



Communications Technology Investments

TELLZA ANNOUNCES 2017 Q3 FINANCIAL RESULTS

Q3 YTD Net Income was US\$0.06 per share compared to Net loss of \$0.01 per share

Toronto, ON – October 24, 2017 – Tellza Communications Inc. (TSX: TEL) announced its unaudited financial results for the three and nine months ended September 30, 2017. All dollar and per share amounts referred to herein are in United States funds, unless expressly stated otherwise.

2017 Highlights

- Q3 YTD Revenue was USD \$576 million compared to USD \$340 million in 2016.
- Q3 - YTD EBITDA* was USD \$2.6 Million or USD \$0.24/share (2016 – USD \$2.3 Million or USD \$0.21/share).
- Q3 – YTD Net Income attributable to shareholders was USD \$0.7 Million or USD \$0.06/share (2016 – USD \$0.1 Million loss or (USD \$0.01)/share).

Telecommunications

- Since 1987, Tellza has operated as an International Long distance provider (“ILD”). Our brands Phonetime and Matchcom are market leaders, collectively terminating in excess of 15 billion minutes annually.
- ILD has been a declining business for a number of years due primarily to deregulation and advances in technology. The overall ILD market continues to grow at single digit rates, while the addressable market continues to decline at double digit rates in favor of Over-The-Top (“OTT”) services, which is now estimated to be in excess of 50% of the market. Margin decline within the industry has discouraged investment, increased competitiveness and forced many to exit the business due to ineffective fixed cost structures.
- Tellza’s strategy has been to aggregate termination traffic from exiting carriers, over our near variable cost model, made possible by our investments in technology, combined with disciplined operating and credit management practices.
- Q3 YTD Telecom EBITDA* was USD \$2.7 million compared to USD \$2.9 million in 2016.

Technology

- Our Intellectual Property, deployed currently into telecommunications, is our knowledge and experience in Real Time Big Data and Artificial Intelligence (AI). Our ILD technology platform, developed over 10 years, now carries in excess of 20 billion minutes annually. Since deployment, the platform has carried in excess of 100 billion minutes. This technology allows for significant cost saving when deploying and operating telecommunication networks.
- Tellza commenced offering our platform to third parties in 2016. For the nine months ended September 30, 2017, our technology group earned USD \$0.8 million in revenue, of which USD \$0.4 million was from five non-affiliated customers. This operation has an annual operating cost of USD \$1.0 million, and this business unit is tracking to breakeven in 2017. In 2016, revenue for the full year was USD \$0.7 million.
- The Company continues to carry on discussions with additional carriers about the best way to integrate elements of our full suite of technologies into their existing organizations.

Portfolio Investments

Rightway Funding – Structured Settlements

- Tellza acquired a 33% ownership interest in Rightway Funding Group LLC for USD \$5.5 million, inclusive of a performance clause which requires Rightway to earn USD \$15.25 million from calendar 2016 to 2018 to avoid Tellza's ownership increasing to 43%.
- Rightway's strategy is to acquire structured settlements in the US, which are backed by rated paper and selling these annuities to financial institutions at a positive spread.
- For the nine months ended September 30, 2017, Rightway reported profits of USD \$1.7 million and is projecting profits of \$2.3 million in 2017. For the 12 months ended December 31, 2016, Rightway reported profits of USD \$1.6 million. In 2018, we expect Rightway will earn USD \$3.5 million.
- Tellza's subsidiary issued \$3.5 million in non-recourse debt in 2016 related to this investment of which \$1.0 million has been repaid. Over the 18 months since its investment, Tellza has also received USD \$1.0 million in dividends from this investment.
- Tellza expects that its ownership will increase to 43% after 2018 due to the performance clause negotiated at the time of the acquisition.

Next Group Holdings Inc. (OTCQB:NXGH)

- In 2016, Tellza exchanged its interest in certain receivables and assets for 13 million shares of NXGH, together with a stock price performance of target clause, which would provide Tellza with an additional 4 million shares in certain circumstances. In January 2017, Tellza was awarded the additional 4 million shares for a total of 17 million shares in NXGH.
- Next Group Holdings (OTCQB: NXGH) is a provider of a comprehensive total solution banking, commerce and telecom platform using proprietary and licensed technology to provide solutions for unbanked and underbanked consumers. NXGH's global, comprehensive banking, commerce and telecom solutions are targeting the 56 million Latinos and 87 million unbanked and underbanked residents in the U.S. These systems will provide innovative mobile banking, bill pay, gift card and international remittance solutions, capitalizing on the need for alternative banking, digital commerce and communications services.
- The investment was ascribed a value of USD \$0.4 million at December 31, 2016 and USD \$0.5 million at September 30, 2017.

Merkez Fakoring AS

- Tellza acquired a 9.9% interest in Merkez in 2016 for USD \$650,000. Tellza also advanced USD \$650,000 in a note to a person associated with Merkez. The note is secured by that person's 18% interest in Merkez.
- Merkez's strategy is to assemble organically and by acquisition elements of a "shadow bank" by 2020. The Company operates in Turkey, where the local economy has been hindered by geopolitical events. The Company remains confident about its long term prospects despite growing inflation and a drop in Real GDP in 2017.

Corporate

- Fred Panet, independent director, joined the board of Tellza in Q3 2017 replacing departed director Salil Munjal. We wish to thank Salil for his seven years of service with Tellza. Fred is a seasoned telecom executive and we appreciate having his experience at the board.
- The costs of operating Tellza as a public company were USD \$0.5 million for the nine months ended September 30, 2017 (2016 – USD \$0.6 million).

The Company's financial statements and other disclosures are available on SEDAR.

The Company's corporate profile is located at www.tellza.com

About Tellza

Tellza operates in both the Communications and Financial Support Services business. Tellza is a public company listed on the Toronto Stock Exchange (TEL).

Caution Regarding Forward Looking Information:

This press release contains forward-looking statements, which may be identified by words like "expects", "anticipates", "plans", "intends", "indicates" or similar expressions. These statements are not a guarantee of future performance and are inherently subject to risks and uncertainties. Tellza's actual results could differ materially from those currently anticipated due to a number of factors set forth in reports and other documents filed by the Company with Canadian securities regulatory authorities from time to time. See www.sedar.com which contains all securities files.

Contact:

Mike Vazquez, Tellza Communications Inc.

Phone - +954 624 8143/ Email – mike@tellza.com

*We define EBITDA as earnings before taxes, depreciation and amortization, impairments, stock based compensation, interest, minority interest and other gains and losses. EBITDA, which is a non-GAAP financial measure, it is a standard measure used in our industry to assist in understanding and comparing operating results. EBITDA is reviewed regularly by management and our Board of Directors in assessing performance and in making decisions regarding the ongoing operations of the business and the ability to generate cash flows. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with IFRS. EBITDA is not a measure of financial performance nor does it have a standardized meaning under IFRS. In evaluating these measures, investors should consider that the methodology applied in calculating as such measures may differ among companies and analysts. Below is a reconciliation of "EBITDA" to net income for the periods presented:

For the three and nine months ended, September 30,	2017	2016	2017	2016
Net income and comprehensive income for the period	\$ 104	\$ (216)	\$ 794	\$ (11)
Provision for income taxes	\$ 13	\$ -	\$ 310	\$ 279
Depreciation of property and equipment	\$ 208	\$ 90	\$ 463	\$ 341
Amortization of intangible assets	\$ 156	\$ 153	\$ 469	\$ 683
Gain(Loss) on the sale of Tel 3 and Accounts Receivables	\$ -	\$ -	\$ (90)	\$ (1,093)
Unrealized (Gain)/Loss on mark to market of Securities	\$ 173	\$ 520	\$ 93	\$ 1,782
Amortization of intangible assets of associate	\$ 73	\$ 73	\$ 218	\$ 146
Imputed interest on non-recourse debt of subsidiary	\$ 110	\$ 110	\$ 346	\$ 189
Non-controlling interest	\$ (42)	\$ (9)	\$ (132)	\$ (83)
Interest and debt costs	\$ 36	\$ 45	\$ 101	\$ 114
EBITDA	\$ 830	\$ 766	\$ 2,572	\$ 2,347
EBITDA per share in USD	\$ 0.08	\$ 0.07	\$ 0.24	\$ 0.21
EBITDA - Telecom	813	841	2,665	2,927
EBITDA - Rightway	200	200	432	270
EBITA - Tellza Tech	0	(100)	0	(300)
EBITDA - Corporate	(183)	(175)	(525)	(550)
	830	766	2,572	2,347