

ASX RELEASE

22 APRIL 2016

## QUARTERLY ACTIVITIES REPORT: PERIOD ENDED 31 MARCH 2016

### Highlights

- Revenue of \$6.6 million in the March quarter, representing an increase of 100% on the corresponding quarter of the previous year
- \$24.3 million of accumulated revenue for the financial year to date
- The business traded profitably before tax and an expense accrued relating to the likely issue of performance shares
- A focus on product development has seen the continued expansion of the Company's advertiser client base and affiliate network
  - Active advertiser clients grew by 11% on previous quarter
  - The affiliate network expanded by 35% on the previous quarter
- New blue chip clients including Facebook and McDonalds
- Strong pipeline for the June quarter in what is typically a robust period for advertising spend
- The Company has \$5.6 million in cash and \$3.3 million in net receivables

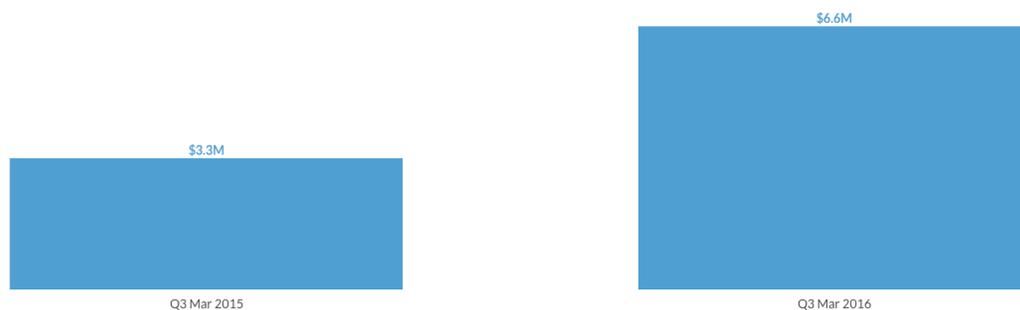
Tech Mpire Limited (Company or Tech Mpire) (ASX: TMP) provides the following information and the attached Appendix 4C regarding the quarter ended 31 March 2016.

### OPERATIONS

#### REVENUE

Revenue for the March 2016 quarter grew by 100% on the corresponding quarter of the previous financial year, reaching \$6.6 million. The continued growth of the business over the longer term is underpinned by the ongoing expansion of both the advertiser client base and the affiliate network.

Revenue Comparison: March Quarter 2016 - 2015



■ Quarterly Revenue

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After outperforming expectations in the December 2015 quarter, Tech Mpire was in a strong position to continue business growth into the March quarter. As outlined in the Quarterly Activities Report: Period Ended 31 December 2015 (released 29 January 2016), the March quarter is impacted by seasonality due to the January holiday period and the general contraction of client advertising budgets that follows the November/December surge in ad spend.

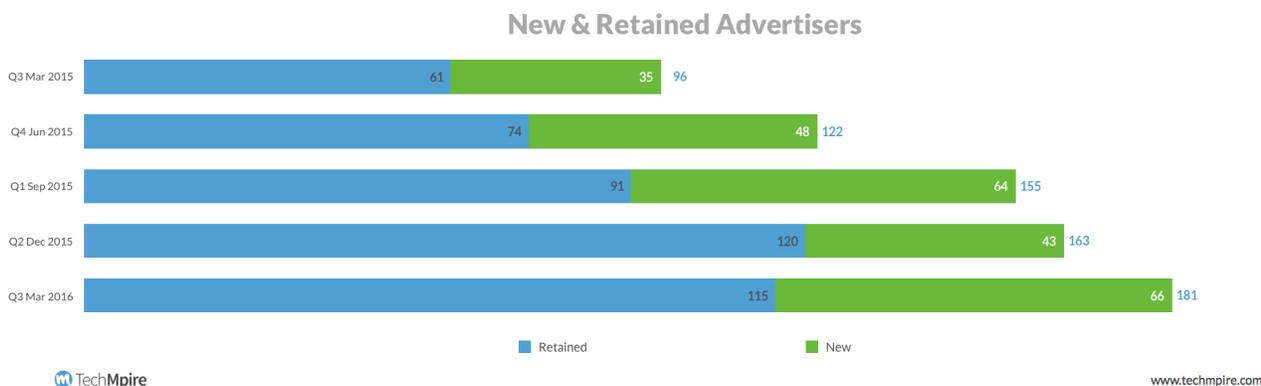
Tech Mpire is pleased to report that the business traded profitably before tax and before the expense accrued due to the likely issue of performance shares. This share based payment expense is related to the vesting conditions of Performance Rights disclosed in Appendix 4C.

There has been no material change to the status of the significant doubtful debt of approximately \$1.3 million disclosed to market on 16 December 2016. The company continues to pursue the matter legally and will keep the market updated as the matter progresses. Outside of this trade debtor, provisions for doubtful trade debts amount to less than 1% of revenue for the financial year to date.

### ADVERTISER CLIENTS

Growth in Tech Mpire’s advertiser client base and affiliate network is driven, in part, by the Company’s ongoing commitment to the development of its technology platform nxus®. By increasing the value delivered to advertiser clients and the network of affiliates, the Company fosters growth of both the demand and supply sides of the business.

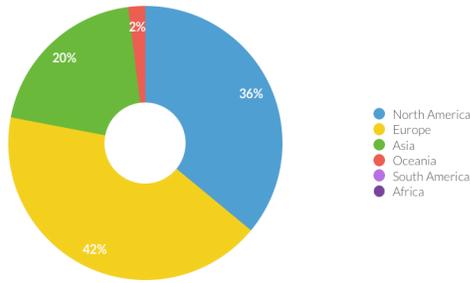
Tech Mpire’s advertiser client base expanded 11% over the March 2016 quarter, and 88.5% on the corresponding quarter of the previous year demonstrating growth over the longer term.



The Company continues efforts to attract new clients from outside of North America. In the March 2016 quarter, 36% of revenue came from North America compared to the corresponding quarter, which saw North American clients contribute 67% of total revenue. This diversifies the Company’s risk profile and reliance on a single geographic market.

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### Advertiser Revenue by Region Q3 Mar 2016



TechMpire

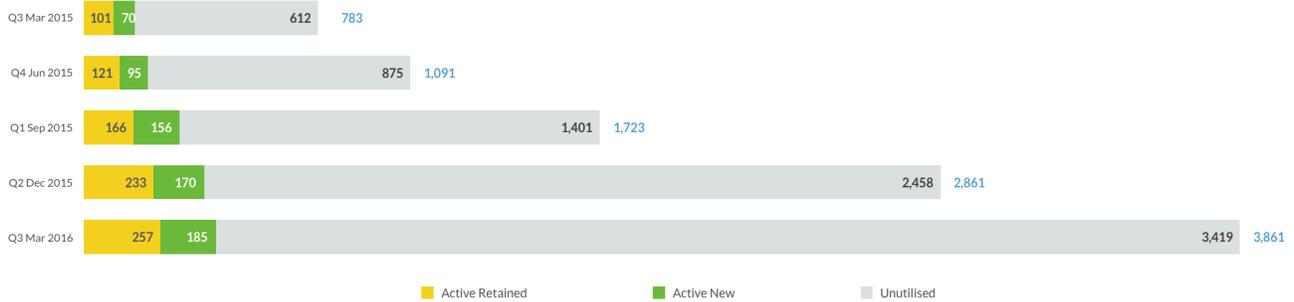
www.techmpire.com

Tech Mpire continues to attract large, global clients. In the March quarter, the Company added recognisable brands including Facebook and McDonalds to its client base.

### AFFILIATE NETWORK

Tech Mpire’s affiliate network has grown 35% over the March quarter, and 393% on the corresponding quarter of the previous financial year. The company remains committed to safeguarding the quality of the affiliate network through continuous improvement to its already rigorous screening and monitoring measures. While new affiliate recruitment remains a focus, the Company is also dedicated to activating the top echelon of affiliates in order to maximise the network’s performance.

### Registered Affiliates



TechMpire

www.techmpire.com

### PRODUCT DEVELOPMENT

Tech Mpire continues to establish competitive advantage through the evolution of its nxus® platform. Over the quarter, the Company has focused development on automating quality controls; building more comprehensive post conversion tracking functionality and; on developing capabilities to collect and analyse a greater number of data points across the consumer journey.

Investment in technology will continue to be a priority of the Company for the remainder of the financial year and into the next. Building on the progress of the March quarter, Tech Mpire will increase campaign transparency for advertisers, using greater volumes of data to derive more comprehensive insights into their end-user behaviours. Supply-side tools will also be in development by the Company, to assist publishers in monetising their inventory, as well as to improve the overall quality of the network.

The improvements made to Tech Mpire's nxus® platform over the March 2016 quarter, enable the Company to deliver further value to its advertiser clients immediately, as well as providing a foundation for future innovation.

## **CASH POSITION**

As at 31 March 2016, the Company had cash and net receivables of \$8.9 million, comprising \$5.6 million of cash and \$3.3 million in net receivables. The Company also increased its cash position for the quarter by \$0.7million. At 31 March 2016, the Company had no borrowings but it has a debtor factoring facility (unused at 31 March 2016) of \$1.3 million. Net receivables were impacted by debtor factoring receipts and foreign exchange movements which gave rise to non-cash movements. Tech Mpire enters the June 2016 quarter in a position to continue planned product and business development.

## **OUTLOOK**

In the June quarter, technology development will remain a high priority for Tech Mpire and the company intends to invest further in this with the combination of acquisition and recruitment. The company anticipates further growth in its advertiser client base and affiliate network over the June quarter as it retains a strong pipeline for what is typically a robust quarter for advertising spend.

Tech Mpire CEO, Luke Taylor, says of luring future blue chip clients, "Technology plays such an integral role to maintaining our competitive advantage. Improved network performance facilitated by product development initiatives, helped Tech Mpire attract some major brand clients in the March quarter. As the Company continues to build its track record with large brands, it anticipates further blue chip client acquisitions."

-Ends-

For more information, please contact:

Asher Moses  
Media & Capital Partners  
Director  
+61 438 008 616  
asher.moses@mcpartners.com.au

Luke Taylor  
Managing Director  
Tech Mpire Limited  
+61 (0)8 9473 2500  
investor.enquiry@mpiremedia.com.au

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Tech Mpire Limited

ABN

88 156 377 141

Quarter ended ("current quarter")

March 2016

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	7,518	20,681
1.2 Payments for		
(a) staff costs #	(1,180)	(3,441)
(b) advertising and marketing #	(5,235)	(17,634)
(c) research and development #	(110)	(321)
(d) leased assets	-	-
(e) other working capital	(350)	(1,091)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	17	54
1.5 Interest and other costs of finance paid	(22)	(127)
1.6 Income taxes paid (payment plan: prior year liability)	(133)	(401)
1.7 Other (provide details if material)	80	115
<b>Net operating cash flows</b>	<b>585</b>	<b>(2,165)</b>

# see "Additional notes to this report", page 6

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**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
1.8 Net operating cash flows (carried forward)	585	(2,165)
<b>1.9 Cash flows related to investing activities</b>		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(7)	(45)
(e) other non-current assets	-	-
<b>1.10 Proceeds from disposal of:</b>		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(7)</b>	<b>(45)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>578</b>	<b>(2,210)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	20	40
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material):		
Payment of share issue costs	-	(377)
Advances received: debtor factoring facility	85	2,476
Repayments made: debtor factoring facility	-	(577)
<b>Net financing cash flows</b>	<b>105</b>	<b>1,562</b>
<b>Net increase (decrease) in cash held</b>	<b>683</b>	<b>(648)</b>
1.21 Cash at beginning of quarter/year to date	4,922	6,234
1.22 Exchange rate adjustments	(33)	(14)
<b>1.23 Cash at end of quarter</b>	<b>5,572</b>	<b>5,572</b>

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### Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	87
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	

### Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Non-cash flow financing activity: Payments by customers made directly to the debtor factoring agent have the effect of reducing both the debtor balance owed to the Company and the amount owing by the Company to the debtor factoring agent. Given the amounts paid by these customers are not received directly by the Company, they are treated as non cash flow movements and are excluded from the cash flow movements shown in the Consolidated Statement of Cash Flows. The customer payments made directly to the debtor factoring agent totalled \$413,000 in the current quarter and \$2,527,000 in the year to date.

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

### Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		
3.3	Other: debtor factoring facility	1,278	-

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**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
4.1	Cash on hand and at bank	5,572	3,922
4.2	Deposits at call	-	1,000
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>		<b>5,572</b>	<b>4,922</b>

**Acquisitions and disposals of business entities**

	<b>Acquisitions (Item 1.9(a))</b>	<b>Disposals (Item 1.10(a))</b>
5.1	Name of entity	N/A
5.2	Place of incorporation or registration	N/A
5.3	Consideration for acquisition or disposal	N/A
5.4	Total net assets	N/A
5.5	Nature of business	N/A

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### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security	Amount paid up per security
6.1 <b>Preference + securities</b> <i>(description)</i>				
6.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
6.3 <b>+Ordinary securities</b>	60,741,001	51,667,471		
6.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	100,000	100,000	\$0.20	\$0.20
6.5 <b>+Convertible securities</b> Performance Rights #	12,500,000	-	Nil	Nil
6.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
6.7 <b>Options</b> <i>(description and conversion factor)</i>	6,800,000 7,000,000		<i>Exercise price</i> \$0.20 \$0.50	<i>Expiry date</i> 31/12/2016 29/06/2018
6.8 Issued during quarter				
6.9 Exercised during quarter	100,000		\$0.20	
6.10 Expired during quarter				
6.11 <b>Debentures</b> <i>(totals only)</i>				
6.12 <b>Unsecured notes</b> <i>(totals only)</i>				

# Performance rights comprise:

- 5,000,000 Class A Performance Rights vesting upon cumulative gross revenue of \$25,000,000 being achieved by Livelynk Group <sup>^</sup> within 18 months from 29 June 2015.
- 7,500,000 Class B Performance Rights vesting upon cumulative net profit before tax of at least \$1,500,000 being achieved by Livelynk Group <sup>^</sup> within 24 months from 29 June 2015.

<sup>^</sup> "Livelynk Group" means Livelynk Group Pty Ltd and its subsidiaries, Mpire Media Pty Ltd and Mpire Network Inc.

No performance rights vested during the quarter.

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## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

..... Date: 22 April 2016  
(Company secretary)

Print name: CLARE MADELIN

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

## Additional notes to this report

1. Item 1.2(a), payments for staff costs, excludes those costs relating to on-going technology development work which are included instead at item 1.2(c) – see (3) below.
2. Item 1.2(b), payments for advertising and marketing, includes payments relating to the cost of supplying advertising services to customers as well as payment of the Company's own advertising and marketing expenses.
3. Item 1.2(c), payments for research and development, comprises primarily payroll costs and contractor costs relating to on-going technology development work.

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