

TV2U INTERNATIONAL LIMITED

ACN 110 184 355

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 9.00am (WST)

DATE: Friday, 21 February 2020

PLACE: The Celtic Club, 48 Ord Street, West Perth WA 6005

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 9.00am (WST) on Wednesday, 19 February 2020.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purposes of ASX Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of Resolution 1 to the non-associated Shareholders. The Independent Expert has determined the transactions the subject of Resolution 1 is **NOT FAIR BUT REASONABLE**.

AGENDA

1. RESOLUTION 1 – APPROVAL OF ACQUISITION OF TALICO INTELLECTUAL PROPERTY FROM RELATED PARTY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional on the passing of Resolution 2, for the purposes of ASX Listing Rules 10.1 and 10.11 and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to:

- (a) *acquire the Intellectual Property Portfolio from the Vendor; and*
- (b) *issue 800,000,000 Performance Shares to the Vendor (or its nominee) as consideration for the acquisition,*

on the terms and conditions set out in the Explanatory Statement.

Independent Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of Shareholder approval under ASX Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the Disposal the subject of this Resolution to the non-associated Shareholders of the Company.

THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE DISPOSAL THE SUBJECT OF THIS RESOLUTION IS NOT FAIR BUT REASONABLE TO NON-ASSOCIATED SHAREHOLDERS.

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of the Vendor (or its nominee), Director Nick Fitzgerald (who controls the Vendor), or any of their associates (**Resolution 1 Excluded Party**). However, this does not apply to a vote cast in favour of a Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions or attorney to vote on the Resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a Resolution 1 Excluded Party; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution. Provided the Chair is not a Resolution 1 Excluded Party, the above prohibition does not apply if:
 - (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

2. RESOLUTION 2 - CREATION OF NEW CLASSES OF SECURITIES – PERFORMANCE SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, subject to and conditional upon the passing of Resolution 1, for the purposes of Section 246B of the Corporations Act and for all other purposes, the Company is authorised to issue Performance Shares on the terms and conditions and to the Parties set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of the Vendor (or its nominee), Director Nick Fitzgerald (who controls the Vendor), or any of their associates (**Resolution 1 Excluded Party**). However, this does not apply to a vote cast in favour of a Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions or attorney to vote on the Resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a Resolution 1 Excluded Party; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. RESOLUTION 3 – ISSUE OF SHARES TO MR NICK FITZGERALD IN LIEU OF SALARY

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 8,437,501 Shares to Mr Nick Fitzgerald (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Director Nick Fitzgerald, or any of their associates (**Resolution 3 Excluded Party**). However, this does not apply to a vote cast in favour of a Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions or attorney to vote on the Resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a Resolution 3 Excluded Party; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution. Provided the Chair is not a Resolution 3 Excluded Party, the above prohibition does not apply if:
 - (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Dated: 20 January 2020

By order of the Board



Sophie Raven
Company Secretary

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9430 6333.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND TO THE ACQUISITION

1.1 General

On 29 January 2019, the Company announced to ASX that it had entered into an agreement (**IP Assignment Deed**) to acquire 100% interest in the internet of things and over the top intellectual property, as well as all internet of things-focused commercial projects currently being undertaken (**Intellectual Property Portfolio**) from Talico Technologies Pte Limited (**Talico** or **Vendor**) (**Acquisition**).

The Vendor is an entity controlled by Director, Nick Fitzgerald.

On 12 June 2019, the Company announced it had completed the acquisition of the Intellectual Property Portfolio from Talico following the waiver of the last condition precedent relating to a capital raising.

Further details on the Intellectual Property Portfolio are included in Section 1.3, in the Company's announcements to ASX on 29 January 2019 and 12 June 2019 and the Independent Expert's Report on the Intellectual Property Portfolio accompanying this Notice as Appendix A.

Additionally, the Independent Expert's Report contains and references information in respect of the Company's existing assets previously announced to ASX. The Company confirms that it is not aware of any new information or data that materially affects the announcements referred to.

While the Acquisition has already completed, the performance shares to be issued to the Vendor (or its nominees) as the consideration for the Acquisition have not yet been issued (**Performance Shares**).

ASX has advised the Company that it considers that the Acquisition required Shareholder approval under ASX Listing Rules 10.1 and 10.11. As a result of the Company not obtaining these approvals prior to completing the Acquisition, ASX considers that the Company is currently in breach of ASX Listing Rule 10.1 and that the Company must obtain Shareholder approval for the Acquisition under ASX Listing Rule 10.1 as a corrective action under Listing Rule 18.8.

The purpose of Resolution 1 is to approve the Acquisition and the issue of 800,000,000 Performance Shares to Talico as consideration for the Acquisition.

The terms of the Performance Shares are set out in Schedule 1.

1.2 IP Assignment Deed

The material terms of the IP Assignment Deed are as follows:

- (a) (**Conditions**) The conditions precedent which must be satisfied prior to the Company completing the Acquisition (**Completion**) are:
 - (i) the Company obtaining any necessary shareholder approvals; and

- For personal use only
- (ii) the Company providing on-going support by means of its resources and financial output to support the current and future projects and to increase sales and marketing initiatives planned for 2019 in order to generate pull-through revenue from existing and new customers.
 - (b) **(Consideration)** Subject to the achievement of the following milestones, the consideration payable by the Company on is 800,000,000 Performance Shares, comprised of:
 - (i) **Class A Performance Share**

200,000,000 Class A Performance Shares will vest into ordinary shares upon the Company achieving revenue from the business utilising the Intellectual Property Portfolio of \$5,000,000 in the period from the date of issue of the Class A Performance Shares until 30 June 2021;
 - (ii) **Class B Performance Share**

100,000,000 Class B Performance Shares will vest into ordinary shares upon the Company achieving revenue from the business utilising the Intellectual Property Portfolio of \$6,250,000 in the period from the date of issue of the Class B Performance Shares until 30 June 2022;
 - (iii) **Class C Performance Share**

200,000,000 Class C Performance Shares will vest into ordinary shares upon the Company achieving revenue from the business utilising the Intellectual Property Portfolio of \$7,500,000 in the period from the date of issue of the Class C Performance Shares until 30 June 2022;
 - (iv) **Class D Performance Share**

100,000,000 Class D Performance Shares will vest into ordinary shares upon the Company achieving revenue from the business utilising the Intellectual Property Portfolio of \$8,750,000 in the period from the date of issue of the Class D Performance Shares until 30 June 2023;
 - (v) **Class E Performance Share**

200,000,000 Class E Performance Shares will vest into ordinary shares upon the Company achieving revenue from the business utilising the Intellectual Property Portfolio of \$10,000,000 in the period from the date of issue of the Class E Performance Shares until 30 June 2024;

For the avoidance of doubt, the revenue targets in the above milestones are cumulative, so the revenue counted towards the achievement of a milestone applicable to a class of Performance Shares is also counted towards the achievement of each other class of the Performance Shares.

- (c) **(Buy back):** Talico has the right to purchase back any part of the Intellectual Property Portfolio relating to the non-Over-The-Top **(OTT)** and

Internet Protocol Television (**IPTV**), which it has assigned to the Company for a nominal amount if any, or all, of the following occur:

- (i) the Company fails to issue the Performance Shares to Talico;
 - (ii) the Company fails to use its reasonable endeavours to commercialise certain technology; or
 - (iii) the Company becomes insolvent;
- (d) (**Warranties**): The IP Assignment Deed contains standard warranties and representations on behalf of the parties typical for an agreement of this nature; and
- (e) (**Other**): The IP Assignment Deed otherwise contains terms and conditions typical for an agreement of this nature.

Further details on the Intellectual Property Portfolio are set out in the Independent Expert's Report annexed to the Independent Expert's Report.

1.3 Intellectual Property Portfolio

The Intellectual Property Portfolio includes all of the Vendor's correlative cloud-based and Internet of Things (**IoT**) intellectual property and all IoT-focused projects, agreements, and commercial deployments being undertaken by the Vendor at the time of Completion.

Additionally, the Intellectual Property Portfolio includes the Vendor's intellectual property relating to the OTT and IPTV business segments which the Company had previously licensed from the Vendor.

Further details on the Intellectual Property Portfolio are included in the Company's announcements to ASX on 29 January 2019 and 12 June 2019 and the Independent Expert's Report on the Intellectual Property Portfolio accompanying this Notice as Appendix A.

1.4 Pro forma balance sheet

An unaudited pro-forma balance sheet of the Company following completion of the Acquisition is set out in Schedule 2.

1.5 Risk factors

Following completion of the Acquisition, there will be no material change in the nature of the Company's business activities as the Company will continue to conduct a white label OTT content management service and platform. Accordingly, the risk profile will be analogous to that of the Company's existing business which has previously been disclosed to Shareholders.

1.6 Indicative Timetable

Subject to the requirements of the ASX Listing Rules, the Company anticipates completion of the Acquisition will be in accordance with the following timetable:

Event	Date
ASX announcement of Acquisition	12 June 2019
Notice of Meeting despatched to Shareholders	23 January 2020
General Meeting to approve Acquisition	21 February 2020
Issue of Performance Shares	24 February 2020

1.7 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolution 1;

- (a) the Intellectual Property Portfolio has increased the Company's capabilities by allowing the Company to become a technology enabler of choice for those entities utilising the IoT;
- (b) the Intellectual Property Portfolio has increased the Company's service offerings including providing the Company with the ability to provide and up-sell a full suite of cloud-based solutions to new and existing clients, including connected home services that are underpinned by the Company's own advanced data analytics platform. This will lead to increased revenue generating opportunities including the licence agreement signed with JAYPLUS AG (as announced on 28 November 2019);
- (c) the consideration payable under the IP Assignment Deed is payable in Performance Shares, therefore conserving the Company's cash reserves and only diluting Shareholders if and when certain revenue milestones have been met;
- (d) the Independent Expert's Report identifies other advantages of the Acquisition to which Shareholders should have regard.

1.8 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

- (a) current Shareholders may have their voting power in the Company diluted if the Performance Shares convert;
- (b) the Vendor and its associates could own 31.52% of Shares on issue in the Company if each of the milestones for the Performance Shares are met and the Performance Shares are converted. As a result, the Vendor would have significant influence over matters that require approval by the Company's shareholders including the election of directors and approval of significant corporate transactions. This concentration of ownership might also have the effect of delaying or preventing a change of control transaction in respect of the Company that other Shareholders may view as beneficial as the Vendor and its associates' shareholding interest will

mean that they can block any proposal by a third party to acquire all of the Shares in the Company;

- (c) there is no guarantee that the use of Intellectual Property Portfolio will be successful in generating revenue for the Company; and
- (d) the Independent Expert's Report identifies other disadvantages of the Acquisition to which Shareholders should have regard.

1.9 Intentions if Acquisition is not approved

If Resolution 1 is not passed, the Acquisition will be unwound and the Company will lose opportunities to benefit from the agreement with JAYPLUS AG (as announced on 28 November 2019) and other opportunities which may arise as a result of the Company owning the Intellectual Property Portfolio.

2. RESOLUTION 1 – APPROVAL OF THE ACQUISITION

2.1 General

This Notice of Meeting has been prepared to seek shareholder approval for the matters required to complete the Acquisition. Resolution 1 seeks Shareholder approval for the purposes of ASX Listing Rule 10.1 for the acquisition of a substantial asset from a related party and substantial holder of the Company.

2.2 Independent Expert's Report

ASX Listing Rule 10.5.10 requires a notice of meeting containing a resolution under ASX Listing Rule 10.1 to include a report on the transaction from an independent expert.

The Independent Expert's Report accompanying this Notice sets out a detailed independent examination of the Acquisition to enable non-associated Shareholders to assess the merits and decide whether to approve Resolution 1. The Independent Expert has concluded that the Acquisition is **NOT FAIR BUT REASONABLE** to the non-associated Shareholders.

Shareholders are urged to carefully read the Independent Expert's Report to understand its scope, the methodology of the valuation and the sources of information and assumptions made.

The Independent Expert's Report is also available on the Company's website (www.tv2u.com). If requested by a Shareholder, the Company will send to the Shareholder a hard copy of the Independent Expert's Report at no cost.

2.3 ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, amongst other persons:

- (a) a related party of the entity;
- (b) a substantial holder of the entity; or
- (c) an associate of a substantial holder of the entity,

without the prior approval of holders of the entity's ordinary shareholders.

Substantial Asset

For the purposes of ASX Listing Rule 10.1, an asset is substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the ASX Listing Rules.

The Independent Expert has not been able to ascribe a value to the Intellectual Property Portfolio as there is a lack of reliable financial projections and the value of the Intellectual Property Portfolio is heavily relies upon the Company being able to raise the necessary capital to commercially exploit the Intellectual Property Portfolio.

The equity interests of the Company as defined by the ASX Listing Rules and as set out in the latest accounts given to ASX under the ASX Listing Rules (being for the financial year ending 30 June 2019) were -\$1,752,000. Given that, as at 30 June 2019, the Company's total equity had a negative value, any asset to which any value is ascribed would constitute a substantial asset.

Despite the Independent Expert's Report concluding that the lack of reliable financial projections has not allowed the Independent Expert to ascribe a meaningful valuation range of the Intellectual Property Portfolio, the Company considers that the Intellectual Property Portfolio is a substantial asset for the purposes of ASX Listing Rule 10.1.

Substantial holder

For the purposes of ASX Listing Rule 10.1, a substantial holder is a person who has a relevant interest (either directly or through its associates), or had at any time in the six months before the transaction, in at least 10% of the total votes attaching to the voting securities of the Company.

The Vendor (and associated entities) currently holds a relevant interest in 10.85% in the Company and is therefore a substantial holder for the purpose of ASX Listing Rule 10.1.

Requirement for shareholder approval

As a result of the above conclusions, the completion of the Acquisition will result in the acquisition of a substantial asset from a related party and/or a substantial holder (or associates of a substantial holder) of the Company. The Company is therefore required to seek Shareholder approval under ASX Listing Rule 10.1.

As stated above, ASX Listing Rule 10.5.10 requires a notice of meeting containing a resolution under ASX Listing Rule 10.1 to include a report on the transaction from an independent expert.

Shareholders are urged to carefully read the Independent Expert's Report annexed to this Notice.

2.4 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Performance Shares constitutes giving a financial benefit and Talico is a related party by virtue of being a company controlled by Director, Nick Fitzgerald.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Resolution 1 therefore require the approval of the Company's Shareholders under section 208 of the Corporations Act.

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the issue of the Performance Shares involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

If Resolution 1 is passed, the Company will be able to proceed with the issue of the Performance Shares to the Vendor and complete the Acquisition.

If Resolution 1 is not passed, the Company will not be able to proceed with the issue of the Performance Shares to the Vendor and will have to unwind the Acquisition.

2.5 Technical Information required by section 219 of the Corporations Act and ASX Listing Rule 10.5 and 10.13

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.5 and 10.13, the following information is provided in relation to Resolution 1:

- (a) the Performance Shares will be issued to Talico, which is a related party because it is controlled by Director Nick Fitzgerald;
- (b) the maximum number of Performance Shares that may be issued to the Vendor (or its nominee) is 800,000,000;
- (c) the Performance Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Performance Shares will occur on the same date;
- (d) the Performance Shares will be issued for nil cash consideration as they represent consideration for the Acquisition, accordingly no funds will be raised;
- (e) upon each Performance Share vesting and being converted into Share, those Shares will be issued on the same terms as all existing Shares in the Company;

- (f) a summary of the terms of the Performance Shares is set out in Schedule 1;
- (g) Mr Fitzgerald and his related entities currently hold 287,571,428 Shares;
- (h) if the Performance Shares are issued and all vest and convert into Shares, this could increase the number of Shares on issue from 2,650,666,640 to 3,450,666,640 (assuming that no other Shares are issued, no Options are exercised and no Performance Shares other than those contemplated by the Resolution 1 of this Notice are issued and convert) with the effect that the shareholding of existing Shareholders would be diluted by a maximum of 8.75%. Set out below are the dilutionary effects of each revenue milestone being achieved and the corresponding number of Performance Shares vesting and being converted to Shares:

Performance Shares Converting	Fitzgerald Holding (number of Shares) ¹	Fitzgerald Holding (% of total Shares on issue)	Total Shares on Issue	Dilution
0	287,571,428	10.85%	2,650,666,640	0%
200,000,000	487,571,428	17.10%	2,850,666,640	2.65%
300,000,000	587,571,428	19.91%	2,950,666,640	3.84%
500,000,000	787,571,428	25.00%	3,150,666,640	5.99%
600,000,000	887,571,428	27.30%	3,250,666,640	6.96%
800,000,000	1,087,571,428	31.52%	3,450,666,640	8.75%

Note:

1. If Shareholders approve Resolution 3, this number will increase by 8,437,501 Shares, being that number of Related Party Shares to be issued to Mr Fitzgerald in lieu of his salary.
- (i) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	1.2 cents	3 September 2019
Lowest	0.4 cents	10 May 2019
Last	0.8 cents	25 November 2019

- (j) the purpose of the issue of the Performance Shares is consideration for the Acquisition;
- (k) Nick Fitzgerald declines to make a recommendation to Shareholders in relation to Resolution 1 due to his material personal interest in the outcome of the Resolution on the basis that he controls Talico who will be issued with the Performance Shares;

- (l) Bret Silvey does not have a material personal interest in the outcome of Resolution 1 and recommends that Shareholders vote in favour of Resolution 1 for the following reasons:
- (i) the Intellectual Property Portfolio has increased the Company's capabilities by allowing the Company to become a technology enabler of choice for those entities utilising the IoT;
 - (ii) the Intellectual Property Portfolio has increased the Company's service offerings including providing the Company with the ability to provide and up-sell a full suite of cloud-based solutions to new and existing clients, including connected home services that are underpinned by the Company's own advanced data analytics platform. This will lead to increased revenue generating opportunities including the licence agreement signed with JAYPLUS AG (as announced on 28 November 2019); and
 - (iii) the Performance Shares are an effective form of consideration, as Talico will only receive value from the Performance Shares (i.e. the Performance Shares vesting and being converted to Shares) once the Company obtains real value from the commercialisation of the Intellectual Property Portfolio;
- (m) Hannah Field does not have a material personal interest in the outcome of Resolution 1 and recommends that Shareholders vote in favour of Resolution 1 for the reasons set out in paragraph (l).

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Performance Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Performance Shares to the Vendor (or its nominees) Talico will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

2.6 Advantages and Disadvantages of the Acquisition

Non-exhaustive lists of the advantages and disadvantages of the Acquisition are set out in Sections 1.7 and 1.8 of the Explanatory Memorandum.

2.7 Auditor verification process

Under the terms and conditions of the Performance Shares, the Company's auditor is required to verify that:

- (a) the relevant revenue milestone has been met based on the Company's audited accounts; and
- (b) the revenue generated to meet the relevant revenue milestone is directly attributable to the business utilising the Intellectual Property Portfolio.

The Company has discussed this matter with its auditor, and confirms that the verification process will undertake will include, but is not restricted to, the following:

- (a) reviewing the Company's contracts with customers to identify the Company's obligations to its customers;
- (b) evaluating evidence of the performance of the services provided by the Company to its customers in accordance with its contractual obligations;
- (c) reviewing sales invoices sent to the Company's customers;
- (d) confirming the Company's fulfilment of all the contractual obligations of the Company with its customers.
- (e) evaluating evidence of funds collected in the Company's bank account from customers via reviewing remittance advice and bank statements;
- (f) reviewing subsequent credit notes to ensure there are no unusual / significant reversals of the revenue previously recognised; and
- (g) ensuring the revenue recognition policy is consistent with AASB 15.

The full terms and conditions of the Performance Shares are set out in Schedule 1.

3. RESOLUTION 2 - CREATION OF NEW CLASSES OF SECURITIES – PERFORMANCE SHARES

3.1 General

Resolution 2 seeks Shareholder approval for the Company to be authorised to create the necessary class of and issue the Performance Shares.

The terms and conditions of the Performance Shares are set out in Schedule 1.

3.2 Legal Requirements

Under clause 2.2 of the Company's Constitution and, subject to the Corporations Act and the Listing Rules, the Company may issue Shares in the Company on any terms and for any consideration as the Directors resolve.

Section 246B of the Corporations Act provides that the rights attaching to a class of shares may be varied:

- (a) with the written consent of the holders of 75% of the issued shares of the affected class; or
- (a) by special resolution passed at a meeting of the holders of the issued shares of the affected class.

The Company must give written notice of the variation to the members of the affected class within 7 days after the variation is made.

Section 246C(5) of the Corporations Act confirms that if a company with only one class of shares issues a new class of shares, the issue of the new class of shares is taken to vary the rights attached to shares in the existing class if:

- (b) the rights attaching to the new class of shares are not the same as the rights attached to the existing class of shares; and

- (c) the rights attaching to the new class of shares are not provided for in:
- (i) the company's constitution (if any); or
 - (ii) a notice, document or resolution that is lodged with ASIC.

3.3 Application to the Company

The Company currently has only one class of share on issue being Shares. The terms of the Performance Shares will not be the same as the Shares and the rights attaching to the Performance Shares are not provided for in the Constitution.

Accordingly, the Company seeks Shareholder approval by special resolution at the Meeting for the creation of a new class of securities known as Performance Shares. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 2 for it to be passed.

The Performance Shares are proposed to initially be issued in five classes each having a milestone event which triggers their conversion into Shares. The proposed terms and conditions of the Performance Shares are set out in Schedule 1.

In the event Resolution 2 is passed by the requisite majority the Company will give written notice of the variation to the rights attaching to Shares to Shareholders within 7 days.

It is proposed that the Performance Shares be issued to the Vendor.

The reason for the issue of the Performance Shares to the Vendor is as consideration for the Acquisition.

4. RESOLUTION 3 – ISSUE OF SHARES TO MR NICK FITZGERALD IN LIEU OF SALARY

4.1 General

Resolution 3 seeks Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act for the issue of Shares in lieu of salary to Director, Nick Fitzgerald (or his nominee).

The purpose of the proposed issue to the Director is:

- (a) to issue the Shares (**Related Party Shares**) to replace the obligation of the Company to pay Director salary to certain Directors for certain periods;
- (b) to provide a means by which the Company can satisfy the fees and salary owed to the Directors in the future thereby preserving the Company's cash resources for application in other areas.

Subject to obtaining Shareholder approval, the Company will issue 8,437,501 Shares to Mr Nick Fitzgerald (or his nominee) in lieu of unpaid salary of \$67,500.

Resolution 3 seeks Shareholder approval for the grant of the Related Party Shares to Mr Fitzgerald (or his nominees). To the extent Shareholders do not approve the issue of the Related Party Shares to Mr Fitzgerald, Mr Fitzgerald will be entitled to be paid his salary in cash for the relevant periods.

4.2 Chapter 2E

A summary of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 are set out in Section 2.4.

The grant of Related Party Shares constitutes giving a financial benefit and Mr Fitzgerald is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Fitzgerald who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Shares because the agreement to grant the Related Party Shares, reached as part of the remuneration package for Mr Fitzgerald, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

4.3 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 3:

- (a) the Related Party Shares will be granted to Mr Fitzgerald (or his nominee) who is a related party of the Company by virtue of being a Director;
- (b) the maximum number of Related Party Shares to be issued is 8,437,501;
- (c) the Related Party Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Related Party Shares will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (e) the Related Party Shares will be issued for nil cash consideration as they are being issued in lieu of salary owed to Mr Fitzgerald, accordingly no funds will be raised;
- (f) no funds will be raised from the issue of the Related Party Shares as the Related Party Shares will be issued in lieu of salary owing to Mr Fitzgerald; and
- (g) the remuneration and emoluments from the Company to Mr Fitzgerald for the current financial year are set out below:

Related Party	FY20
Nick Fitzgerald	\$350,000

Notes:

1. Additionally, between 1 July 2019 and 30 November 2019, Mr Fitzgerald was reimbursed for \$40,134 accrued in business related expenses, as approved by the Board. The reimbursed expenses are for Business related travelling, accommodation and communication costs.
2. Mr Fitzgerald is also entitled to a performance bonus of \$150,000 for each deal signed by TV2U Singapore Pte Ltd (a wholly owned subsidiary of the Company), during the term of his engagement with the Company, where the forecast revenue in the 12 months after commercial launch of the deal is not least than \$5,000,000.

- (h) the relevant interests of Mr Fitzgerald in securities of the Company as at the date of this Notice, are set out below:

Related Party	Shares
Nick Fitzgerald	287,571,428

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Shares to Mr Fitzgerald as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Shares to Mr Fitzgerald will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

GLOSSARY

\$ means Australian dollars.

Acquisition has the meaning given in Section 1.1.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Class A Performance Share means a Performance Share with the performance milestone described in Section 1.2(b)(i).

Class B Performance Share means a Performance Share with the performance milestone described in Section 1.2(b)(ii).

Class C Performance Share means a Performance Share with the performance milestone described in Section 1.2(b)(iii).

Class D Performance Share means a Performance Share with the performance milestone described in Section 1.2(b)(iv).

Class E Performance Share means a Performance Share with the performance milestone described in Section 1.2(b)(v).

Company means TV2U International Limited (ACN 110 184 355).

Completion means the completion of the Acquisition.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company, or the directors seeking appointment to the Company pursuant to this Notice (as applicable).

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Independent Expert means Stantons International Audit & Consulting Pty Ltd.

Independent Expert's Report means the report on the Acquisition completed by the Independent Expert for the purposes of Resolution 1, accompanying the Notice as Appendix A.

Intellectual Property Portfolio has the meaning given in Section 1.1.

IP Assignment Deed means the formal agreement entered between the Company and the Vendor for the Acquisition (as varied).

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Performance Share has the meaning given in Section 1.1.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Talico or **Vendor** means Talico Technologies Pte Limited (a company incorporated under the laws of Singapore).

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF PERFORMANCE SHARES

- (a) **(Entitlement)** Each Performance Share entitles the holder (**Holder**) to subscribe for one Share upon satisfaction of the Milestone (defined below) and issue of the Conversion Notice (defined below) by the Holder.
- (b) **(Notice of satisfaction of Milestone)** The Company shall give written notice to the Holder promptly following satisfaction of a Milestone (defined below) or lapse of a Performance Share where the Milestone is not satisfied.
- (c) **(No voting rights)** A Performance Share does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.
- (d) **(No dividend rights)** A Performance Share does not entitle the Holder to any dividends.
- (e) **(No rights to return of capital)** A Performance Share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (f) **(Rights on winding up)** A Performance Share does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.
- (g) **(Not transferable)** A Performance Share is not transferable.
- (h) **(Reorganisation of capital)** If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed in a manner consistent with the applicable ASX Listing Rules and Corporations Act at the time of reorganisation.
- (i) **(Application to ASX)** The Performance Shares will not be quoted on ASX. However, the Company must apply for the official quotation of a Share issued on conversion of a Performance Share on ASX within the time period required by the ASX Listing Rules.
- (j) **(Participation in new issues)** A Performance Share does not entitle a Holder (in their capacity as a holder of a Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (k) **(Conversion on change of control)** Subject to paragraph (m) and notwithstanding the relevant Milestone has not been satisfied, upon the occurrence of either:
- (i) a takeover bid under Chapter 6 of the *Corporations Act 2001* (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company's shares on issue and being declared unconditional by the bidder; or
 - (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

that number of Performance Shares that is equal to not more than 10% of the Shares on issue immediately following conversion under this paragraph will convert into an equivalent number of Shares. The conversion will be completed

on a pro rata basis across each class of Performance Shares then on issue as well as on a pro rata basis for each Holder. Performance Shares that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

- (l) **(Deferral of conversion if resulting in a prohibited acquisition of Shares)** If the conversion of a Performance Share under paragraph (k) or (n) would result in any person being in contravention of section 606(1) of the Corporations Act 2001 (Cth) **(General Prohibition)** then the conversion of that Performance Share shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Share would result in a contravention of the General Prohibition:
- (i) Holders may give written notification to the Company if they consider that the conversion of a Performance Share may result in the contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.
 - (ii) The Company may (but is not obliged to) by written notice to a Holder request a Holder to provide the written notice referred to in paragraph (l)(i) within seven days if the Company considers that the conversion of a Performance Share may result in a contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.
- (m) **(No other rights)** A Performance Share gives the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Performance Shares

- (n) **(Milestone)** A Performance Share will be able to be converted into a Share by a Holder subject to the achievement of the following milestones:
- (i) **Class A Performance Share**
200,000,000 Class A Performance Shares will vest into ordinary shares upon the Company achieving revenue from the business utilising the Intellectual Property Portfolio of \$5,000,000 in the period from the date of issue of the Class A Performance Shares until 30 June 2021;
 - (ii) **Class B Performance Share**
100,000,000 Class B Performance Shares will vest into ordinary shares upon the Company achieving revenue from the business utilising the Intellectual Property Portfolio of \$6,250,000 in the period from the date of issue of the Class B Performance Shares until 30 June 2022;
 - (iii) **Class C Performance Share**
200,000,000 Class C Performance Shares will vest into ordinary shares upon the Company achieving revenue from the business utilising the Intellectual Property Portfolio of \$7,500,000 in the period from the date of issue of the Class C Performance Shares until 30 June 2022;

(iv) **Class D Performance Share**

100,000,000 Class D Performance Shares will vest into ordinary shares upon the Company achieving revenue from the business utilising the Intellectual Property Portfolio of \$8,750,000 in the period from the date of issue of the Class D Performance Shares until 30 June 2023;

(v) **Class E Performance Share**

200,000,000 Class E Performance Shares will vest into ordinary shares upon the Company achieving revenue from the business utilising the Intellectual Property Portfolio of \$10,000,000 in the period from the date of issue of the Class E Performance Shares until 30 June 2024;

For the avoidance of doubt, the revenue targets in the above milestones are cumulative, so the revenue counted towards the achievement of a milestone applicable to a class of Performance Shares is also counted towards the achievement of each other class of the Performance Shares.

- (o) **(Independent Verification)** A Performance Share will only be able to be converted into a Share by a Holder subject to the achievement of the milestones in paragraph **Error! Reference source not found.**, after the Company's auditor verifies that, based on the Company's audited accounts:

- (i) the relevant revenue milestone has been met; and
- (ii) the revenue generated to meet the relevant revenue milestone is directly attributable to the business utilising the Intellectual Property Portfolio.

- (p) **(Conversion Notice)** A Performance Share may be converted by the Holder giving written notice to the Company **(Conversion Notice)** prior to the date that is three (3) months after the date that the Milestone is achieved. No payment is required to be made for conversion of a Performance Share to a Share.

- (q) **(Lapse)** each of the Performance Shares shall lapse on the following dates:

- (i) Class A Performance Shares – 31 October 2021;
- (ii) Class B and C Performance Shares – 31 October 2022;
- (iii) Class D Performance Shares – 31 October 2023; and
- (iv) Class E Performance Shares – 31 October 2024,

(each an **Expiry Date**).

If the relevant milestone attached to a class of Performance Shares has not been achieved by the relevant Expiry Date, then the relevant Performance Shares will automatically lapse. For the avoidance of doubt, a Performance Share will not lapse in the event the relevant milestone is met before the relevant Expiry Date and the Shares the subject of a conversion are deferred in accordance with paragraph (l)1.1.1(l) above.

- (r) **(Issue of Shares)** The Company will issue the Share on conversion of a Performance Share within 10 business days following the conversion or such other period required by the ASX Listing Rules.

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- (s) **(Holding statement)** The Company will issue the Holder with a new holding statement for any Share issued upon conversion of a Performance Share within 10 business days following the issue of the Share.
 - (t) **(Ranking upon conversion)** The Share into which a Performance Share may convert will rank pari passu in all respects with existing Shares.
 - (u) **(Escrow)** Talico acknowledges and agrees that the Performance Shares, and any Shares issued as a result of milestones being achieved, may be issued subject to any escrow provisions imposed by ASX and the Assignor agrees to execute a restriction agreement pursuant to Chapter 9 of the ASX Listing Rules in accordance with the requirements of ASX.

SCHEDULE 2 – PRO FORMA BALANCE SHEET AS AT 30 NOVEMBER 2019

	AUDITED	Subsequent events	PROFORMA	PROFORMA
	30-Jun-19		Adjustment	
	\$	\$	\$	\$
CURRENT ASSETS				
CURRENT ASSETS				
Cash	293,029	0		293,029
Other current assets	214,314	0		214,314
TOTAL CURRENT ASSETS	507,343	0		507,343
NON-CURRENT ASSETS				
Plant and equipment	48,393	0		48,393
Intangibles -IP	0	0	6,400,000	6,400,000
TOTAL NON-CURRENT ASSETS	48,393	0		6,448,393
TOTAL ASSETS	555,736	0		6,955,736
CURRENT LIABILITIES				
Creditors and borrowings	2,307,736	-376,107		1,931,629
TOTAL CURRENT LIABILITIES	2,307,736	-376,107		1,931,629
TOTAL LIABILITIES	2,307,736	-376,107		1,931,629
NET ASSETS (LIABILITIES)	(1,752,000)	376,107		5,024,107
EQUITY				
Share capital	28,929,870	1,340,188	0	30,270,058
Options Reserve	1,892,807	(546,610)	0	1,346,197
Performance shares Reserve ^{1,2}			6,400,000	6,400,000
Translation Reserve	767			767
Capital Raising cost				0
Retained loss	(32,575,444)	(417,471)		(32,992,915)
TOTAL EQUITY	(1,752,000)	376,107	-	5,024,107

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20 January 2020

The Independent Directors
TV2U International Limited
91 High Street
FREMANTLE WA 6160

Dear Sirs

Re: Independent Expert's Report for shareholder meeting pursuant to Australian Securities Exchange ("ASX") Listing Rule 10.1. TV2U International Ltd (ACN 110 184 355) ("TV2U" or the "Company") proposal to issue a total of 800,000,000 performance shares, as consideration to acquire intellectual property from Talico Technologies Pte Ltd ("Talico").

1. INTRODUCTION & OPINION

- 1.1. Stantons International Securities Pty Ltd ("**SIS**") have been instructed by an independent director of TV2U to prepare an Independent Expert's Report ("**IER**") to determine whether the proposed acquisition of intellectual property ("**IP**"), and related issue of new TV2U performance shares to Talico, a Singaporean based company associated with Nick Fitzgerald (an executive director of TV2U), is fair and reasonable to the shareholders of TV2U who are not associated with the proposed Transaction (as defined in section 3.10) (the "**Non-Associated Shareholders**").
- 1.2. TV2U intends to seek shareholder approval at a general meeting. The Transaction will be outlined in a Notice of Meeting ("**Notice**") and Explanatory Statement ("**ES**") to be provided to shareholders in or around January 2020.
- 1.3. **After taking into account all of the factors noted in this report, we are of the opinion that the proposed Transaction is not fair but reasonable to the Non-Associated Shareholders of TV2U as at the date of this report. Our fairness opinion is based on a lack of reasonable grounds to assess the future earnings impact of the intellectual property being acquired.**
- 1.4. The opinion expressed above must be read in conjunction with the more detailed analysis made in this report, together with the disclosures and the Financial Services Guide attached as Appendix A to this report.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)



Samir Tirodkar - ACA
Director

2. REPORT SUMMARY

Overview	
Acquirer	TV2U International Limited
Vendor	Talico Technologies Pte Ltd
Transaction	<p>Acquisition of IP in exchange for issues of TV2U performance shares, including:</p> <p>TV2U receives:</p> <ul style="list-style-type: none"> • Assignment of the Assigned Materials (as defined in 3.1) <p>Talico receives:</p> <ul style="list-style-type: none"> • \$1 for the assignment of the OTT/IPTV Assigned Materials (as defined in 3.5) • In relation to the Non-OTT/IPTV Assigned Materials (as defined in 3.6): <ul style="list-style-type: none"> – 200,000,000 performance shares that vest upon TV2U achieving \$5,000,000 IP Related Revenue (as defined in paragraph 3.9) within the period from issue to 30 June 2021; plus – 100,000,000 performance shares that vest upon TV2U achieving \$6,250,000 IP Related Revenue (additional IP Related Revenue of \$1,250,000) within the period from issue to 30 June 2022; plus – 200,000,000 performance shares that vest upon TV2U achieving \$7,500,000 IP Related Revenue (additional IP Related Revenue of \$1,250,000) within the period from issue to 30 June 2022; plus – 100,000,000 performance shares that vest upon TV2U achieving \$8,750,000 IP Related Revenue (additional IP Related Revenue of \$1,250,000) within the period from issue to 30 June 2023; plus – 200,000,000 performance shares that vest upon TV2U achieving \$10,000,000 IP Related Revenue (additional IP Related Revenue of \$1,250,000) within the period from issue to 30 June 2024.
Effect on capital structure	TV2U will issue performance shares to Talico that provide the potential for Talico to increase its holding from 10.8% to up to a 31.5% interest in the ordinary shares of the Company.
Reason for IER	Australian Securities Exchange (“ ASX ”) Listing Rule 10.1 Corporations Act Chapter 2E
Our estimated fee for this report	Up to \$25,000 exclusive of GST
Report contents	<ul style="list-style-type: none"> • Introduction & opinion • Report summary • Background and scope of report • Prescribed approach • Implications of the Transaction • Corporate profile of TV2U and Assigned Materials • Valuation considerations for TV2U shares • Valuation considerations for the Assigned Materials • Fairness evaluation • Reasonableness evaluation • Shareholders’ decision • Sources of information • Appendix A, our disclosures and Financial Services Guide

Fairness Opinion

Opinion	NOT FAIR
Rationale	<p>In the absence of arriving at a conclusion on the current value of the Assigned Materials (refer section 6) and uncertainty as to the value of the 800,000,000 performance shares being offered as consideration (refer section 5), we have concluded that the Transaction, the subject of Resolution 1 as outlined in the Notice is not fair but reasonable (refer section 8 regarding factors considered on reasonableness) to the shareholders of the Company (not associated with Talico and its associates) as at the date of this report.</p> <p>Shareholders should read the Independent Expert's Report in full before deciding on how to vote on Resolution 1 (which is also dependent on the approval of Resolution 2).</p>

Reasonableness Opinion

Opinion	REASONABLE
Advantages	Disadvantages
<ul style="list-style-type: none"> The Transaction will improve the alignment of interests between Nick Fitzgerald, Talico and TV2U, and improve corporate governance. Operational synergies may be possible in consolidating ownership of intellectual property that is closely linked in terms of software functionality and product offerings. The Company is only paying \$1 for the OTT/IPTV Assigned Materials with some opportunities to move into the earning of profits and positive cash flows if the OTT/IPTV Assigned Materials can be successfully commercialised. There is no option for Talico to buy-back the OTT/IPTV Assigned Materials. No upfront fee is payable by TV2U for the acquisition of the Non- OTT/IPTV Assigned Materials (but up to 800,000,000 performance shares are to be issued that vest and convert to ordinary shares if all IP Related Revenue performance conditions are met). The Company may be better placed to raise further funds by way of share equity as a result of acquiring the Assigned Materials and if commercial success is achieved on commercialisation of the Assigned Materials, TV2U may be able to raise further funds for expansion of the expanded TV2U businesses. There is an incentive to TV2U and Talico, to successfully exploit the Assigned Materials as Talico may significantly increase its shareholding interests in TV2U if all IP Related Revenue performance conditions are met. All shareholders would benefit from an increased share price which would be expected if the performance conditions were achieved. The TV2U share price has increased since the first announcement of the Transaction, and therefore there is risk the share price may fall if the Transaction does not proceed. 	<ul style="list-style-type: none"> Currently, Talico has a beneficial interest in approximately 10.85% of the ordinary shares on issue in the Company (287,571,428 shares) and if Resolution 1 and 2 are passed, Talico will be issued 800,000,000 performance shares (that vest and convert to ordinary shares on meeting milestones), Talico's ordinary shareholding interest in TV2U could rise to a maximum of 31.52% as noted above. The existing Non-Associated Shareholders may be diluted from owning a current 89.15% shareholding interest in TV2U and its underlying assets to a smaller shareholding of approximately 68.48% post the Acquisition, depending on the number of ordinary shares issued to Talico on performance shares vesting and converting to ordinary shares on meeting various performance conditions. Monies will need to be incurred by TV2U in order to commercialise the Assigned Materials. Costs will need to be incurred by the TV2U Group in order to commercialise the Assigned Materials with no guarantee of successful commercialisation.

3. BACKGROUND AND SCOPE OF REPORT

3.1. In June 2019, TV2U announced that it had entered into an IP Deed of Assignment (“**IP Deed**”) whereby TV2U Singapore Pte Ltd (“**TV2U Singapore**” or the “**Assignee**”), a subsidiary of TV2U has agreed to acquire certain intellectual property defined as the “**Assigned Materials**” from Talico Technologies Pte Ltd (“**Talico**”). The Assigned Materials are defined as:

- The Over the Top (“**OTT**”) / Internet Protocol Television (“**IPTV**”) Assigned Materials; and
- The Non-OPT/IPTV Assigned Materials.

3.2. Talico is a company controlled and associated with Nick Fitzgerald (“**Fitzgerald**”), the Executive Director and Chief Executive Officer of TV2U and Talico owns 277,571,428 ordinary shares in TV2U that, as at 20 January 2020, represent approximately 10.47% of the issued ordinary shares.

3.3. The Notice and ES of January 2020 refer to the Assigned Materials as the “**Intellectual Property Portfolio**”.

3.4. The OTT term is used to describe streaming of video and audio content over the public internet. IPTV means Internet Protocol Television (and Non-IPTV has a corresponding meaning) which is typically delivered over large private networks.

3.5. OTT/IPTV Assigned Materials are defined in the IP Deed as:

“all of the concepts, information, materials, documents, rights and interests (including any Intellectual Property Rights and Patents relating thereto, and if the context requires and improvements relating thereto) created or developed by or on behalf of the Assignor comprised in, relation to or derived from the iVAN-X Platform for the purpose of developing, delivering, supporting, licencing, selling, reselling or otherwise providing OTT and/or IPTV solutions, products, and services (including, without limitation, managed services) in, for or to any vertical or segment in the OTT or IPTV market sector (and which, for the avoidance of doubt, does not include the Non-OTT/IPTV Assigned Materials).”

3.6. Non-OTT/IPTV Assigned Materials are defined in the IP Deed as:

“all of the concepts, information, materials, documents, rights and interests (including any Intellectual Property Rights and Patents relating thereto, and if the context requires and improvements relating thereto) created or developed by or on behalf of the Assignor comprised in, relation to or derived from the iVAN-X Platform for the purpose of developing, delivering, supporting, licencing, selling, reselling or otherwise providing Non-OTT and/or IPTV technology solutions, products, and services (including, without limitation, managed services) (and which, for the avoidance of doubt, does not include the OTT/IPTV Assigned Materials).”

3.7. The intention of the agreement is for TV2U (via TV2U Singapore) to spend monies to commercialise the Assigned Materials and in particular within the industry verticals and segments specified on the iVAN-X and subsidiary Platform Product/s Roadmap (refer TV2U’s Investor Presentation announced 29 January 2019).

3.8. Further details on the Assigned Materials are outlined in the ES attached to the Notice to be sent to the shareholders of TV2U in January 2020 for a shareholder meeting planned for February 2020.

3.9. The consideration for the proposed acquisition of the Assigned Materials is as follows.

- For the OTT/IPTV Assigned Materials the consideration will be \$1 in cash
- For the Non-OTT/IPTV Assigned Materials. The consideration will be:
 - 200,000,000 Class A performance shares in TV2U to be issued to Talico that vest and convert to ordinary shares upon the Company achieving revenue from the business utilising the Assigned Materials (“**IP Related Revenue**”) of \$5,000,000 in the period from the date of issue of the Class A Performance Shares to 30 June 2021; plus
 - 100,000,000 Class B performance shares in TV2U to be issued to Talico that vest and convert to ordinary shares upon the Company achieving IP Related Revenue of \$6,250,000; (additional IP Related Revenue of \$1,250,000) in the period from the date of issue of the Class B performance shares to 30 June 2022; plus
 - 200,000,000 Class C performance shares in TV2U to be issued to Talico that vest and convert to ordinary shares upon the Company achieving IP Related Revenue of \$7,500,000 (additional IP Related Revenue of \$1,250,000) in the period from the date of issue of the Class C performance shares to 30 June 2022; plus
 - 100,000,000 Class D performance shares in TV2U to be issued to Talico that vest and convert to ordinary shares upon the Company achieving IP Related Revenue of \$8,750,000 (additional IP Related Revenue of \$1,250,000) in the period from the date of issue of the Class D performance shares to 30 June 2023; plus
 - 200,000,000 Class E performance shares in TV2U to be issued to Talico that vest and convert to ordinary shares upon the Company achieving IP Related Revenue of \$10,000,000 (additional IP Related Revenue of \$1,250,000) in the period from the date of issue of the Class E performance shares to 30 June 2024.
- Prior to any conversion to ordinary shares, the performance shares have terms and conditions as described in Schedule 1 of the ES.

3.10. The above proposal is defined in this report as the “**Acquisition**” or the “**Transaction**”.

IER Requirement

3.11. Resolution 1 in the Notice and the ES refers to the Acquisition and issue of 800,000,000 performance shares (vesting and converting to ordinary shares subject to meeting the IP Related Revenue performance conditions noted above).

3.12. Resolution 1 refers to the proposals with Talico. Talico could increase its shareholding in TV2U from approximately 10.47% to approximately 31.23% after the issue of all of the 800,000,000 performance shares and assuming all performance shares vest and convert to ordinary shares.

3.13. Its shareholding would decrease to approximately 26.85% if all current share options and convertible securities convert into ordinary shares (refer 5.4).

ASX Listing Rule 10.1

- 3.14. ASX Listing Rule 10.1 provides that an entity must ensure that neither it, nor any of its child entities, acquire a substantial asset from, or dispose of a substantial asset to, amongst other persons, a subsidiary or a related party, without the prior approval of the entity's Non-Associated Shareholders.
- 3.15. For the purposes of ASX Listing Rule 10.1, an asset is substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the ASX Listing Rules.
- 3.16. The equity interests of the Company as set out in the latest accounts given to ASX under the ASX Listing Rules (being for the year ended 30 June 2019) were a negative (\$1,752,000).
- 3.17. ASX has requested that shareholder approval be obtained as the potential issue of the performance shares (up to 800,000,000) is to Talico, who is deemed associated with Fitzgerald and thus a deemed related party.
- 3.18. ASX Listing Rule requires an independent expert to report on the fairness and reasonableness of the issue of 800,000,000 performance shares to Talico (that vest and convert to ordinary shares if performance conditions relating to IP Related Revenue are met).
- 3.19. We have been requested by the Directors of TV2U to prepare an Independent Expert's Report (this report) to determine the fairness and reasonableness as noted in Resolution 1 (including the issue of 800,000,000 performance shares as noted above to Talico and acquiring the Assigned Materials).

Corporations Act Chapter 2E

- 3.20. As a related party transaction, the Company is seeking shareholder approval for the Acquisition under Chapter 2E of the Corporations Act. *Regulatory Guide 76: Related Party Transactions* recommends the inclusion of a valuation from an independent expert in certain instances where shareholder approval is sought under Chapter 2E. Our IER assesses whether the proposed Transaction is fair and reasonable for the Non-Associated Shareholders for the purpose of both ASX Listing Rule 10.1 and Chapter 2E of the Corporations Act.

Corporations Act s611

- 3.21. As a consequence of the Transaction, Talico will have the potential to acquire up to a 31.23% in TV2U.
- 3.22. Under Section 606 of the Corporations Act, unless certain exemptions apply, a person must not acquire a relevant interest in issued voting shares in a company if, as a result of the transaction, that person's or someone else's voting power in the company increases:
- from 20% or below to more than 20%; or
 - from a starting point that is above 20% and below 90%.
- 3.23. Under Section 611 (Item 7) of the Corporations Act, section 606 does not apply in relation to any acquisition of shares approved by a resolution passed at a general

meeting, by shareholders who are not associated with the transaction. For such a meeting, an independent expert is typically engaged to report on the fairness and reasonableness of the transaction, pursuant to *ASIC's Regulatory Guide 74: Acquisitions Approved by Members*. However, we note that the Company is not seeking shareholder approval and our report does not provide an opinion under Section 611 (Item 7) of the Corporations Act.

4. PRESCRIBED APPROACH

- 4.1. In determining the fairness and reasonableness of the Transaction to the Non-Associated Shareholders of TV2U, we have had regard to the guidelines set out by ASIC in its *Regulatory Guide 111: Content of Expert Reports* ("**RG 111**"), as they apply to ASX Listing Rule 10.1 transactions.
- 4.2. The applicable guidance in RG 111 (specifically RG 111.57-58) states that a proposed related party transaction is 'fair' if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.
- 4.3. Additionally, we include an examination to determine whether there is justification for the Transaction on grounds after reference to value (reasonableness). Our opinion on the reasonableness of the Transaction is based on an examination of various qualitative factors to determine whether there is justification for the Transaction beyond a purely quantitative assessment. A transaction is "reasonable" if it is fair (RG111.12), or where it is "not fair", it may still be "reasonable" after considering other significant factors which support the approval of the transaction.
- 4.4. Apart from this introduction, this report considers the following:
- Introduction & opinion
 - Report summary
 - Background
 - Prescribed approach
 - Implications of the Transaction
 - Corporate profile of TV2U and Assigned Materials
 - Valuation considerations for TV2U shares
 - Valuation considerations for the Assigned Materials
 - Fairness evaluation
 - Reasonableness evaluation
 - Shareholders' decision
 - Sources of information
 - Appendix A, our disclosures and Financial Services Guide

5. IMPLICATIONS OF THE TRANSACTION

- 5.1. As at 12 December 2019, there were 2,650,666,640 ordinary fully paid shares on issue in TV2U. The top 20 shareholders as at 27 November 2019 were as follows:

Shareholder	No. of ordinary shares	% of issued ordinary shares
Blusky Investments Pty Ltd	598,801,140	22.6%
Cancun Trading Pty Ltd	412,198,914	15.6%
Talico Technologies Pte Ltd	277,571,428	10.5%
Lind Asset Management XIII LLC	101,428,571	3.8%
Troy Harris	98,000,000	3.7%
Mr Nathan Wayne Manning	91,644,694	3.5%
Mr Pasquale Nero & Mrs Kathleen Mary Nero	34,000,000	1.3%
HSBC Custody Nominees (Australia) Limited	27,847,655	1.1%
Pasner Pty Ltd <The Nero Super Fund A/C>	21,300,000	0.8%
Mrs Joanna Milligan & Mr John Edwin Milligan <Team Elite Super Fund A/C>	20,267,017	0.8%
Mr Richard Joseph Teague	18,150,000	0.7%
Mr James Anthony O'Brien	15,584,506	0.6%
McConville Holdings Pty Ltd <The McConville A/C>	15,000,000	0.6%
Dynamik Capital Pty Ltd <Du Family A/C>	14,640,000	0.6%
Mr Viet Tu Nguyen	14,400,000	0.5%
Mrs Kellie-Anne Eileen Sanajko & Mr Benjamin Crosbie O'Connor <B and K O'Connor Family A/C>	14,000,000	0.5%
Mrs Divya Jindal	13,678,701	0.5%
Tiffany Ave Investments Pty Ltd <Casper Superfund A/C>	13,303,997	0.5%
Mr Pengtao Shi	13,000,000	0.5%
Citicorp Nominees Pty Limited	12,989,593	0.5%
Top 20 shareholders	1,827,806,216	69.0%
Other shareholders	822,860,424	31.0%
Total ordinary shares	2,650,666,640	100.0%

5.2. The current capital structure of TV2U is as follows:

	Ordinary shares	%	Fully diluted	%
Shares on issue at 12 December 2019	2,650,666,640	100.0%	2,650,666,640	82.5%
Convertible Security - Lind Asset Management (refer below)			1	0.0%
Performance Rights			1,192,423	0.0%
Listed options ex at 2.0 cents on or before 30 March 2021			351,413,781	10.9%
Unlisted options ex at 1.1 cents on or before 18 Sep 2021			62,500,000	1.9%
Unlisted options ex at 2.0 cents on or before 27 Dec 2021			5,500,000	0.2%
Unlisted options ex at 0.7 cents on or before 23 Jan 2022			60,000,000	1.9%
Unlisted options ex at 0.65 cents on or before 22 Feb 2022			9,900,000	0.3%
Unlisted options ex at 0.65 cents on or before 29 Mar 2022			13,200,000	0.4%
Unlisted options ex at 0.52 cents on or before 1 May 2022			10,312,500	0.3%
Unlisted options ex at 0.39 cents on or before 29 May 2022			16,500,000	0.5%
Unlisted options ex at 1.04 cents on or before 9 July 2022			6,187,500	0.2%
Unlisted options ex at 0.78 cents on or before 12 Aug 2022			5,500,000	0.2%
Unlisted options ex at 1.04 cents on or before 17 Sep 2022			6,187,500	0.2%
Unlisted options ex at 0.91 cents on or before 17 Oct 2022			7,071,429	0.2%
Unlisted options ex at 0.91 cents on or before 16 Nov 2022			7,071,429	0.2%
Total	2,650,666,640	76.8%	3,213,203,203	100.0%

5.3. The Company currently owes \$1,320,000 by way of convertible notes to Lind Asset Management XIII LLC ("**Lind**"). The Company may borrow up to a further \$1,200,000 (in three tranches of \$400,000 each). Repayment of the convertible notes are repayable in cash or shares (90% of the average of three daily volume weighted average share prices ("**VWAP**") per share.

- 5.4. In the event that all of the performance shares issued pursuant to the Transaction were converted into ordinary shares, it would have the following effect on the Company's capital structure.

	Ordinary shares	%	Fully diluted	%
Shares on issue at 12 December 2019	2,650,666,640	76.8%	2,650,666,640	66.0%
Convertible Security - Lind Asset Management			1	0.0%
Performance Rights			1,192,423	0.0%
Listed options ex at 2.0 cents on or before 30 March 2021			351,413,781	8.8%
Unlisted options ex at 1.1 cents on or before 18 Sep 2021			62,500,000	1.6%
Unlisted options ex at 2.0 cents on or before 27 Dec 2021			5,500,000	0.1%
Unlisted options ex at 0.7 cents on or before 23 Jan 2022			60,000,000	1.5%
Unlisted options ex at 0.65 cents on or before 22 Feb 2022			9,900,000	0.2%
Unlisted options ex at 0.65 cents on or before 29 Mar 2022			13,200,000	0.3%
Unlisted options ex at 0.52 cents on or before 1 May 2022			10,312,500	0.3%
Unlisted options ex at 0.39 cents on or before 29 May 2022			16,500,000	0.4%
Unlisted options ex at 1.04 cents on or before 9 July 2022			6,187,500	0.2%
Unlisted options ex at 0.78 cents on or before 12 Aug 2022			5,500,000	0.1%
Unlisted options ex at 1.04 cents on or before 17 Sep 2022			6,187,500	0.2%
Unlisted options ex at 0.91 cents on or before 17 Oct 2022			7,071,429	0.2%
Unlisted options ex at 0.91 cents on or before 16 Nov 2022			7,071,429	0.2%
Potential conversion of performance shares issued as a result of the Transaction				
Vesting upon milestone of \$5,000,000 IP Related Revenue	200,000,000	5.8%	200,000,000	5.0%
Vesting upon milestone of \$6,250,000 IP Related Revenue	100,000,000	2.9%	100,000,000	2.5%
Vesting upon milestone of \$7,500,000 IP Related Revenue	200,000,000	5.8%	200,000,000	5.0%
Vesting upon milestone of \$8,750,000 IP Related Revenue	100,000,000	2.9%	100,000,000	2.5%
Vesting upon milestone of \$10,000,000 IP Related Revenue	200,000,000	5.8%	200,000,000	5.0%
Total	3,450,666,640	100.0%	4,013,203,203	100.0%

- 5.5. We also note that Talico has an existing shareholding in TV2U and its total potential shareholding (percentages assumed all performance shares vest) as a result of the Transaction is outlined below.

	Ordinary shares	%
Talico Shareholdings		
Current holding	277,571,428	8.3%
Vesting upon milestone of \$5,000,000 IP Related Revenue	200,000,000	5.8%
Vesting upon milestone of \$6,250,000 IP Related Revenue	100,000,000	2.9%
Vesting upon milestone of \$7,500,000 IP Related Revenue	200,000,000	5.8%
Vesting upon milestone of \$8,750,000 IP Related Revenue	100,000,000	2.9%
Vesting upon milestone of \$10,000,000 IP Related Revenue	200,000,000	5.8%
Total Potential Talico Shareholding	1,077,571,428	31.5%
Other shareholders	2,363,095,212	68.5%
Total	3,440,666,640	100.0%

- 5.6. The above percentages and shares on issue may vary depending on the number of ordinary shares issued to Talico (performance shares must meet certain IP Related Revenue performance conditions before vesting and converting to ordinary shares), the number of share options exercised and the potential issue of new shares and exercise of any new share options issued.
- 5.7. TV2U's board of directors is currently comprised of Nick Fitzgerald (Executive Director), Bret Silvey (Non-executive Director) and Hannah Ward (Non-Executive Director). The board is not expected to change as a result of the Acquisition.

6. CORPORATE PROFILE OF TV2U AND THE ASSIGNED MATERIALS

Principal Activities and Significant Assets - TV2U

6.1. TV2U is a software development business which has various technologies including in internet of things and OTT technology, with applications in (amongst other areas) the streaming of video content over public and private networks. Refer to the ES for additional detail on the nature of TV2U's technologies. With regard to its internet TV activities, its business model is to sell its internet TV software platform to wholesale business clients who use the platform to distribute content to consumers.

6.2. TV2U's existing software products, called IVANX and IVANMV, seek to act as an end-to-end content management & delivery platform which can monetise content in various ways i.e. subscription, pay-per-view and ad driven revenue.

6.3. As per various ASX announcements, the Company describes its business as follows:

"TV2U is an ASX listed company. TV2U provides a complete white labelled TV and entertainment managed service from the cloud, lowering the barrier 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 bring management security, control and delivery efficiency over any network to any device. TV2U provides a personalised 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 provides a cloud based management 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."

6.4. TV2U was founded by Nick Fitzgerald in 2007 and listed on ASX in 2016 for the purpose of commercialising the TV2U IP. Nick Fitzgerald is also the owner of Talico which has been developing the Assigned Materials, which has a close operational relationship with the TV2U IP.

6.5. One of the core components of TV2U's products is the analytical engine which is provided by Talico. The architecture of TV2U and Talico IP has been designed in a way that analytical engine became a tightly coupled component of TV2U's software.

TV2U's Content Management & Delivery Platform Features

6.6. TV2U's IP is mainly focused on content management and streams delivery to the end customer. The features of TV2U's existing products, as described by the Company, appears below.

Feature	Company's description
White Labelled CMS	Effortlessly manage your content across all devices with our advanced web portal. Brand it your way with full control over the look and feel
World-Class Video Player	Give your viewers a seamless experience across all platforms, browsers, and devices. Our powerful player ensures high quality streaming anywhere, at any time
Dedicated IOS And Android Apps	Get a native Android and iOS app with your own branding for screens of all sizes
Android Set Top Box Support	Complement your app suite with a dedicated set-top box offering
Chromecast Functionality	Let users put their favourite movies and TV shows on the big screen. Enjoy built-in Chromecast support on your website and mobile apps
AES-128 bit Encryption	Ensure your content is protected at all times with our powerful 128-bit encryption algorithm
Metadata Management	Add detailed metadata to your content. Help users discover what they want to watch across any platform
Sign Up & Sign In Control	Make sign-up convenient for your users with a range of options, including email and social media registration
CDN Support & Integration	Provides pre-integration for industry leading CDNs (including Akamai, Amazon CloudFront, and Cloudflare) to reliably deliver your content anywhere in the world
Live Radio Streaming	Launch and stream live music, sports, and other radio stations instantly. Radio can be offered as a free value add or under the same monetisation models as video content
Full Payment Gateway Support	Integrate your preferred gateways and easily collect payments in any currency
Apple In-App Purchases	Support in-app transactions. Give users easy access to content via any monetization model, directly through their iOS account
Direct Carrier Billing	Let your users pay via direct carrier billing through TV2U's mobile number registration functionality
Customizable Templates	Choose from a collection of flexible pre-designed templates that can be edited in real time to meet your needs
Multi Lingual UI	Speak the language of your users. Launch your service in multiple languages at the same time
Cast & Crew Library	Manage additional cast and crew information from a central hub
Video Library	Bulk upload your content using our CMS. Platform will transcode on the fly and make it instantly available to stream
Localize Your Content	Add subtitles to your content in just a few clicks
Electronic Program Guide	Keep your users in the loop by bringing an EPG to your OTT service
Watch History	retains the watch history of your users, making it convenient to pick up where they left off previously
Content Sorting	Sort and display your content assets in the most engaging way. Choose from release date, alphabetic order, and more
Filter Content	Offer filters to help users find the content they're looking for
Content Category	Create and display customizable categories and rows to promote premium content to users
Adaptive Bitrate (ABR) Streaming	Defeat buffering by using TV2U's advanced ABR technology. Deliver over any network and adjust content quality on the fly in line with each user's bandwidth
Schedule A Recording	Let your users control the live content schedule. They can record their favourite TV shows and watch later at a convenient time
Stream Live Channels	Stream local and international live channels anywhere, on any device
Live Channel Catch-Up	Offer extra convenience to your users with automated catch-up functionality for live broadcasts
Advanced Mobile Sign Up & Sign In	Customizable mobile number sign up and sign in is a unique feature for platform
Content Piracy Protection	Protect your content using TV2U's unrivalled studio-approved multi DRM technology
Content Banners	Draw users in. Promote your best content with our banner templates, customizable to your brand guidelines and requirements
Email Templates	Pre-defined email templates to handle everything from user marketing messages to subscription renewals

Talico's Advance Analytics Engine Driven Features

- 6.7. Talico's Advance Analytics Engine is used to collect and process extensive data which has the following uses as described by the Company.

Feature	Company's description
Content Analytics	Track and analyse the performance of your content. Find out what's keeping your users engaged for the longest and what content is driving the greatest revenues
Advance Reporting	Generate detailed revenue, usage, and content engagement reports via the analytics engine. Use this data to fuel your content acquisition decisions
Geo Zoning	Effortlessly restrict the audience for your content to certain countries, or go more granular such as city or state
Content Restriction	Choose where users can watch your content. Restrict certain assets to web, certain mobile devices, set-top boxes or vice versa
Content Searching	Help your users find their favourite content using powerful content search engine embedded driven by the analytics engine into the app suite
Advanced Recommendation Engine	Keep your viewers engaged for longer and fight churn with Talico's world-class analytics-based recommendations engine
Analytics Dashboard	A cross-device analytics dashboard straight out the box. You'll have a full view of what content your users engage with the most
User Insights	Talico's Advance Analytics engine gives in-depth knowledge of user behaviour. The platform tracks and records viewer activity, real time content sessions, device usage, and content engagement
Monetization Control	Supports several monetization models including ad-supported VOD (AVOD), subscription VOD (SVOD), transactional VOD (TVOD), and pay-per-view (PPV). Pick-and-mix for different content assets to fit your needs
Program Alarms	Send notifications and let users send alarms through the platform when their favourite shows are on air
Notifications	Includes a pre-integrated notification engine. Update your users about new content arrivals or send other custom notifications
Device Management	Take control over how users access your service by imposing device limits and account restrictions
Parental Control	Simple yet powerful parental controls are built. Restrict child accounts based on content genre, time of day, and more

- 6.8. Shareholders are encouraged to read the Company's Annual Report for the year ended 30 June 2019 and announcements made by TV2U over the past year (and any announcements made by TV2U leading up to the EGM planned for February 2020).
- 6.9. Further details are outlined in the ES attached to the Notice and shareholders should read the ES to gain a fuller understanding of the Assigned Material business and potential before voting on Resolution 1 (and Resolution 2).

Future Direction of TV2U

- 6.10. We have been advised by the directors and management of TV2U, that:
- There are no proposals currently contemplated either whereby TV2U will acquire any further assets from Talico (however TV2U may issue 800,000,000 performance shares that vest and convert to ordinary shares when IP Related Revenue milestones are met) or where TV2U will transfer any of its property or assets to Talico. However, under the IP Deed, there is an option to purchase buy-back Non-OTT/IPTV Assigned Materials in certain circumstances for \$1
 - The composition of the board may change in the future as the Company is required to appoint a second Australian resident director and an appointment process is underway
 - No dividend policy has been set
 - The Company will endeavour to enhance the value of the Assigned Materials and will spend funds to commercialise the Assigned Materials once acquired.

7. VALUATION CONSIDERATIONS FOR TV2U SHARES AND POSSIBLE SHARES TO BE ISSUED TO TALICO

Methodology

- 7.1. In considering the proposal to acquire the Assigned Materials we have sought to determine if the potential consideration payable by TV2U to Talico is fair and reasonable to the existing Non-Associated Shareholders of TV2U.
- 7.2. The offer would be fair to the existing Non-Associated Shareholders if the value of the Assigned Materials being acquired by TV2U is greater than the implicit value of the performance shares that vest and convert to ordinary shares on meeting certain performance conditions relating to IP Related Revenues. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on TV2U shares for the purposes of this report.
- 7.3. The valuation methodologies we have considered in determining a theoretical value of a TV2U ordinary share are:
- capitalised maintainable earnings/discounted cash flow;
 - takeover bid - the price at which an alternative acquirer might be willing to offer;
 - adjusted net asset backing and windup value; and
 - the market price of TV2U shares.

Capitalised maintainable earnings and discounted cash flows

- 7.4. Due to TV2U's current operations, a lack of a reliable long term profit history arising from business undertakings and the lack of a reliable future cash flow from current business activities, we have considered these methods of valuation are not available for the purpose of this report. TV2U made a loss of \$4,326,276 and \$4,529,310 for the years ended 30 June 2019 and 30 June 2018 respectively and as at 30 June 2019 had accumulated losses of \$32,575,444 and net liabilities of \$1,752,000.

We note TV2U's recent announcement on 28 November 2019 regarding the execution of a 10 year license agreement between Talico and Jayplus AG which involves an initial license fee of \$4.88 million, however also note completion of this license agreement is conditional on Jayplus AG raising funding from third party investors, which had not yet occurred as at the date of this report.

Takeover Bid

- 7.5. It is possible that a potential bidder for TV2U could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. To our knowledge, there are no current bids in the marketplace and the directors of TV2U have formed the view that there are unlikely to be any takeover bids made for TV2U in the immediate future. However, if the agreement to acquire the Assigned Materials is completed, Talico may potentially control up to approximately 31.23 of the expanded ordinary issued capital of TV2U (assuming all performance shares vest and convert to ordinary shares when certain IP Related Revenue performance conditions are met and no other shares are issued to other parties).

Adjusted Net Asset Backing

- 7.6. We set out below an unaudited balance sheet (statement of financial position) of TV2U as at 31 October 2019 as provided in the ES, excluding the pro forma recognition of the intangible Assigned Materials assets which occurs as a result of the Transaction.

	Audited 30 June 2019 \$	Subsequent events \$	Adjusted to 31 Oct 2019 \$
Cash and equivalents	293,029	-	293,029
Receivables & prepayments	214,314	-	214,314
Current Assets	507,343	-	507,343
Plant and equipment	48,393	-	48,393
Intangible assets	-	-	-
Non-Current Assets	48,393	-	48,393
Total Assets	555,736	-	555,736
Creditors and borrowings	2,307,736	(376,107)	1,931,629
Convertible note liability	-	-	-
Unearned revenue	-	-	-
Current Liabilities	2,307,736	(376,107)	1,931,629
Net (Liabilities)	(1,752,000)	376,107	(1,375,893)
Contributed equity	28,929,870	1,340,188	30,270,058
Reserves	1,893,574	(546,610)	1,346,964
Accumulated losses	(32,575,000)	(417,471)	(32,992,471)
Total Equity	(1,751,556)	376,107	(1,375,449)

- 7.7. The net liability (book value) backing per fully paid ordinary TV2U share (pre-acquisition of the Assigned Materials) as at 31 October 2019 based on the unaudited adjusted balance sheet \$1,375,449.
- 7.8. We have accepted the amounts as disclosed in TV2U's audited accounts for all assets and liabilities.
- 7.9. As TV2U's ordinary shares are on a limited liability basis, using the adjusted book values of the assets and liabilities of TV2U as at 31 October 2019, suggests the net technical fair value of a TV2U share is nil.
- 7.10. We note it is not the present intention of the directors of TV2U to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical. Furthermore, we note the substantial value implied by recent trading in TV2U shares, as discussed from paragraph 7.11 below. Accordingly, we are of the opinion that quoted share price of TV2U is driven by market perceptions of the value of TV2U's technology and the likelihood that contract wins will be secured, as opposed to the book values of the Company's assets.

Quoted Market Price of TV2U Shares

- 7.11. Generally, the market is a fair indicator of what a share is worth, however in order for a quoted market price to be a reliable indicator of a company's value, the company's shares must be representative of an efficient market, including demonstrating a sufficient level of liquidity.
- 7.12. Share prices in TV2U as recorded on the ASX for the 24 months up to and including 22 November 2019 (the last trading day before the shares in TV2U were placed into a trading halt and then voluntarily suspended from trading on 26 November 2019) are shown below.



- 7.13. The table below analyses the share price history of TV2U shares in various time periods immediately prior to 22 November 2019.

Trading Days	Low (\$)	High (\$)	VWAP (\$)	Cumulative volume	% turnover of issued capital	% turnover annualised
1 Day	0.0080	0.0080	0.0080	2,650,000	0.10%	3.76%
10 Days	0.0080	0.0080	0.0087	41,155,620	1.60%	58.40%
30 Days	0.0080	0.0100	0.0088	168,343,770	6.56%	79.80%
60 Days	0.0080	0.0120	0.0090	342,276,160	13.95%	84.84%
90 Days	0.0060	0.0130	0.0092	722,421,140	30.36%	123.14%
180 Days	0.0040	0.0130	0.0085	1,627,015,850	71.51%	145.00%
1 Year	0.0040	0.0130	0.0081	2,117,423,930	95.91%	95.91%

- 7.14. We note the proposed Acquisition (albeit on slightly different terms) was first announced on 29 January 2019 and its completion (subject to shareholder approval) was announced on 12 June 2019. Following both announcements coincided with an increase in the share price (particularly in June 2019) which has been sustained since. In order to assess the value of a TV2U share prior to the Transaction we have considered the share trading history in the period prior to the first announcement, as follows.

Trading Days	Low (\$)	High (\$)	VWAP (\$)	Cumulative volume	% turnover of issued capital	% turnover annualised
1 Day	0.0070	0.0080	0.0070	7,394,000	0.36%	13.27%
10 Days	0.0050	0.0070	0.0069	104,351,050	5.13%	187.32%
30 Days	0.0040	0.0080	0.0061	182,219,850	9.04%	109.93%
60 Days	0.0040	0.0080	0.0058	327,068,300	16.29%	99.12%
90 Days	0.0040	0.0120	0.0064	497,290,200	24.94%	101.13%
180 Days	0.0040	0.0180	0.0094	1,061,238,450	55.04%	111.61%
1 Year	0.0040	0.0180	0.0104	1,456,155,680	78.53%	78.53%

- 7.15. A “deep” market is considered (by market convention) to be where the number of shares traded on a weekly basis exceeds 1% of the company's total shares on issue. We also note TV2U's “free float” which excludes holdings of insiders and strategic investors is only 40.8% of the total shares on issue, and hence liquidity as a percentage of free float is significantly higher than of the total shares on issue.
- 7.16. As can be seen from the trading volume on ASX, there was a reasonable level of trading in TV2U shares in the period leading up to the first announcement of the Transaction, as this has continued since. We also note the market has been informed of current projects and business activities including potential new customer wins.
- 7.17. Accordingly, the quoted market price of TV2U can be considered a reasonable indicator of the value of a TV2U share. Given the amount of time that has passed following the first announcement, we have considered both the pre-announcement and most recent share trading history and believe a reasonable range of values of a TV2U share is between **\$0.006 and \$0.010**, with a preferred value of **\$0.008**.
- 7.18. We note the current undiluted market capitalisation based on 2,650,666,640 shares on issue and a share price between \$0.006 and \$0.010 is in the range of approximately \$15,904,000 to \$26,506,000.
- 7.19. It is noted that no upfront shares are being issued to Talico but up to 800,000,000 shares may be issued (in tranches as noted in 3.9) on meeting various revenue based milestones at an uncertain future time. The future trading price of a TV2U share as traded on ASX cannot be reliably estimated.
- 7.20. From a financial reporting perspective under *AASB2: Share Based Payments*, the Company will need to estimate the probability of each tranche of performance shares as noted in Section 3.9 being converted to ordinary shares. A generally accepted principle is that if the probability of meeting a performance condition is 50% or more, then 100% of the value attributable to an ordinary share is ascribed to the performance shares that are considered likely to meet the performance condition.
- 7.21. The future value of a TV2U share will depend upon, inter alia:
- the future success of the current business activities and successful commercialisation (or otherwise) of the Assigned Materials being obtained via the Acquisition;
 - the state of Australian and overseas stock markets;
 - the strength and performance of the Board and management and/or who makes up the Board and management;

- foreign exchange rates;
- general economic conditions;
- the liquidity of shares in TV2U; and
- possible ventures and acquisitions entered into by TV2U.

7.22. No estimate of probability has been made by us as there is insufficient reasonable grounds to forecast successful commercialisation of the Assigned Materials. The TV2U Group must obtain significant contracts with outside customers and we cannot be assured that these will occur.

7.23. It is noted that the gross revenue from trading over the past 2 years to 30 June 2019 has been \$640,247 year ended 30 June 2018 and \$478,856 year ended 30 June 2019). The unaudited gross sales for the four months ended 31 October 2019 approximated \$166,400.

7.24. The IP Related Revenue targets are in 5 tranches as noted above- \$5,000,000, \$6,250,000, \$7,500,000, \$8,750,000 and \$10,000,000 (all rising in additional IP Related Revenues of \$1,250,000). These net revenues are substantially and materially greater than revenues for the 2 years ended 30 June 2019.

7.25. For demonstrative purposes, we note that if a range of \$0.006 to \$0.010 for a TV2U share is assumed, the values of each tranche of performance shares (if treated as an ordinary share) are in the range of:

	Assuming 0.6 cents \$	Assuming 1.0 cents \$
200,000,000 shares in TV2U when TV2U/TV2U Singapore achieves \$5,000,000 IP Related Revenue	1,200,000	2,000,000
100,000,000 shares in TV2U when TV2U/TV2U Singapore achieves \$6,250,000 IP Related Revenue (additional IP Related Revenue of \$1,250,000)	600,000	1,000,000
200,000,000 shares in TV2U when TV2U/TV2U Singapore achieves \$7,500,000 IP Related Revenue (additional IP Related Revenue of \$1,250,000)	1,200,000	2,000,000
100,000,000 shares in TV2U when TV2U/TV2U Singapore achieves \$8,750,000 IP Related Revenue (additional IP Related Revenue of \$1,250,000)	600,000	1,000,000
200,000,000 shares in TV2U when TV2U/TV2U Singapore achieves \$10,000,000 IP Related Revenue (additional IP Related Revenue of \$1,250,000)	1,200,000	2,000,000
Potential value of performance shares	4,800,000	8,000,000

7.26. The values attributable to the performance shares (and ordinary shares if all performance shares vest and convert to ordinary shares) may be more or less than the above range of values. If milestones are met, the share prices of a TV2U share as traded on ASX may well be higher.

8. VALUATION CONSIDERATIONS FOR THE ASSIGNED MATERIALS

- 8.1. The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market.
- 8.2. To estimate the fair market value of the Assigned Materials, we have considered valuation methodologies recommended by *ASIC Regulatory Guideline 111* regarding valuation methodologies appropriate for independent expert reports. These methods include:
- capitalisation of maintainable earnings;
 - discounted cash flows;
 - industry specific methods; and
 - net asset based methods.
- 8.3. Capitalisation of maintainable earnings methods estimate fair market value based on a business' future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies, or traded prices on a recognised exchange. The capitalisation of maintainable earnings is appropriate where the company's business earnings are relatively stable.
- 8.4. The discounted cash flow method estimates market value by discounting a company's future cash flows to their present value. This method is appropriate where a projection or forecast of future cash flows can be made with a reasonable degree of confidence. The discounted cash flow method is commonly used to value early stage companies or projects with a finite life. As the Assigned Materials are not in themselves a business, have any trading history or reliable forecasts, this method is not suitable to value the Assigned Materials.
- 8.5. An industry market or 'rule of thumb' method may be used in industry sectors where there are a relatively large number of participants, sale of these assets or businesses occur on a frequent basis and where the sale price is known to the broader public. In these sectors market prices can be established for similar assets or businesses where the underlying drivers are sufficiently comparable (for example number of licenses or internet traffic statistics). This can provide a basis for forming a reasonable market opinion. Generally, rules of thumb provide less persuasive evidence on market value of a company, since they may not account for company-specific factors. In reference to the Assigned Materials, there is insufficient activity or delineation of underlying drivers that is publicly available for this method to be utilised.
- 8.6. A net asset based method assumes that the value of the business rests in its underlying assets and that generally the value of those assets as recorded in the financial statements of the company is a reasonable reflection of their realisation value. Further the net asset backing method ignores goodwill considerations or the value of intellectual property, unless these have been recorded in the financial statements. In the specific case of the Assigned Materials, a replacement cost may be reasonably assessed by considering the cost of developing the Assigned Materials to date. However, most of the cost of software developed is comprised of labour costs, which can result in large variations in outcomes, and not necessarily be a guide to the realisable value of the technology developed. We have been advised that approximately \$1,076,000 has been spent to date on research and development on the Assigned Materials over the 4 years to 30 June 2019. This does not mean that

the value of the Assigned Materials is worth what was spent. We note under section 7.25 that the potential consideration may be far in excess of that spent to 30 June 2019. However, we also note the potential for the Assigned Materials to not evolve into a profitable business and note the Acquisition Agreement provides for certain circumstances where TV2U has an option to sell the Non- OTT/IPTV Assigned Materials back to Talico for \$1.

- 8.7. The Assigned Materials have not been commercialised and thus ascribing a fair value has many risks. In effect, the value in the future will be dependent on any owner of the Assigned Materials having or raising sufficient capital to commercially exploit the Assigned Materials. No reliable forecasts are available relating to the cost to commercialise of the Assigned Materials.
- 8.8. As discussed, all of the methodologies have limitations in their application to the Assigned Materials. It is noted that there are no internal valuations prepared and no formal adoption of cash flow or profit and loss forecasts.
- 8.9. Once consideration that can be predicted with certainty is that the Company will earn revenue equivalent to the relevant performance condition before any performance shares convert into ordinary shares, which will therefore be at least \$5,000,000. We note that if these milestones are met, it will likely lead to an increase in the share price of TV2U as such achievements may demonstrate commercial success of the technology and likely drive perceptions of ongoing future contract wins.

Summary of valuation methodology and conclusion

- 8.10. **We are unable to conclude upon a meaningful valuation range for the Assigned Materials due to the lack of reliable financial projections.**

9. FAIRNESS EVALUATION

- 9.1. The proposals pursuant to Resolution 1 are considered fair to TV2U's Non-Associated Shareholders if the value of the consideration offered is equal to or less than the value of the Assigned Materials to be acquired.
- 9.2. Valuations depend on the value placed on the technology/IP interests. The valuation of technology/IP interests and valuing future profitability and cash flows is extremely subjective because it involves assumptions regarding future events that are not capable of independent substantiation.
- 9.3. We have been unable to determine a fair value for the Assigned Materials. In arriving at this view, we have, inter-alia, referred to the following factors:
- The lack of reasonable grounds to substantiate a longer term cash flow model which could drive a discounted cash flow valuation
 - The ability to produce positive cash flow and profits over a period of time is uncertain
 - TV2U needs to obtain sufficient working capital to meet its planned objectives
 - Risks associated with commercialisation of the Assigned Materials
- 9.4. As we are unable to ascribe a fair value to the Assigned Materials at the date of this report, **we conclude that the proposals pursuant to Resolution 1 are not fair.**

10. REASONABLENESS EVALUATION

- 10.1. We set out below some of the advantages and disadvantages and other factors pertaining to the proposed Acquisition (of the Assigned Materials) that we considered in arriving at our conclusion on the reasonableness of the Acquisition.

Advantages

- 10.2. The Transaction will improve the alignment of interests between Nick Fitzgerald, Talico and TV2U, and improve corporate governance.
- 10.3. Operational synergies may be possible in consolidating ownership of intellectual property that is closely linked in terms of software functionality and product offerings.
- 10.4. The Company is only paying \$1 for the OTT/IPTV Assigned Materials with some opportunities to move into the earning of profits and positive cash flows if the OTT/IPTV Assigned Materials can be successfully commercialised. There is no option for Talico to buy-back the OTT/IPTV Assigned Materials.
- 10.5. No upfront fee is payable by TV2U for the acquisition of the Non- OTT/IPTV Assigned Materials (but up to 800,000,000 performance shares are to be issued that vest and convert to ordinary shares if all IP Related Revenue performance conditions are met).
- 10.6. The Company may be better placed to raise further funds by way of share equity as a result of acquiring the Assigned Materials and if commercial success is achieved on commercialisation of the Assigned Materials, TV2U may be able to raise further funds for expansion of the expanded TV2U businesses.
- 10.7. There is an incentive to TV2U and Talico, to successfully exploit the Assigned Materials as Talico may significantly increase its shareholding interests in TV2U if all IP Related Revenue performance conditions are met. All shareholders would benefit from an increased share price which would be expected if the performance conditions were achieved.
- 10.8. The TV2U share price has increased since the first announcement of the Transaction, and therefore there is risk the share price may fall if the Transaction does not proceed.

Disadvantages

- 10.9. Currently, Talico has a beneficial interest in approximately 10.47% of the ordinary shares on issue in the Company (277,571,428 shares) and if Resolution 1 and 2 are passed, Talico will be issued 800,000,000 performance shares (that vest and convert to ordinary shares on meeting milestones), Talico's ordinary shareholding interest in TV2U could rise to a maximum of 31.23% as noted above. The existing Non-Associated Shareholders may be diluted from owning a current 89.53% shareholding interest in TV2U and its underlying assets to a smaller shareholding of approximately 68.77% post the Acquisition, depending on the number of ordinary shares issued to Talico on performance shares vesting and converting to ordinary shares on meeting various performance conditions.
- 10.10. Monies will need to be incurred by TV2U in order to commercialise the Assigned Materials. Costs will need to be incurred by the TV2U Group in order to commercialise the Assigned Materials with no guarantee of successful commercialisation.

- 10.11. We note the ES also discusses other advantages and disadvantages of the Transaction for Non-Associated Shareholders.

Other Factors

- 10.12. The fair value of the Assigned Materials is at this stage unknown. Additionally, the future value of up to 800,000,000 ordinary shares (assumed all performance shares vest and convert to ordinary shares if IP Related Revenue performance conditions are met) is unknown.
- 10.13. Arguably, the proposed Acquisition provides the Company with a clearer strategic direction as compared with the existing position whereby the IP held by TV2U and Talico is closely linked but held under separate ownership structures.
- 10.14. The number of fully paid ordinary shares on issue may rise to as noted in paragraph 5.4 of this report. This would represent a substantial increase in the ordinary shares of the Company based on the number of shares on issue at the date of this report. However, if this was to occur, we expect that the traded prices of a TV2U share would be higher than current share prices and thus Non-Associated Shareholders would benefit.
- 10.15. The ultimate values ascribed to up to 800,000,000 ordinary shares assuming the 800,000,000 performance shares vest and convert to ordinary shares in TV2U if IP Related Revenue performance conditions are met) may be significantly higher than the range of share prices of a TV2U share as traded on ASX as described from 7.11.
- 10.16. It is the view of the existing independent board member of TV2U that the investment in the Assigned Materials and the issue of 800,000,000 performance shares are in the best interests of the Non-Associated shareholders.

Conclusion as to Reasonableness

- 10.17. After taking into account the factors referred to above and elsewhere in this report we are of the opinion that the advantages to the existing shareholders outweigh the disadvantages and thus the proposed Acquisition and issue of 800,000,000 performance shares as noted in paragraphs 3.9 and Resolution 1 in the Notice may be considered, on balance, to be **reasonable** to the existing Non-Associated Shareholders of TV2U at the date of his report.

11. SHAREHOLDER DECISION

- 11.1. SIS has been engaged to prepare an independent expert's report setting out whether in its opinion the Acquisition of the Assigned Materials and the issue of \$1 and 800,000,000 performance shares to Talico are fair and reasonable and state reasons for that opinion. SIS has not been engaged to provide a recommendation to shareholders in relation to the proposals under Resolution 1, but we have been requested to determine whether the proposals pursuant to Resolutions 1 are fair and/or reasonable to those shareholders not associated with Talico. The responsibility for such a voting recommendation lies with the directors of TV2U.
- 11.2. In any event, the decision whether to accept or reject Resolution 1 (and Resolution 2) is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position.
- 11.3. If in any doubt as to the action they should take in relation to the proposals under Resolution 1 (and Resolution 2), shareholders should consult their own professional adviser.
- 11.4. Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in TV2U. This is an investment decision upon which SIS does not offer an opinion and is independent on whether to accept the proposals under Resolution 1 (and Resolution 2). Shareholders should consult their own professional adviser in this regard.

12. SOURCES OF INFORMATION

- 12.1. In making our assessment as to whether the proposed Acquisition and issue of 800,000,000 performance shares as noted in paragraphs 3.9 are fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company and the Assigned Materials that is relevant to the current circumstances. In addition, we have held discussions with the management of TV2U about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of TV2U.
- 12.2. Information we have received includes, but is not limited to:
- Drafts of the Notice and ES (to 10 January 2020)
 - Discussions and/or correspondence with management of TV2U
 - Details of historical market trading of TV2U ordinary fully paid shares recorded by ASX in the 12 months to 22 November 2019
 - Shareholding details of TV2U as supplied by the Company's share registry as at 27 November 2019
 - Audited financial statements of TV2U for the years ended 30 June 2019 and 30 June 2018
 - Unaudited consolidated management accounts to 31 October 2019
 - Announcements made by TV2U to the ASX from 1 January 2017 to 20 January 2020

- IP Deed of Assignment dated 6 June 2019, as amended by a Variation Letter dated 16 January 2020
- Preliminary forecasts of profitability and cash flow of the TV2U Group for the calendar years ended 31 December 2020 to 2024

12.3 Our report includes Appendix A and our Financial Services Guide attached to this report.

Yours faithfully
STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)



Samir Tirodkar - ACA
Director

APPENDIX A

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stanton International Securities Pty Ltd dated 20 January 2020, relating to the Acquisition of the Assigned Materials from Talico and the issue of a total of 800,000,000 performance shares to Talico as outlined in Resolution 1 as disclosed in the Notice of Meeting to Shareholders and the Explanatory Statement proposed to be distributed to the TV2U shareholders in December 2019.

At the date of this report, Stanton International Securities Pty Ltd does not have any interest in the outcome of the proposals. There are no relationships with TV2U and Talico other than acting as an independent expert for the purposes of this report. Before accepting the engagement Stanton International Securities Pty Ltd considered all independence issues and concluded that there were no independence issues in accepting the assignment to prepare the Independent Experts Report. There are no existing relationships between Stanton International Securities Pty Ltd and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated will be up to \$25,000 plus GST. The fee is payable regardless of the outcome. With the exception of the fee, neither Stanton International Securities Pty Ltd nor Samir Tirodkar have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stanton International Securities Pty Ltd (and Stanton International Audit and Consulting Pty Ltd) do not hold any securities in TV2U and Talico. There are no pecuniary or other interests of Stanton International Securities Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stanton International Securities Pty Ltd, and Mr Samir Tirodkar have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

QUALIFICATIONS

We advise Stanton International Securities Pty Ltd is the holder of an Australian Financial Services Licence (no 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. The directors of Stanton International Audit and Consulting Pty Ltd are the directors of Stanton International Securities Pty Ltd. Stanton International Securities Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

Mr Samir Tirodkar ACA, the person with overall responsibility for this report, has experience in the preparation of valuations for companies in corporate transactions, including the fairness and reasonableness of such transactions.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the Directors of TV2U in order to assist them to assess the merits of the proposed Acquisition of the Assigned Materials and the issue of 800,000,000 performance shares outlined in Resolution 1 to the Notice to which this report

relates. This report has been prepared for the benefit of TV2U's shareholders and does not provide a general expression of Stanton's International Securities Pty Ltd's opinion as to the longer term value of TV2U, its assets, including the value of the Assigned Materials. Stanton's International Securities Pty Ltd does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of TV2U (and Talico). Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stanton's International Securities Pty Ltd to the form and context in which it appears.

DUE CARE AND DILIGENCE

This report has been prepared by Stanton's International Securities Pty Ltd with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the proposals set out in Resolution 1 to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolution 1.

DECLARATION AND INDEMNITY

Recognising that Stanton's International Securities Pty Ltd may rely on information provided by TV2U and its officers (save whether it would not be reasonable to rely on the information having regard to Stanton's International Securities Pty Ltd experience and qualifications), TV2U has agreed:

- (a) to make no claim by it or its officers against Stanton's International Securities Pty Ltd (and Stanton's International Audit and Consulting Pty Ltd) to recover any loss or damage which TV2U may suffer as a result of reasonable reliance by Stanton's International Securities Pty Ltd on the information provided by TV2U; and
- (b) to indemnify Stanton's International Securities Pty Ltd (and Stanton's International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from TV2U or any of its officers providing Stanton's International Securities Pty Ltd any false or misleading information or in the failure of TV2U or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stanton's International Securities Pty Ltd

A draft of this report was presented to an independent director and representatives of TV2U for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter as a result of any feedback from TV2U or its representatives.

FINANCIAL SERVICES GUIDE

Dated 20 January 2020

STANTONS INTERNATIONAL SECURITIES PTY LTD (TRADING AS STANTONS INTERNATIONAL SECURITIES)

Stantons International Securities Pty Ltd (ABN 42 128 908 289 and AFSL Licence No 448697) (“**SIS**” or “**we**” or “**us**” or “**ours**” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

Financial Services Guide

In the above circumstances, we are required to issue to you, as a retail client, a Financial Services Guide (“**FSG**”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- i. who we are and how we can be contacted;
- ii. the services we are authorised to provide under our **Australian Financial Services Licence, Licence No: 448697**;
- iii. remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- iv. any relevant associations or relationships we have; and
- v. our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and debt instruments)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report, we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product. Where you do not understand the matters contained in the Independent Expert's Report, you should seek advice from a registered financial adviser.

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis. Our fee for preparing this report is expected to be up to A\$25,000 exclusive of GST.

You have a right to request for further information in relation to the remuneration, the range of amounts or rates of remuneration and you can contact us for this information.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

SIS is ultimately a wholly owned subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. From time to time, SIS and Stantons International Audit and Consulting Pty Ltd (that trades as Stantons International) and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities Pty Ltd
Level 2
1 Walker Avenue
WEST PERTH WA 6005

When we receive a written complaint, we will record the complaint, acknowledge receipt of the complaints within 10 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("**AFCA**"). AFCA has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly via the details set out below.

Australian Financial Complaints Authority Limited
GPO Box 3
MELBOURNE VIC 3001

Telephone: 1800 931 678

SIS confirms that it has arrangements in place to ensure it continues to maintain Professional Indemnity insurance in accordance with s.912B of the Corporations Act 2001 (as amended). In particular our Professional Indemnity insurance, subject to its terms and conditions, provides indemnity up to the Sum Insured for SIS and our authorised representatives / representatives / employees in respect of our authorisations and obligations under our Australian Financial Services Licence. This insurance will continue to provide such coverage for any authorised representative / representative / employee who has ceased work with SIS for work done whilst engaged with us.

Contact details

You may contact us using the details set out at above or by phoning (08) 9481 3188 or faxing (08) 9321 1204.



TV2U International Limited | ACN 110 184 355

GM Registration Card

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Vote by Proxy: TV2

Your proxy voting instruction must be received by **9.00am (AWST) on Wednesday 19 February 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



Contact	Return your completed form		All enquiries to Automic	
	BY MAIL Automic GPO Box 5193 Sydney NSW 2001	IN PERSON Automic Level 5, 126 Phillip Street Sydney NSW 2000	BY EMAIL meetings@automicgroup.com.au	WEBCHAT https://automic.com.au/

STEP 1: Appoint Your Proxy	Complete and return this form as instructed only if you do not vote online I/We being a Shareholder entitled to attend and vote at the General Meeting of TV2U International Limited, to be held at 9.00am (AWST) on Friday 21 February 2020 at The Celtic Club, 48 Ord Street, West Perth WA 6005 hereby: Appoint the Chairman of the Meeting (Chair) OR if you are not appointing the Chairman of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof. <div style="border: 1px solid black; height: 20px; width: 100%;"></div>
	The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote. Unless indicated otherwise by ticking the "for"," against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention. AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 3 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 3 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

STEP 2: Your Voting Direction	<table border="1"> <thead> <tr> <th>Resolutions</th> <th>For</th> <th>Against</th> <th>Abstain</th> </tr> </thead> <tbody> <tr> <td>1. Approval of Acquisition of Talico Intellectual Property from Related Party</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>2. Creation of New Classes of Securities – Performance Shares</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>3. Issue of Shares to Mr Nick Fitzgerald in Lieu of Salary</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </tbody> </table>	Resolutions	For	Against	Abstain	1. Approval of Acquisition of Talico Intellectual Property from Related Party	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. Creation of New Classes of Securities – Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. Issue of Shares to Mr Nick Fitzgerald in Lieu of Salary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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<p><i>Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.</i></p>																	

STEP 3: Sign Here + Contact Details	SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED <table border="1"> <tr> <td>Individual or Securityholder 1</td> <td>Securityholder 2</td> <td>Securityholder 3</td> </tr> <tr> <td><div style="border: 1px solid black; height: 30px; width: 100%;"></div></td> <td><div style="border: 1px solid black; height: 30px; width: 100%;"></div></td> <td><div style="border: 1px solid black; height: 30px; width: 100%;"></div></td> </tr> <tr> <td>Sole Director and Sole Company Secretary</td> <td>Director</td> <td>Director / Company Secretary</td> </tr> </table>	Individual or Securityholder 1	Securityholder 2	Securityholder 3	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	<div style="border: 1px solid black; height: 30px; width: 100%;"></div>	Sole Director and Sole Company Secretary	Director	Director / Company Secretary
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Contact Name: <div style="border: 1px solid black; height: 20px; width: 100%;"></div> Email Address: <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div> Contact Daytime Telephone <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div> Date (DD/MM/YY) <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>										

By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).