

Strategy Update

Developing the TrafficGuard® SaaS
Revenue Model

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Mathew Ratty

Chief Executive Officer



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Introduction to Tech Mpire

Tech Mpire Limited (ASX:TMP) uses its well-established, proprietary technology platforms (nxus®, TrafficGuard®) to find real mobile app users for global clients on a cost-per-install (success fee) pricing model.

MOBILE APP INSTALLS

- **nxus** finds potential app users by aggregating and analysing millions of sources of mobile and web traffic.
- **TrafficGuard** is TMP's patent-pending fraud mitigation technology, helping protect its advertiser clients from wasting their budgets on low quality or fraudulent user downloads. TrafficGuard blocks invalid traffic or non-compliant campaign activity in real time.

SUCCESS FEE PRICING MODEL

- **Cost-per-install pricing model** – the advertiser only pays when a user installs their app. TMP only pays its suppliers (ie. sources of mobile and web traffic) when they generate a successful install.
- **High ROI for advertisers** given advertisers only pay for each genuine app install.

Proprietary Tech Platforms

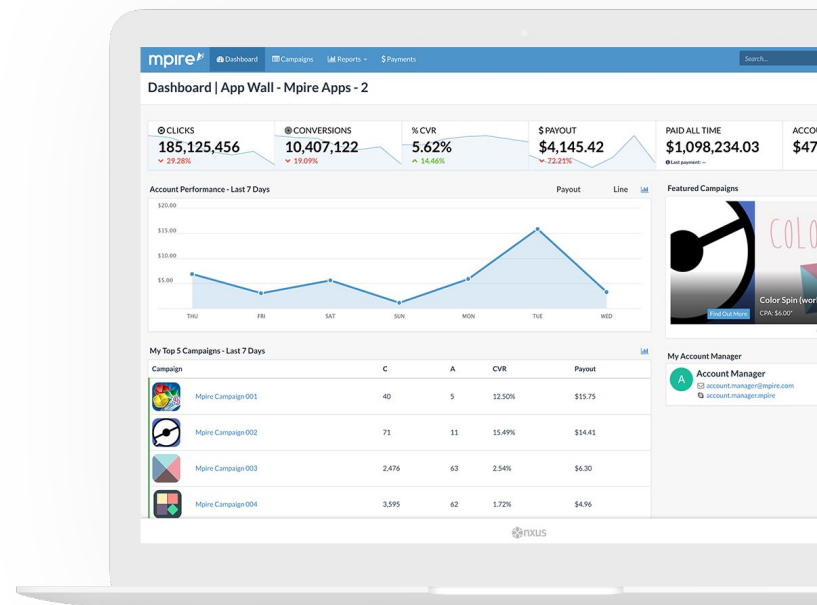




nxus® automates the previously manual process of finding new mobile app users for global brands.

nxus finds potential mobile app users by aggregating thousands of sources of mobile and web traffic.

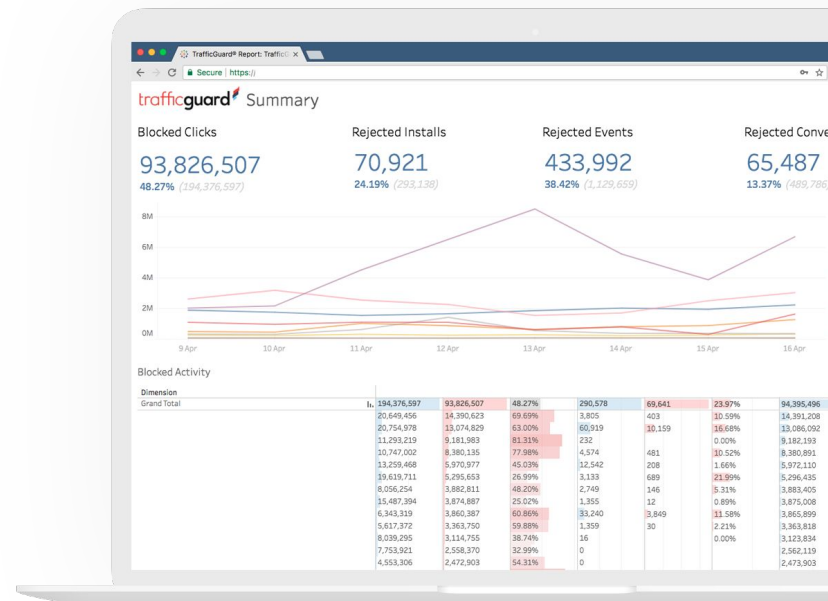
- Continually analyses enormous volumes of mobile and web traffic to identify the optimal supply sources of new app users.
- Allocates more budget to superior sources in real time.
- Results in high volumes of new users and high ROI for its customers.





TrafficGuard® is a significant source of competitive advantage, helping protect advertisers from low quality or fraudulent traffic.

- Protecting advertisers from fraud is a powerful differentiator in the mobile marketing space.
- **TrafficGuard** blocks invalid traffic in real-time at the click and attribution levels, helping protect client's advertising budgets from fraud.
- TrafficGuard uses machine learning to detect evolving, unknown fraud tactics as well as known.
- This step is critical in being able to satisfy sustained, long-term relationships with clients.
- Patent pending on new TrafficGuard functionality to block sophisticated IVT at the click.



*Mock data

Addressing Mobile Advertising Fraud



"Fraudsters will continue to heavily invest in domains, user accounts and bot farms in order to appear genuine"

"Advertising stakeholders will demand constant vigilance against the threat of ad fraud, which will only be achieved through the correct implementation of AI services"

Sam Barker
Juniper Research

Litigation and Revenue Risks

- **High cost of fraud** - Advertisers to lose \$19b to ad fraud in 2018, increasing to \$44b in 2022, according to Juniper Research.
- **Fraud continues** despite tougher industry metrics, due to the fraudster continuously adapting to outsmart the measurement platforms (MMPs).
- **Chargebacks and refunds** result from unambiguous fraud (eg Google, AppNexus).
- **Litigation** is a risk when an advertiser and mobile marketing company debate the definition of fraud in a complex advertising environment.
- **Chargebacks and litigation** are expensive and take up resources, reducing the advertiser's ROI even further.
- **Reputation risks** are significant for all parties in the supply chain (ad networks, agencies, ad exchanges, supply partners).

THE WALL STREET JOURNAL

Google Issuing Refunds to Advertisers Over Fake Traffic, Plans New Safeguard

Some advertisers question level of refunds, want more details about fraudulent traffic

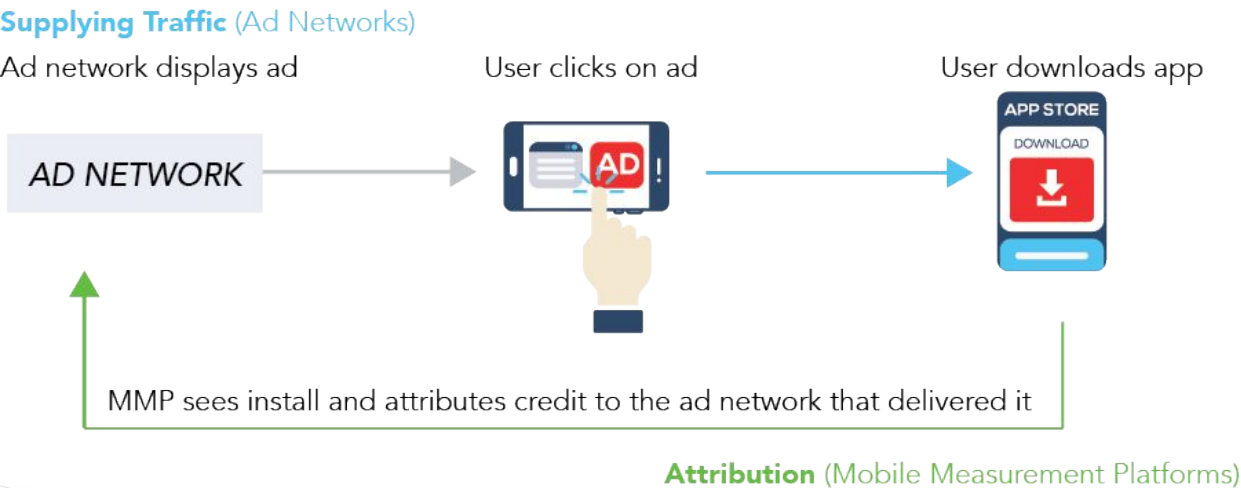
\$19b

Forecast advertiser loss to ad fraud in 2018.

Juniper Research, 2017

Existing Process Not Designed to Stop Fraud in Real Time

How ad networks currently find out how many installs their traffic delivers.



Problem with the Existing Process

MMPs detect invalid installs after they have occurred.

The MMP's role is attribution which includes reporting to advertisers how many installs occurred, and attributing credit for each install back to the supply source that delivered it.

MMPs don't detect invalid traffic in real time. In practice, it is often the case that the MMP notifies the ad network of installs that it subsequently determines are invalid or misattributed. This results in:

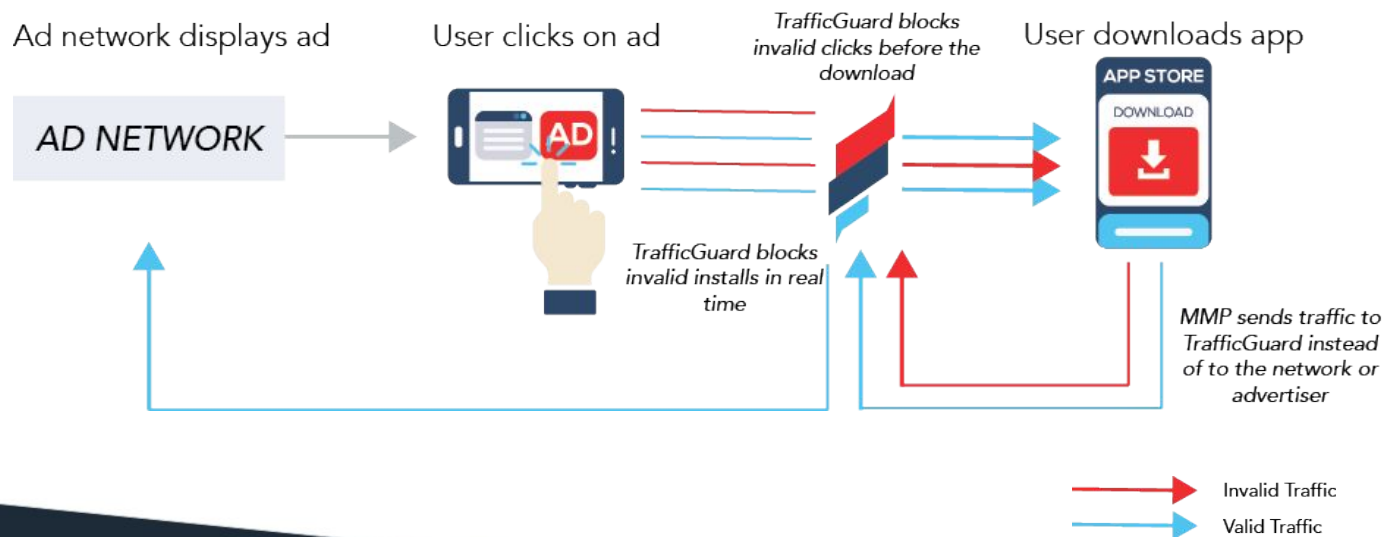
- The advertiser and the supply source not having the same number of installs at invoice time
- Time consuming invoice reconciliation between traffic supplier and their advertiser client
- Longer time to collect from debtors
- Threat of litigation for unresolved disputes
- Reputation damage for low-quality traffic
- Poor performance due to the inability to optimise traffic performance in a timely manner

If fraud has made one source look as if it has performed particularly well, the advertiser may have increased volumes with that supply source, compounding the issue.

Solution - TrafficGuard

TrafficGuard sits in the chain at the click and download. This means we are able to:

- Invalidate fraudulent clicks before the fraudster gets a chance to install the app.
- When the MMP reports an install, TrafficGuard looks at the characteristics of the install and the characteristics of the click it has been attributed to, in order to validate the MMP's attribution verdict before paying our traffic supply sources.



Results

- Advertiser doesn't pay for IVT
- Low-performing traffic sources are optimised out faster
- Improved ROI, advertiser satisfaction/retention
- Improved reputations
- Less time spent reconciling invoices
- Reduced chargebacks
- Faster debtor collection
- Reduced threat of litigation over unresolved disputes

**The \$19 billion fraud problem doesn't just impact ad networks.
TrafficGuard® can deliver the same results for other businesses.**

Benefits of TrafficGuard



Benefits of TrafficGuard

REAL-TIME ANTI-FRAUD

- Automated, real time fraud mitigation at the click and attribution levels.
- More than reporting - active fraud mitigation to remove IVT before it gets a chance to impact performance.
- Designed to be integrated with other networks and advertising technology stacks.

ESTABLISHED TECHNOLOGY

- Proven to block general IVT at the click and detect SIVT at the install with advertisers globally. Introducing new functionality to block sophisticated IVT at the click offering more comprehensive fraud protection.
- Ahead of competition in an area of rapid growth

PROPRIETARY DEVELOPMENT

- Created by a team of engineers and PhD data scientists with over ten years of proven ability to build ad tech
- Patent pending

CONTINUOUS IMPROVEMENT

- Incorporates machine learning and sophisticated algorithms to continually get better at protecting advertisers
- Constantly and autonomously learning how to protect against new areas of fraud

PROPRIETARY BIG DATA

- Built on billions of data points and a deep data set of international campaigns

Unique Value of TrafficGuard



Development of TrafficGuard

BUILT TO ADDRESS
GROWING
CONCERNS

EXTENSIVE
DEVELOPMENT OF
IP AND COST

LAUNCHED
IN OCT 2016

CONTINUOUSLY
EVOLVING

- TMP developed TrafficGuard in-house as it concluded that there was a gap in the industry for a real-time solution blocking IVT at the click level.
- TMP needed to be able to block IVT in real-time, rather than waiting for the advertiser to dispute install volumes.
- TMP's Data Science/Analytics team was established in 2016 to work alongside TMP's Engineering team to solve the issue of ad fraud.
- The team analysed past traffic data for types and indicators of fraud, and explored mitigation techniques used across ad tech, banking, and IT.
- The first iteration of TrafficGuard launched internally in **October 2016**.
- As the team grew, it increased TrafficGuard's ability to mitigate IVT on broader array of indicators.
- Extensive analysis and validation by our data scientists.
- Using a combination of supervised and unsupervised machine learning, TrafficGuard detects evolving, unknown fraud tactics as well as known.
- To date, it has blocked in excess of 4 billion fraudulent clicks and installs.

TrafficGuard SaaS

Competitive Environment

TrafficGuard is uniquely placed within the mobile advertising industry to provide an ongoing solution to mobile ad fraud.

BLOCKING AT THE CLICK-LEVEL

- With TrafficGuard, the advertiser's performance data isn't skewed by invalid clicks.
- Campaign optimisation is faster, driving the advertisers ROI.
- Downstream fraudsters don't get paid because IVT detected at the click never gets the chance to convert.
- A significant amount of IVT is removed before it gets to the mobile measurement platform (MMP), reducing associated fees for the advertiser and reducing the opportunity for misattribution by the MMP. Further mitigation occurs at the attribution level.

MULTI-PLATFORM SOLUTION

- TrafficGuard works across cost-per-click (CPC) traffic as opposed to identified TrafficGuard competitors that only analyse traffic for cost-per-install (CPI) and cost-per-engagement (CPE) pricing models.
- This broader reach of TrafficGuard is important for click level optimisation and helping buyers of CPC traffic get refunds for fraud.

PROACTIVE SOLUTION SUPERSEDING MMPS

- The core function on a mobile measurement platform (MMP) is to attribute credit for an install to the source that delivered it. If MMPs were effective in this function, install theft wouldn't exist.
- MMPs are reactive – rather than blocking an invalid install attempt, they attribute credit for it, then later report it as IVT to the advertiser.
- In contrast, TrafficGuard is proactive - only informing supply sources of VALIDATED installs.

The Software-as-a-Service subscription revenue opportunity



TrafficGuard SaaS

Subscription Revenue Opportunity

HIGHLY SCALABLE

- Auto-scaling infrastructure.
- Integrates seamlessly with existing advertising technology stack at multiple points in the supply chain.
- Designed to process trillions of clicks.

STRONG VALUE PROPOSITION

- Strong commercial feasibility
- Advertisers use Mobile Measurement Platforms (MMPs) to analyse fraud. This is a **reactive**, post-install process.
- In contrast, TrafficGuard's **proactive** approach is designed to decrease chargebacks and reduce risk of litigation for the client, both symptoms of a reactive approach to IVT mitigation.

MULTIPLE B2B TARGET CUSTOMER SEGMENTS

- The SaaS opportunity is business-to-business (B2B), with TrafficGuard complementing a business' existing offering. Potential client segments include: direct advertisers, media agencies, direct supply channels.
- Annuity revenue model.

PROPRIETARY TECHNOLOGY

- Patent Pending.
- Barriers to entry: The significant intellectual property and extensive data set provide a unique offering and providing significant barriers to entry.

Tech Mpire Limited

Key Investment Considerations



TMP Key Investment Considerations

PROVEN AND SCALABLE

- TMP has proven technology which helps the world's biggest brands acquire real users for their mobile apps.
- Well established business generated \$37m revenue in FY17.
- Globally scalable with operations in North America and APAC.

MULTIPLE COMPETITIVE ADVANTAGES

- One-stop shop offering - TMP finds mobile app installs (through nxus) and then ensures they are high quality (through TrafficGuard). This combined capability is unique within the sector and appealing to clients.
- Big data solutions – TMP knows where to find app users in the online world, with proprietary data growing after each campaign.
- Success fee model – TMP gets paid on success only (ie. "cost per install model"), so the offering is low risk for clients.

PROPRIETARY TECHNOLOGY WITH BIG DATA SETS

- Automation of previously manual processes and big data analytics to provide high quality results at scale.
- nxus, TMP's proprietary technology marketing platform, has been developed over ~9 years, with the cumulative big data of trillions of campaign data points providing insights into optimal sources of online traffic supply.
- TrafficGuard, blocks fraudulent traffic in order that app installs for our clients are from real, revenue generating users. This is a significant competitive advantage, able to provide our premium clients with confidence in the quality of our results.
- **Value of TrafficGuard and big data not priced in.**

TMP Key Investment Considerations

UNPRICED GROWTH OPTIONS

- Unpriced growth options - Tier 1 clients; APAC growth; TrafficGuard SaaS annuity revenue model.
- Undemanding valuation metrics – trading near cash value.

HIGH GROWTH APAC OPTION

- 2017 mobile advertising spending in APAC has grown to US\$54.4bn, with the region leading global ad spend growth (source: eMarketer, 2017).
- Mobile Internet advertising is forecast to grow in Asia Pacific at a 22.2% CAGR in the next five years (PWC, 2016).
- 60% of mobile game spending in 2016 occurred in Asia Pacific (IDC, 2017).
- Multiple high growth verticals provide growth options in APAC - gaming, utilities, transportation, and entertainment.

HIGH GROWTH ADDRESSABLE MARKETS

- Global mobile advertising market has grown at 16% compound annual growth rate (CAGR) from 2006-2016 and is forecast to be \$215 billion by 2021, which is 72% of total online marketing budgets.
- Performance advertising (incorporating TMP's cost-per-install model) is a high growth segment of mobile advertising.

ADTECH SECTOR CONSOLIDATION

- Adtech sector consolidation expected to continue.
- The unpriced value of TMP's technology, client networks and proprietary big data appeals to many global organisations.

For further information, please visit our website

www.techmpire.com