

ASX Company Announcement | Issue Date: 22 February 2016

NEWZULU RESTRUCTURES TO DELIVER ENHANCED GROWTH AND REDUCED COSTS

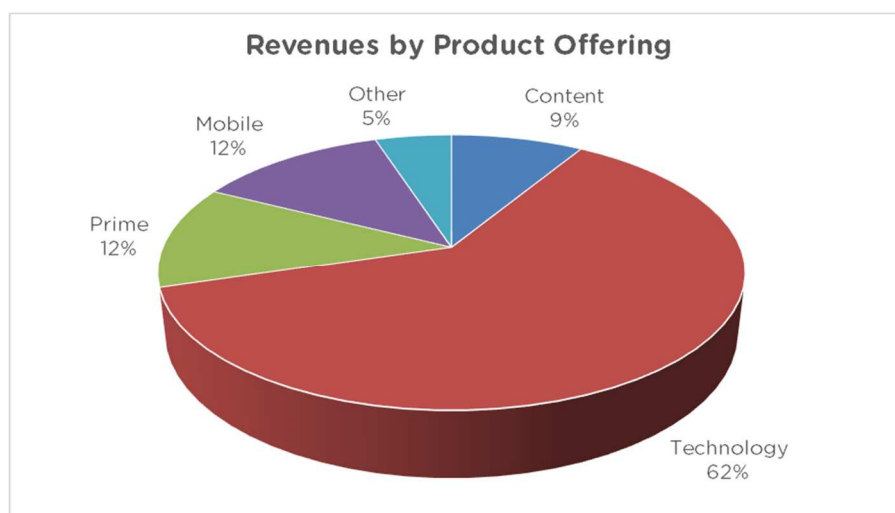
- + Revenue up 518% to \$1.496 million for half year over prior comparative period.
- + Increase in cash receipts from customers up 736% for half year over prior comparative period.
- + Increase in run rate revenue to \$4.9m per annum, up 45% compared with September 2015, based on record sales generated in December 2015. Increase in cash receipts continues across Newzulu Content, Newzulu Technology and Newzulu Creative Services business units, with a strong forward sales pipeline.
- + Major restructuring to focus on USA market and significant cost cuts will be implemented to deliver estimated cash savings of over \$5 million per annum, in addition to the \$1.1 million per annum cash savings implemented in Q2 FY16. Advance target of cash flow positive operations in calendar year 2016.
- + Advancement of opportunities for partnership and co-investment with French media groups in Citizenside, Newzulu's editorial operation in France.
- + Cash balance of \$3.1 million at 1 February, 2016 with a reduction in net cash outflow from operating activities by 6% in Q2 FY 16 compared to Q3 FY16.
- + Significant growth in key metrics for app downloads, contributor submissions and content sales.
- + Initial client signings in North America with strong pipeline of publishers, broadcasters and brands.
- + Strategic acquisitions impacting and contributing positively. Management evaluating further acquisitions.

- + Newzulu Technology delivered over 1 million views of the ABC News platform for the Australia Day Project.
- + Newzulu Prime and Mobile businesses to expand in to North American region generating incremental revenue.
- + American Depositary Receipts set to commence trading on the OTCQX exchange in the US, with the primary objective of engaging with US investors.
- + Material reduction in CEO & executive compensation to conserve cash.
- + Investor Presentation and Investor Video released.

Newzulu Limited (ASX: NWZ, OTCQX: NWZLY, Newzulu, Company), the world's leading crowd-sourced media company, is pleased to report strong revenue growth in the first half of the 2016 financial year ("1H FY16").

Operating revenues totaled \$1.496 million for the 6-month period, representing a 518% increase on the previous comparative period (1H FY15: \$0.242 million). The key drivers of this solid uplift were the result of revenues generated by Newzulu Technology, which contributed 62% of revenues to the group and by Filemobile Inc. and Octiplex SAS, businesses which were acquired in CY15.

Newzulu Technology, which comprises Newzulu Platform and Newzulu Live and sells technology which enables clients to crowd source content, was strengthened by \$0.837 million of revenues generated by Toronto-based user generated content marketing software company Filemobile Inc. 1H FY16 is the first full half year period which reflects the addition of this business which settled in February 2015.



Newzulu Mobile, which commenced operations at the end of Q1 FY16, contributed 12% of revenues to the group for HY16. The acquisition of Octiplex SAS, leading mobile applications and solution developer with operations in France, Brazil and China was completed in September 2015. Consistent with the Company's goal of creating internal efficiencies within the businesses, the acquisition served to bolster Newzulu's in-house technological capabilities and reduce previously outsourced mobile

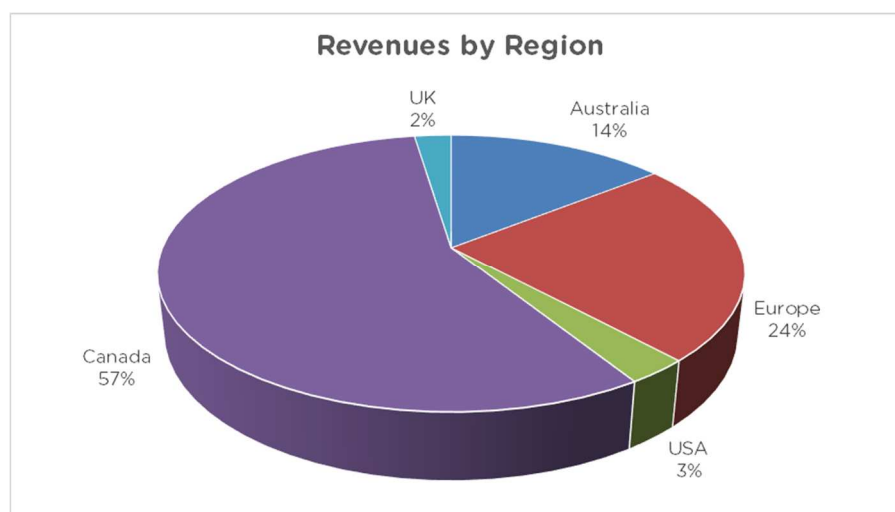
development costs. With networked and mobile devices estimated to reach 24.4 billion by 2019, Newzulu Mobile is well positioned as the global leader in mobile applications design, development and deployment to service the growing demand for app development services.

Newzulu Live reached commercialization phase in 1H FY16 and entered into agreements with a number of media companies and agencies for the license of Newzulu Technology products, including the Newzulu Platform and Newzulu Live product suite. Those agreements were subject to client acceptance testing and as a result, revenues from Newzulu Live were limited during the half year period. However, the ABC News attracted over 1 million views of the Australia Day Project, which was powered by Newzulu Platform and Newzulu Live. The Australia Day Project focused on gathering, producing and distributing content related to Australia Day on 26 January 2016. Newzulu anticipates further commercial engagement and documentation to conclude during Q3 FY16.

Newzulu Content contributed 9% of revenues to the group in 1H FY16. During the half year period, management refocused the Newzulu Content business to high value, high quality video contributions demanded by Newzulu's media partners and their extensive global network of clients. The model is currently being reviewed for further opportunities to increase efficiencies and grow revenues. Demand for user-generated content remains strong given the growing number of global and regional broadcasters and media agencies partnering with Newzulu. The recent extension of the partnership with Agence France-Presse to include access to Newzulu's video content also demonstrates the need for broadcasters and media companies alike to deliver high-quality, validated crowd-sourced video content to their audience. Revenues from major partnership agreements have commenced in 2H FY16.

According to PwC, 79% of consumers in the US subscribe to some form of traditional pay-TV. Incredibly, 78% of consumers subscribe to at least one on-demand or over-the-top ("OTT") streaming service. Notably, most OTT platform subscribers subscribe to more than one service and 45% prefer an "a la carte" package of channels that they can customize themselves.

Acknowledging this growing trend toward greater personalization and control of television and channels, the Company announced its strategy to produce crowd-sourced television and online video channels from user-generated content built on the Newzulu technology platform. Newzulu is advancing discussions with potential partners and broadcasters in the US and other territories to develop new revenue streams from crowd-sourced television and video channels in categories including news, politics, weather, entertainment, sport and social activism.



Regionally, 57% of revenues were generated in Canada. The strategic acquisition of Filemobile added value to the group and contributed materially to the group's financial performance. The European region contributed 24% of group revenues which were generated by the Newzulu Prime and Mobile services. Given the Newzulu Prime and Mobile services have been limited to Europe to date, the Company is confident of growing these businesses and revenues by expanding in to the North America region.

Revenues in the USA did not contribute meaningfully to the 1H FY16 group results but management is confident that the relocation of headquarters and the Managing Director to New York, appointment of a US-based Chairman and focus on North America will grow client signings and revenues in the region.

To support the Company's planned revenue growth, Newzulu undertook \$0.593 million of capital expenditure during 1H FY16 (1H FY15: \$1.253 million) which largely related to development of Newzulu Content, Newzulu Live and Newzulu Platform products. Operating expenditure, excluding non-cash items such as depreciation and amortization increased 30% by \$1.624 million to \$7.063 million compared with 1H FY15 (\$5.439 million).

During 1H FY16 the Company completed a range of cost containment initiatives in order to reduce cash burn. These initiatives included the closure of bureaus to centralize the group's operational capabilities and resources. Further significant cost cuts exceeding \$5 million per annum are being implemented by management. The recent measures are focused on achieving further improvements in internal operating efficiencies. The full effect of these recent measures will not be realized until FY17.

Alexander Hartman, CEO, has voluntarily suspended a material amount of his contracted cash base salary payments in addition to previously announced suspension of material short term incentive cash payments to assist in efforts to conserve cash.

Newzulu is committed to streamlining and focusing its operations in order for the group to be positioned to capitalize on opportunities in the North American region and grow its revenues such that the Company can achieve positive net operating cash flows for its shareholders.

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For further information please contact:

Alexander Hartman
Managing Director
E: alexassistny@newzulu.com

Karen Logan
Company Secretary
E: karen@newzulu.com

USA investor contact:
Rudy Barrio
DresnerAllenCaron
T: +1 212 691 8087
E: rbarrio@dresnerallencaron.com

USA media contact:
Len Hall
DresnerAllenCaron
T: +1 949 474 4300
E: lhall@dresnerallencaron.com

About Newzulu

Newzulu is a crowd-sourced media company that allows anybody, anywhere, with a mobile device and a story, to share news, get published and get paid. Headquartered in New York, Newzulu operates bureaus in London, Paris, Los Angeles and Toronto. Newzulu operates in partnership with Associated Press (AP), Getty Images, Tribune Content Agency 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, Aflo Co., Ltd in Japan, Australian Associated Press (AAP) in Australia, ITAR TASS in Russia, Norwegian News Agency (NTB) and YAY Images in Norway, Agenzia Nazionale Stampa Associata (ANSA) in Italy, ddp Images in Germany, East News in Poland, TT Nyhetsbyrå in Sweden, Agencia EFE in Spain, Wikono Sociedad Limitada and GtresOnline in Spain and South America, Northfoto in Eastern Europe. Further information can be found on www.newzululimited.com.