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## **Zenterio enters US market and strengthens its interactive TV offering via acquisition of VTilt Digital**

- **Zenterio AB is buying VTilt Digital LLC, an Atlanta-based software company specialized in digital video technology. Zenterio and VTilt shares many strategically important clients and partners from around the world**
- **The SEK 12 million deal – together with Zenterio’s 27M Group acquisition in September and Systemagic in December 2014 – is part of Zenterio’s expansion strategy for meeting increased demand for its interactive TV software solutions**

Via the VTilt Digital (VTilt) acquisition, Zenterio expands its skills base within strategically strong growth areas and establishes a North American market position. Factors supporting Zenterio’s strategy for establishing US market presence at this time include the size of the North American market, many concrete business opportunities, and many partnership opportunities.

From a technical perspective, the US market is on the leading edge and average revenue per user (ARPU) is the highest in the world. Atlanta, where VTilt is based, is a TV industry stronghold, a business-critical center for global digital TV trends, and an important springboard for expanding into Latin American markets.

“VTilt’s comprehensive competence is vital for Zenterio, particularly when it comes to IP-TV expertise and leading solutions that are currently installed with operators,” says Robin Rutili, CEO of Zenterio. “We must quickly meet demand because we recently brought home many deals requiring us to replace these solutions. While VTilt is a small company, it has a top-notch reputation in the industry and is the perfect representative for Zenterio’s brand on the North American market. Going forward, the plan is to quickly expand the Atlanta office to be able to leverage business opportunities that are available in the US, Canada, and Latin America and to strengthen our partner network.”

With the VTilt acquisition, Zenterio has finalized the strategic acquisitions that were announced in connection with the capital injection that was implemented in late 2014. VTilt is a small, highly reputable consulting firm that has extensive experience in digital video technology and has developed software for many well-known companies inside and outside the TV industry. The company created a name for itself by delivering state-of-the-art solutions to clients in the US, Australia, Asia, and Latin America. Especially significant are VTilt’s capabilities in swap operation solutions, which means getting new modern software to run on existing hardware, which in many cases is an extremely complex task. VTilt was launched in 2008; since 2013, it has been a trusted Zenterio partner for many complicated migration projects.

“We’re looking forward to becoming part of the Zenterio group and to functioning as a bridge that helps Zenterio reach its full potential on the US market,” says Eric Berman, CEO of VTilt. “As part of Zenterio we’ll be able to grow faster and participate in driving global TV market trends. Rapid development creates growing demand for software, such as Zenterio OS, which makes it easier for operators to offer new, innovative TV services to consumers.”

The acquisition, which was implemented on January 30 2015, gives Zenterio presence in Atlanta and on the North American market, while its development organization expands with 11 additional system developers in areas that are business-critical for Zenterio. After its two acquisitions in autumn 2014 and its current purchase of VTilt, Zenterio will have more than 200 employees. The transaction is being implemented as an asset deal, whereby employees, contracts, and contractual assets are transferred to Zenterio Inc. which is newly started, fully owned subsidiary of Zenterio AB. Zenterio Inc. (formerly VTilt) will continue to sell and deliver to external customers and to Zenterio AB. For 2014, VTilt forecasts sales of about SEK 11 million and a 10% EBITDA margin. The purchase price is about SEK 12 million – mainly regulated by shares and convertibles in Zenterio. As per a Zenterio board decision, about SEK 7.5 million in convertible loans (with an SEK 22.50 conversion rate) are being issued to the sellers together with a smaller proportion of cash. The remaining purchase price of about SEK 4 million in Zenterio shares is conditional upon performance over the next 18 months and awarded only after determining this outcome. Overall, the number of shares (including conversion of convertible loans) could increase by about 500,000 – corresponding to a 1% dilution effect.

This year, Zenterio has taken several key steps as part of its expansion to meet the TV operators' and hardware manufacturers' increasing demand for a unified, scalable software platform for interactive TV. Right now, about 650 million households worldwide have pay-TV subscriptions, which form the basis for Zenterio's addressable market.

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#### **About Zenterio**

*Zenterio develops Zenterio OS, an independent software platform for interactive TV that is positioned to become a global standard. Zenterio's software can be used on any new and existing hardware. With Zenterio OS, operators can quickly and cost-effectively provide new interactive services and applications. Zenterio partners with global system integrators, set-top box suppliers, CA/DRM providers, and chipset manufacturers. Zenterio has approximately 200 employees (24 nationalities). Its headquarters are in Stockholm and its R&D center is in Linköping, Sweden. The company has sales offices in Prague and Milan. Zenterio is mainly owned by private and institutional investors. The largest single shareholder is Scope, a Swedish private equity firm. Zenterio's board chairman is Mr. Olli-Pekka Kallasvuo, former Nokia CEO. Visit [www.zenterio.com](http://www.zenterio.com)*

#### **About Zenterio OS**

*Zenterio's operating system works with most types of hardware available on the market. For TV operators, Zenterio's software enables fast harmonization of operators' fragmented software bases, and it can be used on new and already deployed hardware. With a harmonized solution, operators can quickly and cost-effectively deliver new interactive applications and services to end customers. Besides unrivalled hardware support, Zenterio's software offers market-leading performance and a flexible way to add new features. For system integrators, Zenterio's products facilitate uniform support for their new solutions that enable TV operators' interactive services. For TV viewers, this means improved experiences, an increased range of services, and greater access to new applications.*

#### **About VTilt**

*VTilt Digital, LLC is an Atlanta-based premier consulting firm specializing in digital video software. VTilt's mission is to use expert knowledge in Internet, IPTV, Cable, and Satellite video to architect and develop products and services for its clients in the digital video age. Every day VTilt help Pay TV service providers, content delivery networks, CE manufacturers and the component manufacturers to succeed in converging media markets where technology and consumer preferences are quickly evolving in new and often unpredictable ways. For more information please visit: [www.vtilt.com](http://www.vtilt.com)*