

ASX RELEASE

30 April 2018

Quarterly Activities Report: Period Ended 31 March 2018

Key Highlights:

- Revenues of \$3.7m, cash receipts of \$4.3m
- Canadian team to scale up supply sources to reflect increased demand
- APAC revenues achieved. Demand pipeline is growing.
- Secured new supply specialist in APAC, bringing over 8 years' experience
- Patent Pending status on TrafficGuard® ahead of commercialisation
- \$5.2m cash

Tech Mpire Limited ("the Company" or "Tech Mpire") has recorded \$3.7m of revenues in the March 2018 quarter. This decrease reflects the lack of quality supply relative to the demand the Company is receiving. Whilst \$3.7m was achieved, the demand for services exceeded that. The Company is currently running on a "fill rate" of 30%. Considering this, the Company's objective is to scale up the supply team in its Canadian office to ensure it can meet growing client demand.

"Scaling up our supply team is a key priority to ensure we are filling the demand that we are receiving, this drives more revenue for future quarters. The Company will be looking to on-board new supply personnel/measures on an incremental return on revenue basis as soon as possible." Said interim CEO Mathew Ratty

The Company is pleased to announce that it has achieved first revenues from its APAC operations. First APAC revenues came very late last quarter and the pipeline is growing by the week. Managing Director of APAC operations, James Dutton, continues to build this pipeline as well as building out his team around him on the supply side. Most recently he has appointed an individual with over 8 years of experience in the APAC region and is tasked with strengthening relationships and negotiating contracts with premium publishers across the region.

Most recently, the Company has secured a patent pending status on one of its key technology platforms, TrafficGuard. "This patent allows us to explore commercial opportunities with companies spending money on digital advertising. The protection of advertising budget is a key concern in the industry due to the amount of fraudulent activity

that is occurring. Digital advertising fraud is estimated to be a \$19 billion epidemic in 2018 and growing each year. TrafficGuard appears to be first to market at blocking fraud at the click level for **Sophisticated Invalid Traffic (SIVT)** which complements our ability of blocking **General Invalid Traffic (GIVT)** at the click level also. We are confident that TrafficGuard can be used to help advertisers and agencies protect against digital advertising fraud. Our commercial launch is due for July 1st 2018 and reflects a multi-billion-dollar market.”
Continued Ratty.

The Company continues to hold a strong balance sheet of \$5.2m as at the end of the quarter. Tech Mpire looks forward to announcing further updates on the commercialisation of TrafficGuard and advancements in on-boarding supply solutions.

- ENDS -

For more information, please contact:

Investor Enquiries

Mathew Ratty

Chief Executive Officer

Tech Mpire Limited

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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 2018

| 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 | 4,341 | 14,766 |
| 1.2 Payments for: | | |
| (a) research and development (see additional note 1) | (767) | (2,057) |
| (b) product manufacturing and operating costs including cost of services rendered | (3,343) | (11,559) |
| (c) advertising and marketing | (75) | (354) |
| (d) leased assets | - | - |
| (e) staff costs (see additional note 2) | (846) | (2,785) |
| (f) administration and corporate costs | (420) | (1,210) |
| (g) establishment and restructuring costs (see additional note 3) | (334) | (1,238) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 17 | 33 |
| 1.5 Interest and other costs of finance paid | (9) | (73) |
| 1.6 Income taxes paid | (129) | (129) |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (1,565) | (4,606) |

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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 | (3) | (22) |
| | (b) businesses (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) intellectual property | - | - |
| | (e) other non-current assets | - | - |
| 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 | (3) | (22) |
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | - | 3,000 |
| 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 | - | (120) |
| 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): | | |
| | (a) Net short term advances under debtor financing facility | (107) | (1,003) |
| 3.10 | Net cash from / (used in) financing activities | (107) | 1,877 |

| 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 | 6,830 | 8,202 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,565) | (4,606) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (3) | (22) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (107) | 1,877 |
| 4.5 | Effect of movement in exchange rates on cash held | 58 | (238) |
| 4.6 | Cash and cash equivalents at end of quarter | 5,213 | 5,213 |

| 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 | 2,825 | 4,581 |
| 5.2 Call deposits | - | - |
| 5.3 Bank overdrafts | - | - |
| 5.4 Other (Term Deposit) | 2,388 | 2,249 |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 5,213 | 6,830 |

| 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 | 198 |
| 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 | 273 | 92 |

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.

On 31 March 2017, a group company (Company) entered into a secured debtor factoring facility (Facility) with an unrelated party (Lender). The Facility was renewed for a further 12 months on 31 March 2018.

The Facility enables the Company to receive cash receipts in advance on certain of its customer invoices which are purchased by the Lender. 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 the Lender. 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 the Lender all advances received for that invoice plus all related fees, interest and costs associated with that invoice.

At 31 March 2018, AUD \$92k had been drawn. The total facility limit on 31 March 2018 eligible debtors was AUD \$273k.

Under the current terms the Facility will terminate on 31 March 2019 (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 | 686 |
| 9.2 | Product manufacturing and operating costs including cost of services rendered (see additional note 4) | 4,593 |
| 9.3 | Advertising and marketing | 63 |
| 9.4 | Leased assets | - |
| 9.5 | Staff costs | 728 |
| 9.6 | Administration and corporate costs | 372 |
| 9.7 | Other | - |
| 9.8 | Total estimated cash outflows | 6,442 |

| 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

- 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: 30 April 2018

Print name: TIM ALLISON

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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 1.2(g), payments for restructuring and expansion costs relate to expenditure incurred as part of the Company's sales and marketing restructure and APAC establishment costs.
4. 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.