Artivision Technologies Ltd.
67 Ubi Ave 1
Starhub Green Building (North Wing)
Unit #06-02 / #06-03
Singapore 408942

Artivision's Media Solutions Business Overtakes Contract Manufacturing Business As Main Revenue Driver

- ***Increased revenue contribution from Artimedia signals its growing clout in Israel's digital advertising market***
- ***Plans in place for Artimedia to adopt an asset-light, revenue-sharing model to reduce costs and improve profitability***

SINGAPORE, 29 JULY 2016 – With brand owners increasingly seeking out its digital advertising services to better reach their target audience, Artivision Technologies Ltd ("**Artivision**" or the "**Company**", and together with its subsidiaries, the "**Group**") reported today a big increase in revenue for its fiscal first quarter and said it will adopt an asset-light, revenue-sharing model to further bolster its media solutions business.

The Group's revenue for the three months ended 30 June 2016 ("**1QFY2017**") rose to S$4.33 million from S$1.74 million for the same period last year ("**1QFY2016**"), driven mainly by Artimedia Technologies Ltd ("**Artimedia**"), Artivision's Israel-based media solutions subsidiary. Artimedia accounted for S$2.67 million or 62% of the Group's total revenue for 1QFY2017. It contributed merely S$0.16 million in revenue in 1QFY2016.

Artimedia helps brand owners reach specific demographics in Israel by enabling them to serve advertisements ("**ads**") to viewers of premium-content online videos based on their personal interests and Internet-usage habits. This targeted approach significantly increases the likelihood of ads being viewed in their entirety, assuring brand owners that their advertising dollars are well spent. For publishers of premium-content videos, Artimedia enables them to monetise their content and increase advertising revenue at no extra costs.

Colibri Assembly (Thailand) Co Ltd ("**CAT**"), Artivision's wholly-owned contract manufacturing business, generated revenue of S$1.66 million in 1QFY2017, as compared to S$1.58 million in 1QFY2016. This is the first time the media solutions business has overtaken the contract manufacturing business as the Group's main revenue driver, signalling Artimedia's growing clout in the digital advertising market in Israel.

Artimedia eked out a modest gross profit of S$0.17 million in 1QFY2017, as compared to a small gross loss a year earlier. CAT also reported an improvement, with gross profit rising to S$0.57 million in 1QFY2017 from S$0.34 million in 1QFY2016. As at 30 June 2016, the Group had cash and cash equivalents of S$12.28 million, as compared to S$2.60 million as at end-1QFY2016. The increase in cash and cash equivalents was due to proceeds from a rights issue completed in May 2016.

Despite the higher revenue and gross profits, the Group incurred a net loss of S$3.48 million in 1QFY2017, as compared to a net loss of S$1.80 million in 1QFY2016. The wider loss was mainly due to higher administrative and finance expenses as well as increased cost of sales stemming from Artimedia's

Artivision Technologies Ltd.
67 Ubi Ave 1
Starhub Green Building (North Wing)
Unit #06-02 / #06-03
Singapore 408942

acquisitions of video inventories from publishers. With these acquisitions, Artimedia is responsible for finding advertisers for the publishers.

Sixteen leading digital publishers are working with advertisers through Artimedia. Collectively, the publishers account for the vast majority of the premium-content online video market in Israel. This excludes YouTube, which publishes mainly user-generated content. Artimedia started commercial work with publishers and advertisers in January 2015 and currently reaches about five million unique users in Israel, which has a population of more than eight million.

Artimedia intends to adopt an asset-light, revenue-sharing model for its next phase of growth. Its current practice of buying content from publishers requires substantial cash, which drives up cost of sales and opens Artimedia to the risk of having to deal with any unused video inventory. Going forward, Artimedia will continue to find advertisers for publishers but will not have to contend with inventory-related costs and risks as video acquisitions will feature less prominently. All advertising revenue generated will be shared with publishers. This will reduce Artimedia's operating costs and is expected to aid the Group's return to profitability.

Mr Kenneth Goh, Artivision's Chief Executive Officer, said: "Artimedia's technology is designed to create and enhance value for publishers and advertisers. As seen from the increase in our latest quarterly revenue, Artimedia is fast becoming the platform of choice for digital advertising in Israel. We will build on this momentum to expand our capabilities beyond video advertising to TV advertising."

As announced on 15 April 2016, Artimedia has initiated a pilot programme with a global advertising agency to develop a system that allows brand owners to use specific audience data for TV advertising campaigns. Three of Israel's leading TV network operators – Keshet Broadcasting Ltd, Reshet and Channel 10 Ltd – are participating in the pilot programme, which is also designed to enable brand owners to synchronise ads across TV, desktop computers and mobile devices in order to reach consumers who are accustomed to using multiple devices at the same time.

End

Media & Investor Contact Information

WeR1 Consultants Pte Ltd
3 Phillip Street, #12-01
Royal Group Building
Singapore (048693)
Tel: (65) 6737 4844 | Fax: (65) 6737 4944
Frankie Ho – frankieho@wer1.net
Grace Yew – graceyew@wer1.net

Artivision Technologies Ltd.
67 Ubi Ave 1
Starhub Green Building (North Wing)
Unit #06-02 / #06-03
Singapore 408942

About Artivision Technologies Ltd

Founded in 2004 and headquartered in Singapore, Artivision has two main businesses. Its media solutions subsidiary, Artimedia Technologies, provides advanced video advertising technologies and platforms that reach millions of viewers across the globe every day. Artimedia's video advertising platforms and innovative content-synchronized formats enable advertisers, agencies and advertising networks to deliver integrated video ads that optimize performance, engagement and reach, while maintaining the best user-viewing experience. Artimedia helps online video publishers to maximize monetization of their video assets without alienating users.

Artivision's wholly-owned contract manufacturing subsidiary, Colibri Assembly (Thailand) Co. Ltd., makes disk drive technology products for a large US-based multinational corporation.

For more information, visit www.arti-vision.com

---

*This news release has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Advisors Private Limited (formerly known as Canaccord Genuity Singapore Pte. Ltd.) ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this news release.*

This news release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this news release, including the correctness of any of the statements or opinions made, or reports contained in this news release.

The contact person for the Sponsor is Ms. Goh Mei Xian (Tel: (65) 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.