

ASX Company Announcement | Issue Date: 30 April 2018

## BUSINESS UPDATE & APPENDIX 4C COMMENTARY QUARTER ENDED 31 MARCH 2018

### HIGHLIGHTS

- + New sales – agreements with several new clients
- + Corporate development – broad scope strategic partnership entered into
- + Product development – compliance with new EU privacy laws

CrowdSpark Ltd (ASX: CSK) (**CrowdSpark**) is pleased to provide an update on the business for the quarter ended 31 March 2018.

### SALES AND CUSTOMERS

CrowdSpark is pleased to report that it has secured several new contracts for CrowdSpark Creative's crowd-sourced professional creative production services:

- + MACSF, a major insurance professional insurance company dedicated to medical workers and students. MACSF looked to CrowdSpark to meet their requirement of producing a series of videos designed to create awareness about the different risks that medical students face when using their smartphones while walking in public areas and driving.
- + Hugo Publishing, a major French book publisher. As part of the unveiling of the “Les Héritiers” and “Dark and Dangerous Love” editions, the company approached CrowdSpark for an original creative concept to promote the release of these books with animated teaser videos. CrowdSpark worked with animators from its crowd-sourced community to propose creative concepts via storyboard, which were immediately endorsed by Hugo Publishing. The selected animator delivered the videos within only a few weeks. These campaigns were broadcast in French cinemas, on the French digital landscape and various social networks.
- + Allianz, a global insurance group. Resulting from the ongoing success of CrowdSpark Creative work for global insurance group and CrowdSpark client, Allianz, CrowdSpark was engaged by the distribution division of Allianz, a different division from who the Company has previously provided video production services, to fulfill its need of a corporate video series to present the group's main employee profiles and their functions on a day-to-day basis. The brief was disseminated to CrowdSpark's creative community and the selected CrowdSpark filmmaker pitched his idea via script and production details, leading to CrowdSpark winning this new work from Allianz.

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#### **CrowdSpark Ltd.**

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- + Edmond de Rothschild Group, specializing in Private Banking and Asset Management. The Group needed to present its new investment fund dedicated to real estate, called Edmond de Rothschild Smart Estate. When looking to have an animation video produced, they turned to CrowdSpark based on the quality of work provided to another business unit of the Edmond de Rothschild Group. CrowdSpark short-listed a motion designer from its Creative community, who pitched his concept via a storyboard that was chosen for this work. This campaign will be publicized across international digital channels.

## CORPORATE DEVELOPMENT

CrowdSpark has entered into a broad scope strategic partnership with Los Angeles based Fourward Group (a Ward Blacket Investments LLC related entity).

Led by Will Ward and Trent Blacket, co-founders of ROAR LLC and ROAR Asia Pacific respectively, Fourward provides corporate advisory services to media and technology companies, and represents leading Hollywood talent, media companies and investors from their offices in Los Angeles, New York, Hong Kong and Melbourne.

Fourward's mandate is to help management and the board establish and drive an innovative growth strategy, oversee partnerships with proposed strategic investors in Asia and North America and accelerate new distribution channels.

## PRODCUT DEVELOPMENT

On 25 May 2018, new regulations in the European Union (EU) will be effective to protect the privacy rights of EU residents by implementing the General Data Protection Regulation (GDPR).

For CrowdSpark clients, as data controllers, product enhancements are being implemented to allow clients to meet the same transparency standards CrowdSpark has set for itself. Clients will have an opportunity to work with CrowdSpark to customize their implementation of the platform and ensure any data collected is accompanied by clear and unambiguous consent. Consent will be timestamped on receipt and traceable to a specific purpose and individual. Clients will be able to manage data according to these parameters and perform audits by consent and purpose. These mechanisms will allow clients to easily respond to consumers requesting erasure or access to personal information. Through CrowdSpark, clients will have the control necessary to maintain transparency and be GDPR compliant.

Similarly, CrowdSpark is implementing changes to the CrowdSpark Platform to allow it to comply with the GDPR in respect of the Company's role with individual client personnel who use the Platform, as well as for the Company's own direct users that are members of CrowdSpark's Content contributor community.

## Q3 CASHFLOWS

During the quarter ended March 2018 (Q3 FY18) the Company's quarterly cash burn was \$1.19m compared to the quarter ended March 2017 (Q3 FY17) of \$624k. This increase in cash burn is due to a decrease in CrowdSpark Creative revenue in the quarter, and additional investment in strategic advisory services and sales aimed at improving the Company's sales and revenue in future quarters. For the nine months ended March 2018 the Company's cash burn was \$3.8m compared to the nine months ended March 2017 cash burn of \$4.5m, a decrease of \$700k compared to the same period in the prior year. The decrease in cash burn is the result of the Company's ongoing focus of building and maintain a sustainable cost structure.



At 31 March 2018 (Q3 FY18) the Company had \$1.27m in cash.

During the quarter ended March 2018 (Q3 FY 18) the Company's cash receipts from customers was \$340k compared to the quarter ended March 2017 (Q3 FY17) of \$868k. For the nine months ended March 2018 receipts from customers was \$1.7m compared to the nine months ended March 2017 receipts of \$2.2m, a decrease of \$500k. A large portion of the decrease relates to the decrease in CrowdSpark Creative revenue including a large one-time project that occurred in the prior year that did not occur in the current year. In addition, the majority of the new client sales referred to above have not been included in the cash receipts for the quarter ended or nine months ended March 2018.

During Q3 FY18 there was a net cash outflow relating to operating activities of \$1.19m, compared to the quarter ended March 2017 outflow of \$484k. For the nine months ended March 2018 cash outflow relating to operating activities was \$3.1m compared to the nine months ended March 2017 of \$4m, a decrease of \$900k. The Company continues to focus on maintaining a sustainable cost structure while making investments in sales and marketing.

During Q3 FY18 there was a net cash outflow relating to investing activities of \$Nil compared to the quarter ended March 2017 of \$124k. For the nine months ended March 2018 cash outflows relating to investing activities was \$4k compared to the nine months ended March 2017 outflow of \$445k, a decrease of \$441k. During the quarter and nine months ended March 2018 the Company did not capitalize research and development cost, where as in the same period in the prior year, the Company had capitalized cost relating to research and development (quarter ended March 2017 - \$124k, nine months ended March 2017 - \$465k).

During Q3 FY18 there was a net cash inflow relating to financing activities of \$Nil compared to Q3 FY17 of \$Nil. For the nine months ended March 2018 cash outflows relating to financing activities was \$646k compared to the nine months ended March 2017 outflow of \$nil, an increase of \$646k. The majority of the outflow was related to a repayment of debt in amount of \$684k,

- ENDS -

## **For further information, please contact:**

### **Charles Koones**

Non-Executive Chairman  
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### **Leanne Ralph**

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).



## 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")**

March 31, 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (Nine months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	340	1,709
1.2 Payments for		
(a) (i) administrative staff costs	(292)	(902)
(ii) technology staff costs (see Note 1)	(289)	(1,010)
(iii) sales and marketing staff cost	(201)	(567)
(b) advertising and marketing	(114)	(230)
(c) research and development (see Note 1)	(216)	(790)
(e) other working capital	(419)	(1,349)
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>(1,191)</b>	<b>(3,102)</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (Nine months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(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>-</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>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (Nine months) \$A'000</b>
<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	2,464	5,022
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,191)	(3,102)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(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	-	3
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>1,273</b>	<b>1,273</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	1,273	2,464
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>1,273</b>	<b>2,464</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	60
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	

7. <b>Payments to related entities of the entity and their associates</b>	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	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	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. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Payments for	
(a) (i) administrative staff costs	(300)
(ii) technology staff costs (see Note 1)	(300)
(iii) sales and marketing staff cost	(200)
(b) advertising and marketing	(50)
(c) research and development (see Note 1)	(215)
(e) other working capital	(400)
<b>9.8 Total estimated cash outflows</b>	<b>(1,465)</b>

<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
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:  .....

(Company secretary)

Date: .30 April 2018

Print name: Leanne Ralph

### 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