

ASX RELEASE

31 January 2017

## QUARTERLY ACTIVITIES REPORT: PERIOD ENDED 31 DECEMBER 2016

### HIGHLIGHTS

- Revenue of \$7.8 million for the December quarter, representing a 5% increase on the previous quarter
- Strong performance in the second half of the month of December has continued into the beginning of the March quarter
- Revenue uplift was a result of a number of improvements to sales performance, implemented during the first half of FY17
- Technology improvement and innovation remains at the forefront of the Company's strategy, which it believes will deliver sustainable growth in the medium to long term
- Lists by the Australian Financial Review and Deloitte recognised Tech Mpire as one of the fastest growing companies in the region based on FY16 financials
- The Company retains cash of \$5.2 million (as at 31 December 2016)

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

### OPERATIONS

#### REVENUE

Tech Mpire has achieved December quarter revenue of \$7.8 million, an increase of 5% on the previous quarter.

The uplift in revenue late in the quarter was due to a number of sales operations initiatives implemented during the first half of the financial year. These include improvements to the network team structure, further diversification in business development and enhancements to the positioning of the brand.

To maximise effectiveness, the functions of business development and account management have been split into two specialised roles. This has enabled account managers to more effectively support existing clients and to capitalise on the sales opportunities in each account without the distraction of on-boarding new business. Separation of these activities has led to an increase in client satisfaction, growth in campaign budgets and improved collaboration amongst sales, partner and marketing teams.

Visiting Asia and North America over the period, Tech Mpire's business development team was able to foster direct relationships with new and existing brand clients, and build the Company's advertising pipeline. New clients on-boarded in December include a Nasdaq listed, global interactive entertainment company, that

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engaged Tech Mpire to acquire users for a new mobile game. This engagement has continued into the March quarter and has seen the client increase their budget significantly.

Splitting of business development and account management functions has also helped the team to gain a more thorough understanding of the opportunities in each prospective and existing client account. The supply partner management team functions have also evolved, with the team focused on account management under the guidance of newly installed team leaders. The evolution of the sales team and the supply accounts team, affords the Company greater visibility and control of the sales pipeline, and of the supply required to satisfy client demand.

With the official launch of TrafficGuard™ early in the December quarter (announcement 19 October 2016), Tech Mpire's brand positioning has evolved to take a stronger focus on quality. TrafficGuard is a proprietary invalid-traffic mitigation solution designed to safeguard the quality of Tech Mpire's supply network. In addition to improving traffic quality, Tech Mpire's proactive stance has helped the Company attract new large brand accounts.

As Tech Mpire's supply network and the nature of performance marketing evolves, the Company believes the term "supply partner", as opposed to "affiliate", better reflects the diversity and quality of its supply sources. The adoption of the term will help the Company communicate quality as a strong component of its value proposition.

#### RECENT RECOGNITION FOR THE COMPANY

Tech Mpire's financial performance was recognized in the December quarter in reputable lists such as the Financial Review Fast Starters (2<sup>nd</sup> place), Deloitte Technology Fast 50 Australia (4<sup>th</sup> place), Deloitte Technology Fast 500 APAC (17<sup>th</sup> place) and Anthill Magazine's Cool Company Awards (finalist). These accolades bring wider context to the growth story of Tech Mpire, demonstrating the Company's superior performance against other Australian and APAC businesses.

#### OUTLOOK

Tech Mpire retains cash of \$5.2 million (as at 31 December 2016) and is well positioned to continue investing in its strategy to grow the business.

In the March quarter, Tech Mpire will continue to capitalise on its technology developments to offer a superior service and build on its competitive advantage. One such development is the advertiser self-serve portal, which launched in the December quarter with aggressive promotion to follow in the second half of FY17.

Augmenting the quality initiatives already in place, Tech Mpire has registered to participate in the Trustworthy Accountability Group's (TAG), *Verified by TAG* program. TAG works with companies throughout the digital advertising supply chain to improve transparency and quality in the industry. As a member of the *Verified by TAG* program, Tech Mpire will be participating in industry level initiatives to drive quality and performance of online advertising.

Tech Mpire has also become a member of the Interactive Advertising Bureaus (IAB). IAB works with members to develop technical standards and best practice, field critical research and educate stakeholders. Participation in multiple IAB committees and councils is a demonstration of Tech Mpire's active role in the direction of the industry.

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

*"The evolution of the network team, and the subsequent business development it facilitated, were instrumental in revenue uplift at the end of the December quarter. Enabling client and partner focused roles to specialise, has helped us deliver our premium service more efficiently and effectively. The result of this has been improved client relations and satisfaction, and in turn, increased revenue. These efforts are expected to continue to deliver sales improvements in the coming months."*

-Ends-

For more information, please contact:

**Investor Enquiries**

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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Tech Mpire Limited

**ABN**

88 156 377 141

**Quarter ended ("current quarter")**

December 2016

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	6,276	14,178
1.2 Payments for		
(a) research and development (see additional note 1)	(482)	(901)
(b) product manufacturing and operating costs including cost of services rendered	(4,943)	(10,799)
(c) advertising and marketing	(143)	(314)
(d) leased assets	-	-
(e) staff costs (see additional note 2)	(1,186)	(2,304)
(f) administration and corporate costs	(104)	(175)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	8
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(3)	(11)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(578)</b>	<b>(318)</b>

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(21)	(60)
	(b) businesses (see item 10)	(10)	(31)
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	(34)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(31)</b>	<b>(125)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	5,537	5,601
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(578)	(318)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(31)	(125)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	279	49
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>5,207</b>	<b>5,207</b>

<b>5. Reconciliation of cash and cash equivalents</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	5,207	5,537
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,207</b>	<b>5,537</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	94
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

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7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other: debtor factoring facility	1,388	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The facility at 8.3 is a secured debtor factoring facility with Fast Pay Partners LLC (FPP), an unrelated party, which enables the Group to receive cash receipts in advance on certain of its customer invoices which are purchased by FPP. A fixed fee of 1.5% of the customer invoice purchased is charged by FPP. In addition, where the customer invoice remains unpaid after 30 days, an additional fee of 1.5% of the invoice value is charged on a pro-rata basis for every 30 days the invoice remains unpaid.

In the event the customer invoice remains unpaid for 90 days, the Group is required to repay to FPP all advances received from FPP for that invoice plus all fees associated with that invoice.

The debtor factoring facility has a credit limit of US\$1,000,000 and under the current terms the facility will terminate on 13 March 2017. The Group is not obligated to factor a minimum value of customer invoices over the life of the facility and the facility has not been used during the quarter.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	482
9.2 Product manufacturing and operating costs including cost of services rendered (see additional note 3)	8697
9.3 Advertising and marketing	74
9.4 Leased assets	-
9.5 Staff costs	1,380
9.6 Administration and corporate costs	104
9.7 Other (provide details if material)	24
<b>9.8 Total estimated cash outflows</b>	<b>10,761</b>

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10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Appenture d.o.o	n/a
10.2 Place of incorporation or registration	Croatia	n/a
10.3 Consideration for acquisition or disposal *	AUD \$10k	n/a
10.4 Total net assets **	AUD \$56k	n/a
10.5 Nature of business	Development services	n/a

\*\$10k is the cash component paid in the quarter out of the total consideration of \$90k.

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

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



(Director/Company secretary)

Date: 31 January 2017

Print name: CLARE MADELIN

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**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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

**Additional Notes**

1. Item 1.2(a), payments for research and development, comprises primarily staff costs relating to on-going technology development work.
2. Item 1.2(e), payments for staff costs, excludes those costs relating to on-going technology development work which are included instead at item 1.2(a) – see additional note 1 above.
3. Item 9.2, estimated cash outflows for next quarter - product manufacturing and operating costs including cost of services rendered, includes payments to supply partners for the cost of services rendered to advertising clients and consequently the estimated cash outflow is dependent primarily on estimated sales for the next quarter.

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