</u>
Net assets		<u>5,619,685</u>	<u>2,581,775</u>
Equity			
Issued capital	13	36,679,140	31,599,781
Reserves		5,989,509	5,731,186
Accumulated losses		(37,048,964)	(34,749,192)
Total equity		<u>5,619,685</u>	<u>2,581,775</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Crowd Media Holdings Limited
Statement of changes in equity
For the half-year ended 31 December 2020

CROWDMEDIA

Consolidated	Issued capital \$	Foreign currency reserve \$	Share-based-payments reserve \$	Convertible note optionality reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	28,720,072	249,274	4,813,399	-	(32,834,632)	948,113
Loss after income tax benefit for the half-year	-	-	-	-	(1,246,578)	(1,246,578)
Other comprehensive income for the half-year, net of tax	-	(45,667)	-	-	-	(45,667)
Total comprehensive income for the half-year	-	(45,667)	-	-	(1,246,578)	(1,292,245)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs	693,487	-	-	-	-	693,487
Share-based payments (note 16)	-	-	189,368	-	-	189,368
Convertible note option (note 11)	-	-	-	391,544	-	391,544
Balance at 31 December 2019	<u>29,413,559</u>	<u>203,607</u>	<u>5,002,767</u>	<u>391,544</u>	<u>(34,081,210)</u>	<u>930,267</u>
Consolidated	Issued capital \$	Foreign currency reserve \$	Share-based-payments reserve \$	Convertible note optionality reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	31,599,781	307,038	5,115,887	308,261	(34,749,192)	2,581,775
Loss after income tax expense for the half-year	-	-	-	-	(2,297,252)	(2,297,252)
Other comprehensive income for the half-year, net of tax	-	28,085	-	-	-	28,085
Total comprehensive income for the half-year	-	28,085	-	-	(2,297,252)	(2,269,167)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 13)	5,079,359	-	-	-	-	5,079,359
Share-based payments (note 16)	-	-	266,138	-	-	266,138
Convertible note option (note 11)	-	-	-	(35,900)	-	(35,900)
Cancellation of share capital of subsidiaries on deregistration of entities	-	-	-	-	(2,520)	(2,520)
Balance at 31 December 2020	<u>36,679,140</u>	<u>335,123</u>	<u>5,382,025</u>	<u>272,361</u>	<u>(37,048,964)</u>	<u>5,619,685</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Crowd Media Holdings Limited
Statement of cash flows
For the half-year ended 31 December 2020

CROWDMEDIA

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	7,528,355	10,078,428
Payments to suppliers and employees (inclusive of GST)	(8,643,809)	(11,142,587)
Interest received	2,230	17,276
Government grants (COVID-19)	113,506	-
Interest and other finance costs paid	(230,096)	(374,962)
Income taxes refunded	14,172	-
Income taxes paid	-	(123,850)
Net cash used in operating activities	<u>(1,215,642)</u>	<u>(1,545,695)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	-	(14,009)
Payments for intangibles	(151,909)	(143,805)
Payment for convertible notes	(331,749)	-
Proceeds from disposal of property, plant and equipment	-	5,227
Proceeds from disposal of intangibles	-	13,316
Net cash used in investing activities	<u>(483,658)</u>	<u>(139,271)</u>
Cash flows from financing activities		
Proceeds from issue of shares (net of transaction costs)	4,633,000	-
Proceeds from issue of convertible notes	-	2,586,000
Repayment of convertible notes	-	(259,169)
Repayment of borrowings - BillFront	(1,647,416)	-
Repayment of lease liabilities	(211,606)	(209,379)
Net cash provided by financing activities	<u>2,773,978</u>	<u>2,117,452</u>
Net increase in cash and cash equivalents	1,074,678	432,486
Cash and cash equivalents at the beginning of the financial half-year	1,913,953	839,462
Effects of exchange rate changes on cash and cash equivalents	(19,437)	(25,284)
Cash and cash equivalents at the end of the financial half-year	<u><u>2,969,194</u></u>	<u><u>1,246,664</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Crowd Media Holdings Limited as a consolidated entity consisting of Crowd Media Holdings Limited (referred to as 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year (referred to as the 'Group'). The financial statements are presented in Australian dollars, which is Crowd Media Holdings Limited's functional and presentation currency.

Crowd Media Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4
44 Gwynne Street
Cremorne VIC 3121

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 February 2021. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss after tax of \$2,297,252 and had net operating cash outflows of \$1,215,642.

Despite this financial result, the Directors believe it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Group's current assets exceeded current liabilities by \$1,983,527 at 31 December 2020;
- The Group current liability for convertible notes totalling \$1,741,062 at 31 December 2020 is expected to be converted to shares rather than paid out at maturity given that the share price significantly exceeds the exercise price of \$0.018;
- The Group's proven record of being able to raise funds to support its business plan, which includes receiving \$4 million (less transaction costs) through a placement of 80 million shares at \$0.05 during the half year. Additionally, subsequent to the end of the half-year in January 2021, the Company raised a further \$1.6 million (less transaction costs) through a placement of 32 million shares at \$0.05 and had an ending cash balance of \$5.0 million in January 2021.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into three operating segments: Mobile Content - Q & A ('Q&A'), Mobile Content - Subscription ('Subscription') and Crowd Direct. The Company operates mobile content businesses globally but predominantly in Europe, Latin America and Australasia. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

In the financial year to 30 June 2020, the Company's transition from being an agency to being sellers of brands through strategic alliances meant that the Crowd Direct segment was created for the direct-to-consumer business. The activities in the prior Crowd Media unit, which are not material to the Group in the current financial half-year, are no longer a focus of the CODM, but have been included here for comparative purposes.

The Q&A operating segment recognises all corporate costs including public company costs, acquisition costs, share based payments expense and restructure costs.

For operating segment performance, the CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Mobile Content - Q & A	Crowd Mobile proprietary Q&A micro job platform technology that facilitates Q&A entertainment products via various Direct Carrier Billing, SMS and App product offerings.
Mobile Content - Subscription	Crowd Mobile subscription based, broad content offering of products such as mobile security, games and video portals via an m-payments network.
Crowd Direct	Crowd Direct (direct-to-consumer) works with brands and digital influencers to sell products and/or services that it owns, or part-owns, or is strategically aligned with.
Crowd Media	Crowd Media operated as an agency, working with brands and digital influencers to provide social media marketing, digital influencer advertising and third party affiliate services. As of the financial year 2020, this division was no longer material and is no longer a focus of the CODM, but has been reported here for comparative purposes.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Note 3. Operating segments (continued)

Operating segment information

Consolidated - 31 Dec 2020	<i>Q&A*</i> \$	<i>Subscription</i> \$	<i>Crowd Direct</i> \$	<i>Total</i> \$
Revenue				
Sales to external customers	2,885,135	3,392,244	695,290	6,972,669
Interest income	2,230	-	-	2,230
Total revenue	<u>2,887,365</u>	<u>3,392,244</u>	<u>695,290</u>	<u>6,974,899</u>
EBITDA	(1,489,142)	838,767	(817,974)	(1,468,349)
Depreciation and amortisation	(103,089)	(214,417)	(4,221)	(321,727)
Interest income	2,230	-	-	2,230
Finance costs	1,044,220	(1,314,703)	1,250	(269,233)
Loss before income tax expense	<u>(545,781)</u>	<u>(690,353)</u>	<u>(820,945)</u>	<u>(2,057,079)</u>
Income tax expense				(240,173)
Loss after income tax expense				<u>(2,297,252)</u>
Assets				
Segment assets	6,352,484	5,267,367	1,183,022	12,802,873
Total assets				<u>12,802,873</u>
Liabilities				
Segment liabilities	3,239,230	3,690,216	253,742	7,183,188
Total liabilities				<u>7,183,188</u>

* Q&A segment includes Group Corporate costs.

Note 3. Operating segments (continued)

Consolidated - 31 Dec 2019	<i>Q&A*</i> \$	<i>Subscription</i> \$	<i>Crowd Media</i> \$	<i>Total</i> \$
Revenue				
Sales to external customers	4,744,678	3,376,882	421,026	8,542,586
Interest income	129	-	-	129
Total revenue	<u>4,744,807</u>	<u>3,376,882</u>	<u>421,026</u>	<u>8,542,715</u>
EBITDA	(1,330,010)	1,131,500	(466,563)	(665,073)
Depreciation and amortisation	(88,109)	(201,909)	(1,010)	(291,028)
Allowance for expected credit losses	-	3,145	-	3,145
Interest income	129	-	-	129
Finance costs	865,785	(1,304,248)	(41)	(438,504)
Other non-cash expenses	(303,902)	-	-	(303,902)
Loss before income tax benefit	<u>(856,107)</u>	<u>(371,512)</u>	<u>(467,614)</u>	<u>(1,695,233)</u>
Income tax benefit				448,655
Loss after income tax benefit				<u>(1,246,578)</u>

Consolidated - 30 Jun 2020	<i>Q&A*</i> \$	<i>Subscription</i> \$	<i>Crowd Direct</i> \$	<i>Total</i> \$
Assets				
Segment assets	6,201,054	5,358,356	554,641	12,114,051
Total assets				<u>12,114,051</u>
Liabilities				
Segment liabilities	5,493,039	3,649,978	389,259	9,532,276
Total liabilities				<u>9,532,276</u>

* Q&A segment includes Group Corporate costs.

Geographical information

	Sales to external customers		Geographical non-current assets	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	30 Jun 2020
	\$	\$	\$	\$
Australasia	19,800	-	972,709	805,537
Europe	6,650,187	7,847,095	2,048,264	2,195,078
Latin America	213,909	577,697	-	-
Other	88,773	117,794	-	-
	<u>6,972,669</u>	<u>8,542,586</u>	<u>3,020,973</u>	<u>3,000,615</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 4. Revenue

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

Consolidated - 31 Dec 2020	Q&A \$	Subscription \$	Crowd Direct \$	Total \$
<i>Major product lines</i>				
Information	2,885,135	-	-	2,885,135
Entertainment and content	-	3,392,244	-	3,392,244
Direct-to-consumer	-	-	695,290	695,290
	<u>2,885,135</u>	<u>3,392,244</u>	<u>695,290</u>	<u>6,972,669</u>
<i>Geographical regions</i>				
Australasia	-	19,800	-	19,800
Europe	2,803,473	3,151,424	695,290	6,650,187
Latin America	24,852	189,057	-	213,909
Other	56,810	31,963	-	88,773
	<u>2,885,135</u>	<u>3,392,244</u>	<u>695,290</u>	<u>6,972,669</u>
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	<u>2,885,135</u>	<u>3,392,244</u>	<u>695,290</u>	<u>6,972,669</u>
	Q&A \$	Subscription \$	Crowd Media \$	Total \$
Consolidated - 31 Dec 2019				
<i>Major product lines</i>				
Information	4,744,678	-	-	4,744,678
Entertainment and content	-	3,376,882	-	3,376,882
Marketing agency	-	-	421,026	421,026
	<u>4,744,678</u>	<u>3,376,882</u>	<u>421,026</u>	<u>8,542,586</u>
<i>Geographical regions</i>				
Europe	4,459,830	2,966,634	420,631	7,847,095
Latin America	243,533	334,164	-	577,697
Other	41,315	76,084	395	117,794
	<u>4,744,678</u>	<u>3,376,882</u>	<u>421,026</u>	<u>8,542,586</u>
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	4,744,678	3,376,882	-	8,121,560
Services transferred over time	-	-	421,026	421,026
	<u>4,744,678</u>	<u>3,376,882</u>	<u>421,026</u>	<u>8,542,586</u>

Note 5. Other income

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Government grants (COVID-19)	<u>113,506</u>	<u>-</u>

During the Coronavirus ('COVID-19') pandemic, the Group has received JobKeeper support payments from the Australian Government amounting to \$31,800 which are passed on to eligible employees. These have been recognised as government grants in the financial statements and recorded as other income over the periods in which the related employee benefits are recognised as an expense. The Group is eligible for JobKeeper support from the government on the condition that employee benefits continue to be paid.

During the half-year the Group received payments from the Australian Government amounting to \$81,706 as part of its 'Boosting Cash Flow for Employers' scheme in response to the Coronavirus ('COVID-19') pandemic. These non-tax amounts have been recognised as government grants and recognised as income once there is reasonable assurance that the Company will comply with any conditions attached.

Note 6. Current assets - trade and other receivables

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
Trade receivables	1,702,584	2,224,998
Less: Allowance for expected credit losses	<u>(448,702)</u>	<u>(467,048)</u>
	1,253,882	1,757,950
Other receivables	<u>374,471</u>	<u>418,490</u>
	<u>1,628,353</u>	<u>2,176,440</u>

Allowance for expected credit losses

The Group has recognised a loss of \$nil in profit or loss in respect of the expected credit losses for the half-year ended 31 December 2020 (31 December 2019: gain of \$3,145).

Note 7. Non-current assets - property, plant and equipment

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
Plant and equipment - at cost	1,032,755	985,153
Less: Accumulated depreciation	<u>(819,408)</u>	<u>(760,683)</u>
	<u>213,347</u>	<u>224,470</u>

Note 7. Non-current assets - property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	<i>Plant and equipment \$</i>
Balance at 1 July 2020	224,470
Additions	56,448
Exchange differences	(2,172)
Depreciation expense	<u>(65,399)</u>
Balance at 31 December 2020	<u><u>213,347</u></u>

Note 8. Non-current assets - right-of-use assets

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
Buildings - right-of-use	2,348,810	2,364,569
Less: Accumulated depreciation	<u>(621,547)</u>	<u>(413,584)</u>
	<u><u>1,727,263</u></u>	<u><u>1,950,985</u></u>

Additions to the right-of-use assets during the half-year were \$nil.

The Group leases land and buildings for its offices, warehouses and retail outlets under agreements of between two to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	<i>Buildings \$</i>
Balance at 1 July 2020	1,950,985
Exchange differences	(15,759)
Depreciation expense	<u>(207,963)</u>
Balance at 31 December 2020	<u><u>1,727,263</u></u>

Note 9. Non-current assets - intangibles

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
Goodwill after impairment	317,214	317,214
Intellectual property - at cost	2,740,153	2,715,033
Less: Accumulated amortisation	<u>(2,617,870)</u>	<u>(2,617,309)</u>
	122,283	97,724
Distribution network - at cost	13,599,981	13,600,158
Less: Accumulated amortisation	(8,191,784)	(8,191,961)
Less: Impairment	<u>(5,408,197)</u>	<u>(5,408,197)</u>
	-	-
Software - at cost	3,430,208	3,328,241
Less: Accumulated amortisation	(1,034,976)	(991,771)
Less: Impairment	<u>(2,114,833)</u>	<u>(2,114,833)</u>
	280,399	221,637
Databases - at cost	456,899	621,900
Less: Accumulated amortisation	<u>(456,899)</u>	<u>(456,899)</u>
	-	165,001
Website and other intangibles - at cost	43,378	33,396
Less: Accumulated amortisation	<u>(14,660)</u>	<u>(9,814)</u>
	28,718	23,582
	<u>748,614</u>	<u>825,158</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	<i>Goodwill</i>	<i>Intellectual property</i>	<i>Distribution network</i>	<i>Software</i>	<i>Databases</i>	<i>Website and other intangibles</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	317,214	97,724	-	221,637	165,001	23,582	825,158
Additions	-	25,181	-	103,285	-	6,819	135,285
Exchange differences	-	(622)	-	(1,102)	(1)	3,261	1,536
Impairment of assets	-	-	-	-	(165,000)	-	(165,000)
Amortisation expense	-	-	-	(43,421)	-	(4,944)	(48,365)
Balance at 31 December 2020	<u>317,214</u>	<u>122,283</u>	<u>-</u>	<u>280,399</u>	<u>-</u>	<u>28,718</u>	<u>748,614</u>

Note 9. Non-current assets - intangibles (continued)

Goodwill acquired through business combinations is allocated to cash generating units ('CGU'), as follows:

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
Cash generating unit		
Q & A:		
- Bongo IP Ltd	230,774	230,774
- Global AQA IP Pty Ltd	64,393	64,393
- Buddy IP Pty Ltd	22,047	22,047
	<u>317,214</u>	<u>317,214</u>

Note 10. Non-current assets - convertible notes receivable

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
Convertible notes receivable	<u>331,749</u>	<u>-</u>

The convertible note receivable from UneeQ Ltd was recorded at the principal face amount of USD 250,000 (circa AUD \$330,500) plus accrued interest of AUD \$1,249 at 31 December 2020. The note bears interest at 6.00% per annum and matures on 8 May 2022.

Note 11. Current liabilities - borrowings

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
Loans payable - BillFront	-	1,671,834
Convertible notes payable - European Investments Consortium	1,741,062	1,233,441
	<u>1,741,062</u>	<u>2,905,275</u>

Loans payable - BillFront

The loan was due to mature on 12 April 2021 but was repaid in full during the half-year.

Convertible notes payable - European Investments Consortium

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 mature on 29 April 2021. At 31 December 2020, 1,175 Tranche 1 notes were outstanding and 566 notes had been converted into shares. The fair value of the conversion right of the notes is recorded as a reserve within equity.

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. At 31 December 2020, 650 Tranche 2 notes were outstanding and 430 notes had been converted into shares. The fair value of the conversion right of the notes is recorded as a reserve within equity.

Note 12. Non-current liabilities - borrowings

Consolidated
31 Dec 2020 **30 Jun 2020**
\$ **\$**

Convertible notes payable - European Investments Consortium (Tranche 2)	-	649,323
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Convertible notes - European Investments Consortium

Tranche 2 of the European Investments Consortium convertible notes payable is classified as current at 31 December 2020 (refer note 11).

Note 13. Equity - issued capital

	Consolidated			
	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	Shares	Shares	\$	\$

Ordinary shares - fully paid	516,624,996	384,016,015	36,679,140	31,599,781
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Movements in ordinary share capital

Details

Details	Date	No of shares	Issue price	\$
Balance	1 July 2020	384,016,015		31,599,781
Issue of shares on exercise of performance rights	17 August 2020	1,476,382		-
Issue of shares in lieu of interest	3 September 2020	59,361	\$0.027	1,603
Issue of shares as part as subscription agreement with Forever Holdings Limited	11 September 2020	4,000,000	\$0.023	92,000
Issue of shares as consideration for commission and facilitation payments	1 October 2020	430,535	\$0.020	8,611
Issue of shares on conversion of convertible notes	6 November 2020	1,500,000	\$0.020	30,000
Issue of shares on exercise of options	6 November 2020	80,000	\$0.040	3,200
Issue of shares on exercise of options	6 November 2020	3,000,000	\$0.030	90,000
Issue of shares on exercise of options	16 November 2020	12,160,223	\$0.030	364,807
Issue of shares on exercise of options	16 November 2020	11,560,286	\$0.040	462,411
Issue of shares on exercise of options	16 November 2020	8,333,333	\$0.018	150,000
Issue of shares on exercise of options	16 November 2020	144,658	\$0.037	5,425
Issue of shares on conversion of convertible notes	16 November 2020	500,000	\$0.020	10,000
Issue of shares on conversion of convertible notes	16 November 2020	7,981	\$0.046	367
Issue of shares as consideration for consulting fees for investor relations services	18 November 2020	1,950,000	\$0.050	97,500
Issue of shares	19 November 2020	35,479,037	\$0.058	2,057,784
Issue of shares	19 November 2020	44,520,963	\$0.044	1,942,215
Issue of shares on conversion of convertible notes	19 November 2020	2,500,000	\$0.020	50,000
Issue of shares on exercise of options	19 November 2020	2,000,000	\$0.030	60,000
Issue of shares on exercise of options	19 November 2020	74,000	\$0.040	2,960
Issue of shares on exercise of options	3 December 2020	2,222,222	\$0.030	66,667
Issue of shares on exercise of options	3 December 2020	610,000	\$0.040	24,400
Less: share issue transaction costs				(440,591)
Balance	31 December 2020	<u>516,624,996</u>		<u>36,679,140</u>

Note 14. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2020	<i>Level 1</i> \$	<i>Level 2</i> \$	<i>Level 3</i> \$	<i>Total</i> \$
<i>Assets</i>				
Convertible notes receivable	-	-	331,749	331,749
Total assets	-	-	331,749	331,749

<i>Liabilities</i>				
Convertible notes payable	-	-	(1,741,062)	(1,741,062)
Total liabilities	-	-	(1,741,062)	(1,741,062)

Consolidated - 30 Jun 2020	<i>Level 1</i> \$	<i>Level 2</i> \$	<i>Level 3</i> \$	<i>Total</i> \$
<i>Liabilities</i>				
Loans payable	-	-	(1,671,827)	(1,671,827)
Convertible notes payable	-	-	(1,882,764)	(1,882,764)
Total liabilities	-	-	(3,554,591)	(3,554,591)

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current financial half-year are set out below:

Consolidated	<i>Convertible note receivable - UneeQ Ltd</i> \$	<i>Loans payable - BillFront</i> \$	<i>Convertible notes payable - European Investments Consortium</i> \$	<i>Total</i> \$
Balance at 1 July 2020	-	(1,671,827)	(1,882,764)	(3,554,591)
Additions	331,749	-	-	331,749
Repayments	-	1,671,827	-	1,671,827
Conversions	-	-	141,702	141,702
Balance at 31 December 2020	331,749	-	(1,741,062)	(1,409,313)

Note 15. Earnings per share

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Loss after income tax attributable to the owners of Crowd Media Holdings Limited	<u>(2,297,252)</u>	<u>(1,246,578)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>417,310,078</u>	<u>262,100,701</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>417,310,078</u>	<u>262,100,701</u>
	Cents	Cents
Basic earnings per share	(0.55)	(0.48)
Diluted earnings per share	(0.55)	(0.48)

Options, performance rights and convertible notes have been excluded from the above calculation at 31 December 2020 and 31 December 2019 as their inclusion would be anti-dilutive.

Note 16. Share-based payments

Options

Debt refinancing plan options

As part of the debt refinancing plan in the year to 30 June 2019, 2,000,000 options were issued to entities associated with JGB (Cayman) Newton Ltd ('JGB').

Consultant options

At the 2019 Annual General Meeting, shareholders approved the grant of 8,514,488 options to Starland Management Pty Ltd, and on 30 January 2020 a further 4,752,000 options were granted, in consideration for corporate advisory and consulting services provided by Starland Management Pty Ltd. On 1 October 2020, 7,500,000 options were granted to Perpetual Capital Investments Pty Ltd in consideration for corporate advisory and consulting services provided by Perpetual Capital Management Pty Ltd.

Investor Relations consultant options

At the 2019 Annual General Meeting, shareholders approved the grant of 10,000,000 Investor Relations consultant options in consideration for investor relations services provided by its investor relations consultant, DGWA, the German Institute for Asset and Equity Allocation and Valuation 'Deutsche Gesellschaft für Wertpapieranalyse GmbH'.

Executive Share Options Plan ('ESOP')

The ESOP established by the Group and approved by shareholders at a general meeting, granted 26,000,000 options over ordinary shares in the Company to certain key management personnel (and Directors) of the Group. The options were granted in accordance with performance guidelines established by the Board.

Note 16. Share-based payments (continued)

Set out below are summaries of options granted:

31 Dec 2020

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
02/04/2019	02/04/2022	\$0.050	2,000,000	-	-	-	2,000,000
06/12/2019	06/12/2021	\$0.030	576,889	-	(576,889)	-	-
06/12/2019	06/12/2021	\$0.030	8,514,488	-	-	-	8,514,488
06/12/2019	06/12/2021	\$0.050	5,000,000	-	-	-	5,000,000
06/12/2019	06/12/2021	\$0.100	5,000,000	-	-	-	5,000,000
13/12/2019	13/12/2022	\$0.030	11,700,000	-	-	-	11,700,000
13/12/2019	13/12/2022	\$0.050	5,850,000	-	-	-	5,850,000
13/12/2019	13/12/2022	\$0.070	5,850,000	-	-	-	5,850,000
30/01/2020	31/12/2023	\$0.030	4,752,000	-	-	-	4,752,000
01/10/2020	30/09/2023	\$0.030	-	7,500,000	-	-	7,500,000
			49,243,377	7,500,000	(576,889)	-	56,166,488

Performance rights

On 17 December 2014, shareholders approved a Performance Rights Plan ('PR Plan'). Under the PR Plan, selected employees and Directors may be granted performance rights which will entitle them to receive ordinary shares in the Company, subject to the Company meeting performance objectives.

On 31 July 2019, the Company agreed to issue 11,000,000 Performance Rights ('PRs') to employees, excluding the directors and CEO. On 18 December 2019, the Board approved to modify the conditions of the performance rights as follows:

- 1-year performance rights: 20% of the performance rights (2,200,000) will be issued to employees that have been continuously employed by Crowd as of the vesting date of 30 June 2020. For employees that met the vesting conditions, the 1-year performance rights were exercised in August 2020.
- 2-year performance rights: 30% of the performance rights (3,300,000) will be issued to employees that have been continuously employed by Crowd as of the vesting date of 30 June 2021.
- 3-year performance rights: 50% of the performance rights (5,500,000) will be issued to employees that have been continuously employed by Crowd as of the vesting date of 30 June 2022.
- Any extenuating circumstances regarding continuous employment are subject to Board approval.

Set out below are summaries of performance rights granted:

31 Dec 2020

Grant date	Expiry date	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
18/12/2019	30/06/2020	2,200,000	-	(2,200,000)	-	-
18/12/2019	30/06/2021	3,300,000	-	-	-	3,300,000
18/12/2019	30/06/2022	5,500,000	-	-	-	5,500,000
		11,000,000	-	(2,200,000)	-	8,800,000

Valuation model inputs

For the options granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
01/10/2020	30/09/2023	\$0.025	\$0.030	94.00%	-	1.04%	\$0.0138

Note 17. Events after the reporting period

Strategic collaboration and investment

On 27 January 2021, the Company announced that it has further cemented its push into conversational commerce via a new collaboration and strategic investment into Artificial Intelligence company Aflorithmic Labs Ltd (AFLR). Crowd will invest GBP 1 million in AFLR, structured as GBP 750,000 in cash and the equivalent of GBP 250,000 in Crowd shares (subject to shareholder approval), after which Crowd will own a 10% stake in AFLR and AFLR will own approximately 1.3% of Crowd. This collaboration enables the accelerated integration of Crowd's well-proven AI-driven Q&A Chatbot technology (which has processed in excess of 180 million questions and answers) with AFLR's voice cloning technology and the video technology from one of Crowd's other JV partners, VFR, as previously announced. Together, these comprise of the platform for Crowd's Talking Head technology that aims to deliver an immersive experience combining sight, sound, and real-time conversation.

Management update

On 27 January 2021, the Company announced that Domenic Carosa resigned as Chief Executive Officer of the Company, effective 31 March 2021, to spend more time with his recently-listed fintech company, Banxa Holdings Inc. Mr. Carosa will transition to a Non-Executive Director role with the Company and will remain available, on an as-needed consulting basis, for projects relating to Crowd's Horizon 2 (Fintech and Insurtech) and Horizon 3 (Talking Head) objectives. Chairman Steven Schapera and Director Robert Quandt will both move to interim executive roles whilst the board commences a search for a new Chief Executive Officer.

Capital raising and issue of shares

On 27 January 2021, the Company announced that it raised \$1.6 million (less transaction costs) through a placement of 32 million ordinary shares at \$0.05 per share and 16 million options with an exercise price of \$0.07 and 2-year expiry from issue. These options are subject to Shareholder approval. The placement proceeds were utilised by the Company to strengthen the balance sheet and continue accelerated R&D of its "Talking Head" technology. Additionally, on 14 January 2021, 12,534,142 fully paid ordinary shares were issued as a result of option exercises. A further 9,444,445 fully paid ordinary shares and 9,444,445 Tranche 1 conversion options were issued following the conversion of 170 Tranche 1 convertible notes.

Novel Coronavirus (COVID-19)

The Novel Coronavirus ('COVID-19') has been declared a pandemic in March 2020 by the World Health Organisation ('WHO'). There have been considerable economic impacts in Australia, Europe and globally arising from the outbreak of COVID-19 and Government action to reduce the spread of the virus. The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian, European and other governments as well as the travel and trade restrictions imposed by Australia, Europe and other countries in early 2020 have caused disruption to businesses and economic activity.

The impact of the COVID-19 pandemic is ongoing is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. It is not practicable to estimate the potential impact, positive or negative, after the reporting date.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Steven Schapera
Chairman

26 February 2021
Melbourne

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
CROWD MEDIA HOLDINGS LIMITED

We have reviewed the accompanying half-year financial report of Crowd Media Holdings Limited ("the company") and its Controlled Entities ("the consolidated entity") which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year review.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Crowd Media Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Crowd Media Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Crowd Media Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*



RSM AUSTRALIA PARTNERS



M PARAMESWARAN
Partner

Dated: 26 February 2021
Melbourne, Victoria