

ASX Company Announcement | Issue Date: 30 April 2015

APPENDIX 4C COMMENTARY QUARTER ENDED 31 MARCH 2015

HIGHLIGHTS

Quarterly cash flow results and statistics

- Significant increase in cash receipts from customers.
- Run rate revenues @ \$2.82 million (March, 2015).
- 85% growth in Q3 revenues (excluding Filemobile) compared with Q2.
- Completion of \$11.5 million capital raising.
- Conversion of \$5.0 million of working capital loans.
- Significant growth in Newzulu contributor community, mobile app downloads and sales of images and videos through news agency partnerships.

Operational activities

- Launch of mobile live validated streaming news capability, Newzulu Live, including trial client deployments for several major news agencies.
- Global network of news agencies provide distribution of Newzulu's crowd-sourced videos and images to global publishers, broadcasters, creative agencies and brands, building the Newzulu Editorial business.
- Strong growth and client renewals associated with the Newzulu Platform business.
- Initial revenues from first clients of Newzulu Prime crowd-sourced creative agency.
- Reach and depth of global collaborations and partnerships increases the opportunity for Newzulu's contributors to 'get published and get paid'.

Corporate activities

- Completion of the acquisition of leading media and brand social media software platform company, Filemobile, Inc (**Filemobile**).
- Reinstatement of securities following completion of the change of scale to the Company's activities.
- Appointment of Filemobile executives Marc Milgrom, Steve Hulford and Dave Minogue as senior executives of the Company.
- James J Bodel joins the Board as a non-executive director.

March 2015 Quarterly Report

Crowd-sourced global media company Newzulu Limited ("**Newzulu**", ASX: **NWZ**) is pleased to report to shareholders on the quarter ended 31 March 2015.

QUARTERLY CASH FLOW RESULTS

Cash receipts from customers increased by 134% during the March 2015 quarter (Q3) compared to the December 2014 quarter (Q2). Cash at the end of Q3 increased by 86% compared to Q2 due to the completion of the capital raising in February 2015 of \$11.5 million, before costs.

Group revenues in Q3 were \$0.5m, an increase of 278% compared with Q2 while revenues in March 2015 of \$0.2m improved by 51% on the month of February due to March, being the first full month that Filemobile has contributed revenues to the group. Notably, revenues generated by Newzulu in Q3 excluding Filemobile grew by 85% to \$0.2m compared with Q2.

During Q3 there was a net cash outflow relating to operating activities of \$3.3 million compared with an outflow of \$2.6 million in Q2. This Q3 result includes increased research and development expenditure associated with the Newzulu Live initiative of \$0.7m (Q2: \$0.6m), sales and marketing related costs of \$0.2m (Q2: \$0.1m) and costs associated with the Filemobile acquisition of \$0.3m (Q2: \$0.4m).

Net cash outflow relating to investing activities of \$5.1 million for Q3 (Q2: \$0.8m) was due to the acquisition of Filemobile. Net cash inflow from financing activities of \$10.6 million was due to completion of the capital raising \$11.5m (Q2: nil), proceeds from borrowings \$0.1m (Q2: \$5m) and costs associated with the capital raising and loan facility of \$1.0m (Q2: \$0.3m).

The Company had \$4.76 million in cash at the end of the March 2015 quarter (Q2: \$2.56 million).

OPERATIONAL ACTIVITIES

Launch of Newzulu Live

During Q3, Newzulu launched its live validated streaming video news capability, Newzulu Live in March 2015 and it is now available on iOS and Android. Newzulu Live offers traditional and digital publishers and broadcasters the capability to access and distribute to audiences moderated live video streams direct from any mobile device or personal computer. Newzulu Live allows news organisations to plug into verified, produced, secure live streams from citizen and/or staff reporters, worldwide, 24/7. Newzulu Live delivers edited, pre-produced and broadcast-ready live streams. All streams are “cleaned” according to set editorial guidelines, i.e. no profanity, no nudity and media companies can launch newscalls to get the coverage they need.

Partnerships for Newzulu Live

During Q3, the Company announced that it had entered into an agreement with The Canadian Press (**CP**) to launch live video streaming capabilities across Canada. The agreement builds on Newzulu’s existing relationship where CP market and distribute crowd-sourced photos and videos from the growing Newzulu community of contributors. Newzulu Live delivers additional functionality, capabilities and benefits to CP as well as to Newzulu’s community of contributors.

Similarly, Newzulu extended its relationship with long term Agence France-Presse (**AFP**) to trial Newzulu Live in France. Under the agreement, AFP is trialling the integration of Newzulu Live functionality within its global media workflow and operations through the use of Newzulu’s Reporter Kits and Newzulu Live Suite. AFP is utilising the Newzulu Live platform to enable selected staff journalists to transmit live news video streams directly from their smartphone to AFP newsrooms.



Subsequent to the end of Q3, Newzulu extended its partnership with the Press Association (**PA**) to facilitate PA's coverage of the 2015 General Election in the UK. Newzulu is offering its live streaming capabilities through its Newzulu Live platform, as well as user-generated photo and video services to enable crowd-sourcing of verified live video streams, photos and videos of the Election campaign. Community members can share their live streams, post-live video and photos via Newzulu's General Elections page as well as via the Newzulu app. Sales of content arising from this partnership will be made on a revenue share basis.

Strategic Collaborative Partnerships

Flipps

In February 2015, Newzulu entered into a partnership with Flipps Media Inc (**Flipps**), enabling Newzulu to stream its crowd-sourced videos to millions of TVs worldwide. Flipps operates a cloud-based mobile application that allows content-sharing across various platforms and devices. It is the world's first technology to deliver video content to connected TVs by streaming directly from the cloud without any additional hardware and is compatible with over 250 million connected TVs and over 5,000 manufacturer models. The Flipps patented technology has over 12 million installations globally, over 1.4 million active users and 290,000 hours of content.

This partnership enables Newzulu to drive incremental traffic towards Newzulu websites as well as offering a means of monetising content through flexible advertising and subscription offers. Newzulu will receive 60% of advertising revenue generated from the Newzulu dedicated news channel, which will be set up under the "news" section of Flipps.

Scoopshot

In March 2015, Newzulu entered into a strategic partnership agreement with Scoopshot to expand its product and services offering to news agencies, publishers and broadcasters. Scoopshot has become a leading mobile platform for photo and video crowdsourcing. It is also the world's first platform that allows mobile photographers to earn money from in-image advertising.

The partnership, which enables Newzulu to syndicate Scoopshot products and services as co-branded or white label products through Newzulu's existing news agency partners and clients on a revenue share basis, seeks to increase sales revenues where synergies exist between the Newzulu and Scoopshot offerings. Additionally, under the partnership, Scoopshot



will integrate the Newzulu Live SDK within the mobile applications of its 600,000 registered contributors, dramatically expanding the reach of Newzulu's live video streaming service.

Boomzulu

Following the Q2 launch of website boomzulu.com and Boomzulu mobile apps for crowd-sourced show business, celebrity and entertainment content, Newzulu entered into a strategic partnership with leading showbiz agency BANG Media International (**BANG Media**). Under the agreement, Boomzulu will collaborate with BANG Media to produce daily narrated videos of the latest celebrity and entertainment news for syndication through Newzulu's existing news agency partners and clients, on a revenue share basis. The videos will be produced in-house at Newzulu's LA news studio and will be marketed under the Boomzulu logo. The Agreement will also enable Newzulu to syndicate BANG's daily showbiz feeds through Newzulu's distribution channels, on a revenue share basis.

Newzulu continues to build on its strategic collaborations and regional syndications even subsequent to the end of Q3 having added two new regional partners in Japan (Aflo) and the Czech Republic (CTK) and two new strategic collaborations in Zoomin TV and Getty Images, providing further validation of Newzulu's high-quality crowd-sourced videos and images. Newzulu is very excited by the prospects of its global collaborations and partnerships and the increasing opportunity for Newzulu's contributors to 'get published and get paid'.

CORPORATE ACTIVITIES

General Meeting

On 30 January 2015, Newzulu obtained shareholder approval to complete the capital raising (including participation by directors), acquisition of Filemobile Inc. and conversion of working capital loan into equity.

Completion of Capital Raising

On 2 February 2015, Newzulu completed the capital raising in excess of the minimum subscription pursuant to the Replacement Prospectus, in the amount of \$11.5 million. The capital raising was completed with investments by a range of media-related investors, institutional investors, high net worth individuals, directors and existing shareholders of the Company.



The proceeds of the raising will be deployed in the manner set out in the Replacement Prospectus, with a focus on:

- Completion and integration of the acquisition of Filemobile Inc.
- Working capital for expansion of Newzulu (particularly in the USA and Europe)
- Global launch of Newzulu Live platform for live video streaming news
- Global launch of Newzulu Prime platform for advertisers and brands
- Ongoing research and development on the Newzulu platform (web and mobile).

Completion of Acquisition of Filemobile Inc.

On 10 February 2015, Newzulu completed the acquisition of leading media and brand software platform company Filemobile Inc. (www.filemobile.com) for C\$5.0 million in cash, (A\$5.1 million). The acquisition of Filemobile brings with it a roster of major white-label media clients including USA Today, Fox News, Wall Street Journal, and Hearst TV, iTV, CTV, CBC, The Weather Network and Scientific American as well as global brands such as Underarmour, Cisco, Allrecipes.com and JC Penney.

The acquisition of Filemobile is consistent with Newzulu's growth strategy and further strengthens the Company's product solutions and global delivery platform. Newzulu and Filemobile have commenced integration of their operations in Toronto, creating one business providing market-leading media and brand solutions. Together, the group's online platforms achieve over 50 million unique visitors per month, 200,000 video and photo uploads per month, and boast over 8 million registered users.

The senior executives of Filemobile – Mr Marc Milgrom, Mr Stephen Hulford and Mr David Minogue – also joined Newzulu as key members of Newzulu's global management team during Q3. Newzulu issued the following Executive Options and Executive Performance Rights (as defined in the Notice of Meeting dated 31 December 2014) to its new key executives:

- 5,000,000 Executive Options and 250,000 Executive Performance Rights to Mr Marc Milgrom;
- 150,000 Executive Performance Rights to Mr Stephen Hulford; and
- 150,000 Executive Performance Rights to Mr David Minogue.

A 2 year restriction period applies to the Executive Performance Rights.

Repayment and Conversion of Working Capital Loans

In February 2015, the Company converted working capital loans totalling A\$5.0 million via the issue of 50,000,000 fully paid ordinary shares at a conversion price of \$0.10 per share.

Newzulu also issued 3,571,429 Shares and 5,500,000 options exercisable at \$0.20 each expiring 9 February 2018 as a loan facility fee.

Reinstatement to ASX

On 16 February 2015, Newzulu completed all conditions precedent to compliance with Listing Rule 11.1.3 and Chapters 1 and 2 of the ASX Listing Rules. Consequently, the securities of the Company were reinstated to the Official List of ASX on 18 February 2015.

Changes to the Board

On 18 March 2015, Mr James J Bodel joined the Board as a non-executive director of Newzulu. Mr Bodel has an MBA (Executive) with the Australian Graduate School of Management (UNSW) and holds degrees in Commerce, Law and Medicine. He was Managing Director of Assess Medical Group for over eight years and is Director of Goodtime Hospitality Group and investment manager for Blueroom Capital Pty Ltd.

Mr Mark Pitts resigned as a non-executive director and company secretary and Ms Karen Logan was appointed company secretary of Newzulu on 2 February 2015.

- ENDS -

For further information please contact:

Alexander Hartman

Executive Chairman

E: alexassist@newzulu.com



About Newzulu

Newzulu is a crowd-sourced media company that allows anybody, anywhere, with a smart phone and a story, to share news, get published and get paid. Headquartered in Paris, Newzulu operates bureaus in London, New York, Los Angeles, Toronto, Montreal, Sydney and Perth. In February 2015 Newzulu completed the acquisition of leading Toronto based user-generated content marketing software company Filemobile Inc. Newzulu operates in partnership with Agence France-Presse (AFP) in France, Press Association (PA) in the UK & Ireland, Canadian Press (CP) in Canada, Australian Associated Press (AAP) in Australia, Czech News Agency (CTK) in the Czech Republic and Aflo Co., Ltd in Japan. The Company is also proud to license its applications and platform to some of the world's leading media companies and brands. Further information can be found on www.newzululimited.com

Appendix 4C

Quarterly report For entities admitted On the basis of commitments

Introduced 31/3/2000, Amended 30/09/2001, 24/10/2005, 17/12/2010

Name of entity

Newzulu Limited

ABN

27 078 661 444

Quarter ended ("current quarter")

31 March 2015

Consolidated statement of cash flows

Cash flows related to operating activities

1.1 Receipts from customers

1.2 Payments for

- (a) (i) administrative staff costs
- (a) (ii) technology staff costs (note 1)
- (a) (iii) sales and marketing staff costs
- (b) advertising and marketing
- (c) research and development (note 1)
- (d) other corporate costs
- (e) other working capital

1.3 Dividends received

1.4 Interest and other items of a similar nature received

1.5 Interest and other costs of finance paid

1.6 Income taxes paid

1.7 Other – Tax Rebate

Net operating cash flows

Current quarter \$A'000	Year to date (9 months) \$A'000
358	593
(1,120)	(2,393)
(453)	(1,110)
(62)	(160)
(171)	(344)
(346)	(786)
(504)	(1,530)
(983)	(2,194)
3	18
(3,278)	(7,906)

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(3,278)	(7,906)
Cash flows related to investing activities		
1.9 Payment for acquisition of: (a) businesses (item 5)	(4,891)	(4,891)
(b) equity investments	-	-
(c) intellectual property	-	(579)
(d)(i) physical non-current assets	(219)	(894)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of: (a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	(151)
1.12 Loans repaid by other entities	-	-
1.13 Other – Cash acquired on acquisition	-	3,658
Net investing cash flows	(5,110)	(2,857)
1.14 Total operating and investing cash flows	(8,388)	(10,763)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	11,500	11,500
1.16 Proceeds from the sale of forfeited shares	-	-
1.17 Proceeds from borrowings	92	5,498
1.18 Repayment of borrowings	-	(177)
1.19 Cash held in trust	-	-
1.20 Other - equity raising and loan establishment costs	(1,004)	(1,379)
Net financing cash flows	10,588	15,442
Net increase (decrease) in cash held	2,200	4,679
1.21 Cash at beginning of quarter/year to date	2,564	75
1.22 Exchange rate adjustments to item 1.20	(7)	3
1.23 Cash at end of quarter	4,757	4,757

Payments to directors of the entity and associates of the directors**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$A'000
1.24 Aggregate amount of payments to the parties included in item 1.2	289
1.25 Aggregate amount of loans to the parties included in item 1.11	0

1.26 Explanation necessary for an understanding of the transactions

Payments related to Directors Fees and for the services of Mr Alex Hartman under an Executive Services Agreement.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

On 9 February 2015, the Company converted working capital loans totalling \$5,000,000 and advanced by Blueroom Capital Pty Ltd into 50,000,000 fully paid ordinary shares at an issue price of \$0.10 per share. Pursuant to the loan agreements, a facility fee was paid to Blueroom Capital of 3,571,429 Shares and 5,500,000 options exercisable at \$0.20 each on or before 9 February 2018.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount Available \$A'000	Amount used \$A'000
3.1 Loan facilities	684	684
3.2 Credit standby arrangements	132	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	4,264	2,076
4.2	Deposits at call	361	359
4.3	Bank overdraft		
4.4	Other -Term Deposits	132	129
Total: cash at end of quarter (item 1.23)		4,757	2,564

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Filemobile Inc	
5.2 Place of incorporation or registration	Toronto, Canada	
5.3 Consideration for acquisition or disposal	\$5,148,800	
5.4 Total net assets	\$229,000. This number is subject to audit.	
5.5 Nature of business	Media Software Services	

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
2. This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 30th April 2015
Chief Financial Officer

Print name: Craig Sowden

Notes

1. Research & Development represents those costs associated with R&D activities other than personnel costs. For the purposes of the Appendix 4C the personnel component of R&D expenditure has been disclosed at item 1.2 (a)(ii) – Technology Staff Costs. R&D expenditure (and Technology Staff costs) has been classified as a cash flow from an operating activity in the current period.
2. Commentary on the cashflow 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 on its cash position.

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 itemised disclosure relating to maintaining operating capacity
- 52 itemised disclosure relating to segment reporting