

ASX Announcement

Monday 30th April 2018

Trading Update

- **Successful pilot with US agency complete**
- **Further pilots with additional US agency holding companies scheduled in June 2018 quarter**
- **Growth in US marketplace transactions**
- **Continuing deployment of *Symphony* to new markets**

Strategic Review Update

Over the March 2018 quarter, the Company has focused on the objectives set out in the strategic review of operations announced on 27 February 2018. Significant progress has been made against each of the three strategic objectives identified:

1. *Maintain Symphony product and grow the user base*

- As previously disclosed, the *Symphony* product was deployed in Belgium at the start of the March 2018 quarter.
- Development has been completed for the Indian market, which will be deployed within the June 2018 quarter. This will be the largest market yet deployed in the period post the announcement of the Company's contract with GroupM in August of 2016.
- An extended roadmap of additional markets for deployment has been identified with three additional markets currently in pre-deployment phases.

2. *Focus on US market for trading fee revenues*

- Successful pilot activity was conducted in March 2018 with a US-based holding company agency. An agreed expansion of activity is expected from this agency in the June 2018 quarter.
- Further progress has been made towards first activity from two additional global agency holding companies.
- Strong growth in US-based transactions via the Adslot marketplace in the March 2018 quarter.

3. *Implement a cost reduction plan*

- A 20% reduction in head count cost was successfully implemented in the March 2018 quarter.
- Some of the benefit of these cost savings were reflected in the March 2018 quarter but the majority will be evident in June and September quarters.

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Licence Fees

The Company is pleased to announce that development has been completed for the Indian market which is scheduled to be activated during the June 2018 quarter. This market will be the largest to be activated since the announcement of the Company's agreement with GroupM in August 2016, and it is anticipated that once fully activated, it will be the second largest deployed market after China. The Indian media market is fast growing with digital ad spend having increased by more than 20% CAGR over the past 5 years, almost double the global average. Significant development has been undertaken to customise the Symphony platform to meet the requirements of this market.

Additional progress has been made in identifying additional markets for deployment over coming quarters. There are currently 4 markets in various stages of pre-deployment activities with a further 10 identified and awaiting prioritisation. As with existing deployed markets, all new activations will see the Symphony application deployed to either 3 or 4 individual agency brands within each country.

	Installed as at:		Current deployment pipeline
	March 2017	March 2018	
Countries Deployed – All Clients	Australia New Zealand China Japan Hong Kong Malaysia Singapore Vietnam US Austria Taiwan	Australia New Zealand China Japan Hong Kong Malaysia Singapore Vietnam US Austria Taiwan Turkey Belgium	<ul style="list-style-type: none"> • x1 large market (India) development complete awaiting deployment • x1 market scoped and development has commenced • x2 markets scoping complete, development not yet commenced • x 1 market awaiting commencement of scoping • x 10 markets (approximate) identified for deployment and awaiting client prioritisation.
Number of Registered Users	11,464	12,406	

Trading Fees

The Company confirms that in the March 2018 quarter the gross value of media transactions from which the Company derives Trading Fee revenues was A\$4.33m, an increase of 17% from the December quarter. This growth was achieved in what is seasonally the lowest quarter for media trading in all regions.

The Company has previously disclosed that this figure incorporates activity traded through the stand-alone Adslot marketplace and via Symphony. Consistent with the announced strategic review, the company has currently focused its efforts on sales of the stand-alone Adslot marketplace and in the US market in particular. This focus is due to the following factors;

- Larger total market opportunity in the United States
- Higher margin achieved via the stand-alone marketplace
- The strength of the Company's US sales pipeline and the corresponding opportunity to scale trading fees quickly.

Progress of this strategy is evident in the composition of transactions that have come from the stand-alone Adslot marketplace during the March 2018 quarter.

- The gross value of transactions via the stand-alone Adslot marketplace grew by 173% when compared to the December 2017 quarter.
- The gross value of transactions in the US market grew by 434% when compared to the December 2017 quarter.
- Correspondingly the value of transactions via Symphony declined by 7% quarter-on-quarter.

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Trading fee revenues are recognised in the Company accounts in the month(s) in which the advertising activity is published and on a pro-rata basis where activity falls over multiple months.

Major prospects Update:

- Successful pilot activity was conducted in March 2018 quarter with an agency representing a US-based holding company. The activity traded was for a top 5 US advertiser (as previously disclosed by the company). As a result of the successful pilot, the agency has indicated its intention to scale activity traded via Adslot in the June 2018 quarter and beyond. An activation plan to achieve this scaling of activity has been agreed with the agency and is currently being activated.
- A plan of pilot activity has been agreed with a further global agency holding company. Initial trades are expected for this agency within the June 2018 quarter.
- Further progress has been made in discussions with a third agency holding company regarding a pilot program. The Company now anticipates trades associated with this opportunity to occur in the September 2018 quarter.
- Publisher activation in the US market continues to develop. Commercial negotiations are underway with more than 10 large US publishers, and it is anticipated that the majority of these will be concluded imminently with inventory to be available for trading in the current quarter.

Outlook

The Company has seen initial success from its strategic review of operations conducted in the March 2018 quarter. In particular the focus on stand-alone Adslot marketplace opportunities in the US has seen a successful pilot and the prospect of scaled adoption of the technology by large advertisers in that market. Progress has also been made in the identification and pre-deployment planning of markets for Symphony across coming quarters.

The company expects the following progress over the coming quarters;

- US trading fee revenues to grow as follow up activity from successful pilots occurs.
- Additional pilots with agency holding companies to proceed.
- Deployment of India in June 2018 with a series of further market deployments scheduled for the remainder of 2018.
- Growth in license fee revenues corresponding with new market deployments.

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About Adslot

Adslot's mission is to automate the trading of forward guaranteed display advertising, referred to as automated guaranteed. Our leading technology is a purpose built, global media trading platform. Adslot benefits a global community of media buyers and sellers, including media agencies, publishers and advertisers, by providing trading efficiencies and effectiveness made possible only via technology, and by doing so the basis on which the \$80B online display advertising industry will realise its full growth potential.

Adslot is a global organisation with operations in North America, Europe and Asia Pacific and is headquartered in Australia.