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Media Solutions Business Propels Artivision's 1HFY2017 Revenue to All-Time High; Company to Strengthen Balance Sheet Ahead of Bond and Convertible Loan Repayments

SINGAPORE, 11 NOVEMBER 2016 – Artivision Technologies Ltd. ("**Artivision**" or the "**Company**", and together with its subsidiaries, the "**Group**") reported today a more than 12-fold increase in revenue from its media solutions business as advertisers in Israel increasingly sought its services to better engage consumers.

Artimedia Technologies Ltd ("**Artimedia**"), the Company's wholly-owned media solutions subsidiary, generated revenue of S$6.79 million in the six months ended 30 September 2016 ("**1HFY2017**"), up from S$0.54 million in the same period last year ("**1HFY2016**").

This drove the Group's total revenue to S$10.39 million in 1HFY2017, from S$4.28 million in 1HFY2016. The half-year result is just a shade below its record-high annual revenue of S$11.35 million achieved in the 12 months ended 31 March 2016 ("**FY2016**").

The rest of the Group's 1HFY2017 revenue came from Colibri Assembly (Thailand) Co Ltd ("**CAT**"), Artivision's wholly-owned contract manufacturing subsidiary. CAT, which manufactures disk drive technology products for a US-based multinational corporation, generated revenue of S$3.60 million in 1HFY2017, compared to S$3.74 million in 1HFY2016.

Artimedia first made its mark on the advertising industry in Israel more than a year ago. Its technology enables brands to serve advertisements ("**ads**") to viewers of premium-content online videos based on their personal interests and Internet-usage habits. Such targeted advertising significantly increases the likelihood of ads being viewed in their entirety, assuring advertisers that their money is well spent.

Artimedia reaches about five million unique users in Israel, which has a population of more than seven million people. Ads served using Artimedia's technology synchronise with the video content and do not disrupt the overall viewing experience.

For publishers of premium-content videos, Artimedia enables them to monetise their content and boost advertising revenue at no extra costs. A vast majority of the premium-content online video market in Israel, through digital publishers, uses Artimedia's platform to serve advertisers in Israel. These publishers exclude YouTube, which publishes mainly user-generated content.

Artimedia made a gross profit of S$0.56 million in 1HFY2017, reversing a gross loss of S$0.17 million in 1HFY2016. CAT also improved its performance in 1HFY2017, with a gross profit of S$1.25 million compared to a profit of S$1.04 million in 1HFY2016. Overall, the Group's gross profit rose to S$1.82 million in 1HFY2017 from S$0.86 million in 1HFY2016.

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Despite the improvement on revenue and gross profit, the Group reported a wider net loss of S$6.36 million in 1HFY2017 compared to S$2.41 million in 1HFY2016. This was due to higher operating and finance expenses, coupled with lower fair-value gains from derivative financial instruments and an impairment loss of S$0.61 million on an available-for-sale financial asset.

For the quarter ended 30 September 2016 ("**2QFY2017**"), the Group's revenue more than doubled to S$6.06 million from S$2.53 million in the same period last year ("**2QFY2016**") while gross profit rose to S$1.07 million in 2QFY2017 from S$0.57 million in 2QFY2016. The Group incurred a net loss of S$2.88 million in 2QFY2017, compared to a net loss of S$0.61 million in 2QFY2016.

To further enhance its media solutions business, the Company will make its technology available for digital television ("**TV**") advertising in Israel. As announced by the Company on 15 April 2016, Artimedia has initiated a pilot programme with a global advertising agency to develop a programmatic TV buying system for advertisers to use consumer-specific data, rather than generic demographics and TV ratings, to reach their target audience.

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.

In Israel, the proliferation of online TV broadcasting is seen as a key driver of programmatic TV advertising. Mobile network provider Cellcom and movie-streaming site Netflix are already offering online TV services in the country. Partner Communications, the second-largest mobile operator in Israel, is set to enter the online TV market in 2017.

Dr Ofer Miller, the Group's Chief Technology Officer and Executive Director, said: "The TV industry in Israel is entering a new phase and we want to be at the forefront of this development. We have received positive industry feedback for our pilot programme. Audiences can now be pinpointed with unprecedented accuracy by using targeting criteria that goes beyond basic demographics and ratings."

While enhancing its media solutions business, Artivision will actively explore opportunities to strengthen its balance sheet. Having paid off a S$4.00 million bond due in September 2016 using proceeds from a rights issue carried out earlier this year, the Company will work on redeeming a S$4.50 million bond due on 30 December 2016. The Company has obtained the support and agreement from one of the two bond holders in respect of S$2.00 million sum outstanding, to extend the repayment period from 30 December 2016 up to 30 June 2017. The Company also has a convertible loan of US$4.00 million due on 16 April 2017. The Group had S$4.76 million in cash and cash equivalents as at 30 September 2016.

The Group's media solutions unit will also increasingly shift to an asset-light, revenue-sharing model to better manage its cash flow requirements. It started out buying video inventories from publishers

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to market them to advertisers. This required substantial cash and opened Artimedia to the risk of having to deal with any unused inventory.

With the new business model, Artimedia will continue to find advertisers for publishers but will share advertising revenue with them. This is expected to ease its cash flow needs and aid the Group's return to profitability.

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About Artivision Technologies Ltd

Founded in 2004 and headquartered in Singapore, Artivision has two main businesses. Its media solutions subsidiary, Artimedia Technologies Ltd., 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 optimise performance, engagement and reach, while maintaining the best user-viewing experience. Artimedia helps online video publishers 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 US-based multinational corporation, which itself is a contract manufacturer.

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

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*This press release has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this press release.*

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