



12 June 2014

Dear Shareholders

We are pleased with the results of today's meeting and that the Board matter is now resolved. This has been a distracting time for the Board and management of the Company and has cost time and money when all our energies should be directed into developing our service, growing our business and competing in the marketplace. In announcing the results of today's Extraordinary General Meeting we are encouraged by the level of shareholder support we have received. We do not take that support for granted. We respect the rights of shareholders and take our compliance obligations seriously. We also understand that shareholders expect to see a continued improvement in the Quickflix share price. In order to achieve that, the Company is committed to delivering improved financial outcomes through subscriber and revenue growth, maintaining tight cost control and moving to positive cash flow and then profitability.

Quickflix as an emerging streaming entertainment company, is participating in one of the most exciting and challenging opportunities in the media and entertainment sector globally. Through our investment in streaming and content we have a real head start in the Australian and New Zealand markets with significant growth opportunities ahead. Existing broadcast media players are acknowledging that they will need to make large investments to participate in the sector that we are already up and running.

Quickflix is committed to adding new content and new device platforms to our network giving streaming viewers affordable and easy access to the best content the world has to offer.

Our strategy for growth is being executed on three main fronts:

**Devices and technology.** Quickflix is the most widely available streaming service in the market accessible on most popular devices. We are using our competitive strength in technology to maintain an edge on our competitors. The investment we have made in our platform over a number of years, now enables Quickflix to embrace new opportunities much more quickly than competitors. These opportunities include new consumer device platforms such as the recent launch to the new PlayStation 4 and Microsoft Xbox One game consoles and the upcoming debut to the revolutionary Google Chromecast device. And we'll continue to take advantage of new technologies into the future as possible new entrants try and play catch-up. Additionally as we scale our streaming business new opportunities present to access lower cost solutions for content encoding, ingestion and delivery. As part of our ongoing product development effort, in the coming weeks Quickflix will launch its new streaming website with a brand new state of the art user interface. And expect more innovation from Quickflix as we continue to take advantage of our learnings from delivering tens of millions of movies and TV shows and our expertise in technology.





**Content.** We will add more and more content to our streaming service including latest release movies and current seasons TV on a transactional basis to supplement our \$9.99 per month subscription service. We'll continue to invest in our subscription streaming service with an emphasis on edgy TV drama series frequently overlooked by the free to air broadcasters and kids' content sourcing quality non-exclusive content which represent value for money at our price point. We'll use our strength in curating, personalisation and recommendation to deliver an excellent user experience. We'll continue to grow our DVD service servicing customers who are combining streaming with DVD or the sizeable market of DVD consumers who have yet to embrace streaming. Our DVD service is running profitably and enables Quickflix to differentiate our service and transition customers to streaming over time.

**Partnering.** In addition to our customer acquisition activity through direct marketing we will partner with large consumer brands including existing consumer electronic brands as well as retailers, ISPs, telcos and broadcast media players to increase Quickflix customer reach. Quickflix now represents an attractive strategic partner for major brands seeking to participate in the high-growth streaming entertainment sector. Quickflix is actively exploring opportunities with potential strategic investors who can support our growth objectives.

The potential addressable market for streaming customers in Australia and New Zealand is three million customers and could be a lot higher. Execution of our strategy will underpin ongoing growth in Quickflix customers and revenues and transition the Company to self-funded growth and profitability.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Stephen Langsford', with a stylized flourish at the end.

Stephen Langsford  
Founder, Chairman and Chief Executive Officer

