

ASX RELEASE

27 APRIL 2017

QUARTERLY ACTIVITIES REPORT: PERIOD ENDED 31 MARCH 2017

HIGHLIGHTS

- **March quarter revenue up 85% on December quarter to reach a record \$14.4 million. This represents a 43% increase on Tech Mpire's previous highest quarterly revenue of \$10.1 million achieved in the December 2015.**
- **Revenue growth is a result of Tech Mpire's ongoing technology and operational initiatives to improve customer servicing, quality of campaign results, and utilisation of supply.**
- **The Company bolstered its board in the quarter by appointing ex-Google executive Lee Hunter and investment market expert Mathew Ratty as non-executive directors.**
- **Cumulative revenue in the first three quarters of the year has reached \$29.6 million, approximately 92% of FY16 full year revenue of \$32.1 million.**
- **With cash at \$4.28 million (as at 31 March 2017), and an increased debtor factoring facility of USD\$4.0 million, the Company is positioned well to continue investing in its four pillar technology-first strategy.**

Tech Mpire Limited (**Company** or **Tech Mpire**) (**ASX: TMP**) is pleased to provide the following market update in conjunction with the attached Appendix 4C for the quarter ended 31 March, 2017.

REVENUE

The Company has enjoyed a strong start to the calendar year with revenue for the period increasing 85% on the previous quarter to reach a record \$14.4 million. The result surpasses the previous record quarter of \$10.1 million set in December 2015, by 43%.

Average monthly revenue per client increased over the period, driven by new high-value clients, and the Company's ability to grow demand from its existing client base. Improved quality facilitated by TrafficGuard™, and improved account management enabled by team structure changes have both been integral to the revenue growth sustained over the March quarter.

Tech Mpire has successfully implemented several technological initiatives leveraging its big data investment to improve the service provided to clients. These include updates to TrafficGuard, which proactively screens invalid traffic to improve results for advertisers; an interface (API) to seamlessly connect high-volume supply partners to Tech Mpire's nxus® platform; and a recommendation engine to improve the mediation of suitable supply to maximise campaign performance. For further details on these and future initiatives, see Tech Mpire's [Strategy Update Presentation](#) (announcement 3 April 2016).

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BOLSTERING BOARD EXPERTISE

Tech Mpire appointed Lee Hunter and Mathew Ratty to its board in the quarter adding further expertise across marketing, advertising technology, and capital markets required to advance the business.

Mr Hunter is a former senior Google executive, most recently serving as the Head of Marketing Strategy & Innovation for Google Asia-Pacific. In this role, Mr Hunter was responsible for innovative strategies supporting the Google's key business priorities across the Asia-Pacific region. He also held senior positions at YouTube, Deutsche Bank and AMP Financial Services.

Mr Hunter has recently accepted a management consulting role with Tech Mpire to support the Company's ambitious global growth objectives.

Mr Ratty brings significant US and Australian investment market expertise to the Board of Tech Mpire. He is the co-founder of venture capital firm, MC Management Group Pty Ltd, and has extensive experience across capital raising advice, corporate strategy, seed investment negotiation, and financial modelling.

OUTLOOK

The Company established a new USD\$4 million debtor factoring facility (refer to item 8 of Appendix 4C) to improve its ability to manage working capital requirements as revenue continues to grow.

Tech Mpire continues to make progress on its technology-first strategy built around improving volume and utilisation of supply, while also delivering value and quality to mobile advertisers. Upcoming technology milestones include the next stage of recommendation engine to further improve utilisation of supply sources; improvements to supply efficiency through automation of programmatic media buying; and the rollout of publisher focussed tools to build its proprietary supply inventory.

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

"Tech Mpire is perfectly positioned at the meeting point of two major growth areas - mobile and performance advertising and we have built our strategy to capitalise on the unique opportunity this presents. We have already begun to see our hard work translate into strong revenue growth, having achieved 92% of our FY16 revenue in our first three quarters of FY17. This validates our technology-first strategy enabling us to efficiently scale and strengthen our business to capitalise on both current and future significant growth opportunities."

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For more information, please contact:

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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")

March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	11,724	25,902
1.2 Payments for		
(a) research and development (see additional note 1)	(509)	(1,410)
(b) product manufacturing and operating costs including cost of services rendered	(10,695)	(21,494)
(c) advertising and marketing	(68)	(382)
(d) leased assets	-	-
(e) staff costs (see additional note 2)	(1,242)	(3,546)
(f) administration and corporate costs	(85)	(260)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	11
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	(11)
1.7 Government grants and tax incentives	188	188
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(684)	(1,002)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(7)	(67)
	(b) businesses (see item 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)	-	-
2.6	Net cash from / (used in) investing activities	(7)	(132)

3.	Cash flows from financing activities		
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)	-	-
3.10	Net cash from / (used in) financing activities	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	5,207	5,601
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(684)	(1,002)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7)	(132)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(236)	(187)
4.6	Cash and cash equivalents at end of quarter	4,280	4,280

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
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	4,280	5,207
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,280	5,207

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	99
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. Payments to related entities of the entity and their associates	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. Financing facilities available <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	3,054	-

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 previous debtor factoring facility terminated on 13 March 2017.

On 31 March 2017, a group company (Company) entered into a secured debtor factoring facility (Facility) with Pivot Financial Inc (Pivot), an unrelated party.

The Facility enables the Company to receive cash receipts in advance on certain of its customer invoices which are purchased by Pivot. The amount which may be advanced is limited to 90% of the face value of factored invoices with a maximum credit limit of USD \$3,600k. A fixed fee of 1.0% of the customer invoice purchased is charged by Pivot. Where the customer invoice remains unpaid after 30 days, a further fee of 0.033% of the invoice value is charged per day thereafter that the invoice remains unpaid. In addition to the fees, interest is payable on the average daily balance drawn based on the Bank of Montreal prime rate plus 3%.

In the event the customer invoice remains unpaid for 90 days from invoice date, the Company may be required to repay to Pivot all advances received for that invoice plus all related fees, interest and costs associated with that invoice.

At 31 March 2017 no debtors had yet been submitted for "approval" by Pivot but management estimate the potential credit available at that date, based on eligible debtors balances, would have been USD\$2,331k or AUD\$3,054k.

Under the current terms the Facility will terminate on 31 March 2018 (12 month term). The company is not obligated to factor a minimum value of customer invoices over the life of the facility.

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9. Estimated cash outflows for next quarter		\$A'000
9.1	Research and development	510
9.2	Product manufacturing and operating costs including cost of services rendered (see additional note 3)	6,692
9.3	Advertising and marketing	75
9.4	Leased assets	-
9.5	Staff costs	1,477
9.6	Administration and corporate costs	127
9.7	Other (provide details if material)	24
9.8	Total estimated cash outflows	8,905

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)		Acquisitions	Disposals
10.1	Name of entity	n/a	n/a
10.2	Place of incorporation or registration	n/a	n/a
10.3	Consideration for acquisition or disposal *	n/a	n/a
10.4	Total net assets	n/a	n/a
10.5	Nature of business	n/a	n/a

Compliance statement

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



Sign here:
(Director/Company secretary)

Date: 27 April 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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