

Chief Executive's statement

Mark Sabin Tadeusz Popkiewicz, Chief Executive Officer

We have demonstrated the

TREMENDOUS MARKETING POWER

of in-video advertising



*2017 was an important year
for technology development.*



Progress in 2017: focus and maturing technology

Mirriad's strategy has centred on three key areas: the development of core technologies; the development of an organisation capable of supporting large enterprise-class customers; and the deployment of the trading platform and associated in-video ad unit deemed essential to connect clients' advertising budgets to the inventory we create and allow our business to scale.

We have maintained our tight focus on the world's largest and fastest growing advertising markets with high levels of video consumption. On that basis we have rebalanced our customer portfolio in favour of larger, more dominant players in each respective market including Alibaba/Youku, NBCU, RTL Group, Globosat and others. We expect this focus to yield results in terms of revenues from the second half of 2018 and beyond as we deploy our platform and service model. We anticipate the number of customers under contract to show a small increase by the end of 2018 as current contractual negotiations complete.

The value chain for in-video advertising involves three parties: content producers, distributors (digital or broadcast) and advertisers/media agencies. Mirriad's platform provides a marketplace for activity.

The Group's business is principally based on contracting with distributors, the primary sellers of the in-video advertising inventory, and taking a share of revenue from resulting in-video advertising transactions.

Mirriad's revenue share generally averages approximately 20%.

Our technologies are designed to make a complex problem simple: Mirriad receives video content; analyses it for advertising inventory; makes it available to our customers to sell; and ultimately fulfils the campaigns they have sold to media agencies and brands. As our technology has developed we have increasingly focused resources on the last steps in this process.

2017 was an important year for technology developments as we solidified our capabilities for creating or predicting advertising inventory from premium entertainment content and naturally inserting realistic branded imagery into video at scale. Development work continued around the Marketplace platform, which will enable key stakeholders such as content owners, distributors and advertisers to transact. We also laid foundations for the

Chief Executive's statement *continued*

Progress in 2017: focus and maturing technology *continued*

launch of an industry credible In-Video advertising unit capable of supporting media trading at scale; a third party certified, verifiable, consistent currency in the form of an In-Video advertising unit is essential to market liquidity.

The Company has been actively protecting its IP and currently holds 11 granted patents, with more in process over 2017.

Industry trends

There continues to be significant publicity around the verification and value of advertising media with recent comments from both Marc Pritchard and Keith Weed, respectively Chief Marketing Officers of Proctor & Gamble and Unilever, the world's largest two advertisers by spend.

In 2017 Marc Pritchard said that:

"We bombard consumers with thousands of ads a day, subject them to endless ad load times, interrupt their screens with pop-ups and overpopulate their screens and feeds... We're awfully busy, but all of this activity is not breaking through the clutter. It's just creating more noise."

While Keith Weed said at the IAB Annual Leadership Meeting in 2018 that:

"[Consumers] don't care about good value for advertisers. But they do care when they see their brands being placed next to ads funding terror, or exploiting children."

Mirriad Ad Units are designed to address these issues and more: bringing a new ad unit format to market requires a new metric that is transparent, verifiable and validated by some of the most respected industry measurement companies.

We have very recently announced the results of work we have been undertaking for over two years concerning the standardisation of the Mirriad advertising unit with comScore in the USA and Miaozen Systems in China. This work is critical in enabling Mirriad In-Video Advertising to become a trading currency alongside other advertising products. The work in these two pivotal markets should drive more transactional liquidity between media owners and advertisers.

In 2017 Mirriad solved the challenge of consistent delivery of the ad units by finalising the development of an automated measurement and gating technology called the Visual Impact Score ("VIS"), now integrated into the Marketplace platform. VIS solves a formidable problem by ensuring each instance of ad exposure meets thresholds known to drive effectiveness such as exposure size and proportion, clarity, proximity to action and prominence.

Early in 2018 Mirriad commissioned independent research from global measurement company comScore, which analysed a large, statistically valid random sample of the new Mirriad ad units. The audit verified Mirriad's VIS score, with 98.5% of the tested ad units passing the independent audit. Full study results are available in a whitepaper on the Mirriad website (www.mirriad.com).

So advertisers can now have independently verifiable certainty around the quality of each billable ad – essential in today's highly scrutinized world of value for money and data transparency, especially in the two largest advertising markets in the world. Mirriad will continue working with multiple independent vendors of advertising measurement in securing further validation of the In-Video advertising unit construct and its effectiveness.

Marketing effectiveness

We ran the Group's largest campaign at the end of 2017 and into the beginning of 2018. Mirriad partnered with Youku/Alibaba to create an in-video ad campaign for a leading Chinese car leasing company, Tangeche. The campaign embedded Tangeche's brand messages as ad units across more than 20 different shows over five months. This large-scale campaign successfully reached the target audience and hit Tangeche's awareness and consideration goals.

We are delighted that the campaign results, independently researched by Miaozen Systems, exceeded even our high expectations.

The campaign delivered nearly 800 million impressions. At the end of the campaign almost 71% of the audience had seen the ads, 72% of viewers thought that the inclusion of the brand in the shows made the scenes look more realistic and 94% of the target audience said they would take follow-up action, with their intention to use the brand three times higher than before the campaign.

We believe that the Tangeche campaign is an excellent example demonstrating the marketing power of In-Video advertising when delivered at scale.

The future

The path to success for Mirriad requires the Group to complete a number of steps.

In 2017 and into the first half of 2018 we have concentrated on the first of those steps: deploying our Marketplace platform and services as well as establishing the In-Video advertising unit through independent third party verification. This requires the organisation to onboard customer sales organisations at some of the world's largest media companies and takes considerable time and effort. It also requires integration with third party systems either at the customer, for core services, or externally for third party verification and tracking of ad unit delivery. Both integration and onboarding are complex and time consuming but worthwhile initiatives, each requiring agreement with and co-ordinated rollout with our customer organisations, their clients and other third parties.

Once the supply side of the model is operational our next step is to leverage demand for in-video advertising by driving demand-side awareness of the product and its benefits to advertisers and clients. We do this through delivery of advertising effectiveness research, executed locally and culminating in case studies on behalf of different brand categories. When demand is generated Mirriad has the technology and processes in place to fulfil transactions using Marketplace.

The final step is to achieve scale in our target markets. Ultimately, we believe we can drive scale in the business by establishing Mirriad In-Video Advertising as a media buying plan line item. It is also worth emphasising that Mirriad has planned capabilities to support programmatic buying and can provide personalisation depending on our distribution partners' infrastructure.

Mark Sabin Tadeusz Popkiewicz

Chief Executive Officer

9 May 2018