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## **INVESTOR UPDATE - October 2017**

2017-10-23

**Dear Investors**

### **Operations Summary**

As mentioned in the previous investor update in May, we needed substantial additional funding to execute on the commercial opportunities opening up for us. Unfortunately, we did not succeed in raising new funds. So we were forced to let all employees go, and retain only a small core group on a contractor basis, where they could be temporarily “put on hold” and then start working again after we had raised the money to pay them. So our development has come to a standstill, pending new funding. It's very disappointing that just when we were finally ready to capitalize on exciting commercial opportunities, we lacked the funds to execute. So we have lost the partnerships we were working on in South Africa.

On the plus side, we are in negotiations with a potential new partner in South Africa, as well as several other opportunities in other parts of the world, using a new funding model.

### **Funding Model**

Addressing the funding issue has required a fundamental rethink of our strategy. Instead of the **licensing model** we had operated on previously (first build, then sell), we have shifted to a **consulting model** (first sell, then build) where a client specifies the requirements of their desired solution, then they pay us an initial upfront amount to start building the solution, plus progress payments for reaching milestones.

We have been in discussion since August for a potentially very lucrative consulting deal that could close soon. We will update you on the progress in upcoming investor updates.

### **Business Model**

We have also adapted our business model, greatly simplifying it to make it more attractive to business partners and much easier to implement and scale. We are keeping the details confidential until we are successfully operating our first commercial deployment. (Several of

our investors work for, or are invested in, competitors.)

## Shareholder Meeting

When we sent you our last investor update in May, we had expected to be in commercial operation by the end of Q3, and earning our first revenues, so it made sense to plan a general meeting of shareholders in Q4 to report on our commercial progress and chart our path forward. Given the setbacks we've experienced, and our sharply reduced team and limited resources, we've decided to postpone the meeting to Q1/2018.

## Investor Updates

In the past, we sent investor updates when there was something substantial to report, which was several times a year. But many of our investors have asked for more frequent updates, so we're now changing to monthly updates, even when there is no big news to share. This way, you'll get a regular sign of life from us.

It's been a very tough journey, especially this past year. But I will not give up until we've succeeded.

Onward and upward!

**Johann Gevers**

Founder and CEO

**Monetas**, Zug, Switzerland

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