

ASX Announcement

30 October 2018

Q1 FY19 Trading Update

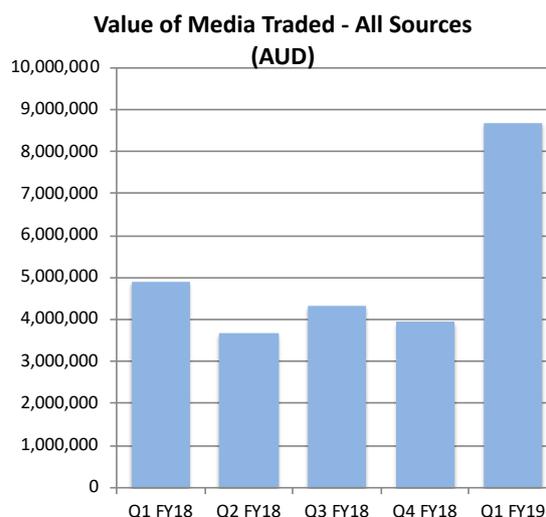
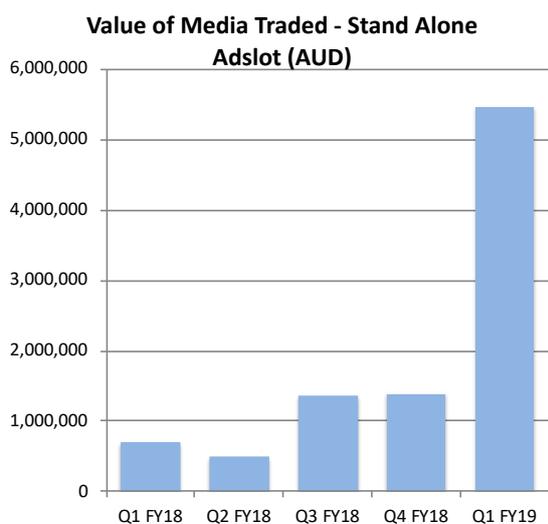
- Value of media transactions on standalone *Adslot Media* platform almost 4 times previous quarter
- Total gross value of media transactions subject to Trading Fees was \$8.66M for the quarter
- Large agencies and premium publishers continue to increase use of the *Adslot Media* platform
- One additional *Symphony* market to deploy in December quarter, with two more markets in pre-deployment
- \$3.5M placement completed and strong improvement in cash receipts from customers in September 2018 quarter

Adslot Ltd (ASX: ADJ) is pleased to provide an update on trading activity for the September 2018 quarter.

Trading Fees

The Company confirms that in the September 2018 quarter, the value of media transactions via the standalone *Adslot Media* platform was \$5.46M, an almost four-fold increase on the June 2018 quarter's \$1.38M. This amount was greater than the value of media traded over the previous six quarters combined.

The total gross value of media transactions (Adslot and Symphony) from which the Company derives Trading Fee revenues was \$8.66M - 219% of the June 2018 quarter's \$3.95M. This was driven primarily by strong growth in transactions via the standalone *Adslot Media* platform.



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Adslot Media Update

The Company continues to make significant progress in growing adoption and sales pipelines across all active regions, including the US, UK, Europe and Australia.

Agencies and Brands on Platform

Active agencies for the quarter included Hearts & Science (Omnicom), Mindshare (GroupM), Wavemaker (GroupM), Mobkoi (UK) and Blue 449 buying on behalf of advertisers including AT&T, BP, Bentley, Chanel, Ford, Garnier, L'Oreal, Louis Vuitton, Mandarin Oriental, Telstra, and Universal Pictures, .

Nature of Trading Activity

Trading activity is increasing, and is coming from multiple agencies, both large and small, across multiple geographies. The agencies trading represent many premium brands, targeting Adslot's premium publishers.

In total, there were 162 separate orders on the *Adslot Media* platform in the September 2018 quarter, a substantial increase in activity on previous quarters. The smallest trade was \$845. The largest was \$722,472.



Publisher Update

During the September 2018 quarter, the Company continued its success in signing premium publishers to the Adslot platform. Publishers signed during the quarter include CBS, Match Media, Telegraph (UK), BBC, Euronews NBC, Aljazeera, Priceline (US), Accuweather, Vox and aboutmedia (Austria).

Domain

During the quarter the Company executed an agreement with leading Australian property website Domain. This relationship sees the Adslot platform as a preferred method for non real estate direct booking by non-programmatic advertisers. First trades for this relationship occurred in October 2018.

US Pipeline

The Company's sales efforts in the United States have seen a significant increase in sales pipeline on the demand (buy) side. The Company expects discussions with these parties to progress in the current and future quarters, and provide a strong base for growth in trading fees during calendar 2019.

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Licence Fees

On 20 July 2018, the Company announced that contracted *Symphony* Licence Fee revenues for FY19 were forecast to grow by 38.7% from \$3.96M in FY18 to \$5.50M in FY19.

Following the recent renewal of an important *Adslot* license agreement, the Company now has greater certainty on its forecasted *non-Symphony* Licence Fees for 2019 financial year.

Based upon this contract renewal, the Company believes that **total** Licence Fee revenues for FY19 will increase from \$4.6M in FY18 to \$6.1M in FY19, as per the following table:

	FY16 (a)	FY17 (a)	FY18 (a)	FY19 (f)
Licence Fee Rev	3,196,989	4,489,995	4,618,783	6,085,589
YoY% Growth		40.4%	2.9%	31.8%
Ending ARR*	3,687,125	4,692,037	5,043,838	6,115,743
YoY% Growth		27.3%	7.5%	21.3%

Ending ARR (Annual Recurring Revenue) is calculated by multiplying last quarter's revenue by 4

The following time series chart shows historical and forecast total Licence Fee revenues on a half-on-half basis for the period FY16 to FY19.



Note: Symphony Licence Fee revenues for FY17 and FY18 are normalised to allow for the reversal of a one-off payment, as outlined in the 20 July 2018 Symphony Outlook release.

Symphony Update

GroupM Market Deployments

During the September 2018 quarter, the Company continued to make progress on new market deployments under its multi-market agreement with the world's largest media buyer, GroupM. The current status of confirmed market deployments is as follows:

- 1 APAC market - pre-deployment developments complete and awaiting imminent deployment this quarter;
- 2 x APAC markets - pre-deployment development to be completed by December 31, with deployment scheduled to occur in Q3 FY19; and
- 1 x European market – pre-deployment development scoped, with deployment anticipated in Q4 FY19.

In addition a number of potential additional markets are currently undergoing requirements gathering for activation in the second half of calendar 2019.

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Product Enhancements

The Company continues to develop additional functionality within the *Symphony* platform. Developments completed within the September 2018 quarter include:

- Integration with Facebook and Google Adwords;
- Management of multiple currencies within single campaigns; and
- Campaign billing based on actual delivery and publisher (1st party) measurement.

Cost Reductions and Cash Position

Increased adoption of both *Symphony* and *Adslot Media* saw collections from customers during the September quarter increase by 50% from \$2.0M to \$3.0M. Net cash outflows from operating activities were reduced by 10% compared to the prior quarter. In addition, the Company completed a \$3.5M placement to existing and new shareholders during the quarter.

More details are provided in the Company's Appendix 4C (with commentary) also released today.

The Company continues to monitor costs against projected revenue and cash flows, ensuring the right balance between investing for future Trading Fee revenues and cash conservation.

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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.

Statements regarding future performance

This Announcement contains certain references to forecasts, estimates, assumptions and other forward-looking statements and statements regarding the intent, belief or current expectations of The Company. The words "likely", "expect", "aim", "should", "could", "may", "anticipate", "predict", "believe", "plan" and other similar expressions are intended to identify forward-looking statements. Forward-looking statements, opinions and estimates provided in this Announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This Announcement contains such statements, which are subject to risk factors associated with an investment in Adslot Ltd. Adslot Ltd believes that these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially. Forward-looking statements involve known and unknown risks, uncertainties and assumptions and other important factors that could cause actual results, performance or achievements of Adslot Ltd to be materially different from future results, performances or achievements expressed or implied by such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Announcement.