

ASX Company Announcement | Issue Date: 29 January 2018

## **BUSINESS UPDATE & APPENDIX 4C COMMENTARY QUARTER ENDED 31 DECEMBER 2017**

### **HIGHLIGHTS**

- + Sales and customer traction – agreements with several new clients
- + Corporate development – company finalizes consolidation of capital and name change to CrowdSpark Ltd
- + Product update - artificial intelligence (AI) and content validation workflow added to the CrowdSpark Platform; the Company also released a new UGC contributor mobile app together with a new contributor desktop site

CrowdSpark Ltd (ASX: CSK) (**CrowdSpark**) is pleased to provide an update on the business for the quarter ended 31 December 2017.

#### **SALES AND CUSTOMERS**

CrowdSpark is pleased to report that new sales contracts have been recently entered for use of the CrowdSpark Platform including:

- + Seven West Media, Australia's most-watched television network, released a new app, 'Moments', built by CrowdSpark to allow Seven to harness the power of their live audiences by collecting user-generated content at the largest sporting events for which they have broadcast rights.

The Seven-branded app is powered by CrowdSpark's user-generated content (**UGC**) platform and enables the network to curate and broadcast select content from across its multiple properties and social network. The app will be widely promoted by Seven throughout their "Summer of Sport" that began with the December 26th launch of Seven's coverage of the Sydney to Hobart Yacht

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#### **CrowdSpark Ltd.**

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#### **ASX: CSK**

New York, Toronto, Paris,  
London, Sydney



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Race and running through April to include the Australian Open Tennis, the Olympic Winter Games and the Gold Coast 2018 Commonwealth Games.

- + The Green Room, an Australian based international networking application connecting the global filmmaking community. It's designed for cast, crew and creatives in the film and screen production communities to showcase their skills and talent, find the right work, build their career and have their voice heard.

The Green Room is licensing CrowdSpark's user-generated content (UGC) functionality (application programming interface (API) and mobile software development kit (SDK) and Upload Widget) to integrate enhanced media and engagement capabilities into their existing mobile application and website.

- + Drive and The Motor Report: Drive, Australia's most authoritative source of information for consumers researching to buy a new car, and The Motor Report, an independent automotive online resource for new car buyers, have entered into an agreement for the CrowdSpark UGC platform.

Drive and The Motor Report will be using a broad array of CrowdSpark services on their websites and related mobile applications, including: upload, gallery and slideshow widgets; use of CrowdSpark's APIs to build a more custom experience; and CrowdSpark's mobile software development kit (SDK) for integrating UGC functionality into their mobile applications. The license includes Notification Center, to know where mobile users are and request timely, relevant content, Social Hub to ingest, moderate and publish social content from Facebook, Instagram, Twitter and YouTube. The license also includes Reporter Kits to quickly and easily submit videos and photos using a smartphone from wherever back to the CrowdSpark Platform to be curated and published.

## CORPORATE DEVELOPMENT

On 30 November 2017, the Company was pleased to announce the change of company name from 'Newzulu Limited' to 'CrowdSpark Ltd' following receipt of shareholder approval of this special resolution at the AGM on 16 November 2017. The name change also resulted in a change of ASX code to 'CSK' for fully paid ordinary shares which took effect from the commencement of trading on 4 December 2017, in accordance with ASX regulations.

On 30 November 2017 the Company was also pleased to announce the completion of the consolidation of capital as approved by shareholders at the Company's AGM on 16 November 2017. The basis of consolidation was every 200 shares consolidated into 1 share. Consolidation on the same basis was similarly completed for options and performance rights. The purpose of the consolidation of capital was to implement a more appropriate capital structure of the Company going forward.



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## PRODUCT DEVELOPMENT

On 8 December 2017 the Company announced the addition of AI and content validation workflow to its UGC Platform. The new AI Platform using machine learning solution will empower clients with the ability to automatically flag and identify explicit pieces of content, add rich contextual tags and keywords, and identify celebrities and relevant landmarks. This new AI functionality will increase the efficiency of clients' moderation and curation of content, all in support of their brand protection. The content validation workflow will allow editors and moderation teams to quickly make bulk changes in multiple videos and photos to end-user facing content details, add keywords and tags, and validate content with robust file details. The combination of these new tools will increase client productivity and content validation confidence.

On 21 December 2017 the Company also announced the release of a new UGC contributor mobile application on both iOS and Android, together with a new contributor desktop site at [report.crowdspark.com](http://report.crowdspark.com) to engage new and returning contributors, making it easier for them to upload content for distribution with our publication partners and manage their accounts.

The new mobile applications give contributors the ability to receive geolocated push notifications for news calls sent by CrowdSpark's editorial team. The team will alert users about breaking news around them, for contributors to upload high-demand content to increase their sales opportunities, and provide distribution partners such as the Associated Press (AP), Getty Images, Agence France-Presse (AFP) and the Australian Associated Press (AAP) with more of the content they need. These product releases are expected to accelerate the growth of CrowdSpark's Content revenue, making it easier to mobilize contributors in the vicinity of breaking news, providing more content for sale through CrowdSpark's distribution network.

## Q2 CASHFLOWS

During the quarter ended December 2017 (Q2 FY18) the Company's quarterly cash burn was \$811k compared to the quarter ended December 2016 (Q2 FY17) of \$1.50m.

At 31 December 2017 (Q2 FY18) the Company had \$2.46m in cash.

Cash receipts from customers increased by 34% to \$755k during Q2 FY18 compared to Q2 FY17 (\$563k). A large portion of the increase is the result of differences in the invoicing and collection of a few customers.



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# CROWD SPARK

During Q2 FY18 there was a net cash outflow relating to operating activities of \$807k, a decrease of \$543k, compared to Q2 FY17 outflow of \$1.35m. A portion of the decrease is the result of cost saving being materialized as the Company builds an efficient and effective cost structure.

During Q2 FY18 there was a net cash outflow relating to investing activities of \$4k, a decrease of \$169k, compared to Q2 FY17 outflow of \$173k. During the quarter the company did not capitalize R&D compared to the same period in the prior year (\$173k).

During Q2 FY18 there was a net cash inflow relating to financing activities of zero compared to Q2 FY17 of zero.

- ENDS -

## For further information, please contact:

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CEO

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### Karen Logan

Company Secretary

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## About CrowdSpark

CrowdSpark is an all-in-one solution for brands and media companies to build connections and community by gathering, managing and publishing user-generated content. CrowdSpark's Platform is web-based and mobile software that enables businesses to gather, organize, publish and amplify user-generated content at scale. CrowdSpark's Creative division provides crowd-sourced, creative film and video production for the digital age. CrowdSpark's Content division allows anybody, anywhere, with a mobile device and a story, to share news, get published and get paid. Headquartered in New York, CrowdSpark also operates in Toronto, London, Paris and Sydney. CrowdSpark operates in partnership with Associated Press (AP), Getty Images, and Alamy in the United States, Agence France-Presse (AFP) in France, Press Association (PA) and Videoplugger in the UK & Ireland, Belga News Agency in Belgium, Canadian Press (CP) in Canada, Australian Associated Press (AAP) in Australia and other news agencies around the world.

Further information can be found on [www.crowdspark.com](http://www.crowdspark.com).



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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

CrowdSpark Ltd.

**ABN**

27 078 661 444

**Quarter ended ("current quarter")**

December 31, 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (Six months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	755	1,369
1.2 Payments for		
(a) (i) administrative staff costs	(298)	(611)
(ii) technology staff costs (see Note 1)	(324)	(722)
(iii) sales and marketing staff cost	(188)	(365)
(b) advertising and marketing	(72)	(117)
(c) research and development (see Note 1)	(223)	(574)
(e) other working capital	(457)	(931)
1.3 Dividends received	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	37
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(807)</b>	<b>(1,914)</b>

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (Six months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4)	(4)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(4)</b>	<b>(4)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	133
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	(684)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other – equity raising costs	-	(95)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>(646)</b>

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (Six months) \$A'000
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,275	5,022
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(807)	(1,914)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(4)	(4)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	(646)
4.5 Effect of movement in exchange rates on cash held	-	6
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>2,464</b>	<b>2,464</b>

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	2,464	3,275
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,464</b>	<b>3,275</b>

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	94
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

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**7. Payments to related entities of the entity and their associates**

**Current quarter  
\$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

-

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

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**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

**Total facility amount  
at quarter end  
\$A'000**

**Amount drawn at  
quarter end  
\$A'000**

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

No additional facility has been entered into or are proposed to be entered into after the quarter end.

**9. Estimated cash outflows for next quarter**

**\$A'000**

9.1 Payments for

(a) (i) administrative staff costs	(350)
(ii) technology staff costs (see Note 1)	(350)
(iii) sales and marketing staff cost	(190)
(b) advertising and marketing	(75)
(c) research and development (see Note 1)	(300)
(e) other working capital	(550)

**9.8 Total estimated cash outflows**

**(1,815)**

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10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Not applicable	Not applicable
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

### 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.

Sign here:

  
 .....  
 Non-Executive Chairman

Date: 29 January 2018

Print name: Charles Koones

### Notes

1. Research & Development (item 1.2 (c) represents those costs associated with R&D activities other than personnel costs. For the purposes of the Appendix 4C, expensed personnel components of R&D expenditure have been disclosed at item 1.2 (a)(ii) – Technology Staff Costs as operating cash flows, and capitalized personnel components of development expenditure (that met the recognition criteria and definition of an Intangible Asset, as per AASB 138: Intangible Assets) have been disclosed as investing cash flows.
2. Commentary on the cash flow for the period is included in the accompanying update and accordingly the Appendix 4C should be read in conjunction with that report.
3. Preparation:  
 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect of its cash position.  
 The quarterly report is unaudited.  
 The definitions in, and provisions of, AASB 107: Cash Flow Statements apply to this report except for the paragraphs of the Standard set out below.
  - 20.1 reconciliation of cash flows arising from operating activities to operating profit or loss
  - 51 itemized disclosure relating to maintaining operating capacity
  - 52 itemized disclosure relating to segment reporting

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