



International Limited ACN 110 184 355

91 High Street

Fremantle WA 6160

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ASX ANNOUNCEMENT

31 October 2018

QUARTERLY REPORT

Period Ended 30 September 2018

HIGHLIGHTS

The Board of TV2U International Limited (**TV2U** or the **Company**) is pleased to provide the following update for the quarter ended 30 September 2018:

- Technical milestone reached after successful delivery of full World Cup coverage.
- Indosat iStream entered into the second phase of its product evolution.
- Two new premium content channels added to iStream, developing the content hub.
- SOL Telecom appointed as TV2U's reseller partner in Brazil.
- Commercial licensing agreement introduced with AEMG in South Africa.
- IVAN-X selected as the new platform powering two existing OTT streaming services.
- Additional corporate funding secured to help TV2U deliver on sustained growth.

Nick Fitzgerald, CEO of TV2U, advised: "Q3 2018 was an important period in continuing to develop the foundations for the Company's sustained growth. Existing deployments in place with tier-one operators, such as Indosat, are starting to mature in terms of market penetration. Equally, new opportunities that have been secured in Europe, the Middle East and Africa (**EMEA**) and Latin America (**LATAM**) are set to follow a similar multi-tenanted revenue share model, designed to help scale revenues after the initial bedding in period.

"With the World Cup proving to be a hugely valuable demonstration for the technical capabilities of TV2U's IVAN-X platform, the Company's pipeline of commercial opportunities is strong but requires capital investment to materialise. As such, this quarter saw the Company secure further investment to help fund the delivery of new service deployments and to support TV2U's roadmap for enhanced international reach in 2019."

Key agreements and business opportunities

iStream service progression

Significant progress was made regarding the Indosat iStream service in Q3 2018. iStream entered into the second phase of its product evolution following the successful conclusion of full World Cup coverage, with the service in the process of becoming a content hub for Indonesian consumers.

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With this in mind, two additional channels were added to the iStream service in the September quarter. ZEE BIOSKOP, a 24-hour India-based satellite television channel that includes blockbuster movies from Zee Cinema – a well-known channel in Asia – was added in August. In September, regional content owner BALIWOOD was also introduced to the platform, bringing two additional on-demand channels and eight linear channels to the service too.

ZEE BIOSKOP and BALIWOOD represent the first content offerings to be hosted on iStream. The Company expects that the service will continue to grow in the coming months to offer a premium mix of global, local, and user-generated content for Indosat's addressable audience of over 110 million. Several additional content offerings are expected to be launched onto the service in the next 12 months.

Licensing agreements and international reach

Opportunities in EMEA:

In July, it was announced that TV2U had entered into a commercial licensing agreement with Africa Enterprise Media Group (AEMG), a South African digital and broadcast technology provider. The agreement gives TV2U an immediate foothold in the African market, while also taking advantage of AEMG's experience and heritage in the OTT space to help market the benefits of IVAN-X technology across both Africa and the Middle East.

The deal outlined that TV2U's IVAN-X technology would be used to overhaul AEMG's existing direct-to-consumer OTT service that's available in four regions across Africa. A soft launch of the IVAN-X powered streaming service (TV2Africa) was rolled out in August alongside the incumbent technology provider's existing platform, in order to demonstrate the broader capabilities of TV2U with a subset of AEMG's total subscriber base. The TV2Africa platform was also selected as a lead partner at the 2018 Cape Town International Film Market and Festival, delivering a virtual event channel for entrants.

The full commercial launch of TV2Africa is expected to take place in November 2018. At launch, it is expected that 10,000 active subscribers will immediately be brought onto the new platform. Together, AEMG and TV2U are targeting up to one million paying subscribers after the first 12 months – operating under a revenue share model that covers net revenue and additional revenues secured by the deep user-level advertising that TV2U's platform supports.

Also, similar to TV2U's agreement with iStream, the TV2Africa platform is designed to be multi-tenanted at launch. The platform will be available as a white label, fully-managed streaming service offered by AEMG to its ISP operator and content rights holder customers.

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Opportunities in LATAM:

In September, TV2U entered into a commercially binding agreement with SOL Telecom, a leading Brazilian telecoms provider, to drive sustained growth and market penetration across LATAM, after SOL was selected as a preferred reseller for TV2U's technology in Brazil.

The agreement expands on the existing relationship between TV2U and SOL, superseding the previous arrangement. The agreement is expected to result in a considerable uptick in the number of end-users being supported by TV2U's technology in LATAM.

Under the agreement, SOL will also transition to TV2U's IVAN-X technology to deliver its existing SOL GO branded OTT direct-to-consumer service. IVAN-X will be used as the underlying platform for the white-labelled, fully-managed OTT platform SOL will offer to its internet service provider customers. Content rights are currently being finalised by SOL GO with a soft-launch anticipated to take place in November 2018, ahead of full commercial launch that is currently expected to take place in December.

A minimum subscriber value of 225,000 has been set for SOL GO by December 2019, being the end of its first year of operation.

PGAS:

The PGAS project has not progressed during the September quarter since the Company's last update, however it expects to be in a position to update the market in the coming weeks.

Corporate developments

Convertible security funding agreement

During Q3 2018 TV2U announced that it had been delighted to enter into a convertible security funding agreement with Lind Asset Management XIII, LLC to secure additional operating capital. Up to A\$2,700,000 has been made available to the company in convertible notes.

The issue of the convertible securities has been divided into four tranches. The first has made A\$1,500,000 (less payment of a commitment fee of \$45,000) available to the Company immediately to support ongoing deployments as TV2U continues to expand its international footprint. The first convertible security has face value of A\$1,800,000 that will be repayable over 18 months, with an initial payment holiday of 90 days. Subject to the terms of the convertible security funding agreement, the Company can request up to an additional A\$1,200,000 in three further tranches of A\$400,000 each.

As part of the agreed terms of the convertible security funding agreement, 30,000,000 ordinary shares and 62,500,000 unlisted options exercisable at A\$0.011 each and expiring on 18 September 2021 were issued during the quarter by the Company to Lind Asset Management XIII, LLC.

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Issue of ordinary shares

During the quarter, the Company agreed to issue 3,518,909 ordinary shares to a former director of the Company in lieu of accrued consultancy fees. In addition, the Company issued 26,134,249 ordinary shares to MEF I L.P. on the conversion of 153,650 convertible notes.

Change of registered office, principal place of business and accounting function

During the quarter, the Company changed its registered office and principal place of business to 91 High Street, Fremantle WA 6160, which is the office of the Company's new accounting firm, Beyond Integers Pty Ltd, which was engaged in July 2018 to streamline the Company's and its subsidiary's accounting functions.

INVESTOR ENQUIRIES

Company Secretary: Sophie Raven

Email: sraven@rnpartners.com.au

ABOUT TV2U

TV2U provides a Complete "White Labelled" TV and Entertainment Managed Service from the Cloud lowering the barriers of market entry and operator risk by reducing the need for high upfront capital investment or big-ticket operational overheads. Our Modular SaaS (Software as a Solution) that integrates seamlessly into an existing Operator's platform and workflow bringing Management, Security, Control and Delivery Efficiency Over Any Network to Any Device. TV2U provides a Personalized customer viewing Experience Whilst maximizing operator revenue through Real-time Intelligence. TV2U delivers a personalized individual viewing experience, by delivering content to a consumer based on their viewing. TV2U maximizes revenue by delivering personalized targeted advertising based on a geography, demographic or an individual. Advertising can be dynamically stitched into a live stream or for on-demand inserted pre and post content. TV2U's analytical platform is immediate, Individual, Interactive, Intelligent and Influential. TV2U providing a cloud managed service that attracts, wins and retains customers, using disruptive personalized managed campaigns. Providing a set of software tools that empower its clients to proactively drive revenue generation while reducing churn rates by maintaining existing customer retention.

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