



International Limited ACN 110 184 355

Corporate Head Office
Ground Floor, 22 Delhi Street
West Perth 6005
Western Australia 6160
ASX Code: TV2

ASX ANNOUNCEMENT

13 May 2016

COMPANY UPDATE

TV2U International Limited (ASX: TV2, “the Company”) is pleased to provide the following update on its activities:

SUNFLY

The first stage of the global launch of its joint-venture (JV) Karaoke App is on track for launch on or around 1st June in Australia and Thailand. The launch has been slightly delayed due the rendering and uploading of Sunfly’s large content catalogue onto the app. This issue is merely a timing issue, however is necessary to ensure we have a catalogue that is world class and competitive to the existing services currently on the market.

The Karaoke App, which is the result of a JV between TV2U and leading karaoke content provider Sunfly, will be first launched in Australia direct on play store and Thailand through distribution partner Radical Enlighten.

Radical Enlighten is one of the country’s biggest over-the-top (OTT) service providers to major internet service providers and telecommunications groups in South East Asia.

The revenue potential to TV2U is estimated to be between US\$2 million and US\$3 million (A\$2.7 million and A\$4 million) over the next 18 months based on the minimum sales target and revenue sharing arrangement being achieved. There is the potential for further earnings upside as the estimate does not include income generated from targeted advertising on the App that utilises TV2U’s unique real-time viewership analytics.

Further, there is significant scope to increase the subscriber base in Thailand as the country has around 20 million smartphone users. Thailand is the first country in the global launch of the Karaoke App, which will be made available through Apple’s App Store and Google Play which will ensure significant consumer awareness of this product. The global karaoke market is estimated to be worth around US\$14 billion a year.

Cost Effective Service Delivery Strategy

Due to TV2U’s ready to go platform and low capital expenditure business model, this karaoke service has been able to be delivered to the world at a fraction of the investment from its major competitors.

The JV approach used by the Company means there are no costs associated with the acquisition of content for the service, and the marketing and distribution costs are met by the JV partners in return for a revenue share within the JV company. This means that TV2U’s capital expenditure to deliver this high margin service has been under A\$500,000 to earn a 50% net revenue share moving into this exciting area of OTT service delivery.

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Application Name Change

The App will be rebranded “Karaoke2U” from “Sunfly2U” to avoid confusion as an unrelated US company is already using the Sunfly name for its app.

“The earnings potential from Karaoke2U should not be underestimated as it requires next to no capital investment from us to operate and scale up the service,” said TV2U’s chief executive officer, Nick Fitzgerald.

“What’s more, our one-of-kind viewership analytics capabilities give us tremendous upside potential as such data has become instrumental to the success of Netflix and Amazon. You only need to look at Telstra’s US\$331 million acquisition of video streaming and analytics company Ooyala to get a sense of where TV2U could be headed.”

OTHER AGREEMENTS

The Company is in advanced discussions with an Australian-own telecommunication services provider on a joint venture arrangement, consistent with the Company’s existing roll out strategy. The joint arrangement is being considered by the Company and is subject to board approval. The structure of the agreement will be following the low up-front capex / high margin service delivery strategy of the company, which was implemented post the company’s ASX listing. The Company will update the market on this should a conclusive binding agreement be reached.

The Company is also in discussions with various parties on a number of other agreements, however, given the stage of negotiations, the Company does not consider any of these to be material at the current time.

LOYALTY OPTION ENTITLEMENT ISSUE

As previously announced, the Company intends to make a pro rata non-renounceable offer on the basis of one New Option for every four Shares held under a new Prospectus at an issue price of \$0.0001 cents per new option to raise approximately A\$26,041 before expenses. The New Options will have an exercise price of \$0.04 cents per option and an expiry date of 30th March 2019.

The Prospectus for the Option Entitlement Issue is anticipated to be lodged by the end of the month.

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About TV2U

TV2U is a global complete entertainment platform that enables businesses, such as telecommunications companies, to quickly and easily offer streaming content to their customers. The service includes movies, television programs, karaoke content and games through an encrypted channel for enhanced copyright protection. TV2U also offers unique real-time viewership analytics to enable businesses to send highly targeted advertising to end-users to maximise their revenue streams. TV2U is changing the face of online entertainment and advertising.

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