



International Limited ACN 110 184 355

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

ASX ANNOUNCEMENT

2 March 2016

TV2U SIGNS BINDING AGREEMENT WITH DIVAN TV TO PROVIDE HOLLYWOOD AND KARAOKE CONTENT INTO RUSSIA AND THE COMMONWEALTH INDEPENDENT STATES

- Immediate revenue for TV2U from the date of commercial launch of the joint initiative
- Access to one million existing customers from launch service with the ability to target up to 200 million Russian speaking subscribers worldwide
- Divan TV increased its revenue by 128% to more than US\$600,000 from 2014 to 2015
- The deal is expected to generate over \$25 million in revenue in the first two years of operation if key performance indicators are achieved
- The Commonwealth of Independent States (CIS) market is estimated to be worth over US\$30 billion alone (Source Digital TV Research Limited)
- TV2U and Divan TV will share a 50/50 net profit on all net revenue
- The agreement provides TV2U with a fast track entry to the CIS region with an established operator and reduced capital requirements for launch
- Hollywood blockbusters will be made available for the first time to the home viewer in their localised language
- TV2U's unique real-time analytics and social media integration allows for personalised advertising direct to the consumer

TV2U International Ltd (ASX: TV2) is pleased to announce its wholly owned subsidiary TV2U Singapore Pte Ltd ("TV2U" or "The Company") has signed a binding agreement with leading Eastern European video streaming service provider, Divan.TV, that will generate an immediate revenue stream for TV2U from commercial launch of the service, which is expected in May 2016.

TV2U will deliver encrypted Hollywood content to the CIS region from its operational global interactive platform. This fast track method of delivery allows the Company to limit the capital expenditure involved in launching a service into a new jurisdiction.

Divan.TV has a large and established network of users across the region and the service can easily be scaled to meet future demand. The current Divan.TV network can deliver local content and the latest Hollywood video-on-demand (VOD) content localised in the Russian language to any device on one unified platform.

Secure & Cost Effective Content Delivery Strategy

Under the alliance, all content will be securely encrypted and delivered through TV2U's cloud-based interactive platform.

This encrypted content will then be delivered to the Content Delivery Network (CDN) operated by a Fortune 500 partnering company, and distributed across the Divan.TV network into the CIS region.

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This content not only meets Hollywood's stringent content security requirements but also has the added benefit of TV2U's analytical technology for the collection of real-time subscriber viewing habits and usage data from any device anywhere in the world, which can be reported back to the studios daily.

TV2U's technology not only increases the direct target advertising revenue but also allows the alliance to monitor each individual stream to any device over any network, and observe any suspicious activity during the content delivery to help combat Piracy.

TV2U's Short Term Revenue Focus

TV2U has been focused on being able to monetise its current content provision whilst building its revenue base and scaling the Company's operational cloud-based platform.

This agreement provides TV2U with immediate earnings from commercial launch via the revenue sharing agreement, whereby TV2U will receive 50% of all of the existing and forward net revenue generated by Divan.TV across the CIS region.

The total revenue generated by Divan.TV in 2015 jumped 128% from the previous year to more than USD\$600,000 despite a difficult local currency environment.

Alliance Brings Regional Expertise

Mr Andrey Kolodyuk, the Chairman and founder of Divan.TV, is also the managing partner for AVentures Capital, a leading early stage venture firm focused on growing businesses in the region via its in-house corporate fund. AVentures has successfully co-founded and financed more than ten companies with total revenues exceeding US\$1 billion since 2000.

In 2012, AVentures launched a venture capital fund to invest in web-related businesses. Mr Kolodyuk is currently a director of a number of companies including Ciklum, which recently received an investment from The Ukrainian Redevelopment Fund, a private investment vehicle launched by US businessman and philanthropist George Soros.

The alliance between TV2U and Divan.TV has been struck at an opportune time given the exchange rate weakness and confidence about the regional investment climate in light of Soros' investment.

Premium Content Offering

The agreement will enable Divan.TV to offer Hollywood movies and karaoke content from TV2U's platform to more than one million active Divan.TV users across the CIS, which consists of ten former Soviet republics including Russia.

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It is estimated that the service will conservatively generate in excess of \$25 million in sales from Russia and Ukraine alone in the first two-years of operation. All net revenue generated from the service will be equally shared between TV2U and Divan.TV.

The content and unique real-time analytics from TV2U will enhance Divan.TV's ability to aggressively capture market share in the underpenetrated CIS market.

TV2U's solution also means that Divan.TV will be the only operator in that market to be able to offer personalized targeted advertising that can be location or demographic-based.

"This landmark agreement marks a pivotal moment for TV2U. The deal not only extends our regional footprint but also gives us a strong commercial foundation to rapidly grow our future business. The alliance with Divan.TV validates the compelling value proposition that TV2U brings to companies looking to deliver and monetise TV and entertainment over the internet," said TV2U's chief executive Nick Fitzgerald.

This is the first time that licensed Hollywood blockbusters will be localised in the Russian language within the region. TV2U's digital rights management solution ensures the protection of intellectual property as many of Divan.TV's direct competitors stream unlicensed or illegal content.

"This agreement with TV2U is fundamental to our strategy of becoming the premier streaming content platform in the region. TV2U's unique strength is its ability to offer a complete and easy to implement agnostic platform ranging from piracy protection to a large library of engaging content and real-time behavioral tracking and analytics," said Divan.TV's Chairman Andrey Kolodyuk.

"Divan.TV is the first legal over-the-top (OTT) service provider for Russian speaking audiences living abroad and the content can be consumed on smart televisions, computers and mobile devices. Improving our service with TV2U's technology will enable us to become the market leader in this category."

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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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