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TV2U ANNOUNCES WORLD FIRST SET TOP BOX AND SEPARATE LETTER OF INTENT WITH XUNISON

TV2U International Ltd (ASX: TV2) is pleased to announce the successful outcome of beta trials of a world-first-to-market OTT Multimedia and Connected Home 4G Set Top Box (“STB”) and Router, that will commercially launch onto the global market Q3 2017.

In addition, TV2U announces that it has signed a non-binding Letter of Intent (“LOI”) with Xunison Ltd in Ireland, for the distribution and commercial exploitation of the STB, including consumer propositions for OTT and Smart Home services.

HIGHLIGHTS OF ANNOUNCEMENT

- World-first OTT and Connected Home 4G Set Top Box (“STB”) and Router, manufactured in partnership with Xunison and China Mobile
- STB functionality includes protocols to support OTT Media and SMART Home Automation using Z-Wave protocol
- Built-in Router and 4G LTE network chip, that also turns the home into a 4G Hot Spot
- Highly disruptive technology aimed at Mobile carriers, that has potential to replace the “traditional” Wi-Fi router in the home
- STB has been through beta trials and has passed full User Acceptance Testing with a potential key Mobile Operator
- STB to also be distributed as a stand-alone product with Xunison, to several new geographical markets for TV2U around the world
- TALICO’s Smart Home Analytics will provide an additional consumer energy-saving recommendations application, and intelligent in-home automation
- New and sustainable monthly revenue stream to be derived from partnership with Xunison (subject to entering into formal agreement)

The STB was initially manufactured by TALICO Technologies PTE Ltd (“TALICO”, a company owned by Chairman Nick Fitzgerald), in partnership with Xunison and China Mobile Ltd, in China. First units have been hand-built as they incorporate a combination of chipsets and protocols that represent a world-first combination of technologies within a single device:

- The OTT TV service functions will be supported by TV2U’s consumer-facing user interface (“UI”) and be able to support any combination of content types, making it fully flexible for ISP, Telco and Mobile Operator customers, including rebranding the UI to the customer’s own brand;

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- ZWAVE protocols will provide immediate access to SMART Home products of any kind that are already sold globally, with a separate and unique consumer interface option that allows consumers to access and control their home devices and appliances from their smartphone, tablet or PC;
- An internal router will allow connection to broadband services via an Ethernet cable and provide “traditional” Wi-Fi connectivity
- A 4G chip with ability to accept a SIM card, providing another route to Wi-Fi within the home and also turning the home into a 4G-enabled Hot Spot

Under the pending new intellectual property license agreements currently being negotiated between TALICO and TV2U (subject to shareholder approval), announced to the market on 26th June 2017, TV2U will be able to take over the full management of the product including its commercial exploitation.

The STB has been on beta trial with a potential customer (“Operator”) providing input, feedback and ultimately putting the STB through User Acceptance Testing. The STB passed all tests in June 2017 and has been passed by the Operator as “Ready for Market”. China Mobile have confirmed that they are ready to support the full manufacture of the device within their facilities in China, to any procured order size.

TV2U anticipate moving forward with a commercial launch of the device into the market within Q3 2017, subject to reaching commercial agreement with the Operator engaged for the trials. The cost of the device and its components will be met by the Operator as a one-off cost and TV2U will earn monthly management fee revenues from active subscribers to each service.

In a separate but related transaction, TV2U has entered into a non-binding LOI with Xunison Ltd, in Ireland. Under the terms of the LOI, TV2U and Xunison will work towards exploiting the STB and its functionality, as soon as final binding agreements are executed and any conditions are satisfied.

The goal of the Agreement will be to jointly develop SMART Home Solutions that leverage TV2U’s STB and modular technology platform, as well as integrate TV2U’s OTT solution into Xunison’s X-Brain SMART Home Hub. By doing so, both companies will be able to jointly market and sell both solutions, including exploitation of existing sales and distribution opportunities.

By way of compensation, it is anticipated that each party will earn a revenue share from product and service sales and these are likely to be agreed on a sale-by-sale basis in the early stages.

TV2U CEO Andy Brown commented: *“The STB has enormous potential, as it can act in a modular fashion to provide so many different services to the consumer. The modular approach means that it could be used, for example, in isolation as a router in the home, or provide just TV services, or SMART Home services. What we hope for, of course, is the potential for the STB to be utilised with all of its functions and services. This completely acknowledges and supports Nick’s vision of a modular technical platform at the heart of TV2U, now with a supporting consumer device that brings it all together for any Operator wanting to offer multiple services to the subscriber base.”*

The device is independent and therefore it’s completely optional and complementary to the model that our Operator customers want for their subscribers. You will still see just as much effort on the business models we have been successful with so far, and high penetration of our apps on smartphones, tablets and PCs.

The partnership with Xunison is significant because it enables the potential for the device to get into the retail market for independent sales as well. And additionally, we have the huge benefit of leveraging their deep expertise in the hardware device market, so there’s no reason why we can’t keep up with innovation in the electronics world, where new products are developed that could be interesting in the future to our product lines.”

TV2U Chairman Nick Fitzgerald added: *“We worked very hard to pack the device with everything that we wanted, not because we wanted to be the first in the world especially, but because we really understood the market potential of such a flexible product for Operators.”*

The trials and testing with our friendly Mobile Operator went extremely well. They have a subscriber base in the tens of millions and we will be starting the next stage of discussions with them in the coming weeks, moving closer towards a commercial agreement and full launch.

Our first target customer group is going to be Mobile Operators, we have already had enquiries from a couple of Tier 1 Operators because the 4G component and delivery is so compelling. As our services for OTT and Smart Home are delivered from the Cloud, the 4G component adds a terrific commercial dimension for Mobile Operators to exploit.

The world is a complex place, with different countries and cultures in various stages of development for internet and LTE networks, carbon reduction and energy management, innovation and appetite for leading-edge products and services. This STB totally builds on the vision we have overall, where we leverage one thing – a hardware device, a software product, an analytic and reporting toolset, an app with a data-capturing UI – and stretch the logic until we have a robust and compelling solution for the market.

We have no ambitions at all to try and be all things to all people. We just believe that we can provide irresistible products and services that will return massive commercial gain and benefit

We will be making further announcements shortly on smart building and energy management products that will be distributed through TV2U and their strategic global partnerships highlighting the versatility of the modular Hub of Things design.”

INVESTOR ENQUIRIES:

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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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