

ASX RELEASE

31 OCTOBER 2018

## QUARTERLY ACTIVITIES REPORT: PERIOD ENDED SEPTEMBER 30

### Key Highlights

- TrafficGuard® Software-as-a-Service (SaaS) launched in July 2018 with its first clients now onboarded and operating
- First revenues generated in the September quarter
- Strong sales pipeline developed with trials due to commence for two potentially high-volume clients in the December quarter
- Key technology milestones outlined in the Strategy Update (see announcement 20 August 2018) achieved
- TrafficGuard® saved its clients in excess of \$750k in media spend on invalid traffic over the quarter, representing significant return on their investment
- Mobile Marketing Innovation Award win providing clear industry validation of TrafficGuard's solution
- With cash at the end of the quarter of \$2.5 million, the rights issue of \$2.4 million completed after quarter end, an estimated R&D refund of \$750k and the ClearPier deferred consideration of \$400k receivable in future quarters, the Company is well funded to drive the next stage of TrafficGuard's sales growth

Tech Mpire Limited (**Company** or **Tech Mpire**) (**ASX: TMP**) is pleased to provide its quarterly report for the September quarter.

### First TrafficGuard® revenues

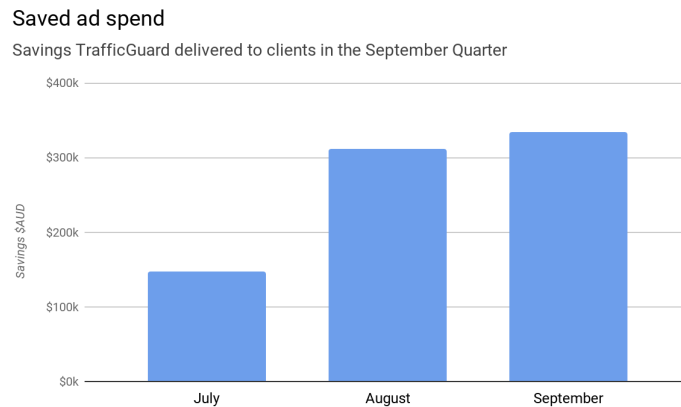
First revenues were generated from ad network client, ClearPier, during the September quarter. First revenues from Omnicom Media Group (MENA) are expected to be recorded in the December quarter.

### TrafficGuard® performance

TrafficGuard® began processing advertising transactions for its initial clients in July. By the end of the September Quarter, TrafficGuard® had saved clients in excess of \$750k in media

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spend that would have otherwise been consumed by invalid traffic, highlighting the significant value provided by TrafficGuard to its customers.



### Sales and marketing update

TrafficGuard® is pleased to now have clients in each of its customer verticals - media agencies, advertising networks, direct advertisers.

The MENA arm of global agency giant, Omnicom Media Group, signed a TrafficGuard® license agreement in the September quarter (see announcement 13 August 2018) and is expected to be utilising the fraud prevention technology in the December quarter. This is indicative of the high calibre of businesses that are seeking TrafficGuard's fraud prevention software-as-a-service offering.

Ad network, ClearPier, commenced use of TrafficGuard® in the September quarter.

A strong sales pipeline has been established with two promising trials commencing in the December quarter. The first trial is for an advertising network that runs digital advertising campaigns for multiple brands and agencies. The second trial is for a prominent European mobile game developer looking for a solution to protect their advertising investment. Adding strength to the pipeline is the addition of ad network prospects from previous Tech Mpire operations. The Company is actively working to convert this pipeline.

### Technology update

TrafficGuard's award for Mobile Marketing Innovation at the MarTech Breakthrough Awards in July, demonstrates the industry's recognition of the need for innovation to solve the growing problem of digital advertising fraud.

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Tech Mpire is pleased to report several product development milestones were achieved in the quarter:

Self signup functionality was deployed in the September quarter, enabling clients to onboard through the TrafficGuard® portal independently. Self signup streamlines onboarding so that new clients can have TrafficGuard® operational across their traffic faster; while also enabling it to economically serve large numbers of direct advertisers with lower advertising volumes by reducing the costs associated with manual onboarding.

Scheduled reporting has been added to TrafficGuard®, giving multiple client stakeholders visibility into the value TrafficGuard® provides. Scheduled reporting will facilitate retention and license renewals by ensuring decision makers who don't access TrafficGuard® reporting in their daily activities understand their return on investment.

During the September quarter, TrafficGuard® introduced Parallel Tracking to ensure operability across traffic sources that own their inventory, as opposed to those purchasing it. This functionality broadens TrafficGuard's appeal to the high numbers of advertisers that use these sources.

As outlined in its Strategy Update (see announcement 20 August 2018), the Company is broadening TrafficGuard's application beyond mobile to web-based ad fraud mitigation. Development of this functionality continued throughout the quarter and the Company is on track to launch it in H2 FY19, opening up further revenue opportunities for the technology.

## Outlook

The increase in available funds through Tech Mpire's rights issue will enable the Company to intensify sales and marketing efforts to grow revenues globally.

Tech Mpire CEO, Mathew Ratty said, "I am very pleased with the performance of our TrafficGuard® business to date. The September quarter saw the business generate its first TrafficGuard® revenues, attract clients in each target vertical, build a strong sales pipeline and initiate TrafficGuard® trials with a number of significant organisations.

"With the SaaS model, client satisfaction is paramount to growth. Increasing savings delivered to existing clients is a promising early sign for TrafficGuard®.



"We are excited to see new high-volume opportunities enter the trial phase and the sales pipeline continue to grow. I look forward to sharing updates as the Company continues to achieve its milestones across technology, sales and marketing."

- 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")**

Sep 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	590	590
1.2 Payments for:		
(a) research and development (see additional note 1)	(828)	(828)
(b) product manufacturing and operating costs including cost of services rendered	(537)	(537)
(c) advertising and marketing	(117)	(117)
(d) leased assets	-	-
(e) staff costs (see additional note 2)	(637)	(637)
(f) administration and corporate costs	(468)	(468)
(g) other	-	-
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	(10)	(10)
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>(2,007)</b>	<b>(2,007)</b>

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(4)	(4)
	(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	500	500
	(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: cash disposed of on sale of controlled entity	(348)	(348)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>148</b>	<b>148</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):	-	-
	(a) Net short term advances under debtor financing facility	61	61
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>61</b>	<b>61</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 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	4,232	4,232
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,007)	(2,007)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	148	148
4.4	Net cash from / (used in) financing activities (item 3.10 above)	61	61
4.5	Effect of movement in exchange rates on cash held	41	41
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>2,475</b>	<b>2,475</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	2,475	4,232
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (Term Deposit)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,475</b>	<b>4,232</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	82
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	-	-
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 July 2018, the Company disposed of 90% of its interest in Mpire Network Inc. Mpire Network was party to a debtor factoring facility agreement. During the month of July, Mpire Network received net short-term advances of \$61,398 under the facility agreement.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	546
9.2 Product manufacturing and operating costs including cost of services rendered (see additional note 4)	201
9.3 Advertising and marketing	221
9.4 Leased assets	-
9.5 Staff costs	753
9.6 Administration and corporate costs	199
9.7 Other	-
<b>9.8 Total estimated cash outflows</b>	<b>1,920</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	n/a	Mpire Network Inc
10.2 Place of incorporation or registration	n/a	Canada
10.3 Consideration for acquisition or disposal	n/a	\$900,000*
10.4 Total net assets	n/a	\$493,787
10.5 Nature of business	n/a	Performance marketing

\*\$500,000 received during the current quarter. \$400,000 to be received in future quarters.

**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 October 2018

Print name: MATHEW RATTY

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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.