

30 April 2018

To my fellow shareholders,

It has been five weeks since I have written to you in my capacity as interim Chief Executive Officer. In this time, the team and I have reviewed the company's operations as well as its technology portfolio. Working closely with the CFO and CTO, I have concluded that it is a high priority for the company to commercialise our patent pending technology, TrafficGuard. You would have seen this in a presentation we announced on the 23<sup>rd</sup> April 2018.

**The reason for commercialisation is strong:**

Whilst I am confident for many reasons that our revenues will recover in our performance marketing division, it is important to note that this division was highly profitable last year. Whilst the company overall is making a loss at this point in time, the majority of this loss is attributed to the other divisions of Tech Mpire which produce our technology. As many of you know, the company did \$37m in revenue last year for an EBITDA of \$903k. What you may not know is the performance marketing division on a stand-alone basis, did almost \$3m EBITDA on the \$37m in company revenue. The addition of another revenue stream from our existing technology portfolio is therefore a logical choice considering its potential and the speed of which it can be brought to market.

**Commercialisation of proven technology to address a growing industry problem:**

Firstly, the TrafficGuard platform has been tested within the Tech Mpire performance marketing division. So, we know it works as it has blocked over 4 billion fraudulent events.

Secondly, to the best of the company's knowledge, there is no other company that can offer the same services that we can offer. Whilst some companies can block General Invalid Traffic (GIVT) at the click level, we believe we are the only company that can block Sophisticated Invalid Traffic (SIVT) at the click level. This gives us a clear path to market with a value add proposition for any major advertiser looking to protect their digital advertising spend. Blocking of SIVT is not easy. TrafficGuard has been built by a highly talented team of software engineers, data scientists and econometric PhD employees over several years.

Thirdly, our intellectual property which is highly complex and unique, now has a patent pending status. Commercialisation was not possible without this being done. Full commercialisation of TrafficGuard is due on 1st July 2018 and I am already in discussions on the integration of TrafficGuard by multiple trade players who are interested in protecting their clients' marketing spend.

The opportunity for TrafficGuard in the SaaS arena is something that myself and the team is excited about and confident in. The growth of fraud in the mobile advertising industry is occurring at a faster rate than what the overall market is growing at. The fraud in the market is costing firms billions of dollars and we have the best value proposition which makes commercial sense to global advertisers with a very easy integration process.

It's important to note that whilst still in beta till July 1<sup>st</sup>, TrafficGuard has been operational across our network since October 2016. Over the last few months, our data and engineering team have been making modifications behind the scenes to ensure our SaaS systems are fast and ready to scale.

See ASX announcement titled [Strategy Update](#) for further information about the commercialisation of TrafficGuard.

### **Performance Marketing:**

Whilst the tier 1 strategy makes intuitive sense, the execution of servicing the tier 1 demand has been problematic. I have positive indications that this will change next quarter as I am in good discussions with multiple quality supply partners to fulfil a healthy growing pipeline of demand. The Business Development personnel have no problem in acquiring demand, but unless we can fill that demand via quality supply, we won't have the revenue growth we deserve. On average, we are running at a 30% fill rate, so again, demand for our services is not the issue. The supply shortage is a critical issue that I am personally addressing this quarter and I will update the market on any advancements we make.

### **APAC Expansion:**

APAC has achieved its first revenues. It also has a healthy pipeline of insertion orders which gives me confidence that our APAC Managing Director, James Dutton, is achieving critical milestones in our expansion. Most recently, James has hired a supply-side specialist who

comes with over 8 years' experience in managing supply-side relationships. I am confident he can assist the company in fulfilling the demand we are receiving in the Asia Pacific region.

I want to thank the shareholder base for the continued support that you show Tech Mpire. We have a clear path set out in front of us and I will keep you informed as to the success we have in both divisions of the company on a regular basis so you can make informed decisions around your investment.

With sincere regards,

Mathew Ratty

Interim Chief Executive Officer  
**Tech Mpire Limited** (ASX: TMP)