

ASX RELEASE

22 FEBRUARY 2017

HIGHLIGHTS FOR THE HALF YEAR TO 31 DECEMBER 2016

HIGHLIGHTS

- Increased technology development in the first half of FY2017 following the acquisition of Appenture in June 2016 and growth in R&D teams.
- Major initiatives undertaken to improve invalid-traffic detection and strengthen network quality including launch of proprietary invalid-traffic prevention solution, TrafficGuard™ and strategic partnership with fraud technology specialist, Forensiq.
- Revenue of \$15.2 million was achieved for the half-year, up from \$14.5 million on the prior period but down from \$17.6 million for the corresponding period.
- March quarter FY2017 revenue expected to be the Company's highest to date due to sales operations initiatives implemented during the first half.

Tech Mpire Limited (**Company** or **Tech Mpire**) (**ASX: TMP**) is pleased to report its results for the half year ended 31 December 2016.

Operational Overview

During the period, Tech Mpire achieved a number of milestones designed to strengthen and sustain its competitive advantage to deliver quality and innovation in the performance-based advertising industry.

Technology milestones included the launch of TrafficGuard and the advertiser self-serve portal. This was facilitated by increased investment in technology development following the acquisition of Appenture in June 2016. The Company has also grown its R&D teams, specifically engineering and data science, in order to continue delivering on its technology strategy.

Launched in October 2016, TrafficGuard was developed to improve invalid-traffic detection and strengthen network quality. Utilising machine learning, TrafficGuard automates the detection and interception of invalid traffic in real time. Fraud in online advertising is a growing concern with a recent report released by the World Federation of Advertisers (2016), estimating it will cost advertisers US\$50 billion globally over the next decade¹.

Complementing the quality improvements driven by TrafficGuard, the Company also entered a strategic partnership with fraud technology specialist, Forensiq. This gives its network access to best-in-class invalid-traffic detection that has been developed by specialists in the area, adding another layer of invalid-traffic defence.

¹ http://www.wfanet.org/pdf/WFA_Compendium_Of_Ad_Fraud_Knowledge.pdf

Tech Mpire also launched its advertiser self-serve portal towards the end of the period, enabling it to service a new market segment - clients with smaller advertising budgets. These smaller advertisers represent a significant portion of online ad spend. With Tech Mpire's intuitive portal, these advertisers can set up campaigns and manage budget, schedule, targeting and reporting from a single location. The portal allows Tech Mpire to increase margins by removing some manual account management activities for these clients. The Company expects to scale the service significantly in the second half of FY2017.

In addition to these technology milestones, Tech Mpire also undertook a number of initiatives to improve business performance. These included the restructure of the sales team and the refocus of sales efforts to diversify its client base. With the division of client account management and business development roles, Tech Mpire is able to more effectively support existing clients while enabling the dedicated, strategic pursuit of new business. These initiatives will enable more effective mediation of supply and demand and streamline communications.

Tech Mpire won a number of awards during the period, cementing its position as one of Australia's fastest growing startup companies. The Company achieved second place in the BRW Fast Starters 2016 Awards and fourth place in the Deloitte Technology Fast 50 Australia Awards. It was placed 17th in the Deloitte Technology Fast 500 APAC Awards and was a finalist in Anthill Online's Cool Company Awards.

Also during the period, Tech Mpire dissolved its strategic partnership with US-based ad-tech company, Track Revenue, as it did not live up to expectations. Ending the partnership has had no financial impact on Tech Mpire.

Financial Results

The net loss after tax for the half year ended 31 December 2016 was \$0.8 million, a 46% improvement from the loss in the corresponding prior period of \$1.4 million. Revenue from ordinary activities of \$15.2 million was down 14% on the corresponding prior half-year revenue of \$17.6 million.

Revenue was lower as a result of continued consolidation across the Tech Mpire business to address the challenges of achieving sustainable, long-term growth. The consolidation included process and technology initiatives to support campaign diversification, supply quality and traffic mediation.

Outlook

A number of sales operations initiatives implemented during the first half, including improvements to network team structure, further diversification in business development and enhancements to the positioning of the brand, led to an uplift in revenue at the end of the period. These initiatives are expected to result in Tech Mpire's highest quarterly revenue to date in the March quarter FY2017.

Tech Mpire Managing Director, Mr Luke Taylor commented:

"Over the past six months we have delivered on many of our objectives. Technology is again a major focus for the business and we have invested significantly in hiring expertise to facilitate continued R&D and achieve sustainable growth."

"As a young and rapidly growing business, we have reached a stage that has called for some restructuring of the team to enable specialisation of business development and account management. Over the period, this restructuring took place to support the Company's ambitious sales goals and accommodate growing demand. This specialisation will lead to more satisfied clients, larger share of client ad spend and reduced client churn."

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For more information, please contact:

Investor Enquiries

Luke Taylor

Managing Director

Tech Mpire Limited

+61 (0)8 9473 2500

investor.enquiry@techmpire.com

Media Enquiries

Melissa Mack

Account Director

Media & Capital Partners

+61 430 119 951

melissa.mack@mcpartners.com.au

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