

Appendix 4C - Quarterly report

Commentary for the quarter ending 30 September 2016

Cash receipts from customers for the September quarter were \$2.34m.

Receipts from customers were down on last quarter primarily due to timing of payments relating to Trading Technology, in addition to declines in receipts from the Ad-serving and Services (Webfirm) businesses.

Payments during the quarter at \$4.491m were broadly in line with the previous quarter of \$4.495m giving rise to a **net cash used in operating activities** of \$2.124m compared to \$1.707m in the prior quarter.

Commencing this quarter, a new ASX requirement is for the Company to forecast its estimated cash outflows for the following quarter. This is shown at item 9. The Company is forecasting \$5.261m of outflows for the December quarter compared to \$4.491m for the September quarter. The quarter on quarter increase is due to increased investment in product and development (R&D) as disclosed in our capital raising presentation, together with higher forecasted publisher payments due to increased revenue levels. Increased investment in R&D will also give rise to a corresponding increase in future R&D Grants.

During the September quarter, the Company received \$11.209m from the Placement announced on 22 September 2016 (\$10.488m after transaction costs). In the December quarter, a further \$6.86m (before transaction costs) will be collected from the outcome of the fully underwritten Rights Issue which closed on 17 October 2016.

Additionally, the Company also expects a cash receipt in the December quarter of approximately \$2.3m from the R&D Tax incentive scheme arising from its R&D activities for the year ended 30 June 2016.

Cash at the end of the September quarter was \$13.058m. This does not include the \$2.3m R&D and \$6.86m Rights Issue funds both mentioned above.

More information on the Company's performance is available via the Company's Trading Update issued earlier today.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

ADSLOT LTD

ABN

70 001 287 510

Quarter ended ("current quarter")

30 September 2016

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 2,340 | 2,340 |
| 1.2 Payments for | | |
| (a) staff costs | (1,544) | (1,544) |
| (b) research and development | (994) | (994) |
| (c) publishers | (696) | (696) |
| (d) other cost of sales | (353) | (353) |
| (e) advertising and marketing | (23) | (23) |
| (f) leased assets | (1) | (1) |
| (g) other working capital/overheads | (879) | (879) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 26 | 26 |
| 1.5 Interest and other costs of finance paid | 0 | 0 |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (2,124) | (2,124) |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|------------------------------------|--|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | - |
| (b) businesses (see item 10) | - | - |
| (c) investments | - | - |
| (d) intellectual property | - | - |
| (e) other non-current assets | (22) | (22) |
| 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 | (22) | (22) |

| | | |
|---|---------------|---------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | 11,209 | 11,209 |
| 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 | (721) | (721) |
| 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 | 10,488 | 10,488 |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 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 | 4,746 | 4,746 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (2,124) | (2,124) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | (22) | (22) |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | 10,488 | 10,488 |
| 4.5 Effect of movement in exchange rates on cash held | (30) | (30) |
| 4.6 Cash and cash equivalents at end of quarter | 13,058 | 13,058 |

| 5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|------------------------------------|-------------------------------------|
| 5.1 Bank balances | 1,032 | 3,276 |
| 5.2 Call deposits | 12,026 | 1,470 |
| 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) | 13,058 | 4,746 |

| 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 | 72 |
| 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 | |

Directors Fees

| 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 (please specify) | | |
| 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. | | |
| | | |

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|--------------|
| 9.1 staff costs | 1,811 |
| 9.2 research and development | 1,049 |
| 9.3 Publishers | 1,041 |
| 9.4 other cost of sales | 376 |
| 9.5 advertising and marketing | 46 |
| 9.6 leased assets | 1 |
| 9.7 other working capital/overheads | 937 |
| 9.8 Total estimated cash outflows from operating activities | 5,261 |

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

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:
(Company secretary)

Date: 28 October 2016

Print name: Brendan Maher

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.