



26 October 2015

UPDATE ON COMPANY RESTRUCTURE

Quickflix provides the following update in relation to its restructure programme announced on 31 August 2015. The restructure programme is initially focused on restructuring debt arising from accumulating minimum guarantee obligations from SVOD licensing arrangements entered into several years ago and a cost reduction exercise.

Restructuring SVOD debt

Quickflix has finalised an agreement with a major studio licensor for the release of approximately \$2 million of debt. The Company has also secured in principle agreement with three other major studio licensors for the restructuring and release of a further \$4.0 million in commitments, which is pending final documentation. The Company has submitted proposals to other licensors with whom it has SVOD commitments for restructuring and release of debt and has been granted forbearance whilst it seeks to finalise agreements.

Reduction in costs

The Company has identified cost savings of \$4 million per annum across operating and investment areas. Since the start of the programme the Company has reduced headcount by over 20 per cent which has yielded a 33 per cent reduction in staff costs or \$1.7 million per year once complete. Other cost initiatives have delivered savings across call centre support, corporate overhead, technology development and infrastructure, content management and marketing of approximately 18 per cent or \$2.3 million per annum.

New revenue opportunities

Quickflix has reached agreement to enter affiliate arrangements with SVOD operators in Australia and New Zealand whereby the Company will introduce a special SVOD offer to its customers and derive a fee for signups to that offer. It is intended that the SVOD offers will be complementary to the Company's existing customer offerings.

Funding

The Company has lodged its 2015 tax return including a claim for an R&D rebate of approximately \$0.66 million which has been processed by the ATO and will be applied towards ongoing working capital requirements. The Company and its advisers are also in discussions with a number of investors regarding potential additional funding to assist with the recapitalisation process.





The Company will remain in voluntary suspension until finalisation of the restructuring programme and lodgement of the Company's outstanding 30 June 2015 annual financial statements. The Company will provide further updates as its restructuring program continues.

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For any enquiries, please contact:

Stephen Langsford
Chairman & CEO
Quickflix Limited
+61 8 9347 4944
stephen@quickflix.com.au

About Quickflix

Quickflix (ASX: QFX) is a leading TV and movie streaming company operating in Australia and New Zealand. It offers subscription and transactional streaming to a wide range of devices including Smart TVs from Samsung, Sony, Panasonic and LG, game consoles such as PlayStation and Xbox, TiVo, desk tops, laptops, tablets and a range of mobiles and other devices like Google Chromecast. In Australia, Quickflix is also the leading subscription online DVD rental service.

