

ASX RELEASE

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CEO LETTER TO SHAREHOLDERS

To my fellow shareholders,

With our recent capital raising now complete, I would like to take this opportunity to share our plans for growth, and my vision for the future of our company, Tech Mpire.

I joined Tech Mpire as CEO in May 2017, having been on the Board since the start of 2017. In that time, I've been making critical upgrades to our business - across technology, traffic and teams.

Our highest priority right now is growing global revenues and profitability. Understandably, the market wants to see our numbers improve. Nothing is more important to myself and the Board of Directors. We know it's time to prove that our strategy and technology will enable significant growth and deliver value to our shareholders.

OUR BACKGROUND

Tech Mpire (TMP) is a global mobile marketing technology company. We use our proprietary technology platforms (**nxus**[®] and **TrafficGuard**[™]) as well as our big data competitive advantages to help the world's biggest brands acquire users for their mobile apps, wherever they are in the digital world. We do this on a cost-per-install basis, where the advertiser only pays when we generate an install of their app (this is sometimes referred to as a "success fee" pricing model).

In a mobile advertising market worth billions, our pricing model is extremely attractive for the advertiser, representing low-risk and high return-on-investment (ROI). I know this because I was previously the client for the type of service that Tech Mpire provides. Prior to joining the company, I had 10 years working for Google and YouTube in senior marketing and strategy roles. During my time as the Global Head of Brand & Creative Marketing for YouTube, we spent millions of dollars trying to secure new mobile users for the YouTube app. We knew our average revenue-per-user, and if the cost-per-install was ROI-positive, we would happily keep increasing our budgets. At global technology companies, you're always chasing more mobile app users, and quickly. When Tech Mpire provides high-quality mobile app users, generating positive ROI, I know firsthand that advertisers will keep spending their budgets with us, and increase over time.

We're ready to scale.

Tech Mpire was listed on the ASX in July 2015 and has grown strongly since that time. The company has more than tripled annual revenues from A\$11.8m in FY15 to A\$37.0 in FY17. It is important to note that all that revenue growth has been completely organic.

Despite these impressive results, in many ways we're still a technology startup in the early stages of our growth cycle. I'm pleased we have strong financial foundations, but we're only just beginning. We will soon be seeing results from our investments in technology and global expansion.

It is a critical juncture for Tech Mpire. As our clients and the mobile market has become more sophisticated, so must we. That is why we have been upgrading our business across the board. Since I joined as CEO in May 2017, we've spent the last 6 months focusing on our technological advantages, improving the supply of quality traffic, building out our leadership team, restructuring our business to remove extraneous costs, and our current priority: growing our global sales capability to secure premium clients around the world.

The opportunity in front of us is significant and exciting. Here's why.

OUR VISION

Our vision is to provide high-quality app installs in high volume for premium global clients. Let's break this vision up into its component parts.

Firstly, our primary focus is on quality of results. Part of our value proposition is to ensure that mobile app installs are genuine, revenue-generating users and protecting our clients from wasting their budgets on low-quality or fraudulent traffic. With increasingly sophisticated forms of fraud hitting the industry every day, protecting clients and maintaining high-quality results is a powerful differentiator in the mobile marketing space. That's why we have invested heavily in our proprietary fraud prevention tool, **TrafficGuard™**. This technology is critical in being able to satisfy sustained, long-term demand from premium clients.

Secondly, we've taken a technology-first approach to provide large numbers of mobile app installs from around the world. Global mobile advertisers want users in large numbers and they want sophisticated technology to make data-driven decisions in real-time to run their campaigns. We manage that demand through our **nxus®** technology and the proprietary big data we have generated through almost 10 years of running online marketing campaigns.

nxus® has automated the previously manual process of finding mobile app users on a cost-per-install basis. It does so by aggregating thousands of sources of web traffic, all working to find new high-quality users and generate large numbers of installs for advertisers. **nxus®** optimises and scales the performance of these traffic sources to deliver the highest quality traffic and generate ROI, for both the advertiser and Tech Mpire.

With our technology and the big data we've amassed, we know how to find high-quality sources of app installs and deliver them to our clients quickly and at scale.

OUR STRATEGY

Our strategy encompasses three elements – 1) continuous technology improvement; 2) geographic expansion; and 3) revenue diversification.

1) Our proprietary technology provides a strong competitive advantage - utilising big data, machine learning and automation to find high-quality mobile users anywhere in the world.

We have invested heavily in our proprietary **nexus**[®] platform, which finds app installs at scale, and **TrafficGuard**[™], which ensures that these are high-quality, genuine mobile users. We continuously optimise our technology and big data set with each campaign, enabling us to continually improve results for our clients.

2) We are currently rolling out our Asia Pacific (APAC) growth strategy.

I spent the last 3 years of my Google career working with some of the biggest app developers across APAC, witnessing their growth and appetite for global user acquisition. The region is now dominating the app world.

I'm thrilled that our APAC growth has already begun with the appointment of James Dutton as the Regional Managing Director. James is a highly experienced senior executive with a strong track record of building high performing digital businesses and growing revenues across Asia Pacific. He brings well established relationships with potential Tier 1 customers across the APAC region.

As outlined in the Company's Annual Report presentation for FY17, Asia Pacific represents a core growth region for Tech Mpire. Currently, almost all of our revenues are generated in North America. Consequently, APAC will provide significant revenue diversification for us.

We will be reaching new high growth markets and targeting well funded Asian mobile advertisers looking for global expansion. Because we've built a scalable technology business, we can get started quickly, building a lean sales operation with revenue-generating staff directly incentivised to drive new sales growth. We'll also be doing this cost-efficiently. I have been working with our Board, particularly Non-Executive Director, Mathew Ratty, to ensure that all global growth is cost controlled and largely funded from savings we can find in other parts of our business. Our Board and I are unanimous that a global presence is needed in order to establish strong foundations and relationships for our core business.

We expect first APAC revenues will be reflected in the March 2018 quarter.

3) We are diversifying our revenue base by targeting premium, global advertisers.

We only require a relatively small number of premium clients to have a meaningful impact on our current revenues. Tier 1 clients can easily spend millions each quarter with us. The impact on Tech Mpire's revenues and profitability would be dramatic.

We have been orienting our business to better serve these premium clients. We've focused our technology, traffic, and sales operations to ensure that when we sign up one of these Tier 1 clients, we can retain and grow the relationship through high-quality servicing and results.

Finding these premium clients is currently our greatest priority and I'm pleased to say our pipeline looks strong - both in APAC and North America. Our APAC leadership team - Non-Executive Director, Renaud Besnard, APAC MD, James Dutton, Mathew Ratty and myself - will be meeting with Asia Pacific prospects over the coming months. We will highlight the quality of our proven technology and the benefits of our low risk and high ROI pricing model for our clients. Whilst we often cannot disclose specific clients by name, we intend to provide indicative updates to the market on our progress towards securing Tier 1 clients.

INVESTOR VALUE PROPOSITION

Our technology provides competitive advantages and barriers to entry.

Tech Mpire enjoys several competitive advantages which create significant barriers for any potential new entrants to our segment. Our proprietary technologies and big data set are very difficult to replicate and are the result of years of intellectual property development and completion of successful campaigns. Put simply, our technology and data allows us to build a better, smarter campaign than a new entrant.

We've built proprietary technologies that advertisers want.

nxus[®] is the core technology which has allowed us to find sources of app installs at scale around the world. Since its development, we've continuously improved its functionality with each subsequent campaign. We'll always be improving our technology to stay one step ahead, and deliver better results for our clients. After heavily investing in the technology platforms, our technology team is in place to adequately meet the ongoing requirements to enhance our competitive advantage.

TrafficGuard[™], our proprietary fraud prevention solution, has demonstrated significant value on two fronts:

Firstly, for **existing clients**, the increasing sophistication of TrafficGuard[™] to detect and eliminate low-quality traffic sources, has resulted in a measurable increase in the overall quality of traffic we are able to provide. Current campaigns are delivering significantly higher quality.

Secondly, for **prospective clients**, TrafficGuard[™] has proven to be a powerful business development tool. Tech Mpire's ability to protect a client's spend from the impact of invalid traffic and ad fraud is a significant competitive advantage, and feedback from premium clients has been very positive.

Renaud Besnard, Tech Mpire Board member, and Director of Marketing for Uber Asia Pacific, said it well: *"I've seen what nxus and TrafficGuard can do. Any big advertiser needing to get app installs will want this kind of technology running their campaigns."*

We use big data to get smarter, and deliver better results for clients.

One of the fantastic things about our business model is that the longer we operate, the more proprietary data we obtain on the best sources of app installs. Essentially, the more campaigns and traffic sources we work with, the smarter **nxus**® becomes.

We have been continuously improving our technology and building a proprietary database of the best sources of app installs since we commenced operations. We've recorded 14 billion transactions over 1.5 trillion data points. It's difficult to conceptualise, but behind these numbers is a unique competitive advantage: this big data and machine learning allows us to deliver better results for clients.

We have high operating leverage.

Our technology is built, our team is in place, our expenses have been reduced and our remaining operating costs are largely fixed. Given that, our business provides high operating leverage to earnings growth.

The business model we've developed means that doubling our revenue should result in up to 4x EBIT. In other words, as we achieve revenue growth, earnings and shareholder value should grow much faster.

We're now ready to scale.

We are at an exciting point in the history of Tech Mpire. With the recent upgrades to our technology, traffic and teams, we're ready to scale the business by providing quality service to our global, premium clients. This scaling will reward our supportive shareholders with sustainable shareholder value growth.

KEY MILESTONES ACHIEVED

TrafficGuard™ and improving our quality of traffic supply.

Over the last few quarters, we've been tightly focused on improving **TrafficGuard™** and growing both the quality and volume of our traffic supply. These measures are critical to our ability to satisfy sustained, long-term demand from high-calibre clients.

Optimising client acquisition costs ahead of APAC expansion.

Our goal is running lean sales operations, where technology does the heavy lifting, and continually lowering our client acquisition costs as we scale up. Over the last few months we've conducted an extensive review of our sales and marketing operations as we focus on driving further revenue growth and profitability.

The result of this review is a significant reduction in personnel costs of around US\$1.3M annually, as well as a change to our sales and marketing commission structure. The net impact of the change is that a leaner, more efficient sales team will be more directly incentivised to drive new sales growth.

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Preparing for global growth.

Our teams are focused on generating first revenues from APAC in the March 2018 quarter. APAC revenues and Tier 1 customer acquisition are a key focus of the Tech Mpire team - including myself, James Dutton, Renaud Besnard, Mathew Ratty and our dedicated business development teams.

Our recent capital raising is directly related to our ambitions in APAC. The capital raising will help fund the growing working capital balance ahead of expected revenue growth in the region. It enables us to engage quickly with premium clients in the region.

OUTLOOK

As I've mentioned, I think of us as a technology startup in our early stages, and we'll soon be hitting our next phase of growth. Despite recent quarters, we expect revenue to build, back-weighted to the second half of FY18. This will be due to new sources of high-quality traffic, the growing competitive advantage afforded by **nxus**[®] and **TrafficGuard**[™], and the establishment of new sales operations, most notably for the Asia Pacific region.

I'm particularly excited about showcasing the power of **TrafficGuard**[™] to the market. Fraud and invalid traffic is currently the most significant issue facing the performance marketing industry and securing quality traffic is of paramount importance to advertisers. Through the ongoing sophistication of **TrafficGuard**[™], our strategy of removing sources of low-quality traffic has proven to be prescient. This has positioned us extremely well for future campaigns with premium clients.

With these efforts to upgrade our business operations and technology, the highest strategic focus right now is securing new premium clients, in both APAC and North America. Our pipeline is strong. With unique, powerful technology, and a highly competitive offering in a rapidly growing segment, the future is bright for Tech Mpire. Driving value for our shareholders is at the forefront of my mind, and I'm excited for you to join us in this next stage of our global growth.

Yours sincerely,

Lee Hunter
Chief Executive Officer
Tech Mpire Limited

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For more information, please contact:

Investor Enquiries

Lee Hunter
Chief Executive Officer
Tech Mpire Limited
08 9473 2500
investor.enquiry@techmpire.com