

Appendix 4C - Quarterly report

Commentary for the quarter ending 31 December 2019

During the December 2019 quarter, the Company received \$5.65m from the Placement announced on 4 December 2019 (\$5.35m after transaction costs). The balance \$0.75m was received in January 2020.

Cash receipts from customers for the December 2019 quarter were \$4.52m, a decrease of \$0.51m or 10% on the previous quarter's receipts of \$5.03m.

Outgoing cash payments during the quarter at \$6.50m were \$0.96m or 13% lower than the previous quarter, primarily due to lower publisher payments (\$0.83m decrease).

The \$6.50m in payments during the quarter were \$1.07m below the forecast of \$7.57m due to lower than anticipated publisher payments (\$0.98m decrease).

Net cash outflows from operating activities for the quarter were \$0.63m, a \$0.26m reduction on the previous quarter (September 2019 Quarter: \$0.88m net cash outflow).

Cash at the end of the December 2019 quarter was \$9.17m.

The timing of the Company's operating cost outflows is relatively predictable. The timing of publisher payments (a balance sheet item) is dependent on the timing of payments from advertisers and the receipt of publisher invoices, and as a result, more difficult to estimate.

The forecast for March 2020 cash outflows is \$7.89m, an increase of \$1.4m on the prior quarter (Dec 19: \$6.50m). The primary increase in cash outflows is due to the projected \$934k increase in publisher payments. The cash outflows will be paid from the current cash balance of \$9.17m, along with receipts in the March 2020 quarter.

As previously noted, on 14 November 2019 the Company received registration of its R&D activities related to the 2019 financial year. Subsequently, the ATO has advised the Company of its intention to offset the FY2019 refund of \$2.0m by an amount of \$1.5m related to the Company's disputed FY2016 R&D claim. The net refund is \$329k (including other tax adjustments). The ATO has also requested the Company supply supplementary records to confirm expenditures related to the 2019 claim which the Company anticipates complying with in the current quarter. As such the Company expects to receive the net refund in the June 2020 quarter.

The Company continues to pursue its options regarding the disputed FY2016 R&D submission and if successful in its appeal this would result in a repayment of any relevant offset amounts.

More information on the Company's performance is available via the Company's Trading Update issued 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")

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,518	9,544
1.2 Payments for		
(a) staff costs	(2,195)	(4,290)
(b) research and development	-	-
(c) publishers	(2,049)	(4,933)
(d) other cost of sales	(401)	(803)
(e) advertising and marketing	(32)	(52)
(f) other working capital/overheads	(436)	(924)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	17
1.5 Interest and other costs of finance paid	(38)	(76)
1.6 Income taxes paid	-	4
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(629)	(1,513)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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	(1,162)	(2,510)
(e) other non-current assets	(1)	(2)
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	(1,163)	(2,512)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	5,650	5,650
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	(305)	(308)
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 (Leased Assets)	(183)	(364)
3.10 Net cash from / (used in) financing activities	5,162	4,978

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	5,917	8,166
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(629)	(1,513)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,163)	(2,512)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,162	4,978
4.5	Effect of movement in exchange rates on cash held	(121)	47
4.6	Cash and cash equivalents at end of quarter	9,166	9,166

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	3,659	5,405
5.2 Call deposits	5,507	512
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)	9,166	5,917

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	93
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	6
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	

Website development work carried out for a company related to a Director

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 Research and development	-
9.2 Publishers	2,983
9.3 Advertising and marketing	89
9.4 Staff costs	2,580
9.5 Other cost of sales	478
9.6 Other working capital/overheads	544
9.7 Other payments – acquisition of intellectual property	1,000
payments for leased assets	219
9.8 Total estimated cash outflows	7,893

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: 31 January 2020

Print name: Felicity Conlan

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.