

ASX RELEASE

24 OCTOBER 2016

## QUARTERLY ACTIVITIES REPORT: PERIOD ENDED 30 SEPTEMBER 2016

### HIGHLIGHTS

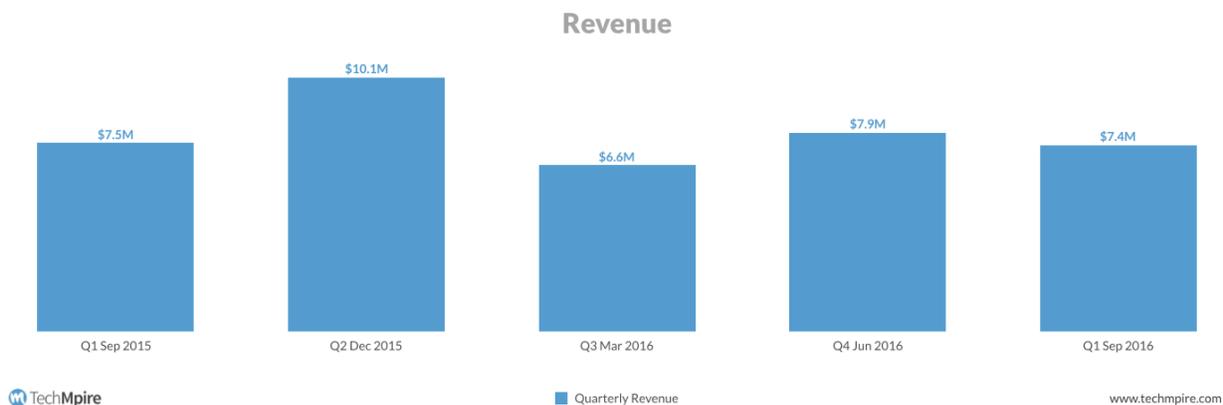
- Tech Mpire achieves revenue of \$7.4 million for the September quarter
- The Company has been in a period of consolidation, focused on building the foundations for the next phase of Tech Mpire's evolution following its faster than anticipated revenue growth in FY16
- The development of the Company's technology remained a priority for the September quarter after being bootstrapped for the initial phase of the business
- Technology development accelerated over the period resulting from:
  - Resources received through the acquisition of Appenture in June 2016
  - A 21% increase in the headcount of teams responsible for research and development over the quarter. The Company continues to take a conservative approach and expense its technology
- Tech Mpire continues to position itself as a performance marketing innovator. Sustainable, future business growth expected to be derived from:
  - Differentiation afforded by innovation helping to grow Tech Mpire's client base and network of supply partners
  - Innovative product features appealing to new market segments
  - Operational efficiencies that drive improvements in Tech Mpire's margins
  - Maximised performance of our current supply network through optimisation
- The Company achieved a positive net operating cash flow of \$260k and retains cash of \$5.54 million (as at 30 September). Tech Mpire remains well funded to continue business growth

Tech Mpire Limited (ASX: TMP) (Tech Mpire or Company) provides the following information and the attached Appendix 4C regarding the quarter ended 30 September 2016.

### OPERATIONS

#### REVENUE

Tech Mpire has achieved September quarter revenue of \$7.4 million. During the quarter, the Company continued to focus efforts on pursuing strategic product development to drive future business and revenue growth. Whilst revenue did not increase in the September quarter, the Board is pleased that the Company has delivered consistent revenue during this period of consolidation.



TechMpire

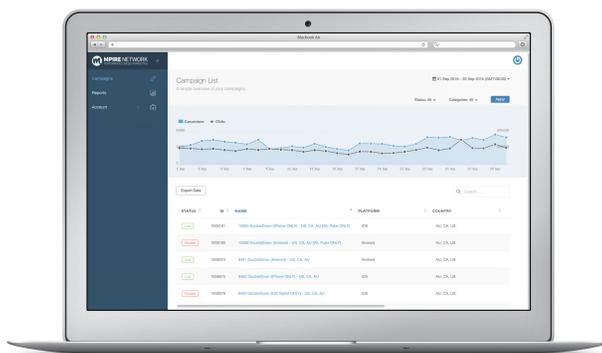
www.techmpire.com

## PRODUCT DEVELOPMENT

The September quarter saw Tech Mpire’s continued emphasis on product development as a source of future, sustainable profitability.

The purpose of Tech Mpire’s nxus® platform is to facilitate, optimise and track the engagement of the Company’s supply partners and advertiser campaigns. Tech Mpire is constantly exploiting new opportunities to optimise further through technology. In the long term, these efforts will improve performance on both the supply and demand sides of the business, and increase scalability.

During the quarter, the advertiser portal was enhanced with a new user interface. The update made the portal more user friendly for advertisers, while simultaneously priming it for future functionality improvements.



*Performance reporting as viewable through Tech Mpire’s new advertiser portal*

The Company continued to make improvements to the way in which it identifies threats to network quality, and automating the blocking of fraudulent network activity. These improvements formed the basis for its proprietary,

anti-fraud solution, TrafficGuard™. Officially launched in October (announcement 19 October 2016), TrafficGuard uses machine learning to detect and intercept fraudulent traffic in real time, before it impacts the advertiser.

Global online advertising fraud is expected to cost advertisers in excess of US\$50 billion over the next decade<sup>1</sup>, representing a significant industry concern. With the addition of TrafficGuard to its suite of quality-control measures, Tech Mpire is demonstrating to advertisers, its proactive plan for improving quality through transparency and communication in the supply network. The Company anticipates that this demonstrated commitment to quality will be increasingly appealing to advertisers, resulting in growth of the client base, and in turn, revenue.

The development of the advertiser self-serve portal continued throughout the September quarter. The self-serve portal will enable Tech Mpire to provide a low-touch, online-advertising solution to a new market segment. The launch of the portal is expected to be in the December quarter.

### CASH POSITION

The Company achieved a positive net operating cash flow of \$260k. As at 30 September 2016, Tech Mpire's cash position remains relatively unchanged, retaining \$5.54 million (\$5.6 million 30 June). This positions the Company well to continue pursuing business growth.

### OUTLOOK

Tech Mpire's long term strategy will continue to see resources directed into assets that will deliver sustainable profitability into the future.

Tech Mpire's Managing Director, Mr Luke Taylor commented:

*"Since listing, Tech Mpire has generated substantial quarterly revenue from its growing base of clients and supply partners. While we have achieved performance milestones significantly ahead of schedule, it has been necessary to consolidate and start channeling resources into the next phase of Tech Mpire's evolution."*

*"The pace of advertising technology prescribes that we should be constantly looking to the future to capitalise on new opportunities. The board is satisfied with the Company's ability to sustain its current level of productivity, while simultaneously building the assets to drive future business and revenue growth."*

-Ends-

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<sup>1</sup> [http://www.wfanet.org/pdf/WFA\\_Compndium\\_Of\\_Ad\\_Fraud\\_Knowledge.pdf](http://www.wfanet.org/pdf/WFA_Compndium_Of_Ad_Fraud_Knowledge.pdf)

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## 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")

September 2016

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	7,902	7,902
1.2 Payments for		
(a) staff costs #	(1,118)	(1,118)
(b) advertising and marketing #	(5,630)	(5,630)
(c) research and development #	(419)	(419)
(d) leased assets	-	-
(e) other working capital	(468)	(468)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid (payment plan: prior year liability)	(8)	(8)
1.7 Other (provide details if material)	-	-
<b>Net operating cash flows</b>	<b>260</b>	<b>260</b>

# See "Additional notes to this report" page 6.

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	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	260	260
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	(21)	(21)
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(39)	(39)
(e) other non-current assets	(34)	(34)
1.10 Proceeds from disposal of:		
(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>(94)</b>	<b>(94)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>166</b>	<b>166</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	-
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):	-	-
<b>Net financing cash flows</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash held</b>	<b>166</b>	<b>166</b>
1.21 Cash at beginning of quarter/year to date	5,601	5,601
1.22 Exchange rate adjustments	(230)	(230)
<b>1.23 Cash at end of quarter</b>	<b>5,537</b>	<b>5,537</b>

+ See chapter 19 for defined terms.

**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	108
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	
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	1,310	-

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**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	5,537	5,601
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>		<b>5,537</b>	<b>5,601</b>

**Acquisitions and disposals of business entities**

	<b>Acquisitions (Item 1.9(a)) \$A'000</b>	<b>Disposals (Item 1.10(a)) \$A'000</b>
5.1	Name of entity	Appenture d.o.o
5.2	Place of incorporation or registration	Croatia
5.3	Consideration for acquisition or disposal	21 *
5.4	Total net assets	51 **
5.5	Nature of business	Development services

\*\$21k is the cash component paid in the quarter out of the total consideration of \$87k. The total cash component paid to date is \$67k.

\*\* Subject to finalisation under the provisions of AASB 3: Business Combinations.

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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>	65,774,335	53,074,335	-	-
6.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) Increases through release from escrow	33,334 - -	33,334 - -	- - -	- - -
6.5 <b>+Convertible securities</b> Performance Rights #	7,566,666	-	-	-
6.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	66,666 -	- -	- -	- -
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	-	-	-	-
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:

- 7,500,000 Class B Performance Rights vesting upon the Livelynk Group<sup>^</sup> achieving cumulative net profit before tax of at least \$1,500,000 during the 24 month period commencing 29 June 2015.
- 33,334 Class C Performance Rights vest on 1 June 2017 provided that, on or before that date, the holder has neither been summarily terminated by, nor has resigned as a full time employee or a non-executive director (as applicable) from, Appenture d.o.o.
- 33,332 Class D Performance Rights vest on 1 June 2018 provided that, on or before that date, the holder has neither been summarily terminated by, nor has resigned as a full time employee or a non-executive director (as applicable) from, Appenture d.o.o.

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

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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: 24/10/2016  
(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**

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 staff costs relating to on-going technology development work.

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